
Transcript

Nilfisk Annual General Meeting, June 17, 2020

Jens Due Olsen

Good morning and welcome to the annual General Meeting of Nilfisk in 2020. My name is Jens Due Olsen, I'm Chairman of the Board here. As you all know, this annual General Meeting is held in a slightly unusual setting. It's also an unusual time of the year compared to the usual situation. This is a reflection of the extraordinary situation we're in at the moment caused by the global coronavirus outbreak.

Due to the recommendations of the Danish health authorities, we've decided to have this year's Annual General Meeting as a pure online event, and this means that we have no audience in the room. I'd like to thank you all for your understanding for this situation and for tuning in to follow us online.

Normally we would also have the full board of directors with me in the room, but they are all participating online just like you, our shareholders are, so on behalf of the entire board, I'd like to welcome you. The meeting is held in Danish, but we have an online translation service which will enable you to hear an English translation in real time. It will also be available in a recorded version on our website after the meeting. And on our website you can also access today's presentations and all other documents used at the meeting.

We have decided to ask Marlene Winther Plas to act as chair of our Annual General Meeting. Welcome to you, Marlene.

Marlene Winther Plas

Ladies and gentlemen, I'd like to thank the board for asking me to act as chairman of this Annual General Meeting. It is my job to make sure that the meeting proceeds smoothly and according to the rules. Let's first have some household information because of the coronavirus. This AGM is an online event, as the chairman said. There will be a slight delay, 20 to 40 seconds from we speak here to you hear it at your end of the web streaming. So, if you have comments, questions, or objections to things that are said here, please use the chat feature and do it as soon as possible in relation to a specific item on the agenda.

If you don't have time to write your full proposal for a specific item on the agenda, please tell us that you have a question and then I will wait until you have had time to find the right wording for your question. Minutes will be drawn up in Danish and English. They will be available on our website and I will approve them first. That's my job as chair of the meeting.

I also need to find out if the meeting has been legally and lawfully convened and whether we are quorate against the backdrop of the agenda that you've received. If there are objections or comments concerning the legality of this meeting, please say so in the chat now. We have met the requirements in article seven of the Articles of Association, so the meeting has been legally and lawfully convened.

It's in the Copenhagen region. It was postponed because of the coronavirus. This is according to a press release from the 18th of March. This year it's been convened on the 26th of May and that is all in accordance with the provisions of the Articles of Association and it has been notified also as described in the Articles of Association.

Item 9B on the agenda requires the support of minimum two thirds of the votes cast and the part of the capital represented at the meeting. The other items only require simple majority. This has also been stated in the convening notice. According to the management board documents and information required under the Danish Company Act and the Articles of Association have been made available on the company's website.

This will be convening notice, the number of voting rights and the total number of votes as at the day of the convening notice, the latest version of the audited annual report, the full wording of the posts and any forms that would have been required if you wanted to vote by proxy in advance.

So, I find on the basis of all this that the meeting has been duly and lawfully and legally convened. We are quorate also in relation to the agenda stated in the convening notice, and before I say the last word in this respect, I can see that we have no objection stated in the chat feature. So, I find that this meeting has been legally and lawfully convened, and we are quorate in relation to the provision stated in the Danish legislation and our Articles of Association.

73.4% of the voting stock and the capital has given proxies in advance which means that we can adopt all the items on the agenda, both those that require a simple majority and those that require - the one that requires a two thirds majority. Very briefly, the agenda which you find in the convening notice, I find that the agenda meets the requirements of Article 8(1) in the Articles of Association.

We have items one, two, three report by the board and the company's activities in 2019, presentation of the audited annual report 2019 and adoption of the audited annual report. Then we have item four which is a proposal from the board of directors concerning the distribution of profit and the plan is for us to deal with the first four items in one go. And it is the Chairman of the Board, Mr Jens Due Olsen, who will deal with these items.

So, these four first items will be dealt with by the Chairman of the Board. Item five, discharge of management and Board of Directors from their liabilities. Then we have item six, remuneration of Board of Directors for the current financial year than we have item seven, election of members to the board, item eight, election of auditors, and then we have nine, proposals from the Board of Directors and the shareholders.

There are proposals concerning the change of remuneration policy and then there is also a proposal to the effect that a new article be adopted, Article 710, concerning the possibility to conduct future AGMs by electronic means only and then item ten, which is any other business.

Those were the items on the agenda today and I will now hand over to the Chairman of the Board and he will deal with the first four items on the agenda. You have the floor, Sir.

Jens Due Olsen

Thank you, Marlene. Dear Shareholders. Once again welcome to our Annual General Meeting. We're here to review 2019 and to go through the results and some of the main events at Nilfisk during that year. I think it's safe to say that for most of us, 2019 feels like a long time ago. Not only we're in mid-June now, but many extraordinary things have also happened since we left 2019. With the global coronavirus outbreak we have been faced with an unprecedented situation which has impacted citizens, companies and nations across the world.

So, before we go through the report for 2019, I would like to share with you how the crisis has impacted Nilfisk over the past months and what has been done to mitigate it.

Since the pandemic started to escalate in the beginning of the year in China, our main focus at Nilfisk has been to keep our employees safe and to service our customers. To this end, I would like to send a warm thank you both to our employees for their ability to adapt to the challenging situation and to the customers of Nilfisk for continuing to place trust in the company during the crisis.

Let us look a bit more in detail on how the pandemic has impacted the demand in the market as well as our production and supply of machines. Starting with customer demand, we began to see

an impact and a slowdown in China early in the year. From mid-March this spread to Europe and the rest of the world.

As many of our customers had to scale down or even close their operations, their demand for cleaning equipment dropped quite drastically, which of course impacted our sales. That said, we have seen continued sales activity in some customer segments, especially in the vital institutions in society such as hospitals, food production, and retail, which all have been in full operation during the pandemic.

Our sales and service teams have done an outstanding job in continuing to support these customers despite the challenging conditions. They have found new innovative ways to interact with customers such as digital customer meetings and digital product demonstrations and they've had very positive feedback from the customers.

In terms of production and distribution of machines during the crisis, the key message is that Nilfisk has managed to remain in operation at all sites with little to no interruptions even during the peak of the crisis and even in countries hit hard by the crisis, such as Italy and China.

A number of safety measures have been put in place to protect employees at all sites and offices, and there have been drawn up solid contingency plans for how to manage the crisis. This has allowed us to continue to produce and ship machines to our customers, although at a lower than usual level due to the lower activity in the market. So, the past months have undoubtedly been challenging for Nilfisk as for the rest of the world, but the crisis has also demonstrated the resilience of our organisation and our ability to find ways to continue servicing our customers also when times are tough.

Now, let me look back at the year before the outbreak of the coronavirus to the review of 2019. The corona crisis hit Nilfisk on top of a challenging year when looking at our financial performance. In short, we simply didn't deliver the results we had expected when we entered 2019. Undoubtedly, that was and is a disappointment.

When we set out on our transformational journey in 2018, guided by the Nilfisk Next strategy, none of us foresaw that the fluctuations in the European economy would have impacted our industry to a larger degree than other industries. This also impacted our business in 2019. Further to this, our performance in the US market continued to be a challenge.

That said, when looking at the many transformational initiatives we successfully executed during 2019, the simplification and globalisation of Nilfisk is well underway and that is crucial to reaching our strategic objectives and vision. And before going into more details, let me just dwell for a moment on the progress made in 2019. In short, 2019 could be called the second year of transformation.

Over the course of the year, we have made significant progress in the implementation of a global operating model for Nilfisk. Also, we committed to reduce our carbon footprint across the business, which I'll come back to shortly. But first let us look into the globalisation of Nilfisk on which we made solid progress in 2019.

Our organisational structures and sales in Europe and the Middle East and the Americas are now aligned. We have integrated our business division for industrial vacuum cleaners into the remaining business and, following a strategic review of the consumer business, concluding that this part of the business should remain within Nilfisk, we concluded a similar integration within relevant areas.

Within distribution, we initiated the implementation of a new setup for our distribution centres in Europe that will enable better fulfilment to our customers across Europe while at the same time provide operational efficiencies. These are a few examples of the initiatives supporting one joint operating model and aligned processes and structures across the organisation and jointly, these measures were a natural continuation of the significant steps taken in 2018 to simplify the company.

So, progress has been made, but we're not there yet. There is still work to be done in terms of creating a truly global operating model and further actions have already been taken in 2020. So, based on the progress made in 2019 and recently in 2020, we now have a better foundation for commercial execution as we have strengthened our commercial capabilities and systems. These efforts included implementing of global tools and systems to support sales, for example, in the form of a global CRM system, which by the end of 2019 was active in 36 markets.

Another area I would like to highlight is climate, a topic that got substantial and increased awareness throughout the year also here at Nilfisk. We acknowledge the importance of making a serious effort to reducing our climate footprint, and in 2019 we completed a comprehensive mapping of our total carbon footprint with data from all sites with the goal of setting measurable and ambitious climate impact goal.

Based on these data Nilfisk recently joined the so-called science based targets initiative with the goal of reducing its carbon footprint by 35% before 2030. At the same time, we increased our commitment to the UN sustainable development goals. Earlier this year, we released a CSR report. You can see it [here](#). Here we have more details about how Nilfisk works with sustainability and corporate social responsibility. I encourage you to read this report. It is available from the Nilfisk homepage.

With these words, let's now turn to the financials and to the results of 2019. As mentioned, overall, 2019 was a challenging and disappointing year for Nilfisk when looking at our financial performance. Our overall results were lower than initial expectations. Organic growth for the year was minus 4.1%. That was impacted by significant headwinds in our core markets of EMEA, and by the fact that in the US we didn't manage to grow the business as we had expected. I will come back to this later.

We managed to improve our gross margin slightly to 42.3% for the full year despite headwind from US-imposed tariffs. On the cost side, overhead costs increased slightly compared to 2018 as a net result of our investment in the future of Nilfisk and cost savings to fund these investments. The adjusted EBITDA margin before special items was 9.9%, a reduction in margin of 1.6 percentage points on 2018.

Let's look into revenue in more detail. In 2019, total revenue for Nilfisk amounted to 966.5 million euros, compared to 1,054.3 million euros in 2018, which corresponds to reported growth of minus 8.3%. Divestments carried out in 2018 and the exit of the consumer business from the Pacific Region in 2019 had a negative impact of 5.5%, whereas foreign exchange rates contributed positively by 1.3%. In sum, underlying organic growth was minus 4.1%. Organic growth in Nilfisk's branded professional business was minus 2.6%. And if I should just briefly mention some of the key reasons for this development in revenue, I need to highlight EMEA, Europe and the Middle East.

Here this year started with good performance, continuing the trend from 2018. During the second quarter, however, we started to see the first indications of a shift in economic conditions that had its starting point in the central region with Germany in particular. The weakened economic conditions clearly got worse during the third quarter and affected performance in the central region throughout the rest of the year, mainly in the industrial customer segment, but demand in general was lower compared to what we had been used to.

In the US market, we were disappointed with not being able to grow as we had expected in the beginning of the year. We were particularly disappointed because we firmly believe in the changes we have implemented and the plan we have defined for that important market. In the beginning of the year, we changed the organisational structure, taking out management layers and structuring the sales organisation around regional opportunities rather than product groups and sales channels.

We still believe in the value efforts of a strong dealer network in the US and we have worked hard to develop the business in cooperation with our dealers supporting them with end user focus and demand generation. Admittedly, however, the execution of our plan is taking longer than we had anticipated.

Earnings were very much impacted by the lower than expected revenue in 2019. As mentioned, the EBITDA margin before special items came to 9.9% and this is lower than expected early in the year. Nominal gross profit decreased as a result of the revenue. This is what is termed as contribution but if we look at the gross margin it increased by 0.3 percentage points over last year.

The largest positive effect came from the divestment of low margin businesses in 2018 but there is also a positive effect from pricing and lower freight costs. However, these positive effects were, to a certain degree, diluted by negative effects from mainly US tariffs and increased costs of certain raw materials.

If we look at capacity costs in 2019, we continued investments in commercial capabilities and our newly established global functions and we rolled out a global customer system such as Salesforce and another one is ServiceMax. We also reduced costs in other parts of the business through the cost saving programme and this has helped fund the investments I mentioned before.

In early 2019 we dimensioned both the impacts of investments on the one side and cost savings on the other side in order to make sure that the ratio between investment and costs reflected the expected growth for the period. We started seeing fluctuations in the economy in EMEA during the course of 2019, and therefore we initiated additional cost savings programmes, reduced some of the investments and introduced tight control of the variable spend such as travel, particularly in the second half of the year.

All in all, however, these efforts were not sufficient to compensate for the significant decline in revenue, which is reflected in both nominal earnings and EBITDA margin. The nominal EBITDA operational earnings before depreciation was 26 million lower in 2019 than the year before and the margin, as already mentioned, came to 9.9%, which is 1.6 percentage points below the year before.

Net result for 2019 came to 8.7 million euros, and that's only slightly below the year before, despite a significantly lower revenue. The reason was that we spent less money on restructuring projects and therefore we reported lower so-called 'special items'.

Financial gearing, which measures EBITDA compared to net interest bearing debt, came to 3.4 which is an increase from the year before. Nilfisk's capital allocation principles target a balance between payout and financial gearing. Specifically, we have stated a financial gearing target measured as net interest bearing debt divided by EBITDA of 2.5%. That is currently not met.

Also, there is the impact of the COVID-19 outbreak, which had a negative impact on market demand and also the revenue generation for Nilfisk in 2020. And more importantly the outbreak has led to a high degree of uncertainty concerning the future macroeconomic development, both in the short and the mid-term. It's still not possible for us to fully assess the potential effects of the current crisis and that has caused us to decide to increase our financial headroom by obtaining an additional loan facility of 100 million euros. This was announced on the 26th of May this year.

Considering the current elevated financial leverage in combination with the prevailing uncertainty around the impact of the ongoing COVID-19 outbreak, we've decided not to pay out dividend for the financial year 2019. That is our proposal.

I'd like to conclude my review of fiscal 2019 by taking a look at the share price; how it developed during the year. The share price declined by 36.7% in the course of 2019. This is a reflection of the disappointing financial results achieved. We, both the Board of Directors and the management team, firmly believe in the potential of Nilfisk but we must acknowledge that so far this potential has not been reflected in the development of the share price. As I already mentioned, the strategy is intact. We will continue executing it in face of the current crisis and I'd like to thank for the support, patience and commitment from shareholders and employees.

Let's take a look now at 2020. As I said in my introduction, it's been an unprecedented year marked by uncertainty. Already in March, it was clear that the pandemic would have a negative impact on both market demand and our operations. The crisis then began to escalate and impacted most markets and that's why on the 19th of March, we decided to suspend the financial guidance for

2020. Due to low predictability and visibility in the market, we were not able to accurately assess the impact of the crisis on our business. That still is the case, and that's why our guidance for 2020 remains suspended.

Given the current uncertainty, our focus in the short term is to continue adjusting capacity to reflect the current demand and adjust our cost to the lower activity level. During the past months, a sizeable number of employees have been sent home on leave or furlough across markets and we focused our investments in strategic projects for 2020.

The leadership team has also prepared a restructuring plan to adjust and lower structural costs. Regrettably, this forces us to reduce the workforce by an estimated 250 full-time employees across functions and regions. The first reductions have already been carried out in Denmark and the US. This happened in the last part of last month.

At the same time we are preparing our business for the so-called 'new normal' that we expect to appear once we are through the coronavirus pandemic and we are confident that the market for cleaning equipment will come out stronger after COVID-19. We stay committed to our Next strategy and we still see potential in our three overall strategic objectives, which I will briefly walk you through.

What we've learned so far from the crisis makes us confident that the overall strategic objectives as set out in the Nilfisk Next strategy are still the right direction for us to take. The management team and the board of directors will continue to take the necessary steps to adjust the business towards becoming, firstly, one global company. This means that we will have harmonised processes - we've talked about that a lot today - and ways of working and reduced commercial complexity. We simply need to do things one time only and to do it right the first time. This enables us to deliver consistent high quality solutions and services across all markets in a cost efficient manner.

Secondly, we want to provide solutions to customers. We should be consultative in our approach to customer support and help them optimise their cleaning operations and that includes, of course, offering connected autonomous solutions and digital services.

And thirdly, we want to be a leader digitally, which generally is all about digitising the customer experience and have the right digital solutions available to support any touchpoint we have with customers, and to make sure that we have a coherent IT backbone and uniform data architecture. And these three objectives will remain what guides our actions and priorities in 2020.

Let's have a look at some of the key priorities for the year. Because of the progress made in terms of simplification and globalisation of our business in the past two years, we have an excellent foundation for commercial execution. We will work on getting value from the changes introduced over the past years and we will now work more systematically on what matters the most, our customers, and on activating long-term growth.

We have initiated a cross-functional programme focused on improving customer experience. This is likely to run over several years. At the same time, execution is a keyword for 2020, not least in the United States. We have had a challenging 2019 with the corona outbreak and in 2020 we will focus on a continued execution of the growth plan for this important market.

It was introduced, the plan, in 2019 and it included a restructure of the sales organisation around key customer segments and end user orientation to fuel demand and bring added value to our dealers. This will ultimately be to the benefit of our business. We now have a commercial foundation in place, so focus in 2020 will be on commercial execution and this includes leveraging the full portfolio, growing the industrial customer segment and strengthen the approach to strategic accounts.

In the course of 2019, Nilfisk Liberty SC50, which is the first autonomous cleaning solution from us, was made available to customers in all key markets in Europe and North America and selected markets in Asia and the 2020 focus is now to continue to increase sales volumes. This will be supported by an integrated sales and marketing approach and during the recent months, we've seen an increased interest from customers that are looking for autonomous cleaning solutions to

free up cleaning staff for disinfection of high touch areas such as door handles, elevator buttons and the like.

In the course of 2020, we will also focus on bringing the next autonomous solution to market together with our partner, Brain Corp. This in order to respond to the increasing customer demand for autonomous solutions. The new solution will be different from Nilfisk Liberty SC50 and will be tailored to new customer segments.

So, generally, focus in 2020 is very much on managing the crisis, preparing for the period post COVID-19 and continuing to maintain and increase customer engagement while at the same time we execute our plan to generate growth.

The transformations and changes implemented during 2019, and the challenging market environment, obviously triggered good discussions at board and management level in 2019. We have a fixed plan now for meeting throughout the year for the board and the individual committees, we have an overview of meetings that you can see now, and we have also had many telephone calls and teleconferences and informal meetings, and we have had close and active cooperation with the management team.

We also carried out a self-assessment. Those were conducted in the first quarter of this year. It was done online, and it was managed by our Deputy Chairman of the Board and the Head of the Nomination Committee and it concluded that the board has the necessary and relevant competencies and experience, but that we might benefit from more diversity.

We have had an open dialogue with everyone contributing and opinions are shared freely. The meeting frequency, the agenda, and the materials shared are appropriate and relevant and the relationship with the Executive Management is good. We would like, on the board, to go even deeper into market and competitor insights and progress of strategic initiatives in the company.

For this year's AGM and in connection with the election of board members we recommend that Are Dragesund and Franck Falezan are elected by the AGM as new members of the board, based on proposals from large shareholders in the company's Ferd AS and PrimeStone Capital LLP.

Are Dragesund and Franck Falezan are both considered as being non-independent because of their affiliation with Ferd AS and PrimeStone Capital LLP. We will get back to this later in the meeting. It's agenda item number seven. The board of directors will have a meeting immediately after the AGM at which we will elect me as Chairman. Lars Sandahl Sørensen, existing member of the Board of Directors and Deputy Chairman, has decided not to run for re-election. He has been appointed CEO of the Confederation of Danish Industry and we would like to thank him for his significant contribution while working on the board of Nilfisk.

We propose to elect Anders Runevad as Deputy Chairman. In the audit committee, Jutta af Rosenberg is proposed as new Chair and Are Dragesund as Ordinary Member. René Svendsen-Thune, according to the proposal, will be elected Chair of the Nomination Committee and Franck Falezan will be Ordinary Member.

In the Remuneration Committee, Jutta af Rosenberg will be, if elected, Chairman and Thomas Lau Schleicher will be Ordinary Member. If the new board members are elected, we propose that Franck Falezan and Are Dragesund will both join a new [ph 00:35:45] project management committee with Anders Runevad as chair. We also propose to set up a US committee to enhance our focus on the US market. We propose to elect René Svendsen-Thune and Richard P. Bisson as members together with myself. These elections will take place at the meeting we will hold immediately after this AGM.

And unfortunately, there's a page missing in my printout.

We have now reached the final part of my chairman's report. We would like to thank our shareholders for your continued support and commitment and engagement in Nilfisk, especially during a challenging year. We would also like to thank the leadership team, their dedication to the

strategic transformation of Nilfisk, their determination to persist with the execution despite tough market conditions and also warm thanks to our 4,900 employees for continued engagement and contribution to Nilfisk. Thank you.

Marlene Winther Plas

That covers the first four items on the agenda. Let me just say that we have an auditor's report with no comments or objections. We have received a comment from the Association of Danish Shareholders that I will read aloud now. If others have any questions or comments as regards the first four items on the agenda, please write to us via the chat feature right now. Carsten Christiansen from the Association of Danish Shareholders has submitted the following comments, and I quote:

"Thank you for the floor. First of all, I would like to thank the chairman for a good report. The financial results. When we look at the financial results of 2019, it's disappointing to see that revenue has reduced. We look forward to an upward adjustment this year and we also look forward to an improvement of the EBITDA margin. Our association have a number of important issues, one of them being that the management, as well as the board of the company, have invested their own money alongside the shareholders.

On this point I can only praise the Board of Directors of Nilfisk for investing themselves in the company. Two years ago, I talked about how the sales of Nilfisk was distributed across countries. Nilfisk is today being sold in a number of countries, but only four countries make up more than half of the revenue whereas 90 out of the 100 countries have a much smaller portion.

That is not a big portion for each country and two years ago I asked whether you should strengthen your focus on these smaller markets so that they were better prepared to mitigate when we see fall in revenue in the main markets, the US, Germany and France, and we have now seen this downward spiral in these big markets and therefore it is our view that you could achieve a growth in sales in the other smaller markets, for instance, in Canada, where revenue has increased by 13% in the past year. And therefore, I would like to ask how Nilfisk has been working to strengthen the sales in these markets during the past two years.

Now, let me turn to venture capital. Venture capital for the development of new companies with new digital solutions. I recently read about the company Infuser, which develops solutions for air cleaning. They recently got an injection of capital and that makes me think what Nilfisk does to infuse new companies that could be interesting to our digital and technological development and how we work to support these companies.

It would be a good idea for our company to ensure that we own parts of these companies that could contribute to strengthening the digital and technological platforms in Nilfisk. Finally, I would like to praise ATP for being a big shareholder in Nilfisk. They usually also make comments from the rostrum at the AGM and we also believe that it's important for these large shareholders that they express their views at the AGM so that all shareholders can hear what the large shareholders believe and how they see the future of the company. So, once again, thank you for the floor." End quote.

Now I pass the floor back to the Chairman of the Board for his comments.

Jens Due Olsen

Thank you very much and thank you to Carsten Christiansen and the Danish Association of Shareholders for the text and the highly relevant questions that I shall have a go here at answering. We have the core markets and we have minor markets and you ask what have we done to support growth in the smaller markets in recent years?

It's absolutely correct as you mention that we are present in upwards of 100 markets, either through direct sales and own sales companies or through dealers. And there's a major difference between the distribution of revenue on these markets. Today, the largest part of revenue is contributed by EMEA and the large markets such as the US, Germany, France, the UK, but we have a number of smaller markets in Asia and Africa, Latin America in particular.

And this is actually a reflection of the global market for professional cleaning equipment. The markets are simply bigger in northern Europe and the US whereas smaller countries have much more manual cleaning. We still see a good potential for growth and increased revenue in the large markets where we are well established and where brand and products are well known by customers, but having said that, it's also part of our strategy to grow in other markets such as China where we have managed to generate positive results and generate growth, and we intend to continue on that track.

Also, we should continue looking into the growth opportunities in the small markets and focus more on markets with good potentials, i.e. markets where we have a good market position and with a good match between the solutions offered by us and what customers demand and that is precisely what happened in Canada, where the local sales organisation has managed to generate excellent results in 2019 and earlier. We have also set up a very good cooperation with our dealers and we would like to copy this model to other markets. And that's what we're working on.

And then Carsten Christiansen asked a question concerning innovative technology and Nilfisk, possibly by the introduction of venture capital to small businesses. There is no doubt that is important for our current and future products to have access to technological solutions and that's why we have set up partnerships with several IT companies that are leading in their own field. And together with them we develop new products and solutions.

An example is Liberty SC50, which I have mentioned in my report, which we have developed together with Carnegie Robotics. They managed to invent an entirely new solution that is used now, a solution that enables us to eradicate COVID-19 and corona bacteria on surfaces. This is an example.

And lastly, you talk about the need for transparency for the large shareholders. I can only speak on behalf of Nilfisk and the board and there is no doubt that we definitely want a high level of transparency in relation to all shareholders and we also want to have a dialogue with shareholders and we also welcome the high level of representation on the board by large shareholders. This is active ownership in full bloom.

I would like to thank you for, as ever, a very active involvement both at the AGM and in our business. Thank you very much.

Marlene Winther Plas

Thank you very much. We have not received any further comments or questions via the chat and that leads me to conclude that the report by the Chairman has been duly noted by the AGM, that the AGM has adopted the audited annual report and that the proposal by the Board of Directors for the distribution of profits has been approved.

That leads me to item five on the agenda, the resolution regarding discharge of management and Board of Directors from their liabilities. Here I have not received any comments or questions and I can thus conclude that this item has been approved by the AGM.

The next item on our agenda is the remuneration of the Board of Directors. The board proposes to maintain the same level of remuneration as in 2019, and if there are any questions or comments, please send them via the chat feature immediately. And I pass the floor to the Chairman of the Board once again.

There were no further comments from the Chairman for this particular item. Let me just see if we have received any comments. We have a comment from Carsten Christiansen. That it was not a question for the Chairman, just an encouragement for the large shareholders. That was just a reply for the Chairman's comment before. Other than that, there are no comments for item six and I can conclude that item six has been approved and adopted by the AGM.

Let's move on to item seven, election of board members. If there are any candidates for the board or you have any questions, please write them now. According to the Articles of Association, we need

at least five and no more than eight members of the board. They are elected each year on the ordinary AGM, and they can be re-elected.

Today, the board of directors proposes re-election of following current members: Jens Due Olsen, Jutta af Rosenborg, Anders Runevad, René Svendsen-Thune, Thomas Lau Schleicher and Richard P. Bisson, and as the Chairman said, Thomas Lau Schleicher is - Lars Sandahl Sørensen, has decided not to run for re-election and we also recommend from the Board of Directors that Are Dragesund and Franck Falezan are elected as new members.

That brings the number of members to eight, which is the maximum number of members of the Board of Directors, and I pass the floor to the Chairman of the Board.

Jens Due Olsen

Thank you very much, Marlene. As mentioned, we recommend that Are Dragesund and Franck Falezan are elected as new members based on proposals from large shareholders in the company, Ferd AS and PrimeStone Capital. Are Dragesund holds the position as co-head of Ferd Capital and member of the leadership team at Ferd AS which is a leading Norwegian investment company. Are has extensive international experience in M&A, restructuring, strategy and organisational development not only from his positions as at Ferd but also from his previous career as management consultant at Boston Consulting Group and Cardo Partners.

Franck Falezan is co-founder and managing partner at PrimeStone. He started his career with Boston Consulting Group and later joined the investment firm Carlyle, where he was appointed global partner and member of Carlyle Europe Investment Committee. This has given him extensive experience with strategy development, restructuring and finance.

Both candidates are considered non-independent due to their affiliation with major shareholders, Ferd AS and PrimeStone Capital LLP, both of them owning more than 15% of the share capital of Nilfisk Holding. With the election of the two new candidates, we will have more than 50% of the ownership of Nilfisk holding represented on the board. As a board, we welcome that, and we see it as a way to shorten the distance between ownership and strategic decision-making. Also, the board will have safeguards in place to make sure we continue to serve the interest of all shareholders.

We will, among other things, make sure that we continue to have a majority of independent members, and we will also ensure that all committees either have a majority of independent members or are chaired by an independent member. And with those words, we recommend the election of the new members of the Board of Directors.

Thank you for that introduction. I can see that we have not received any other candidacies and we have not received any comments or questions and that leads me to conclude that the Board of Directors will now be constituted by Jens Due Olsen, Jutta af Rosenborg, Anders Runevad, René Svendsen-Thune, Thomas Lau Schleicher, Richard P. Bisson, Are Dragesund and Franck Falezan. I congratulate you all with the election or re-election.

That leads me to item eight on our agenda, the election of one or more public accountants. The Board of Directors proposes that Deloitte be re-elected and that is in accordance with the recommendation of the Audit Committee. We have not received any other proposals for new accountants and I therefore congratulate Deloitte on the re-election.

That leads me to item nine proposals from the Board of Directors and the shareholders. Here we have two proposals from the Board of Directors as I mentioned to begin with, and I will deal with these proposals one at a time. If you do have questions or comments, please send them to us via the chat.

First of all, I will move to item 9A. The Board of Directors proposes to update the company's remuneration policy and the changes are in accordance with Article 139A in the Danish Companies Act, as well as the implementation of the shareholders rights directives. These are new legislative

requirements for a more substantial explanation of the chosen policy, and that is what has been imposed.

We have not received any questions for item 9A and therefore I can conclude that the AGM has adopted and approved the new remuneration policy. Item 9B is the second proposal from the board. This is a proposal for a new Article 710 in the Articles of Association, which allows the company to hold future general meetings by electronic means only, meaning that it is possible, but it is not mandatory. Here we have no comments or questions either and therefore I can conclude that the AGM has adopted the proposal of a new Article 710 to be introduced to the Articles of Association.

That leads me to the final item on our agenda, any other business. If there are anybody who wants to take the floor, please bear in mind that we cannot carry out any votes but if you do have any comments, please write them to us now. We have not received any comments during the course of the AGM and that means that I can conclude this item and that means that our agenda has been exhausted and this AGM is concluded.

I will pass the floor back to the Chairman of the Board for finishing remarks.

Jens Due Olsen

Thank you, Chair, and thank you for your patience with my lengthy contribution but I actually had to cover 18 months as opposed to usually 12 months. So, thank you very much for your participation in this unusual AGM, unusual in many respects.

We have a very good board now and we will do our best to deliver on the strategic objectives and the financial results of the company. I'd like to thank you for participating, for listening, and for your support to the proposals made by us and thank you to management and employees for a good effort in 2019 and up until now in 2020.

So, thank you to partners and suppliers that have helped us with this AGM and thank you to the Chair, Marlene, for this. It is not the shortest AGM ever, but it's been a good AG