

# 2025 Tax Report

# Tax Governance



## Tax Compliance

The Group makes best efforts to comply with the tax legislation in the operating countries and act in accordance with current OECD guidelines and arm's length principles.

Group Tax is involved in all significant business developments to support the business decisions as well as fully assess any potential tax consequences such decisions in advance.

The responsibility for tax risk management lies with the CFO and is overseen by the Audit Committee. The management of the Group's tax affairs is handled by a centralized Group Tax team where day-to-day tax compliance operations are handled by the local finance teams. Group Tax maintains an updated overview of all reported tax risks, audits, inquiries and uncertain tax positions. The tax position for the Group is reported by Group Tax to the Nilfisk Audit Committee on a regular basis.



## Relationship with Authorities

The Group's intention is to engage in professional communications with the Tax Authorities, as well as other relevant stakeholders, to participate in an open dialogue on tax matters, including both existing and future matters of relevance. If relevant, the Group will seek dialogue and agreement with Authorities to increase predictability and minimize the risk of tax disputes. All statutory tax risks, tax audits/inquiries, as well as uncertain tax positions is to be reported without delay to Group Tax Department to secure coordination and alignment.

Nilfisk seeks collaboration with all other important stakeholders to achieve its goal of responsibility and tax compliance. Nilfisk is an active member of the Confederation of Danish Industry (DI), that provides with a framework to discuss and align Nilfisk's tax governance with industry standards.



## Tax planning/ Tax Havens

Any tax planning that is undertaken is based on sound commercial rationale and will consider the interests of wider stakeholder groups, including local communities and economies and act in line with the Nilfisk Code of Conduct.

Nilfisk considers only business-driven tax optimization and monitors its risk positions. The Group has not setup artificial tax structures to secure tax benefits outside the intension of the tax laws and also, does not make use of special tax optimization models designed for tax evasion purposes in any low-tax jurisdictions.

While Nilfisk is commercially present globally, it does not have any activity in tax havens that are listed on the EU list of non-cooperative tax jurisdictions. However, like many other global companies, Nilfisk also has commercial operations in jurisdictions with a lower-than-average tax rate. The presence is based on commercial reasons. Nilfisk had one entity in Vietnam, which has been winded down during 2025, for commercial reasons.



## Tax Initiatives

The Group makes use of the benefits of incentives only to the extent that such incentives are available according to our commercial business structure and transfer pricing setup and are generally available for other in a similar position.

Where we claim tax incentives offered by government authorities, we seek to ensure that they are transparent and consistent with statutory or regulatory frameworks and implemented in the manner intended within the relevant statutory, regulatory, or administrative framework. Any incentive will only be used when it is clearly inside the intention of the rules.

For example, Nilfisk utilizes opportunities for tax deductions related to research and development activities in Denmark, China and the US. In jurisdictions where Nilfisk operates and R&D tax incentives are widely accessible, they will be accepted and utilized accordingly.

# The Tax Profile of our Business



## Corporate Income Tax

In the Annual Report, the Group reports its corporate income tax paid for the year. The annual corporate tax is the amount of corporate income tax we expect will be due on the current year's profits and the prior year's tax adjustments, while the annual paid corporate taxes are taxes that we paid during the financial year, and those may relate to corporate tax liabilities for prior, current, or future periods.

Our subsidiaries are subject to corporate income tax in their countries of residence.



## Transfer Pricing

Nilfisk operates globally under a vertically integrated business model, where Nilfisk A/S (Danish entity) owns a significant part of the value chain creation, from production to sales. Nilfisk's transfer pricing policy follows a so called 'principal tax model' where the profit follows the risk and value creation throughout the value chain.

Following the principal model, the principal entity allocates an arm's length profit margin, based on regular benchmark studies, to entities in the Group according to their functional characterization and the residual profit (or loss) in the value chain remains with the principal entity. The profit margin allocated to each function ("target margin") shall always reflect arm's length conditions in accordance with applicable laws and the transfer pricing policy of the Group, which is consistent with the recommendations of the OECD Transfer Pricing Guidelines.



To ensure that the entities are remunerated on an arm's length basis, the target margin is periodically reviewed and updated, and the target margin for the different activities will be adjusted when necessary.

The Group reviews on a yearly basis its Transfer Pricing Policy based on OECD guidelines and any local requirements. When applying the Transfer Pricing Policy, the Group uses the OECD proven methods, and all benchmark used are updated or confirmed on a yearly basis.



## Uncertain Tax Positions

The uncertain tax positions include considerations around when the Group has taken a position of uncertainty, created by complex legislation subject to interpretation, in the countries where the Group operates. In response to the tax risks connected to cross border activities Nilfisk has made tax-related provisions in accordance with IAS 12, IAS 37 and relevant interpretations, such as IFRIC 23.

Nilfisk is engaged in dialogue with tax authorities in cases of varying scope. Appropriate provisions and recognition of uncertain tax positions has been made where the aggregated probability of the tax position being upheld is considered less than 50%.

# 2025 Tax Highlights

**Income Tax**  
*Revenue in the Income Statement*  
 m EUR 12.3

The tax reported in the financial statements as corporate income tax expense for the company is the tax liability incurred on transactions, including changes in deferred taxes.



**Deferred Tax Assets**  
**net balance**  
 m EUR 42.0

Deferred tax results from the timing differences that can occur when income or expense items are included in the financial statements in different periods to those in which they are taxable or tax-deductible. Deferred tax assets and liabilities represent the tax effects of such timing differences. The above deferred tax assets are measured at tax rate that are substantively enacted at the reporting date in accordance with IFRS principles.

**Income Tax Paid**  
 m EUR 14.4

Taxes paid represent actual cash tax payments made to the tax authorities during the year.

As taxes paid represent only cash flow movements for the year, such payments may also include payments of taxes that were reported in previous years.

**Effective Tax Rate**  
 25.0%

The tax expense recognised in the profit for the period is the basis for the company's effective tax rate, as it is the corporate income tax expense compared to the profits recognised in the year. The effective tax rate includes effects from prior year adjustments and changes in provisions..

## OECD Pillar II - Global Minimum Taxation

Nilfisk is within the scope of OECD Pillar II.

The rules were implemented in Denmark and came into effect on 1 January 2024.

In addition, Pillar II has been enacted or is being implemented in many jurisdictions relevant to the Group's operations. Consistent with IFRS guidance, Nilfisk applies the disclosure and recognition requirements relevant to Pillar II income taxes in the financial statements.

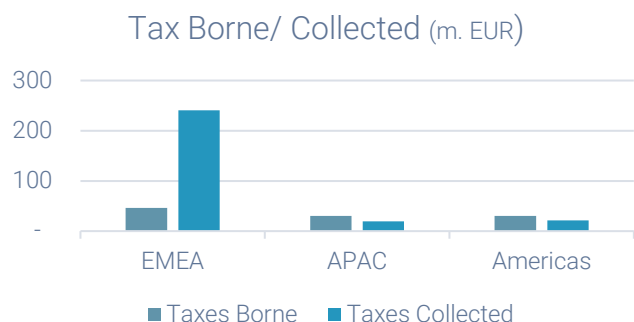
Nilfisk has made an assessment for potential additional tax liabilities for 2025, which showed that the rules will currently result in immaterial additional tax payments. The Group will continue to monitor legislative developments, refine processes, and, where required, accrue and pay any top up tax in order to be compliant with the applicable laws.

# Total Tax Contribution

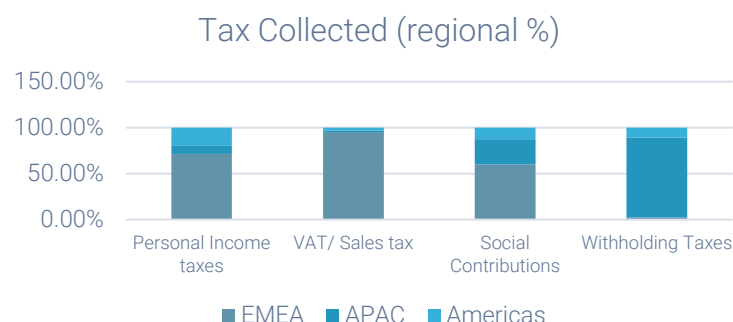
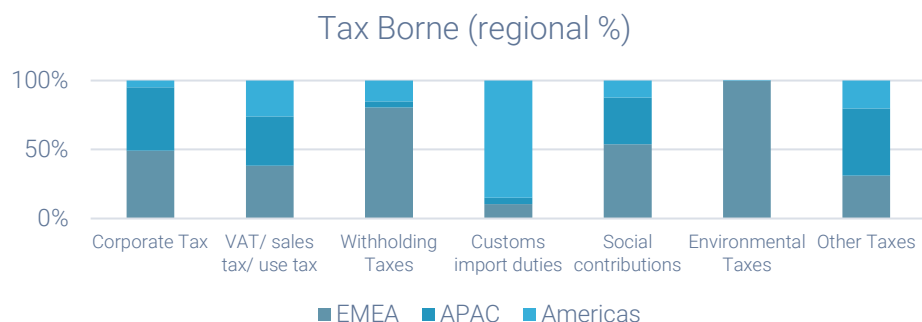
Nilfisk is committed to operating its business in a responsible manner and this also implies paying taxes accurately and in a timely manner. The Group is present in more than 40 countries and reaches more than 100 countries through direct sales and dealers, thus, contributing with taxes and duties collected, which include, without limitation, VAT, GST or other consumption taxes, withholding taxes and excise duties.

For the year 2025, Nilfisk contributed globally a total of **EUR 387.94 m** to local public finances via tax payments (**EUR 388.97 m** for 2024), **EUR 106.72 m** being borne by Nilfisk and **EUR 281.22 m** being collected by Nilfisk.

The distribution between tax borne and tax collected, at regional level, is as follows:



The percentage distribution between the different types of taxes borne and collected is as follows:



"Tax" in this Contribution Footprint represents any amount of money required to be paid to or collected and subsequently remitted to a government. Taxes borne and taxes collected are the taxes due in respect of an accounting period as defined in IFRS Accounting Standards as adopted by the EU.

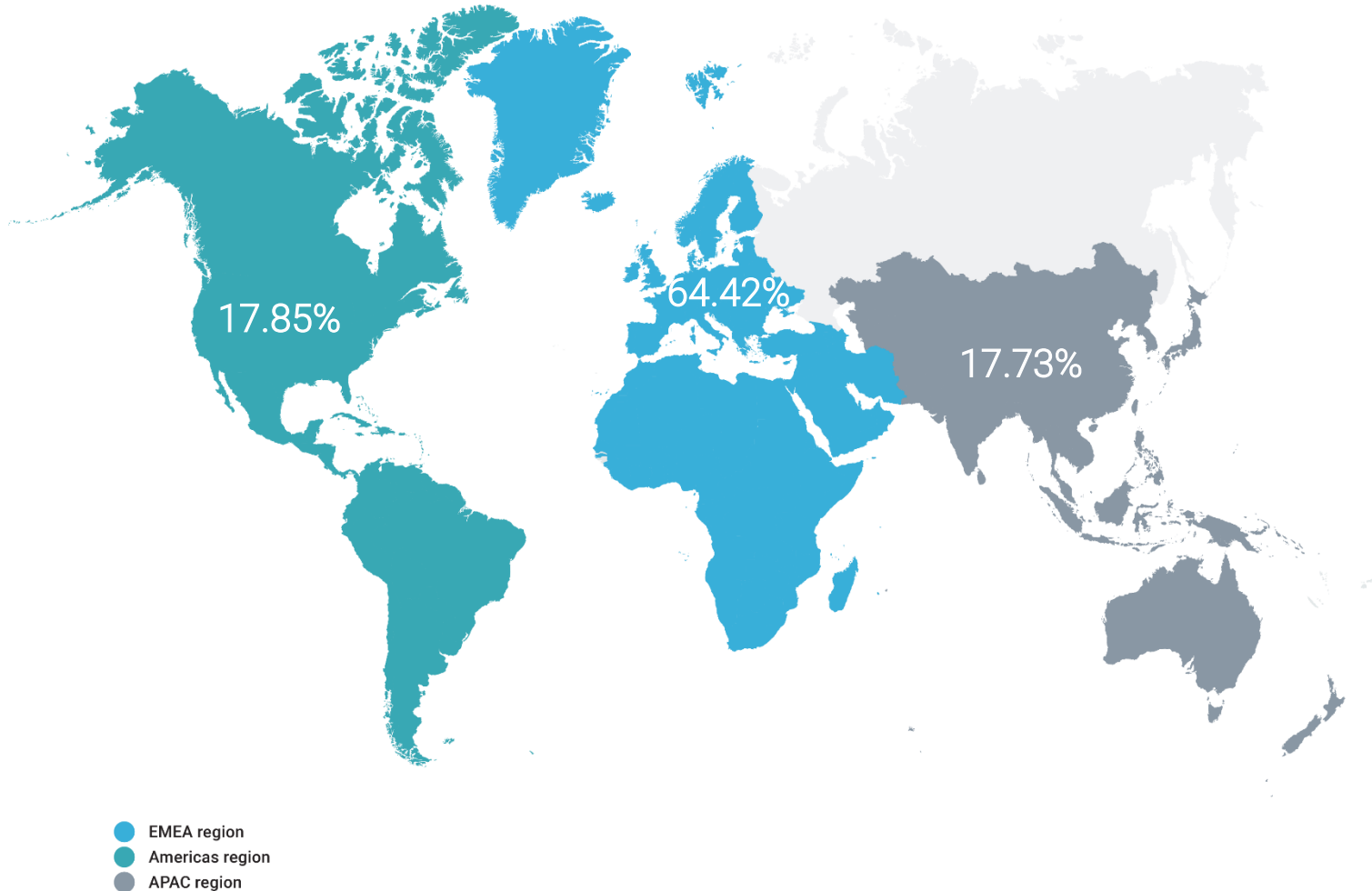
The total tax contribution is the sum of borne and collected taxes for the period from 1 January to 31 December. Amounts are included as paid when cash is released from or received by the Group.

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The contribution categorizes the tax payments in 2 categories: **Taxes Borne** and **Taxes Collected**.

- **Taxes Borne** are the taxes that the Group is obliged to pay to a government on its own behalf, or taxes that the Group is obliged to pay to a third party and that cannot be recovered from a government.
- **Taxes Collected** are taxes not finally borne by the Group, but for which the Group bears an administrative burden of collection. These taxes are, however, indirectly generated from the Group's business activities and are therefore part of the Group's total tax contribution.

# Geography of the Total Tax Contribution



The largest amount and percentage of the total tax contribution goes to Europe, while APAC and US being at a similar level.

On a global level, our largest contribution consists of indirect taxes, followed by social contributions and income taxes.

The biggest portion of taxes borne by Nilfisk are social contributions and indirect taxes and customs, while the biggest portion of taxes collected are indirect taxes followed by personal income taxes and social contributions.

Want to read more?



[Nilfisk Tax Policy](#)



[Annual Report 2025](#)



[Country-by-Country Report  
2025](#)

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