NILFISK INTERIM REPORT

Q2 Interim Report 2020

Company Announcement No.10/2020

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Highlights

- COVID-19 negatively impacted customer demand in Q2, however with a month-over-month improvement
- Significant variations in demand between markets and customer segments driven by the local scope and timing of lockdowns and reopenings
- Nilfisk posted revenue of 191.1 mEUR for the total business and 155.8 mEUR for the branded professional business in Q2 2020. This corresponds to organic growth of -24.9% for the total business and -29.4% for the branded professional business. Consumer had a strong quarter with organic growth of 21.1% while Private Label reported -18.5%
- Ability to service customers was maintained and all Nilfisk sites remained fully operational throughout Q2 adjusting capacity continuously through the quarter. The steep drop in demand led to lower capacity utilization at our production sites negatively affecting the gross margin, which came to 39.9%, down 4.0 percentage points compared to Q2 2019
- Strict cost control and government grants of approximately 5 mEUR resulted in a 19.7 mEUR reduction in the overhead cost compared to Q2 2019, down to 71.7 mEUR
- The restructuring plan announced May 15, aiming to lower structural costs by reducing approximately 250 full-time positions was executed according to plan in Q2, and the majority of the restructure has now been carried out
- EBITDA before special items came to 21 mEUR, a reduction of 18.4 mEUR compared to last year. The EBITDA margin before special items was 11.0%, down 4.2 percentage points compared to Q2 2019 as a result of lower revenue
- Free cash flow for Q2 2020 improved by 14.0 mEUR to 30.3 mEUR due to lower working capital and lower CAPEX compared to Q2 2019
- Net interest-bearing debt was reduced by 47.1 mEUR compared to Q2 last year and came to 406.4 mEUR. Compared to Q1 2020 the reduction was 18.9 mEUR
- As mentioned in company announcement no. 7/2020, Nilfisk has obtained a back-up loan facility of 100 mEUR bringing total committed credit facilities to 550 mEUR
- We are currently not able to give a meaningful assessment of revenues and profitability for the rest of the year. For this reason, the financial guidance for 2020 remains suspended

191.1 mEUR
Revenue
Down 67.5 mEUR from Q2 2019 due to lower demand caused by COVID-19

-29.4 %
Organic growth in the branded professional business
Significant variations between markets and customer segments

-24.9 %
Organic growth total business
positively impacted by strong performance in the Consumer business

39.9 %
Gross margin
Negatively impacted by low capacity utilization as a result of sharp decline in demand

11.0 %
EBITDA margin before special items
Down 4.2 percentage points compared to Q2 2019 due to lower gross margin

30.3 mEUR
Free cash flow
Up 14.0 mEUR compared to Q2 2019 positively affected by cash flow from working capital reductions

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Financial highlights for the Group

EUR million	Q2 2020	Q2 2019	H1 2020	H1 2019	Year 2019
Income statement					
Revenue	191.1	258.6	410.2	505.2	966.5
EBITDA before special items	21.0	39.4	45.9	72.1	121.4
EBITDA	12.9	32.8	37.2	58.3	98.7
Operating profit before special items	4.6	22.1	12.8	39.0	53.5
Operating profit/loss	-4.1	14.3	3.5	23.8	29.6
Special items, net	-8.7	-7.8	-9.3	-15.2	-23.9
Financial items, net	-1.1	-5.7	-6.1	-7.0	-14.0
Profit/loss for the period	-4.4	6.6	-2.5	12.8	8.7
Cash flow statement					
Cash flow from operating activities	33.8	27.5	41.5	16.4	76.1
Cash flow from investing activities	-3.5	-11.2	-9.0	-23.5	-40.8
– hereof investments in property, plant and equipment	-1.0	-2.8	-2.2	-6.6	-10.4
Free cash flow excluding acquisitions and divestments	30.3	16.3	32.5	-7.1	35.3
Statement of financial position					
Total assets			801.4	893.3	840.1
Group equity			150.0	160.5	158.0
Working capital			145.1	198.5	157.9
Net interest-bearing debt			406.4	453.5	414.1
Capital employed			556.3	613.7	572.1
Financial ratios and employees					
Organic growth	-24.9%	-4.4%	-17.8%	-1.8%	-4.1%
Organic growth Nilfisk branded professional business	-29.4%	-1.1%	-20.3%	0.7%	-2.6%
Gross margin	39.9%	43.9%	41.5%	43.4%	42.1%
EBITDA margin before special items	11.0%	15.2%	11.2%	14.3%	12.6%
EBITDA margin	6.8%	12.7%	9.1%	11.5%	10.2%
Operating profit before special items margin	2.4%	8.5%	3.1%	7.7%	5.5%
Operating profit margin	-2.1%	5.5%	0.9%	4.7%	3.1%
Financial gearing			4.3	3.4	3.4
Financial gearing excluding IFRS 16 impact			4.8	3.3	3.8
Overhead costs ratio	37.5%	35.4%	38.3%	35.7%	36.6%
Working capital ratio			21.0%	19.7%	20.6%
Return on Capital Employed (RoCE)			4.7%	14.2%	9.2%
Basic earnings per share (EUR)	-0.16	0.24	-0.09	0.47	0.32
Diluted earnings per share (EUR)	-0.16	0.24	-0.09	0.47	0.32
Number of full-time employees, end of period			4,243	5,250	4,886

Please find definitions in Note 8.6 of the 2019 Annual Report

Business update

During the second quarter of 2020, we saw a continued impact from COVID-19, particularly on customer demand. All production and distribution sites remained fully operational at a lower capacity adapted to market developments. During the quarter a pick-up in demand levels was seen in most markets.

Decline in customer demand with signs of pick-up during Q2

The global COVID-19 outbreak continued to have a significant negative impact on market demand during the second quarter of 2020 with notable variations from market to market and between the different customer segments. Although uncertainty remains high, there were clear signs of demand picking up during the quarter.

First and foremost, there was a strong correlation between when and how lockdowns were imposed and how demand developed in the respective markets. As such, we saw the largest decline in the countries where strict lockdowns were implemented early in the quarter, such as France, Italy and Spain. Subsequently, we saw demand increase, as lockdowns began to ease in these markets. A similar pick-up in demand did not materialize in markets where lockdowns came into effect at a later stage in the quarter such as UK and Canada.

Across all markets, there has been a consistent picture of some customer segments being more heavily impacted than others by the COVID-19 outbreak. The hospitality sector has experienced the most severe drop in activity and in turn demand. At the other end of the scale, the customer segments least impacted by the crisis are pharma and food manufacturers, food retailers, and the healthcare sector. These segments are part of the critical infrastructure and have remained fully operational during the crisis. After the first hectic weeks of the pandemic, when the focus was mainly on adjusting their operations to the new reality, we saw demand from these customers return to a more normal level. Finally, the picture was mixed when it comes to contract cleaners and customers in the industrial segment. For these segments there are several factors impacting the demand pattern. Although we have experienced a pick-up in demand, compared to before the pandemic, these customers have become increasingly hesitant in terms of capital expenditures and the duration of the process from initial lead to actual purchase has increased.

Restructuring plan executed according to plan

To mitigate the impact of COVID-19, immediate action was taken on measures within our control. This included strict cost management and prioritization of CAPEX. Furthermore, the majority of the restructuring plan, announced on May 15, 2020 was executed according to plan during June. The plan affects approximately 250 positions globally, and the expected savings will have a positive impact on earnings in second half of the year and going forward. The remaining part of the plan will expectedly be carried out in the second half of the year.

The restructuring has introduced changes in key functions at Nilfisk. The changes build on the foundation created during 2018 and 2019, when Nilfisk both simplified and globalized through the Nilfisk Next strategy. This foundations allows us to take out costs and drive efficiencies

Key elements of the restructuring plan include:

- In Marketing, a new function has been established, that is responsible for implementing a coherent solution portfolio across machines, digital services and business models, bringing together various global functions and competences into one unit. In addition, simplifications to reduce costs have been carried out across other Marketing functions
- The sales organization has been adjusted across markets. We now have one globalized sales structure with a strengthened focus on execution
- IT is continuing to streamline the application landscape and has reduced the number of external consultants significantly. Competences have been insourced to a newly established IT & Innovation Hub in Hungary, aiming to minimize costs and consolidate IT development and operations
- R&D has simplified its structure further, both in terms of product categories and in the different R&D competence centers globally
- Across all other functions, simplifications and cost reductions have been implemented

New solutions addressing COVID-19 cleaning challenges

Our main focus in Q2 was continuing to service our customers during this challenging period. Selected new solutions were brought to market during the quarter – all tailored to some of the specific cleaning challenges our customers have faced during the pandemic.

Among other products, a range of steam cleaners were re-introduced in selected markets. By using steam, customers can clean and disinfect beyond the typical cleaning methods. This makes it easier to obtain fully sanitized surfaces. In the US, a portable disinfectant sprayer solution was launched in a matter of weeks to meet customer demand. For our autonomous solution Nilfisk Liberty SC50, our technology partner developed a UV disinfection solution tailored to customers such as airports.

Organic revenue growth of -24.9% for the total business significantly impacted by the COVID-19 pandemic despite gradual pick-up in demand during the quarter

Revenue

The global COVID-19 outbreak continued to have a significant negative impact on market demand during the second quarter of 2020 with notable variations from market to market and between the different customer segments.

We have experienced a high degree of correlation between the restrictions imposed on societies and demand in the market. With the gradual easing of these restrictions in many markets towards the end of the quarter we saw a gradual pick-up in demand. Consequently, activity and demand levels in most markets have been higher at the end of Q2 compared to the beginning of the quarter.

Revenue for the branded professional business in Q2 2020 came to 155.8 mEUR (222.0 mEUR) corresponding to organic growth of -29.4%.

Organic growth	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
EMEA	-29.1%	-1.5%	-18.1%	1.0%	-2.2%
Americas	-28.1%	0.4%	-20.7%	1.7%	-2.8%
APAC	-36.0%	-4.4%	-30.7%	-3.7%	-4.3%
Nilfisk branded professional business	**-29.4%**	**-1.1%**	**-20.3%**	**0.7%**	**-2.6%**
Consumer	21.1%	-25.8%	9.9%	-17.3%	-11.8%
Private label and other	-18.5%	-9.5%	-20.3%	-8.0%	-14.4%
Total	**-24.9%**	**-4.4%**	**-17.8%**	**-1.8%**	**-4.1%**

In EMEA, revenue in Q2 amounted to 83.8 mEUR (119.6 mEUR) corresponding to organic growth of -29.1%. Across all EMEA markets, growth rates were lower in April compared to June with significant variations from region to region. In EMEA North, where the Nordic markets and UK constitute more than 90% of the business, the Nordic countries have been less impacted by low demand compared to the UK. Also, the Nordic markets have during the quarter seen a gradual pick-up in demand month over month. The same development has not been seen in the UK which is still to a large extent affected by lock-down restrictions. The EMEA Central region, which is dominated by the GAS countries (Germany, Austria, and Switzerland), saw the least impact from COVID-19 and has also experienced the least steep pick-up in demand month-over-month. Finally, EMEA South experienced the most significant drop in demand due to developments in Italy, Spain and France. Easing of lockdown restrictions came later compared to other EMEA markets, and the pick-up in demand consequently came later and at a lower level compared to the other regions. However, due to the very low demand levels early in the quarter the pick-up has been more steep.

In Americas, revenue in Q2 amounted to 58.3 mEUR (80.7 mEUR) corresponding to organic growth of -28.1% compared to last year. The US and Canada together constitute the majority of the Americas business and the two markets have experienced different developments during the quarter. Both markets saw a significant drop in demand in March continuing into April. While a positive effect on demand was seen in the US as lock-down restrictions were eased during May, Canada remained in lock-down until mid-June resulting in an only modest pick-up in demand. The Latin American markets in general experienced a less steep pick-up pattern compared to the US.

In APAC, revenue in Q2 amounted to 13.7 mEUR (21.7 mEUR) corresponding to organic growth of -36.0% compared to last year mainly due to low demand in China. Across all other APAC markets, we experienced a pick-up in demand during the quarter – most notably in the Pacific region (Australia and New Zealand).

For the first six months of 2020, revenue in the branded professional business amounted to 341.6 mEUR (428.2 mEUR) corresponding to organic growth of -20.3%.

Among the remaining business, the performance of the Consumer business was significantly better than expected at the beginning of the year. The COVID-19 outbreak had a notable positive impact on demand as consumers who had to work from home or were sent on furlough spent more time on home improvements and cleaning. As a result, sales of high-pressure washers to existing customers increased significantly during Q2 and in addition Nilfisk won several new customers during Q2. Revenue in the Consumer business amounted to 24.5 mEUR (23.3 mEUR). The exit from the Pacific region affected revenue negatively by approximately 3 mEUR and underlying organic growth was 21.1%. It should be noted that revenue in Q2 last year was negatively impacted by very low demand in the high-pressure washer category across many European markets. For the Private Label business performance was negatively impacted by the COVID-19 outbreak and revenue amounted to 10.8 mEUR (13.3 mEUR) corresponding to organic growth of -18.5%.

For the total business, revenue in Q2 2020 came to 191.1 mEUR (258.6 mEUR), which corresponds to organic growth of -24.9%. The exit of the Consumer business from the Pacific region in late 2019 had a negative impact on reported growth for the total business in Q2 2020 of -1.1% while foreign exchange rates had a slightly negative impact of -0.1% on total reported growth. As a result, total reported growth in Q2 2020 was -26.1%.

Revenue Growth	Q2 2020	H1 2020
Organic	-24.9%	-17.8%
Acquisitions/divestments	-0.8%	-0.9%
Foreign exchange rates	-0.4%	-0.1%
Total growth	**-26.1%**	**-18.8%**

For the first six months of 2020 revenue for the total business came to 410.2 mEUR (505.2 mEUR) corresponding to organic growth of -17.8%. Non-organic effects on reported growth was -1.0% in total of which the exit of the consumer business accounted for -1.2%. As a result, reported growth was -18.8%.

Gross margin
Gross profit came to 76.3 mEUR (113.5 mEUR) corresponding to a gross margin of 39.9% which is 4.0 percentage points lower than Q2 2019. The reduced margin was largely a result of lower capacity utilization due to the significant drop in revenue during the quarter. In addition, the strong performance in the consumer business in Q2 2020 gave rise to negative mix effects as the gross margin in the Consumer business is lower than in the branded professional business.

For the first six months of 2020 gross profit was 170.1 (219.4 mEUR) and the gross margin was 41.5% corresponding to a decline of 1.9 percentage points compared to same period last year. The decline was mainly driven by the aforementioned negative impact from lower capacity utilization in Q2 as well as freight related accrual releases in Q2 last year.

Overhead costs and ratio
In response to the sharp decline in demand in late Q1, tight cost control was implemented across Nilfisk and all unnecessary variable spend was minimized, particularly travel, consultancy, and marketing. In addition, during Q2 many employees were sent on leave or furlough with financial support from local governments. As a result, overhead costs were reduced by 19.7 mEUR compared to Q2 last year and amounted to 71.7 mEUR. Support from government COVID-19 programs (to Nilfisk or directly to employees) contributed by approximately 5 mEUR to the reduction, of which approximately 3 mEUR was accounted for as Other net operating income. The overhead cost ratio was 37.5% compared to 35.4% in Q2 2019.

As mentioned in May, a restructuring program was initiated to reduce costs across all functions and markets. As the restructuring was carried out late in the quarter, it had an insignificant impact on the realized cost reductions in Q2.

Total R&D spend in Q2 decreased by 3.6 mEUR compared to last year and amounted to 6.0 mEUR, equivalent to 3.0% of revenue compared to 3.7% in Q2 last year. In response to the COVID-19 outbreak, many ongoing projects were put on hold and R&D employees were sent on furlough. This was a significant contributing factor to the decrease in total R&D spend. The lower activity level also led to lower capitalization of development project costs, which amounted to 2.0 mEUR compared to 6.2 mEUR in Q2. Amortization on finalized projects was equal to last year at 3.7 mEUR (3.7 mEUR). Consequently, total R&D expenses were 7.7 mEUR compared to 7.1 mEUR.

Research and development costs	**Q2 2020**	**Q2 2019**	**H1 2020**	**H1 2019**
Total expenses (incl. Amortization)	7.7	7.1	15.4	14.4
Capitalized	2.0	6.2	4.4	12.9
Amortization	-3.7	-3.7	-7.4	-7.3
Total	**6.0**	**9.6**	**12.4**	**20.0**
R&D ratio (% of revenue)	3.0%	3.7%	3.0%	3.9%

Sales and distribution costs were reduced by 10.0 mEUR compared to last year and came to 53.4 mEUR. The reduction was to a large extent driven by lower activity-related costs such as travel, marketing and distribution costs. However, salary expenses were also reduced owing to fewer FTE's across all functions and segments compared to Q2 last year.

Administration costs amounted to 14.0 mEUR, which is 7.8 mEUR lower than Q2 2019. The reduction is to a large extent the result of cost-saving initiatives and general prudence across functions, which resulted in lower salary expenses and fewer external costs such as travel and consultancy.

Other net operating income was 3.4 mEUR compared to 0.9 mEUR in Q2 2019. This income mainly relates to income from government support programs as mentioned above.

For the first six months of 2020, total overhead costs amounted to 157.3 mEUR, which is a reduction of 23.1 mEUR compared to the year before. The positive cost development is mainly attributable to the factors mentioned above.

EBITDA and EBITDA margin
EBITDA before special items amounted to 21.0 mEUR, which is 18.4 mEUR lower than Q2 2019. This corresponds to an EBITDA margin before special items of 11.0% compared to 15.2% in Q2 2019. The significant reduction of overhead costs was not enough to compensate for the sharp decline in revenue in Q2 leading to the decline in EBITDA before special items.

EBITDA amounted to 12.9 mEUR compared to 32.8 mEUR in Q2 2019 and the EBITDA margin was 6.8% compared to 12.7% in Q2 2019.

For the first six months of 2020, EBITDA before special items amounted to 45.9 mEUR compared to 72.1 mEUR in first half of 2019. The result corresponds to an EBITDA margin before special items of 11.2%, which is 3.1 percentage points lower than same period last year and is attributable to the sharp decline in revenue from mid-March as a result of lower demand and activity restrictions.

EBITDA for the first six months of 2020 amounted to 37.2 mEUR (58.3 mEUR) corresponding to an EBITDA margin of 9.1% (11.5%).

Operating profit before special items and operating profit
Operating profit before special items amounted to 4.6 mEUR compared to 22.1 mEUR in Q2 2019. This corresponds to an operating profit before special items margin of 2.4% compared to 8.5% Q2 2019. Depreciation and amortization was roughly in line with last year.

Operating profit was -4.1 mEUR compared to 14.3 mEUR in Q2 last year. The operating profit margin was -2.1% compared to 5.5% in Q2 last year.

For the first six months of 2020 operating profit before special items amounted to 12.8 mEUR (39.0 mEUR) corresponding to an operating profit margin before special items of 3.1% (7.7%). Operating profit amounted to 3.5 mEUR (23.8 mEUR) corresponding to an operating margin of 0.9% (4.7%).

Special items
Special items in Q2 2020 amounted to 8.7 mEUR, of which a large part relates to redundancy costs related to the before-mentioned restructuring partly carried out during June. The remaining special items relate to ongoing cost saving projects and pertain primarily to redundancy costs. For the first six months of 2020 special items amounted to 9.3 mEUR, which is 5.9 mEUR lower than same period last year.

Details on special items are described in Note 6.

Financial items
Net financial items amounted to -1.1 mEUR, which is a net improvement of 4.6 mEUR compared to Q2 2019. The change in net financials was mainly driven by lower foreign exchange losses.

For the first six months of 2020 net financial items amounted to -6.1 mEUR, which is 0.9 mEUR lower than same period last year.

Profit/loss for the period
Result for the period amounted to -4.4 mEUR compared to 6.6 mEUR in Q2 2019. Lower operating profit was partly compensated for by higher net financial items, but led to the lower result for the period compared to last year.

For the first six months of 2020, the result for the period amounted to -2.5 mEUR compared to 12.8 mEUR in the first half of 2019.

Working capital
As of June 30, 2020, working capital was 145.1 mEUR, down by 53.4 mEUR compared to Q2 2019 and down 12.8 mEUR compared to year-end 2019. Compared to Q2 2019 the decrease was driven by a general drop in operating working capital - inventory, trade receivables - to a large extent driven by lower demand due to COVID-19 and adjustment of inventories in response hereto. The drop in trade receivables of 55.5 mEUR was primarily in EMEA and Americas driven by lower revenues. Inventories declined by 31.1 mEUR, a development also driven by divestments, the exit from the consumer business in APAC in 2019, and a general lower inventory level. Trade payables declined by 45.7 mEUR while other current liabilities increased 4.8 mEUR primarily related to postponed deadlines for VAT payments partly offset by divestments.

The working capital ratio measured on a 12-month average increased by 0.4 percentage point to 21.0% at the end of Q2 2020 compared to the end of 2019 and by 1.3 percent point compared to Q2 2019.

Capital employed and RoCE
As of June 30, 2020, capital employed amounted to 556.3 mEUR, down by 57.4 mEUR compared to Q2 2019 and by 15.8 mEUR compared to 572.1 mEUR at the end of 2019. The development in capital employed since Q2 2019 was largely driven by the above-mentioned decline in net working capital.

Nilfisk's return on capital employed (RoCE) was 4.7%. This was down 9.5 percentage points from Q2 2019 and down 4.5 percentage points compared to end of 2019.

Cash flow
Cash flow from operating activities for Q2 2020 amounted to 33.8 mEUR compared to 27.5 mEUR in Q2 2019. The positive development compared to Q2 last year was mainly a result of lower working capital during Q2 2020 and lower financial expenses partly offset by a decrease in operating profit. Cash flow from investing activities for Q2 2020 amounted to -3.5 mEUR compared to -11.2 mEUR in 2019. The lower cash outflow compared to Q2 last year was mainly a result of lower investment in research and development projects. As a result, free cash flow for Q2 2020 amounted to 30.3 mEUR compared to 16.3 mEUR in Q2 2019.

For the first six months of 2020 cash flow from operating activities amounted to 41.5 mEUR corresponding to an increase of 25.1 mEUR compared to the first six months 2019. Cash flow from investing activities amounted to -9.0 mEUR compared to -23.5 mEUR in the same period of 2019. For the first six months of 2020 free cash flow was 32.5 mEUR compared to -7.1 mEUR for the same period of 2019.

Equity
Equity was 150.0 mEUR at the end of Q2 2020 against 158.0 mEUR at the end of 2019. The decrease was related to the reported loss for the first six months of 2020 and foreign exchange rate loss adjustments partly offset by value adjustments of hedging instruments.

Net interest-bearing debt
At the end of Q2 2020, total net interest-bearing debt was 406.4 mEUR, down by 7.7 mEUR against end of 2019 due to improved cash flow from operating activities. Compared to the end of Q2 2019, net interest-bearing debt was down by 47.1 mEUR. This was primarily due to lower investments and an increase in cash flow from operating activities driven by lower cash tied up in working capital, lower financial expenses and tax paid, partly offset by lower operating profit.

The financial gearing excluding the effect of IFRS 16 at the end of Q2 2020 was 4.8 versus 3.8 at the end of 2019 and 3.3 at the end of Q2 2019.

As mentioned in company announcement no. 7/2020, Nilfisk has increased its financial headroom by obtaining an additional loan of 100 mEUR with our main relationship banks. The maturity date of the additional facilities is May 22, 2021 with an extension option of one year. Total committed credit facilities available to Nilfisk are therefore 550 mEUR including adjusted covenants. As of June 30, 358 mEUR of the total available facilities was utilized, leaving 192 mEUR in undrawn committed facilities. The facilities are available for general funding.

Subsequent events
Nilfisk signed an agreement on July 14, 2020 with one of its partners within autonomy, Carnegie Robotics LLC, to spin out the autonomous technology embedded in the Nilfisk Liberty SC50 into a separate technology company. The technology has potential and is proven within cleaning. It is now at a maturity stage where it can be leveraged further through development in a separate technology company focused on commercial applications. For Nilfisk, the company will be accounted for as an investment in an associated company from Q3 2020.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2020, that are expected to have a material impact on the Group's financial position.

Outlook

On March 19, our financial outlook for 2020 was suspended due to the global uncertainty caused by the COVID-19 pandemic, and the rapid development in the pandemic had a significant impact on demand in Q2. We have seen significant variations in demand patterns across different markets and customer segments.

Throughout Q2 we have seen sequential improvements in revenue growth with April organic growth at -32%, May at -28% and June at -15%. Trading in July is in line with June. The development in the coming months is highly dependent on the COVID-19 development impacting our markets and customer segments. In addition, our industry is very dependent on the macroeconomic conditions which are currently facing unprecedented volatility.

In Q2 2020, strict cost control and government grants resulted in a significant reduction of overhead costs compared to Q2 2019. We do not expect government grants to continue beyond Q2. The low cost base of Q2 reflected a significant reduction of our activity level. As we adjust our business activities to the levels of future customer demand, cost run rates will be above the levels seen in Q2. Going forward our restructuring program launched at the end of Q2 will contribute to reduce cost run rates.

Accordingly, we are currently not able to give a meaningful assessment of revenues and profitability for the rest of the year. For this reason, the financial guidance for 2020 remains suspended.

Condensed **income statement**

For the period ended June 30

EUR million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Revenue	4, 5	191.1	258.6	410.2	505.2
Cost of sales	8	-114.8	-145.1	-240.1	-285.8
Gross profit	8	**76.3**	**113.5**	**170.1**	**219.4**
Research and development costs	8	-7.7	-7.1	-15.4	-14.4
Sales and distribution costs	8	-53.4	-63.4	-113.1	-125.8
Administrative costs	8	-14.0	-21.8	-32.4	-42.2
Other operating income*		4.0	1.1	5.2	2.5
Other operating expenses		-0.6	-0.2	-1.6	-0.5
Operating profit before special items		**4.6**	**22.1**	**12.8**	**39.0**
Special items, net	6	-8.7	-7.8	-9.3	-15.2
Operating profit/loss		**-4.1**	**14.3**	**3.5**	**23.8**
Financial income		1.9	0.4	0.5	0.7
Financial expenses		-3.0	-6.1	-6.6	-7.7
Profit/loss before income taxes		**-5.2**	**8.6**	**-2.6**	**16.8**
Tax on profit/loss for the period		0.8	-2.0	0.1	-4.0
Profit/loss for the period		**-4.4**	**6.6**	**-2.5**	**12.8**
To be distributed as follows:					
Profit/loss attributable to shareholders of Nilfisk Holding A/S		-4.4	6.6	-2.5	12.8
Total		**-4.4**	**6.6**	**-2.5**	**12.8**
Earnings/loss per share (based on 27,126,369 shares issued)					
Basic earnings/loss per share (EUR)		-0.16	0.24	-0.09	0.47
Diluted earnings/loss per share (EUR)		-0.16	0.24	-0.09	0.47

* Other operating income includes 2.9 mEUR in Q2 2020 and 3.0 mEUR in H1 2020 from government grants related to COVID-19 support

Condensed statement of **comprehensive income**

For the period ended June 30

EUR million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Profit/loss for the period		-4.4	6.6	-2.5	12.8
Other comprehensive income/loss					
Items that may be reclassified to the income statement:					
Exchange rate adjustments of subsidiaries		-3.8	-3.8	-6.2	1.7
Value adjustment of hedging instruments:			-		
Value adjustment for the period		-2.2	-2.1	1.4	-0.3
Transferred to cost of sales		-0.2	-1.0	-	-1.7
Transferred to staff costs		-	0.6	-	0.4
Transferred to financial income and expenses		-	1.1	-0.6	0.8
Tax on value adjustment of hedging instruments		0.6	0.5	-0.3	0.2
Items that may not be reclassified to income statement:					
Value adjustment of hedging instruments transferred to inventory		0.2	-0.3	-	-0.1
Actuarial gains/losses on defined benefit plans		-	0.6	-	0.6
Tax on actuarial gains/losses		-	-0.1	-	-0.1
Comprehensive income/loss for the period		**-9.8**	**2.1**	**-8.2**	**14.3**
To be distributed as follows:					
Comprehensive income/loss attributable to shareholders of Nilfisk Holding A/S		-9.8	2.1	-8.2	14.3
Total		**-9.8**	**2.1**	**-8.2**	**14.3**

Condensed **statement of financial position**

EUR million	Note	June 30 2020	June 30 2019	December 31 2019
Assets				
Goodwill		168.3	168.1	168.5
Trademarks		8.8	10.1	9.6
Customer related assets		7.4	9.2	8.5
Development projects completed		36.5	42.8	39.1
Software, know-how, patents and competition clauses		31.6	21.4	27.4
Development projects and software in progress		26.8	35.4	34.0
Total intangible assets		**279.4**	**287.0**	**287.1**
Land and buildings		8.1	9.9	8.5
Plant and machinery		3.8	4.1	4.0
Tools and equipment		32.1	34.2	35.0
Assets under construction incl. prepayments		2.9	3.9	3.7
Right-of-use assets		64.7	62.6	54.5
Total property, plant and equipment		**111.6**	**114.7**	**105.7**
Investments in associates		23.3	21.1	21.5
Other investments and receivables		3.2	2.9	2.8
Deferred tax		28.9	21.3	25.1
Total other non-current assets		**55.4**	**45.3**	**49.4**
Total non-current assets		**446.4**	**447.0**	**442.2**
Inventories		153.0	184.1	172.7
Trade receivables		155.9	211.4	175.0
Interest-bearing receivables		4.1	3.6	4.7
Income tax receivable		7.5	4.1	5.1
Other receivables	7	20.6	26.8	21.1
Cash at bank and in hand		13.9	16.3	19.3
Total current assets		**355.0**	**446.3**	**397.9**
Total assets		**801.4**	**893.3**	**840.1**

EUR million	Note	June 30 2020	June 30 2019	December 31 2019
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		-1.8	0.6	3.9
Retained earnings		78.9	87.0	81.2
Total equity		**150.0**	**160.5**	**158.0**
Deferred tax		8.3	9.0	7.0
Pension liabilities		6.0	4.3	5.9
Provisions		1.4	2.8	1.3
Interest-bearing loans and borrowings		238.6	404.9	376.9
Lease liabilities		43.3	39.3	32.2
Other liabilites		0.3	1.4	2.6
Total non-current liabilities		**297.9**	**461.7**	**425.9**
Interest-bearing loans and borrowings		119.4	5.0	5.0
Lease liabilities		23.0	24.2	24.0
Trade payables		81.9	127.6	111.9
Income tax payable		6.6	0.6	5.0
Other liabilities	7	102.8	98.0	96.5
Provisions		19.8	15.7	13.8
Total current liabilities		**353.5**	**271.1**	**256.2**
Total liabilities		**651.4**	**732.8**	**682.1**
Total equity and liabilities		**801.4**	**893.3**	**840.1**

Condensed **cash flow statement**

For the period ended June 30

EUR million	Note	Q2 2020	Q2 2019	H1 2020	H1 2019
Operating profit/loss		-4.1	14.3	3.5	23.8
Depreciation, amortization and impairment	8	17.0	18.5	33.7	34.5
Other non-cash adjustments		5.8	1.9	6.6	-0.1
Share option program		-	-1.9	-	-1.9
Changes in working capital		18.9	4.7	7.1	-22.5
Cash flow from operations before financial items and income taxes		37.6	37.5	50.9	33.8
Financial income received		0.2	0.2	0.6	0.9
Financial expenses paid		-2.9	-6.2	-6.6	-9.1
Income tax paid		-1.1	-4.0	-3.4	-9.2
Cash flow from operating activities		**33.8**	**27.5**	**41.5**	**16.4**
Purchase of property, plant and equipment		-1.0	-2.8	-2.2	-6.6
Sale/disposal of property, plant and equipment		0.3	1.2	0.3	1.5
Purchase of intangible assets		-2.8	-9.6	-6.6	-18.4
Purchase of financial assets		-	-	-0.5	-
Cash flow from investing activities		**-3.5**	**-11.2**	**-9.0**	**-23.5**
Changes in current interest-bearing receivables		0.2	-	0.5	0.4
Changes in current interest-bearing loans and borrowings		119.3	-2.6	116.1	-2.5
Changes in non-current interest-bearing loans and borrowings		-146.0	-5.7	-140.2	22.4
Payment of lease liabilities		-6.3	-7.4	-12.8	-13.0
Cash flow from financing activities		**-32.8**	**-15.7**	**-36.4**	**7.3**
Net cash flow for the period		**-2.5**	**0.6**	**-3.9**	**0.2**
Cash at bank and in hand, at the beginning of the period		16.6	16.3	19.3	16.4
Currency adjustments		-0.2	-0.6	-1.5	-0.3
Net cash flow for the period		-2.5	0.6	-3.9	0.2
Cash at bank and in hand, June 30		**13.9**	**16.3**	**13.9**	**16.3**

Condensed statement of **changes in equity**

For the period ended June 30, 2020

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity
January 1, 2020	**72.9**	**4.3**	**-0.4**	**81.2**	**158.0**
Other comprehensive income:					
Foreign exchange translation adjustments	-	-6.2	-	-	-6.2
Value adjustment of hedging instruments:					
Value adjustment for the period	-	-	1.4	-	1.4
Transferred to cost of sales	-	-	-	-	-
Transferred to staff costs	-	-	-	-	-
Transferred to financial income and expenses	-	-	-0.6	-	-0.6
Transferred to inventory	-	-	-	-	-
Actuarial gains/losses on defined benefit plans	-	-	-	-	-
Tax on actuarial gains/losses	-	-	-	-	-
Tax on other comprehensive income	-	-	-0.3	-	-0.3
Total other comprehensive income	-	-6.2	0.5	-	-5.7
Profit/loss for the period	-	-	-	-2.5	-2.5
Comprehensive income for the period	**-**	**-6.2**	**0.5**	**-2.5**	**-8.2**
Share option program	-	-	-	0.2	0.2
Tax on share option program	-	-	-	-	-
Total changes in equity in 2020	**-**	**-6.2**	**0.5**	**-2.3**	**-8.0**
Equity, end of period	**72.9**	**-1.9**	**0.1**	**78.9**	**150.0**

For the period ended June 30, 2019

EUR million	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity
January 1, 2019	**72.9**	**-1.1**	**0.7**	**75.0**	**147.5**
Other comprehensive income:					
Foreign exchange translation adjustments	-	1.7	-	-	1.7
Value adjustment of hedging instruments:					
Value adjustment for the period	-	-	-0.3	-	-0.3
Transferred to cost of sales	-	-	-1.7	-	-1.7
Transferred to staff costs	-	-	0.4	-	0.4
Transferred to financial income and expenses	-	-	0.8	-	0.8
Transferred to inventory	-	-	-0.1	-	-0.1
Actuarial gains/losses on defined benefit plans	-	-	-	0.6	0.6
Tax on actuarial gains/losses				-0.1	-0,1
Tax on other comprehensive income	-	-	0.2	-	0.2
Total other comprehensive income	-	1.7	-0.7	0.5	1.5
Profit/loss for the period	-	-	-	12.8	12.8
Comprehensive income for the period	**-**	**1.7**	**-0.7**	**13.3**	**14.3**
Share option program	-	-	-	-1.7	-1.7
Tax on share option program	-	-	-	0.4	0.4
Total changes in equity in 2019	**-**	**1.7**	**-0.7**	**12.0**	**13.0**
Equity, end of period	**72.9**	**0.6**	**-**	**87.0**	**160.5**

Note 1
Significant accounting policies

This interim report has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report contains condensed financial statements for the group. No interim report has been prepared for the parent company.

Except for below, the interim report follows the same accounting policies as the consolidated financial statements for 2019, which provide a full description of the significant accounting policies.

From Q1 2020 amortization/impairment of acquisition-related intangibles is no longer presented in a separate line in the Income statement. Comparison figures are restated. Details are included in Note 8.

From Q2 2020 gains/losses from foreigns exchange rate is presented net instead of gross in financial items in the income statement. Comparison figures are restated.

Financial statement figures are stated in million EUR. As a result, rounding discrepancies may occur because sum totals have been rounded off and the underlying decimals are not presented to financial statement users.

Government grants
Government grants comprises of grants for compensation for costs or losses already incurred and recognised. Government grants are recognised when there is reasonable assurance that the grants will be received.

Government grants for compensation for costs or losses incurred and recognised without resulting in further future costs or losses are recognised in profit and loss as Other operating income in the period where the compensation is granted.

Amendments to accounting standards that are mandatorily effective for the current reporting period
The Nilfisk Group has adopted the following new and revised standards issued by IASB, which are effective for the current reporting period that starts on January 1, 2020:

Amendments to References to the Conceptual Framework
Amendments to IFRS 3 – definition of business combinations
Amendments to IAS 1 and IAS 8 – definition of materiality
Amendments to IFRS 9, IAS 39 and IFRS 7 – IBOR reform

The new and revised standards have not had a material impact on accounting policies or disclosures for the period and are not expected to have an impact on the Nilfisk Group.

Note 2
Significant accounting estimates and judgements

When preparing the financial statements, we are required to make several estimates and judgements. The accounting estimates and judgements can have a significant impact on the financial statements and are regularly assessed to adapt to the market conditions and changes in political and economic factors.

Regarding accounting estimates, please refer to Note 1 of the 2019 Annual Report. Regarding risks please refer to Note 6 of the 2019 Annual Report and the information contained in the section on risk management of the 2019 Annual Report.

Compared to what was disclosed in the Annual Report 2019 the COVID-19 outbreak encountered during Q1 2020, escalating into Q2, is considered to impose significant uncertainty to the interim financial statements. The financial impacts of COVID-19 requires significant judgement and are included in the estimates of the activity of the group, the valuation of our asset base and the liquidity situation.

As for any other significant uncertainties we will, given the evolving nature of the pandemic and the uncertainties involved, monitor the situation and implication on Nilfisk Group's financial position, activities and cash flows and seek the appropriate mitigating measures. As of June 30, 2020, we have included updated estimates to assess the recoverability of our asset base, including goodwill, development projects, deferred tax assets and trade receivables. We have realized no specific impairments of assets and no additional obligations or liabilities have been recognized as a direct result of COVID-19.

Depending on the escalation of COVID-19 in the future and thereby the long-term impact for Nilfisk, there is an inherent risk that the estimates and judgements made in Q2 2020 could change. Future changes in estimates and judgement may have an impact on the Group's result and financial position.

Note 3
Seasonal fluctuations

Due to the composition of the Nilfisk business, some degree of seasonality in revenue should be expected. Factors which impact seasonality include the market for consumer high pressure washers in H1, holiday seasons, etc.

Normally, the quarterly Operating profit follows the seasonality in revenue.

Cash flow from operations is typically weaker in Q1 due to negative changes in working capital in Q1 and Q2 as inventories increase. Working capital normally improves during Q3 and Q4.

Note 4
Segment information

EUR million	EMEA	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other*	Group
Q2 – 2020								
Revenue	83.8	58.3	13.7	-	155.8	24.5	10.8	191.1
Gross profit	37.8	22.7	5.2	-	65.7	8.2	2.4	76.3
EBITDA before special items	18.2	9.9	0.8	-13.4	15.5	3.9	1.6	21.0
Reconciliation to profit/loss before income taxes:								
Special items								-8.7
Amortization, depreciation and impairment								-16.4
Financial income								1.9
Financial expenses								-3.0
Profit/loss before income taxes								**-5.2**
Gross margin	45.1%	38.9%	38.0%	-	42.2%	33.5%	22.2%	39.9%
EBITDA margin before special items	21.7%	17.0%	5.8%	-	9.9%	15.9%	14.8%	11.0%
Q2 – 2019								
Revenue	119.6	80.7	21.7	-	222.0	23.3	13.3	258.6
Gross profit	58.8	34.6	9.0	-	102.4	7.9	3.2	113.5
EBITDA before special items	36.3	17.4	3.4	-14.1	43.0	0.5	-4.1	39.4
Reconciliation to profit/loss before income taxes:								
Special items								-7.8
Amortization, depreciation and impairment								-17.3
Financial income								0.4
Financial expenses								-6.1
Profit/loss before income taxes								**8.6**
Gross margin	49.2%	42.9%	41.5%	-	46.1%	33.9%	24.1%	43.9%
EBITDA margin before special items	30.4%	21.6%	15.7%	-	19.4%	2.1%	-30.8%	15.2%

*"Private label and other" includes non-allocated costs. Q2 2020 includes income of 2.9 mEUR from government grants related to COVID-19 support

Note 4
Segment information – continued

EUR million	EMEA	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other*	Group
H1 – 2020								
Revenue	191.9	120.9	28.8	-	341.6	45.6	23.0	410.2
Gross profit	88.2	48.7	11.6	-	148.5	15.9	5.7	170.1
EBITDA before special items	46.2	19.6	1.3	-25.9	41.2	6.2	-1.5	45.9
Reconciliation to profit/loss before income taxes:								
Special items								-9.3
Amortization, depreciation and impairment								-33.1
Financial income								0.5
Financial expenses								-6.6
Profit/loss before income taxes								**-2.6**
Gross margin	46.0%	40.3%	40.3%	-	43.5%	34.9%	24.8%	41.5%
EBITDA margin before special items	24.1%	16.2%	4.5%	-	12.1%	13.6%	-6.5%	11.2%
H1 – 2019								
Revenue	235.8	150.5	41.9	-	428.2	48.1	28.9	505.2
Gross profit	114.7	64.5	17.4	-	196.6	16.6	6.2	219.4
EBITDA before special items	68.5	30.9	6.1	-27.8	77.7	1.8	-7.4	72.1
Reconciliation to profit/loss before income taxes:								
Special items								-15.2
Amortization, depreciation and impairment								-33.1
Financial income								0.7
Financial expenses								-7.7
Profit/loss before income taxes								**16.8**
Gross margin	48.6%	42.9%	41.5%	-	45.9%	34.5%	21.5%	43.4%
EBITDA margin before special items	29.1%	20.5%	14.6%	-	18.1%	3.7%	-25.6%	14.3%

* "Private label and other" includes non-allocated costs. H1 2020 includes income of 3.0 mEUR from government grants related to COVID-19 support

Note 5
Distribution of revenue

EUR million	Revenue 2020	Revenue 2019	Organic growth
Q2			
Floorcare	53.2	85.5	-37.2%
Vacuum cleaners	41.5	51.7	-18.5%
High pressure washers	33.5	45.5	-23.8%
Aftermarket	62.9	75.9	-16.0%
Total	**191.1**	**258.6**	**-24.9%**
H1			
Floorcare	115.6	159.0	-27.2%
Vacuum cleaners	89.8	104.2	-12.9%
High pressure washers	67.2	85.6	-18.6%
Aftermarket	137.6	156.4	-10.8%
Total	**410.2**	**505.2**	**-17.8%**

Aftermarket includes service as well as sale of parts, consumables and accessories. Depending on the type of contract, service revenue is recognized over time or at a point in time.

For information on revenue recognition, see accounting policy described in the 2019 Annual Report, Note 2.2.

Note 6
Special items, net

Special items represent income and expenses that have a non-recurring and special nature against normal operating income and expenses.

Special items relating to the cost saving program represent restructuring costs relating to the 50 mEUR cost saving program running from 2016 to 2020. The program includes consultancy fees and supporting tools as well as alignment of facilities, transitioning costs relating to offshoring of functions, pruning of products and redundancy costs to staff where one- off related costs are paid out.

Cost saving in Q2 2020 mainly relates to the move and start-up of the new DC warehouse in Ghent, Belgium.

The majority of the business restructuring cost in Q2 2020 is redundancy cost associated with the global restructuring plan announced on May 15, 2020.

Divestments in Q2 2020 are related to the consumer exit in APAC and the write-down of the Car Wash business in Germany.

For more information regarding special items, please refer to Note 2.4 in the 2019 Annual Report.

EUR million	Q2 2020	Q2 2019	H1 2020	H1 2019
Cost saving program	0.4	4.2	0.7	8.2
Business restructuring	6.5	2.6	6.7	5.8
Divestment	1.8	1.0	1.9	1.2
Total	**8.7**	**7.8**	**9.3**	**15.2**

EUR million	2020	Special items	2020 adjusted	2019	Special items	2019 adjusted
Q2						
Revenue	191.1	-	191.1	258.6	-	258.6
Cost of sales	-114.8	-2.6	-117.4	-145.1	-0.1	-145.2
Gross profit	**76.3**	**-2.6**	**73.7**	**113.5**	**-0.1**	**113.4**
Research and development costs	-7.7	-1.6	-9.3	-7.1	-1.8	-8.9
Sales and distribution costs	-53.4	-2.7	-56.1	-63.4	-4.0	-67.4
Administrative costs	-14.0	-1.8	-15.8	-21.8	-1.9	-23.7
Other operating income	4.0	-	4.0	1.1	-	1.1
Other operating expenses	-0.6	-	-0.6	-0.2	-	-0.2
Special items, net	-8.7	8.7	-	-7.8	7.8	-
Operating profit/loss	**-4.1**	**-**	**-4.1**	**14.3**	**-**	**14.3**
H1						
Revenue	410.2	-	410.2	505.2	-	505.2
Cost of sales	-240.1	-2.7	-242.8	-285.8	-4.7	-290.5
Gross profit	**170.1**	**-2.7**	**167.4**	**219.4**	**-4.7**	**214.7**
Research and development costs	-15.4	-1.6	-17.0	-14.4	-1.7	-16.1
Sales and distribution costs	-113.1	-2.8	-115.9	-125.8	-4.5	-130.3
Administrative costs	-32.4	-2.2	-34.6	-42.2	-4.0	-46.2
Other operating income	5.2	-	5.2	2.5	-	2.5
Other operating expenses	-1.6	-	-1.6	-0.5	-0.3	-0.8
Special items, net	-9.3	9.3	-	-15.2	15.2	-
Operating profit/loss	**3.5**	**-**	**3.5**	**23.8**	**-**	**23.8**

Note 7

Financial instruments measured at fair value

Financial instruments measured at fair value in the balance sheet are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

- Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)
- Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value have been categorized into level 2 as addressed in the Annual Report 2019, Note 6.9. There have been no significant new items compared to December 31, 2019.

No transfers between the levels of fair value hierachies has taken place in the first six months of 2020.

EUR million	June 30, 2020	June 30, 2019
Financial assets:		
Derivative financial instruments	4.4	1.8
Fair value through other comprehensive income	4.4	1.8
Derivative financial instruments	-1.8	1.8
Fair value through profit and loss	-1.8	1.8
Financial liabilities:		
Derivative financial instruments	0.8	1.7
Fair value through other comprehensive income	0.8	1.7
Derivative financial instruments	1.1	2.3
Fair value through profit and loss	1.1	2.3
Financial instruments, net	**0.7**	**-0.5**

Note 8

Amortization, depreciation and impairment

This note shows the split of amortization, depreciation and impairment for the Nilfisk Group in the condensed income statement.

EUR million	2020	2019	2020	2019	2020	2019
Amortization, depreciation and impairment	**Intangible assets**		**Property, plant and equipment**		**Total**	
Q2						
Cost of sales	0.2	0.4	5.0	4.9	5.2	5.3
Research and development costs	3.7	3.7	0.2	0.1	3.9	3.8
Sales and distribution costs	0.9	1.1	1.8	2.4	2.7	3.5
Administrative costs	1.9	1.5	2.7	3.2	4.6	4.7
Special items	0.6	0.0	0.0	1.2	0.6	1.2
Total	**7.3**	**6.7**	**9.7**	**11.8**	**17.0**	**18.5**
H1						
Cost of sales	0.7	0.8	9.5	9.4	10.2	10.2
Research and development costs	7.4	7.3	0.3	0.2	7.7	7.5
Sales and distribution costs	1.9	2.3	4.2	4.6	6.1	6.9
Administrative costs	3.7	2.5	5.4	6.0	9.1	8.5
Special items	0.6	0.0	0.0	1.4	0.6	1.4
Total	**14.3**	**12.9**	**19.4**	**21.6**	**33.7**	**34.5**

Amortization of acquisition-related intangibles were 1.2 mEUR in Q2 2020, hereof 0.3 mEUR included in Cost of sales and 0.9. mEUR included in Sales and distribution costs. In Q2 2019 amortization of acquisition-related intangibles were 1.3 mEUR, hereof 0.4 mEUR included in Cost of sales and 0.9 mEUR included in Sales and distribution costs. For H1 2020 acquisition-related intangibles were 2.4 mEUR and for Q2 2019 the amount was 2.6 mEUR.

In Q2 2020 0.6 mEUR were included as impairment costs related to the closing of the Nilfisk Car Wash business in Germany. Total impairment costs for the first six months of 2020 were 0.6 mEUR.

In Q2 2019 impairment costs of 0.9 mEUR were realized related to the closing of the production site in Sozhou, China. For the first six months of 2019 total impairment costs were 1.1 mEUR.

Note 9
Subsequent events

Nilfisk signed an agreement on July 14, 2020 with one of its partners within autonomy, Carnegie Robotics LLC, to spin out the autonomous technology embedded in the Nilfisk Liberty SC50 into a separate technology company. The technology has potential and is proven within cleaning. It is now at a maturity stage where it can be leveraged further through development in a separate technology company focused on commercial applications. For Nilfisk, the company will be accounted for as an investment in an associated company from Q3 2020.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to June 30, 2020, that are expected to have a material impact on the Group's financial position.

Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q2 Interim Report of Nilfisk Holding A/S for the period January 1 - June 30, 2020.

The Interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The Interim consolidated financial statements have been prepared in accordance with additional Danish requirements.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position on June 30, 2020, and the results of the Group's activities and cash flow for the period January 1 - June 30, 2020.

We also believe that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, and the general financial position of the Group.

Brøndby, August 20, 2020

Executive Management Board

Hans Henrik Lund
President and CEO

Prisca Havranek-Kosicek
CFO

Board of Directors

Jens Peter Due Olsen
Chairman

Anders Erik Runevad
Deputy Chairman

Jutta af Rosenborg

René Svendsen-Tune

Thomas Schleicher

Richard Parker Bisson

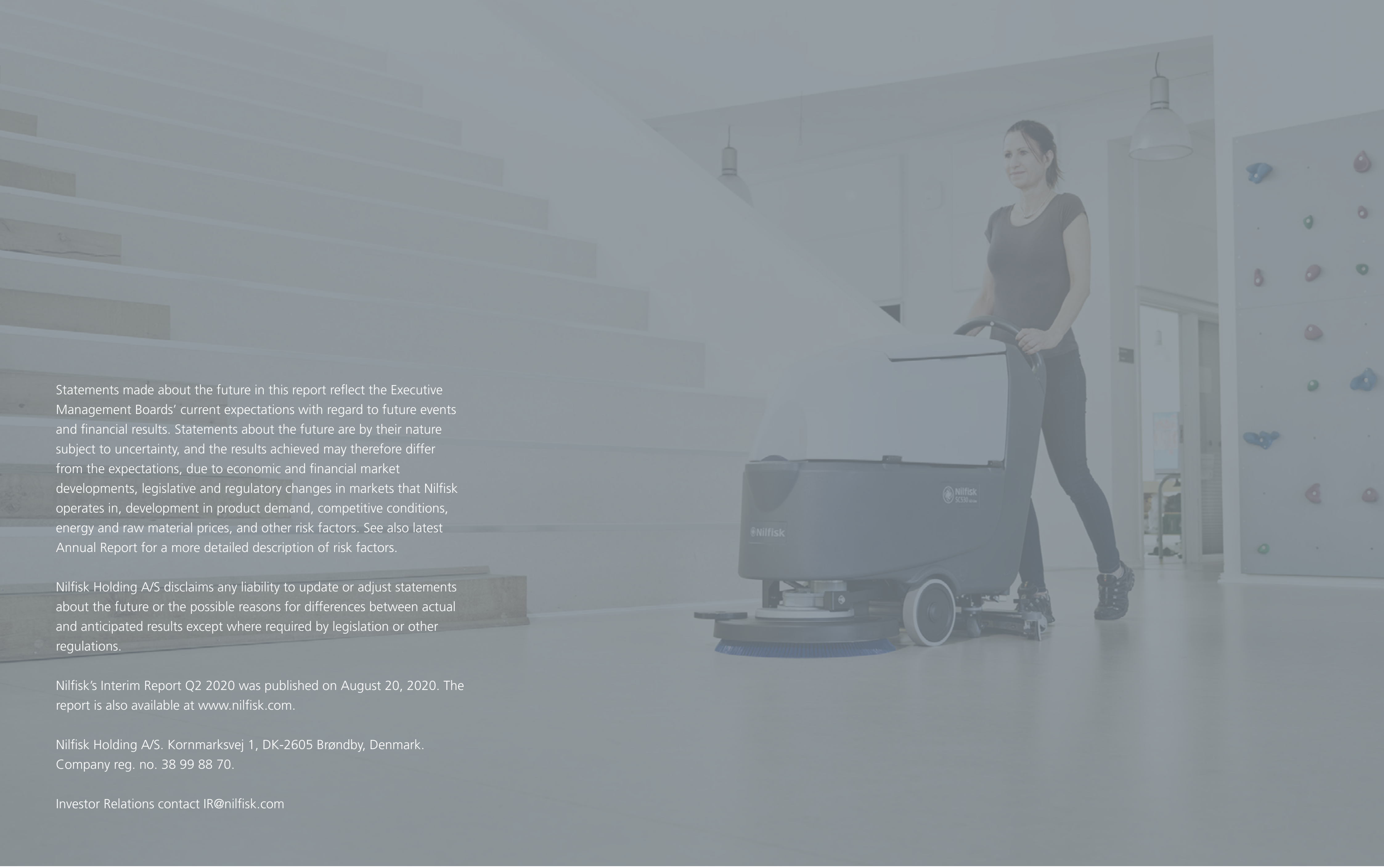
Are Dragesund

Franck Falezan

Søren Giessing Kristensen

Yvonne Markussen

Gerner Raj Andersen



Statements made about the future in this report reflect the Executive Management Boards' current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, due to economic and financial market developments, legislative and regulatory changes in markets that Nilfisk operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors. See also latest Annual Report for a more detailed description of risk factors.

Nilfisk Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.

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