CLEAN IS CHANGING

Let's change it for the better.

NILFISK INTERIM REPORT

Q1 Interim Report 2021

Company Announcement No.16/2021

Nilfisk Holding A/S
Company reg. no. 38 99 88 70
Kornmarksvej 1,
DK-2605 Brøndby, Denmark

Nilfisk

Financial highlights

- During the first quarter of 2021 we saw continued restrictions and lockdowns in response to the ongoing COVID-19 pandemic, however the overall economy increasingly adjusted to the new reality imposed by the COVID-19 pandemic. The performance in the quarter was driven by positive and earlier than expected development in demand recovery in the professional branded business and strong high season sales in the Consumer business. This led to organic growth of 11.9% in the total business, compared to -10.3% in Q1 2020
- The branded professional business posted organic growth of 8.3%, with on track recovery across regions and good performance in the US and the south of Europe. Europe posted organic growth of 5.5%, with general positive performance across markets in the region. In Americas, organic growth was 11.2%, helped by the good performance in the US as we maintained our focus on the expansion of our indirect sales channels and we improved our approach to strategic accounts. In APAC, organic growth of 15.5% was driven by the Pacific region and strong organic growth in China after a sharp decline in revenue in Q1 2020. However, overall recovery in demand across China and other APAC markets progressed slower than in markets in other parts of the world and it is still below pre-pandemic levels
- The Consumer business continued the strong performance seen in 2020 with a better than expected high season, posting organic growth of 34.0%, driven by new consumer trends, a stronger focus on sales execution and new product launches
- Private Label posted organic growth of 28.7% due to higher demand from key customers
- The gross margin was 41.6% which is below 42.8% in Q1 2020, as the positive effect of increased capacity utilization was more than offset by exceptionally high freight rates, higher raw materials costs and negative mix effects coming from higher revenue in Consumer and Private Label
- Overhead costs were reduced by 9.2 mEUR and the overhead cost ratio improved by 6.9 percentage points compared to Q1 2020. Activity-related costs like travel and marketing were still at a low level in the period due to the ongoing COVID-19 restrictions. Additionally, we are benefiting from the restructuring program executed in Q2 and Q3 of 2020
- As a result of the revenue and cost performance, EBITDA before special items increased by 12.4 mEUR compared to Q1 2020 and came to 36.4 mEUR. This corresponds to an EBITDA margin before special items of 15.3% compared to 11.0% in Q1 2020
- Focus on working capital optimization continued in the quarter. Compared to end of Q1 2020, working capital was reduced by 20.2 mEUR and the working capital ratio was 17.5% (Q1 2020: 20.9%)
- Free cash flow amounted to 9.2 mEUR compared to 2.2 mEUR in Q1 2020, mainly driven by a combination of a higher operating profit partly offset by higher working capital investments due to increased business activity, a low level of special items and a low CAPEX level
- Net interest-bearing debt at the end of the period amounted to 378.4 mEUR, down by 4.8 mEUR against end of 2020 and down by 46.9 mEUR compared to the end of Q1 2020
- As a consequence of current strong trading conditions in our key markets and improved visibility for Q2, we adjust the outlook for the full year 2021 as disclosed in our announcement 14/2021:
  - Organic growth for the total business expected in the range of 8% to 12% (previously 5% to 10%)
  - EBITDA margin before special items in the range of 13% to 15% (previously 12.5% to 14.5%)

237 mEUR
Revenue
Up 18.2 mEUR from Q1 2020 due to recovery in demand across business segments

8.3%
Organic growth in the branded professional business
On track recovery across regions, with strong performance in the US and the south of Europe

11.9%
Organic growth total business
Positive performance in branded professional and better than expected performance in Consumer

41.6%
Gross margin
Positive effect of increased capacity utilization offset by higher logistics and raw materials costs

15.3%
EBITDA margin before special items
Up 4.3 percentage points compared to Q1 2020 due to strong revenue and cost performance

8.6%
RoCE
Up 1.7 percentage points compared to Q1 2020 driven by higher operating profit partly offset by higher average working capital investments

Contents

Management review

Condensed interim consolidated financial statements

Financial highlights for the Group

EUR million	Q1 2021	Q1 2020	Year 2020
Income statement			
Revenue	237.3	219.1	832.9
EBITDA before special items[1]	36.4	24.0	100.5
EBITDA[1]	36.2	23.4	90.6
Operating profit before special items[1]	21.4	7.3	32.9
Operating profit[1]	21.2	6.7	22.1
Special items, net	-0.2	-0.6	-10.8
Financial items, net	-3.1	-5.0	-14.7
Profit (loss) for the period	10.9	1.9	-2.6
Cash flow statement			
Cash flow from operating activities	11.9	7.7	89.5
Cash flow from investing activities	-2.7	-5.5	-16.0
– hereof investments in property, plant and equipment	-0.9	-1.2	-5.4
Free cash flow excluding acquisitions and divestments	9.2	2.2	73.5
Statement of financial position			
Total assets	804.2	832.2	763.5
Group equity	155.8	159.7	134.8
Working capital	152.6	172.8	131.6
Net interest-bearing debt	378.4	425.3	383.2
Capital employed	534.2	585.0	518.0
Financial ratios and employees			
Organic growth	11.9%	-10.3%	-11.5%
Organic growth Nilfisk branded professional business	8.3%	-10.4%	-13.7%
Gross margin	41.6%	42.8%	41.6%
EBITDA margin before special items[1]	15.3%	11.0%	12.1%
EBITDA margin[1]	15.3%	10.7%	10.9%
Operating profit margin before special items[1]	9.0%	3.3%	4.0%
Operating profit margin[1]	8.9%	3.1%	2.7%
Financial gearing	3.4	3.9	3.8
Financial gearing excluding IFRS 16 impact	3.6	4.4	4.3
Overhead costs ratio	32.6%	39.5%	37.7%
Working capital ratio	17.5%	20.9%	18.8%
Return on Capital Employed (RoCE)	8.6%	6.9%	5.9%
Basic earnings per share (EUR)	0.40	0.07	-0.10
Diluted earnings per share (EUR)	0.40	0.07	-0.10
Number of full-time employees, end of period	4,529	4,774	4,339

[1] See note 1 for changes made in presentation to the income statement. Q1 2020 figures have been restated

Please find definitions in Note 7.7 of the Annual Report 2020

Business update

Demand recovery
During the first quarter of 2021, the gradual stabilization of demand experienced in the second half of 2020 has further improved and organic growth turned positive. Restrictions and lockdowns in response to the ongoing COVID-19 pandemic have continued during the quarter, however the overall economy increasingly adjusted to the new reality that the pandemic has created, and these adjustments have made it possible for Nilfisk to continue conducting customer visits, doing product demonstrations and carrying out service visits, either physically or digitally, even in areas with restrictions. Nevertheless, certain sectors like hospitality are still severely impacted by the restrictions imposed in different geographies.

The magnitude of the recovery in the branded professional business followed the substantial decline in first quarter of 2020. Q1 2021 saw an on track recovery across regions with strong performance in the US and South of Europe. Consumer benefited from a better than expected peak season, driven by new consumer trends, stronger focus on sales execution and new product launches.

Cost management
Nilfisk introduced disciplined cost management early in the pandemic and this prudent approach has been maintained. Activity-related costs like travel and marketing were still at a low level in the period due to ongoing COVID-19 restrictions.

Additionally, we benefitted during the quarter from the restructuring program executed in Q2 and Q3 in 2020, which builds on the foundation created over the past years, in which Nilfisk has simplified and globalized its operating model, allowing us to take out costs and drive efficiencies in several functions.

On track demand recovery across regions. Organic growth of 11.9% for the total business.

Revenue

In the first quarter of 2021, revenue for the branded professional business came to 193.6 mEUR (Q1 2020: 185.8 mEUR) corresponding to organic growth of 8.3%.

Organic growth	Q1 2021	Q1 2020	FY 2020
Europe	5.5%	-6.8%	-11.6%
Americas	11.2%	-12.3%	-12.4%
APAC	15.5%	-25.0%	-28.0%
Nilfisk branded professional business	**8.3%**	**-10.4%**	**-13.7%**
Consumer	34.0%	-0.7%	15.7%
Private label and other	28.7%	-21.8%	-11.3%
Total organic growth	**11.9%**	**-10.3%**	**-11.5%**

Revenue Growth	Q1 2021
Organic	11.9%
Foreign exchange rates	-3.5%
Other	-0.1%
Total growth	**8.3%**

In Europe, revenue in Q1 amounted to 111.0 mEUR (Q1 2020: 106.7 mEUR) corresponding to organic growth of 5.5%. In general, positive performance across markets in Europe was helped by higher demand levels and better customer access, with an increasing use of the digital channels to approach customers.

The Nordics and the United Kingdom, in the north of Europe, are still negatively impacted by the pandemic related restrictions, which led to low single digit organic growth in the region. The market in Central Europe was still affected by the crisis, however the good performance of the industrial demand in Germany highlights the fact that customers are learning to keep the activity in the new reality of COVID-19 restrictions. In Switzerland and Austria the performance was positive, leading to a low single digit negative organic growth in Q1. Finally, in the south of Europe, the regions that were more negatively impacted in Q1 2020 have seen a strong performance in the quarter across the main countries, maintaining the trend initiated in Q3 and Q4 2020.

In Americas, revenue in Q1 amounted to 63.8 mEUR (Q1 2020: 62.6 mEUR) corresponding to organic growth of 11.2%. We saw good performance in the US as we maintained our focus on the expansion of our indirect sales channels and we improved our approach to strategic accounts. In Canada and the Latin American markets, the other main markets in the region, performance was also positive.

In APAC, revenue in Q1 amounted to 18.8 mEUR (Q1 2020: 16.5 mEUR) corresponding to organic growth of 15.5%. China suffered a sharp decline in revenue in Q1 2020 as a result of the outbreak of the COVID-19 pandemic, and therefore the organic growth in the quarter has been strong year on year. We saw good performance in the Pacific region (Australia and New Zealand) but negative performance in Southeast Asian countries, which suffered a more limited impact in Q1 2020 and have a strong exposure to the hospitality segment. Overall recovery in demand across China and other APAC markets progressed slower than in markets in other parts of the world and it is still below pre-pandemic levels.

The Consumer business continued its strong performance seen in 2020 with a better than expected high season. Revenue in Q1 amounted to 28.0 mEUR (Q1 2020: 21.1 mEUR) corresponding to organic growth of 34.0%.

The COVID-19 outbreak had a notable positive impact on demand as consumers generally spent more time at home. The strong performance in Q1 was also driven by a stronger focus on sales execution, which so far has resulted in several new customer wins. Finally, new product launches, particularly in the high pressure washer range of products also had a positive impact on sales in the quarter.

The Private Label business revenue amounted to 15.7 mEUR (Q1 2020: 12.2 mEUR) corresponding to organic growth of 28.7%, due to higher demand from key customers.

For the total business, revenue in Q1 came to 237.3 mEUR (Q1 2020: 219.1 mEUR), corresponding to organic growth of 11.9%. Foreign exchange rates had an impact of -3.5% on total reported growth mainly due to a lower USD rate compared to Q1 2020. As a result, total reported growth in Q1 2021 was 8.3%.

Gross margin

The gross margin was 41.6% in Q1, which is below 42.8% in Q1 2020, as the positive effect of increased capacity utilization was more than offset by exceptionally high freight rates related to abnormal development of international trade and logistic congestion issues following the reopening of global economies amid the COVID-19 pandemic, higher raw materials costs and negative mix effects coming from higher revenue in Consumer and Private Label.

Overhead costs and ratio

Overhead costs were reduced by 9.2 mEUR compared to Q1 2020 and came to 77.3 mEUR. The overhead cost ratio was 32.6% compared to 39.5% in Q1 2020.

Nilfisk introduced disciplined cost management early in the pandemic and this prudent approach has been maintained. Activity-related costs like travel and marketing were still at a low level in the period due to the ongoing COVID-19 restrictions.

Additionally, we are benefiting from the restructuring program executed in Q2 and Q3 2020, which builds on the foundation created over the past years, in which Nilfisk has simplified and globalized its operating model, allowing us to take out costs and drive efficiencies in several functions.

Total R&D spend in Q1 decreased by 1.1 mEUR compared to Q1 2020 and came to 5.3 mEUR, corresponding to 2.2% of revenue compared to 2.9% in Q1 2020. The R&D ratio was negatively impacted by the higher revenue in the quarter and by the spend reduction, related to the rescheduling of R&D priorities and a more effective R&D setup, while keeping our strategic projects intact. Out of the total spend of 5.3 mEUR, 3.6 mEUR was recognized as an expense in the income statement (Q1 2020: 4.0 mEUR) while 1.7 mEUR was capitalized (Q1 2020: 2.4 mEUR). In addition to expensed costs, total reported R&D costs for Q1 2021 of 6.7 mEUR (Q1 2020: 7.7 mEUR) also includes amortization, depreciation and impairment of 3.1 mEUR (Q1 2020: 3.7 mEUR).

Research and development costs

EUR million	Q1 2021	Q1 2020
Total R&D spend	5.3	6.4
Capitalized	1.7	2.4
Expensed in the P&L	3.6	4.0
R&D ratio (% of revenue)	**2.2%**	**2.9%**
Expensed R&D spend	3.6	4.0
Amortization, depreciation and impairment	3.1	3.7
Total R&D expenses	**6.7**	**7.7**

Sales and distribution costs were reduced by 4.0 mEUR and came to 55.7 mEUR. The reduction was driven by lower activity-related costs such as travel, marketing and others. However, roughly half of the reduction was related to lower salary expenses owing to the structural changes carried out in Q2 and Q3 2020.

Administration costs amounted to 15.1 mEUR, which was 3.3 mEUR lower than Q1 2020 as a result of cost saving initiatives and general prudence across functions.

Other net operating income of 0.2 mEUR was mainly a result of the reduction of bad debt provisions due to improvements in cash collection.

EBITDA and EBITDA margin

EBITDA before special items increased by 12.4 mEUR compared to Q1 2020 and came to 36.4 mEUR in the quarter, which corresponds to an EBITDA margin before special items of 15.3% compared to 11.0% in Q1 2020. In spite of a lower gross margin in the quarter, the higher revenue and reduction of overhead costs contributed to the increase of the EBITDA margin before special items, helped by a better than expected peak season in Consumer business and the limited ramp-up of activity-related costs in the period.

EBITDA amounted to 36.2 mEUR compared to 23.4 mEUR in Q1 2020. The EBITDA margin improved to 15.3% compared to 10.7% in Q1 2020 due to lower special items on top of the previously mentioned effects.

Operating profit before special items and operating profit

Operating profit before special items amounted to 21.4 mEUR in Q1 compared to 7.3 mEUR Q1 2020. This corresponds to an operating profit before special items margin of 9.0% compared to 3.3% in Q1 2020.

Operating profit amounted to 21.2 mEUR compared to 6.7 mEUR in Q1 2020. This corresponds to an operating profit margin of 8.9% compared to 3.1% in Q1 2020.

Special items

Special items in Q1 amounted to 0.2 mEUR compared to 0.6 mEUR in Q1 2020. The special items mainly relate to remaining costs of the restructuring program carried out in 2020.

Details on special items are described in Note 6.

Share of profit from associates

Share of profit from associates was nill for the period and hence decreased by 0.9 mEUR compared to Q1 2020.

Financial items

Net financial items amounted to -3.1 mEUR, which was 1.9 mEUR lower than in Q1 2020. The change in net financials was mainly driven by a decrease in foreign exchange losses due to the extraordinary loss on MXN in Q1 2020.

Tax on profit for the period

Tax on profit for the quarter was -7.2 mEUR compared to -0.7 mEUR in Q1 2020, driven by a higher profit before tax for the period.

Profit for the period

Profit for the period amounted to 10.9 mEUR compared to 1.9 mEUR in Q1 2020. Higher operating profit and lower net financial expenses led to a higher net profit for the period compared to Q1 2020.

Working capital

As of March 31, 2021, working capital was 152.6 mEUR, down by 20.2 mEUR compared to Q1 2020 and up 21.0 mEUR compared to year-end 2020. Compared to Q1 2020 the decrease was driven by higher trade payables by 6.9 mEUR and increased other liabilities by 12.6 mEUR. Trade receivables were up by 8.8 mEUR. The increase was primarily in Europe and Consumer driven by an increase in organic revenue growth. Inventories declined by 4.8 mEUR, a development related to the general optimization of working capital.

Compared to year-end 2020, the 21.0 mEUR increase in working capital was driven by an increase in trade receivables related to increased business activity and normalization of inventories.

The working capital ratio measured on a 12-month average at the end of Q1 decreased by 1.3 percentage points to 17.5% compared to the end of 2020 and decreased by 3.4 percentage points compared to Q1 2020.

Capital employed and RoCE

As of March 31, 2021, capital employed amounted to 534.2 mEUR, down by 50.8 mEUR compared to Q1 2020 and up by 16.2 mEUR compared to 518.0 mEUR at the end of 2020. The development in capital employed since Q1 2020 was largely driven by the above-mentioned decline in net working capital as well as a reduction in net debt.

Nilfisk's return on capital employed (RoCE) was 8.6% and up 1.7 percentage points from Q1 2020 and 2.7 percentage points compared to end of 2020 driven by the above.

Cash flows

Cash flow from operating activities for Q1 amounted to 11.9 mEUR compared to 7.7 mEUR in Q1 2020. The positive development compared to Q1 2020 was mainly a combination of a higher operating profit partly offset by higher working capital investments during Q1 2021.

Cash flow from investing activities for Q1 amounted to -2.7 mEUR compared to -5.5 mEUR in Q1 2020. The lower cash outflow compared to Q1 2020 was mainly a result of lower investments in development projects in research and development.

As a result, free cash flow for Q1 amounted to 9.2 mEUR compared to 2.2 mEUR in Q1 2020.

Equity

Equity was 155.8 mEUR at the end of Q1 against 134.8 mEUR at the end of 2020. The increase was primarily related to the profit for the first three months of 2021 and a positive impact from foreign exchange rate adjustments.

Net interest-bearing debt

At the end of Q1, total net interest-bearing debt was 378.4 mEUR, down by 4.8 mEUR against the end of 2020. Compared to the end of Q1 2020, net interest-bearing debt was down by 46.9 mEUR. The reduction was a result of a positive operating profit combined with a low level of investments and a reduction of the working capital.

The financial gearing excluding the effect of IFRS 16 at the end of Q1 was 3.6 versus 4.3 at the end of 2020 and 4.4 at the end of Q1 2020.

Subsequent events

Leadership changes

As detailed in the company announcements 13/2021 and 15/2021, on May 6 the Board of Directors appointed Torsten Türling as new CEO of Nilfisk, and Reinhard Mayer as new CFO.

Torsten Türling takes over from CEO Hans Henrik Lund. Reinhard Mayer takes over from CFO Prisca Havranek-Kosicek.

Torsten Türling will join the company as new CEO no later than June 1, 2021, and Reinhard Mayer will join as new CFO on June 1, 2021

Other than as set out above or elsewhere in this interim report, we are not aware of events subsequent to March 31, 2021, that are expected to have a material impact on the Group's financial position.

Outlook

In connection with the Annual Report 2020 on March 3, 2021, Nilfisk announced its financial outlook for the full year 2021 as follows:

- Organic growth for the total business expected in the range of 5% to 10%
- EBITDA margin before special items in the range of 12.5% to 14.5%

As a consequence of current strong trading conditions in our key markets and improved visibility for Q2 including a strong order book, which in particular in the industrial segment can be a result of pent up demand we adjust the outlook for the full year 2021 as disclosed in our announcement 14/2021.

Adjusted financial outlook for the full year 2021 as follows:

2021 outlook

8% to 12%
organic growth for the total business

13% to 15%
EBITDA margin before special items

The range provided reflects the better than expected performance of the business but also a continued uncertainty related to the development of the COVID-19 pandemic and supply chain constraints including pressure on freight and raw material prices.

Condensed **income statement**

for the period ended March 31

EUR million	Note	Q1 2021	Q1 2020
Revenue	4, 5	237.3	219.1
Cost of sales	8	-138.6	-125.3
Gross profit	8	**98.7**	**93.8**
Research and development costs	8	-6.7	-7.7
Sales and distribution costs	8	-55.7	-59.7
Administrative costs	8	-15.1	-18.4
Other operating income		0.4	0.3
Other operating expenses		-0.2	-1.0
Operating profit before special items		**21.4**	**7.3**
Special items, net	6	-0.2	-0.6
Operating profit		**21.2**	**6.7**
Share of profit from associates		-	0.9
Financial income		0.6	0.2
Financial expenses		-3.7	-5.2
Profit before income taxes		**18.1**	**2.6**
Tax on profit for the period		-7.2	-0.7
Profit for the period		**10.9**	**1.9**
To be distributed as follows:			
Profit attributable to shareholders of Nilfisk Holding A/S		10.9	1.9
Total		**10.9**	**1.9**
Earnings per share (based on 27,126,369 shares issued)			
Basic earnings per share (EUR)		0.40	0.07
Diluted earnings per share (EUR)		0.40	0.07

Condensed statement of **comprehensive income**

for the period ended March 31

EUR million	Note	Q1 2021	Q1 2020
Profit for the period		10.9	1.9
Other comprehensive income			
Items that may be reclassified to the income statement:			
Exchange rate adjustments of subsidiaries		8.6	-2.4
Value adjustment of hedging instruments:			
Value adjustment for the period		1.8	3.6
Transferred to cost of sales		-	0.2
Transferred to financial income and expenses		-	-0.6
Tax on value adjustment of hedging instruments		-0.3	-0.9
Items that may not be reclassified to income statement:			
Value adjustment of hedging instruments transferred to inventory		-0.2	-0.2
Comprehensive income for the period		**20.8**	**1.6**
To be distributed as follows:			
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		20.8	1.6
Total		**20.8**	**1.6**

Condensed **statement of financial position**

EUR million	Note	March 31 2021	March 31 2020	December 31 2020
Assets				
Goodwill		167.6	169.1	166.0
Trademarks		7.9	9.3	7.8
Customer related assets		6.1	8.3	6.1
Development projects completed		23.8	40.1	24.8
Software, know-how, patents and competition clauses		28.6	33.2	30.6
Development projects and software in progress		21.5	24.9	21.4
Total intangible assets		**255.5**	**284.9**	**256.7**
Land and buildings		8.1	8.4	7.9
Plant and machinery		3.4	4.1	3.4
Tools and equipment		29.7	33.2	29.4
Assets under construction incl. prepayments		2.3	3.3	3.1
Right-of-use assets		64.0	57.5	65.2
Total property, plant and equipment		**107.5**	**106.5**	**109.0**
Investments in associates		29.6	22.4	29.3
Other investments and receivables		4.4	3.3	4.3
Deferred tax		17.3	25.1	20.5
Total other non-current assets		**51.3**	**50.8**	**54.1**
Total non-current assets		**414.3**	**442.2**	**419.8**
Inventories		164.6	169.4	149.3
Trade receivables		181.4	172.6	154.2
Interest-bearing receivables		2.8	4.4	3.0
Income tax receivable		3.9	5.2	5.0
Other receivables	7	20.2	21.8	19.1
Cash at bank and in hand		17.0	16.6	13.1
Total current assets		**389.9**	**390.0**	**343.7**
Total assets		**804.2**	**832.2**	**763.5**

EUR million	Note	March 31 2021	March 31 2020	December 31 2020
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		-5.9	3.6	-15.8
Retained earnings		88.8	83.2	77.7
Total equity		**155.8**	**159.7**	**134.8**
Deferred tax		5.8	9.0	6.9
Pension liabilities		7.1	6.1	7.1
Provisions		1.9	1.5	2.0
Interest-bearing loans and borrowings		228.5	383.1	227.3
Lease liabilities		42.4	37.1	44.3
Other liabilities		1.8	1.0	1.3
Total non-current liabilities		**287.5**	**437.8**	**288.9**
Interest-bearing loans and borrowings		104.2	4.3	105.2
Lease liabilities		23.1	21.9	22.5
Trade payables		114.6	107.7	99.9
Income tax payable		3.5	1.7	1.2
Other liabilities	7	97.6	85.8	93.6
Provisions		17.9	13.3	17.4
Total current liabilities		**360.9**	**234.7**	**339.8**
Total liabilities		**648.4**	**672.5**	**628.7**
Total equity and liabilities		**804.2**	**832.2**	**763.5**

Condensed **cash flow statement**

for the period ended March 31

EUR million	Note	Q1 2021	Q1 2020
Operating profit		21.2	6.7
Depreciation, amortization and impairment	8	15.0	16.7
Other non-cash adjustments		0.1	1.7
Changes in working capital		-21.2	-11.8
Cash flow from operations before financial items and income taxes		15.1	13.3
Financial income received		2.5	3.4
Financial expenses paid		-3.7	-6.7
Income tax paid		-2.0	-2.3
Cash flow from operating activities		**11.9**	**7.7**
Purchase of property, plant and equipment		-0.9	-1.2
Sale/disposal of property, plant and equipment		0.2	-
Purchase of intangible assets		-2.0	-3.8
Purchase of financial assets		-	-0.5
Cash flow from investing activities		**-2.7**	**-5.5**
Free cash flow		**9.2**	**2.2**
Changes in current interest-bearing receivables		0.2	0.3
Changes in current interest-bearing loans and borrowings		-3.2	-3.2
Changes in non-current interest-bearing loans and borrowings		3.7	5.8
Payment of lease liabilities		-6.1	-6.5
Cash flow from financing activities		**-5.4**	**-3.6**
Net cash flow for the period		**3.8**	**-1.4**
Cash at bank and in hand, January 1		13.1	19.3
Exchange rate adjustments		0.1	-1.3
Net cash flow for the period		3.8	-1.4
Cash at bank and in hand, March 31		**17.0**	**16.6**

Statement of **changes in equity**

for the period ended March 31

	2021					2020				
EUR million	**Share capital**	**Foreign exchange reserve**	**Hedging reserve**	**Retained earnings**	**Total equity**	**Share capital**	**Foreign exchange reserve**	**Hedging reserve**	**Retained earnings**	**Total equity**
Equity, January 1	**72.9**	**-14.9**	**-0.9**	**77.7**	**134.8**	**72.9**	**4.3**	**-0.4**	**81.2**	**158.0**
Other comprehensive income:										
Exchange rate adjustments	-	8.6	-	-	8.6	-	-2.4	-	-	-2.4
Value adjustment of hedging instruments:										
Value adjustment for the period	-	-	1.8	-	1.8	-	-	3.6	-	3.6
Transferred to cost of sales	-	-	-	-	-	-	-	0.2	-	0.2
Transferred to financial income and expenses	-	-	-	-	-	-	-	-0.6	-	-0.6
Transferred to inventory	-	-	-0.2	-	-0.2	-	-	-0.2	-	-0.2
Tax on value adjustment of hedging instruments			-0.3		-0.3	-	-	-0.9	-	-0.9
Total other comprehensive income	-	8.6	1.3	-	9.9	-	-2.4	2.1	-	-0.3
Profit for the period	-	-		10.9	10.9	-	-	-	1.9	1.9
Comprehensive income for the period	-	**8.6**	**1.3**	**10.9**	**20.8**	-	**-2.4**	**2.1**	**1.9**	**1.6**
Share option program	-	-	-	0.2	0.2	-	-	-	0.1	0.1
Total changes in equity	-	**8.6**	**1.3**	**11.1**	**21.0**	-	**-2.4**	**2.1**	**2.0**	**1.7**
Equity, 31 March	**72.9**	**-6.3**	**0.4**	**88.8**	**155.8**	**72.9**	**1.9**	**1.7**	**83.2**	**159.7**

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 2020, which provide a full description of the significant accounting policies.

The financial statement figures are presented in EUR million rounded with one decimal.

Changes in presentation
There have been no changes in presentation in Q1 2021. Changes carried out after Q1 2020 leading to restatements of Q1 2020 has not been disclosed in prior quarters and are hence outlined below and adjustments included in the following table.

From Q2 2020 gains/losses from foreign exchange rate was presented net instead of gross in financial items in the income statement.

From Q3 2020 Share of profit from associates was presented in a separate line under operating profit in the income statement. Prior to Q3 2020 share of profit from associates was included in other operating income.

EUR million	Previous presentation Q1 2020	Effect of change in presentation	New presentation Q1 2020
Gross profit	93.8	-	93.8
Operating profit*	7.6	-0.9	6.7
Profit before income taxes	2.6	-	2.6
Ratios			
Gross margin	42.8%	-	42.8%
EBITDA margin	11.1%	-0.4%	10.7%
Operating profit margin	3.5%	-0.4%	3.1%

* Adjustment related to change in presentation of share of profit from associates

Amendments to accounting standards that are mandatorily effective for the current reporting period
The Nilfisk Group has adopted the following new and revised standard issued by IASB, which are effective for the current reporting period that starts on January 1, 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR reform phase 2

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.

New and amended IFRS standards and interpretations not yet adopted by the EU
IASB have issued a number of new standards, amendments and new interpretations which could be relevant to Nilfisk Group, but which have not yet been adopted by the EU. The new standards are not mandatory for the financial reporting for Q1 2021. Nilfisk Group expects to implement these new standards, amendments and interpretations when they take effect. It is expected that none of the new standards, amendments and interpretations that are not yet in effect will have a material impact on recognition and measurement.

Note 2
Key accounting estimates and judgments

When preparing the consolidated financial statements, the use of reasonable estimates and judgments is an essential part. Given the uncertainties inherent in our business activities, the Executive Management Board makes a number of accounting estimates and judgments. The estimates and judgments are based on assumptions which form the basis for recognition and measurement of our assets, liabilities, cash flows and related disclosures. Estimates and judgments are regularly reassessed.

Regarding accounting estimates and judgments, please refer to Note 1.2 of the 2020 Annual Report. Regarding risks please refer to Note 6.3 of the 2020 Annual Report and the information contained in the section on risk management of the 2020 Annual Report.

Compared to what was disclosed in the Annual Report 2020, the COVID-19 outbreak is considered to impose less uncertainty on the financial statements. With vaccine programs progressing worldwide the future market situation is expected to be slightly less affected by COVID-19 compared to the situation during 2020. The financial impacts of COVID-19 still requires significant judgment 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 March 31, 2021, 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 judgments made in Q1 2021 could change. Future changes in estimates and judgment 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 are among others; the market for consumer high pressure washers, holiday season, 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	Europe	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other*	Group
Q1 – 2021								
Revenue	111.0	63.8	18.8	-	193.6	28.0	15.7	237.3
Gross profit	50.5	27.1	7.8	-	85.4	9.2	4.1	98.7
EBITDA before special items	29.4	13.4	2.1	-11.9	33.0	3.7	-0.3	36.4
Reconciliation to profit before income taxes:								
Special items								-0.2
Amortization, depreciation and impairment								-15.0
Financial income								0.6
Financial expenses								-3.7
Profit before income taxes								**18.1**
Gross margin	45.5%	42.5%	41.5%	-	44.1%	32.9%	26.1%	41.6%
EBITDA margin before special items	26.5%	21.0%	11.2%	-	17.0%	13.2%	-1.9%	15.3%
Q1 – 2020								
Revenue	106.7	62.6	16.5	-	185.8	21.1	12.2	219.1
Gross profit	50.1	26.0	6.7	-	82.8	7.7	3.3	93.8
EBITDA before special items	27.8	9.7	0.7	-12.5	25.7	2.3	-4.0	24.0
Reconciliation to profit before income taxes:								
Special items								-0.6
Amortization, depreciation and impairment								-16.7
Share of profit from associates								0.9
Financial income								0.2
Financial expenses								-5.2
Profit before income taxes								**2.6**
Gross margin	47.0%	41.5%	40.6%	-	44.6%	36.5%	27.0%	42.8%
EBITDA margin before special items	26.1%	15.5%	4.2%	-	13.8%	10.9%	-32.8%	11.0%

* "Private label and other" includes non-allocated costs.

As a consequence of a change in the internal reporting, the reportable segments where changed in Q3 2020. Comparison figures for Q1 2020 are adjusted accordingly. MENA region is now included in APAC as to prior reported as part of EMEA. EMEA has consequently changed name to Europe.

Note 5
Distribution of revenue

EUR million	Revenue Q1 2021	Revenue Q1 2020	Organic growth
Floorcare	72.4	62.4	22.0%
Vacuum cleaners	50.4	48.3	6.5%
High pressure washers	40.2	33.7	22.1%
Aftermarket	74.3	74.7	2.3%
Total	**237.3**	**219.1**	**11.9%**

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 Annual Report 2020, Note 2.2.

Note 6

Special items, net

EUR million	Q1 2021	Q1 2020
Business restructuring*	0.3	0.5
Divestment	-0.1	0.1
Total	**0.2**	**0.6**

*Cost saving program has been merged into business restructuring in 2021

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

Special items recognized in Q1 2021 mainly related to business restructuring costs from the restructuring plan announced on May 15, 2020.

Special items in Q1 2020 mainly related to transitioning costs in connection with the offshoring of back-office functions, as part of the cost saving program and the closure of the production site in Suzhou, China.

As of Q1 2021, we have merged cost saving program into business restructuring, so that we only have the categories business restructuring and divestments.

For more information regarding special items, please refer to Note 2.4 in the 2020 Annual Report

EUR million	Q1 2021	Special items	Q1 2021 adjusted	Q1 2020	Special items	Q1 2020 adjusted
Revenue	237.3	-	237.3	219.1	-	219.1
Cost of sales	-138.6	-0.1	-138.7	-125.3	-	-125.3
Gross profit	**98.7**	**-0.1**	**98.6**	**93.8**	**-**	**93.8**
Research and development costs	-6.7	-	-6.7	-7.7	-	-7.7
Sales and distribution costs	-55.7	0.2	-55.5	-59.7	-0.1	-59.8
Administrative costs	-15.1	-0.3	-15.4	-18.4	-0.5	-18.9
Other operating income	0.4	-	0.4	1.2	-	1.2
Other operating expenses	-0.2	-	-0.2	-1.0	-	-1.0
Special items, net	-0.2	0.2	-	-0.6	0.6	-
Operating profit	**21.2**	**-**	**21.2**	**7.6**	**-**	**7.6**

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 observ-able market data (non-observable input)

Financial instruments measured at fair value have been categorized into level 2 as addressed in the Annual report 2020, Note 6.3. There have been no significant new items compared to December 31, 2020.

EUR million	Q1 2021	Q1 2020
Financial assets:		
Derivative financial instruments	2.2	4.4
Fair value through other comprehensive income	2.2	4.4
Derivative financial instruments	1.6	1.0
Fair value through profit and loss	1.6	1.0
Financial liabilities:		
Derivative financial instruments	1.7	1.5
Fair value through other comprehensive income	1.7	1.5
Derivative financial instruments	0.6	1.8
Fair value through profit and loss	0.6	1.8
Financial instruments, net	**1.5**	**2.1**

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	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Amortization, depreciation and impairment	**Intangible assets**		**Property, plant and equipment**		**Total**	
Cost of sales	-	0.5	4.3	4.4	4.3	4.9
Research and development costs	2.9	3.7	0.2	0.2	3.1	3.9
Sales and distribution costs	0.8	0.9	2.5	2.4	3.3	3.3
Administrative costs	1.9	1.8	2.4	2.8	4.3	4.6
Total	**5.6**	**6.9**	**9.4**	**9.8**	**15.0**	**16.7**

Amortization of acqusition-related intangibles were 0.7 mEUR in Q1 2021, hereof 0.7 mEUR included in sales and distribution costs. In Q1 2020 amortization of acqusition-related intangibles were 1.2 mEUR, hereof 0.4 mEUR included in cost of sales and 0.8 mEUR included in sales and distribution costs.

No impairments were realized in Q1 2021 nor in Q1 2020.

Note 9

Subsequent events

Leadership changes

As detailed in the company announcements 13/2021 and 15/2021, on May 6 the Board of Directors appointed Torsten Türling as new CEO of Nilfisk, and Reinhard Mayer as new CFO.

Torsten Türling takes over from CEO Hans Henrik Lund. Reinhard Mayer takes over from CFO Prisca Havranek-Kosicek.

Torsten Türling will join the company as new CEO no later than June 1, 2021, and Reinhard Mayer will join as new CFO on June 1, 2021

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to March 31, 2021, 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 Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 2021.

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 March 31, 2021, and the results of the Group's activities and cash flow for the period January 1 - March 31, 2021.

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.

In our opinion, the Q1 Interim Report of Nilfisk Holding A/S for the period January 1 - March 31, 2021 identified as 529900FSU45YYVLKB451-2021-03-31 is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, May 28, 2021

Executive Management Board

Hans Henrik Lund
President and CEO

Prisca Havranek-Kosicek
CFO

Board of Directors

Jens Peter Due Olsen
Chairman

Jutta af Rosenborg

René Svendsen-Tune

Thomas Schleicher

Richard Parker Bisson

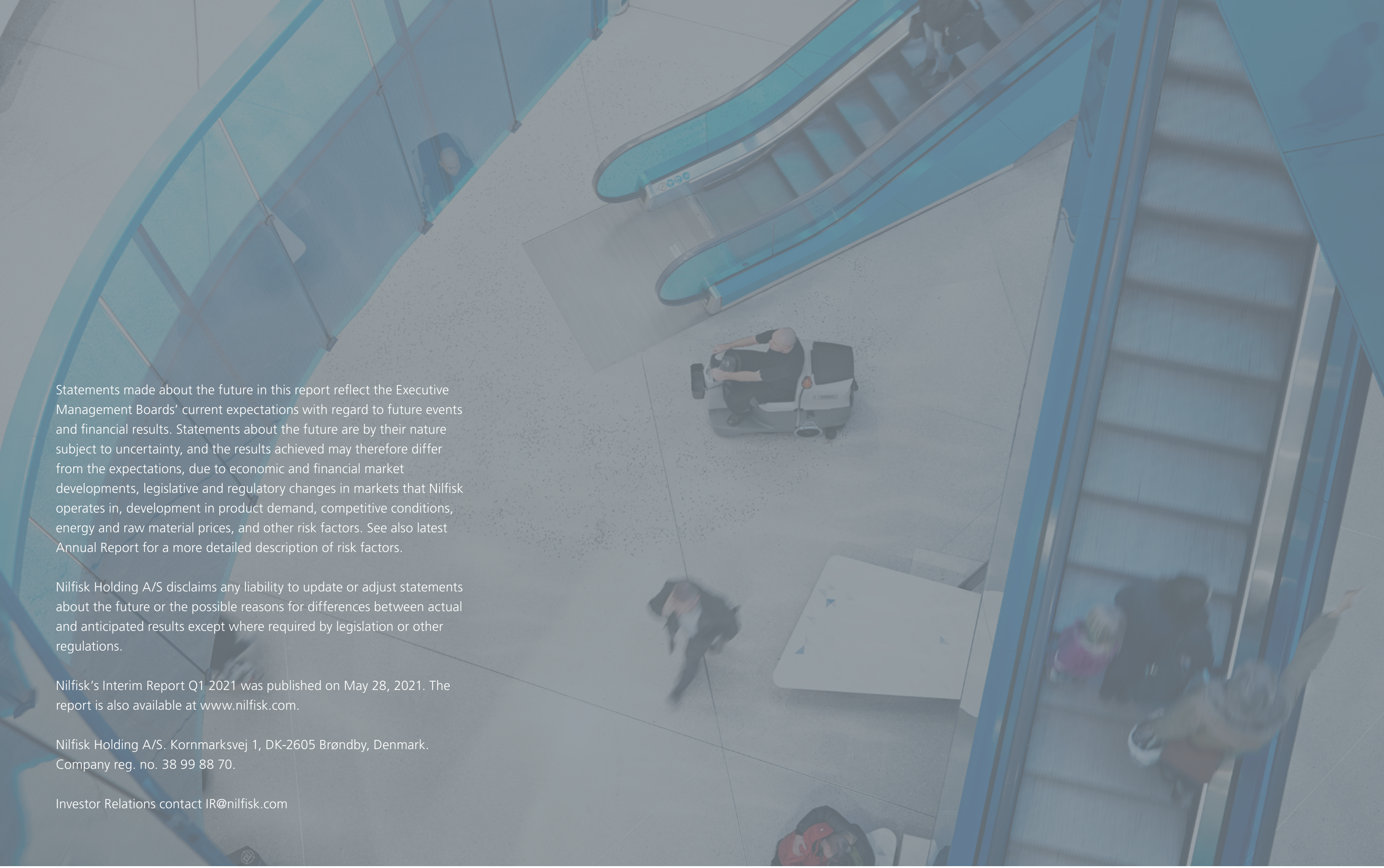
Are Dragesund

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.

Nilfisk's Interim Report Q1 2021 was published on May 28, 2021. The report is also available at www.nilfisk.com.

Nilfisk Holding A/S. Kornmarksvej 1, DK-2605 Brøndby, Denmark.
Company reg. no. 38 99 88 70.

Investor Relations contact IR@nilfisk.com