

Nilfisk

Nilfisk Annual General Meeting 2023

23rd March, 2023 | 15:00 CET

Transcript

Speakers:

Marlene Winther Plas

Peter Nilsson

Torsten Türling

Peter Nilsson

It's three o'clock. Welcome. All shareholders and guests and invitees and Board members and colleagues of Nilfisk, glad to have you here. And welcome to this Annual Meeting 2023. My name is Peter Nilsson, it's my first time on the stage here. I was here as a guest and got elected last year, but this time I will do some work as well, and I'm happy to that.

I'm the Chairman of the Board of Directors at Nilfisk. And, as I said, I'm very happy to see that some of you actually made it here. And we have also guests that we are broadcasting for on the internet. So, we are more than what we can see in the room.

Next to me here at the podium, I have the CEO of the Company, Thorsten Thürling. And you will actually hear more of him from him quite soon. So, the CEO will present what has happened year under year. We also have Marlene Plas from DLA Piper who will chair the meeting.

In 2022, many of you have a lot of opinions about how that year was. It was bad in many aspects, but for Nilfisk, we continue the growth momentum. And before the formal meeting, the actual AGM start, I would like to take this opportunity to send a warm thanks to the management of Nilfisk. And to the employees and colleagues that have fought successfully in fairly tough circumstances, under fairly tough circumstances.

Everybody has contributed and in an extraordinary effort during the entire year. And the outcome is quite solid, we deliver solid results. As you have already noticed, this meeting will be held in English. I was about to say I tried to get it in Swedish, but I was not accepted. However, we have a translation service. Meaning that if you are watching online, either in real time or listening to the recorded version, you can choose the Danish language.

And after the General Meeting, you will be able to read the transcript of the presentations, as well as the documents that we presented on the Nilfisk homepage. So, as I already mentioned, according to the Articles of Association, the Board of Directors have elected Marlene Plas to be the Chair of the AGM. So, Marlene, please.

Marlene Winther Plas

Thank you Peter, thank you to the Board of Directors for appointing me as the Chair today for the Annual General Meeting of Nilfisk. As the Chairperson, I have the duty to preside over the meeting and ensure that the meeting is conducted properly and according to the plan. And I will begin with some formalities.

As you said, the meeting will be conducted in English. If you wish to take the floor, if you have any questions, any of you, please go over to Heidi sitting over here, give your name and your admission card and then I will present you and then you come up and speak from here. And it's very important that you speak from here because it's broadcasted and translated, so thank you for that.

Please turn off your mobile phones so we can have a quiet General Meeting. The minutes will be prepared in Danish and in English and I will approve the minutes as the Chair. And if you wish to leave the General Meeting, please don't forget to deregister at Computershare's [?] desk outside where you came in.

So, that was the first formalities. And now the next task is to conclude whether the General Meeting has been lawfully convened and is competent in accordance with the agenda that you've seen. And the conclusion is that it is, the General Meeting today is lawfully convened and it is competent.

And the reason for that is according to Article 6 of the Articles of Association of the Company, that the meeting is held in the capital region, that the notice to the General Meeting was sent out on 27th February this year. And it complies with that fact that the General Meeting must be convened five weeks ahead of the date of the General Meeting and at least three weeks before.

The notice has been published on the Company's website and through Nasdaq Copenhagen. And the shareholders who have asked to receive a letter or an email about the General Meeting have received a letter or email. The required majority for the items and proposals on the agenda have been stated in the notice.

And for the majority, it is only item 10(a) that requires a qualified majority, for the rest it is simple majority. And according to Section 6(8) [?] in the Articles of Association, the following documents and information have been available on the Company's website. It's the notice through the meeting today with an agenda, it's the audited general report for the Company for 2022.

It's the vote form for voting via proxy. And on that basis I will conclude again that the Annual General Meeting has been lawfully convened and is quorate. So, has anybody a question or a comment to that? It's not the case. So, I conclude that we can continue.

And then I will just note for you that we have received proxies constituting 67.76% of the share capital and vote

represented at the General Meeting, meaning that this very high number of proxies and postal votes, all proposals on the agenda will be approved with the required majority.

So, the agenda for today. I will just briefly go through the agenda that you have already seen. The first four items on the agenda are going to be presented collectively by Peter and Thorsten. And they consist of the report of the Board of Directors, the presentation of the audited Annual Report, adoption of the audited Annual Report and proposal of the Board of Directors for distribution of profits.

Item five is resolution regarding discharge of Management and Board of Directors from their liabilities. Item six is adoption of the Remuneration Report. Seven is remuneration of Board of Directors, eight, election of Board members. Nine, election of public accountants.

Ten, proposal from the Board of Directors and the shareholders. And 11 is any other business. So, that was the formalities. So, Peter and Thorsten, I will leave the floor to you.

Peter Nilsson

Thank you. So, again the point one to four. I will cover point one and then describe to you how we have worked in the Board. And then Thorsten will actually in one go do two to four, so you can follow it. So, the Board work during 2022, as you can see on the slide here, you can see some of it, but very importantly is that we have a fixed calendar for the year where we ensure that all relevant points of our governance model is actually covered in a Board meeting and properly handled.

So, that Board calendar is fixed. And then we have Committees that actually helps us support the Board in special areas that need even more attention from a governance point. So, here you can see the overview of meetings held in 2022. The total amount of Board meetings were nine scheduled full day meetings. And the total amount of Board and Committee meetings were 22.

And in addition to these meetings we have in the Board had telephone calls, telephone conferences and informal meetings covering areas that we felt needed to be further developed and reviewed, not necessarily then with a protocol attached to them.

And alongside this, we have had close cooperation with the senior part of the Management team in Nilfisk. So, it has been quite an intensive year. And to ensure that the Board has the right competences and to ensure the right progress for Nilfisk and to support the Management team in executing

on their plans and promises, the Board has conducted a self-assessment.

And we did that in the last quarter of 2022. We did it by means of an online survey that was managed by the Nomination Committee. And it was mandatory to reply, so we had 100% reply frequency on this. Then we collectively in the board reviewed these results and we discussed the assessment.

Also, as the Chairman, I had discussions with the CEO on areas like how we can further improve the support to management in executing on their plans, how we can, if at all, add competences and ensure that governance of the Company was top notch.

So, all of that together and collectively led us to develop a plan. The survey concluded that the Board had the necessary and relevant competencies and experience but could benefit from additional industrial competencies. In particular when it comes to value chain optimisation, digital transformation and surveys and aftermarket.

It was also concluded that Board meetings could be scheduled further ahead to ensure participation. And on a personal note, I've seen this in other boards also, also in Board world coming out of the pandemic, going from Zoom meetings or digital meetings to physical meetings has stressed availability of the Board members.

So, we have collectively decided that we will plan further ahead and we will improve the participation, not that that is at all at a low level, but it needs to be addressed. Also, the length of the Board meetings should be considered when scheduling the meetings. To facilitate it, we have enough time to discuss business matters and to deepen the Board's understandings of the business.

So, all discussions that we conduct are based on shared knowledge and a common starting point. On the next slide now, you see the Board of Directors. You see the proposed re-elections, you see the two individuals that can for different reasons not stand for re-election and the proposed new elections.

And then the elected members by the employees. So, as a result of the need for additional industrial competencies, we are proposing to add three individuals, three new members to the Board of Directors this year. Point eight will cover the actual election of the Board, so we will come back to this point.

I will now hand over to the CEO Thorsten, who will take us

through, as I said, point two to four and describe how we will have executed on the Business Plan 26 and the strategy for Nilfisk. Thorsten, take it on.

Torsten Türling

Thank you very much, Peter. And welcome to the AGM, I'm very pleased to present to you the progress that we have made in the last financial year 2022. The year 2022 exposed us to several challenges, we're going to cover them briefly. Nevertheless, our resilient strategy execution enabled the second year of substantial revenue growth.

So, first of all, I'd like to update you on the Business Plan and its execution in 2022. Our Business Plan 26 was designed after a thorough strategy review in 2021. After several years of sales contraction before, we returned to growth in 2021. Business Plan 26 is focusing on achieving long-term sustainable growth and value creation.

In 2022 we continued our growth journey and revenue grew by 7.5%, reached €1,69.5 million. This is well in line with our target laid out in the Business Plan 26 to achieve revenue of €1.2 to €1.3 billion by the year 2026. EBITDA before special items reached €140.8 million or 13.2%.

After the record year in 2021, this is the second highest EBITDA performance since the IPO in 2017. By the end of 2026, we aim to achieve EBITDA margin above 16%. Since the launch of the Business Plan, we have implemented rather bold actions. We have reconfigured the Nilfisk Leadership Team, we have implemented New Ways of Working in order to secure reliable delivery of the Business Plan.

We have launched Service-as-a-Business as a new business model representing a significant opportunity for value creation. And finally, we have achieved substantially higher scores across a variety of sustainability ratings. Let's have a brief look at the core elements of our Business Plan 2026.

Its focus on long-term sustainable growth and value creation. To achieve this, and this is the first element of the Business Plan, we have anchored Nilfisk in a distinct value proposition consisting of life cycle services, customer-centric innovation and an ambitious sustainability commitment.

All of this creates value for our customers, our people, our shareholders and our broader communities. These pillars represent guideposts for all our activities in the Business Plan. I will comment later on a specific progress we made in the different growth platforms that we have identified as part

of the Business Plan.

Strategic priorities and optimisation opportunities that serve as a growth platform to achieve our 2026 target commitments. The third and most critical building block of the Business Plan is New Ways of Working. Mobilising the entire organisation, building new capabilities, empowering people that carry the front-end execution secures successful execution of the Business Plan, a fundamental layer of our Business Plan.

Coming back to the year 22. And rather severe unexpected challenges that we were faced with going through the year. Like all businesses, the invasion of Russia into Ukraine created, first of all, a humanitarian catastrophe, but furthermore, it had severe implications on the economy in most companies' business.

As we shared with you in the last year's General Assembly, Nilfisk decided already in March 22 to discontinue business in Russia. This represented around 10 million discontinued revenue. Meanwhile, the legal entity is its final stage of liquidation. The war also cost an energy crisis and further fuelled inflation.

Cost inflation levels reached an all-time high not seen before in 40 years. As a consequence, central banks countered inflation with rapidly increasing interest rates. And overall, in this context, this led to an economy slowdown, in particular in our Consumer and Private Label business in Europe.

Another significant internal challenge in the year 2022 was caused by a tornado event wiping out our US distribution centre in March 2022. Fortunately, none of our employees got injured. This disruptive incident cost, however, shipment delays to our customers. Non-availability of parts for months as well as temporarily higher costs while resuming operations in the new distribution centre.

Even by year-end, processed ability and efficiency was not fully restored. So, pretty severe challenges as we went through the year. Despite those outlined challenges, and helped by the clear guidance of our Business Plan, we delivered in 2022 the second consecutive year of substantial revenue growth.

Revenue grew by 7.5% to €1,69.5 million. Organic revenue growth landed at 4.9%. The key driver of our growth is our branded professional business, which grew organically by 8.6% in the year. All regions around the world contributed to that growth. The Americas region stood out as the strongest growth driver, where organic growth came in double digit at

12.5%.

In Europe, organic growth, of branded professional reached 6.7%. And in the Asia-Pacific region, it came in at 4.6%. On the other hand, our Consumer and Private Label business declined due to declines in the respective end markets with revenue reduction of 15.2 and 15.7% respectively.

EBITDA margin before special items reached €140.8 million, corresponding to an EBITDA margin of 13.2%, the second-best year since the IPO. Looking at revenue contribution by region, the US region, the Americas growth stands out, contributing 76 million additional revenue compared to 2021.

Europe achieved growth in its professional branded business by 15 million, despite the withdraw from Russia and the economic slowdown in the second half. Determined pricing to mitigate the impact from inflation supported the growth.

Also, Asia-Pacific delivered 6.7 million growth to the year, supported by strong business in South East Asia and Australia. Whereas China's continued to suffer from COVID lockdowns. All in all, the professional branded business contributed almost 100 million incremental revenue.

Some of this revenue growth, however, got offset by Private Label and Consumer business will decline 13.3 or 10.6 million respectively. Both declined in line with their respective end markets as an impact of reduced consumer confidence.

Overall, however, a solid growth of 7.5% in all revenue to 1,69.5 million. When it comes to the EBITDA contribution, in absolute terms a similar picture, a significant contribution from the growth of the Americas region, even though margin somewhat suffered from the inflationary pressures.

Pretty flat on the European region. And margin also here suffered from inflationary pressures. APAC contributed 2.8 million to the incremental EBITDA. And a non-allocated cost representing investments we had in functions like IT and R&D.

Finally, what took the EBITDA performance down was the decline in our Consumer as well as in our Private Label business. So, moving on to our cash flow performance and gearing levels, can we move up please? No, the other direction. Thank you. More. Wonderful. Great.

So, on cash flow performance we delivered in 2022 €54.5 million of free cash flow down versus prior year by 4 million.

The moderate decline in operating profit was offset by cash inflow from working capital, positively impacted by the non-recourse factoring programme that reached €21.2 million at the end of 22.

In 2022, CAPEX increased by 8.9 million, driven by investments into capacity expansion IT and R&D projects. Total Net Interest Bearing Debt declined by 13.8 million compared to prior year and came down to €324.7 million. This let the gearing end unchanged at 2.3 times compared to prior year the same.

As part of our Business Plan 26, we are targeting a gearing between 1.5 to two times. When the gearing is sustainably within that target, and only then distributions of dividends are expected. A brief commentary and update on the different levers of the Business Plan to continue to report out on 2022 activities.

When it comes to implementation status of the growth platforms of the Business Plan, we are broadly in line with the targets of our Business Plan. We kicked off service business, Service-as-a-Business with a new Leadership Team and rejuvenated momentum. We continued double digit organic revenue growth in the large-scale market of the US.

We stepped up our investment in R&D to drive the innovation agenda, representing 2.9% of our revenue. When it comes to our Optimize Europe initiative, we had fantastic delivery of pricing performance. However, we suffered from decline in Consumer and Private Label.

The most significant challenge we had in enhancing our supply chain robustness continued to suffer from high-cost inflation and lack of parts that we are investing into capacity and the material cost reduction program to address those challenges.

Finally, we were successful in reigniting growth in our specialty business by achieving 9.3% growth last year following the recreation of a specialty business business unit. As an integral part of our strategy we have formulated highly ambitious carbon emission reduction targets by 2030.

Those targets have been validated and approved by science-based target organisation. We made solid progress in the year 22 on those carbon emission targets, with 10% reduction in the scope 1 and 2 emissions and 11% reduction in the scope 3 emission, well on the path of 35% reduction by 2030 and 48% reduction for scope 3.

Overall, we made good progress in scope 1, 2 and 3

reduction in improving our gender diversity with the proportion of female senior leaders from 14 to 19%, a high engagement score above industry average and an increase of our EcoVadis rating from silver to gold. And the kick-off our human rights commitment policies.

And with this, I come to the New Ways of Working, which are the foundation of our Business Plan. Here, we really mobilise the entire organisation towards building execution culture. To build the execution culture, we have started to implement the Nilfisk Operating System, NOS. We held multiple training sessions and overall had trained more than 600 of our colleagues throughout the year.

To further drive digitalisation of our processes and digitally enable our people, we have stepped up our investments in IT. One of the work streams is to broaden the SAP coverage to North America. Following the project kick-off in 2022, we marked the first major milestone with the go live [?] in Mexico early 2023.

In 2022 we have also reconfigured our Nilfisk Leadership Team around the strategic priorities of the Business Plan. We clearly anchored responsibility for developing Service-as-a-Business and driving innovation, driving growth in our business region, strengthening operations and further enhancing our sustainability performance. As well as developing a critically important people strategy.

We have implemented a more customer-focused operating model, allocating more end-to-end responsibility to our people and Leadership Teams close to the customer. All of this has helped us already in 2022 to weather the challenges of the year and continue our journey towards long-term sustainable growth.

After those comments referring to the business year 2022, I'd like to share a perspective for the current year 2023. Despite last years and the current macroeconomic challenges, we continue to see professional cleaning technology as a long-term growth market. The inflation further drives labour cost increases and post-COVID labour shortage is even more severe.

While the importance of clean has increased substantially. The need for labour productivity, digitalisation and sustainability compliance is higher than ever before. So, I'd argue this is a very good industry to be in. When it comes to the priorities for the year 2023, of course we continue to implement the next phase of our Business Plan.

So, the first focus point of the year will be to accelerate

growth in our service business. Secondly, we target to overcome the global supply chain bottlenecks and counteract the margin dilution from inflation. And thirdly, in 2023, we target finalising the development of our next generation of highly innovative products and solutions.

And finally, on the people agenda, we will continue to implement our New Ways of Working and fostering a growth mindset culture across the organisation. This gets me to the concluding page and the outlook for 2023. When it comes to the financial outlook for 2023, we expect that the current macroeconomic uncertainty will continue.

Leading to some volume decline, particularly in the European market. As a result, we expect organic revenue growth in the range of minus 2% to plus 2% in the year. This is supported by the full year effect of pricing actions and a substantial order book from 2022.

Negative organic growth would require worsening of current trading conditions. The range for the EBITDA margin before special items is expected to be within 12 to 14%. Given our ongoing initiatives and investments in structurally improving the business, our financial targets for 2026 are confirmed. We continue to expect revenue to be between €1.2 to €1.3 billion and an EBITDA margin above 16%.

The gearing is targeted to be in the range between 1.5 to two times. With this, we are very much looking forward to continue our journey in 2023 and building towards our Business Plan 26 targets. This concludes my comments, and with this, back to you Marlene.

Marlene Winther Plas

Thank you very much. So, this covers the first four items on the agenda. And just for the sake of good order, I note that the Company's auditor Deloitte does not have any qualifications in the report. So, I'll ask if the AGM, anybody, has any questions or comments to the four first items? It's not the case.

So, I'll record in the minutes that the report of the Company's activities in 2022 and the presentation of the Annual Report have been noted by the AGM. That the AGM has adopted the audited Annual Report for the financial year 2022, and that the General Meeting has approved the proposal from the Board of Directors regarding distribution of profits.

So, we go to item number five on the agenda, and that's resolution regarding discharge of Management and Board of Directors from their liabilities. And I'll ask if anybody has any questions or comments to this item. Nobody has any questions or comments. So, I'll conclude that the AGM has

approved item five.

Item six is adoption of the Remuneration Report. Each year the Company must prepare a Remuneration Report and present this for advisory vote at the General Meeting. And this is in accordance with the Danish Companies Act Section 139b (4). The Remuneration Report must present an overview of the remuneration of the members of management that has been earned during the proceeding years.

And the vote on this proposal is not binding for the Company, but it is an advisory vote that will contribute to the compliance with the remuneration policy and ensure that the Company remunerates its management in accordance with the policy.

So, Peter, I give the floor to you on this point to comment on the report.

Peter Nilsson

Thank you. So, point number six, Remuneration Report, that's the report that is included in the Annual Report package. It looks like this. Based on the shareholder feedback last year at the AGM, I will re-summarise the Remuneration Report for 2022 before the adoption of this year's report.

And one note then, as the next agenda point, agenda point number seven, is focused on the remuneration to the Board of Directors, which will be handled by Marlene, I will focus on the remuneration aspects of the Executive Management Board of the CEO and the CFO.

To start with, CEO and CFO base salary did not increase since they were both employed during 2021. Overall speaking, the CEO and CFO total pay decreased in 2022, comparing to 2021. This decrease was entirely due to a lower annual bonus, the STI Short Term Incentive reward compared to 2021.

If we zoom into the annual bonus, the STI, that model was simplified in 2022 as the number of KPIs was reduced from five to three, all measurable. The STI realisation for the year was 33.6%, all specifications on the STI parameters and the payout of them you can see on page eight actually in the Remuneration Report.

Overall speaking, this is below target level, which is 50%. On the revenue target though, the realisation was above target level for 2022 all the way up to almost 96%. Next part of the remuneration is the long-term incentives, or in short, LTI. In 2022 the total of 89,405 contingent performance shares was rewarded to CEO, CFO and the Nilfisk

Leadership Team and other key employees.

The KPIs that we have defined for a three-year performance period of the LTI are Total Shareholder Return, with a weight of 50% EBITDA, which carries a weight of 30%. And the ESG target on carbon dioxide emissions, which has a weight of 20%.

What we award in the LTI this year we'll invest in 2025. Other relevant elements of the report in 2022 is that average pay for Nilfisk employees grew 7% comparing to 2021. And finally, just one comment on the CEO pay ratio which is something we measure, which compares the average pay of the Nilfisk employees with the total pay for the CEO.

And as a result of the decline in the CEO remuneration in combination with the increased average pay of Nilfisk employees, the CEO pay ratio actually declined by 6% compared to 2021. And with these comments, I conclude my summary of the 2022 report, Marlene?

Marlene Winther Plas

Thank you. And I'll ask if there's any questions or comments to the report or to Peter. And there's nobody. So, I'll conclude that item six has been approved by the AGM by advisory vote. And then we go to item seven, which is remuneration of the Board of Directors.

The Board of Directors proposes to maintain the same level for remuneration in 2023 as in 2022. That means that it is proposed that each ordinary member of the Board of Directors will receive a base fee of DKK 325,000. The Chair will receive three times the base fee and the Deputy Chair will receive two times the base fee.

Further, work in the Board Committees shall be remunerated as follows. The Chair of the Audit Committee will receive two thirds of the base fee, other members of the Audit Committee will receive one third of the base fee. The Chairs of the Remuneration Committee and the Nomination Committee each receive one third of the base fee.

And the other members of the Committees each will receive one sixth of the base fee. So, has anybody any questions or comments to this? That's no questions or comments, so I'll conclude that the AGM has approved item seven. So, we go to agenda item eight, which is election of Board members.

According to the Articles of Association, the members of the Board of Directors appointed by the General Meeting must consist of five to eight members. And the members are elected for one year and can be re-elected. The Board of Directors today proposes re-election as we heard about in the beginning from Peter.

So, the persons who are suggested to be re-elected are Peter Nilsson, René Svendsen-Tune, Jutta af Rosenberg, Are Dragesund and Franck Falezan. And further, the Board of Directors proposes that the following new candidates are elected for the coming year and that's Ole Kristian Jödahl, Bengt Thorsson and Viveka Ekberg.

And then I give the floor back to you Peter to elaborate on the proposal.

Peter Nilsson

Thank you Marlene. First of all, I would like to actually thank Thomas Lau Schleicher and Richard Bisson, he lives in the US, he's probably on the camera now, for their work and contribution to the Board over the years. You have chosen not to be re-elected and we will miss you. It has been a pleasure to work with you and you have contributed well to what I would characterise as very effective board work so thank you very much.

So, then on behalf of the Board members, I will like to say a few words about the nomination of the three new candidates, Ole Kristian Jödahl, Bengt Thorsson and Viveka Ekberg. Viveka unfortunately could not be here with us today but Ole and Bengt are both here so could I ask you to stand up so we can see who you are?

And again, on behalf of all employees in Nilfisk and fellow Board members, welcome. As I already mentioned under, again, that point number one, there were additional competences that we could see that would enhance the quality of the Board work and the support of the execution of the Business Plan in the Company.

So, we have decided to nominate these three candidates to strengthen the Board of Directors' industrial competences. And as you can see from the candidates' resumes here on the slide, all three candidates have a solid industrial competency. They are experienced in international business, business transformation and shareholder value creation.

As well as specific competences in value chain optimisation, digital transformation and service and aftermarket. So, that is extremely good for us in the Board. So, I leave it back to you now, Marlene.

Marlene Winther Plas

Thank you Peter. And I will have to ask if there are other candidates to the Board of Directors? And there's no other candidates, so I will conclude that we have, can we go back to the nice picture that we had before? Thank you. So, there's no other candidates, so these people will be elected, so that would be Peter Nilsson, René Svendsen-Tune, Jutta

af Rosenberg, Are Dragesund, Franck Falezan, Ole Kristian Jödahl, Bengt Thorsson and Viveka Ekberg.

So, congratulations to you. And we go to agenda item nine, election of one or more public accountants. The Board of Directors has proposed that Deloitte is re-elected. And this is in accordance with the Audit Committee recommendation. And I'll ask if there's any other proposal than Deloitte? There's no other proposal. So, congratulations, Deloitte, you've been re-elected.

So, next item ten. And item ten is a proposal from the Board of Directors and the shareholders. And, as we mentioned before, we have two proposals from the Board of Directors. The first proposal from the Board of Directors concerns a proposal to update the Company's remuneration policy together with the proposal to authorise the Board of Directors to issue warrants.

And Peter, I give the floor back to you to elaborate on the proposal.

Peter Nilsson

Thank you, Marlene. So, the next item on the agenda is a suggestion that we propose to support the rollout of the Business Plan 26 that you heard a lot about the progress on from Thorsten's presentation. And in order to establish and enable a successful execution of that Business Plan it is of essence that the remuneration of Nilfisk Leadership Team is effectively tied to the performance and growth of the Company.

We, the Board of Directors have therefore reviewed the remuneration policy and the remuneration practices at Nilfisk. And we saw an opportunity to further align Leadership Team's interest and the shareholders by introducing a matching warrant programme.

We therefore propose to introduce a matching warrant programme in addition to Nilfisk performance share programme. The purpose of the matching warrant programme is to reward performance that serves the purpose and sustainability of the Company, the alignment with the interest of the shareholders and other stakeholders, delivery of the strategic priorities in the Nilfisk plans and the attraction, motivation and retention of Nilfisk leadership.

Let me run through some of the overall programme structure points for you. The matching warrant programme requires participant to make a substantial self-investment in Nilfisk shares to be eligible to receive the matching warrants. Vesting and exercise of the warrant takes place after three years from the date the participant is offered to participate

in the programme.

The programme is on an invitee basis only. Vesting an exercise is conditional on the participants' holding of a defined Nilfisk shares throughout the programme period, and on continued employment. And finally, vesting an exercise requires fulfilment of the warrant strike price level, this strike price is determined by the Board of Directors.

And the Board of Directors can launch this matching warrant programme given that we get an AGM approval of, one, the adoption of the proposed updated remuneration policy and, two, the adoption of the amended Articles of Association, specifically Article 4 concerning authority to issue warrants. So, I give the word back to you Marlene to see if we have that.

Marlene Winther Plas

Thank you. So, as Peter said, the Board of Directors is proposing that the General Meeting approves this updated remuneration policy and as a consequence an adoption of a new Article 4 in the Articles of Association. You can see the new Article 4 up here. And it was also included in the material that was sent to you or publicised in the notice to convene the General Meeting.

So, I will not read it all out. And then I ask if there's any questions or comments to this item and this proposal? Does anybody request a vote on this? So, nobody requests a vote or there's no comments or questions. So, I'll conclude that this item has also been adopted by the General Meeting. And the Article 4 of the Company's Articles of Association will be amended accordingly.

Meaning also that after the new Article 4 there will be, as you can see in the notice to convene in this General Meeting, you could see that there will be a change in the number in the Articles of Association. Good. So, I'll go further to the next proposal, which is item 10(b). This is the second proposal from the Board of Directors and it concerns an authorisation to acquire treasury shares, meaning the Company's own shares.

And this is the same proposal as the last four, five years, so, no surprises. The Board of Directors is requesting an authorisation to purchase treasury shares which will be up to an amount of 54,252,720 DKK on the condition that it will not exceed 10% of the Company's issued share capital. The purchase price for these shares will not deviate by more than 10% from the price quoted on Nasdaq Copenhagen at the time of purchase.

So, I will ask if there's any questions or comments to this?

There's no questions or comments, so I can conclude that this proposal has been adopted by the AGM. And then we go to the last item on the agenda, item 11 which is any other business. And this is, as you know, an item where we can discuss everything but we can decide nothing.

So, does anybody want to say something or comment or something? Ask some questions? So, there's nobody. There's no questions. So, I'll just finalise the General Meeting by saying that there's no more items on the agenda and I thank you all for participating in the General Meeting and to contribute to a good General Meeting.

Thank you, and I leave to word to Peter.

Peter Nilsson

Thank you Marlene. Thank you very much for leading us through the AGM very safely and without surprises. It's time to close the meeting. I thank you all for showing the interest, paying attention to the presentations and the reviews that we have done today. So, thank you very much. For the people that have helped us prepare the meeting, on behalf of the Board and the shareholders I reach out and say thank you very much.

Flawless, good technical solutions, good environment and for those that have not tried it yet, there is a very nice cake outside, so please help yourself. With these words, I close the meeting and I hope to see you all back next year again. Thank you very much.