

Nilfisk Q3 Interim Report 2022

Company Announcement

No. 16/2022



NILFISK



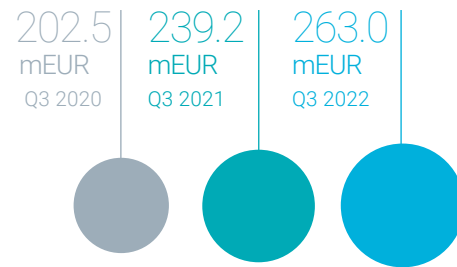
Financial highlights

Q3 2022

263.0mEUR

Revenue

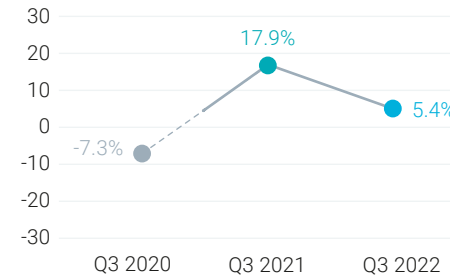
Up 23.8 mEUR from Q3 2021, corresponding to reported growth of 9.9%. The growth momentum was driven by Branded Professional across regions. Positive currency effects, primarily on USD, benefitted revenue.



5.4%

Organic revenue growth

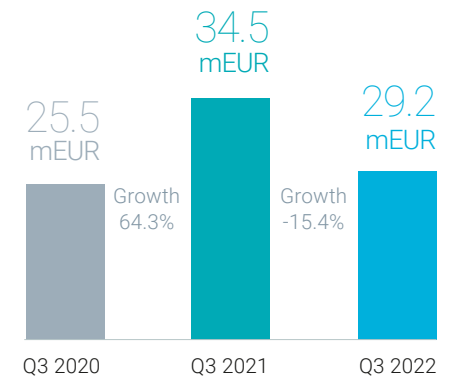
Organic growth driven by demand for Branded Professional and pricing actions. Demand was strongest in Americas and APAC, while growth in Europe was largely driven by pricing. Consumer and Private Label slowed notably in line with their respective markets.



29.2mEUR

EBITDA before special items (bsi)

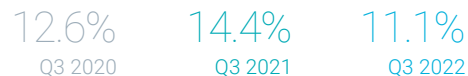
Down 5.3 mEUR from Q3 2021 to 29.2 mEUR, a decline of 15.4%. The decline driven by lower Consumer and Private Label revenue, lower capacity utilization, and continued investments.



11.1%

EBITDA margin bsi

Down 3.3% percentage points from Q3 2021. The margin was temporarily challenged by lower capacity utilization and by continued parts availability issues following the destruction of the US Distribution Center. Increasing raw material costs and continued high freight rates were to a large extent mitigated by pricing actions.



7.6mEUR

Profit for the period

Down 3.5 mEUR from Q3 2021, due to lower operating profit, partly offset by a lower tax rate.



17.7mEUR

Free cash flow

Up 3.1 mEUR compared to Q3 2021. The lower operating profit was more than offset by inflow from changes in working capital.



365.1mEUR

Net interest-bearing debt (NIBD)

Increased by 19.0 mEUR from Q3 2021, driven by lower operating profit bsi, higher working capital, and increased investments. The gearing rose to 2.7x from 2.4x in Q3 2022 due to higher NIBD.





Contents

Management review

- 4 Financial highlights for the Group
- 5 Business update
- 6 Group financials

Condensed interim consolidated financial statements

- 10 Condensed income statement
- 10 Condensed statement of comprehensive income
- 11 Condensed statement of financial position
- 12 Condensed cash flow statement
- 13 Condensed statement of changes in equity
- 14 Notes
- 21 Quarterly overview
- 22 Management's statement



Financial highlights for the Group

EUR million	Q3 2022	Q3 2021	9M 2022	9M 2021	Year 2021
Income statement					
Revenue	263.0	239.2	799.2	734.3	994.9
EBITDA before special items	29.2	34.5	101.3	112.8	144.3
EBITDA	26.3	34.0	94.6	108.4	139.9
Operating profit (EBIT) before special items	13.8	20.0	56.1	68.6	84.1
Operating profit (EBIT)	10.8	19.5	47.1	64.2	79.7
Special items, net	-3.0	-0.5	-9.0	-4.4	-4.4
Financial items, net	-0.9	-2.7	-9.6	-8.4	-11.6
Profit for the period	7.6	11.1	28.8	39.5	51.0
Cash flow statement					
Cash flow from operating activities	24.8	19.1	24.9	53.8	74.7
Cash flow from investing activities	-7.1	-4.5	-18.8	-10.8	-16.2
– hereof investments in property, plant and equipment	-2.2	-1.7	-6.6	-3.6	-5.8
– hereof investments in intangible assets	-3.6	-2.6	-10.8	-7.5	-11.7
Free cash flow	17.7	14.6	6.1	43.0	58.5
Statement of financial position					
Total assets			922.2	831.1	841.2
Group equity			266.8	187.6	207.7
Working capital			250.4	159.7	175.7
Net interest-bearing debt			365.1	346.1	338.5
Capital employed			631.9	533.7	546.2
Financial ratios and employees					
Organic growth	5.4%	17.9%	5.8%	22.2%	20.7%
Organic growth Nilfisk branded professional business	10.8%	16.1%	9.0%	21.3%	20.1%
Gross margin	39.1%	40.7%	39.3%	41.1%	40.5%
EBITDA margin before special items	11.1%	14.4%	12.7%	15.4%	14.5%
EBITDA margin	10.0%	14.2%	11.8%	14.8%	14.1%
Operating profit (EBIT) margin before special items	5.2%	8.4%	7.0%	9.3%	8.5%
Operating profit (EBIT) margin	4.1%	8.2%	5.9%	8.7%	8.0%
Financial gearing			2.7	2.4	2.3
Overhead cost ratio	33.9%	32.4%	32.3%	31.7%	32.0%
CAPEX ratio	2.2%	1.8%	2.2%	1.5%	1.8%
Working capital ratio			20.4%	15.5%	15.4%
Return on Capital Employed (RoCE) LTM			12.2%	15.2%	15.8%
Basic earnings per share (EUR)	0.28	0.41	1.06	1.46	1.88
Diluted earnings per share (EUR)	0.28	0.41	1.06	1.46	1.88
Number of full-time employees, end of period			4,737	4,796	4,887

Please find definitions in Note 12.



Business update

Growth momentum continued in professional segment

Revenue growth continued in Q3 2022 despite the global economic slowdown. Growth in the quarter was fueled by strong performance from Branded Professional in the Americas region, as well as a healthy demand increase in APAC. In Europe, higher revenue from the Branded Professional largely stemmed from pricing actions. Global supply chain challenges continued to constrain sales growth, but to a lesser extent than in the first half of 2022. Supply constraints were concentrated around fewer products and production sites.

Consumer demand declined notably

Strong inflationary pressures and a sharp decline in consumer confidence had a strong impact on the Consumer and Private label in Q3 2022. Inflationary pressures were only to a smaller extent offset by pricing actions.

New US Distribution Center

The new US Distribution Center facility was up and running, but parts availability and parts flow were still significantly below the level prior to the incident. The ongoing ramp up negatively impacted sales and margin in Q3 2022. The former facility was destroyed by a tornado end-March.

Business Plan 2026 on track

The roll-out of Business Plan 2026 continued during the quarter. Anupam Bhargava joined Nilfisk as Head of Service Business on August 1 with full focus on building Service-as-a-Business.

The main focus is on ensuring future value creation. Investments in Business Plan 2026 continued, particularly within building service-as-a-business, leading with sustainable products and supply chain robustness.

Sustainability

With Business Plan 2026, we significantly stepped up our sustainability commitment. As a result, EcoVadis, the world's most trusted provider of business sustainability ratings, awarded Nilfisk Gold in its September 2022 sustainability rating. The improvement to Gold was mainly driven by Nilfisk's environmental actions. Nilfisk was rewarded a total of 90 out of 100 points in the Environment category in the EcoVadis scoring system, placing Nilfisk among the top 5% most sustainable companies in the world rated by EcoVadis.

To support Ukraine in the ongoing war in Ukraine, Nilfisk donated professional cleaning equipment to hospitals in Kiev in April. The machines were delivered in September 2022. Our cleaning machines helped to free up precious time for personnel and contributed to preserving a hygienic and healthy environment in the hospitals.

New study supports the structural demand for cleaning

Nilfisk asked 400 decision makers representing key customer segments how COVID-19 has impacted their cleaning habits. The study showed an increased perception of the value of clean combined with changed cleaning behaviors and more focus on health and safety. The most common change made throughout the pandemic was towards a higher quality of cleaning and increased focus on thorough cleaning. Almost all organizations expect this change to be long-lasting and to increase their spend on cleaning. The findings in the study support the foundation for Business Plan 2026, which the market for professional cleaning is a growth market driven by long-term structural demand.



Growth momentum intact in Q3 2022 driven by demand for Branded Professional products

EUR million	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	263.0	239.2	799.2	734.3
Gross profit	102.9	97.4	313.9	301.5
Overhead costs	89.1	77.4	257.8	232.9
EBITDA before special items	29.2	34.5	101.3	112.8
Profit for the period	7.6	11.1	28.8	39.5
Financial ratios:				
Organic growth	5.4%	17.9%	5.8%	22.2%
Gross margin	39.1%	40.7%	39.3%	41.1%
EBITDA margin before special items	11.1%	14.4%	12.7%	15.4%
Overhead cost ratio	33.9%	32.4%	32.3%	31.7%
CAPEX ratio	2.2%	1.8%	2.2%	1.5%

Revenue

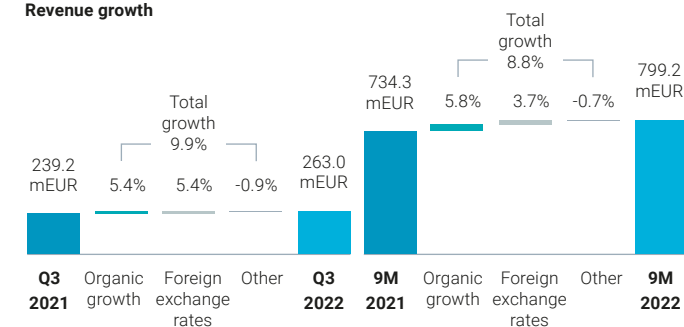
For the total business, revenue in Q3 came to 263.0 mEUR (Q3 2021: 239.2 mEUR), corresponding to organic growth of 5.4%. Foreign exchange rates had a positive impact of 5.4%. Closing down Nilfisk Russia resulted in -0.9% impact in the 'other' category. As a result, total reported growth in Q3 2022 was 9.9%.

For the first nine months of 2022, revenue for the total business came to 799.2 mEUR compared to 734.3 mEUR in the first nine months of 2021, corresponding to organic growth of 5.8%. Foreign exchange rates had an impact of 3.7% on total reported growth mainly due to appreciation of USD compared to last year. As a result, total reported growth in the first nine months of 2022 was 8.8%.

The growth in Q3 2022 was driven by the Branded Professional business, while Consumer and Private Label slowed down notably in line with their respective markets. Branded Professional grew in all regions and especially in the Americas region. This was achieved despite continued manufacturing constraints, particularly in our main US facility. APAC experienced higher demand due to fewer COVID lockdowns and improvements in supply chain. Growth in Europe was impacted by declining market demand. Price increases were a growth driver across all markets. However, supply chain constraints, primarily related to the Americas, continue to limit revenue growth.

In Europe, revenue in Q3 amounted to 110.6 mEUR (Q3 2021: 108.4 mEUR) corresponding to organic growth of 6.4%. The Floorcare and Aftermarket product lines drove growth in Europe in Q3 2022, while demand slowed across high-pressure washers and vacuum cleaners. Europe South continued to outperform in Europe, supported by strong demand in countries including France, Belgium, and Turkey. Q3 2022 saw challenges in Europe North and Europe Central as demand was negatively impacted by the war in Ukraine and the economy, though offset in part by the solid execution of the price increases.

Revenue growth



Organic growth by geographical regions

	Q3 2022	Q3 2021	9M 2022	9M 2021	FY 2021
Europe region	-1.0%	16.3%	2.5%	21.3%	19.4%
Americas region	14.7%	21.1%	12.9%	23.8%	23.7%
APAC & MEA region	12.8%	18.1%	3.2%	22.6%	19.6%
Total organic growth	5.4%	17.9%	5.8%	22.2%	20.7%

Organic growth by operating segment

	Q3 2022	Q3 2021	9M 2022	9M 2021	FY2021
Europe	6.4%	12.5%	7.1%	19.5%	17.8%
Americas	15.9%	20.9%	13.7%	23.8%	23.8%
APAC	14.6%	18.1%	1.9%	22.6%	19.7%
Nilfisk branded professional business	10.8%	16.1%	9.0%	21.3%	20.1%
Consumer	-29.6%	4.8%	-13.7%	15.6%	12.8%
Private label and other	-22.2%	74.8%	-5.7%	48.3%	43.9%
Total organic growth	5.4%	17.9%	5.8%	22.2%	20.7%



In Americas, revenue in Q3 amounted to 103.3 mEUR (Q3 2021: 77.0 mEUR) corresponding to organic growth of 15.9%. US experienced the largest improvement, while Canada and LATAM grew notably compared to Q3 2021, driven by continued demand and supported by increased output from the US Distribution Center and regional production facilities. The appreciation of USD had a positive effect on reported growth.

In APAC, revenue in Q3 amounted to 23.3 mEUR (Q3 2021: 19.0 mEUR) and organic growth was 14.6%. China rebounded in Q3 as Q2 lockdowns eased, however the ongoing “zero COVID” policy in China continued to have a negative impact. Pacific and most of the rest of Asia experienced strong growth in Q3 2022.

For the first nine months of 2022, revenue in the Branded Professional business amounted to 691.2 mEUR (9M 2021: 613.6 mEUR) corresponding to organic growth of 9.0%.

Revenue for the Consumer business in Q3 2022 amounted to 12.7 mEUR (Q3 2021: 18.0 mEUR) corresponding to organic growth of -29.6%. The Consumer business continued to decrease in revenue compared to the same quarter in 2021, as high inflation significantly reduced consumer confidence, which led to a reduction in demand and affected most consumer categories. For the first nine months of 2022, revenue in the Consumer business amounted to 62.3 mEUR (9M 2021: 72.3 mEUR) corresponding to organic growth of -13.7%.

In the Private Label and Other business, revenue amounted to 13.1 mEUR (Q3 2021: 16.8 mEUR) corresponding to organic growth of -22.2% as demand slowed down in line with the market. For the first nine months of 2022, revenue in the Private Label and other business amounted to 45.7 mEUR (9M 2021: 48.4 mEUR) corresponding to organic growth of -5.7%.

Gross margin

The gross margin was 39.1% in Q3 2022, compared to 40.7% in Q3 2021. The margin was temporarily challenged by lower capacity utilization and by continued parts availability issues following the US Distribution Center destruction.

The increased inflationary pressures from raw materials were to a large extent offset by determined pricing actions. Overall, the margin level improved over the course of the quarter.

For the first nine months of 2022, gross margin was 39.3% compared to 41.1% for the first nine months of 2021. The price increases mitigated, but did not fully compensate for, the negative effects of raw material costs and high freight rates.

Overhead costs and ratio

For the first nine months of 2022, total overhead costs amounted to 257.8 mEUR compared to 232.9 mEUR in the same period of 2021. The increase was due to higher activity, cost inflation, and unfavorable foreign exchange rates (mainly USD), as well as investments into building our growth platforms as per Business Plan 2026.

Overhead costs in Q3 grew by 11.7 mEUR compared to Q3 2021, coming to 89.1 mEUR, including an increase of 3.6 mEUR due to foreign exchange rates. Overhead costs were impacted by projects on material costs savings and modular architecture, as well as additional freight costs from a higher share of revenue in Americas. The overhead cost ratio came to 33.9% in Q3 2022, which was an increase of 1.5 percentage points compared to 32.4% in Q3 2021.

Research and development costs

EUR million	Q3 2022	Q3 2021	9M 2022	9M 2021
Total R&D spend	7.9	6.4	22.2	17.8
Capitalized	2.9	2.3	8.7	6.4
Expensed in the P&L	5.0	4.1	13.5	11.4
R&D ratio (% of revenue)	3.0%	2.6%	2.8%	2.4%
Expensed R&D spend	5.0	4.1	13.5	11.4
Amortization, depreciation, and impairment	3.5	2.9	9.3	8.9
Total R&D expenses	8.5	7.0	22.8	20.3

Total R&D spend in Q3 2022 increased by 1.5 mEUR compared to Q3 2021 and came to 7.9 mEUR, corresponding to 3.0% of revenue compared to 2.6% in Q3 2021. Investments in strategic R&D projects continued. Out of the total spend of 7.9 mEUR, 5.0 mEUR was recognized as an expense in the income statement (Q3 2021: 4.1

mEUR), while 2.9 mEUR was capitalized (Q3 2021: 2.3 mEUR). In addition to expensed costs, total reported R&D costs for Q3 2022 of 8.5 mEUR (Q3 2021: 7.0 mEUR) also included amortization, depreciation, and impairment of 3.5 mEUR (Q3 2021: 2.9 mEUR).

Due to cost inflation and the increased business activity, sales and distribution costs in the quarter increased by 7.4 mEUR to 62.9 mEUR. Administration costs increased by 3.8 mEUR to 18.5 mEUR reflecting cost inflation and support of Business Plan 2026.

EBITDA and EBITDA margin

EBITDA before special items decreased by 5.3 mEUR compared to Q3 2021 and came to 29.2 mEUR in Q3 2022, corresponding to an EBITDA margin before special items of 11.1% compared to 14.4% in Q3 2021. The lower gross margin and increased overhead cost ratio in combination were the drivers behind the decrease in the EBITDA margin before special items.

EBITDA amounted to 26.3 mEUR compared to 34.0 mEUR in Q3 2021. The EBITDA margin came to 10.0% compared to 14.2% in Q3 2021 due to the effects mentioned above and higher special items.

For the first nine months of 2022, EBITDA before special items amounted to 101.3 mEUR compared to 112.8 mEUR for the first nine months of 2021. This corresponded to an EBITDA margin before special items of 12.7%, 2.7 percentage points lower than prior year period.

EBITDA for the first nine months of 2022 amounted to 94.6 mEUR compared to 108.4 mEUR for the first nine months of 2021, corresponding to an EBITDA margin of 11.8% compared to 14.8% the year before.

Operating profit before special items and operating profit

Operating profit before special items amounted to 13.8 mEUR compared to 20.0 mEUR Q3 2021. This corresponded to an operating profit margin before special items of 5.2% compared to 8.4% in Q3 2021.

Operating profit amounted to 10.8 mEUR compared to 19.5 mEUR

in Q3 2021. This corresponded to an operating profit margin of 4.1% compared to 8.2% in Q3 2021. For the first nine months of 2022, operating profit before special items amounted to 56.1 mEUR compared to 68.6 mEUR for the first nine months of 2021. This corresponded to an operating profit margin before special items of 7.0% compared to 9.3% in 2021. Operating profit amounted to 47.1 mEUR compared to 64.2 mEUR in the first nine months of 2021. This corresponded to an operating profit margin of 5.9% compared to 8.7% the year before.

Special items

Special items amounted to 3.0 mEUR compared to 0.5 mEUR in Q3 2021. Special items were mainly legal and advisory costs incurred regarding strategic projects such as Business Plan 2026 as well as the ongoing liquidation of Nilfisk Russia.

For the first nine months of 2022, special items amounted to 9.0 mEUR compared to 4.4 mEUR in the first nine months of 2021. The first nine months of 2022 were impacted by the decision to liquidate Nilfisk Russia, leading to a writedown of assets in Nilfisk Russia as well as restructuring costs in connection with the implementation of Business Plan 2026. The same period in 2021 was impacted by redundancy costs in connection with changes in the executive Management Board.

Details on special items are described in Note 6.

Financial items

Net financial items amounted to a cost of 0.9 mEUR, compared to a cost of 2.7 mEUR in Q3 2021, driven by a decrease in foreign exchange losses.

For the first nine months of 2022, net financial items amounted to a cost of 9.6 mEUR, compared to a cost of 8.4 mEUR in the same period of 2021 driven by unfavorable hedging partly offset by lower interest expenses from lower interest rates.

Tax on profit for the period

Tax on profit was a cost of 2.7 mEUR compared to a cost of 4.8 mEUR in Q3 2021, driven partly by the decrease in profit before income taxes and a lower effective tax rate at 26.2% compared to 30.2% for the same period in 2021.

For the first nine months of 2022, tax on profit amounted to a cost of 10.0 mEUR compared to a cost of 16.9 mEUR in the first nine months of 2021. The effective tax rate was 25.8% compared to 30.0% for the same period in 2021.

Profit for the period

Profit for the period amounted to 7.6 mEUR compared to 11.1 mEUR in Q3 2021.

For the first nine months of 2021, profit for the period amounted to 28.8 mEUR compared to 39.5 mEUR in the same period of 2021.

Working capital

As of September 30, 2022 working capital was 250.4 mEUR, up by 90.7 mEUR compared to Q3 2021 and 74.7 mEUR up compared to end 2021. The increase compared to Q3 2021 was driven mainly by an increase in operating working capital.

Trade receivables increased by 8.5 mEUR driven by the increase in revenue, especially in the branded professional business.

Inventories increased by 46.2 mEUR, a development also seen in the first six months of 2022, driven by higher business activity, the need to ensure critical components in production, plus the impact of cost inflation. Supply chain constraints continued during Q3 causing difficulty in sourcing certain components impacting lead times in production.

Trade payables increased by 11.1 mEUR due to overall higher activities.

Other receivables increased by 20.0 mEUR of which approximately 7 mEUR was related to a remaining insurance recovery receivable

for the estimated damaged inventory and other damaged assets in the US Distribution Center. During Q3 2022 approximately 12 mEUR has been received in insurance recovery. Please also see Note 10 contingent assets and liabilities.

Other current liabilities decreased by 2.2 mEUR primarily related to deferred revenue and variable costs impacted by higher revenue.

Compared to year-end 2021, the increase in working capital of 74.7 mEUR was driven by the same factors as quarter over quarter.

The 12-month average working capital ratio came to 20.4% at the end of Q3 2022 compared to 15.5% in Q3 2021, driven by the increases in the working capital level, partly offset by higher revenue.

Capital employed and RoCE

As of September 30, 2022, capital employed amounted to 631.9 mEUR, up by 98.2 mEUR compared to Q3 2021 and up by 85.7 mEUR compared to 546.2 mEUR at the end of 2021. The development in capital employed since Q3 2021 was due to the above-mentioned development in working capital.

The return on capital employed was 12.2%. This was down by 3.0 percentage points from Q3 2021 and down by 3.6 percentage points compared to end of 2021.

Cash flows

Cash flow from operating activities for Q3 2022 amounted to a net inflow of 24.8 mEUR compared to a net inflow of 19.1 mEUR in Q3 2021. The development compared to Q3 2021 was driven by lower operating profit offset by inflow from changes in working capital and higher financial income. Cash flow from investing activities for Q3 2022 was a net outflow of 7.1 mEUR compared to an outflow of 4.5 mEUR in Q3 2021, due to higher investments in strategic R&D projects.

Free cash flow increased by 3.1 mEUR compared to Q3 2021 and amounted to an inflow of 17.7 mEUR.



For the first nine months of 2022, cash flow from operating activities amounted to an inflow of 24.9 mEUR compared to an inflow of 53.8 mEUR for the same period in 2021. Cash flow was negatively affected by lower operating profit and the increase in working capital primarily stemming from inventory. Cash flow from investing activities for the first nine months of 2022 was an outflow of 18.8 mEUR compared to an outflow of 10.8 mEUR for the same period in 2021.

Free cash flow was an inflow of 6.1 mEUR for the first nine months of 2022 compared to 43.0 mEUR for the same period in 2021.

Equity

Equity was 266.8 mEUR at the end of Q3 2022 against 207.7 mEUR at the end of 2021. The increase was related to the reported profit for the first nine months of 2022, foreign exchange rate gain adjustments, and a value adjustment of the hedging reserve.

Net interest-bearing debt

At the end of Q3 2022, net interest-bearing debt was 365.1 mEUR, up by 26.6 mEUR against end of 2021 from the increase in working capital. Compared to the end of Q3 2021, net interest-bearing debt was up by 19.0 mEUR.

The financial gearing at the end of Q3 2022 was 2.7 versus 2.4 at the end of Q3 2021.

Subsequent events

On 15 October, 2022, our insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destructions of the US Distribution Center.

We are not aware of any other events after 30 September, 2022, that potentially could have a material impact on the Group's financial position.

2022 Outlook

Based on the results for the first nine months of 2022 and given current visibility, we now expect organic revenue growth of 4.5% to 6.5% and an EBITDA margin before special items of around 13% for the full year of 2022 as disclosed in our announcement 15/2022.

Revised outlook for the full year 2022 as follows:

4.5% to 6.5%

Organic revenue growth

Around 13%

EBITDA margin before special items

	Revised outlook October 26, 2022	Outlook February 25, 2022
Organic revenue growth	4.5% to 6.5%	4% to 7%
EBITDA margin before special items	Around 13%	13.5% to 15.5%

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.



Condensed income statement

for the period ended September 30

EUR million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	4, 5	263.0	239.2	799.2	734.3
Cost of sales	8	-160.1	-141.8	-485.3	-432.8
Gross profit		102.9	97.4	313.9	301.5
Research and development costs	8	-8.5	-7.0	-22.8	-20.3
Sales and distribution costs	8	-62.9	-55.5	-182.8	-167.9
Administrative costs	8	-18.5	-14.7	-52.6	-46.0
Other operating income		1.3	0.4	2.4	2.8
Other operating expenses		-0.5	-0.6	-2.0	-1.5
Operating profit before special items		13.8	20.0	56.1	68.6
Special items, net	6	-3.0	-0.5	-9.0	-4.4
Operating profit		10.8	19.5	47.1	64.2
Share of profit/loss from associates		0.4	-0.9	1.3	0.6
Financial income		0.8	0.1	1.4	1.4
Financial expenses		-1.7	-2.8	-11.0	-9.8
Profit before income taxes		10.3	15.9	38.8	56.4
Tax on profit for the period		-2.7	-4.8	-10.0	-16.9
Profit for the period		7.6	11.1	28.8	39.5
<i>To be distributed as follows:</i>					
Profit attributable to shareholders of Nilfisk Holding A/S		7.6	11.1	28.8	39.5
Total		7.6	11.1	28.8	39.5
Earnings per share (based on 27,126,369 shares issued)					
Basic earnings per share (EUR)		0.28	0.41	1.06	1.46
Diluted earnings per share (EUR)		0.28	0.41	1.06	1.46

Condensed statement of comprehensive income

for the period ended September 30

EUR million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit for the period		7.6	11.1	28.8	39.5
Other comprehensive income					
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustments of subsidiaries		9.5	3.7	22.8	10.3
Value adjustment of hedging instruments:					
Value adjustment for the period		3.9	1.1	4.5	2.5
Transferred to cost of sales		1.7	0.1	3.9	0.1
Transferred to financial income and expenses		-	-0.4	-	-
Tax on value adjustment of hedging instruments		-1.1	-0.2	-2.0	-0.5
<i>Items that may not be reclassified to income statement:</i>					
Value adjustment of hedging instruments transferred to inventory		-0.5	0.2	0.8	-0.2
Comprehensive income for the period		21.1	15.6	58.8	51.7
<i>To be distributed as follows:</i>					
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		21.1	15.6	58.8	51.7
Total		21.1	15.6	58.8	51.7



Condensed statement of financial position

EUR million	Note	September 30 2022	September 30 2021	December 31 2021
Assets				
Goodwill		173.5	168.1	169.1
Trademarks		6.8	7.4	7.3
Customer related assets		4.4	5.3	5.2
Development projects completed		24.1	23.4	25.8
Software, know-how, patents, and competition clauses		20.1	25.2	23.5
Development projects and software in progress		20.0	21.6	18.6
Total intangible assets		248.9	251.0	249.5
Land and buildings		8.4	8.2	8.3
Plant and machinery		4.4	4.0	4.0
Tools and equipment		28.7	27.7	28.5
Assets under construction incl. prepayments		5.1	2.4	3.1
Right-of-use assets		58.8	56.0	56.2
Total property, plant and equipment		105.4	98.3	100.1
Investments in associates		33.1	30.2	29.0
Interest-bearing receivables		2.1	1.8	2.0
Other investments and receivables	7	11.4	3.0	3.3
Deferred tax		13.9	19.4	15.7
Total other non-current assets		60.5	54.4	50.0
Total non-current assets		414.8	403.7	399.6
Inventories		248.2	202.0	220.1
Trade receivables		186.9	178.4	173.9
Interest-bearing receivables		0.5	2.4	0.6
Income tax receivable		3.3	5.4	4.6
Other receivables	7	43.5	23.5	27.4
Cash at bank and in hand		25.0	15.7	15.0
Total current assets		507.4	427.4	441.6
Total assets		922.2	831.1	841.2

EUR million	Note	September 30 2022	September 30 2021	December 31 2021
Equity and liabilities				
Share capital		72.9	72.9	72.9
Reserves		33.3	-3.6	3.3
Retained earnings		160.6	118.3	131.5
Total equity		266.8	187.6	207.7
Deferred tax		6.4	5.9	5.9
Pension liabilities		5.1	6.9	5.1
Provisions		5.6	1.9	2.3
Interest-bearing loans and borrowings		324.0	302.8	292.7
Lease liabilities		38.6	35.8	35.3
Other liabilities	7	3.0	5.1	5.4
Total non-current liabilities		382.7	358.4	346.7
Interest-bearing loans and borrowings		6.9	5.6	5.8
Lease liabilities		23.2	21.8	22.3
Trade payables		117.4	128.5	135.9
Income tax payable		6.1	13.2	7.5
Other liabilities	7	105.0	102.8	101.5
Provisions		14.1	13.2	13.8
Total current liabilities		272.7	285.1	286.8
Total liabilities		655.4	643.5	633.5
Total equity and liabilities		922.2	831.1	841.2



Condensed cash flow statement

for the period ended September 30

EUR million	Note	Q3 2022	Q3 2021	9M 2022	9M 2021
Operating profit		10.8	19.5	47.1	64.2
Depreciation, amortization, and impairment	8	15.5	14.5	47.5	44.2
Other non-cash adjustments		-2.0	-3.8	1.9	-5.5
Changes in working capital		2.5	-5.9	-59.9	-35.8
Cash flow from operations before financial items and income taxes		26.8	24.3	36.6	67.1
Financial income received		2.3	-0.8	6.8	2.1
Financial expenses paid		-2.2	-2.6	-9.1	-9.7
Income tax paid		-2.1	-1.8	-9.4	-5.7
Cash flow from operating activities		24.8	19.1	24.9	53.8
Purchase of property, plant, and equipment		-2.2	-1.7	-6.6	-3.6
Sale/disposal of property, plant, and equipment		-	-	0.3	0.2
Purchase of intangible assets		-3.6	-2.6	-10.8	-7.5
Purchase of financial assets		-2.6	-	-3.5	-
Sale/disposal of financial assets		-	-0.2	0.5	0.1
Dividend received from associates		1.3	-	1.3	-
Cash flow from investing activities		-7.1	-4.5	-18.8	-10.8
Free cash flow		17.7	14.6	6.1	43.0
Changes in current interest-bearing receivables		-	0.3	0.1	0.8
Changes in current interest-bearing loans and borrowings		1.5	-1.3	-0.7	-100.9
Changes in non-current interest-bearing loans and borrowings		-5.1	-4.1	21.8	78.0
Payment of lease liabilities		-6.3	-5.6	-18.3	-18.3
Cash flow from financing activities		-9.9	-10.7	2.9	-40.4
Net cash flow for the period		7.8	3.9	9.0	2.6
Cash at bank and in hand, at the beginning of the period		17.1	11.7	15.0	13.1
Exchange rate adjustments		0.1	0.1	1.0	-
Net cash flow for the period		7.8	3.9	9.0	2.6
Cash at bank and in hand, September 30		25.0	15.7	25.0	15.7



Condensed statement of changes in equity

for the period ended September 30

EUR million	2022					2021				
	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	-0.7	4.0	131.5	207.7	72.9	-14.9	-0.9	77.7	134.8
Other comprehensive income										
Exchange rate adjustments	-	22.8	-	-	22.8	-	10.3	-	-	10.3
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	4.5	-	4.5	-	-	2.5	-	2.5
Transferred to cost of sales	-	-	3.9	-	3.9	-	-	0.1	-	0.1
Transferred to inventory	-	-	0.8	-	0.8	-	-	-0.2	-	-0.2
Tax on value adjustment of hedging instruments	-	-	-2.0	-	-2.0	-	-	-0.5	-	-0.5
Total other comprehensive income	-	22.8	7.2	-	30.0	-	10.3	1.9	-	12.2
Profit for the period	-	-	-	28.8	28.8	-	-	-	39.5	39.5
Comprehensive income for the period	-	22.8	7.2	28.8	58.8	-	10.3	1.9	39.5	51.7
Share option program	-	-	-	0.3	0.3	-	-	-	1.1	1.1
Total changes in equity	-	22.8	7.2	29.1	59.1	-	10.3	1.9	40.6	52.8
Equity, September 30	72.9	22.1	11.2	160.6	266.8	72.9	-4.6	1.0	118.3	187.6

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.

The interim report follows the same accounting policies as the consolidated financial statements for 2021, which provide a full description of the significant accounting policies.

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

Amendments to accounting standards that are mandatorily effective for the current reporting period

IASB has issued amended standards which apply for the first time in 2022. None of these amended standards and interpretations are expected to have any significant impact on our financial statements.

New and amended IFRS standards and interpretations not yet adopted by the EU

IASB have issued amended standards and interpretations which apply for the first time in 2022, but which have not yet been adopted by the EU. None of these amended standards and interpretations, not yet adopted by EU, are expected to have any significant impact on our financial statements.

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 2021 Annual Report. Regarding risks please refer to Note 6.3 of the 2021 Annual Report and the information contained in the section on risk management of the 2021 Annual Report.

COVID-19

Compared to what was disclosed in the Annual Report 2021, the COVID-19 outbreak is considered to impose continuously less uncertainty on the financial statements. APAC is currently the region that continues to see the biggest impact from COVID-19.

We have realized no specific impairments of assets and no additional obligations or liabilities have been recognized in Q3 2022 as a direct result of COVID-19. Depending on the situation with 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 Q3 2022 could change. Future changes in estimates and judgment may have an impact on the Group's result and financial position.

Russia

The war in Ukraine led to a decision to suspend business in Russia on March 4, 2022. On April 26, 2022 it was decided to initiate a liquidation of Nilfisk Russia.

We have written down trade receivables and other assets impacted in Q1 2022 and in Q2 2022, a wind down of business in Russia and Belarus was initiated and later liquidation as well. During Q3 2022 local staff has been substantially reduced to only those needed to facilitate liquidation, and sale of existing inventory has been ongoing. Currently, liquidation is estimated to be completed in early 2023.

The liquidation of Nilfisk Russia is considered to have an immaterial impact on Nilfisk Group. Please see note 6 Special items for further details.

Tornado impact on US Distribution Center

On March 30, 2022, Nilfisk's Distribution Center in Springdale, Arkansas, was hit by a tornado as stated in company announcement 8/2022. The final loss assessment is progressing but has not yet been completed, and a dialogue is still ongoing with the insurance company. There is therefore continued uncertainty when it comes to both the assessment of damaged inventory and the expected insurance recovery.

On September 15, 2022 the owner of the US Distribution Center building filed a claim against Nilfisk with respect to contractual obligations related to terminating the contract.

On October 15, 2022 our insurer filed a lawsuit against Nilfisk with respect to the insurance payout for the tornado destructions of the US Distribution Center.

Please see note 10 Contingent assets and liabilities and note 11 Subsequent events for further details.

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, 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. Expected to a lesser extent in 2022 due to supply chain issues.

Note 4 Segment information

EUR million	Europe	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other	Group
Q3 2022								
Revenue	110.6	103.3	23.3	-	237.2	12.7	13.1	263.0
Gross profit	49.6	36.3	9.7	-	95.6	4.5	2.8	102.9
EBITDA before special items	27.3	16.1	3.4	-14.8	32.0	-	-2.8	29.2
<i>Reconciliation to profit before income taxes:</i>								
Special items								-3.0
Amortization, depreciation and impairment								-15.4
Share of profit/loss from associates								0.4
Financial income								0.8
Financial expenses								-1.7
Profit before income taxes								10.3
Gross margin	44.8%	35.1%	41.6%	-	40.3%	35.4%	21.4%	39.1%
EBITDA margin before special items	24.7%	15.6%	14.6%	-	13.5%	0.0%	-21.4%	11.1%
Q3 2021								
Revenue	108.4	77.0	19.0	-	204.4	18.0	16.8	239.2
Gross profit	50.6	30.1	7.6	-	88.3	5.5	3.6	97.4
EBITDA before special items	29.8	14.9	1.8	-12.1	34.4	1.0	-0.9	34.5
<i>Reconciliation to profit before income taxes:</i>								
Special items								-0.5
Amortization, depreciation and impairment								-14.5
Share of profit/loss from associates								-0.9
Financial income								0.1
Financial expenses								-2.8
Profit before income taxes								15.9
Gross margin	46.7%	39.1%	40.0%	-	43.2%	30.6%	21.4%	40.7%
EBITDA margin before special items	27.5%	19.4%	9.5%	-	16.8%	5.6%	-5.4%	14.4%

Note 4 Segment information (continued)

EUR million	Europe	Americas	APAC	Non-allocated	Total branded professional	Consumer	Private label and other	Group
9M 2022								
Revenue	352.5	276.0	62.7	-	691.2	62.3	45.7	799.2
Gross profit	157.4	100.2	26.1	-	283.7	20.8	9.4	313.9
EBITDA before special items	90.4	46.0	7.9	-40.8	103.5	6.0	-8.2	101.3
<i>Reconciliation to profit before income taxes:</i>								
Special items								-9.0
Amortization, depreciation, and impairment								-45.2
Share of profit/loss from associates								1.3
Financial income								1.4
Financial expenses								-11.0
Profit before income taxes								38.8
Gross margin	44.7%	36.3%	41.6%	-	41.0%	33.4%	20.6%	39.3%
EBITDA margin before special items	25.6%	16.7%	12.6%	-	15.0%	9.6%	-17.9%	12.7%
9M 2021								
Revenue	338.9	216.5	58.2	-	613.6	72.3	48.4	734.3
Gross profit	155.0	87.5	24.1	-	266.6	23.5	11.4	301.5
EBITDA before special items	92.2	44.1	7.2	-35.2	108.3	8.5	-4.0	112.8
<i>Reconciliation to profit before income taxes:</i>								
Special items								-4.4
Amortization, depreciation, and impairment								-44.2
Share of profit/loss from associates								0.6
Financial income								1.4
Financial expenses								-9.8
Profit before income taxes								56.4
Gross margin	45.7%	40.4%	41.4%	-	43.4%	32.5%	23.6%	41.1%
EBITDA margin before special items	27.2%	20.4%	12.4%	-	17.6%	11.8%	-8.3%	15.4%

Note 5 Distribution of revenue

Revenue by product line and service offering

EUR million	2022	2021	Organic growth
Q3			
Floorcare	102.9	79.9	21.4%
Vacuum cleaners	52.3	56.8	-9.5%
High-pressure washers	26.9	31.4	-18.7%
Aftermarket	80.9	71.1	10.1%
Total	263.0	239.2	5.4%
9M			
Floorcare	288.8	241.1	14.8%
Vacuum cleaners	162.0	160.6	-0.3%
High-pressure washers	110.9	113.8	-5.5%
Aftermarket	237.5	218.8	6.1%
Total	799.2	734.3	5.8%

Aftermarket includes field 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.

Revenue by geographical regions

EUR million	2022	2021	Organic growth
Q3			
Europe region	132.4	138.6	-1.0%
Americas region	104.5	79.0	14.7%
APAC & MEA region	26.1	21.6	12.8%
Total	263.0	239.2	5.4%
9M			
Europe region	446.4	446.1	2.5%
Americas region	281.4	222.8	12.9%
APAC & MEA region	71.4	65.4	3.2%
Total	799.2	734.3	5.8%

For information on revenue recognition, see accounting policy described in the Annual Report 2021, Note 2.2.

Note 6 Special items

EUR million	Q3 2022	Q3 2021	9M 2022	9M 2021
Divestment	-0.1	-	3.6	-0.7
Business restructuring	3.1	0.5	5.4	5.1
Total	3.0	0.5	9.0	4.4

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

Special items recognized in Q3 2022 were mainly legal and advisory costs incurred in regards to strategic projects such as Business Plan 2026. Divestment income in Q3 2022 was related to the ongoing liquidation of Nilfisk Russia.

During Q3 2022 Nilfisk has continued to incur costs and insurance income following the tornado hit on Nilfisk's US Distribution Center in Springdale, Arkansas at the end of Q1 2022. Please also refer to Note 10 Contingent asset and liabilities. Special items recognized in Q3 2021 were redundancy costs in connection with changes in the Executive Management Board.

For the first nine months of 2022 special items amounted to 9.0 mEUR compared to 4.4 mEUR for the first nine months of 2021.

For more information regarding special items, please refer to Note 2.4 in the 2021 Annual Report.

EUR million	2022	Special items	2022 adjusted	2021	Special items	2021 adjusted
Q3						
Revenue	263.0	0.6	263.6	239.2	-	239.2
Cost of sales	-160.1	-0.4	-160.5	-141.8	-0.5	-142.3
Gross profit	102.9	0.2	103.1	97.4	-0.5	96.9
Research and development costs	-8.5	-0.1	-8.6	-7.0	-	-7.0
Sales and distribution costs	-62.9	-0.2	-63.1	-55.5	2.9	-52.6
Administrative costs	-18.5	-3.2	-21.7	-14.7	-2.9	-17.6
Other operating income/expenses, net	0.8	0.3	1.1	-0.2	0.1	-0.1
Special items, net	-3.0	3.0	-	-0.5	0.4	-0.1
Operating profit	10.8	-	10.8	19.5	-	19.5
Share of profit/loss from associates	0.4	-	0.4	-0.9	-	-0.9
Financial income/expenses, net	-0.9	-	-0.9	-2.7	-	-2.7
Profit before income taxes	10.3	-	10.3	15.9	-	15.9
Tax on profit for the period	-2.7	-	-2.7	-4.8	-	-4.8
Profit for the period	28.8	-	28.8	39.5	-	39.5
9M						
Revenue	799.2	1.4	800.6	734.3	-	734.3
Cost of sales	-485.3	-2.1	-487.4	-432.8	-	-432.8
Gross profit	313.9	-0.7	313.2	301.5	-	301.5
Research and development costs	-22.8	-0.1	-22.9	-20.3	-	-20.3
Sales and distribution costs	-182.8	-1.0	-183.8	-167.9	-0.3	-168.2
Administrative costs	-52.6	-7.6	-60.2	-46.0	-4.1	-50.1
Other operating income/expenses, net	0.4	0.2	0.6	1.3	0.1	1.4
Special items, net	-9.0	9.0	-	-4.4	4.3	-0.1
Operating profit	47.1	-0.2	46.9	64.2	-	64.2
Share of profit/loss from associates	1.3	-	1.3	0.6	-	0.6
Financial income/expenses, net	-9.6	0.3	-9.3	-8.4	-	-8.4
Profit before income taxes	38.8	0.1	38.9	56.4	-	56.4
Tax on profit for the period	-10.0	-0.1	-10.1	-16.9	-	-16.9
Profit for the period	28.8	-	28.8	39.5	-	39.5

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 2021, Note 6.3. There have been no significant new items compared to December 31, 2021.

EUR million	September 30, 2022	September 30, 2021
<i>Financial assets:</i>		
Derivative financial instruments	19.5	2.5
Fair value through other comprehensive income	19.5	2.5
Derivative financial instruments	4.1	2.0
Fair value through profit and loss	4.1	2.0
<i>Financial liabilities:</i>		
Derivative financial instruments	5.1	1.2
Fair value through other comprehensive income	5.1	1.2
Derivative financial instruments	1.8	0.5
Fair value through profit and loss	1.8	0.5
Financial instruments, net	16.7	2.8

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	Q3						9M					
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Intangible assets		Property, plant and equipment		Total		Intangible assets		Property, plant and equipment		Total	
<i>Amortization and depreciation:</i>												
Cost of sales	-	-	4.6	4.4	4.6	4.4	0.1	0.1	13.4	13.1	13.5	13.2
Research and development costs	2.7	2.7	0.2	0.2	2.9	2.9	7.9	8.4	0.5	0.5	8.4	8.9
Sales and distribution costs	0.8	0.6	2.4	2.4	3.2	3.0	2.4	2.2	7.2	7.3	9.6	9.5
Administrative costs	1.7	1.9	2.4	2.3	4.1	4.2	5.4	5.6	7.1	7.0	12.5	12.6
Special items	-	-	0.1	-	0.1	-	-	-	0.1	-	0.1	-
Total	5.2	5.2	9.7	9.3	14.9	14.5	15.8	16.3	28.3	27.9	44.1	44.2
<i>Impairment:</i>												
Cost of sales	-	-	-	-	-	-	-	-	0.3	-	0.3	-
Research and development costs	0.6	-	-	-	0.6	-	0.9	-	-	-	0.9	-
Special items	-	-	-	-	-	-	-	-	2.2	-	2.2	-
Total impairment	0.6	-	-	-	0.6	-	0.9	-	2.5	-	3.4	-
Total amortization, depreciation, and impairment	5.8	5.2	9.7	9.3	15.5	14.5	16.7	16.3	30.8	27.9	47.5	44.2

Amortization of acquisition-related intangibles were 0.8 mEUR in Q3 2022, included in sales and distribution costs. In Q3 2021, amortization of acquisition-related intangibles were 0.6 mEUR also included in sales and distribution. For the first nine months of 2022, amortization of acquisition-related intangibles were 2.3 mEUR compared to 2.1 mEUR in the same period last year.

In Q3 2022 0.6 mEUR impairment was related to an early-stage research and development project.

Total impairment for the first nine months of 2022 were 3.4 mEUR. 2.2 mEUR was recognized in special items of which 1.9 mEUR was related to damaged assets in Nilfisk's US Distribution Center and 0.3 mEUR related to the suspension of activities in Russia. Furthermore, 0.6 mEUR impairment of assets was related to a consumer product being outphased and 0.6 mEUR impairment was related to an early-stage research and development project.

No impairments were realized in the first nine months of 2021.

Note 9 Long-term incentive programs

In line with the remuneration policy approved by the Annual General Meeting in March 2022, the Nilfisk Leadership Team and selected key employees have been awarded performance shares with a three-year cliff vesting depending on performance measures on EBITDA and Total Shareholder Return (TSR).

In 2022, a total of 28 employees were offered participation in the 2022 program with a total of 89,405 performance shares equal to 0.33% of the total number of shares in Nilfisk Holding A/S. The key employees outside the Nilfisk Leadership Team are offered participation in return for a reduction in annual bonus. In the first nine months of 2022, Nilfisk has expensed 0.2 mEUR relating to the 2022 long-term incentive program.

For performance share programs awarded in 2020 and 2021 the number of outstanding shares was 213,348 at September 30, 2022. Nilfisk has expensed 0.5 mEUR in the first nine months of 2022 related to the awarded performance shares in 2020 and 2021.

In the period 2014 to 2016 a phantom share program granted several employees the right to a potential cash payment but no right to acquire shares. The program vested in May 2022.

Note 10 Contingent assets and liabilities

Assets

Following the tornado hit on Nilfisk's US Distribution Center in Springdale, Arkansas end of March 2022, Nilfisk is in dialogue with the insurance partner around insurance coverage. The final loss assessment is progressing but still ongoing.

Approximately 18 mEUR has been received in cash for insurance recoveries. Additional 7 mEUR is included as other receivables in the statement of financial position as of September 30, 2022 for outstanding expected insurance recoveries mainly for estimated damaged inventory.

Liabilities

A claim has been filed against Nilfisk by the owner of the US Distribution Center building with respect to contractual obligations related to terminating the contract. The resulting costs may exceed the insurance coverage that has already been paid to the landlord. We continue to see a high degree of uncertainty related to potential costs.

Note 11 Subsequent events

On October 15, 2022 our insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destructions of the US Distribution Center.

We are not aware of any other events after September 30, 2022, that potentially could have a material impact on the Group's financial position.

Note 12 Definitions

Item	Key figures and ratios	Definition
1	Cash conversion	Cash flow from operations before financial items and income taxes as a percentage of EBITDA
2	Capital employed	Non-current assets less interest-bearing receivables, provisions, pensions, and deferred tax liabilities and working capital
3	CAPEX	Capital expenditure (investments in property, plant, and equipment and intangible assets)
4	CAPEX ratio	CAPEX as a percentage of revenue
5	Days sales outstanding	Accounts receivables (excluding VAT) minus bad debt provision divided with latest three months net sales accumulated up to twelve months and multiplied by 365
6	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
7	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
8	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
9	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
10	EBITDA margin	EBITDA as a percentage of revenue
11	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
12	EBIT	Earnings before interest and tax (operating profit)
13	EBIT margin before special items	EBIT before special items as a percentage of revenue
14	EBIT margin	EBIT as a percentage of revenue
15	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
16	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
17	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
18	Free cash flow	Cash flow from operating activities less cash flow from investing activities
19	Free cash flow excluding acquisitions and divestments	Free cash flow plus cash flow from acquisition of businesses and less cash flow from divestment of businesses
20	Gross margin	Gross profit as a percentage of revenue
21	Inventory days	Gross inventory divided by latest three months cost of sales excluding amortizations and service department costs accumulated up to twelve months and multiplied by 365
22	Investment ratio	Additions as a percentage of depreciations/amortizations
23	LTM	Latest twelve months
24	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
25	OCI	Other comprehensive income
26	Organic growth	Organic growth in local currency excluding acquisitions and divestments and foreign exchange rates
27	Overhead cost ratio	Overhead costs as a percentage of revenue
28	R&D ratio	Research and development spend as a percentage of revenue
29	Return on capital employed (RoCE)	EBIT before special items LTM as a percentage of average capital employed, calculated by taking the capital employed at December 31 and at the end of the preceding four quarters
30	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
31	Working capital ratio	Average working capital LTM as a percentage of revenue



Quarterly overview

EUR million	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Income statement					
Revenue	263.0	272.0	264.2	260.6	239.2
EBITDA before special items	29.2	34.5	37.6	31.5	34.5
EBITDA	26.3	33.3	35.0	31.5	34.0
Operating profit (EBIT) before special items	13.8	19.8	22.5	15.5	20.0
Operating profit (EBIT)	10.8	18.6	17.7	15.5	19.5
Special items, net	-3.0	-1.2	-4.8	-	-0.5
Financial items, net	-0.9	-5.5	-3.2	-3.2	-2.7
Profit for the period	7.6	10.4	10.8	11.5	11.1
Cash flow					
Cash flow from operating activities	24.8	18.4	-18.3	20.9	19.1
Cash flow from investing activities	-7.1	-7.3	-4.4	-5.4	-4.5
– hereof investments in property, plant and equipment	-2.2	-2.9	-1.5	-2.2	-1.7
– hereof investments in intangible assets	-3.6	-3.5	-3.7	-4.2	-2.6
Free cash flow	17.7	11.1	-22.7	15.5	14.6
Statement of financial position					
Total assets	922.2	910.8	896.1	841.2	831.1
Group equity	266.8	245.4	224.8	207.7	187.6
Working capital	250.4	244.1	226.6	175.7	159.7
Net interest-bearing debt	365.1	367.5	372.4	338.5	346.1
Capital employed	631.9	612.9	597.2	546.2	533.7
Financial ratios and employees					
Organic growth	5.4%	2.8%	9.3%	16.7%	17.9%
Organic growth Nilfisk branded professional business	10.8%	5.2%	11.2%	16.6%	16.1%
Gross margin	39.1%	38.8%	40.0%	38.8%	40.7%
EBITDA margin before special items	11.1%	12.7%	14.2%	12.1%	14.4%
EBITDA margin	10.0%	12.2%	13.2%	12.1%	14.2%
Operating profit (EBIT) margin before special items	5.2%	7.3%	8.5%	5.9%	8.4%
Operating profit (EBIT) margin	4.1%	6.8%	6.7%	5.9%	8.2%
Financial gearing	2.7	2.7	2.6	2.3	2.4
Overhead costs ratio	33.9%	31.5%	31.5%	32.9%	32.4%
CAPEX ratio	2.2%	2.4%	2.0%	2.5%	1.8%
Working capital ratio	20.4%	18.6%	16.7%	15.4%	15.5%
Return on Capital Employed (RoCE)	12.2%	13.8%	15.5%	15.8%	15.2%
Basic earnings per share (EUR)	0.28	0.38	0.40	0.42	0.41
Diluted earnings per share (EUR)	0.28	0.38	0.40	0.42	0.41
Number of full-time employees, end of period	4,737	4,799	4,930	4,887	4,796



Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q3 Interim Report of Nilfisk Holding A/S for the period January 1 - September 30, 2022.

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 at September 30, 2022, and the results of the Group's activities and cash flow for the period January 1 - September 30, 2022.

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 Q3 Interim Report of Nilfisk Holding A/S for the period January 1 - September 30, 2022 identified as 529900FSU45YYVLKB451-2022-09-30.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Brøndby, November 17, 2022

Executive Management Board

Torsten Türling
President and CEO

Reinhard Josef Mayer
CFO

Board of Directors

Göran Peter Nilsson
Chair

René Svendsen-Tune

Richard Parker Bisson

Are Dragesund

Franck Falezan

Jutta af Rosenborg

Thomas Schleicher

Gerner Raj Andersen

Claus Dalmose

Marcus Faber Kappendrup

Nadia Roya Damiri

Nilfisk's Interim Report Q3 2022 was published on November 17, 2022. 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



NILFISK