

Interim Report 1



2022

- › **SALES** totalled SEK 8,749 million (SEK 6,831 million)
- › **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 906 million (SEK 833 million)
- › **PROFIT AFTER TAX** was SEK 680 million (SEK 645 million)
- › **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.33 (SEK 0.31)
- › **ONE-OFF EXPENSES** of SEK 114 million from winding up Russian operations

Strong start to the year

Extremely strong demand but a very challenging shortage of materials and components, in addition to one-time expenses as a result of winding up operations in Russia

Consolidated sales in the first quarter grew by 28.1% (7.7%), of which 26.8% (3.2%) was organic growth. The weaker Swedish krona had a positive effect on sales growth, as did the price increases introduced in both in the second half of 2021 and at the beginning of the current financial year. Most of the growth was organic, however.

Overall demand in the quarter was very strong. In this context it is important to remember that Q1 2021 was also characterised by strong demand, which is why we are now operating on a different level compared to before the pandemic.

We see three principal reasons for the sharp increase in demand. First, our three business areas all have a clear sustainability profile, which is an advantage when more and more consumers are realising that moving away from fossil fuels is an important factor in solving the climate change issue. Second, the home refurbishment trend that was prompted by the pandemic has continued at the same intensive pace as before. The third reason is a tragic one, namely Russia's abhorrent invasion of Ukraine. Most European countries and their citizens have realised that we must completely stop our dependence on Russian oil and gas. This further drives demand for the products of our three business areas.

If we instead look at the supply side in terms of raw materials and components, this continued to be characterised by a state of near chaos. Due to semi-conductor shortages, labour shortages, much too complex and vulnerable supply chains and a freight market marked by major uncertainty and undercapacity, our sub-suppliers have unfortunately not been able to cope with the very large increase in demand. This in turn has damaged our delivery capacity to all our customers, which is very regrettable.

The Group's orders received, which were at an all-time high already at the turn of the year, therefore continued to increase in the quarter, further extending delivery times. Aside from our major internal frustration at not being able to live up to customers' expectations, this is also making it more difficult for us to realise our productivity growth target.

In terms of the materials and components shortage, it is still

very difficult to get an overall picture of when, and how quickly, we can expect to return to a more normal situation. However, the information we are receiving points to a gradual improvement over the year. In anticipation of this long-awaited improvement, we are doing everything in our power to help our customers through maximum redesign in production, increased buffer inventories and restructuring where possible.

In addition to the extraordinary problems caused by shortages of materials and components, we have also faced price increases which in both magnitude and irrationality are beyond comparison. This, in turn, has forced us to introduce price increases which are way above normal, but which for obvious reasons take a little while to take effect. Our current assessment is that all our three business areas should see a better balance between input and output prices in the second half of the year.

The business area NIBE Climate Solutions continued to report very strong growth in new orders, particularly in Europe, but the North American market is also showing positive development. We have already discussed the main reasons for this in terms of the market situation, but on top of that we have also seen a very positive reception to our brand new generations of heat pumps, which feature the most advanced controls on the market, natural refrigerants, unsurpassed savings factors and even lower noise levels.

The assurance that the shortage of materials and components will eventually pass, we are implementing a very ambitious investment programme with the goal of doubling our production capacity in the medium term, of around four years.

Despite the very sharp growth in sales, the underlying operating margin failed to reach the level seen in the previous year by a few tenths of a percentage point. The difference was due to our own price increases lagging behind, but this is something we are looking to remedy as soon as possible. Due to the obvious decision to wind up our Russian operations following Russia's terrible invasion of Ukraine, the first quarter was burdened by a one-off item in the form of estimated write-downs of SEK 114 million.

Calendar

17 May 2022

08.00 (CEST) Interim report 1, January – March 2022

11:00 (CEST) Telephone conference (in English)

Presentation of Interim Report 1 2022 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images during the conference. To listen by phone, call +46 8 505 583 74.

Annual General Meeting

18 August 2022

Interim Report 2, January – June 2022

15 November 2022

Interim Report 3, January – September 2022



*Gerteric Lindquist
Managing Director and CEO*

The business area NIBE Stoves saw continued strong growth in new orders, for much the same reasons as NIBE Climate Solutions.

Because our assessment is that this positive trend will continue, this business area too is carrying out an ambitious investment programme. Intensive product development work is also underway to sharply reduce both particle and odour levels.

In this business area, the operating margin is also lagging a few tenths of a percentage point behind Q1 in the previous year, and measures to urgently address this issue are a priority also for this business area.

The business area NIBE Element saw very strong growth in new orders, for much the same reasons as NIBE Climate Solutions, and also because of the strong growth in the semi-conductor industry and the strong electrification trend.

This business area too is in the middle of an ambitious investment programme to meet expect future growth.

Despite the very strong growth in sales, the operating margin is lagging behind by a few tenths of a percentage point. We are working very hard to close this unwanted gap.

The level of investment in our existing businesses amounted to SEK 478 million in the quarter, double the level of investment in the previous year. Excluding leases, depreciation amounted to SEK 260 million, compared with SEK 240 million in Q1 2021. In view of the fact that the opportunities for growth are deemed to be good in all three business areas, coupled with increased automation and rationalisation measures, as well as developments in sustainability, the level of investment in the next three to four years will be at least 50% higher than previously, and even higher in some years.

The operating profit for the first quarter improved by 8.8% compared with the corresponding period in the previous year but the operating margin declined from 12.7% to 10.8%. Excluding the one-off write-down of SEK 114 million in respect of our Russian operations, the operating profit would have increased by 22% and the underlying operating margin would have been 12.1%.

Profit after net financial items improved by 8.8% in the first quarter, while the profit margin fell to 10.4% from 12.2% in the previous year. Excluding the one-off write-down of SEK 114 million, the corresponding figures would have been 22.4 % and 11.7%.

Outlook for 2022

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times in which we are living.
- We are well prepared to continue being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control measures, will ensure consistently healthy margins.
- All three business areas have a good geographical spread, which makes us less vulnerable to local downturns in demand.
- Our decentralised organisation, based on independent units, is well proven and creates the conditions for greater motivation and flexibility.
- The fact that, after a fourth wave, the pandemic appears to be fading out and the virus is on the way to being classified as an ordinary flu virus gives us confidence.
- The effects of political unrest, interest-rate developments and rising energy prices are, as always, difficult to predict.
- Uncertainty relating to sub-suppliers will most probably be a cause for concern for the remainder of the year.
- As is our habit, and based on experience, we nevertheless remain cautiously optimistic about our performance this year.

Markaryd, Sweden, 17 May 2022

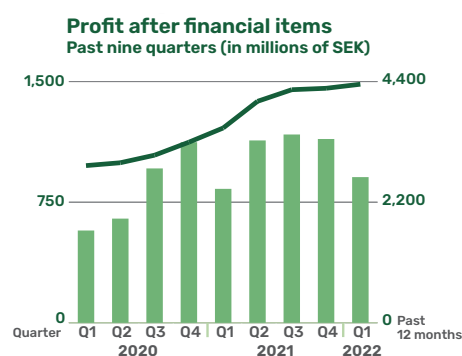
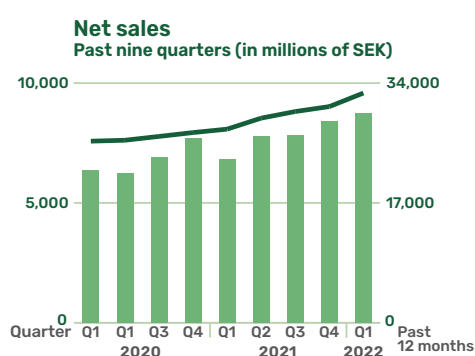
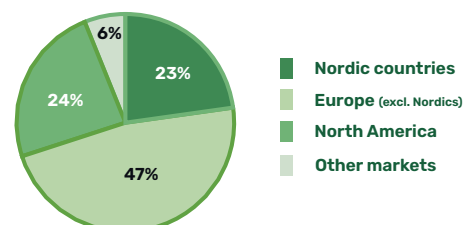
Gerteric Lindquist
Managing Director and CEO

NIBE Group

Key figures		Q1 2022	Q1 2021	Past 12 months	Full year 2021
Net sales	SEK m	8,749	6,831	32,750	30,832
Growth	%	28.1	7.7	18.5	13.6
of which acquired	%	1.3	4.5	1.0	1.8
Operating profit	SEK m	941	865	4,544	4,468
Operating margin	%	10.8	12.7	13.9	14.5
Profit after net financial items	SEK m	906	833	4,391	4,318
Profit margin	%	10.4	12.2	13.4	14.0
Equity/assets ratio	%	50.3	47.3	50.3	49.9
Return on equity*	%	15.5	15.2	16.4	17.2

* The key ratio has been calculated excluding revaluation of additional considerations

Group sales by geographical region



Sales

Consolidated net sales totalled SEK 8,749 million (SEK 6,831 million). This corresponds to growth of 28.1%. Of the increase in sales of SEK 1,918 million, acquired sales amounted to SEK 86 million, which means that organic sales increased by 26.8%.

Profit

Profit for the period after net financial items was SEK 906 million. This equates to a 8.8% increase in earnings compared with 2021. In 2021, profit after net financial items amounted to SEK 833 million. The profit for the period includes a one-off item in the form of estimated write-downs of the Group's operations in Russia, totalling SEK 114 million. The Group's Russian assets are therefore no longer ascribed a value in the financial statements. Profit for the period was charged with acquisition expenses of SEK 3 million (SEK 4 million). Return on equity, excluding revaluation of additional considerations, was 15.5% (15.2%).

Investments

In the period, the Group made investments totalling SEK 492 million (SEK 296 million). A total of SEK 14 million (SEK 60 million) of the investments relates to acquisitions of operations. The remaining SEK 478 million (SEK 236 million) is mainly investments in machinery and equipment in existing operations. The investment amount relating to acquisitions is based on both initial considerations and an estimate of additional considerations to be paid.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 939 million (SEK 1,092 million). Cash flow after changes in working capital amounted to SEK -145 million (SEK 644 million). The decrease was primarily due to build-up of input materials inventory in the period.

Interest-bearing liabilities at the end of the period amounted to SEK 10,519 million, compared with SEK 10,320 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 4,624 million as against SEK 5,208 million at the start of the year. The equity/assets ratio at the end of the period was 50.3%, compared with 49.9% at the start of the year and 47.3% at the corresponding time last year.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 16 million (SEK 11 million) and the company recorded a deficit after financial items of SEK -29 million (SEK 99 million).

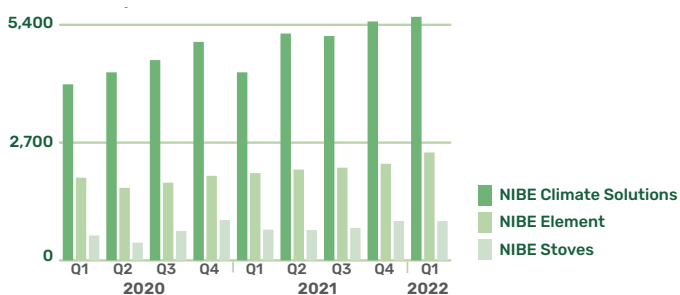
Business area trends

Quarterly data

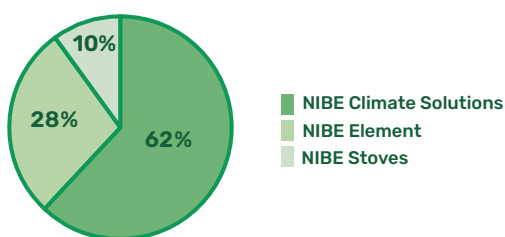
Consolidated income statement (SEK million)	2022		2021				2020			
	Q1		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	8,749		6,831	7,790	7,823	8,388	6,345	6,227	6,889	7,685
Operating expenses	-7,808		-5,966	-6,568	-6,621	-7,209	-5,707	-5,545	-5,853	-6,161
Operating profit	941		865	1,222	1,202	1,179	638	682	1,036	-1,524*
Net financial items	-35		-32	-51	-31	-36	-64	-34	-76	-48
Profit after net financial items	906		833	1,171	1,171	1,143	574	648	960	-1,476*
Tax	-226		-188	-259	-260	-233	-140	-156	-192	-247
Net profit	680		645	912	911	910	434	492	768	1,229*
Net sales, business areas										
NIBE Climate Solutions	5,583		4,310	5,199	5,142	5,476	4,035	4,310	4,591	5,008
NIBE Element	2,474		2,001	2,082	2,125	2,214	1,895	1,664	1,781	1,938
NIBE Stoves	900		705	696	746	904	573	406	676	924
Elimination of Group transactions	-208		-185	-187	-190	-206	-158	-153	-159	-185
Group total	8,749		6,831	7,790	7,823	8,388	6,345	6,227	6,889	7,685
Operating profit, business areas										
NIBE Climate Solutions	612		579	900	907	852	449	585	807	849
NIBE Element	250		216	223	213	224	179	117	173	190
NIBE Stoves	103		85	82	103	143	32	1	78	160
Elimination of Group transactions	-24		-15	17	-21	-40	-22	-21	-22	325*
Group total	941		865	1,222	1,202	1,179	638	682	1,036	-1,524*

* Includes income of SEK 353 million from revaluation of additional considerations

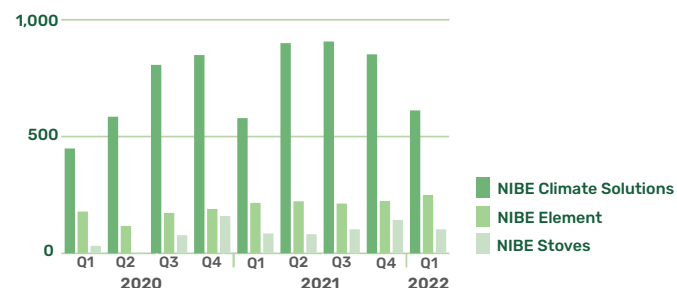
Sales per business area, last nine quarters (SEK million)



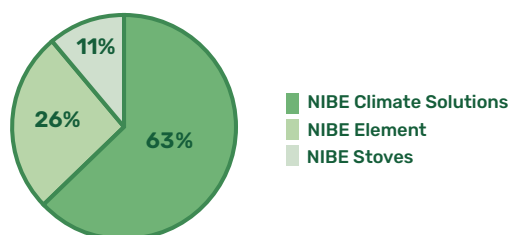
Each business area's share of total sales (Q1, 2022)



Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1, 2022)



NIBE Climate Solutions business area

Key figures		Q1 2022	Q1 2021	Past 12 months	Full year 2021
Net sales	SEK m	5,583	4,310	21,401	20,127
Growth	%	29.5	6.8	17.5	12.2
of which acquired	%	1.2	6.2	0.8	1.9
Operating profit	SEK m	612	579	3,271	3,238
Operating margin	%	11.0	13.4	15.3	16.1
Assets	SEK m	29,484	26,136	29,484	27,972
Liabilities	SEK m	4,933	3,866	4,933	4,437
Investments in non-current assets	SEK m	320	138	929	746
Amortisation/Depreciation	SEK m	210	207	811	808

Sales and profit

Sales for the period totalled SEK 5,583 million, compared with SEK 4,310 million for the corresponding period in the previous year. Of the increase in sales of SEK 1,273 million, acquired sales accounted for SEK 52 million, which means that organic growth was 28.3%.

Operating profit for the period totalled SEK 612 million, compared with SEK 579 million the previous year. This equates to an operating margin of 11.0% compared with 13.4% for the previous year. The operating margin for the past 12 months is thus 15.3%. Profit for the period was weighed down by SEK 114 million for the write-down of the Russian operations. Without the write-down, the operating margin for the period would have been 13.0%.

Market

Awareness of the necessity for a transition to a fossil-free society, which among other things mean a transition to various heat pump solutions, is continuing to reach new levels. The Russian invasion of Ukraine has further raised awareness in Europe about the need to find fossil-free alternatives to fuels such as natural gas and oil. We are seeing very strong demand for various heat pump solutions because our products are perfectly attuned to current market trends. The North American market has also been influenced by the development in Europe, and this is boosting demand for alternatives to current fossil climate control products.

However, the external environment, with the current global components shortage and a war situation in Europe, is a major challenge for our delivery capacity. This is very frustrating both for us and our customers.

Although the discussion around climate change has been overshadowed by the current situation, governments in a growing number of countries, both in Europe and North America, are putting significant efforts into trying to solve the climate change issue. Among other things, measures are being taken to bring forward the transition to a more sustainable society, where products that use the fossil fuels oil and gas are phased out in the long term. This is good for our industry in both the long and short terms.

In Europe, all our targeted markets continue to show good growth. In the Netherlands, where politicians decided several years ago to phase out fossil fuels, market development remains strong. The German market, which is important for us, is currently showing the strongest growth. This is an effect both of favourable state subsidies, offered in return for energy-efficient and sustainable heat pumps, and the urgent need to become less dependent on oil and gas. The British market is also growing rapidly as subsidies are introduced for transition to fossil-free heating. All the Nordic markets are also growing, which benefits us as the market leader in all the Nordic countries.

All our units in Eastern Europe are also reporting good expansion. The Polish market, where we are well represented both through our own production of water heaters and sales of heat pumps, is growing rapidly.

Growth in the Swedish domestic heat pump market remains strong. Above all, the increase is due to a growing replacement market, but new housing construction is also showing positive development. We have a continued strong market position in both segments, which means we can adapt to changes in the market.

The North American heat pump market for single-family houses also performed well, mainly as a result of significant tax credits for private individuals who install geothermal heat pumps, but also because the economy is recovering after the pandemic.

We contribute to the UN Global Sustainable Development Goals



Goal 7

Ensure access to affordable, reliable, sustainable and modern energy for all

NIBE's actions Increase the proportion of products based on renewable energy and meet the market's need for energy-efficient and clean energy solutions.

Genuine sustainability approach

Through its new taxonomy, the EU wants to promote sustainable investment in business. This is entirely in line with our values. We have been working with sustainability for many decades.

The EU has identified product groups and sectors within the taxonomy that could make a big difference to efforts to counteract climate change. Heat pumps figure among the products included in the taxonomy – an area in which NIBE is a world leader.

“Of course, it is a positive thing for us that we are covered by this regulation and that we can be involved and contribute.” This only strengthens the transition work that we have already begun at NIBE.

In order to be sustainable and work in line with the requirements of the EU taxonomy, it is not sufficient to only examine our own operations – the entire value chain needs to be monitored.

“We work very carefully to ensure that our suppliers live up to our requirements and our values – that they work in a sustainable manner and act in line with human rights.”

“An important driver for us in our efforts is the knowledge that we are a part of the solution in counteracting climate change.” We are already starting from a strong base today, but we also think proactively and look ahead at the next steps to take. To do this, we need new skills. This is why we are taking active steps to attract the next generation of engineers. Together with them, NIBE will be a company of the future.”



NIBE has extensive experience of working on energy-efficient solutions. NIBE is currently collaborating with both the Nobel Prize Museum and the National Museum of Science and Technology via the Science Center in Markaryd. There is both a Nobel exhibit and an energy exhibit explaining different types of energy together with interactive experiments. One obvious aim of these exhibitions is to inform people about NIBE's work involving energy and sustainability, as shown here by SQA Manager Helene Olsson (on the left) and Sustainability Coordinator Jenny Karlsson (on the right).

Both the US and Canadian markets for climate control products for commercial properties have recovered after the fall in demand for new construction and renovation projects during the pandemic. In Europe, too, demand for energy-efficient product solutions for commercial properties is increasing. We are well established in North America and have created a stable platform in Europe. Our focus now is on expanding and further strengthening our position in the European market in this segment.

Operations

The components shortage in several sub-supplier segments became even more difficult in the first quarter of this year. Our full focus has been on trying to secure access to raw materials and components, while also increasing capacity in our production units. Despite this, delivery capacity has in some cases deteriorated further because of missing key components needed to maintain production. In North America, low unemployment is another challenge because of the need to find and retain workers for production, in particular.

Russia's invasion of Ukraine on 24 February and the immediate sanctions against Russia and Belarus have meant that we have completely stopped all deliveries to and from our Russian subsidiaries, JSC EVAN och Ceteherm LLC, and stopped all financial transactions with these companies. A further consequence of the Russian invasion is that we have decided to completely withdraw from Russia and wind up the operations. The time frame for this process is difficult to estimate. To eliminate this uncertainty, the operating profit for the first quarter was burdened by a write-down of the operations of SEK 114 million.

Large investments in capacity are being implemented at several of our European operations. New heat pump plants are under construction in both Sweden and Germany as the first step in a plan to double heat pump manufacturing capacity.

In parallel with the capacity increase, we are focusing ma-

ior resources on product development and the introduction of new high-performance products in all fields of application. This is one of the basic requirements for continued expansion. In Markaryd, which is the hub of our operations, we are investing a significant amount in building a new innovation centre which is intended to safeguard the quality of future product development and attract new development engineers.

Marketing activities have resumed in both Europe and North America. Our successful mobile launch campaign continued in prioritised markets in Europe, where we present entirely new products featuring environmentally-friendly refrigerants and unique opportunities for connectivity and intelligent control. In North America, the important AHR trade show in the USA could once again take place at the start of the year, and we were well represented, showing all our different brands.

NIBE Climate Solutions also actively contributes both knowledge and products in the ongoing transition to energy-efficient climate control solutions that is being implemented in the Group's operations worldwide. The goal is to reduce our own climate impact and achieve our sustainability targets in respect of both good working conditions and reduced energy consumption and lower carbon dioxide emissions.

Overall, the turbulent external environment has meant that the operating margin so far this year is lower than in the previous year, despite stronger growth. We have not yet been able to fully compensate for the sharp increases in materials prices that occurred at short notice, despite implementing our own price increases and taking a prudent approach to fixed costs throughout the organisation. The write-down of our assets in Russia also reduced the operating margin, but this is of course a one-time effect.

NIBE Stoves business area

Key figures		Q1 2022	Q1 2021	Past 12 months	Full year 2021
Net sales	SEK m	900	705	3,245	3,051
Growth	%	27.6	23.1	19.7	18.3
of which acquired	%	0.0	1.0	0.7	0.9
Operating profit	SEK m	103	85	431	413
Operating margin	%	11.5	12.0	13.3	13.5
Assets	SEK m	4,087	3,633	4,087	3,938
Liabilities	SEK m	661	542	661	617
Investments in non-current assets	SEK m	16	23	94	101
Amortisation/Depreciation	SEK m	32	32	133	132

Sales and profit

Sales for the period totalled SEK 900 million, compared with SEK 705 million for the corresponding period in the previous year. The increase in sales of SEK 195 million was entirely organic, which means that organic growth was 27.6%.

Operating profit for the period totalled SEK 103 million, compared with SEK 85 million the previous year. This equates to an operating margin of 11.5% compared with 12.0% for the previous year. The operating margin for the past 12 months is thus 13.3%.

Market

Demand for stove products was very strong at the beginning of the year and the clearly positive trend from the previous year carried on, particularly in Europe. This was the result of the very disturbing development in the external operating environment in recent months, which has created major uncertainty around energy supply. In addition, sharply rising energy prices have boosted demand for wood-fired products, in particular.

In Scandinavia, demand has risen sharply in all markets, with the biggest increase recorded in Norway. Demand continues to be driven by investments in home improvement, combined with a high level of new production of single-family homes. Record-high electricity prices in the winter also contributed to the unusually high demand in the first quarter of the year.

The German market has shown the strongest growth so far this year. The country's high dependence on gas from Russia, combined with sharply rising energy prices, has caused demand for alternative heat sources to increase drastically. Demand is also driven by a government decision to phase out old and outdated products that do not meet applicable Ecodesign requirements.

In the UK, too, demand for wood fired products has increased

sharply as a result of rising energy prices, but also because of growing interest in replacing older products with new, modern and more efficient fireplaces, labelled "Ecodesign Ready" on the market. Demand for gas-fired and electric stoves remains at a good level, but was slightly down compared with the previous year.

In France, demand continues to increase in terms of both wood-fired and pellet-fired products, for the same reasons as in other markets.

General demand for stove products in North America remained strong but performance varied within the different product segments. Demand for wood-fired products increased sharply because a wood-fired product is a secure spare source of heating in turbulent times, while also contributing to a reduction in heating costs as energy prices rise. Demand for gas-fired products, which account for the largest share of the North American market, was slightly weaker, partly as a result of the fact that most manufacturers suffered from supply chain disruption affecting components.

Operations

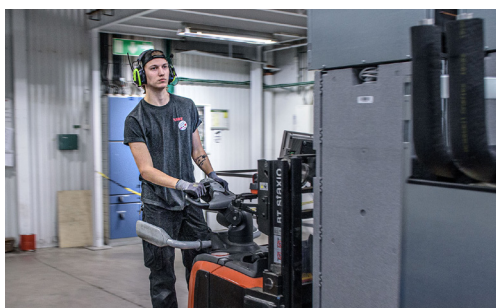
Because orders received continued to increase in the first quarter, we continue to have a significant order backlog despite an increase in production. We are fully staffed and have capacity in our production plants but because of the huge disruption in our supply chains, affecting virtually all types of materials, we are having difficulties meeting the high demand. This, in turn, means long delivery times for our products. Currently, we expect these challenges to continue for the rest of the year.

In addition to the supply chain disruption, prices of input materials are rising at an alarming rate due to the uncertain external environment and sharply higher energy prices. We, like all other players in our industry, have therefore been forced to raise our prices to a corresponding degree.

At the end of March, a completely new production hall and associated office opened at our facility in Poland, which primarily produces various concrete products for stoves. The building is another step towards our goal to achieve our sustainability targets in respect of both good working conditions and reduced energy consumption and lower CO2 emissions. The building's climate control is primarily based on our own heat pumps and all new production equipment is energy-efficient and runs on electricity.

Because the increases in materials prices hit us at short notice, combined with the fact that there is a slight delay before the price increases we have passed on take effect, the operating margin was adversely affected. However, despite rising costs in a number of areas, we have so far this year been able to maintain the operating margin at a level just below the previous year, which was due to a clear increase in sales volumes and a prudent approach to fixed costs.

We contribute to the UN Global Sustainable Development Goals



Goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

NIBE's actions Promote a safe and secure working environment, protect workers' rights and ensure decent working conditions in both their own activities and in the supply chain, along with protecting jobs and growth.

NIBE Element business area

Key figures		Q1 2022	Q1 2021	Past 12 months	Full year 2021
Net sales	SEK m	2,474	2,001	8,895	8,422
Growth	%	23.7	5.6	20.5	15.7
of which acquired	%	1.7	1.4	1.7	1.6
Operating profit	SEK m	250	216	909	876
Operating margin	%	10.1	10.8	10.2	10.4
Assets	SEK m	11,764	10,006	11,764	11,043
Liabilities	SEK m	2,085	1,835	2,085	1,889
Investments in non-current assets	SEK m	143	57	453	368
Amortisation/Depreciation	SEK m	103	90	369	356

Sales and profit

Sales for the period totalled SEK 2,474 million, compared with SEK 2,001 million for the corresponding period last year. Of the increase in sales of SEK 473 million, acquired sales accounted for SEK 35 million, which means that organic sales increased by 22.0%.

Operating profit for the period totalled SEK 250 million, compared with SEK 216 million the previous year. This equates to an operating margin of 10.1% compared with 10.8% for the previous year. This means that the operating margin for the past 12 months is 10.2%.

Market

Demand in the majority of the business area's market segments was good in the first quarter of the year. However, both demand and deliveries were severely affected by the various disruptions in global supply chains. This development has a significant impact on us and requires significant flexibility and preparedness, as well as gradual adaptation of operations. In a turbulent situation, notifications from both customers and suppliers are received at late notice and require constant re-adjustment of our operations.

In addition to the generally strong demand, we saw a strong increase in several of our market segments, particularly products linked to sustainability, renewable energy and energy-efficient solutions for climate control, such as heat pumps. This applies both to products for private and commercial use.

The ambition to reduce carbon dioxide emissions also mean that the number of industrial projects based on electric heating is growing steadily. Demand for various kinds of energy storage solutions is also growing. The majority of these solutions involve some form of electric heating and control.

Consumer-related products generally enjoyed continued strong demand, including in the domestic appliance industry. The strong home refurbishment trend that started in the pandemic has continued. We are also seeing that demand for products manufactured in Asia is being transferred to traditional manufacturers in Europe because of sharply rising transport costs and long lead times. However, there is a risk of inventory build-up at producers as they try to ward off component shortages.

The market for commercial products, for example catering equipment and professional coffee machines, also reported a gradual improvement in demand as the world reopened after the pandemic.

Demand from the automotive industry showed a downward trend, which was due to the major shortage of components for manufacture of both vehicles running on traditional fuels and recently launched electric vehicles.

The semiconductor industry continued to report very strong growth with demand driven primarily by the rollout of 5G, the transition in the automotive industry towards increased electrification and greater demand for data storage. This has resulted in an acute shortage of semiconductors throughout the market, contributing in turn to a much higher level of investment in semiconductor production. Several countries are also conducting a strategic review of the need for investment in local semiconductor production to secure supplies of this important component. This benefits us as a supplier of heating and control equipment, but unfortunately deliveries in this segment, too, are hampered by the components shortage.

Operations

To meet increased demand we have continued to increase production capacity at our units both through recruitment and investments in capacity in the segments reporting strong organic growth. In parallel with this, we have implemented additional investments in robotics and automation as well as productivity improvement measures in order to maintain competitiveness and keep the operating margin at the target level of 10%.

The sharp increases in the price of materials, services and freight that have taken place recently have also forced us to introduce successive price rises of our own to compensate for this development. Overall, our customers have been understanding and have accepted these price adjustments.

Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage. In the first few months of the year our operations were affected by the effects of the pandemic to a lesser degree.

So far this year we have implemented two small but strategically important supplementary acquisitions in order to build a local presence, with our own units in locations with an interesting industrial market.

Despite a turbulent delivery situation and sharp price increases, the operating margin remained just above the target level, thanks to good control of fixed costs and rapid adjustment of each operation to the prevailing demand and delivery situation.

We contribute to the UN Global Sustainable Development Goals



Goal 11

Make cities and human settlements inclusive, safe, resilient and sustainable

NIBE's actions Provide resource-efficient and climate-adapted components, products and solutions that contribute to sustainable cities and secure infrastructure.

Condensed income statement

(SEK million)	Group				Parent	
	Jan-Mar 2022	Jan-Mar 2021	Past 12 months	Full year 2021	Jan-Mar 2022	Jan-Mar 2021
Net sales	8,749	6,831	32,750	30,832	16	11
Cost of goods sold	-6,173	-4,601	-22,200	-20,628	0	0
Gross profit	2,576	2,230	10,550	10,204	16	11
Selling expenses	-1,165	-976	-4,399	-4,210	0	0
Administrative expenses	-594	-488	-2,124	-2,018	-35	-23
Other operating income	124	99	517	492	0	0
Operating profit	941	865	4,544	4,468	-19	-12
Net financial items	-35	-32	-153	-150	-10	111
Profit after net financial items	906	833	4,391	4,318	-29	99
Tax	-226	-188	-978	-940	0	-1
Net profit	680	645	3,413	3,378	-29	98
Net profit attributable to Parent shareholders	662	634	3,348	3,320	-29	98
Net profit attributable to non-controlling interest	18	11	65	58	0	0
Net profit	680	645	3,413	3,378	-29	98
Includes amortisation/depreciation according to plan as follows	345	329	1,313	1,297	0	0
Net profit per share before and after dilution, SEK	0.33	0.31	1.66	1.65	0	0

Statement of comprehensive income

Net profit	680	645	3,413	3,378	-29	98
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	0	0	129	129	0	0
Tax	0	0	-26	-26	0	0
	0	0	103	103	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	18	-13	19	-12	0	0
Hedging of net investment	-5	-16	-3	-14	0	0
Exchange differences on translation of foreign operations	436	874	922	1,360	0	0
Tax	-32	-73	-70	-111	0	0
	417	772	868	1,223	0	0
Total other comprehensive income	417	772	971	1,326	0	0
Total comprehensive income	1,097	1,417	4,384	4,704	-29	98
Comprehensive income attributable to Parent shareholders	1,076	1,404	4,303	4,631	-29	98
Comprehensive income attributable to non-controlling interest	21	13	81	73	0	0
Total comprehensive income	1,097	1,417	4,384	4,704	-29	98

Condensed balance sheet

(SEK million)	Group			Parent		
	31 Mar 2022	31 Mar 2021	31 Dec 2021	31 Mar 2022	31 Mar 2021	31 Dec 2021
Intangible assets	20,696	19,630	20,363	0	0	0
Property, plant and equipment	6,422	5,468	6,131	0	0	0
Financial assets	642	701	629	16,534	15,739	16,428
Total non-current assets	27,760	25,799	27,123	16,534	15,739	16,428
Inventories	7,435	4,957	6,584	0	0	0
Current receivables	5,886	4,518	4,941	96	55	264
Investments in securities, etc.	164	214	224	0	0	0
Cash and bank balances	4,036	4,974	4,522	102	36	99
Total current assets	17,521	14,663	16,271	198	91	363
Total assets	45,281	40,462	43,394	16,732	15,830	16,791
Equity	22,754	19,154	21,657	9,047	9,512	9,076
Non-current liabilities and provisions, non-interest-bearing	5,307	5,012	5,252	547	540	542
Non-current liabilities and provisions, interest-bearing	7,662	6,300	7,505	5,500	4,100	5,500
Current liabilities and provisions, non-interest-bearing	6,701	5,599	6,165	38	178	73
Current liabilities and provisions, interest-bearing	2,857	4,397	2,815	1,600	1,500	1,600
Total equity and liabilities	45,281	40,462	43,394	16,732	15,830	16,791

Key figures

		Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Growth	%	28.1	7.7	13.6
Operating profit	SEK m	941	865	4,468
Operating margin	%	10.8	12.7	14.5
Profit margin	%	10.4	12.2	14.0
Investments in non-current assets, including acquisitions	SEK m	492	296	1,790
Available cash and equivalents	SEK m	4,624	5,604	5,208
Working capital, incl. cash and bank balances	SEK m	10,820	9,064	10,106
as share of net sales	%	33.0	32.8	32.8
Working capital, excl. cash and bank balances	SEK m	6,620	3,876	5,360
as share of net sales	%	20.2	14.0	17.4
Interest-bearing liabilities/Equity	%	46.2	55.8	47.7
Equity/assets ratio	%	50.3	47.3	49.9
Return on capital employed	%	14.2	15.1	15.2
Return on capital employed, excluding revaluation of additional considerations	%	14.1	13.9	15.1
Return on equity	%	15.6	16.7	17.3
Return on equity, excluding revaluation of additional considerations	%	15.5	15.2	17.2
Net debt/EBITDA	times	1.1	1.0	1.0
Net debt/EBITDA, excluding revaluation of additional considerations	times	1.1	1.1	1.0
Interest coverage ratio	multiple	11.7	7.7	16.6

Data per share

		Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Net earnings per share (total 2,016,066,488 shares)	SEK	0.33	0.31	1.65
Equity per share	SEK	11.17	9.42	10.63
Closing day share price	SEK	105.05	67.70	136.75

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	1,494	377	256	-125	2,002
Europe (excl. Nordic region)	2,864	863	442	-75	4,094
North America	1,065	913	173	-7	2,144
Other countries	160	321	29	-1	509
Total	5,583	2,474	900	-208	8,749

Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables taken up as revenue once	5,435	2,474	900	-208	8,601
Deliverables taken up as revenue gradually	148	0	0	0	148
Total	5,583	2,474	900	-208	8,749

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be taken up as revenue gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be taken up as revenue gradually over the coming six-year period.

Financial instruments measured at fair value

(SEK million)	31 Mar 2022	31 Mar 2021	31 Dec 2021
Current receivables			
Currency futures	13	0	0
Commodity futures	7	1	2
Total	20	1	2
Current liabilities and provisions, non-interest-bearing			
Currency futures	0	0	0
Commodity futures	0	0	0
Total	0	0	0

No instruments have been offset in the statement of financial position, so all instruments are recognised at their gross value. For a detailed account of the measurement process, see Note 29 in the Annual Report for 2021. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 29 in the Annual Report for 2021.

Condensed cash flow statement

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Cash flow from operating activities	939	1,092	4,749
Change in working capital	-1,084	-448	-1,486
Investing activities	-492	-296	-2,011
Financing activities	34	-94	-1,502
Exchange difference in cash and equivalents	57	140	202
Change in cash and equivalents	-546	394	-48

Change in equity - summaries

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Opening equity	21,657	17,737	17,737
Shareholders' dividend	0	0	-781
Dividend to non-controlling interest	0	0	-3
Comprehensive income for the period	1,097	1,417	4,704
Closing equity	22,754	19,154	21,657

Alternative performance measures

Alternative performance measures are financial measures that are used by the company's management and by investors to evaluate the Group's profit and financial position using calculations that cannot be directly derived from the financial statements. The alternative performance measures provided in this report may be calculated using methods that differ from those used to produce similar measures that are used by other companies.

Net investments in non-current assets

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Acquisition of non-current assets	498	299	1,825
Disposal of non-current assets	-6	-3	-35
Net investments in non-current assets, including acquisitions	492	296	1,790

Available cash and equivalents

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Cash and bank balances	4,036	4,974	4,522
Investments in securities, etc.	164	214	224
Unutilised overdraft facilities	424	416	462
Available cash and equivalents	4,624	5,604	5,208

Working capital, including cash and bank balances

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Total current assets	17,521	14,663	16,271
Current liabilities and provisions, non-interest-bearing	-6,701	-5,599	-6,165
Working capital, including cash and bank balances	10,820	9,064	10,106
Net sales, past 12 months	32,750	27,632	30,832
Working capital, including cash and bank balances, in relation to net sales, %	33.0	32.8	32.8

Working capital, excluding cash and bank balances

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Inventories	7,435	4,957	6,584
Current receivables	5,886	4,518	4,941
Current liabilities and provisions, non-interest-bearing	-6,701	-5,599	-6,165
Working capital, excluding cash and bank balances	6,620	3,876	5,360
Net sales, past 12 months	32,750	27,632	30,832
Working capital excluding cash and bank balances relative to net sales, %	20.2	14.0	17.4

Return on capital employed

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Profit after net financial items, past 12 months	4,391	3,917	4,318
Financial expenses, past 12 months	238	479	276
Profit before financial expenses	4,629	4,396	4,594
Revaluation of additional considerations	-30	-353	-30
Profit, excluding revaluation of additional considerations	4,599	4,043	4,564
Capital employed at start of period	31,977	28,396	28,396
Capital employed at end of period	33,273	29,850	31,977
Average capital employed	32,625	29,123	30,187
Return on capital employed, %	14.2	15.1	15.2
Operating profit, excluding revaluation of additional considerations, %	14.1	13.9	15.1

Return on equity

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Profit after net financial items, past 12 months	4,391	3,917	4,318
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	3,486	3,110	3,428
Of which attributable to Parent shareholders	3,421	3,054	3,370
Equity at start of period	21,438	17,588	17,588
Equity at end of period	22,514	18,992	21,438
Average equity	21,976	18,290	19,513
Return on equity, %	15.6	16.7	17.3

Return on equity, excluding revaluation of additional considerations

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Profit after net financial items, past 12 months	4,391	3,917	4,318
Revaluation of additional considerations	-30	-353	-30
Profit, excluding revaluation of additional considerations	4,361	3,564	4,288
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	3,463	2,830	3,405
Of which attributable to Parent shareholders	3,398	2,774	3,347
Equity at start of period	21,438	17,588	17,588
Equity at end of period	22,514	18,992	21,438
Average equity	21,976	18,290	19,513
Return on equity, excluding revaluation of additional considerations, %	15.5	15.2	17.2

Net debt/EBITDA

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Non-current liabilities and provisions, interest-bearing	7,662	6,300	7,505
Current liabilities and provisions, interest-bearing	2,857	4,397	2,815
Cash and bank balances	-4,036	-4,974	-4,522
Investments in securities, etc.	-164	-214	-224
Net debt	6,319	5,509	5,574
Operating profit, past 12 months	4,544	4,107	4,468
Depreciation/amortisation and impairment, past 12 months	1,427	1,248	1,297
EBITDA	5,971	5,355	5,765
Revaluation of additional considerations	-30	-353	-30
EBITDA, excluding revaluation of additional considerations	5,941	5,002	5,735
Net debt/EBITDA, multiple	1.1	1.0	1.0
Net debt/EBITDA, excluding revaluation of additional considerations, multiple	1.1	1.1	1.0

Interest coverage ratio

(SEK million)	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
Profit after net financial items	906	833	4,318
Financial expenses	85	124	276
Profit before financial expenses	991	957	4,594
Interest coverage ratio, multiple	11.7	7.7	16.6

Accounting policies

NIBE Industrier's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the first quarter of 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related note information as well as in other parts of the interim report.

For the Group, the same accounting policies as those adopted for this report are described on pages 100-136 of the company's Annual Report for 2021.

Reporting for the Parent follows the Swedish Annual Accounts Act and recommendation RFR 2 of the Swedish Financial Accounting Standards Council ('Reporting for Legal Entities').

Related party transactions have taken place to the same extent as in the previous year and the same accounting policies have been applied as those described on page 101 of the company's Annual Report for 2021.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is, therefore, an important process relative to the goals that the company has set up. Throughout the NIBE Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2021.

The information in this report has not been reviewed by the company's auditors.

For further information on definitions, please refer to the company's Annual Report for 2021.

NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 08.00 (CEST) on 17 May 2022.

Please email any questions to:
Gerteric Lindquist, MD and Group CEO, gerteric.lindquist@nibe.se
Hans Backman, CFO, hans.backman@nibe.se

This interim report provides an accurate picture of the business activities, financial position and earnings of the Parent and the Group, and describes any significant risks and uncertainties faced by the Parent and the companies that comprise the Group.

Markaryd, Sweden, 17 May 2022

Hans Linnarson
Chairman of the Board

Georg Brunstam
Director

Jenny Larsson
Director

Anders Pålsson
Director

Jenny Sjödahl
Director

Gerteric Lindquist
Managing Director and
CEO

NIBE shares

NIBE shares, Q1

NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at 31 March 2022 was SEK 105.05.

In Q1 2022, NIBE's share price declined by 23.2%, from SEK 136.75 to SEK 105.05. In the same period, the OMX Stockholm PI (OMXSPI) fell by 14.4%.

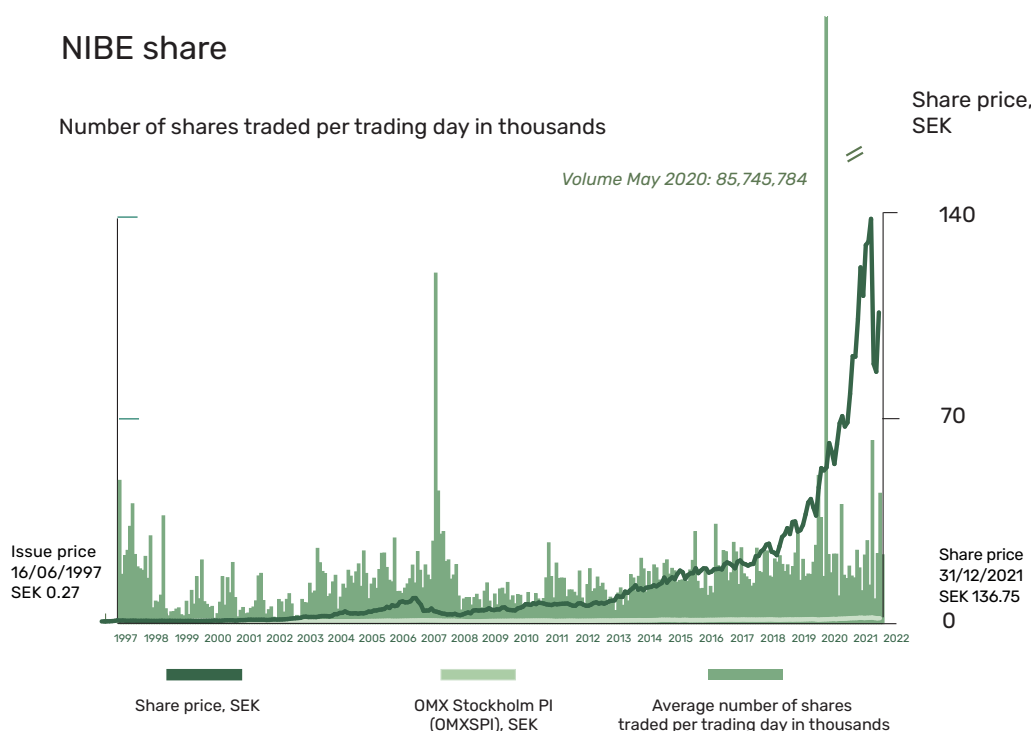
At the end of March 2022, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 211,788 million.

A total of 245,051,637 NIBE shares were traded, which corresponds to a share turnover of 48.6% in the first quarter of 2022.

All figures were recalculated following the 4:1 splits implemented in 2003, 2006, 2016 and May 2021, and the dilution effect of the preferential rights issue in October 2016.

NIBE share

Number of shares traded per trading day in thousands





NIBE Group

- a global Group with companies and a presence worldwide

NIBE Group is a global organisation that contributes to a lower carbon footprint and better utilisation of energy. In our three business areas – Climate Solutions, Element and Stoves – we develop, manufacture and market a wide range of environmentally-friendly, energy-efficient solutions for indoor climate comfort in all types of properties, plus components and solutions for intelligent heating and control in industry and infrastructure.

Since its beginnings in the town of Markaryd in the province of Småland 70 years ago, NIBE has grown into an international company with an average of 20,400 (18,700) employees and a global presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate social responsibility. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just over SEK 30 billion (SEK 27 billion) in 2021.

NIBE has been listed under the name NIBE Industrier AB on the Nasdaq Nordic Large Cap list since 1997, with a secondary listing on the SIX Swiss Exchange since 2011.

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