


Interim Report 3



2022

- › SALES totalled SEK 28,404 million (SEK 22,444 million)
- › PROFIT AFTER NET FINANCIAL ITEMS amounted to SEK 3,904 million (SEK 3,175 million)
- › PROFIT AFTER TAX was SEK 3,025 million (SEK 2,468 million)
- › EARNINGS per share before and after dilution, based on the average number of shares outstanding during the period, were SEK 1.48 (SEK 1.20)
- › One-off expenses of SEK 114 million from winding up Russian operations
- › One-off gain of SEK 232 million from the divestment of an additional 26% of the shares in Schulthess Maschinen AG of Switzerland
- › ACQUISITION OF
 - 50% of the shares in the Italian heat pump company Argoclima S.p.A.
 - an additional 41% of the shares in the Canadian stove company Pacific Energy Fireplace Products Inc
 - the German electrical heating systems company ELMESS-Klöpper Group (October)

Continued strong performance

Exceptionally good demand and signs of improvement in the supply chain. One-off expenses from winding up the Russian operations and a one-time gain from the divestment of an additional 26% of the shares in Schulthess.

Consolidated sales in the first nine months of the year grew by 26.6% (15.3%), of which 23.6% (13.2%) was organic growth. The weaker Swedish krona had a positive effect on sales growth, as did the price increases introduced in the past 12 months. In real terms, organic growth was well above the target of 10%, however.

When we compare the first three quarters of the year with the corresponding period in the previous year, it is important to remember that the second quarter of 2021 in particular was characterised by very strong growth in sales. However, by the end of the first half of 2021, sub-suppliers' capacity to deliver the requested quantities started to deteriorate, at the same time as they started to introduce price increases that were both frequent and steep. The last five quarters have therefore been characterised by particularly good order inflow, delivery disruption due to component shortages and intensive efforts to try to compensate for the sharp price rises.

The main reason for the continued strong demand in the first nine months of the year is the clear sustainability focus of our three business areas. Both political objectives and end-consumers acknowledge the need to reduce dependence on fossil fuels in order to solve the climate change issue. Following Russia's abhorrent invasion of Ukraine, it has become clear to most Europeans how important it is that we urgently reduce our dependence on Russian oil and gas, and this is further driving demand for our products.

With regard to the difficulties relating to materials and components supply, our sub-suppliers have for several quarters worked purposefully to adapt to the much higher level of demand, and we are now starting to see a clear improvement in terms of both supply chain capacity and supply chain security. This does not mean that all disruption in deliveries from us to our customers will instantly be resolved but the improvement process will take place gradually over several months, continuing into the new year.

The level of orders received was at a historically high level already at the turn of the year, and it has continued to increase throughout the current financial year. To be able to get back to something resembling a normal situation in terms of delivery times and deliveries without disruption from us to customers, intensive investment in building up capacity is under way. In the short and medium-term perspective, we are significantly expanding the workforce and making large investments in automation and robotics. Alongside this, we are also implementing an extensive programme of investment in completely new production units with optimal automation to meet the expected expansion in the longer term.

The constant shortages of materials and components in recent quarters, combined with their sharp and frequent price increases, have adversely impacted our operating margin. Productivity has, of course, been affected by the constant disruptions in operations and our own essential price increases have naturally lagged a little behind. Thanks to the improvement in materials supply and more stable prices, our assessment is that the operating margin will gradually improve.

The business area NIBE Climate Solutions continues to report very strong growth in new orders, particularly in Europe, but the North American market is also showing positive developments. We have already mentioned the main reasons for this in our product markets. In addition, 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.

Because the climate control market is undergoing a paradigm shift with regard to the transition from oil and gas to heat pumps, a very ambitious investment programme is under way in this business area. In the short term, our goal is to double production capacity, while the longer-term goal is to create the conditions necessary to double production yet again.

Despite the very sharp growth in sales, the underlying operating margin was just over one percentage point short of the level seen in the previous year. The shortfall was mainly due to lost productivity as a result of the component shortages, as well as to our own price increases lagging behind. Our assessment is that this shortfall can gradually be reduced and, over time, completely eliminated. Due to the obvious decision to wind up our Russian operations following Russia's terrible invasion of Ukraine, the first quarter operating profit was burdened by a one-off expense in the form of estimated write-downs of SEK 114 million. In the second quarter we recorded a one-time gain of SEK 232 million from the divestment of an additional 26% of the shares in Schulthess.

Calendar

16 November 2022

08:00 (CET) Interim report 3, January – September 2022

11:00 (CET) Teleconference (in English):

Presentation of Interim Report 3, 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 55.

15 February 2023

Year-end report 2022

16 May 2023

Interim Report 1, January – March 2023

Annual General Meeting



Gerteric Lindquist
Managing Director and CEO

The business area NIBE Stoves continued to report strong inflow of orders. The main reasons for this in our product markets are similar to those described for NIBE Climate Solutions.

Because our assessment is that this positive trend will continue, the business area is carrying out an ambitious investment programme. In addition, we have intensified our efforts in product development to further improve combustion of wood and significantly reduce particle levels.

In this business area, too, the operating margin is lagging a little behind compared with the corresponding period in the previous year, and determined action to remedy this is a priority for the business area.

The business area NIBE Element has seen very strong inflow of orders for much the same main reasons as the two other business areas. Other reasons are the rapidly growing semiconductor industry and the strong electrification trend.

This business area is also in the middle of an ambitious investment programme to meet expected strong future growth.

We were pleased to see the operating margin improve slightly compared with the corresponding period in the previous year. The main reasons for this were good sales growth, a disciplined approach to prices and strict cost control.

The level of investment in the existing activities in the first nine months of the year amounted to SEK 1,300 million. Excluding leases, the depreciation rate was SEK 819 million, compared with SEK 732 million in the corresponding period in the previous year. 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 rate of investment in the next three to four years will at least double. This means that our investments in increased production capacity alone will amount to just over SEK 5 billion.

Operating profit in the first nine months improved by 20.9% compared with the corresponding period in the previous year, but the operating margin declined slightly from 14.7% to 14.0%. Excluding the one-off write-down of SEK 114 million in respect of our Russian operations and the one-time gain of SEK 232 million from the divestment of the shares in Schulthess, operating profit would have increased by 17.3% and the underlying operating margin would have been 13.6%.

Profit after net financial items improved by 23.0% in the first half, while the profit margin declined slightly to 13.7% from 14.1% in the previous year. Excluding the one-off write-down of SEK 114 million and the one-time gain of SEK 232 million, the corresponding figures would have been 19.2% and 13.3% respectively.

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 the situation is increasingly returning to normal after the pandemic and the virus is on the way to being classed 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, and with only six weeks left of this year, we nevertheless remain cautiously optimistic about our performance this year.

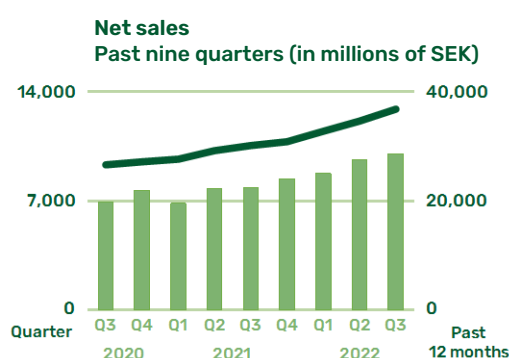
Markaryd, 16 November 2022

Gerteric Lindquist
Managing Director and CEO

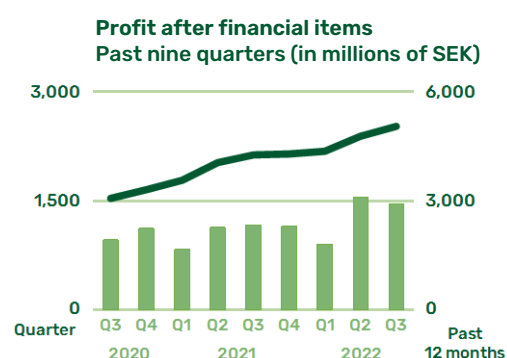
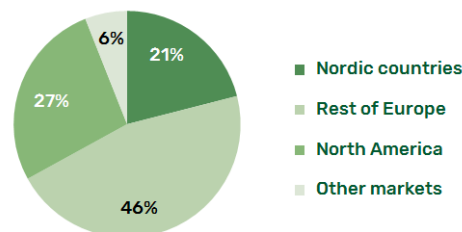
NIBE Group

Key figures		Q1-Q3 2022	Q1-Q3 2021	Past 12 months	Full year 2021
Net sales	SEK m	28,404	22,444	36,792	30,832
Growth	%	26.6	15.3	22.1	13.6
of which acquired	%	3.0	2.1	2.5	1.8
Operating profit	SEK m	3,975	3,289	5,154	4,468
Operating margin	%	14.0	14.7	14.0	14.5
Profit after net financial items	SEK m	3,904	3,175	5,048	4,318
Profit margin	%	13.7	14.1	13.7	14.0
Equity/assets ratio	%	51.0	48.1	51.0	49.9
Return on equity*	%	16.4	17.6	16.8	17.2

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



Group sales by geographical region



Sales

Consolidated net sales totalled SEK 28,404 million (SEK 22,444 million). This corresponds to growth of 26.6%. Acquired operations accounted for 3.0% of the total increase in sales of SEK 5,960 million. The divestment of a majority shareholding in Schulthess at the end of June resulted in a decrease in sales of 1.3% in the third quarter, which in turn meant that organic sales growth in the rest of the business was 24.9%.

Profit

Profit after net financial items for the period was SEK 3,904 million. This equates to a 23.0% increase in earnings compared with 2021. In 2021, profit after net financial items amounted to SEK 3,175 million. Profit for the period included a one-time write-down of SEK 114 million of the Group's operations in Russia. At the end of June, we sold an additional 26% of the shares in Schulthess, resulting in a capital gain of SEK 232 million. Because our outstanding holding comprises just 25% of the shares, Schulthess will now be accounted for as an associate. Profit for the period was charged with acquisition expenses of SEK 11 million (SEK 11 million). Return on equity, excluding revaluation of additional considerations, was 16.4% (17.6%).

Acquisitions

At the end of May, we concluded an agreement on the acquisition of 50% of the shares in the Italian company Argoclima S.p.A., a venerable manufacturer and distributor of heat pumps and air conditioning products. We have an agreement to acquire the outstanding shares within five years. The company, which has sales of approximately SEK 100 million, was consolidated into NIBE Climate Solutions as of June 2022. The acquisition value is still provisional.

At the beginning of July, we acquired an additional 41% of the shares in the Canadian stove company Pacific Energy Fireplace Products Inc., which takes our total holding to 51% of the shares and therefore majority ownership. The remaining 49% of the shares will be acquired in the first half of 2023. The company, which develops and manufactures stove products for wood and gas, has sales of around CAD 50 million and has been consolidated into NIBE Stoves with effect from July 2022. The acquisition value is still provisional.

Significant events after the end of the period

At the beginning of October we acquired all the shares in the German electric heating systems group ELMESS-Klöpfer, which has sales of around SEK 23 million. The company will be consolidated into NIBE Element as of October 2022.

Investments

In the period, the Group made investments totalling SEK 2,873 million (SEK 1,316 million). A total of SEK 1,573 million (SEK 492 million) of the investments relates to acquisitions of operations. The remaining SEK 1,300 million (SEK 824 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 3,845 million (SEK 3,597 million). Cash flow after changes in working capital amounted to SEK 1,521 million (SEK 2,536 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 11,055 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 4,432 million as against SEK 5,208 million at the start of the year. The equity/assets ratio at the end of the period was 51.0%, compared with 49.9% at the start of the year and 48.1% at the corresponding time in the previous year.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the period totalled SEK 33 million (SEK 23 million) and the company recorded a profit after financial items of SEK 1,643 million (SEK 530 million)

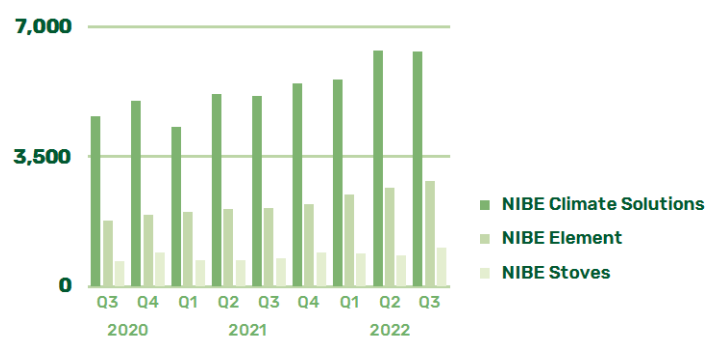
Business area trends

Quarterly data

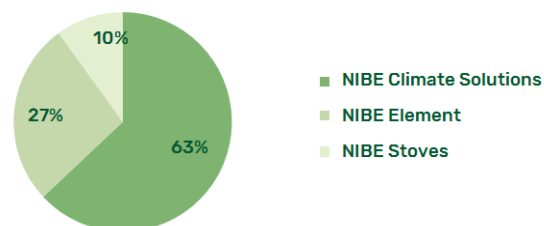
Consolidated income statement (SEK million)	2022			2021				2020	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	8,749	9,656	9,999	6,831	7,790	7,823	8,388	6,889	7,685
Operating expenses	-7,808	-8,087	-8,534	-5,966	-6,568	-6,621	-7,209	-5,853	-6,161
Operating profit	941	1,569	1,465	865	1,222	1,202	1,179	1,036	1,524 *
Net financial items	-35	-22	-14	-32	-51	-31	-36	-76	-48
Profit after net financial items	906	1,547	1,451	833	1,171	1,171	1,143	960	1,476 *
Tax	-226	-310	-343	-188	-259	-260	-233	-192	-247
Net profit	680	1,237	1,108	645	912	911	910	768	1,229 *
Net sales, business areas									
NIBE Climate Solutions	5,583	6,367	6,344	4,310	5,199	5,142	5,476	4,591	5,008
NIBE Element	2,474	2,672	2,842	2,001	2,082	2,125	2,214	1,781	1,938
NIBE Stoves	900	830	1,042	705	696	746	904	676	924
Elimination of Group transactions	-208	-213	-229	-185	-187	-190	-206	-159	-185
Group total	8,749	9,656	9,999	6,831	7,790	7,823	8,388	6,889	7,685
Operating profit, business areas									
NIBE Climate Solutions	612	1,204	1,022	579	900	907	852	807	849
NIBE Element	250	299	325	216	223	213	224	173	190
NIBE Stoves	103	95	137	85	82	103	143	78	160
Elimination of Group transactions	-24	-29	-19	-15	17	-21	-40	-22	325 *
Group total	941	1,569	1,465	865	1,222	1,202	1,179	1,036	1,524 *

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

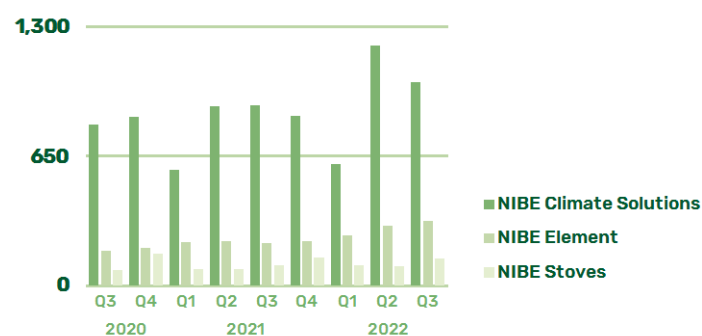
Sales per business area, last nine quarters (SEK million)



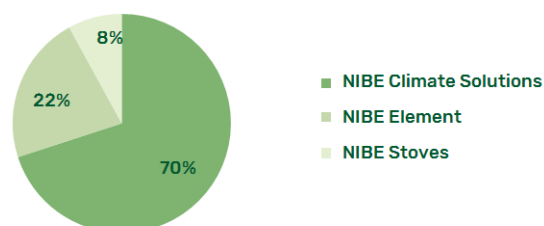
Each business area's share of total sales (Q1-Q3, 2022)



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



Each business area's share of total profit (Q1-Q3, 2022)



Business area NIBE Climate Solutions

Key figures		Q1-Q3 2022	Q1-Q3 2021	Past 12 months	Full year 2021
Net sales	SEK m	18,294	14,651	23,770	20,127
Growth	%	24.9	13.3	20.9	12.2
of which acquired	%	3.7	2.3	3.0	1.9
Operating profit	SEK m	2,838	2,386	3,690	3,238
Operating margin	%	15.5	16.3	15.5	16.1
Assets	SEK m	32,903	27,366	32,903	27,972
Liabilities	SEK m	6,154	4,549	6,154	4,437
Investments in non-current assets	SEK m	963	502	1,208	746
Amortisation/Depreciation	SEK m	630	631	808	808

Sales and profit

Sales for the period totalled SEK 18,294 million, compared with SEK 14,651 million for the corresponding period in the previous year. Acquisitions accounted for 3.7% of the increase in sales of SEK 3,643 million. The divestment of a majority shareholding in Schulthess at the end of June resulted in reduced growth of 2.0% in the third quarter, which in turn meant that organic sales growth in the rest of the business was 23.2%.

Operating profit for the period totalled SEK 2,838 million, compared with SEK 2,386 million in the previous year. This equates to an operating margin of 15.5%, compared with 16.3% for the previous year. The operating margin for the past 12 months is thus 15.5%. Profit for the period was weighed down by SEK 114 million from the write-down of the Russian operations. On the other hand, the profit includes a one-time gain of SEK 232 million in respect of the divestment of Schulthess. Excluding these two one-off items, the operating margin for the period would have been 14.9%.

Market

Consumers are becoming increasingly interested in both saving energy and finding fossil-free alternatives to natural gas and oil. This is driving the transition to a society that is less dependent on fossil fuels and where heat pumps are a key part of the answer. The Russian invasion of Ukraine has further raised awareness in Europe about the need to reduce dependence on fossil fuels. As a result of this, we are continuing to see very strong demand for all our heat pump solutions. The North American market has also been influenced by the development in Europe, and this is boosting demand for alternatives to current climate control products, which are primarily based on fossil fuels.

Our delivery capacity continues to be impeded by the external environment, due to the current global components shortage and war situation in Europe. Despite this, we have seen a gradual improvement in our sub-suppliers' delivery capacity.

The discussion around climate change has been slightly overshadowed by the current political situation but governments in a growing number of countries, both in Europe and North America, are continuing to put significant efforts into trying to solve the climate change issue. To speed up the transition to a more sustainable society, the clear objective is that products that use fossil fuels such as oil and gas should be phased out in the long term, which is something that benefits our sector both in the short and long term.

In Europe, all our targeted markets continue to show good growth. In the Netherlands, which has made a lot of progress in the transition to fossil-free fuels, the market development for heat pumps remains strong. The German market, which is important to us, is also showing very strong growth. This is an effect both of favourable state subsidies offered to encourage the replacement of existing oil and gas boilers with energy-efficient and environmentally-friendly heat pumps, and the urgent need to become less dependent on Russian oil and gas. The British market is also growing rapidly, thanks to the special subsidies introduced to aid the transition to fossil-free heating options. 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 particularly rapidly.

The rate of growth in the Swedish domestic market for heat pumps has declined a little, due to the industry's reduced delivery capacity as regards heat pumps. Underlying demand remains strong in the replacement market, however, while new production of single-family houses has slowed down slightly. We continue to have a 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.

Our journey towards carbon neutrality

Our journey began as early as 2011 and we have already reduced our emissions index by 65%. For the past seven years, we have had zero emissions from purchased electricity and also its related emissions. This signals our plan to achieve carbon neutrality by 2050.



New goal in Agenda 2030

Because we have set out on our journey towards a carbon-neutral NIBE 2050 and have formulated targets and activity plans for each business, it feels natural that we have now added yet another goal, Goal 13 of Agenda 2030: "Take urgent action to combat climate change and its impacts". Our commitment is to reduce carbon footprint through the use of renewable energy in operations and product design.

We see the largest carbon dioxide savings in:

Buildings - by installing our own product solutions we can make the transition from fossil fuel to renewable energy.

Processes - where the technology exists, we can replace processes with renewable alternatives.

Transport - we can switch from fossil fuels to electricity or hybrid where appropriate and where the infrastructure exists.

65%

New sustainability target of 65%

We have set a target of reducing our direct and indirect carbon dioxide emissions by 65% by 2030 compared with the baseline year 2019. The target is linked to our climate and environment focus areas as well as use of our energy-efficient products that use renewable energy in our operations.

The North American market for climate control products for commercial properties has also recovered after the sharp fall in demand for new construction and renovation projects during the pandemic. In this segment, too, significant tax cutting measures play a key role in promoting growth. In Europe, too, demand for energy-efficient product solutions for commercial properties is increasing. We have a reasonably well-established platform in respect of commercial climate control products in both North America and southern Europe but we need to further strengthen our position in northern Europe.

Operations

The components shortage in several sub-supplier segments continued in the third quarter of the financial year, but we are starting to see a more positive trend. Our full focus has been on trying to secure access to raw materials and components, while also increasing capacity in our production units. As a result, our delivery capacity has gradually improved. In North America, low unemployment is another challenge because of the need to find and retain workers for production, in particular.

Demand is expected to continue to show strong growth and to meet this we are carrying out large investments in capacity at several of our European operations. For example, new heat pump plants are being built in both Sweden and Germany in order to safeguard long-term production capacity for heat pumps.

Alongside the increase in capacity, we are focusing major 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. For example, we are currently building a completely new innovation centre in Markaryd in order to safeguard the quality of future product development and be able to attract new development engineers.

We have conducted marketing activities in both Europe and North America, for example through participation in various local trade fairs. 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.

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 own 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.

Integration of the Italian heat pump manufacturer Argoclima, which was acquired in June, has commenced according to plan.

The natural decision to completely cease our operations in Russia following Russia's invasion of Ukraine burdened the nine-month results by SEK 114 million. In the same period, the divestment of an additional 26% of the shares in Schulthess Maschinen AG had a positive effect on results of SEK 232 million.

For the most part, we have been able to offset the sharp increases in materials and transport prices by implementing price increases and taking a prudent approach to fixed costs throughout the organisation. Fluctuating components supply has also adversely affected productivity, which has contributed to the operating margin so far this year being slightly lower than in the previous year, despite strong growth.

Business area NIBE Stoves

Key figures		Q1-Q3 2022	Q1-Q3 2021	Past 12 months	Full year 2021
Net sales	SEK m	2,772	2,147	3,676	3,051
Growth	%	29.1	29.7	19.7	18.3
of which acquired	%	3.8	1.0	2.9	0.9
Operating profit	SEK m	335	270	478	413
Operating margin	%	12.1	12.6	13.0	13.5
Assets	SEK m	5,135	3,786	5,135	3,938
Liabilities	SEK m	1,043	653	1,043	617
Investments in non-current assets	SEK m	74	70	106	101
Amortisation/Depreciation	SEK m	106	104	134	132

Sales and profit

Sales for the period totalled SEK 2,772 million, compared with SEK 2,147 million for the corresponding period in the previous year. Of the increase in sales of SEK 625 million, acquired sales accounted for SEK 83 million, which means that organic growth was 25.3%.

Operating profit for the period totalled SEK 335 million, compared with SEK 270 million in the previous year. This equates to an operating margin of 12.1%, compared with 12.6% for the previous year. This means that the operating margin for the past 12 months is 13.0%.

Market

The very strong demand for stove products in the first half of the year intensified in the autumn, rising to levels never seen before in the industry. Demand is driven by the worrying political development in the surrounding world, which has created a lot of uncertainty around energy supply and sharply rising energy prices. In addition, long delivery times mean that many end consumers are already placing orders in order to ensure delivery of their preferred products in time for the next heating season.

A wood-fired product is a safe source of auxiliary heating, while also helping to reduce heating costs as energy prices rise. For this reason, the increase in demand in all European markets has primarily focused on wood-fired products, but demand for pellet-fired stoves has also increased. Demand for gas-fired products and electric stoves has fallen slightly in Europe, however.

In Scandinavia, demand has increased sharply so far this year, but demand increased further in the third quarter when electricity prices rose to record levels and there were warnings that electricity shortages could occur this winter. Because this market is dominated by wood-fired products, this has a large impact on overall demand.

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 government requirements that mean old products that do not meet applicable Ecodesign requirements must be phased out over time.



Market demand for wood-fired products is at an all-time high. Many people want to ensure access to heating with a stove ahead of winter. The main reasons are high electricity prices combined with worries about power cuts.

The UK, which is a major market for gas-fired products and electric stoves, has seen weaker development in these product segments compared with the same period in the previous year, primarily due to increasing concerns about weaker economic development in the country. Conversely, demand for wood-fired products has increased sharply as consumers increasingly try to reduce their heating costs. In addition, there is growing interest in replacing older products with new, modern and more efficient stoves on the market, labelled "Ecodesign ready". In France, demand is continuing to increase sharply for 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 as before, development varied between the different product segments. Demand for wood-fired products has increased, but not to the same extent as in Europe. Demand for electric stoves is also increasing, although these are mostly used for decoration. Demand for gas-fired products, which account for the largest share of the North American market, has been slightly weaker so far this year, which is due to rising gas prices but also partly to the fact that at the beginning of the year, the industry suffered some supply chain disruption affecting components.

Operations

Despite large disruption in our supply chains, so far this year we have been able to increase production capacity in our production plants. Although we are using all available means in our efforts to continue to boost the production rate, it is a challenge to be able to meet the very strong demand for wood-fired products that we are currently seeing in all markets. This means, in turn, that delivery times to our end-customers become even longer and that we, along with all other operators in the market, have delivery delays stretching into the new year. Our delivery capacity with regard to gas-fired and electric products has gradually improved and we now have delivery times in line with the market for these product segments.

In the period we acquired an additional 41% of the shares in the Canadian stove company Pacific Energy, which takes our total holding to 51% of the shares, making us the majority shareholder. Pacific Energy is a well-known company that has been operating in the North American market for more than 40 years and which produces both wood-fired and gas-fired products. It has sales of around CAD 50 millions and its operating margin is well above 10%. Integration of the operations is under way and the remaining shares will be acquired in the coming year.

As already described, the operating margin has been adversely affected by the time lag that occurs between the immediate materials price increases we have been hit by and our own price increases having an effect on profit or loss. Thanks to a clear increase in sales volume and a continued prudent approach to fixed costs, we have been able to maintain our operating margin at a level just below the previous year.

Business area NIBE Element

Key figures		Q1-Q3 2022	Q1-Q3 2021	Past 12 months	Full year 2021
Net sales	SEK m	7,988	6,208	10,202	8,422
Growth	%	28.7	16.3	25.2	15.7
of which acquired	%	1.0	1.6	1.2	1.6
Operating profit	SEK m	874	652	1,097	876
Operating margin	%	10.9	10.5	10.8	10.4
Assets	SEK m	13,859	10,524	13,859	11,043
Liabilities	SEK m	2,466	1,833	2,466	1,889
Investments in non-current assets	SEK m	481	237	611	368
Amortisation/Depreciation	SEK m	325	265	415	356

Sales and profit

Sales for the period totalled SEK 7,988 million, compared with SEK 6,208 million for the corresponding period in the previous year. Of the increase in sales of SEK 1,780 million, acquired sales accounted for SEK 63 million, which means that organic sales increased by 27.7%.

Operating profit for the period totalled SEK 874 million, compared with SEK 652 million in the previous year. This equates to an operating margin of 10.9%, compared with 10.5% for the previous year. This means that the operating margin for the past 12 months is 10.8%.

Market

Demand in the majority of the business area's market segments has been strong during the year. Both demand and deliveries continued to be 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.

Besides 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 greenhouse gas emissions also means 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.

Demand for products in the consumer segment, such as domestic appliances and direct electric heating, has declined since the end of June. At the same time, we are seeing that demand is being transferred from Asia to traditional domestic appliance manufacturers in Europe because of sharply rising transport costs and long lead times from Asia. There is a certain risk that weaker demand on the consumer side will lead to inventory reductions among domestic appliance manufacturers, and further decline in demand in these segments.

The market for commercial products, for example catering equipment and commercial coffee machines, declined in the autumn after a strong first half. Our assessment is that this is due to a decrease in consumer demand and increased cost pressure for users of these products.

The automotive industry is seeing reduced demand overall due to the major shortage of components for manufacture of both vehicles running on traditional fuels and recently launched electric vehicles. However, electrification of vehicles means new business opportunities for the business area, both with regard to passenger cars and commercial vehicles.

The semiconductor industry continued to deliver a strong performance because many growth segments use large amounts of semiconductors, for example, for the transition to fossil-free energy, electrification in the vehicle industry, 5G expansion and increased need for data storage. This has resulted in an acute shortage of semiconductors in 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 respect of local semiconductor production to secure supplies of this important component, which will benefit us. There is, however, some uncertainty about how the market will be affected by the trade sanctions the USA has recently introduced on technology exports to China in this segment. This will result in increased investments in the USA with regard to semiconductor production, while exports of machinery to China will decline

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. At the same time, we are reducing production capacity in segments with falling demand. To meet the increasing demand in the semiconductor industry, we are establishing new production plants. We are also increasing our capacity to meet growing demand in product areas linked to renewable energy. In conjunction 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% or above.

Sharp increases in the price of materials, services and energy, as well as rising freight costs, 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 both pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage. In general, there are labour shortages in many of the countries where we have production units.

Despite a turbulent delivery situation and sharp increases in costs, the operating margin remained above the target level, and even improved somewhat, thanks to good control of fixed costs and rapid adjustment of each operation to the prevailing material prices, demand and delivery situation.



To meet rapidly growing demand in the semiconductor industry, Therm-X, among others, has in a very short space of time set up a completely new production unit in Mexico.

Condensed income statement

(SEK million)	Group						Parent	
	Q3 2022	Q3 2021	Jan-Sept 2022	Jan-Sept 2021	Past 12 months	Full year 2021	Jan-Sept 2022	Jan-Sept 2021
Net sales	9,999	7,823	28,404	22,444	36,792	30,832	33	23
Cost of goods sold	-6,894	-5,191	-19,698	-14,967	-25,359	-20,628	0	0
Gross profit	3,105	2,632	8,706	7,477	11,433	10,204	33	23
Selling expenses	-1,170	-983	-3,538	-2,966	-4,782	-4,210	0	0
Administrative expenses	-637	-513	-1,863	-1,501	-2,380	-2,018	-95	-67
Other operating income	167	66	670	279	884	492	0	0
Operating profit	1,465	1,202	3,975	3,289	5,154	4,468	-62	-44
Net financial items	-14	-31	-71	-114	-106	-150	1,705	574
Profit after net financial items	1,451	1,171	3,904	3,175	5,048	4,318	1,643	530
Tax	-343	-260	-879	-707	-1,112	-940	0	-1
Net profit	1,108	911	3,025	2,468	3,936	3,378	1,643	529
Net profit attributable to Parent shareholders	1,104	895	2,982	2,428	3,875	3,320	1,643	529
Net profit attributable to non-controlling interest	4	16	43	40	61	58	0	0
Net profit	1,108	911	3,025	2,468	3,936	3,378	1,643	529
Includes amortisation/depreciation according to plan as follows	359	321	1,061	1,000	1,358	1,297	0	0
Net profit per share before and after dilution, SEK	0.55	0.44	1.48	1.20	1.92	1.65	0	0

Statement of comprehensive income

Net profit	1,108	911	3,025	2,468	3,936	3,378	1,643	529
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	0	60	57	150	36	129	0	0
Tax	0	-11	-12	-30	-8	-26	0	0
	0	49	45	120	28	103	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	-12	-10	-9	-15	-6	-12	0	0
Hedging of net investments	-37	1	-59	-9	-64	-14	0	0
Exchange differences on translation of foreign operations	1,504	432	3,676	948	4,088	1,360	0	0
Tax	-106	-38	-279	-83	-307	-111	0	0
	1,349	385	3,329	841	3,711	1,223	0	0
Total other comprehensive income	1,349	434	3,374	961	3,739	1,326	0	0
Total comprehensive income	2,457	1,345	6,399	3,429	7,675	4,704	1,643	529
Comprehensive income attributable to Parent shareholders	2,446	1,326	6,342	3,385	7,589	4,631	1,643	529
Comprehensive income attributable to non-controlling interest	11	19	57	44	86	73	0	0
Total comprehensive income	2,457	1,345	6,399	3,429	7,675	4,704	1,643	529

Condensed balance sheet

(SEK Million)	Group			Parent		
	30 Sept 2022	30 Sept 2021	31 Dec 2021	30 Sept 2022	30 Sept 2021	31 Dec 2021
Intangible assets	22,897	19,983	20,363	0	0	0
Property, plant and equipment	7,506	5,731	6,131	0	0	0
Financial assets	972	608	629	18,064	16,741	16,428
Total non-current assets	31,375	26,322	27,123	18,064	16,741	16,428
Inventories	9,834	5,864	6,584	0	0	0
Current receivables	7,412	5,235	4,941	104	58	264
Investments in securities, etc	199	215	224	0	0	0
Cash and bank balances	3,707	4,775	4,522	0	97	99
Total currents assets	21,152	16,089	16,271	104	155	363
Total assets	52,527	42,411	43,394	18,168	16,896	16,791
Equity	26,809	20,384	21,657	9,711	9,162	9,076
Non-current liabilities, non-interest bearing	5,881	5,037	5,252	1,316	537	542
Non-current liabilities, interest bearing	6,189	7,422	7,505	4,251	5,500	5,500
Current liabilities, non-interest bearing	8,782	6,241	6,165	40	97	73
Current liabilities, interest bearing	4,866	3,327	2,815	2,850	1,600	1,600
Total equity and liabilities	52,527	42,411	43,394	18,168	16,896	16,791

Key figures

		Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Growth	%	26.6	15.3	13.6
Operating profit	SEK m	3,975	3,289	4,468
Operating margin	%	14.0	14.7	14.5
Profit margin	%	13.7	14.1	14.0
Investments in non-current assets, including acquisitions	SEK m	2,873	1,316	1,790
Available cash and equivalents	SEK m	4,432	5,424	5,208
Working capital incl. cash and bank balances	SEK m	12,370	9,848	10,106
as share of net sales	%	33.6	32.7	32.8
Working capital incl. cash and bank balances	SEK m	8,464	4,858	5,360
as share of net sales	%	23.0	16.1	17.4
Interest-bearing liabilities/Equity	%	41.2	52.7	47.7
Equity/assets ratio	%	51.0	48.1	49.9
Return on capital employed	%	16.0	17.0	15.2
Return on capital employed, excluding revaluation of additional considerations	%	16.0	15.7	15.1
Return on equity	%	16.4	19.3	17.3
Return on equity, excluding revaluation of additional considerations	%	16.4	17.6	17.2
Net debt/EBITDA	times	1.1	0.9	1.0
Net debt/EBITDA, excluding revaluation of additional considerations	times	1.1	1.0	1.0
Interest coverage ratio	times	9.3	17.1	16.6

Data per share

		Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Net earnings per share (total 2,016,066,488 shares)	SEK	1.48	1.20	1.65
Equity per share	SEK	13.28	10.02	10.63
Closing day share price	SEK	100.10	110.65	136.75

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	4,561	1,127	701	-394	5,995
Europe (excl. Nordic region)	9,360	2,642	1,348	-233	13,117
North America	3,844	3,199	630	-23	7,650
Other countries	529	1,020	93	0	1,642
Total	18,294	7,988	2,772	-650	28,404

Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables taken up as revenue once	17,945	7,988	2,772	-650	28,055
Deliverables taken up as revenue gradually	349	0	0	0	349
Total	18,294	7,988	2,772	-650	28,404

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 stand-ard. 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 instrument measured at fair value

(SEK million)	30 Sept 2022	30 Sept 2021	31 Dec 2021
Current receivables			
Currency futures	0	3	0
Commodity futures	0	2	2
Total	0	5	2
Current liabilities and provisions, non-interest bearing			
Currency futures	5	5	0
Commodity futures	2	0	0
Total	7	5	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-Sept 2022	Jan-Sept 2021	Full year 2021
Cash flow from operating activities	3,845	3,597	4,749
Change in working capital	-2,324	-1,061	-1,486
Investing activities	-1,943	-1,559	-2,011
Financing activities	-872	-925	-1,502
Exchange difference in cash and equivalents	454	144	202
Change in cash and equivalents	-840	196	-48

Change in equity - summaries

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Opening equity	21,657	17,737	17,737
Shareholders' dividend	-1,008	-781	-781
Dividend to non-controlling interest	-1	-1	-3
Change in non-controlling interest	-238	0	0
Comprehensive income for the period	6,399	3,429	4,704
Closing equity	26,809	20,384	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-Sept 2022	Jan-Sept 2021	Full year 2021
Acquisition of non-current assets	2,885	1,324	1,825
Disposal of non-current assets	-12	-8	-35
Net investments in non-current assets, including acquisitions	2,873	1,316	1,790

Available cash and cash equivalents

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Cash and bank balances	3,707	4,775	4,522
Investments in securities, etc.	199	215	224
Unutilised overdraft facilities	526	434	462
Available cash and cash equivalents	4,432	5,424	5,208

Working capital, including cash and bank balances

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Total current assets	21,152	16,089	16,271
Current liabilities and provisions, non-interest bearing	-8,782	-6,241	-6,165
Working capital, including cash and bank balances	12,370	9,848	10,106
Net sales, past 12 months	36,792	30,129	30,832
Working capital, including cash and bank balances, in relation to net sales, %	33.6	32.7	32.8

Working capital, excluding cash and bank balances

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Inventories	9,834	5,864	6,584
Current receivables	7,412	5,235	4,941
Current liabilities and provisions, non-interest bearing	-8,782	-6,241	-6,165
Working capital, excluding cash and bank balances	8,464	4,858	5,360
Net sales, past 12 months	36,792	30,129	30,832
Working capital, excluding cash and bank balances, in relation to net sales, %	23.0	16.1	17.4

Return on capital employed

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Profit after net financial items, past 12 months	5,048	4,651	4,318
Financial expenses, past 12 months	547	405	276
Profit before financial expenses	5,595	5,056	4,594
Revaluation of additional considerations	-1	-390	-30
Profit excluding revaluation of additional considerations	5,594	4,666	4,564
Capital employed at start of period	31,977	28,396	28,396
Capital employed at end of period	37,864	31,133	31,977
Average capital employed	34,921	29,765	30,187
Return on capital employed, %	16.0	17.0	15.2
Return on capital employed excluding revaluation of additional considerations, %	16.0	15.7	15.1

Return on equity

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Profit after net financial items, past 12 months	5,048	4,651	4,318
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	4,008	3,693	3,428
Of which attributable to Parent shareholders	3,947	3,636	3,370
Equity at start of period	21,438	17,588	17,588
Equity at end of period	26,772	20,191	21,438
Average equity	24,105	18,890	19,513
Return on equity, %	16.4	19.3	17.3

Return on equity, excluding revaluation of additional considerations

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Profit after net financial items, past 12 months	5,048	4,651	4,318
Revaluation of additional considerations	-1	-390	-30
Profit excluding revaluation of additional considerations	5,047	4,261	4,288
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	4,007	3,383	3,405
Of which attributable to Parent shareholders	3,946	3,326	3,347
Equity at start of period	21,438	17,588	17,588
Equity at end of period	26,772	20,191	21,438
Average equity	24,105	18,890	19,513
Return on equity, excluding revaluation of additional considerations, %	16.4	17.6	17.2

Net debt/EBITDA

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Non-current liabilities and provisions, interest bearing	6,189	7,422	7,505
Current liabilities and provisions, interest bearing	4,866	3,327	2,815
Cash and bank balances	-3,707	-4,775	-4,522
Investments in securities, etc.	-199	-215	-224
Net debt	7,149	5,759	5,574
Operating profit, past 12 months	5,154	4,813	4,468
Depreciation/amortisation and impairment, past 12 months	1,472	1,304	1,297
EBITDA	6,626	6,117	5,765
Revaluation of additional considerations	-1	-390	-30
EBITDA excluding revaluation of additional considerations	6,625	5,727	5,735
Net debt/EBITDA excluding revaluation of additional considerations, multiple	1.1	1.0	1.0

Interest coverage ratio

(SEK million)	Jan-Sept 2022	Jan-Sept 2021	Full year 2021
Profit after net financial items	3,904	3,175	4,318
Financial expenses	469	198	276
Profit before financial expenses	4,373	3,373	4,594
Interest coverage ratio, multiple	9.3	17.1	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..

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, 16 November 2022

Hans Linnarson
Chairman of the Board

Georg Brunstam
Director

Eva Karlsson
Director

Jenny Larsson
Director

Gerteric Lindquist
Managing Director and CEO

Anders Pålsson
Director

Eva Thunholm
Director

Review report

We have reviewed the summary interim financial information (interim report) of NIBE Industrier AB as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd den 16 November 2022
KPMG AB

Jonas Nihlberg
Authorised Public Accountant
Auditor in charge

NIBE shares

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 30 September 2022 was SEK 100.10.

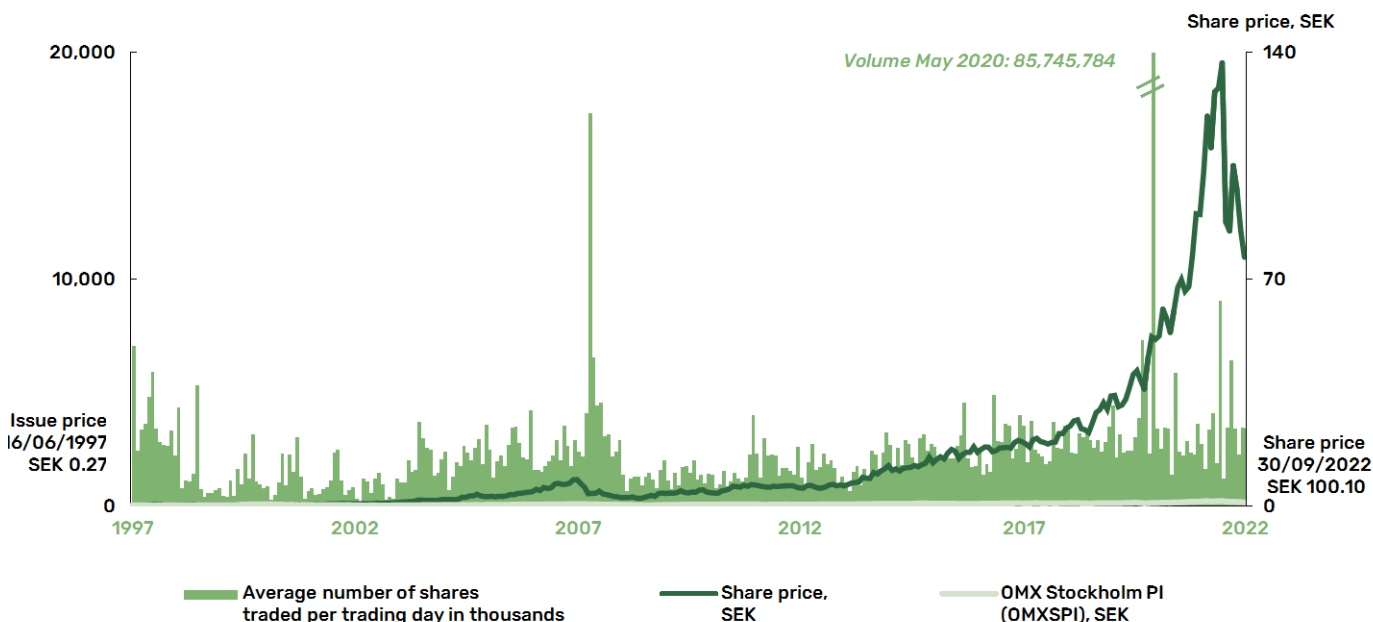
During the first nine months of 2022, NIBE's share price fell by 26.8%, from SEK 136.75 to SEK 100.10. In the same period, the OMX Stockholm PI (OMXSPI) fell by 31.9%.

This means that, at the end of September 2022, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 201,808 million.

A total of 592,372,840 NIBE shares were traded, which corresponds to a share turnover of 39.2% in the first three quarters 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.

Number of shares traded per trading day in thousands



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 16 November 2022.

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



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.

NIBE

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