


# Interim Report 2, 2021

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- A solid green horizontal bar is positioned to the left of the key figures list.
- **SALES** totalled SEK 14,621 million (SEK 12,572 million)
  - **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 2,004 million (SEK 1,222 million)
  - **PROFIT AFTER TAX** was SEK 1,557 million (SEK 926 million)
  - **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 0.76 (SEK 0.45)
  - **ACQUISITION OF** 100% of the shares in the UK heating cable company Heat Trace Holdings Ltd

## A strong first six months

Consolidated sales for the first half of the year grew by 16.3% (6%), of which 13.5% (-1.4%) was organic. The stronger Swedish krona had a considerably negative effect on sales growth.

Overall demand during the first six months was unusually good. There was continued strong growth in products with a link to sustainability. In similar fashion, there was very strong demand for products designed for DIY renovation, one of the consequences of the pandemic. However, the strong demand should be seen against a background of relatively weak demand in the first half of 2020. This was a consequence of the pandemic striking with full force at the end of Q1 and continuing to hold the world in a state of shock, primarily in Q2.

World economic recovery during the first six months of this year was both surprisingly fast and strong. However, this unexpected course of events meant that lead times for delivery from several of our subcontractors were greatly increased, and they also introduced considerable price increases. There were also shortages of some components. We were able to cope with this relatively well by working very hard, but we were unable to build up stock to the extent planned and productivity did not reach the target level. Due to the dramatic price increases affecting us, we also had to adjust our own prices, although with a slight delay.

The difficult situation involving component supplies and extended lead times will probably continue for the rest of the year. Consequently, we continue to constantly adapt to these conditions by maintaining a large component store, focusing even more on flexibility in production, finding reliable new suppliers and introducing the necessary gradual price increases.

**The NIBE Climate Solutions business area** experienced continued strong demand throughout the first six months with its pronounced sustainability profile.

There was positive growth for heat pumps in almost all areas of Europe due to the desire in many countries to stop using fossil fuels for climate control of all types of property.

Growth in North America also began to move in the right direction in Q2 as both the construction and renovation markets began to recover. The new administration in the US is also sending clear, long-term signals that it will focus on more sustainable development. The US rejoining the Paris Agreement and its Clean Energy for America Act emphasize the seriousness of this new direction.

### Calendar

#### 19 August 2021

08:00 (CET) Interim report 2, January – June 2021

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

Presentation of Interim Report 2 2021 and opportunity to ask questions.

Registration on our website [www.nibe.com](http://www.nibe.com) is required in order to access the presentation images during the conference. To listen by phone, call +46 8 505 583 68.

#### 17 November 2021

Interim Report 3, January – September 2021

#### 17 February 2022

Year-end report 2021

#### 17 May 2022

Interim Report 1, January – March 2022

Annual General Meeting

The business area's own major investments in advanced product development are now beginning to bear fruit. In the autumn, a number of entirely new generations of heat pumps will be launched, with even better performance based on optimised refrigerants.

Both the operating profit and operating margin improved considerably, primarily due to the strong real organic growth and continued strict cost control.

**The NIBE Element business area's** priority market segments all experienced strong growth in the first six months. To some extent, this is natural, given the weaker first six months last year, but the business area has now exceeded its sales level in the first six months of 2019 considerably, which is a clear indication of strength. Just as before, market segments with a clear sustainability profile enjoyed strong growth, as did consumer-related market segments in which DIY home renovation is the major driving force.

The transport sector is also experiencing strong growth. The rail sector is making a serious attempt to challenge the aviation industry, creating good conditions for our products. The same applies to the automotive industry as it focuses hard on moving away from dependence on fossil fuels through development of electric vehicles.

Another really good reason to be cheerful is the dramatic increase in investment in the semiconductor industry.

Strong real organic growth, combined with continued effective cost control, permitted good growth in both the operating profit and the operating margin.

**The NIBE Stoves business area's** first six months exceeded all expectations. Bearing in mind that the first six months last year were weak, we can now note that sales are far higher than those in the first six months of 2019, which may be seen as having been more in line with an ordinary year. The fact that more consumers than previously have decided to renovate their homes is a healthy sign as this enhances the value of both individual properties and the total property stock of each country.

Another favourable trend is that the public authorities in many countries are encouraging the replacement of old stoves with new products that have lower emissions levels and higher efficiency. This is the context in which to consider our major investments in product development as our constant objective is to be one step ahead of both our competitors and the new requirements made by public authorities.

The very strong organic sales growth, combined with continued strict cost control, resulted in particularly good growth in both the operating profit and the operating margin.



Investments in our existing businesses amounted to SEK 505 million in the first six months, compared with last year's SEK 597 million. The depreciation rate, including leases, was SEK 679 million, compared with SEK 632 million last year. Excluding leases, the depreciation rate was SEK 479 million, compared with SEK 469 million in the corresponding period last year. The investment rate will vary slightly over time but against a background of continued expected growth, investments in continued capacity increases, in further automation and rationalisation and, in particular, in simple sustainability development, will continue to be equal to or just above the depreciation rate, excluding leases.

Operating profit for the first six months improved by 58.1% compared with the corresponding period last year and the operating margin rose from 10.5% to 14.3%. It is gratifying to note that positive growth in all three business areas is behind this strong improvement.

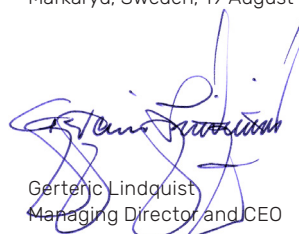
Profit after net financial items improved by 64.0% in the first six months compared with the corresponding period last year. The main reason for the improvement in net financial items is exchange gains.

## Outlook for 2021

- 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 to be 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 effects of economic trends, currency concerns, volatile energy prices and political turbulence in some parts of the world are always hard to predict.
- The outbreak of Covid-19 in Q1 2020 is another such uncertainty that has caused widespread change for most of the world's citizens and companies, including our own. Compared with 2020, the first six months of 2021 saw a clear improvement in the situation, with several vaccines entering into widespread use. Therefore, we hope that society will be able to return to slightly more normal conditions in the second half of the year. As is our way, we will continue to operate our businesses as normally as possible while exercising the greatest possible caution and being prepared for what the future may hold. This, and the fact that our products are largely both necessary and sustainable, permits us to be cautiously positive about our performance throughout the year, despite everything.

Markaryd, Sweden, 19 August 2021



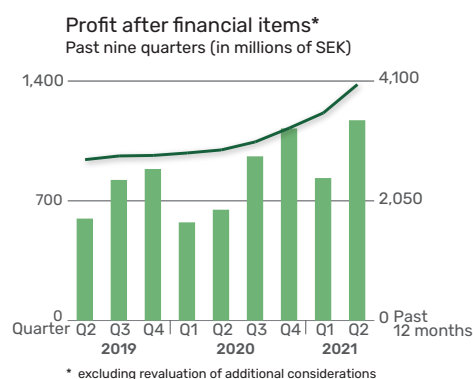
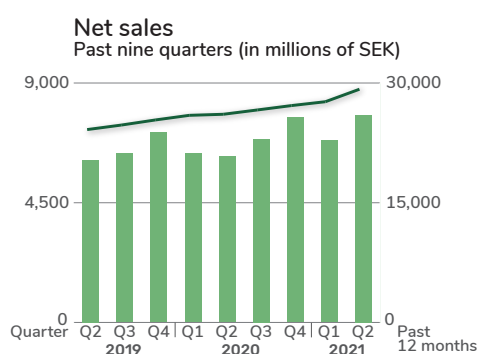
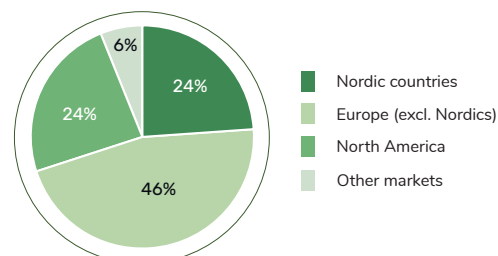
Gertner Lindquist  
Managing Director and CEO

# NIBE Group

Key ratios		Q1-2 2021	Q1-2 2020	Past 12 months	Full year 2020
Net sales	SEK m	14,621	12,572	29,195	27,146
Growth	%	16.3	6.0	12.0	7.1
of which acquired	%	2.8	7.4	5.7	8.0
Operating profit*	SEK m	2,050	1,320	4,257	3,527
Operating margin*	%	14.0	10.5	14.6	13.0
Profit after net financial items*	SEK m	1,967	1,222	4,050	3,305
Profit margin*	%	13.5	9.7	13.9	12.2
Equity/assets ratio	%	47.2	45.6	47.2	46.3
Return on equity*	%	17.3	12.7	17.1	14.5

\* Profit and key ratios have been calculated excluding revaluation of additional considerations

Group sales by geographical region



\* excluding revaluation of additional considerations

## Sales

Consolidated net sales totalled SEK 14,621 million (SEK 12,572 million). This corresponds to growth of 16.3%. Of the increase in sales of SEK 2,049 million, acquired sales were SEK 346 million, which means that organic sales increased by 13.5%.

## Profit

Profit for the period after net financial items was SEK 2,004 million. This equates to a 64.0% increase in earnings compared to 2020. Profit for the year includes revaluation of additional considerations of SEK 37 million. In 2020, profit after net financial items amounted to SEK 1,222 million. Profit for the period was charged with acquisition expenses of SEK 6 million (SEK 17 million). Return on equity, excluding revaluation of additional considerations, was 17.3% (12.7%).

## Acquisitions

A contract was signed on 7 May to acquire 100% of the shares in the UK company Heat Trace Holdings Ltd, which has sales of approximately GBP 10 million. The company develops, manufactures and markets electric heating cables to a large number of sectors worldwide. The company was consolidated into the NIBE Element business area as from 1 May 2021. The acquisition value is still provisional.

## Investments

During the period, the Group made investments totalling SEK 688 million (SEK 2,849 million). A total of SEK 183 million (SEK 2,252 million) of

the investments relates to acquisitions of operations. The remaining SEK 505 million (SEK 597 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 2,350 million (SEK 1,540 million). Cash flow after changes in working capital amounted to SEK 1,363 million (SEK 1,549 million).

Interest-bearing liabilities at the end of the period amounted to SEK 10,832 million, compared with SEK 10,660 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 4,877 million as against SEK 5,240 million at the start of the year. The equity/assets ratio at the end of the period was 47.2%, compared with 46.3% at the start of the year and 45.6% 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 17 million (SEK 14 million) and profit after financial items was SEK 473 million (SEK 248 million).

# Business area trends

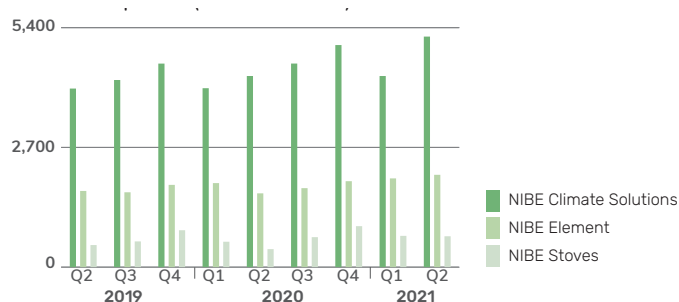
## Quarterly data

Consolidated income statement (SEK million)	2021		2020				2019		
	Q1	Q2	Q1	Q2	Q3	Q4	Q2	Q3	Q4
Net sales	6,831	7,790	6,345	6,227	6,889	7,685	6,093	6,349	7,137
Operating expenses	- 5,966	- 6,568	- 5,707	- 5,545	- 5,853	- 6,161	- 5,434	- 5,498	- 6,184
<b>Operating profit</b>	<b>865</b>	<b>1,222**</b>	<b>638</b>	<b>682</b>	<b>1,036</b>	<b>1,524*</b>	<b>659</b>	<b>851</b>	<b>953</b>
Net financial items	- 32	- 51	- 64	- 34	- 76	- 48	- 63	- 29	- 67
<b>Profit after net financial items</b>	<b>833</b>	<b>1,171**</b>	<b>574</b>	<b>648</b>	<b>960</b>	<b>1,476*</b>	<b>596</b>	<b>822</b>	<b>886</b>
Tax	- 188	- 259	- 140	- 156	- 192	- 247	- 148	- 187	- 201
<b>Net profit</b>	<b>645</b>	<b>912**</b>	<b>434</b>	<b>492</b>	<b>768</b>	<b>1,229*</b>	<b>448</b>	<b>635</b>	<b>685</b>
<b>Net sales, business areas</b>									
NIBE Climate Solutions	4,310	5,199	4,035	4,310	4,591	5,008	4,027	4,220	4,590
NIBE Element	2,001	2,082	1,895	1,664	1,781	1,938	1,718	1,688	1,855
NIBE Stoves	705	696	573	406	676	924	498	580	832
Elimination of Group transactions	- 185	- 187	- 158	- 153	- 159	- 185	- 150	- 139	- 140
<b>Group total</b>	<b>6,831</b>	<b>7,790</b>	<b>6,345</b>	<b>6,227</b>	<b>6,889</b>	<b>7,685</b>	<b>6,093</b>	<b>6,349</b>	<b>7,137</b>
<b>Operating profit, business areas</b>									
NIBE Climate Solutions	579	900	449	585	807	849	523	678	691
NIBE Element	216	223	179	117	173	190	159	145	157
NIBE Stoves	85	82	32	1	78	160	14	46	142
Elimination of Group transactions	- 15	17*	- 22	- 21	- 22	325*	- 37	- 18	- 37
<b>Group total</b>	<b>865</b>	<b>1,222**</b>	<b>638</b>	<b>682</b>	<b>1,036</b>	<b>1,524*</b>	<b>659</b>	<b>851</b>	<b>953</b>

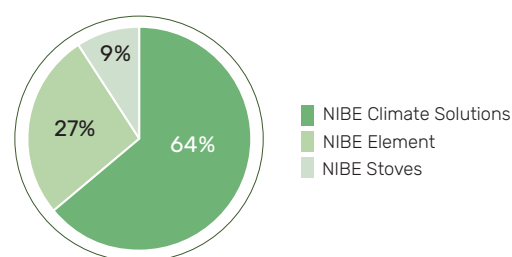
\* Includes income of SEK 353 million from revaluation of additional considerations

\*\* Includes income of SEK 37 million from revaluation of additional considerations

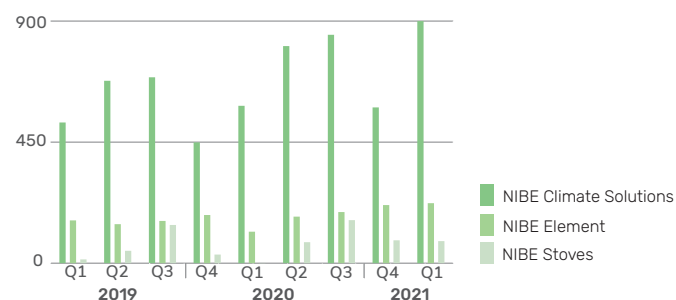
Sales per business area, last nine quarters (SEK million)



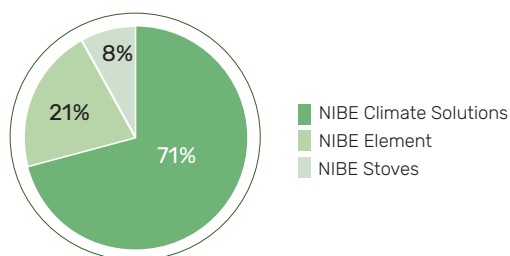
Each business area's share of total sales (Q1-Q2, 2021)



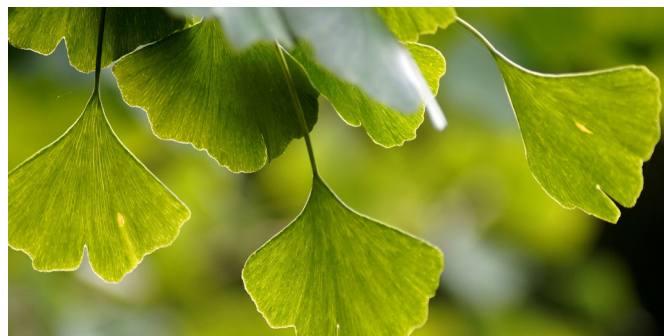
Operating profit per business area, last nine quarters (SEK million)



Each business area's share of total profit (Q1-Q2, 2021)



# NIBE Climate Solutions business area



Key ratios		Q1-2 2021	Q1-2 2020	Past 12 mths	Full year 2020
Net sales	SEK m	9,509	8,345	19,109	17,944
Growth	%	14.0	9.5	11.4	9.2
of which acquired	%	3.3	6.6	6.5	8.2
Operating profit	SEK m	1,479	1,034	3,135	2,690
Operating margin	%	15.6	12.4	16.4	15.0
Assets	SEK m	25,966	26,377	25,966	24,981
Liabilities	SEK m	4,215	3,548	4,215	4,312
Investments in non-current assets	SEK m	322	361	647	685
Amortisation/ Depreciation	SEK m	434	365	825	756

## Sales and profit

Sales for the period totalled SEK 9,509 million, compared with SEK 8,345 million for the corresponding period last year. Of the increase in sales of SEK 1,164 million, acquired sales accounted for SEK 276 million, which means that organic growth was 10.7%.

Operating profit for the period totalled SEK 1,479 million, compared with SEK 1,034 million the previous year. This equates to an operating margin of 15.6% compared with 12.4% for the previous year. The operating margin for the past 12 months is thus 16.4%.

## Market

International demand for various heat pump solutions has continued to grow as we strengthen our market position, especially in Europe. The increased interest in products that both save energy and use renewable energy is one of the main reasons for the strong market growth.

Our investment in a strong international platform of companies, products and skills to become a full-service supplier of sustainable, efficient, intelligent energy solutions with the focus on indoor climate comfort for all types of property is timely. This affords us good opportunities for further expansion now that the market conditions for these product segments are constantly improving in most of the countries in which we operate. Decisions are being made in an increasing number of countries in both Europe and North America to attempt to tackle climate change by accelerating conversion to a more sustainable society in which products using fossil oil and gas are phased out in the long term. This is good for our industry in both the long and short terms.

In the Nordic region and above all in Western Europe, our targeted markets continue to grow strongly. In the Netherlands, where politicians decided a while ago to phase out fossil fuels, market development remains strong and we are also strengthening our market position. The German market, which is important for us, is growing well now that very favourable government grants are available to replace products such as oil-fired boilers with low-energy, sustainable heat pumps. All Nordic markets are also growing, now that the Norwegian market has also recovered, which benefits us as the market leader in all the Nordic countries.

Several countries in Eastern Europe have introduced subsidies for installing more energy-efficient solutions, and our units are experiencing good expansion in terms of product concepts for indoor climate comfort, primarily in heat pumps but also in energy-efficient water heaters.

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

Growth on the North American heat pump market for single-family homes was positive in Q2, helped along by significant tax relief for individuals installing geothermal heat pumps and by the fact that the economy started to return to a more normal state.

Both the US and Canadian markets for climate control products for commercial properties recovered after the previous year's fall in demand for construction and renovation projects. Demand for energy-efficient product solutions for commercial properties is also increasing in Europe. We are well established in North America and have created a stable platform in Europe, but we continue to intensify our efforts with dedicated new resources to enable expansion and further consolidation of our position on the European market in this segment as well.



# 16 weeks on tour – a truck full of NIBE

**When the pandemic put an end to trade fairs and distributor meetings, it was necessary to take a different approach. To be able to continue to tell distributors about new products, NIBE is touring a roadshow – a truck full of new NIBE products.**

For 16 weeks, NIBE's truck is travelling the roads of Europe with around 20 stops in Sweden, Germany, the Netherlands and France. The 70 m<sup>2</sup> truck is fitted out as a showroom in which small socially distanced meetings can take place. It is like a big motorised trade show stand.



## Operations

We continue to focus major resources on product development and the introduction of new high-performance products in all application areas. This is one of the prerequisites for continued expansion and for strengthening our profile as a market leader in sustainable energy solutions for indoor climate comfort based on renewable energy in a growing market in which the interest from other operators continues to increase.

We are also continuing to work intensively to switch to more environmentally-friendly refrigerants to comply with the EU F-gas Regulation to ensure low climate impact, while also increasing requirements for energy efficiency and quality. This is also important to meet the requirements in the taxonomy proposed by the EU and essential if we are to retain our strong market position in the long term.

Now that society is gradually opening up, we will undertake several different marketing activities in both Europe and North America to further raise consumer awareness of heat pumps as an economically viable and sustainable solution for climate control of single-family homes. While we wait for Europe to open up again completely, we are currently conducting a major launch campaign using mobile units on a number of priority markets in Europe. This includes presentation of our brand new products in the exhaust air and air/water heat pump segments. The main innovations are the green refrigerant R290, better annual average efficiency and lower sound level.

Our Joint Platform Initiative for product control and cloud solutions continues and is an important step if we are to maintain our position as the market leader for connected products with intelligent controls. This gives installers, the aftermarket and end consumers new opportunities to streamline installation, reduce energy use, remotely control heat pumps and benefit from program developments.

Within the Group, several projects are in progress to achieve our internal sustainability goals in terms of both health and safety and reduced energy consumption. NIBE Climate Solutions actively contributes both knowledge and products as we switch to sustainable climate control solutions in the Group's operations worldwide.

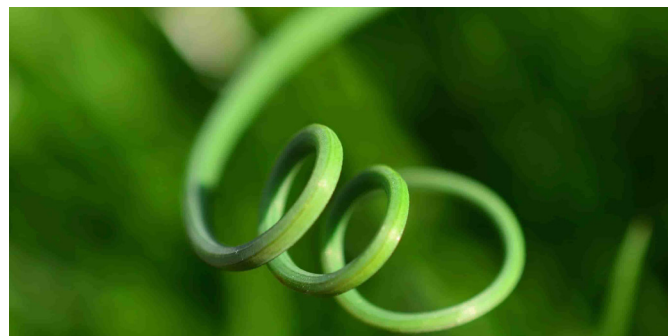
The most recent acquisitions are being integrated as a matter of priority. The acquisitions are in line with our strategy to enhance our position in the commercial segment worldwide and to expand into markets that have great growth potential.

The Covid-19 pandemic has had limited impact on our companies during the year, in particular because all our companies were able to adapt their operations to the restrictions and mandatory precautions rapidly and efficiently and it was possible to maintain business operations.

In the first six months, we were able to manage both the worldwide shortage of components and the dramatically increased prices of input goods relatively well. However, despite extensive initiatives both internally and externally, the uncertain, uneven supply of components had a suppressive effect on productivity in our manufacturing units. As a consequence of the dramatic increase in prices of raw materials and components, we also had to increase the price of a number of our products from 1 July.

The operating margin was affected positively by the strong demand situation and by good cost control throughout the organisation due to the prevailing situation, but without toning down our ambition in terms of future product development, market expansion and growth. We also continue to introduce cost efficiency measures in both production and the rest of our operations to maintain our underlying strong operating margin.

## NIBE Element business area



Key ratios		Q1-2 2021	Q1-2 2020	Past 12 mths	Full year 2020
Net sales	SEK m	4,083	3,559	7,802	7,278
Growth	%	14.7	3.8	9.9	4.4
of which acquired	%	1.7	11.1	4.9	9.6
Operating profit	SEK m	439	296	801	659
Operating margin	%	10.7	8.3	10.3	9.1
Assets	SEK m	10,153	9,638	10,153	9,443
Liabilities	SEK m	1,726	1,758	1,726	1,758
Investments in non-current assets	SEK m	135	157	332	354
Amortisation/ Depreciation	SEK m	178	199	331	352

### Sales and profit

Sales for the period totalled SEK 4,083 million, compared with SEK 3,559 million for the corresponding period last year. Of the increase in sales of SEK 524 million, acquired sales accounted for SEK 59 million, which means that organic sales increased by 13.0%.

Operating profit for the period totalled SEK 439 million, compared with SEK 296 million the previous year. This equates to an operating margin of 10.7% compared with 8.3% for the previous year. The operating margin for the past 12 months is thus 10.3%.

### Market

The international element market performed well during the first six months, but there continue to be large variations between segments and regions.

Consumer-related products generally enjoyed very strong demand, including in the domestic appliance industry. The strong home renovation trend established in the wake of Covid-19 is a contributing factor. However, we can see a certain risk in that the higher demand has been created in part by our customers stockpiling to cope with the general shortage of components that currently exists in many segments. We also note that demand has changed to the extent that our customers are clearly aiming for ever shorter, more secure supply chains. This is particularly obvious in Europe, where sharp increases in shipping costs and long lead times from Asia have caused customers to turn to local suppliers to a greater extent.

The market for commercial products, for example catering equipment and commercial coffee machines, also improved gradually during the first six months. In line with the recovery of the industrial sector during the year, investments and maintenance have increased there too.

Market segments linked to renewable energy and sustainable energy solutions continue to enjoy good growth. Demand for energy-efficient solutions for climate control, such as heat pumps, is growing among both private consumers and industrial users.

We also note a general increase in demand in the automotive industry. The industry is also working intensively to electrify both commercial vehicles and passenger cars. The number of projects and the pressure of time for their implementation are constantly increasing. Demand for projects relating to rail transport has also gradually increased.

In recent years, we have built up substantial operations as a supplier of heating and control equipment for the semiconductor industry through a combination of acquisitions and organic growth. Demand in this segment has grown gradually since autumn 2019, driven by the roll-out of 5G, the move in the automotive industry towards increased electrification and greater demand for data storage. The dramatic increase has resulted in an acute shortage of components throughout the market, contributing in turn to a much higher level of investment in semiconductor production. Several countries are now also conducting a strategic review of the need for local semiconductor production to secure supplies of this important component. This will lead to further investments

in production equipment in the next few years, which will also benefit our business.

Our customers' activities are generally affected and limited by the component shortage in several product groups on the world market. This market situation is expected, in turn, to affect the performance of our own businesses for the rest of the year.

### Operations

To meet increased demand, we have gradually increased production capacity in our units over the year through recruitment and investment.

We are also continuing our intensive efforts to improve productivity with further investments in robotisation and automation and more traditional, day-to-day productivity-enhancing measures. This is also necessary if we are to improve our units' competitiveness in their respective market segments and continue to meet our operating margin target of 10%.

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.

During the first six months, we experienced a clear increase in lead times and a sharp increase in the prices of several of our input goods. This forced us to increase our prices in several product segments and we will probably also need to continue to adapt our prices to this trend.

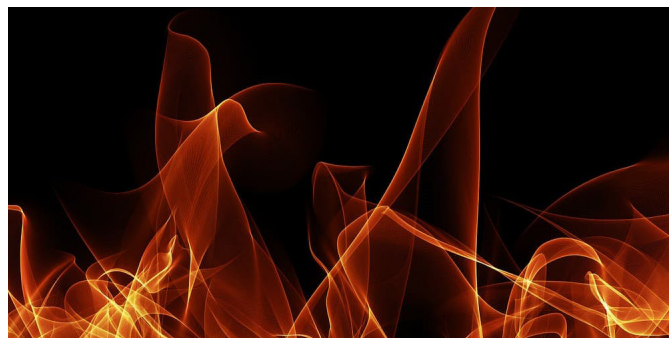
Since the start of 2020, our operations have been affected by Covid-19. Units have gradually adapted to developments in each country and our focus has been on ensuring the health and safety of our employees. Most units are back at full production, while some are once again subject to local lockdowns.

In May, NIBE acquired the UK heating cable company Heat Trace Holding Ltd., the world leader in technology for semiconductor-based, self-adjusting heating cables for high temperatures. The company has annual sales of approximately SEK 120 million and 66 employees.

The operating margin was enhanced by strong demand and strict cost control in all operations, plus rapid adaptation to the prevailing demand situation. Our ambition is also to maintain a high pace in a large number of investment and development projects to ensure future growth.



# NIBE Stoves business area



Key ratios		Q1-2 2021	Q1-2 2020	Past 12 mths	Full year 2020
Net sales	SEK m	1,401	979	3,001	2,579
Growth	%	43.1	- 10.2	25.5	3.0
of which acquired	%	1.1	0.0	1.3	0.9
Operating profit	SEK m	167	33	405	271
Operating margin	%	11.9	3.4	13.5	10.5
Assets	SEK m	3,671	3,465	3,671	3,391
Liabilities	SEK m	641	609	641	515
Investments in non-current assets	SEK m	49	42	107	99
Amortisation/Depreciation	SEK m	67	68	127	128

## Sales and profit

Sales for the period totalled SEK 1,401 million, compared with SEK 979 million for the corresponding period last year. Of the increase in sales of SEK 422 million, acquired sales accounted for SEK 11 million, which means that organic growth was 42.0%.

Operating profit for the period totalled SEK 167 million, compared with SEK 33 million the previous year. This equates to an operating margin of 11.9% compared with 3.4% for the previous year. The operating margin for the past 12 months is thus 13.5%.

## Market

The strong demand for stove products continued undiminished in Q2, which is traditionally the low season for the industry. The pattern is the same on all markets in both Europe and North America, and demand is mainly being driven by higher investment in home renovation in the wake of the pandemic and a strong economic upturn.

In Scandinavia, overall demand so far this year has increased sharply on all markets, and it is clear that the change in consumer behaviour with higher investment in home renovation instead of travel and entertainment has also had a positive impact on demand for stove products. After a downward trend in the construction of single-family homes during the pandemic, this segment is now also growing.

Demand in the UK has grown so far this year, partly due to considerably weaker comparative figures for the same period last year, when the country was under total lockdown for just over two months. Demand has grown for both wood-fired and gas-fired products, but has been even higher for electric stoves. This is good for us as we have a strong market position in this segment.

Demand in Germany was very strong throughout the first six months, with an even greater upturn than in several other countries in Europe. In addition to the generally favourable market situation, demand is being driven further by public authority requirements which mean that old products that do not comply with forthcoming ecodesign criteria may not be used in the future. The French market for stove products has also grown so far this year. This applies to both wood-fired and pellet-fired products.

North American demand for all types of stove products has grown sharply so far this year for the same reasons as in other markets. Sales of wood-fired products have grown more than those of gas-fired products, which still make up most of the overall market. This is partially explained by the fact that delivery disruption has been greater for gas-fired products than for wood-fired products. Another explanation is the subsidy programme that was introduced in the US at the start of the year. This entails a considerable subsidy when consumers buy a wood-fired stove with an efficiency of over 75%.

## Operations

Under normal circumstances, the stove industry enjoys its peak season in the autumn and winter, before declining to a natural low season during the spring and summer. However, this year there was an unusually long peak season with very strong demand throughout Q2 as well, traditionally the weakest quarter. The high demand, combined with a large surplus of orders from last year, resulted in longer delivery times than normal. The situation was similar for more or less all companies in the industry and we therefore consider that we were able to maintain our strong market position.

To meet the increased demand, production capacity in our production facilities was increased considerably, resulting in sharp sales growth on all markets. However, it was not possible to build up stock as planned to the full extent during the first six months, which we traditionally do ahead of the peak season. This will require an even higher rate of production in the second six months and assumes also that our subcontractors can cope with the corresponding capacity increase in the difficult operating environment.

In line with the rapid, sharp price increases that affected us during the first six months for both input materials and shipping, it was necessary for us to compensate with consumer price increases. However, there is still great uncertainty about our suppliers' delivery times and price situation, which may affect our operations for the rest of the year as well.

The operating margin so far this year is much improved on the corresponding period last year. The main reason for this is the marked improvement in demand on all our targeted markets, combined with good cost control. We are also continuing with our proactive measures for the future in terms of product development and marketing.

## Condensed income statement

(SEK million)	Group						Parent	
	Q2 2021	Q2 2020	Jan-June 2021	Jan-June 2020	Past 12 months	Full year 2020	Jan-June 2021	Jan-June 2020
Net sales	7,790	6,227	14,621	12,572	29,195	27,146	17	14
Cost of goods sold	- 5,175	- 4,277	- 9,776	- 8,634	- 19,313	- 18,171	0	0
<b>Gross profit</b>	<b>2,615</b>	<b>1,950</b>	<b>4,845</b>	<b>3,938</b>	<b>9,882</b>	<b>8,975</b>	<b>17</b>	<b>14</b>
Selling expenses	- 1,007	- 882	- 1,983	- 1,859	- 4,041	- 3,917	0	0
Administrative expenses	- 500	- 460	- 988	- 922	- 1,961	- 1,895	- 46	- 41
Revaluation of additional considerations	37	0	37	0	390	353	0	0
Other operating income	77	74	176	163	377	364	0	0
<b>Operating profit</b>	<b>1,222**</b>	<b>682</b>	<b>2,087**</b>	<b>1,320</b>	<b>4,647***</b>	<b>3,880*</b>	<b>- 29</b>	<b>- 27</b>
Net financial items	- 51	- 34	- 83	- 98	- 207	- 222	502	275
<b>Profit after net financial items</b>	<b>1,171**</b>	<b>648</b>	<b>2,004**</b>	<b>1,222</b>	<b>4,440***</b>	<b>3,658*</b>	<b>473</b>	<b>248</b>
Tax	- 259	- 156	- 447	- 296	- 886	- 735	- 1	0
<b>Net profit</b>	<b>912**</b>	<b>492</b>	<b>1,557**</b>	<b>926</b>	<b>3,554***</b>	<b>2,923*</b>	<b>472</b>	<b>248</b>
Net profit attributable to Parent shareholders	899**	480	1,533**	902	3,497***	2,866*	472	248
Net profit attributable to non-controlling interest	13	12	24	24	57	57	0	0
<b>Net profit</b>	<b>912**</b>	<b>492</b>	<b>1,557**</b>	<b>926</b>	<b>3,554***</b>	<b>2,923*</b>	<b>472</b>	<b>248</b>
Includes amortisation/depreciation according to plan as follows:	350	314	679	632	1,283	1,236	0	0
Net profit per share before and after dilution, SEK	0.45	0.24	0.76	0.45	1.73	1.42	0	0

## Statement of comprehensive income

<b>Net profit</b>	<b>912**</b>	<b>492</b>	<b>1,557**</b>	<b>926</b>	<b>3,554***</b>	<b>2,923*</b>	<b>472</b>	<b>248</b>
<b>Other comprehensive income</b>								
<b>Items that will not be reclassified to profit or loss</b>								
Actuarial gains and losses in retirement benefit plans	90	0	90	0	111	21	0	0
Tax	- 19	0	- 19	0	- 23	- 4	0	0
	<b>71</b>	<b>0</b>	<b>71</b>	<b>0</b>	<b>88</b>	<b>17</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>								
Cash flow hedges	8	27	- 5	- 7	6	4	0	0
Hedging of net investment	6	42	- 10	12	23	45	0	0
Exchange differences on translation of foreign operations	- 358	- 1,613	516	- 262	- 1,532	- 2,310	0	0
Tax	28	92	- 45	- 4	116	157	0	0
	<b>- 316</b>	<b>- 1,452</b>	<b>456</b>	<b>- 261</b>	<b>- 1,387</b>	<b>- 2,104</b>	<b>0</b>	<b>0</b>
<b>Total other comprehensive income</b>	<b>- 245</b>	<b>- 1,452</b>	<b>527</b>	<b>- 261</b>	<b>- 1,299</b>	<b>- 2,087</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>667**</b>	<b>- 960</b>	<b>2,084**</b>	<b>665</b>	<b>2,255***</b>	<b>836*</b>	<b>472</b>	<b>248</b>
Comprehensive income attributable to Parent shareholders	655**	- 965	2,059**	641	2,203***	785*	472	248
Comprehensive income attributable to non-controlling interest	12	5	25	24	52	51	0	0
<b>Total comprehensive income</b>	<b>667**</b>	<b>- 960</b>	<b>2,084**</b>	<b>665</b>	<b>2,255 ***</b>	<b>836 *</b>	<b>472</b>	<b>248</b>

\*Including revaluation of additional considerations of SEK 353 million.

\*\*Including revaluation of additional considerations of SEK 37 million.

\*\*\*Including revaluation of additional considerations of SEK 390 million.

## Condensed balance sheet

(SEK million)	Group			Parent		
	30/6/2021	30/6/2020	31/12/2020	30/6/2021	30/6/2020	31/12/2020
Intangible assets	19,355	20,389	18,958	0	0	0
Property, plant and equipment	5,599	5,480	5,350	0	0	0
Financial assets	658	611	655	16,669	15,676	15,499
<b>Total non-current assets</b>	<b>25,612</b>	<b>26,480</b>	<b>24,963</b>	<b>16,669</b>	<b>15,676</b>	<b>15,499</b>
Inventories	5,274	4,932	4,431	0	0	0
Current receivables	4,975	4,250	4,149	64	123	182
Investments in securities, etc.	208	229	201	0	0	0
Cash and bank balances	4,275	3,910	4,593	96	36	35
<b>Total current assets</b>	<b>14,732</b>	<b>13,321</b>	<b>13,374</b>	<b>160</b>	<b>159</b>	<b>217</b>
<b>Total assets</b>	<b>40,344</b>	<b>39,801</b>	<b>38,337</b>	<b>16,829</b>	<b>15,835</b>	<b>15,716</b>
Equity	19,039	18,273	17,737	9,105	9,381	9,414
Non-current liabilities and provisions, non-interest-bearing	4,741	5,182	4,859	532	543	523
Non-current liabilities and provisions, interest-bearing	7,522	8,108	6,298	5,501	4,100	4,100
Current liabilities and provisions, non-interest-bearing	5,732	5,109	5,081	191	311	179
Current liabilities and provisions, interest-bearing	3,310	3,129	4,362	1,500	1,500	1,500
<b>Total equity and liabilities</b>	<b>40,344</b>	<b>39,801</b>	<b>38,337</b>	<b>16,829</b>	<b>15,835</b>	<b>15,716</b>

## Key ratios

		Jan-June 2021	Jan-June 2020	Full year 2020
Growth	%	16.3	6.0	7.1
Operating profit	SEK m	2,087	1,320	3,880
Operating profit, excluding revaluation of additional considerations	SEK m	2,050	1,320	3,527
Operating margin	%	14.3	10.5	14.3
Operating margin, excluding revaluation of additional considerations	%	14.0	10.5	13.0
Profit margin	%	13.7	9.7	13.5
Profit margin, excluding revaluation of additional considerations	%	13.5	9.7	12.2
Investments in non-current assets, including acquisitions	SEK m	688	2,849	3,692
Available cash and equivalents	SEK m	4,877	4,534	5,240
Working capital, incl. cash and bank balances	SEK m	9,000	8,212	8,293
as share of net sales	%	30.8	31.5	30.5
Working capital, excl. cash and bank balances	SEK m	4,517	4,074	3,499
as share of net sales	%	15.5	15.6	12.9
Interest-bearing liabilities/Equity	%	56.9	61.5	60.1
Equity/assets ratio	%	47.2	45.6	46.3
Return on capital employed	%	16.8	11.6	14.6
Return on capital employed, excluding revaluation of additional considerations	%	15.4	11.6	13.4
Return on equity	%	19.0	12.7	16.1
Return on equity, excluding revaluation of additional considerations	%	17.3	12.7	14.5
Net debt/EBITDA	times	1.1	1.7	1.1
Net debt/EBITDA, excluding revaluation of additional considerations	times	1.1	1.7	1.2
Interest coverage ratio	times	13.8	7.7	8.7
Interest coverage ratio, excluding revaluation of additional considerations	times	13.6	7.7	7.9

## Data per share

		Jan-June 2021	Jan-June 2020	Full year 2020
Net earnings per share (total 2,016,066,488 shares)	SEK	0.76	0.45	1.42
Net earnings per share excluding revaluation of additional considerations	SEK	0.74	0.45	1.25
Equity per share	SEK	9.36	9.00	8.73
Closing day share price	SEK	90.02	51.48	67.43

## Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	2,651	688	368	– 248	3,459
Europe (excl. Nordic region)	4,811	1,354	665	– 113	6,717
North America	1,750	1,532	322	– 10	3,594
Other countries	297	509	46	– 1	851
<b>Total</b>	<b>9,509</b>	<b>4,083</b>	<b>1,401</b>	<b>– 372</b>	<b>14,621</b>

## Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables taken up as revenue once	9,267	4,083	1,401	– 372	14,379
Deliverables taken up as revenue gradually	242	0	0	0	242
<b>Total</b>	<b>9,509</b>	<b>4,083</b>	<b>1,401</b>	<b>– 372</b>	<b>14,621</b>

### 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)	30 June 2021	30 June 2020	31 Dec 2020
<b>Current receivables</b>			
Currency futures	9	2	12
Commodity futures	0	1	2
<b>Total</b>	<b>9</b>	<b>3</b>	<b>14</b>

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 2020. 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 2020.

## Condensed cash flow statement

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Cash flow from operating activities	2,350	1,540	4,123
Change in working capital	– 987	9	900
Investing activities	– 1,122	– 1,763	– 2,901
Financing activities	– 635	197	– 1,192
Exchange difference in cash and equivalents	83	– 15	– 307
<b>Change in cash and equivalents</b>	<b>– 311</b>	<b>– 32</b>	<b>623</b>

## Change in equity – summaries

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Opening equity	17,737	17,604	17,604
Shareholders' dividend	– 781	0	– 706
Dividend to non-controlling interest	– 1	– 1	– 1
Change in non-controlling interest	0	5	4
Comprehensive income for the period	2,084	665	836
<b>Closing equity</b>	<b>19,039</b>	<b>18,273</b>	<b>17,737</b>

## 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.

### Operating margin, excluding revaluation of additional considerations

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Operating profit	2,087	1,320	3,880
Revaluation of additional considerations	- 37	0	- 353
Operating profit, excluding revaluation of additional considerations	2,050	1,320	3,527
Net sales	14,621	12,572	27,146
Operating margin, excluding revaluation of additional considerations, %	14.0	10.5	13.0

### Profit margin, excluding revaluation of additional considerations

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Profit after net financial items	2,004	1,222	3,658
Revaluation of additional considerations	- 37	0	- 353
Profit, excluding revaluation of additional considerations	1,967	1,222	3,305
Net sales	14,621	12,572	27,146
Profit margin, excluding revaluation of additional considerations, %	13.5	9.7	12.2

### Net investments in non-current assets

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Acquisition of non-current assets	695	2,855	3,716
Disposal of non-current assets	- 7	- 6	- 24
Net investments in non-current assets, including acquisitions	688	2,849	3,692

### Available cash and equivalents

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Cash and bank balances	4,275	3,910	4,593
Investments in securities, etc.	208	229	201
Unutilised overdraft facilities	394	395	446
Available cash and equivalents	4,877	4,534	5,240

### Working capital, including cash and bank balances

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Total current assets	14,732	13,321	13,374
Current liabilities and provisions, non-interest-bearing	- 5,732	- 5,109	- 5,081
Working capital, including cash and bank balances	9,000	8,212	8,293
Net sales, past 12 months	29,195	26,058	27,146
Working capital, including cash and bank balances, in relation to net sales, %	30.8	31.5	30.5

### Working capital, excluding cash and bank balances

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Inventories	5,274	4,932	4,431
Current receivables	4,975	4,250	4,149
Current liabilities and provisions, non-interest-bearing	- 5,732	- 5,109	- 5,081
Working capital, excluding cash and bank balances	4,517	4,074	3,499
Net sales, past 12 months	29,195	26,058	27,146
Working capital excluding cash and bank balances relative to net sales, %	15.5	15.6	12.9

### Return on capital employed

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Profit after net financial items, past 12 months	4,440	2,930	3,658
Financial expenses, past 12 months	451	432	477
Profit before financial expenses	4,891	3,362	4,135
Revaluation of additional considerations	- 390	0	- 353
Profit, excluding revaluation of additional considerations	4,501	3,362	3,782
Capital employed at start of period	28,396	28,258	28,258
Capital employed at end of period	29,871	29,511	28,396
Average capital employed	29,134	28,885	28,327
Return on capital employed, %	16.8	11.6	14.6
Operating profit, excluding revaluation of additional considerations, %	15.4	11.6	13.4

### Return on equity

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Profit after net financial items, past 12 months	4,440	2,930	3,658
Standard tax rate, %	20.6	21.4	21.4
Profit after net financial items, after tax	3,468	2,303	2,875
Of which attributable to Parent shareholders	3,159	2,266	2,818
Equity at start of period	17,588	17,509	17,509
Equity at end of period	18,865	18,150	17,588
Average equity	18,227	17,830	17,549
Return on equity, %	19.0	12.7	16.1

### Return on equity, excluding revaluation of additional considerations

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Profit after net financial items, past 12 months	4,440	2,930	3,658
Revaluation of additional considerations	- 390	0	- 353
Profit, excluding revaluation of additional considerations	4,050	2,930	3,305
Standard tax rate, %	20.6	21.4	21.4
Profit after net financial items, after tax	3,216	2,303	2,598
Of which attributable to Parent shareholders	3,159	2,266	2,541
Equity at start of period	17,588	17,509	17,509
Equity at end of period	18,865	18,150	17,588
Average equity	18,227	17,830	17,549
Return on equity, excluding revaluation of additional considerations, %	17.3	12.7	14.5



## Net debt/EBITDA

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Non-current liabilities and provisions, interest-bearing	7,522	8,108	6,298
Current liabilities and provisions, interest-bearing	3,310	3,129	4,362
Cash and bank balances	- 4,275	- 3,910	- 4,593
Investments in securities, etc.	- 208	- 229	- 201
Net debt	6,349	7,098	5,866
Operating profit, past 12 months	4,647	3,124	3,880
Depreciation/amortisation and impairment, past 12 months	1,283	1,166	1,237
EBITDA	5,930	4,290	5,117
Revaluation of additional considerations	- 390	0	- 353
EBITDA, excluding revaluation of additional considerations	5,540	4,290	4,764
Net debt/EBITDA, times	1.1	1.7	1.1
Net debt/EBITDA, excluding revaluation of additional considerations, times	1.1	1.7	1.2

## Interest coverage ratio

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Profit after net financial items	2,004	1,222	3,658
Financial expenses	156	182	477
Profit before financial expenses	2,123	1,404	4,135
Revaluation of additional considerations	- 37	0	- 353
Profit, excluding revaluation of additional considerations	2,086	1,404	3,782
Interest coverage ratio, times	13.8	7.7	8.7
Interest coverage ratio, excluding revaluation of additional considerations, times	13.8	7.7	7.9

## Net profit per share excluding revaluation of additional considerations

(SEK million)	Jan-June 2021	Jan-June 2020	Full year 2020
Net profit attributable to Parent shareholders	1,533	902	2,866
Revaluation of additional considerations	- 37	0	- 353
Net profit, excluding revaluation of additional considerations	1,496	902	2,513
Net profit per share excluding revaluation of additional considerations	0.74	0.45	1.25

## Accounting policies

NIBE Industrier's consolidated accounts are drawn up in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the second quarter of 2021 has been drawn up 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 102-139 of the company's Annual Report for 2020.

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').

Transactions with associates have taken place to the same extent as in the previous year and the same accounting policies apply as those described on page 103 of the company's Annual Report for 2020.

## 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 2020.

The information in this report has not been subjected to scrutiny by the company's auditors.

For other information on definitions, please refer to the company's Annual Report for 2020.

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 (C.E.T.) on 19 August 2021.

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, 19 August 2021

*Hans Linnarson*  
Chairman of the Board

*Georg Brunstam*  
Director

*Jenny Larsson*  
Director

*Anders Pålsson*  
Director

*Jenny Sjö Dahl*  
Director

*Gerteric Lindquist*  
Managing Director and  
CEO

## NIBE shares

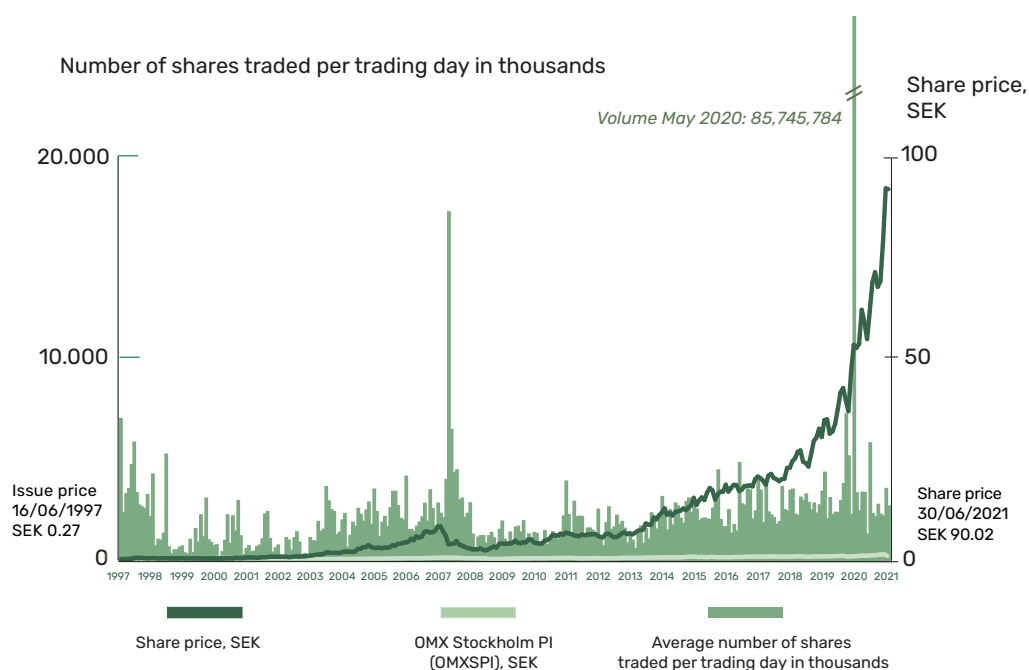
NIBE's class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on 30 June 2021 was SEK 90.02.

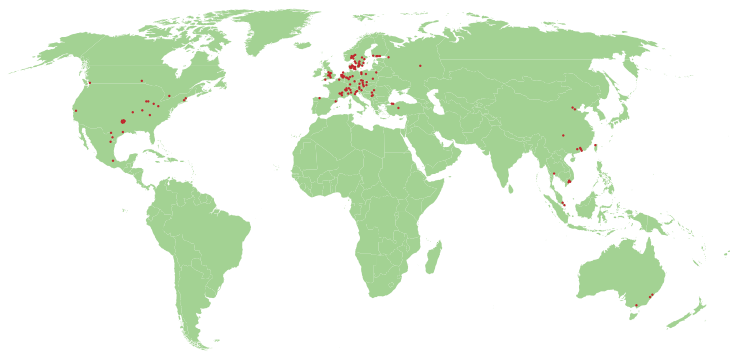
In the first half of 2021, NIBE's share price rose by 33.5%, from SEK 67.43 to SEK 90.02. During the same period, the OMX Stockholm PI (OMXSPI) increased by 19.3%.

This means that, at the end of June 2021 the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 181,486 million.

A total of 606,698,490 NIBE shares were traded, which corresponds to a share turnover of 30.1% in the first half of 2021.

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 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 nearly 70 years ago, NIBE has grown into an international company with an average of 18,700 (17,000) employees and a global presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for responsible business operation. 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 27 (25) billion in 2020.

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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