


# Interim Report 3, 2021

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- A solid green horizontal bar is positioned to the left of the financial highlights list.
- **SALES** totalled SEK 22,444 million (SEK 19,461 million)
  - **PROFIT AFTER NET FINANCIAL ITEMS** amounted to SEK 3,175 million (SEK 2,182 million)
  - **PROFIT AFTER TAX** was SEK 2,468 million (SEK 1,694 million)
  - **EARNINGS** per share before and after dilution, based on average number of shares outstanding during the period, were SEK 1.20 (SEK 0.82)
  - **ACQUISITION OF** 100% of the shares in the UK heating cable company Heat Trace Holdings Ltd
  - **ACQUISITION OF** 50% of the shares in the UK heat pump company Go Geothermal Ltd

## Continued strong performance – good inflow of orders but supply chain under strain

Consolidated sales in the first nine months of the year grew by 15.3% (6.9%), of which 13.2% (-1.2%) was organic growth. The stronger Swedish krona had a significant negative effect on sales growth.

Total demand in the period was unusually good. Products associated with sustainability continued to perform strongly, primarily as a result of the transition of our society towards reduced dependence on fossil fuels. A further key trend driving development has been the strong demand for products intended for renovation of family homes, which can be directly attributed to the pandemic. However, when comparing growth in the current financial year with the corresponding period in the previous financial year, it is important to remember that demand then was relatively low because of the pandemic, which was at its peak during the first half of the year.

The recovery in the global economy so far this year has been surprising both in terms of strength and speed. Unfortunately, this pleasant yet unexpected development has resulted in severe disruption in deliveries from our sub-suppliers, resulting in both actual shortages of components and uncertain delivery notifications and severely extended delivery times. This, in turn, has had an adverse impact on our own delivery capacity because of difficulties in obtaining precise delivery notifications from our suppliers and delivery times having to be extended, often more than once. Unexpectedly good inflow of orders already in the first half of the year, together with the shortage of components, made it difficult to build up inventory levels as planned in the spring and early summer, further exacerbating the delivery situation in the autumn. The combined effect of the above has been that, currently, orders received are at a higher level than ever before, as is the proportion of delayed orders. Yet another negative effect of the difficult situation that has arisen with regard to continuous shortages of materials, is that productivity development has not achieved the set target.

The difficult situation involving component shortages and delayed and often uncertain notifications of delivery is, unfortunately, expected to remain unchanged for the rest of the year. We are of course continuing to do everything in our power to adapt to the current situation by adding to our stocks of components whenever possible, and by further increasing the flexibility of production and finding new, reliable suppliers. However, it is still not likely that we will see an immediate major improvement in our own delivery capacity in the current quarter, even though we have begun to notice certain bright spots in the sub-supplier market.

Aside from the problems already described, our suppliers have also introduced major price increases for both input materials and components and for shipping. Because of this, we have been forced to also significantly adjust our own prices, albeit with a slight delay, which must be regarded as the natural effect of the fact that we are neither able nor willing to speculate on how big the price hikes introduced by our suppliers will be.

**The NIBE Climate Solutions business area** has seen continued strong demand throughout this period, directly linked to the business area's distinct sustainability profile.

In Europe, the development has been very positive throughout, primarily as a result of several countries taking a clear position in favour of reducing the dependence on fossil fuels.

The development in North America is also starting to move in the right direction again. The fact that the USA has rejoined the Paris Agreement is a clear signal in the right direction, as is the ambition set out in the "Clean Energy for America Act".

In the autumn we launched a number of completely new generations of heat pumps based on optimal refrigerants and offering even better performance.

In terms of investment, in the autumn we launched an ambitious programme aimed at enabling us to stay at the absolute forefront of the rapidly growing heat pump market.

Both our operating profit and our operating margin continued to improve. The main reasons for this are strong real organic growth and continued strict cost control.

**The NIBE Element business area's** market segments all experienced strong growth in the period. Of course, because of the pandemic a comparison with the corresponding period last year could be considered too generous, but the business area is now reporting a significantly higher level of sales than in the first nine months of 2019. In line with the trend in recent quarters, it is market segments with a clear sustainability profile that have reported the strongest development, as have consumer-related market segments, where the focus has been on home improvement.

Additionally, the sharp increase in investments in the semiconductor industry is very satisfying and it is also expected to last.

In our opinion, good growth in the railway sector, together with the

### Calendar

#### 17 November 2021

08:00 (CET) Interim report 3, January – September 2021

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

Presentation of Interim Report 3, 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 58.

#### 17 February 2022

Year-end report 2021

#### 17 May 2022

Interim Report 1, January – March 2022

Annual General Meeting



strong trend towards electrification within the entire automotive industry, also represents a long-term positive development for us.

The strong real organic growth, combined with continued effective cost control, resulted in good growth in both operating profit and operating margin.

**The NIBE Stoves business area** reported extremely strong growth in sales in the first nine months of the year. The comparison with the previous year may of course be considered to be of minor relevance due to the pandemic, but sales also showed a sharp increase compared with the corresponding period in 2019, a more traditional period in terms of seasonal sales. The fact that an increasing number of consumers decided to renovate their homes during the pandemic has, among other things, resulted in increased demand for stoves, which might mean that demand for stoves will fall slightly as the pandemic slowly starts to subside. Mitigating this is the fact that 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 our large investments in the development of better, even more efficient products should be seen, that is, enabling us to stay one step ahead of both our competitors and new legal requirements.

Very strong real organic sales growth, combined with continued strict cost control, resulted in a very positive performance in terms of both operating profit and operating margin.

Investments in our existing businesses amounted to SEK 824 million in the period, compared with SEK 798 million in the previous year, and the depreciation rate, including leases, was SEK 1,000 million, compared with SEK 932 million in the previous year. Excluding leases, the depreciation rate was SEK 732 million, compared with SEK 699 million in the corresponding period in the previous year. The investment rate will vary slightly over time but against a background of continued expected growth, going forward investments in continued capacity increases, in further automation and rationalisation and also in direct sustainability development, will be just above the depreciation rate, excluding leases.

Operating profit for the period improved by 38.0% compared with the corresponding period in the previous year and the operating margin rose from 12.1% to 14.5%. It is especially gratifying to note that positive growth in all three business areas has facilitated this strong improvement.

Profit after net financial items improved by 43.8% in the period compared with the corresponding period in the previous 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.

### Previous wording

- 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.

### New wording

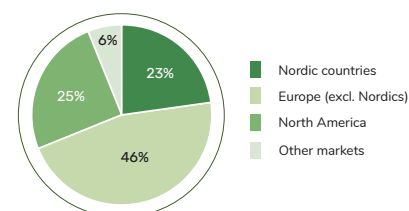
- The outbreak of Covid-19 in Q1 2020 is another such uncertainty that has caused widespread change for most of the world's citizens and companies, including our own. Compared with 2020, the first nine months of 2021 saw a clear improvement in the situation, with several vaccines entering into widespread use. We have therefore harboured a hope that society will gradually be able to return to a more normal situation during the autumn, although it seems a fourth wave is under way in several countries, heightening the risk of restrictions being reinstated. 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, combined with the fact that our products are largely both necessary and sustainable, permits us to be cautiously positive about the year as a whole, despite everything. Due to the ongoing and considerable uncertainty related to sub-suppliers, however, the current quarter will also prove to be a challenging one for us.

Markaryd, 17 November 2021

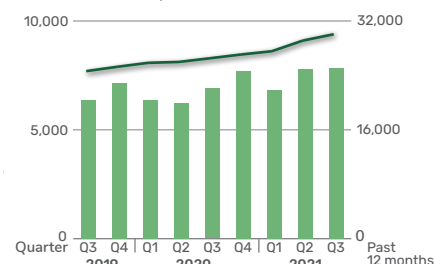
Gerteric Lindquist  
Managing Director and CEO

Key ratios		Q1-Q3 2021	Q1-Q3 2020	Past 12 months	Full year 2020
Net sales	SEK m	22,444	19,461	30,129	27,146
Growth	%	15.3	6.9	13.3	7.1
of which acquired	%	2.1	8.1	3.6	8.0
Operating profit	SEK m	3,289	2,356	4,813	3,880
Operating profit, excluding revaluation of additional considerations	SEK m	3,252	2,356	4,423	3,527
Operating margin	%	14.7	12.1	16.0	14.3
Operating margin, excluding revaluation of additional considerations	%	14.5	12.1	14.7	13.0
Profit after net financial items	SEK m	3,175	2,182	4,651	3,658
Profit after net financial items, excluding revaluation of additional considerations	SEK m	3,138	2,182	4,261	3,305
Profit margin	%	14.1	11.2	15.4	13.5
Profit margin, excluding revaluation of additional considerations	%	14.0	11.2	14.1	12.2
Equity/assets ratio	%	48.1	45.8	48.1	46.3
Return on equity	%	19.3	13.2	18.9	16.1
Return on equity, excluding revaluation of additional considerations	%	17.6	13.2	17.2	14.5

Group sales by geographical region



Net sales  
Past nine quarters (in millions of SEK)



Profit after financial items\*  
Past nine quarters (in millions of SEK)



## Sales

Consolidated net sales totalled SEK 22,444 million (SEK 19,461 million). This corresponds to growth of 15.3%. Of the increase in sales of SEK 2,983 million, acquired sales were SEK 404 million, which means that organic sales increased by 13.2%.

## Profit

Profit for the period after net financial items was SEK 3,175 million, corresponding to a 45.5% increase in earnings compared with 2020. In 2020, profit after net financial items amounted to SEK 2,182 million. The profit for this year includes revaluation of additional considerations of SEK 37 million. Profit for the period was charged with acquisition expenses of SEK 11 million (SEK 26 million). Return on equity, excluding revaluation of additional considerations, was 17.6% (13.2%).

## 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.

At the end of August the company concluded an agreement on the acquisition of 50% of the shares in the British company Go Geothermal Ltd, including an agreement to acquire the remaining shares within a five-year period. The company is a significant distributor of heat pumps in the British market with sales of around GBP 8.3 million. It was consolidated with the NIBE Climate Solution business area with effect from September 2021. The acquisition value is still provisional.

## Investments

During the period, the Group made investments totalling SEK 1,316 million (SEK 3,344 million). A total of SEK 492 million (SEK 2,546 million) of the investments relates to acquisitions of business operations. The remaining SEK 824 million (SEK 798 million) mainly comprise 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 3,597 million (SEK 2,673 million). Cash flow after changes in working capital amounted to SEK 2,536 million (SEK 2,938 million).

Interest-bearing liabilities at the end of the period amounted to SEK 10,749 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 5,424 million compared with SEK 5,240 million at the start of the year. The equity/assets ratio at the end of the period was 48.1%, compared with 46.3% at the start of the year and 45.8% 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 23 million (SEK 19 million) and profit after financial items was SEK 530 million (SEK 938 million).

# Business area trends

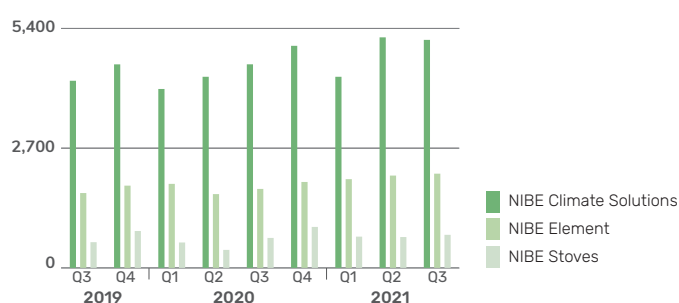
## Quarterly data

Consolidated income statement (SEK million)	2021			2020				2019	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	6,831	7,790	7,823	6,345	6,227	6,889	7,685	6,349	7,137
Operating expenses	- 5,966	- 6,568	- 6,621	- 5,707	- 5,545	- 5,853	- 6,161	- 5,498	- 6,184
<b>Operating profit</b>	<b>865</b>	<b>1,222**</b>	<b>1,202</b>	<b>638</b>	<b>682</b>	<b>1,036</b>	<b>1,524*</b>	<b>851</b>	<b>953</b>
Net financial items	- 32	- 51	- 31	- 64	- 34	- 76	- 48	- 29	- 67
<b>Profit after net financial items</b>	<b>833</b>	<b>1,171**</b>	<b>1,171</b>	<b>574</b>	<b>648</b>	<b>960</b>	<b>1,476*</b>	<b>822</b>	<b>886</b>
Tax	- 188	- 259	- 260	- 140	- 156	- 192	- 247	- 187	- 201
<b>Net profit</b>	<b>645</b>	<b>912**</b>	<b>911</b>	<b>434</b>	<b>492</b>	<b>768</b>	<b>1,229*</b>	<b>635</b>	<b>685</b>
<b>Net sales, business areas</b>									
NIBE Climate Solutions	4,310	5,199	5,142	4,035	4,310	4,591	5,008	4,220	4,590
NIBE Element	2,001	2,082	2,125	1,895	1,664	1,781	1,938	1,688	1,855
NIBE Stoves	705	696	746	573	406	676	924	580	832
Elimination of Group transactions	- 185	- 187	- 190	- 158	- 153	- 159	- 185	- 139	- 140
<b>Group total</b>	<b>6,831</b>	<b>7,790</b>	<b>7,823</b>	<b>6,345</b>	<b>6,227</b>	<b>6,889</b>	<b>7,685</b>	<b>6,349</b>	<b>7,137</b>
<b>Operating profit, business areas</b>									
NIBE Climate Solutions	579	900	907	449	585	807	849	678	691
NIBE Element	216	223	213	179	117	173	190	145	157
NIBE Stoves	85	82	103	32	1	78	160	46	142
Elimination of Group transactions	- 15	17**	- 21	- 22	- 21	- 22	325*	- 18	- 37
<b>Group total</b>	<b>865</b>	<b>1,222**</b>	<b>1,202</b>	<b>638</b>	<b>682</b>	<b>1,036</b>	<b>1,524*</b>	<b>851</b>	<b>953</b>

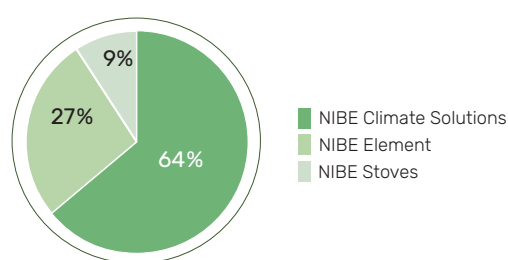
\* Includes income of SEK 353 million from revaluation of additional considerations

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

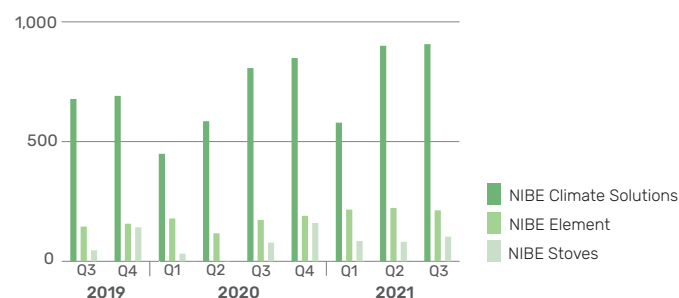
Sales per business area, last nine quarters (SEK million)



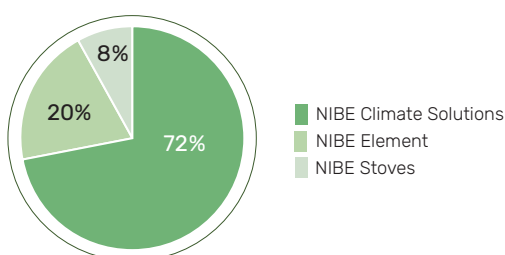
Each business area's share of sales (Q1-Q3, 2021)



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



Each business area's share of total profit (Q1-Q3, 2021)



# NIBE Climate Solutions business area



Key ratios		Q1-Q3 2021	Q1-Q3 2020	Past 12 months	Full year 2020
Net sales	SEK m	14,651	12,936	19,659	17,944
Growth	%	13.3	9.3	12.2	9.2
of which acquired	%	2.3	7.5	4.3	8.2
Operating profit	SEK m	2,386	1,841	3,235	2,690
Operating margin	%	16.3	14.2	16.5	15.0
Assets	SEK m	27,366	26,591	27,366	24,981
Liabilities	SEK m	4,549	3,788	4,549	4,312
Investments in non-current assets	SEK m	502	475	713	685
Amortisation/Depreciation	SEK m	631	550	837	756

## Sales and profit

Sales in the period totalled SEK 14,651 million, compared with SEK 12,936 million in the corresponding period in the previous year. Of the increase in sales of SEK 1,715 million, acquired sales accounted for SEK 301 million, which means that organic growth was 11.0%.

Operating profit for the period totalled SEK 2,386 million, compared with SEK 1,841 million in the previous year. This equates to an operating margin of 16.3% compared with 14.2% for the previous year. The operating margin for the past 12 months is thus 16.5%.

## Market

The transition to a fossil-free society is very favourable for heat pumps. It is primarily for this reason that we are seeing very good demand, particularly in Europe but also in North America, where the market has started to recover following the pandemic.

Our investment in a strong international platform of companies, products and skills to become a full-service supplier of sustainable, efficient, intelligent climate control solutions with the focus on indoor climate comfort for all types of property has proved to be successful. 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. Governments in an increasing number of countries, in both Europe and North America, are making a big effort to attempt to tackle climate change, for instance, by accelerating conversion to a more sustainable society in which products using fossil oil and gas are phased out in the long term. This will benefit our industry sector for a long time to come.

Our targeted markets in Western Europe, in particular, continue to grow strongly. In the Netherlands, where politicians decided a while ago to phase out fossil fuels, market development remains strong. The German market too, which is very 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. The British market is also growing as the government is introducing subsidies for the transition to fossil-free heating. All the Nordic markets are also growing now that the Norwegian market has also recovered.

Several countries in Eastern Europe have also introduced subsidies for installing more energy-efficient climate control solutions, and our units are experiencing good expansion in terms of product concepts for indoor climate comfort, primarily heat pumps but also energy-efficient water heaters. One example is the Polish market, which is growing very

rapidly and where we are well represented through our own production of water heaters and sales of heat pumps.

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 remains positive.

The North American heat pump market for single family homes is underpinned by significant tax reductions for private individuals who install ground source heat pumps, which of course benefits this sector.

Both the US and Canadian markets for climate control products for commercial properties has started to recover 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.

## Operations

As demand remains strong, our focus both in the short term and the long term is on increasing capacity in our production units and on securing access to raw materials and components. The current global shortage of components in many sectors is unfortunately forcing us to allocate a lot of resources towards adapting our products for new, alternative components, without compromising product quality, which is an essential requirement.

Both the shortage of components and the sharp increase in the price levels of input goods continued in the autumn. Despite extensive initiatives both internally and externally, the uncertain, uneven supply of

# Cooperation on several fronts

**The Science Center in Markaryd – a unique, forward-looking and sustainable project for the built environment which is a partnership between Markaryd municipality, NIBE, the region and the business community.**

The Science Center, which was opened in August, is located in the renowned property which once housed the Bröderna Gustafsson furniture business. Both the business community and the public sector will be able to arrange various kinds of activities at the centre. The initiative for the project came from NIBE, which is granting use of the premises.

We are convinced that this investment will encourage more young people to take an interest in science and the opportunities it affords. Creating a shared meeting place for businesses in Markaryd will also favourably impact both local businesses and the municipality.

## The Science Center offers

- **Mötesplats Markaryd** – a co-working space where people can study or work together in a creative environment and a meeting place for the business community
- **Energy exhibition** – an interactive learning environment created in cooperation with the National Museum of Science and Technology
- **NOBEL PRIZE Museum's** third exhibition in Markaryd "For the Greatest Benefit to Humankind"
- **An interactive lecture hall** equipped with digital technology to facilitate international teaching and contact with the entire world
- **A state-of-the art chemistry laboratory** that creates an interesting and exciting environment for learning about science



*The old industrial buildings in Markaryd have been given a new lease of life thanks to the Science Center. A local initiative by NIBE in partnership with Markaryd municipality and the business community. The two-storey building houses both the NOBEL PRIZE Museum's exhibition on discoveries that have benefited humankind and a more permanent exhibition on innovative energy attributed to the National Museum of Science and Technology, which describes different kinds of energy in a new, pioneering way.*

components has had a negative impact on our delivery times and also a suppressive effect on productivity in our manufacturing units. This is unfortunately expected to continue for the rest of the year. Our view is that we, despite all delivery issues, have been able to maintain our strong market position in our prioritised markets. As a consequence of the sharp increase in the prices of raw materials and components, we have also been forced to raise the prices of the majority of our products but the full effect of this has not yet been achieved.

In parallel with capacity increases, we are focusing 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 in a growing market in which the interest from other operators continues to increase. In Markaryd, the hub of our business activities, we are implementing large investments, including construction of a new heat pump factory, a completely new Innovation centre equipped with high-tech-laboratories and very advanced equipment in order to safeguard the level of future product development and be able to attract new development engineers. In addition, we are investing in a completely new Marketing centre for top-level international training and conference activities. In parallel with this, we are setting up satellite offices for product development near universities and university colleges in Sweden in order to be able to attract technical engineers.

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 further increasing requirements for energy efficiency and quality. This is also important to be able to meet the requirements in the taxonomy proposed by the EU and essential if we are to be able to retain our strong market position in the long term.

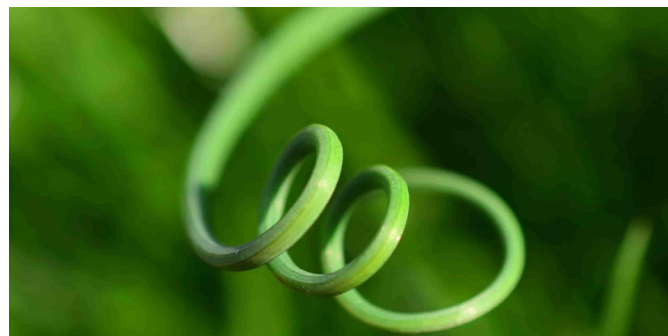
As society has gradually opened up after the pandemic, we have once again been able to undertake marketing activities in both Europe and North America to further raise consumer awareness of heat pumps as an economically viable and sustainable solution for climate control of single-family homes. Via mobile units we have carried out a successful launch campaign in our prioritised markets in Europe, where, among other things, we presented our completely new products featuring the environmentally-friendly refrigerant R290, an even better seasonal performance factor (SPF) and even lower noise levels.

Our initiative for a joint platform for product control and cloud solutions – Joint Plattform Initiative – 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 entire Group's operations worldwide.

The operating margin was affected positively by the strong demand situation and by continued good cost control throughout the organisation due to the prevailing situation in the external environment, 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-Q3 2021	Q1-Q3 2020	Past 12 months	Full year 2020
Net sales	SEK m	6,208	5,340	8,147	7,278
Growth	%	16.3	4.4	13.2	4.4
of which acquired	%	1.6	11.3	2.5	9.6
Operating profit	SEK m	652	469	842	659
Operating margin	%	10.5	8.8	10.3	9.1
Assets	SEK m	10,524	9,705	10,524	9,443
Liabilities	SEK m	1,833	1,736	1,833	1,758
Investments in non-current assets	SEK m	237	201	390	354
Amortisation/Depreciation	SEK m	265	284	333	352

### Sales and profit

Sales for the period totalled SEK 6,208 million, compared with SEK 5,340 million for the corresponding period in the previous year. Of the increase in sales of SEK 868 million, acquired sales accounted for SEK 87 million, which means that organic sales increased by 14.7%.

Operating profit for the period totalled SEK 652 million, compared with SEK 469 million in the previous year. This corresponds to an operating margin of 10.5%, compared with 8.8% for the previous year. The operating margin for the past 12 months is thus 10.3%.

## Market

The global element market continued to grow strongly in most of our market segments. Demand has returned to pre-pandemic levels but there are still large variations between different segments and regions. The shortage in components that has gradually spread in the global market is affecting and restricting our customers' operations, resulting in disruptions in orders in several segments, for instance, the automotive industry. This situation is expected to remain unchanged for the rest of the year.

Generally, demand for consumer products is very strong. This applies to sectors such as the domestic appliance industry. The strong home renovation trend established in the wake of the pandemic is a contributing factor. We have also seen a certain shift in demand from Asian producers to our traditional customers in Europe, partly due to a sharp rise in transport costs and lead times from Asia. 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 shortage of components that exists in many segments.

The market for commercial products, for example catering equipment and commercial coffee machines, has also improved gradually during the year.

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 sharply among both private consumers and industrial users.

In the automotive industry we have seen a drop in demand for products for fossil fuel-powered vehicles. At the same time, work on electrification of the automotive industry is in full swing, both in respect of commercial vehicles and passenger cars. The number of projects and the pressure of time in terms of their implementation are constantly increasing. Demand for projects relating to rail transport has also gradually increased.

In line with the recovery of the industrial sector in the current year, demand linked to maintenance and investments has increased in this sector too.

In recent years, we have built up substantial operations as a supplier of heating and control equipment for the semiconductor industry. Demand in this segment has increased sharply, driven by the rollout of 5G, the move in the automotive industry towards increased electrifica-

tion and greater demand for data storage. This 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 investments in local semiconductor production to secure supplies of this important component, which also benefits our operations.

## Operations

To meet increased demand, we have gradually increased production capacity in our units over the year through recruitment and investment. We are implementing capacity increases, particularly in the segments showing strong organic growth, such as products for the semiconductor industry and sustainable energy solutions.

We continue to work intensively to improve the competitiveness of our units in each market segment. This included undertaking further investments in areas such as the use of industrial robots and automation, along with a number of other measures to boost productivity. This is essential if we are to maintain the operating margin at the established target of 10%.

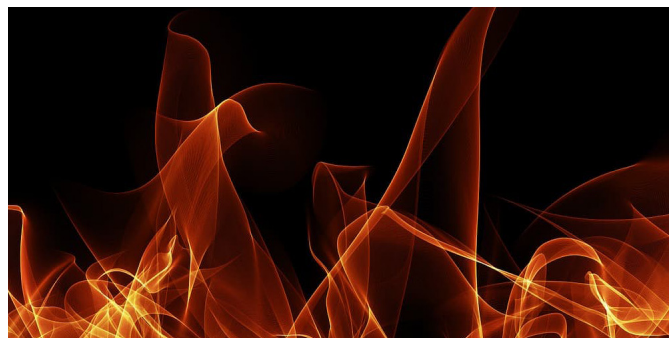
Exchange rates remain volatile, with a considerable effect on pricing and competitiveness. In this situation, having production units in different currency zones gives us a clear advantage.

During the year we have seen a sharp increase in delivery times and rising prices for several of our input materials. This has resulted in us being forced to raise our prices to customers in a number of segments and we will have to continue to adjust our prices in line with this development going forward.

Since the start of 2020, our operations have been affected by the effects of the pandemic. Most units are back to full production, but some units are once again subject to local lockdowns.

Our operating margin has remained on target thanks to strict cost control in all business operations and rapid adjustment to current demand in each business area. Our ambition is also to maintain the pace of investment and development projects to ensure future growth.

# NIBE Stoves business area



Key ratios		Q1-Q3 2021	Q1-Q3 2020	Past 12 months	Full year 2020
Net sales	SEK m	2,147	1,655	3,071	2,579
Growth	%	29.7	0.9	23.5	3.0
of which acquired	%	1.0	0.0	1.5	0.9
Operating profit	SEK m	270	111	430	271
Operating margin	%	12.6	6.7	14.0	10.5
Assets	SEK m	3,786	3,565	3,786	3,391
Liabilities	SEK m	653	522	653	515
Investments in non-current assets	SEK m	70	68	101	99
Amortisation/Depreciation	SEK m	104	98	134	128

## Sales and profit

Sales in the period totalled SEK 2,147 million, compared with SEK 1,655 million in the corresponding period in the previous year. Of the increase in sales of SEK 492 million, acquired sales accounted for SEK 16 million, which means that organic growth was 28.7%.

Operating profit for the period totalled SEK 270 million, compared with SEK 111 million the previous year. This corresponds to an operating margin of 12.6% compared with 6.7% for the previous year. The operating margin for the past 12 months is thus 14.0%.

## Market

The high demand for stove products continued in the autumn even though growth did not match the extremely high level seen in the first half of the year, which must be regarded as extraordinary, both in comparison with the previous year and from a historical perspective. The strong demand was primarily driven by the continued increase in investments in home improvement in the wake of the pandemic, combined with a general economic upturn. The pattern is the same in all markets in both Europe and North America.

The very strong demand in the spring, traditionally a low season, meant that in effect the entire industry sector was unable to build up inventory levels of finished products ahead of the peak season. This, together with large challenges in the supply chain, has resulted in abnormally long delivery times and this will continue to be the case for the rest of the year.

In Scandinavia, a prominent market for wood-burning products, demand in all markets has increased sharply so far this year. A strong renovation trend and reduced focus on travel and entertainment has boosted demand for stove products.

In the UK, too, demand has increased so far this year, but to a greater extent than in other markets this increase is due to significantly lower comparative figures in the same period in the previous year since the effects of the pandemic had a large impact on all aspects of society in the UK. Demand has risen for all large product segments, including wood-burning stoves, gas stoves and electric stoves. Rising energy prices, particularly gas prices, are boosting demand for wood-burning products.

Demand in Germany has been very strong so far this year, even though the rate of growth has declined slightly during the autumn, in the same way as in many other markets. The total market remains at a high level and the strong demand is due to a combination of increased investments in home improvement and regulatory requirements that mean old products that do not meet the forthcoming Ecodesign requirements may no longer be used in future.

The French market for stove products has also grown so far this year, both in terms of wood and pellets.

In North America, overall demand for all types of stove products has grown sharply for the same reasons as on other markets. The largest in-

crease has been in wood-burning products, which is due to the fact that the industry has been more successful in increasing production volumes in this product segment than in gas products, where supply chain disruption affecting input components has been greater. In addition, the subsidy programme introduced in the USA, which means that significant subsidies are offered for purchases of wood-burning stoves with an efficiency rating of over 75%, has had a positive impact on demand.

## Operations

Despite large increases in capacity at our production units, very strong demand, combined with a large backlog of orders from the previous year, has resulted in significantly longer delivery times than normal, but we nevertheless estimate that we have maintained our strong market position.

In turn, the strong growth in sales has meant that we have not been able to build up inventory levels of finished products in the way that we traditionally do to create a buffer to meet demand in the fourth quarter, our absolute peak season. This, combined with continued challenges in our supply chains, will have an impact on our performance for the rest of the year and will also result in a larger than normal order backlog at the turn of the year.

We have been forced to compensate for the sharp, rapid price increases in respect of input materials and shipping, which have recently impacted all manufacturers, but until we see the full effect of these measures our contribution margin will temporarily be adversely affected.

So far this year, the operating margin has improved compared with the corresponding period in the previous year. The main reason for this is the marked improvement in demand on all our targeted markets, together with good cost control. We are also continuing with our proactive measures for the future in product development and marketing.

## Condensed income statement

(SEK million)	Group						Parent	
	Third quarter 2021	Third quarter 2020	Jan-Sept 2021	Jan-Sept 2020	Past 12 months	Full year 2020	Jan-Sept 2021	Jan-Sept 2020
Net sales	7,823	6,889	22,444	19,461	30,129	27,146	23	19
Cost of goods sold	5,191	- 4,454	14,967	- 13,088	20,050	- 18,171	0	0
<b>Gross profit</b>	<b>2,632</b>	<b>2,435</b>	<b>7,477</b>	<b>6,373</b>	<b>10,079</b>	<b>8,975</b>	<b>23</b>	<b>19</b>
Selling expenses	- 983	- 1,037	2,966	- 2,896	- 3,987	- 3,917	0	0
Administrative expenses	- 513	- 459	- 1,501	- 1,381	- 2,015	- 1,895	- 67	- 59
Revaluation of additional considerations	0	0	37	0	390	353	0	0
Other operating income	66	97	242	260	346	364	0	0
<b>Operating profit</b>	<b>1,202</b>	<b>1,036</b>	<b>3,289**</b>	<b>2,356</b>	<b>4,813***</b>	<b>3,880*</b>	<b>- 44</b>	<b>- 40</b>
Net financial items	- 31	- 76	- 114	- 174	- 162	- 222	574	978
<b>Profit after net financial items</b>	<b>1,171</b>	<b>960</b>	<b>3,175**</b>	<b>2,182</b>	<b>4,651***</b>	<b>3,658*</b>	<b>530</b>	<b>938</b>
Tax	- 260	- 192	- 707	- 488	- 954	- 735	- 1	0
<b>Net profit</b>	<b>911</b>	<b>768</b>	<b>2,468**</b>	<b>1,694</b>	<b>3,697***</b>	<b>2,923*</b>	<b>529</b>	<b>938</b>
Net profit attributable to Parent shareholders	895	752	2,428**	1,654	3,640***	2,866*	529	938
Net profit attributable to non-controlling interest	16	16	40	40	57	57	0	0
<b>Net profit</b>	<b>911</b>	<b>768</b>	<b>2,468**</b>	<b>1,694</b>	<b>3,697***</b>	<b>2,923*</b>	<b>529</b>	<b>938</b>
Includes amortisation/depreciation according to plan as follows:	321	300	1,000	932	1,304	1,236	0	0
Net profit per share before and after dilution, SEK	0.44	0.37	1.20	0.82	1.81	1.42	0	0

## Statement of comprehensive income

<b>Net profit</b>	<b>911</b>	<b>768</b>	<b>2,468**</b>	<b>1,694</b>	<b>3,697***</b>	<b>2,923*</b>	<b>529</b>	<b>938</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	60	- 12	150	- 12	183	21	0	0
Tax	-11	2	- 30	2	- 36	- 4	0	0
	<b>49</b>	<b>- 10</b>	<b>120</b>	<b>- 10</b>	<b>147</b>	<b>17</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>								
Cash flow hedges	- 10	3	- 15	- 4	- 7	4	0	0
Hedging of net investment	1	0	- 9	12	24	45	0	0
Exchange differences on translation of foreign operations	432	- 564	948	- 826	- 536	- 2,310	0	0
Tax	- 38	53	- 83	49	25	157	0	0
	<b>385</b>	<b>- 508</b>	<b>841</b>	<b>- 769</b>	<b>- 494</b>	<b>- 2,104</b>	<b>0</b>	<b>0</b>
<b>Total other comprehensive income</b>	<b>434</b>	<b>- 518</b>	<b>961</b>	<b>- 779</b>	<b>- 347</b>	<b>- 2,087</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>1,345</b>	<b>250</b>	<b>3,429**</b>	<b>915</b>	<b>3,350***</b>	<b>836*</b>	<b>529</b>	<b>938</b>
Comprehensive income attributable to Parent shareholders	1,326	233	3,385**	874	3,296***	785*	529	938
Comprehensive income attributable to non-controlling interest	19	17	44	41	54	51	0	0
<b>Total comprehensive income</b>	<b>1,345</b>	<b>250</b>	<b>3,429**</b>	<b>915</b>	<b>3,350***</b>	<b>836*</b>	<b>529</b>	<b>938</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 Sept 2021	30 Sept 2020	31 Dec 2020	30 Sept 2021	30 Sept 2020	31 Dec 2020
Intangible assets	19,983	20,052	18,958	0	0	0
Property, plant and equipment	5,731	5,411	5,350	0	0	0
Financial assets	608	638	655	16,741	16,289	15,499
<b>Total non-current assets</b>	<b>26,322</b>	<b>26,101</b>	<b>24,963</b>	<b>16,741</b>	<b>16,289</b>	<b>15,499</b>
Inventories	5,864	4,817	4,431	0	0	0
Current receivables	5,235	4,721	4,149	58	104	182
Investments in securities, etc.	215	220	201	0	0	0
Cash and bank balances	4,775	4,605	4,593	97	35	35
<b>Total current assets</b>	<b>16,089</b>	<b>14,363</b>	<b>13,374</b>	<b>155</b>	<b>139</b>	<b>217</b>
<b>Total assets</b>	<b>42,411</b>	<b>40,464</b>	<b>38,337</b>	<b>16,896</b>	<b>16,428</b>	<b>15,716</b>
Equity	20,384	18,522	17,737	9,162	10,072	9,414
Non-current liabilities and provisions, non-interest-bearing	5,037	5,384	4,859	537	546	523
Non-current liabilities and provisions, interest-bearing	7,422	7,144	6,298	5,500	4,100	4,100
Current liabilities and provisions, non-interest-bearing	6,241	5,245	5,081	97	210	179
Current liabilities and provisions, interest-bearing	3,327	4,169	4,362	1,600	1,500	1,500
<b>Total equity and liabilities</b>	<b>42,411</b>	<b>40,464</b>	<b>38,337</b>	<b>16,896</b>	<b>16,428</b>	<b>15,716</b>

## Key ratios

		Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Growth	%	15.3	6.9	7.1
Operating profit	SEK m	3,289	2,356	3,880
Operating profit, excluding revaluation of additional considerations	SEK m	3,252	2,356	3,527
Operating margin	%	14.7	12.1	14.3
Operating margin, excluding revaluation of additional considerations	%	14.5	12.1	13.0
Profit margin	%	14.1	11.2	13.5
Profit margin, excluding revaluation of additional considerations	%	14.0	11.2	12.2
Investments in non-current assets, including acquisitions	SEK m	1,316	3,344	3,692
Available cash and equivalents	SEK m	5,424	5,218	5,240
Working capital, incl. cash and bank balances	SEK m	9,848	9,118	8,293
as share of net sales	%	32.7	34.3	30.5
Working capital, excl. cash and bank balances	SEK m	4,858	4,293	3,499
as share of net sales	%	16.1	16.1	12.9
Interest-bearing liabilities/Equity	%	52.7	61.1	60.1
Equity/assets ratio	%	48.1	45.8	46.3
Return on capital employed	%	17.0	12.0	14.6
Return on capital employed, excluding revaluation of additional considerations	%	15.7	12.0	13.4
Return on equity	%	19.3	13.2	16.1
Return on equity, excluding revaluation of additional considerations	%	17.6	13.2	14.5
Net debt/EBITDA	multiple	0.9	1.4	1.1
Net debt/EBITDA, excluding revaluation of additional considerations	multiple	1.0	1.4	1.2
Interest coverage ratio	multiple	17.1	9.1	8.7
Interest coverage ratio, excluding revaluation of additional considerations	multiple	16.9	9.1	7.9

## Data per share

		Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Net earnings per share (total 2,016,066,488 shares)	SEK	1.20	0.82	1.42
Net earnings per share excluding revaluation of additional considerations	SEK	1.19	0.82	1.25
Equity per share	SEK	10.02	9.12	8.73
Closing day share price	SEK	110.65	57.78	67.43

## Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	3,941	997	542	– 366	5,114
Europe (excl. Nordic region)	7,558	2,043	1,047	– 179	10,469
North America	2,706	2,374	486	– 17	5,549
Other countries	446	794	72	0	1,312
<b>Total</b>	<b>14,651</b>	<b>6,208</b>	<b>2,147</b>	<b>– 562</b>	<b>22,444</b>

## Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables taken up as revenue once	14,286	6,208	2,147	– 562	22,079
Deliverables taken up as revenue gradually	365	0	0	0	365
<b>Total</b>	<b>14,651</b>	<b>6,208</b>	<b>2,147</b>	<b>– 562</b>	<b>22,444</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 Sept 2021	30 Sept 2020	31 Dec 2020
<b>Current receivables</b>			
Currency futures	3	4	12
Commodity futures	2	2	2
<b>Total</b>	<b>5</b>	<b>6</b>	<b>14</b>
<b>Current liabilities</b>			
Currency futures	5	0	0
Commodity futures	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</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-Sept 2021	Jan-Sept 2020	Full year 2020
Cash flow from operating activities	3,597	2,673	4,123
Change in working capital	– 1,061	265	900
Investing activities	1,559	– 2,608	– 2,901
Financing activities	– 925	413	– 1,192
Exchange difference in cash and equivalents	144	– 89	– 307
<b>Change in cash and equivalents</b>	<b>196</b>	<b>654</b>	<b>623</b>

## Change in equity – summaries

(SEK million)	Jan-Sept 2021	Jan-Sept 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	4	4
Comprehensive income for the period	3,429	915	836
<b>Closing equity</b>	<b>20,384</b>	<b>18,522</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-Sept 2021	Jan-Sept 2020	Full year 2020
Operating profit	3,289	2,356	3,880
Revaluation of additional considerations	- 37	0	- 353
Operating profit, excluding revaluation of additional considerations	3,252	2,356	3,527
Net sales	22,444	19,461	27,146
Operating margin, excluding revaluation of additional considerations, %	14.5	12.1	13.0

### Profit margin, excluding revaluation of additional considerations

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Profit after net financial items	3,175	2,182	3,658
Revaluation of additional considerations	- 37	0	- 353
Profit, excluding revaluation of additional considerations	3,138	2,182	3,305
Net sales	22,444	19,461	27,146
Profit margin, excluding revaluation of additional considerations, %	14.0	11.2	12.2

### Net investments in non-current assets

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Acquisition of non-current assets	1,324	3,354	3,716
Disposal of non-current assets	- 8	- 10	- 24
Net investments in non-current assets, including acquisitions	1,316	3,344	3,692

### Available cash and equivalents

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Cash and bank balances	4,775	4,605	4,593
Investments in securities, etc.	215	220	201
Unutilised overdraft facilities	434	393	446
Available cash and equivalents	5,424	5,218	5,240

### Working capital, including cash and bank balances

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Total current assets	16,089	14,363	13,374
Current liabilities and provisions, non-interest-bearing	- 6,241	- 5,245	- 5,081
Working capital, including cash and bank balances	9,848	9,118	8,293
Net sales, past 12 months	30,129	26,598	27,146
Working capital, including cash and bank balances, in relation to net sales, %	32.7	34.3	30.5

### Working capital, excluding cash and bank balances

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Inventories	5,864	4,817	4,431
Current receivables	5,235	4,721	4,149
Current liabilities and provisions, non-interest-bearing	- 6,241	- 5,245	- 5,081
Working capital, excluding cash and bank balances	4,858	4,293	3,499
Net sales, past 12 months	30,129	26,598	27,146
Working capital excluding cash and bank balances relative to net sales, %	16.1	16.1	12.9

### Return on capital employed

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Profit after net financial items, past 12 months	4,651	3,068	3,658
Financial expenses, past 12 months	405	423	477
Profit before financial expenses	5,056	3,491	4,135
Revaluation of additional considerations	- 390	0	- 353
Profit, excluding revaluation of additional considerations	4,666	3,491	3,782
Capital employed at start of period	28,396	28,258	28,258
Capital employed at end of period	31,133	29,835	28,396
Average capital employed	29,765	29,047	28,327
Return on capital employed, %	17.0	12.0	14.6
Operating profit, excluding revaluation of additional considerations, %	15.7	12.0	13.4

### Return on equity

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Profit after net financial items, past 12 months	4,651	3,068	3,658
Standard tax rate, %	20.6	21.4	21.4
Profit after net financial items, after tax	3,693	2,411	2,875
Of which attributable to Parent shareholders	3,636	2,361	2,818
Equity at start of period	17,588	17,509	17,509
Equity at end of period	20,191	18,383	17,588
Average equity	18,890	17,946	17,549
Return on equity, %	19.3	13.2	16.1

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

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Profit after net financial items, past 12 months	4,651	3,068	3,658
Revaluation of additional considerations	- 390	0	- 353
Profit, excluding revaluation of additional considerations	4,261	3,068	3,305
Standard tax rate, %	20.6	21.4	21.4
Profit after net financial items, after tax	3,383	2,411	2,598
Of which attributable to Parent shareholders	3,326	2,361	2,541
Equity at start of period	17,588	17,509	17,509
Equity at end of period	20,191	18,383	17,588
Average equity	18,890	17,946	17,549
Return on equity, excluding revaluation of additional considerations, %	17.6	13.2	14.5

## Net debt/EBITDA

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Non-current liabilities and provisions, interest-bearing	7,422	7,144	6,298
Current liabilities and provisions, interest-bearing	3,327	4,169	4,362
Cash and bank balances	- 4,775	- 4,605	- 4,593
Investments in securities, etc.	- 215	- 220	- 201
Net debt	5,759	6,488	5,866
Operating profit, past 12 months	4,813	3,309	3,880
Depreciation/amortisation and impairment, past 12 months	1,304	1,210	1,237
EBITDA	6,117	4,519	5,117
Revaluation of additional considerations	- 390	0	- 353
EBITDA, excluding revaluation of additional considerations	5,727	4,519	4,764
Net debt/EBITDA, multiple	0.9	1.4	1.1
Net debt/EBITDA, excluding revaluation of additional considerations, multiple	1.0	1.4	1.2

## Interest coverage ratio

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Profit after net financial items	3,175	2,182	3,658
Financial expenses	198	270	477
Profit before financial expenses	3,373	2,452	4,135
Revaluation of additional considerations	- 37	0	- 353
Profit, excluding revaluation of additional considerations	3,336	2,452	3,782
Interest coverage ratio, multiple	17.1	9.1	8.7
Interest coverage ratio, excluding revaluation of additional considerations, multiple	16.9	9.1	7.9

## Net profit per share excluding revaluation of additional considerations

(SEK million)	Jan-Sept 2021	Jan-Sept 2020	Full year 2020
Net profit attributable to Parent shareholders	2,428	1,654	2,866
Revaluation of additional considerations	- 37	0	- 353
Net profit, excluding revaluation of additional considerations	2,391	1,654	2,513
Net profit per share excluding revaluation of additional considerations	1.19	0.82	1.25

## Accounting policies

NIBE Industrier's consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the third quarter of 2021 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 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.

tent 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.

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, 17 November 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

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

### Review report

We have reviewed the summary interim financial information (interim report) of NIBE Industrier AB as of 30 September 2021 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

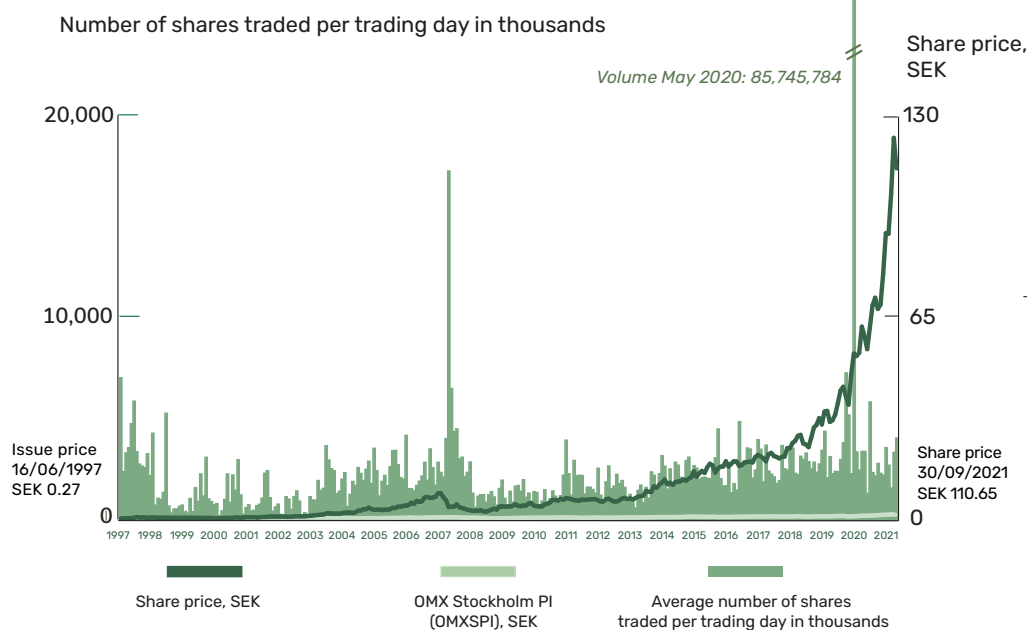
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd, 17 November 2021  
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 2021 was SEK 110.65. During the first nine months of 2021, NIBE's share price rose by 64.1%, from SEK 67.43 to SEK 110.65. In the same period, the OMX Stockholm PI (OMXSPI) increased by 20.1%. This means that, at the end of September 2021, the market capitalisation of NIBE, based on the latest price paid, amounted to SEK 223,078 million. A total of 443,927,376 NIBE shares were traded, which corresponds to a share turnover of 29.4% in the first three quarters 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.

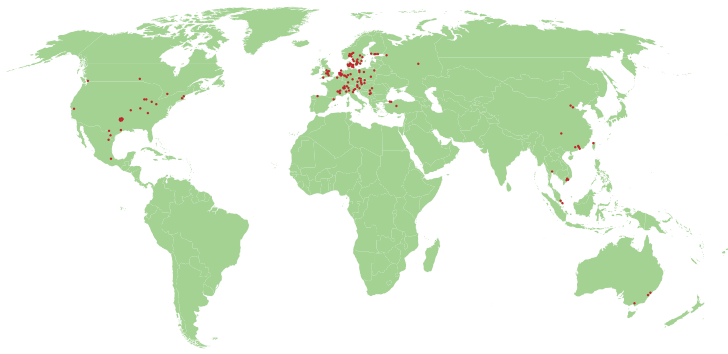


NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 08:00 (C.E.T.) on 17 November 2021.

Please email any questions to:

Gerteric Lindquist, MD and Group CEO, [gerteric.lindquist@nibe.se](mailto:gerteric.lindquist@nibe.se)

Hans Backman, CFO, [hans.backman@nibe.se](mailto: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 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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**NIBE**