


## Year-end Report



2022

- › SALES amounted to SEK 40,071 million (SEK 30,832 million)
- › PROFIT AFTER NET FINANCIAL ITEMS amounted to SEK 5,675 million (SEK 4,318 million)
- › PROFIT AFTER TAX was SEK 4,395 million (SEK 3,378 million)
- › EARNINGS per share before and after dilution, based on the average number of shares outstanding during the period, were SEK 2.16 (SEK 1.65)
- › One-off expenses of SEK 114 million from winding up Russian operations
- › One-time gain of SEK 232 million on the divestment of an additional 26% of the shares in Schulthess Maschinen AG of Switzerland
- › ACQUISITION OF
  - 50% of the shares in the Italian heat pump company Argoclima S.p.A.
  - an additional 41% of the shares in the Canadian stove company Pacific Energy Fireplace Products Inc
  - the German electrical heating systems company ELMESS-Klöpffer Group
  - 65% of the shares in the Canadian stove company Miles Industries Ltd (2023)
- › THE BOARD OF DIRECTORS proposes a dividend of SEK 0.65/share (SEK 0.50/share)

# Strong 2022 performance – Target of SEK 40 billion exceeded

**Extremely strong demand and gradual improvement in supply situation.**

**New sales target of SEK 80 billion.**

Consolidated sales in the year exceeded SEK 40 billion, which means that in just four years we have achieved our target of sales of SEK 40 billion by 2025. Sales growth for the full year was 30.0% (13.6%), of which 26.5% (11.8%) was organic. The weaker Swedish krona had a positive effect on sales growth, as did the price increases introduced in the past 12 months.

The year was characterised by extremely strong demand. The main reason for this was the realisation by both politicians and end-consumers that we need to end our dependence on fossil fuels in order to be able to deal with the climate change issue in earnest. This realisation has been further strengthened by Russia's terrible invasion of Ukraine.

Unfortunately, we have been unable to meet the sharp increase in demand because our sub-suppliers have not been able to keep up with the change in demand. In parallel with the disruption in the supply chain, we have also been hit by very sharp and frequent price rises, which has been very trying, to say the least. The year has been characterised by a continued trusting and constructive dialogue with our customers despite the supply chain issues, ensuring that our sub-suppliers are properly prepared for a very different level of demand, and implementing necessary adjustments to the prices of our own products.

Despite our persistent delivery issues since the end of June 2021, in many respects the fourth quarter of 2022 nevertheless represented a major improvement. Thanks to the significant improvement in our sub-suppliers' delivery capacity, our production and deliveries were at a much higher level than before, while productivity also improved. Thanks to the positive impact on profit or loss of our own price adjustments, we were able to report a virtually unchanged operating margin for the full year.

The problems relating to sub-suppliers have not been fully resolved but we are expecting a gradual improvement in 2023, and we are also significantly boosting our own capacity by means of both staffing and investments.

## Calendar

### 15 February 2023

08:00 (CET) Year-end report 2022

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

Presentation of Year-end Report 2022 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 and to obtain a code to be able to ask questions.

### April 2023

Publication of Annual Report 2022

Notice of Annual General Meeting

### 16 May 2023

Interim Report 1, January – March 2023

Annual General Meeting

For obvious reasons, our acquisition activity slowed down while the pandemic raged, and it was therefore gratifying to have carried out two strategic acquisitions in the financial year, as well as a further acquisition in January 2023.

**The NIBE Climate Solutions business area** reported strong order inflow throughout the year, for reasons already described above. Although Europe accounted for the largest increase, it was pleasing to see positive signals from the North American market, too. Another reason for the positive development was the positive reception to our new generation of high-performance heat pumps, featuring the most advanced controls on the market and with a focus on natural refrigerants.

As mentioned earlier, our own deliveries have not been satisfactory due to the supply chain issues, but the situation improved significantly in the fourth quarter, demonstrating the capacity we can muster when the supply side is functioning.

The business area is currently preparing for expected growth in both the short and long term by implementing major investment programmes in our prioritised markets. The objective is to initially double production capacity and, in the longer term, to double it again.

We were pleased to see that the improved delivery capacity in the fourth quarter also boosted productivity. Added to the impact of our own price adjustments, this meant that the full-year operating margin rose above the level recorded in the previous year. Due to the obvious decision to wind up our Russian operations following Russia's terrible invasion of Ukraine, the first quarter operating profit was burdened by a one-off expense in the form of estimated write-downs of SEK 114 million. In the second quarter, we recorded a one-time gain of SEK 232 million from the divestment of an additional 26% of the shares in Schulthess.

**The NIBE Stoves business area** also reported very good order inflow in the financial year. The primary driving factors were high energy prices and a desire to have a second source of heating in the home.

Because we expect this trend to continue, this business area too is in the process of implementing a major investment programme aimed at boosting capacity, which together with the improved situation in the supply chain will ensure a return to normal delivery times. Our assessment is that increasingly enhanced combustion efficiency and reduced particle levels in smoke gases will be crucial customer requirements in the future. We are therefore investing significant amounts in developing pioneering solutions to these issues.

We were pleased to see that in the fourth quarter, thanks to high sales, our own price adjustments and improved productivity, the business area was able to improve its operating profit to the extent that the operating margin for the full year improved slightly compared with the previous year.

**The NIBE Element business area** reported sharp growth in new orders for most of the financial year. The main reasons for this correspond to the market situation in the other two business areas. The strong electrification trend and the rapidly growing semiconductor industry were other driving factors. However, in the middle of the fourth quarter, the USA introduced export restrictions with immediate effect on equipment intended for semiconductor manufacturing in China. This had an immediate impact on the business area's invoicing and results in the quarter.

The full-year operating margin remains stable at over 10%, however. Because our assessment is that the export restrictions that have been introduced will result in the semiconductor industry relocating to other countries, primarily to the USA and countries in Europe, we consider the drop in demand to be temporary. We will not scale down our current ambitious investment programme because of this, and will complete the programme according to plan.

## Investments

The Group's total investments amounted to SEK 3,745 million, compared with SEK 1,790 million in the previous year. Business acquisitions accounted for a total of SEK 1,680 million of the investments. In the previous year the corresponding figure was SEK 548 million. The investment amounts relating to acquisitions consist of both considerations paid and estimated additional considerations. The rate of investment in our existing businesses amounted to SEK 2,065 million in the year, compared with SEK 1,242 million in the previous year. Excluding leases, the rate of depreciation was SEK 1,080 million, compared with SEK 970 million in the previous year.

In view of the expected continued good market conditions in all three business areas, together with further automation, rationalisations and sustainable development, the rate of investment in our existing businesses will remain high. In the next three to four years alone, accumulated investments are expected to amount to around SEK 10 billion, of which around half will comprise increased production capacity.

## Profit

Operating profit in the year improved by 31.2% compared with the previous year and the operating margin increased from 14.5% to 14.6%. Excluding the one-off write-down of SEK 114 million in respect of our Russian operations and the one-time gain of SEK 232 million from the divestment of the shares in Schulthess, operating profit would have increased by 28.6% and the underlying operating margin would have been 14.3%.

Profit after net financial items improved by 31.4% in the year, while the profit margin rose to 14.2% from 14.0% in the previous year. Excluding the one-off write-down of SEK 114 million and the one-time gain of SEK 232 million, the corresponding figures would have been 28.7% and 13.9% respectively.



Gerteric Lindquist  
Managing Director and CEO

## Outlook for 2023

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times because the transition to a fossil-free society is considered to be irrevocable.
- We are well prepared to continue being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost control, 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 pandemic effects are continuing to fade, which is a very significant and positive factor.
- The problems relating to sub-suppliers are expected to gradually improve over the year.
- The effects of the war in Ukraine, general political unrest, interest rate developments and high energy prices are factors that are difficult to predict, however.
- However, as is our habit, and based on experience, we remain cautiously optimistic about our full-year performance.

Markaryd, 15 February 2023

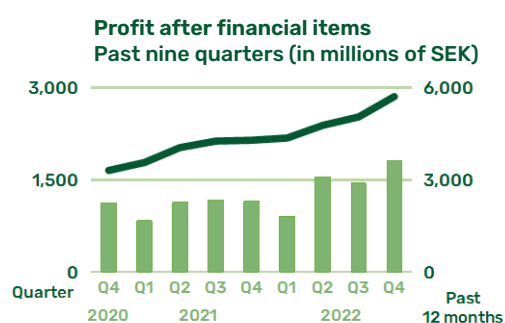
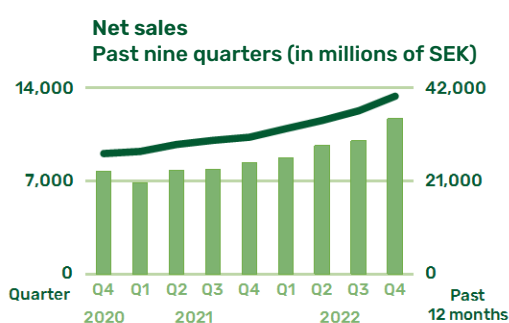
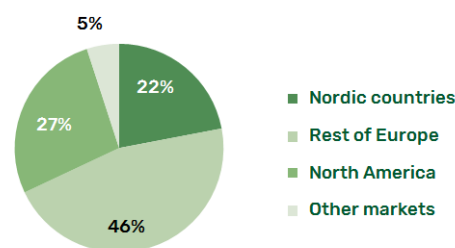
Gerteric Lindquist  
Managing Director and CEO

# NIBE Group

Key figures		2022	2021	2020	2019	2018
Net sales	SEK m	40,071	30,832	27,146	25,342	22,516
Growth	%	30.0	13.6	7.1	12.5	18.5
of which acquired	%	3.5	1.8	8.0	4.6	6.0
Operating profit	SEK m	5,863	4,468	3,880	3,038	2,829
Operating margin	%	14.6	14.5	14.3	12.0	12.6
Profit after net financial items	SEK m	5,675	4,318	3,658	2,836	2,667
Profit margin	%	14.2	14.0	13.5	11.2	11.8
Equity/assets ratio	%	51.8	49.9	46.3	47.3	47.8
Return on equity*	%	18.2	17.2	14.5	13.5	14.6

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

## Group sales by geographical region



## Sales

Consolidated net sales totalled SEK 40,071 million (SEK 30,832 million), corresponding to growth of 30.0%. Acquired operations accounted for 3.5% of the total increase in sales of SEK 9,239 million. The divestment of a majority shareholding in Schulthess at the end of June resulted in a decrease in sales of 2.0% in the year, which in turn meant that organic sales growth in the rest of the business was 28.5%.

## Profit

Profit for the year after net financial items amounted to SEK 5,675 million, corresponding to a 31.4% increase in earnings compared with 2021. Profit in the previous financial year amounted to SEK 4,318 million. Profit for the year included a one-time write-down of SEK 114 million of the Group's operations in Russia. At the end of June, we sold an additional 26% of the shares in Schulthess, resulting in a capital gain of SEK 232 million. Because our outstanding holding comprises just 25% of the shares, Schulthess will now be accounted for as an associate. Profit for the year was weighed down by acquisition costs of SEK 19 million (SEK 13 million). Return on equity, excluding revaluation of additional considerations, was 18.2% (17.2%).

## Acquisitions

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

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

At the beginning of October, we acquired all the shares in the German electric heating systems manufacturer ELMESS-Klöpper Group, which has

sales of around EUR 23 million. The company was consolidated into NIBE Element as of October 2022. The acquisition value is still provisional.

## Significant events after the end of the period

At the beginning of January 2023, we acquired 65% of the shares in the Canadian stove company Miles Industries Ltd, which has sales of around CAD 75 million. We have an agreement to acquire the outstanding shares not later than in 2026. The company will be consolidated into NIBE Stoves with effect from January 2023.

## Investments

During the year, the Group invested a total of SEK 3,745 million (SEK 1,790 million). Business acquisitions accounted for SEK 1,680 million (SEK 548 million) of the investments. The remaining SEK 2,065 million (SEK 1,242 million) mainly comprised investments in machinery and equipment in existing businesses. 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 5,800 million (SEK 4,749 million). Cash flow after changes in working capital amounted to SEK 2,614 million (SEK 3,263 million). The decrease was primarily due to build-up of input materials inventory in the year.

Interest-bearing liabilities at year-end amounted to SEK 11,357 million, compared with SEK 10,320 million at the start of the year. At year-end, the Group had cash and cash equivalents of SEK 5,441 million, compared with SEK 5,208 million at the start of the year. The equity/assets ratio at the end of the year was 51.8%, compared with 49.9% at the start of the year.

## Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the year totalled SEK 42 million (SEK 28 million) and profit after financial items was SEK 1,527 million (SEK 268 million).

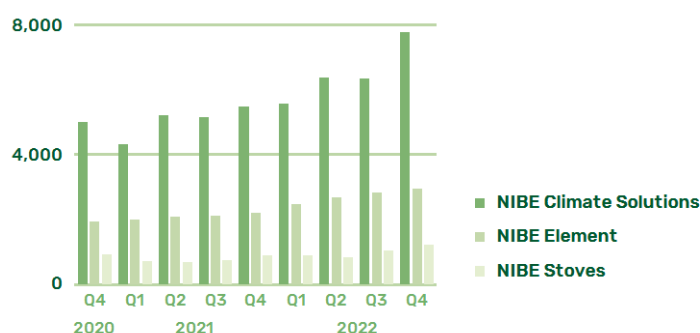
# Business area trends

## Quarterly data

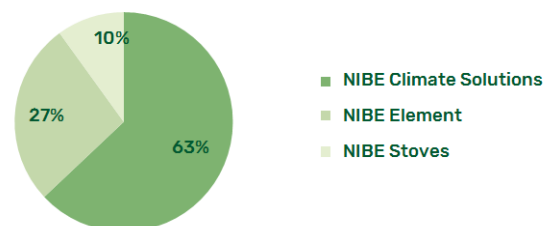
Consolidated income statement (SEK million)	2022				2021				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4
Net sales	8,749	9,656	9,999	11,667	6,831	7,790	7,823	8,388	7,685
Operating expenses	-7,808	-8,087	-8,534	-9,779	-5,966	-6,568	-6,621	-7,209	-6,161
<b>Operating profit</b>	<b>941</b>	<b>1,569</b>	<b>1,465</b>	<b>1,888</b>	<b>865</b>	<b>1,222</b>	<b>1,202</b>	<b>1,179</b>	<b>1,524 *</b>
Net financial items	-35	-22	-14	-117	-32	-51	-31	-36	-48
<b>Profit after net financial items</b>	<b>906</b>	<b>1,547</b>	<b>1,451</b>	<b>1,771</b>	<b>833</b>	<b>1,171</b>	<b>1,171</b>	<b>1,143</b>	<b>1,476 *</b>
Tax	-226	-310	-343	-401	-188	-259	-260	-233	-247
<b>Net profit</b>	<b>680</b>	<b>1,237</b>	<b>1,108</b>	<b>1,370</b>	<b>645</b>	<b>912</b>	<b>911</b>	<b>910</b>	<b>1,229 *</b>
<b>Net sales, business areas</b>									
NIBE Climate Solutions	5,583	6,367	6,344	7,782	4,310	5,199	5,142	5,476	5,008
NIBE Element	2,474	2,672	2,842	2,937	2,001	2,082	2,125	2,214	1,938
NIBE Stoves	900	830	1,042	1,239	705	696	746	904	924
Elimination of Group transactions	-208	-213	-229	-291	-185	-187	-190	-206	-185
<b>Group total</b>	<b>8,749</b>	<b>9,656</b>	<b>9,999</b>	<b>11,667</b>	<b>6,831</b>	<b>7,790</b>	<b>7,823</b>	<b>8,388</b>	<b>7,685</b>
<b>Operating profit, business areas</b>									
NIBE Climate Solutions	612	1,204	1,022	1,500	579	900	907	852	849
NIBE Element	250	299	325	249	216	223	213	224	190
NIBE Stoves	103	95	137	216	85	82	103	143	160
Elimination of Group transactions	-24	-29	-19	-77	-15	17	-21	-40	325 *
<b>Group total</b>	<b>941</b>	<b>1,569</b>	<b>1,465</b>	<b>1,888</b>	<b>865</b>	<b>1,222</b>	<b>1,202</b>	<b>1,179</b>	<b>1,524 *</b>

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

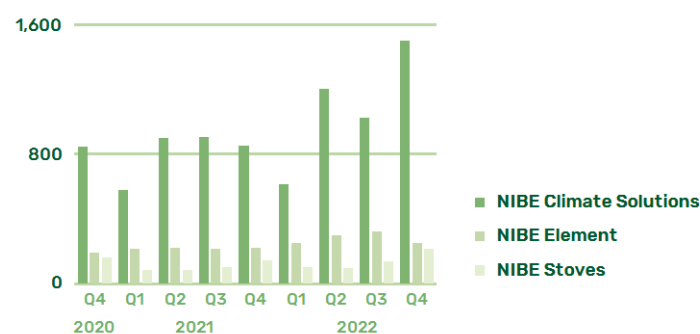
## Sales per business area, last nine quarters (SEK million)



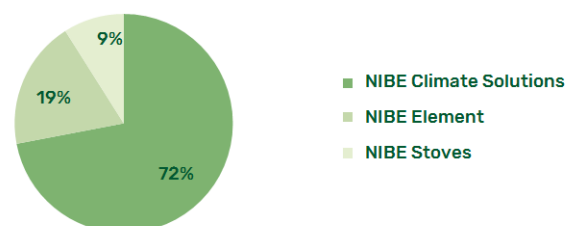
## Each business area's share of total sales (Q1-Q4, 2022)



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



## Each business area's share of total profit (Q1-Q4, 2022)



# Business area NIBE Climate Solutions

Key figures		2022	2021	2020	2019	2018
Net sales	SEK m	26,076	20,127	17,944	16,430	14,255
Growth	%	29.6	12.2	9.2	15.3	18.6
of which acquired	%	3.7	1.9	8.2	5.7	2.7
Operating profit	SEK m	4,338	3,238	2,690	2,277	1,962
Operating margin	%	16.6	16.1	15.0	13.9	13.8
Assets	SEK m	33,813	27,972	24,981	23,191	20,637
Liabilities	SEK m	6,504	4,436	4,312	2,987	2,463
Investments in non-current assets	SEK m	1,857	746	685	639	404
Amortisation/Depreciation	SEK m	875	808	756	626	448

## Sales and profit

Sales for the period totalled SEK 26,076 million, compared with SEK 20,127 million in the corresponding period in the previous year. Acquisitions accounted for 3.7% of the increase in sales of SEK 5,949 million. The divestment of a majority shareholding in Schulthess at the end of June resulted in reduced growth of 3.1% in the year, which in turn meant that organic sales growth in the rest of the business amounted to 29.0%.

Operating profit for the year totalled SEK 4,338 million, compared with SEK 3,238 million in the previous year. This equates to an operating margin of 16.6% compared with 16.1% for the previous year. Profit for the period was weighed down by SEK 114 million from the write-down of the Russian operations. On the other hand, the profit includes a one-time gain of SEK 232 million in respect of the divestment of Schulthess. Excluding these two one-off items, the operating profit for the year would have been 16.2%.

## The year in brief

A significant feature of 2022 was that end-consumers became increasingly interested in both saving energy and in finding fossil-free alternatives to natural gas and oil. The Russian invasion of Ukraine has further raised awareness in Europe about the need to reduce dependence on fossil fuels. High energy prices, which are the consequence of a much too slow transition to essential expansion of fossil-free electricity generation, also helped drive investment in heat pumps, resulting in a sharp increase in demand for all our heat pump solutions.

Although the climate change issue took a back seat to the war situation in Europe, the transition to a fossil-free society and climate control in buildings, which currently accounts for a large proportion of global carbon dioxide emissions, remains high on the international agenda. We have long been convinced that heat pump technology is the best solution for energy-efficient and environmentally-friendly climate control in both small and large properties. This has now been confirmed by the International Energy Agency (IEA), which has published a report stating that heat pumps are the best solution for reduced climate impact. In North America, too, interest is growing in alternatives to current climate control products, which are primarily based on fossil fuels. All this is good for both the environment and our industry in the short and long term, and it is one of the principal reasons for the market growth.



Italy's Argoclima offers complete environmentally-friendly climate control solutions with reduced environmental impact for heating, cooling and hot water production for both single family homes and commercial properties. The company, which was acquired in 2022, is an important part of our strategy to further strengthen our position in the southern European market.

# Community for 55+

## Wellings of Calgary, Canada

Interest in climate control for commercial properties with reduced environmental impact is also growing in North America. Canada's CGC Group has participated in the construction of modern senior housing for the 55+ community. CGC has supplied the products for the entire development. The development comprises 154 apartments in two 15-storey buildings with a reception that is manned 24 hours a day. The development also features large shared areas, on-site catering, pub, outdoor terrace, library, gym, beauty salon and spa, dog grooming, car wash and parking garage.

The development is for independent living and residents decide which, if any, social activities they wish to participate in. There are plenty of opportunities for older adults to live life to the full and socialise. The focus is on a sustainable lifestyle and personal wellbeing. The community is located in a scenic area close to both walking trails and shopping centres.



To meet the sharp increase in demand, we have focused on increasing both short-term and long-term capacity in our production units. For example, new heat pump plants are being built in both Sweden and Germany in order to safeguard long-term production capacity for heat pumps. In parallel with the increase in capacity, we are carrying out major investments in product development and, among other things, we are currently building a completely new innovation centre in Markaryd in order to safeguard the quality of future product development and to be able to attract new development engineers.

The shortcomings in our delivery capacity due to external circumstances, such as the global component shortage and the war situation in Europe, hampered our performance for most of the year and were frustrating for both us and our customers. Even though the global component shortage persists to some extent, the delivery capacity of our sub-suppliers improved significantly towards the end of the year. In order to safeguard further expansion, for many years we have invested in building strong international platforms comprising 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. With the market growing strongly, this investment will provide a basis from which to further strengthen our market position.

Organic growth dominated in 2022 but our strategy to use acquisitions to expand into markets that offer great growth potential, and to continue to enhance our position in the commercial segment internationally, remains in place. Our acquisition of the Italian heat pump manufacturer Argoclima in June was an important strategic step to shore up our previously insufficient presence in southern Europe.

Product development is one of the basic requirements for continued expansion. We are therefore continuously committing large resources to product development and product launches featuring high-performance products with unique solutions, such as the environmentally-friendly refrigerant propane. NIBE Climate Solutions also actively contributes both knowledge and products in the ongoing transition to energy-efficient climate control solutions that is being implemented in the Group's own operations worldwide to reduce our own environmental impact and achieve our environmental goals.

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

The North American heat pump market for single family homes grew, but not at the same rate as in Europe. The long-term programme of measures until 2033 introduced in the USA, the Inflation Reduction Act, is expected to significantly benefit the industry in future. The programme includes significant tax incentives for contractors installing geothermal heat pumps in both single family homes and commercial properties.

Demand for energy-efficient product solutions for commercial properties is increasing in both Europe and North America. We are therefore continuing to intensify our efforts to be able to expand and further consolidate our position in both the European and North American markets.

The natural decision to completely withdraw from Russia following Russia's invasion of Ukraine had a negative impact on results of SEK 114 million. In the same period, the divestment of an additional 26% of the shares in Schulthess Maschinen AG had a positive effect on results of SEK 232 million.

The operating margin was boosted by strong growth and at the same time we were largely able to compensate for the sharp price increases we had to contend with, and we also took a very cautious approach to fixed costs. This contributed to the operating margin improving slightly, from 16.1% to 16.6%.

# Business area NIBE Stoves

Key figures		2022	2021	2020	2019	2018
Net sales	SEK m	4,011	3,051	2,579	2,503	2,379
Growth	%	31.5	18.3	3.0	5.2	6.4
of which acquired	%	5.4	0.9	0.9	1.6	1.9
Operating profit	SEK m	551	413	271	252	265
Operating margin	%	13.7	13.5	10.5	10.1	11.2
Assets	SEK m	5,000	3,938	3,391	3,614	3,304
Liabilities	SEK m	1,042	617	515	442	407
Investments in non-current assets	SEK m	123	101	99	73	80
Amortisation/Depreciation	SEK m	150	132	128	124	77

## Sales and profit

Sales totalled SEK 4,011 million, compared with SEK 3,051 million in the corresponding period in the previous year. Of the increase in sales of SEK 960 million, acquired sales accounted for SEK 166 million, which means that organic growth was 26.1%.

Operating profit for the year totalled SEK 551 million, compared with SEK 413 million in the previous year. This equates to an operating margin of 13.7% compared with 13.5% for the previous year.

## The year in brief

Never before have we seen such demand for wood-fired stove products in Europe as in the year just ended. The unsettling situation in the world around us, which has created a lot of uncertainty around energy supply and sharply rising energy prices, pushed up demand. Gas-fired and electric products recorded a slight decline.

Demand for all types of stove products was strong already in 2021, thanks to a strong economy and the pandemic effect which meant households chose to invest in enhancing their homes. From this high level, demand for wood-fired products rose to record levels, primarily as a result of Russia's invasion of Ukraine. In the first half, the German market reported the highest growth. The country's high dependence on gas from Russia and sharply rising energy prices have resulted in a sharp increase in interest in stove products among German consumers. The second wave of swelling demand occurred at the end of summer in the Nordic markets, when electricity prices shot up and consumers started to realise that the war situation might impact energy supply in their own countries during the cold months of the year. Demand for wood-fired products was also very strong in other European markets.

The UK, which is a major market for gas-fired products and electric stoves, recorded weaker development in these product segments, primarily due to increasing concerns about weaker economic development in the country. Conversely, demand for wood-fired products has increased sharply as consumers increasingly try to reduce their heating costs.

General demand for stove products in North America remained strong but as before, development varied between the different product segments. Demand for wood-fired products increased, but not to

the same extent as in Europe. Demand for electric stoves also increased, although these are mostly used for decoration. Demand for gas-fired products, which account for the largest portion of the North American market, was slightly weaker due to rising gas prices, but also because most manufacturers suffered from supply chain disruption affecting input components at the start of the year.

The sharp increase in demand for wood-fired products resulted in unnaturally long delivery times throughout the industry, and all operators have large order backlogs. Despite large disruption in our supply chains, during the year we were able to increase production volumes for wood-fired products at our production plants, albeit that this resulted in lower productivity. Delivery capacity with regard to gas-fired and electric products gradually improved during the year and delivery times are currently in line with the market. Our assessment is that we maintained our strong market position overall in our main markets.

At the beginning of July, we acquired an additional 41% of the shares in the Canadian company Pacific Energy, as a result of which we consolidated the business. The remaining 49% of the shares will be acquired in the first half of 2023.

Shortly after the turn of the year we acquired 65% of the shares in Miles Industries of Canada, a family-owned company whose products are sold under the well-known brand Valor. The company has built up a strong network of retailers in both Canada and the USA over several decades, resulting in a very strong and well-established market position in North America. In total, we now have a very strong platform in North America for continued profitable growth.

We are continuing our aggressive and long-term investments in product development in order to improve the products' performance and combustion, and to meet the requirements of future consumers. In marketing and marketing communications, too, we want to develop in step with our customers, in order to ensure long-term and profitable growth also when demand returns to normal.



Most of the products of our newly acquired company Miles Industries are sold under the Valor brand, which is one of the oldest and most well-known brands in the industry in the North American premium segment.



# Business area NIBE Element

Key figures		2022	2021	2020	2019	2018
Net sales	SEK m	10,925	8,422	7,278	6,971	6,349
Growth	%	29.7	15.7	4.4	9.8	24.4
of which acquired	%	1.9	1.6	9.6	4.0	15.3
Operating profit	SEK m	1,123	876	659	622	650
Operating margin	%	10.3	10.4	9.1	8.9	10.2
Assets	SEK m	14,100	11,043	9,443	9,314	7,655
Liabilities	SEK m	2,276	1,889	1,758	1,406	1,177
Investments in non-current assets	SEK m	609	368	354	303	214
Amortisation/Depreciation	SEK m	459	356	352	285	166

## Sales and profit

Sales totalled SEK 10,925 million, compared with SEK 8,422 million in the corresponding period in the previous year. Of the increase in sales of SEK 2,503 million, acquired sales accounted for SEK 159 million, which means that organic sales increased by 27.8%.

Operating profit for the year totalled SEK 1,123 million, compared with SEK 876 million in the previous year. This equates to an operating margin of 10.3% compared with 10.4% for the previous year.

## The year in brief

We reported good growth for the full year, particularly in respect of products linked to sustainability, renewable energy and energy storage. However, growth has gradually and to an increasing extent been affected by geopolitical developments, and demand for consumer-related products such as domestic appliances declined in the second half of the year. At the same time, demand for electrification solutions is growing, for reasons to do with the environment and security.

One effect of the pandemic and trade policy tensions has been the increased repatriation of production in Asia to our customers' home markets in North America and Europe. Because we are a global supplier, which has always prioritised a local presence in the market where our customers are, it is natural for us to be moving in this direction.

We continued to strengthen our position in the internal elements market through organic growth in several market segments with strong underlying growth. Energy-efficient solutions for climate control in both private and commercial properties as well as industrial facilities, and which are based on electric heating for reduced climate emissions, showed very strong growth. Products in many growth segments use large quantities of semiconductors, enabling the semiconductor industry to report long-term strong growth. Following very strong growth for most of the year, the USA has introduced new trade restrictions in respect of exports of advanced technical equipment to China, which adversely affected sales towards the end of the year. However, we estimate that in the long term, this will be compensated for by increased demand linked to investments in new production units in both North America and Europe.

Demand for products in the consumer segment, such as domestic appliances and direct electric heating, declined in the second half of the year and there is a risk that this will lead to reduced inventories among domestic appliance manufacturers. The market for commercial products, for example catering equipment and commercial coffee machines, also declined in the autumn after a strong first half. This was due to a decrease in consumer demand and increased cost pressure for users of these products.

The automotive industry is seeing reduced demand overall due to the major shortage of components for vehicle manufacturing. At the same time, increased electrification of vehicles means new business opportunities for us, both with regard to passenger cars and commercial vehicles.

To meet increased demand, we have continued to increase production capacity at our units both through recruitment and investments in capacity in the segments reporting strong organic growth. At the same

time, we are reducing production capacity in segments with falling demand.

In conjunction with this, we have implemented additional investments in robotics and automation as well as productivity improvement measures in order to maintain competitiveness and keep the operating margin at the target level of 10% or above.

During the year we acquired Germany's Elmess-Klöpper Group, one of the market leaders in electrical heaters for industrial applications. The acquisition strengthened our position geographically and our product offering in the important growth market created as industry makes the transition from fossil fuels to electricity. During the year we also carried out minor supplementary acquisitions, such as the Swedish industrial company Scandymet, a small industrial company in Malaysia and a small production company in California. The combination of larger strategic acquisitions and continuous acquisitions of smaller businesses in various markets and product segments has proved to be a successful concept.

Sharp increases in the price of materials, services and energy, as well as rising freight costs, have also forced us to introduce successive price rises of our own to compensate for this development. Overall, our customers have been understanding and have accepted these price adjustments. Our globalisation and our production units in different currency zones gives us a clear advantage in the ongoing turbulence in the currency markets.

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



The Power-to-Heat system from the newly acquired company ELMESS-Klöpper Group enables operators of district heating power plants with associated cooling function to reduce supply to the power grid by using electricity for hot water. Examples of such operators are biogas plants, wind power plants and local energy suppliers.

## Condensed income statement

(SEK million)	Group				Parent	
	Q4 2022	Q4 2021	2022	2021	2022	2021
Net sales	11,667	8,388	40,071	30,832	42	28
Cost of goods sold	-7,764	-5,661	-27,462	-20,628	0	0
<b>Gross profit</b>	<b>3,903</b>	<b>2,727</b>	<b>12,609</b>	<b>10,204</b>	<b>42</b>	<b>28</b>
Selling expenses	-1,383	-1,244	-4,921	-4,210	0	0
Administrative expenses	-785	-517	-2,648	-2,018	-140	-100
Other operating income	153	213	823	492	0	0
<b>Operating profit</b>	<b>1,888</b>	<b>1,179</b>	<b>5,863</b>	<b>4,468</b>	<b>-98</b>	<b>-72</b>
Net financial items	-117	-36	-188	-150	1,625	340
<b>Profit after net financial items</b>	<b>1,771</b>	<b>1,143</b>	<b>5,675</b>	<b>4,318</b>	<b>1,527</b>	<b>268</b>
Appropriations					280	210
Tax	-401	-233	-1,280	-940	-48	-35
<b>Net profit</b>	<b>1,370</b>	<b>910</b>	<b>4,395</b>	<b>3,378</b>	<b>1,759</b>	<b>443</b>
Net profit attributable to Parent shareholders	1,369	892	4,351	3,320	1,759	443
Net profit attributable to non-controlling interest	1	18	44	58	0	0
<b>Net profit</b>	<b>1,370</b>	<b>910</b>	<b>4,395</b>	<b>3,378</b>	<b>1,759</b>	<b>443</b>
Includes amortisation/depreciation according to plan as follows	423	297	1,484	1,297	0	0
Net profit per share before and after dilution, SEK	0.68	0.44	2.16	1.65	0	0

## Statement of comprehensive income

<b>Net profit</b>	<b>1,370</b>	<b>910</b>	<b>4,395</b>	<b>3,378</b>	<b>1,759</b>	<b>443</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	103	-21	160	129	0	0
Tax	-22	4	-34	-26	0	0
	<b>81</b>	<b>-17</b>	<b>126</b>	<b>103</b>	<b>0</b>	<b>0</b>
<b>Items that may be reclassified to profit or loss</b>						
Cash flow hedges	9	3	0	-12	0	0
Hedging of net investments	-32	-5	-91	-14	0	0
Exchange differences on translation of foreign operations	-553	412	3,123	1,360	0	0
Tax	107	-28	-172	-111	0	0
	<b>-469</b>	<b>382</b>	<b>2,860</b>	<b>1,223</b>	<b>0</b>	<b>0</b>
<b>Total other comprehensive income</b>	<b>-388</b>	<b>365</b>	<b>2,986</b>	<b>1,326</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>982</b>	<b>1,275</b>	<b>7,381</b>	<b>4,704</b>	<b>1,759</b>	<b>443</b>
Comprehensive income attributable to Parent shareholders	977	1,246	7,319	4,631	1,759	443
Comprehensive income attributable to non-controlling interest	5	29	62	73	0	0
<b>Total comprehensive income</b>	<b>982</b>	<b>1,275</b>	<b>7,381</b>	<b>4,704</b>	<b>1,759</b>	<b>443</b>

## Condensed balance sheet

(SEK million)	Group		Parent	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Intangible assets	22,568	20,363	0	0
Property, plant and equipment	8,273	6,131	0	0
Financial assets	1,001	629	18,162	16,428
<b>Total non-current assets</b>	<b>31,842</b>	<b>27,123</b>	<b>18,162</b>	<b>16,428</b>
Inventories	10,191	6,584	0	0
Current receivables	7,144	4,941	379	264
Investments in securities, etc	190	224	0	0
Cash and bank balances	4,627	4,522	0	99
<b>Total currents assets</b>	<b>22,152</b>	<b>16,271</b>	<b>379</b>	<b>363</b>
<b>Total assets</b>	<b>53,994</b>	<b>43,394</b>	<b>18,541</b>	<b>16,791</b>
Equity	27,973	21,657	9,827	9,076
Non-current liabilities, non-interest bearing	5,869	5,252	1,500	542
Non-current liabilities, interest bearing	6,399	7,505	4,250	5,500
Current liabilities, non-interest bearing	8,795	6,165	114	73
Current liabilities, interest bearing	4,958	2,815	2,850	1,600
<b>Total equity and liabilities</b>	<b>53,994</b>	<b>43,394</b>	<b>18,541</b>	<b>16,791</b>

## Key figures

		2022	2021	2020	2019	2018
Growth	%	30.0	13.6	7.1	12.5	18.5
Operating profit	SEK m	5,863	4,468	3,880	3,038	2,829
Operating margin	%	14.6	14.5	14.3	12.0	12.6
Profit margin	%	14.2	14.0	13.5	11.2	11.8
Investments in non-current assets, including acquisitions	SEK m	3,745	1,790	3,692	2,059	2,479
Available cash and equivalents	SEK m	5,441	5,208	5,240	4,703	3,562
Working capital incl. cash and bank balances	SEK m	13,357	10,106	8,293	8,762	7,604
as share of net sales	%	33.3	32.8	30.5	34.6	33.8
Working capital incl. cash and bank balances	SEK m	8,540	5,360	3,499	4,591	4,416
as share of net sales	%	21.3	17.4	12.9	18.1	19.6
Interest-bearing liabilities/Equity	%	40.6	47.7	60.1	60.8	60.0
Equity/assets ratio	%	51.8	49.9	46.3	47.3	47.8
Return on capital employed	%	17.7	15.2	14.6	12.3	13.0
Return on capital employed, excluding revaluation of additional considerations	%	17.8	15.1	13.4	12.3	12.8
Return on equity	%	18.1	17.3	16.1	13.5	14.8
Return on equity, excluding revaluation of additional considerations	%	18.2	17.2	14.5	13.5	14.6
Net debt/EBITDA	times	0.9	1.0	1.1	1.6	1.7
Net debt/EBITDA, excluding revaluation of additional considerations	times	0.9	1.0	1.2	1.6	1.7
Interest coverage ratio	times	10.1	16.6	8.7	7.6	8.8

## Data per share

		2022	2021	2020	2019	2018
Net earnings per share (total 2,016,066,488 shares)	SEK	2.16	1.65	1.42	1.08	1.03
Net earnings per share excluding revaluation of additional considerations	SEK	2.17	1.63	1.25	1.08	1.01
Equity per share	SEK	13.86	10.63	8.73	8.68	7.64
Closing day share price	SEK	97.10	136.75	67.43	40.60	22.73

## Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	6,839	1,610	999	-581	8,867
Europe (excl. Nordic region)	13,108	3,650	1,938	-331	18,365
North America	5,372	4,329	961	-29	10,633
Other countries	757	1,336	113	0	2,206
<b>Total</b>	<b>26,076</b>	<b>10,925</b>	<b>4,011</b>	<b>-941</b>	<b>40,071</b>

## Time of accounting for sales

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables taken up as revenue once	25,629	10,925	4,011	-941	39,624
Deliverables taken up as revenue gradually	447	0	0	0	447
<b>Total</b>	<b>26,076</b>	<b>10,925</b>	<b>4,011</b>	<b>-941</b>	<b>40,071</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 instrument measured at fair value

(SEK million)	31 Dec 2022	31 Dec 2021
<b>Current receivables</b>		
Currency futures	10	0
Commodity futures	3	2
<b>Total</b>	<b>13</b>	<b>2</b>
<b>Current liabilities and provisions, non-interest bearing</b>		
Currency futures	11	0
Commodity futures	0	0
<b>Total</b>	<b>11</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 2021. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 29 in the Annual Report for 2021.

## Condensed cash flow statement

(SEK million)	2022	2021
Cash flow from operating activities	5,800	4,749
Change in working capital	-3,186	-1,486
Investing activities	-2,778	-2,011
Financing activities	-151	-1,502
Exchange difference in cash and equivalents	386	202
<b>Change in cash and equivalents</b>	<b>71</b>	<b>-48</b>

## Change in equity - summaries

(SEK million)	2022	2021
Opening equity	21,657	17,737
Effect of applying IAS29*	186	0
Adjusted opening equity	21,843	17,737
Shareholders' dividend	-1,008	-781
Dividend to non-controlling interest	-1	-3
Change in non-controlling interest	-242	0
Comprehensive income for the period	7,381	4,704
<b>Closing equity</b>	<b>27,973</b>	<b>21,657</b>

\*IAS 29 has been implemented - for more information, see Accounting policies.

## Alternative performance measures

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

### Net investments in non-current assets

(SEK million)	2022	2021
Acquisition of non-current assets	3,767	1,825
Disposal of non-current assets	-22	-35
<b>Net investments in non-current assets, including acquisitions</b>	<b>3,745</b>	<b>1,790</b>

### Available cash and cash equivalents

(SEK million)	2022	2021
Cash and bank balances	4,627	4,522
Investments in securities, etc.	190	224
Unutilised overdraft facilities	624	462
<b>Available cash and cash equivalents</b>	<b>5,441</b>	<b>5,208</b>

### Working capital, including cash and bank balances

(SEK million)	2022	2021
Total current assets	22,152	16,271
Current liabilities and provisions, non-interest bearing	-8,795	-6,165
<b>Working capital, including cash and bank balances</b>	<b>13,357</b>	<b>10,106</b>
Net sales, past 12 months	40,071	30,832
<b>Working capital, including cash and bank balances, in relation to net sales, %</b>	<b>33.3</b>	<b>32.8</b>

### Working capital, excluding cash and bank balances

(SEK million)	2022	2021
Inventories	10,191	6,584
Current receivables	7,144	4,941
Current liabilities and provisions, non-interest bearing	-8,795	-6,165
<b>Working capital, excluding cash and bank balances</b>	<b>8,540</b>	<b>5,360</b>
Net sales, past 12 months	40,071	30,832
<b>Working capital, excluding cash and bank balances, in relation to net sales, %</b>	<b>21.3</b>	<b>17.4</b>

### Return on capital employed

(SEK million)	2022	2021
Profit after net financial items, past 12 months	5,675	4,318
Financial expenses, past 12 months	626	276
Profit before financial expenses	6,301	4,594
Revaluation of additional considerations	33	-30
Profit excluding revaluation of additional considerations	6,334	4,564
Capital employed at start of period	31,977	28,396
Capital employed at end of period	39,330	31,977
Average capital employed	35,654	30,187
<b>Return on capital employed, %</b>	<b>17.7</b>	<b>15.2</b>
<b>Return on capital employed excluding revaluation of additional considerations, %</b>	<b>17.8</b>	<b>15.1</b>

### Return on equity

(SEK million)	2022	2021
Profit after net financial items, past 12 months	5,675	4,318
Standard tax rate, %	20.6	20.6
Profit after net financial items, after tax	4,506	3,428
Of which attributable to Parent shareholders	4,462	3,370
Equity at start of period	21,438	17,588
Equity at end of period	27,936	21,438
Average equity	24,687	19,513
<b>Return on equity, %</b>	<b>18.1</b>	<b>17.3</b>

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

(SEK million)	2022	2021
Profit after net financial items, past 12 months	5,675	4,318
Revaluation of additional considerations	33	-30
Profit excluding revaluation of additional considerations	5,708	4,288
Standard tax rate, %	20.6	20.6
Profit after net financial items, after tax	4,532	3,405
Of which attributable to Parent shareholders	4,488	3,347
Equity at start of period	21,438	17,588
Equity at end of period	27,936	21,438
Average equity	24,687	19,513
<b>Return on equity, excluding revaluation of additional considerations, %</b>	<b>18.2</b>	<b>17.2</b>

## Net debt/EBITDA

(SEK million)	2022	2021
Non-current liabilities and provisions, interest bearing	6,399	7,505
Current liabilities and provisions, interest bearing	4,958	2,815
Cash and bank balances	-4,627	-4,522
Investments in securities, etc.	-190	-224
Net debt	6,540	5,574
Operating profit, past 12 months	5,863	4,468
Depreciation/amortisation and impairment, past 12 months	1,597	1,297
EBITDA	7,460	5,765
Revaluation of additional considerations	33	-30
EBITDA excluding revaluation of additional considerations	7,493	5,735
<b>Net debt/EBITDA excluding revaluation of additional considerations, multiple</b>	<b>0.9</b>	<b>1.0</b>

## Interest coverage ratio

(SEK million)	2022	2021
Profit after net financial items	5,675	4,318
Financial expenses	626	276
Profit before financial expenses	6,301	4,594
<b>Interest coverage ratio, multiple</b>	<b>10.1</b>	<b>16.6</b>

## Accounting policies

NIBE Industrier's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's year-end report for 2022 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 year-end report.

For the Group, the accounting policies applied in this report are the same as those described on pages 100-136 of the Annual Report for 2021. The Group started to apply IAS 29 Financial Reporting in Hyperinflationary Economies in 2022 as a result of its operations in Turkey. Application has an effect on opening balance equity in 2022 as comparative figures are not restated.

Reporting for the Parent follows the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Board's recommendation RFR 2 Reporting for Legal Entities.

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

## Risks and uncertainties

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

The information in this report has not been reviewed by the company's auditors.  
For further information on definitions, please refer to the company's Annual Report for 2021.

This year-end report presents fairly 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, 15 February 2023

*Hans Linnarson*  
Chairman of the Board

*Georg Brunstam*  
Director

*Eva Karlsson*  
Director

*Jenny Larsson*  
Director

*Gerteric Lindquist*  
Managing Director and CEO

*Anders Pålsson*  
Director

*Eva Thunholm*  
Director

# 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 31 December 2022 was SEK 97.10.

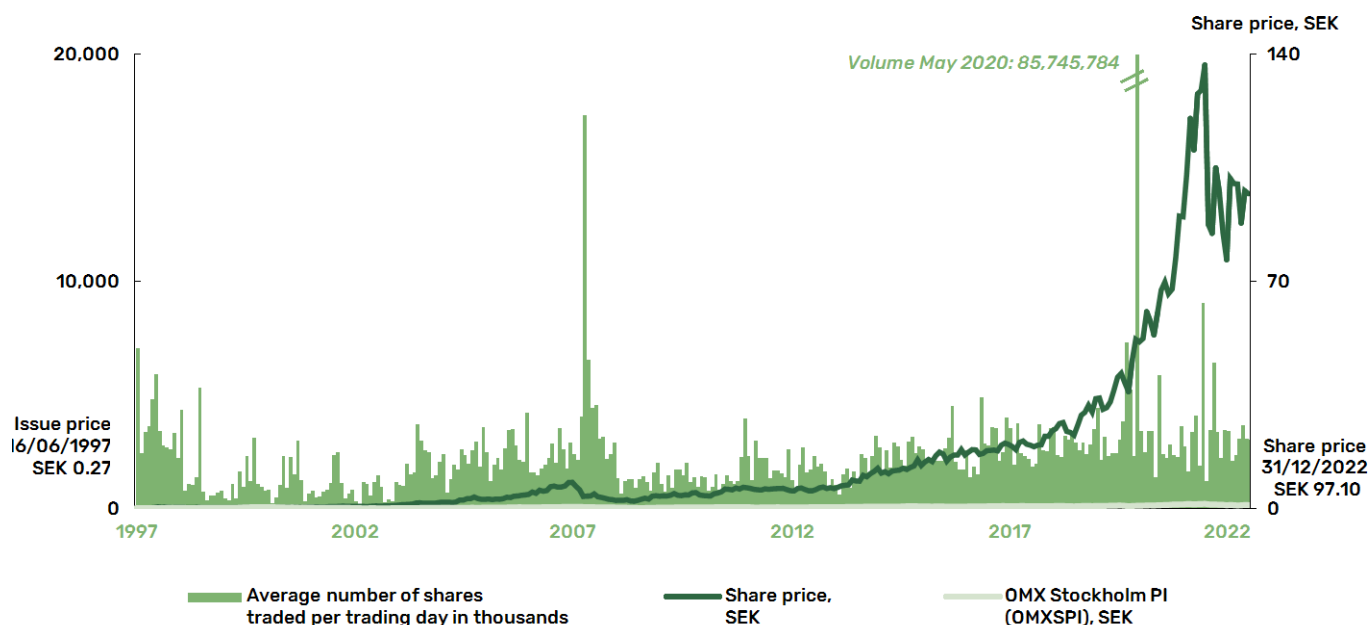
In 2022, NIBE's share price declined by 29.0%, from SEK 136.75 to SEK 97.10. In the same period, the OMX Stockholm PI (OMXSPI) fell by 24.6%.

At the end of December 2022, NIBE's market capitalisation, based on the latest price paid, was SEK 195,760 million.

A total of 801,336,187 NIBE shares were traded, corresponding to a share turnover of 39.7% in 2022.

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

Number of shares traded per trading day in thousands



NIBE Industrier AB is obliged by Swedish law (the Securities Market Act and/or the Financial Instruments Trading Act) to publish the information in this interim report. This information was made available to the media for publication at 08.00 (CET) on 15 February 2023.

Please email any questions to:

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



## **NIBE Group**

### **- a global Group with companies and a presence worldwide**

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

Since its beginnings in the town of Markaryd in the province of Småland 70 years ago, NIBE has grown into an international company with an average of 21.300 (20.400) employees and a global presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate social responsibility. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just over SEK 40 billion (SEK 30 billion) in 2021.

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

# **NIBE**

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