CEO AND MD, GERTERIC LINDQUIST, COMMENTS ON THE INTERIM REPORT 3, 2026

Improved growth and further strengthened profitability

THIRD QUARTER 2026
Continued good growth and improved operating profit
In line with the first two quarters of the year, the Group continued to report good growth in net sales in the third quarter, in addition to which both operating profit and operating margin improved.

We are very pleased to report good underlying organic growth for the seventh consecutive quarter compared with the corresponding quarter of the previous year. In some quarters, this trend has been less noticeable because of the volatility of the Swedish krona, but the currency impact was much less pronounced in the latest quarter and amounted to a positive effect of only SEK 45 million. Additionally, we are pleased to see that both operating profit and operating margin also improved for the seventh quarter in a row.

An uncertain external environment with signs of improvement
We have, so far, been relatively successful in offsetting the highly unpredictable tariffs imposed by the US in two of our three business areas, while they have had a very substantial negative impact on NIBE Stoves.

Additionally, the external environment is more strained than it has been since World War II, naturally making end consumers more cautious about investing in capital goods and purchasing homes. However, as described earlier in the year, we believe we can see a slight upturn in the behavior of end consumers. A possible explanation is that end consumers are realizing that investments cannot be postponed indefinitely and that they have built up financial reserves in recent years.

Strong drivers behind the development
The positive earnings performance was primarily due to good organic growth in net sales, good cost discipline and improved productivity.

Growth in net sales is primarily driven by a well-performing product range and a broad international presence. Another significant contributing factor is the trend towards sustainable heating solutions that are replacing oil and gas. This trend applies to private consumers as well as commercial and public property owners.

Our performance in the third quarter, as well as the two preceding quarters, confirmed that the traditional seasonal pattern is back on track, meaning a stronger second half of the year compared with the first half.

Long-term investments strengthen our confidence in the future

We would also like to provide a reminder of NIBE's strength. We have the strength needed to navigate adverse market conditions, such as those experienced in 2024, and simultaneously complete both previously approved major investment programs and significant investments in product development.

Quarter after quarter, we are seeing the results of this unique teamwork. Our newly developed product ranges are hard to beat and our well-invested facilities are ready to meet the expected strong growth in demand over the coming years while maintaining high productivity.

Combined with the good development in net sales, profitability, operating margin and cash flow, this has generated significant confidence and optimism about the future across the entire Group.

BUSINESS AREA CLIMATE SOLUTIONS

Good development in Europe and overall growth in North America

The European market for heat pumps for single-family homes with hydronic heating systems continued to develop well. This also applied to HVAC products for commercial and public properties, although growth in this segment was somewhat lower by comparison.

Following the removal of tax subsidies, demand for heat pumps for single-family homes declined as expected in the US. However, the decline was less pronounced than initially estimated by the market. With a little optimism, this could be interpreted as a sign that awareness of the advantages of heat pumps has finally taken hold among end consumers.

Demand for HVAC equipment for commercial properties continued to develop well and the business area was actually able to report overall growth in both Canada and the US.

In recent months, the business area has broadened its product range in Europe through the introduction of e.g. two new product series in the air/water heat pump market segment. Additionally, the product range was broadened through two new series in the air/air heat pump market segment in the Nordic countries. The response from both Swedish and other European installers has been very positive, making us hopeful about the future effect on sales.

However, as before, the water heater and district heating equipment market segments continued to develop at a more moderate pace.

Positive development strengthens our full-year assessment

The continued positive development in net sales, operating profit and operating margin supports our view that, for the full year, and despite a significant increase in depreciation, we will achieve an operating margin well within the 13–15% range, which reflects the business area's historically demonstrated operating margin capacity.

BUSINESS AREA ELEMENT

Electrification, heat pumps and semiconductors drive growth

The business area continues to develop very satisfactorily.

As before, growth in the heat pump and semiconductor industries and the generally rising trend in electrification are driving growth in net sales. We are also pleased that these particular market segments are the ones we focused on in the significant investments carried out in recent years.

However, the domestic appliances market has remained subdued, probably reflecting underlying caution among end consumers in response to the unsettled external environment.

Continued confidence in improved full-year operating margin
The development in net sales, operating profit and operating margin supports our view that, for the full year, we will achieve an operating margin well within the 8–11% range, which reflects the business area's historically demonstrated operating margin capacity.

BUSINESS AREA STOVES
Slight upturn in the Nordic countries and stronger North America, weak in rest of Europe
The stove market in the Nordic countries seems to have bottomed out and we are seeing a gradual improvement in this market.

Demand in the rest of the European market was weak, particularly in our key markets of Germany and France. Meanwhile, the North American market reported growth compared with the corresponding period in the previous year.

However, the profitability of our three Canadian companies was substantially impacted by the tariffs between Canada and the US introduced by the US administration. The tariffs introduced in 2025 were difficult enough to offset but the new, increased tariffs imposed at the beginning of the second quarter of this year will be very challenging to offset by means of price increases in the short term without losing market share in the US.

Profitability improves despite effect of tariffs
In spite of all the complications caused by the tariffs, the business area was able to achieve a slight improvement in organic growth in the third quarter, compared with the second quarter, reporting a substantial increase in operating profit and operating margin, in particular. This provides evidence of our strength.

As we announced already in connection with our first-quarter report in May, we will not be able to realize our original ambition to return to an operating margin within the 10–13% range in 2026. Without extraordinary price increases by our companies, the most recently introduced tariffs will burden operating profit by around SEK 150 million on an annual basis. Against this background, a more realistic assessment is that the business area's operating margin will be within the 6–8% range on an annual basis in the short term.

However, in the somewhat longer term, we are convinced that we will be able to get back to an operating margin within the 10–13% range, which is the business area's historically demonstrated operating margin capacity.

OTHER INFORMATION

In August, we acquired the assets of the Australian resistor company Hurtle Webster. The acquisition will be integrated into NIBE Element's existing operations in Brisbane.

The purchase price is not specified, as the acquired operations constitute only a minor part of NIBE Group.

OUTLOOK FOR 2026

- Our corporate philosophy and our strong range of products, with their focus on energy efficiency and sustainability are in tune with the times in which we are living.
- We are well prepared to continue being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with investments made in our facilities and 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 decentralized organization, based on independent units, is well proven and creates the conditions for greater motivation and flexibility.
- The effects of the current security situation around the world, exchange rate developments and price volatility in relation to different types of energy are difficult to assess.
- However, as is our habit, and based on experience, we remain optimistic about our own performance both in 2026 and in the longer term, although, in light of the above, the external outlook is naturally difficult to assess.

Markaryd, Sweden, November 17, 2026

Gerteric Lindquist,
Managing Director and CEO

The information was submitted for publication, through the agency of the persons below, at 08.02 CET on 17 November 2026.

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About Us
NIBE Group
– an international Group with companies and a presence worldwide

The NIBE Group is an international company that contributes to a reduced carbon footprint and better utilization 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 Swedish province of Småland more than 70 years ago, NIBE has grown into an international company with an average of 20,500 (20,600) employees and an international presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate 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 exceeding SEK 40,8 (40) billion in 2025.

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

Image Attachments
Gerteric Lindquist