

CEO AND MD, GERTERIC LINDQUIST, COMMENTS ON THE INTERIM REPORT 1, 2026

Stable growth in profitability opens up for acquisitions

FIRST QUARTER 2026

Overall, the beginning of the year was characterized by continued stable development in both demand and earnings.

For the fifth consecutive quarter, we reported healthy underlying year-on-year organic growth, although the stronger Swedish krona partly offset this development.

Operating profit and operating margin also improved successively for the fifth consecutive quarter compared with the corresponding quarter of the previous year.

Despite obvious challenges, the imposed and highly unpredictable tariffs have been managed relatively well in two of our three business areas but have had a considerable negative impact on NIBE Stoves.

The turbulent external environment, characterized by armed conflict often linked to oil and gas resources, has had two significant but opposing effects. On the one hand, it has made consumers more cautious regarding consumption, major investments and property purchases. On the other hand, it has accelerated the shift away from fossil fuel-based heating towards more sustainable alternatives.

The positive earnings performance was primarily due to organic sales growth, based on a strong product offering, a broad international presence, good cost discipline and improved productivity.

Performance in the first quarter was in line with our assessment that a more traditional seasonal pattern has returned, with gradual quarter-on-quarter growth resulting in a stronger second half of the year.

Thanks to investments in production facilities, a strong product offering and a highly committed organization, we view the future with confidence. The stable growth in profitability also creates opportunities to return to a more active acquisition stance.

BUSINESS AREA CLIMATE SOLUTIONS

We were pleased with the business area's performance in both the single-family home and commercial property segments.

In Europe, the market for heat pumps for single-family homes with hydronic heating systems grew by over 10%, which was well in line with the business area's own growth. The market for products for the commercial property segment also showed good growth, although not to the same extent.

In the US, demand for heat pumps for single-family homes declined as expected following the removal of subsidies. However, the decline was smaller than expected. Subsidies for the installation of heat pumps in commercial properties remain in place and continued to have a positive impact on demand. Overall, the business area therefore continued to report growth in the North American market.

Growth in water heaters and district heating equipment remained more moderate, in line with previous trends.

The positive development in both operating profit and operating margin strengthens our

view that, for the full year and in line with previous communication, we will achieve an operating margin well within the 13–15% range, which reflects the business area's historically demonstrated operating margin capacity. It should also be noted that depreciation and amortization will be significantly higher than in previous years.

BUSINESS AREA ELEMENT

This business area also continued to develop satisfactorily and is expanding in line with growth in the rail transport, heat pump, process heating and semiconductor industries. Step by step, we are moving towards a more electrified and digitalized society, which fits well with both our strategy and product offering. The major investments made in recent years have been focused on these segments.

At the same time, the uncertain external environment has resulted in more cautious demand from the industrial and domestic appliance sectors.

The development in operating profit and operating margin during the quarter strengthens our view that, for the full year, we should achieve an operating margin within the 8–11% range, which reflects the business area's historically demonstrated operating margin capacity.

BUSINESS AREA STOVES

NIBE Stoves continues to face significant headwinds for a number of reasons.

In Europe, geopolitical uncertainty has had a dampening effect on consumption of capital goods such as consumer durables.

No similar noticeable effect has been seen in North America, where demand for stove products remained relatively stable. At the same time, the tariffs introduced between the US and Canada in 2025 have been challenging for the business area, as all products for the North American market are manufactured in Canada, while the majority are sold in the US. However, the tariffs have partly been compensated for through price increases.

The additional sharp tariff increase that will now also apply to the entire finished product imported into the US from the turn of March/April this year will be difficult to offset without losing market share.

In light of this additional tariff increase, our ambition for the business area to return in 2026 to an operating margin within the 10–13% range, which reflects its historically demonstrated operating margin capacity, must now be regarded as almost impossible to achieve since the additional tariffs will amount to approximately SEK 150 million annually.

Our objective is naturally to do everything possible to reduce the effects of the tariff situation, but a more realistic short-term assessment is an operating margin in the range of 6–8%.

OTHER INFORMATION

In February, the operations of the UK company Elementation were acquired. The company manufactures specialized heating elements for use at high temperatures, including in furnaces.

Following the end of the quarter, the Welsh industrial company Elmatic was acquired. The acquisition strengthens our position as one of the leading suppliers of electric heating and

control systems in the UK. Both acquisitions are reported within the business area NIBE Element.

The purchase consideration is not disclosed, as the acquired operations represent 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, May 19, 2026

Gerteric Lindquist,
Managing Director and CEO