

ANNUAL REPORT 2025

SUSTAINABLE WORLD-CLASS ENERGY SOLUTIONS

NIBE



Backer and NIBE were founded in 1949 and 1952 respectively.

NIBE's mission is to provide the world with better sustainable energy solutions. From our earliest beginnings we have been committed to developing new methods that improve energy efficiency. Today we take great pride in the fact that NIBE is playing an important role in the global transition towards a more sustainable society.

At NIBE, we are by nature persistent and never give up. But, at NIBE, we also believe in good, old-fashioned virtues like honesty, compassion and honoring the promises we make. We are proud of our history and embrace our heritage. We care about the places where we work and about the people who live there.

At the same time, we are also a result-oriented world leader in innovation, continuously exploring new technological solutions in our constant quest to improve our products and services, and firmly focused on creating true value in the form of customer benefits and savings. We aim to combine growth with good, sustained profitability, and this means that we place high demands on both ourselves and our partners.

These are the attributes that make NIBE unique. Our feet are planted firmly on the ground while our eyes are fixed resolutely on the future. We work tirelessly to serve the world with more sustainable energy solutions.

MISSION

To daily work wisely and with dedication in order to develop sustainable world-class energy solutions.

BUSINESS CONCEPT

To provide the market with sustainable, high-quality, innovative and energy-efficient products and solutions within our three different business areas.

BRAND PROMISE

Sustainable world-class energy solutions

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COVER PHOTO Close-up of NIBE AB's acoustic chamber at the Innovation Center in Markaryd, Sweden. Rigorous acoustic testing is carried out here before new products are launched.

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• **AUDIT** The financial information has been audited by NIBE Group's external auditor and the sustainability report has been subject to a limited assurance engagement. Auditor's report, see pages 191–195. Limited assurance report on the sustainability report, see page 196.

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ANNUAL REPORT The Swedish version is the original version and has been audited by NIBE Industrier's auditor. This version is an adapted version of the statutory annual report prepared for layout purposes. The statutory annual report is available in ESEF format.

THIS IS NIBE

2025

NET SALES, SEK M

40,841

GROWTH %

0.8

OPERATING MARGIN, %

10.5

PROFIT AFTER
NET FINANCIAL
ITEMS, SEK M

3,333

PROFIT
AFTER TAX, SEK M

2,421

EQUITY/
ASSETS RATIO, %

46.6

EARNINGS
PER SHARE, SEK

1.20

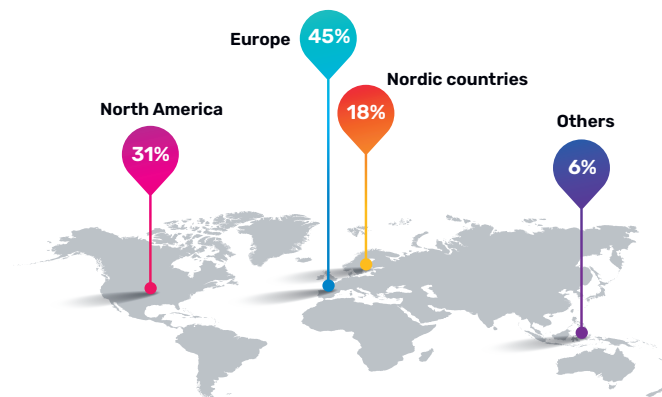
PROPOSED
DIVIDEND, SEK

0.35

RETURN
ON EQUITY, %

8.5

NIBE GROUP SALES



Financial key ratios		2025*	2024**	2023	2022	2021
Net sales	SEK m	40,841	40,521	46,649	40,071	30,832
Growth	%	0.8	-13.1	16.4	30.0	13.6
Operating margin	%	10.5	8.0	14.9	14.6	14.5
Profit after net financial items	SEK m	3,333	2,091	6,331	5,675	4,318
Profit after tax	SEK m	2,421	1,614	4,796	4,395	3,378
Equity/assets ratio	%	46.6	45.6	44.4	51.8	49.9
Earnings per share	SEK	1.20	0.80	2.37	2.16	1.65
Proposed dividend	SEK	0.35	0.30	0.65	0.65	0.50

Items affecting comparability

* Negative effect of acquisition-related revaluations: SEK 178 million

** Action plan costs: SEK 1,152 million, Positive effect of acquisition-related revaluations: SEK 597 million

As of 2025, the effect of the Swedish krona (SEK) on net sales is reported. This effect will be reported both quarterly and annually in the future. The Group's net sales amounted to SEK 40,841 (40,521) million, corresponding to growth of 0.8%, of which acquired sales accounted for 0.2%. The stronger Swedish krona had a negative impact of SEK 1,818 million on net sales, which meant that organic growth was 5.1%.

NIBE'S VISION

Our sustainable world-class energy solutions contribute to a faster transition to a resource-efficient and fossil-free society.

NIBE GROUP'S BUSINESS AREAS



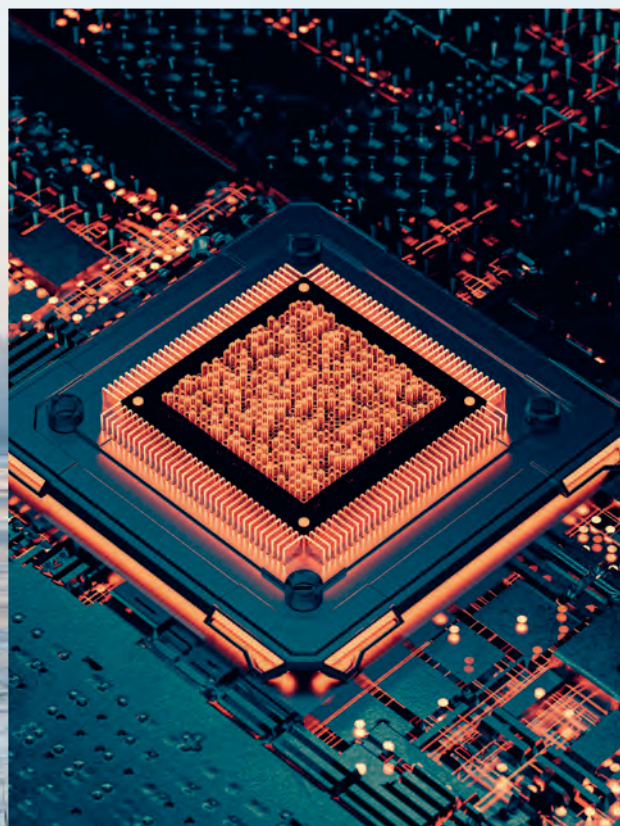
NIBE CLIMATE SOLUTIONS

MAIN PRODUCTS

Heat pumps, water heaters, refrigeration systems, accumulator tanks, ventilation systems and district heating.

2025

Net sales SEK m	Growth	Operating margin	Number of employees
26,918	3.4%	13%	8,528



NIBE ELEMENT

MAIN SECTORS

Energy, environment, transport, industry, technology, heating, cooling and ventilation equipment and household appliances.

2025

Net sales SEK m	Growth	Operating margin	Number of employees
11,282	1.7%	7%	10,623



NIBE STOVES

MAIN PRODUCTS

Stoves, inserts, fireplace cassettes, chimney systems, outdoor stoves and accessories.

2025

Net sales SEK m	Growth	Operating margin	Number of employees
3,475	-10.1%	4.1%	1,412



CEO'S REPORT 2025

THE RECOVERY IN 2025 IS A SIGN OF STRENGTH - ENABLING FUTURE FOCUS ON PROFITABLE GROWTH

Despite the sharp decline in demand in 2024 and a turbulent external environment in 2025, we were able to maintain relatively stable and positive development in both net sales and operating profit. We see this as confirmation that our strategy of a decentralized organization, an extensive international presence and a broad, high-performance product range is working well. This strategy has proved hard to beat for many decades from both a defensive and an offensive perspective.

The political tension and turbulence in the world around us were the factors that probably had the most negative impact on consumption and willingness to invest among both individual consumers and companies. Imposed and changing customs duties and tariffs have, for obvious reasons, been challenging to manage, but overall we have handled them well.

In many respects, the stronger Swedish krona has been welcome, but when comparing this year's net sales and operating profit with last year's, the positive underlying organic growth is obscured.

THE YEAR AS A WHOLE

With well-adapted cost structures, strong product ranges, a solid market presence and well-invested, streamlined facilities, all three of our business areas are well positioned for the future. Our strategy of focusing on regional manufacturing, with primarily regional suppliers, also creates more secure supply chains and reduces vulnerability to trade barriers. We are also convinced that our products are a good fit for the times, with the whole of society needing to

gradually transition to reduced dependence on fossil fuels. Overall, we look to the future with confidence.

The Group's net sales for the full year amounted to SEK 40,841 million. The stronger Swedish krona had a negative impact of SEK 1,818 million on net sales, which meant that growth at fixed exchange rates was 5.3%. Adjusted operating profit for the full year amounted to SEK 4,303 million. The main reasons behind the positive performance were increased organic sales, good cost control and improved productivity. Another effect of the recovery was that the net debt/EBITDA ratio improved from 3.5 in 2024 to 2.7 in 2025.

Our clear ambition for the full year 2025 was to return to our three business areas' historically demonstrated operating margin ranges. In summary, we returned to clear organic growth and a strong improvement in operating profit and operating margin in 2025. Business Area NIBE Climate Solutions achieved the stated ambition, with an operating margin of 13%. However, Business Area NIBE Element fell one percentage point short of its 8% target, corresponding to SEK 113 million. Business Area NIBE Stoves was as much as 5.9 percentage points below its 10% target, corresponding to SEK 205 million.

For the Group, this represented a total shortfall of SEK 318 million relative to the target, corresponding to a deviation of 0.78 percentage points excluding currency effects. It may not need repeating, but our clear ambition for 2026 is continued organic growth and, naturally, for all three business areas to return to their respective historically demonstrated operating margin ranges.

Regional manufacturing, with primarily regional suppliers, creates more secure supply chains and reduces vulnerability to trade barriers. We are also convinced that our products are a good fit for the times, with our whole society needing to gradually transition to reduced dependence on fossil fuels. Overall, we look to the future with confidence.

During the year, the Group invested a total of SEK 2,038 million. The investment program of SEK 10 billion that was decided in 2020 has now been completed. One of the major investments during the year was the completion of the new production facility for stainless steel water heaters.

OUR GOALS ARE UNCHANGED

We remain steadfast in our ambition to realize both our financial and sustainability-related targets, which we have clearly communicated. One of our targets is to continue to achieve growth of 20% per year through a combination of organic growth and acquisitions. In purely mathematical terms, this equates to a doubling of sales every four years. Our average performance over more than 30 years underscores the realistic nature of this goal. Against this background, our target is to reach SEK 80 billion in net sales by 2029.

NIBE CLIMATE SOLUTIONS

The relative improvement in demand for heat pumps in Europe reflects growth in most markets, with Germany, Italy, the Netherlands, Sweden and, more recently, Denmark showing the strongest growth.

Our assessment, shared by the sector as a whole, is that the heat pump market will continue to show stable annual growth for many years to come. Through extensive investments in product development and more efficient manufacturing capacity in recent years,

we have future-proofed our operations and we are well prepared to continue playing a leading role in this development.

The North American geothermal heat pump market remained stable. As already described, the customs duties and tariffs introduced have had virtually no impact on us, as the vast majority of manufacturing takes place in the US, with only a marginal share produced in Canada.

After the turn of the year, the previously available US tax subsidies for the installation of heat pumps in private homes were removed. It is still too early to assess the consequences, but we continue our work on further market development and identifying alternative financing solutions.

The development of both net sales and operating profit during the year supports our assumptions about a continued gradual recovery and a more traditional seasonal demand pattern, with a stronger second half of the year.

We also achieved our aim of returning to a full-year operating margin in the range of 13–15%, which represents the business area's historically demonstrated capacity. However, the uncertain external environment and the stronger Swedish krona presented significant challenges. The operating margin of 15.7% in the fourth quarter and 13.0% for the full year is, therefore, clear evidence of strength.

NIBE ELEMENT

Demand was stable during the year, but with significant variations between the business area's various market segments. The

positive development in rail-based transport and HVAC (Heating, Ventilation, Air Conditioning) continued. However, the low level of new residential construction meant that demand for construction-related products remained subdued, and the same applied to consumer-related products.

The industrial sector, which is strongly linked to the automotive industry, was also weaker. However, demand in the semiconductor segment returned.

The overall ambition during the year was for the operating margin to return to the business area's historically demonstrated capacity, which is within the range of 8–11%. However, a slight slowdown in sales in the third quarter made it impossible to achieve the target and the full-year operating margin was 7.0%. The continuing improvement was confirmed by the fact that the operating margin in the fourth quarter was 7.9%.

NIBE STOVES

NIBE Stoves has remained the business area with the weakest performance compared with 2024.

The main reason is that the European stove market has continued to be characterized by cautious end-consumer demand, primarily a reflection of uncertain economic conditions and a turbulent external environment. To some extent, the excess demand during the pandemic and the sharp rise in energy prices that resulted from Russia's invasion of Ukraine might also have resulted in some temporary market saturation.

“
 Our strategy of a decentralized organization, an extensive international presence and a broad, high-performance product range has proved hard to beat for many decades.



Our new meeting and training center in Markaryd was officially opened in during the Annual General Meeting in May 2025. A large number of guests attended the opening and the County Governor of Kronoberg County, Maria Arnholen, gave a well-received speech and cut the blue-yellow ribbon. The beautiful and striking building, located at the center of NIBE's industrial park, has been named the NIBE World of Energy. The name reflects both the energy of all NIBE employees and our products and their role in society at large.

The traditional seasonal pattern has been re-established but due to the conditions referred to above and an unusually warm fall, this was not enough to reverse the trend.

In North America, primarily the US, demand showed a more positive trend, which to some extent offset the weaker performance in Europe. However, the trade tariffs introduced between the US and Canada during the year had a negative impact and reduced the operating margin, despite our own cost savings and moderate price increases.

Despite weaker demand, it is nevertheless encouraging to note that we have consistently retained our market shares and, in several markets, increased them. We take this as confirmation that our broad and constantly renewed product offering, combined with consistent marketing efforts, represents a winning strategy.

The operating margin for the full year was just 4.1%, and was, therefore, well below the ambition to bring the business area back to the 10–13% range, which represents its historically demonstrated operating margin capacity. In the fourth quarter, the operating margin remained at 10.2%, the same level as in the corresponding period in the previous year, despite the decline in net sales. This

confirmed our assumption that we have adapted our cost structure to the historically low level of demand.

OUTLOOK FOR 2026

- 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 have broad experience and are, therefore, 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 predict.
- 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, April 2026

Gerteric Lindquist,
 Managing Director and CEO

STRATEGY AND MANAGEMENT PHILOSOPHY



STRATEGIC FOCUS AREAS THAT COMBINE GOOD PROFITABILITY AND RESPONSIBLE VALUE CREATION

Our goals are sharply focused on financially profitable growth and responsible value creation. Our strategies for achieving the goals are well proven and based on our Business principles, focusing on four strategic areas: Growth and Expansion, Product development and Innovation, Responsibility, and Sustainability.

GROWTH AND EXPANSION

Durable and profitable growth

Our total growth target of an average of 20% a year should be achieved half through organic growth and half through strategic acquisitions. Healthy growth creates prospects for good profitability.

Our long-term vision is that our sustainable, world-class energy solutions will contribute to a faster transition to a resource-efficient and fossil-free society.

Efficient production

High productivity is a prerequisite for good competitiveness. Our productivity philosophy is grounded in the belief that everything can always be improved and that, if you can't measure it, you can't improve it.

Purchasing synergies

Coordinated purchasing, both in each business area and between the business areas, provides noticeable advantages such as efficient use of resources and reduced costs. Collaboration with newly acquired companies starts immediately on completion of acquisition to quickly reduce both direct and indirect costs.

PRODUCT DEVELOPMENT AND INNOVATION

Active, proactive and successful product development is a prerequisite for our growth and expansion in all three business areas.

Product development is carried out in most of our manufacturing subsidiaries, but the majority is concentrated at development centers linked to our largest companies and business areas. Product development is also carried out as collaboration between the business areas, with different skills and industrial backgrounds complementing each other.

Innovative products from the start

The development of innovative products has been fundamental right from the start.

The manufacture of NIBE's water heaters began in 1952, the same year a law entered into force requiring milk producers to have hot water in their milking parlors. With innovative product development based on this platform, our very first heat pump was introduced in 1981. This was then further developed into the business area NIBE Climate Solutions.

The manufacture of the tubular element, which was a new, easily applicable heating component for households and industry, began back in 1949 and laid the foundation for today's business area NIBE Element.

In 1965 NIBE won a contract to manufacture stoves under the trademark Handöl. We later acquired the entire Handöl business. This was the start of establishing the business area NIBE Stoves.

Products and new development

In 2025, the global trend of a faster and faster rise in demand for energy continued¹. This means that global energy efficiency initiatives must increase and the transition towards renewable energy production must accelerate. NIBE Group's products are well placed to support this development. Energy efficiency, ecodesign and life cycle perspective are key aspects of our new product development.

RESPONSIBILITY

Sound business ethics

Sound business ethics are a fundamental responsibility throughout our value chain. Our business relationships and business methods are based on us complying with legislation and ethical guidelines. We comply with international market regulations and sanctions decisions. Individual markets may have local laws, rules and customer requirements that must be adhered to. We are transparent in our communication and reporting.

¹ IEA, Global Energy Review 2025



Business conduct and risk assessment

Our business principles and values are based on the conviction that a high degree of autonomy, combined with responsibility, creates strong profitability and long-term sustainability. Responsible business conduct and sustainability are fundamental to our ability to live up to our management philosophy and be a stable Group.

Our governance model for each individual subsidiary in each business area is closely linked to our business model, which is based on local boards of directors and strong management in the individual companies.

Every year, a risk assessment is carried out in our evaluation of business risks in accordance with our NIBE Internal Control Standard (NICS).

International guidelines and initiatives

We follow and work according to several internationally recognized standards, guidelines and principles. Our guidelines and policies are based on international conventions and initiatives such as the UN Global Compact, ISO 26000 (international guidelines for handling social responsibility issues) and the Swedish Anti-Corruption Institute and its Code for business. We submit an annual progress report to the UN Global Compact in accordance with the principles we have signed and committed to work with in our value chain.

Governance and monitoring

Long-term profitable growth and responsible value creation require professional, structured governance and effective monitoring. Our

management approach is based on decentralization in our three business areas with clear responsibility for profits in well-defined profit centers.

Management by objectives is important. Clear goals linked to both finances and sustainability create a firm framework for business development and accountability in each profit center. Our management strategy is based on a combination of values, business ethics and respect for common standards.

SUSTAINABILITY

Climate impact

In our innovative product development, we focus on reducing products' climate impact throughout their life cycle. Our LCE-² classified products support the transition to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy.

We have a long-term target of reducing our direct and indirect carbon dioxide emissions³ by 65% by 2030 (compared with the 2019 base year), with the ambition of carbon neutrality by 2050.

² *FTSE LCE ICS™ (Financial Times Stock Exchange Low Carbon Economy Industrial Classification System) is a quantitative model designed to enable investors to assess a company's ability to adapt its business to the requirements associated with reduced climate impact. Product groups included in LCE are heat pumps, ventilation, building cooling, district heating, boilers and stoves for burning pellets and wood, PV panels, heat exchangers, components for rail, electric and hybrid vehicles and renewable energy production.

³ Scope 1 and 2

Our climate-related work is based around energy efficiency, reducing energy consumption and carbon dioxide emissions and sparing use of our shared resources. In addition to our goals in respect of continuous reduction in energy consumption and reduction of carbon dioxide emissions, we are actively working on eliminating fossil fuel in the heating of production plants where we own the buildings. In operations where we lease the buildings, we engage in discussions with the respective property owners regarding installation of fossil-free alternatives.

Quality and environmental certification

With a requirement for quality and environmental certification in all companies, we guarantee continuous activities to achieve good quality and reduced environmental impact while we eliminate risks in the working environment.

Sustainable workplaces

Our employees should thrive, develop and take pride in their work and their place of work. If you want to thrive in our company, initiative, humility and common sense make a winning combination. Our ambition is to ensure that we as a company and workplace are an attractive employer offering numerous opportunities for development.

We work systematically to improve the working environment at all our plants to create safe workplaces and reduce ill-health, regardless of employment status.

GROWTH AND EXPANSION

Our total average growth target of 20% per year should be achieved half through organic growth and half through strategic acquisitions. Healthy and sustainable growth creates prospects for good profitability. The internationalization of our business is based on regional manufacturing with primarily regional suppliers, enabling us to be present in the right locations with the right partners. With our decentralized organization, we can scale our businesses and develop locally in the best possible way while still leveraging the benefits of belonging to a financially strong international Group.

ORGANIC GROWTH

Proactive product development

Large investments in product development and innovation in all three business areas ensure that the Group's subsidiaries always have product portfolios that are aligned with market conditions and expectations in terms of both advanced technology and performance. The Group's brands have strong positions in their local markets and, through their local presence and physical proximity, are able to quickly identify and respond to local demand and the need for adaptation.

The level of connectivity of both the products and services we offer is constantly increasing. Digital product development is therefore becoming increasingly important. NIBE Group is developing shared platforms for digital solutions that will make it easier for the Group's subsidiaries to stay at the forefront of development.

Our entire value chain, from product concept to customer delivery, should be based on the principles for responsible value creation contained in *Our Business Principles* and *Our Values*.

Assured quality

High quality in everything we do is the fundamental factor behind long-term success and sustained growth. To ensure that all our manufacturing companies actively implement quality control, acquired companies must achieve ISO 9001 certification within two full years of acquisition.

Efficient production

High productivity is a prerequisite for good competitiveness. Our productivity philosophy is grounded in the belief that everything can be continuously improved and that what is not measured cannot be improved.

Time measurement of processes and tasks provides a sound basis for accurate costings and calculations, efficient production planning, reliable investment data and opportunities to follow up business activities correctly. Performance-based pay systems based on time measurement create good productivity, high time utilization and fair wages.

Purchasing and acquisition synergies

Coordinated purchasing, both in and between the business areas, provides noticeable advantages such as efficient use of resources and reduced costs. Collaboration with newly acquired companies starts immediately on completion of acquisition to quickly reduce both direct and indirect costs.

We are constantly working on finding further synergies both between subsidiaries and within the business areas.

We invest in attractive market segments and thereby ensure an optimal market presence internationally. An efficient, competitive organizational structure also helps us to develop different offerings that allow for simplification and thereby increase customer value.

The large number of completed acquisitions has among other things added new technologies, new products, new markets, new expertise and new production capacity. Continuous investments in existing operations in terms of product development, new technology and skilled employees are also crucial for continued market-oriented, long-term expansion.



STRONGER WITH NIBE, SAN ELECTRO HEAT WAS ACQUIRED IN 2001.

SAN Electro Heat was established in 1950 and has grown strongly since becoming part of NIBE Group in 2001. Key acquisitions include Lübcke Rail (2007) and HeatPoint (2017). With NIBE's support, SAN Electro Heat has developed into a leading player in railway point heating systems and supplies rail operators in several countries, including the Nordic region, Europe, Japan and the US. The company's process heating solutions are also used in many industries globally. SAN Electro Heat takes a positive view of the future, with a continued focus on quality, innovation and responsible production. The company celebrated its 75th anniversary in 2025, when it also moved into new premises.

ACQUIRED GROWTH

We prioritize the acquisition of companies with strong brands and products that complement our existing range and strengthen our presence in both new and existing markets.

Companies acquired during the year

Opportunities in the acquisition market in 2025 were limited and we carried out just one company acquisition, Selmo S.r.l., within Business Area NIBE Element.

Decisive assessment criteria for acquisitions

The prerequisites for a potential acquisition are that it must add new technology, enable us to establish a presence in new geographical markets and/or increase our share in existing markets.

We apply a clear acquisition model where the basic requirements are that a company must have:

- a strong position in terms of the market and technology
- competent management
- a real entrepreneurial spirit
- development potential within the framework of NIBE Group's strategies
- a sound financial position, or clear potential to improve profitability within a reasonable timeframe if profitability is not satisfactory at the time of acquisition.

Continued autonomy

By actively encouraging continued curiosity, creativity and commitment, we motivate acquired companies to remain entrepreneurial. This is essential to their future potential.

Permitting acquired companies to retain their identity and brands creates continuity on local markets. The objectives and management philosophy of the NIBE Group are implemented but in all other respects the acquired companies retain a high level of autonomy. The affiliation with NIBE Group is about leveraging the benefits of belonging to a much larger and financially stronger cluster of companies.

Through our decentralized leadership, we can maintain simple organizational structures with an independent operational leadership with a clear local character.

Retained local presence

Our business model is based on acquired companies continuing to operate as far as possible in the location where they were based at the time of acquisition. This way, companies remain part of the local community, providing jobs and engaging in the community. Regardless of whether they are large or small operations, the management team is usually also local. We are convinced that this strengthens the company and fosters loyalty as well as good productivity.

In many communities where we are a major player, local development is positively affected by our presence and our need for sub-suppliers and services. As employers, taxpayers and customers to many local entrepreneurs, we have a major positive impact on local economies and investments in infrastructure. Companies can also continue to operate as energizing and responsible players in their respective places of establishment and regions.

An intensive era of acquisitions since 1997

Strong profit generation combined with the stock market listing in 1997, and the associated opportunities for access to fresh capital, created the conditions for an intensive era of acquisitions and development into an international Group.

The acquisitions today make us:

- a leading European heat pump supplier as well as a market-leading supplier in North America in geothermal heat pumps, both for single-family homes and commercial properties.
- a global, leading industrial partner that has a strong local presence in a large number of countries around the world and supplies producers and users with components and solutions for intelligent heating and control.
- a European market leader in stoves, with a stable platform for stoves also in North America.

ACQUISITION MODEL**ANALYSIS**

The analysis phase is precise but fast. Our three business areas are well defined and with our history we have good insight into the acquisition objects that are available and access to relevant key ratios for conducting comparisons and analyses. Our financial, as well as legal, due diligence is rigorous. We also carry out environmental investigations and prioritize a review of the IT security of the potential acquisition target.

IMPLEMENTATION

In the implementation phase, there is always complete transparency about our objectives concerning the acquisition. We are always very clear and open about the information we provide on our management philosophy and strategy, which facilitates the process.

INTEGRATION

In the integration phase, we aim to retain not only brands, but also skilled employees at every level. As soon as the acquisition has been completed, we begin to collaborate with the local management to be able to realize obvious synergies such as purchasing and knowledge transfer within many areas.

PRODUCT DEVELOPMENT AND INNOVATION

At NIBE Group, we are ambitious and persistent in our product development and innovation in all three business areas. Our motto is to always be world-class in our product areas and to always drive, rather than follow, development in our areas.

Product development is carried out in most of our manufacturing subsidiaries, but the majority is concentrated at development centers linked to our largest companies and business areas. In 2025, NIBE Group invested a total of SEK 1.4 (1.4) billion in product development, corresponding to 3.4% of net sales.

Basis for profitable growth

Active and successful product development is a prerequisite for our growth and expansion in all three business areas.

Commercialization

The strength of our brands is based on products that combine high quality, innovation, sustainability and competitive pricing. With a carefully considered marketing strategy, we are well positioned to increase our market share in existing geographical markets and expand into new ones.

Efficient and intelligent products result in reduced environmental impact

With a high rate of product development, continuously based on research and new technology and the use of new, more suitable substances and materials, we can offer products and solutions that appeal to the market while helping to reduce environmental impact.

By modifying existing products, and through our development of completely new products, we carry out preventive environmental risk assessments. The precautionary principle is part of our systematic approach to work and we apply this throughout the entire life

cycle of the product. We are also working to reduce the amount of hazardous waste and for more recycling throughout the process.

Our LCE-classified products support the transition to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy.

Our modern climate control solutions are becoming increasingly intelligent, and demand for remote control of the products and their functions via digital platforms is constantly growing. We use AI tools to constantly evaluate various solutions that enable the products to respond to their surroundings and events without direct human interaction.

Cross-border collaboration, synergies between companies

There are many interactions between our subsidiaries. While there is overall clear autonomy with regard to marketing and sales, there is close collaboration around the development of new products and processes. The companies share knowledge and experience in a methodical way.

An example of this is the development of shared digital platforms for control of heat pumps that can be used in several of our companies to lower the hurdle of starting to use new technology. Another example is the development of the Contura Zero stove, which reduces emissions from wood burning to near zero. This is the result of close collaboration between the business areas NIBE Element and NIBE Stoves to come up with efficient technology for eliminating soot particles by capturing them and burning them in the chimney.

Modern and timeless design

Several of the products in the business areas NIBE Climate Solutions and NIBE Stoves provide a visual focal point in the home or just outside the building. In some cases, the product should take center stage, in others it should blend into the background.

The products have a long service life and will remain an integral part of the home environment for several decades. In these cases, we always prioritize development of the appearance of the product to enable it to naturally blend into the background.

CLIMATE SIMULATION CHAMBER CREATES NEW

OPPORTUNITIES

NIBE AB's Innovation Center has several climate chambers connected to test rigs used in the development of new air-to-water heat pumps. The outdoor component is placed in a climate simulation chamber where a number of different operating conditions, such as temperature, wind speed and humidity, can be simulated. The indoor component is placed in a test rig at room temperature and connected to the outdoor component, in the same way as in a real-world installation. The purpose of the test rig is to simulate a number of different operating conditions to ensure that the outdoor and indoor components always work perfectly together, regardless of the weather, and that the air-to-water heat pump's various functions always perform as intended.



RESPONSIBILITY

Since our beginnings more than 70 years ago, we have created an international Group and a presence in large parts of the world, as well as a solid platform for further profitable expansion. Clear shared values and long-term, stable ownership are the foundation for the Group's continuity and stability.

Sound business ethics

Our decisions and our day-to-day operations are guided by our shared values and a clear code of conduct, which cover all employees worldwide. During the induction process, all new employees receive training in our code of conduct and associated policies. We must treat each other with respect and leaders and managers must set a good example in terms of honesty and straightforward communication. Through our decentralized leadership, we can maintain simple organizational structures with an independent operational leadership with a local character.

Responsible business conduct and related risks

Our business principles and values¹ are based on the conviction that great freedom coupled with responsibility creates good profitability and longevity. Responsible business conduct and sustainability are fundamental to our ability to live up to our management philosophy and create the necessary conditions for a stable Group.

Risk assessment and evaluation of both new and existing suppliers and their performance is carried out on a continuous basis. This provides support and security around our choice of supplier and ensures continued strong cooperation. If we identify unacceptable risks or a lack of desire to make improvements, we will terminate the collaboration.

¹ Find out more on pages 22 and 24.

International guidelines and initiatives

We follow and work according to several internationally recognized standards, guidelines and principles. Our guidelines and policies are based on international conventions and initiatives such as the Global Compact, ISO 26000 (international guidelines for matters relating to social responsibility) and the Swedish Anti-Corruption Institute and its business code (IMM).

We submit an annual progress report to the UN Global Compact in accordance with the principles we have signed and committed to work with in our value chain. Our report is published on the Group's website.

Respect for human rights

Our employees, with their unique experience, knowledge and talents, add great value to our operations. We conduct an international business with significant cultural and social differences, and so it is important for us to have a framework for both diversity and equal treatment. Everyone should have the same development, training and career opportunities. No one should be subjected to discrimination.

We operate in countries where human rights that seem obvious to us may be restricted but in our own companies, respect for human rights is unequivocal. Our employees have the right to freedom of association and negotiation via a trade



NIBE'S COMPANY CULTURE

Always greeting others, saying thank you and being willing to apologize are three fundamental pillars of NIBE's values. This is an approach that Managing Director and CEO Gerteric Lindquist encourages among all employees and business partners. "Something happens when you greet people you meet. You receive a smile in return from someone who has been treated with respect and consideration."

union, but also the right to refuse to join an association.

In cases where our companies have dormitories for employees adjacent to the workplace, we work continuously on improvements to ensure that the accommodation meets local standards.

Local partnerships for the future

For us it is important to take local social responsibility in the places where we have operations, for example, with regard to jobs and skill retention. This makes us a natural part of the development of the local community while we also take long-term responsibility.

Our values and our business principles entail zero tolerance for all forms of corruption and apply to all parts of our business. Our zero tolerance for corruption is clearly communicated to our business partners.

In addition to mandatory anti-corruption training that all employees who may be exposed to corruption must undertake on a continuous basis, all our employees are urged to be observant, ask for advice if unsure and to report incidents if they have been exposed to any form of bribery or other unethical influence. The Group has developed a whistleblowing process and an associated policy that has been translated into all local languages where

we have operations. We carry out annual updated evaluations of the risks of corruption.

Governance and monitoring

Long-term profitable growth and responsible value creation require professional, structured governance and effective monitoring. Our management approach is based on decentralization in our three business areas with clear responsibility for profits in well-defined profit centers.

Management by objectives is important. Clear goals linked to both finances and sustainability create a firm framework for business development and accountability in each profit center. Our management strategy is based on a combination of values, business ethics and respect for common standards. All companies must ensure compliance with legal requirements and agreements that have been concluded.

Monitoring takes place efficiently at all levels of the organization via the Group's shared reporting and consolidation systems. Deviations from assumptions made can then be quickly followed up and dealt with. We regularly conduct on-site visits to our operations to follow up on compliance with our business conduct requirements.



CORPORATE CITIZENSHIP

NIBE Group has for many years collaborated with the NOBEL PRIZE MUSEUM and the NATIONAL MUSEUM OF SCIENCE AND TECHNOLOGY in Stockholm through its Science Center in Markaryd. Several projects are carried out every year with the aim of providing inspiration for schoolchildren. In 2025, the center held a themed event where students built space stations and rockets together with ESERO Sverige, an educational initiative run in collaboration with the European Space Agency (ESA). The rockets were launched from the snow-covered lawn outside the Science Center.

SUSTAINABILITY – A LIFE-LONG, GENUINE COMMITMENT

As a company we strive to be as resource-efficient and environmentally aware as possible with regard to our products, but also in our operations and in the value chain. Our guiding principle and core concept is long-term, responsible and innovative business conduct that contributes to society and earns trust and legitimacy. By continuously improving these concepts and further building on our company culture, these aspects are incorporated into our daily work.

Honesty and transparency

In a world where it is becoming increasingly difficult to know what is real and what is artificial, stakeholders are looking for transparency, authenticity and honesty. To an ever greater extent, this is reflected in requirements for sustainability information of various kinds and of ever greater complexity.

At the same time as technological development is improving the opportunities for transparency, we are also seeing a growing demand for sustainability information to be produced more quickly and be more easily accessible to various stakeholders.

We are also seeing a shift in the requirements from fundamental information to insight into value chains and the business, covering everything from suppliers and manufacturing processes to life cycles and use, and also strategic initiatives in areas such as social sustainability both internally and externally. Overall, this requires the collection of more detailed information throughout the value chain, and, moreover, this must be carried out on a recurring basis to create a sense of security and place a premium on ownership of the company and products.

It is important to be careful and report facts while also retaining internal unique information involving competitive advantages. At the same time, we are committed to being genuine, taking responsibility and providing transparency to avoid the risk of greenwashing.

Decarbonization

In our own operations, we are constantly working on strategies that will enable us to become fossil-free. Currently, we have a good idea

of our own direct and indirect carbon dioxide emissions (Scope 1 and 2). In 2025, we continued our steadfast work on converting our factories and operations to become fossil-free. The next step is to continue to improve the collection of data, particularly under Scope 3, and to continue working on creating activities that will also reduce these indirect emissions.

Towards a circular economy

The transition from a linear to a circular economy does bring challenges, where new business models need to be evaluated and incorporated into existing models to be able to implement the change while maintaining or improving the business. We are aware that the entire value chain needs to be involved to meet future demand and new regulatory requirements in the EU. This is why we are continuously developing new collaborations with e.g. university colleges and various suppliers. We are also continuously working on improvements in our focus areas, paying particular attention to product content, risk analyses, evaluations, energy efficiency and stakeholder consultations. We are also collaborating with suppliers on projects involving reuse of components.

Ecodesign and life cycle perspective

We are seeing an increase in environmental requirements for our products. One of the requirements is the Ecodesign Directive, which is being continuously updated with stricter requirements for resource efficiency.

We assess our products from a life cycle perspective. This contributes to optimal use of resources and drives circular flows and waste generation throughout the product's service life. Conducting life cycle assessments of our most sold products forms a key part of our sustainability efforts.

Increased product responsibility

Requirements relating to product responsibility are becoming increasingly detailed in areas such as product safety, environmental impact, materials and packaging, and are a natural part of the development process. Our products comply with agreed norms, standards and legal requirements. Each product manufactured within the Group meets the requirements for product and service information in each country of sale.

Quality and environmental certification

We work with certified quality and environmental management systems for all our production units with more than 25 employees. In acquired companies the target is for these systems to be implemented within two full years of completion of the acquisition. To create the same structured, systematic approach to improving the working environment and reducing the risk of accidents, certification is being expanded to also include the working environment in some parts of our operations.



A REAL FIGHTER

Ingemar Nilsson's exhaust air heat pump from NIBE lasted for 36 years. Now he is replacing it with a top-of-the-range successor and is looking forward to lower energy consumption, a cooling function and app-based control. His NIBE Fighter Twin – the first exhaust air heat pump product family manufactured in Markaryd – has now been replaced with a NIBE S735C, which provides both heating, cooling, hot water and ventilation. The replacement has meant an increase from 2 kW to 7 kW, which provides a higher output but lower energy consumption.



2025

In 2025, we implemented the CSRD reporting requirements in full. We continued to develop our future strategies and plans for the various material reporting areas in order to reduce our risks and improve our opportunities.

In recent years, we have largely focused on implementing and meeting the requirements under sustainability laws and regulations such as the EU Taxonomy, Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD). In future, our work will focus on continuing to build on the processes and practices we have adopted. One example is our work around risk assessment and evaluation of suppliers, where we have adopted the target that all of our suppliers in high-risk countries should have completed or started evaluation in our supplier evaluation system Ecovadis in 2026.

We are continuing to develop a systematic approach to life cycle assessments (LCA) and environmental product declarations (EPD), with the primary focus being the carbon footprint of our products.

As a result, we were able to present such data for a large number of our products during the year. We will continue our efforts to cover an even larger proportion of our product portfolio in order to meet market requirements. We foresee significantly stricter requirements in future in areas such as substances in products and components.

Our own five sustainability targets continue to serve as key guidelines for how to conduct our business. We continue to focus on these areas, with particular emphasis on our carbon dioxide and energy targets, including our 2030 targets to reduce energy use and emissions in our operations. We reported a continued positive downward trend in respect of our target for work-related injuries (LTIF), which we take as confirmation that our work and processes are working well.

EMPLOYEES

Good working conditions

We work systematically to improve the working environment at all our facilities to create safe workplaces and reduce ill-health, regardless of employment status. A key part of our strategy for achieving this goal is that our facilities should have management systems for health and safety and, in some cases, also systems certified by a third party. We regularly follow up on working conditions in our operations through in-person site visits to ensure they meet our standards.

Our companies have the same rules and values regarding wages. We adhere to the laws of each individual country in respect of wage. Naturally, we are respectful of applicable minimum wages. The majority of our employees are permanent employees.

Our employees must also avoid conflicts of interest between private financial matters and the company's business activities. We do not provide financial support to political organizations or to individuals. If situations arise where there is a risk of anti-competitive behavior, we use external resources to manage and resolve the situation.

Employee pride

Our employees should thrive, develop and take pride in their work and their place of work. If you want to thrive in our company, initiative, humility and common sense make a winning combination. Our ambition is for the company to be perceived as attractive and full of opportunities in an inclusive and gender-equal environment.

Because of our constantly growing need for skilled employees, we both develop our existing employees and recruit for the future. Our internal training initiatives and our training collaborations with external partners are important factors in our ability to ensure long-term skills supply.

To ensure long-term access to the right skills in our operations,

we also collaborate with a number of schools and higher education institutions. Young people of all ages are invited to visit our companies to obtain information about the opportunities to become future employees and to encourage them to study. We form networks and bilateral partnerships with a number of universities and higher education institutions, offering opportunities for joint development projects, degree projects and internships.

Employee dedication

Motivated, committed employees and management are essential to continued success. Leadership plays an important role in carrying forward our corporate culture, which is based on diligence and enjoyment of work.

Internal recruitment is a key part of employee development and also helps ensure long-term access to the right skills by leveraging the expertise and company knowledge of leaders at different levels of the organization. We continuously update our employees' skills through training initiatives but also use external recruitment to obtain new expertise.

Committed, innovative leaders

The commitment and innovative approach of both the original founders and senior management have been a cornerstone of NIBE's steady growth and strong financial performance.

The Bernerup family, landowners from Scania, founded the two companies Backer Electro-Värme AB and NIBE-Verken AB and, from the initials in Nils Bernerup's first and last names the company name NIBE was born. The family ran the companies successfully for 40 years.

When the family decided to sell both companies in 1989, several employees and two external investors formed NIBE Industrier AB and acquired all operations. At the same time, Gerteric Lindquist was appointed Managing Director and CEO.





**“COMING TOGETHER IS A BEGINNING,
KEEPING TOGETHER IS PROGRESS,
WORKING TOGETHER IS SUCCESS!”**

JELLE VAN DER JAGT

**TEAM LEADER FOR THE SERVICE DEPARTMENT
AT THE COMPANY NATHAN IN THE NETHERLANDS**

Jelle van der Jagt joined the Dutch company Nathan, which is part of NIBE Climate Solutions, as a specialized consultant 10 years ago. The company was looking for someone who could provide practical, efficient advice when the workload was getting particularly high.

After two years, Jelle was appointed to the role as a planning executive in their service department. As a planning executive he and 14 other colleagues at Nathan Service scheduled appointments for the nine field-based service engineers, creating work orders that were as complete as possible and with the correct spare parts. A short while later, he took on the role as team leader for the department.

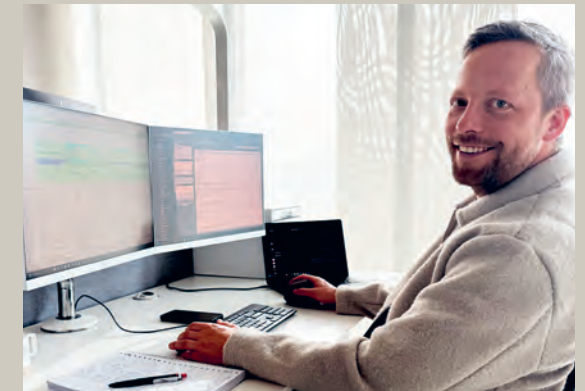
As team leader, he is responsible for a team of 23 colleagues and coordinates their work tasks, provides coaching and motivates

them to work towards shared goals. He also conducts employee performance reviews, manages sickness absence and books cover staff as necessary. All in all, it is a very broad role where no two days are the same.

“At Nathan I get to work with many real professionals every day. As part of my role, I have many different contacts – from project developers to end users, and from installers to installation companies – all with the same goal: a well-conceived, end-to-end solution in sustainable climate and energy technology solution. This can only be achieved through strong, reliable collaboration between all parties.

As Henry Ford once said:

“Coming together is a beginning, keeping together is progress, working together is success!”



JELLE VAN DER JAGT lives in the small town of Huissen, just outside Arnhem in the Netherlands, with his wife Lotte and their two children Joep and Guusje. He is 42 years old and has been working – very happily – at Nathan for 10 years.

FACTS ABOUT – NATHAN

NIBE Group acquired Nathan in 2020. The Netherlands-based company offers products, systems and expertise in sustainable climate technology. The company offers a comprehensive range of reliable, high-quality products from leading brands in Benelux. Nathan represents alpha innotec, Uponor (now part of GF), Komfort and Metro Therm.

MANAGEMENT PHILOSOPHY

OUR BUSINESS PRINCIPLES

Our management philosophy is deeply rooted in eight basic principles that constitute the foundation of all our operations and create the conditions for our continued success. Although our top priority is profitability, which is essential to our ability to operate, we will never compromise on our values to achieve it. Our attitude is that long-term profitability can only be based on respect for legislation, honesty, good relations and transparency. The handbook *Our Business Principles* is available in 20 languages.



OUR BUSINESS PRINCIPLES

PROFITABILITY

Good profitability is and always has been our tradition and is the most fundamental and important factor behind long-term success and sustained growth. It ensures freedom of action and independence, generates well-being and security for employees and makes us an attractive employer when we recruit new employees.

HIGH PRODUCTIVITY

High productivity is essential to competitiveness, and our productivity philosophy is based on the belief that everything can always be improved and that, if you can't measure it, you can't improve it. Performance-based pay systems based on time measurement create good productivity, high time utilization, a sound basis for investment decisions and fair wages.

PROACTIVE PRODUCT DEVELOPMENT

Proactive product development with the objective of always having the best-performing range is a prerequisite for good organic growth and expansion into new markets. Our focus is on leading the way in intelligent, energy-efficient, environmentally friendly products that help reduce climate impact and promote sustainable development.

QUALITY IN EVERYTHING – FOCUS ON THE CUSTOMER

We must be a secure partner on whom customers can always rely. NIBE must have certified quality and environmental management systems in place in its production facilities. NIBE must be available to deal with its customers in a professional manner and to help them choose the right solutions that will help reduce their costs and their environmental impact.

MARKET-ORIENTED EXPANSION BUILT ON COMMON SENSE

Continuous growth is essential to our development. A combination of good organic growth and prudent acquisitions is the best way to maintain the vitality of the organization. Expansion into new markets must be carefully considered and consistently implemented.

FOCUS ON THREE CORE OPERATIONS

A clear focus on three business areas creates clarity both internally and externally. It also spreads risk and results in reasonable risk exposure. Another benefit is the constant increase in knowledge in each area, which gives us an analytical advantage that can be used for acquisitions.

DEDICATED EMPLOYEES

Dedication is created by clear, sincere leadership that sets a good example and clear objectives. Shared values, simple organizational forms and development opportunities for all create a culture characterized by initiative, humility and common sense in which everyone can thrive.

A LONG-TERM APPROACH

A long-term approach means that responsibility, resilience and continuity will always win in the long run. Changes are only implemented after careful consideration and testing. Our ambition to create long-term relationships, internally as well as externally, creates the conditions necessary for truly sustainable business activities.

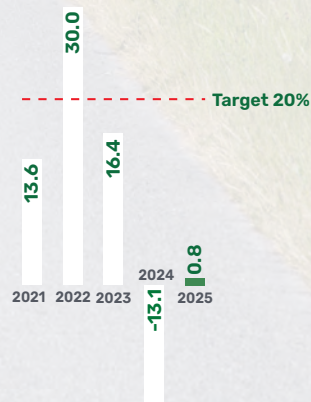
FINANCIAL TARGETS

Growth

20%

Average year-on-year growth shall be 20%, half organic and half acquired.

Growth past five years (%)

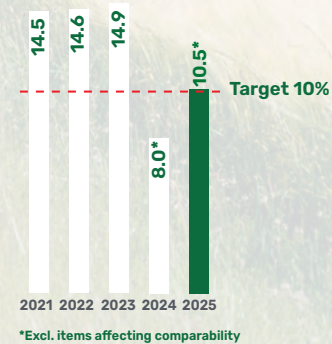


Operating margin

10%

Operating profit for each business area and for the Group shall be at least 10% of sales over a full business cycle.

Operating margin past five years (%)

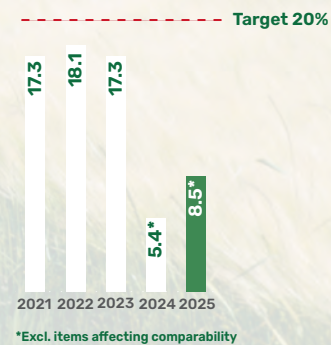


Return on equity

20%

Return on equity over a business cycle must be at least 20%.

Return on equity past five years (%)

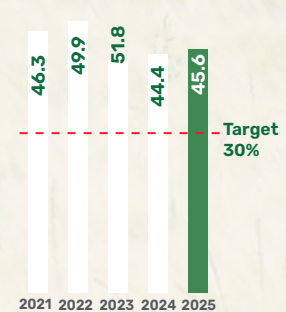


Equity/assets ratio

30%

The equity/assets ratio must not fall below 30%.

Equity/assets ratio past five years (%)



MANAGEMENT PHILOSOPHY

OUR VALUES

Our values are an important part of our management philosophy and our corporate culture, and they emphasize that we want to act as a responsible company in relation to people both internally and externally, our external stakeholders and the environment. Our values are firmly rooted in our long and proud tradition of responsible business conduct. We work consistently to communicate our core values to all employees in the Group. The handbook *Our Values* is available in 20 languages.



OUR VALUES

RESPECT FOR HUMAN RIGHTS

Our most fundamental undertaking is to respect the people who are affected by our operations and their human rights.

GOOD WORKING CONDITIONS

The working environment in our operations must maintain a high standard and contribute to employee well-being and development. Our suppliers and other partners must also share this approach.

REDUCED ENVIRONMENTAL IMPACT

A holistic approach to environmental issues must play a key role in everything from product development activities, manufacturing and choice of materials to transportation, product functionality and end-of-life recycling.

SOUND BUSINESS ETHICS

We comply with applicable legislation and have zero tolerance for bribery and corruption. We also communicate honestly.

RESPONSIBLE PURCHASING

We collaborate only with suppliers who apply the same principles as we do ourselves in terms of code of conduct, quality requirements and business principles.

PRODUCT LIABILITY

Our basic principle is that NIBE will pay due regard to all factors that have a bearing on the quality, safety and environmental performance of products.

CORPORATE CITIZENSHIP

We should be good citizens in the local communities in which we operate and support local initiatives to contribute to positive development. We also participate in social action internationally, for example, by helping victims of war and terror and by providing help in connection with natural disasters.

TRANSPARENCY

To build trust and create relationships, we must be open and honest in our communication and follow rules and standards.



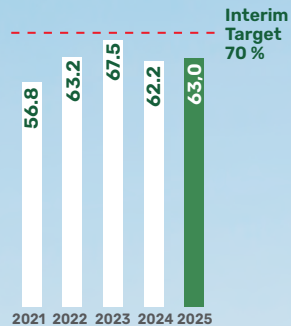
SUSTAINABILITY TARGETS

Increased climate benefit in our product portfolio

70%

The target is for 70% of our sales to consist of LCE-classified products by the end of 2026.

Percentage LCE-classified products

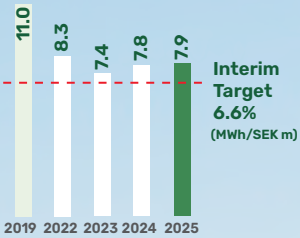


Continuously declining energy use

40%

The target is to reduce energy use by 40% by 2030 compared with 2019 as the base year (measured in MWh/SEK million per net revenue).

Power consumption (MWh/SEK m)

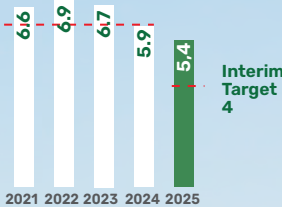


A safe workplace with no accidents.

0

Our long-term goal is zero accidents, though of course this is difficult to achieve. We achieved our interim target of an accident frequency rate of six accidents in 2024 and our new interim target is four by the end of 2030.

Accident frequency per million hours worked (number)



Reduction of CO2 emissions

65%

Our long-term goal is to be carbon neutral by 2050. The target is to reduce our direct and indirect (Scope 1 and 2) carbon dioxide emissions by 65% by 2030 compared with the 2019 base year.

Carbon dioxide emissions, tonnes



Ensure systematic quality and environmental initiatives

100%

The target is for 100% of our production units with more than 25 employees to have certified management systems for ISO 9001 and ISO 14001.

Number of certified companies, %

ISO 9001	99
ISO 14001	98



DRIVERS AND TRENDS

CLIMATE CHANGE

- ONE OF THE GREATEST CHALLENGES OF OUR AGE

One of the biggest challenges involved in achieving a global sustainable society is to reduce emissions of greenhouse gases and slow down the current rate of climate change. There is great international awareness of how climate change, which contributes to natural disasters and extreme weather conditions, is threatening our living conditions, biodiversity and political stability in society. There is also widespread awareness of and a strong momentum around the need to accelerate the transition to a fossil-free society.

A great deal of research and development is being carried out in both energy optimization and renewable energy. We believe that all three of NIBE Group's business areas stand at the forefront of this work.

CITIES ACCOUNT FOR 80% OF CARBON DIOXIDE EMISSIONS

As the global population grows and becomes increasingly concentrated in the world's cities, pressure on infrastructure increases, along with demand for resources, particularly energy. Cities currently account for 75% of world energy consumption and nearly 80% of carbon dioxide emissions.



ENERGY-EFFICIENT INFRASTRUCTURE AND CLEAN TECHNOLOGY

Demand for technology that supports the climate transition will increase and, as this technology becomes more available, the market will grow.

Population growth and urbanization increase demand for the transportation of both products and people. The transport sector is regarded as one of the greatest challenges as it is responsible for a significant proportion of societal GHG emissions and energy consumption.

A great deal of research and development is being carried out in both energy optimization and renewable energy. We believe that we stand at the forefront in our industry sectors.



SIGNIFICANT COMMITMENT

Paying attention to detail is an important parameter to be able to comply with regulatory requirements for our products.

ENERGY EFFICIENCY REQUIRED FOR A MORE RESOURCE-EFFICIENT SOCIETY

The international ambition to limit the increase in the global average temperature to no more than 2 °C requires a 70% reduction in GHG emissions by 2050 (compared with the 2010 base year). This is equivalent to an annual reduction of 6.5% in GHG emissions. NIBE Group's products contribute both to the transition to a fossil-free society and to reduced energy consumption. We are ambitious and persistent in our work on developing a product portfolio of energy-efficient energy solutions that support this transition.

BUILDINGS ACCOUNT FOR 40% OF GLOBAL ENERGY CONSUMPTION

The world's combined property assets currently account for approximately 40% of total energy consumption and about one-third of global GHG emissions. The majority of emissions occur when fossil fuels are used to operate facilities.



ECOSYSTEM FOR ENERGY EFFICIENCY IN LARGE PROPERTIES

Technological change is required to achieve a reduction in emissions of GHG emissions from buildings and this will involve phasing out fossil fuels in favor of energy-efficient systems based on renewable energy.

Because buildings are long-term investments that are active for many years, the energy-related and environment-related product choices made today are important because they will affect the environment for several decades to come.

The new generation of energy efficiency products will be integrated into an "ecosystem for well-being" and various mobile digital solutions will provide real-time information between the various systems and users.



VENTILATION SYSTEMS ARE GROWING IN POPULARITY

An increasing number of major energy consumers, are updating their properties and improving their energy efficiency by installing not just heating and cooling but also ventilation systems.

COMPLETE CLIMATE CONTROL SYSTEM THAT IS EASY TO INSTALL, OPERATE AND MAINTAIN

Geothermal heating is solar energy stored deep underground in rocks, at the bottom of lakes or at depths of a few meters in the soil. A geothermal system enables you to create a comfortable indoor climate and provide the property with both heating and hot water, as well as cooling on warm summer days. This type of renewable energy reduces customers' energy costs while also benefiting the environment through lower CO₂ emissions.

NIBE GROUP - FOR ENERGY-EFFICIENT PROPERTIES

Our products are found in most modern energy solutions that form part of everyday life. We create comfort, well-being and security in the home by supplying products for heating, air conditioning, ventilation and other solutions for a pleasant indoor climate. We are manufacturers of either end products and system solutions, or of the components found in the equipment. Our products enable us to contribute in a natural way to international ambitions to limit climate change and achieve a more stable world.

Energy-efficient solutions growing in popularity

In apartment blocks, apartments may have individual or shared heating, but in both cases the building can have a shared control and monitoring center with NIBE's concept solutions. These make it possible to optimize energy use in the property. Heat pumps produce heat and hot water and enable both air conditioning and ventilation.

High demand for energy efficiency in public buildings

Public buildings have traditionally been heated with oil, gas or coal. A huge number of buildings are still heated in this way, and they need to switch to cleaner, more modern, greener technology. NIBE offers climate control solutions based on technology such as geothermal energy, which is good for the environment and saves costs.

Cost-effective indoor climate comfort in hotels

Heating, air conditioning and ventilation are some of the biggest cost items and some of the biggest environmental aspects of commercial properties. The entire indoor climate comfort system can be automated and controlled remotely using NIBE Group's sustainable digital heat pump solutions. Heat pumps save energy even when idle, and the units have active cooling modules that produce excellent air conditioning.

Older buildings get a new life to modern indoor comfort

Old country houses and mansions present a challenge when it comes to reducing heating costs. Consequently, it makes financial sense to invest in a modern climate control system when they are renovated. NIBE can offer products and knowledge when it comes to all areas of renewable energy technology, which permits old properties to be climate-friendly without losing their charm and beauty.



THE WAY FORWARD IS ENERGY OPTIMIZATION AND CONTROL

The use of private cars and heavy goods vehicles on roads both present a major challenge when it comes to reducing carbon dioxide emissions. Several countries are therefore currently implementing major projects to renew and improve infrastructure, particularly that of rail-based transport.



OPTIMAL ENERGY SOLUTIONS THAT CONTRIBUTE TO REDUCED GHG EMISSIONS

We develop, produce and sell customized solutions and products for electric heating, measurement and control for all industry sectors, including HVAC, transport, energy and environment, domestic appliances, manufacturing and process industry, advanced technology and commercial equipment, all of which have their own specific requirements and demands.

Digital development means that tubular heating elements can be combined with smarter control, for example, in order to save energy and therefore costs.



HEAT SOLUTIONS FOR VEHICLES AND RAILWAY TRACKS

The ongoing electrification of the vehicle fleet requires e.g. battery heating, regenerative braking and heating of cameras and rear view mirrors.

We customize heating solutions, such as sensors and resistors, for the more advanced automotive and aerospace industry that includes spaceships, ships and airplanes, all of which require optimal performance and safety.

For the railway sector we offer several complete concepts with a large range of heating solutions and complete systems that enable railway tracks to be kept free of ice and ensure good indoor climate comfort in rail carriages.

NIBE AN INDUSTRIAL PARTNER TO MANY COMPANIES

Our product development, in collaboration with business partners in the transport sector, continuously results in new solutions for energy optimization and control. We are a partner to many companies in a wide range of industries, developing and manufacturing components and solutions for intelligent heating and control. Many companies within a wide range of different industries, which require different solutions for their specific products, have found their industrial partner in NIBE Group.

Cleaner air in cities thanks to electrification

New electric and hybrid models are constantly being launched for both passenger cars and commercial vehicles. We play an active part in the development of products for efficient energy utilization, for example, delivering elements for battery heaters and interior heaters using sources such as regenerative braking.

Energy efficiency in the transport sector

Large investment projects for improved infrastructure, including in rail-based transport, are underway all over the world. A number of NIBE Group's subsidiaries are contributing by developing and supplying equipment both for vehicles and for heating rails and switches, which are controlled and regulated automatically.

Heat solutions in battery production

Heat solutions that ensure stable and controlled processes in battery production. The products are used for heating, drying and temperature control in critical process stages, where precision and cleanliness are essential for safety and performance.

Advanced systems for the process industry

For the process industry, we develop advanced heating and control systems that meet high requirements in terms of performance and operational reliability. Our solutions are designed to optimize processes, reduce energy consumption and ensure full control in demanding industrial environments.

Rapid development of equipment that saves lives

In the medtech industry, development is rapid and new solutions save lives. A number of NIBE Group's subsidiaries contribute by being at the cutting edge of product development based on foil elements for various applications such as operating tables, sterilization equipment, DNA analysis and respirators.





NIBE GROUP - FOR A SAFE EVERYDAY LIFE IN THE HOME

Our products are found in most modern energy solutions that form part of everyday life. We create comfort, well-being and security in the home by supplying products for heating, air conditioning, ventilation and other solutions for a pleasant indoor climate. We are manufacturers of either end products and system solutions, or of the components found in the equipment.

Our products enable us to contribute in a natural way to international ambitions to limit climate change and thus achieve a more stable world.

Energy efficiency and indoor climate comfort

Heating the home with a heat pump is one of the most energy-efficient and environmentally friendly solutions available. This reduces costs and saves the environment for both current consumers and future generations. Combined with waterborne underfloor heating, it also produces a comfortable indoor climate.

Modern technology for secure access to hot water

Constant access to hot water is an important part of our quality of life. We offer households peace of mind with reliable, energy-efficient water heaters. Washing machines and tumble dryers make life easier for many of us but they also need to be energy efficient. They also contain several components made by a number of companies in NIBE Group.

Energy-efficient components for domestic appliances

Our modern kitchens today contain many domestic appliances that are used frequently. Most of them, such as coffee makers, ovens and dishwashers, incorporate components produced by NIBE Group, which helps them be as energy efficient as possible when they are used.

Modern stoves save both money and the planet

A stove really makes a house cozy. It gently heats and becomes a natural place to gather on winter days and evenings. A stove saves money and, as combustion is very efficient and wood is a renewable energy source, it helps save the planet too. Stoves are also a secure source of heating in the event of power outages and energy price volatility.



BUSINESS AREAS

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BUSINESS AREA

NIBE CLIMATE SOLUTIONS



Energy-efficient, environmentally friendly and intelligent products for climate control, improved indoor climate comfort and water heating. Thanks to our products and services, the energy consumption of properties, and the related climate impact is dramatically reduced with no reduction in comfort.

AIR-TO-WATER HEAT PUMP S2125
A heat pump from NIBE AB that takes energy from the outdoor air and uses intelligent control to provide optimal indoor climate all year round.

HEAT PUMPS ARE A KEY PART OF THE TRANSITION TO A MORE SUSTAINABLE SOCIETY

A fundamental driving force for our business is the energy efficiency improvement and global transition to more sustainable energy solutions that is necessary to reduce negative climate impact and conserve the earth's finite resources.

According to the United Nations Environment Programme, UNEP, properties account for around 40% of the world's total energy consumption. This corresponds to around one-third of total GHG emissions. Reducing GHG emissions from buildings demands a technology shift. Systems based on fossil energy sources such as oil, coal and natural gas must be reduced and over time completely phased out in favor of systems based on renewable energy and which require less input energy for the same power.

The International Energy Agency (IEA) has formulated a sustainable energy scenario (SDS¹), which quantifies what is required to achieve the UN Sustainable Development Goals (SDG). Heat pumps are one of the solutions in this scenario. Heat pumps currently meet only 10% of global heating needs in residential buildings, which according to the IEA must double by 2030² if climate goals are to be realized.

¹ www.iea.org/events/
² www.iea.org/reports/

The pace of transition depends on many factors:

- Energy price trends – particularly with regard to the price difference between electricity and fossil fuels such as oil and natural gas.
- Policy instruments – partly direct financial assistance and subsidies for conversion and energy taxes and partly indirect aid affecting new or rebuilding costs.
- Regulatory requirements for products – including the Ecodesign Directive, which sets minimum requirements for energy performance of products in the EU market. The directive aims to improve products' environmental performance throughout their life cycles.
- Restrictions on installation of gas boilers in connection with replacement of heating systems, and prohibition on installation of gas systems in new builds.
- Expansion of fossil-free infrastructure for climate control and hot water.
- Smart buildings – which result in increased demand for better energy performance and control of the climate systems of both single-family homes and commercial properties.
- The development of the property and construction market, where new construction and renovation often involve sustainable energy solutions.
- Costs to the end consumer are crucial for investment and operating costs, depending on the type of energy.
- The prevailing economic situation – which could reduce consumers' purchasing power temporarily, but could also unleash pent-up demand when the economy starts to improve.

BUSINESS MODEL NIBE CLIMATE SOLUTIONS

Local presence in prioritized markets

Via our international presence, we have a comprehensive distribution system with our own subsidiaries or local importers/agents in each prioritized market. The products are principally distributed to wholesalers or directly to installers. The local installer is usually the end consumer's closest contact and the person who ultimately sells and installs the product. There may be different distribution systems in the same geographical market if we are represented by several brands.

Our end customers are private homeowners and owners of rented properties and commercial premises. Other partners who have a strong influence in the decision-making process may include installers, architects, planners, designers, builders, consultants and energy consultants.

A large number of operators are involved in the commercial properties segment and the projects are quite complex, so the decision-making process tends to take a long time. At the same time, there is increasing direct contact between us as the producer and end customers, as deliveries of the products are often made directly to the property.

Marketing

We market our products through several channels to our end customers, but also to different partners. An ever increasing proportion of marketing takes place via digital channels, which also enables follow-up of our marketing reach.

The relationship with installers and distributors is very important. Good knowledge about our products, how they are installed and calibrated, but also about the service and advice we offer during the process is often a prerequisite for an installer to choose a NIBE Group brand. We enhance our relationships by continuously offering training in our products and system solutions combined with visits to our production units. Our subsidiaries operate their own training centers for customers and installers, and much of the training is also delivered digitally. Trade fairs remain an import arena for meeting our customers.

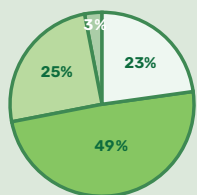
BUSINESS FOCUS

We supply the market with world-class solutions in sustainable energy through intelligent, environmentally-friendly products for domestic hot water heating and indoor climate comfort designed for both single-family houses and larger properties. The product range comprises both individual products and systems for heating, air conditioning, ventilation and heat recovery.

BUSINESS OBJECTIVE

Our business objective is to consolidate our market-leading position in Europe and North America. Continued growth in our prioritized markets involves a combination of organic growth and acquired growth.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

GROWTH AND RE-ESTABLISHED OPERATING MARGIN LEVEL

Demand for our products is assessed to be healthy and stable and inventories in the distribution chain have returned to normal. The gradual improvement in sales resulted in organic growth for the full year and we achieved our ambition to return to an operating margin level within the business area's historically demonstrated range. Ongoing efforts in product development and marketing, as well as investments already made in efficient production, have enabled the business area to strengthen its competitiveness and we are now well prepared for further expansion.

TARGETS

Growth target

We shall achieve growth of at least 20% annually, of which half is organic.

In 2025, total growth was 3.4% (-17.0%), of which 3.4% (-21.2%) was organic. At fixed exchange rates, organic growth for 2025 was 7.6%. Growth has been 8.4% on average over the last five years.

Operating margin target

Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2025 was 13.0% (6.1%, adjusted 9.3%) of sales. The operating margin has been 14.0% on average over the last five years.

Focus on product development

Highly targeted product development aimed at broadening the product range within both the single-family homes and the commercial property segments culminated in further success during the year. AS a result of these efforts, a number of additional products will be launched in 2026. Several of these product series are partially based on Group-wide developed platforms and will be marketed and sold by several companies within the Group across a number of markets. Product development prioritizes energy efficiency, improved product performance, use of environmentally friendly refrigerants, increased connectivity and intelligent control, as well as lower noise levels.

Stronger position for commercial ventilation

During the year, we strengthened our position in the market for commercial ventilation. Among other things, our Swedish, in-house developed ventilation range NIBE Flow was strengthened through Eurovent certification. Several of the business area's companies in both Europe and North America already have established and strong market positions in this segment.

Commercial ventilation is an important and complementary offering to heat pumps and the segment is a priority area for the business area's continued growth.

Outcomes Growth (%)



Outcomes Operating margin (%)



*Excl. items affecting comparability

Increased capacity and efficient production

Despite the current political uncertainty, especially in relation to future energy policy decisions, our assessment is that demand for heat pumps for both single-family homes and commercial property in Europe and North America will continue to show stable development in the long term.

The majority of the previously adopted comprehensive investment program for increased manufacturing capacity has been implemented. The investments are also contributing to increased productivity, higher delivery reliability and improved quality. Overall, this creates the conditions necessary for continued efficient and competitive production.

Realization of synergies

The Group's business model is based on a decentralized structure with strong local responsibility. At the same time, we see significant opportunities for further strengthening the internal collaboration. During the year, work on realizing synergies intensified in areas such as purchasing, quality, production technology and product development. This work has been given high priority and is

expected to contribute to increased efficiency throughout the value chain. A concrete result of this increased collaboration is the growing proportion of internal sales, including through increased purchasing by Business Area NIBE Element and through cross-selling within the business area itself. The high level of activity in product and business development, together with the investments carried out in our facilities in recent years, has significantly strengthened the Group's operational platform. The platform is today characterized by high efficiency, good scalability and increased flexibility, ensuring we are well prepared to meet the expected continued increase in demand.

Re-established operating margin level

Extensive work involving targeted efficiency measures at all levels contributed to our re-establishment of an operating margin level within the business area's previous historically demonstrated range of 13–15% in 2025. Despite the challenges presented by the geopolitical situation and the stronger Swedish krona, we are confident that we will be able to utilize our strengths and continue efforts to improve both net sales and operating margin in 2026.

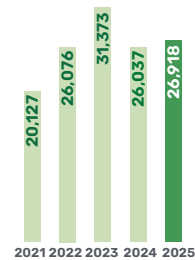


SIMON KARLIN

Head of Business Area
NIBE Climate Solutions

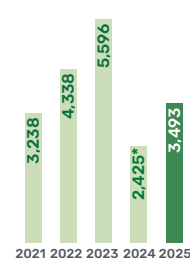
2025

Net sales
(SEK m)



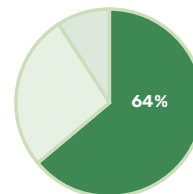
Net sales increased by 3.4% compared with 2024.

Operating profit
(SEK m)

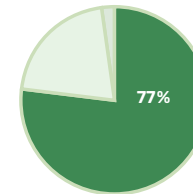


*Excl. items affecting comparability

Net sales
Percentage of Group



Operating profit
Percentage of Group



Operating profit increased by 44.0% compared with adjusted operating profit in 2024. Operating profit accounted for 77% of the Group's operating profit.

During the year, we intensified our product development and strengthened our sales in the commercial segment, and we intend to continue our growth in this area.

SEVERAL CLEAR TRENDS

NIBE Group is focused on sustainable, world-class energy solutions. Our heat pumps are part of our offering and several trends indicate that they form a significant part of the global transition to a more sustainable society.

Electrification

There is a clear trend towards increased electrification of society. The increased transition from heating based on fossil fuels to solutions based on electricity also results in increased awareness, knowledge and interest in heat pumps as a source of energy for indoor climate and hot water. A positive change in attitude to electricity as a source of energy for indoor climate is underway, largely thanks to increased interest in hybrid and electric vehicles. At the same time, intensive research into renewable electricity is underway. Property owners are also contributing to the electrification trend through a growing willingness to invest in renewable energy, for example through the installation of solar panels and batteries.

Digitalization

Digitalization enables smart home systems to be set up by interconnecting the different parts of the house that affect climate and comfort: heating, cooling, ventilation and hot water. Digitalization also offers an opportunity for better management of energy costs for households and commercial properties. For example, as energy costs have fluctuated sharply, the focus has been on using smart price adaption to improve energy efficiency. Digitalization also facilitates large systems for built-up areas in which consumers and producers of energy are connected to achieve optimal efficiency and price optimization.

Phasing out of gas networks benefits district heating and heat pumps

When gas-based networks for water-based (hydronic) heating and domestic hot water are phased out, fifth-generation district heating systems based on lower supply temperatures will offer an increasingly popular solution.

Heat pump technology will play a vital role in these systems, enabling the energy in district heating to be used to raise temperatures in buildings to a higher level at the point of demand. Recovered heat can also be returned to the district heating network, for example, from exhaust air ventilation or from heat generating operations such as data centers or industry. Renewable electricity production is integrated in the system while digital control of energy consumption is linked to energy production.

Huge market potential

There is great potential in the climate control sector (heating/ventilation/cooling) with good opportunities for future expansion of product solutions for indoor climate comfort.

We estimate that the global market for climate control products in our product segments is worth at least SEK 1,200 billion. The annual replacement demand for heating systems for single- and two-family homes within the EU and in Switzerland, Norway and the UK is estimated at at least six million units. In addition, at least one million units are installed annually in newly built single- and two-family homes. The underlying need for a transition to more sustainable climate solutions remains and will, in the long term, lead to significantly increased demand for heat pumps, even though the current economic situation in Europe is temporarily dampening demand.

Nordics lead the way

The proportion of heat pumps in single- and two-family homes is high in the Nordic countries. The alternative is primarily district heating in urban areas. A change to a fifth generation district heating network opens up an even greater overall market for heat pumps.

The proportion of heat pumps is lower in the rest of Europe, where gas and oil-fired boilers are predominant. As willingness to replace fossil fuel-based systems increases, we are seeing a rise in demand for various types of heat pump solutions.

When single- and two-family homes are connected to the fifth generation district heating network, these heat pumps will have a lower output. At the same time, apartment blocks and commercial properties will need one or more large heat pumps, installed in a central system that meets the heating demand of the entire building.

Political ambition for sustainable heating

Political support for mitigation of global environmental and climate challenges has faced obstacles in many markets in the last year. Direct financial support and tax relief have been cut in many

countries as a result of competition with other political initiatives. However, long term we see a continued ambition and growing desire to phase out heating products that use the fossil fuels oil and gas.

The EU member states have previously adopted climate goals for 2020 and 2030 respectively to cut collective emissions. They now aim to be climate-neutral by 2050 through the EU Green Deal, which will rely on legislation and action plans to promote more efficient use of resources through a transition to a clean and circular economy. Energy efficiency in buildings is one of the focus areas and in connection with this, the importance of urgently improving the energy efficiency of existing properties has also been highlighted.

In the North American market, the climate transition was strengthened by the previous US Administration's Inflation Reduction Act (IRA), which had been expected to remain in force through 2033. The legislation covered significant tax incentives for energy efficiency and installation of heat pumps in private dwellings as well as commercial property. This was expected to create structural drivers for increased transition from fossil heating solutions to more energy-efficient, intelligent and electrified alternatives. However, the previous tax subsidies for the installation of heat pumps in private homes were removed after the turn of the year. To ease the transition to the new conditions, we are working on alternative financing solutions for private individuals.

NIBE Group contributes to the policy dialogue by continuously informing politicians and decision-makers in both the EU and the US about heat pump technology and its central role in the transition to a more sustainable society based on efficient, fossil-free energy use.

Strong position in a growing market

Following the downturn in the European heat pump market in 2024, when higher inflation and sharp rises in interest rates led to a significant drop in activity in both renovation and new construction, demand has gradually recovered. The market potential remains unchanged and by maintaining and reinforcing our already strong market position, we will benefit from the continued long-term growth in the market. Systematic marketing has also been carried out to safeguard and reinforce our market position.

The heat pump market in North America is also growing, although from lower relative levels. Growth has benefited from new long-term tax subsidies and we are actively participating in the ongoing market transformation. However, the effects of the discontinued tax subsidies for the installation of heat pumps in private homes are currently difficult to assess. Based on our experience from the European market, we are working to increase end-consumer awareness of the need to switch from fossil fuels to renewable indoor comfort solutions, where geothermal heat pumps represent a sustainable and financially attractive long-term alternative.

Commercial properties increasingly important

The international market for climate control products in commercial properties is becoming increasingly important. This market is growing steadily in line with increasing interest among property owners in energy-efficient and more environmentally friendly climate control solutions. Thanks to a number of acquisitions in recent years, combined with our own product development, our competitiveness in these product categories has increased.

We see great potential in both future new production and in upgrading to modern technology, both in Sweden and internationally. We are therefore continuously developing both the product range and organization to strengthen our market position in this area.

Stable market for water heaters and district heating

As regards traditional water heaters, demand remains stable in both the Nordic countries and the rest of Europe. Under the Ecodesign Directive, these products are subject to stricter specifications for insulation and control. We welcome these requirements for improved performance, which our product portfolio already meets. Water heaters intended to provide for an entire household's hot-water needs are supplied with a heat-pump module to meet the standard requirements.

Both the Nordic market and the rest of the European market for district heating products experienced relatively stable growth.

Fragmented market

The market for our product areas remains fragmented. We are continuing to grow, yet the competition is growing too. International HVAC groups are also focusing on energy conservation and environmentally sound products. Opportunities for acquisitions of both small and large actors benefit our growth strategy, which involves growth of an average of 20% per year, half of which should be achieved through strategic acquisitions and half through organic growth.

“IT TAKES THE RIGHT KIND OF PERSON, AS YOU NEED TO JUGGLE MANY TASKS AND SOLVE CHALLENGES TO KEEP EVERYTHING RUNNING SMOOTHLY.”

NEDZAD MUSIC, SUPERVISOR, NIBE SWEDEN

Nedzad is the welding and stainless steel supervisor at Beredarfabriken (water heater facility) in Markaryd. He is responsible for practical and strategic planning at the department and also handles personnel and quality matters.

Nedzad started out as a welder and for a while also worked as a forklift driver. After that, he was asked to choose whether he wanted to work in technology or in supervision of work. He chose supervision as he felt it offered the most potential for personal development. He has now worked in this position for seven years and really enjoys it.

“As a manager I have to be versatile and use all available resources and coordinate functions to ensure production is as efficient as possible. This is not something that can be done by one person and it is my job to get the best out of my colleagues.

In my 29 years at NIBE, I have seen the company grow. To start with, all manufacturing took place here at Beredarfabriken, but as we have grown, more and more facilities have been added. It is great to be able to be part of this journey,” says Nedzad.



FACTS ABOUT - NIBE's Beredarfabrik

Beredarfabriken in Markaryd is NIBE's oldest production facility. It was built in 1962 and inaugurated by NIBE's founder Nils Bernerup, in the presence of the county governor, municipal leadership and the Board.



NIBE CLIMATE SOLUTIONS – PRODUCT DEVELOPMENT AND PRODUCTION

STAINLESS STEEL PRESSURE VESSELS PLAY A KEY ROLE IN FUTURE DEVELOPMENT

Product development takes place at all our manufacturing subsidiaries. NIBE has product development centers focusing on the development of heat pumps and systems for indoor climate comfort not only in Sweden, but also at multiple other locations in the Nordic countries, Europe and North America.

NEW IMPROVED AND SAFER PICKLING PROCESS FOR STAINLESS STEEL PRESSURE VESSELS – A UNIQUE PRODUCTION ASSET

In 2025, NIBE completed the investment in a new facility for the production of stainless steel pressure vessels. The facility is fully automated both in respect of the actual production of pressure vessels and the finishing process (pickling).

The pickling process involves several steps during which the inside of the vessels undergo treatment with acid. The treatment removes weld oxides, scale and discoloration from the weld joints. The vessels are then rinsed, dried and subjected to quality control. Following this process, the vessels have a clean metal surface without oxides, better corrosion resistance and reduced risk of rust.

The term pickling comes from the Swedish verb beta, which in older Swedish meant something like etching or treating the surface in a controlled way to clean it.

Product development focuses on continuously improved performance, intelligent controls and the design of systems in which renewable energy production is linked to climate systems and energy recovery via heat pumps. Software development is a major focus.

The business area invested around 4.8% of net sales in product development, of which 1.3% was capitalized and is amortized on an ongoing basis.

Synergies

International exchanges and collaboration occur between the product development centers at our various companies, resulting in positive effects in the designing of new products in terms of both time-to-market and level of technology.

Development to achieve climate targets

Sustainability is an important factor throughout a product's life cycle. Proactive market-based product development has several target criteria. Our products must be resource-efficient in both production and operation and thus help reduce climate impact. Although we have long used the natural refrigerant R290, with a GWP value of just 3, in many of our heat pumps, the EU's F-Gas Regulation requires continued intensive efforts to convert the entire product range to this environmentally friendly refrigerant, while maintaining high standards of energy efficiency, safety and quality.

We develop our products according to a number of main criteria:

- Continuous improvement of energy efficiency
- Utilize renewable energy
- System solutions (partial or whole)
- Increased efficiency via advanced control
- Convertible (heat in winter/cooling in summer)
- Recyclability
- Environmentally adapted and lower GWP for refrigerants
- Appealing and timeless design
- Lower noise level
- Better overall cost efficiency
- Safety

We practice what we preach

We are leading by example and using our heat pumps and related products to improve energy efficiency and indoor climate at the Group's production facilities worldwide. This reduces our use of oil and gas in favor of heat pumps and renewable energy throughout the Group. For example, by installing heat pumps in our own facilities within Climate Solutions, we have increased the production of self-generated heating by 100% since 2019.

Efficient and flexible production

Production takes place in some twenty modern facilities in Europe and North America and is continuously streamlined through robotics and automation. Our production units in Sweden, Germany, the Netherlands, Italy and the US are the business area's largest facilities, but some of our production also takes place in Denmark, Norway and Canada. We also have manufacturing in the Czech Republic, Poland, Turkey and Serbia, all of which have lower labor costs compared with western Europe.

Manufacturing methods in NIBE Group are evaluated regularly to optimize production processes and reduce environmental impact. The strategy is to gradually build up specialized manufacturing units.

We invest continuously in all production units to improve the opportunities for cost-efficient production for both domestic markets and segments in our other priority markets that face fierce price competition.

In 2025, we invested SEK 1,786 (1,767) million in the business area's facilities.

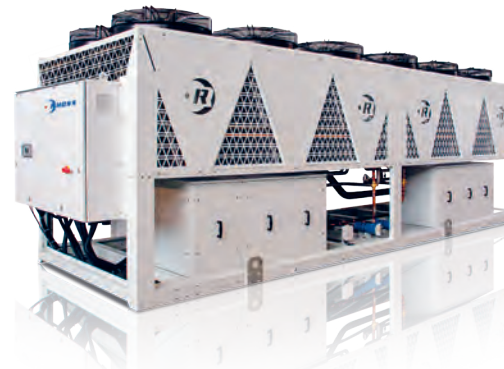
PRODUCTS THAT CONTRIBUTE TO A SUSTAINABLE SOCIETY

NIBE Climate Solutions offers a wide range of products and services for intelligent, energy-efficient indoor climate comfort, including heating, air conditioning, heat recovery, ventilation and water heating for homes, apartment blocks and commercial properties.



HEAT PUMPS

The principle is based on indirectly extracting energy from the sun, which is stored in rock, soil, air and water or surplus heat from ventilation exhaust air. The heat pump can also be used for air conditioning in both single-family homes and large properties and industry.



REFRIGERATION SYSTEMS

Complete systems for optimization of indoor climate, for air conditioning and air handling, including cooling units, multipurpose systems, fans and air handling units for commercial properties and single-family homes.



WATER HEATERS AND ACCUMULATOR TANKS

Water heaters that are designed for energy-efficient heating either with electricity, a heat pump or solar energy. Accumulator tanks that make use of the heat from a wood burner or heat pump, designed for both single-family homes and installations in large properties.



OUR FUTURE VISION *Our products and services for all types of properties can be combined in system solutions comprising both existing and new systems. Most of our solutions are based on recovering renewable energy from soil, rock, sun, water or air.*



DISTRICT HEATING PRODUCTS

Local and district heating centers for distributing district heating to individual single-family homes as well as individual apartments.

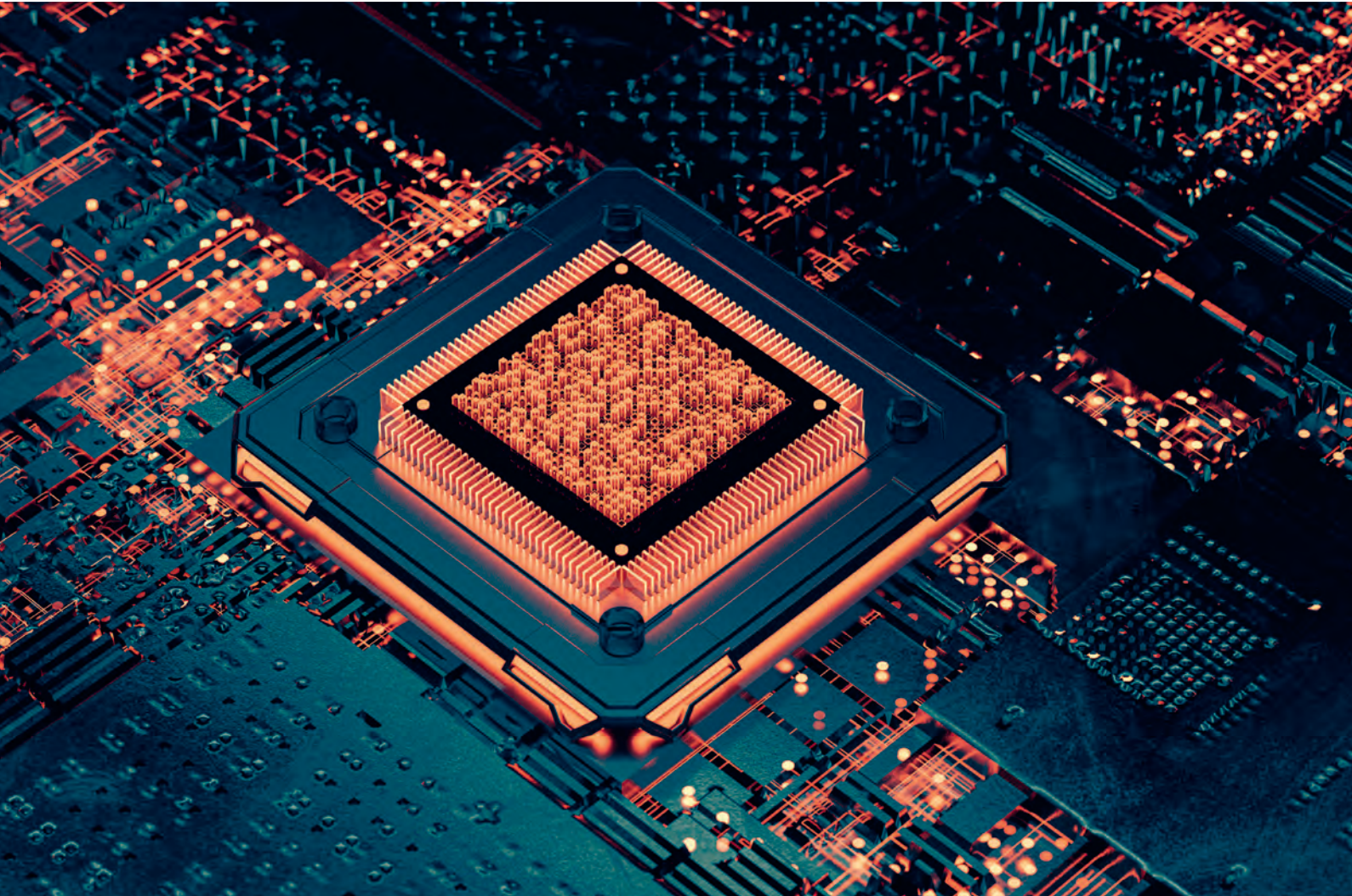
CLIMATE CONTROL SYSTEMS FOR LARGER PROPERTIES

Large residential properties and commercial properties usually have a climate control system that ensures good ventilation, a steady temperature and the correct humidity in all seasons. By combining these products with heat pumps it is possible to achieve both energy recovery and optimal operational efficiency.



BUSINESS AREA

NIBE ELEMENT



An industrial partner with customized components and intelligent solutions for heating and control with a focus on sustainability. Most product groups enhance energy efficiency, optimize energy consumption and contribute to a smaller carbon footprint.

**NIBE ELEMENT IS A SUPPLIER
TO THE SEMICONDUCTOR INDUSTRY**

We saw a gradual improvement in demand in the semiconductor segment in 2025 and we expect this to continue in 2026.

STRICTER REQUIREMENTS FOR REDUCED CLIMATE IMPACT AND ENERGY-EFFICIENT SOLUTIONS DRIVE DEMAND

Our operations

Our operations continue to be positively affected by developments in the areas of energy and the environment. These developments drive our business, which is directed towards the need to make end products more energy-efficient and adapted to stricter requirements for reduced climate impact. This is particularly relevant in industries that also have a focus on sustainable development such as wind power, heat pumps, rail-based transport and electric and hybrid vehicles. In line with the requirements for increased energy efficiency, driven by new laws and directives, the category of traditional domestic and small household appliances can be added to these types of product.

Digitalization is also a significant driver, both in terms of function in our solutions and demand from the semiconductor industry.

Our focus on increasing our added value by also supplying intelligent controls for our products continued to develop well during the year. This applies to several important market segments, such as the semiconductor and automotive industries, as well as sectors for various forms of energy solutions.

The semiconductor industry is a growing market segment for the business area as products in many

growth segments use a large volume of semiconductors. The industry has performed well over the long term, but with significant cyclical fluctuations that do not correspond to traditional business cycles in industry. Following very strong growth in the early 2020s, the US introduced new trade restrictions concerning technology exports to China, which negatively impacted demand in the short term. However, 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, and to new areas of application.

Good potential for increased market shares

The addressable market for NIBE Element's product areas is currently estimated at approximately SEK 160 billion.

The market is generally fragmented, with many local operators and some large regional and global ones. However, the North American market is more homogeneous and can be regarded as a common market. NIBE Element is a global supplier in most product categories of elements.

The markets for our product areas tend to keep pace with national industrial development and growth in GDP.

BUSINESS MODEL NIBE ELEMENT

Customers in several industries

Our OEM (Original Equipment Manufacturer) customers in, for example, HVAC, domestic appliances and commercial equipment, are increasingly part of large, global groups of companies with coordinated purchasing. The Groups' purchasing is to a large degree managed centrally, but also through regional suppliers. Consequently, it is important to establish good relationships centrally as well as regionally and locally.

For industrial customers, our aim is to gradually increase our local presence so that we can deliver small runs and specialist products adapted to local needs with short lead times and local technical support.

Where, perhaps for cost reasons, we have chosen not to set up our own manufacturing operations, in many cases we have established a presence in the form of a sales and technical support office. We market our products by industry or country, depending on the size and structure of each industry.

Two main customer groups:

OEM – where the customer buys our products and systems for use as a part of their end product.

INDUSTRY – where the components or system solutions are used primarily in the customer's own manufacturing process.

As one of the world-leading operators, we are represented globally and can distribute our products to both these customer groups in a cost-efficient and sustainable way, with good service as well as short transport distances.

Marketing and shared sales platforms

As a subcontractor, we market our offering to the Business-to-Business market primarily via sales staff and the internet. Trade fairs are normally an important marketing and sales channel but the importance of digital marketing has also increased sharply and an online presence is now crucial to ensure visibility.

For some special segments, such as industry, wind power, semiconductors and transport, we have global marketing managers and shared sales platforms and marketing campaigns for groups of subsidiaries.

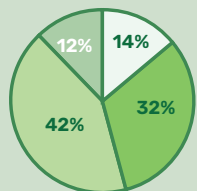
BUSINESS FOCUS

We provide the market with world-class solutions in sustainable energy by supplying both manufacturers and users with components and solutions for intelligent heating and control.

BUSINESS OBJECTIVE

We will be one of the internationally leading suppliers, with a local presence and a complete product range marketed in a growing number of domestic markets through suitable acquisitions and start-ups. Medium-sized series are marketed by country or industry, while unique special products and large bulk products are marketed globally.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

A STABLE MARKET WITH LARGE VARIATIONS

Organic growth was stable, but with large variations between the business area's different market segments. Demand in the semiconductor segment showed good growth but with significant variations between quarters. The heat pump market has gradually recovered and reported good growth. However, willingness to invest and demand in the industrial sector declined, particularly in Europe. The ambition to return to an operating margin within the business area's historically demonstrated range was hampered by the stronger Swedish krona as well as the introduction of tariffs. The full-year operating margin improved significantly as a result of decisive measures combined with significant flexibility.

Stable, but with large variations

Despite significant variations between the various market segments, the business area's organic growth in the period was stable.

The continued demand in the semiconductor segment is primarily driven by major investments in new data centers linked to AI rollout and expansion of semiconductor production in the US and Europe. During the fall, we also noted a continued recovery in the HVAC segment, primarily as a result of the recovery in the heat pump industry and the fact that heat pump manufacturers' inventories returned to more normal levels.

Demand in the industrial sector was weak, which was largely due to investment plans in industry, with the automotive industry in Europe, and Germany in particular, facing well-known challenges. However, there is continued strong commitment and interest within the industrial sector in technological solutions to reduce harmful CO2 emissions. Most solutions involve electrification and some form of electrical heating, and we and our products are well positioned for such solutions. There are also several projects underway in the area of energy storage and energy transfer, where our products play a significant part.

Although sales of fully electric vehicles declined in the latter part of the year, electrification in the automotive segment offers a significant business opportunity. The proportion of hybrid solutions is increasing and we are also seeing growing interest in various technological solutions involving cameras. These functions often require components for heating, which is positive for

TARGETS

Growth target

We shall achieve growth of at least 20% annually, of which half is organic.

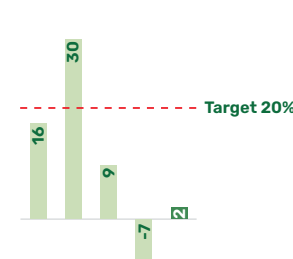
In 2025, total growth was 1.7% (-6.8%), of which 1.0% (-8.4%) was organic. At fixed exchange rates, organic growth for 2025 was 5.9%. Growth has been 9.2% on average over the last five years.

Operating margin target

Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2025 was 7.0% (3.3%, adjusted 5.7%) of sales. The operating margin has been 7.6% on average over the last five years.

Outcomes
Growth (%)



Outcomes
Operating margin (%)



*Excl. items affecting comparability

us. Rail-based transport continued to experience good demand both in terms of investments in infrastructure and in vehicles.

The majority of the business area's market segments were significantly affected by the current geopolitical uncertainty. This particularly applied to customs, sanctions and subsidies as well as legislation linked to the sustainable transition. Our assessment is that in this uncertain external environment, we benefit from a presence in several market segments, technologies and different geographical areas.

Strength as local industrial partner

The technological development in respect of energy efficiency, heating and control continues to create new business opportunities for us globally. We see significant potential in all our business segments but cyclicity means development will differ between the segments,

We have a large number of subsidiaries in several markets, which have good internal collaboration. In the wake of increasing trade policy tensions, having a local presence in a global market gives us a competitive advantage. We are well equipped to develop relationships with existing local customers, identify new customers and identify new acquisition opportunities in a fragmented market with many local, owner-led entities.

Italian acquisition

In November, we acquired 70% of the shares in the Italian company Selmo S.r.l., which is a leading manufacturer of thermostats and electronic control solutions for electric heating. Annual net sales amount to approximately EUR 18 million. The acquisition underlines our ambition to create growth by expanding our product offering to include additional solutions and components.

Return to previous margins

Despite the adaptations to current demand in each business and good cost control, the operating margin was affected by clearly lower sales in certain product areas. This meant that we were unable to fully achieve a return to the business area's previous, historically demonstrated operating margin range of 8–11%. Our clear ambition to achieve this target, together with continued growth, forms the basis of our overall goals for 2026.

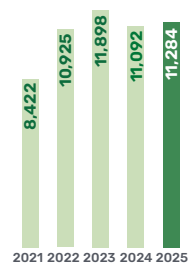


CHRISTER FREDRIKSSON

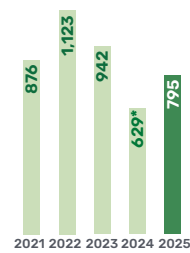
Head of Business Area
NIBE Element

2025

Net sales (SEK m)



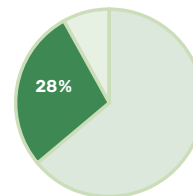
Operating profit (SEK m)



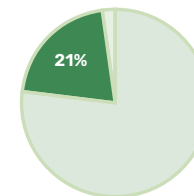
*Excl. items affecting comparability

Net sales increased by 1.7% compared with 2024.

Net sales Percentage of Group



Operating profit Percentage of Group



Operating profit increased by 26.4% compared with adjusted operating profit in 2024. Operating profit accounted for 21% of the Group's operating profit.

“ Demand linked to the electrification of public infrastructure and investments in the semiconductor industry showed positive development.

NIBE ELEMENT – PRODUCT DEVELOPMENT AND PRODUCTION

SUSTAINABILITY DRIVES DEVELOPMENT

Our product development is a key factor in our ability to survive on the competitive global market. Requirements for the various industries and technologies differ significantly from each other in terms of performance and standards. The trend also involves growing demand for system solutions and thus increased technological content. This is also reflected in increased value added, which involves elements being supplied with control.

We have well-developed testing facilities in modern laboratories, where we collaborate closely with our customers to ensure that the products meet current standards and requirements.

Sustainability is an important factor throughout a product's life cycle. Our products must, of course, be produced in a resource-efficient manner, but it is equally important that they are energy-efficient in use and help reduce climate impact.

The business area invested around 3.2% of net sales in product development.

Local product development in networks

Greater specialization combined with proactive, fast-paced development in partnership with our customers is the reason why product development is largely decentralized at our subsidiaries. At the same time, we have an open climate for knowledge exchange between all subsidiaries, a network to which all newly acquired companies also have direct access. A unit responsible for knowledge and technology transfer is involved in raising awareness and encouraging our companies to take part. This technology transfer creates continuous synergies that considerably reduce time-to-market in several areas. We intend to increasingly use AI for this work.

PRODUCT DEVELOPMENT IN FOUR DIMENSIONS

Our development process can be divided into four parts:

- Product development for brand new products, new functions for existing products and improved properties for existing products.
- Product customization mainly occurs in consultation with the customer to develop unique solutions for the customer's special needs and customized solutions where we take a larger system responsibility.
- Process development optimizes products in terms of choice of materials, quality and technical performance.
- Technical production development improves production in terms of machines, reduced environmental impact, production methods and efficiency.

OUR PRODUCTION UNITS

Production that provides flexibility

Production takes place at some 100 facilities in Europe, North America and Asia. Having production facilities for bulk products on different continents gives us great flexibility, allowing us to relocate production based on the cost, tariff and currency situation.

Local production constitutes an important and major element of our competitive strength for deliveries of small and medium-sized series with short lead times. For larger series and special products, production is based at specialist units.

More efficient production

Measures to increase productivity and quality are implemented continuously, both through minor, continual improvements and major investment programs in robotization and automation, even in low-cost countries in eastern Europe, Asia and Mexico. These long-term investments contribute to higher, more consistent quality, resource efficiency and an improved working environment.

In 2025, we invested SEK 381 (571) million in improved production capacity and efficiency.

DARE TO THINK OUTSIDE THE BOX - WITHOUT CREATIVITY AND INNOVATION, DEVELOPMENT STOPS.

HELLE TOXI DESIGN ENGINEER

Helle Toxi is one of our dedicated design engineers, whose passion for technology and design has led her to the role as lead design engineer at Backer for the key engine heater segment. Her journey from engineer to a key role in development of engine heaters stems from a combination of talent and an indefatigable thirst for knowledge and improvement.

Helle completed her internship at Backer, which led to an offer of employment after she finished her training. She started out in tool design. This early work laid the foundation for her understanding of the production process – an invaluable experience that she would later bring with her to more advanced design projects in the development department.

She is deeply involved in every step of the product development process, from the initial technical suggestion based on the customer's specifications, to final approval of the first series-produced product. She carries out test calculations of heating elements, ensures that the product can be manufactured and then leads the work through the critical phases of test production, where she acts as the main contact for any questions or decisions.



Helle also plays a crucial role in updates to product design and component structure and works closely with the purchasing department for the approval of components for series production.

At Backer we support our employees in their continuing development and learning, something Helle really values. In the design department you can select specialization based on interests. I have had the privilege of working on large variety of products.



FACTS ABOUT - BACKER

Backer AB was established in 1949 with the aim of manufacturing tubular elements. Together with NIBE AB, the company formed the platform for the creation of NIBE Industrier in 1989. Today, Backer produces elements and system solutions for many different sectors and has customers all over the world.

ENERGY EFFICIENCY IN MANY SECTORS

We are at the forefront of technological development so that we can continue to be a key partner in a world of growing technological content and increasing specialization. Our offers can be divided into several product groups where the product is sold either as a component or as a more complete system.



ADVANCED TECHNOLOGY

Solutions for highly specialized, demanding areas of expertise such as frequency converters, medical equipment/laboratories, electronics, the semiconductor industry, defense and industrial robots, all with their specific specifications and rules.



INDUSTRY/PROJECTS

Customized design and construction, but also complete solutions, including installation and commissioning of control and associated control panels. Also a wide range of standard components for electric heating, measurement and control.



ENERGY/ENVIRONMENT

Products for renewable energy production, such as electrical resistors for wind power that improve power quality and allow shorter grid interruptions without the need to shut down the turbine. Energy storage accounts for a growing proportion of this segment.



TRANSPORT

Intelligent solutions in the railway sector for both infrastructure and rail-based vehicles. A wide range of components for the automotive industry, including electric and hybrid vehicles. Products for electric heating also within the aviation industry.



HOUSEHOLD APPLIANCES

A complete range adapted for large-scale bulk production of solutions for heat generation and control for domestic and household appliances.



HEATING, COOLING AND VENTILATION

Includes converters and soft start relays that increase the service life of electric motors by protecting them from sudden loads. Heat exchangers, which are a key component for heat pump efficiency. Flow-through heaters for peak load and security.



COMMERCIAL EQUIPMENT

Customized solutions as well as standard components based on various technologies, such as thick film, vacuum brazing and heat pump modules, all designed to meet international regulations and standards. Examples of use include professional coffee machines, equipment for professional kitchens and the refrigeration industry.

ENERGY CONTROL IN MANY SOLUTIONS

NIBE Element is a quality supplier that offers a wide range of components with long life and intelligent solutions for heating and control for optimal energy consumption. The offering is aimed at several market segments ranging from producers of highly specialized industrial systems to producers of consumer products.

We are steadily expanding our product program to include more technologies. We also offer measurement and control options, as well as tests and simulations in customer product development processes.

FOIL ELEMENTS

Foil elements are used, for example, as defrosters in vehicle wing mirrors and camera systems.



PLATE HEAT EXCHANGERS

Production of plate heat exchangers is carried out by means of soldering under vacuum conditions. This is a method used for technically demanding items such as laboratory equipment and heat pumps.



THICK FILM ELEMENTS

For heat generation in electric kettles, exhaust emission control, copiers, electric vehicles and irons.



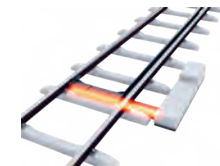
HIGH-POWER ELEMENTS

These are used in many applications in the plastics industry and in medical equipment where high power is required for a limited area.



CERAMIC ELEMENTS

Ceramic heating elements are placed inside a tube and can therefore be easily replaced without needing to empty the tank or container in which the element is located.



CONTROL EQUIPMENT

Electronics with processor power and embedded software that can also be connected for remote control and monitoring of e.g. rail switches.



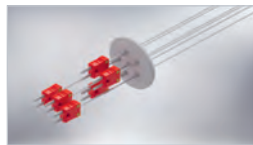
PTC ELEMENTS

For rapid heat generation in car heaters, towel rails, air dehumidifiers, air heaters and dryers.



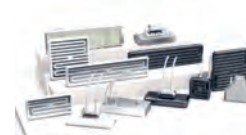
HEATING JACKETS AND HEATING CABLES

Flexible elements for wrapping around vessels or pipes to maintain temperatures at a constant level in gases and liquids in, for example, the semiconductor industry.



TEMPERATURE SENSORS

For industrial control and measurement in the semiconductor, solar energy, medical and space industries.



INFRARED HEATERS

Used to heat specific objects and not the surrounding air, for example car headlights.



TUBULAR ELEMENTS

Used, for example, in heating fans, ovens, water heaters, dishwashers, washing machines and process heaters. Their use in energy production and energy storage is increasing.

BUSINESS AREA

NIBE STOVES



MYCUBE FS CONTURA

Energy-efficient stoves for various heating needs and design requirements. Increasing the exchange of old stoves for new ones with our modern technology has an immediate positive effect on the environment.

STILL IMPORTANT TO SEE THE STOVE BEFORE BUYING

Our operations

The business area operates in the consumer durables market. Consumers' buying decisions tend to be emotional as well as rational, as a stove is not just a functional item but using it is also an experience. The buying process is therefore important to consumers. Customers want to see and touch the stove and preferably also feel the warmth of the fire. At the same time, today's customers are generally much better informed through digital channels before visiting a store to make a purchase.

Brand names matter most to dealers and installers but are somewhat less important to consumers, who usually choose a model based on taste. To remain an interesting partner, we work consciously on deepening our relationships with dealers. Together, we attract end consumers with our products and our store concept in the dealers' exhibitions.

The market is fragmented with mostly regional suppliers. A contributing factor is regional stove preferences in terms of appearance and the most commonly used fuel, i.e. wood, pellets, gas or electricity. Our main markets are in Europe, North America and Australia.

The addressable market for NIBE Stoves is estimated at approximately SEK 50 billion in these markets.

Wood, gas, pellets or electricity

The three major energy sources for stoves are wood, gas and pellets. Traditional wood burning dominates the market in Europe overall. A fourth category is the electric stove, which resembles a wood-burning stove with natural flames that are generated using electricity. Wood-burning stove products are available on all markets and have the highest volume.

Wood-burning stove products vary depending on the market. In North America, they are mainly targeted to cope with extensive heating needs and must have long burn times. The products are fired with many large logs, while in Europe they are made for smaller logs in smaller volumes.

There is a strong tradition of using gas in the UK, Ireland, the Netherlands and North America because there are extensive gas supply networks, with the result that gas-fired stove products are popular.

The Italian market is dominated by firing with pellets, and France has also become a large market for pellet products. Pellet stoves often constitute a supplementary heat source during cooler periods of the year.

Electric stoves are used where it is not possible to install a flue gas duct. They are primarily decorative but can also emit heat if they are fitted with elements.

Market drivers

- Economic conditions and developments in disposable income.
- External uncertainty, when the safety and comfort of home is prioritized.
- Interior design trends.
- Developments in the property market, where the degree of new construction and price trends and turnover of properties on the market is often directly related to renovation tendencies.
- Seasonal variations and weather conditions before and during the fall/winter season.
- Supplementary heat source for longer power outages.
- Energy price trends, both the prices of fossil fuels such as oil and natural gas and electricity prices. Higher energy prices offer an incentive to buy supplementary heating products.
- Environmental requirements for new lower limits on hydrocarbon and particulate emissions.
- Policy decisions on the phasing out of older products in favor of new, more environmentally friendly products.

BUSINESS MODEL

NIBE STOVES

Own subsidiaries

We are well represented in all our main markets through our subsidiaries and cooperate closely with our retailers in each market, a prerequisite for being able to reach the end customers.

Sales channels

Our products reach our end customers via a well-developed network of retailers, usually without any intermediary. The retailers display our products and offer a high level of service compared with builders' merchants, which primarily focus on low-cost products, a segment where we have only a minor presence. Spare parts and accessories are increasingly sold online.

Marketing

Decisions to purchase our products are largely based on how customers experience them. Consequently, in-store displays are an important marketing channel, and much of our marketing resources are spent on displaying our products in store. Other channels are digital marketing, interior design publications, social media and local consumer shows.

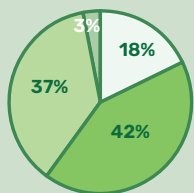
BUSINESS FOCUS

We supply the market with world-class solutions in sustainable energy by offering energy-efficient stove products in attractive designs as well as chimney systems, all developed and manufactured with minimum environmental impact.

BUSINESS OBJECTIVE

Our objective is to supply a wide and complete range of stove products in order to confirm and consolidate our position as the market leader. Expansion abroad will be supported by the continuous development of products tailored to new markets. This will be combined with moves into new markets through acquisitions, the establishment of new subsidiaries or the use of other existing sales channels.

Geographical distribution of business area's sales



- Nordic countries
- Europe (excl Nordics)
- North America
- Other markets

A CHALLENGING YEAR, BUT WITH INVESTMENTS FOR THE FUTURE

Demand for stove products in Europe declined for the second year running while North America saw more positive development. Continued cost savings and actions to manage the new tariffs between Canada and the US affected operations. Despite significant efforts and cost reductions, the lower sales meant that we were unable to achieve our historically demonstrated level of profitability. However, we did not stop our long-term investments in product development and marketing to ensure future growth.

After several years of excessive demand for stove products in Europe, demand has fallen sharply for two consecutive years. Additionally, the year was marked by significant external uncertainty, which further increased consumer caution and reluctance to invest in consumer durables. Low new construction of residential property was another factor that hampered demand.

Challenging, but brighter outlook

The market for the stove heating sector as a whole remains challenging but there has been a slight improvement in demand in North America and there are signs in the European market that the fall in demand is slowing down and in some cases even bottoming out. Inflation and interest rates have stabilized, which should act as a stimulus for renovation and new construction. Inventories at retailers have normalized, meaning that order intake from manufacturers is now more closely aligned with sales to end customers. With a healthier inventory situation at retailers, we predict a return to a historical market dynamic and seasonal pattern of higher sales in the fall and significantly higher market activity in the spring.

TARGETS

Growth target

We shall achieve growth of at least 20% annually, of which half is organic.

In 2025, the total decline was -10.1% (-18.8%), of which -10.1% (-19.8%) was organic. At fixed exchange rates, organic growth declined by 5.5% in 2025. Growth has been 6.1% on average over the last five years.

Operating margin target

Operating profit shall be at least 10% of sales over a business cycle.

Operating profit in 2025 was 4.1% (3.7%, adjusted 5.3%) of sales. The operating margin has been 9.3% on average over the last five years.

Outcomes
Growth (%)



Outcomes
Operating margin (%)



Introduction of tariffs between Canada and the US

All our North American operations with their own manufacturing and distribution units have for a long time been located in Canada. However, the majority of our sales take place in the US, which means our products are affected by the recently introduced trade tariffs between Canada and the US. Carefully considered price rises to ensure we retain the strong market position we have built up, together with cost-saving measures, have enabled us to offset the high costs of customs duties to some extent, but overall this is having a negative effect on our operating margin. However, we are pleased to say that we increased our sales in the US and also retained our market shares.

Completion of acquisition of Miles Industries

The remaining 35% of the shares in Miles Industries Inc. of Canada were acquired during the year. The company, which has been part of the business area since 2023, has a very strong market position in North America with its well-known Valor brand.

Market and sales in focus

With leading brands in every category and solid resources for marketing and sales, NIBE Stoves is well prepared for the future. Marketing activities further strengthen our relationships with the retailers and our brands' premium positions, while the visibility to end customers is prioritized in both traditional channels and via digital initiatives and PR.

Continued cost-cutting measures

Due to the decline in demand, further cost-cutting measures were implemented in a number of different areas, primarily by reducing the number of employees in production, distribution and administration. The departments for product development, marketing and sales were left more or less untouched in order to have the strength required to penetrate the market when demand returns.

Return to previous margins

Our clear ambition is to return to the business area's historically demonstrated operating margin range of 10–13% in 2026.

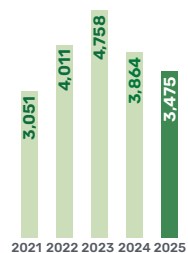


NIKLAS GUNNARSSON

Head of Business Area
NIBE Stoves

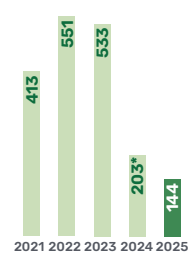
2025

Net sales (SEK m)



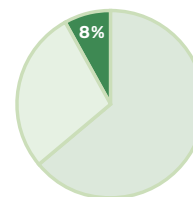
Net sales decreased by 10.1% compared with 2024.

Operating profit (SEK m)

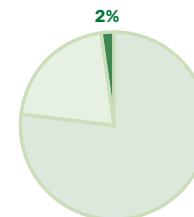


*Excl. items affecting comparability

Net sales
Percentage of Group



Operating profit
Percentage of Group



Operating profit decreased by 29.1% compared with adjusted operating profit in 2024. Operating profit accounted for 2% of the Group's operating profit.

“ We now predict a healthy return to a historical market dynamic and seasonal pattern of higher sales in the fall and significantly higher market activity in the spring. **”**

NIBE STOVES – PRODUCT DEVELOPMENT AND PRODUCTION

DEVELOPMENT OF STRONG BRANDS

Product development, with a focus on performance and design, is ongoing and is essential for our future growth and development. Our various brands have completely independent product development departments that are governed by our shared guidelines on the environment and sustainability. This helps retain each brand's distinctive character and gives our customers great freedom of choice.

Knowledge about technology for efficient combustion is exchanged regularly and naturally within the business area. This allows us to retain the flexibility we desire, while responding to regional product requirements and trends. Registration of designs is important.

In addition to the production of new models based on existing technology, we have continuously invested significant resources in developing combustion technology to meet the demands of future consumers. We have also intensified our efforts to find solutions for a commercially viable solution with minimal particulate emissions. Among other things, this has resulted in the development of the Contura Zero concept, in which particulate emissions have been almost completely eliminated.

The business area invested around 3.0% of net sales in product development.

Our product development can be divided into three areas:

DESIGN is essential to overall perception and may often be what determines whether a customer chooses one product over another. A stove product must match the style of a home with the right appearance and proportions. It should also be possible to see the fire through large glazed areas from as many angles as possible.

COMBUSTION TECHNOLOGY is a very important area as all combustion entails some level of emissions with an impact on our environment and health. Efficient combustion is an important part of our responsible approach to producing sustainable products, and we constantly employ significant resources to develop the best possible technology.

FUNCTION is important as stove products need to be more than just beautiful. They need to heat homes. The products must be reliable, safe, easy to install and easy to use. For this reason, we have both the components and the complete product thoroughly tested before a new product is introduced on the market.

Better performance than current statutory requirements

We design and manufacture our products based on directives such as Ecodesign, REACH and RoHS. Our products usually perform better than the existing statutory requirements and our ambition is always to anticipate more stringent future requirements.

As new modern stoves have considerably higher efficiency and lower particulate emissions than older products, replacement has an immediate positive impact on the environment.

Our production units

NIBE Stoves has its own production facilities in Sweden, the UK, Poland, Canada and Portugal.

Most of our wood-fired products are made in Sweden and sold all over Europe. The Swedish production facility is largely robotized and flow-optimized, making it one of the most efficient in our industry. We have come a long way in terms of both high quality and productivity, and we keep our environmental impact and energy consumption at low levels.

The Canadian companies Regency and Pacific Energy have corresponding complete production facilities for the production of their brands. The subsidiary Miles Industries, which sells its products under the Valor brand, has a small production facility earmarked solely for the assembly of gas-fired products.

For the past few years, the manufacturer Solzaima has had a cutting edge production facility in Portugal for the production of pellet-fired and wood-fired stoves.

In the UK, the subsidiary Gazco manufactures its gas-fired products in its own facility, while wood-burning products under the Stovax brand are produced at carefully selected sub-suppliers. The British company Evonicfires also has its own production unit in the UK for electric stoves.

Concrete surrounds, fireplace materials and heat-retaining prod-



CONTURA I51A WITH LOG BOX

ucts are manufactured in our facility in Poland. This unit mainly supplies our own brands with components, but it is also a supplier to other manufacturers in the industry.

Measures to increase productivity and improve quality are implemented continuously. We also invest long-term to achieve higher resource efficiency and an improved working environment.

In 2025, investments of SEK 66 (154) million were made in our operations.

TEAM BEFORE SELF AND CONTINUOUS FEEDBACK ARE ESSENTIAL

NIKLAS ÅHS

HEAD OF PRODUCTION AT CONTURA

Niklas Åhs is a true teambuilder and wants everyone to be seen for what they do both as a colleague and a professional. It is extremely important to provide support, coaching and help where needed.

Niklas played football at a competitive level, and the plan was for him to combine an elite football career with training to become a PE teacher at GIH (the Swedish School of Sport and Health Sciences). But the admission requirements were demanding, and pursuing an elite football career in Division 2 came at a cost.

Niklas started working in assembly at NIBE AB in 1995. After a few years he moved on to working in field testing. As a football player, he was used to teamwork and had a clear understanding of what a well-functioning team can achieve.

When the Värmepumpsfabriken (VPC) heat pump plant opened in 2000, the workshop manager needed support, and Niklas was given the opportunity to take on greater responsibility, first as a team leader and later as a supervisor. In 2011, he became Head of the Geothermal Heat Pump Department, and in 2021 Production Manager at the plant, with responsibility for the entire facility, including around 300 blue-collar employees and around ten salaried staff with whom he works closely.

FACTS ABOUT - CONTURA

Contura was acquired by NIBE in 1994. Contura is the market leader in Sweden in stove products and one of the leading manufacturers in the rest of Europe. Contura is part of NIBE Stoves, which is a business area in the listed NIBE Group.



Niklas believes it is very important that everyone feels included. The most important level is the operator level. What happens on the factory floor determines how well the team is able to deliver. This means ensuring individual employees are motivated, encouraging commitment and allowing individuals to grow into new roles. This insight is the very cornerstone of Niklas's view of leadership and of NIBE as a workplace.

Niklas has now taken the next step in his NIBE journey and switched business areas, moving to NIBE Stoves, where he is the Production Manager at Contura AB's production in Markaryd. Here, he wants to contribute to ongoing development of the production environment and his three guiding words are: safety, quality and productivity. In line with this, he is participating in an EU project that aims to promote language development in the workplace.



Niklas lives in Markaryd with his partner. He has two children, one living at home and the other studying in another town. He is interested in sports and has actively participated in football all his life. Niklas welcomes innovation and challenges and has a strong competitive drive.

PRODUCTS FOR HEAT, COMFORT AND SECURITY

Our different brands have their own profile and product design but all the products are based on modern combustion technology, which ensures high efficiency and significantly lower particulate emissions than in older stove products. All our products already comply with the European Ecodesign Directive and similar requirements in North American in respect of lower emission levels.



FREE-STANDING STOVES

A free-standing stove is easy to install and place in most homes. Available for wood, gas, pellets or electricity.



HEAT-RETAINING PRODUCTS

A heat-retaining fireplace is very heavy and has the ability to retain a lot of heat for a long time. The most common materials are concrete, stone or tile. Only available for use with wood.



OUTDOOR FIRE PRODUCTS

A fireplace for outdoor use creates a cozy outdoor environment. Primarily for use with wood or gas.



CONTURA 996G STYLE



INSERTS

Inserts are often integrated into the interior design of the home and positioned against a wall. Primarily for use with wood, gas and electricity.



FIREPLACE CASSETTES

A cassette stove is often installed in open fireplaces to increase heat output and improve efficiency. Primarily for use with wood, gas and electricity.



CHIMNEY SYSTEMS

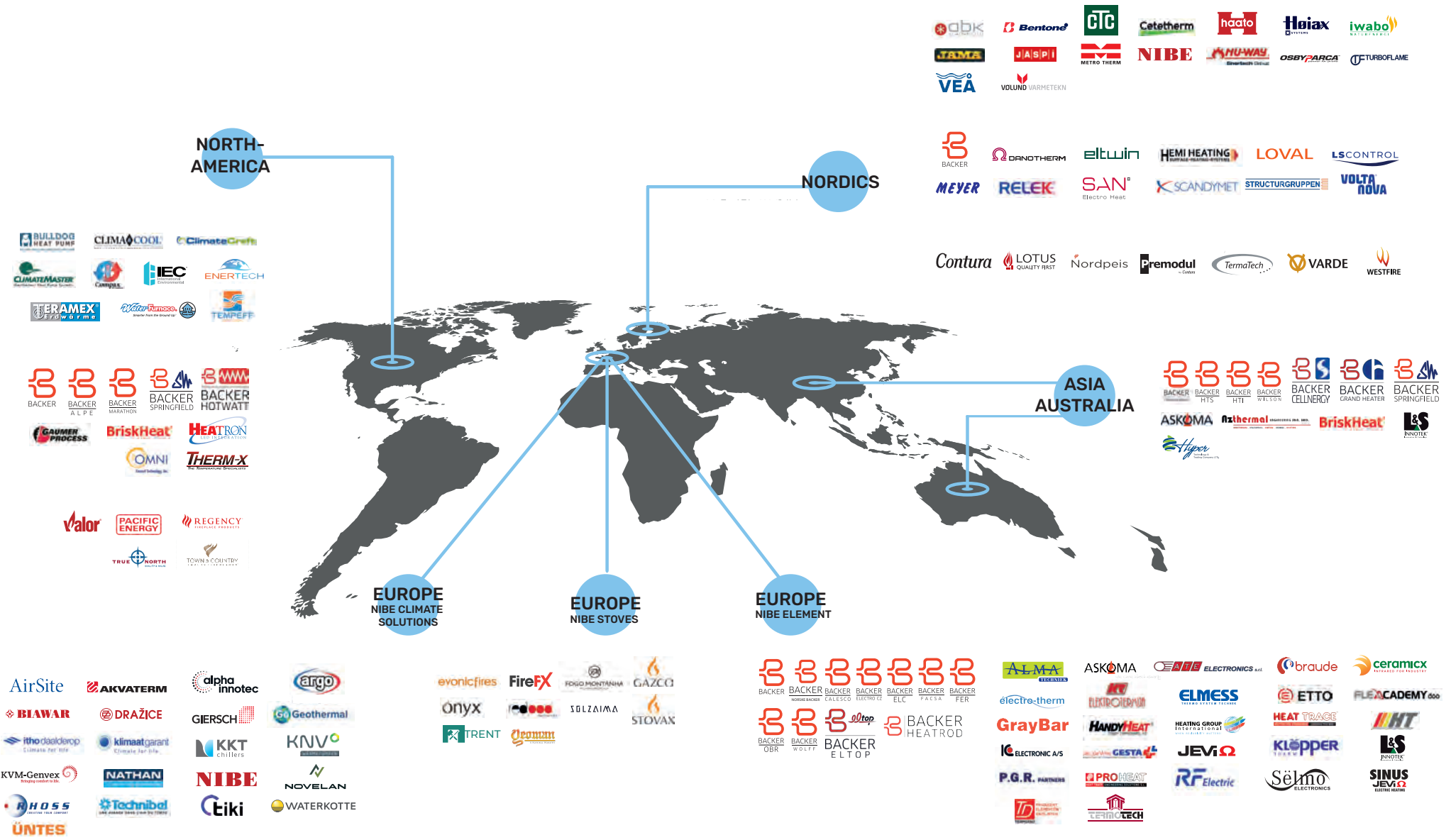
The most common chimney systems are made from stainless steel flue pipes covered with an insulating material.



ACCESSORIES

All types of stoves come with a very large range of accessories.

BRANDS/COMPANIES IN NIBE GROUP



SUSTAINABILITY REPORT



433,448
metric tons of
carbon dioxide

We are reducing customers' emissions

A reduction in emissions of greenhouse gases is essential if the ambitions of the Paris Agreement and the Group's sustainability strategies are to be met. One of the most important things we can do to realize this ambition is to reduce our customers' emissions.

Reduction of 433,448 metric tons of carbon dioxide Based on the cuts in emissions from the type of heating systems our heat pumps replaced in the respective markets in 2024 alone, the reduction was 433,448 metric tons of CO2 in that year.

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GLOSSARY

BP	Basis for preparation of the sustainability statement and disclosures relating to specific circumstances.
GOV	The processes, controls and procedures for corporate governance used to monitor, manage and oversee impacts, risks and opportunities.
IRO	The process(es) used by NIBE to identify impacts, risks and opportunities, assess their materiality, and to manage material sustainability topics through policies and actions.
SBM	How NIBE's strategy and business model interact with our material impacts, risks and opportunities, including the strategy for managing them.

GENERAL INFORMATION

ESRS 2 GENERAL DISCLOSURES

BASIS FOR PREPARATION

BP-1 General basis for preparation of sustainability statements

This sustainability report has been prepared in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD), as implemented in Swedish legislation, and the European Sustainability Reporting Standards (ESRS). All disclosure requirements and datapoints included in this report have been assessed as material based on the outcome of our double materiality assessment. For an overview of NIBE's material topics, see disclosure requirements IRO-1 and SBM-3 on pages 70–74.

The sustainability report has been prepared on a consolidated basis for the Group. The scope of consolidation is the same as for financial reporting and includes the parent company, NIBE Industrier AB, and subsidiaries controlled by NIBE Industrier AB. The only exception is a subsidiary in which we have a 50% ownership interest. This company has been included in financial reporting on a voluntary basis but in the sustainability report it is included only in Taxonomy reporting and in the calculation of total number of employees.

NIBE Group's entire value chain, which includes both direct and indirect business relationships in the upstream and downstream value chain, has been taken into account in the preparation of this sustainability report.

¹ (a) Short-term time horizon: the period adopted by the company as the reporting period in its financial statements. (b) Medium-term time horizon: from the end of the short-term reporting period defined in (a) up to five years. (c) Long-term time horizon: more than five years.

BP-2 Disclosures in relation to specific circumstances

This report uses two different definitions of short-, medium- and long-term. The double materiality assessment uses the time horizons defined in ESRS while in the climate scenario analysis the following definitions have been used for short-, medium- and long-term: 1–5 years, 5–10 years and 10–30 years. The time horizons used are based on previous analyses and established industry practice in order to improve comparability with other companies. For more information on the time horizons applied, see page 75 in the section IRO-1 E1.

Calculation and reporting of sustainability data often involves the use of estimates, assumptions and simplifications. This applies to some extent to E3 and E5, but particularly to indirect Scope 3 greenhouse gas (GHG) emissions, where data quality and the availability of primary data are limited. Calculations in all Scope 3 sub-categories are therefore based to a varying extent on estimates and secondary data, meaning the results are subject to a high degree of uncertainty. This is particularly true in two categories:

- For Category 3.1, Purchased Goods and Services, the calculations were primarily based on volumes of materials and components multiplied by general emission factors for each type of material.
- For Category 3.11, Use of sold products, emissions were estimated using assumptions about the type of energy used by customers when using the products. The calculations assume that purchased electricity corresponds to the average electricity mix in each country. If customers are instead using fossil-free electricity, the emissions in this category would be significantly lower.

In 2026, we will continue to work towards reducing the use of estimates and measurement uncertainty by improving the quality of the information used for these Scope 3 categories. For more information on uncertainties and measurement methodologies, see each topical standard in the section Metrics and Targets.

With effect from 2025, NIBE Industrier AB is subject to the new EU Corporate Sustainability Reporting Directive (CSRD), which means that we have changed the way we prepare and present information in the sustainability report. The following bullet points show the main changes compared with the previous reporting structure:

- Our reporting is now fully structured in accordance with the ESRS standards and reflects the available implementation guidance.
- With effect from 2025, acquired companies are consolidated in sustainability reporting from the year of acquisition, whereas in prior years consolidation took place after we had owned the company for a full calendar year.

Identification and correction of reporting errors for 2024:

- Water withdrawals (m³) were incorrectly reported by some companies as water consumption and water reuse, resulting in corrections to the respective key metrics for 2024.

This report meets the requirements for reporting of sustainability data in accordance with the Greenhouse Gas Protocol (GHG Protocol) and Task force on Climate related Financial Disclosures (TCFD) and also meets the requirements of the Swedish Annual Accounts Act for the preparation of a sustainability report.

GOVERNANCE

GOV-1

The role of the administrative, management and supervisory bodies

Board of Directors and management

The Annual General Meeting (AGM) is NIBE's highest decision-making body. The AGM determines the number of Board members and elects the Board members and auditors. The AGM also adopts the accounts, makes decisions on dividends and other appropriations of profits/losses, and discharges the Board of Directors and CEO from liability. The Board of Directors comprises seven members, who are appointed by the AGM.

The Board is both an administrative and supervisory body and is ultimately responsible for the development and follow-up of strategies, including NIBE's sustainability strategies and internal control processes. The responsibilities of the Board of Directors are clarified in our policy documents and governing directives.

With the exception of the Managing Director and CEO, none of the Board members is employed by or has any operational responsibility in the company. With the exception of the Managing Director and CEO, all Board members are considered independent of the company, which means the percentage of independent Board members is 85%. All Board members have the right of decision. There is no employee representation on the Board of the Parent Company, but employees are represented on most subsidiary boards within the Group.

The Board of Directors elected by the 2025 AGM comprises Hans Linnarson (Chairman), Anders Pålsson, Eva Karlsson, Eva Thunholm, Camilla Ekdahl and James Ahlgren, as well as Gerteric Lindquist, Managing Director and CEO. The gender distribution of the seven Board members is 43% women and 57% men, corresponding to three women and four men.

Group management consists of the Managing Director and CEO, the CFO, General Counsel, the Communications and Investor Relations Manager and the heads of business areas. The gender distribution of the seven members of Group management is approximately 15% women and 85% men.

As is the case with other parts of the NIBE organization, the Board and Group management are subject to the company's diversity policy. For more detailed information on the composition of the Board of Directors and Group management and their experience and working methods, see the Corporate governance report on pages 182–186. See also pages 188–190 for further information on the experience of the Board of Directors and Group management.

Sustainability Council

The Sustainability Council's task is to lead the operational sustain-

ability work and be responsible for Group-wide initiatives relating to NIBE's material impacts, risks and opportunities. The decisions taken by the Sustainability Council are presented to the Audit Committee when necessary, for example, when major changes to NIBE's strategy are required or there is an increased need for investment. The Sustainability Council consists of the Managing Director and CEO, the CFO, a head of business area and the Group's sustainability team, which comprises the Sustainability Manager and the sustainability controllers. For more information about the sustainability team's roles and responsibilities, see GOV-2.

Risk management

NIBE takes a systematic and proactive approach to the management of identified risks that may impact the Group. The approach is based on our common framework and the NICS (NIBE Internal Control Standard) tool, which ensure a uniform risk management process and facilitate ongoing efforts. The work is initiated locally in each company and then summarized at Group level. Risks and opportunities are divided into four main areas: Business, Finance, IT and Sustainability. Identified risks are assessed based on likelihood and impact. The outcome is evaluated annually by the Board, which decides which topics should be prioritized within each area.

Business risks are managed locally at company level and are coordinated at Group level if deemed necessary. The work is structured around ongoing reporting, risk assessment and action plans. Financial risks are managed through the Group's financial policy and manuals for annual accounts, system access, authorization arrangements and system changes. IT and sustainability risks are to a large extent coordinated at Group level, but risk assessment and action plans are prepared and implemented locally by each company's Board. Identified risks are managed in line with Group-wide policies and NIBE's values. Follow-up takes place at subsidiary level in the form of quarterly Board meetings and through a number of internal control audits.

To further limit risk impacts, a crisis management program is in place, with local processes and policies that cover the risk areas identified in the risk assessments. In the event of major incidents that may be deemed to have a material impact on the Group, the Group's crisis organization, including the Board of Directors, is activated, to assess and decide on appropriate actions.

Several of NIBE's identified material sustainability topics, which are reported under section SBM-3 on pages 70–73, are included in NICS.

Roles, responsibilities and expertise related to risk management

Responsibility for long-term and overall risk management follows NIBE's organizational structure. More specifically, the roles related to the risk management process are divided as follows:

- The CEO and Group management are responsible for overall internal control and for Group-wide implementation of NICS.
- Heads of business areas are responsible for ensuring that the prescribed process is in place in their respective business areas, which in turn means that all local boards apply the process to each lower-tier subsidiary.
- The local boards are responsible for ensuring that NICS is implemented in their companies and, where applicable, lower-tier subsidiaries. Local boards must also ensure that additional national requirements are met.
- Local management at our subsidiaries are responsible for internal control in the respective operations and own the action plans for reducing risks within their individual areas of responsibility.

Impact and opportunity management

NIBE's Board has the ultimate responsibility for ensuring that impacts and opportunities are managed and that sustainability initiatives comply with the requirements of authorities, shareholders and other stakeholders. The Board is also responsible for ensuring adherence to good business ethics and responsible business conduct, in accordance with NIBE's Code of Conduct and policies. The heads of the business areas are responsible for communicating and implementing their strategic work at local board level. At local level, each subsidiary is responsible for taking advantage of and managing any identified material opportunities and communicating these to the Group. Opportunity management follows a similar process to risk management but is currently less formalized.

Process for sustainability targets

The setting and follow-up of targets for NIBE's material topics is carried out by the sustainability team and communicated to the Sustainability Council. The Board follows up five strategic sustainability targets presented on pages 84, 91 and 102, covering the areas climate, energy, health and safety, quality management and environmental management systems. If targets adopted by the Sustainability Council are deemed to require material investments or comprehensive changes in strategy, the support of the Board is obtained before the targets are adopted.

Sustainability expertise

To ensure that the Board has relevant expertise in NIBE's material sustainability topics, the sustainability team provides ongoing internal training linked to current projects and initiatives within the Group. If necessary, the Board of Directors and the Sustainability Council may consult external experts in NIBE's material topics such as climate, pollution and circular economy. External

expertise is also available for the assessment of topics assessed as non-material, such as biodiversity, to ensure the assessment is correct. The company's diversity policy states that the Board of Directors as a whole must have expertise and experience appropriate to the business, as well as the competence required to identify and analyze opportunities and risks for the Group.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

NIBE's Board is ultimately responsible for ensuring that the sustainability efforts support the Group's business strategy and comply with the requirements of authorities, shareholders and other stakeholders. The Board is also responsible for developing and monitoring the company's strategies through policies, plans and objectives, decisions on acquisitions, major investments, managerial appointments and ongoing supervision of operations during the year. Policies must be reviewed and revised at least every three years or as needed.

The Sustainability Manager is responsible for the work at strategic level and reports on sustainability matters to the boards at Group and business area level in connection with strategy meetings and on other similar occasions.

The Sustainability Council regularly follows up outcomes, assesses risks, opportunities and due diligence and takes decisions on the continuing sustainability efforts. Much of the work is regulated in national legislation, e.g. in environmental laws and labor law. In addition, NIBE's sustainability efforts are governed by voluntary commitments such as the OECD Guidelines for Multi-national Enterprises, the principles of the UN Global Compact and the UN Sustainable Development Goals under Agenda 2030.

NIBE's Sustainability Manager reports directly to the CEO and the Sustainability Council and suggests sustainability strategy and goals. In addition, the Sustainability Manager and the CFO provide information on the Group's compliance with the company's values, policies and guidelines. In order to ensure awareness of values and policies, all employees receive information on these in connection with onboarding. Values and all policies are available on NIBE's intranet and are translated to several different languages to increase accessibility. The CEO together with senior management at each subsidiary are responsible for implementing both values and policies.

See SBM-3 on pages 70–73 for a summary of the material impacts, risks and opportunities that were addressed during the reporting period.

GOV-3 Integration of sustainability-related performance in incentive schemes

Given that the NIBE Group's entire business model is based on developing product portfolios that actively contribute to the transition to increased use of renewable energy technology and improved energy efficiency, the Group has not established a global incentive program specifically linked to sustainability targets, although such programs may exist at company level. The focus has instead been on increasing sales and market share by leveraging the Group's product portfolio, as this is considered to have the greatest impact on the climate transition.

GOV-4 Statement on due diligence

NIBE Group has well-established due diligence processes that integrate environmental and financial aspects in the mapping of new acquisitions. Processes are in place for suppliers, own operations and customers. We are continuously working to improve and implement these processes.

In newly acquired companies, some of the processes required to assess risks relating to social matters, such as human rights and certain aspects of labor rights, may be lacking. For major investments (investments approved by NIBE's Board) a local due diligence process relating to the environment is partially in place, but it needs to be supplemented with social aspects to provide more complete information for decisions. A process will be developed to ensure that the Board is given the decision and information inputs required to be able to assess the risk of environmental and social impacts in connection with major investments such as the construction of a new facility.

Manufacturing companies are evaluated on an ongoing basis through sustainability visits carried out at intervals of several years. Sustainability visits are prioritized based on factors including risk level and company size, which means that follow-up visits are sometimes prioritized ahead of visits to newly acquired companies. At the time of writing, visits have been made to 74% of the production facilities of the Group's subsidiaries. In addition to sustainability visits, the due diligence process also includes continuous sustainability reporting, energy mapping and communication with companies.

NIBE takes into account international, national and regional legislation and regulations where trade sanctions have been introduced and affect sales, delivery and exports of NIBE products, services and technical data globally. This is set out in more detail in our Trade Compliance Policy, which among other things

establishes when screening of cooperation partners is required.

For a further description of the due diligence process for suppliers, see ESRS S2 on pages 104–105.

Also see the explanation of due diligence in Table 1, page 68.

GOV-5 Risk management and internal controls over sustainability reporting

To minimize risks and ensure good internal control over sustainability reporting, NIBE uses its risk assessment method NICS, which is described in more detail in GOV-1. The outcome of this work is integrated on a continuous basis on the basis of described roles and responsibilities.

Risks in sustainability reporting include compliance failure, regulatory offences or companies failing to report in accordance with external requirements and expectations. Incorrect or inconsistent definitions of datapoints and terminology can also lead to poor quality reporting. To manage risks we have appointed roles responsible for each material sustainability matter and we are taking a systematic approach to the work based on each topical ESRS to obtain a good understanding of the data that should be collected. The information is collected via the Group's reporting system Worldfavor. The sustainability team is responsible for the quality of reported data through various control activities. These include reasonableness checks against previous reporting periods, analysis of results against expected outcomes and discussions at company and Group level. Finally, the entire report, together with the rest of the Annual Report, is examined by the CEO, the Audit Committee and the Board before being published on NIBE's website. Together with the examination by the auditors, this is an important additional measure to ascertain that the information that is published is correct and that internal controls have been carried out.

To safeguard regulatory requirements, we carry out reviews of legislation on a regular basis and receive support from specialists and lawyers with regard to interpretations and scope. In future, we will also increase the frequency of random sampling of the reporting inputs of local companies to strengthen the quality of the reported input data and ensure it is of a high level.

We use a template, aligned with ESRS requirements, for the double materiality assessment and our process for evaluation and prioritization of our material topics is well documented.

TABLE 1 - Disclosure requirements and relevant page references to information on due diligence in the sustainability report.

CORE ELEMENTS OF DUE DILIGENCE	DISCLOSURE REQUIREMENTS	PAGE NUMBER	CORE ELEMENTS OF DUE DILIGENCE	DISCLOSURE REQUIREMENTS	PAGE NUMBER
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2	67	Taking actions to address those adverse impacts	E5-2	90-91
	ESRS 2 GOV-3	67		S1-4	100
	ESRS 2 SBM-3	70-73		S2-4	107
Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 GOV-2	67	Tracking the effectiveness of these efforts and communicating	E1-4	82
	ESRS 2 SBM-2	70		E1-5	82
	ESRS 2 IRO-1	74		E1-6	83
	E1-2	81		E2-3	87
	E2-1	87		E3-3	89
	E3-1	88		E3-4	89
	E5-1	90		E5-3	91
	S1-1	99		E5-4	92
	S2-1	105-106		E5-5	92-93
	G1-1	108		S1-5	100
	S1-2	99		S1-6	100
	S2-2	106		S1-7	100
	Identifying and assessing adverse impacts	ESRS 2 IRO-1		74	S1-9
ESRS 2 SBM-3		70-73	S1-10	101	
Taking actions to address those adverse impacts	E1-3	81-82	S1-13	101	
	E2-2	87	S1-14	101	
	E3-2	88	S1-16	101	
			S2-5	107	

SBM-1 Strategy, business model and value chain

NIBE is a global player with a presence in several international markets, including the Nordic countries, Europe and North America. Our products are mainly aimed at the following customer categories: private individuals looking for sustainable heating solutions for their homes, commercial property owners and industrial customers within manufacture and infrastructure. Our business is classified within the "Machinery & Equipment" sector, and revenue in this sector is the same as the Group's total revenue. NIBE's three segments all fall within the same sector and are accounted for in detail on page 142 in Note 2 in the financial statements.

NIBE's business model is based on developing our product portfolios to actively contribute to the transition to increased renewable energy technology and improved energy efficiency.

NIBE has an international presence with more than 20,000 employees operating in several continents. For more details on our geographical presence, see section S1-6. Our revenue primarily comes from the sale of products, while costs are predominantly related to purchases of materials and components, as well as personnel.

Key resources, which contribute to the Group's value creation, are our employees, materials in the form of metals and plastics, and electronic components. The products are designed, processed and assembled at our facilities, where we also carry out surface treatment prior to distribution. Distribution primarily takes place via wholesalers, Business-to-Business (B2B) or directly for installation in properties.

We rely on close collaboration with key actors in the value chain, including industrial partners, Original Equipment Manufacturers (OEMs), installation companies, structural engineers and specialized trade, for the delivery of the majority of our solutions. These collaborations play a central role in ensuring our products reach the market.

We provide innovative indoor climate and industrial heating solutions through the three business areas listed below. See Note 2 for financial information on cost structure and revenue

breakdown.

- NIBE Climate Solutions: Energy-efficient and intelligent products that increase climate control, improve indoor climate and enables efficient heating of hot water. Our solutions contribute towards reducing the energy consumption and climate impact of properties without compromising on comfort.
- NIBE Element: An industrial partner that supplies customized components and intelligent solutions for heating and control. Our product groups promote energy efficiency, optimize energy consumption and may contribute to reducing climate impact.
- NIBE Stoves: Energy-efficient stoves that meet different heating needs and design requirements. Replacing older stoves with modern alternatives, improves the efficiency of energy consumption and reduces particulate emissions.

There were no material changes in the year in respect of our products, markets or customer groups. NIBE's products and services are allowed in all the markets where we have operations and we ensure that our operations always comply with relevant requirements and regulations.

Strategies related to sustainability topics

Our long-term strategy focuses on supplying the market with world-class, sustainable energy solutions, which has a positive impact on societal energy efficiency and can contribute to the transition to a more sustainable society and reduced climate impact. We support all 17 UN Sustainable Development Goals and have chosen to focus in particular on seven that are clearly linked to our sustainability targets and action plans and where we believe we can make an impact.

A key aspect of our business strategy is to ensure good working conditions that enable our employees to thrive and continue working at NIBE for a long time. This is achieved by introducing occupational health and safety management systems in all Group companies. At the same time, it is of strategic importance to minimize our own climate impact and support our customers in their efforts to reduce their GHG emissions, which contributes to mitigating climate change. As part of the strategy, our goal is for a significant proportion of our sales to be generated from LCE-classified products. Read more about this under ESRS E1 on page 82. Our sustainability targets cover the entire organization and include all employees.

Sustainability-related challenges

One of the greatest challenges in achieving a sustainable global society is reducing GHG emissions and slowing the rate of climate change. Extreme weather events and natural disasters are already impacting living conditions, biodiversity and the stability of communities. This creates uncertainty around the sustainability measures and regulations that will be decided and monitored internationally. Accordingly, a reduction in GHG emissions is a key priority for NIBE. The way we approach this challenge is by carrying out energy mapping and efficiency measures on a regular basis to continuously improve our processes.

Our extensive value chain also involves challenges in ensuring that there are no material adverse impacts on people and the environment. For a more comprehensive picture of climate impact in the value chain, we are working on improving the quality of our Scope 3 calculations. By strengthening data collection and analysis methods, we are able to report more precise indirect emissions data.

Future legal requirements regarding materials and substances mean that new, alternative solutions need to be developed to meet future sustainability requirements. This involves risk of changes to the value chain and significantly increased costs for our products. The challenge comes from the fact that this material development is taking place in our value chain, where our direct influence is limited. We are therefore working closely together with our suppliers and partners to ensure that the development is aligned with our sustainability targets.

Finally, we are striving to promote a circular value chain. Factors that may prevent us from achieving our ambitions in the coming years include limited access to low-cost, high-quality recycled and reused materials and underdeveloped recycling and reuse systems in many of the countries where we operate.

Value creation for stakeholders

Our intelligent and energy-efficient solutions contribute to our customers being able to reduce their energy consumption, while health and safety at work and reduced risks of work-related injury improve our employees' commitment, health and productivity. We provide good and safe working conditions by collaborating with our suppliers and requiring compliance with our Code of Conduct.

We focus on innovation and development of products that strengthen our competitiveness and contribute to global climate goals. We create long-term value for our shareholders by prioritizing sustainable energy solutions, increased energy efficiency and profitability.

Value chain

NIBE’s business operations are based on strong relationships with suppliers, distribution partners and end consumers, with sustainability and energy efficiency as core elements. Long-term collaborations enable us to ensure quality and delivery reliability throughout the value chain. Below is an illustration of NIBE’s value chain:

Main business actors

Key suppliers

NIBE has a global network of suppliers who meet our requirements in respect of quality, delivery reliability and sustainability.

Distribution channels

Retailers, wholesalers and direct sales to major customers.

End consumers

Private individuals, commercial property owners and industrial customers within manufacture and infrastructure looking for energy-efficient heating solutions.

SBM-2 Interests and views of stakeholders

NIBE maintains ongoing engagement with key stakeholder groups through various channels, including face-to-face meetings, partner site visits and surveys and questionnaires.

We see a greater interest in sustainability from analysts, banks and funds, as well as from research institutes and universities. The issues that remain most topical from their perspective are climate, gender equality, health and safety and circular resource flows. In addition to the usual surveys, interviews or visits are often requested. The topics include inputs in our products,

the introduction of new technology in the products due to new regulatory requirements, and also our approach to diversity and human resource management. We also receive questions from customers relating to the sustainability performance of our products in respect of the environment and social aspects such as carbon footprint, substances and human rights. These questions indicate topics that our stakeholders consider to be important and contribute to the underlying data used in our materiality assessment.

Table 3 shows NIBE’s key stakeholder groups, together with information on engagement methods and the topics identified as material.

The purpose of our stakeholder engagement is to identify and understand the sustainability topics that are most important to our stakeholders. The outcomes of these analyses provide key inputs for the development of NIBE’s sustainability efforts, strategy and business model.

The continuous engagement enables us to adjust our strategy and strengthen our offering on a continuous basis. Examples of initiatives that have been implemented at the request of stakeholders include the development of life cycle assessments for our products, reporting according to CDP and our plan to map the requirements for alignment with the Science Based Targets initiative (SBTi).

The insights from our stakeholders have also been analyzed and integrated into our due diligence process and our double materiality assessment, thus strengthening our efforts to meet both business and sustainability goals. NIBE’s administrative, management and supervisory bodies are informed of relevant stakeholders’ views and interests related to our sustainability matters at quarterly Board meetings.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

NIBE’s double materiality assessment has resulted in seven material sustainability topics and 16 associated sub-topics. These topics are categorized according to the topical ESRS and are assessed as material based on impact, risk and/or opportunity.

Effect of identified material topics on the business

We see no current or anticipated effects on either our business model or strategy based on the impacts, risks and opportunities identified in our double materiality assessment. The work on preparing processes, design of products and adaptation of working methods continues to support our current business model as a decentralized organization across three business areas. As part of this work we also believe that expectations concerning the sustainability expertise of senior executives will continue to grow.

Read more about implemented or planned actions under each area of sustainability.

Financial effects of identified material risks and opportunities

In our materiality assessment we identified three financial risks within the topics climate change and pollution. We also identified three financial opportunities within climate change that all lead to increased net revenue due to a rise in sales volume of existing products and a broader product portfolio.

The opportunities identified below are based on our financial target of average annual growth of 20%, which significantly exceeds the level of SEK >250 million shown in Table 2. In our materiality assessment we did not carry out detailed assessment of expected annual growth as a result of the opportunities identified, and we therefore used the figure SEK >250 million.



TABLE 2 - The current and anticipated financial effects of NIBE Group's material risks and opportunities on the company's financial position, financial performance and cash flows.

FINANCIAL EFFECTS OVER DIFFERENT TIME HORIZONS (SEK MILLION)			
	Short-term	Medium-term	Long-term
(R1) Costs of higher carbon fees	-	<50	>250
(R2) Costs of moving operations as a result of heat and water stress	-	>250	>250
(R3) Increased production costs as a result of new legal requirements relating to substances and materials.	-	>250	>250
(O1-O3) Increased revenue as a result of increased demand for NIBE's products and a broader product portfolio	>250	>250	>250

Resilience of strategy and business model

NIBE carries out an annual risk assessment of our business risks in accordance with NIBE Internal Control Standard (NICS), which covers all NIBE companies. As part of this process we also analyze our strategy and business model in respect of our resilience related to material impacts, risks and opportunities. Our strategy and business model are also evaluated on an annual basis in accordance with the double materiality assessment process, where we define the extent to which we are expected to be impacted by the material risks. In this assessment we take into account the recommended time horizons in ESRS and the climate scenario analyses (formerly TCFD). See BP-2 on page 65. In addition, a sensitivity analysis is carried out for Group-wide business risks, see the section Risks and risk management in the administration report on pages 137–138.

Our assessment is that strategy and business model are robust enough to manage short and medium-term risks and that we may be able to benefit from long-term opportunities by making well-informed investment decisions and continuing to use innovative business development methods. NIBE is not dependent on individual suppliers or customer groups and thanks to our global presence risks are spread when it comes to access to raw materials, changing business cycles and demand variability. Our three business areas further improve resilience, with each business area having its own economic cycles and customer segments, meaning we are not dependent on the performance of any single industry sector. Additionally, we have business areas, primarily NIBE Climate Solutions and NIBE Element, where we can see that demand will rise in line with a warmer climate and the transition to fossil-free energy. Resilience to identified risks is evaluated on an annual basis to ensure that we can adapt to changes in circumstances.

Changes in reporting

No changes were made during 2025 to the material topics identified for NIBE.

Material topics included in ESRS disclosure requirements

NIBE has included all material disclosure requirements in accordance with ESRS that are relevant to our material sustainability topics. Additionally, we have chosen to include a number of entity-specific disclosure requirements linked to E1 Climate change, which are described in more detail in the relevant sections. For a complete overview of which disclosure requirements are included in the sustainability report, see the index on pages 113–116.

TABLE 3

List of NIBE's stakeholders, how the company engages with each stakeholder and the material topics relevant to them.

STAKEHOLDER GROUP	ENGAGEMENT METHOD	MATERIAL TOPICS
CUSTOMERS	Surveys Business engagement Contracts	Safe products Sustainable products Business relationships
EMPLOYEES	Employee engagement	Security Expertise
SUPPLIERS	Surveys Business engagement Contracts	A long-term approach Performance
INVESTORS/ ANALYSTS	Surveys Quarterly reports Face-to-face meetings	Risk minimization Return A long-term approach Climate issues
MANAGEMENT	Sustainability Council	Management by objectives Focus areas Resources
SHAREHOLDERS	General Meeting Face-to-face meetings Management discussions	Return A long-term approach Risk minimization
AUTHORITIES	Reports Visits/Audits Lobbying	Laws and compliance with laws Human resource management Infrastructure
LOCAL COMMUNITIES	Local partnerships Involvement in stakeholder groups	School partnerships Sponsorships Standard committee issues

TABLE 4 – Identified material impacts, risks and opportunities connected to the topical standards.

E1 CLIMATE CHANGE

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
CLIMATE CHANGE MITIGATION				
Actual adverse impact	–	GHG emissions from NIBE’s value chain, for example in connection with upstream production of material and components, in NIBE’s own operations and during the use phase of NIBE’s products in connection with consumption of non-renewable energy in the use phase.	Short-, medium- and long-term	Entire value chain
Risk (R1)	–	Costs for carbon taxes and emissions allowances may increase due to changes in legal requirements (e.g. CBAM). This is expected to lead to increased purchase prices, higher taxes and potentially higher final prices to customers.	Medium- and long-term	Own operations
Opportunity (O1)	–	Increased demand for NIBE’s products as a result of increased focus on sustainability, higher energy prices (incl. oil and gas prices) and increased energy efficiency requirements. This benefits products that are already energy-efficient today, such as heat pumps.	Short-, medium- and long-term	Own operations
Opportunity (O2)	–	Leading the way in the development of products with lower GHG emissions. Having highly skilled employees creates opportunities to refine existing products and develop new products. Potential areas are circularity, material selection and energy efficiency.	Medium- and long-term	Own operations
CLIMATE CHANGE ADAPTATION				
Risk (R2)	–	Increased heat and water stress may result in affected operations no longer being able to continue at their current locations. The likelihood of the risk occurring is assessed as low but the cost if it occurs is relatively high.	Medium- and long-term	Own operations
ENERGY				
Actual adverse impact	–	NIBE and some suppliers use a relatively large proportion of non-renewable energy.	Short-, medium- and long-term	Upstream and own operations
Actual positive impact	–	NIBE’s products contribute to reduced energy consumption and thus to reduced emissions.	Short-, medium- and long-term	Own operations and downstream
Opportunity (O3)	–	Opportunity to broaden the energy-efficient product portfolio by developing the product portfolios of existing companies and through acquisitions. This gives us an opportunity to reach more customer groups and market segments.	Medium- and long-term	Own operations

E2 POLLUTION

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
SUBSTANCES OF CONCERN/SUBSTANCES OF VERY HIGH CONCERN				
Risk (R3)	–	Prohibitions or stricter requirements regarding substances that affect our choice of material may entail increased development and material costs.	Medium- and long-term	Own operations

E3 WATER AND MARINE RESOURCES

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
WATER				
Actual adverse impact	• Water consumption • Water withdrawals • Water discharges	NIBE has several subsidiaries with water use and freshwater withdrawals in water-stressed areas, as well as water consumption in the production of input materials.	Short-, medium- and long-term	Upstream and own operations

E5 RESOURCE USE AND CIRCULAR ECONOMY

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
RESOURCE INFLOWS AND RESOURCE USE				
Actual adverse impact	–	NIBE and its subsidiaries use primary raw materials.	Short-, medium- and long-term	Upstream and own operations
RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES				
Actual adverse impact	–	Our products are sold in a global market and many of them have long lives. Some of the materials and components from our products are recycled to a limited extent.	Short-, medium- and long-term	Entire value chain
WASTE				
Actual adverse impact	–	Some of our waste is sent for incineration or to landfill without being recycled. The waste generated also includes some hazardous waste.	Short-, medium- and long-term	Own operations
Potential adverse impact	–	Waste in the value chain is not recycled.	Short-, medium- and long-term	Upstream and downstream

S1 OWN WORKFORCE

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
WORKING CONDITIONS				
Actual adverse impact	• Adequate wages	NIBE has subsidiaries which pay a minimum wage that is lower than the cost of living in the region.	Short-, medium- and long-term	Own operations
Actual adverse impact	• Health and safety	Work-related injuries occur that result in sickness absence of at least one day, causing problems for employees as well as the company.	Short-, medium- and long-term	Own operations
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL				
Actual adverse impact	• Gender equality and equal pay for work of equal value	Women are underrepresented on the boards and management of subsidiaries in relation to the gender distribution in the total workforce.	Short-, medium- and long-term	Own operations
Actual adverse impact	• Training and skills development	Not all employees receive regular performance and/or career development reviews and NIBE has relatively few training hours per employee.	–	Own operations

S2 WORKERS IN THE VALUE CHAIN

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
WORKING CONDITIONS				
Potential adverse impact	Health and safety	It is likely that there are failures in the health and safety management system among some of our suppliers that are spread across 20 countries.	Short-, medium- and long-term	Upstream
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL				
Potential adverse impact	<ul style="list-style-type: none"> • Gender equality and equal pay for work of equal value • Training and skills development • Employment and inclusion of persons with disabilities • Measures against violence and harassment in the workplace • Diversity 	NIBE has suppliers in several countries where there is a high risk of discrimination of women, limited access to training for women, difficulties for persons with disabilities in finding work and a lack of measures against violence and other forms of discrimination.	Short-, medium- and long-term	Upstream
OTHER WORK-RELATED RIGHTS				
Potential adverse impact	<ul style="list-style-type: none"> • Child labor • Forced labor 	NIBE has suppliers in several countries where there is a risk of child labor and forced labor occurring.	Short-, medium- and long-term	Upstream

G1 BUSINESS CONDUCT

Impact, risk or opportunity	Material sub-topic	Description	Time horizon	Value chain
POLITICAL ENGAGEMENT				
Actual positive impact	–	NIBE is actively working to advance regulations and research that drive development of energy-efficient and fossil-free products.	Short-, medium- and long-term	Own operations
MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS, INCLUDING PAYMENT PRACTICES				
Potential adverse impact	–	Risk that we are exposed to corruption or attempted corruption by our suppliers or partners.	Short-, medium- and long-term	Upstream and own operations
CORRUPTION AND BRIBERY				
Potential adverse impact	<ul style="list-style-type: none"> • Prevention and detection, including training • Incidents 	Risk that employees within NIBE try to influence customers, suppliers or other partners by means of bribery and corruption.	Short-, medium- and long-term	Entire value chain

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

IRO-1

Double materiality assessment process

General information about the process

NIBE performed a double materiality assessment in accordance with ESRS for the first time in 2024. The assessment will be reviewed annually and supplemented if more detailed information or data is available. NIBE's entire organization and value chain was taken into consideration in the double materiality assessment. Knowledge obtained from stakeholder engagement was used to describe impacts, risks and opportunities. In addition, information from risk management tools that describe the risks of negative sustainability impact from business relationships has been used. We reconcile our outcomes and assumptions from the materiality assessment with our key stakeholders on an ongoing basis.

Impact materiality

Long list of potentially material areas

The materiality of sustainability topics was assessed at the level of sub-sub-topic, as described in ESRS. The sub-sub-topics assessed as being non-material were excluded from the materiality assessment without further analysis to enable us to focus in greater depth on more relevant areas of sustainability.

A description of NIBE's impact on people and nature was developed for each sub-sub-topic based on our stakeholder engagement, data collected from the Group and impact assessments from external partners. We also used information from internal experts and specialist consultants, as well as knowledge obtained from the various networks we are members of.

Public data on industry impacts, knowledge gained through engagement with our current suppliers and analyses from tools providing information on the external environment and risks were used to describe impacts in the supply chain.

The assessment of positive impacts looked only at sustainability topics where NIBE contributes to a more sustainable society. Areas where we are taking measures to reduce our negative impact are not assessed as positive impact.

Assessment of impact

The actual and potential impacts of the Group were assessed in terms of the severity of the impact on each sub-sub-topic, together with the likelihood of the impact. Severity was assessed on the basis of three parameters: scale, scope and the irremediable character of the impact, in accordance with ESRS. The likelihood of potential impact is always less than 100%. All severity parameters were evaluated using a five-point scale, while likelihood was evaluated on a four-point scale. The total materiality of the sub-sub-topic was calculated by multiplying the likelihood by the sum of the three severity parameters. Where the likelihood of negative impact was uncertain, we applied a higher likelihood. In several cases a lack of comprehensive supporting data prevented us from carrying out a complete assessment of our impact. Therefore, we have also estimated the level of assurance of the materiality assessment per sub-sub-topic in order to systematically introduce measures to gradually improve the assessment.

Materiality thresholds

The threshold for materiality of negative impact was determined as 19 on a scale from two to 60, where two means minor impact. The threshold was determined based on a balance between impact on people and nature, what is considered material for stakeholders and maintaining a clear focus in and high quality of reporting. For positive impact where the irremediable character of the impact is not included as an assessment parameter, the threshold for materiality was set at 15 on a scale of one to 40.

Financial materiality

Long list of potential risks and opportunities

17 sustainability-related potential risks and three opportunities were identified. The opportunities are identified at a higher level based on the following inputs: previous internal risk assessments, existing business relationships, sector-specific factors and general sustainability trends. We took into consideration our material impact and identified dependencies on resources in the form of energy, material and healthy workers throughout the value chain. Each risk and opportunity was described in terms of its cause and potential impact. All risks and opportunities were associated with one or more of the sub-sub-topics described in ESRS.

Thresholds for likelihood and financial effects

Five levels, ranging from very low to very high, were defined for the assessment of financial effects. Very low financial effect was defined as less than SEK 50 million and very high financial effect as more than SEK 250 million. Likelihood was also divided into five ranges, from 0–20% to 80–100%.

Assessment of risks and opportunities

The likelihood of the occurrence of risks and opportunities was assessed by the sustainability team while the financial effects were established by the sustainability team together with the CFO. A final value for risks and opportunities was calculated by multiplying likelihood (level 1–5) by effect (level 1–5). A value above 12 was assessed as material. First, we assessed all risks and opportunities in the medium-term. Thereafter, we assessed risk level in the short- and long-term.

Outcome

The outcomes of the double materiality assessment were compiled by the sustainability department and validated by the Sustainability Council, which comprises representatives of management and the Board. Other key personnel in the organization have also examined the final outcome, to ensure relevance and integration into the material areas. Finally, the outcome and process have been audited by external experts and NIBE's auditors.

Integration into other organizational processes

The outcome of the risk assessment is integrated into the Group's overall work with risk management (NICS) and assessed for priority in the same way as other risks. For more information, see Risk and risk management on pages 137–138. Identified opportunities are integrated into ongoing business development, the majority of which takes place at local level in the respective subsidiaries. None of the identified opportunities or risks necessitated a change to our overall management process.

Changes to process compared with prior years

In 2025 we carried out a review of the double materiality assessment, with all topical matters being assessed based on new available information, primarily relating to our climate efforts and biodiversity. Based on these inputs, we assessed that our existing material topics should remain unchanged.

IRO-1, E1 Processes to identify climate-related impacts, risks and opportunities

We have identified several climate-related risks, both physical and transition risks. The assessment of physical climate-related risks is based on the physical addresses of our operations, with geographical coordinates or addresses used for a more precise risk assessment. Acute risks are defined locally, chronic risks are assessed on a national or regional level and transition risks are global.

The first scenario analysis was carried out in 2022 and since then has been updated on an annual basis to ensure the assessments are relevant and current. The scenario analysis covers all Group companies but is limited to our own operations and therefore does not include the upstream and downstream value chain.

Physical risks

The effects of physical risks on our operations was mapped using the Verisk Maplecroft climate risk index. Mapping was based on the specific addresses of our operations. We used this analysis to identify the most material physical climate risks for the four regions where we have operations: Europe, North America, Australia and Southeast Asia

Risk scoring is based on a relative scale from zero to ten, where zero is the highest risk rating. For each index there is a recommended materiality threshold that indicates if further investigation is required. If a location has an index score below the threshold, more in-depth analysis is recommended to assess vulnerability. As added support for the assessment, we weigh the rating against commercial considerations and our own risk management capacity.

In our mapping we did not identify any extreme risks in the areas where we have operations and the need for reorganization of our operations as a result of the climate scenarios is minor. Our exposure to acute physical risks is low, while our exposure to chronic physical risks is assessed as moderate. The analysis shows that changing temperature is a constant risk area for all regions. The analysis also identified an extreme risk of heat stress in Southeast Asia, which is not a risk that occurs in the other regions.

Transition risks and opportunities

For transition risks and opportunities, a literature review was conducted to identify a long-list of sector-specific actual and potential risks and opportunities. The risks identified related to policy, technology, market and reputation, while opportunities included resource efficiency, energy sources, products, services and markets. The risks and opportunities were then ranked based on their potential to impact the business as a whole using a consequence/impact rating scale.

The potential effects of the most material transition risks and opportunities are then assessed under three different emissions scenarios, in the short-, medium- and long-term (0–5 years, 5–10 years and 10–30 years respectively). By undertaking this assessment, we can enhance our strategic decision-making and demonstrate to stakeholders how we test the resilience of our business strategy against a range of possible future scenarios.

The scenario analyses were carried out using supporting information from the International Energy Agency (IEA). The two scenarios deemed relevant for inclusion were:

- Net-Zero Pathway, which is based on the IEA's Net Zero Emissions by 2050 Scenario (the NZE). It assumes the rapid implementation of clean energy policies that put the planet on course to meet the goals of the Paris Agreement and limit warming to 1.5°C.
- Stated Policies Scenario (STEPS), which is a more conservative view of the future, in which only current and planned policies are enacted, and fossil fuels play a greater role in the energy system, and society more widely, for a longer period.

We also carried out desk research of the current political situation in key regions and identified important global trends. This analysis complements the global trends described by IEA in the NZE and STEPS scenarios. Where relevant, assumptions about future policy measures in key countries have been included in both scenarios.

In the assessment of transition risks and opportunities we have considered likelihood and impact. Risks and opportunities are presented in the table on pages 76–77.

TRANSITION RISK IDENTIFICATION AND PRIORITIZATION

RISK AREA	RISK	DESCRIPTION	POSSIBLE ENVIRONMENTAL IMPACT	MANAGEMENT
Financial	Increasing focus on climate change by investors.	Increasing pressure by investment community to disclose sustainability information. Screening of companies by sustainability performance for financing. May also lead to reputational risk if the company does not meet stakeholder expectations or set sustainability standards.	Loss of investors, negative impact on share price, reduced access to capital, business losses, undervaluation, difficulties attracting long-term investors.	Set a carbon dioxide target and invest in low carbon technologies, transparent reporting of carbon dioxide emissions, offsetting of residual emissions. Reporting of climate risks. Including ESG assessment in all acquisitions.
	Insurance	Rising cost of insurance from increasing physical risks to facilities.	Rising costs, asset writedowns.	Set a carbon dioxide target. Conduct scenario analysis and take appropriate actions.
Legal	Liability exposure.	Acts or omissions that result in litigation.	Liability exposure could result in high legal fees and lead to a risk of access to capital finance.	Transparent disclosure of climate risks and carbon reporting, as well as regulatory compliance.
	Increased price of carbon dioxide.	Increased price of carbon through national and international schemes.	Higher operating expenses, higher capital investment, reduced demand due to rising product prices.	Invest in greener technologies to reduce emissions ahead of rising carbon dioxide taxes, offsetting of residual emissions and alignment of GHG with the Paris Agreement.
Market	Increased energy and raw materials prices.	Oil and gas and renewable energy price volatility impacts energy prices. Increase in prices for raw materials due to supply and demand and wider commodity price volatility.	Rising product prices as a result of higher operating expenses and increased raw materials prices.	Diversification of sources of supply for energy and key raw materials, negotiated long term contracts with minimum purchase obligations, productivity improvements, cost reduction.
	Customers' Scope 3 GHG emissions targets	Growing pressure from customers for NIBE to reduce its GHG emissions to enable them to meet SBT.	Reduced revenue from loss of customers.	Set a carbon dioxide target, invest in greener technologies, diversify to greener products/products that will be required for the transition. Product life cycle assessments (LCA).
Technology	New technologies in low-carbon energy sector.	Failure to keep up with new technologies, such as for energy storage, and integrate them into production processes.	Declining sales as a result of reduced competitiveness, increased need for technology investments.	Evaluate ground-breaking technologies, invest in product and production development, conduct product life cycle assessments.
Reputational	Strong reaction from stakeholders due to action/inaction.	Media headlines or social media activity reflecting strong reaction from stakeholders as a result of negative impact from company regarding GHG emissions. Could also lead to financial risk.	Reduced access to capital as a result of reputational damage.	Set a carbon dioxide target, invest in low carbon technologies for long-term offsetting of residual emissions. Reporting of climate risks. Including ESG assessment in all acquisitions.
	Internal frustration from employees.	Frustration may arise from a lack of action on climate change.	Impact on the ability to attract and retain talent.	Set a carbon dioxide target, invest in low carbon technologies. Conduct scenario analysis and take appropriate actions.
Regulatory	Relaxation of regulations or commitments relating to decarbonization.	Reduced demand for energy-efficient electricity-powered products as a result of relaxation of national and international regulations or commitments relating to decarbonization.	Declining sales as a result of reduced demand for energy-efficient products.	Engage with trade associations. Evaluate ground-breaking technologies, invest in product and production development to be competitive.
	Regulatory changes.	New disclosure requirements.	New regulations and disclosure requirements may result in increased costs.	Transparent disclosure of climate risks and carbon reporting. Engage with trade associations and monitor strategy development.
	Non-compliance with standards or targets.	Non-compliance with current sustainability regulations or standards such as the CSRD.	Non-compliance with climate change policies could result in lower level of investor trust. This could also result in fines or additional taxes.	Transparent disclosure of climate risks and carbon reporting.

OPPORTUNITIES

RISK AREA	OPPORTUNITIES	DESCRIPTION	POSSIBLE ENVIRONMENTAL IMPACT	MANAGEMENT
Market	Increased demand for products required for climate adaptation and resilience.	Increased demand for heat pumps and other low carbon technologies.	Increased revenue from higher sales of new products.	Invest in product and production development and plan for market growth. Product life cycle assessments (LCA).
	Increasing oil and gas prices.	A rise in oil and gas prices presents an opportunity for heat pump technology to step in as the low cost option (heat pumps still linked to fluctuating electricity prices).	Increased revenue from higher sales of existing products.	Invest in product and production development to plan for increased demand.
Regulatory	Political engagement in the energy transition.	Reduced regulatory certainty, help in guidance on investment decisions, drive growth in demand for energy efficient products.	New regulations may increase demand for heat pump technology.	Invest in product and production development to plan for increased demand. Product life cycle assessments (LCA).
	New standards for green buildings.	New building standards encourage the use of heat pumps because of the focus on energy efficiency and regulations.	Increased revenue from higher sales of products.	Invest in product and production development to plan for increased demand.
Technological	Increased demand for products with a low carbon footprint.	Reduction of company and downstream GHG emissions through product enhancements using breakthrough technologies.	Capital investment needed in technology, increased revenue from higher sales, lower fines/taxes for high GHG emissions.	Invest in product and production development and plan for market growth. Product life cycle assessments (LCA).

TYPE OF RISK	CLIMATE-RELATED RISK	RISK LEVEL 1	AVERAGE	POTENTIAL FINANCIAL EFFECT
Physical risks ACUTE	Flood risk in coastal areas	9.62	8.32	-
	Risk of drought	6.72		-
	Risk of extratropical cyclones	8.10		-
	Flood risk	9.50		-
	Risk of landslides	8.95		-
	Risk of severe storms	6.88		-
	Risk of tropical storms and cyclones	9.80		-
	Risk of forest fires	6.35		-
Physical risks CHRONIC	Cooling degree days (future climate)	6.02	6.34	-
	Cooling degree days (current climate)	6.40		-
	Heating degree days (future climate)	4.35		An increase in costs and possible investment may be incurred at external temperatures below 18.3°C because of increased demand for energy.
	Heating degree days (current climate)	4.17		An increase in costs and possible investment may be incurred at external temperatures below 18.3°C because of increased demand for energy.
	Heat stress (future climate)	5.58		An increase in costs due to increased demand for energy and possible investment due to need for climate control.
	Heat stress (current climate)	5.89		An increase in costs due to increased demand for energy and possible investment due to need for climate control.
	Rise in sea level	9.86		-
	Water stress	6.63		-

RISK LEVEL 1 Risk scoring is based on a relative scale from zero to ten, where zero is the highest risk rating. Potential financial effects are stated for the risks where we are below, or close to, Maplecroft's thresholds for more in-depth risk assessment.

Region	Number of entities	Overall physical risk score	Chronic risk score	Acute risk score
Europe	115	7.80	6.87	7.35
Australia	4	7.34	5.79	7.84
North America	30	7.21	5.93	6.83
Southeast Asia	12	6.76	5.84	7.16

Selection of climate scenarios

We have used various simulations of future scenarios based on changes in GHG emissions. Verisk Maplecroft, which we have partnered with, updates the scenarios according to the latest published standards, and NIBE also ensures this. The most recent update was carried out in 2025, with the outcome showing only minor changes compared with 2021. The use of scenario analysis allows an organization to show the resilience of its business strategies to a number of transition and physical risks that may manifest in various emission scenarios. The selected scenarios differ from financial reporting, where the time horizon is traditionally shorter and the methodology different. Financial reporting takes little account of the outcome of the climate scenario analysis.

Climate scenario 1 (RCP 2.6) – We achieve the goals of the Paris Agreement

RCP 2.6 is a scenario in which we achieve the goals of the Paris Agreement. The world has succeeded in limiting temperature rise and greenhouse gases have stabilized at the current level. We achieve a global temperature increase of +1.5–3°C. New, renewable energy technology is introduced on a large scale, we have low energy intensity and the world population is stabilized at around 9 billion. Significant changes have been implemented in society, infrastructure and buildings.

Climate scenario 2 (RCP 4.5)

RCP 4.5 is a climate scenario in which GHG emissions have fallen due to current and planned actions, resulting in global warming stabilizing at around 2.5–3°C by the end of the century. Society is impacted by more numerous and more powerful extreme weather events, rising sea levels and ecosystem change, leading to infrastructure, food supply and public health challenges.

Climate scenario 3 (RCP 8.5) – Business-as-usual

RCP 8.5 is a scenario in which GHG emissions continue to rise sharply, causing global temperature to rise by 2 to 4°C. This results in rising sea levels, more extreme weather events, floods and wildfires. The scenario is characterized by continued dependence on fossil fuels, failed climate initiatives and a growing population.

We assess RCP 4.5 as the most likely scenario based on the investments and actions that are currently being implemented. We have selected these scenarios because they are the most well-established and are based on scientific assumptions. Our selection is compatible with the assumptions made in the risk assessment in the financial statements.

Results of resilience analysis

Having identified the risks, we involved our subsidiaries, which assessed the need to take action. Each subsidiary is responsible for implementing the actions, following which a Group-wide assessment is carried out to see if additional action is required to increase our resilience and address our identified risks. Before decisions on investments in new production, additional supporting evidence in the form of evaluations of climate risks, focusing on precipitation, extreme weather events and flood risk, is prepared. Environmental certification and environmental inventories of buildings will be implemented prior to refurbishment and new construction. Energy audits are also conducted to identify energy efficiency opportunities, thus reducing our demand for energy. We are continuing our work relating to climate control in our operations, which will enable us to reduce the impact of heat stress on our employees and to efficiently manage days with temperature variations in respect of heating and cooling. Production of renewable energy through the installation of solar panels, in combination with installation of heat pumps, helps to ensure that we have access to energy to be able to produce products and that we have a comfortable work environment. The resilience analysis also resulted in us adopting a climate target for carbon emissions. For more information on the climate target, see ESRS E1 on page 82. We will continue our work on transition risks and risks related to our suppliers and their location. We will also work on explaining the companies' climate risks in NICS.

Uncertainty factors

Our assessment is that there are no major uncertainties in the scenario analysis, other than in respect of decisions by the authorities and legal requirements. There is also some uncertainty about the kind of new technology that may need to be developed to manage climate risks, whether locally or internationally. The political situation may also be an uncertainty factor, depending on the location of our operations.

We have a clear picture of investment requirements up until 2030 for our own operations, including buildings, transport and reinforcement measures for extreme weather events. In the case of subsidiaries that are more exposed, we take their assets and business activities into consideration by collating investment decisions, planning activities and preparing action plans to reduce risk. These investment plans are linked to our short- and medium-term risks and focus on the useful lives of assets and the distribution of capital. We have established an investment framework to implement these actions. Managing these risks is an important part of NIBE's strategy and we evaluate and identify new risks on an ongoing basis.

We have a good understanding of our own climate impact in Scope 1 and 2, but there is still uncertainty related to our indirect Scope 3 emissions. We are working on improving the reliability of this data, which will enable us to gain increased understanding of the kind of activities that increase or reduce our climate impact. Total GHG emissions are reported for our different Scopes in ESRS E1-6 on page 83 and page 85.

IRO-1, E2 Processes to identify pollution-related impacts, risks and opportunities

All production companies with more than 25 employees are required to obtain ISO 14001 certification two years after acquisition. The outcome for 2025 was 98% (98). Because the companies are certified and audited by third parties, we consider the risks of serious accidents to be low. In many cases operations require a permit, which means that measurements are carried out on a regular basis and any failures to comply with permit conditions are reported to the environmental authorities in the country concerned and to the Group's sustainability department.

Water is monitored for water quality by measuring levels of metals and organic substances. Emissions of NO_x, SO_x, VOC and dust into the air from our own production facilities are measured and monitored to ensure compliance with applicable environmental permits and regulatory requirements. In addition to measurements, we use information from suppliers and safety data sheets for chemicals.

Because our products mainly comprise metals and components, we have not yet carried out an in-depth assessment of the impacts and risks of microplastics that are directly or indirectly caused by NIBE. Based on current knowledge, there are no indications that our processes or products give rise to significant discharge of microplastics.

In connection with land acquisitions, we carry out environmental assessments to evaluate soil conditions and identify how NIBE can best manage any contamination. The assessment includes an investigation into whether the contamination was caused by us or the former owners.

Engagement with stakeholder groups

In our stakeholder engagement, we address the issue of discharges and emissions into the environment. Each subsidiary is responsible for consultation with the affected parties in the local community. Consultation is carried out on an as-needed basis. The sustainability team carries out continuous monitoring together with local facilities to ensure that no material impact occurs.

Outcome of the double materiality assessment

The materiality assessment considered locations and business activities linked to material pollution both in respect of NIBE's own operations and in the value chain.

IRO-1, E3 Processes to identify water and marine resources-related impacts, risks and opportunities

To identify any negative impact on water availability, NIBE has carried out a mapping of facilities located in areas of water stress. See Table 5 on page the right for detailed information about the geographical areas identified as areas of high or extremely high water stress. In addition, we monitor water withdrawal from all manufacturing facilities. Facilities with significant water withdrawals that are also located in water stressed areas have a large impact on water availability. The proportion of fresh water withdrawals of the total amount of water used is also followed up to enable us to gain deeper understanding of the impact.

Water withdrawals in the upstream value chain are likely to occur. This is an assumption associated with some uncertainty because we did not carry out any measurements of this water withdrawal in 2025. Water use related to operation of NIBE's products is considered to be negligible. NIBE is not dependent on other raw materials from marine resources and has therefore not carried out further assessment of impacts, risks or opportunities related to this.

Engagement with stakeholder groups

In our stakeholder engagement, we address the issue of water withdrawals. Each subsidiary is responsible for consultation with the affected parties in the local community on an as-needed basis. The sustainability team carries out continuous monitoring together with local facilities.

Outcome of the double materiality assessment

The outcome is presented together with other thematic areas under SBM-3 on pages 70–73.

IRO-1, E4 Processes to identify biodiversity and ecosystems-related impacts, risks and opportunities

In 2025 an analysis was conducted in line with Taskforce on Nature-related Financial Disclosures (TNFD) recommendations. External experts helped conduct the analysis. The assessments included all of NIBE's business areas. The risk assessment included the aspects significant biodiversity, proximity to protected areas, air quality, deforestation, mercury contamination, persistent organic pollutants (POPs) and water pollution. The outcome showed that there is no material impact on biodiversity across NIBE's entire business operations. Additional impact may occur upstream in the value chain but this was not assessed as material.

IRO-1, E5 Processes to identify resource use and circular economy-related impacts, risks and opportunities

Raw material production involving metals, minerals, composites, stone, plastics and components in the form of electronics are likely to have negative impacts on communities in the upstream value chain. The scope of impacts of raw material production is currently assessed as non-material but additional systematic and in-depth work together with the supply chain is required to increase the level of assurance of the assessment.

Engagement with stakeholder groups

We conduct stakeholder engagement with, e.g., customers, in which circular economy and its link to life cycle assessments is raised as a key and recurring topic. Open consultations with affected local communities and their authorities take place as necessary and also form part of the environmental permit application process and the systematic work relating to ISO 14001. The sustainability team carries out ongoing follow-up linked to the Group's requirement for subsidiaries to obtain ISO 14001 certification. For a more detailed explanation of how the interests of stakeholders are consolidated, see SBM-2 on pages 70–71.

Screening of material topics

We have a good understanding of the quantities of purchased materials in NIBE's entire value chain, which also gives us relatively good insight into the proportion of recycled material. As a manufacturing group, we may have potential negative impact in respect of purchased materials and raw materials. Materials selection also has a large impact on opportunities for recycling and reuse.

The statements above concerning materials flows to the business also apply to the products we bring to market. Many of our products can be repaired and it is possible to replace supply parts. However, we have limited opportunity to take back used products and materials. Currently, we do not have any specific requirements in place or carry out supervision of suppliers with regard to measures taken to increase circularity in the value chain.

In addition, there is material negative impact in respect of waste generated in our own operations and in the value chain. Waste management varies according to the opportunities available for recycling of materials and implementation of a circular system. We have limited insight into waste management in the value chain, which means that some materials and components risk being treated as waste and are not circulated.

TABLE 5 - Countries at high risk of water stress.

COUNTRY	WATER STRESS LEVEL
Australia	High water stress
Italy	High to extreme water stress
China	High water stress
Malaysia	High water stress
Mexico	Extreme water stress
Netherlands	Extreme water stress
Portugal	High water stress
Singapore	Extreme water stress
Spain	High water stress
UK	High water stress
Turkey	Extreme water stress
Germany	High water stress
US	High to extreme water stress
Vietnam	High water stress

The risks are taken from the third-party system Verisk Maplecroft, for more information see IRO, E1 on page 75.

IRO-1, G1 Processes to identify business conduct-related impacts, risks and opportunities

In this process, management of relationships with suppliers, including payment practices and corruption and bribery, have been the criteria for the assessment of material negative impact. The assessment has taken into consideration that NIBE has a potential impact in view of the fact that we are an international group with more than 20,000 employees located in a number of countries with high risk of corruption and bribery. The assessment was based on e.g. reported incidents and information obtained from NICS.

ENVIRONMENTAL INFORMATION

ESRS E1 CLIMATE CHANGE



NIBE GROUP'S IMPACT

One of the biggest challenges involved in achieving a global sustainable society is to reduce GHG emissions and slow the current rate of climate change. There is clear scientific evidence that climate change is causing natural disasters and extreme weather conditions, reducing biodiversity, threatening our living standards and undermining political stability in society.

Since 2011, we have worked more systematically in a number of ways to reduce our climate impact. We can achieve the largest reductions in GHG emissions in our direct and energy-related emissions (Scope 1 and 2) by switching to renewable energy in our own buildings, by making changes to production processes and by using electricity or renewable fuels for transport. Our largest impact comes from indirect emissions (Scope 3), primarily through use of energy for the products we sell, but also from purchased transport and purchased products and services.

NIBE's products help most of our customers to avoid GHG emissions. This is due to the fact that we place LCE (Low Carbon Economy) classified products on the market, such as heat pumps that reduce customers' fuel and energy use. Growing global demand for products with low climate impact therefore also entails a business opportunity for us.

STRATEGY

E1-1 Transition plan for climate change mitigation

Climate goals for transition and concrete actions

Through our products, we naturally contribute to the Paris Agreement's goal of limiting global warming to well below 2°C. Top priorities in our sustainability strategy are to develop innovative and competitive solutions that both offer higher energy efficiency and reduce GHG emissions.

In our own operations, we are continuously working on strategic initiatives aimed at becoming fossil-free. Currently, we have a good understanding of our own direct and indirect carbon dioxide emissions. In 2025, we continued to make changes to our facilities and operations to reduce carbon dioxide emissions and we have reported our Scope 1 and 2 direct and indirect emissions for many years. During the year, we also continued to map our indirect emissions in the value chain (Scope 3).

Our climate-related targets, which are described in more detail in E1-4, include reducing GHG emissions in Scope 1 and 2 by 65% by 2030, compared with the 2019 base year. The target is aligned with the 1.5°C goal of the Paris Agreement. We have not yet set targets for our indirect Scope 3 emissions, which is also required in order for our overall goal to be validated by SBTi. We intend to continue our work relating to our targets and to map the actions required to have them validated by SBTi in the next few years.

Our product development is important if we are to be able to

achieve net-zero emissions in our entire value chain in the long term. Our product development enables us to use a larger proportion of input materials with a low carbon footprint and achieve higher energy efficiency in our products. For products running on electricity, it is also critical that international electricity networks supply fossil-free electricity to enable us to achieve net zero. Overall, our transition plan consists of improving energy and material efficiency, switching to renewable fuels, using renewable electricity and phasing out and replacing products and processes.

Investment and financing

NIBE carries out investments supporting the implementation of our transition plan in the form of Taxonomy-eligible capital expenditure (CapEx) related to e.g. the Taxonomy activities Installation, maintenance and repair of renewable energy technologies and Manufacture of energy efficiency equipment for buildings. The latter activity includes investments in facilities manufacturing the products referred to in our transition plan above, but also investments in our buildings.

See our Taxonomy report on pages 94–97.

Potential locked-in effects

We can see a risk of potential locked-in effects from our assets and products. These effects could jeopardize our ability to achieve our climate goals and drive the transition risk.

Locked-in emissions from our assets include the vehicle fleet, machinery and other product engineering equipment and heating of properties. There are electric or renewable alternatives, but investments in these alternatives are not always justified finan-

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E1-2 Policies related to climate change mitigation and adaptation

Our climate policy contains guidelines on climate change mitigation and adaptation. The policy was developed taking into account our understanding of our stakeholders' needs and interests.

Our guidelines on climate change mitigation state that we should continuously reduce emissions in our own operations, carry out energy efficiency measures, increase our self-generated renewable energy and increase the proportion of purchased renewable energy. The policy addresses not only our own operations but also parts of our value chain in the form of suppliers and customers who purchase our products.

In our work relating to climate change adaptation, we have guidelines on the use of risk assessments, on the introduction of adaptations where required and on collaboration with external partners. The policy also describes that we should be transparent about our work relating to our goals, outcomes and activities aimed at reducing our climate impact.

E1-3 Actions and resources in relation to climate change policies

Actions in our own operations

To reduce our climate impact, we are working to reduce the use of fossil fuel in our production units and replace heating systems with heat pump and ventilation solutions. This is done through systematic energy mapping that identifies small and large improvements in our properties as regards cooling, heating and ventilation systems and energy losses in manufacturing processes. The largest opportunities for reducing our climate impact are in:

- Buildings:** By installing our own product solutions, we can make the transition from fossil fuel to renewable energy.
- Processes:** Where the technology exists, we can replace processes with renewable alternatives.
- Transport:** We can switch from fossil fuels to electricity or hybrid solutions where appropriate and where the necessary infrastructure exists.

We are continuously investing in technical and purification equipment. To be able to achieve our climate-related targets, work is underway on converting our climate control facility from fossil fuels to renewable solutions, and we will be able to use products from our own product portfolio to do this. We also intend to increase the proportion of self-generated renewable energy and change our process heating from fossil fuel sources to biogas or electricity as soon as this becomes technically and commercially feasible.

During 2025, a number of major investments were made,

including a new pickling line used to treat materials to make surfaces suitable for further processing, such as coating or painting. The line is powered partly by heat pumps and is the most efficient pickling line out of all our facilities. We also commissioned a large, ground-mounted solar panel system and in one of our plants a gas-fired furnace was replaced with an electric furnace. The investments carried out in 2025 took place within our subsidiaries' own direct operations.

Actions in the value chain

To reduce our indirect climate impact in the supply chain, we select input materials with lower climate impact and suppliers with lower energy use. Innovative product development also enables us to reduce products' climate impact throughout their life cycle. We are taking measures to replace our refrigerants with natural substances with a lower Global Warming Potential (GWP) in both current and future product ranges. This means that the climate impact from any refrigerant leaks at customers' sites and in production is significantly reduced.

We are implementing these measures on a continuous basis and there are different time frames for a number of key measures that need to be implemented if we are to achieve our climate goal by 2030. The majority of our heat pumps in Europe have already switched, or will switch, to the R290 refrigerant, which has a GWP close to zero, by 2027. A similar transition to refrigerants with lower GWP has also taken place in our operations in the US.

Climate change adaptation actions

We carry out regular climate risk assessments to map risks and opportunities for our operations and suppliers. We implement adaptation solutions in our operations to mitigate identified climate risks, e.g. by installing climate control systems for heating and cooling, limiting our water consumption in areas of water scarcity and by maintaining buildings at risk of severe storms. We also collaborate with external partners such as trade associations and authorities concerning the exchange of experiences, technical development to understand risks and opportunities and to improve our resilience to climate change.

Allocated resources for climate action

The Board of NIBE Industrier AB has decided on an investment frame of SEK 1 billion in the Group to enable us to achieve our target for reducing carbon dioxide emissions by 2030. Our assessment is that operating costs will not change significantly because the investments are expected to improve our energy efficiency. The investments will be allocated over the year up until the target year 2030. The investments, which are intended to be included in the Group's total investments, are presented in Note 15 on page 154. Up until the end of 2025, investments of just over SEK 200 million had been made in relation to the Group's transition plan. In addition, we have invested in, for example, the construction of new energy-efficient facilities certified at Gold level Gold under the Green Building certification.

cially. In addition to our activities to continuously reduce energy consumption, we are actively working on eliminating fossil fuel in heating of production facilities where we own the buildings. In operations where we lease the buildings, we are engaged in discussions with the respective property owners regarding installation of fossil-free alternatives.

The majority of our products are powered by electricity, which involves electricity consumption by our customers. However, we do not consider this to comprise locked-in emissions because the customer is able to make an active choice to use electricity with lower carbon dioxide emissions. Additionally, we predict that most of the world's electricity grids will move to a higher proportion of renewable electricity in the coming years. A small proportion of our products comprise products that can run on fossil fuels, e.g. gas-fired stoves. In these cases we foresee a larger challenge concerning locked-in emissions, which will partly limit our opportunities to reduce our Scope 3 emissions in the short- to medium-term.

The investments in assets that contribute to the transition and the reduction of GHG emissions are included in the Taxonomy report on page 97. During the reporting period, no CapEx was allocated to in coal-, oil- or gas-related economic activities.

The transition plan is part of the business plan

Our transition plan is included in and adapted to our overall business strategy and vision, which is to provide sustainable, world-class energy solutions that contribute to a faster transition to a resource-efficient and fossil-free society. The transition plan is a work in progress and although we have made progress in the form of reductions of our GHG emissions, we still have much to do. At the end of 2025, energy mapping had been carried out for around 47% of our production facilities, corresponding to around 84% of our total energy consumption. The transition plan has been approved by both NIBE's Sustainability Council and the Board of Directors of NIBE Industrier AB.

NIBE is not excluded from the EU Paris-aligned Benchmarks. This means that our strategy, operations and sustainability governance are in alignment with the transition required under the Paris Agreement, providing better opportunities for attracting capital from sustainable investments and institutional investors.

Emission reductions linked to our actions

Achieved and expected GHG emission reductions due to actions taken are presented under targets and outcomes below. We assess that we will be able to achieve the adopted targets. There is a strong relationship between our opportunities for reducing our GHG emissions and the access to resources such as funding. In years when the financial situation has been strained, we have carried out fewer investments. However, long term we often see that operating expenditure decreases after we have invested in new, more efficient machinery.

The actions we have taken during the year as part of our transition plan are part of the activities described in our Taxonomy report, in the form of investments. The expenditure reported in the Taxonomy report is included in Note 15 in the financial statements.

E1-4 Targets related to climate change mitigation and adaptation

NIBE has established three energy and climate-related targets related to climate change mitigation and adaptation. The climate topic is material to many of our stakeholders, such as customers, shareholders and investors. Our targets have largely been developed based on insights gained through our stakeholder engagement and the objectives described in our climate policy.

All of NIBE's operations are covered by the targets. Our targets are followed up and evaluated annually. Both our energy and climate targets use 2019 as their base year, which we consider representative

Reduce energy use by 40%

According to our energy target, we aim to reduce our energy use by 40% by 2030 compared with 2019 (measured as MWh per SEK million of net revenue). The energy included in the target calculation is purchased energy in the form of electricity and fuels for our operations and vehicles, but not our self-generated energy. However, self-generated energy is included in the presentation of energy consumption and mix and in the calculation of energy intensity on page 86. The target is linked to our sustainability topics energy and climate.

In 2025 we achieved energy intensity of 7.9 MWh/SEK million, which corresponds to a decrease of 28% compared with the 2019 base year. The decrease was mainly due to implemented energy-saving measures and investments in solar panels. Progress is in line with our adopted targets.

Reduce GHG emissions by 65%

Our GHG emissions target is aimed at reducing direct (Scope 1) and indirect (market-based Scope 2) GHG emissions by 65% by 2030 compared with the 2019 base year. We consider this to be an ambitious target because the cross-sector emission pathway

¹ Process gases are gases used in technical production. These could include inert gases used in welding, soldering and cutting processes.

recommended by SBTi's Corporate Net-Zero Standard requires a reduction of at least 58% in the same period. The target is an absolute target. It has not been externally validated and does not include indirect Scope 3 GHG emissions. The GHG emissions are calculated based on adopted emission factors. All six greenhouse gases defined in the GHG protocol are included in the report and are converted into CO₂ equivalents (CO₂eq). We carry out base year recalculation in line with the GHG Protocol guidance in order for our annual results to be comparable with the base year. The base year recalculation includes all companies, including acquired companies, and an assumption is made that reported data from the first year of reporting is the same as for the years since the base year, as we do not have actual reported data for the years between the base year and the year of acquisition. The GHG emission reduction target is a gross target, which means that we do not include GHG removals, carbon credits or avoided emissions. The target is linked to our climate and environment focus areas as well as use of our own energy-efficient products.

We defined the target taking into account future technological developments that will enable us to be more energy-efficient and facilitate the use of renewable fuels. We also took into consideration a number of different climate scenarios, the most important of which was the scenario in which we succeed in limiting global warming to 1.5°C. Because our target was determined on the basis of this scenario, we consider it to be science-based.

In 2025, we achieved a reduction of 36% (17,070 metric tons in absolute terms) compared with the 2019 base year. The reduction was the result of implemented investments in e.g. the vehicle fleet, work on phasing out fossil fuels and the implementation of new climate control systems. Many of the investments have been carried out in connection with energy mapping. The reduction in GHG emissions is also the result of the transition to renewable electricity in acquired companies, increased energy efficiency in existing operations and changes to processes. To some extent, the reduction in emissions was also due to new technology and installation of new, energy-efficient machinery. We believe that we will be able carry out all planned emission reduction measures to achieve our target using technology that already exists on the market. However, additional cuts in GHG emissions will require development of new technology to manage emissions from our process gases¹.

The estimated quantitative contribution from planned future measures to enable us to achieve our targets for Scopes 1 and 2 is 13,333 metric tons CO₂eq. This is also visualized in a diagram. This is in line with our transition plan for climate change mitigation presented in E1-1 and our decarbonization drive. NIBE has not yet set any detailed Scope 3 targets, but aims to achieve net zero by 2050.

² FTSE LCE ICS™ (Financial Times Stock Exchange Low Carbon Economy Industrial Classification System) is a quantitative model designed to permit investors to assess a company's ability to adapt its business to the requirements related to reduced climate impact. Product groups included in LCE: heat pumps, district heating, boilers, stoves for burning pellets and wood, PV panels, heat exchangers, components for rail, electric and hybrid vehicles, ventilation and building cooling, and renewable energy production.

70% LCE-classified products

Our target for increased climate benefit in our product portfolio is for 70% of our sales to consist of LCE-classified products² by the end of 2026. Our LCE-classified products support the shift to a smaller carbon footprint and help customers improve energy efficiency and convert to renewable energy. LCE-classified products are determined using a classification system designed by FTSE Environmental Markets Classification System (EMCS), where environmental markets are defined as companies that supply products and services involving solutions to environmental issues or which facilitate efficient use of natural resources. The LCE classification is a quantitative model designed to permit investors to assess a company's ability to adapt its business to the requirements related to reduced climate impact. NIBE's sales from the stated products are reported as a ratio of NIBE's total sales. Our target covers all subsidiaries and is calculated as the ratio of LCE-classified products in relation to the entire Group's sales over a financial year. FTSE's advisory environmental markets committee is responsible for supervision of the FTSE classification system for environmental markets. The target is not externally validated.

Of our total 2025 sales, 63% (62.2) consisted of LCE-classified products.

E1-5 Energy consumption and mix

NIBE is part of the "Manufacturing" sector, which is assessed as having significant climate impact according to the EU directive³. All energy consumption in NIBE's operations is therefore labeled as energy from high climate impact sectors. NIBE's energy intensity, calculated as total energy consumption in the financial year in relation to net revenue in the same period, from these sectors amounted to 8.5 in 2025. A reconciliation to the financial statements has been carried out, see Note 4 on page 86. Energy consumption comes from all of our own companies and is predominantly based on billing data. For companies where energy is included in the rent and not paid separately, electricity and energy consumption has been estimated, and where necessary, amounts are extrapolated if not all billing data has been received at the time of reporting.

Net revenue was audited in connection with the financial audit and energy consumption was audited in connection with the sustainability audit.

³ Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

The sustainability report covers the same reporting companies as the financial statements, which include companies where we own 50% or more of the shares. All disclosed GHG emissions are attributable to the consolidated Group (parent and subsidiaries). There are no investees that are not fully consolidated in the Group's financial statements and no subsidiaries where we have control but own 50% or less of the shares. Neither are there any contractual arrangements that are joint arrangements not structured through an entity for which we have operational control.

No Scope 1 GHG emissions are from regulated emission trading schemes.

Scope 1 and 2

The calculation of our GHG emissions was carried out in accordance with the principles, requirements and guidance in the GHG Protocol.⁴The emission factors for Scope 1 and 2 are from Swedish Energy Agency Heat Values, Swedish Environmental Protection Agency Emission Factors, DEFRA (UK Government GHG Conversion Factors for Company Reporting), IEA - International Energy Agency and the cooling and heat pump trade association Svenska Kyl & värmepumpföreningen. Conversion factors were obtained from the Swedish Energy Agency and the Energigas.se website. We used the most recently published Global Warming Potential (GWP) values, based on a 100-year time horizon, to calculate carbon dioxide equivalents (CO₂eq) for GHG emissions other than CO₂.

Our Scope 1 biogenic emissions come from combustion of bioethanol, biodiesel, pellets and biogas, all of which increased in 2025. Biogenic emissions also occur in Scope 2 in connection with production of electricity and district heating. However, we do not have information on these emissions from district heating and have chosen to exclude them from the calculations below. The same applies to our indirect biogenic CO₂ emissions under Scope 3. In the coming years, we will take measures to enable disclosure of our biogenic CO₂ emissions under both Scope 2 and Scope 3. Scope 3 biogenic emissions mostly occur during the use phase of our sold pellet- or wood-fired stove products.

100% of purchased electricity is bundled with instruments in the form of Guarantees of Origin (GoO), International Renewable Energy Certificates (IREC), Renewable Energy Certificates (REC) and Renewable Energy Guarantees of Origin (REGO). This electricity accounts for 94% (94) of all purchased energy under Scope 2. Guarantees of Origin are purchased centrally for the Group as a whole.

Scope 3

We have carried out calculations for our indirect Scope 3 emissions for all categories. Scope 3 GHG emissions are largely calculated using assumptions and estimates. Of the total of 15 categories, we measured activity data from our Group companies for the following categories:

- 1 Purchased goods and services
- 3 Fuel and energy-related activities
- 4 Upstream transportation and distribution
- 5 Waste generated in operations
- 6 Business travel

For the remaining categories, estimates of activity data are made at Group level. No calculation tools intended specifically for GHG emission calculations were used to calculate emissions. Of our total Scope 3 GHG emissions, less than 1% relates to primary data received from suppliers or other value chain partners. We have prioritized categories based on their size to ensure our efforts have the greatest possible impact on our total emissions.

Category 11 (Use of sold products) accounts for the largest emissions, as our products consume energy in the form of electricity, wood, gas or pellets during the use phase. This category has therefore been given top priority. The three factors that have the greatest impact on these emissions are product lifetime, their annual energy consumption and the type of electricity used by our customers. In our calculations, we have assumed an average lifetime for each product group and that the energy used by our customers refers to the general energy mix in the different countries. If customers were to purchase only fossil-free electricity, emissions in this category would be substantially lower. We have assumed total refrigerant leakage of 2% over the entire use phase.

The category with the second-largest Scope 3 emissions is category 1 (Purchased goods and services). These are calculated based on the weight of purchased materials and material-specific emission factors. In 2026, we will continue to work on quality assurance of information for the most material categories in Scope 3.

For Scope 3, we use emission factors from Swedenergy (Energiföretagen), the Swedish Energy Agency, IEA, DEFRA, EPDs, the Swedish Environmental Protection Agency, Swedish Recycling Industries and Swedish Waste Management. We update Scope 3 GHG emissions in each significant category every year based on current business information and update the complete Scope 3 GHG inventory at least every three years, in connection with a significant event or in connection with a significant change in circumstances relating to the categories.

Reduction of CO₂ emissions from our customers

On page 64, we report the reduction in CO₂ emissions from our customers based on the types of heating systems our heat pumps replaced during the year. The calculation of the reduction is based on sales statistics for each heat pump type in the respective countries and, in the US, also as a breakdown per state. Electricity production emission factors come from the European Environmental Agency (EEA) and are updated annually. In the US, the data is sourced from eGRID, the equivalent US database. Other input data relating to efficiency figures, annual heating needs and the distribution between installation in newly produced buildings, existing buildings or replacement of older heat pumps are based on estimates provided by the sales departments in each organization and people in the respective markets. The input data is based on assumptions, which in turn are based on long experience of daily calculations as part of sales quotes. The calculation method is described in three review papers presented at international research conferences. The datapoint is not externally validated.

GHG Intensity based on net revenue

A reconciliation to Note 4 in the financial statements is shown on page 84.

E1-7 GHG removals and GHG mitigation projects financed through carbon credits

NIBE does not currently purchase any carbon credits. Our climate investments are used to reduce GHG emissions in our value chain. We assess that this is currently the most cost-effective way for us to invest in climate action.

E1-8 Internal carbon pricing

Our focus up to now has been to understand and reduce our own and our customers' emissions, but there are opportunities for us to also start to identify GHG emissions in our value chain, purchase carbon credits or apply internal carbon pricing. This is not something we have done so far.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

We intend to disclose in more detail the financial effects from climate-related risks and opportunities within the next three years.

⁴ Corporate Standard (version 2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (version 2011)

METRICS AND TARGETS

Sustainability targets	2025	2024	2023	2022	2019	Target
Proportion of LCE classified products, %	63.0	62.2	67.5	63.2	56.1	70.0
Energy consumption, MWh/SEK million	7.9	7.8	7.4	8.3	11.0	6.6
Carbon dioxide emissions, metric tons	29,705	31,172	36,676	37,871	46,775	16,400

Targets for reduction of GHG emissions	Base year	Target year	Type of target	Target level %	Emissions (tCO2eq)		Change	
					2019	2025	tCO2eq	%
Scope 1	2019	2030	Absolute	-65%	35,239	28,803	-6,436	-18%
Scope 2, Market-based					11,536	902	-10,634	-92%
Total Scope 1 and 2, Market-based					46,775	29,705	-17,070	-36%

GHG emission reduction target compared with cross-sector emission pathway	2019 base year		2025 (current status)		2030 (short-term target)		2050 (long-term target)	
	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%	Emissions (tCO2eq)	%
NIBE's GHG emission reduction target for Scope 1 and 2 ¹ with 2019 as base year.	46,775	100%	29,705	-36%	16,371	-65%	0 ³	0 ³
Cross-sector emission pathway for limiting global warming to 1.5°C ²	46,775	100%	29,705	-36%	19,861	-58%	4,677	-90%

¹The target has not been validated by an external organization.

² The cross-sector emission pathway is calculated using SBTi's tool for emission reductions.

³ NIBE has not yet set any long-term targets but the aim is to achieve net zero by 2050.

GHG intensity per net revenue	Change compared with 2024	2025	2024	2023
Total GHG emissions (location-based) per net revenue (tCO2eq/SEK million)	-6%	1,089	1,157	934
Total GHG emissions (market-based) per net revenue (tCO2eq/SEK million)	-6%	1,088	1,156	933

Biogenic emissions of CO2 from the combustion or bio-degradation of biomass	2025	2024	2023	2022	2021
Scope 1 CO2 emissions, metric tons	1,814	1,136	1,410	501	588
Scope 2 CO2 emissions, metric tons	386	380	316	356	378

	Retrospective			Change from 2024	Milestones and target years		
	Base year (2019)	2024	2025		2030	2050	Target as %/base year
Scope 1 GHG emissions							
Gross Scope 1 GHG emissions (tCO ₂ eq)	35,239	29,997	28,803	-4%	12,334	-	-65%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	0%	0%	0%	0%	-	-	-
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	60,710	57,342	58,177	1%	21,248	-	-65%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	11,536	1,176	902	-23%	4,038	-	-65%
Significant Scope 3 GHG emissions							
Total Gross indirect Scope 3 GHG emissions (tCO ₂ eq)	-	46,795,935	44,397,601	5%	-	-	-
1 Purchased goods and services	-	563,253	616,574	-9%	-	-	-
11 Use of sold products	-	45,985,391	43,564,339	5%	-	-	-
Other categories	-	247,291	216,688	12%	-	-	-
Total GHG emissions							
Total GHG emissions (location-based) (tCO ₂ eq)	95,949	46,883,273	44,484,581	5%	-	-	-
Total GHG emissions (market-based) (tCO ₂ eq)	46,775	46,827,107	44,427,305	5%	-	-	-

Energy consumption and mix	2025	2024	2023	2022	2021
Fuel consumption from coal and coal products (MWh)	201	215	207	291	445
Fuel consumption from crude oil and petroleum products (MWh)	36,841	38,243	38,828	34,711	36,270
Fuel consumption from natural gas (MWh)	67,995	65,614	70,865	73,097	75,656
Fuel consumption from other fossil sources (MWh)	16,089	20,318	20,453	21,866	30,420
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	1,741	2,908	4,762	5,614	5,871
Total fossil energy consumption (MWh)	122,867	127,298	135,115	135,579	148,661
<i>Share of fossil sources in total energy consumption</i>	<i>35%</i>	<i>38%</i>	<i>39%</i>	<i>41%</i>	<i>43%</i>
Energy consumption from nuclear sources (MWh)	0	0	0	0	0
<i>Share of nuclear energy sources in total energy consumption</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	6,319	3,762	5,375	1,693	1,849
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	194,588	185,409	190,855	183,019	180,825
Consumption of self-generated non-fuel renewable energy (MWh)	23,959	20,055	14,883	12,735	10,759
Total renewable energy consumption (MWh)	224,866	209,225	211,113	197,447	193,433
<i>Share of renewable sources in total energy consumption</i>	<i>65%</i>	<i>62%</i>	<i>61%</i>	<i>59%</i>	<i>57%</i>
Total energy consumption (MWh)	347,733	336,524	346,228	333,026	342,094

Energy intensity per net revenue	Change compared with 2024	2025	2024	2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/SEK million)	2%	8.5	8.3	7.7

The metric above includes self-generated energy. This differs from our energy intensity target (p. 84), which excludes self-generated energy.

Reconciliation to net revenue in the financial statements (SEK million)	2025	2024	2023
Net revenue from activities in high climate impact sectors used to calculate energy intensity and GHG intensity	40,841	40,506	45,073
Net revenue (other)	0	15	1,576
Total net revenue (Financial statements: Net sales)	40,841	40,521	46,649



ESRS E2 POLLUTION

NIBE GROUP'S IMPACT

NIBE's operations are not assessed as generating significant emissions to air, water or soil. Neither are operations assessed as using highly hazardous substances that may have a material impact. Our assessment is that our products do not contain large amounts of hazardous substances, so-called substances of high concern, that could lead to emissions, and that use of such substances in our processes is limited.

The reason we assess this area as material is that we believe that there is a risk to NIBE relating to the introduction of prohibitions or stricter requirements for specific substances and materials. This type of prohibition or regulation could affect our materials selection and result in increased development costs. Prohibitions or regulations could be introduced as a result of stricter requirements by authorities, customers, law-makers or other relevant parties, and we have already seen some effects of this.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E2-1 Policies related to pollution

NIBE has an environmental policy with associated instructions for the handling of chemicals. This includes our commitment concerning substances, including substances of concern and substances of very high concern. Relevant stakeholders, including employees and authorities, were taken into consideration in developing the policy. The policy requires manufacturing companies within the Group to have an environmental manage-

ment system under ISO 14001 and to comply with national and international legislation. The purpose of this is to ensure that the risk assessment of chemicals is conducted correctly and includes aspects such as use, storage, handling, spillage and waste.

Our Supplier Code of Conduct and our values underline the importance of the precautionary principle in environmental topics. Our suppliers must comply with national and international legislation and take action to minimize the amount of substances of very high concern.

Additionally, we adhere to the substitution principle, which means that, where possible, we should choose materials and chemicals containing less hazardous substances.

E2-2

Actions and resources related to pollution

NIBE is working to minimize the use of substances of concern in both production processes and products. We have historically had good control over the chemicals used in production because we carry out continuous assessment of risks and impacts based on use in production, waste management and risk of pollution. In order to continue and develop our efforts, we have implemented a Group-wide system that collects data on substances in purchased goods from our suppliers. Using this system, data is validated and updated on a continuous basis, which give us up-to-date information on which substances are used, quantities purchased and where the substances are used. This enables us to identify and minimize the use of hazardous, regulated substances.

The system also provides support for monitoring of current and future legislation and is therefore a key action in minimizing our financial risk associated with this area.

We have a five-year plan for the integration in the system of all manufacturing companies in the Group. However, the work on regulatory compliance and customer requirements relating to substances is an ongoing process.

METRICS AND TARGETS

E2-3 Targets related to pollution

We do not currently have any defined targets linked to pollution. However, it is our ambition in the coming years to develop relevant and measurable targets in line with the substitution principle to comply with the Do No Significant Harm (DNSH) criteria in the EU Taxonomy. The Group-wide system will play a key role in this work to be able to continue collecting necessary data and developing the work in line with the existing policy, which we consider to be suitable for purpose. During the year we mapped the technically feasible solutions for replacing substances and the cost impact of this action. The evaluation of substance substitution is an ongoing process, however.

E2-6 Anticipated financial effects from pollution-related risks and opportunities

Handling of chemicals, materials and substances is a key part of our operations and value chain. This includes both environmental and financial aspects, particularly with regard to potential costs of development and introduction of alternative materials. We have identified a financial risk related to prohibition or regulation of certain substances, which could entail increased costs of more than SEK 250 million. In the coming years, we will carry out a more detailed assessment of this risk, which could result in our calculations being revised. Currently, the above estimate has not been externally validated.

At the same time, we believe that the development of products without regulated substances offers a significant opportunity. This could contribute to economic benefits, such as increased sales, while also reducing our environmental impact.



ESRS E3 WATER AND MARINE RESOURCES

NIBE GROUP'S IMPACT

Water scarcity is a global challenge with significant impacts on local communities and business communities in affected areas. A quarter of the world's population lives in areas of extreme water stress and half of the world's population is annually affected by water scarcity, at least for parts of the year.¹

Water is used in NIBE's production processes to varying degrees. The majority of the Group's production facilities are located in areas of low water stress but we also have facilities in e.g. Spain, Italy, Turkey, the US, Mexico and Vietnam, where water stress levels are high or in some case extreme.

To reduce negative impacts and ensure efficient resource use, both in the short and long term, NIBE carries out systematic monitoring of water use, with a particular focus on facilities in high risk areas. The work is an integral part of our risk management.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E3-1 Policies related to water and marine resources

NIBE seeks to take a responsible and systematic approach to the work on resource-efficient water consumption. The area is integrated into several policies with supplementary instructions that take into consideration the Group's impacts, relevant risks and opportunities.

The climate policy states that NIBE must carry out climate risk assessments to map risks and opportunities for our operations and suppliers. Water stress is one of the risks that should be given

particular consideration. The policy stresses the importance of adaptation to manage identified risks and collaborate with external actors, such as industry associations and authorities, in order to promote exchange of experiences, technology development and cooperation projects in the areas of climate risks and climate adaptation.

The environmental policy states that our operations should take action to reduce their environmental impact and ensure resource-efficient water consumption. The policy is aimed at subsidiaries and employees and takes customers, suppliers and authorities into account. A Group-wide sustainability target and a requirement in the environment policy is that all manufacturing companies are to be ISO 14001 certified. Certification helps the organization take a systematic approach to environmental efforts and control, implement risk assessments and ensure compliance with national and international legislation, for example, regarding water consumption and water discharges. We also impose relevant environmental requirements on suppliers, contractors and carriers to ensure a sustainable and systematic approach to environmental initiatives throughout the value chain.

In line with our values and Code of Conduct, NIBE's operations should consider the environment in the entire value chain, which, for example, means sparing use of natural resources such as water. The Supplier Code of Conduct stresses the importance of using the precautionary principle in environmental topics and the prioritization of resource efficiency.

E3-2 Actions and resources related to water and marine resources

Until now, efforts in this area have primarily been implemented at facility level. To strengthen the management of this issue and take a more systematic approach in areas of high water stress where NIBE has operations that use water in production, we have developed a Group-wide action plan. The plan consists of the following parts:

Mapping

NIBE uses the Verisk Maplecroft Climate Risk Index as an assessment tool to map climate risks related to water resources in the following areas: water stress, water quality, wave hazard, flood risk and coastal flood risk. water stress, water quality, wave hazard, flood risk and coastal flood risk. Using this tool, we can map risks at company level and identify the entities within the Group that should be prioritized. In the coming year, we will increase the level of detail in mapping for more in-depth analysis. The analyses will shed light on future need for resources and investments, as well as possible actions for managing water stress in the short-, medium- and long-term.

Assessment of actions

In order to ensure that future actions are effective, actions taken previously are also assessed. For this assessment we can draw on our subsidiaries' experience of managing production operations in areas of extreme or high water stress. Through systematic and continuous follow-up – including reporting in NICS – and engagement with subsidiaries, we are working to identify the actions already taken, both by us in the Group and by external social actors. During the year, analysis began of the companies with the highest water use in the most exposed areas. The aim is to assess whether existing actions can be strengthened or developed and to identify new actions.

Actions taken

During the year we prepared a plan to structure follow-up together with the subsidiaries in the Group. The aim is to identify target-oriented actions and estimate future resource requirements. Alongside this, we engage with subsidiaries to increase awareness, knowledge and understanding concerning follow-up and control of water consumption.

¹ UN Water. <https://www.unwater.org/publications/un-world-water-development-report-2025>

METRICS AND TARGETS

E3-3 Targets related to water and marine resources

NIBE does not currently have any adopted targets related to water resources. In the coming years, we plan to implement an in-depth assessment with the aim of mapping the need for developing targets for subsidiaries with production in areas of high or extreme water stress. The work also includes a schedule and prioritization plan.

The work will be carried out in collaboration with the affected subsidiaries and any action plans will be developed based on their specific circumstances. This work will form the basis for decisions on Group-wide targets.

The rate of implementation of the Group's policies and the production companies' reporting of water parameters, including water consumption and water withdrawals, is followed up on an annual basis. Reporting is carried out in Worldfavor, our sustainability data collection system. One of the sustainability targets set by NIBE is for 100% of the production companies with more than 25 employees to be ISO 14001 certified, a goal that is also stated in the environmental policy. Monitoring takes place quarterly.

E3-4 Water consumption

NIBE has a relatively low water consumption in relation to total water withdrawals. In most cases this involves water sent for disposal as hazardous waste and only in a few cases does it involve water incorporated into a product. In the former case, primary data is usually obtained from the supplier or waste contractor, while in the latter case, the companies either have their own measurement equipment or rely on estimates (volume of water per unit produced x number of units/products produced).

In the previous year, NIBE reported for the first time at Group level data on water consumption, recycled and reused water, and water storage. The 2024 key ratios have been adjusted as a result of identified reporting errors, see BP-2 for more information. Once sufficient comparative data is available, the information will be presented in a five-year overview. As part of the reporting, each

Water withdrawal ⁵ (m ³)	2025	2024	2023	2022	2021
Total water withdrawals	537,339	480,701	482,452	521,014	468,822
Of which water withdrawn in area of extreme water stress	46,146	64,005			
Of which water withdrawn in area of high water stress	94,159	99,965			
Water quality, total water withdrawals					
Fresh water (<1,000 mg/l dissolved solids)	496,834	417,940	412,524	460,029	381,986
Other water (>1,000 mg/l dissolved solids)	40,505	62,761	69,928	60,985	86,836

² Water consumption is water that is used and not returned to the environment in its original condition. This may include water that is disposed of or incorporated into the final product. Water that evaporates or is purified by third parties and returned to circulation is not counted as water used.

³ The table reports on water and wastewater (purified or unpurified) that has been used more than once, either in the same process or in different processes within the same facility or between facilities, before traveling beyond the boundary of the operation. The water is recorded only once, regardless of how many times it has been reused.

⁴ Water may be stored for different purposes, such as emergency situations in the form of water tanks or sprinkler systems. It can also include water used in production processes and subsequently stored for evaporation or disposal.

⁵ Water withdrawal is the total volume of water drawn from all sources into a company's operations during the reporting period.

subsidiary also discloses how the data is measured. The following distribution has been identified in respect of water consumption measurement method:

- 52% (64) is based on supplier invoices.
- 26% (23) is based on own estimates.
- 22% (14) is based on measurements using own measurement equipment.

NIBE's water intensity (total water consumption in m³ per SEK million net revenue) was 0.06 (0.07). By monitoring water withdrawals and water consumption in areas of high and extreme water stress, we can measure our impact over time and identify where action should be taken. The increase in water withdrawals in 2025 was primarily due to a large water leak at one of our subsidiaries, which has now been dealt with. Monitoring of water recycled and reused also provides an indication of how efficiently water is used.

Data for water recycled and reused and water storage have been obtained from the subsidiaries' own calculations and/or estimates, which are then reported annually via the central platform Worldfavor and aggregated by the sustainability team. Water discharges are regulated by local authorities where they are subject to limits under environmental permits at company level.

E3-5 Anticipated financial effects from water and marine resources-related risks and opportunities

Investments will be required to reduce our actual negative impact through water withdrawals and water consumption and to ensure more efficient use of water resources in areas of high or extreme water stress. The size of the investments has not yet been quantified.

A more detailed assessment at company level will be carried out to establish the extent of the investments. Thereafter, an evaluation can be conducted to establish whether the financial effects are material for the Group in the short-, medium- and long-term. The assessment is planned to start in 2026. Only then can calculations be carried out to quantify the financial effects of the actions that need to be implemented.

Water consumption ² (m ³)	2025	2024
Total water consumption	2,258	2,817
Of which water consumption in area of extreme water stress	30	8
Of which water consumption in area of high water stress	192	182

Water recycled and reused ³ (m ³)	2025	2024
Total water recycled or reused	5,856	6,879

Water stored ⁴	2025	2024
Total water stored (m ³)	5,607	5,430
Change in total water stored	3.3%	-



ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY

NIBE GROUP'S IMPACT

Circularity Gap Report 2025 stresses that we must accelerate the circular economy globally, with the industrial sector playing a crucial part in the transition. NIBE is a manufacturing group that uses mostly primary raw materials. Our production requires raw materials such as steel, electronic components and other direct materials and sometimes it generates hazardous waste. To limit our negative impact and reduce consumption of primary materials, we must increase circular flows in the business and take action to increase collaboration with stakeholders in the value chain.

NIBE may improve the service life of its products by replacing components and spare parts, which is an important factor in increasing circularity in the value chain. The opportunities for reusing and recycling waste from production depend on, among other things, the properties of the material and the available technology. In our operations this means that some material will be directed to incineration and landfill. Many of the countries where our products are manufactured have strict requirements regarding waste management and good opportunities for recycling materials such as steel and corrugated cardboard. However, we have limited insight into the recycling rate in the value chain, which means that the possibility that a certain proportion of materials is not reused or recycled cannot be excluded.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

E5-1 Policies related to resource use and circular economy

NIBE seeks to achieve efficient resource use and optimized waste management. This is described in policies with supplementary instructions in order to ensure a systematic and responsible approach that takes into consideration impacts, risks and opportunities. The documents cover our work with product design and how we improve resource efficiency in both our own production and the value chain. The policies have been designed taking into account our knowledge of the needs, requirements and interests of our stakeholders. The main stakeholders include customers and employees but public authorities, suppliers and the environment are also important stakeholder groups.

Our environmental policy states that NIBE must promote resource efficiency and increased use of reused, recycled and biobased raw materials, as well as systematically address the waste hierarchy and continuously work to reduce hazardous waste and waste directed to incineration and landfill from our production facilities (including by means of the ISO 14001 certification requirements). By taking a product's environmental impact into consideration as early as in the design phase, we can prevent waste generation and create a product portfolio where circularity permeates the production process. This should be done without compromising on NIBE's high quality standards.

Our Supplier Code of Conduct stresses the importance of applying the precautionary principle in environmental topics. Suppliers are required to prioritize resource efficiency, minimize waste and maximize recycling.

In line with our values, all employees must consider the environment in the entire value chain, which means using natural resources sparingly and reducing waste volumes.

Our climate policy highlights the importance of collaboration with external parties, such as trade associations and authorities, on exchange of experiences, technical development and collaboration projects relating to reduced GHG emissions by means of e.g. increased material efficiency and reduced waste flows.

E5-2 Actions and resources related to resource use and circular economy

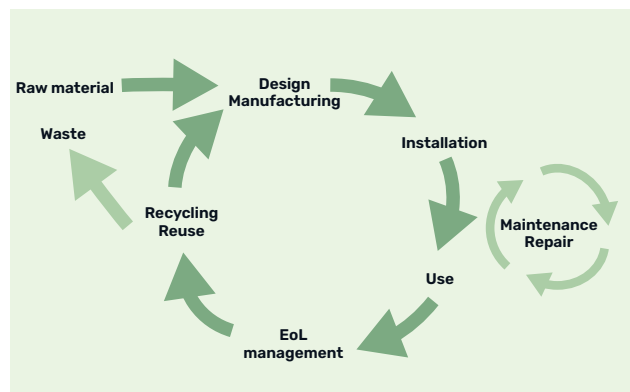
Actions taken

Life-cycle assessments and circular flows

The key factors in our initiatives to promote a circular economy are product design and resource efficiency, both in our own production processes and in the value chain, and it is our assessment that we can influence and develop these in the future. As part of this work, during the year we conducted a number of life cycle assessments for our products and implemented projects together with various suppliers with the aim of increasing the proportion of purchased reused and recycled materials. We expect this work to further intensify in the coming years. The outcomes of the life cycle assessments provide a deep understanding of which input components and materials have a high environmental impact. It is also a supplementary tool for mapping circular business models that NIBE may be able to develop within different product segments in the future.

To further develop our work on implementing the policies previously described, we have produced instructions linked to the circular economy that include both product design and material efficiency. The instructions support our subsidiaries in their efforts to integrate circular economy into their ongoing work around product development and design in respect of both new and existing products, for example by integrating a larger proportion of reused, recycled or renewable materials into the products.

During the year we launched internal training initiatives and began introducing life cycle assessment tools to our subsidiaries



to enable identification of the materials and components that should be prioritized for replacement or for inclusion in circular flows, the aim being to lower the carbon footprint of products.

Waste management

During the year we also produced waste management instructions, which complement the policies and concretize how we expect subsidiaries to work and prioritize matters relating to waste and the associated waste hierarchy.

Future actions

Circular flows

To promote circularity, customized solutions are required for different materials and components. Although the proportion of recycled material is important, it is only one aspect of the overall solutions required to create a more resource-efficient value chain. A further mapping together with suppliers is planned to identify efficient methods for increasing circularity in the business. This also includes reviewing availability of specific components that may improve opportunities for reuse and repair of products or input components. We expect that the results of mapping may require increased investments or operating expenditure linked to e.g. different materials selection or an unchanged production, but we have not yet been able to quantify this.

In 2026, we will intensify internal training initiatives that have been launched, as well as the provision of tools to subsidiaries that facilitate and improve the efficiency of their efforts to promote circular flows. We consider these to be essential steps in establishing quantitative and relevant actions and targets.

Waste management

Our ambition is to develop efficient strategies for waste prevention early on, in the design and production phases, and to ensure resource-efficient use of materials and resources. At the same time, we will continue to work on monitoring and mapping to be able to optimize our waste management in accordance with the waste hierarchy.

METRICS AND TARGETS

E5-3 Targets related to resource use and circular economy

Currently, NIBE lacks targets relating to resource use and circular economy but our aim is to set clear, measurable targets in the coming years. Information on resource inflows and outflows is collected from all reporting subsidiaries and is presented below. A large proportion of the information comes from the companies' suppliers or our own purchasing systems, and in cases where no information is available, estimates are made based on other available information.

Circular flows

We are continuously working to integrate circular flows and resource-efficient solutions into our own operations and our value chain, from product design and materials selection to production and recycling, in collaboration with upstream and downstream actors. An example of this is the partnership between NIBE AB and Grundfos on remanufactured circulation pumps¹.

We are working on introducing subsidiaries to process-focused work on circular flows (e.g. circular design, modularization) and on training them in the use of life cycle assessment tools and their implementation in the product development phase.

Waste management

With operations in 32 countries, our subsidiaries face different challenges depending on local conditions and infrastructure for waste management and recycling. We strive to create the best possible conditions for management of our production waste in the short-, medium- and long-term. All subsidiaries report their waste management (according to the fractions in the waste table below) and in the coming years, we will be setting relevant and measurable targets linked to the EU waste hierarchy² and with a focus on reducing hazardous waste and waste directed to incineration and landfill.

With quarterly follow-up, one of NIBE's sustainability targets is that production companies with more than 25 employees should be ISO 14001 certified, which is also set out in our environmental policy. The outcome for 2025 was 98% (98). Within the framework of the certified environmental management system, companies are continuously working to improve their waste management where this is assessed as a material topic. The sustainability team annually reviews the extent to which the companies have implemented the environmental and climate policy.

¹ Take-back-programme-circularity-by-recovering-pumps

² The EU waste hierarchy shows the priority order for legislation and initiatives relating to waste: Prevention, Preparing for reuse, Material recycling, Energy recovery and Landfill.

E5-4 Resource inflows

Our production primarily comprises assembly but also some processing of materials and the primary resource inflow therefore refers to purchases of materials. Metals, components and finished products account for 79% of total purchases of direct materials. This information is collected from all manufacturing companies.

The operations of around 50% of NIBE Group's companies involve manufacture. Purchased components, such as circuit boards, cables and similar electronic components, may contain critical raw materials and rare earth metals. Steel accounts for the largest proportion of the metals that are purchased, followed by copper. The EU has classified copper as a strategic, but not critical, raw material for societal development.

Information on the proportion of recycled and reused material is gathered from our suppliers. If the information from suppliers is insufficient, we take a conservative approach and record zero percent recycled and reused materials. Systematic gathering and mapping of this information is a huge task but it is yielding results because the proportion of recycled and reused material gradually increased between 2023 and 2025. We will continue to develop this work in the coming years as part of our quality assurance.

Raw materials and components that contain a large proportion of biological material mainly comprise packaging materials such as corrugated cardboard and wood pallets.

E5-5 Resource outflows

NIBE Group comprises three business areas with different key products, the expected service life of which varies.

NIBE Climate Solutions is a complete supplier in energy solutions for heating, cooling, hot water, solar energy and ventilation. The products in this segment are to a large degree designed for a long life and reparability. For example, our heat pumps in Europe are certified according to Heat pump Keymark, which means that spare parts come with a 10-year guarantee.

NIBE Element manufactures components for industry and infrastructure, such as heating elements, heating cables and heat exchangers. The products are used in applications where expected service life and reparability vary according to requirements from end-users.

NIBE Stoves manufactures stoves, and the range also includes chimney systems and other accessories. The stoves are designed for a long service life and reparability, with good availability of spare parts.

There are currently no established risk classification systems with regard to reparability or industry average in respect of expected durability that we can use to measure our performance against for the product groups our products are part of.

Common to all the products in the different business areas is that they are manufactured from materials with a high recovery rate at the end of the life cycle. The proportion of recoverable material is estimated at 69% in our products and 29% in our packaging materials³. Packaging materials primarily comprise wood, which we assess as having a low recovery rate because it is usually directed to incineration.

³ The theoretical recoverability of products is estimated on the basis of purchased materials mix at NIBE Group-level. Waste scenarios per material category are estimated based on the actual rate of recovery of materials from electronics waste recovery companies, trade organizations and models used for life cycle assessments and environmental declarations. For some material categories, such as composites and minerals, where we lack EoL scenarios, a general estimate of a 50/50 split between landfill and recycling is used. Another limitation of these methods is that they are theoretical scenarios that do not take into account that effectiveness is impacted by costs and the ability to implement the methods in practice, e.g. conditions relating local recycling infrastructure and legislation.

Materials used (metric tons)	2025	2024	2023	2022	2021
Metals	105,850	102,501	151,964	139,209	138,431
Components and finished products	61,042	50,949	99,849	78,017	83,770
Composites and minerals	10,215	12,149	18,814	12,280	17,091
Plastics	7,408	7,093	8,573	8,205	9,462
Gases	7,431	6,424	5,318	6,763	7,633
Other ¹	1,869	2,239	2,811	3,023	2,610
Packaging materials	18,522	16,475	21,649	20,902	23,184
Total materials used	212,337	197,830	308,978	268,399	282,181
Of which biological material	17,286	15,217	19,743		
Percentage biological material	8%	8%	6%		
Of which reused or recycled material²	20,531	13,391	15,388		
Percentage reused or recycled material	10%	7%	5%		

¹ Paint, adhesives, chemicals, acids, refrigerants, etc.

² Where a material is both recycled and reused, it has only been included under reused material to avoid double counting.

Waste management

NIBE has a broad product portfolio and generates waste flows within its three business areas that reflect the area of application and life cycles of the products. All operations within the Group apply the waste hierarchy and waste from own production is managed in accordance with both local and applicable international legislation. Our subsidiaries have agreements with external waste management companies to guarantee correct waste management.

The waste from our own operations largely comprises various metals, including iron, steel, copper and aluminum, with steel by far the most common metal. Waste such as corrugated cardboard and plastic from packaging materials is also common. A large proportion of the waste is recycled. The increase in hazardous waste directed to landfill is related to a subsidiary whose waste management company changed their waste management during the year; the waste was previously classified as "Other".

Most of our product segments have waste flows for managing end-of-life products and packaging. We are affiliated with various types of organizations and companies that manage waste flows that contain e.g. packaging materials and electric products, and the subsidiaries must adhere to international and local legislation applicable where the operations are located.

The reported weight data for waste in the table below has been collected by means of three different methods:

- 14% (13) of the waste is weighed by the company itself.
- 84% (82) of the waste is weighed by the waste management company.
- 2% (5) of the weight of the waste is estimated by the company.

E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

We have not yet quantified the financial effects of the opportunities or risks we consider to be related to the circular economy. We consider that work on material efficiency is crucial for future value chains and our own manufacturing processes, not only from a climate perspective, but also from an economic perspective in view of the reduced availability of critical and rare raw materials. We believe that development of circular business models is a commercial opportunity, for example, due to increased sales or improved margin, but we also believe it can reduce our impact on the environment. Failure to take action will therefore result in financial risks in the form of reduced sales or lower margins.

	2025	2024	2023	2022	2021
Total waste (metric tons)	38,257	35,886	38,893	40,132	43,699
Total non-recycled waste (metric tons)	5,103	4,693	5,428	7,093	7,909
Proportion non-recycled waste	13.3%	13.1%	14.0%	17.7%	18.1%

Non-hazardous waste (metric tons)	2025	2024	2023	2022	2021
Total non-hazardous waste	33,470	31,491	34,202	37,501	40,887
Reuse	428	432	582	313	350
Recycling	27,332	25,363	26,243	28,571	31,475
Composting	71	54	36	106	94
Energy recovery	2,665	2,960	4,137	3,562	3,324
Non-recycled waste	2,974	2,682	3,203	4,949	5,644
Incineration	327	226	273	197	205
Landfill	2,242	2,089	2,413	3,328	4,202
On-site storage	21	8	367	286	248
Other	384	358	151	1,138	989

Hazardous waste (metric tons)	2025	2024	2023	2022	2021
Total hazardous waste	4,785	4,395	4,691	2,631	2,812
Reuse	4	40	56	55	16
Recycling	2,232	1,970	2,011	323	441
Energy recovery	422	374	400	109	90
Non-recycled waste	2,127	2,011	2,225	2,144	2,265
Incineration	80	154	183	178	166
Landfill	1,309	665	497	467	517
On-site storage	57	22	14	14	14
Other	681	1,170	1,531	1,485	1,568



THE EU TAXONOMY

OUR LONG TRADITION OF SUSTAINABILITY WORK continues to be complemented with work relating to the EU Taxonomy. The purpose of the Taxonomy is to shed light on how large a portion of a company's turnover and capital expenditure refers to products or services that can significantly contribute to one of the adopted environmental objectives.

Of the adopted environmental objectives, the objective *Climate change mitigation* is the one to which NIBE Industrier, with its energy-efficient solutions, can primarily contribute.

The EU has chosen to focus on sectors that currently have the greatest impact on climate and the environment, which means that not all activities and products are Taxonomy-eligible. The stoves, chimneys and other products that are manufactured within NIBE Stoves are some examples of products that are not eligible.

However, NIBE Element and NIBE Climate Solutions both have several products that are Taxonomy-eligible, and these are described in more detail in this section.

We have chosen to apply the precautionary principle throughout and have only assessed products as being eligible where it is clear that this is the case. In the case of components, this has meant that we have only assessed these as Taxonomy-eligible if the activity clearly mentions components in the description.

We have chosen to implement the simplifications adopted in Omnibus involving changes to the reporting of operating expenditure and activities that cumulatively account for less than 10% of our total turnover and capital expenditure. An exception to this is activity 7.6, see section Climate Solutions for a more detailed description. With regard to operating expenditure, refer to Reporting policies for a more detailed description.

Business area NIBE Climate Solutions

The majority of NIBE Climate Solutions' products are Taxonomy-eligible, covered by activity 3.5 *Manufacture of energy efficiency equipment for buildings*. These include our heat pumps, water heaters, ventilation products and district heating products.

We have assessed that only those products that are able to meet all technical screening criteria are covered by the taxonomy. A large proportion of our cooling and ventilation products are intended for commercial properties such as schools and hotels. These products have a higher capacity compared with products intended for non-commercial properties, which means that they are not covered by the energy efficiency regulation referred to in activity 3.5 and are therefore deemed not to be Taxonomy-eligible.

This approach has been used throughout for all products whose capacity is too high to be covered by the regulations and directives to which the Taxonomy refers. This is despite the fact that the products contribute to increased energy efficiency.

Some companies within Climate Solutions perform installation, repair, servicing and leasing of heat pumps. These operations are covered by activity 7.6 *Installation, maintenance and repair of renewable energy technologies*. We have chosen to continue to report Taxonomy-aligned turnover and capital expenditure for this activity despite the fact that the cumulative share of this activity is less than 10% of our total turnover and capital expenditure. All turnover from leasing is included under activity 7.6 as it is not possible to separate the component relating to the heat pump as such and the component relating to installation and servicing. In cases where materials or spare parts are used in connection with installation, maintenance or repair, these are also included in activity 7.6.

Turnover and capital expenditure linked to the sale of spare parts do not account for more than 10% of the total amounts of each KPI, and this activity is therefore reported under column 14 *Not assessed activities* in the summary table.

Business area NIBE Element

NIBE Element has a large portfolio of products targeted at different market segments and which fall under different Taxonomy-eligible activities.

Like the business area Climate Solutions, NIBE Element is primarily covered by activity 3.5, because a large number of companies manufacture components for domestic appliances such as ovens and washing machines. However, the technical criteria for activity 3.5 are linked to the performance of the end-product and not that of the component, for example, that household appliances should fall into the highest two populated classes of energy efficiency.

It is currently difficult for us to report which of our components fulfil this criterion, partly because we do not currently have information about the energy performance of the final product, and partly because many of our customers are located outside the EU and are therefore not required to report the energy performance of their products.

Additionally, NIBE Element has activities linked to a number of other Taxonomy activities, such as manufacture of battery heaters and brake resistors for electric vehicles. In total, these activities account for less than 10% of our total turnover and capital expenditure and these activities are therefore reported under column 14 *Not assessed activities* in the summary table.

Reporting policies

Taxonomy reporting covers the companies in which NIBE has a controlling influence, that is, where we have majority ownership, including operations acquired in 2025.

Turnover

Turnover was determined through assessment and classification of taxonomy-eligible products. Where the performance and purpose of products differs, classification has been done at article level. Against the background of the precautionary principle, we have assessed that non-product-specific accessories are not Taxonomy-eligible.

All companies have reported external turnover to avoid the risk of double counting. The Group's turnover has therefore been determined in the same way as for financial accounting; see Note 4 for further information.

CapEx

Total CapEx consists of property, plant and equipment and intangible assets, acquisitions and leases, see Notes 3 and 14-16. The property, plant and equipment and intangible assets that are Taxonomy-eligible refer to investments directly attributable to production of the products that are eligible, or to investments which inherently contribute to one of the set environmental objectives, such as investment in solar panels. In accordance with the precautionary principle, we have decided that all other investments, such as office buildings, IT security and furniture, are not Taxonomy-eligible, irrespective of their performance.

For classification of acquisitions, the purpose of the investment and the companies' current operations have guided our assessment. For the sake of simplicity, leases have been classified based on the sales distribution of each company.

OpEx

NIBE's OpEx comprises non-capitalized expenditure for research and development and repair and maintenance of properties, machinery and other property, plant and equipment. This expenditure accounts for a small proportion of the business's total expenditure and has no material impact on our sustainability work

or business model. Our assessment is therefore that the reporting of OpEx provides limited value for decision-making for both the company and its stakeholders.

Against the background of this assessment, in accordance with Omnibus we have chosen to exclude further reporting of OpEx.

Breakdown of KPIs

Where CapEx relates to production facilities used in an integrated manner, allocations have been based on the turnover distribution of the respective companies where more reliable information was not available. We judged this to be the most fair and reliable approach.

Where turnover was classified at article level, no percentage distribution of performance indicators was required.

Companies located outside the EU

The Taxonomy criteria for both Substantial contribution and DNSH in many cases refer to other existing EU regulations and directives that do not apply to operations outside the EU.

One such example is heat pumps, where the Substantial contribution criteria include compliance with energy efficiency requirements in the Ecodesign Regulation. In order to be able to ensure compliance, we have carried out calculations where the thresholds set out in the Ecodesign Regulation are converted to North American values. This has enabled us to map which heat pumps manufactured and sold by us outside the EU are Taxonomy-eligible and also meet the Substantial contribution criteria.

Similar work is underway and will continue in the coming year in respect of DNSH criteria. The aim is to be able to establish whether or not operations located outside the EU meet these criteria.

Do no significant harm (DNSH)

As previously described, NIBE Industrier's activities are mainly eligible under activity 3.5 within the Manufacturing sector. This activity has DNSH criteria for all the other five environmental objectives but the criteria are not product-specific in the same way as the Substantial contribution criteria. We have therefore made a great effort to ensure we understand the practical implications of these criteria for companies located both within and outside the EU. For companies located outside the EU, see further information under Reporting policies.

Activity 7.6 has only DNSH criteria for environmental objective 2 (Climate change adaptation). We assess that we meet these criteria because we carry out mapping of climate risks and implement adaptation solutions when needed. For a more detailed description of our initiatives relating to climate risks, see E1 and E3.

An additional explanation regarding the DNSH criteria for activity 3.5 is that our products do not currently meet the criteria of Appendix C, point (f). Therefore, all turnover and CapEx linked to activity 3.5 are reported as not Taxonomy-aligned. The criteria in point (f) mean that we must not use in our production, and our products must not contain, substances listed on the Candidate list, except where it is proven that no other suitable, alternative substances or technologies are available on the market.

These criteria mean that the Taxonomy is more far-reaching than existing legislation. To be able to provide supporting evidence that an activity complies with Appendix C, thorough mapping of our products and the substances present in the products is required, as are active measures to replace any identified substances where suitable alternative substances or technologies are available on the market.

We have been working on this on an ongoing basis for a number of years, but we intensified this work during the year and will carry on this work to ensure alignment with the Taxonomy in future.

Minimum safeguards

We have updated processes, systems and policies on site in order to identify and reduce risks relating to human rights, anti-corruption, tax and labor rights. Work on implementing these processes and systems for our suppliers, customers and partners is ongoing and is being conducted in accordance with the guidelines and principles set out in the UN Global Compact and the OECD. For more information, see under S1 for work relating to health and safety for employees, S2 for work relating to e.g. human rights in the supply chain and G1 for work relating to anti-corruption.

2025																
KPI (1)	Total (2)	Proportion of Taxonomy-eligible activities (3)	Taxonomy-aligned activities (4)	Proportion of Taxonomy-aligned activities (5)	Breakdown by environmental objectives of Taxonomy-aligned activities						Proportion of enabling activities (12)	Proportion of transitional activities (13)	Not assessed activities considered non-material (14)	Taxonomy-aligned activities in previous financial year (2024) (15)	Proportion of Taxonomy-aligned activities in previous financial year (2024) (16)	
					Climate change mitigation (6)	Climate change adaptation (7)	Water (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)						
	SEK million	%	SEK million	%	%						%	%	%	SEK million	%	
Turnover	40,841	47%	437	1%	1%	-	-	-	-	-	1%	0%	3%	465	1%	
CapEx	2,069	43%	148	7%	7%	-	-	-	-	-	7%	0%	1%	23	0%	
OpEx	1,520	41%	0	0%	-	-	-	-	-	-	-	-	1%	1	0%	

REPORTED KPI		TURNOVER 2025											
Economic activities (1)	Code (2)	Proportion of Taxonomy-eligible Turnover (3)	Taxonomy-aligned Turnover (4)	Proportion of Taxonomy-aligned Turnover (5)	Environmental objectives of Taxonomy-aligned activities						Enabling activity (12)	Transition activity (13)	Proportion of Taxonomy-aligned in Taxonomy-eligible (14)
					Climate change mitigation (6)	Climate change adaptation (7)	Water (8)	Circular economy (9)	Pollution (10)	Bio-diversity (11)			
		%	SEK million	%	%	%	%	%	%	%			%
Manufacture of energy efficiency equipment for buildings	CCM 3.5	46%	0	0%	-	-	-	-	-	-	E	-	0%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1%	437	1%	1%	-	-	-	-	-	E	-	84%
Sum of alignment per objective					1%	-	-	-	-	-			
Total KPI (Turnover)		47%	437	1%	1%	-	-	-	-	-	1%	-	84%

REPORTED KPI		CAPEX 2025											
Economic activities (1)	Code (2)	Proportion of Taxonomy-eligible CapEx (3)	Taxonomy-aligned CapEx (4)	Proportion of Taxonomy-aligned CapEx (5)	Environmental objectives of Taxonomy-aligned activities						Enabling activity (12)	Transition activity (13)	Proportion of Taxonomy-aligned in Taxonomy-eligible (14)
					Climate change mitigation (6)	Climate change adaptation (7)	Water (8)	Circular economy (9)	Pollution (10)	Bio-diversity (11)			
		%	SEK million	%	%	%	%	%	%	%			%
Manufacture of energy efficiency equipment for buildings	CCM 3.5	36%	0	0%	-	-	-	-	-	-	E	-	0%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	7%	148	7%	7%	-	-	-	-	-	E	-	100%
Sum of alignment per objective					7%	-	-	-	-	-			
Total KPI (CapEx)		43%	148	7%	7%	-	-	-	-	-	7%	-	100%



STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Our employees are central to our business, and our goal is for them to thrive, develop and feel engaged in their work and workplace. We currently have approximately 20,600 employees, of whom about 13,000 work in production. A total of approximately 19,400 are permanent employees, about 1,200 are temporary employees and 66 are non-guaranteed hours employees (see Table 4).

We assess that we have a significant impact on our employees, primarily in terms of health and safety, pay scales, diversity and opportunities for training and skills development. Work on initiatives relating to impacts also gives us an opportunity to maintain and improve these aspects for our employees on an ongoing basis. Of NIBE's total workforce, only 3% are non-employee workers. These non-employee workers are primarily agency workers and consultants.

Health and safety

Our long-term aim is that NIBE should be a safe workplace with no injuries or ill health. This ambition guides us in our daily work and strategy in the form of a systematic approach involving risk assessments, safety inspections, accident reporting, emergency contingency plans and action plans. The risk of accidents and

work-related injuries particularly applies to employees who work in or adjacent to production. We therefore focus on continuously developing health and safety practices in our companies and promoting safe workplaces. Inadequate health and safety can have a direct impact on our ability to work and we are striving to minimize this risk.

Adequate wages

We seek to offer our employees competitive wages in relation to geographical region and productivity. Our impact in respect of adequate wages applies to all employees, but the risk of unreasonable wages is assessed as particularly critical for our employees in China, Thailand, Vietnam, Malaysia, the US, Mexico, Turkey, Romania and Serbia. The risk is assessed as applying primarily to production workers.

Diversity and equal treatment

We conduct an international business with significant cultural and social differences, and so it is important for us to have a framework for both diversity and equal treatment. Everyone should have the same development, training and career opportunities, and no one should be discriminated against. Our strategy means that employees in the same geographical area should receive equal pay for work of equal value and skill and that the company should strive for gender equality. We operate in a relatively male-dominated industry, which means that we need to make an effort to recruit more women to the organization.

Training and skills development opportunities

NIBE's successful history has largely depended on the expertise and experience of our employees. Digitalization and new technology offer new opportunities to improve production processes and working methods. This entails both challenges and opportunities for our employees to develop new skills that are valuable to them, to NIBE and to our customers. To maintain our global competitiveness, our strategy is to continue to offer adequate skills development to our employees, including by means of internal and external training programs.

Human rights

Some of NIBE's operations are located in countries where there is an increased risk of child labor. These countries are Mexico, Turkey, China and Vietnam. Those countries and Malaysia, Thailand and the US also have an increased risk of forced labor. NIBE takes these risks seriously, but our strong values, preventive work and controls, and the fact that there have been no cases, means that we consider the risk of child and forced labor occurring in our own operations to be low.

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

S1-1 Policies related to own workforce

NIBE has several policies related to our employees and the material topics we have identified. The policies cover both our own employees and agency workers, and in some cases also our value chain. Our values highlight respect for human rights and good working conditions. Our commitment in respect of good working conditions includes offering employees skills development opportunities. We also undertake to pay wages and compensation according to agreements and legislation, and to reward good performance and exceptional effort.

Subsidiaries in the Group may have their own, local policies relating to employees. These are not covered in this report, and the policies mentioned here apply to the whole Group.

All policy documents mentioned in S1 are available to employees on the intranet and to everyone on NIBE Group's external website.

NIBE's values

Our values provide guidance on how NIBE approaches issues relating to sustainable development. We have separated them into eight areas that we call our Code of Conduct. Together with our business principles, they form the basis of our business operations. These areas are: human rights, fair working conditions, environmental responsibility, ethical business conduct, responsible sourcing, product responsibility, social engagement and transparency.

Our values include several areas relevant to S1 Own workforce. For example, we should treat all employees fairly and with respect, offer a good work environment and opportunities for personal development.

Human rights policy

NIBE's values and human rights policy are based on a number of external international principles and regulations such as the ILO's conventions, the UN guiding principles on human rights, the UN Global Compact and OECD Guidelines for Multinational Enterprises. Our policy and our values are part of our commitment to develop a corporate culture that supports internationally recognized human rights and seeks to avoid complicity in human rights violations. This means that we should respect human rights, including non-discrimination, prohibitions of child labor and forced labor and trafficking in human beings, freedom of association and the right to bargain collectively. Our employees can report anonymously any violations of our values and policy via our

whistleblowing function, which is described in more detail under G1 Business conduct.

Health and safety policy

The policy requires companies in NIBE to have a management system that includes a systematic approach to risk assessments, safety inspections, reporting of accidents and incidents, emergency contingency plans and objectives and action plans.

Diversity and equal treatment policy

The policy states that all employees should be treated with respect and dignity. Diversity includes age, gender, gender identity or expression, ethnic origin, nationality, skin color, disabilities, religion or belief, political opinion and sexual orientation. In our policy we commit to the following:

- Unbiased recruitment, where candidates are selected based on their qualifications, from as broad a recruitment base as possible.
- Focus on performance, where good work performance is appreciated, regardless of individual differences.
- Employee development, where everyone is offered the opportunity to maintain and improve their skills and develop their career.
- Training of managers, enabling them to promote an inclusive corporate culture and prevent discrimination.
- Procedures and systems, facilitating efficient handling of any cases of discrimination and/or harassment.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Employee engagement takes many different forms. We have a decentralized organization with an independent operational leadership. Employee relations are therefore not managed at Group level but locally at company level, where the local Managing Director has ultimate responsibility.

Engagement may take place on an ongoing basis in day-to-day operations, when required in connection with organizational changes or legal requirements, and may also include annual performance and development reviews. In some cases, the engagement may be conducted through trade unions or other employee representatives. Our values are also communicated to all employees in their local language.

Employees' perspectives are taken into account by using feedback from employee engagement as a basis for improvements and actions. Any changes in operations are communicated by the local Managing Director in an appropriate manner, including any potential impacts on the company's own workforce arising from efforts to reduce carbon dioxide emissions and transition to greener, climate-neutral operations. The outcomes are documented locally, for example, safety inspections, meeting minutes or jointly prepared risk assessments.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Our employees are urged to report departures from NIBE's values to their managers, local HR departments or to forward the matter to other senior managers. Employees may also report to a Group-wide whistleblowing service (<https://report.whistleb.com/en/NIBE>), as set out in our whistleblowing policy, see G1. The link to the whistleblowing service is available both externally and internally via the intranet and allows reporting either by telephone or by message. The reporting channel and cases are managed by a third party, which also leads the case investigation. Reports may be made anonymously in all channels in the reporter's own language. We assess this system as being efficient as we have received no indications to the contrary.

In case of deviations from our values or policies, NIBE takes the appropriate action, partly as redress for the affected persons and partly to prevent repeat occurrences. The actions vary depending on the type and severity of the deviation and are managed within the business or escalated within the organization where necessary.

At present, we do not examine whether our employees know and trust our procedures for raising and investigating concerns, but we have not received any indications that this is not the case. Apart from the whistleblowing policy, we also lack policies on how to protect users of the service from retaliation. This is an area we may need to develop in future. Employees receive information about the whistleblowing channel from their immediate manager. Managers continuously receive information about this from NIBE Group.

METRICS AND TARGETS

S1-4 Actions and approaches related to own workforce

Health and safety

We work systematically to improve health and safety at all our facilities to create safe workplaces and reduce the risk of injury and ill-health. Reporting and monitoring takes place quarterly and annually. The sustainability team, together with the business area board, then conducts ongoing engagement with the subsidiaries, with a focus on companies with a higher proportion of work-related injuries. Action plans are drawn up together with the responsible persons in each subsidiary. Common actions are training, increased use of personal protective equipment, opportunities for alternative job assignments and actions aimed at minimizing risk. As a manufacturing group with many employees, we will always be exposed to a risk of work-related injuries, but we work consciously to minimize this and we can see that our work is paying off as the work-related injury trend is falling. One advantage of being a global Group with many local companies and broad internal expertise is the ability to collaborate across the Group. By sharing expertise and knowledge between employees in the Group, we can prevent risks in an efficient manner.

Work on preventing and minimizing risks may in some cases involve a need for investments in e.g. lifting equipment or increased operating costs in the form of personal protective equipment. However, we do not assess this need as significant, but as a natural part of our ongoing work and investments in the business and our employees.

NIBE has a decentralized organization and impacts and risks vary between the different companies in the Group. For this reason, work on ensuring adequate wages, improved diversity and opportunities for training and skills development currently takes place mostly at subsidiary level and not at Group level.

In the coming years we will carry out mapping and further investigate our impact, to enable us to then take well-informed decisions on any needs for actions to reduce impacts and risks. This is described in more detail in S1-5. No specific resources have currently been allocated for management of our material impact.

By taking the above-mentioned actions we are continuously working to ensure that our business practices do not cause or contribute to negative impacts on our own workforce.

S1-5 Targets related to own workforce

Health and safety

NIBE's long-term and absolute health and safety goal is to have zero injuries, with a relative target of a work-related injury rate of fewer than four injuries per year by the end of 2030. The target is new for 2025 as the previous target - fewer than six injuries by the end of 2024 - was achieved. The new target covers the period 2025 to 2030 and includes all employees globally who have carried our work in our operations. Our target also includes non-employee workers, who mainly comprise agency workers. The metric refers to the lost time injury frequency rate (LTIF), which measures work-related injuries resulting in at least one day's lost work after the date of the accident per million hours worked. The outcome for the year was 5.4, which indicates a continued positive trend as a result of our systematic approach to this area.

LTIF is calculated as followed:

$$\frac{\text{(Number of work-related injuries/Hours worked)} \times 1,000,000}{1,000,000}$$

We conduct ongoing engagement with our stakeholders on the physical and organizational work environment in which we communicate our targets, outcomes and plans for the future, and also hear the views of stakeholders on our work and our targets.

The outcome of the target is followed up on a quarterly basis and communicated to each subsidiary and the business areas boards. Engagement is conducted with the companies and business area boards to enable any necessary actions to be taken and for the to companies receive support for their work.

Adequate wages, diversity and opportunities for training and skills development

In 2025, we began to map and study our impact on wages, diversity and skills development, enabling us to take a decision on whether there is a need for time-bound qualitative or quantitative targets for each area. Our aim in respect of these points is set out in our values.

We operate in a male-dominated industry, which is also reflected in the gender distribution of our management. In 2025, we therefore prepared an instruction that complements our diversity and equal treatment policy to clarify expectations and working methods. This is an area on which we are focusing in future, in order to see how best to achieve a more equal gender distribution.

S1-6 Characteristics of the undertaking's employees

The number of employees within NIBE was 20,563 in 2025. The majority of these were men (see Table 1). Countries where the number of employees accounts for more than 10% of the total workforce are Sweden, the US and Mexico (see Table 3). The geographical spread of our employees is shown on page 101. The majority of the Group's employees are full-time, permanent employees, see Table 9. When reporting data on types of employment, we use the definitions applicable under the legislation of each country.

The number of employees (not full-time equivalent) refers to people who were employed at the end of December 2025 for the companies included in the sustainability report. Data on gender and employment type has been taken from various sources in local HR systems. Employees who were dismissed or resigned were included in the number of employees until the end of their term of employment, regardless of whether or not they were required to work during their notice period.

The employee turnover rate is based on the number of employees (permanent or temporary) who left the company during the year divided by the total number of employees at year-end. We have a positive downward trend and the rate for 2025 was 23% (28) (see Table 4).

Information on the number of employees in the financial statements is provided in Note 7 and is presented as full-time equivalents, compared with the number below, which is presented as the number of employees at the end of December.

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

The number of non-employee workers refers to the number of individuals (not FTEs) engaged as of December 31, 2025. The number of non-employees represents a relatively small proportion compared with the number of employees and primarily comprises consultants and agency workers (see Table 5). Data on non-employee workers has been obtained from various sources within local HR systems.

S1-9 Diversity metrics

NIBE's overarching strategy is to create an equal company where everyone has opportunities to develop and compete on equal terms based on their skills and proficiency. We are in a male-dominated industry, which is reflected in the distribution between the number of men and women. It is important to monitor key ratios relating to gender and age distribution in order to be able to take meaningful action. The proportion of women in management

gradually increased between 2021 and 2025, which we regard as positive (see Table 6). Management is defined as the management team for each company within the Group. The number of people in the management team varies depending on the size of the company and whether or not it is a manufacturing company.

Around half of all employees are between 30 and 50 years of age. Around 30% are aged over 50 and the rest are aged under 30. The figures have been relatively constant over time, see Table 7.

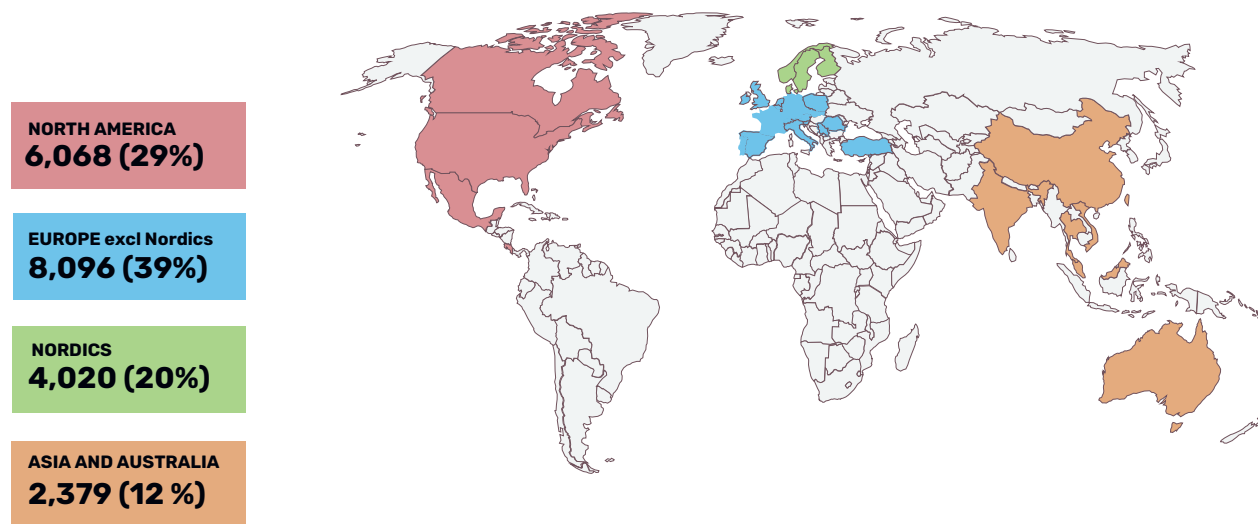
S1-10 Adequate wages

We adhere to the laws of each individual country in respect of wages, which means that our employees' wages are not below statutory minimum wage levels. However, we operate in some countries and regions where the respective wage benchmarks are below what is deemed to be the living wage in the country or region. The living wage can vary widely between different countries and regions and in some cases can be relatively high, for example in North America. This is illustrated in Table 2, which shows that NIBE has several employees in the United States and Canada with wages below the living wage, even though the wages are above the statutory minimum wage levels and are considered to be market-based. The living wage in these countries continued to increase in 2025, which explains the percentage increase compared with the previous year.

S1-13 Training and skills development metrics

Training and skills development is offered to employees at both Group level and subsidiary level. At Group level training is in the form of e-learning in areas such as human rights and anti-corruption, and all employees with a NIBE email address or subsidiary email address must complete the training every two years. The number of training hours shown in Table 10 includes this e-learning but also other types of training that the respective subsidiaries offer to their employees. Performance and career development reviews presented in Table 8 also include development reviews used as a basis for determining pay and developing employee training plans. The number of performance and career development reviews that should take place each year is managed on a decentralized basis in each company. As responsibility lies with the individual subsidiaries, outcomes may vary. The figures in Table 8 show that not all employees have a performance and career development review once a year.

DISTRIBUTION OF EMPLOYEES 2025



S1-14 Health and safety metrics

Our aim is that all companies with more than 100 employees should be certified in respect of their health and safety management systems according to ISO 45001, but we prioritize companies with the highest LTIF. Table 11 shows the proportion of employees covered by a health and safety management system and metrics related to injuries and ill health.

The measurement LTIF refers to the lost time injury frequency rate, which measures injuries resulting in at least one day's lost work after the date of the accident per million hours worked. Our health and safety target is based on this metric. The number of days lost refers to whole day absences and includes all calendar days.

S1-16 Remuneration metrics (pay gap and total remuneration)

The pay gap in Table 12 is expressed as percentage of the average pay level of male employees without any adjustments for factors affecting pay levels, such as skills, age, experience or purchasing power differences between countries.

The pay gap is calculated as follows: the difference in average total monthly pay between women and men, divided by the average monthly pay for men, expressed as a percentage at 31

December 2025. The total monthly pay is calculated in accordance with ESRS S1 and includes base salary, fixed additional payments and variable cash payments, such as bonuses and commissions. This means that the pay gap is, to some extent, due to differences in these factors.

The main reason for the pay gap is that we have a higher proportion of women in production than in administrative roles, and that these women working in production are mainly based in countries with lower median pay such as Poland, Mexico and China. The pay gap can also be explained by the fact that we have a higher proportion of men in leading positions, which is described in S1-6 and S1-9. Further analysis of the pay gap between the genders is therefore an important factor for us in our work relating to diversity and gender balance.

Table 13 shows the annual remuneration ratio for the CEO, who is the highest paid individual in the organization, in relation to the median value for all employees (excluding the CEO). Annual total employee remuneration includes salary, bonuses, share-based awards, share options, remuneration outside share-based incentive programs, changes in pension value and non-qualified deferred compensation provided during the year.

Annual total remuneration also includes applicable benefits, which may consist of cash compensation (such as bonuses or other payments) or benefits in kind (company car, private health insurance, life insurance or wellbeing programs).

Sustainability target	2025	2024	2023	2022	2021	Target
Lost time injury frequency per million hours worked LTIF	5.4	5.9	6.7	6.9	6.6	4.0

Table 1. Gender distribution of employees.

	2025	2024
Men	13,354	13,359
Women	7,191	7,189
Other	16	2
Not reported	2	0
Total employees	20,563	20,550

Table 2. Share of employees earning below the living wage.

%	2025	2024
Canada*	22.1	14.6
Mexico	0.0	0.4
Serbia	-	0.1
US*	7.2	5.3

* See explanation under S1-10 on page 101.

Table 3. Number of employees in countries with at least 50 employees and representing at least 10% of the Group's total workforce.

	2025	2024
US	3,165	3,173
Sweden	2,404	2,357
Mexico	2,316	2,298

Table 4. Employee turnover (number and percentage).

	2025	2024	2023	2022	2021
Number of employees leaving during the year	4,697	5,750	7,243	6,802	6,971
%	23	28	31	31	33

Table 5. Non-employee workers.

	2025	2024	2023
Number of non-employee workers	628	562	547

Table 6. Gender distribution among managers.

	2025	2024	2023	2022	2021
Women	% 24	23	22	21	21
Men	% 76	77	78	79	79
Women	Number 197	198	194	184	173
Men	Number 633	678	677	681	650

Table 7. Age distribution within the Group.

%	2025	2024	2023	2022	2021
age <30	17	18	20	21	21
age 30-50	50	50	51	50	51
age >50	33	32	29	29	28

Table 8. Share of employees participating in performance and career development reviews, by gender.

%	2025	2024	2023	2022	2021
Women	65	56	63	65	61
Men	68	61	60	59	60
Other/Not reported	0	50	0	0	-

Table 9. Employees by contract type, by gender.

2025	Woman	Man	Other (*)	Not disclosed	Total
Number of employees	7,191	13,354	2	16	20,563
Number of permanent employees	6,771	12,578	1	16	19,366
Number of temporary employees	400	730	1	0	1,131
Number of non-guaranteed hours employees	20	46	0	0	66
2024					
Number of employees	7,189	13,359	2	0	20,550
Number of permanent employees	6,767	12,829	1	0	19,597
Number of temporary employees	413	495	1	0	909
Number of non-guaranteed hours employees	9	35	0	0	44

* Gender as reported by the employees themselves.

Table 10. Average training hours per employee, by gender

	2025	2024	2023	2022	2021
Women	16	16	19	16	16
Men	14	14	17	15	14
Other/Not reported	0	14	0	11	-

Table 11. Health and safety relating to work-related injuries and ill health.

Employees	2025	2024	2023	2022	2021
Employees covered by a health and safety management system (%)	80	81	-	-	-
Companies with >100 employees certified according to ISO 45001 (%)	39	41	33	28	23
Recordable injuries	290	348	285	307	292
<i>Recordable injuries per million hours worked</i>	7.7	9.2	7.0	7.6	7.5
LTIF injuries	199	223	267	277	262
<i>LTIF per million hours worked</i>	5.3	5.9	6.6	6.8	6.8
Hours worked (thousand)	37,747	37,913	40,508	40,466	38,752
Lost days due to injuries	3,454				
Recorded cases of illness	15	15	44	22	62
Lost days due to illness	754				
Fatalities	0	0	0	0	0
Non-employee workers					
Recordable injuries	16	13	16	11	6
<i>Recordable injuries per million hours worked</i>	11.7	11.0	10.0	5.8	3.2
Fatalities	0	0	0	0	0

Table 12. Gender pay gap as a percentage of the pay level of male employees

	2025
Unadjusted gender pay gap	37.1

Table 13. Annual CEO remuneration ratio compared with median employee remuneration.

	2025	2024
Remuneration ratio of the CEO	27.2	26.7



ESRS S2 WORKERS IN THE VALUE CHAIN

NIBE GROUP'S IMPACT

NIBE operates in around 30 countries and in environments in which unethical business practices and infringements of human rights may occur. We collaborate with a large number of suppliers and the value chains are often complex. The requirements we place on our suppliers and sub-suppliers affect employees throughout the value chain, and we are committed to promoting safe and fair working conditions free from forced labor and harassment.

STRATEGY

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

We support a just transition by requiring decent work in our value chain. For us, this means jobs offering fair wages, voluntary and secure employment, safe working conditions and a work environment where employees have freedom of expression without risk of discrimination or retaliation. We also strive to protect their freedom of association, regardless of where they are located in the value chain.

In the assessment of our impact, we have assessed both the upstream and downstream value chain. Our conclusion is that the largest risks are upstream, in our supply chain for materials, components and products. We are determined to manage these risks and to take proactive measures to create positive change.

Our strategy means that we carry out risk assessments and evaluate our suppliers to identify improvements our suppliers may need to carry out with respect to their workers. To help us, we have a third-party system in place, and we are working according to the due diligence process visualized in illustration [x].

Within the Group, purchasing is largely decentralized, with NIBE's subsidiaries sourcing materials, components, products, transport and services from suppliers all over the world. Our supply chains are largely located where the major manufacturing units are located, i.e. in Europe and North America. Production of raw materials and electronics is assessed as having the largest impact on workers in the value chain, primarily in the following areas:

- the risk of forced labor and child labor
- equal treatment and opportunities for all
- health and safety.

Forced labor and child labor

Raw materials extraction workers

The largest risk of negative impact in the value chain relates to extraction of ore, stone and minerals. Here, workers are at risk of child labor, forced labor and discrimination, while health and safety is not a priority for suppliers. There are few labor rights for mine workers. Geographically, the mines are usually located in China and in various countries in Africa. We do not have detailed knowledge of this complex part of the value chain, which makes our impact difficult to assess. What is known is that economic vulnerability entails a risk of children going to work instead of school, women being subjected to harassment and workers being forced to move to the area, subjected to violence and forced to work. To contribute to a positive development, we are striving to ensure that the mines and smelting plants from which our suppliers purchase materials should be controlled and approved by means of external systems and certifications, see under S2-4 Supplier evaluation for more information about this work.

Workers in manufacture of electronics and electronic components

Many of our products, such as circuit boards and solar panels, contain electronic components. Production of these components is exposed to risk of forced labor, forced displacement and discrimination of e.g. ethnic minorities, indigenous peoples and migrant workers. Geographically, this production is located in China, Vietnam and Malaysia. In our supplier evaluation, we identify which suppliers and sub-suppliers work in these high-risk areas. In our requirements specification process, we carry out risk assessment of suppliers and follow up compliance via both unannounced and arranged supplier visits and audits.

Equal treatment and opportunities for all

There are risks associated with equal treatment and opportunities for all in the first production phase in the value chain, depending on where the components are manufactured. However, in general we do not operate in sectors exposed to the highest risks. A

IMPACT, RISK AND OPPORTUNITY MANAGEMENT

higher risk of discrimination of workers exists in around 14 of the 60 countries in which we have operations. Discrimination can lead to social disparities, for example, through unequal pay for equal work, limited training opportunities and lack of diversity. There is also a risk of violence and harassment. Higher risk countries include India, Vietnam, Malaysia, China and Thailand in Asia, Turkey in Europe and Mexico in North America.

We work to create a safer working environment in our value chain through careful screening of new and existing suppliers, particularly in higher-risk areas with a weaker rule of law. This means that we assess suppliers' ethics, compliance, and guidelines during evaluations, audits and visits. We ensure that they comply with our Supplier Code of Conduct, which ensures decent work and working conditions for their workers. We also work to prevent discrimination and forced labor, including the protection of ethnic minorities and migrant workers.

Health and safety

Health and safety is a key part of our work to ensure safe working conditions for workers in our supply chain. It is important that workers have the correct personal protective equipment for the work they perform, the correct tools and equipment, and the training required to be able to perform the work safely. There is a risk of accidents and injuries in all work, but some workers are more exposed, particularly in production. Work involving chemicals, heavy lifting, electrical work and hot works are areas where the risk is higher. These risks occur all over the world, but geographically the risks are higher in:

Asia: India, China, Malaysia, Thailand.

Europe: Romania, Turkey.

North America: Mexico.

We can make a positive contribution if, in our evaluations and during site visits, we check that suppliers have risk assessment in place and that personal protective equipment is available and provided by the company free of charge.

To enable us to take a systematic approach to our work with our suppliers and the impacts, risks and opportunities arising in our value chain, we follow OECD guidance on due diligence for business conduct. See illustration [x]. Our policy documents provide guidance for us and our suppliers on how to work with and treat workers. Our management systems enable us to identify and, as the next step, manage any negative impacts that arise and to take a long-term approach to efforts to achieve improved working conditions, safe and secure workplaces and improved equal treatment. Follow-up of actions is carried out through management systems and other communication channels. These can also be used to inform stakeholders about how we manage any incidents or about the actions taken to minimize the risk of incidents occurring. Through our subsidiaries, we collaborate with our suppliers on a long-term basis to continuously reduce the risk of negative impacts and to strengthen the relationship between us and workers in the value chain. This process is described in more detail in the following sections.

S2-1 Policies related to value chain workers

NIBE has developed a number of policy documents and other guiding documents related to social conditions in the value chain. The policies apply to all workers in the value chain. Our policies are developed on the basis of supporting data in the form of supplier engagement, direct feedback from workers or representatives and industry standards.

Description of relevant policies

Our values

Our values provide guidance on how NIBE approaches issues relating to sustainable development, both internally and externally.

Our values show that we implement responsible sourcing and require suppliers to comply with our Code of Conduct. The values also state that we do not permit child labor, illegal labor or forced labor.

Supplier Code of Conduct

We have developed a Supplier Code of Conduct that should be considered an integral part of all agreements regulating the relationships between NIBE and suppliers, irrespective of the size and scope of the agreement. This Code forms the basis for our collaboration with our business partners and establishes that we collaborate with suppliers who contribute to our sustainability profile and share our ethical standards. The policy stresses the

importance of suppliers and sub-suppliers complying with local laws and the UN Global Compact and ensuring respect for human rights. Child labor, forced labor, discrimination and corruption are prohibited. Suppliers must also safeguard health and safety and comply with environmental performance criteria by ensuring efficient use of resources, minimizing waste and preventing pollution. Suppliers are encouraged to review their own sub-suppliers and monitor these to ensure compliance with this Code of Conduct.

Responsible sourcing policy

The policy describes our statement on and commitment to ethical sourcing. This means that we identify, counteract and take action on risks of corruption, infringements of human rights and workers' rights in our value chain. The policy covers materials suppliers as well as transport and service. All suppliers are expected to comply with legislation and the ten principles of the UN Global Compact. Supplier should have appropriate health and safety procedures in place and follow up that the work relating to this is being carried out satisfactorily. If action is not taken to remedy any identified shortcomings, the contract may be terminated. If we have caused or contributed to harm, we undertake to remedy it or provide compensation.

Human rights policy

Our human rights policy is based on the UN Universal Declaration of Human Rights, the UN Guiding Principles, the OECD's Guidelines and the ILO's Core Conventions. The policy aims to create a culture that respects human rights and avoids violations throughout the entire value chain. It includes labor rights, including non-discrimination and prohibition of child labor and forced labor, and requires suppliers to adhere to the same principles. Respect for local communities and engagement with social improvement measures are key issues.

Sexual exploitation and abuse policy

This policy describes NIBE's zero tolerance approach to sexual exploitation and abuse, and our commitment to prevent and manage such incidents. The policy expressly prohibits sexual exploitation, abuse and sexual activity with a child. We undertake to ensure compliance through increased awareness, supervisory mechanisms and rapid investigation of any reported cases. Violations of the policy will lead to strict actions, including disciplinary procedures or termination of contract.

Modern slavery statement

The statement describes NIBE's commitment to respecting internationally recognized human rights and avoiding infringements. NIBE undertakes to uphold principles of non-discrimination, prohibition of child labor and forced labor, freedom of association

and safe working conditions. Since 2014 we have been a signatory to the UN Global Compact and adhere to current international standards, such as the ILO conventions and the UN Convention on the Rights of the Child. Suppliers are expected to adhere to NIBE’s values and Code of Conduct, including environmental and social requirements, and to communicate these to their employees and sub-suppliers. Compliance is followed up using self-evaluations, audits and employee training.

Conflict minerals policy

This policy covers NIBE’s commitment to prevent use of conflict minerals in its products. We strive to identify and avoid conflict minerals that originate in conflict mines in the Democratic Republic of Congo and bordering states. We require our suppliers to ensure traceability and compliance with the OECD Guidelines, and to reflect these requirements in their Code of Conduct and purchasing terms. Suppliers are expected to implement a policy for conflict minerals and to carry out due diligence to verify the origin of minerals.

Management of policies

All policies and statements are available on our website nibe.com. Suppliers also receive our business principles and values in booklet form.

Monitoring is carried out through our third-party review system. In 2025 we did not identify any violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Rights At Work or the OECD Guidelines for Multinational Enterprises that involved workers.

Currently, our policies lack a description of relationships with workers in the value chain. Responsibility for our policies is described in ESRs 2, GOV-2.

S2-2 Processes for engaging with value chain workers

NIBE has a mainly decentralized sourcing system at subsidiary level. Evaluations and inspections of the value chain are carried out locally and are not managed by the Group. In many cases we have our own companies in countries where we have suppliers, which gives us good insight into workers’ situation, including persons in vulnerable situations such as migrants, children, women and various ethnic minorities.

We also use information from various non-profit organizations and reports to assess risks and situations. Examples of these include UNICEF concerning child labor, Global Slavery Index and US Trafficking in Persons Report for trafficking in human beings

and International Trade Union Confederation Global Workers Rights Index and Living Wage Indicator and Estimates Reports for working conditions.

Our process for engaging with workers on our material topics involves several steps:

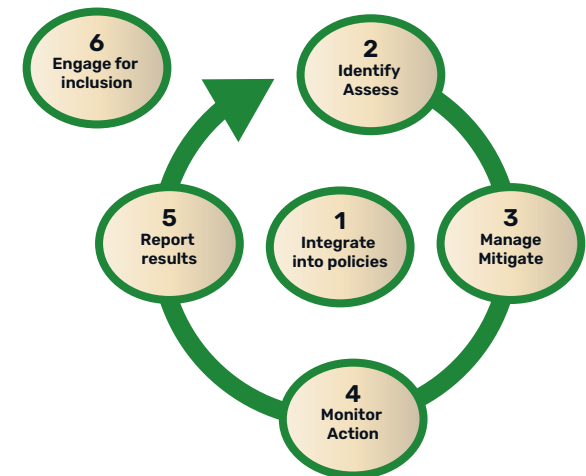
- Initial and ongoing visits: During these visits, we speak directly to workers or their representatives to identify any aspects of concern. Visits may be linked to changes in the business or other business-related discussions.
- Follow-up of corrective actions: During follow-up of actions identified during evaluations, we speak to several operators or their representatives, or in some cases via trade unions.
- Sustainability audits: During both initial and periodic audits, we engage with several operators or their representatives.

Our subsidiaries and their sub-suppliers bear the main responsibility for engaging with workers and conducting effective follow-up. Group-wide functions exist to support these processes and work to prepare supplementary governing documents to ensure compliance and the availability of communications channels. There is currently no fixed requirement for the frequency of site visits to suppliers; instead, this is assessed on an ongoing basis depending on supplier size, whether the supplier is business-critical and the results of evaluations in our supplier assessment systems. There is no separate channel to gain an insight into how particularly vulnerable groups are affected. This information is collected through our supplier evaluation system, site visits and sustainability audits.

We have framework agreements with suppliers and our supplier Code of Conduct is an integral part of these agreements. However, NIBE does not have any agreements with global trade unions and none of our agreements include requirements for suppliers to work with global trade unions. Currently, we do not have an established method for evaluating how engaging with workers leads to concrete results.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Our guidelines stipulate that if we identify that we have caused or contributed to a negative impact on workers in the value chain, we will take action to facilitate an appropriate solution. Currently, we do not have a defined procedure for evaluating whether an action is adequate. Our whistleblowing system opened to external stake-



holders in 2025 and workers can use this channel to raise concerns but also to contact us if the handling of actions is perceived as inadequate. As the next step, in 2026 we will further develop the whistleblowing system to facilitate appropriate management of potential incidents that have been reported and remediation in cases where this is deemed necessary. The procedures for remediation will thus follow the evaluation and decision-making process established in our whistleblowing policy.

The main contact methods for value chain workers to inform us of problems or needs is in connection with our visits or audits or via the whistleblowing channel or contact with representatives from our company. We give workers access to these contact channels by informing our suppliers, by providing information directly during site visits and by making our whistleblowing channel available online. There is currently no process in place for evaluating whether workers are aware of and feel safe to use these contact channels. If we receive reports, these are handled in accordance with NIBE’s whistleblowing policy, which guarantees protection for the person reporting. This means anonymity is protected and that the risk of the individual losing their job or otherwise being put at a personal disadvantage is minimized. Read more about our whistleblowing function in the sections S1-3 and G1-1.

S2-4 Actions and approaches related to value chain workers

Supplier evaluation

All suppliers shall be evaluated for their management of risks relating to human rights and labor rights. Specific priority should be given to suppliers who operate in high-risk countries and high-risk industries, and these are evaluated in our third-party systems. Existing suppliers in these high-risk areas should have started the process in our new third-party system EcoVadis by 2026 at the latest. The outcome of this action is followed up in the system and through our targets for the topic. New suppliers in high-risk areas must undergo evaluation before entering into a partnership. The EcoVadis evaluation system includes, in addition to an extensive questionnaire, a monitoring function known as "360". This function monitors whether suppliers are mentioned in news media, sanctions lists or court orders, both in a positive and negative light. If we receive indications that a supplier is not adhering to our Code of Conduct, we will contact the supplier to gain a better understanding of the situation and verify if the information is correct. Based on this contact, we determine whether further action and remediation is required. By mapping suppliers we obtain information about how our suppliers work and the impact they have on their workers and we ensure that their working methods align with our policies and values long term.

Higher up in the value chain we monitor risks via reports from non-profit organizations and other actors in order to drive improvement in areas such as child labor, forced labor and health and safety in mining. We have, for example, decided to use Responsible Minerals Initiatives (RMI) templates for reporting and follow-up. RMI focuses on responsible sourcing from mines that extract conflict minerals. RMI shows which smelting plants have process and procedures to ensure that there are no occurrences of forced labor, child labor or trafficking in human beings, and to ensure good working conditions. We also follow reports from UNICEF on child labor, Global Slavery Index, US Trafficking in Persons Report and the ITUC Global Workers Rights Index.

Work continues on developing microtraining in human rights

and labor rights. This training aims to increase awareness and understanding of requirements and should be made available to our suppliers. This training may also contribute to future suppliers managing risks already before they enter our value chain.

Actions are assessed on an ongoing basis in our supplier evaluation system, in which risk scales and prioritization lists are used to identify essential efforts. Each subsidiary develops action plans together with suppliers, which are followed up to ensure compliance with requirements and regulations. In the evaluation of suppliers, most actions have focused on risk assessments of health and safety in production and on sub-suppliers whose policies fail to meet Group requirements. Through our policy documents, instructions and engagement with our subsidiaries, we seek to minimize any negative impacts on value chain workers caused by our own operations.

During 2025, we did not identify any cases requiring remediation or further action in relation to actual adverse impacts. Future actions are planned by the respective subsidiaries, in line with the outcomes of supplier evaluations and other local processes.

Resources

No centralized financial resources have been allocated in addition to the third party systems mentioned above. Necessary resources are made available by each subsidiary.

TARGETS

S2-5 Targets related to workers in the value chain

In order to follow up our work in an appropriate way, in 2025 we adopted the target that 100% of our suppliers in high-risk countries should have completed or started evaluation in our supplier evaluation system EcoVadis in 2026. Of our suppliers in high-risk countries, 72% were evaluated in our previous supplier evaluation system and 2% of those suppliers have already been moved across to EcoVadis. This migration will continue in 2026. The 28% of suppliers who have not yet been evaluated primarily comprise suppliers where we do not have recurring orders. Suppliers in other parts of the world, where the risk is assessed as medium to low, will also gradually be included in the process but are not covered by the target. The risk scale is determined using the third-party system Verisk Maplecroft. The risk assessment is based on, among other things, factors relating to human rights, working conditions, child labor, health and safety, and varying degrees of discrimination. EcoVadis is used to follow up the target.

The target was adopted by the Sustainability Council and is based on data from previous supplier assessments, information collected through EcoVadis, and internal expertise. Workers in the value chain have not been directly involved in the adoption or follow-up of the target. No base year has been identified, as none is considered relevant given the nature of the target. The purpose of the target is to ensure that NIBE's suppliers work in accordance with our policies and values to minimize negative impacts on value chain workers.

By mapping our suppliers, we gain valuable information about where direct materials are purchased, the relevant areas of risks and unique information for each sector in which suppliers operate.

EcoVadis enables us to obtain more relevant and specific data, which is also representative of the industries in which our suppliers operate.



GOVERNANCE

ESRS G1 BUSINESS CONDUCT

NIBE GROUP'S IMPACT

A healthy corporate culture characterized by transparency, integrity and accountability is crucial in order to prevent, detect and react to failure to comply with both laws and our values and policies. In an international group it is of utmost importance to actively counteract the risk of corruption or other irregularities. NIBE is therefore continuously working to promote responsible business conduct among our employees, in respect of customers and suppliers, and in the communities in which we operate. Our values underpin this work.

G1-1 Business conduct policies and corporate culture

NIBE is an international company with many employees and we therefore set great store by our work on anti-corruption and prohibited restraint of trade. Our values and business principles entail zero tolerance of all forms of corruption and apply to all parts of our business, including our business partners. In addition to our values, we have three policies related to business conduct and corporate culture.

Anti-corruption policy

The policy highlights the importance of complying with legislation and adhering to business ethics. It also includes a prohibition on all forms of corruption for own benefit or that of the company. This applies regardless of whether gifts are of monetary value or not.

Whistleblowing policy and associated whistleblowing function

The policy aims to achieve and maintain an open business climate and high standards of business ethics. It is incumbent on our employees to report suspected or known violations either to the relevant manager or via our whistleblowing function. All reports must be processed and investigated by an independent third party with relevant training and skills, and total anonymity is guaranteed. The CEO or Managing Director of the local subsidiary is informed if the service is used. Should the matter concern the CEO, the Chairman of the Board will be informed. Statistics and a short report on the cases are reported annually to the Board of

Directors of the NIBE Group. Employees are urged to report other departures from NIBE's values to their managers, local HR departments or other senior managers within the organization.

Business relationships policy

The policy establishes that sanctions adopted under international law, EU law or national legislation and which apply to specific products, business sectors or named individuals must be followed. The policy defines a minimum level for the actions and procedures that must be in place in each subsidiary in respect of these types of restrictions. The policy also includes instructions, guidelines and other practical advice on how to act when we do business in countries subject to sanctions.

G1-2 Management of relationships with suppliers

NIBE's work on responsible sourcing is designed to ensure that our ethical guidelines are followed by suppliers and sub-suppliers. The work forms part of the supplier evaluation and comprises areas such as health and safety, the environment, human rights, product legislation and ethical guidelines. For more information on our risk assessment and policies for this area, see S2 Workers in the value chain.

According to our guidelines, we should always strive to apply good business ethics, which means we should be honest, treat our business partners with respect and comply with the agreements we have entered into in respect of e.g. terms of payment.

METRICS AND TARGETS

G1-3 Prevention and detection of corruption and bribery

Employees with email, Group management and Board members are considered to be most exposed to attempted corruption and bribery and therefore undergo anti-corruption training every two years via NIBE's digital training platform. Because the training is carried out every two years, there is some natural fluctuation between the years (see Table 1). The training is part of our preventive work and covers:

- various forms of corruption and bribery
- NIBE's values
- policies linked to this issue
- the risks that exist
- the consequences of corruption and bribery for both individuals, NIBE, our business partners and society at large.

The training has been translated into 20 languages to ensure that the persons concerned understand the meaning and are able to act in line with our values and policies. In addition to the training, all employees and Board members receive information about NIBE's anti-corruption and anti-bribery statement via our values.

NIBE has a screening tool to prevent, detect and manage incidents involving corruption and bribery involving customers and other business partners. The tool has been developed externally and is managed at Group level to ensure objective and independent handling of received cases. The process includes screening on the basis of sanctions, watch lists, politically exposed persons (PEP) and adverse media screening that includes incidents of bribery and corruption. The screening is based on our policy for business relationships and focuses on customers or other business partners who are located in, or have links to, high-risk countries. On completion of screening, any action will be taken in consultation with the subsidiary concerned, and if necessary, the matter will be escalated to the head of business area and the relevant manager in NIBE Group.

Preventive action on bribery and corruption is a natural part of our daily work and we assess that this work will continue without any material need for increased costs or investments.

G1-4 Incidents of corruption or bribery

We did not have any confirmed cases of corruption and bribery in the reporting year and consequently no convictions.

G1-5 Political influence and lobbying activities

We want to support the local communities in which we operate and therefore prioritize contributions and sponsorship agreements that benefit these. We prioritize agreements that support our values and strengthen our relationships with customers and partners. We do not contribute to or become involved with political parties, politicians or political organizations, either financially or otherwise (see Table 2). However, the table also presents the Group's monetary contributions and sponsorships to other types of organizations, e.g. within culture and health. None of the members of the Board or management team of NIBE Group has held a similar position with an authority or supervisory authority in the last two years.

On the contrary, NIBE takes an active approach to being a positive force in the transition to a more energy-efficient and fossil-free society. This work primarily takes the form of memberships of various trade associations both nationally and internationally, but also via direct contact with the EU Commis-

sion. Management is ultimately responsible and debriefing takes place on an ongoing basis.

Through trade associations such as EHPA (European Heat Pump Association), GeoExchange Coalition and Eurovent, NIBE is involved in developing new legislation and standards that impact our product portfolios, supports the association in communications with the relevant authorities and receives important information.

Where we have direct contact with policy makers, such as the European Commission, this is aimed at driving the transition on a scientific basis. For example, NIBE is working to ensure that fossil gas boilers are subject to stricter requirements under the Ecodesign Directive, particularly with regard to energy labeling. In another example, we have worked with a university and a national industry organization to produce a study showing how much free cooling a ground source heat pump can provide. The aim of the study has been to make this information visible in the energy labeling of these products. Neither NIBE Industrier or any of our subsidiaries are themselves included in the EU Transparency Register or similar transparency registers in a Member State.

An important part of our work on impacts is participation in national as well as international research projects. These projects are usually led by seats of learning or research institutions and we can contribute as a reference group, technical experts or by providing products or components.

Table 1. Number of employees and Board members who received anti-corruption training.

Anti-corruption training	2025	2024	2023	2022	2021
Administrative workers	2,626	5,919	5,985	5,663	6,346
Members of the Board	152	117	49	19	60
Total	2,778	6,036	6,034	5,682	6,406

Table 2. NIBE's contributions and sponsorships, SEK million.

Contributions and sponsorship	2025	2024	2023	2022	2021
Sponsorships of culture, sports, health and young people	19.9	9.8	8.1	13.4	2.8
Political contributions	0	0	0	0	0

APPENDIX

IRO-2 Disclosure requirements in ESRS covered by the undertaking’s sustainability statement

The following tables list all ESRS disclosure requirements included in this sustainability report. Bio-diversity (E4), Affected Communities (S3) and Consumers and end-users (S4) are excluded because these topics were assessed as not material in the materiality assessment. All ESRS 2 disclosure requirements are mandatory and are therefore included.

S = Sustainability report, CGR = Corporate governance report

ESRS 2 GENERAL DISCLOSURES

DR	Description	Section / report	Page	Further information
BASIS FOR PREPARATION				
BP-1	General basis for preparation of sustainability statements	S	65	
BP-2	Disclosures in relation to specific circumstances	S	65	
GOVERNANCE				
GOV-1	Role of administrative, management and supervisory bodies	S	66	
GOV-2	Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies	S, CGR	67, 182–184	
GOV-3	Integration of sustainability-related performance in incentive schemes	S	67	
GOV-4	Statement on due diligence	S	67	
GOV-5	Risk management and internal controls over sustainability reporting	S	67	
STRATEGY				
SBM-1	Strategy, business model and value chain	S	69–70	
SBM-2	Interests and views of stakeholders	S	70–71	
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	70–73	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	S	74–79	
IRO-2	Disclosure requirements in ESRS covered by the undertaking’s sustainability statement	S	110–112	

ESRS E1 CLIMATE CHANGE

DR	Description	Section / report	Page	Further information
GOVERNANCE				
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	S	67	
STRATEGY				
E1-1	Transition plan for climate change mitigation	S	80	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	70–73	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E1-2	Policies related to climate change mitigation and adaptation	S	81	
E1-3	Actions and resources in relation to climate change policies	S	81–82	
METRICS AND TARGETS				
E1-4	Targets related to climate change mitigation and adaptation	S	82, 84	
E1-5	Energy consumption and mix	S	82, 86	
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	S	83, 84–85	
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	S	83	
E1-8	Internal carbon pricing	S	83	
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	S	83	
Entity-specific datapoints	<ul style="list-style-type: none"> • LCE-classified products • Reduction of carbon dioxide emissions by our customers 	S	82–85	

ESRS E2 POLLUTION

DR	Description	Section / report	Page	Further information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E2-1	Policies related to pollution	S	87	
E2-2	Actions and resources related to pollution	S	87	
METRICS AND TARGETS				
E2-3	Targets related to pollution	S	87	
E2-4	Pollution of air, water and soil	-	-	Not material
E2-5	Substances of concern and substances of very high concern	-	-	Not material
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	S	87	

ESRS E3 WATER AND MARINE RESOURCES

DR	Description	Section / report	Page	Further information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E3-1	Policies related to water and marine resources	S	88	
E3-2	Actions and resources related to water and marine resources	S	88	
METRICS AND TARGETS				
E3-3	Targets related to water and marine resources	S	89	
E3-4	Water consumption	S	89	
E3-5	Anticipated financial effects from water and marine resources-related risks and opportunities	S	89	

ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY

DR	Description	Section / report	Page	Further information
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
E5-1	Policies related to resource use and circular economy	S	90	
E5-2	Actions and resources related to resource use and circular economy	S	90-91	
METRICS AND TARGETS				
E5-3	Targets related to resource use and circular economy	S	91	
E5-4	Resource inflows	S	92	
E5-5	Resource outflows	S	92-93	
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	S	93	

ESRS S1 OWN WORKFORCE

DR	Description	Section / report	Page	Further information
STRATEGY				
ESRS 2 SBM-2	Interests and views of stakeholders	S	70–71	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	98	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
S1-1	Policies related to own workforce	S	99	
S1-2	Processes for engaging with own workers and workers' representatives about impacts	S	99	
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	S	99	
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	S	100	
METRICS AND TARGETS				
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S	100, 102	
S1-6	Characteristics of the undertaking's employees	S	100, 102	
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	S	100, 102	
S1-8	Collective bargaining coverage and social engagement	–	–	Not material
S1-9	Diversity metrics	S	100–102	
S1-10	Adequate wages	S	101–102	
S1-11	Social protection	–	–	Not material
S1-12	Persons with disabilities	–	–	Not material
S1-13	Training and skills development metrics	S	101, 103	
S1-14	Health and safety metrics	S	101, 103	
S1-15	Work-life balance metrics	–	–	Not material
S1-16	Remuneration metrics (pay gap and total remuneration)	S	101, 103	
S1-17	Incidents, complaints and severe human rights impacts	–	–	Not material

ESRS S2 WORKERS IN THE VALUE CHAIN

DR	Description	Section / report	Page	Further information
STRATEGY				
ESRS 2 SBM-2	Interests and views of stakeholders	S	70–71	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	S	104–105	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
S2-1	Policies related to value chain workers	S	105–106	
S2-2	Processes for engaging with value chain workers about impacts	S	106	
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	S	106	
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	S	107	
METRICS AND TARGETS				
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	S	107	

ESRS G1 BUSINESS CONDUCT

DR	Description	Section / report	Page	Further information
GOVERNANCE				
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	S	66	
IMPACT, RISK AND OPPORTUNITY MANAGEMENT				
G1-1	Business conduct policies and corporate culture	S	108	
G1-2	Management of relationships with suppliers	S	108	
G1-3	Prevention and detection of corruption and bribery	S	109	
METRICS AND TARGETS				
G1-4	Confirmed incidents of corruption or bribery	S	109	
G1-5	Political influence and lobbying activities	S	109	
G1-6	Payment practices	–	–	Not material

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ASSESSMENT OF THE MATERIAL INFORMATION TO BE DISCLOSED IN THE SUSTAINABILITY REPORT

The materiality assessment performed by NIBE resulted in a list of material sub-sub-topics. Material disclosure requirements and datapoints were determined on the basis of these material sub-sub-topics and the documented information used for the assessment. The selection process also took into consideration the users of the report to enable them to understand the company's impact and to make informed decisions.

Index of Datapoints derived from other EU legislation

The following table shows an index of datapoints derived from other EU legislation and a description of whether or not they are deemed relevant to NIBE. The EU legislation to which these datapoints relate are the SFDR, Pillar 3, the Benchmark Regulation and EU Climate Law. Detailed references can be found in Delegated Regulation 2023/2772¹ ESRS 2, Appendix B.

¹ 2023/2772, COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

RELATED DATA-POINT	DISCLOSURE REQUIREMENTS	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION	PAGE	MATERIALITY
ESRS 2 GOV-1	Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		S	66	
ESRS 2 GOV-1	Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		S	66	
ESRS 2 GOV-4	Statement on due diligence paragraph 30	Indicator number 10 of Table 3 of Annex 1				S	67	
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 of Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II				Not material
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 of Table 2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II				Not material
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 of Table 1 of Annex 1		Article 12(1) Delegated Regulation (EU) 2020/1818 (7), Delegated Regulation (EU) 2020/1816, Annex II				Not material
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Article 12(1) Delegated Regulation (EU) 2020/1818, Delegated Regulation (EU) 2020/1816, Annex II				Not material
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	S	80-81	
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity			S	81	
ESRS E1-4	GHG emission reduction targets paragraph 34	Indicator number 4 of Table 2 of Annex 1	Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		S	82, 84	

RELATED DATA-POINT	DISCLOSURE REQUIREMENTS	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION	PAGE	MATERIALITY
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 of Table 1 and Indicator number 5 of Table 2 of Annex 1				S	82, 86	
ESRS E1-5	Energy consumption and mix paragraph 37	Indicator number 5 of Table 1 of Annex 1				S	82, 86	
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs 40–43	Indicator number 6 of Table 1 of Annex 1				S	82, 86	
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 of Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		S	83, 85	
ESRS E1-6	Gross GHG emissions intensity paragraphs 53–55	Indicator number 3 of Table 1 of Annex 1	Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		S	83, 84	
ESRS E1-7	GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	S	83	
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II, Delegated Regulation (EU) 2020/1816, Annex II				Not disclosed
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk, paragraph 66 (c)		Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking book – Climate Change physical risk: Exposures subject to physical risk					Not disclosed
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		Article 449a Regulation (EU) No 575/2013, Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book – Climate Change transition risk: Loans collateralized by immovable property – Energy efficiency of the collateral					Not disclosed
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II				Not disclosed
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 of Table 1 of Annex 1 Indicator number 2 of Table 2 of Annex 1 Indicator number 1 of Table 2 of Annex 1 Indicator number 3 of Table 2 of Annex 1						Not material
ESRS E3-1	Water and marine resources paragraph 9	Indicator number 7 of Table 2 of Annex 1					88–89	
ESRS E3-1	Dedicated policy paragraph 13	Indicator number 8 of Table 2 of Annex 1						Not material
ESRS E3-1	Sustainable oceans and seas paragraph 14	Indicator number 12 of Table 2 of Annex 1						Not material

RELATED DATA-POINT	DISCLOSURE REQUIREMENTS	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION	PAGE	MATERIALITY
ESRS E3-4	Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 of Table 2 of Annex 1					88-89	
ESRS E3-4	Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 of Table 2 of Annex 1					88-89	
ESRS 2 – IRO 1 – E4	Paragraph 16 (a) i	Indicator number 7 of Table 1 of Annex 1						Not material
ESRS 2 – IRO 1 – E4	Paragraph 16 (b)	Indicator number 10 of Table 2 of Annex 1						Not material
ESRS 2 – IRO 1 – E4	Paragraph 16 (c)	Indicator number 14 of Table 2 of Annex 1						Not material
ESRS E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 of Table 2 of Annex 1						Not material
ESRS E4-2	Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 of Table 2 of Annex 1						Not material
ESRS E4-2	Policies to address deforestation paragraph 24 (d)	Indicator number 15 of Table 2 of Annex 1						Not material
ESRS E5-5	Non-recycled waste paragraph 37 (d)	Indicator number 13 of Table 2 of Annex 1				S	91, 93	
ESRS E5-5	Hazardous waste and radioactive waste paragraph 39	Indicator number 9 of Table 1 of Annex 1				S	93	
ESRS 2 – SBM3 – S1	Risk of incidents of forced labor paragraph 14 (f)	Indicator number 13 of Table 3 of Annex 1				S	98	
ESRS 2 – SBM3 – S1	Risk of incidents of child labor paragraph 14 (g)	Indicator number 12 of Table 3 of Annex 1				S	98	
ESRS S1-1	Human rights policy commitments paragraph 20	Indicator number 9 of Table 3 and Indicator number 11 of Table 1 of Annex 1				S	99	
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1–8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		S	99	
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 of Table 3 of Annex 1				S	99	
ESRS S1-1	Workplace accident prevention policy or management system paragraph 23	Indicator number 1 of Table 3 of Annex 1				S	99	
ESRS S1-3	Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 of Table 3 of Annex 1				S	99	
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II			103	
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 of Table 3 of Annex 1					103	
ESRS S1-16	Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II			103	
ESRS S1-16	Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 of Table 3 of Annex 1					103	
ESRS S1-17	Incidents of discrimination, paragraph 103 (a)	Indicator number 7 of Table 3 of Annex 1						Not material

RELATED DATA-POINT	DISCLOSURE REQUIREMENTS	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LAW REFERENCE	SECTION	PAGE	MATERIALITY
ESRS S1-17	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 of Table 1 and Indicator number 14 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)				Not material
ESRS 2 – SBM3 – S2	Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	Indicators number 12 and 13 of Table 3 of Annex 1				S	104–105	
ESRS S2-1	Human rights policy commitments paragraph 17	Indicator number 9 of Table 3 and Indicator number 11 of Table 1 of Annex 1				S	105	
ESRS S2-1	Policies related to value chain workers paragraph 18	Indicators number 11 and 4 of Table 3 of Annex 1				S	105–106	
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 19	Indicator number 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)		S	105	
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labour Organization (ILO) Conventions 1–8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		S	105–106	
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 of Table 3 of Annex 1				S	107	
ESRS S3-1	Human rights policy commitments paragraph 16	Indicator number 9 of Table 3 and Indicator number 11 of Table 1 of Annex 1						Not material
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD Guidelines paragraph 17	Indicator number 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)				Not material
	OECD Guidelines paragraph 17							
ESRS S3-4	Human rights issues and incidents paragraph 36	Indicator number 14 of Table 3 of Annex 1						Not material
ESRS S4-1	Policies related to consumers and end-users paragraph 16	Indicator number 9 of Table 3 and Indicator number 11 of Table 1 of Annex 1						Not material
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 17	Indicator number 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II, Delegated Regulation (EU) 2020/1818, Article 12(1)				Not material
ESRS S4-4	Human rights issues and incidents paragraph 35	Indicator number 14 of Table 3 of Annex 1						Not material
ESRS G1-1	United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 of Table 3 of Annex 1						Not material
ESRS G1-1	Protection of whistleblowers paragraph 10 (d)	Indicator number 6 of Table 3 of Annex 1					108	
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II			109	
ESRS G1-4	Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 of Table 3 of Annex 1						Not material

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ADMINISTRATION REPORT 2025

Significant events during the financial year

The year was characterized by adjusted cost structures as a result of the action plan carried out in 2024, a solid market presence and strong product ranges.

Action plan

The full effects of the action plan carried out in 2024, primarily in NIBE Climate Solutions and NIBE Element, could be seen in 2025. The cost savings have been achieved and, with well-adapted cost structures, strong product ranges, a solid market presence and modern, efficient facilities, all three of our business areas are well positioned.

Acquisitions

We acquired 70% of the shares in the Italian company Selmo S.r.l. in the fourth quarter. The company is a leading manufacturer of thermostats and electronic control solutions for electric heating. It has annual net sales of approximately EUR 18 million and the acquisition underlines our ambition to drive growth by expanding our product offering to include components and solutions. The company was consolidated as of November 2025.

Investment program

The five-year SEK 10 billion investment program established in 2020 was completed during the year and has contributed to improved productivity, higher delivery reliability and improved quality.

Remuneration

The Annual General Meeting determines the level of remuneration for the Chairman of the Board and other directors.

The Annual General Meeting also determines the guidelines for the remuneration of the Managing Director and CEO and other senior executives. Based on these guidelines, the Board of Directors decides on the remuneration of the Managing Director and CEO. The remuneration of other senior executives is determined by the Managing Director and CEO in consultation with the Chairman of the Board. Decisions in this regard are reported to the Board of Directors. See also Note 6 about remuneration for the year and the principles applied in 2025.

The Board's proposal for guidelines for 2026 largely matches the principles approved at the 2025 Annual General Meeting.

Environmental issues

NIBE has production facilities in 29 countries. Their environmental impact primarily consists of:

- Use of raw materials such as metals and plastics
- Use of natural resources such as energy and water
- Generation of waste
- Emissions to air and water
- Transportation

NIBE complies with national environmental legislation in all countries in which we have production facilities. Where operations require a permit, results and any failure to comply with permit conditions are reported to the environmental authorities in the country in question and to the Group's sustainability department. Three breaches of with environmental permit conditions were reported in 2025. The cases concerned emissions to water and soil and did not result in any significant fines or orders from environmental authorities.

The Group manages improvements in its environmental performance by setting targets, tracking key ratios and reporting results in accordance with CSRD. Our LCE products have a positive impact on the environment as they help reduce primary energy consumption, increase the use of renewable energy and thus reduce climate impact.

There is contaminated soil at nine of the Group's production facilities in Denmark, the Czech Republic, the UK, the US, Italy and Sweden. No contingent liabilities were recognized for this as it is deemed extremely unlikely that any of these could entail significant costs if the Group were to be held liable.

Staff issues, human rights and anti-corruption measures

Our values assume that everyone is of equal value and everyone should have the same opportunities to develop in the company, regardless of gender, ethnicity, age or background. We want all our employees to see NIBE as a secure, fair employer that works to ensure a good working environment, good working conditions, diversity and equal opportunities.

Our policies on respecting human rights and promoting equal opportunities and non-discrimination also extend to our supply chain, and we evaluate new suppliers against our requirements before they are used. We also evaluate existing suppliers against our requirements for human rights and working conditions.

Our business principles and our values create a well-established code of conduct that forms the basis for our employees to work together, show commitment and enjoy freedom with responsibility. As part of our internal controls within the Group, all companies and several subsidiaries are visited every year to ensure that everyone applies the same principles and that the standard of working conditions remains high. For more information about our strategies relating to employees and responsible sourcing, see pages 20 and 24, and for statistics, see the table of contents on page 64.

NIBE's anti-corruption work is driven by our values. Information is provided to all employees, and more extensive e-learning is provided to all salaried employees we have classified as being in exposed roles. The Group also provides a whistleblowing function, which is managed by a third party. Zero tolerance for corruption is communicated to our suppliers and business partners via the Our Values handbook and agreements. See page 24.

Research and development

NIBE Group carries out market-leading research and development within each of its business areas. We believe that this is a crucial factor behind continued organic growth and our ability to establish a presence in new markets. It also means that we can respond quickly to changes in what our customers want and transform their wishes into the best possible solution in the relevant market context. See Note 8 for development costs and Note 14 for capitalized development costs.

Future trends

- 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 have broad experience and are therefore 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 the different types of energy are difficult to predict.
- 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.

Ownership

NIBE's share capital is divided into 233,130,360 class A shares and 1,782,936,128 class B shares. Each class A share carries ten votes at general meetings and each class B share carries one vote. Class A shares, which represent approximately 57% of the votes, have pre-emption rights as per the company's articles of association.

The company has two shareholder groups that each hold more than 10% of the voting rights: a group consisting of current and former Board members and senior executives, holding approximately 46%, and the Schörling family, holding approximately 19%.

Proposal for appropriation of profits

Profits at the disposal of the Annual General Meeting:

Retained earnings	SEK 2,742 million
Share premium reserve	SEK 4,751 million
Net profit for the year	SEK 776 million
Total	SEK 8,269 million

The Board of Directors proposes that a dividend of SEK 0.35 per share be paid, corresponding to SEK 706 million, and that SEK 7,563 million be carried forward, of which SEK 4,751 million to the share premium reserve and SEK 2,812 million to retained earnings.

The Board of Directors considers that the proposed dividend is reasonable considering the requirements that the nature, scope and risks of the operations place on the size of the company's and the Group's equity, consolidation needs, liquidity and position in general. This must be seen against the background of the information provided in the Annual Report. Before proposing this dividend, the Board has paid due consideration to the investments planned.

Corporate governance report

The corporate governance report on pages 181-186 is not part of the administration report.

FIVE-YEAR OVERVIEW

Income statement over the last five years

Growth

The target for net sales is annual growth of 20%, preferably with half of this total generated organically and half through acquisitions. Net sales have risen from SEK 27,146 million to SEK 40,841 million over the last five-year period. To some extent, this has been achieved by means of a proactive acquisition strategy. During this period, 28 acquisitions and business combinations have been completed.

Average growth during the five-year period was 8.5% (9.1% adjusted for currency effects). The Group's sales have shown organic growth of 5.6% over the last five years, with acquired growth amounting to 3.5%. Overall, organic growth was positively affected over the five-year period, but negatively affected in the past year.

Operating margin

The target is an average operating margin of at least 10% for the Group's business areas, and an average return on equity of at least 20% for the Group as a whole.

During the five-year period, NIBE Climate Solutions' average operating margin was 14.0%. NIBE Element's operating margin was an average of 7.6% during the period, while NIBE Stoves' average operating margin was 9.3%.

The Group's operating margin over the five-year period averaged 11.8% and return on equity during the same period averaged 11.7%.

Balance sheet over the last five years

Total assets have increased from SEK 38,337 million to SEK 65,055 million over the last five years.

Intangible assets

Intangible assets consist mainly of goodwill, trademarks/brands and market positions that have arisen in connection with the acquisition of businesses or operations. Goodwill and trademarks are tested annually for impairment by calculating the present value of future cash flows. The principles used by the Group for impairment testing are described in Note 14 to the accounts under the heading 'Goodwill and trademarks'.

Property, plant and equipment

Property, plant and equipment comprises mainly land, buildings and machinery. The value of property, plant and equipment has increased by SEK 7,066 million over the most recent five-year period. Approximately 9% of this increase was added through acquisitions, and the remaining 91% through investments in existing operations. These investments were implemented largely in the Group's facilities in Markaryd, Sweden, where most of the production facilities for NIBE Climate Solutions and NIBE Stoves are located, as well as in the Group's production facilities in the Czech Republic, Poland and the US.

Current assets

Current assets consist of inventories and current receivables, which, in turn, mainly consist of trade receivables, and constitute approximately 25% of total assets. Normally, both of these items are directly related to sales and, therefore, growth.

Income statement

(SEK million)	2025	2024	2023	2022	2021
Net sales	40,841	40,521	46,649	40,071	30,832
Cost of goods sold	- 27,976	- 29,547	- 31,026	- 27,462	- 20,628
Gross profit	12,865	10,974	15,623	12,609	10,204
Selling expenses	- 5,473	- 5,898	- 6,016	- 4,921	- 4,210
Administrative expenses	- 3,551	- 3,554	- 3,458	- 2,615	- 2,018
Acquisition-related revaluations	- 178	597	120	- 33	30
Other operating income	462	552	704	823	462
Operating profit	4,125	2,671	6,973	5,863	4,468
Net financial items	- 970	- 1,135	- 642	- 188	- 150
Profit after financial items	3,155	1,536	6,331	5,675	4,318
Tax	- 875	- 374	- 1,535	- 1,280	- 940
Net profit	2,280	1,162	4,796	4,395	3,378
<i>Net profit/loss attributable to non-controlling interests</i>	3	- 11	11	44	58
<i>Depreciation and amortization included</i>	2,138	2,049	1,772	1,484	1,297

Interest-bearing liabilities

Interest-bearing liabilities are defined as liabilities to credit institutions, bonds, commercial papers, lease liabilities, some pension provisions and the interest-bearing portion of other liabilities. These items have increased from SEK 10,661 million to SEK 22,557 million over the last five years. The increase is primarily due to increased liabilities in the form of bonds, commercial papers and loans from banks, which in turn have been mainly used to carry out acquisitions.

The Group's target is for the equity/assets ratio not to fall below 30%. This ratio has averaged 47.3% over the last five years.

Non-interest-bearing liabilities

Non-interest-bearing liabilities are defined as acquisition-related liabilities, trade payables, tax liabilities, warranty risk reserve, other provisions, customer advances, accrued expenses and deferred income, as well as the non-interest-bearing portion of other liabilities. These have decreased from SEK 4,859 million to SEK 4,685 million over the last five-year period, mainly due to acquisition-related liabilities and deferred tax attributable to intangible assets arising from acquisitions.

Current non-interest-bearing liabilities and provisions have increased by SEK 2,443 million over the last five years, from SEK 5,080 million to SEK 7,523 million, approximately 72% of which represents accrued expenses and trade payables, both directly related to the expansion of the business.

Balance sheet

(SEK million)	2025	2024	2023	2022	2021
Intangible assets	29,483	32,241	31,014	22,568	20,363
Property, plant and equipment	12,416	13,214	11,568	8,273	6,131
Financial assets	1,505	1,524	1,324	1,001	629
Total non-current assets	43,404	46,979	43,906	31,842	27,123
Inventories	9,167	10,644	13,227	10,191	6,584
Current receivables	7,026	7,176	6,688	7,144	4,941
Investments in securities, etc.	675	579	527	190	224
Cash and cash equivalents	4,783	5,028	3,756	4,627	4,522
Total current assets	21,651	23,427	24,198	22,152	16,271
Total assets	65,055	70,406	68,104	53,994	43,394
Equity	30,290	32,140	30,207	27,973	21,657
Non-current liabilities and provisions					
– non-interest-bearing	4,685	4,990	5,410	5,869	5,252
– interest-bearing	16,129	17,625	16,922	6,399	7,505
Current liabilities and provisions					
– non-interest-bearing	7,523	8,565	9,716	8,795	6,165
– interest-bearing	6,428	7,086	5,849	4,958	2,815
Total equity and liabilities	65,055	70,406	68,104	53,994	43,394

Statement of cash flows

(SEK million)	2025	2024	2023	2022	2021
Cash flow before change in working capital	4,192	3,826	6,473	5,800	4,749
Change in working capital	696	180	- 3,893	- 3,186	-1,487
Cash flow from operating activities	4,888	4,006	2,580	2,614	3,262
Investments in existing operations	-2,000	- 2,224	- 3,852	- 2,065	- 1,242
Operating cash flow	2,888	1,782	- 1,272	549	2,020
Acquisitions	- 943	- 621	- 8,752	- 839	- 768
Divestments	-	-	-	126	-
Cash flow after investments	1,945	1,161	- 10,024	- 164	1,252
Financing	- 886	1,246	10,912	858	- 718
Dividend	- 606	- 1,310	- 1,310	- 1,009	- 784
Cash flow for the year	453	1,097	- 422	- 315	- 250
Cash and cash equivalents at start of year	5,607	4,283	4,817	4,746	4,794
Exchange difference in cash and cash equivalents	-602	227	- 112	386	202
Cash and cash equivalents at end of year	5,458	5,607	4,283	4,817	4,746

Cash flow over the last five years**Cash flow before change in working capital**

Over the most recent five-year period, cash flow before change in working capital showed a positive trend.

Working capital

Working capital, excluding cash and bank balances, measured as current non-interest-bearing operating assets less current non-interest-bearing operating liabilities, amounted to an average of approximately 21% of net sales over the five-year period.

Investments in existing operations

On average, investments in existing operations over the last five years corresponded to approximately 130% of depreciation according to plan. In 2025, however, investments amounted to SEK 2,000 million, compared with depreciation of SEK 1,480 million, if depreciation of right-of-use assets is excluded. In view of the expected opportunities for future growth, we established a proactive investment program of SEK 10 billion back in 2020. The investment program was completed during the year and has contributed to improved productivity, higher delivery reliability and improved quality.

Operating cash flow

The Group's operating cash flow has been positive over the past five years, with the exception of 2023, when cash flow after investments in existing operations was slightly negative due to the ambitious investment program completed in 2025. The increased rate of investment, together with significant inventory build-up of input goods, meant that operating cash flow in 2023 and 2022 was at a lower level than in previous years in the five-year period.

Acquisitions

NIBE Industrier AB has pursued a proactive acquisition strategy during the period. Over the last five years, 28 acquisitions and business combinations have been completed, with 6 of these in Business Area NIBE Climate Solutions, 18 in Business Area NIBE Element and 4 in Business Area NIBE Stoves. Acquisition intensity tailed off during and after the pandemic, only to increase again in 2023. It started to decline in 2024 and 2025 due to the market situation. The objective is to continue to pursue a proactive acquisition strategy going forward.

Financing

Capital requirements over the past five years – for acquisitions, investments in existing operations, working capital for organic expansion and dividends – have been financed through a combination of external financing and internally generated cash flow.

Dividend

NIBE Industrier AB aims to pay dividends of 25–30% of the Group's profit for the year after tax. Over the most recent five-year period, dividends have varied between 27.4% and 31.0% of profit for the year after tax. In the previous year (2024), the dividend corresponded to 52% of profit after tax. Adjusted for the SEK 915 million action plan, the dividend corresponds to 29% of profit after tax. The action plan meant that 2024 was an exception.

CONSOLIDATED INCOME STATEMENT

(SEK million)		2025	2024
Net sales	Note 4	40,841	40,521
Cost of goods sold		- 27,976	- 29,547
Gross profit		12,865	10,974
Selling expenses		- 5,473	- 5,898
Administrative expenses		- 3,551	- 3,554
Acquisition-related revaluations	Note 26	- 178	597
Other operating income	Note 5	462	552
Operating profit	Notes 6-10	4,125	2,671
Profit/loss from financial items			
Profit/loss from investments in associates and joint ventures.	Note 18	26	37
Financial income	Note 11	332	475
Financial expenses	Note 11	- 1,328	- 1,647
Profit after net financial items		3,155	1,536
Tax	Note 13	- 875	- 374
Net profit		2,280	1,162
Profit for the year attributable to			
Parent Company shareholders		2,277	1,173
Non-controlling interests		3	- 11
Net profit		2,280	1,162
Depreciation and amortization included		2,138	2,049
Average number of shares		2,016,066,488	2,016,066,488
Earnings per share before and after dilution, SEK		1.13	0.58
Proposed dividend per share, SEK		0.35	0.30

(SEK million)		2025	2024
Net profit		2,280	1,162
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined-benefit pension plans	Note 22	49	- 47
Tax attributable to other comprehensive income	Note 13	- 6	6
		43	- 41
Items that may be reclassified to profit or loss			
Cash flow hedges		48	- 67
Hedges of net investment		316	- 144
Exchange differences		- 4,114	2,436
Tax attributable to other comprehensive income	Note 13	185	- 101
		- 3,565	2,124
Total other comprehensive income		- 3,522	2,083
Total comprehensive income		- 1,242	3,245
Total comprehensive income attributable to			
Parent Company shareholders		- 1,240	3,248
Non-controlling interests		- 2	- 3
Total comprehensive income		- 1,242	3,245

COMMENTS ON THE INCOME STATEMENT

Net sales

The target for the Group is annual growth of 20%, preferably with half of this total generated organically and half through acquisitions.

The Group's net sales increased by SEK 320 million (0.8%) to SEK 40,841 (40,521) million during the year. Acquired sales amounted to 0.2%. The Group's net sales outside Sweden amounted to SEK 37,123 (37,142) million, a decrease of SEK 19 million. Net sales outside Sweden therefore accounted for 90.9% (91.7%) of total net sales. The Group's net sales in the Swedish market increased by 10% to SEK 3,718 (3,379) million.

Acquired sales growth during the year was SEK 183 million (0.2%), which means that organic sales increased by SEK 237 million or 0.6%. The stronger SEK had a negative impact of SEK 1,818 million on net sales.

Operating profit

The target is for operating profit for both the Group and each business area to be at least 10% of sales over a business cycle.

The Group's operating profit amounted to SEK 4,125 million, an increase of 54.4% on the previous year's operating profit of SEK 2,671 million. The operating margin was 10.1%, compared with 6.6% in the previous year. Operating profit for the year was affected by acquisition expenses and acquisition-related revaluations. Acquisition expenses amounted to SEK 32 million, compared with SEK 12 million in the previous year, and were recognized as administrative expenses in the consolidated income statement. Acquisition-related revaluations had a negative effect of SEK 178 million on earnings.

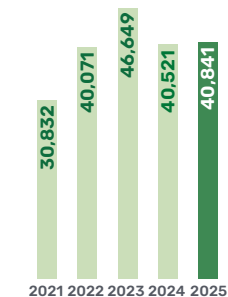
Profit after financial items

Profit after financial items increased by 105.4% to SEK 3,155 (1,536) million, corresponding to a profit margin of 7.7% (3.8%). Net financial items for the Group amounted to SEK -970 (-1,135) million. The Group's interest-bearing liabilities at year-end amounted to SEK 22,557 million, compared with SEK 24,711 million at the start of the year. The average interest rate during the year was 4.4% (6.0%). Net financial items include exchange gains and losses.

Tax

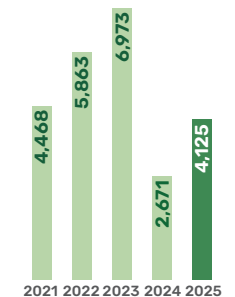
Tax expense for the year was SEK 875 (374) million, corresponding to an effective tax rate of 27.7% (24.3%). The tax rate increased compared with the previous year.

Net sales
past five years (SEK m)



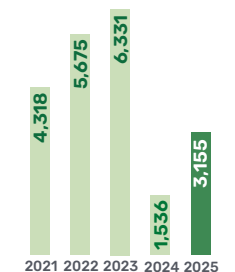
Net sales increased by 0.8% in 2025.

Operating profit
past five years (SEK m)



Operating profit increased by 54.4% in 2025.

Profit after
financial items
past five years
(SEK m)



Profit after financial items increased by 105.4% in 2025

PERFORMANCE BY BUSINESS AREA DURING THE YEAR

NIBE Climate Solutions

Net sales for the year amounted to SEK 26,918 million, compared with SEK 26,037 million for the previous year. Organic growth was 3.4% (7.6% at fixed exchange rates). Total growth was not affected by any acquired sales. Net sales have increased from SEK 17,944 million to SEK 26,918 million over the last five years.

Operating profit increased from SEK 1,600 million to SEK 3,493 million, which represents earnings growth of 118.3% and an operating margin of 13.0% (6.1%) for the year. Adjusted operating profit in the previous year was SEK 2,425 million, corresponding to a margin of 9.3%. The operating margin has averaged 14.0% over the last five years.

Demand for our products is assessed to be healthy and stable and inventories in the distribution chain have returned to normal. The gradual improvement in sales resulted in organic growth for 2025 and we achieved our ambition to return to an operating margin level within the business area's historically demonstrated range. Ongoing efforts in product development and marketing, as well as investments already made in efficient production, have enabled the business area to strengthen its competitiveness and we are now well prepared for further expansion.

NIBE Element

Net sales for the year amounted to SEK 11,284 million, compared with SEK 11,092 million for the previous year. Organic growth was 1.0% (5.9% at fixed exchange rates). As a result of acquired sales, corresponding to SEK 83 million, the total increase in net sales was SEK 192 million. Net sales have increased from SEK 8,422 million to SEK 11,284 million over the last five years.

Operating profit increased from SEK 362 million to SEK 795 million, which represents earnings growth of 54.5% and an operating margin of 7.0% (3.3%) for the year. Adjusted operating profit for the year totaled SEK 629 million, corresponding to an operating margin of 5.7%. The operating margin has averaged 7.8% over the last five years.

Organic growth was stable, but with large variations between the business area's different market segments. The heat pump market gradually recovered and showed solid growth, while investment appetite and demand in the industrial sector declined, particularly in Europe. The increase in demand in the semiconductor segment is primarily driven by major investments in new data centers linked to AI rollout and expansion of semiconductor production in the US and Europe.

NIBE Stoves

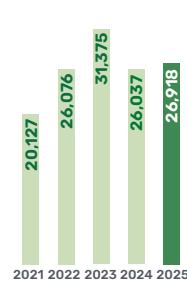
Net sales for the year amounted to SEK 3,475 million, compared with SEK 3,864 million for the previous year. Organic growth was 10.1% (5.5% at fixed exchange rates). The business area was not affected by acquired sales. Net sales have increased from SEK 2,579 million to SEK 3,475 million over the last five years.

Operating profit increased marginally from SEK 143 million to SEK 144 million, which represents an operating margin of 4.1% (3.7%) for the year. Adjusted operating profit for the year totaled

SEK 203 million, corresponding to an operating margin of 5.3%. The operating margin has averaged 9.3% over the last five years.

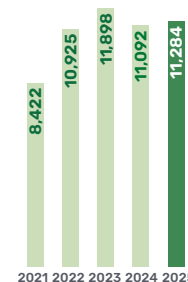
Demand and sales have declined sharply in the last two years after a period of excess demand. Consumer caution has increased due to the high level of uncertainty in the external environment. However, the traditional seasonal pattern appears to have returned, although the peak season did not reach expected levels due to an unusually warm fall, cautious consumers and lower energy prices.

Net sales (SEK m)
NIBE Climate Solutions



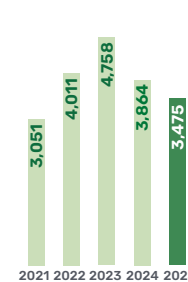
Net sales increased by 3.4% in 2025.

Net sales (SEK m)
NIBE Element



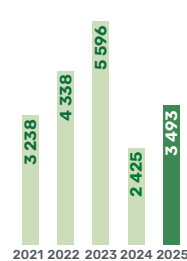
Net sales increased by 1.0% in 2025.

Net sales (SEK m)
NIBE Stoves



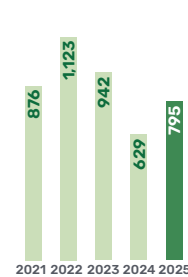
Net sales decreased by 10.1% in 2025.

Justerat
Rörelseresultat (Mkr)
NIBE Climate Solutions



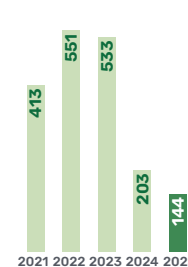
Operating profit increased by 44.0% in 2025.

Adjusted
Operating profit (SEK m)
NIBE Element



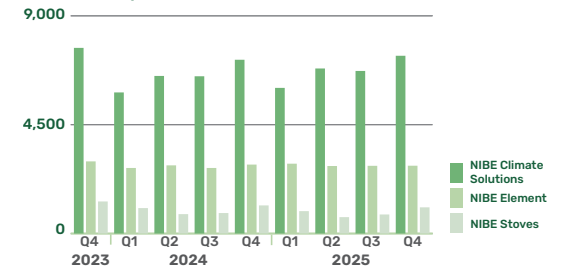
Operating profit increased by 26.4% in 2025.

Adjusted
Operating profit (SEK m)
NIBE Stoves

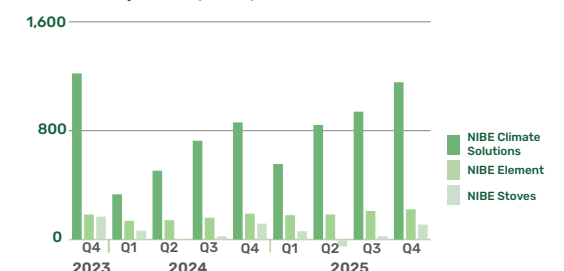


Operating profit decreased by 29.1% in 2025.

Sales by Business Area
Past 9 quarters (SEK m)



Adjusted Operating profit by Business Area
Past 9 quarters (SEK m)



Quarterly data

Demand in Europe continued to decline while North America showed a more positive development. The excessive inventories of finished products at the beginning of the year gradually reached acceptable levels. Order intake by manufacturers and sales to end consumers now follow each other in a natural sequence.

Consolidated income statement (SEK million)	2025				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	9,673	10,082	10,086	11,000	9,494	10,035	9,967	11,025
Operating expenses	- 8,891	- 9,138	- 8,947	- 9,740	- 10,073	- 9,366	- 9,055	- 9,356
Operating profit	782	944	1,139	1,260	- 579	669	912	1,669
Net financial items	- 268	- 244	- 233	- 225	- 332	- 273	- 286	- 244
Profit after net financial items	514	700	906	1,035	- 911	396	626	1,425
Tax	- 123	- 206	- 296	- 250	50	- 180	- 193	- 51
Net profit	391	494	610	785	- 861	216	433	1,374

Net sales, business areas

NIBE Climate Solutions	6,022	6,824	6,722	7,350	5,834	6,516	6,502	7,185
NIBE Element	2,888	2,792	2,800	2,804	2,711	2,819	2,711	2,851
NIBE Stoves	926	678	788	1,083	1,052	802	847	1,163
Elimination of Group transactions	- 163	- 212	- 224	- 237	- 103	- 102	- 93	- 174
Group total	9,673	10,082	10,086	11,000	9,494	10,035	9,967	11,025

Operating profit/loss, business areas

NIBE Climate Solutions	555	842	940	1,156	- 462	506	726	830
NIBE Element	179	184	210	222	- 126	142	160	186
NIBE Stoves	61	- 51	24	110	27	- 3	24	95
Elimination of Group transactions	- 13	- 31	- 35	- 228	- 18	24	2	558
Group total	782	944	1,139	1,260	- 579	669	912	1,669

Items affecting comparability business areas*

NIBE Climate Solutions	0	0	0	0	- 794	0	0	- 31
NIBE Element	0	0	0	0	- 263	0	0	- 4
NIBE Stoves	0	0	0	0	- 38	0	0	- 22
Acquisition-related revaluations	0	0	0	- 178	0	0	0	597
Group total	0	0	0	- 178	- 1,095	0	0	540

Adjusted operating profit/loss, business areas

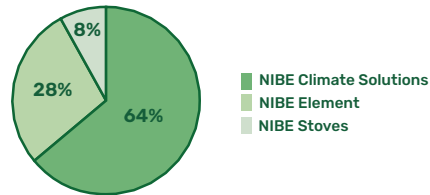
NIBE Climate Solutions	555	842	940	1,156	332	506	726	861
NIBE Element	179	184	210	222	137	142	160	190
NIBE Stoves	61	- 51	24	110	65	- 3	24	117
Elimination of Group transactions	- 13	- 31	- 35	- 50	- 18	24	2	- 39
Group total	782	944	1,139	1,438	516	669	912	1,129

* Items affecting comparability:

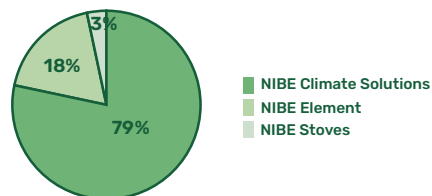
- 2025: Negative effect of acquisition-related revaluations: SEK 178 million

- 2024: Positive effect of acquisition-related revaluations: SEK 597 million, - Action plan costs: SEK 1,095 million (Q1) + SEK 57 million (Q4) = SEK 1,152 million (Full year).

Business Area contributions to sales



Business Area contributions to profit



CONSOLIDATED BALANCE SHEET

(SEK million)		31 Dec 2025	31 Dec 2024
NON-CURRENT ASSETS			
Intangible assets			
Market positions	Note 14	1,747	2,164
Trademarks	Note 14	3,026	3,368
Goodwill	Note 14	23,090	25,290
Other intangible assets	Note 14	1,620	1,419
Total intangible assets		29,483	32,241
Property, plant and equipment			
Land and buildings	Note 15	5,381	4,706
Machinery and equipment	Note 15	3,824	3,892
Right-of-use assets	Note 16	2,152	2,399
Construction in progress	Note 15	1,059	2,217
Total property, plant and equipment		12,416	13,214
Financial assets			
Investments in associates and joint ventures	Note 18	332	325
Non-current receivables from associates		247	255
Investments held as non-current assets		27	23
Deferred tax assets	Note 13	735	752
Other non-current receivables	Note 19	164	169
Total financial assets		1,505	1,524
TOTAL NON-CURRENT ASSETS		43,404	46,979
CURRENT ASSETS			

(SEK million)		31 Dec 2025	31 Dec 2024
Inventories			
	Note 20		
Raw materials and consumables		4,658	5,410
Work in progress		546	680
Finished products and goods for resale		3,963	4,554
Total inventories		9,167	10,644
Current receivables			
Trade receivables		5,317	5,424
Trade receivables from associates		30	40
Current tax assets		524	429
Other receivables		643	748
Prepaid expenses and accrued income		512	535
Total current receivables		7,026	7,176
Investments in securities, etc.		675	579
Cash and cash equivalents		4,783	5,028
TOTAL CURRENT ASSETS		21,651	23,427
TOTAL ASSETS		65,055	70,406

COMMENTS ON THE BALANCE SHEET

Total assets

The Group's total assets decreased by SEK 5,351 million (7.6%) during the year, from SEK 70,406 million in the previous year to SEK 65,055 million. This was primarily due to currency effects caused by the stronger Swedish krona.

Working capital

The Group's working capital excluding cash and bank balances decreased by SEK 585 million (6.3%) during the year, from SEK 9,255 million in the previous year to SEK 8,670 million. Working capital relative to net sales decreased from 22.8% to 21.2%.

(SEK million)		31 Dec 2025	31 Dec 2024
EQUITY	<i>Note 21</i>		
Share capital		79	79
Contributed capital		4,818	4,818
Other reserves		1,127	4,687
Retained earnings		24,229	22,514
Equity attributable to parent		30,253	32,098
Non-controlling interests		37	42
TOTAL EQUITY		30,290	32,140
NON-CURRENT LIABILITIES AND PROVISIONS			
Provisions for pensions	<i>Note 22</i>	496	540
Provisions for taxes	<i>Note 13</i>	1,929	2,050
Warranty risk reserve	<i>Note 23</i>	690	748
Other provisions, non-interest-bearing	<i>Note 23</i>	157	291
Liabilities to credit institutions	<i>Note 24</i>	4,662	5,354
Bonds	<i>Note 25</i>	9,250	9,500
Lease liabilities	<i>Note 16</i>	1,487	1,798
Acquisition-related liabilities	<i>Note 26</i>	1,689	1,700
Other liabilities	<i>Note 27</i>	454	634
TOTAL NON-CURRENT LIABILITIES AND PROVISIONS		20,814	22,615

Equity/assets ratio and returns

The Group's equity/assets ratio at year-end was 46.6% (45.6%). Equity amounted to SEK 30,290 (32,140) million.

The Group's profitability target is a long-term return on equity of at least 20%. The return on equity in 2025 was 8.0% (4.0%). The increase was primarily due to higher profit relative to average equity. The return on capital employed was 8.2% (5.8%).

(SEK million)		31 Dec 2025	31 Dec 2024
CURRENT LIABILITIES AND PROVISIONS			
Liabilities to credit institutions	<i>Note 24</i>	1,958	4,367
Bond issues and commercial paper	<i>Note 25</i>	3,798	2,100
Trade payables		2,939	3,115
Advances from customers		209	194
Current tax liabilities		363	417
Lease liabilities	<i>Note 16</i>	672	619
Acquisition-related liabilities	<i>Note 26</i>	351	1,093
Other liabilities	<i>Note 27</i>	1,141	1,265
Accrued expenses and deferred income	<i>Note 28</i>	2,520	2,481
TOTAL CURRENT LIABILITIES AND PROVISIONS		13,951	15,651
TOTAL EQUITY AND LIABILITIES		65,055	70,406

Interest-bearing liabilities

The Group's interest-bearing liabilities at year-end amounted to SEK 22,557 (24,711) million. The decrease since the beginning of the year was due to repayment of borrowings and currency effects linked to the stronger Swedish krona.

The Group's net debt, defined as interest-bearing liabilities less cash and cash equivalents and investments in securities, decreased by SEK 2,005 million during the year from SEK 19,104 million to SEK 17,099 million.

GROUP Changes in equity

(SEK million)	Share capital	Contributed capital	Other reserves ¹⁾	Retained earnings	Equity attributable to parent	Non-controlling interests	Total equity
Equity							
Dec 31, 2023	79	4,818	2,571	22,692	30,160	47	30,207
Net profit for the year				1,173	1,173	- 11	1,162
Other comprehensive income for the year			2,116	- 41	2,075	8	2,083
Comprehensive income for the year			2,116	1,132	3,248	- 3	3,245
Dividend				- 1,310	- 1,310	- 2	- 1,312
Equity							
Dec 31, 2024	79	4,818	4,687	22,514	32,098	42	32,140
Change in non-controlling interests						- 2	- 2
Net profit for the year				2,277	2,277	3	2,280
Other comprehensive income for the year			- 3,560	43	- 3,517	- 5	- 3,522
Comprehensive income for the year			- 3,560	2,320	- 1,240	- 2	- 1,242
Dividend				- 605	- 605	- 1	- 606
Equity							
Dec 31, 2025	79	4,818	1,127	24,229	30,253	37	30,290

1) Other reserves

(SEK million)	Cash flow hedges	Hedges of net investments	Exchange differences	Total other reserves
Other reserves				
Dec 31, 2023	36	- 494	3,030	2,571
Change during the year	- 67	- 144	2,428	2,217
Tax	13	30	- 144	- 101
Other reserves				
Dec 31, 2024	- 18	- 608	5,314	4,687
Change during the year	48	316	- 4,109	- 3,745
Tax	- 9	- 65	259	185
Other reserves carried forward				
Dec 31, 2025	21	-357	1,464	1,127

Definitions

Cash flow hedges

Includes the effective portion of the cumulative net change in fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Hedges of net investment

Includes exchange differences arising on the translation of liabilities designated as hedging instruments for a net investment in a foreign operation.

Exchange differences

Includes all exchange differences arising on translation of financial statements from foreign operations that have prepared their financial statements in a currency other than the currency in which the consolidated financial statements are presented, i.e. Swedish krona.

CONSOLIDATED STATEMENT OF CASH FLOWS

(SEK million)	2025	2024
OPERATING ACTIVITIES		
Operating profit	4,125	2,671
+ depreciation, amortization and impairment	2,145	2,245
+ capital losses/- capital gains	- 2	110
+/- other non-cash items	- 250	680
Total	6,018	5,706
Interest received and similar items	334	473
Interest paid and similar items	- 1,295	- 1,548
Tax paid	- 865	- 805
Cash flow before change in working capital	4,192	3,826
Change in working capital		
Change in inventories	697	3,012
Change in current receivables	- 1,377	- 337
Change in current liabilities	1,376	- 2,495
Cash flow from operating activities	4,888	4,006
INVESTING ACTIVITIES		
Investment in machinery and equipment	- 619	- 617
Investment in land and buildings	- 162	- 313
Investment in construction in progress	- 388	- 1,245
Investment in other intangible assets	- 480	- 472
Sale of land and buildings	14	-
Sale of machinery and equipment	79	19
Change in non-current receivables and other securities	- 444	404
Investments in existing operations	- 2,000	- 2,224
OPERATING CASH FLOW	2,888	1,782
Acquisitions <i>Note 3</i>	- 943	- 621
Cash flow from investing activities	- 2,943	- 2,845
CASH FLOW AFTER INVESTMENTS	1,945	1,161
FINANCING ACTIVITIES		
Repayment of long-term borrowings <i>Note 32</i>	- 6,413	- 4,153
Repayment of lease liabilities <i>Note 16</i>	- 680	- 655
Proceeds from borrowings <i>Note 32</i>	6,207	6,054
Dividend	- 606	- 1,310
Cash flow from financing activities	-1,492	- 64
Cash flow for the year	453	1,097
Cash and cash equivalents at start of year	5,607	4,283
Exchange difference in cash and cash equivalents	- 602	227
Cash and cash equivalents at end of year	5,458	5,607

COMMENTS ON THE STATEMENT OF CASH FLOWS

Cash flow from operating activities

The Group's cash flow after changes in working capital amounted to SEK 4,888 (4,006) million.

Investments

The Group's acquisitions of operations/subsidiaries amounted to SEK 943 (621) million. Other investments amounted to SEK 2,000 (2,224) million net, allocated as shown in the table below.

Consequently, cash flow after investing activities was SEK 1,945 (1,161) million. Operating cash flow - i.e. after investments in existing operations, but excluding acquisitions of operations/subsidiaries - was SEK 2,888 (1,782) million.

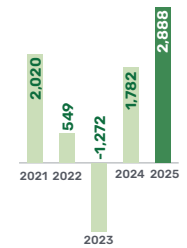
The Group's interest-bearing loans

The Group's interest-bearing liabilities at year-end amounted to SEK 22,557 (24,711) million. The average interest expense for total interest-bearing liabilities was 4.4% (6.0%). The Group's net debt, which consists of interest-bearing liabilities less cash and cash equivalents and current investments, amounted to SEK 17,099 (19,104) million.

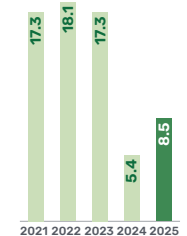
(SEK million)	2025	2024
Machinery and equipment	540	598
Properties	148	313
Construction in progress	388	1,245
Other non-current assets	924	68
Total	2,000	2,224

(SEK million)	2025	2024
Floating rate bank loans	6,595	9,705
Floating rate bond issues	9,800	9,550
Fixed rate bond issues	2,200	2,050
Floating rate commercial paper	1,048	-
Lease liabilities	2,159	2,417
Utilized portion of overdraft facilities with floating interest rate	25	16
Provisions for pensions	325	374
Other interest-bearing liabilities	405	599
Total interest-bearing liabilities	22,557	24,711
Unutilized overdraft facilities	419	570
Other unutilized credit	15,800	8,850
Total credit available	38,776	34,131

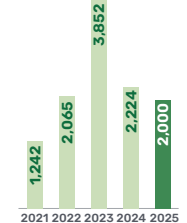
Operating cash flow past five years (SEK m)



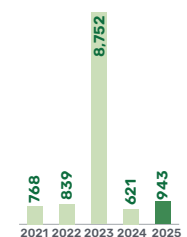
Return on equity, excl. items affecting comparability, past five years (%)



Investments in existing operations past five years (SEK m)



Investments/Acquisitions past five years (SEK m)

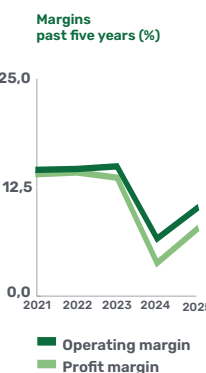
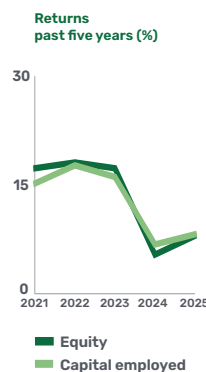
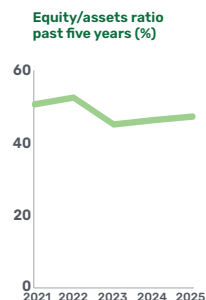


KEY RATIOS

		2025	2024	2023	2022	2021
Net sales	SEK m	40,841	40,521	46,649	40,071	30,832
Growth	%	0.8	- 13.1	+ 16.4	+ 30.0	+ 13.6
Operating profit	SEK m	4,125	2,671	6,973	5,863	4,468
Operating profit excl. items affecting comparability	SEK m	4,303	3,226	6,973	5,863	4,468
Profit after net financial items	SEK m	3,155	1,536	6,331	5,675	4,318
EBITDA margin*	%	15.3	12.1	18.9	18.6	18.7
EBITDA margin excl. items affecting comparability	%	15.8	13.5	18.9	18.6	18.7
Operating margin*	%	10.1	6.6	14.9	14.6	14.5
Operating margin excl. items affecting comparability	%	10.5	8.0	14.9	14.6	14.5
Profit margin*	%	7.7	3.8	13.6	14.2	14.0
Profit margin excl. items affecting comparability	%	8.2	5.2	13.6	14.2	14.0
Net investments in non-current assets*	SEK m	2,262	2,328	13,038	3,745	1,790
Operating cash flow	SEK m	2,888	1,782	- 1,272	549	2,020
Available cash and cash equivalents*	SEK m	5,877	6,177	4,979	5,441	5,208
Working capital excl. cash and bank balances relative to net sales*	%	21.2	22.8	21.9	21.3	17.4
Equity	SEK m	30,290	32,140	30,207	27,973	21,657
Return on equity*	%	8.0	4.0	17.3	18.1	17.3
Return on equity excl. items affecting comparability	%	8.5	5.4	17.3	18.1	17.3
Equity/assets ratio	%	46.6	45.6	44.4	51.8	49.9
Proportion of risk-bearing capital	%	49.5	48.6	47.8	54.5	53.1
Capital employed	SEK m	52,847	56,851	52,979	39,330	31,977
Return on capital employed*	%	8.2	5.8	16.1	17.7	15.2
Return on capital employed excl. items affecting comparability	%	8.5	6.8	16.1	17.7	15.2
Return on total assets*	%	6.6	4.6	12.2	12.9	11.2
Return on total assets excl. items affecting comparability	%	6.9	5.4	12.2	12.9	11.2
Capital turnover ratio	times	0.60	0.59	0.76	0.82	0.75
Interest-bearing liabilities/Equity	%	74.5	76.9	75.5	40.6	47.7
Net debt/EBITDA*	times	2.7	3.9	2.1	0.9	1.0
Net debt/EBITDA excl. action plan*	times	2.7	3.2	2.1	0.9	1.0
Net debt/EBITDA excl. items affecting comparability	times	2.7	3.5	2.1	0.9	1.0
Interest coverage ratio*	times	3.4	1.9	6.7	10.1	16.6
Interest coverage ratio excl. items affecting comparability	times	3.5	2.3	6.7	10.1	16.6
Average number of employees		21,657	20,884	22,462	21,333	20,455

*Key ratios with calculation specified on pages 131–133.

The amounts of items affecting comparability are reported on page 131



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 financial performance and position using calculations that cannot always be directly derived from the financial statements. The alternative performance measures provided in this annual report may be calculated using methods that differ from those used to produce similar measures by other companies.

EBITDA margin

(SEK million)	2025	2024	2023	2022	2021
Operating profit	4,125	2,671	6,973	5,863	4,468
Depreciation, amortization and impairment	2,145	2,245	1,824	1,597	1,297
EBITDA	6,270	4,916	8,797	7,460	5,765
Items affecting comparability	178	555	-	-	-
EBITDA excluding items affecting comparability	6,448	5,471	8,797	7,460	5,765
Net sales	40,841	40,521	46,649	40,071	30,832
EBITDA margin, %	15.3	12.1	18.9	18.6	18.7
EBITDA margin excl. items affecting comparability, %	15.8	13.5	18.9	18.6	18.7

Operating margin excl. items affecting comparability

(SEK million)	2025	2024	2023	2022	2021
Operating profit	4,125	2,671	6,973	5,863	4,468
Items affecting comparability	178	555	-	-	-
Operating profit excl. items affecting comparability	4,303	3,226	6,973	5,863	4,468
Net sales	40,841	40,521	46,649	40,071	30,832
Operating margin, %	10.1	6.6	14.9	14.6	14.5
Operating margin excl. items affecting comparability, %	10.5	8.0	14.9	14.6	14.5

Items affecting comparability:

2025: Negative effect of acquisition-related revaluations: SEK 178 million

2024: Action plan costs: SEK 1,152 million

Positive effect of acquisition-related revaluations: SEK 597 million

Acquisition-related revaluations refer to revaluation of liabilities to minority shareholders and are specified in Note 26.

Profit margin excl. items affecting comparability

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Items affecting comparability	178	555	-	-	-
Profit excl. items affecting comparability	3,333	2,091	6,331	5,675	4,318
Net sales	40,841	40,521	46,649	40,071	30,832
Profit margin, %	7.7	3.8	13.6	14.2	14.0
Profit margin excl. items affecting comparability, %	8.2	5.2	13.6	14.2	14.0

Net investments in non-current assets

(SEK million)	2025	2024	2023	2022	2021
Acquisition of non-current assets	2,356	2,352	13,100	3,767	1,825
Disposal of non-current assets	- 94	- 24	- 62	- 22	- 35
Net investments in non-current assets	2,262	2,328	13,038	3,745	1,790

ALTERNATIVE PERFORMANCE MEASURES

Working capital excl. cash and bank balances

(SEK million)	2025	2024	2023	2022	2021
Inventories	9,167	10,644	13,227	10,191	6,584
Current receivables	7,026	7,176	6,688	7,144	4,941
Current liabilities and provisions, non-interest-bearing	- 7,523	- 8,565	- 9,716	- 8,795	- 6,165
Working capital excl. cash and bank balances	8,670	9,255	10,199	8,540	5,360
Net sales	40,841	40,521	46,649	40,071	30,832
Working capital excl. cash and bank balances relative to net sales, %	21.2	22.8	21.9	21.3	17.4

Interest coverage ratio

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Financial expenses	1,328	1,647	1,103	626	276
Profit before financial expenses	4,483	3,183	7,434	6,301	4,594
Items affecting comparability	178	555	-	-	-
Profit excl. items affecting comparability	4,661	3,738	7,434	6,301	4,594
Interest coverage ratio, times	3.4	1.9	6.7	10.1	16.6
Interest coverage ratio excl. items affecting comparability, times	3.5	2.3	6.7	10.1	16.6

Available cash and cash equivalents

(SEK million)	2025	2024	2023	2022	2021
Cash and bank balances	4,783	5,028	3,756	4,627	4,522
Investments in securities, etc.	675	579	527	190	224
Unutilized overdraft facilities	419	570	696	624	462
Available cash and cash equivalents	5,877	6,177	4,979	5,441	5,208

Net debt/EBITDA

(SEK million)	2025	2024	2023	2022	2021
Non-current liabilities and provisions, interest-bearing	16,129	17,625	16,922	6,399	7,505
Current liabilities and provisions, interest-bearing	6,428	7,086	5,849	4,958	2,815
Cash and bank balances	- 4,783	- 5,028	- 3,756	- 4,627	- 4,522
Investments in securities, etc.	- 675	- 579	- 527	- 190	- 224
Net debt	17,099	19,104	18,488	6,540	5,574
Operating profit	4,125	2,671	6,973	5,863	4,468
Depreciation, amortization and impairment	2,145	2,245	1,824	1,597	1,297
EBITDA	6,270	4,916	8,797	7,460	5,765
Items affecting comparability, action plan	-	1,152	-	-	-
Items affecting comparability	178	555	-	-	-
EBITDA excl. action plan	6,270	6,068	8,797	7,460	5,765
EBITDA excl. items affecting comparability	6,448	5,471	8,797	7,460	5,765
Net debt/EBITDA, times	2.7	3.9	2.1	0.9	1.0
Net debt/EBITDA excl. action plan, times	2.7	3.2	2.1	0.9	1.0
Net debt/EBITDA excl. items affecting comparability, times	2.7	3.5	2.1	0.9	1.0

ALTERNATIVE PERFORMANCE MEASURES

Return on capital employed

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Financial expenses	1,328	1,647	1,103	626	276
Profit before financial expenses	4,483	3,183	7,434	6,301	4,594
Items affecting comparability	178	555	-	-	-
Profit excl. items affecting comparability	4,661	3,738	7,434	6,301	4,594
Capital employed at start of year	56,851	52,979	39,330	31,977	28,396
Capital employed at end of year	52,847	56,851	52,979	39,330	31,977
Average capital employed	54,849	54,915	46,154	35,654	30,187
Return on capital employed, %	8.2	5.8	16.1	17.7	15.2
Return excl. items affecting comparability, %	8.5	6.8	16.1	17.7	15.2

Return on total assets

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Financial expenses	1,328	1,647	1,103	626	276
Profit before financial expenses	4,483	3,183	7,434	6,301	4,594
Items affecting comparability	178	555	-	-	-
Profit excl. items affecting comparability	4,661	3,738	7,434	6,301	4,594
Total assets at start of year	70,406	68,104	53,994	43,394	38,337
Total assets at end of year	65,055	70,406	68,104	53,994	43,394
Average total assets	67,731	69,255	61,049	48,694	40,866
Return on total assets, %	6.6	4.6	12.2	12.9	11.2
Return excl. items affecting comparability, %	6.9	5.4	12.2	12.9	11.2

Return on equity

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Standard tax rate, %	20.6	20.6	20.6	20.6	20.6
Profit after net financial items, after tax	2,505	1,220	5,027	4,506	3,428
Of which attributable to Parent Company shareholders	2,502	1,231	5,016	4,462	3,370
Equity at start of year	32,098	30,160	27,935	21,438	17,588
Equity at end of year	30,253	32,098	30,160	27,935	21,438
Average equity	31,176	31,129	29,048	24,687	19,513
Return on equity, %	8.0	4.0	17.3	18.1	17.3

Return on equity excluding items affecting comparability

(SEK million)	2025	2024	2023	2022	2021
Profit after net financial items	3,155	1,536	6,331	5,675	4,318
Items affecting comparability	178	555	-	-	-
Profit excl. items affecting comparability	3,333	2,091	6,331	5,675	4,318
Standard tax rate, %	20.6	20.6	20.6	20.6	20.6
Profit after net financial items, after tax	2,646	1,660	5,027	4,506	3,428
Of which attributable to Parent Company shareholders	2,643	1,671	5,016	4,462	3,370
Equity at start of year	32,098	30,160	27,935	21,438	17,588
Equity at end of year	30,253	32,098	30,160	27,935	21,438
Average equity	31,176	31,129	29,048	24,687	19,513
Return on equity excl. items affecting comparability, %	8.5	5.4	17.3	18.1	17.3

PARENT COMPANY

Income statement

(SEK million)		2025	2024
Net sales	Note 4	69	62
Administrative expenses	Notes 6–10	- 239	- 160
Other income	Note 5	3	-
Operating profit		- 167	- 98
Profit/loss from financial items			
Profit from investments in Group companies	Note 11	1,303	693
Financial income	Note 11	366	217
Financial expenses	Note 11	-715	- 984
Profit after net financial items		787	- 172
Appropriations	Note 12	-	415
Tax	Note 13	- 11	- 30
Net profit		776	213
Other comprehensive income		-	-
Total comprehensive income		776	213

Balance sheet

Assets

(SEK million)		31 Dec 2025	31 Dec 2024
NON-CURRENT ASSETS			
Financial assets			
Shares in subsidiaries	Note 17	21,360	21,431
Investments in associates and joint ventures	Note 18	1	1
Receivables from Group companies		3,675	4,615
Non-current receivables from associates		48	48
Investments held as non-current assets		21	17
Other non-current receivables	Note 19	51	53
Deferred tax assets	Note 13	6	5
TOTAL NON-CURRENT ASSETS		25,162	26,170
CURRENT ASSETS			
Current receivables			
Receivables from Group companies		44	457
Other receivables		6	6
Tax assets		19	-
Prepaid expenses and accrued income		38	42
Total current receivables		107	505
Cash and cash equivalents		19	1
TOTAL CURRENT ASSETS		126	506
TOTAL ASSETS		25,288	26,676

Equity and liabilities

(SEK million)		31 Dec 2025	31 Dec 2024
EQUITY	<i>Note 21</i>		
Restricted equity			
Share capital		79	79
Statutory reserve		75	75
Total restricted equity		154	154
Non-restricted equity			
Share premium reserve		4,751	4,751
Retained earnings		3,518	3,347
Total non-restricted equity		8,269	8,098
TOTAL EQUITY		8,423	8,252
NON-CURRENT LIABILITIES AND PROVISIONS			
Provisions for pensions	<i>Note 22</i>	29	24
Provisions for taxes		11	11
Liabilities to credit institutions	<i>Note 24</i>	2,596	2,757
Bonds	<i>Note 25</i>	9,250	9,500
Acquisition-related liabilities	<i>Note 26</i>	640	1,084
Other liabilities		23	37
TOTAL NON-CURRENT LIABILITIES AND PROVISIONS		12,550	13,413
CURRENT LIABILITIES AND PROVISIONS			
Liabilities to credit institutions	<i>Note 24</i>	-	1,700
Bond issues and commercial paper	<i>Note 25</i>	3,798	2,100
Trade payables		27	11
Liabilities to Group companies		6	456
Tax liabilities		-	1
Acquisition-related liabilities	<i>Note 26</i>	287	640
Other liabilities		92	-
Accrued expenses and deferred income	<i>Note 28</i>	106	103
TOTAL CURRENT LIABILITIES AND PROVISIONS		4,316	5,011
TOTAL EQUITY AND LIABILITIES		25,288	26,676

Statement of cash flows

(SEK million)		2025	2024
OPERATING ACTIVITIES			
Operating profit		- 167	- 98
Interest received and similar items		120	177
Interest paid and similar items		- 589	- 746
Tax paid		- 33	- 47
Cash flow before change in working capital		- 669	- 714
Change in working capital			
Change in current receivables		417	37
Change in current liabilities		13	37
Cash flow from operating activities		- 239	- 640
INVESTING ACTIVITIES			
Change in non-current receivables and other securities		937	- 292
Cash flow from investing activities		937	- 292
OPERATING CASH FLOW		698	- 932
Investments in operations		- 1,172	- 199
Cash flow from investing activities		- 1,172	- 199
CASH FLOW AFTER INVESTMENTS		- 474	- 1,131
FINANCING ACTIVITIES			
Profit from investments in Group companies		1,349	742
Repayment of long-term borrowings	<i>Note 32</i>	- 3,800	- 2,700
Proceeds from borrowings	<i>Note 32</i>	3,548	4,400
Dividend		- 605	- 1,310
Cash flow from financing activities		492	1,132
Cash flow for the year		18	1
Cash and cash equivalents at start of year		1	-
Cash and cash equivalents at end of year		19	1

Changes in equity

(SEK million)	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total equity
Equity					
Dec 31, 2023	79	75	4,751	4,445	9,350
Comprehensive income for the year				213	213
Dividend				- 1,310	- 1,310
Equity					
Dec 31, 2024	79	75	4,751	3,347	8,252
Comprehensive income for the year				776	776
Dividend				- 605	- 605
Equity					
Dec 31, 2025	79	75	4,751	3,518	8,423

DEFINITIONS

Statutory reserve

The statutory reserve is a restricted reserve, which means that it may not be used for distribution. The purpose of the reserve has been to retain part of the net profit that is not used to cover losses brought forward.

Share premium reserve

The share premium reserve is an unrestricted reserve available for distribution. When shares are issued at a premium, i.e. at a price exceeding the quota value of the shares, the excess amount must be transferred to the share premium reserve.

Retained earnings

This comprises retained earnings from the previous year and profit for the year, less dividends paid during the year, and is available for distribution.

COMMENTS ON THE PARENT COMPANY

Operations

The Parent Company's operations comprise Group management and certain Group-wide functions.

Operating profit

The Parent Company's net sales relate entirely to sales to Group companies and amounted to SEK 69 (62) million for the year. Administrative expenses consist primarily of personnel costs and external services such as audit fees, acquisition-related costs and listing-related costs.

Net financial items

The Parent Company's operating expenses, interest, loan repayments and dividends are financed primarily through dividends and Group contributions from subsidiaries.

Balance sheet

The Parent Company's total assets decreased from SEK 26,676 million to SEK 25,288 million during the year. Non-current receivables from Group companies consist entirely of the Cash pool owned by the subsidiary NIBE Treasury AB. The Parent Company's non-current interest-bearing liabilities consist mainly of bonds and commercial paper. Interest-bearing liabilities at year-end amounted to SEK 15,644 (16,057) million and the average interest rate on these liabilities amounted to 4.0% (5.4%) during the year. At year-end, the Parent Company's interest-bearing liabilities consisted largely of liabilities in SEK, as set out in Note 29.

RISKS AND RISK MANAGEMENT

As a global player, NIBE faces both commercial opportunities and risks of various types. Even though NIBE chiefly operates in markets with strong economies, demand for the company's products and services can be influenced negatively by a general downturn in economic activity or a decline in an individual country or individual segment. Additional risks include changes in laws and regulations, disruptions to financial systems, natural disasters, terrorism, pandemics and geopolitical threats. To counteract the effects of the various risks facing the company, NIBE takes a systematic, proactive approach to risk management.

The common framework and tool for risk management is the NIBE Internal Control Standard or NICS. Risk management processes with activities on several levels are continuously implemented under NICS. NICS addresses the risks the Group may face from four different perspectives: business risks, financial risks, IT risks and sustainability risks. In turn, these perspectives are divided into a number of sub-groups, all of which are evaluated annually by the Group's three business areas and all underlying companies in the Group and are finally managed at Board level in summary form, with decisions on priority measures.

Political and macroeconomic risks

Political uncertainty, political indecision and macroeconomic conditions may affect demand for products and expenses, both directly and indirectly. They may have consequences for operations in vulnerable regions in which trade agreements and customs duties may change dramatically and sanctions may be introduced in established regions where political indecision, or interrupted decision-making can lead to insecurity for the end client. NIBE discusses these issues with decision makers in relevant areas with a focus on the EU and North America. This is coordinated with other organizations such as trade associations.

Political instability, pandemics or labor disputes can cause production stoppages that, in turn, lead to compensation claims. NIBE continuously checks compliance with legislation by means of policies, procedures and constructive negotiations with employee representatives.

Customer and supplier dependence

Large economic fluctuations, changes in energy prices, energy taxes, subsidies and energy legislation may affect the Group's growth. This is deemed to be counteracted by the Group's global presence. Growth per country and product group is monitored continuously. Combined with flexible manufacturing, this permits NIBE to take rapid action. All three business areas have a broad customer and supplier base, and no business area is dependent on any single customer, customer group or supplier to the extent that its loss would seriously affect the Group's profitability. Moreover, the Group's products help make society more sustainable as they are high-tech and sustainable, which guarantees long-term healthy profitability. When COVID-19 struck in 2020, all our companies were affected in some way and were forced to adapt their operations accordingly. Initially, this involved dealing with disruption in the supply chain and mandatory closures. This subsequently shifted to meeting a sharp increase in demand during 2022 and the first half of 2023, and then facing a significant deceleration in the second half of 2023 and the first half of 2024. The reason for this was Russia's war of aggression against Ukraine and the consequences this has brought to the energy supply. The second half of 2024 and 2025 were characterized by a gradual return to what we regard as a more normal market.

Price risks

Expenses for raw materials and components make up a large proportion of the Group's expenses. These largely consist of metals that are priced in US dollars and quoted on the London Metal Exchange, LME. To counter the effects of price fluctuations and avoid over-dependence on specific currencies and markets, purchasing procedures have been largely globalized. In 2024, purchases of raw materials such as nickel, copper and aluminum were partially hedged through forward contracts. Other operating expenses follow general price trends in the markets in which the Group operates.

Risks relating to disputes over patents and litigation

Infringement of patents, registered designs and trademarks represents a constant external threat. However, the Group holds relatively few patents and these relate only to components used in its finished products. NIBE also holds a number of registered designs and trademarks. Based on the Group's continuous monitoring of patents, as far as we are aware, we have not infringed any third-party patents nor have any of our patents been infringed.

Acquisitions

Unforeseen events and discoveries in acquired companies, as well as protracted integration processes and slow synergy effects may result in impairment. The Group has well-established procedures and due diligence processes for examining potential acquisitions. Integration and synergy are achieved through very close cooperation with the acquired companies. Acquisitions contribute to expansion with greater know-how, a wider product range and greater geographical presence. Acquisitions provide coordination gains and contribute to sector structuring.

Recall of products

There is always a risk that a series fault in one of the Group's product areas may lead to product recalls, through problems with materials or for other reasons. The risks are reduced by means of systematic quality assurance and inspection procedures. Most Group companies are certified in accordance with ISO 9001. Global insurance policies have been taken out as additional risk cover for similar events.

Traditional insurance-related risks

It is our considered opinion that the Group has adequate cover for traditional insurance risks such as fire, theft, liability, etc. via the global insurance policies taken out. The excess on our policies is between SEK 300,000 and SEK 10 million.

Financial risks

Financial risks comprise these material risks: credit risks, currency risks, financing risks and interest rate risks. These are described in Note 29.

IT risks

Hacking of data systems, theft of business-critical data or sabotage of critical data systems by viruses represent a continuous, growing threat. Measures taken to compensate for these risks include strict IT policies in respect of user permissions and associated security training, software and hardware-related protection mechanisms, and the establishment of several Security Operations Centers (SOC), whose task it is to continuously monitor the Group's IT systems for any cyber attacks. The Group's insurance coverage also largely extends to IT-related risks. Good IT security contributes to efficiency and stability.

Sustainability risks

Climate change

Extreme weather conditions in the form of storms, flooding and extreme heat or cold represent risks of damage to property and entail an increased risk of damage to the environment in the form of spills, unplanned discharges and leakage. This also creates a risk of disruption to production and delivery capacity. Damage and loss can be reduced in areas identified under Task Force on Climate-related Financial Disclosures (TCFD) as being higher risk by using our risk analyses and preventive measures and by being prepared. NIBE has global insurance cover for major losses caused by natural disasters.

The supply chain

Most of the components in the products marketed by the Group's three business areas are manufactured by several suppliers in Europe and elsewhere in the world. Suppliers may harm NIBE's reputation if they fail to follow internationally agreed principles for human rights, working conditions, environmental protection, ethical business conduct and/or social responsibility, or if they fail to comply with national legislation in these areas. NIBE evaluates suppliers against internationally agreed principles, quality requirements and their delivery capacity. In our opinion, the Group would not suffer serious harm if any individual supplier were unable to meet our stipulated requirements.

Manufacturing

Risk assessments and improvements are implemented continuously at our production facilities, with ongoing maintenance and new investments, to minimize the impact of the Group suffering production stoppages due to external circumstances. The aim is to have sound procedures in the production process as regards quality, health, safety, the environment and fire protection. We monitor compliance with and the status of policies and certifications in these areas by means of internal and external audits. High levels of continuous improvements benefit the production process and safety. A global presence, combined with a flexible production structure, permits NIBE to relocate manufacturing processes in accordance with continuity plans.

The environment

Handling materials and chemicals in our production plants entails a risk of damage to the environment for which the Group will be held liable. The Group can be held liable for contaminated soil and ground-water in properties caused by previous owners. In our opinion, the risks are minimized by means of systematic environmental work based on ISO 14001 certification and due diligence in conjunction with acquisitions.

Health and safety

Inadequate health and safety in the workplace can lead to accidents resulting in personal injury and production stoppages. NIBE carries out systematic health and safety work with risk analyses of tasks, machines and materials, and procedures for reporting incidents and investigating fundamental causes. A good, safe working environment promotes productivity and creates more efficient workplaces with better well-being and higher motivation.

Human resource management

NIBE's future success depends largely on its ability to recruit, develop and retain qualified officers and other key individuals. A lack of expertise or leadership leads to poorer product and business development. In our opinion, our strategic HR work to recruit, develop and retain qualified officers and other key individuals counteracts this risk and gives us a head start in terms of our capacity for innovation, business development and growth.

Distribution

Disruption in the distribution chain can have a negative impact on customers, and higher freight volumes mean higher carbon dioxide emissions. The distribution channels are checked regularly. Procedures are in place for following up and taking any required action. In addition, transportation is coordinated and used efficiently to reduce emissions and make it greener.

Corruption

Corruption in a company may entail high costs and litigation and may generally reduce confidence in the company. All NIBE employees at risk of exposure to corruption undergo training in anti-corruption. The Group also has a whistleblowing function. Business partners sign an anti-corruption clause as part of their contract. Good business principles ensure stable operations and build trust among employees, customers and public authorities. An ethical, reliable image generates competitive advantages.

Human rights

NIBE operates in around 30 countries and in environments in which unethical business practices and infringements of human rights may occur. If NIBE is involved in these business practices, the company's reputation in the market may be harmed. NIBE may also be subject to fines and other legal sanctions. NIBE works with various business partners such as customers, distributors, partners in jointly owned companies and suppliers. Differences in culture and working methods between NIBE and these partners may increase the risks associated primarily with business ethics and human rights. Consequently, Our Values and evaluations of business partners (code of conduct) are important in preventing these risks.

	Calculation basis	Change	Impact
Sensitivity analysis			
The Group is exposed to several risk factors that affect earnings trends. Many of these risks are beyond the company's control. The table sets out several changes and illustrates their effect on the Group's profit. The changes are calculated based on the 2025 balance sheet and income statement and assume constant fixed costs.			
Net sales (margin constant)	40,841 SEK m	+/- 1.0 %	167 SEK m
Operating margin (volume constant)	40,841 SEK m	+/- 1.0 %	408 SEK m
Material costs	17,815 SEK m	+/- 1.0 %	178 SEK m
Personnel costs	11,268 SEK m	+/- 1.0 %	113 SEK m
Interest-bearing liabilities (interest constant)	22,557 SEK m	+/- 10.0 %	99 SEK m
Interest rate % (interest-bearing liability constant)	4.4 %	+/- 1.0 percentage point	226 SEK m

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 • GENERAL ACCOUNTING POLICIES

General

NIBE Industrier AB is the parent company of an international group in sustainable energy solutions with business operations organized in three separate business areas: NIBE Climate Solutions, NIBE Element and NIBE Stoves.

The Group has just over 21,600 employees and operates in 35 countries in Europe, North America, Australia and Asia. The legal structure of the Group comprises several subsidiaries which in turn operate through their own subsidiaries or branches.

The Parent Company, NIBE Industrier AB (publ), is a registered limited liability company domiciled in Sweden. The address of the company's head office is Hannabadsvägen 5, SE-285 21, Markaryd, Sweden. The Company is listed on Nasdaq Nordic. Its activities comprise Group-wide functions such as financing, acquisitions, support for subsidiaries in foreign exchange management, new business establishments, financial control and Group policies.

NIBE Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as endorsed by the EU. In addition, the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied. The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Corporate Reporting Board's statements on listed companies have also been applied.

Changes to accounting policies resulting from new or amended IFRSs

No amendments to IFRS Accounting Standards effective on or after January 1, 2025 have had any material impact on the Group's financial statements.

New IFRSs not yet applied

A number of new standards and amended standards are effective for financial years beginning on or after January 1, 2026 and have not been applied in the preparation of these financial statements. IFRS 18 Presentation and Disclosure in Financial Statements is effective for reporting periods beginning on or after January 1, 2027, which means that the Group's first financial report under IFRS 18 will be the interim report for the first quarter of 2027. The comparative period 2026 will be restated in accordance with IFRS 18. Assessment of the effects of IFRS 18 on the Group's financial statements began in 2025. It has been noted that some of the Group's existing key ratios meet the definition of MPM and that the Group will therefore need to provide disclosures about these in the notes. The Group also has exchange differences relating to intra-Group lending, which under the current accounting policies are reported under net financial items. It is not currently clear how such exchange differences are to be reported under IFRS 18 as the matter is under discussion by IFRS Interpretations Committee.

Additionally, in connection with the introduction of IFRS 18, interest received and interest paid will be recognized under investing activities and financing activities respectively in the statement of cash flows. According to the Group's current accounting policies, both interest received and interest paid are included under operating activities in the statement of cash flows.

The IASB has also issued an amendment to IFRS 9, clarifying the date of derecognition for financial liabilities (e.g. trade payables) settled through electronic payment systems. The amendments state that, as a general principle, a financial liability may only be derecognized on the settlement date, that is, on the date the cash reaches the recipient. However, an exception to the general principle has been introduced, enabling derecognition of a financial liability before the settlement date if certain conditions are met. A decision to apply the exception will be made individually for each electronic payment system. The amendments are effective for reporting periods beginning on or after January 1,

2026. In 2025, the company began an assessment of the payment systems used in the Group to determine the extent to which the amendments to IFRS 9 will impact the Group in connection with derecognition of trade payables and other financial liabilities. The assessment will be completed in 2026.

Otherwise, none of the other IFRS Accounting Standards or IFRIC interpretations not yet effective are expected to have any material impact on the Group's financial statements.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, NIBE Industrier AB (publ), and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the voting rights or otherwise exercises control.

Acquired and divested companies are included in the consolidated income statement during the period of ownership. Items included in the financial statements for the different entities in the NIBE Group are valued in the currency of the primary economic environment in which the entity operates (functional currency). In the consolidated financial statements, the Parent Company's functional and presentation currency is used, which is the Swedish krona (SEK). This means that foreign subsidiaries' assets and liabilities are translated at the closing day rate. All income statement items are translated at the average rate for the year. Translation differences are recognized in other comprehensive income. Some cases, long-term monetary balances arise between a parent company and a foreign operation that are not expected to be settled in the foreseeable future. The related exchange differences are recognised in other comprehensive income.

Classification

Non-current assets and non-current liabilities including any relevant provisions consist of items that are expected to be recovered or paid more than 12 months after the reporting date. Current assets and current liabilities including any relevant provisions are

1 • GENERAL ACCOUNTING POLICIES

items that are expected to be recovered or paid within 12 months of the reporting date.

Recognition of hyperinflation for the Group's Turkish subsidiaries

Turkey has been classified as a hyperinflationary economy since June 30, 2022 and NIBE's operations in Turkey are therefore recognized in the consolidated financial statements after remeasurement for hyperinflation. Non-monetary items in the balance sheet were remeasured using the consumer price index in Turkey, published by the Turkish Statistical Institute (TSI). The consumer price index stood at 3,513.87 at year-end, compared with 2,684.55 at the start of year. The remeasured items were based on historical cost.

Related party transactions

Orders between Group companies are invoiced on commercial terms and at market prices. Internal profits arising on sales between Group companies have been eliminated. The Parent Company's net sales relate entirely to sales to Group companies. During the financial year, goods and services worth SEK 3 (3) million were purchased from companies in which the Schörling family has significant influence.

Critical accounting estimates and assumptions

Company management makes estimates and assumptions about the future, and these affect carrying amounts. Consequently, the carrying amount in these cases is not exactly the same as the fair value. Estimates and assumptions which may involve a risk of significant adjustments to carrying amounts during the next financial year are reported below.

Useful lives of intangible assets and property, plant and equipment

Group management determines the estimated useful lives and the related depreciation and amortization of the Group's intangible assets and property, plant and equipment. These estimates are based on historical knowledge of the useful lives of equivalent assets. The useful lives and estimated residual values are tested at the end of each reporting period and adjusted as necessary.



Impairment testing of goodwill and acquisition-related trademark values

Each year, the Group assesses whether goodwill and acquisition-related trademark values are impaired, in accordance with the accounting policy described in the section "Impairment". The required estimates and their effects are shown under 'Goodwill and trademarks'. Additional information, including a sensitivity analysis, is given in Note 14.

Provisions

Further information on provisions for the year for the warranty risk reserve is provided in Note 23. Provisions for the present value of pension obligations depend on several factors that are determined based on actuarial assumptions. Every change in these assumptions will affect the carrying amount of the pension obligations. Significant assumptions relating to pension obligations are based partly on prevailing market conditions. Additional information, including a sensitivity analysis, is provided in Note 22.

Acquisition-related liabilities

The carrying amount of acquisition-related liabilities is normally based on expected financial performance in acquired operations in future years. If the financial performance differs from the expected performance, it will affect the carrying amount of the acquisition-related liabilities and therefore NIBE Group's earnings. In the event that acquisition-related revaluations are considered to affect comparability, key ratios have been restated for comparability. Acquisition-related revaluations are presented on a separate line in the income statement. See Note 26 for more information on the Group's acquisition-related liabilities.

2 • SEGMENT REPORTING, BUSINESS AREAS

ACCOUNTING POLICY

Operationally, the Group's activities are divided into product group oriented business areas due to the differences in risks and opportunities associated with the various product groups. Operations are led by heads of business areas and supervised by business area boards. The accounting corresponds to the internal reports submitted to the CEO.

Pricing for transactions between segments is according to the arm's length principle.

(SEK million)	CLIMATE SOLUTIONS		ELEMENT		STOVES		ELIMINATIONS		TOTAL	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Total net sales	26,918	26,037	11,284	11,092	3,475	3,864	- 836	- 472	40,841	40,521
Internal net sales	- 84	- 36	- 752	- 436	0	0	836	472	-	-
External net sales	26,834	26,001	10,532	10,656	3,475	3,864	0	0	40,841	40,521
Sales by geographical region										
Nordic region	5,981	5,613	1,093	1,154	628	722	-	-	7,702	7,489
Rest of Europe	13,220	12,785	3,291	3,306	1,465	1,749	-	-	17,976	17,840
North America	6,777	6,770	4,537	4,522	1,298	1,300	-	-	12,612	12,592
Other countries	856	833	1,611	1,674	84	93	-	-	2,551	2,600
External net sales	26,834	26,001	10,532	10,656	3,475	3,864	-	-	40,841	40,521
Profit										
Profit by business area	3,493	1,600	795	362	144	143	-	-	4,432	2,105
Unallocated costs and income									- 307	566
Operating profit									4,125	2,671
Financial income									358	512
Financial expenses									- 1,328	- 1,647
Tax expense for the year									- 875	- 374
Net profit for the year									2,280	1,162
Other information										
Assets	45,391	48,102	15,180	16,421	5,946	7,005	- 23,900	- 24,214	42,617	47,314
Unallocated assets									22,438	23,092
Total assets									65,055	70,406
Liabilities	6,412	5,782	2,158	2,587	611	1,182	- 986	- 366	8,195	9,185
Unallocated liabilities									26,570	29,081
Total liabilities									34,765	38,266
Investments	1,786	1,767	381	571	66	159				
Depreciation/amortization	1,308	1,263	619	564	211	222				

Of the Group's net sales, SEK 3,718 (3,379) million relates to customers in Sweden, SEK 3,574 (3,474) million to customers in Germany, SEK 4,178 (3,698) million to customers in the Netherlands and SEK 11,274 (11,072) million to customers in the US. Of the Group's non-current assets under IFRS 8 paragraph 33, SEK 6,424 (6,303) million are located in Sweden, SEK 9,460 (11,329) million in the US and Mexico, SEK 8,402 (8,724) million in the Netherlands, and SEK 5,150 (5,489) million in Germany and Switzerland. Unallocated costs and income comprise acquisition costs, acquisition-related revaluations and Group-wide costs in the Parent Company.

3 • ACQUISITIONS

ACCOUNTING POLICY

The net assets of the acquiree are assessed based on the acquisition-date fair value of assets and liabilities. The purchase price for an acquisition is the fair value of the assets transferred as consideration and the liabilities arising or assumed on the transfer date. In many of the business combinations NIBE carries out, the Group does not buy 100% of the shares in the acquired company at the time of acquisition, which means that the seller legally remains a minority shareholder. Normally, however, the minority shareholder has an option to sell its holding to NIBE at a future time or NIBE has an obligation to buy the minority shareholder's shares in the future. In such situations, NIBE has decided to employ the Anticipated Acquisition Method (AAM), which means that 100% of the subsidiary is considered to have been acquired at the time of acquisition, while the Group recognizes a liability corresponding to the present value of the estimated future purchase price. Consequently, the Group does not recognize any minority interest, referred to under IFRS as "non-controlling interests", in this type of acquisition transaction. Remeasurements of the NCI purchase option liability are recognized in the income statement under operating profit/loss. Profit for the year includes acquisition costs of SEK 32 million, recognized as administrative expenses in the consolidated income statement.

Acquisitions during the year

Other acquisitions

In November, the Group acquired 70% of the shares in the Italian element company Selmo S.R.L., with net sales of approximately EUR 14 million. An agreement is in place to acquire the remaining 30% in 2028. The company is part of NIBE Element and was consolidated with effect from November 2025.

Consideration comprises:		Group	
Other acquisitions (SEK million)	2025	2024	
Initial consideration	179	58	
Acquisition-related liabilities	85	44	
Total consideration	264	102	
Fair value of net assets acquired	102	- 939	
Goodwill	162	1,041	
Consideration	264	102	
Cash and cash equivalents in acquired companies	- 12	- 7	
Settled liabilities	776	571	
Unsettled liabilities	- 85	- 45	
Effect on the Group's cash and cash equivalents	943	621	

Net assets acquired comprise:		Group	
Other acquisitions (SEK million)	Fair value	Carrying amount	
Market positions	-	-	
Trademarks	-	-	
Other intangible assets	38	-	
Property, plant and equipment	5	5	
Financial assets	-	-	
Current receivables	85	85	
Inventories	33	33	
Cash and cash equivalents	12	12	
Provisions	- 12	- 2	
Liabilities	- 59	- 53	
Net assets acquired	102	80	

Acquired current receivables amounted to SEK 85 million, of which SEK 85 million is expected to be settled.

4 • NET SALES

ACCOUNTING POLICY

NET SALES

Sale of goods

The Group's revenue is derived almost exclusively from the sale of finished goods. Sales are recognized as revenue when the customer has control over the goods, which is usually when the goods have been made available to the customer under the terms of delivery. Revenue is recognized net of discounts, customer bonuses and other similar items.

Service contracts

For certain products in NIBE Climate Solutions, NIBE offers customers the opportunity to sign a one-year service contract, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. Service contracts are separate performance obligations and are satisfied over time. The amount received is therefore recognized as revenue over the term of the service contract. As the scope of defects cannot be reliably predicted, pricing is based on experience. Payment is received from customers annually in advance, and deferred income will therefore be recognized as revenue gradually over the coming 12-month period.

Extended warranty contracts

For certain products in NIBE 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. As the scope of defects cannot be reliably predicted, pricing is based on experience. Payment is received from customers on delivery of goods. The extended warranties are also separate performance obligations that are satisfied over time. Deferred income will be recognized as revenue gradually over the coming six-year period.

PARENT COMPANY

The Parent Company's sales relate entirely to contractual sales to Group companies. There was no deferred income at either the start or end of the year.

Timing of revenue recognition

	Deliverables recognized at a point in time	Deliverables recognized over time (during the year)	Total revenue from contracts with customers
NIBE Climate Solutions	26,444	474	26,918
NIBE Element	10,708	576	11,284
NIBE Stoves	3,475	-	3,475
Eliminations	- 836	-	- 836
Total revenue	39,791	1,050	40,841

Deliverables recognized as revenue over time

	Service contracts	Extended warranties	Other	Total
Prepaid at start of year	120	377	40	537
Prepaid in divested companies	-	-	-	-
Payments received during the year	143	129	813	1,085
Recognized as revenue during the year	- 147	- 81	- 821	- 1,049
Translation differences	- 7	- 47	- 3	- 57
Prepaid at end of year	109	378	29	516

For performance obligations other than service contracts and extended warranties, no information is provided on the transaction price allocated to remaining performance obligations, as there were no such obligations at December 31, 2025 with an original expected term exceeding one year.

5 • OTHER OPERATING INCOME

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Gain on disposal of non-current assets	6	7	-	-
Gain on sale of businesses	-	-	-	-
Exchange gains	239	249	-	-
Other	217	296	3	-
Total	462	552	3	-

6 • REMUNERATION OF SENIOR EXECUTIVES, NUMBERS OF MEN AND WOMEN IN SENIOR POSITIONS

ACCOUNTING POLICY

Principles for remuneration and other terms of employment for senior executives

In accordance with the resolution adopted by the Annual General Meeting, the following principles applied during 2025.

The company shall offer competitive, market-based remuneration to attract and retain personnel. Remuneration shall be payable as fixed salary, variable salary, retirement benefit contributions or other benefits, such as a company car.

Directors' fees shall not be payable to members of the Board who are employed in the Group.

The period of notice from the company for the CEO shall be six months. The CEO shall have the right to severance pay equivalent to twelve months' salary. Other senior executives shall receive salary during a period of notice which varies from 6-12 months.

All senior executives shall have pension benefits corresponding to the ITP occupational pension plan, section 2, up to 30 basic amounts for social security purposes. For portions of salary above this level, contributions of a fixed 30% are paid in accordance with the principles of the defined-contribution ITP plan, section 1. There shall be no special agreements for senior executives to retire before reaching the official retirement age while still receiving a certain proportion of their salaries.

As an incentive, senior executives will be entitled to a variable salary component that is payable if set targets are achieved. The variable component shall be restricted to four months' salary. The possibility also exists to receive an additional month's salary on condition that this additional payment plus another monthly salary paid as a variable bonus is used to purchase NIBE shares. A further condition for entitlement to receive this additional month's remuneration is that the shares thus purchased are retained for at least three years. Under normal circumstances, NIBE shares acquired in this way shall be purchased on one occasion each year in February/March and the purchase shall be subject to the relevant insider trading regulations. The CEO shall not participate in any incentive program. The Board may depart from these guidelines if there are reasons for doing so in an individual case.

The Board's proposal for guidelines for 2026 largely matches the principles approved at the 2025 Annual General Meeting. The Board's opinion is that the group of senior executives subject to the guidelines does not need to be increased as a result of the new rules on remuneration of senior executives from the Swedish Corporate Governance Board.

Agreement on severance pay

Applies only to the Parent Company CEO, for whom an agreement has been reached on severance pay amounting to one year's salary.

Pensions

No pension contributions were paid for the CEO in 2025. Other senior executives in the Group have retirement benefits corresponding to the ITP-1 plan and ITP-2 for the portion of their salary up to 30 income base amounts. For salary amounts above this, a premium of 30% is paid. An exception is made in the case of the head of one of the business areas, who, in his capacity as Managing Director, has an individual pension arrangement with contributions that correspond to those of other senior executives. Under the Group's policy, no further pension contributions are made if employment continues after the age of 65.

Board and senior executives

(SEK thousand)	2025		2024	
	Salary and other remuneration	Pension costs	Salary and other remuneration	Pension costs
Hans Linnarson, Chairman	1,000	-	1,000	-
Anders Pålsson	500	-	500	-
Eva Karlsson	500	-	500	-
Eva Thunholm	500	-	500	-
James Ahrgren	500	-	500	-
Camilla Ekdahl	500	-	500	-
Gerteric Lindquist, Managing Director and CEO	11,113	-	10,666	-
Other senior executives:				
6 (5) individuals	29,932	7,232	26,336	5,240
Group total	44,545	7,232	40,502	5,240

Gender distribution, Board and management

	2025		2024	
	Number	Of which men	Number	Of which men
Board of Directors	7	4	7	4
Senior management				
Parent Company	6	5	4	4
Subsidiaries	1	1	2	2
Group	7	6	6	6

7 • PERSONNEL COSTS

Salaries and other benefits

(SEK million)	2025	2024
Parent Company	59	33
Subsidiaries	9,163	9,546
Group total	9,222	9,579

Salaries and other benefits, excluding social security contributions, by country for the Board, CEO, other senior executives and other employees

(SEK million)	2025		2024	
	Board, CEO and senior executives	Other employees	Board, CEO and senior executives	Other employees
Parent Company*	42	19	29	6
Subsidiaries in Sweden ¹⁾ (0 and 0)	3	1,140	11	1,202
Norway ¹⁾ (0 and 0)	-	247	-	266
Finland ¹⁾ (1 and 2)	-	258	-	276
Denmark ¹⁾ (3 and 4)	-	540	-	629
France (0 and 0)	-	79	-	81
Germany ¹⁾ (1 and 2)	-	810	-	789
Poland ¹⁾ (0 and 0)	-	404	-	406
Portugal	-	31	-	30
Czech Republic ¹⁾ (2 and 0)	-	205	-	205
Italy ¹⁾ (1 and 0)	-	457	-	460
Netherlands ¹⁾ (1 and 1)	-	500	-	534
Belgium	-	34	-	42
UK ¹⁾ (1 and 1)	-	308	-	323
Ireland	-	36	-	42
Spain	-	41	-	35
Romania	-	49	-	53

* The increase was due to the management of business areas now being reported for the Parent Company.

¹⁾ (of which bonus, SEK million)

Salaries and other benefits, excluding social security contributions, by country for the Board, CEO, other senior executives and other employees

(SEK million)	2025		2024	
	Board, CEO and senior executives	Other employees	Board, CEO and senior executives	Other employees
Slovakia	-	1	-	1
Russia	-	0	-	0
Austria ¹⁾ (0 and 0)	-	56	-	71
Switzerland ¹⁾ (1 and 3)	-	395	-	418
Serbia	-	156	-	142
Slovenia	-	32	-	36
Turkey	-	128	-	112
China ¹⁾ (0 and 0)	-	155	-	166
Malaysia	-	4	-	4
Vietnam	-	103	-	40
Taiwan	-	2	-	2
Thailand	-	9	-	9
Singapore	-	4	-	4
Australia	-	33	-	22
Mexico	-	365	-	372
Costa Rica	-	24	-	17
Canada	-	350	-	430
US ¹⁾ (7 and 10)	-	2,206	-	2,314
Group total	44	9,182	40	9,539

¹⁾ (of which bonus, SEK million)

7 • PERSONNEL COSTS

Personnel costs

(SEK million)	2025			2024	
	Social security contributions	of which pension costs	Social security contributions	of which pension costs	
Parent Company	28	10	14	4	
Subsidiaries	1,680	348	1,798	400	
Group total	1,708	358	1,812	404	

As in the previous year, none of the Parent Company's pension costs relate to the CEO. The Parent Company's outstanding pension obligations to the Board of Directors and the CEO amount to SEK 9 (8) million. The corresponding amount for the Group is SEK 11 (12) million. The Group has no outstanding pension obligations to the previous Board of Directors and CEO.

Average number of employees and gender distribution

	2025			2024		
	Number of employees	Women	Men	Number of employees	Women	Men
Parent Company	18	8	10	11	5	6
Subsidiaries in Sweden	2,250	503	1,747	2,348	526	1,822
Norway	323	72	251	343	75	268
Finland	457	92	365	487	104	383
Denmark	630	188	442	732	218	514
France	94	23	71	107	25	82
Germany	1,204	232	972	1,225	228	997
Poland	1,674	831	843	1,826	942	884
Portugal	122	35	87	130	44	86
Czech Republic	740	294	446	809	323	486
Italy	796	258	538	743	233	510
Netherlands	691	149	542	713	143	570
Belgium	48	9	39	54	8	46
UK	559	127	432	595	125	470
Ireland	73	29	44	80	30	50
Spain	69	21	48	78	24	54
Romania	373	256	117	358	249	109
Slovakia	2	1	1	2	1	1

Average number of employees and gender distribution

	2025			2024		
	Number of employees	Women	Men	Number of employees	Women	Men
Russia	0	0	0	0	0	0
Austria	73	18	55	76	19	57
Switzerland	310	73	237	316	70	246
Serbia	743	272	471	696	255	441
Slovenia	43	10	33	44	10	34
Turkey	469	58	411	478	35	443
China	930	382	548	989	388	601
Malaysia	27	15	12	27	16	11
Vietnam	2,258	1,236	1,022	986	583	403
Taiwan	4	1	3	4	1	3
Thailand	119	52	67	124	59	65
Singapore	9	4	5	9	4	5
Australia	31	3	28	28	6	22
Mexico	2,312	1,275	1,037	2,215	1,199	1,016
Costa Rica	188	149	39	143	124	19
Canada	570	106	464	615	122	493
US	3,448	1,117	2,331	3,493	1,116	2,377
Group total	21,657	7,899	13,758	20,884	7,310	13,574

8 • RESEARCH AND DEVELOPMENT COSTS

Research and development costs of SEK 1,390 (1,421) million are included in Cost of goods sold.

9 • REMUNERATION OF AUDITORS

Group (SEK million)	2025			2024		
	KPMG	Other auditors	Total Group	KPMG	Other auditors	Total Group
Audit engagements*	29	15	44	26	14	39
Other audit-related fees**	4	2	6	3	2	6
Tax advisory services ***	2	12	14	2	11	13
Other services ***	3	9	12	4	7	11
Total	38	38	76	35	34	69

During the year, the Parent Company incurred costs of SEK 3 (2) million for auditing and SEK 4 (3) million for other services from different auditing firms.

* of which SEK 10 million to KPMG AB

** of which SEK 2 million to KPMG AB

*** of which SEK 0 million to KPMG AB

**** of which SEK 2 million to KPMG AB

Audit engagements refers to the statutory audit of the annual report, consolidated financial statements and accounting records, the administration of the Board of Directors and the CEO, and auditing and other reviews carried out by agreement or contract. This includes other tasks that the company's auditor is required to perform and advice or other assistance arising out of observations made in connection with such review or the performance of such tasks.

10 • INCOME STATEMENT BY NATURE OF EXPENSE

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Net sales	40,841	40,521	69	62
Change in inventories	- 381	- 1,853	-	-
Other operating income	462	1,149	3	-
	40,922	39,817	72	62
Raw materials and consumables	- 17,434	- 17,061	-	-
Other external costs	- 5,950	- 6,116	- 151	- 114
Personnel costs	- 11,268	- 11,724	- 88	- 46
Depreciation/amortization	- 2,145	- 2,245	-	-
Operating profit	4,125	2,671	- 167	- 98

11 • PROFIT FROM FINANCIAL ITEMS

ACCOUNTING POLICY

Interest income, interest expenses and dividends received

Interest income is recognized as revenue in accordance with the effective interest method. Dividends received are recognized as revenue when the right to receive the dividend is established. Interest expenses are recognized in profit or loss in the period to which they relate.

FINANCIAL INCOME

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Interest income, Group companies	-	-	111	168
Interest income, other	224	295	2	4
Exchange gains	97	165	253	45
Other financial income	11	15	-	-
Total	332	475	366	217

PROFIT FROM INVESTMENTS IN GROUP COMPANIES

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Dividend	-	-	1,349	741
Impairment of shares in subsidiaries	-	-	- 46	- 48
Total	-	-	1,303	693

FINANCIAL EXPENSES

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Interest expenses, Group companies	-	-	9	4
Interest expenses, items at fair value	79	79	79	79
Interest expenses, other	970	1,340	539	736
Exchange losses	178	150	76	165
Other financial expenses	101	78	12	-
Total	1,328	1,647	715	984

12 • APPROPRIATIONS

ACCOUNTING POLICY

Group contributions

Group contributions are recognized in accordance with the alternative rule in RFR 2. Under the alternative rule, Group contributions received by the Parent Company from subsidiaries are recognized as appropriations in the Parent Company's income statement. Group contributions paid by the Parent Company are also recognized as appropriations in the income statement.

(SEK million)	Parent Company	
	2025	2024
Group contributions	-	415
Total	-	415

13 • TAXES

ACCOUNTING POLICY

Recognized income taxes include current tax, adjustments for prior years' current tax and changes in deferred tax. All tax liabilities and tax assets are measured at the nominal amount in accordance with the tax regulations and tax rates that have been enacted or substantively enacted.

For items recognized in the income statement, the associated tax effects are also recognized in profit or loss. Tax is recognized in other comprehensive income if the tax is attributable to items recognized in other comprehensive income.

Deferred tax is calculated in accordance with the balance sheet method for all material temporary differences arising between the carrying amount of assets and liabilities and their corresponding tax bases. Such temporary differences arise mainly through Group surpluses. Deferred tax assets in respect of loss carryforwards or other future taxable deductions are recognized to the extent that it is probable that the amount can be offset against future taxable profit.

Due to the relationship between accounting and taxation, the deferred tax liability on untaxed reserves is recognized in the Parent Company as a portion of the untaxed reserves.

Global minimum tax

The majority of the companies in the Group operate in countries that have adopted the new Pillar 2 legislation to implement the global minimum tax.

The Group's calculations of effective tax per country did not indicate any material impact on the Group.

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Current tax for the year	874	617	2	30
Current tax attributable to prior years	21	- 27	12	-
Deferred tax	- 20	- 216	- 2	-
Total	875	374	11	30

Tax on items recognized in other comprehensive income

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Defined-benefit pensions	6	- 6	-	-
Market valuation of currency forward contracts	9	- 12	-	-
Current tax attributable to exchange differences	- 259	143	-	-
Current tax attributable to foreign net investment	65	- 30	-	-
Total	- 179	95	-	-

Difference between the Group's tax expense and tax expense based on current tax rate

The applicable tax rate was calculated based on the 20.6% (20.6%) tax rate that applies to the Parent Company.

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Recognized profit before tax	3,155	1,536	787	243
Tax at current rate	650	316	162	50
Non-deductible expenses	383	255	119	133
Non-taxable earnings	- 234	- 240	- 4	-
Dividends from subsidiaries	-	-	- 278	- 153
Adjusted tax for prior years	21	- 27	12	-
Unrecognized tax loss carryforwards	- 118	38	-	-
Effect of foreign tax rates	173	32	-	-
Recognized tax expense	875	374	11	30

Expiry periods for unrecognized tax loss carryforwards

Accumulated tax loss carryforwards for which no deferred tax asset has been recognized amounted to SEK 289 (257) million. The tax losses expire within the following periods:

(SEK million)	Group	
	2025	2024
Expire within 1-5 years	222	98
Expire within 6-10 years	2	26
Expire after 10 years	4	4
No expiry	61	129
Total	289	257

13 • TAXES

Temporary differences

Temporary differences in the following items resulted in deferred tax liabilities and deferred tax assets.

Deferred tax assets

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Loss carryforwards	220	136	-	-
Provisions för pension obligations	54	63	-	-
Provisions for warranty obligations	- 4	30	-	-
Temporary differences in non-current assets	- 19	- 30	-	-
Other	484	553	6	5
Total	735	752	6	5

Deferred tax liabilities

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Untaxed reserves	90	67	-	-
Temporary differences in non-current assets	1,539	1,694	-	-
Other	300	289	11	11
Total	1,929	2,050	11	11

Deferred tax assets

(SEK million)	Loss carryforwards	Provisions for pension obligations	Provisions for extended warranties	Temporary differences in non-current assets	Other	Total
Amount at start of year	136	63	30	- 30	553	752
Acquired companies	-	-	-	-	-	-
Recognized in income statement	91	1	- 31	- 5	- 21	35
Recognized in other comprehensive income	-	- 7	-	-	4	- 3
Translation difference	- 7	- 3	- 3	16	- 52	- 49
Amount at end of year	220	54	- 4	- 19	484	735

Deferred tax liabilities

(SEK million)	Untaxed reserves	Temporary differences in non-current assets	Other	Total
Amount at start of year	67	1,694	289	2,050
Acquired companies	-	15	-	15
Divested companies	-	-	-	-
Recognized in income statement	23	- 13	51	61
Effect of applying IAS 29	-	-	- 2	- 2
Translation difference	-	- 157	- 38	- 195
Amount at end of year	90	1,539	300	1,929

ACCOUNTING POLICY

GOODWILL AND TRADEMARKS

Goodwill and acquisition-related trademark values have arisen in connection with business combinations. Trademarks are measured at fair value on the acquisition date. As the useful lives of trademarks depend on a number of unknown factors such as technological developments and market trends, and cannot be determined with certainty, NIBE has so far considered them to be indefinite. Goodwill and assets with indefinite useful lives are not amortized. However, an impairment test is conducted annually, or more frequently if there are indications of impairment, in which case the Group's carrying amounts for these assets are compared with their estimated value in use based on their discounted future cash flows. The assets are valued by segment, i.e. by business area, which involves calculating future cash flows from each segment as a cash-generating unit. When the value in use is less than the carrying amount, the carrying amount is written down to the value in use. The assets are therefore recognized at cost less accumulated impairment.

Impairment testing

NIBE Group prepares budgets for one year at a time. This means that cash flows for the first year of an asset's useful life are based on the budget approved by the Board. Cash flows up until the end of the useful life are estimated by extrapolating the cash flow based on the prepared budget and the assumed organic sales growth, working capital requirements and gross profit margins over the useful life.

- The organic sales growth for years 2-5 is calculated based on management's best estimates about the future based on the Group's historical experience. For subsequent years, a lower growth rate has been assumed, equivalent to the estimated long-term growth rate for the sector.
- The requirement for working capital during the useful life is estimated with the aid of the Group's historical experience and the assumed organic sales growth.
- The gross profit margin is based on the adopted budgets for each cash-generating unit.
- The discount rate is calculated as a weighted average of the estimated required return on equity, adjusted for standard tax, and an estimated long-term interest rate on the Group's interest-bearing debt

Sensitivity analysis

A sensitivity analysis has been carried out with regard to significant assumptions applied in impairment testing. The following assumptions have been used to test sensitivity.

- Organic growth in years 2-5 is two percentage points lower.
- The gross profit margin is two percentage points lower.
- The requirement for working capital for organic growth is two percentage points higher.
- The discount rate is two percentage points higher.

None of the above assumptions resulted in impairment of goodwill for any of the Group's cash-generating units. See page 152 for the significant assumptions applied.

14 • INTANGIBLE ASSETS

MARKET POSITIONS, DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

Expenditures are incurred for product development in all NIBE Group business areas. During the development phase, several criteria are used for recognizing development projects as intangible assets. Expenditures are capitalized if it is technically feasible to complete the asset, the intention is to complete the asset either for use or sale, the asset is expected to generate future economic benefits, it is financially possible to complete the asset and the cost of the asset can be measured reliably. Expenditures are capitalized from the date on which all the above criteria are met.

Other development expenditures which do not meet these conditions are recognized as expenses as they arise. Development expenditures which have previously been expensed are not recognized as assets in a subsequent period.

Amortization is based on cost and is apportioned over the assets' estimated useful lives.

Market positions refers to the measurement of cash flows from identified customer relationships. Amortization for the year is recognized as a selling expense in the consolidated income statement.

Other intangible assets refers to tenancy rights, patents, licenses, computer programs, etc. These assets and market positions have finite useful lives according to assessments by the Group.

Useful lives of intangible assets

Group management determines the estimated useful lives, and thus the associated amortization of the Group's intangible assets. These estimates are based on historical knowledge of the useful lives of equivalent assets. Useful lives are tested at the end of each reporting period and adjusted as necessary.

Amortization and impairment of development costs and other intangible assets are recognized within the following functions:

(SEK million)	Group	
	2025	2024
Cost of goods sold	221	200
Selling expenses	6	8
Administrative expenses	54	44
Total	281	252

Capitalized development costs are amortized over their estimated useful lives. In 2025, these were between 4 and 10 years.

Significant assumptions in 2025

Assumptions	Cash-generating unit		
	NIBE Climate Solutions	NIBE Element	NIBE Stoves
Growth rate, years 2-5, %	6,0-12,0		
Growth rate, year 6 and later, %	2.0	2.0	2.0
Working capital requirement for organic growth, %	15.0	15.0	18.0
Pre-tax discount rate, %	10.6	10.2	10.3

Amortization

Market positions	7 - 11%
Other intangible assets	5 - 33%

14 • INTANGIBLE ASSETS

	MARKET POSITIONS		TRADEMARKS		DEVELOPMENT COSTS		OTHER INTANGIBLE ASSETS		GOODWILL	
(SEK million)	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Cost										
Opening cost	4,764	5,600	3,397	3,401	1,970	1,573	896	812	25,322	22,959
Business combinations	0	0	0	0	0	0	0	0	0	0
Investments for the year	19	0	19	0	394	395	86	77	159	1,047
Sales and retirements	0	-1,112	0	- 184	- 10	- 136	- 2	- 72	0	0
Reclassifications	0		0	0	- 9	113	75	49	8	0
Effect of applying IAS 29	0		0	0	0	0	0	0	- 40	249
Translation differences	- 495	276	- 364	180	- 78	25	- 64	30	- 2,323	1,067
Closing accumulated cost	4,288	4,764	3,052	3,397	2,267	1,970	991	896	23,126	25,322
Amortization										
Opening amortization	2,600	2,168	29	27	782	630	495	467	0	0
Sales and retirements	0	0	0	0	- 10	- 37	- 2	- 69	0	0
Reclassifications	0	0	0	0	- 7	1	2	2	0	0
Amortization for the year	245	297	0	0	191	176	90	76	0	0
Translation differences	- 304	135	- 3	2	- 32	12	- 43	19	0	0
Closing accumulated amortization	2,541	2,600	26	29	924	782	542	495	0	0
Closing carrying amount	1,747	2,164	3,026	3,368	1,343	1,188	449	401	23,126	25,290
Impairment										
Opening impairment	-	-	-	-	115	0	55	5	32	34
Sales and retirements	-	-	-	-	0	0	0	0	0	0
Impairment for the year	-	-	-	-	0	115	2	50	0	0
Translation differences	-	-	-	-	0	0	0	0	4	- 2
Closing accumulated impairment	-	-	-	-	115	115	57	55	36	32
Closing carrying amount	-	-	-	-	1,228	1,073	392	346	23,090	25,290
Carrying amount by business area										
NIBE Climate Solutions	1,215	1,503	2,376	2,651	1,081	930	206	246	16,715	18,298
NIBE Element	371	445	335	364	54	47	140	77	4,231	4,601
NIBE Stoves	161	216	315	353	93	96	46	23	2,144	2,391
Total	1,747	2,164	3,026	3,368	1,228	1,073	392	346	23,090	25,290

Sales and retirements for 2024 comprised the adjusted acquisition analysis for Climate For Life (CFL) of SEK 1,112 million.

Sales and retirements for 2024 comprised the adjusted acquisition analysis for Climate For Life (CFL) of SEK 184 million.

Investments for the year for 2024 included amounts relating to the adjusted acquisition analysis for Climate For Life (CFL) of SEK 960 million.

ACCOUNTING POLICY

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any impairment. Cost includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. The carrying amount of an item of property, plant and equipment is derecognized from the balance sheet on disposal or retirement, or when no future economic benefits are expected. Any remaining carrying amounts of replaced components, or parts thereof, are derecognized and expensed when replaced. Expenditure on repairs and maintenance is expensed as incurred.

Depreciation is based on cost, which, after deducting any residual value, is allocated over the asset's estimated useful life. The following depreciation rates are applied:

Buildings	2 – 7%
Land improvements	2 – 10%
Machinery and equipment	10 – 33%
Fixtures and fittings	4%

LAND AND BUILDINGS

	Group	
(SEK million)	2025	2024
Cost		
Opening cost	6,232	4,749
Business combinations	0	0
Investments for the year	162	313
Sales and retirements	- 21	- 8
Reclassifications	975	1,023
Translation differences	- 304	155
Closing accumulated cost	7,044	6,232
Depreciation		
Opening depreciation	1,526	1,308
Depreciation for the year	226	184
Sales and retirements	- 6	- 8
Reclassifications	- 1	4
Translation differences	- 82	38
Closing accumulated depreciation	1,663	1,526
Closing carrying amount	5,381	4,706
of which land	493	535

CONSTRUCTION IN PROGRESS

	Group	
(SEK million)	2025	2024
Cost		
Opening cost	2,217	2,859
Costs incurred during the year	388	1,245
Sales and retirements	-	- 4
Reclassifications	- 1,521	- 1,906
Translation differences	- 25	23
Closing accumulated cost	1,059	2,217

MACHINERY AND EQUIPMENT

	Group		Parent	
(SEK million)	2025	2024	2025	2024
Cost				
Opening cost	8,305	7,140	1	1
Business combinations	5	2	-	-
Investments for the year	619	617	-	-
Sales and retirements	- 232	- 341	-	-
Effect of applying IAS 29	0	8	-	-
Reclassifications	388	599	-	-
Translation differences	- 595	280	-	-
Closing accumulated cost	8,490	8,305	1	1
Depreciation				
Opening depreciation	4,382	3,816	1	1
Sales and retirements	- 156	- 289	-	-
Depreciation for the year	728	726	-	-
Reclassifications	- 11	- 13	-	-
Translation differences	- 313	142	-	-
Closing accumulated depreciation	4,630	4,382	1	1
Impairment				
Opening impairment	31	21	-	-
Sales and retirements	0	- 3	-	-
Impairment for the year	5	13	-	-
Translation differences	0	0	-	-
Closing accumulated impairment	36	31	-	-
Closing carrying amount	3,824	3,892	-	-

ACCOUNTING POLICY

Right-of-use assets

NIBE Group's right-of-use leases mainly concern premises and generally contain renewal options. They are used frequently by Group companies, for which reason the value of right-of-use assets in most cases where premises are concerned is based on assumptions of renewal terms.

At the inception of a contract, the Group assesses whether it is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the start of the lease, or when reviewing a lease that contains several components, both lease and non-lease components, the Group allocates payment under the contract to each component based on the independent price. For leases for buildings and land in which the Group is the lessee, the Group has, however, decided not to distinguish between lease and non-lease components and recognizes lease and non-lease components that are paid for with a fixed amount as a single lease component.

Leases as lessee

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is measured initially at cost, which consists of the initial value of the lease liability and lease payments made on or before the commencement date, plus any initial direct expenses. The right-of-use asset is depreciated on a straight line basis from the commencement date until the earlier of the end of the asset's useful life and the end of the lease term. This is normally the end of the lease term for the Group. In the less common cases in which the cost of the right of use reflects the fact that NIBE will exercise an option to buy the underlying asset, the asset is depreciated to the end of the useful life.

Lease liabilities that are divided into a non-current part and a current part are initially measured at the present value of outstanding lease payments during the estimated lease term. The lease term consists of the non-cancelable lease term plus extension options in the agreement if, at the commencement date, it is deemed reasonably certain that they will be exercised.

The lease payments are normally discounted at the Group's incremental borrowing rate which, in addition to the Group's/company's credit risk, reflects each lease's term and currency and the quality

of the underlying asset as intended security. However, where the interest rate implicit in the lease can be readily determined, that rate is used.

The lease liability comprises the present value of the following payments during the estimated lease term:

- fixed payments, including in-substance fixed payments,
- variable lease payments linked to an index or rate, initially measured using the index or rate applicable at the commencement date,
- any residual value guarantees that are expected to be paid,
- the exercise price for a purchase option that the Group is reasonably certain it will exercise, and
- penalties payable on termination of the lease if the estimated lease term indicates that such termination will occur.

The value of the liability increases with the interest expense for each term and decreases with the lease payments. The interest expense is calculated as the liability's value times the discount rate.

The lease liability for the Group's premises with rent that is indexed is calculated with the rent applicable at the end of each reporting period. At this time, the liability is adjusted by the corresponding adjustment of the carrying amount of the right-of-use asset. Correspondingly, the value of the liability and the asset is adjusted when the lease term is reassessed. This takes place when the last termination date in the previously estimated lease term for a premises lease has passed or when significant events occur or circumstances change significantly in a manner that is within NIBE's control and affect the current assessment of the lease term.

The Group presents right-of-use assets and lease liabilities as separate items in the balance sheet.

Right-of-use assets and lease liabilities are not reported for leases with a lease term of 12 months or less, or where the underlying asset has a low value, below SEK 50,000. Lease payments for these leases are recognized as an expense on a straight line basis over the lease term. There are extension and termination options to which companies may be exposed that are not included in the valuation of the lease liability.

The Parent Company does not have any leases.

16 • RIGHT-OF-USE ASSETS

CHANGE IN CARRYING AMOUNT

Right-of-use asset (SEK million)	Jan 1, 2025	Acquired companies	Additions during the year	Depreciation during the year	Translation differences	Dec 31, 2025
Premises	1,929	-	386	- 479	- 87	1,749
Machinery	104	-	19	- 33	- 3	87
Vehicles	219	-	130	- 115	- 28	206
IT equipment	48	-	7	- 18	- 5	32
Other	99	-	10	- 20	-11	78
Total	2,399	-	552	- 665	- 134	2,152

Lease liabilities at end of year

See Note 29 for the maturity structure of the Group's lease liabilities.

(SEK million)	2025	2024
Non-current liabilities	1,487	1,798
Current liabilities	672	619
Total lease liabilities at end of year	2,159	2,417

(SEK million)	2025	2024
Depreciation of right-of-use assets	665	591
Lease payments for short-term leases and low-value leases not recognized in the balance sheet	35	39
Interest expenses	70	64
Total lease payments in the income statement	770	694

Cash flow

Lease payments relating to right-of-use assets recognized in the consolidated balance sheet are presented in the statement of cash flows within financing activities as repayments of lease liabilities and interest expenses. Lease payments for short-term leases and low-value leases are recognized under operating activities.

(SEK million)	2025	2024
Repayment of lease liabilities	680	655
Lease payments for short-term leases and low-value leases not recognized in the balance sheet	35	39
Total cash flow	715	694

17 • SHARES IN SUBSIDIARIES

ACCOUNTING POLICY

Parent Company's reporting of shares in subsidiaries

The Parent Company reports in accordance with the cost method and capitalizes costs which are directly attributable to the acquisition. Acquisition-related liabilities are recognized at the probable outcome. Any future adjustments will affect the carrying amount of shares in subsidiaries.

SHARES IN SUBSIDIARIES

During the year, the holding in NIBE Energy Systems France SAS was written down.

Unless otherwise stated, the share of votes corresponds to the share of capital.

(SEK million)	2025	2024
Cost		
Opening cost	22,205	21,958
Investments for the year	62	247
Revaluations	- 87	-
Closing accumulated cost	22,180	22,205
Impairment		
Opening impairment	774	726
Impairment for the year	46	48
Reversal of impairment	-	-
Closing accumulated impairment	820	774
Closing carrying amount	21,360	21,431

Subsidiary	Holding %	Shares	Carrying amount SEK million
ABK-Qviller AS	100	500	224
AirSite AB	100	1,000	19
ARGOCLIMA S.p.A.	50	13,416,000	750
Backer AB	100	37,170	186
Backer EHP Inc.	100	100	217
Calvin Holdco B.V.	100	84,368,184	7,193
Cetetherm AB	100	50,000	5
CK Fires Ltd	100	302	56
Contura AB	100	15,000	451
CTC AB	100	27,000	216
Druzstevni Zavody Drazice-strojirna s.r.o.	100	7	199
Eltwin A/S	100	500	172
HT S.p.A.	100	200,000	569
Jevi A/S	100	1	30
JSC Evan*	100	8,631	-
Kaukora Oy	100	759	201
Lotus Heating Systems A/S	100	1,076,667	50
Loval Oy	100	768	40
LS Control A/S	70	499,800	387
METRO THERM A/S	100	3,400	181
NIBE AB	100	400,000	153
NIBE Climate Solutions Canada Corp.	100	14,132,000	208
NIBE Energy Systems France SAS	100	100	81
NIBE Energy Systems Inc.	100	100	900
NIBE Industrier Holding AB	100	5,000	1
NIBE Stoves Canada Corp.	100	100	683
NIBE Stoves GmbH	100	1	-
NIBE Treasury AB	100	15,000	11
Nordpeis AS	100	12,100	142
Rhoss S.p.A.	100	12,020,000	477
SAN Electro Heat A/S	100	13	18

Subsidiary	Holding %	Shares	Carrying amount SEK million
Snowcliff AG	100	10,625,000	4,860
Solzaima - Equipamentos para Energias Renováveis S.A.	83	75,440	368
Springfield Wire de Mexico S.A. de C.V.	100	10,000	42
Stovax Heating Group Ltd	100	198,900	491
TermaTech A/S	100	500	62
TIKI d.o.o. Stara Pazova	100		377
Üntes Isitma Klima Sogutma San Ve Tic A.S.	83	12,366,666	880
Üntes VRF Klima Sistemleri A.S.	78	3,120	88
Varde Ovne A/S	100	4,009	21
WaterFurnace Renewable Energy Corp.	100	14,666,765	96
Waterkotte GmbH	100		234
Wiegand S.A. de C.V.	100	15,845,989	21
Total			21,360

*Non-operating company under liquidation.

17 • SHARES IN SUBSIDIARIES

Shares owned via subsidiaries	Holding, %	Number of shares
Aggregatet 1 i Ljungby AB	100.00	50,000
ait-austria GmbH	100.00	1
ait-cesko s.r.o	100.00	200,000
ait-deutschland GmbH	100.00	
ait Schweiz AG	100.00	250
ait-slovensko s.r.o	100.00	5,000
ait-värmeteknik-sverige AB	100.00	1,000
Askoma AG	100.00	200,000
ATE-Electronics S.r.l.	100.00	
Backer Alpe S. de R.L. de C.V.	100.00	
Backer Asia Ltd	100.00	1,000
Backer Askoma SDN BHD	100.00	500,000
Backer Azthermal Engineering SDN BHD	70.00	1,000
Backer Azthermal SDN BHD	100.00	499
Backer Cellnergy Engineering PTY Ltd	100.00	
Backer ELC AG	100.00	34,000
Backer Elektro CZ a.s.	100.00	
Backer ELTOP s.r.o.	100.00	
Backer Facsa S.L.	100.00	34,502
Backer Fastighets AB	100.00	500
Backer Fer S.r.l.	100.00	
Backer Grand Heater Co Ltd	100.00	299,998
Backer Heating Technologies Co. Ltd	100.00	
Backer Heating Technologies France SARL	100.00	12,429
Backer Heating Technologies GmbH	100.00	25,000
Backer Heating Technologies Inc	100.00	100
Backer Heating Technologies Vietnam Comp Ltd	100.00	100
Backer Heatrod Ltd	100.00	68,000
Backer Hotwatt Inc.	100.00	100
Backer Marathon Inc.	100.00	100
Backer OBR Sp. z o.o.	100.00	10,000
Backer-Springfield Dongguan Co. Ltd	100.00	
Backer S.r.l.	100.00	10,000
Backer-Wilson Elements Pty Ltd	100.00	
Backer Wolff GmbH	100.00	
Beckasinen i Markaryd AB	100.00	1,000

Shares owned via subsidiaries	Holding, %	Number of shares
Biawar Produkcja Sp. z o.o	100.00	50
BriskHeat Corporation	100.00	13,509,070
BriskHeat Corporation CR S.A	100.00	120
BriskHeat Corporation HK Limited	100.00	10,000
BriskHeat Corporation (SG) Pte Ltd.	100.00	
BriskHeat Shenzhen Trading Company Ltd	100.00	
BriskHeat Technology Company Co. Ltd	100.00	60,000
BriskHeat Vietnam Co Ltd	100.00	
Ceramicx Ireland Ltd	100.00	947,825
Cetetherm LLC*	100.00	
Cetetherm SAS	100.00	30,000
Cetetherm s.r.o.	100.00	
CFL Group B.V.	100.00	10
CFL Ontwikkeling en Exploitatie B.V.	100.00	10
CGC Group of Companies Inc.	100.00	640
ClimaCool Corp.	100.00	1,000
ClimateCraft Inc.	100.00	1,000
ClimateMaster Inc.	100.00	1,000
Contura Stoves Ltd	100.00	1
CTC AG	100.00	700
CTC Benelux	100.00	859,550
Danothem Electric A/S	100.00	1,000
DMD Dis Ticaret Makine Sanayi AS	51.00	36,720
E. Braude (London) Ltd	100.00	80,000
Electro Therm s.a.s	100.00	1,750
ELEKTRON-ETTO, s.r.o.	50.10	
Elektrotermija d.o.o.	100.00	
Elmess Thermosystemtechnik GmbH	100.00	
Elmess Thermosystemtechnik Verwaltungs-GmbH	100.00	
Eltwin Sp. z o.o.	100.00	100
Energie Exploitatie Rijswijk Buiten B.V.	100.00	
Enertech Global LLC	100.00	
Enertech Ltd	100.00	249,000
Fireplace Products Australia Pty Ltd	100.00	1
Fireplace Products US Inc.	100.00	1,000,000
Flex Academy D.O.O.	100.00	

Shares owned via subsidiaries	Holding, %	Number of shares
FPI Fireplace Products International Ltd	100.00	1,604,218
Gaumer Company Inc	100.00	
Gazco Ltd	100.00	30,000
Giersch GmbH	100.00	100
Go Geothermal Ltd	75.00	300
Graybar Ltd	100.00	2
Greendraco S.A	100.00	50,000
Heat Safe Cable Systems Ltd	100.00	1
Heat Trace Engineering Solutions S.L.	60.00	11
Heat Trace Holdings Ltd	100.00	1,501
Heat Trace Ltd	100.00	1,330
Heating Group International B.V.	100.00	370
Heatpoint B.V.	100.00	800
Heatron Inc.	100.00	1,200,000
Hemi Heating AB	100.00	1,500
Hemi Heating Technology Co Ltd	80.00	
HT Est Division S.r.l.	100.00	100
HT Heizelemente Deutschland GmbH	100.00	1
Hyper Engineering Pty Ltd	100.00	
Høiax AS	100.00	1,000
International Environmental Corp.	100.00	300
IPAR i Sverige AB	60.00	36,000
Itho Daalderop B.V.	100.00	6,065
Itho Daalderop Belgium B.V.B.A.	100.00	36,557
Itho Images B.V.	100.00	200
Jac. De Vries Gesta B.V.	100.00	40
KKT chillers Inc.	100.00	1,000
Klimaatgarant B.V.	100.00	4,000
Klimaatgarant Exploitatie B.V.	100.00	1
Klöpper-Therm GmbH	100.00	
Klöpper-Therm Verwaltungs-GmbH	100.00	
Klöpper Verwaltungs GmbH	100.00	
KNV Energietechnik GmbH	100.00	
Koax Corp.	100.00	50
Living Blue B.V.	100.00	1
Lund & Sørensen A/S	100.00	500
Lund & Sørensen Electric Heating Equipment Accessory Co Ltd	100.00	

*Non-trading company that is being wound up.

17 • SHARES IN SUBSIDIARIES

Shares owned via subsidiaries	Holding, %	Number of shares
METRO THERM AB	100.00	1,000
Meyer Vastus AB, Oy	100.00	20
Miles Industries (Australia) Pty Ltd	100.00	10
Miles Industries Inc	100.00	
Miles Industries Ltd	100.00	
Moravská dopravní společnost, a.s.	100.00	
myUpTech AB	100.00	1,000
myUptech Inc	100.00	100
Nathan Belgie B.V.	100.00	100
Nathan Holding B.V.	75.00	13,500
Nathan Industries B.V.	100.00	180
Nathan Projects B.V.	100.00	100
Nathan Projects BVBA	100.00	10
Nathan Service B.V.	100.00	18,000
Nathan Systems B.V.	100.00	100
Nathan Systems NV	100.00	1,008
Naturenergi IWABO AB	100.00	1,000
NIBE Beteiligungsverwaltung GmbH	100.00	
NIBE-BIAWAR Sp. z o.o.	100.00	83,962
NIBE Climate Solutions Holding AB	100.00	1,000
NIBE Element Holding AB	100.00	1,000
NIBE Energietechnik B.V.	100.00	180
NIBE Energy Systems Ltd	100.00	100
NIBE Energy Systems Oy	100.00	15
NIBE Foyers France S.A.S.	100.00	370
NIBE IT R&D d.o.o Beograd	100.00	
NIBE Stoves Holding AB	100.00	1,000
NIBE Systemtechnik GmbH	100.00	
Norske Backer AS	100.00	12,000
Nordpeis Sp. z o.o	100.00	3,134
Ohmic Resistors Pty Ltd	60.00	600
Omni Control Technology Inc.	100.00	200,000
Osby Parca AB	100.00	10,000
Pacific Energy Australia Pty Ltd	100.00	100
Pacific Energy Fireplace Products Ltd	100.00	1,049,310
PGR Partners NV	51.00	829
RELEK Production AB	75.00	750

Shares owned via subsidiaries	Holding, %	Number of shares
Renting 959 KB	100.00	
Rhoss Deutschland GmbH	100.00	
Rotterdamse Elementen Fabriek B.V.	100.00	23
Scandymet AB	100.00	1,000
Selmo S.r.l.	70.00	
Sinus-Jevi Electric Heating B.V.	100.00	180
Stovax Gazco Ltd	100.00	190,347
Stovax Group Ltd	100.00	397,800
Stovax Heating Group (NI) Ltd	100.00	1
Structurgruppen AB	100.00	1,000
Tempeff Inc.	86.50	78,000
Termorad Spolka z.o.o.	100.00	80,000
Termotech S.r.l.	100.00	
The Climate Control Group Inc.	100.00	10,000
ThermaClime Technologies Inc.	100.00	10,000
Therm-x India Engineering and Manufacturing Pvt Ltd	100.00	
Therm-X of California Inc.	51.00	1,205
Therm-x System Vietnam Technology Co. Ltd.	100.00	
Therm-X SVT LLC	100.00	
TIKI HVAC d.o.o.	100.00	
Üntes Rhoss Sogutma Sistemleri A.S.	100.00	10,000
Üntes VRF Klima Sistemleri A.S.	22.00	880
VEÅ AB	100.00	750
VEÅ Holding AB	100.00	500
Vølund Varmeteknik A/S	100.00	1,000
WaterFurnace International Inc.	100.00	100
Waterkotte Austria GmbH	100.00	
Waterkotte Schweiz AG	50.00	
Å.K-Budet i Markaryd AB	100.00	100

18 • INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

ACCOUNTING POLICY

Associates and joint ventures

Companies in which NIBE Industrier AB holds a long-term shareholding representing between 20 and 50 percent of the voting rights, or otherwise exercises significant influence over operating and financial policies, are classified as associates. Investments in associates and joint ventures are recognized in the Group according to the equity method and in the Parent Company according to the cost method.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group	
	2025	2024
(SEK million)		
Carrying amount at start of year	325	282
Disposals during the year	- 2	-
Share of profit/loss for the year	26	37
Reclassification	-	-
Translation differences	- 17	6
Carrying amount at end of year	332	325

Group (SEK million)							
Name	Corporate ID	Registered office	Holding %	Number of shares	Share of	Share of equity	Carrying amount
Produktionskonsult Väst Holding AB	559249-4487	Båstad	49.0	4,900	1	1	2
Delacroy AB	556590-3613	Gislaved	45.0	450	2	4	8
HC Holding ETA AG	CHE-168.793.868	Baar, Switzerland	25.0	25,000	24	306	308
Teramex Austria GmbH	FN333143T	Radentheim, Austria	24.0	288	-	8	9
Shanghai Canature Fireplace Products Ltd.	9131 0115 7721 1410 65H	Shanghai, China	25.0	-	-	9	1
Rhoss Iberica Climatizacion SL	B63597074	Barcelona, Spain	30.0	3,000	- 1	- 2	-
NEXT NRG B.V.	66397626	Schiedam, Netherlands	50.0	10,000	-	6	4
Vetenskapshuset i Markaryd AB	559330-5625	Markaryd	50.0	100	-	0	0
Total					26	332	332

The holding in Shanghai Canature Fireplace Products is a joint venture.

Parent Company (SEK million)							
Name	Corporate ID	Registered office	Holding %	Number shares	Dividend	Capital gain	Carrying amount
Produktionskonsult Väst Holding AB	559249-4487	Båstad	49.0	4,900	-	-	1

19 • OTHER NON-CURRENT RECEIVABLES

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Interest rate swaps for hedging	51	53	51	53
Advance payment to supplier	9	6	-	-
Other	104	110	-	-
Total	164	169	51	53

21 • EQUITY

EQUITY

As at the end of the year, there are 2,016,066,488 shares with a quotient value of SEK 0.03906 per share.

Each class A share entitles the holder to ten votes at the Annual General Meeting and each class B share to one vote. Class A shares, which represent approximately 57% of the votes, have pre-emption rights as per the company's articles of association. All shares carry the same entitlement to dividends. The company has two shareholder groups that each hold more than 10% of the voting rights: a group consisting of current and former Board members and senior executives, holding approximately 46%, and the Schörling family, holding approximately 19%. At the end of 2025, there were no outstanding convertible loans or options that could risk diluting the share capital. The situation was the same in the previous year.

Proposal for appropriation of profits
Profits at the disposal of the Annual General Meeting:

Retained earnings	SEK 2,742 million
Share premium reserve	SEK 4,751 million
Net profit for the year	SEK 776 million
Total	SEK 8,269 million

20 • INVENTORIES

ACCOUNTING POLICY

Inventories are valued at the lower of cost and replacement cost for raw materials, consumables and finished goods purchased, and at manufacturing cost for goods produced. In no case have inventories been recognized at above net realizable value. Interest is not included in the inventory values. Deliveries between Group companies are invoiced at market prices. Internal gains in Group companies' inventories are eliminated in the consolidated financial statements. These eliminations affect operating profit.

	Quotient value (SEK)	Class A shares	Class B shares	Total number
At start of year	0.03906	233,130,360	1,782,936,128	2,016,066,488
At end of year.	0.03906	233,130,360	1,782,936,128	2,016,066,488

The Board of Directors proposes that a dividend of SEK 0.35 per share be paid, corresponding to SEK 706 million, and that SEK 7,563 million be carried forward, of which SEK 4,751 million to the share premium reserve and SEK 2,812 million to retained earnings.

The Board of Directors considers that the proposed dividend is reasonable considering the requirements that the nature, scope and risks of the operations place on the size of the company's and the Group's equity, consolidation needs, liquidity and position in general. This must be seen against the background of the information provided in the Annual Report. Before proposing this dividend, the Board has paid due consideration to the investments planned.

ACCOUNTING POLICY

PROVISIONS FOR PENSIONS

Defined-benefit pension plans

Defined-benefit pension plans are post-employment benefit plans other than defined-contribution plans.

The Group's net obligations for defined-benefit plans are calculated separately for each plan by estimating the future payment earned by the employee in both current and previous periods. This payment is discounted to present value. The discount rate is the closing interest rate on an investment grade corporate bond, or mortgage bond, of a term consistent with the term of the Group's pension obligations. When there is no active market for this type of corporate bond, the market interest rate for government bonds of an equivalent term is used instead. The calculation is carried out by a qualified actuary using the Projected Unit Credit Method. In addition, the fair value of any plan assets at the end of the reporting period is calculated.

The Group's net obligation consists of the present value of the obligation less the fair value of plan assets adjusted for any asset ceiling.

All components included in the cost for the period for a defined-benefit plan are recognized in profit or loss.

The remeasurement effects consist of actuarial gains and losses. The remeasurement effects are recognized in other comprehensive income.

When the calculation results in an asset for the Group, the carrying amount of the asset is limited to the lower of the plan surplus and the asset ceiling calculated using the discount rate. The asset ceiling is the present value of any future economic benefits in the form of reductions in future contributions to the plan or cash refunds from the plan. In calculating the present value of future refunds or contributions, any minimum funding requirements are taken into account.

Plan amendments or curtailment of a defined-benefit plan are recognized at the earlier of the following dates: when the plan amendment or curtailment occurs or when the company recognizes related restructuring costs and termination benefits. The amendments/curtailments are recognized immediately in profit or loss.

The special payroll tax is part of the actuarial assumptions and is therefore recognized as part of the net obligation/asset. For reasons of simplicity, the portion of payroll tax calculated in a legal entity based on the Pension Obligations Vesting Act is recognized as an accrued expense rather than part the net obligation/asset.

Yield tax is recognized in profit or loss for the period to which the tax relates, and is therefore not included in the liability calculation. For funded plans, the tax on the return on plan assets is recognized in other comprehensive income. For unfunded or partially funded plans, the tax is recognised in profit for the year.

The Group has defined-benefit pensions chiefly for its Swiss and Swedish companies. Swiss pension plans are funded, which means that plan assets are held to cover pension obligations. The assets are managed by fund managers which are separate legal entities. For Swedish companies, calculations and payments are handled through PRI Pensionstjänst AB. These are unfunded. Accordingly, no plan assets are held to fund the pension obligations.

The average remaining period of service is 11 years for Switzerland and 10 years for Sweden.

The present value of the Group's defined benefit pension obligations has been calculated based on the actuarial assumptions shown in the table below.

Actuarial assumptions 2025	Switzerland	Sweden
Discount rate on January 1	0.90%	3.00%
Discount rate on December 31	1.25%	3.80%
Expected salary increases	2.00%	3.00%
Expected inflation	1.10%	2.00%
Duration of obligation, years	14	17

Actuarial assumptions 2024	Switzerland	Sweden
Discount rate on January 1	1.50%	3.90%
Discount rate on December 31	0.90%	3.00%
Expected salary increases	2.00%	3.00%
Expected inflation	1.00%	2.00%
Duration of obligation, years	14	18

A sensitivity analysis has been carried out in respect of the significant assumptions applied, and the impact that changed assumptions would have on the Group's pension liabilities is shown in the table below.

Sensitivity analysis

	Impact on pension liabilities (SEK million)	
	increase	decrease
Discount rate - 0.5 percentage point	- 54	+ 62
Expected salary increases - 0.25 percentage point	+ 5	- 5
Expected inflation - 0.25 percentage point	+ 20	- 6

22 • PROVISIONS FOR PENSIONS

Defined-contribution plans

These plans primarily cover retirement pensions, disability pensions and family pensions. The contributions are paid continuously throughout the year by each Group company to a separate legal entity, such as an insurance company. The size of the contribution is based on salary. The pension costs for the period are included in the income statement.

ITP occupational pension plan secured via Alecta

The commitments for retirement pensions and family pensions for white-collar staff in Sweden are secured through an insurance policy with Alecta. In accordance with a statement from The Swedish Corporate Reporting Board, UFR 10, this is a multi-employer defined-benefit plan. For the 2025 financial year, the company has not had access to sufficient information to enable it to recognize this plan as a defined-benefit plan. The ITP pension plan, secured through an insurance policy with Alecta, is therefore recognized as a defined-contribution plan.

The contributions for the year for pension insurance policies taken out with Alecta amounted to SEK 28 (29) million. Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of 2025 Alecta's surplus expressed as the collective funding ratio was 167% (163%). The collective funding ratio is the market value of Alecta's assets as a percentage of its insurance obligations, calculated by reference to Alecta's actuarial assumptions. This is not consistent with IAS 19.

(SEK million)	2025			2024		
	Funded plans	Un-funded plans	Total	Funded plans	Un-funded plans	Total
Reconciliation of pension obligations						
Present value at start of year	788	415	1,203	744	350	1,094
Present value in acquired companies	-	-	-	-	-	-
Present value in divested companies	-	-	-	-	-	-
Service cost	24	21	45	25	22	47
Interest on obligations	6	12	18	11	11	22
Contributions from employees	18	-	18	21	-	21
Pensions paid	- 38	- 8	- 46	- 57	7	- 64
Actuarial gains (-), losses (+) during the period	- 28	- 19	- 47	25	38	63
Settlements	- 12	7	- 5	- 7	7	-
Translation differences	- 71	- 19	- 90	26	- 6	20
Present value at end of year	687	409	1,096	788	415	1,203
Reconciliation of plan assets						
Fair value at start of year	663	-	663	644	-	644
Fair value in divested companies	-	-	-	-	-	-
Interest income on plan assets	5	-	5	10	-	10
Return	18	-	18	7	-	7
Contributions paid	15	-	15	27	-	27
Contributions from employees	18	-	18	21	-	21
Settlements	- 12	-	- 12	- 7	-	- 7
Pensions paid	- 38	-	- 38	- 57	-	- 57
Translation differences	- 69	-	- 69	18	-	18
Fair value at end of year	600	-	600	663	-	663
Provisions for pensions						
Pension obligation, present value	687	409	1,096	788	415	1,203
Plan assets, fair value	- 600	-	- 600	- 663	-	- 663
Provisions for pensions	87	409	496	125	415	540
Pension costs recognized in profit or loss						
Service cost	24	21	45	25	22	47
Interest on obligations	6	12	18	11	11	22
Interest income on plan assets	- 5	-	- 5	- 10	-	- 10
Pension costs, defined-benefit plans	25	33	58	26	33	59
Pension costs, defined-contribution plans			296			329
Total pension costs recognized in profit or loss			354			388

22 • PROVISIONS FOR PENSIONS

(SEK million)	2025			2024		
	Funded plans	Un-funded plans	Total	Funded plans	Un-funded plans	Total
Pension costs recognized in other comprehensive income						
Actuarial gains (-), losses (+) in respect of:						
- changed financial assumptions	- 5	- 28	- 33	59	3	62
- changed demographic assumptions	-	- 1	- 1	1	-	1
- experience-based adjustments	- 7	5	- 2	- 34	17	- 17
- difference between the actual return on plan assets and the return calculated using the discount rate	- 18	-	- 18	- 7	-	- 7
- employer's payroll tax	-	5	5	-	8	8
Pension costs in other comprehensive income	- 30	- 19	- 49	19	28	47
Reconciliation of provisions for pensions, net						
Opening balance	125	415	540	100	350	450
Provisions in acquired companies	-	-	-	-	-	-
Provisions in divested companies	-	-	-	-	-	-
Pension costs, defined-benefit plans	11	33	44	26	34	60
Actuarial differences	- 30	- 19	- 49	19	39	58
Pensions paid	-	- 8	- 8	-	- 7	- 7
Contributions paid	- 20	-	- 20	- 27	-	- 27
Translation differences	1	- 12	- 11	7	- 1	6
Closing balance	87	409	496	125	415	540
In 2025, pension costs for defined-benefit plans are expected as follows	9	14	23	14	10	24
Composition of plan assets						
Shares	227			216		
Interest-bearing securities	143			176		
Property, etc.	230			271		
Total plan assets	600			663		

The Parent Company's recognized pension liabilities amount to SEK 29 (24) million and are calculated in accordance with the Pension Obligations Vesting Act and not IAS 19. The interest-bearing portion of the pension liabilities amounts to SEK 325 million.

Pensions funded through the PME pension fund

The Dutch companies in the Group fund their pension obligations for their employees through the Pensioenfonds Metalektro (PME) pension fund. PME is a multi-employer defined-benefit plan. Since PME does not provide (or is able to provide) information that enables the obligations, plan assets and costs to be allocated to the participating companies, it is reported as a defined-benefit plan. The obligation to PME is to pay the annual contributions, which for the 2025 financial year amounted to SEK 51 million. As there is no reliable basis for allocating the defined benefit obligations, plan assets and costs, there is unlikely to be any obligation to fund a deficit in the plan. If such a deficit would instead most likely be reflected in a reduction in accrued benefits and/or an increase in pension contributions. PME's surplus in the form of the collective funding ratio amounted to 125.3% at year-end 2025.

23 • OTHER PROVISIONS

Warranties are normally provided for one to three years, but longer warranty periods may be provided in individual cases. The warranty risk reserve is calculated based on historical cost experience for these obligations.

(SEK million)	Warranty risk reserve	Other	Total Group	Parent Company
Amount on Dec 31, 2023	766	121	887	-
Provisions in acquired companies	1	5	6	-
Provisions during the year	197	190	387	-
Amount utilized during the year	- 189	- 19	- 208	-
Reversed provisions	- 54	- 51	- 105	-
Translation differences	27	45	72	-
Amount on Dec 31, 2024	748	291	1,039	-
Provisions in acquired companies	15	0	15	-
Provisions during the year	170	28	198	-
Amount utilized during the year	- 139	- 44	- 183	-
Reversed provisions	- 35	- 106	- 141	-
Translation differences	- 69	- 12	- 81	-
Amount on Dec 31, 2025	690	157	847	-

24 • LIABILITIES TO CREDIT INSTITUTIONS

Current liabilities to credit institutions also include overdraft facilities. The Group's approved overdraft facilities amounted to SEK 444 (586) million. The Group's overdraft facilities were reduced during the year by SEK 142 million. The Parent Company does not have an overdraft facility.

25 • BONDS AND COMMERCIAL PAPER

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Bond issue at a floating rate of STIBOR +85 basis points, maturing in June 2026	2,000	2,000	2,000	2,000
Bond issue at a floating rate of STIBOR +125 basis points, maturing in April 2028	1,000	1,000	1,000	1,000
Bond issue at a floating rate of STIBOR +95 basis points, maturing in September 2025	-	1,850	-	1,850
Bond issue at a fixed rate of STIBOR 4.97%, maturing in September 2025	-	250	-	250
Bond issue at a floating rate of STIBOR +135 basis points, maturing in September 2027	1,150	1,150	1,150	1,150
Bond issue at a fixed rate of STIBOR 4.97%, maturing in September 2027	750	750	750	750
Bond issue at a floating rate of STIBOR +105 basis points, maturing in December 2026	500	500	500	500
Bond issue at a fixed rate of STIBOR 4.45%, maturing in December 2026	250	250	250	250
Bond issue at a floating rate of STIBOR +145 basis points, maturing in December 2028	800	800	800	800
Bond issue at a fixed rate of STIBOR 4.58%, maturing in December 2028	350	350	350	350
Bond issue at a floating rate of STIBOR +110 basis points, maturing in April 2027	1,100	1,100	1,100	1,100
Bond issue at a floating rate of STIBOR +150 basis points, maturing in April 2029	1,150	1,150	1,150	1,150
Bond issue at a fixed rate of STIBOR 4.25%, maturing in April 2029	450	450	450	450
Bond issue at a floating rate of STIBOR +145 basis points, maturing in June 2030	1,500	-	1 500	-
Bond issue at a fixed rate of STIBOR 3.87%, maturing in June 2030	400	-	400	-
Bond issue at a floating rate of STIBOR +105 basis points, maturing in 2028	600	-	600	-
Commercial paper, maturing in 2026	1,048	-	1,048	-
Total	13,048	11,600	13,048	11,600

26 • ACQUISITION-RELATED LIABILITIES

Acquisition-related liabilities comprise liabilities incurred by the Group in connection with business combinations, such as contingent consideration for acquired shares, liabilities to minority shareholders for acquisitions of the remaining shares, deferred consideration and other types of liabilities attributable to completed business combinations. The size of acquisition-related liabilities is mainly dependent on the future financial performance of the acquired entities. There may be other elements to consider for some acquisitions, such as environmental measures. Acquisition-related liabilities on the reporting date essentially comprised liabilities to minority shareholders. The amounts specified are based on expected financial performance. There are no cases of an upper limit to the amount of liabilities. The expected amounts are reassessed regularly based on management's best estimates in each individual case. For 2025, these revaluations had a net positive effect of SEK 178 million on the Group's earnings, compared with SEK 597 million in the previous year. The revaluations include discounting. The liabilities recognized by the Parent Company include both current and non-current acquisition-related liabilities. See Note 29 for a maturity analysis of the liabilities recognized for the Group and the Parent Company.

(SEK million)	Non-current liabilities	Current liabilities	Total Group	Parent Company
Amount on Dec 31, 2023	1,937	1,872	3,809	2,085
Revaluations	- 597	-	- 597	- 283
Settled during the year	- 291	- 267	- 558	- 152
Recognized as liabilities	45	1	46	-
Reclassifications	555	- 555	-	-
Translation differences	51	42	93	74
Amount on Dec 31, 2024	1,700	1,093	2,793	1,724
Revaluations	175	3	178	-75
Settled during the year	- 40	- 780	- 820	- 638
Recognized as liabilities	90	-	90	-
Reclassifications	- 70	70	-	-
Translation differences	- 166	- 35	- 201	- 84
Amount on Dec 31, 2025	1,689	351	2,040	927

27 • OTHER LIABILITIES

Other current liabilities for the year amounted to SEK 1,141 million, compared with SEK 1,265 million for the previous year. This item primarily comprised social security contributions, employee insurance cover, tax at source, pensions, VAT and customer bonuses. Other non-current liabilities for the year amounted to SEK 454 million, compared with SEK 634 million for the previous year. SEK 400 million were interest-bearing liabilities.

28 • ACCRUED EXPENSES AND DEFERRED INCOME

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Accrued salaries	711	706	21	9
Accrued social security contributions	243	222	7	3
Deferred income	536	556	-	-
Other items	1,030	997	78	91
Amount at end of year	2,520	2,481	106	103

ACCOUNTING POLICY

Financial instruments

Financial instruments recognized under assets in the balance sheet include cash and cash equivalents, trade receivables, unlisted shares, interest-bearing securities, derivatives and other receivables. Financial instruments recognized under liabilities include trade payables, borrowings, other liabilities, derivatives and acquisition-related liabilities.

Initial recognition and measurement

Trade receivables and issued debt securities are recognized when they are issued. Other financial assets and liabilities are recognized when the Group becomes a party to the contractual terms of the instrument. Financial instruments are initially recognized at fair value plus or minus transaction expenses, except for instruments measured at fair value through profit or loss on a continuing basis, for which transaction costs are instead recognized as an expense when they arise. Trade receivables (without a significant financing component) are initially measured at the transaction price determined under IFRS 15.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (debt securities investment), fair value through other comprehensive income (equity investment) or fair value through profit or loss. A description of the classification of NIBE's various holdings of financial assets is presented below:

Investments in fixed income funds

The Group holds investments in fixed income funds that are measured at fair value through profit or loss, as the fund units are classified as liabilities from the fund's perspective and the instruments do not give rise to cash flows consisting solely of payments of principal and interest.

Endowment insurance

The endowment policies are measured at fair value through profit or loss.

Derivative assets

See below under 'Derivatives and hedge accounting'.

Other financial assets

All other financial assets, which make up most of the Group's financial assets, are recognized at amortized cost. This is because they are held within the framework of a business model whose goal is to collect contractual cash flows, while the cash flows from the assets consist solely of payments of principal and interest.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortized cost or measured at fair value through profit or loss. The financial liabilities measured at fair value through profit or loss consist of deriva-

tives with a negative fair value. All other financial liabilities are recognized at amortized cost using the effective interest rate method. The liabilities measured at amortized cost also include liabilities that will be paid for minority shareholders' participations in connection with the application of the AAM. Non-current liabilities have an expected maturity of more than one year, while current liabilities have an expected maturity of up to one year.

Derecognition of financial assets and financial liabilities

The Group derecognizes a financial asset from the balance sheet when the contractual right to the cash flows from the financial asset expires or if the Group transfers the right to receive the contractual cash flows in a transaction that transfers substantially all the risks and rewards of ownership. A financial liability is derecognized from the balance sheet when the contractual obligations are discharged, canceled or expire. The Group also derecognizes a financial liability when the contractual terms and conditions are modified and the cash flows from the modified liability are substantially different. In this case, a new financial liability is recognized at fair value based on the modified terms and conditions.

Derivatives and hedge accounting

Currency hedging

Forward contracts are recognized at fair value in the balance sheet, both initially and on subsequent remeasurement. To fulfill the requirements for hedge accounting, there is a clear link between the derivative and the hedged items. In addition, calculations of effectiveness and all hedging relationships are documented. For cash flow hedges, changes in the fair value of hedging instruments, to the extent that the hedge is effective, are recognized in other comprehensive income until the underlying hedged item is recognized in profit or loss. The ineffective portion is recognized in profit or loss immediately.

Price hedging

Forward contracts used to hedge prices of raw materials are measured at fair value in the balance sheet, both initially and on subsequent remeasurement. To fulfill the requirements for hedge accounting, there is a clear link between the derivative and the hedged items. In addition, calculations of effectiveness and all hedging relationships are documented. For price hedging of raw materials flows, changes in the fair value of hedging instruments are recognized, to the extent that the hedge is effective, under other comprehensive income until the underlying hedged item is recognized in profit or loss. The ineffective portion is recognized in profit or loss immediately.

Hedges of net investment

Hedges of net investments in foreign operations are accounted for in a similar way to cash flow hedges. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income. The ineffective portion is recognized in profit or loss immediately.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value hedges of interest rate risk

To hedge the risk of changes in the fair value of issued fixed rate bonds, NIBE uses interest rate swaps as hedging instruments. For accounting purposes, fair value hedging is applied and the hedged item is remeasured to reflect the fair value of the hedged risk (the risk-free rate of interest), with changes in value recognized in profit or loss in the same way as for the hedging instrument.

Fair value of financial instruments

The fair value of financial instruments which are not traded in an active market is determined using valuation techniques. In this process, market information is used as far as possible when this is available, while company-specific information is used as little as possible. If all the significant inputs required to establish the fair value of an instrument are observable, the instrument is classified in level two. If one or more of the significant inputs is not based on observable market data, the instrument is classified in level three.

NIBE recognizes currency derivatives, interest rate derivatives, commodity derivatives, endowment policies and investments of excess liquidity in listed securities at fair value in the annual report.

When determining the fair value of an asset or liability, the Group uses observable inputs as far as possible. Fair value is categorized into different levels in a fair value hierarchy based on inputs used in the valuation technique as follows:

Level 1: According to prices quoted on an active market for identical instruments.

Level 2: Based on directly or indirectly observable inputs in the market that are not included in level 1.

Level 3: Based on unobservable inputs in the market.

Listed securities are measured according to level 1, while currency derivatives, interest-rate derivatives, commodity derivatives and endowment policies are measured according to level 2. Contingent consideration concerning acquisitions of shares resulting in a business combination comes under level 3 in the valuation hierarchy.

Foreign currency receivables and liabilities

Foreign currency receivables and liabilities are measured at the closing rate. In the event that hedge accounting is applied, see the separate section above on hedging.

NIBE Group's financial assets consist primarily of trade receivables and bank balances. Financial liabilities consist primarily of loans from credit institutions, bonds, trade payables and acquisition-related liabilities. The various financial risks which may be associated with these assets and liabilities, and NIBE Group's method of managing the risks are described below. The Parent Company's risk management is in line with the Group's risk management practice, unless otherwise specified below.

CURRENCY RISKS

Currency risks refer to the risk that exchange rate fluctuations may have a negative effect on the Group's performance and position. NIBE is exposed to currency risks both through regular business transactions in various currencies and because the Group has operations in different currency zones. These risks can be divided into transaction risks and translation risks.

Outstanding contracts on the closing date, net sales (+)/purchases (-), flow in each currency

Currency	Flow Q1	Flow Q2	Flow Q3	Flow Q4	Average forward rate	Closing rate	Unrealized gain/loss Dec 31, 2025	Unrealized gain/loss Dec 31, 2024
CHF	-	1	2	1	11.84	11.64	1	1
DKK	3	3	3	3	1.48	1.45	-	-
EUR	12	12	12	12	11.03	10.82	10	2
MXN	254	144	138	129	0.52	0.51	4	- 21
USD	-	-	-	-	8.18	9.20	- 1	1
Total							14	- 17
Of which recognized in income statement at end of period							27	4
Of which recognized in other comprehensive income at end of period							-13	- 21

Transaction risks

Transaction risk is the risk of exchange losses from regular business transactions in foreign currencies, for example, a trade receivable in a foreign currency falling in value due to fluctuations in the currency's exchange rate. As part of the Group's currency hedging policy, regular sales and purchases made in a foreign currency or linked to changes in a foreign currency must be hedged under a rolling 12-month plan within the range 60-100% of the estimated flows. The degree of hedging of future flows determines where in the range the figure is to lie. In 2025, the Group's flows in foreign currencies were as shown below. Flow refers to flows in currencies other than local currency. Weakening refers to weakening against other currencies, not taking into account hedging.

At the end of 2025, the Group had outstanding forward exchange contracts in accordance with the table above. The total value of the contracts (calculated as the net of purchase and selling contracts in each currency) translated to SEK at the closing rate amounted to SEK 922 (1,075) million.

The difference between the total amounts of the contracts translated to SEK using the contract rate and the total amounts of the contracts translated to SEK using the closing day rate at the end of 2025 represents an unrealized exchange loss of SEK 14 million.

Other receivables in the consolidated balance sheet include derivatives with positive fair values of SEK 48 (29) million. Other liabilities include derivatives with negative fair values of SEK 40 (29) million.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Currency	Group		Parent	
	Net flow in (+)/out (-)	Weakening by 1%	Net flow in (+)/out (-)	Weakening by 1%
AUD	4	-	-	-
CAD	1	-	-	-
CHF	134	- 1	- 1	-
CNY	-	-	-	-
CZK	- 2	-	-	-
DKK	29	-	-	-
EUR	2,117	- 21	- 3	-
GBP	175	- 2	-	-
HKD	24	-	-	-
MXN	- 571	6	-	-
NOK	180	- 2	- 1	-
PLN	- 128	1	-	-
SEK	- 34	-	-	-
USD	13	-	- 14	-
Total	1,942	- 19	-	-

PARENT COMPANY

Currency	2025	2024
DKK	107	190
EUR	820	4,292
GBP	-	27
Total	927	4,509

Translation risks

Translation risks refer to the risk of exchange losses on the translation of the income statements and balance sheets of foreign subsidiaries to the Swedish krona, the Group's presentation currency. To minimize translation risks, assets are financed, where possible, in the same currency, which means that exchange rate fluctuations on borrowings are recognized in other comprehensive income. At the end of 2025, the Group held net assets in foreign currencies in accordance with the figures given below with allowance for financing. Net assets also include assets other than those classified as financial instruments.

If the Swedish krona were to weaken by 1% against the named currencies, the Group's equity would increase by SEK 403 (394) million. If the Swedish krona were to strengthen by 1% against

Currency	Net assets	Hedging	2025
AUD	166	-	166
CAD	1,759	-	1,759
CHF	4,426	- 33	4,393
CRC	363	-	363
CZK	1,249	-	1,249
DKK	1,988	- 107	1,881
EUR	15,024	- 1,412	13,612
GBP	1,641	- 96	1,545
HKD	282	-	282
MYR	7	-	7
MXN	95	-	95
NOK	780	-	780
PLN	1,327	-	1,327
RON	52	60	112
RSD	565	-	565
SGD	21	-	21
TRY	580	-	580
TWD	2	-	2
VND	201	-	201
THB	50	-	50
USD	11,315	- 16	11,299
Total	41,893	- 1,604	40,289

the named currencies, the reverse would apply. Without currency hedging through financing in the same currency, the corresponding amount would be SEK 419 (445) million.

The Parent Company is exposed to exchange rate risk relating to provisions denominated in foreign currencies for the acquisition of foreign subsidiaries. Exchange rate fluctuations on these provisions are recognized in net financial items. At year-end, the Parent Company had foreign currency provisions as listed below.

If the Swedish krona were to strengthen by 1% against the named currencies, the Parent Company's equity would increase by SEK 9 (45) million. If the Swedish krona were to weaken by 1% against the named currencies, the reverse would apply.

Currency	Net assets	Hedging	2024
AUD	170	-	170
CAD	2,070	-	2,070
CHF	4,604	- 34	4,570
CRC	382	-	382
CZK	1,206	-	1,206
DKK	2,078	- 190	1,888
EUR	15,047	- 4,798	10,249
GBP	1,741	- 140	1,601
HKD	303	-	303
MYR	7	-	7
MXN	94	-	94
NOK	817	-	817
PLN	1,377	-	1,377
RON	53	-	53
RSD	633	-	633
SGD	24	-	24
TRY	624	-	624
TWD	6	-	6
VND	170	-	170
THB	53	-	53
USD	13,090	-	13,090
Total	44,549	- 5,162	39,387

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit risk

Credit risk refers to the risk that a counterparty may not fulfill its obligations. In operations where goods or services are supplied on a deferred payment basis, credit losses cannot be entirely avoided. To minimize these risks, credit assessments are carried out regularly for major credit for larger customer credit exposures. The normal credit period is 30 days. There are regional variations with both shorter and longer credit periods. Security is not normally held for receivables.

It is our opinion that the Group has an effective credit monitoring process which has meant that the Group has not so far been adversely affected by bad debt losses of any significance. Loss allowances have been recognized following individual assessment of overdue receivables.

Overdue receivables

(SEK million)	2025	2024
Receivables that are wholly or partially impaired		
– overdue by less than 3 months	108	101
– overdue by more than 3 months	95	105
Receivables that are not impaired		
– overdue by less than 3 months	967	878
– overdue by more than 3 months	171	210
Total overdue receivables	1,341	1,294
Loss allowance for credit losses	- 122	- 131
Total overdue receivables not impaired	1,219	1,163

Loss allowance for credit losses

(SEK million)	2025	2024
Balance at start of year	132	126
Acquired loss allowance	6	-
Loss allowances in divested companies	-	-
Credit losses recognized	- 17	- 5
Reversal of loss allowances	- 20	- 27
Loss allowance for the year	31	33
Translation differences	- 10	5
Balance at end of year	122	132

Credit losses of SEK 10 (10) million on the Group's receivables have been recognized in profit for the year.

Gains and losses on financial instruments

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Exchange gains and losses on currency derivatives used for hedge accounting				
– recognized as other operating income	41	12	-	-
– recognized in other comprehensive income	- 41	- 67	-	-
Gains and losses on commodity derivatives used in hedge accounting				
– recognized as cost of goods sold	- 2	- 1	-	-
– recognized in other comprehensive income	2	-	-	-
Exchange gains and losses on other financial assets and liabilities				
– recognized as other operating income	239	249	-	-
– recognized as cost of goods sold	- 246	- 194	-	-
– recognized as financial income	97	165	253	45
– recognized as financial expenses	- 178	- 150	- 76	- 165
Credit losses on trade receivables recognized as selling expenses	- 10	- 10	-	-
Total	- 98	4	177	- 120

The items above recognized as gains and losses are exchange gains, exchange losses and losses on credit granted. Interest has not been included. The Group's reporting system does not permit the allocation of exchange gains and exchange losses to the various classes of financial assets and liabilities.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Assets Dec 31, 2025 (SEK million)	Measured at amortized cost	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Non- financial assets	Total carrying amount	Fair value
Intangible assets	-	-	-	29,483	29,483	
Property, plant and equipment	-	-	-	12,416	12,416	
Investments in associates and joint ventures	-	-	-	332	332	
Non-current receivables from associates	247	-	-	-	247	247
Investments held as non-current assets	-	27	-	-	27	27
Deferred tax assets	-	-	-	735	735	-
Other non-current receivables	113	-	51	-	164	164
Inventories	-	-	-	9,167	9,167	-
Trade receivables	5,317	-	-	-	5,317	5,317
Trade receivables from associates	30	-	-	-	30	30
Tax assets	-	-	-	524	524	
Other receivables	596	-	48	-	643	643
Prepaid expenses and accrued income	-	-	-	512	512	
Investments in securities, etc.	-	675	-	-	675	675
Cash and cash equivalents	4,783	-	-	-	4,783	4,783
Total assets	11 08	702	99	53,168	65,055	

Assets Dec 31, 2024 (SEK million)	Measured at amortized cost	Measured at fair value through profit or loss	Derivatives used for hedge accounting	Non- financial assets	Total carrying amount	Fair value
Intangible assets	-	-	-	32,241	32,241	
Property, plant and equipment	-	-	-	13,214	13,214	
Investments in associates and joint ventures	-	-	-	325	325	
Non-current receivables from associates	255	-	-	-	255	255
Investments held as non-current assets	-	23	-	-	23	23
Deferred tax assets	-	-	-	752	752	
Other non-current receivables	116	-	53	-	169	169
Inventories	-	-	-	10,644	10,644	
Trade receivables	5,424	-	-	-	5,424	5,424
Trade receivables from associates	40	-	-	-	40	40
Tax assets	-	-	-	429	429	
Other receivables	719	-	29	-	748	748
Prepaid expenses and accrued income	-	-	-	535	535	
Investments in securities, etc.	-	579	-	-	579	579
Cash and cash equivalents	5,028	-	-	-	5,028	5,028
Total assets	11,582	602	82	58,140	70,406	

Fair value of financial instruments

The fair value of financial instruments may deviate from their carrying amount as a result of changes in market interest rates and other factors. For the Group's liabilities with a floating rate, fair value is estimated to be the same as the carrying amount. The Group has several fixed-rate bonds. For these bonds, fair value has been calculated by discounting future cash flows at current market interest rates. The valuation of these bonds is at level 2 in the valuation hierarchy. Fair value corresponds to the carrying amount for non-interest-bearing assets and liabilities such as trade receivables and trade payables. No instruments have been offset in the balance sheet. All instruments are recognized at their gross value. For the Group's other financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair values.

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Equity and liabilities Dec 31, 2025 (SEK million)	Financial liabilities measured at amortized cost	Derivatives used for hedge accounting	Non-financial items	Total carrying amount	Fair value
Equity	-	-	30,290	30,290	
Provisions	-	-	3,272	3,272	
Non-current liabilities*	14,366	-	-	14,366	14,366
Lease liabilities (non-current and current)	2,159	-	-	2,159	
Current interest-bearing liabilities	5,756	-	-	5,756	5,756
Trade payables	2,939	-	-	2,939	2,939
Advances from customers	209	-	-	209	209
Tax liabilities	-	-	363	363	
Acquisition-related liabilities	2,040	-	-	2,040	2,040
Other liabilities	1,101	40	-	1 141	1,141
Accrued expenses and deferred income	2,520	-	-	2,520	2,520
Total equity and liabilities	31,090	40	33,925	65,055	

*Of which SEK 1,653 million refers to loans in foreign currencies to hedge net investment in foreign operations.

Equity and liabilities Dec 31, 2024 (SEK million)	Financial liabilities measured at amortized cost	Derivatives used for hedge-accounting	Non-financial items	Total carrying amount	Fair value
Equity	-	-	32,140	32,140	
Provisions	-	-	3,629	3,629	
Non-current liabilities*	14,854	-	-	14,854	14,854
Lease liabilities (non-current and current)	2,417	-	-	2,417	
Current interest-bearing liabilities	6,467	-	-	6,467	6,467
Trade payables	3,115	-	-	3,115	3,115
Advances from customers	194	-	-	194	194
Tax liabilities	-	-	417	417	
Acquisition-related liabilities	2,793	-	-	2,793	2,793
Other liabilities	1,869	30	-	1,899	1,899
Accrued expenses and deferred income	2,481	-	-	2,481	2,481
Total equity and liabilities	34,190	30	36,186	70,406	

*Of which SEK 3,953 million refers to loans in foreign currencies to hedge net investment in foreign operations.

Hedge accounting

In 2025, hedge accounting has been applied as follows:

- Cash flow hedging through currency derivatives for future receipts and disbursements in foreign currency.
- Price hedging of raw materials through commodity derivatives. At the end of 2025, outstanding contracts maturing in Q1 2026 totaled SEK 1 million, with SEK 1 million as an unrealized gain recognized in other receivables.
- Hedge accounting by financing net investments in foreign operations in foreign currency. This means that exchange-rate fluctuations on these loan liabilities are recognized directly in other comprehensive income if there is a net asset in the consolidated balance sheet to hedge.
- Fixed rate bonds were issued during the year. Fixed interest has been replaced with variable as the company has entered into interest rate swaps. The interest rate swaps have been identified as hedging instruments in fair value hedges of interest rate risk with the bonds as hedged items.

For information on the amounts recognized in other comprehensive income, see the income statements on page 122.

Fair value hedges of interest rate risk, summary	2025	2024
Hedging instrument		
Carrying amount of hedging instruments that are assets	51	53
Carrying amount of hedging instruments that are liabilities.	0	0
Fair value changes used to calculate ineffectiveness during the year.	5	4
Nominal amounts	2,200	2,050
Hedged items		
Carrying amount of hedged items	2,207	2,052
Accumulated change in value of hedged items	7	2
Change in fair value used to calculate ineffectiveness for the year.	- 5	1
Ineffectiveness recognized during the year.	2	3

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital risk

Capital risk refers to the risk that the Group's ability to continue as a going concern may be inhibited due to a shortage of capital. The Group assesses the day-to-day risk based on the equity/assets ratio, calculated as recognized equity as a percentage of total assets. The target is for the equity/assets ratio not to fall below 30%. Over the most recent five-year period, the equity/assets ratio has averaged 47.3%. The Group can counteract any shortage of capital through new issues or reductions in dividends. NIBE defines capital as total equity as recognized in the balance sheet (see pages 127 and 135. The covenants set by the Group's external lenders were met. The company's covenant requirements relate to the Net debt/EBITDA ratio, which is presented under alternative performance measures on pages 131–133. Liabilities to our partner banks which form part of our liabilities to credit institutions are subject to covenants and they are tested quarterly.

Interest rate risks

Interest rate risk is the risk that changes in market interest rates will have a negative impact on cash flow or the fair value of financial assets and liabilities. As all borrowing in NIBE Group apart from five bond issues is at floating interest rates, the Group is exposed only to cash flow risk from financial borrowing.

The Group's interest-bearing liabilities at year-end amounted to SEK 22,557 million. The average interest rate was 4.4%. A 1% change in the interest rate, assuming unchanged debt, would have an impact of SEK 226 million on the Group's earnings.

NIBE Group's policy is that the interest rate fixation period for its borrowings should, as far as possible, match the duration of its incoming cash flows.

The Parent Company's interest-bearing liabilities at year-end amounted to SEK 15,644 million. A 1% change in interest rates, assuming an unchanged debt level, would have an impact of SEK 157 million on the Parent Company's earnings.

Financing risks

Financing risk refers to the risk that difficulties may arise in financing the Group's operations, thus leading to an increase in costs in the short and long terms.

The Group's cash flow is good, and is expected to remain so in the future. This is of material significance in enabling necessary investments to be made and other obligations to be fulfilled. The Group also has an proactive strategy related to acquisitions. The target is annual growth of 20%. In the long term, at least half of this growth should be organic.

In individual years, the total capital requirement may exceed internal cash flow. It is estimated that this can be financed through the traditional banking system, the stock market and the capital market without incurring abnormal costs. The amounts presented in the table are the contractual undiscounted cash flows.

Group, Dec 31, 2025		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	4,662	4,928	-	4,928	-	-
Bond issues and commercial paper	13,048	13,868	6,437	3,198	4,233	-
Other non-current liabilities	445	445	-	445	-	-
Acquisition-related liabilities	2,040	2,189	363	222	1,579	25
Current liabilities to credit institutions	1,958	1,958	1,958	-	-	-
Trade payables	2,939	2,939	2,939	-	-	-
Advances from customers	209	209	209	-	-	-
Derivatives used for hedge accounting	40	40	40	-	-	-
Other current liabilities	1,101	1,101	1,101	-	-	-
Accrued expenses and deferred income	2,520	2,520	2,520	-	-	-
Lease liabilities	2,159	2,308	684	393	519	712
Total financial liabilities	31,121	32,505	16,251	9,186	6,331	737

Group, Dec 31, 2024		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	5,354	5,783	-	5,783	-	-
Bonds	11,600	13,323	2,163	2,017	9,143	-
Other non-current liabilities	614	614	-	614	-	-
Acquisition-related liabilities	2,793	2,842	1,093	546	1,118	85
Current liabilities to credit institutions	4,367	4,367	4,367	-	-	-
Trade payables	3,115	3,115	3,115	-	-	-
Advances from customers	194	194	194	-	-	-
Derivatives used for hedge accounting	2	2	2	-	-	-
Other current liabilities	1,265	1,265	1,265	-	-	-
Accrued expenses and deferred income	2,481	2,481	2,481	-	-	-
Lease liabilities	2,417	2,508	634	476	765	633
Total financial liabilities	34,202	36,494	15,312	9,436	11,026	718

29 • FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Parent Company, Dec 31, 2025		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	2,596	2695	-	2,695		-
Bond issues and commercial paper	13,048	13,868	6,437	3,198	4,233	-
Other non-current liabilities	20	20	20	-	-	-
Acquisition-related liabilities	881	927	287	163	447	-
Current liabilities to credit institutions	-	-	-	-	-	-
Derivatives used for hedge accounting	3	3	3	-	-	-
Current liabilities to Group companies	-	-	-	-	-	-
Trade payables	27	27	27	-	-	-
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	106	106	106	-	-	-
Total financial liabilities	16,681	17,646	6,880	6,056	4,680	-

Parent Company, Dec 31, 2024		Maturity structure of financial liabilities				
(SEK million)	Nominal amount	Total	< 1 year	1-2 years	3-4 years	> 5 years
Non-current liabilities to credit institutions	2,757	3,170	-	-	3,170	-
Bonds	11,600	13,323	2,163	2,017	9,143	-
Other non-current liabilities	35	35	35	-	-	-
Acquisition-related liabilities	1,661	1,724	640	827	257	-
Current liabilities to credit institutions	1,700	1,700	1,700	-	-	-
Derivatives used for hedge accounting	2	2	2	-	-	-
Current liabilities to Group companies	456	456	456	-	-	-
Trade payables	11	11	11	-	-	-
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	103	103	103	-	-	-
Total financial liabilities	18,325	20,524	5,110	2,844	12,570	-

30 • PLEDGED ASSETS

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Floating charges	23	43	-	-
Real estate mortgages	51	80	-	-
Equipment with retention of title	16	22	-	-
Receivables	137	150	27	22
Total pledged assets	227	295	27	22

31 • CONTINGENT LIABILITIES

(SEK million)	Group		Parent	
	2025	2024	2025	2024
Pension obligations not recognized under liabilities or provisions	11	13	-	-
Contingent liabilities on behalf of other Group companies	-	-	4,175	5,222
Total contingent liabilities	11	13	4,175	5,222

There is contaminated soil at nine of the Group's production facilities in Sweden, Denmark, the Czech Republic, the UK, the US and Italy. No contingent liabilities were recognized for this as it is deemed extremely unlikely that any of this could entail significant costs if the Group were held liable.

The Parent Company's contingent liabilities mainly comprise guarantees issued to credit institutions as security for the borrowings of subsidiaries.

32 • STATEMENT OF CASH FLOWS

ACCOUNTING POLICY

The statement of cash flows has been prepared in accordance with the indirect method. Cash and cash equivalents include cash on hand and demand deposits with banks, as well as investments in securities.

CASH FLOW FROM FINANCING ACTIVITIES

Group (SEK million)	Liabilities to credit institu- tions	Bond issues and commercial paper	Other liabilities	Total
Amount on Dec 31, 2023	8,828	10,153	5,502	24,483
Changes affecting cash flow				
Repayment of borrowings	- 2,874	- 1,250	- 29	- 4,153
Repayment of lease liabilities	-	-	- 655	- 655
Proceeds from borrowings	2,688	2,700	666	6,054
Total	- 186	1,450	- 18	1,246
Changes not affecting cash flow				
Liabilities in acquired companies	3	-	1	4
Recognized as liabilities during the year	841	-	236	1,077
Reversed during the year	-	-	- 983	- 983
Change in fair value	-	- 3	- 122	- 125
Translation differences	235	-	136	371
Total	1,079	- 3	- 732	344
Amount on Dec 31, 2024	9,721	11,600	4,752	26,073
Changes affecting cash flow				
Repayment of borrowings	- 4,252	- 2,100	- 61	- 6,413
Repayment of lease liabilities	-	-	- 680	- 680
Proceeds from borrowings	1,578	3,548	1,081	6,207
Total	- 2,674	1,448	340	- 886
Changes not affecting cash flow				
Liabilities in acquired companies	13	-	-	13
Recognized as liabilities during the year	-	-	537	537
Reversed during the year	- 256	-	- 838	- 1,094
Change in fair value	-	-	- 127	- 127
Translation differences	- 184	-	- 367	- 551
Total	- 427	-	- 795	- 1,222
Amount on Dec 31, 2025	6,620	13,048	4,297	23,965

Parent Company (SEK million)	Liabilities to credit institu- tions	Bond issues and commercial paper	Other liabilities non-interest- bearing	Total
Amount on Dec 31, 2023	4,113	10,150	2,085	16,348
Changes affecting cash flow				
Repayment of borrowings	- 1,450	- 1,250	-	- 2,700
Proceeds from borrowings	1,700	2,700	-	4,400
Total	250	1,450	-	1,700
Changes not affecting cash flow				
Recognized as liabilities during the year	-	-	- 415	- 415
Translation differences	94	-	54	148
Total	94	-	- 361	- 267
Amount on Dec 31, 2024	4,457	11,600	1,724	17,781
Changes affecting cash flow				
Repayment of borrowings	- 1,700	- 2,100	-	- 3,800
Proceeds from borrowings	-	3,548	-	3,548
Total	- 1,700	1,448	-	- 252
Changes not affecting cash flow				
Recognized as liabilities during the year	-	-	- 712	- 712
Translation differences	- 160	-	- 85	- 245
Total	- 160	-	- 797	- 957
Amount on Dec 31, 2025	2,597	13,048	927	16,572

33 • SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting date.

COMPANIES IN THE NIBE GROUP

Subsidiaries	Corporate ID	Registered office	Country
ABK-Qviller AS	959,651,094	Oslo	Norway
Aggregatet 1 i Ljungby AB	559161-6932	Ljungby	Sweden
AirSite AB	556725-5780	Lindome	Sweden
ait-austria GmbH	FN469896z	Neudorf	Austria
ait-cesko s.r.o	28077458	České Budějovice	Czech Republic
ait-deutschland GmbH	HRB 2991	Bayreuth	Germany
ait Schweiz AG	CHE-100 3,017,337-2	Altshofen	Switzerland
ait-slovensko s.r.o	48103926	Bratislava	Slovakia
ait-värmeteknik-sverige AB	556936-5033	Helsingborg	Sweden
ARGOCLIMA S.p.A.	3258640964	Brescia	Italy
Askoma AG	CHE-101.048.895	Thunstetten	Switzerland
ATE-Electronics S.r.l.	9518750964	Giaveno	Italy
Backer Alpe S. de R.L. de C.V.	BAL0805266BA	Mexico City	Mexico
Backer AB	556053-0569	Hässleholm	Sweden
Backer Asia Ltd	866,531	Hong Kong	China
Backer Askoma SDN BHD	489344-W	Johor Bahru	Malaysia
Backer Azthermal Engineering SDN BHD	202201036650	Petaling	Malaysia
Backer Azthermal SDN BHD	202201002974	Petaling	Malaysia
Backer Cellnergy Engineering PTE Ltd	2004039928E	Singapore	Singapore
Backer EHP Inc.	99-0367868	Murfreesboro, Tennessee	US
Backer ELC AG	CHE-253.701.740	Teufenthal	Switzerland
Backer Elektro CZ a.s.	60469617	Hlinsko	Czech Republic
Backer ELTOP s.r.o.	44795751	Miřetice	Czech Republic
Backer Facsa S.L.	B-62.928.361	Aiguafreda, Vallès Oriental	Spain
Backer Fastighets AB	559223-2952	Hässleholm	Sweden

Subsidiaries	Corporate ID	Registered office	Country
Backer Fer S.r.l.	REA: 173478	Sant'Agostino	Italy
Backer Grand Heater Co Ltd	105560004323	Muaeng Samutsakorn	Thailand
Backer Heating Technologies Co. Ltd	440301503227017	Shenzhen	China
Backer Heating Technologies France SARL	91379344781	Lyon	France
Backer Heating Technologies GmbH	HRB 34409	Dortmund	Germany
Backer Heating Technologies Inc.	36-4044600	Elgin, Illinois	US
Backer Heating Technologies Vietnam Comp Ltd	1101832398	Tan Kim	Vietnam
Backer Heatrod Ltd	766,637	London	UK
Backer Hotwatt Inc.	81-4435368	Wilmington	US
Backer Marathon Inc.	47-3075187	Delaware	US
Backer OBR Sp. z o.o.	8358936	Pyrzyce	Poland
Backer-Springfield Dongguan Co. Ltd	441900400000302	Dongguan City	China
Backer S.r.l.	TV454836	Treviso Belluno	Italy
Backer-Wilson Elements Pty Ltd	100,257,514	Burwood	Australia
Backer Wolff GmbH	HRB 27026	Dortmund	Germany
Beckasinen i Markaryd AB	556262-1150	Markaryd	Sweden
Biawar Produkcja Sp z.o.o.	5423273185	Białystok	Poland
BriskHeat Corporation	31-1271116	Columbus, Ohio	US
BriskHeat Corporation CR S.A	3-101-847273	Alajuela	Costa Rica
BriskHeat Corporation HK Ltd	1511003	Hong Kong	China
BriskHeat Corporation (SG) Pte Ltd.	202202797C	Singapore	Singapore
BriskHeat Shenzhen Trading Company Ltd	914403000942785000	Guangdong Province	China
BriskHeat Technology Company Co Ltd	42982980	Zhubei City	Taiwan
BriskHeat Vietnam Co Ltd	3216041512	Dong Nai Industrial Zone	Vietnam

*Non-operating company under liquidation. Not included in the 2025 Sustainability Report

Subsidiaries	Corporate ID	Registered office	Country
Calvin Holdco B.V.	80747108	Amsterdam	Netherlands
Ceramicx Ireland Limited	183040	Ballydehob	Ireland
Cetetherm AB	559147-1437	Ronneby	Sweden
Cetetherm LLC	1105010000303	Saint Petersburg	Russia *
Cetetherm SAS	352696850	Pontcharra sur Turdine	France
Cetetherm s.r.o.	08300321	Prague	Czech Republic
CFL Group B.V.	65247566	Amsterdam	Netherlands
CFL Ontwikkeling en Exploitatie B.V.	65247701	Tiel	Netherlands
CGC Group of Companies Inc.	85828 1728 RC0001	Mississauga	Canada
CK Fires Ltd	5524093	Wolverhampton	UK
ClimaCool Corp.	73-1409358	Oklahoma City	US
ClimateCraft Inc.	73-1207959	Oklahoma City	US
ClimateMaster Inc.	93-0857025	Oklahoma City	US
Contura AB	559466-6389	Markaryd	Sweden
Contura Stoves Ltd	13087424	Doncaster	UK
CTC AB	556060-2269	Ljungby	Sweden
CTC AG	CHE-105.970.811	Zürich	Switzerland
CTC Benelux	821427672	Couvin	Belgium
Danothem Electric A/S	10 12 60 61	Rødovre	Denmark
DMD Dis Ticaret Makine Sanayi AS	510421	Istanbul	Turkey
Druzstevni Zavody Drazice - strojirna sro	45148465	Benátky nad Jizerou	Czech Republic
E. Braude (London) Ltd	585474	Sandhurst	UK
Electro Therm s.a.s	35262056100022	Lyon	France
ELEKTRON-ETTO, s.r.o.	26906040	Hustopeče nad Bečvou	Czech Republic
Elektrotermija d.o.o.	17578448	Užice	Serbia

Subsidiaries	Corporate ID	Registered office	Country
Elmess Thermosystemtechnik GmbH	HRA 120256	Lüneburg	Germany
Elmess Thermosystemtechnik Verwaltungs-GmbH	HRB 120337	Lüneburg	Germany
Eltwin A/S	13 99 24 44	Risskov	Denmark
Eltwin Sp. z.o.o.	394767	Stargard	Poland
Energie Exploitatie Rijswijk Buiten B.V.	56279620	Rotterdam	Netherlands
Enertech Global LLC	45-2301710	Greenville, South Carolina	US
Enertech Ltd	299044	Worcestershire	UK
Fireplace Products Australia Pty Ltd	117,303,554	Hallam	Australia
Fireplace Products US Inc.	601374460	Blaine, Minnesota	US
Flex Academy D.O.O.	21296333	Priboj	Serbia
FPI Fireplace Products International Ltd.	BC0161829	Richmond	Canada
Gaumer Company Inc.	74-1778481	Houston	US
Gazco Ltd	2228846	Exeter	UK
Giersch GmbH	HRB 733204	Iserlohn	Germany
Go Geothermal Ltd	5967652	Newton Aycliffe	UK
Graybar Ltd	2872001	Wellingborough	UK
Greendraco S.A	513196978	Águeda	Portugal
Heat Safe Cable Systems Ltd	4545332	Helsby	UK
Heat Trace Engineering Solutions S.L.	B55610497	Constantí	Spain
Heat Trace Holdings Ltd	6524757	Helsby	UK
Heat Trace Ltd	1573447	Helsby	UK
Heating Group International B.V.	16083429	Nijmegen	Netherlands
Heatpoint B.V.	30146922	Bodegraven	Netherlands
Heatron Inc.	43-1126014	Leavenworth, Kansas	US

*Non-operating company under liquidation. Not included in the 2025 Sustainability Report

COMPANIES IN THE NIBE GROUP

Subsidiaries	Corporate ID	Registered office	Country
Hemi Heating AB	556420-7586	Södertälje	Sweden
Hemi Heating Technology Co Ltd	91520100666994785H	Guiyang	China
HT S.p.A.	TV 195113	Treviso	Italy
HT Est Division S.r.l.	J02/1489/2007	Arad	Romania
HT Heizelemente Deutschland GmbH	HRB 41822	Bielefeld	Germany
Hyper Engineering Pty Ltd	ACN 148 010 520	Victoria	Australia
Heiax AS	936,030,327	Fredrikstad	Norway
International Environmental Corp.	73-0754306	Oklahoma City	USA
IPAR i Sverige AB	556931-6085	Vetlanda	Sweden
Itho Daalderop B.V.	11006307	Tiel	Netherlands
Itho Dalderop Belgium B.V.B.A.	0834385090	Asse	Belgium
Itho Images B.V.	24323029	Schiedam	Netherlands
Jac. De Vries Gesta B.V.	36043314	Hoorn	Netherlands
JSC Evan	1065260108517	Nizhny Novgorod	Russia *
Jevi A/S	12 85 42 77	Vejle	Denmark
Kaukora Oy	0138194-1	Raisio	Finland
KKT Chillers Inc	83-0486747	Elk Grove, California	US
Klimaatgarant B.V.	56703503	Rotterdam	Netherlands
Klimaatgarant Exploitatie B.V.	65878965	Schiedam	Netherlands
Klöpfer-Therm GmbH	HRA 12322	Dortmund	Germany
Klöpfer-Therm Verwaltungs-GmbH	HRB 8600	Dortmund	Germany
Klöpfer Verwaltungs GmbH	HRB 8456	Dortmund	Germany
KNV Energietechnik GmbH	78375 h	Schörfing	Austria
Koax Corp.	73-1284158	Oklahoma City	US
Living Blue B.V.	61467510	Rotterdam	Netherlands
Lotus Heating Systems A/S	26 11 04 75	Langeskov	Denmark

Subsidiaries	Corporate ID	Registered office	Country
Loyal Oy	0640930-9	Lovisa	Finland
LS Control A/S	15288205	Herlufmagle	Denmark
Lund & Sørensen A/S	25 64 75 99	Vejle	Denmark
Lund & Sørensen Electric Heating Equipment Accessory Co Ltd	120000400007673	Tianjin	China
Metro Therm AB	556554-1603	Kalmar	Sweden
METRO THERM A/S	20 56 71 12	Helsingør	Denmark
Meyer Vastus AB, Oy	0215219-8	Monninkylä	Finland
Miles Industries (Australia) Pty Ltd	ACN 646 008 899	Brookvale	Australia
Miles Industries Inc	980,126,981	North Vancouver	Canada
Miles Industries Ltd	BC0886496	North Vancouver	Canada
Moravská dopravní společnost, a.s.	61974421	Hlinsko	Czech Republic
myUptech AB	556633-8140	Markaryd	Sweden
myUptech Inc	92-1303855	Wilmington, Delaware	US
Nathan Belgie B.V.	64767175	Duiven	Netherlands
Nathan Holding B.V.	20104506	Arnhem	Netherlands
Nathan Industries B.V.	9188041	Duiven	Netherlands
Nathan Projects B.V.	64768643	't Harde	Netherlands
Nathan Projects BVBA	0832.529.125	Zaventem	Belgium
Nathan Service B.V.	9194331	Duiven	Netherlands
Nathan Systems B.V.	64766373	Duiven	Netherlands
Nathan Systems NV	450.269.149	Zaventem	Belgium
Naturenergi IWABO AB	556663-0355	Bollnäs	Sweden
NIBE AB	556056-4485	Markaryd	Sweden
NIBE Beteiligungsverwaltung GmbH	295717d	Vienna	Austria
NIBE-BIAWAR Sp. z o.o.	50042407	Białystok	Poland
Nibe Climate Solutions Canada Corp.	BC110 5117	Vancouver	Canada

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Subsidiaries	Corporate ID	Registered office	Country
NIBE Climate Solutions Holding AB	559561-8694	Markaryd	Sweden
NIBE Element Holding AB	559561-8660	Markaryd	Sweden
NIBE Energietechnik B.V.	20111793	Willemstad	Netherlands
NIBE Energy Systems France SAS	501,594,220	Reyrieux	France
NIBE Energy Systems Inc.	99 03 68,191	Wilmington	US
NIBE Energy Systems Ltd	5764 775	Chesterfield	UK
NIBE Energy Systems Oy	9314276	Helsinki	Finland
NIBE Foyers France S.A.S.	491,434,965	Lyon	France
NIBE Industrier Holding AB	559555-5029	Markaryd	Sweden
NIBE IT R&D d.o.o Beograd	21772291	Belgrade	Serbia
NIBE Stoves Canada Corp.	BC1093578	Vancouver	Canada
NIBE Stoves GmbH	HRB 13929	Harrisee	Germany
NIBE Stoves Holding AB	559561-8744	Markaryd	Sweden
NIBE Systemtechnik GmbH	HRB 10 12 56	Celle	Germany
NIBE Treasury AB	556108-0259	Markaryd	Sweden
Nordpeis AS	957,329,330	Lierskogen	Norway
Norske Backer AS	919,799,064	Kongsvinger	Norway
Nordpeis Sp. z o.o	570844191	Trzcianka	Poland
Ohmic Resistors Pty Ltd	612419566	Richlands	Australia
Omni Control Technology Inc.	04-3142926	Whitinsville, Massachusetts	US
Osby Parca AB	559342-3113	Osby	Sweden
Pacific Energy Australia Pty Ltd	603809856	Geelong West, Victoria	Australia
Pacific Energy Fireplace Products Ltd	556826	Vancouver	Canada
PGR Partners NV	0436.502.176	Grimbergen	Belgium
RELEK Production AB	556315-2510	Höör	Sweden
Renting 959 KB	916616-1787	Ljungby	Sweden

Subsidiaries	Corporate ID	Registered office	Country
Rhoss Deutschland GmbH	HRB 411169	Stuttgart	Germany
Rhoss S.p.A.	01142230299	Codroipo	Italy
Rotterdamse Elementen Fabriek B.V.	000016710339	Rotterdam	Netherlands
SAN Electro Heat A/S	42 16 59 13	Græsted	Denmark
Scandymet AB	556194-2474	Söderhamn	Sweden
Selmo S.r.l.	PD 213286	Rubano	Italy
Snowcliff AG	CH-020 7,000,720-2	Zürich	Switzerland
Sinus-Jevi Electric Heating B.V.	37106129	Medemblik	Netherlands
Solzaima - Equipamentos para Energias Renováveis, S.A.	500780455	Águeda	Portugal
Springfield Wire de Mexico S.A. de C.V.	SWM710722KW3	Nuevo Laredo	Mexico
Stovax Gazco Ltd	1572550	Exeter	UK
Stovax Group Ltd	7127090	Exeter	UK
Stovax Heating Group Ltd	8299613	Exeter	UK
Stovax Heating Group (NI) Ltd	NI675194	Belfast	Northern Ireland
Strukturgruppen AB	556627-5870	Kungsbacka	Sweden
Tempeff Inc.	812525954	Winnipeg	Canada
TermaTech A/S	27 24 52 77	Hasselager	Denmark
Termorad Spolka z.o.o.	000542990	Radom	Poland
Termotech S.r.l.	183099	Vigevano	Italy
The Climate Control Group Inc.	73-1415062	Oklahoma City	US
ThermaClime Technologies Inc.	73-1553910	Oklahoma City	US
Therm-x India Engineering and Manufacturing Pvt Ltd	U26109MH- 2025FTC452193	Mumbai	India
Therm-X of California Inc.	94-2393175	Hayward, California	US

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COMPANIES IN THE NIBE GROUP

Subsidiaries	Corporate ID	Registered office	Country
Therm-x System Vietnam Technology Co. Ltd.	3700810044	Binh Duong Province	Vietnam
Therm-X SVT LLC	20-8024427	Hayward	US
TIKI d.o.o. Stara Pazova	20104554	Stara Pazova	Serbia
TIKI HVAC d.o.o.	8203687000	Velenje	Slovenia
Üntes Isitma Klima Sogutma San Ve Tic A.S.	9170016107	Kazan	Turkey
Üntes Rhoss Sogutma Sistemleri A.S.	9960381156	Kazan	Turkey
Üntes VRF Klima Sistemleri A.S.	9170013850	Kazan	Turkey
Varde Ovne A/S	21 55 49 79	Vejle	Denmark
VEÅ AB	556135-7988	Sävsjö	Sweden
VEÅ Holding AB	556954-8596	Sävsjö	Sweden
Vølund Varmeteknik A/S	32 93 81 08	Herning	Denmark
WaterFurnace International Inc	35-1873795	Fort Wayne, Indiana	US
WaterFurnace Renewable Energy Corp.	BC 100 6504	Toronto	Canada
Waterkotte Austria GmbH	FN 293711d	Klagenfurt	Austria
Waterkotte GmbH	HRB 9537	Bochum	Germany
Waterkotte Schweiz AG	CHE-324.787.906	Fribourg	Switzerland
Wiegand S.A. de C.V.	RFC WIE850624H79	Nuevo Laredo	Mexico
Å.K-Budet i Markaryd AB	556364-4672	Markaryd	Sweden

GOVERNANCE



CORPORATE GOVERNANCE REPORT

Corporate governance in NIBE Industrier AB (publ) (NIBE) is exercised through the Annual General Meeting, the Board of Directors and the CEO in accordance with the Swedish Companies Act (2005:551), the company's Articles of Association, the Swedish Annual Accounts Act (1995:1554), Nasdaq Stockholm's Rules for Issuers, and good practice on the stock market.

It is good practice for Swedish companies whose shares are traded on regulated markets to comply with the Swedish Corporate Governance Code (the Code). NIBE complies with the Code, and this Corporate Governance Report has been prepared in accordance with the Code. The current Code may be accessed on the Swedish Corporate Governance Board's website, www.bolagsstyrning.se. In addition, NIBE also provides information on the company's website in accordance with the Market Abuse Regulation and other legal requirements.

The Corporate Governance Report is not part of the formal annual report documents. The company's auditors have reviewed the Corporate Governance Report and concluded that it has been prepared and that the statutory information is consistent with the other parts of the annual report and the consolidated financial statements.

OWNERSHIP

NIBE has its registered office in Markaryd, Sweden, and has been listed on Nasdaq Stockholm since 1997.

NIBE's class B shares have also had a secondary listing on the SIX Swiss Exchange since August 2011. On December 31, 2025, NIBE had 171,137 registered shareholders, excluding previous shareholders of Schulthess Group AG who have become shareholders of NIBE. As shareholders in Switzerland are not reported to NIBE at the individual level, the total number of shareholders is not available.

The ten largest shareholders include the shareholder groups "Current and former Board members and senior executives" holding 20.2% of the capital and 45.9% of voting rights, the Schöring family, holding 8% of the capital and 18.9% of the voting rights, and institutional investors, holding a total of 17.3% of the capital and 8.5% of the voting rights. Together, these shareholder groups hold a total of 45.5% of the capital and 73.3% of the voting rights. No individual shareholder has a direct or indirect shareholding representing 10% or more of the number of votes of all shares in NIBE.

ANNUAL GENERAL MEETING

The Annual General meeting (AGM) is NIBE's highest decision-making body. The AGM determines the number of Board members and auditors, adopts the accounts, makes decisions on dividends and other appropriations of profit/loss, and discharges the Board of Directors and CEO from liability.

The most recent Annual General Meeting, on May 15, 2025 in Markaryd, was attended by 1,638 shareholders, 631 of whom attended in person, and 1,007 of whom attended through proxies. 66% of the shares and 83% of the total number of votes in the company were represented. The AGM was attended by the Board of Directors, the CEO and the company's auditors. The minutes

of the AGM and the company's Articles of Association are available on the Group's website, www.nibegroup.com. There are no limitations in the articles of association as to the number of votes a shareholder may hold at a general meeting of the company. Nor are there any provisions on the appointment or dismissal of directors of the company, or changes to the company's articles of association. The 2025 AGM resolved to authorize the Board of Directors, on one or more occasions and with or without deviation from the shareholders' preferential rights, to issue new Class B shares in the company to finance acquisitions of companies or businesses. This authorization is valid until the 2026 AGM and is restricted to a maximum of 10% of the number of shares issued at the time of the AGM.

COMMUNICATION WITH THE STOCK MARKET

The ambition is to maintain a high standard of information issued by the company to the stock market. Such information must be accurate and transparent to create long-term confidence in the company.

Earnings and the financial position are presented quarterly and, like the annual report, are issued to all shareholders who request a copy. All information that may have an effect on the company's share price and information on all acquisitions is announced via press releases. All financial information is also available on the website, www.nibegroup.com. Press releases and reports are posted there at the same time as they are made public.

Meetings with investors, financial analysts and the media are held when quarterly reports are published. There is also continuous dialogue with Swedish and foreign investors and financial analysts, the media and Aktiespararna, the Swedish Shareholders' Association.

BOARD PROCEDURES

The NIBE Board of Directors consists of seven members, elected by the AGM. Directors and the Chairman of the Board are elected annually by the AGM to serve for the period until the next AGM. Company representatives attend Board meetings as required to present matters or act as experts in individual cases.

The Board of Directors elected by the 2025 AGM comprised Hans Linnarson (Chairman), Anders Pålsson, Eva Karlsson, Eva Thunholm, James Ahrgren, Camilla Ekdahl and Managing Director and CEO Gerteric Lindquist (all re-elected). With the exception of the Managing Director and CEO, none of the directors is employed by the company or has any operational responsibilities in the company.

It is the opinion of the Board of Directors that all directors are independent of the Company, with the exception of the Managing Director and CEO. A presentation of the Board members can be found on page 188–189 of the Annual Report.

The work of the Board is governed by formal rules of procedure that are adopted annually and regulate matters such as decision-making within the company, signatory authority, Board meetings and the Chairman's duties.

The Board oversees the work of the CEO and is responsible for ensuring that the company's organisation, management and guidelines for the administration of the company's financial affairs are appropriate. The Board is also responsible for developing and monitoring the company's strategies through plans and objectives, decisions on acquisitions, major investments, appointments to managerial positions and the continual supervision of operations during the year. In addition, the Board sets the budget and is responsible for the annual accounts.

The Chairman leads the work of the Board and ensures that it is carried out in accordance with the Swedish Companies Act and other relevant legislation. The Chairman follows the progress of operations through consultations with the CEO, and is responsible for ensuring that other members of the Board receive the information they need to hold discussions of a high quality and make the best possible decisions.

The Board of Directors evaluates its work every year. The evaluation is carried out by means of a survey of the directors. The results of the survey are then presented to the full Board, which uses them to make specific proposals on how its work can be developed, improved and made more efficient, where necessary. The Board evaluation for 2025 revealed an open, constructive climate with well-functioning control and decision-making processes. The areas covered by the evaluation included the composition, working methods, communication and internal control of the Board, the Board's evaluation of the CEO and other company management, and the need for committees.

The Board has an Audit Committee and a Remuneration

Committee, which prepare relevant matters and put forward proposals for decision by the Board.

The Remuneration Committee consists of the Chairman of the Board and one other Board member nominated by the Board, and is independent of the company and its management. The Remuneration Committee is responsible for the preparation of decisions by the Board in matters relating to principles of remuneration, remuneration and other terms of employment of company management, the evaluation of variable remuneration schemes for company management and the evaluation of application of the guidelines for remuneration of senior executives and the current remuneration structures and remuneration levels in the company. The Remuneration Committee also puts forward

proposals for salary and other remuneration of the CEO, as well as proposals for the principles regarding salary and other remuneration of senior executives in the company and the Group. The Remuneration Committee members in 2025 were Hans Linnarson (Chairman) and Eva Thunholm.

The Audit Committee consists of two Board members who are independent of the company and company management and also independent in relation to the company's major shareholders. The Audit Committee's main tasks are to monitor the company's financial reporting and sustainability reporting and to monitor the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee members in 2025 were Anders Pålsson (Chairman) and Camilla Ekdahl.

THE WORK OF THE BOARD IN 2025

Each ordinary Board meeting focuses on one principal topic of discussion.

FEBRUARY – YEAR-END CLOSE

The meeting in February considers the annual accounts of the preceding year. The company auditor presents his comments to the full Board of Directors on this occasion. Reports by the Audit Committee and Remuneration Committee.

MAY – INAUGURAL MEETING

Following the AGM, the Board of Directors holds its inaugural meeting, at which it adopts the rules of procedure, appoints members of the Audit and Remuneration Committees, and determines authorised signatories.

AUGUST – STRATEGY

The Board considers strategic plans and evaluates the Board's and CEO's work models and decision-making processes.

NOVEMBER – AUDIT REVIEW

In November, the company's auditor reports on the review of the interim report for the period January to September and the status of the audit. Report by the Audit Committee.

DECEMBER – JANUARY – BUDGET

At the end of the year, the Board discusses the Group's budget for the coming year.

The agenda includes several standing items, which are considered at every meeting.	
STATUS REPORT	Report of significant events affecting operations that have not been listed in the written report that has been circulated.
FINANCIAL REPORT	Review of the financial information circulated.
INVESTMENTS	Decisions regarding investments exceeding SEK 20 million, based on the data circulated.
LEGAL PROCESSES	Review of new or ongoing legal processes, where appropriate.
ACQUISITIONS	Report on ongoing discussions and decisions concerning the acquisition of companies, as and when appropriate.
PRESS RELEASES, ETC.	When appropriate, a review of proposals for external reports to be published after the meeting.
INTERNAL CONTROL	Report on the internal control work.

NOMINATION COMMITTEE

The Nomination Committee presents proposals to the Annual General Meeting.

The 2025 AGM resolved to establish a Nomination Committee. The Nomination Committee, which is elected by the AGM, consists of six members, including a Chairman. The members shall represent the largest shareholders in terms of number of votes held, as well as institutional shareholders. The chairman of the Board of NIBE may be a member of the Nomination Committee but may not serve as its Chairman.

The Nomination Committee prepares proposals regarding: the Chairman of the Meeting, the Board of Directors for the coming financial year, the Chairman of the Board, the auditor, Board fees (including the allocation between the Chairman and other members), fees for committee work, the auditor's fee, the members and Chairman of the Nomination Committee ahead of the next AGM, and any changes to the instructions for the Nomination Committee.

The Nomination Committee ahead of the 2026 AGM consisted of Mikael Ekdahl, representing the Schörling family and related companies (Chairman), Henrik Norén, representing Leif Gustafsson and Gerteric Lindquist, Mikael Hjelm, representing Bengt Hjelm, Fredrik Andersson, representing Harry Andersson, Daniel Kristiansson, representing Alecta Tjänstepension and Hans Linnarson, in his capacity as Chairman of the Board.

During the year the Nomination Committee held six minuted meetings and also conducted an ongoing dialog between meetings. The Nomination Committee has addressed all matters it is required to consider under the Code.

GROUP MANAGEMENT

The Managing Director and CEO, who is also appointed by the Board of Directors as Managing Director of the parent, exercises day-to-day control of the Group, and the three heads of the Group's business areas report to him.

The CEO leads operations in accordance with the instructions adopted by the Board in respect of the division of duties between the Board and the CEO. The work of the CEO and of Group management is evaluated annually.

Financing, currency management, corporate acquisitions, new establishments, financial control, financial information, human resources policy, sustainability and other overall policy matters are coordinated at Group level.

GOVERNANCE OF BUSINESS AREAS

NIBE consists of three business areas.

Each business area has its own operational management with profit responsibility. Each business area has a Business Area Board chaired by the Managing Director and CEO.

Each Business Area Board, in addition to responsibility for day-to-day operations, is also responsible to the NIBE Board of Directors for the strategic development of its respective business area. Each Business Area Board meets once per quarter.

GOVERNANCE OF THE GROUP'S SUSTAINABILITY WORK

The Group's sustainability working group reports to the Sustainability Council, which, in addition to this group, comprises the CEO, CFO and heads of business areas.

Much of the work is regulated in national legislation, such as environmental laws and labor law, but NIBE is also obliged to comply with regional and international law. In addition, NIBE is governed by voluntary commitments such as the UN Global Compact.

In 2025, NIBE implemented the CSRD reporting requirements in full.

NIBE's Board has ultimate responsibility for ensuring that risks are managed and that sustainability initiatives comply with the requirements of authorities, shareholders and other stakeholders. The CEO reports to the Board. The heads of the business areas are responsible for communicating and implementing their strategic work at the local board level.

The management of each company is responsible for local operational sustainability work and for compliance with Group guidelines. These managers report to the heads of the business areas in each area.

The sustainability working group regularly visits companies in the Group to monitor compliance with common policies and guidelines. The working group also works strategically and reports on sustainability issues to the Boards at Group and business area level.

Improvement needs or deviations are documented and reported to the individual company, the heads of business areas and Group management. Each business area head is responsible for ensuring that measures proposed are taken.

CODE OF CONDUCT

NIBE has a code of conduct that reflects the NIBE culture and the ten principles of the UN Global Compact.

The Code of Conduct is reflected in NIBE's documents on business principles, values and working methods and the content of these is based on a long tradition of honest and sincere business practices. The information can be found on pages 22–25.

All employees receive the printed version in their local language. When a new company joins the Group, its management is obliged to communicate and implement the Code of Conduct in the entire organization.

The Code of Conduct is available to external parties and stakeholders on the Group's website nibegroup.com.

All businesses comply with national legislation regarding financial, environmental and labor legislation, and are also obliged to comply with regional and international law and voluntary commitments such as the UN Global Compact. Management is responsible for seeking advice on ethical and legal behavior according to established escalation procedures when their knowledge or mandate is insufficient.

NIBE has a whistleblowing function through which all Group employees and others can confidentially report suspicions of serious irregularities without risk of retaliation. To ensure the anonymity of the whistleblower and the proper, secure handling of submissions, whistleblowing cases go directly to an external recipient who also leads the investigation of the case.

POLICY FOR COMPOSITION OF BOARD OF DIRECTORS/DIVERSITY POLICY

NIBE has adopted a diversity policy for the Board.

NIBE’s Board of Directors must have overall expertise and experience that is appropriate to its work and the business that is conducted, as well as to be able to identify and analyze opportunities for and risks to the Group. When new directors are nominated and elected, it is necessary to consider each director’s suitability to obtain a Board of Directors with the overall expertise required for appropriate governance of the Group. The composition of the Board of Directors must be characterized by versatility and breadth in terms of the expertise, experience, gender, age, education and professional background of the directors elected. The objective of the policy is to achieve an appropriate composition of the Board as regards the company’s operations and relationships in general.

In 2025, the composition of the Board was evaluated partly through the work of the Nomination Committee and partly within the framework of the Board’s own annual evaluation (presented above under ‘Board procedures’) and taking into account the diversity policy for the Board. The result of the evaluation is that the composition of the Board is deemed compliant with the policy.

REMUNERATION 2025

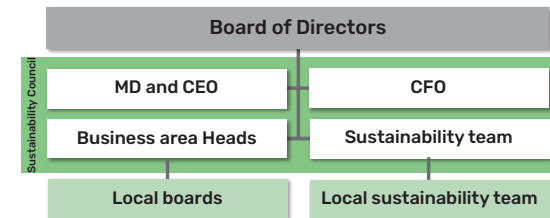
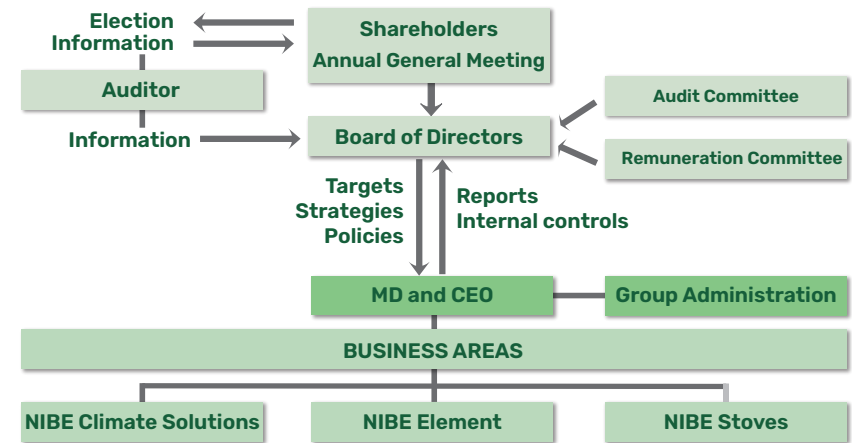
The 2025 AGM resolved that fees to the Board of Directors and fees to the auditors would be paid according to approved invoice.

At the same time, policies for the remuneration of the CEO and other senior executives were detailed and approved. Further

information about the principles that apply can be found in Note 6 to the annual report and on NIBE’s website at www.nibegroup.com.

Remuneration of the CEO is a matter decided by the Board, but the preparatory work for this decision is undertaken by Remuneration Committee. Remuneration of other senior executives is determined by the CEO in consultation with the Remuneration Committee and in accordance with the guidelines adopted by the AGM. Decisions in this regard are reported to the Board of Directors.

Information on the fees paid to directors, as well as the salary and other remuneration paid to the CEO and other senior executives can be found in Note 6 to the annual report.



INCENTIVE PROGRAM

Under an incentive program, certain key employees are paid variable remuneration if set targets are met.

Variable remuneration is limited to a maximum of four months' salary. In addition, up to one extra month's salary may be paid, provided that the employee uses this additional payment and an equivalent amount from their variable remuneration to purchase NIBE shares on the stock exchange. The additional remuneration is conditional on the employee retaining the annually acquired NIBE shares for at least three years. Under normal circumstances, the acquisition of NIBE shares by the employees concerned shall take place once a year in February/March and shall be subject to the applicable market abuse regulations. No incentive program is offered to the CEO. Certain key individuals in the foreign companies acquired in recent years have incentive programs that deviate from the NIBE Group's remuneration principles set out above. Further information about the principles that apply for senior executives can be found in Note 6 to the annual report.

SEVERANCE PAY

No severance pay or other benefits apply to the Chairman of the Board or to the directors, apart from the CEO.

The period of notice for the CEO is six months for termination of employment by the company. In addition to salary during the period of notice, the CEO is entitled to severance pay equal to 12 months' salary. Other senior executives are entitled to receive their salaries during a period of notice which varies between 6 and 12 months.

PENSIONS

The Chairman of the Board and directors do not receive any retirement benefits for their work on the Board.

No special agreements have been reached that entitle senior executives to retire before the official retirement age while still retaining part of their salary in the interim.

Information on the retirement benefits of the CEO and other senior executives can be found in Note 6 to the annual report.

Under the company's policy, no further pension contributions are made if employment continues beyond the age of 65.

INTERNAL CONTROL OVER FINANCIAL REPORTING IN 2025

Under the Swedish Companies Act and the Code, the Board of Directors is responsible for internal control.

This report on internal control and risk management as regards financial reporting complies with the requirements in Chapter 6, Section 6, of the Annual Accounts Act.

NIBE is characterized by simplicity in its legal and operational structure, transparency in its organization, clear divisions of responsibility, and an efficient management and control system.

NIBE complies not only with laws and regulations in respect of financial reporting, but also with internal instructions and policies set out in, e.g., the company's Finance Handbook and NICS (NIBE Internal Control Standard). These are applied by all companies in the Group, along with systems aimed at ensuring effective internal controls in financial reporting.

Consolidated financial statements containing comprehensive analyses and comments are prepared each month for the Group and its business areas. Monitoring also takes place monthly.

There are finance functions and controllers with responsibility for accounting, reporting and the analysis of financial trends at Group level, business area level and unit level.

In addition to the statutory audit of the annual report and statutory audit of the Parent Company and all of its subsidiaries, the Board also has the option of requesting a special audit of a selected business during the year if the Board deems it necessary. A summary of the auditors' review of selected controls is presented each year as part of the Board meeting that deals with the year-end financial statements. Additionally, the Audit Committee monitors the effectiveness of the company's internal control, internal audit and risk management, and reports its observations to the Board.

In light of the Group's continuous work on internal control through the Group-wide NICS framework (NIBE Internal Control Standard), the Board has determined that there has been no need for a separate internal audit function (Section III, item 8.1 of the Code).

EXTERNAL AUDITORS

NIBE's auditors were elected at the AGM to serve for a period of one year.

The audit firm KPMG AB has been the company's auditor since the 2013 AGM. Jonas Nihlberg has been auditor in charge since the AGM in 2021.

The auditor in charge has continual access to the approved minutes of company Board meetings and the monthly reports that the Board receives.

The company's auditor in charge reports his observations from the audit and his assessment of the company's internal controls to the full Board.

Over and above normal auditing duties, KPMG assists in particular with consulting services in accounting and tax matters. Information on the remuneration of auditors is given in Note 9 to the annual report.



From left: James Ahrgren, Camilla Ekdahl, Anders Pålsson, Eva Thunholm, Hans Linnarson, Eva Karlsson and Gerteric Lindquist.

THE BOARD OF DIRECTORS' STATEMENT

The Board of Directors and the CEO confirm that the Annual Report has been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. They also confirm that the Annual Report and consolidated financial statements have been prepared in accordance with the adopted sustainability reporting standards (ESRS) and the specifications adopted pursuant to the Taxonomy Regulation (EU) 2020/852. The annual accounts and consolidated financial statements give a true and fair view of the financial position and results of the Parent Company and the Group.

The administration report for the Parent and the Group provides a fair review of the development of the operations, financial position and results of the Parent Company and the Group and describes the principal risks and uncertainties facing the Parent Company and the companies included in the Group.

The Board of Directors approved the Annual Report on April 7, 2026

James Ahrgren
Board member

Camilla Ekdahl
Board member

Gerteric Lindquist
*Board member,
Managing Director and CEO*

Hans Linnarson
Chairman of the Board

Eva Karlsson
Board member

Anders Pålsson
Board member

Eva Thunholm
Board member

Our Auditor's report on the annual accounts and consolidated financial statements and our limited assurance report on the sustainability report were submitted on April 7, 2026.

KPMG AB

Jonas Nihlberg
Authorized Public Accountant

GROUP BOARD OF DIRECTORS



HANS LINNARSON

Born 1952
Member of the Board since 2006
Became Chairman of the Board in 2015.
Chairman of the Remuneration Committee.

EDUCATION: B.Sc. (Electrical Engineering), Teknikum, Växjö and B.A. Växjö University.

EXPERIENCE: Several different positions as CEO of international Swedish industrial companies over more than 35 years, such as Enertec Component AB, CTC AB and Asko Cylinda AB. Executive positions in the Electrolux Group and President & CEO of Husqvarna AB.

OTHER CURRENT BOARD ASSIGNMENTS: Chairman of the Board of HP Tronic AB. Board member of Eolus AB, Inission AB, Nordiska Plast AB and Zinkteknik AB.

PREVIOUS BOARD ASSIGNMENTS: Chairman of the Board of K. Hartwall Oy, Scandbio AB, Dahrén AB, and Board member of Beijer Electronics AB (publ).

PRESENT AT BOARD MEETINGS: 10/10

PRESENT AT REMUNERATION COMMITTEE: 1/1

SHAREHOLDING IN NIBE INDUSTRIER: 9,556 Class B shares.

Independent of the company and its management and major shareholders.



JAMES AHRGREN

Born 1979
Member of the Board since 2024

EDUCATION: Studies in Mechanical Engineering at KTH, Stockholm.

CURRENT POSITION: CEO AQ Group (publ).

EXPERIENCE: Worked in product development, purchasing, production, marketing, sales and acquisition and in senior positions at Xylem, Huber+Suhner, AB Traction and AQ Group. 10 years' experience of working and managing companies in China. Founder of Nash Invest AB, Lejla Invest AB and Elbilsvaruhuset.se i Sverige AB.

OTHER CURRENT BOARD ASSIGNMENTS: Chairman of the Board Lejla Invest AB. Board member of Nash Invest AB and Chairman of the Board and Board member of around 40 different subsidiaries in AQ Group AB.

PREVIOUS BOARD ASSIGNMENTS: Chairman of the Board Ankarsrum Industrier AB. Board member Sigicom AB and Drillcon AB.

PRESENT AT BOARD MEETINGS: 9/10

SHAREHOLDING IN NIBE INDUSTRIER: 12,015 Class B shares.

Independent of the company and its management and major shareholders.



CAMILLA EKDAHL

Born 1967
Member of the Board since 2024
Member of the Audit Committee.

EDUCATION: M.Sc. in Engineering Mechanics, Chalmers University of Technology, Gothenburg.

CURRENT POSITION: CEO Balco Group AB (publ).

EXPERIENCE: Extensive industrial experience as CEO, local manager, COO, logistics manager in a number of companies with international operations, including Isaberg Rapid AB, Pelly Group AB, Thule Sweden AB, Rapid Granulator AB, Continental Gislaved Däck AB, Balco Group AB.

OTHER CURRENT BOARD ASSIGNMENTS: Board member of Haglund Industri AB.

PRESENT AT BOARD MEETINGS: 10/10

PRESENT AT AUDIT COMMITTEE: 4/5

SHAREHOLDING IN NIBE INDUSTRIER: 5,600 Class B shares.

Independent of the company and its management and major shareholders.



EVA KARLSSON

Born 1966

Member of the Board since 2022.

EDUCATION: M.Sc. in Engineering Mechanics, Chalmers University of Technology, Gothenburg.

CURRENT POSITION: Chief Operation Officer, Saab Group.

EXPERIENCE: More than 30 years' experience in international industrial companies, including Dometic, ASSA ABLOY and ABB. In these companies she has held senior management positions, including COO of Dometic Group and Head of business area Pedestrian Door Solutions at ASSA ABLOY.

PREVIOUS BOARD ASSIGNMENTS: Board member Itab Group AB.

PRESENT AT BOARD MEETINGS: 10/10

SHAREHOLDING IN NIBE INDUSTRIER: 9,323 Class B shares.

Independent of the company and its management and major shareholders.



GERTERIC LINDQUIST

Born 1951

Board member since 1989.

EDUCATION: M.Sc. in Engineering and M.Sc. in Business & Economics, Chalmers University of Technology and Uppsala University.

CURRENT POSITION: Managing Director and CEO of NIBE Industrier AB and NIBE AB. Employed at NIBE since 1988.

EXPERIENCE: More than 35 years' experience of international industrial operations, including as Exports Director of ASSA Stenman AB, now ASSA Abloy.

OTHER CURRENT BOARD ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

PRESENT AT BOARD MEETINGS: 10/10

SHAREHOLDING IN NIBE INDUSTRIER: 27,511,952 Class A shares, and 65,160,044 Class B shares.

Not independent due to his position, his shareholding and the length of his Board service.



ANDERS PÅLSSON

Born 1958

Board member since 2010.

Chairman of the Audit Committee.

EDUCATION: M.Sc. in Business & Economics, Lund University.

EXPERIENCE: More than 35 years' experience in international industrial companies, including President & CEO of Hilding Anders and divisional manager at Trelleborg AB and in PLM/Rexam. Worked at Gambro and the E.ON Groups.

OTHER CURRENT BOARD ASSIGNMENTS:

Chairman of Malmö FF football club.

PREVIOUS BOARD ASSIGNMENTS: Chairman of GARO AB, Lammhults Design Group AB, Elektro Sandberg AB and Hilding Anders AB. Board member of OKG Oskarshamns Kärnkraftverk AB, Midway Holdings AB, Trioplast AB and Bergendahls Food AB.

PRESENT AT BOARD MEETINGS: 9/10

PRESENT AT AUDIT COMMITTEE: 5/5

SHAREHOLDING IN NIBE INDUSTRIER: 91,428 Class B shares.

Independent of the company and its management and major shareholders.



EVA THUNHOLM

Born 1966

Member of the Board since 2022. Member of the Remuneration Committee.

EDUCATION: Master of Science in Chemical and Administrative Sciences, Karlstad

CURRENT POSITION: Vice President Business Unit Technical Materials, Ahlstrom Group.

EXPERIENCE: Considerable experience of international business and solid industrial experience, including in the ventilation industry. Has worked at e.g. Stora Enso, Södra Skogsägarna and Volution Group.

OTHER CURRENT BOARD ASSIGNMENTS: Board member of Sydved AB, Alutrade AB and the trade association Skogsindustrierna.

PREVIOUS BOARD ASSIGNMENTS:

Uni4 Marketing AB.

PRESENT AT BOARD MEETINGS: 10/10

PRESENT AT REMUNERATION COMMITTEE: 1/1

SHAREHOLDING IN NIBE INDUSTRIER: 2,000 Class B shares.

Independent of the company and its management and major shareholders.

MANAGEMENT

GERTERIC LINDQUIST

Born 1951
MD & CEO of NIBE Industrier AB
and NIBE AB. Employed at NIBE since 1988.

EDUCATION: M.Sc. in Engineering and M.Sc. in Business & Economics, Chalmers University of Technology and Uppsala University.

EXPERIENCE: More than 35 years' experience of international industrial operations, including as Exports Director of ASSA Stenman AB, now ASSA Abloy.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

SHAREHOLDING IN NIBE INDUSTRIER: 27,511,952 Class A shares, and 65,160,044 Class B shares.



HANS BACKMAN

Born 1966
CFO NIBE Group.
Employed at NIBE since 2011.

EDUCATION: M.Sc. in Business & Economics, School of Business, Economics and Law at University of Gothenburg, and MBA, Lund University.

EXPERIENCE: Broad experience in global industrial companies in and outside Sweden. A total of around 20 years abroad at companies such as SKF (publ) and Alstom.

OTHER CURRENT ASSIGNMENTS: A number of assignments as board member at Group-wide companies in NIBE Group and at Schulthess Maschinen AG of Switzerland, a former Group company.

SHAREHOLDING IN NIBE INDUSTRIER: 276,300 Class B shares.



TERESE LEIRE

Born 1982
General Counsel.
Employed at NIBE since 2025.

EDUCATION: LL.M., Lund University.

EXPERIENCE: Over 15 years' experience of corporate law. Including as lawyer at Advokatfirman Delphi and as lawyer and associate at Advokatfirman Sigeman & Co.

SHAREHOLDING IN NIBE INDUSTRIER: 0 shares.



SIMON KARLIN

Born 1968
Head of NIBE Climate Solutions
Employed at NIBE since 2024.

EDUCATION: B.Sc. in Business Administration, Lund University.

EXPERIENCE: More than 20 years' experience in international groups in the refrigeration and HVAC industry, including Head of business area for the regions EMEA and APAC at Beijer Ref and Svedala/Sandvik Group.

OTHER CURRENT ASSIGNMENTS: Agramkow A/S. A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

SHAREHOLDING IN NIBE INDUSTRIER: 50,000 Class B shares.



CHRISTER FREDRIKSSON

Born 1955
Head of business area for
NIBE Element and CEO of Backer AB.
Employed at NIBE since 1992.

EDUCATION: M.Sc. in Engineering Industrial Economics, Linköping University.

EXPERIENCE: Many years of industrial experience as e.g. Controller at Fiskeby, Division manager at Stal Laval and CEO at Strömma AB.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

SHAREHOLDING IN NIBE INDUSTRIER: 6,872,500 Class A shares, and 11,471,360 Class B shares.



NIKLAS GUNNARSSON

Born 1965
Head of business area NIBE Stoves.
Employed at NIBE since 1987.

EDUCATION: Engineer, Halmstad.

EXPERIENCE: Extensive experience in sales, marketing and product development in various parts of NIBE Group.

OTHER CURRENT ASSIGNMENTS: A number of assignments as Chairman and Board member at Group-wide companies in NIBE Group.

SHAREHOLDING IN NIBE INDUSTRIER: 1,973,068 Class B shares.



AUDITOR **JONAS NIHLBERG**
Auditor in charge, KPMG AB

AUDITOR'S REPORT

To the annual meeting of the shareholders of NIBE Industrier AB (publ), Corporate identity number 556374-8309

Report on the annual accounts and consolidated financial statements

OPINIONS

We have audited the annual accounts and consolidated financial statements of NIBE Industrier AB for the 2025 financial year, not including the Corporate governance report on pages 181–186 and the Sustainability report on pages 63–116. The annual accounts and consolidated financial statements of the company are included on pages 63–187 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2025 and its financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate governance report on pages 181–186 and the Sustainability report on pages 63–116. The Administration Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and the consolidated financial statements are consistent with the content of the additional report that has been submitted to the parent's Audit Committee in accordance with Article 11 of EU Regulation 537/2014 on statutory audits.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the 'Auditor's responsibility' section. We are independent of the parent and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our ethical responsibility under these standards. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of EU regulation 537/2014 on statutory audits were provided to the audited company or, as the case may be, its parent or its companies under its control within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF GOODWILL

See Note 14 in the annual accounts and the consolidated financial statements for detailed information and a description of this matter.

Description of the matter

As at December 31, 2025, the Group had goodwill of SEK 23,090 million, corresponding to 35% of total assets. IFRS requires intangible assets with an indefinite useful life to be tested annually for

impairment. Such testing is not only complex but also involves a significant element of assessments by Group management.

Impairment testing is performed using a method whereby management makes assumptions about future internal and external factors. Examples of such assessments are future receipts and payments (future cash flows), which require assumptions about e.g. future market conditions. Another important assumption is the discount rate that should be used to adjust for the fact that future receipts are subject to risk and thus worth less than the cash and cash equivalents that are directly available to the Group.

Response in the audit

We have studied management's impairment testing to assess whether it was performed in accordance with the method prescribed. We have also assessed the reasonableness of the future receipts and payments and the assumed discount rates by studying and evaluating management's written documentation and plans. We have also interviewed management and evaluated previous years' assessments in relation to actual outcomes. We have consulted our own valuation specialists in order to ensure experience and expertise in this area.

Another important aspect of our work was to evaluate management's sensitivity analysis, that is, how changes in assumptions may affect the valuation.

Finally, we examined the information in the annual accounts and consolidated financial statements and assessed whether the disclosures were consistent with the assumptions made by management in its impairment testing and whether the disclosures were sufficiently comprehensive to ensure it is possible to understand the assessments made by management.

ACCOUNTING FOR ACQUISITIONS

See Note 3 and Note 26 in the annual accounts and consolidated financial statements for detailed information and a description of this matter.

Description of the matter

The Group carries out acquisitions on an ongoing basis. In connection with acquisitions, the new business must be recognized in the consolidated financial statements, which requires the preparation of an acquisition analysis. The preparation of such an analysis involves acquired assets and liabilities being identified and having amounts allocated to them that correspond to their fair values on the acquisition date, whether they were previously recognized or not. If the acquisition agreement includes contingent consideration or commitments to acquire the shares of minority shareholders, the value of these is estimated in connection with the preparation of the acquisition analysis and an acquisition-related liability is recognized. The value that remains after all assets and liabilities have been assessed and valued in the acquisition analysis is recognized as goodwill.

The preparation of an acquisition analysis requires knowledge of the methods to be used and awareness of the circumstances in the acquired business. Acquisition-related liabilities must be revalued on a continuous basis. Such revaluation is based on assumptions about future internal and external factors and therefore involves a significant element of judgment by management. Acquisition-related liabilities amounted to SEK 2,040 million on December 31, 2025.

Response in the audit

In our audit, we examine acquisition analyses in respect of material acquisitions in order to assess whether they were prepared using the correct methods and are based on acquisition agreements. Because we did not identify any material acquisitions in the financial year, our examination of this matter focused on the reasonableness of management's assessments about acquisition-related liabilities and the assumptions used as the basis for

revaluation of such liabilities. In our audit, we analyzed a sample of agreements for completed acquisitions and the parameters on which the acquisition-related liabilities were based, and we also assessed management's assumptions about future financial performance and thus the size of acquisition-related liabilities.

Finally, we checked the completeness of the disclosures in the annual accounts and consolidated financial statements and assessed whether the information was consistent with the information used by management, and whether the information is sufficient to understand the assessments made by management.

INFORMATION OTHER THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

This document also contains information other than the annual accounts and consolidated financial statements and can be found on pages 1–116, 188–190 and 198–203. This other information also consists of the remuneration report, which we gained access to before the date of this Auditor's report. The Board and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure, we also take into account the knowledge we have obtained during the audit and assess whether the information appears to contain material misstatements in other respects.

If, based on the work performed concerning this information, we conclude that the other information contains a material misstatement, we are liable to report this. We have nothing to report in this respect.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and for ensuring that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS Accounting Standards, as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for assessing the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to the going concern and use of the going concern basis of accounting. However, the going concern basis of accounting is not applied if the Board of Directors and the CEO intend to liquidate the Company, cease operations, or have no realistic alternative but to do so.

The Board's Audit Committee shall, without it impacting the other roles and responsibilities of the Board of Directors, be responsible for monitoring the company's financial reporting.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and are regarded as material if, individually or in aggregate, they could reasonably be expected to

affect the economic decisions of users taken on the basis of the annual accounts and consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- identify and assess the risks of material misstatement of the annual accounts and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not identifying a material misstatement resulting from fraud is higher than one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are

based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause a company and a Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the Group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the Group to express an opinion on the consolidated financial statements. We are responsible for the governance, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors about matters including the planned scope, focus and timing of the audit. We must also inform them of significant audit findings, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards..

Of the matters communicated to the Board of Directors, we determine which of them were the most significant to the audit of the annual accounts and consolidated financial statements, including the risks of material misstatements considered to be the most significant, and which therefore represent the key audit matters. We describe these matters in the Auditor's report unless laws or other statutes preclude disclosure of the matter.

Report on other legal and regulatory requirements

Auditor's review of administration and the proposed appropriation of the company's profit or loss

OPINIONS

In addition to our audit of the annual accounts and consolidated financial statements, we have examined the administration by the Board of Directors and the CEO of NIBE Industrier AB for the 2025 financial year and the proposed appropriation of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the Administration Report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the 'Auditor's responsibility' section. We are independent of the parent and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our ethical responsibility under these standards

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors is responsible for the proposed appropriation of the company's profit or loss. Proposing a dividend includes an assessment of whether the dividend is justifiable considering the requirements that the nature, scope and risks of the company's and the Group's operations place on the size of the parent's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the organization of the company and the administration of its affairs. This includes, among other things, continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that accounting, management of assets and the company's financial affairs are otherwise controlled in a reassuring manner.

The CEO is responsible for ongoing administration in accordance with the guidelines and instructions issued by the Board of Directors and for taking measures that are necessary to fulfill the company's accounting in accordance with law and to conduct the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any Board member or the CEO has, in any material respect:

- undertaken any action or been guilty of any omission which could give rise to liability to the company; or
- in any other way acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. Our examination of the administration and the proposed appropriation of the company's profit or loss is based primarily on our audit of the accounts. Any additional audit procedures performed are based on our professional judgment with reference to risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions made, decision data, actions taken and other matters that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditor's examination of the ESEF report

OPINION

In addition to our audit of the annual accounts and consolidated financial statements, we have also examined whether the Board of Directors and the CEO have prepared the annual accounts and consolidated financial statements in a format that enables uniform electronic reporting (ESEF report) in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528) for NIBE Industrier AB for the financial year 2025.

Our examination and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

BASIS FOR OUR OPINION

We have performed the examination in accordance with FAR's recommendation RevR 18 Auditor's examination of the ESEF report. Our responsibility under these standards is described in further detail in the "Auditor's responsibility" section. We are independent of NIBE Industrier AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Chief Executive Officer determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to form an opinion with reasonable assurance as to whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4a of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an examination performed in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies the International Standard on Quality Management 1, which requires it to design, implement and operate a quality management system including guidelines or procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design examination procedures that are appropriate in the circumstances, we consider those elements of internal control that are relevant to the preparation of the supporting documentation by the Board of Directors and the CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The audit also involves an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the CEO.

The procedures mainly include validation that the ESEF report has been prepared in a valid XHTML format and reconciliation of the ESEF report with the audited annual accounts and consolidated financial statements.

The examination also includes an assessment of whether the consolidated income statement, balance sheet, statement of changes in equity, statement of cash flows and notes in the ESEF report have been tagged with iXBRL, in accordance with the ESEF regulation.

AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the corporate governance report on pages 181–186, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our audit was conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance report has a different focus and a substantially more limited scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient and appropriate basis for our opinion.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6 (2), 2-6, of the Swedish Annual Accounts Act, and Chapter 7, Section 31 (2), of the same Act are consistent with the annual accounts and consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

KPMG AB was appointed auditor of NIBE Industrier AB (publ) by the Annual General Meeting on May 15, 2025. KPMG AB or auditors working at KPMG AB have been the company's auditor since 2013.

Markaryd, April 7 2026
KPMG AB

Jonas Nihlberg
Authorized Public Accountant

AUDITOR'S LIMITED ASSURANCE REPORT ON NIBE INDUSTRIER AB (PUBL)'S SUSTAINABILITY REPORT

To the Annual General Meeting of shareholders of NIBE Industrier AB (publ), Corporate ID no. 556374-8309

CONCLUSION

We have conducted a limited assurance engagement on the Sustainability report of NIBE Industrier AB (publ) (the Company) for the 2025 financial year. The Sustainability report is included in the printed version of this document on pages 63-116.

Based on our limited assurance engagement, as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the Sustainability report has not been prepared, in all material respects, in accordance with the Annual Accounts Act, including,

- whether the Sustainability report complies with ESRS;
- whether the process carried out by the company to identify the sustainability information has been performed as described in the Sustainability report; and
- whether the disclosures comply with Article 8 of the EU Taxonomy Regulation.

BASIS FOR CONCLUSION

We conducted our limited assurance engagement in accordance with FAR's recommendation RevR 19 *Auditor's limited assurance engagement on the statutory sustainability report*. Our responsibility under these standards is described in further detail in the "Auditor's responsibility" section.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

OTHER DISCLOSURES

The sustainability information for the previous financial year has not previously been subject to limited assurance, and accordingly no assurance has been provided on the comparative information in the 2025 Sustainability Report.

INFORMATION OTHER THAN THE SUSTAINABILITY REPORT

This document also contains information other than the Sustainability report and can be found on pages 1-62, 117-190 and 198-203. The Board and the CEO are responsible for this other information.

Our conclusion on the Sustainability report does not include this other information and we do not express any form of assurance conclusion concerning this other information.

In connection with our limited assurance engagement on the Sustainability report, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the Sustainability report. In this procedure, we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE CEO

The Board and the CEO are responsible for ensuring that the sustainability report has been prepared in accordance with Chapter 6, Sections 12-12f of the Annual Accounts Act, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of a Sustainability report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to provide a limited assurance conclusion that the Sustainability report has been prepared in the accordance with Chapter 6, Sections 12-12f of the Annual Accounts Act, based on our review. We conducted our limited assurance engagement in accordance with FAR's recommendation RevR 19 *Auditor's limited assurance engagement on the statutory sustainability report*. This recommendation requires us to plan and perform the assurance engagement procedures to obtain limited assurance that the Sustainability report is prepared in accordance with these requirements.

The procedures performed to obtain evidence are more limited than in an engagement in which an opinion is expressed with reasonable assurance, and the assurance obtained is therefore lower than in an engagement in which an opinion is expressed with reasonable assurance. This means that it is not possible for us to obtain such assurance that we would become aware of all significant matters that might have been identified if an engagement providing reasonable assurance had been performed.

The audit firm applies ISQM 1 (International Standard on Quality Management), which requires it to design, implement and operate a quality management system, including guidelines or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of NIBE Industrier AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance engagement involves obtaining supporting documentation for the sustainability report by various means. The auditor selects the procedures to be performed

based on assessment of the risks of material misstatement of the Sustainability report, whether due to fraud or error. In carrying out this risk assessment, and in order to design examination procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the sustainability report by the Board and CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The limited assurance engagement consists of performing inquiries, primarily of the persons responsible for the preparation of the sustainability report, and performing analytical procedures and other limited assurance engagement procedures.

In performing our limited assurance engagement regarding the process implemented to identify sustainability information to be reported, we have:

- Obtained an understanding of the process by:
 - – making inquiries to understand the sources of the information used by management; and
 - – reviewing the company's internal documentation of the process; and
- Evaluated whether the information obtained from our procedures regarding the process implemented by the company is consistent with the description of the process in the Sustainability report.

Our procedures regarding the Sustainability report included, but were not limited to, the following:

- Through inquiries, obtained an understanding of the company's reporting and consolidation processes, including the company's internal control environment and information systems relevant to the preparation of the information in the Sustainability report.

- Evaluated whether information identified as material through the company's process for determining the content of the Sustainability report is included.
- Evaluated whether the structure and presentation of the Sustainability report comply with the requirements of ESRS.
- Performed inquiries of relevant personnel and analytical procedures relating to selected disclosures in the Sustainability report.
- Performed substantive assurance procedures, including sample testing, on selected disclosures in the Sustainability report.
- Through inquiries, obtained an understanding of the methods used to develop significant estimates and how these methods have been applied.
- Through inquiries, obtained a general understanding of the process for identifying Taxonomy-eligible and Taxonomy-aligned economic activities and the related disclosures in the Sustainability report.
- Performed substantive procedures on selected disclosures in the Sustainability report relating to the EU Taxonomy.

INHERENT LIMITATIONS IN THE PREPARATION OF THE SUSTAINABILITY REPORT

When reporting forward-looking information in accordance with ESRS, the Board of Directors and the CEO of NIBE Industrier AB (publ) are required to prepare such information based on assumptions about future events and possible future actions of NIBE Industrier AB (publ). Actual results are likely to be different, as anticipated events frequently do not occur as expected.

Markaryd, April 7, 2026
KPMG AB

Jonas Nihlberg
Authorized Public Accountant

THE NIBE INDUSTRIER SHARE

NIBE’s class B share is listed on Large Cap, Nasdaq Nordic under the name NIBE Industrier AB with ISIN code SE0008321293 in the Construction & Materials sector. NIBE was registered on the OTC list of the Stockholm Stock Exchange on June 16, 1997 following the issue of 1,170,000 new class B shares. The subscription price then was SEK 70 per share.

Since the initial public offering, a 4:1 share split has been carried out four times, in 2003, 2006, 2016 and 2021, which means that the subscription price of SEK 70 corresponds to SEK 0.27 per share now. New issues were conducted on two occasions since the initial public offering: in 2011/2012 with a private placement of 261,338,208 B shares in conjunction with the secondary listing on the SIX Swiss Exchange, and in 2016 with a rights issue of 29,566,264 A shares and 222,442,016 B shares.

Share capital

NIBE Industrier AB’s share capital totals SEK 79 million and is divided into 233,130,360 class A shares and 1,782,936,128 class B shares. The quotient value is SEK 0.03906 per share. Each class A share carries ten votes at general meetings and each class B share carries one vote. All shares carry the same entitlement to dividends. At the end of 2025, there were no outstanding convertible loans or options that could risk diluting the share capital.

Secondary listing

Following the new share issue in 2011, NIBE’s class B shares are now also listed on the SIX Swiss Exchange.

Share performance and sales

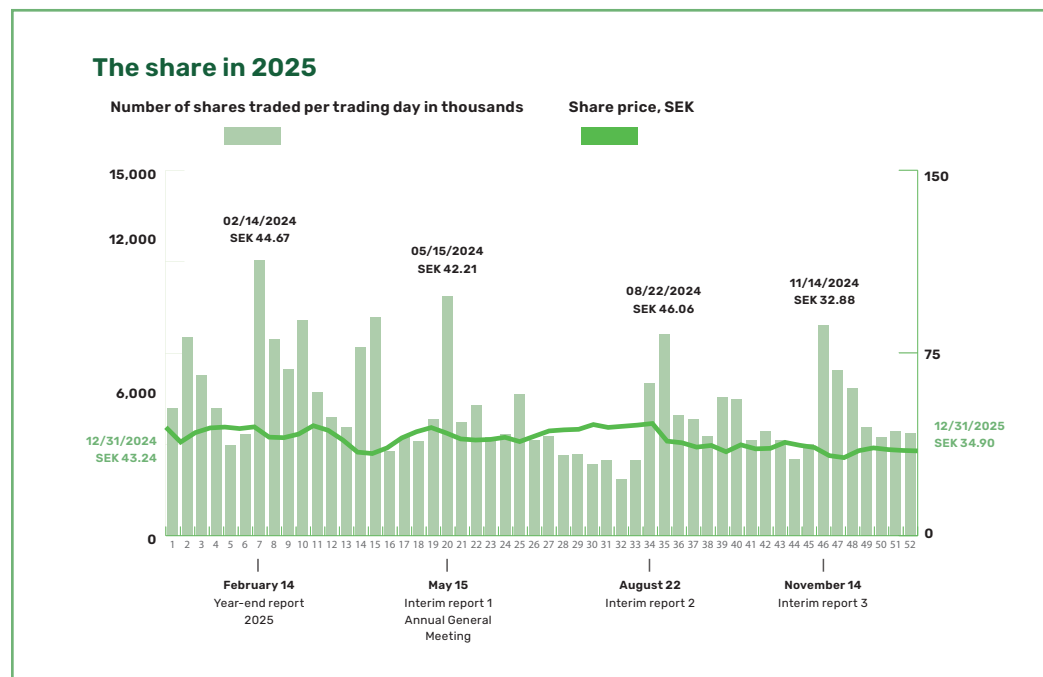
In 2025, NIBE’s share price decreased by 17.6%, from SEK 43.2 to SEK 35.6.

In the same period, the OMX Stockholm PI increased by 9.5% and the OMX Stockholm PI (OMX30) by 16.1%.

At the end of 2025, NIBE’s market capitalization, based on the latest price paid, was SEK 71,812 million. A total of 1,743,967,641 NIBE shares were traded, which corresponds to a share turnover of 86.5% in 2025.

Dividend policy

The aim is for the company to pay a dividend equivalent to 25–30% of the Group’s profit after tax over the long term. The Board proposes a dividend of SEK 0.35 per share for the 2025 financial year, which corresponds to 31% of the Group’s earnings per share after tax.



Shareholders

The number of shareholders fell slightly during the year. However, because of Swiss reporting regulations, it is, in principle, impossible to determine the current total number of shareholders for the Group’s secondary listing on the SIX Swiss Exchange. Excluding these Swiss-registered owners, NIBE had 171,136 individual shareholders at the end of 2025, compared with 177,044 at the same time in the previous year. The ten largest shareholders held 54.2% of the votes and 37% of the capital.

DATA PER SHARE		2025	2024	2023	2022	2021
Number of shares		2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488
Average number of shares		2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488	2,016,066,488
Year-end share price	SEK	35.62	43.24	70.80	97.10	136.75
EPS (after tax)	SEK	1.13	0.58	2.36	2.16	1.65
EPS (after tax) excl. items affecting comparability	SEK	1.20	0.80	2.36	2.16	1.65
Equity/share	SEK	15.01	15.92	14.98	13.86	10.63
Proposed dividend	SEK	0.35	0.30	0.65	0.65	0.50
Price/equity	times	2.37	2.72	4.73	7.01	12.86
Dividend yield	%	0.95	0.69	0.92	0.67	0.37
Total return	%	- 16.84	- 38.50	- 26.42	- 28.52	103.54
Operating cash flow per share	SEK	1.43	0.88	0.30	0.27	1.00
Payout ratio	%	31.0	51.5	27.4	30.1	30.4
Payout ratio excl. items affecting comparability	%	29.2*	37.5*	27.4	30.1	30.4
PE ratio (after tax)	times	31.5	74.3	29.8	45.0	83.0
Market capitalization	SEK m	71,812	87,175	142,738	195,760	275,697
EBIT multiple	times	21.6	39.8	22.9	34.5	63.0
EV/sales	times	2.18	2.62	3.43	5.05	9.13
Share turnover	%	86.5	81.2	49.5	39.7	29.7

*2024: Adjusted for the action plan of SEK 915 million, the dividend corresponds to 29% of profit after tax. 2025: Adjusted for acquisition-related revaluations

CHANGES IN SHARE CAPITAL

	Increase in share capital (SEK)	Quotient value (SEK)	Total number of shares	Total share capital (SEK)
1990 New share issue ¹⁾	6,950,000	100.00	70,000	7,000,000
1991 Bonus issue	40,000,000	100.00	470,000	47,000,000
1994 Split 10:1 ²⁾	-	10.00	4,700,000	47,000,000
1997 New share issue	11,700,000	10.00	5,870,000	58,700,000
2003 Split 4:1 ³⁾	-	2.50	23,480,000	58,700,000
2006 Split 4:1 ⁴⁾	-	0.625	93,920,000	58,700,000
2011 New share issue ⁵⁾	10,074,648	0.625	110,039,437	68,774,648
2012 New share issue ⁶⁾	133,876	0.625	110,253,638	68,908,524
2016 Split 4:1 ⁷⁾	-	0.15625	441,014,552	68,908,524
2016 New share issue ⁸⁾	9,844,073	0.15625	504,016,622	78,752,597
2021 Split 4:1 ⁹⁾	-	0.03906	2,016,066,488	78,752,597

¹⁾ Private placement to existing shareholders at a subscription price of SEK 100 per share.

²⁾ Change in the quotient value of each share from SEK 100 to SEK 10.

³⁾ Change in the quotient value of each share from SEK 10 to SEK 2.50.

⁴⁾ Change in the quotient value of each share from SEK 2.50 to SEK 0.625.

⁵⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 108.25 per share.

⁶⁾ Private placement to the former owners of the Schulthess Group at a subscription price of SEK 102.00 per share.

⁷⁾ Change in the quotient value of each share from SEK 0.625 to SEK 0.15625.

⁸⁾ Private placement to the company's shareholders at a subscription price of SEK 48.00 per share.

⁹⁾ Change in the quotient value of each share from SEK 0.15625 to SEK 0.03906.

MAJOR SHAREHOLDERS

(Source: Euroclear Sweden share register 12/31/2025)

Shareholders	Number of shares	Share of votes (%)
Current and former Board members and management ¹	406,992,590	45.85
Schörling	160,541,714	18.94
SSB and Trust Co, W9	83,737,482	2.04
JPM Chase Bank NA	61,759,292	1.50
Alecta Pensionsförsäkring	59,226,482	1.44
AMF Tjänstepension AB	43,700,000	1.06
Clearstream Banking S A	31,095,501	0.76
Northern Trust Company	26,074,484	0.63
SIX SIS AG	21,946,354	0.53
Citybank NA	21,804,758	0.53
Cliens Småbolag	21,166,377	0.51
JPM SE Luxembourg	20,818,241	0.51
Swedbank Robur Allemansfond	20,000,000	0.49
Other holdings (171,096 shareholders)	1,037,203,213	25.21
Total	2,016,066,488	100.0

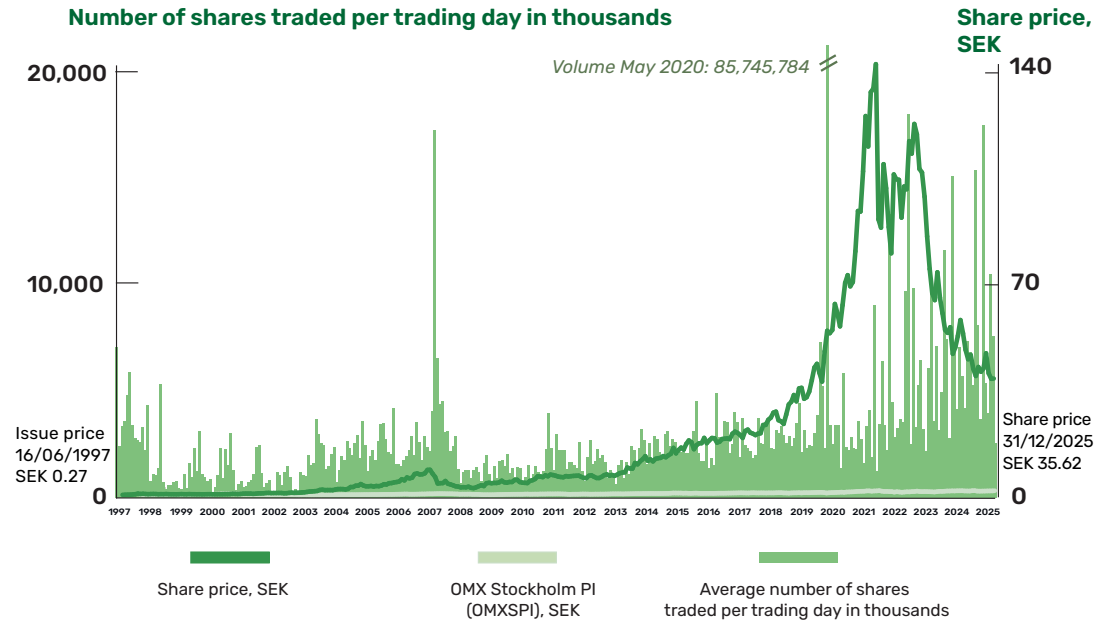
¹ For current Board, see page 190.

SHAREHOLDER STRUCTURE

(Source: Euroclear Sweden share register 12/31/2025)

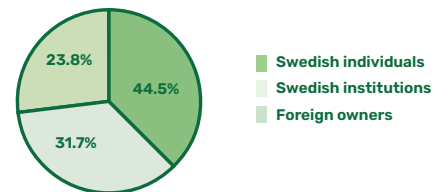
Number of shares	Number of owners	Number of owners (%)	Number of shares	Number of shares (%)
1 – 500	114,391	66.84	15,544,381	0.77
501 – 1,000	19,556	11.43	15,125,535	0.75
1,001 – 5,000	25,721	15.03	59,871,533	2.97
5,001 – 10,000	5 147	3.01	37,728,117	1.87
10,001 – 20,000	2,957	1.73	42,936,296	2.13
20,001 –	3,365	1.96	1,844,860,626	91.51
Total	171,137	100.0	2,016,066,488	100.0

Share performance, 1997–2025



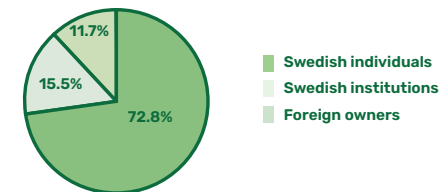
Share of capital, %

(Source Euroclear sharebook 31/12/2025)



Share of voting rights, %

(Source Euroclear sharebook 31/12/2025)



NIBE INDUSTRIER

- INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of NIBE Industrier AB (publ) will be held on May 19, 2026.

Information on the resolutions passed at the AGM will be published in the communiqué issued after the meeting.

RIGHT TO PARTICIPATE IN THE AGM

Shareholders who wish to attend the AGM must:

- be recorded as a shareholder in the share register maintained by Euroclear Sweden AB on Friday, May 8, 2026; and
- give notice of their intention to attend the AGM no later than Tuesday, May 12, 2026.

Shareholders whose shares are registered in the name of a nominee must, in addition to the notice of attendance, re-register the shares in their own name with Euroclear. Such registration may be temporary and must have been completed no later than Tuesday, May 12, 2026, to be taken into consideration. Requests for such registration must be notified to the nominee in good time before Tuesday, May 12, 2026, to ensure the re-registration can be completed in time.

The AGM will be held in Swedish.

NOTICE

Notice of attendance at the AGM can be made in writing to: NIBE Industrier AB, AGM, c/o Euroclear Sweden, PO Box 191, SE-101 23 Stockholm; by phone to +46 (0)433 27 36 00; or on the website www.nibe.com.

The notice of participation should state the name, personal identity number/corporate identity number, address and tele-

phone number, number of shares and share class, and the number of assistants.

Shareholders represented by a proxy shall send a written, dated power of attorney together with the notice of attendance. The power of attorney must not be more than one year old at the time of the AGM, unless the power of attorney has a longer period of validity, however, not more than five years from the date of issue. A power of attorney form for this purpose is available from www.nibe.com. The power of attorney form can also be ordered by phone by calling the above number. The original copy of the power of attorney must be available for inspection on request. Representatives of a legal entity shall produce a certificate of registration or similar document of authorization indicating the authorized signatory.

Attendees must bring valid ID to the AGM for registration. No attendance cards will be issued.

DISCLOSURES

Shareholders are informed of their right to request information at the AGM about circumstances that could impact the assessment of an item on the Agenda and circumstances that could affect the assessment of the company's financial situation.

CALENDAR

May 19, 2026

Interim report 1, January – March 2026
Annual General Meeting in Markaryd, Sweden,
5:00 PM (CEST)

August 21, 2026

Interim Report 2, January – June 2026

November 17, 2026

Interim Report 3, January – September 2026

DEFINITIONS – KEY RATIOS

Capital employed

Total assets less non-interest-bearing liabilities (including deferred tax). Capital employed is a measure of the total capital that NIBE borrows from its shareholders and credit institutions, which usually receive payment in the form of dividend or interest.

Capital turnover ratio

Net sales divided by average total assets. The capital turnover ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's capital intensity.

Earnings per share (after tax)

Earnings after tax divided by average number of shares.

EBITDA margin

Operating profit before depreciation, amortization and impairment as a percentage of net sales. EBITDA margin is a central measure of profitability for NIBE, and NIBE considers that it gives investors the opportunity to assess NIBE's opportunities to achieve a level of profitability acceptable for the industry.

Equity

Taxed equity plus untaxed reserves less tax.

Equity/assets ratio

Equity as a percentage of total assets. The equity/assets ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to meet its financial obligations and NIBE's ability to meet its financial target of an equity/assets ratio of at least 30%.

Growth

Percentage change in net sales compared with previous year. This key ratio gives investors a better understanding of compliance with NIBE's growth strategy and whether NIBE's financial target of average growth of at least 20% per annum is being met.

Interest-bearing liabilities/Equity

Interest-bearing liabilities as a percentage of equity. NIBE considers that this key ratio gives investors a better understanding of NIBE's capital structure.

Interest coverage ratio

Profit after net financial items plus financial expenses divided by financial expenses. The interest coverage ratio is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to meet its financial obligations.

Net debt/EBITDA

Interest-bearing net debt (interest-bearing financial liabilities less interest-bearing financial assets) divided by operating profit before depreciation/amortization and impairment. Net debt/EBITDA is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunity to meet its financial obligations.

Net investments in non-current assets

Acquisitions of non-current assets less disposals of non-current assets. NIBE considers that this key ratio gives investors the opportunity to assess operational investment needs.

Operating cash flow

Cash flow after investments but before acquisition of companies/operations.

Operating margin

Operating profit as a percentage of net sales. The operating margin is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to achieve a level of profitability acceptable for the industry and NIBE's ability to meet its financial target of an operating margin of at least 10%.

Profit margin

Profit after net financial items as a percentage of net sales. The profit margin is a key ratio that NIBE considers to be relevant to investors who want to assess NIBE's opportunities to achieve a level of profitability acceptable for the industry.

Proportion of risk-bearing capital

Equity, including provisions for tax as a percentage of total assets. NIBE considers that this key ratio gives investors a better understanding of NIBE's capital structure.

Return on capital employed

Profit after net financial items plus financial expenses as a percentage of average capital employed. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the capital placed at its disposal by its shareholders and lenders.

Return on equity

Profit after net financial items less tax at 20.6% (20.6%) standard rate as a percentage of average equity. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the capital placed at its disposal by its shareholders and NIBE's ability to meet its financial target of a return on equity of at least 20%.

Return on total assets

Profit after net financial items plus financial expenses as a percentage of average total assets. NIBE considers that this key ratio gives investors a better understanding of NIBE's ability to earn interest on the total capital at NIBE's disposal.

NIBE

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