



NIBE

Interim Report 1, 2024

- › SALES totaled SEK 9,494 (11,646) million
- › ADJUSTED OPERATING PROFIT amounted to SEK 516 (1,755) million
- › ADJUSTED PROFIT AFTER NET FINANCIAL ITEMS amounted to SEK 184 (1,654) million
- › ADJUSTED PROFIT AFTER TAX amounted to SEK 34 (1,274) million
- › EARNINGS per share adjusted for items affecting comparability before and after dilution, based on the average number of shares outstanding during the period, amounted to SEK 0.02 (0.63)
- › ACTION PLAN underway

Weak first quarter

Large reductions in the distribution chain, continued high interest rates and unusually low level of housing production – gradual improvement in demand expected in the second half of the year.

Sales growth for the first three months of the year was -18.5% (33.1%), of which -24.0% (27.8%) was organic. Operating profit adjusted for items affecting comparability for the first quarter declined by 70.6% compared with the corresponding period in the previous year and the operating margin declined from 15.1% to 5.4%. Adjusted profit after net financial items fell by 88.9%, while the profit margin declined to 1.9% (14.2%).

An unfortunate combination of a number of adverse factors

In Europe, work has been underway since the end of 2023 to return to more normal inventory levels in the distribution chain for heat pumps in particular, but also for stoves. This means that orders received by manufacturers have been unusually low and have not corresponded to the number of products delivered and installed at end customers. For example, the European heat pump manufacturing market has almost halved in the year to date. We estimate that the ongoing adjustment of inventories will be largely completed in the second quarter. Manufacturing volumes should then gradually improve and return to levels reflecting actual consumer demand.

The sharp and relatively rapid rise in interest levels has also resulted in a sharp slowdown in new housing production, which in turn has had a clear dampening effect on demand for both heat pumps and stoves. The high interest rate level has also contributed to general restraint in consumer spending. We were therefore pleased to note that the Swedish Riksbank was first to begin the necessary interest rate cuts on May 8. Furthermore, there are clear signals that interest rate cuts will continue for the rest of this year as well as next. In our experience, the fact alone that interest rates are starting to be cut will boost general consumption and willingness to invest in new production of houses and apartments.

As for any real political will in Europe to replace fossil fuels with sustainable alternatives, such as heat pumps, this leaves a lot to be desired. This particular problem is actually three-pronged. Existing subsidies for the installation of heat pumps provide a clear signal and some assistance, but the application process is often overly complicated. In some countries, the end date for use of fossil fuels in existing properties is up to 20 years in the future, which means the transition to heat pumps will take far too long. Additionally, the price difference between gas and electricity in terms of price per kWh is disproportionately large in some

countries, often by a factor of four to the detriment of electricity.

In fall 2022, the US Government decided to prohibit the sale of high-tech equipment for the manufacture of semiconductors to China. This decision has had a significant adverse effect on the entire semiconductor industry. The good news is that several new plants for the production of semiconductors are under construction, mostly in the USA but also in Europe, which is expected to have an effect on equipment manufacturers and their suppliers towards the end of the current financial year.

In summary, it is our assessment that the demand at the manufacturers' level will bottom out in the second quarter before gradually improving in the second half of the year.

Action plan

As announced in connection with the year-end report on February 16, which was followed by more concrete details in a press release on March 18, we have launched a comprehensive action plan in order to adapt the business to prevailing demand. Our initial assessment was that the plan would result in annual savings of about SEK 600 million with effect from 2025, at a total cost of approximately SEK 900 million.

Now, three months later and in the middle of implementing the action plan, we can confirm that the annual savings will be about SEK 750 million and the cost of the measures approximately SEK 1,095 million.

The business area NIBE Climate Solutions has already made a lot of progress on the action plan. At the same time, focused efforts are directed towards strengthening our market position in Europe by consistently offering high quality, a genuine sustainability profile and a high level of technology, and assuming significant responsibility throughout the product life cycle. On the product development side, the business area is continuously launching new heat pump families featuring environmentally friendly refrigerants and advanced control. All new heat pump solutions were presented at Nordbygg, the Nordic region's largest building and construction trade fair, in Stockholm as recently as April. At the same time, a brand new product program for ventilation of commercial properties, developed in-house, was launched under the brand name NIBE Flow. This new product program, combined with our complete product program in the area of heat pumps and district heating, means that we can now provide complete system solutions for climate control of commercial properties.

Unlike the weaker European heat pump market, the North American market is showing a stable performance, confirming the importance of a robust, long-term incentive program from politicians. As in Europe, we are continuously launching new heat pump families featuring new refrigerants to enable us to stay at the forefront ahead of pending regulatory changes.

The business area is continuing to implement its ambitious investment program, but some investments in plant and equipment aimed at increasing production capacity will be postponed.

The reasons for the sharp and rapid fall in sales in the first quarter are described above. This in turn has resulted in a sharp deterioration in both operating profit and operating margin. The ongoing action plan, combined with the improvement we predict will take place in the demand situation in Europe in the second half of the year, will enable us to gradually improve the operating margin. Our ambition is to be back to the business area's historical levels during 2025.

Calendar

May 16, 2024

8:00 AM (CEST) Interim report 1, January – March 2024

11:00 AM (CEST) Teleconference (in English):

Presentation of Interim Report 1, January – March 2024 and opportunity to ask questions.

Registration on our website www.nibe.com is required in order to access the presentation images and to obtain a code to be able to ask questions.

5:00 PM (CEST) Annual General Meeting

August 16, 2024

Interim Report 2, January – June 2024

November 15, 2024

Interim Report 3, January – September 2024



Gerteric Lindquist
Managing Director and CEO

The business area NIBE Stoves is also feeling the after-effects of the turbulent market conditions caused by energy prices, which until relatively recently were at a dramatically high level, resulting in an unfortunate combination of surplus orders to manufacturers and inventory build-up among distributors. Restoring these inventory levels is quite a slow process because high interest rates are restricting both purchasing power and new housing production. This has also led to cancellations of orders already placed with manufacturers.

Additionally, energy prices have settled at significantly lower levels than just a year ago.

In Europe, necessary measures are now being implemented to adapt production capacity and fixed costs to the reduced level of sales. In this context, it is important to point out that neither product development nor marketing initiatives will be affected by cost-cutting measures.

The North American units implemented their restructuring programs to adjust to lower volumes, already in 2023, which is why these units are expected to report a more traditional performance, with a stronger second half, this year.

The business area's operating margin also declined as a result of the fall in sales, but the objective of the action plan is to boost the operating margin in the second half of the year and be able to restore it to the average historical level during 2025.

The business area NIBE Element is also in the process of implementing a cost reduction program, prompted mostly by the sharp downturn in the heat pump segment as well as in products for the rest of the construction industry. However, the electrification of vehicles is continuing to offer new opportunities for growth. This also applies to the rail-based transport market segment.

It is also encouraging that the semiconductor industry is expected to see an upturn as early as in the second half of the year, and that the wind power industry looks set to return to normal in 2025.

Being able to quickly act on costs is one of this business area's strengths, but this must never be at the expense of the ability to develop new products. The ability to meet the ambitious demands of the exacting automotive industry in terms of new electrification solutions, and to match the equally stringent requirements of the world's leading equipment manufacturers for the semiconductor industry are proof of the ability to distinguish between areas where costs can be cut and areas where no expense should be spared.

The cost-cutting program will gradually lead to an improvement in operating margin over the year and the goal is to return to the target operating margin level in 2025.

Investments for the future

The Group's total investments in the period amounted to SEK 470 million, compared with SEK 1,341 million in the previous year. A total of SEK 0 (702) million of the investments is related to acquisitions of operations. This means that the entire amount, SEK 470 (639) million, is related to investments in existing businesses. Excluding leases, the depreciation rate was SEK 370 million, compared with SEK 288 million in the previous year.

Of the investment program of SEK 10 billion decided in 2020, the bulk, or just over SEK 8 billion, has already been implemented and the remainder will largely be completed in 2024/25.

Outlook for 2024

- Our corporate philosophy and our strong range of products, with their focus on sustainability and energy efficiency, are in tune with the times because the transition to a fossil-free society is generally believed to be irreversible.
- We are well prepared to continue being proactive on acquisitions.
- Our internal efforts to enhance efficiency, combined with our rigorous cost-control measures, will prepare for 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 deteriorating security situation around the world, interest-rate developments and volatile energy prices are difficult to predict, however.
- *Previous wording*
Our assessment is that our performance in the first half and possibly the full year will be weaker. This assessment should be viewed against the performance in 2023, when we reported very strong first-half results and a weak second half.
New wording
As we stated in our previous assessment, the first two quarters of the year will be weak. This should also be viewed against the strong performance in the corresponding period in 2023. A gradual improvement in demand is expected in the second half of the year, partly as inventory levels at distributors are expected to normalize then.
- However, as is our habit, and based on experience, we remain optimistic about our long-term performance in 2024, even though it is particularly difficult to assess the situation this year.

Markaryd, Sweden, May 16, 2024

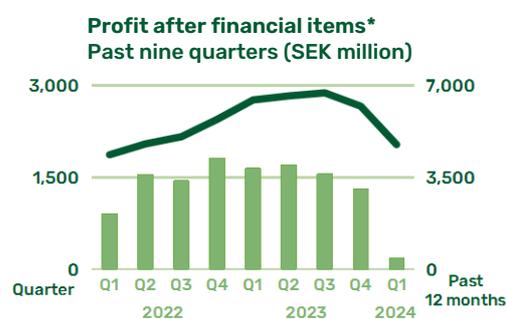
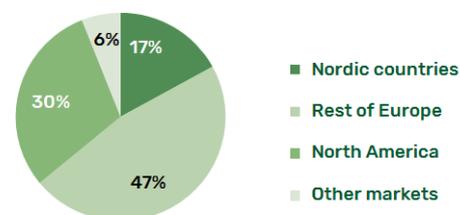
Gerteric Lindquist
Managing Director and CEO

NIBE Group

Key ratios		Q1 2024	Q1 2023	Past 12 months	Full year 2023
Net sales	SEK m	9,494	11,646	44,497	46,649
Growth	%	-18.5	33.1	3.6	16.4
of which acquired	%	5.5	5.3	6.2	6.2
Operating profit	SEK m	516 *	1,755	4,639	6,973
Operating margin	%	5.4 *	15.1	10.4	14.9
Profit after net financial items	SEK m	184 *	1,654	3,766	6,331
Profit margin	%	1.9 *	14.2	8.5	13.6
Equity/assets ratio	%	44.4	52.3	44.4	44.4
Return on equity	%	12.7 *	17.7	9.8	17.3

* Profit and key ratios have been calculated excl. items affecting comparability

Group sales by geographical region



* excluding items affecting comparability

Sales

The Group's net sales totaled SEK 9,494 (11,646) million. This corresponds to a decrease of 18.5%. Of the total decrease of SEK 2,152 million in sales, SEK 645 million was related to acquired sales, which means that organic sales decreased by 24%.

Profit

Profit for the period after net financial items, adjusted for items affecting comparability, was SEK 184 million. This equates to a 88.9% decrease in earnings compared with the same period in 2023. In the first quarter of the previous year, profit after net financial items amounted to SEK 1,654 million. Net financial items amounted to SEK -332 million at the end of the period, a decline of SEK 231 million compared with the same period in the previous year. Profit/loss for the period was charged with acquisition expenses of SEK 3 (30) million. Return on equity was 12.7% (17.7%).

Investments

During the quarter, the Group invested a total of SEK 470 (1,341) million. A total of SEK 0 (702) million of the investments related to acquisitions of operations. The remaining SEK 470 (639) million mainly comprised investments in machinery and equipment and buildings in existing operations.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK -318 (1,419) million. Cash flow after changes in working capital amounted to SEK -259 (392) million. Focused efforts to reduce high inventory levels has started to pay off and overall the change in working capital was positive. Interest-bearing liabilities at the end of the period amounted to SEK 23,323 million, compared to SEK 22,771 million at the start of the year. At the end of the period, the Group had cash and cash equivalents of SEK 4,492 million, compared with SEK 4,980 million at the start of the period. The equity/assets ratio at the end of the period was 44.4%, compared with 44.4% at the start of the year and 52.3% at the corresponding time in the previous year.

Action plan

In conjunction with the year-end report on February 16, we announced an action plan costing around SEK 900 million, the aim of which was to achieve annual savings of around SEK 600 million. Three months later, after more detailed analysis, this program now amounts to SEK 1,095 million with expected annual savings of around SEK 750 million.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the year totaled SEK 21 (15) million and profit/loss after financial items was SEK -349 (12) million.

Business area trends

Quarterly data

Consolidated income statement (SEK million)	2024		2023			2022			
	Q1	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	9,494	11,646	11,833	11,514	11,656	8,749	9,656	9,999	11,667
Operating expenses	-10,073	-9,891	-9,986	-9,735	-10,064	-7,808	-8,087	-8,534	-9,779
Operating profit	-579	1,755	1,847	1,779	1,592	941	1,569	1,465	1,888
Net financial items	-332	-101	-146	-181	-214	-35	-22	-14	-117
Profit after net financial items	-911	1,654	1,701	1,598	1,378	906	1,547	1,451	1,771
Tax	50	-380	-378	-378	-399	-226	-310	-343	-401
Net profit	-861	1,274	1,323	1,220	979	680	1,237	1,108	1,370
Net sales, business areas									
NIBE Climate Solutions	5,834	7,736	8,122	7,839	7,676	5,583	6,367	6,344	7,782
NIBE Element	2,711	3,013	2,957	2,945	2,983	2,474	2,672	2,842	2,937
NIBE Stoves	1,052	1,250	1,086	1,096	1,326	900	830	1,042	1,239
Elimination of Group transactions	-103	-353	-332	-366	-329	-208	-213	-229	-291
Group total	9,494	11,646	11,833	11,514	11,656	8,749	9,656	9,999	11,667
Operating profit, business areas									
NIBE Climate Solutions	-462	1,353	1,538	1,484	1,221	612	1,204	1,022	1,500
NIBE Element	-126	280	243	235	184	250	299	325	249
NIBE Stoves	27	165	101	99	168	103	95	137	216
Elimination of Group transactions	-18	-43	-35	-39	19	-24	-29	-19	-77
Group total	-579	1,755	1,847	1,779	1,592	941	1,569	1,465	1,888
Items affecting comparability, business areas									
NIBE Climate Solutions	-794								
NIBE Element	-263								
NIBE Stoves	-38								
Group total	-1,095								
Adjusted operating profit, business areas									
NIBE Climate Solutions	332								
NIBE Element	137								
NIBE Stoves	65								
Elimination of Group transactions	-18								
Group total	516								

Business area NIBE Climate Solutions

Key ratios		Q1 2024	Q1 2023	Past 12 months	Full year 2023
Net sales	SEK m	5,834	7,736	29,472	31,373
Growth	%	-24.6	38.6	4.4	20.3
of which acquired	%	7.3	3.5	6.7	5.9
Operating profit	SEK m	332 *	1,353	3,781	5,596
Operating margin	%	5.7 *	17.5	12.8	17.8
Assets	SEK m	47,165	34,535	47,165	46,664
Liabilities	SEK m	5,903	6,543	5,903	6,588
Investments in non-current assets	SEK m	442	453	2,706	2,717
Amortisation/Depreciation	SEK m	310	229	1,134	1,053

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 5,834 million, compared with SEK 7,736 million for the corresponding period in the previous year. Of the decrease in sales of SEK 1,902 million, acquired sales accounted for SEK 565 million, which means that organic sales decreased by 31.9%.

Adjusted operating profit for the period amounted to SEK 332 million, compared with SEK 1,353 million in the corresponding period in the previous year. This equates to an operating margin of 5.7%, compared with 17.5% in the previous year.

Market

Energy efficiency and environmentally friendly climate control of properties of all sizes remain on the international agenda. Heating of properties accounts for 40% of global energy consumption and heat pumps are being promoted internationally as the most climate-friendly and efficient alternative for replacing oil and gas boilers. The EU "Green Deal" is the driver behind the move away from fossil fuels in Europe, but in the short term, political indecisiveness in many countries is impacting the will to uphold and increase requirements to phase out fossil fuels to achieve the climate goals. Meanwhile, in North America a major transition program is underway, known as the "Inflation Reduction Act".

Internationally, there is still a lot of interest in heat pumps. At the same time, the unsettled international situation, deteriorating economy and high interest rates are impacting purchasing power and consequently short-term demand in many markets, particularly in Europe. The current low prices of gas and oil in relation to disproportionately high electricity prices also serve to disincentivize consumers from making the transition to fossil-free alternatives.

Since last year, the lack of political clarity in a number of European countries regarding an essential, lasting subsidy model has contributed to what we consider to be a significant slowdown in demand. The sharp increase in interest rates has also resulted in a reduction in both spending power and new housing production. The downturn in demand was palpable, compared with the very sharp increase in 2022 and in the first half of 2023. In this context, it is important to point out that sales in the first two quarters of 2023 were exceptionally good.

It has also become apparent that of the large number of heat pumps manufactured in the previous year, a significant proportion have still not been installed but the products are instead held as inventory among wholesalers and installers in the distribution chain. This unwanted inventory build-up in several stages along the chain has resulted in a particularly weak order intake for manufacturers and is contributing to an additional slowdown in manufacturers' production levels. As a consequence, the European heat pump manufacturing market has almost halved in the first quarter. However, heat pumps are still being installed in all markets, which is gradually reducing inventory levels at distributors and also shows that there is healthy, albeit low, underlying demand for heat pumps.

Our assessment is still that heat pumps will see long-term volume growth in the European market, but probably not at the euphoric rate previously predicted by the industry.

The North American market continues its stable performance in respect of heat pumps, which we believe is the result of a combination of a genuine desire on the part of end-consumers to make the transition from fossil fuels and government measures such as a robust and long-term incentive program.

Several of the markets in Eastern Europe where we are represented both through our own production of water heaters and sales of heat pumps, are continuing to make determined efforts to transition to fossil-free alternatives such as heat pumps. Our assessment is therefore that demand will show a more positive development once the inventory adjustments have been implemented.

Growth in the Swedish domestic market for heat pumps decreased as a result of a sharp decline in new construction of small family houses, which was already at a low level. Demand in the market for replacement products remained good, but was largely met by products held in stock at the distribution stage. Our strong market position in both segments enables us to adapt to changes in the market.

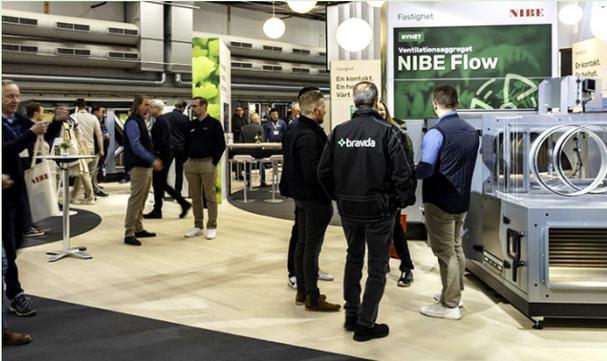
Operations

During the first quarter, we worked hard on planning for the implementation of the Action plan announced in mid-February in connection with the year-end report. Plans for immediate actions have been finalized and implementation has begun in all companies to improve the efficiency of the organization and reduce overheads both in the short and long term. Information about cost-cutting measures in the form of staff cuts was issued in the quarter and these cuts will primarily affect the European companies where the sharp downturn in demand has been most acute. The measures will mostly affect manufacturing companies, which are now making determined efforts to implement the measures necessary to adapt their production of heat pumps and water heaters to the prevailing weak demand, and also to take into account the extensive inventory build-up at the distribution stage. Work is also underway on further strengthening collaboration between companies both within the business area and within the Group in order to realize additional synergies.

Alongside the implementation of the action plan, the business area's focus on product development continued undiminished, because a proactive approach to product development of high-performance products is one of the basic prerequisites for future expansion. The transition to products that use natural refrigerants is a highly topical issue, both in Europe and North America. We are at the vanguard and have already launched products in Europe featuring the natural refrigerant R290, which means we are ahead of the curve in respect of EU requirements. In North America, where similar regulations are contributing to speeding up the transition to natural refrigerants, our companies have also intensified their efforts in respect of product development and are well-placed to manage the transition.

Debut for NIBE Flow

We have a long tradition of participating in the Nordbygg trade fair and this time we were able to demonstrate the development of what is probably the market's strongest and most complete range for sustainable indoor climate. Among other things, we introduced NIBE Flow, a series of well-thought-out ventilation products for large properties.



The unveiling of NIBE Flow attracted a lot of visitors to our stand, keeping our staff busy throughout the week.



Stefan Oliv, Product Manager Sweden, provides a demonstration of our new accessories that enable passive cooling for geothermal heat pumps.



Many visitors gathered around our products to learn about our system solutions focusing on energy efficiency.



NIBE Flow made its debut at the Swedish Nordbygg trade fair in Stockholm. The concept was well-received and was the biggest news of the year, according to many visitors. NIBE now offers a complete solution for large properties that enables optimal, fossil-free energy efficiency and also promotes the energy transition.



One of many chats with Marie Sundh, who is responsible for the development of this entire range, and our property team sales representative Richard Claar told visitors about our new product NIBE Flow.

We are continuously expanding the product range and in our domestic market in Sweden we are gradually becoming a complete supplier of end-to-end solutions for climate control of properties as the range is now supplemented with a brand new series of ventilation products for large properties. The range was launched at the Nordbygg trade fair in Stockholm at the end of April and received an enthusiastic response from the market.

We will continue to implement marketing initiatives internationally, championing the ability of heat pumps to save energy as well as protect the environment. At AHR, the largest trade show in North America, which was held in Chicago in January this year, we had several brands on show, and both our new product launches and existing high-tech products generated a lot of interest. Our latest acquisition, Climate for Life (CFL) of the Netherlands, has now been fully integrated into the business and we see interesting future opportunities for expansion in Europe thanks to new products and business models.

We remain wholly convinced that heat pumps are the most energy-efficient and climate-friendly alternative for climate control of properties and we predict significant long-term volume growth for heat pumps, driven by an absolutely essential transition to fossil-free climate control. Our ambitious investment program has largely been completed, save some machinery equipment.

As we had predicted, profitability has been severely affected by the sharp and slightly unexpected downturn in demand. Due to the rapid fall in volumes, we were not able to adapt the organization to the prevailing situation, while simultaneously implementing large investments for the future to meet continued, long-term growth. However, once the action plan has been implemented, it is our clear ambition to be able to return to our previous, stable level of profitability.

Business area NIBE Stoves

Key ratios		Q1 2024	Q1 2023	Past 12 months	Full year 2023
Net sales	SEK m	1,052	1,250	4,560	4,758
Growth	%	-15.8	39.0	4.6	18.6
of which acquired	%	1.9	21.5	11.1	16.3
Operating profit	SEK m	65 *	165	395	533
Operating margin	%	6.2 *	13.2	8.7	11.2
Assets	SEK m	7,030	6,143	7,030	6,897
Liabilities	SEK m	768	1,158	768	817
Investments in non-current assets	SEK m	78	53	307	282
Amortisation/Depreciation	SEK m	56	44	212	200

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 1,052 million, compared with SEK 1,250 million in the corresponding period in the previous year. Of the decrease in sales of SEK 198 million, acquired sales accounted for SEK 24 million, which means that organic sales decreased by 17.7%.

Adjusted operating profit for the period totaled SEK 65 million, compared with SEK 165 million in the previous year. This equates to an operating margin of 6.2%, compared with 13.2% in the previous year.

Market

Demand for stove products continued to decline in the first few months of the year. The decline, which began in the second half of the previous year, was one of the factors that contributed to inventories at the retail level not being reduced to the desired extent and remaining too high. This was a pattern that was replicated in all markets, and also for virtually all product types, with a few exceptions. This is unfortunately the fully understandable consequence of several years of exceptionally high demand and large supply chain problems in this sector. Reduced purchasing power and a reduction in new production of housing caused by the high level of interest rates has exacerbated the decline, and lower and more stable energy prices are also having an adverse effect on demand for stove products.

Demand in Scandinavia has fallen, with the weakest performance shown by the Norwegian market, primarily as a result of a sharp reduction in new production of housing and holiday homes. In Sweden, there is significant interest in investing in stove products in newly built homes, but the record low level of new output of small family houses has had an adverse effect on demand.

In 2023, Germany saw a sharp increase in demand for wood-fired products, but this trend took a clear downward turn in the first quarter of this year. Low energy prices and retailer inventories with large numbers of unsold products are the main reasons for the decline in sales.

In the UK, demand for gas-fired products increased in the first quarter and this is once again becoming the dominant product category in this market. Demand for wood-fired products fell sharply compared with the first quarter in the previous year, when it was at a record high level. Demand for electric stoves has shown relatively stable development.

In France, the large shift in demand from pellet stoves to wood-fired products continued in the first quarter of this year. The overall market is estimated to have declined in the first quarter and retailers' inventory levels remained high, particularly with regard to pellet products.

Following very weak demand in North America in 2023, the decline in demand appeared to bottom out in the early part of the year. The economic situation is generally better than in Europe and inventory levels are returning to normal. Demand for gas-fired products has returned and the trend of clearly growing interest in electric stoves continued.

Operations

Some of the business area's European operations still had some order backlogs from last year, which is why the rate of production at the beginning of the year was quite high. This has since been gradually adjusted to the drop in demand. Adjustment of production capacity is currently being implemented at all our units in Europe, resulting in various staff-cutting measures.

In North America, production capacity was adjusted to lower demand in 2023 and production plans now follow normal seasonal patterns, which means higher sales in the fall.

The acquisition of Solzaima of Portugal not only significantly broadened our product program, but also gave us access to a streamlined production facility with an attractive cost level, enabling us to achieve significant cost synergies and increased value added.

The operating margin decreased in the first quarter and is nearing the historic levels we reported before the pandemic. Traditionally, earnings are lower in the first half of the year before increasing during the peak season, which falls in the second half of the year. To adapt to the decline in demand, measures have been introduced to reduce fixed costs. The effects of this will largely be seen in the second half of the year. It is important to clarify that we are not cutting back on our long-term investments in marketing and product development, because these are needed to enable us to realize our ambitions for long-term growth.



At the annual North American trade fair for fireplaces and barbecue products, which this year took place in Nashville, Tennessee, all our brands in North America were on show: Regency, Pacific Energy and Valor.

Business area NIBE Element

Key ratios		Q1 2024	Q1 2023	Past 12 months	Full year 2023
Net sales	SEK m	2,711	3,013	11,597	11,898
Growth	%	-10.0	21.8	1.2	8.9
of which acquired	%	1.9	3.0	2.3	2.6
Operating profit	SEK m	137 *	280	537	942
Operating margin	%	5.1 *	9.3	4.6	7.9
Assets	SEK m	15,676	14,419	15,676	14,995
Liabilities	SEK m	2,986	2,485	2,986	2,667
Investments in non-current assets	SEK m	134	131	889	886
Amortisation/Depreciation	SEK m	137	118	539	520

* Profit and key ratios have been calculated excl. items affecting comparability

Sales and profit

Sales for the period totaled SEK 2,711 million, compared with SEK 3,013 million in the corresponding period in the previous year. Of the decrease in sales of SEK 302 million, acquired sales accounted for SEK 57 million, which means that organic sales decreased by 11.9%.

Adjusted operating profit for the period totaled SEK 137.2 million, compared with SEK 280 million in the previous year. This equates to an operating margin of 5.1%, compared with 9.3% in the previous year.

Market

Demand remained stable in the majority of the business area's market segments in the early part of the year. However, there were large variations between the different segments, which requires significant flexibility and preparedness, as well as adaptation of operations.

We noted that the sharp decline in demand in segments linked to the construction industry continued in the early part of this year. Following extensive expansion in recent years, the heat pump customers reported the largest loss of sales, but the decline also affected other products linked to the construction industry, such as convectors and domestic appliances. The reason was both reduced demand from end-consumers due to the falling economy and a reduction in overstocked inventories at several stages of the distribution chain in respect of both components and finished products. It is very difficult to estimate when a recovery in the market might take place, but in the first instance, stock reduction by customers is expected to cease when they have adjusted their inventories to the current level of demand.

The ambition to reduce harmful CO2 emissions means that the number of industrial projects based on electric heating is growing steadily. Demand for various kinds of energy storage solutions is also growing. The majority of these solutions involve some form of electric heating and control, which suits us as we have a well-established position in this segment.

The wind power industry continued to report weak performance, largely as a result of delays in permit processes. However, the industry assessment is that this market will improve significantly next year.

The electrification of vehicles is presenting new business opportunities for us, with regard to both passenger cars and commercial vehicles. We are involved in a number of development projects together with large international customers and a number of products will enter series production already this year. The projects relate to several of our product areas and production facilities. Demand in the railway sector is also showing a growing trend, both in respect of infrastructure and heating of railway vehicles.

Demand in the semiconductor industry has been weak since the USA introduced trade restrictions on exports of advanced technology to China at the end of 2022. Investments in the expansion of the semiconductor industry in both North America and Europe to reduce dependence on Asia in this important technology area are currently being implemented. This will boost demand for our components and systems. The semiconductor industry has historically had cyclical demand and our assessment is that demand will recover in the second half of the year, partly driven by new AI applications. We will also be launching a number of new products within the semiconductor segment.

Operations

To meet the anticipated growing demand in segments which are expected to see strong organic growth in the next few years, we have boosted production capacity in the relevant units, both in terms of new recruitment and capacity investments. At the same time, the sharp and rapid decline in demand in both the construction industry and semiconductor industry has resulted in increased costs due to excess capacity in the short term.

The tough action plan initiated earlier in the year has also significantly impacted this business area. We have introduced measures to adjust to the current situation in the short term, and also streamlined the entire organization. At the same time, as a subcontractor we need to be able to quickly increase capacity again when demand picks up. A program to reduce inventory build-up has also been initiated, with the aim of restoring inventory turnover to the levels seen before the period of major supply chain disruption caused by the pandemic and Russia's invasion of Ukraine.

Exchange rates remain volatile, which is having a considerable effect on pricing and competitiveness. In this situation, our international presence with production units in different currency zones gives us a clear advantage. In general, there are continuing labor shortages in many of the countries in which we have production units.

Despite the adaptations to current demand and good cost control in each business, the operating margin declined as a result of lower sales. However, the goal is that our action plan will enable us to once again achieve our target operating margin level of 10%.



Several development projects with a large number of international players in vehicle electrification are in progress. Several of these projects will enter series production this year.

Condensed income statement

(SEK million)	Group				Parent	
	Jan-Mar 2024	Jan-Mar 2023	Past 12 months	Full year 2023	Jan-Mar 2024	Jan-Mar 2023
Net sales	9,494	11,646	44,497	46,649	21	15
Cost of goods sold	-7,789	-7,748	-31,067	-31,026	0	0
Gross profit	1,705	3,898	13,430	15,623	21	15
Selling expenses	-1,484	-1,505	-5,995	-6,016	0	0
Administrative expenses	-923	-777	-3,604	-3,458	-41	-62
Other operating income	123	139	808	824	0	0
Operating profit	-579	1,755	4,639	6,973	-20	-47
Net financial items	-332	-101	-873	-642	-329	59
Profit after net financial items	-911	1,654	3,766	6,331	-349	12
Tax	50	-380	-1,105	-1,535	4	0
Net profit	-861	1,274	2,661	4,796	-345	12
Net profit attributable to Parent shareholders	-857	1,270	2,658	4,785	-345	12
Net profit attributable to non-controlling interests	-4	4	3	11	0	0
Net profit	-861	1,274	2,661	4,796	-345	12
Includes amortisation/depreciation according to plan as follows	503	391	1,884	1,772	0	0
Earnings per share before and after dilution, SEK	-0.42	0.63	1.32	2.37	0	0

Statement of comprehensive income

Net profit	-861	1,274	2,661	4,796	-345	12
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Actuarial gains and losses in retirement benefit plans	0	0	-79	-79	0	0
Tax	0	0	10	10	0	0
	0	0	-69	-69	0	0
Items that may be reclassified to profit or loss						
Cash flow hedges	-8	-1	36	43	0	0
Hedging of net investments	-198	-21	17	194	0	0
Exchange differences on translation of foreign operations	1,737	92	214	-1,431	0	0
Tax	-45	18	-48	15	0	0
	1,486	88	219	-1,179	0	0
Total other comprehensive income	1,486	88	150	-1,248	0	0
Total comprehensive income	625	1,362	2,811	3,548	-345	12
Comprehensive income attributable to Parent shareholders	629	1,358	2,806	3,535	-345	12
Comprehensive income attributable to non-controlling interests	-4	4	5	13	0	0
Total comprehensive income	625	1,362	2,811	3,548	-345	12

Condensed balance sheet

(SEK million)	Group			Parent		
	31 Mar 2024	31 Mar 2023	31 Dec 2023	31 Mar 2024	31 Mar 2023	31 Dec 2023
Intangible assets	31,997	23,082	31,014	0	0	0
Property, plant and equipment	12,145	9,002	11,568	0	0	0
Financial assets	1,500	1,051	1,324	25,529	18,420	25,675
Total non-current assets	45,642	33,135	43,906	25,529	18,420	25,675
Inventories	12,847	11,334	13,227	0	0	0
Current receivables	7,049	7,546	6,688	118	120	148
Investments in securities, etc	398	191	527	0	0	0
Cash and bank balances	3,443	3,854	3,756	0	0	0
Total current assets	23,737	22,925	24,198	118	120	148
Total assets	69,379	56,060	68,104	25,647	18,540	25,823
Equity	30,831	29,335	30,207	9,004	9,839	9,350
Non-current liabilities, non-interest bearing	5,778	6,201	5,410	1,002	1,520	968
Non-current liabilities, interest bearing	17,185	7,091	16,922	11,667	4,251	11,566
Current liabilities, non-interest bearing	9,448	8,823	9,716	2,524	80	1,239
Current liabilities, interest bearing	6,137	4,610	5,849	1,450	2,850	2,700
Total equity and liabilities	69,379	56,060	68,104	25,647	18,540	25,823

Key ratios

		Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Growth	%	-18.5	33.1	16.4
Operating profit	SEK m	-579	1,755	6,973
Operating profit excl. items affecting comparability	SEK m	516	-	-
Operating margin	%	-6.1	15.1	14.9
Operating margin excl. items affecting comparability	%	5.4	-	-
Profit margin	%	-9.6	14.2	13.6
Profit margin excl. items affecting comparability	%	1.9	-	-
Investments in non-current assets, including acquisitions	SEK m	470	1,341	13,038
Available cash and cash equivalents	SEK m	4,492	4,543	4,979
Working capital incl. cash and bank balances	SEK m	14,289	14,102	14,482
as share of net sales	%	32.1	32.8	31.0
Working capital excl. cash and bank balances	SEK m	10,448	10,057	10,199
as share of net sales	%	23.5	23.4	21.9
Interest-bearing liabilities/Equity	%	75.6	39.9	75.4
Equity/assets ratio	%	44.4	52.3	44.4
Return on capital employed	%	9.7	17.7	16.1
Return on capital employed excl. items affecting comparability	%	11.7	-	-
Return on equity	%	9.8	17.7	17.3
Return on equity excl. items affecting comparability	%	12.7	-	-
Net debt/EBITDA	times	2.9	0.9	2.1
Net debt/EBITDA excl. items affecting comparability	times	2.5	-	-
Interest coverage ratio	times	-0.9	10.9	6.7
Interest coverage ratio excl. items affecting comparability	times	1.4	-	-

Data per share

		Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Earnings per share (total 2,016,066,488 shares)	SEK	-0.42	0.63	2.37
Earnings per share excl. items affecting comparability	SEK	0.02	-	-
Equity per share	SEK	15.27	14.53	14.96
Closing day share price	SEK	52.56	117.80	70.80

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	1,163	333	209	-57	1,648
Europe (excl. Nordic region)	3,030	925	491	-33	4,413
North America	1,496	1,034	329	-12	2,847
Other countries	145	419	23	-1	586
Total	5,834	2,711	1,052	-103	9,494

Timing of revenue recognition

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables recognized as revenue at a point in time	5,722	2,711	1,052	-103	9,382
Deliverables recognized as revenue over time	112	0	0	0	112
Total	5,834	2,711	1,052	-103	9,494

SERVICE CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign one-year service contracts, under which NIBE undertakes to perform maintenance service and remedy certain defects that are not covered by the warranty provided. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers annually in advance, so deferred income will be recognized as revenue gradually over the coming 12-month period.

EXTENDED WARRANTY PERIOD CONTRACTS

For certain products in Climate Solutions, NIBE offers customers the opportunity to sign contracts for warranty periods that exceed those provided as standard. Standard warranty periods depend both on the type of product and the market in question. The longest contracts expire within six years. The scope of defects cannot be reliably predicted, so pricing is based on experience. Payment is received from customers on delivery of goods. Deferred income will be recognized as revenue gradually over the coming six-year period.

Financial instruments measured at fair value

(SEK million)	31 Mar 2024	31 Mar 2023	31 Dec 2023
Current receivables			
Currency futures	38	3	45
Commodity futures	0	0	0
Total	38	3	45
Current liabilities and provisions, non-interest bearing			
Currency futures	0	0	0
Commodity futures	-1	2	1
Total	-1	2	1
Non-current liabilities, interest bearing			
Interest rate derivatives	-20	0	46
Total	-20	0	46

No instruments have been offset in the statement of financial position, so all instruments are recognized at their gross value. For a detailed account of the measurement process, see Note 29 in the Annual Report for 2023. For other consolidated financial assets and liabilities, the carrying amounts represent a reasonable approximation of their fair value. A specification of the financial assets and liabilities involved is given in Note 29 in the Annual Report for 2023.

Condensed cash flow statement

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Cash flow from operating activities	-318	1,419	6,473
Change in working capital	59	-1,027	-3,893
Investing activities	-470	-1,066	-12,604
Financing activities	126	-105	9,602
Exchange difference in cash and cash equivalents	161	7	-112
Change in cash and cash equivalents	-442	-772	-534

Condensed statement of changes in equity

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Opening equity	30,207	27,973	27,973
Shareholders' dividend	0	0	-1,310
Dividend to non-controlling interests	-1	0	-4
Change in non-controlling interests	0	0	0
Comprehensive income for the period	625	1,362	3,548
Closing equity	30,831	29,335	30,207

Alternative performance measures

Operating margin excluding items affecting comparability

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Operating profit	-579	1,755	6,973
Items affecting comparability	1,095	-	-
Operating profit excl. items affecting comparability	516	1,755	6,973
Net sales	9,494	11,646	46,649
Operating margin excl. items affecting comparability, %	5.4	15.1	14.9

Profit margin excluding items affecting comparability

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Profit after financial items	-911	1,654	6,331
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	184	1,654	6,331
Net sales	9,494	11,646	46,649
Profit margin excl. items affecting comparability, %	1.9	14.2	13.6

Net investments in non-current assets

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Acquisition of non-current assets	476	1,350	13,100
Disposal of non-current assets	-6	-9	-62
Net investments in non-current assets, including acquisitions	470	1,341	13,038

Available cash and cash equivalents

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Cash and bank balances	3,443	3,854	3,756
Investments in securities, etc.	398	191	527
Unutilised overdraft facilities	651	498	696
Available cash and cash equivalents	4,492	4,543	4,979

Working capital, including cash and bank balances

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Total current assets	23,737	22,925	24,198
Current liabilities and provisions, non-interest bearing	-9,448	-8,823	-9,716
Working capital, including cash and bank balances	14,289	14,102	14,482
Net sales, past 12 months	44,497	42,968	46,649
Working capital, including cash and bank balances, in relation to net sales, %	32.1	32.8	31.0

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

Working capital, excluding cash and bank balances

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Inventories	12,847	11,334	13,227
Current receivables	7,049	7,546	6,688
Current liabilities and provisions, non-interest bearing	-9,448	-8,823	-9,716
Working capital, excluding cash and bank balances	10,448	10,057	10,199
Net sales, past 12 months	44,497	42,968	46,649
Working capital, excluding cash and bank balances, in relation to net sales, %	23.5	23.4	21.9

Return on capital employed

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Profit after net financial items, past 12 months	3,766	6,423	6,331
Financial expenses, past 12 months	1,418	708	1,103
Profit before financial expenses	5,184	7,131	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	6,279	7,131	7,434
Capital employed at start of period	52,979	39,330	39,330
Capital employed at end of period	54,153	41,037	52,979
Average capital employed	53,566	40,184	46,155
Return on capital employed, %	9.7	17.7	16.1
Operating profit excl. items affecting comparability, %	11.7	17.7	16.1

Return on equity

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Profit after net financial items, past 12 months	3,766	6,423	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	2,990	5,100	5,027
Of which attributable to Parent shareholders	2,987	5,070	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	30,788	29,293	30,160
Average equity	30,474	28,615	29,048
Return on equity, %	9.8	17.7	17.3

Return on equity, excluding items affecting comparability

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Profit after net financial items, past 12 months	3,766	6,423	6,331
Items affecting comparability	1,095	-	-
Profit excl. Items affecting comparability	4,861	6,423	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	3,860	5,100	5,027
Of which attributable to Parent shareholders	3,857	5,070	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	30,788	29,293	30,160
Average equity	30,474	28,615	29,048
Return on equity, excl. items affecting comparability, %	12.7	17.7	17.3

Net debt/EBITDA

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Non-current liabilities and provisions, interest bearing	17,185	7,091	16,922
Current liabilities and provisions, interest bearing	6,137	4,610	5,849
Cash and bank balances	-3,443	-3,854	-3,756
Investments in securities, etc.	-398	-191	-527
Net debt	19,481	7,656	18,488
Operating profit, past 12 months	4,639	6,677	6,973
Depreciation/amortisation and impairment, past 12 months	2,168	1,561	1,824
EBITDA	6,807	8,238	8,797
Items affecting comparability	1,095	-	-
EBITDA excl. items affecting comparability	7,902	8,238	8,797
Net debt/EBITDA, times	2.9	0.9	2.1
Net debt/EBITDA excl. items affecting comparability, times	2.5	0.9	2.1

Interest coverage ratio

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Profit after net financial items	-911	1,654	6,331
Financial expenses	483	167	1,103
Profit before financial expenses	-428	1,821	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	667	1,821	7,434
Interest coverage ratio, times	-0.9	10.9	6.7
Interest coverage ratio excl. items affecting comparability, times	1.4	10.9	6.7

Earnings per share, excluding items affecting comparability

(SEK million)	Jan-Mar 2024	Jan-Mar 2023	Full year 2023
Net profit attributable to Parent shareholders	-857	1,270	4,785
Items affecting comparability	895	-	-
Net profit excl. items affecting comparability	38.0	1,270	4,785
Earnings per share excl. items affecting comparability	0.02	0.63	2.37

Accounting policies

NIBE Industrier's consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS). NIBE Industrier's interim report for the first quarter of 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. Disclosures in accordance with IAS 34 16A are presented in the financial statements and related notes as well as in other parts of the interim report.

For the Group, the accounting policies applied in this report are the same as those described on pages 96–135 of the Annual Report for 2023.

Reporting for the Parent follows the Swedish Annual Accounts Act and RFR 2 Reporting for Legal Entities.

Related party transactions have taken place to the same extent as in the previous year and the same accounting policies apply as described on page 97 of the Annual Report for 2023.

Risks and uncertainties

NIBE Industrier is an international industrial group that is represented in around 40 countries. As such, it is exposed to several business and financial risks. Risk management is, therefore, an important process relative to the goals set by the company. Throughout the Group, efficient risk management routines are an ongoing process within the framework of the Group's operational management and a natural part of the continual follow-up of activities. It is our opinion that no significant risks or uncertainties have arisen in addition to those described in NIBE Industrier's Annual Report for 2023.

The information in this report has not been reviewed by the company's auditors. For further information on definitions, please refer to the company's Annual Report for 2023.

The interim report provides a fair review of the business, financial position and results of the Parent and the Group and describes the principal risks and uncertainties facing the Parent and companies in the Group.

Markaryd, Sweden, May 16, 2024

Hans Linnarson
Chairman of the Board

Eva Karlsson
Director

Jenny Larsson
Director

Gerteric Lindquist
Managing Director and CEO

Anders Pålsson
Director

Eva Thunholm
Director

NIBE shares

NIBE's Class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price at March 31, 2024 was SEK 52.56.

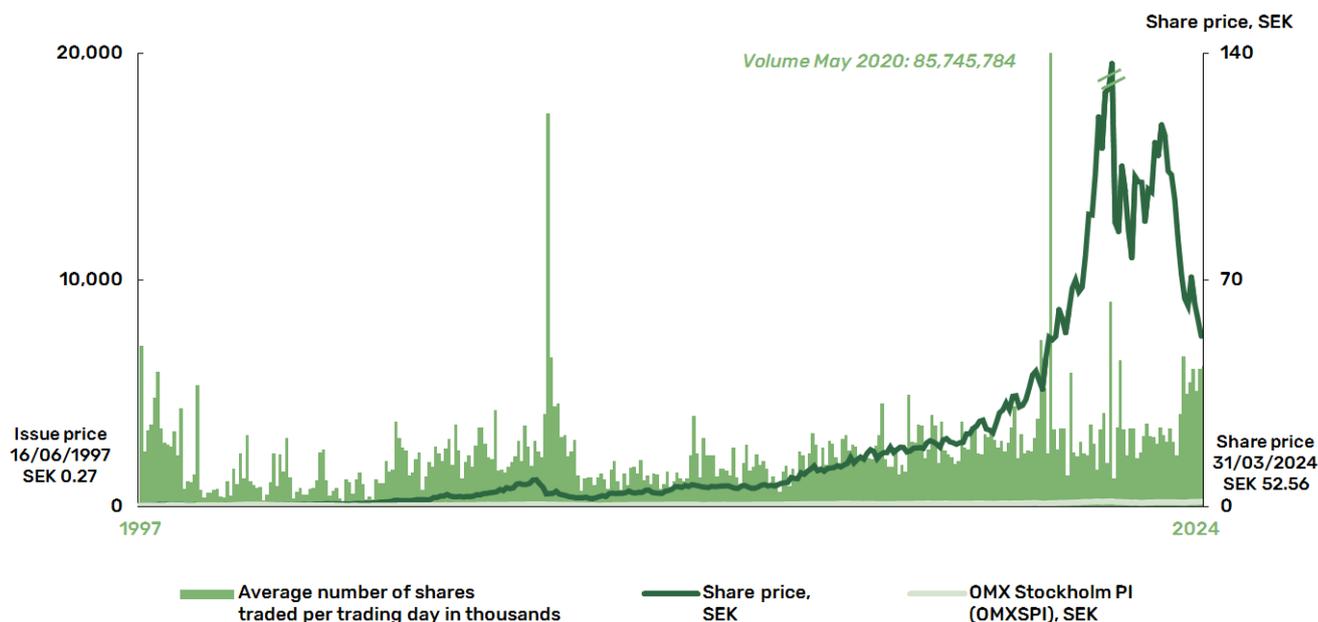
In the first three months of the year, NIBE's share price fell by 25.8%, from SEK 70.80 to SEK 52.56. In the same period, the OMX Stockholm PI (OMXSPI) increased by 6.6% and the OMX Stockholm 30 (OMXS30) by 5.1%.

At the end of March 2024, NIBE's market capitalization, based on the latest price paid, amounted to SEK 105,964 million.

A total of 364,224,645 NIBE shares were traded, which corresponds to a share turnover of 72.3% in the first quarter of 2024.

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

Number of shares traded per trading day in thousands



The information in this Interim Report is information that NIBE Industrier AB is obliged to publish under the Swedish Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for publication at 8:00 AM (CEST) on May 16, 2024.

Please email any questions to:

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Hans Backman, CFO, hans.backman@nibe.se



NIBE Group

- an international Group with companies and a presence worldwide

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

Since its beginnings in the town of Markaryd in the Swedish province of Småland more than 70 years ago, NIBE has grown into an international company with an average of 22,500 (21,300) employees and an international presence. From the very start, the company has been driven by a strong culture of entrepreneurship and a passion for corporate responsibility. Its success factors are long-term investments in sustainable product development and strategic acquisitions. Combined, these factors have brought about strong, targeted growth, which generated sales of just under SEK 47 (40) billion in 2023.

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

NIBE

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