

Interim Report 3, 2024

- › SALES amounted to SEK 29,496 (34,993) million
- › OPERATING PROFIT amounted to SEK 1,002 (5,381) million
- › ADJUSTED OPERATING PROFIT was SEK 2,097 (5,381) million
- › PROFIT AFTER NET FINANCIAL ITEMS amounted to SEK 111 (4,953) million
- › ADJUSTED PROFIT AFTER NET FINANCIAL ITEMS was SEK 1,206 (4,953) million
- › PROFIT AFTER TAX amounted to SEK -212 (3,817) million
- › ADJUSTED PROFIT AFTER TAX was SEK 691 (3,817) million
- › EARNINGS per share before and after dilution, based on the average number of shares outstanding during the period, amounted to SEK -0.10 (1.89)
- › 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 0.34 (1.89)
- › ACTION PLAN under way

A somewhat more stable market and a more aligned cost structure

After a period of major adjustments, we are heading towards a slightly more stable market with a more aligned cost structure. The inventory reductions in the distribution chains are starting to have positive effects for manufacturers and we see an interest rate development that is favorable for all of the Group's three business areas.

The inventory reductions in the distribution chains that have been taking place since the third quarter of the previous year are now starting to have positive effects for manufacturers. The interest rate development is also pointing firmly downwards, which most probably will have a positive effect not only on general consumption but also on production of new housing and the inclination to renovate existing properties. Our earlier assessment that the second half of the year would show a gradual improvement in demand in all three of our business areas remains valid.

The action plan we introduced in the spring has largely been implemented and will be completed in the fourth quarter of the year as planned. The full effect of the measures will be seen in 2025.

The Group's sales fell by 15.7% in the nine-month period, compared with an increase of 23.2% in the corresponding period in the previous year. Organic sales decreased by 20.0%, compared with organic growth of 17.4% in the first nine months of the previous year.

Operating profit adjusted for items affecting comparability declined by 61% in the period compared with the corresponding period in the previous year, and the profit margin declined from 15.4% to 7.1%. Adjusted profit after net financial items fell by 75.7% and the adjusted profit margin declined to 4.1% (14.2%).

Inventory adjustments yield results

Most of the nine-month period has been characterized by large inventory adjustments in the distribution chains, particularly with regard to heat pumps and stoves. This has meant that demand at the level of the manufacturers has been weaker than the underlying demand from end consumers.

Calendar

November 15, 2024

8:00 AM (CET) Interim Report 3, January – September 2024
11:00 AM (CET) Teleconference (in English):
Presentation of Interim Report 3, January – September 2024 and opportunity to ask questions.

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

February 14, 2025

Year-end report, 2024

May 15, 2025

8:00 AM (CEST) Interim Report 1, January – March 2025
5:00 PM (CEST) Annual General Meeting

Since the half-year mark, we have seen clear signs in the distribution chains that inventories have fallen to more acceptable levels in the vast majority of markets, which has had a positive effect on manufacturers.

The German market remains an exception, however. Our assessment is that it will take a few quarters for inventory levels in this market to be more in line with other markets.

Interest rate development has a positive effect

The sharp and rapid interest rate increases in 2022 and 2023 made a critical contribution to lower general consumption, a near standstill in new production and refurbishment of residential property and higher unemployment in several countries. Overall, this development had a significant negative effect on demand for, for example, both heat pumps and stoves.

As inflation currently seems to be falling back towards pre-pandemic levels, the negative effects of the interest rate hikes have become apparent. In the last few months, the argument for increasing interest rates has therefore turned into a great eagerness to cut interest rates to boost economies.

This development will probably have a positive effect on both general consumption and demand for new production and refurbishment of property.

The transition

Despite all the apparent warnings that all is not right with the climate, we are sadly lacking a unifying force and consensus between countries and continents on the necessary measures.

The transition to a more sustainable society is progressing far too slowly, largely due to prices favoring fossil fuels while electricity is constantly subjected to new taxes and charges.

The transition is nonetheless unavoidable and we are therefore working tirelessly to both communicate this message to decision-makers at all levels and to supply the market with new, more environmentally friendly and more resource-efficient products.

Action plan nearing completion

As previously announced, the first quarter saw the launch of a comprehensive action plan in order to adapt the business to the prevailing demand at the time.

At launch, the annual savings were estimated to be around SEK 750 million, at an estimated non-recurring cost of approximately SEK 1,095 million.

The action plan has largely been completed. The remaining part will be implemented in the fourth quarter, when the final cost of the programme and the full annual savings will also be determined. The full annual earnings effect will be achieved in 2025.



Gerteric Lindquist
Managing Director and CEO

Business area trends

In the nine-month period, all three business areas spent a lot of time and energy on the implementation of the action plan.

In line with NIBE's values, the program was implemented consistently but also compassionately. The cost-saving requirements were stringent, but at the same time the employees who were let go were treated with respect and also offered fair compensation.

Because product development and marketing initiatives in principle have been exempted from cuts, we were able to launch a steady stream of new products in the period. Throughout, the goal has been that our customers should not suffer as a result of the fact that we have been hit by lower demand due to very specific reasons.

Thanks to the very ambitious investment program that has been implemented, we have also created good opportunities for future rational expansion. The investment program, a gradual recovery in demand and the effects of the action plan implemented during the year form the basis of our aim to return to an operating margin within the historical range of each business area during 2025.

Investments for the future

The Group's total investments in the first nine months amounted to SEK 2,018 million, compared with SEK 10,908 million in the corresponding period in the previous year. Of the investments, SEK 29 (8,631) million related to acquisitions of operations, which means SEK 1,989 (2,277) million comprised investments in existing operations. Excluding leases, the depreciation rate was SEK 1,088 million, compared with SEK 922 million in the corresponding period in the previous year. Of the investment program of SEK 10 billion decided in 2020, the bulk, or just over SEK 8.8 billion, has now been completed. The remaining investments in buildings will be completed in 2024/2025, while further investments in capacity expansion have been postponed pending an increase in demand.

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.
- **Earlier**
The effects of the deteriorating security situation around the world, interest-rate developments and volatile energy prices are difficult to predict, however
- **New**
The effects of the deteriorating security situation around the world, growing political uncertainty in both Europe and North America, and the price volatility in relation to different types of energy are difficult to predict, however.
- **Earlier**
"In line with previous communications, the first two quarters of the year have been 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 because inventory levels in the distribution chains are expected to have normalized by then
- **New**
In line with previous assessments, the first two quarters of the year were weak. However, this should be viewed against the strong performance in the corresponding period in 2023. Some improvement in demand is expected in the second half of the year, partly because inventory levels in the distribution chains are expected to be at more acceptable levels in most markets and interest rate cuts are starting to have some positive effect on consumption.
- However, as is our habit, and based on experience, we remain optimistic about our long-term performance, even though it is particularly difficult to assess the situation this year.

Markaryd, Sweden, November 15, 2024

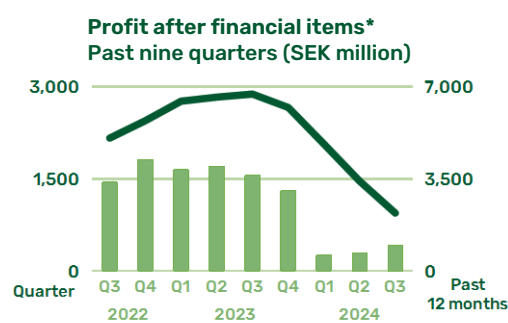
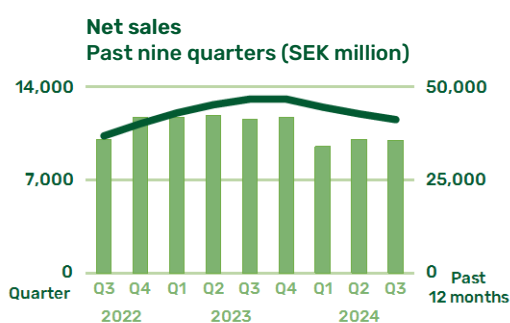
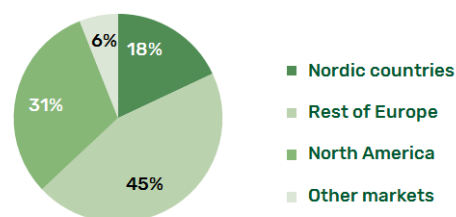
Gerteric Lindquist
Managing Director and CEO

NIBE Group

Key ratios		Q1-Q3 2024	Q1-Q3 2023	Past 12 months	Full year 2023
Net sales	SEK m	29,496	34,993	41,152	46,649
Growth	%	-15.7	23.2	0.0	16.4
of which acquired	%	4.3	5.8	5.0	6.2
Operating profit	SEK m	2,097 *	5,381	3,690 *	6,973
Operating margin	%	7.1 *	15.4	9.0 *	14.9
Profit after net financial items	SEK m	1,206 *	4,953	2,583 *	6,331
Profit margin	%	4.1 *	14.2	6.3 *	13.6
Equity/assets ratio	%	42.8	44.4	42.8	44.4
Return on equity	%	6.9 *	17.9	6.8 *	17.3

* Profit and key ratios have been calculated excl. items affecting comparability of SEK 1,095 million

Group sales by geographical region



* excluding items affecting comparability

Sales

The Group's net sales amounted to SEK 29,496 (34,993) million, corresponding to a decline of 15.7%. Of the total sales decline of SEK 5,497 million, SEK 1,504 million was related to acquired sales, which means that the organic sales decline was 20.0%.

Profit

Profit for the period after net financial items amounted to SEK 111 million. Profit for the period after net financial items, adjusted for items affecting comparability, was SEK 1,206 million, a decline of 75.7% in earnings compared with the same period in 2023 when the result was SEK 4,953 million. Net financial items amounted to SEK -891 million at the end of the period, a decline of SEK 463 million compared with the same period in the previous year. Profit for the period was negatively affected by acquisition expenses of SEK 10 (92) million. Return on equity was 6.9% (17.9%).

Investments

The Group made investments of SEK 2,018 (10,908) million during the period. The investments included SEK 29 (8,631) million related to acquisitions of operations. The remaining SEK 1,989 (2,277) million was mainly investments in buildings, and machinery and equipment in existing operations.

Cash flow and financial position

Cash flow from operating activities before changes in working capital amounted to SEK 1,788 (5,096) million. Cash flow after changes in working capital amounted to SEK 1,537 (1,586) million. Focused efforts to reduce high inventory levels are producing effects. Interest-bearing liabilities amounted to SEK 25,581 million at the end of the period, compared with SEK 22,771 million at the start of the year. The Group's available cash and cash equivalents amounted to SEK 5,119 million at the end of the period, compared with SEK 4,979 million at the start of the period. The equity/assets ratio at the end of the period was 42.8%, compared with 44.4% at the start of the year and 44.4% at the corresponding time in the previous year.

Action plan

An action plan to adapt operations to the current demand situation was launched in March. The cost of this program amounts to SEK 1,095 million, with expected annual savings of around SEK 750 million. The action plan has largely been completed. The remaining part will be implemented in the fourth quarter, when the total cost and the full annual savings will also be reported. The full earnings effect will be achieved in 2025.

Parent

Parent activities comprise Group executive management functions, certain shared Group functions and financing. Sales for the year amounted to SEK 48 (37) million and profit/loss after financial items was SEK -61 (848) million.

Business area trends

Quarterly data

Consolidated income statement (SEK million)	2024			2023				2022	
	Q1	Q2	Q3	Q1	Q2	Q3	Q4	Q3	Q4
Net sales	9,494	10,035	9,967	11,646	11,833	11,514	11,656	9,999	11,667
Operating expenses	-10,073	-9,366	-9,055	-9,891	-9,986	-9,735	-10,064	-8,534	-9,779
Operating profit	-579	669	912	1,755	1,847	1,779	1,592	1,465	1,888
Net financial items	-332	-273	-286	-101	-146	-181	-214	-14	-117
Profit after net financial items	-911	396	626	1,654	1,701	1,598	1,378	1,451	1,771
Tax	50	-180	-193	-380	-378	-378	-399	-343	-401
Net profit	-861	216	433	1,274	1,323	1,220	979	1,108	1,370
Net sales, business areas									
NIBE Climate Solutions	5,834	6,516	6,502	7,736	8,122	7,839	7,676	6,344	7,782
NIBE Element	2,711	2,819	2,711	3,013	2,957	2,945	2,983	2,842	2,937
NIBE Stoves	1,052	802	847	1,250	1,086	1,096	1,326	1,042	1,239
Elimination of Group transactions	-103	-102	-93	-353	-332	-366	-329	-229	-291
Group total	9,494	10,035	9,967	11,646	11,833	11,514	11,656	9,999	11,667
Operating profit, business areas									
NIBE Climate Solutions	-462	506	726	1,353	1,538	1,484	1,221	1,022	1,500
NIBE Element	-126	142	160	280	243	235	184	325	249
NIBE Stoves	27	-3	24	165	101	99	168	137	216
Elimination of Group transactions	-18	24	2	-43	-35	-39	19	-19	-77
Group total	-579	669	912	1,755	1,847	1,779	1,592	1,465	1,888
Items affecting comparability, business areas									
NIBE Climate Solutions	-794	0	0						
NIBE Element	-263	0	0						
NIBE Stoves	-38	0	0						
Group total	-1,095	0	0						
Adjusted operating profit, business areas									
NIBE Climate Solutions	332	506	726						
NIBE Element	137	142	160						
NIBE Stoves	65	-3	24						
Elimination of Group transactions	-18	24	2						
Group total	516	669	912						

Business area NIBE Climate Solutions

Key ratios		Q1-Q3 2024	Q1-Q3 2023	Past 12 months	Full year 2023
Net sales	SEK m	18,852	23,697	26,527	31,373
Growth	%	-20.4	29.5	-15.7	20.3
of which acquired	%	5.5	5.0	6.1	5.9
Operating profit	SEK m	1,564 *	4,375	2,785 *	5,596
Operating margin	%	8.3 *	18.5	10.5 *	17.8
Assets	SEK m	46,372	49,072	46,372	46,664
Liabilities	SEK m	5,707	8,123	5,707	6,588
Investments in non-current assets	SEK m	1,240	1,841	2,116	3,256
Amortization/Depreciation	SEK m	937	734	1,256	1,053

* Profit and key ratios have been calculated excl. items affecting comparability of SEK 794 million

Sales and profit

Sales for the period amounted to SEK 18,852 million, compared with SEK 23,697 million for the corresponding period in the previous year.

The organic decline was 25.9%, corresponding to SEK 6,148 million. As a result of acquired sales, corresponding to SEK 1,303 million, the total sales decline was SEK 4,845 million.

Operating profit for the period amounted to SEK 770 million. Adjusted operating profit for the period amounted to SEK 1,564 million, compared with SEK 4,375 million for the corresponding period in the previous year, giving an operating margin of 8.3%, compared with 18.5% in the previous year.

Despite persistently high inventory levels in the distribution chains continuing to adversely affect sales, we see a growing proportion of demand now being met with heat pumps produced during the year. The action plan has produced the expected effects over the period and we still expect it to be fully implemented during the current year. With the measures and adjustments that have been implemented, the aim is to return to an operating margin level within the business area's historical range during 2025.

Market

As in the first half of the year, we see sales and installations of heat pumps to end consumers continuing in all our markets, although at a different level from that of a few years ago. Stable underlying demand is still there, which has enabled the majority of operators in the distribution chains to reduce their inventories. This clearly shows that there is a healthy underlying demand for heat pumps, which means that the downward trend at the manufacturer level has now reversed.

However, the German market remains weak, although there are some glimmers of optimism here too.

Already lower interest rates and clear signals of a continued decline in interest rates are positive for demand. At the same time, political indecision on the clear direction of energy policy is troublesome and a hindrance to many forms of sustainability investments and energy initiatives. This applies to both private individuals and commercial operators.

Heating of properties alone accounts for 40% of global energy consumption and this is by using mainly fossil fuels. Heat pumps are being promoted internationally as the most climate-friendly and efficient alternative for replacing current oil and gas boilers. Creating a lasting shift towards sustainable energy solutions requires a permanent change in the relationship between the prices of sustainable and non-sustainable energy alternatives. Temporary subsidies and incentives often create unhealthy short-termism.

However, it remains our assessment that heat pumps will see clear and strong volume growth in the European market in the long term, but at a lower rate than the highly optimistic levels predicted by the industry and politicians just a year or two ago. The same assessment applies to North America, although from lower levels.

The North American heat pump market has continued to show better stability than the European market. This is the case even though high interest rates have resulted in some reduction in installations in the single-family home segment.

The recent presidential election is creating some uncertainty about future market conditions for sustainability projects in new construction and refurbishment. Uncertainty about issues such as the future of the IRA (Inflation Reduction Act) energy transition program in the US has increased during the period, leading to some delay in decision-making processes.

Operations

The effects of the action plan announced early in the year have continued to be as planned. Measures have been taken to improve organizational efficiency and reduce costs, both in the short and long term. In particular, the majority of the business area's European operations have implemented job cuts across all employee categories.

In-depth collaboration between the business area's companies has been intensified in order to achieve further synergies. Besides obvious synergies in areas such as purchasing, quality and sustainability, we see several opportunities in both product development and production rationalization.

Together, the implemented measures have brought clearer organizations, adapted to the current market situation, without affecting either the business area's ability to remain a market leader or its flexibility in increasing production to meet expected future demand growth.

Maintaining a strong focus on the company's product development is a matter of course. We have already pointed out that we are well positioned in the transition to products that use natural refrigerants, which is highly topical in Europe due to upcoming legal requirements. A similar gradual transition to refrigerants with low Global Warming Potential (GWP) is taking place in parallel in North America. This is a transition that we welcome and are prepared for.

As expected, profitability has been strongly affected by the large decline in demand. Difficulties in adapting the organization to the rapid downturn in sales, together with the implementation of investments crucial to our future competitiveness, have affected profitability. Following the measures and adjustments we are implementing throughout the organization, our clear aim is to return to an operating margin level within the business area's historical range during 2025.

CGC Group of Canada introduces the new Bulldog 2.0 electrified hybrid heat pump

NIBE's Canadian subsidiary CGC has been successfully developing hybrid heat pumps for climate control of commercial buildings since the early 1990s. To further reduce the use of fossil fuels, CGC has now launched the Bulldog 2.0 heat pump, with dual heating source capability, which contributes to decarbonization and allows more stable operation.

The Bulldog 2.0 reduces natural gas consumption by up to 50% in an application and facilitates the transition to more climate-friendly air-to-water heating systems in commercial buildings, even in colder climates. The famous Roxy Hotel in Manhattan recently upgraded its climate control system to the Bulldog 2.0.



RHOSS launches new UniPACK-P and UniPACK-P EXP with the natural refrigerant propane

NIBE's Italian subsidiary Rhoss has always been at the forefront of technological innovation and has now also successfully switched to propane as the refrigerant in its products in order to give customers an even better and more sustainable alternative.

Rhoss is now launching two new ranges of reversible propane heat pumps for commercial buildings, the UniPACK-P and UniPACK-P EXP. The product ranges are an obvious climate-smart choice for new construction of commercial buildings as they meet both the heating and cooling needs of new buildings. With increased cooling capacity and efficient heating, even in colder climates, the product series are also well suited to integration into existing systems in connection with renovation, or for replacement of existing fossil fuel-dependent heating systems.

The new products enable Rhoss to strengthen its presence in the sustainable renovation market and new construction.



CTC's new flagship – a flexible heat pump

NIBE's Swedish subsidiary CTC is now launching the EcoAir 700M, a brand new range of variable-speed air-to-water heat pumps that produce both cooling and heating. Using advanced technology, the heat pump adapts to the building's power requirements during the year, while wireless connectivity means the heat pump can be controlled and monitored remotely. With the natural refrigerant propane, an energy efficiency rating of A+++ and high performance, these heat pumps are able to offer both heating and cooling, while also contributing to a sustainable, fossil-free future.

The product has a new sleek, minimalist and stylish design that suits almost any environment. The new cover design and sleek lines bring to mind Nordic minimalist design.



Business area NIBE Element

Key ratios		Q1-Q3 2024	Q1-Q3 2023	Past 12 months	Full year 2023
Net sales	SEK m	8,241	8,915	11,223	11,898
Growth	%	-7.6	11.6	-5.3	8.9
of which acquired	%	1.7	3.2	1.6	2.6
Operating profit	SEK m	439 *	758	622 *	942
Operating margin	%	5.3 *	8.5	5.5 *	7.9
Assets	SEK m	15,522	15,361	15,522	14,995
Liabilities	SEK m	2,710	3,081	2,710	2,667
Investments in non-current assets	SEK m	484	589	781	886
Amortization/Depreciation	SEK m	427	384	562	520

* Profit and key ratios have been calculated excl. items affecting comparability of SEK 263 million

Sales and profit

Sales for the period amounted to SEK 8,241 million, compared with SEK 8,915 million for the corresponding period in the previous year.

The organic decline was 9.3%, corresponding to SEK 830 million. As a result of acquired sales, corresponding to SEK 156 million, the total sales decline was SEK 674 million.

Operating profit for the period amounted to SEK 176 million. Adjusted operating profit for the period amounted to SEK 439 million, compared with SEK 758 million in the previous year, giving an operating margin of 5.3%, compared with 8.5% in the previous year.

Despite significant variations within the different market segments, we are generally seeing a clear shift towards acceptable inventory levels and a brighter market. However, persistently weak growth in new property construction and the wind power industry has continued to have a negative effect on operations in the period. The semiconductor industry and electrification of industry and communication are showing a slightly better demand situation. With the measures and adjustments that have been implemented, the aim is to return to an operating margin level within the business area's historical range during 2025.

Market

The period was stable, despite significant variations between the business area's market segments. We continue to see our customers making consistent, ongoing inventory reductions. In many cases, inventories are now down at acceptable levels, with demand gradually improving. However, at the end of the period we saw a general decline in industrial activity, notably in Germany, which had an adverse effect on sales.

Falling interest rates are a positive signal for the construction and property sector that will benefit the business area going forward. However, the recovery rate is hard to predict and increased demand for the components manufactured in the business area will occur with a lag of several months compared with end-consumer demand for the finished products, as manufacturers of the finished products also often have overstocked inventories of components. Examples of these products are domestic appliances and heat pumps.

The increase in industrial development and manufacturing projects aimed at finding technical solutions to reduce CO2 emissions is a positive trend. We are also seeing an increase in the associated need for energy storage solutions. These two technical sectors of the future essentially involve some form of electric heating and control, both of which are familiar and prominent offerings within the business area.



Gaumer's groundbreaking medium voltage (4160 V) technology for electric heating of district heating boilers is an ideal solution for fast start-up, quiet operation, zero emissions and almost 100% thermal efficiency. It contributes to reducing the industrial carbon footprint and aligning with global sustainability goals.

It remains our assessment that, after a few weak years, the wind power industry will strengthen next year, which will benefit the business area with its high level of expertise in this area.

Despite a temporary decline in electric vehicle sales, electrification of both the private and commercial vehicle fleet presents a significant long-term business opportunity for the business area. The railway sector has historically had a much longer relationship with electrification and we see the good growth in demand continuing, both in terms of investments in infrastructure and heating of railway vehicles.

We expect continued positive development in this market segment in both Europe and North America.

As expected, we have seen growth in demand for deliveries to the semiconductor industry during the period. This has mainly involved deliveries of advanced equipment for heating of silicon surfaces.

Operations

The large and continuing variations between the business area's different product segments require significant flexibility, readiness for action and ongoing, active adaptation of operations. In many cases, manufacturers' inventory levels have now fallen to acceptable levels and we see demand gradually improving. We are actively balancing the current low production volume in some segments with a gradual improvement in demand in others. This has involved reducing the number of employees in some market segments, but also investing in both new recruitment and increased capacity in other parts of the business area's operations. The rapid and sharp decline in demand in both the construction and the windpower industry has, as we already noted, resulted in a short-term increase in overcapacity costs.

The action plan launched in the first quarter has been implemented consistently. The initiative to reduce inventory build-up in the business area's subsidiaries, which was announced in the previous report, is proceeding according to plan. The staff reductions resulting from the action plan have now been largely implemented but are not expected to have any significant earnings effect until next year.

Continuing exchange rate volatility is having a considerable effect on pricing and competitiveness. In this situation, our international presence with production units in different currency zones gives us an advantage. In general, there are continuing shortages of skilled labor in several of the countries in which we have production units.

Despite the adaptations to current demand in each business and good cost control, the operating margin declined as a result of clearly lower sales in certain product areas and production units. However, our clear aim is to return to an operating margin in line with historical levels during 2025.

Business area NIBE Stoves

Key ratios		Q1-Q3 2024	Q1-Q3 2023	Past 12 months	Full year 2023
Net sales	SEK m	2,701	3,432	4,027	4,758
Growth	%	-21.3	23.8	-13.8	18.6
of which acquired	%	1.3	17.5	4.6	16.3
Operating profit	SEK m	86 *	365	254 *	533
Operating margin	%	3.2 *	10.6	6.3 *	11.2
Assets	SEK m	6,736	7,313	6,736	6,897
Liabilities	SEK m	932	881	932	817
Investments in non-current assets	SEK m	174	191	266	282
Amortization/Depreciation	SEK m	150	140	211	200

* Profit and key ratios have been calculated excl. items affecting comparability of SEK 38 million

Sales and profit

Sales for the period amounted to SEK 2,701 million, compared with SEK 3,432 million for the corresponding period in the previous year.

The organic decline was 22.6%, corresponding to SEK 776 million. As a result of acquired sales, corresponding to SEK 45 million, the total sales decline was SEK 731 million.

Operating profit for the period amounted to SEK 48 million. Adjusted operating profit for the period amounted to SEK 86 million, compared with SEK 365 million in the previous year, giving an operating margin of 3.2%, compared with 10.6% in the previous year.

Despite positive signals, the market for the overall stove sector remains challenging, with weak sales in both Europe and North America. Falling interest rates are a positive sign that will have a favorable effect on the business area going forward. However, this is yet to be reflected in sales. Our action plan will produce positive effects as we enter the final quarter of the year. Implemented efficiency measures, combined with a new organization in which our largest brand Contura becomes a separate company, are providing stronger conditions for growth and development. With the measures and adjustments that have been implemented, the aim is to return to an operating margin level within the business area's historical range during 2025.

Market

The period confirms that the stove sector is returning to a historical seasonal pattern, with the second half of the year being the highest period for sales. However, the year's peak season has got off to a slightly cautious start, primarily in Europe but also in North America.

We have frequently highlighted the very strong increase in consumer demand and the subsequent exceptional inventory build-up at retailers and home improvement stores that occurred back in 2020 and continued into 2023. Overall, the situation resulted in a decline in sales from manufacturers as retailers' stocks were more than enough to meet the simultaneous decline in end-consumer demand. We are now seeing a more acceptable inventory situation at retailers, but their sales have not yet been significantly affected by the signals of a further decline in interest rates.

Demand in the Nordic region is following the European trend of sharply declining sales, with Norway, which has seen a significant slowdown in new production and refurbishment of housing and holiday homes, standing out as slightly weaker than the average.

The explosion in demand for wood-fired stove products in Germany in previous years added to the purchasing and stockbuilding behavior described above. The now significantly lower energy prices, combined with considerable inventories of stove products at retailers, continue to have an adverse impact on sales.

In the UK, we are seeing a return to historical distribution of demand between product types. Gas-fired products are once again becoming the dominant category, while demand for wood-fired products is falling from the high levels of recent years. Demand for electric stoves remains good and relatively stable.

In France, the large shift in demand from pellet stoves to wood-fired products has continued. The overall market for stove products has declined and retailers' inventory levels remain high, particularly with regard to pellet products.

The North American market has leveled out and shows a slower decline and more acceptable inventory levels at retailers than in Europe. Demand for gas-fired products has returned and the trend of clearly growing interest in electric stoves continues.

Operations

On October 1, Contura, our largest trademark in terms of sales, became an independent company within the business area NIBE Stoves. This means that Contura now operates in the same way as all our other companies and their respective trademarks. Thanks to an independent Contura AB and the strengthened management, we have created an even better platform that offers good opportunities for achieving our high growth ambitions.

Due to the clear fall in demand, we have gradually adapted our production capacity in our manufacturing units in Europe to the prevailing situation during the year.

In North America, we already adapted our production capacity to the lower demand last year. Production plans now follow normal seasonal patterns, which means lower sales in the first half of the year and higher sales in the second half.

Lower sales combined with very strong comparative figures for the same period in the previous year mean that our operating margin declined sharply. The action plan we announced previously is being implemented successfully and is gradually reducing fixed costs significantly. The aim is to return to an operating margin level within the business area's historical range during 2025.



Contura is broadening its range with one of its latest launches, the Contura 100 series, which includes smaller stoves that fit well into the older, open fireplaces common in the UK and elsewhere.

Condensed income statement

(SEK million)	Group						Parent	
	Q3 2024	Q3 2023	Jan-Sept 2024	Jan-Sept 2023	Past 12 months	Full year 2023	Jan-Sept 2024	Jan-Sept 2023
Net sales	9,967	11,514	29,496	34,993	41,152	46,649	48	37
Cost of goods sold	-7,009	-7,628	-21,929	-23,253	-29,702	-31,026	0	0
Gross profit	2,958	3,886	7,567	11,740	11,450	15,623	48	37
Selling expenses	-1,373	-1,371	-4,342	-4,401	-5,957	-6,016	0	0
Administrative expenses	-792	-910	-2,628	-2,502	-3,584	-3,458	-117	-126
Other operating income	119	174	405	544	685	824	0	0
Operating profit	912	1,779	1,002	5,381	2,594	6,973	-69	-89
Net financial items	-286	-181	-891	-428	-1,105	-642	8	937
Profit after net financial items	626	1,598	111	4,953	1,489	6,331	-61	848
Tax	-193	-378	-323	-1,136	-722	-1,535	-5	0
Net profit	433	1,220	-212	3,817	767	4,796	-66	848
Net profit attributable to Parent shareholders	434	1,216	-204	3,805	776	4,785	-66	848
Net profit attributable to non-controlling interests	-1	4	-8	12	-9	11	0	0
Net profit	433	1,220	-212	3,817	767	4,796	-66	848
Includes amortization/depreciation according to plan as follows	471	464	1,515	1,258	2,029	1,772	0	0
Earnings per share before and after dilution, SEK	0.22	0.60	-0.10	1.89	0.39	2.37	0	0

Statement of comprehensive income

Net profit	433	1,220	-212	3,817	767	4,796	-66	848
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses in retirement benefit plans	0	20	0	48	-127	-79	0	0
Tax	0	-4	0	-10	20	10	0	0
	0	16	0	38	-107	-69	0	0
Items that may be reclassified to profit or loss								
Cash flow hedges	-27	17	-67	20	-44	43	0	0
Hedging of net investments	24	109	-82	14	98	194	0	0
Exchange differences on translation of foreign operations	-625	-478	777	1,209	-1,863	-1,431	0	0
Tax	57	-31	6	-69	90	15	0	0
	-571	-383	634	1,174	-1,719	-1,179	0	0
Total other comprehensive income	-571	-367	634	1,212	-1,826	-1,248	0	0
Total comprehensive income	-138	853	422	5,029	-1,059	3,548	-66	848
Comprehensive income attributable to Parent shareholders	-137	849	430	5,014	-1,049	3,535	-66	848
Comprehensive income attributable to non-controlling interests	-1	4	-8	15	-10	13	0	0
Total comprehensive income	-138	853	422	5,029	-1,059	3,548	-66	848

Condensed balance sheet

(SEK million)	Group			Parent		
	30 Sept 2024	30 Sept 2023	31 Dec 2023	30 Sept 2024	30 Sept 2023	31 Dec 2023
Intangible assets	30,922	32,031	31,014	0	0	0
Property, plant and equipment	12,758	10,798	11,568	0	0	0
Financial assets	1,443	1,237	1,324	25,823	25,443	25,675
Total non-current assets	45,123	44,066	43,906	25,823	25,443	25,675
Inventories	11,202	13,734	13,227	0	0	0
Current receivables	7,746	9,419	6,688	232	132	148
Investments in securities, etc	527	476	527	0	0	0
Cash and bank balances	3,959	3,685	3,756	0	0	0
Total current assets	23,434	27,314	24,198	232	132	148
Total assets	68,557	71,380	68,104	26,055	25,575	25,823
Equity	29,320	31,688	30,207	7,973	9,365	9,350
Non-current liabilities, non-interest bearing	5,107	5,836	5,410	1,323	991	968
Non-current liabilities, interest bearing	17,815	18,044	16,922	12,230	13,110	11,566
Current liabilities, non-interest bearing	8,549	11,504	9,716	729	859	1,239
Current liabilities, interest bearing	7,766	4,308	5,849	3,800	1,250	2,700
Total equity and liabilities	68,557	71,380	68,104	26,055	25,575	25,823

Key ratios

		Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Growth	%	-15.7	23.2	16.4
Operating profit	SEK m	1,002	5,381	6,973
Operating profit excl. items affecting comparability	SEK m	2,097	-	-
Operating margin	%	3.4	15.4	14.9
Operating margin excl. items affecting comparability	%	7.1	-	-
Profit margin	%	0.4	14.2	13.6
Profit margin excl. items affecting comparability	%	4.1	-	-
Investments in non-current assets, including acquisitions	SEK m	2,018	10,908	13,038
Available cash and cash equivalents	SEK m	5,119	4,750	4,979
Working capital incl. cash and bank balances	SEK m	14,885	15,810	14,482
as share of net sales	%	36.2	33.9	31.0
Working capital excl. cash and bank balances	SEK m	10,399	11,649	10,199
as share of net sales	%	25.3	25.0	21.9
Interest-bearing liabilities/Equity	%	87.2	70.5	75.4
Equity/assets ratio	%	42.8	44.4	44.4
Return on capital employed	%	5.6	16.4	16.1
Return on capital employed excl. items affecting comparability	%	7.6	-	-
Return on equity	%	4.0	17.9	17.3
Return on equity excl. items affecting comparability	%	6.9	-	-
Net debt/EBITDA	times	4.3	2.0	2.1
Net debt/EBITDA excl. items affecting comparability	times	3.5	-	-
Interest coverage ratio	times	1.1	7.3	6.7
Interest coverage ratio excl. items affecting comparability	times	2.0	-	-

Data per share

		Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Earnings per share (total 2,016,066,488 shares)	SEK	-0.10	1.89	2.37
Earnings per share excl. items affecting comparability	SEK	0.34	-	-
Equity per share	SEK	14.52	15.69	14.96
Closing day share price	SEK	55.66	71.80	70.80

Sales by geographical region

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Nordic region	3,866	998	502	-170	5,196
Europe (excl. Nordic region)	9,528	2,600	1,252	-106	13,274
North America	4,891	3,390	868	-21	9,128
Other countries	567	1,253	79	-1	1,898
Total	18,852	8,241	2,701	-298	29,496

Timing of revenue recognition

(SEK million)	NIBE Climate Solutions	NIBE Element	NIBE Stoves	Eliminations	Total
Deliverables recognized as revenue at a point in time	18,510	7,752	2,701	-298	28,665
Deliverables recognized as revenue over time	342	489	0	0	831
Total	18,852	8,241	2,701	-298	29,496

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)	30 Sept 2024	30 Sept 2023	31 Dec 2023
Current receivables			
Currency futures	-21	25	45
Commodity futures	0	0	0
Total	-21	25	45
Current liabilities and provisions, non-interest bearing			
Currency futures	0	2	0
Commodity futures	-1	1	1
Total	-1	3	1
Non-current liabilities and provisions, interest bearing			
Interest rate derivatives	73	3	46
Total	73	3	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-Sept 2024	Jan-Sept 2023	Full year 2023
Cash flow from operating activities	1,788	5,096	6,473
Change in working capital	-251	-3,510	-3,893
Investing activities	-2,584	-10,750	-12,604
Financing activities	1,236	8,407	9,602
Exchange difference in cash and cash equivalents	14	101	-112
Change in cash and cash equivalents	203	-656	-534

Condensed statement of changes in equity

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Opening equity	30,207	27,973	27,973
Shareholders' dividend	-1,310	-1,310	-1,310
Dividend to non-controlling interests	-2	-4	-4
Change in non-controlling interests	3	0	0
Comprehensive income for the period	422	5,029	3,548
Closing equity	29,320	31,688	30,207

Climate For Life acquisition analysis

The acquisition analysis for Climate For Life (CFL) was finalized during the third quarter. Recognized customer relationships and trademarks are SEK 1,290 million lower than in the preliminary acquisition analysis and now amount to SEK 536 million. Deferred tax liabilities attributable to these items have decreased by SEK 330 million. Goodwill has increased by SEK 960 million as a result of the changes. The reason is a major recall of a heat pump generation already launched at the time of acquisition and now temporarily withdrawn from the market. This has resulted in lower sales, pending a comprehensive redesign, and means lower annual depreciation of about SEK 48 million, i.e. about SEK 12 million per quarter, and for the year-to-date about SEK 36 million.

Alternative performance measures

Operating margin excluding items affecting comparability

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Operating profit	1,002	5,381	6,973
Items affecting comparability	1,095	-	-
Operating profit excl. items affecting comparability	2,097	5,381	6,973
Net sales	29,496	34,993	46,649
Operating margin excl. items affecting comparability, %	7.1	15.4	14.9

Profit margin excluding items affecting comparability

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Profit after financial items	111	4,953	6,331
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	1,206	4,953	6,331
Net sales	29,496	34,993	46,649
Profit margin excl. items affecting comparability, %	4.1	14.2	13.6

Net investments in non-current assets

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Acquisition of non-current assets	2,076	10,939	13,100
Disposal of non-current assets	-58	-31	-62
Net investments in non-current assets, including acquisitions	2,018	10,908	13,038

Available cash and cash equivalents

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Cash and bank balances	3,959	3,685	3,756
Investments in securities, etc.	527	476	527
Unutilized overdraft facilities	633	589	696
Available cash and cash equivalents	5,119	4,750	4,979

Working capital, including cash and bank balances

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Total current assets	23,434	27,314	24,198
Current liabilities and provisions, non-interest bearing	-8,549	-11,504	-9,716
Working capital, including cash and bank balances	14,885	15,810	14,482
Net sales, past 12 months	41,152	46,660	46,649
Working capital, including cash and bank balances, in relation to net sales, %	36.2	33.9	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-Sept 2024	Jan-Sept 2023	Full year 2023
Inventories	11,202	13,734	13,227
Current receivables	7,746	9,419	6,688
Current liabilities and provisions, non-interest bearing	-8,549	-11,504	-9,716
Working capital, excluding cash and bank balances	10,399	11,649	10,199
Net sales, past 12 months	41,152	46,660	46,649
Working capital, excluding cash and bank balances, in relation to net sales, %	25.3	25.0	21.9

Return on capital employed

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Profit after net financial items, past 12 months	1,489	6,724	6,331
Financial expenses, past 12 months	1,519	939	1,103
Profit before financial expenses	3,008	7,663	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	4,103	7,663	7,434
Capital employed at start of period	52,979	39,330	39,330
Capital employed at end of period	54,901	54,039	52,979
Average capital employed	53,940	46,685	46,155
Return on capital employed, %	5.6	16.4	16.1
Operating profit excl. items affecting comparability, %	7.6	16.4	16.1

Return on equity

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Profit after net financial items, past 12 months	1,489	6,724	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	1,182	5,339	5,027
Of which attributable to Parent shareholders	1,191	5,327	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	29,282	31,638	30,160
Average equity	29,721	29,787	29,048
Return on equity, %	4.0	17.9	17.3

Return on equity, excluding items affecting comparability

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Profit after net financial items, past 12 months	1,489	6,724	6,331
Items affecting comparability	1,095	-	-
Profit excl. Items affecting comparability	2,584	6,724	6,331
Standard tax rate, %	20.6	20.6	20.6
Profit after net financial items, after tax	2,052	5,339	5,027
Of which attributable to Parent shareholders	2,061	5,327	5,016
Equity at start of period	30,160	27,935	27,935
Equity at end of period	29,282	31,638	30,160
Average equity	29,721	29,787	29,048
Return on equity, excl. items affecting comparability, %	6.9	17.9	17.3

Net debt/EBITDA

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Non-current liabilities and provisions, interest bearing	17,815	18,044	16,922
Current liabilities and provisions, interest bearing	7,766	4,308	5,849
Cash and bank balances	-3,959	-3,685	-3,756
Investments in securities, etc.	-527	-476	-527
Net debt	21,095	18,191	18,488
Operating profit, past 12 months	2,594	7,269	6,973
Depreciation/amortization and impairment, past 12 months	2,323	1,723	1,824
EBITDA	4,917	8,992	8,797
Items affecting comparability	1,095	-	-
EBITDA excl. items affecting comparability	6,012	8,992	8,797
Net debt/EBITDA, times	4.3	2.0	2.1
Net debt/EBITDA excl. items affecting comparability, times	3.5	2.0	2.1

Interest coverage ratio

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Profit after net financial items	111	4,953	6,331
Financial expenses	1,199	782	1,103
Profit before financial expenses	1,310	5,735	7,434
Items affecting comparability	1,095	-	-
Profit excl. items affecting comparability	2,405	5,735	7,434
Interest coverage ratio, times	1.1	7.3	6.7
Interest coverage ratio excl. items affecting comparability, times	2.0	7.3	6.7

Earnings per share, excluding items affecting comparability

(SEK million)	Jan-Sept 2024	Jan-Sept 2023	Full year 2023
Net profit attributable to Parent shareholders	-204	3,805	4,785
Items affecting comparability	895	-	-
Net profit excl. items affecting comparability	691	3,805	4,785
Earnings per share excl. items affecting comparability	0.34	1.89	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 third 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 Accounting 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.

For further information on definitions, please refer to the company's 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 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, November 15, 2024

Hans Linnarson
Chairman of the Board

James Ahrgren
Director

Camilla Ekdahl
Director

Eva Karlsson
Director

Gerteric Lindquist
Managing Director and CEO

Anders Pålsson
Director

Eva Thunholm
Director

Review report

We have reviewed the summary interim financial information (interim report) of NIBE Industrier AB as of September 30, 2024 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act and for the Parent Company in accordance with the Annual Accounts Act.

Markaryd, November 15, 2024
KPMG AB

Jonas Nihlberg
Authorized Public Accountant
Auditor in charge

The NIBE share

NIBE's Class B shares are listed on the NASDAQ Nordic Large Cap list in Stockholm, with a secondary listing on the SIX Swiss Exchange in Zurich. The NIBE share's closing price on September 30, 2024 was SEK 55.66.

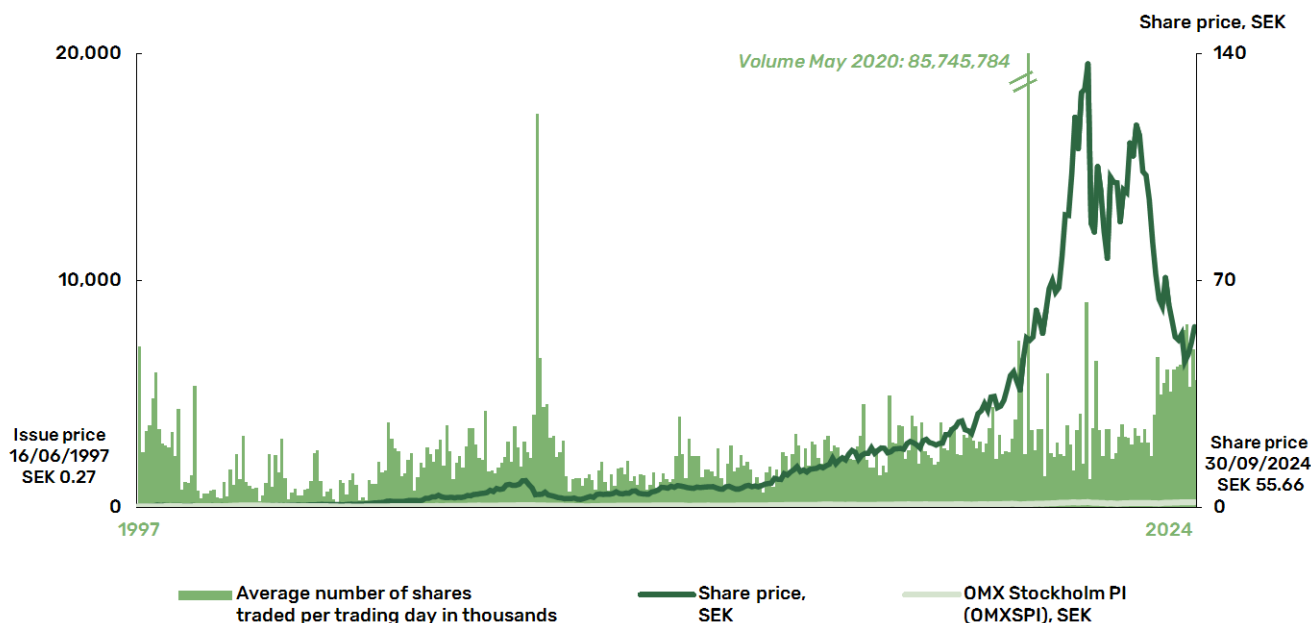
In the first nine months of 2024, NIBE's share price fell by 21.4%, from SEK 70.80 to SEK 55.66. In the same period, the OMX Stockholm PI (OMXSPI) increased by 12.4% and the OMX Stockholm 30 (OMXS30) by 9.5%.

At the end of September 2024, NIBE's market capitalization, based on the latest price paid, was SEK 112,214 million.

A total of 1,197,000,343 NIBE shares were traded, which corresponds to a share turnover of 79.2% in the first three quarters of 2024.

All figures were restated following the 4:1 splits implemented in 2003, 2006, 2016 and May 2021, and the dilutive 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 (CET) on November 15, 2024.

Please email any questions to:
Gerteric Lindquist, MD and Group CEO, gerteric.lindquist@nibe.se
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 20,500 (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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