

2021 2022

Annual and Sustainability Report
1 May 2021 – 30 April 2022

Contents

01	The year in brief
02	CEO's statement
04	Products and solutions
06	Strategy and value creation
12	Market review
18	Production and logistics
20	Product development and innovation
22	Production facilities
24	Sustainability
38	The Systemair share
40	Risk management
42	Corporate governance
52	Directors' Report
58	Financial Statements
98	Auditor's Report
101	Key Performance Measures and Definitions
103	About the Sustainability Report
105	EU Taxonomy
106	UN Global Compact
107	GRI Index
110	Auditor's opinion regarding the statutory Sustainability Report
111	Annual General Meeting



Healthy indoor air

Systemair is a leading ventilation group with operations in more than 50 countries in Europe, North America, the Middle East, Asia, Africa and Australia. We develop, manufacture and market high-quality ventilation products. The company was founded in 1974 by Chairman of the Board Gerald Engström. Its shares were listed on NASDAQ OMX Stockholm in October 2007. Since January 2022, the company has been listed in the Large Cap segment. The company has its registered office and headquarters in Skinnskatteberg, Sweden.

What we do

Systemair offers a wide range of energy-efficient fans, air handling units, air distribution products, air conditioning products and air curtains for all types of premises. We help our custom-

ers in combining these products into solutions that meet their needs. Our products are robust and simple to choose, install and use.

The Group's products and solutions are marketed under the Systemair, Frico, Fantech and Menerga brands.

Production and technology

The Group consists of 88 operating companies with more than 6,700 employees, who together work to ensure that Systemair is the leading actor in the global ventilation industry. Systemair operates in 52 countries, with 29 modern and well-invested production facilities. Systemair's product development organisation consists of 250 engineers and technicians with cutting-edge expertise.

Our best year

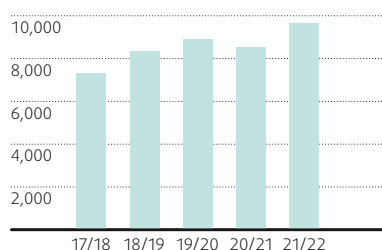
As we sum up the year, it is clear that we delivered Systemair's best year yet from a financial perspective. This was driven above all by good growth and efficiency measures completed.

Key Performance Measures	2021/22	2020/21 ²⁾	2019/20 ²⁾	2018/19 ²⁾	2017/18 ²⁾
Net sales, SEK m.	9,634.5	8,519.2	8,914.9	8,326.5	7,301.2
Growth, %	13.1	-4.4	7.1	14.0	6.4
Operating profit, SEK m.	769.8	676.7	625.7	528.1	349.6
Operating margin, %	8.0	7.9	7.0	6.3	4.8
Profit margin, %	7.7	6.6	6.1	5.5	4.6
Return on capital employed, %	14.5	13.1	11.6	11.3	9.1
Earnings per share, SEK	2.61	1.95	1.84	1.55	1.11
Equity per share, SEK	18.34	15.89	14.83	13.65	12.60
Equity/assets ratio, %	45.5	47.9	43.4	41.7	42.5
Dividend per share, SEK	0.90 ¹⁾	0.75	-	0.50	0.50
Number of employees at end of period	6,660	6,380	6,197	6,016	5,465

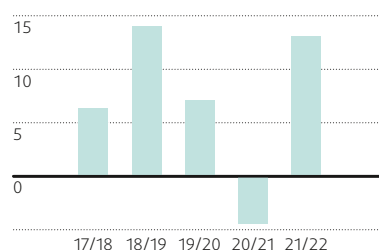
¹⁾ The Board of Directors proposes a dividend of SEK 0.90 (0.75) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 25 August 2022.

²⁾ During the financial year, a 4-for-1 share split was effected. The figures for the preceding year, provided for comparison, have been adjusted.

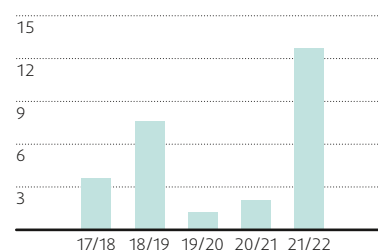
Net sales, SEK m.



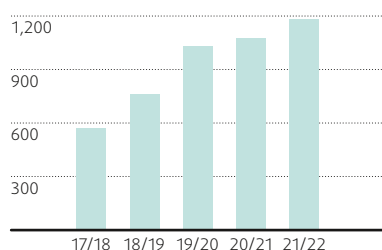
Sales growth, %



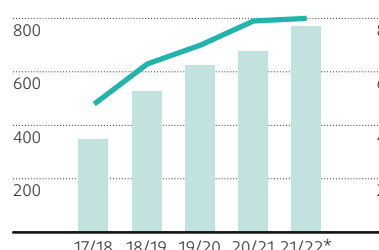
Organic growth, %



EBITDA, SEK m.

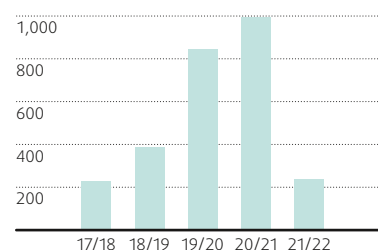


Operating profit (EBIT), SEK m./ EBIT margin, %



*The adjusted operating margin is 8.5 percent.

Cash flow from operating activities, SEK m.



Strong position in a growing market

Over the past year, we have focused hard on growing and developing our business. This has involved expanding production capacity, maintaining a high pace in product development, and focusing on efficiencies and improvements.



Systemair performed strongly in 2021/2022, which means we can sum up the year as our best yet in terms of sales and earnings. These excellent results have been achieved in an environment where there was no lack of challenges. We faced yet another year of the pandemic and had to cope with an ongoing shortage of components. At the same time, our order intake is very strong but cannot be delivered at the pace we would like.

The tragic war in Ukraine has also affected business, particularly in Russia and Belarus, creating uncertainty for the future.

Robust growth

Group sales increased by 13.1 percent to SEK 9,634 m. during the year while operating profit improved by 10.6 percent to SEK 770 m. It is clear that the efficiency measures we are continuously working on are having an impact and have partly offset the increased costs, absence and temporary closures.

All countries have dealt differently with Covid in terms of quarantine, workplace distancing and other temporary measures, which has been a challenge for our local production managers. Rising component prices have been largely offset through price increases.

Since March, we have halted all supplies to Russia and Belarus and fully support the sanctions imposed by the EU and the USA. To us, who have been active in Russia since the early 1990s and have nearly 300 employees in the region, this is a heavy weight to bear and a very different and deeply tragic situation. Our employees, especially those in Poland, have shown great

“The ongoing transition towards more sustainable and energy-efficient buildings is a key driver of demand for our products”

solidarity and have helped personnel and families in Ukraine. In that sense, we are truly a global company.

High pace of product development

During the pandemic, we have been able to adapt our operations well and effectively, enabling us to continue to maintain a high pace of product development. In all, we have launched around 160 new products during the year. In particular, I would like to highlight our updated range of compact units, Topvex, featuring largely cutting-edge functions. Energy conservation is, and always has been, at the heart of our product development. As a result, we are constantly developing new, more energy-efficient products to bring us closer to our climate goals.

In the past, we have taken great pride in attending key industry trade fairs globally, which serve as important interfaces in the relationships we have with our customers. During the pandemic, we have replaced this through increased digital dialogue. Although it has worked very well, we hope to see a return to physical customer meetings, alongside continued digital meetings.

Ongoing shortage of components

In the wake of the pandemic, the shortage of components has dominated the business during the year. Although the majority of Systemair's suppliers are in Europe, these in turn have subcontractors in Asia, which to us has had a noticeable effect. This complicates our production planning and makes it difficult for us to assess the near-term availability of certain products. Although we can manage short-term shortages to

some extent by adjusting component supply between our factories, we do feel the impact. As things stand, there is no sign of any immediate improvement, and we can expect continued disruptions in the supply chain in the year ahead.

Sustainability driving transformation

The market for ventilation products is a structurally growing market. In particular, the pandemic has alerted the world to the need for a good and healthy indoor environment that helps to reduce viral particles in the air. The ongoing transition towards more sustainable and energy-efficient buildings, too, is a key driver of demand for our products.

Basically, the 2030/2050 climate goals serve as the guiding principles and framework for new regulations for both new construction and existing buildings. In Europe, there are more than 30 million buildings that need to be renovated for higher energy efficiency and to fulfil climate targets. Upgrades to existing ventilation systems, for example by replacing fans and control systems, can significantly reduce energy usage. In Europe and other parts of the world, the pandemic has seen the launch of transition programmes providing financial incentives to start and drive the transition, and thus accelerate progress.

Systemair operates an active sustainability programme to help ensure long-term sustainable development. Against that background, we are also connected to the UN Global Compact and support its ten principles on human rights, labour, the environment and anti-corruption.

Investing for future growth

Systemair has a fine history of robust growth. Since the company was established, the philosophy has been to continually invest for the future, as has continued to be the case during the pandemic. We have built or expanded production facilities in the Czech Republic, Canada, Slovenia, South Africa and Russia, all of which opened during the year. However, as a result of the war in Ukraine, all deliveries to Russia have been halted.

In addition to establishing new capacity by building in-house facilities, acquisitions have always been an important component for Systemair. To underpin our growth agenda, we have made changes to Group Management during the year. Anders Gustavsson is the new head of Systemair's global supply chain and production and Janni Weber is the new head of mergers and acquisitions, with a strategic role in acquisitions, integration and business development.

In conclusion, I would like to thank our personnel. Everyone has shown great commitment and humility in the face of the challenges that have been, and continue to be, faced. Systemair has a strong corporate culture at its core. This has worked to our advantage in these times and is something we are keen to develop and strengthen further for the future.

Roland Kasper
President and CEO

Better air where you are

Hospitals and the pharmaceuticals industry

Hospitals are demanding environments in terms of requirements for indoor air quality. The right ventilation system, combined with our products and solutions, together create an optimal indoor climate. Requirements are satisfied via correct product selection, hygiene-certified units and high-efficiency filters.

Tunnels

Effective ventilation is a safety issue both during the construction phase of tunnel projects and when tunnels are in operation. Systemair's tunnel fans ensure not only good air quality but also smoke extraction. Our products meet all fire safety and energy requirements and are simple to maintain.

Offices

Clean air and a pleasant temperature at the office make us feel and perform better. Systemair creates a good indoor climate and helps our customers to reduce their energy usage. Our air handling units are, of course, Eurovent-certified. We also offer fire rated fans and exhaust fans, along with other system solutions to meet specific customer requirements.

Residential properties

Systemair offers complete systems for residential ventilation. Our air handling units, incorporating balanced ventilation and heat recovery, are ideal for homes and small offices. In our air handling units, humidity and temperature control come as standard.

Systemair helps create a healthy, comfortable and safe indoor climate in most areas where people spend time daily – at home, in offices, in factories, at hospitals, at swimming pools, in multi-storey car parks and at airports etc. We do this in the knowledge that good air quality contributes to good health and a better quality of life. We do this through our know-how and our products to help lower energy usage and thus reduce carbon emissions.



Swimming pools

Demands on ventilation in swimming pools are high. The indoor climate must be comfortable for guests, while continuous dehumidification will protect the building from moisture damage over time. Our products offer reliable, fully-automated ventilation, dehumidification and heating as required – in the most economical way.

Public areas

Public buildings such as schools need efficient ventilation systems. With an extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in public areas and helps to keep children feeling well all day.

Industrial premises

On industrial premises, large areas need to be ventilated and heated or cooled. Our air handling units extract air and ensure that work areas and production processes are correctly temperature-controlled. Our solutions help to create a healthy work environment, in turn creating the conditions for better productivity.

Marine, oil and gas

Good ventilation is crucial to both comfort and safety. This includes ventilation and air conditioning on cruise liners, cargo hold ventilation on freighters and exhaust air ventilation from ships' engine rooms. Quality requirements are high, as conditions are challenging. Our systems meet all requirements and are marine-certified.

Data centres

With ever-increasing storage capacity and more compact equipment, there is a growing need for cooling in data centres. We supply both air handling units and precision cooling, to provide energy- and cost-efficient cooling in data centres.

Multi-storey car parks

In multi-storey car parks, good ventilation is a safety issue. Our system of fire gas fans meets strict requirements for carbon dioxide control and the extraction of dangerous smoke gases in the event of fire. The fans can also deliver a reduction of up to 80 percent in energy usage in day-to-day operation.

A healthy and comfortable indoor climate



The purpose of ventilation

Systemair's products are designed to improve people's well-being by creating healthy indoor environments with high air quality. These products fulfil several important functions.

Health

Effective ventilation systems play an important part in creating a healthy indoor climate. They extract impure air and replace it with fresh, clean air. This is especially important since we are spending a higher proportion of our time indoors – at home, work or school. Numerous academic studies have shown that a healthy indoor climate reduces the risk of many diseases. The

importance of effective ventilation has been further highlighted during the Covid-19 pandemic, and we can see positive impacts from the extra insight this that has brought.

Comfort

Effective ventilation systems help to increase indoor comfort. Healthy air at the right temperature improves our day-to-day well-being.

Productivity

Effective ventilation systems help us perform better. The health and productivity benefits of a good indoor climate are now well established. The World Green

Building Council's report on Health, Well-being and Productivity in Offices points out, for example, that productivity improvements of 8–11 percent can be achieved with higher-quality indoor air.

Safety

In many applications, effective ventilation systems are a safety issue. For example, in road tunnels and garages, effective ventilation is needed to filter pollution from vehicles, including carbon monoxide, nitrogen oxides and soot particles. Equally important is the extraction of smoke from buildings in the event of a fire, as this improves the conditions for evacuation and fire-fighting.

External trends

Energy efficiency

There is a strong focus on reducing energy usage in society to help cut emissions of greenhouse gases and so limit climate changes. This is a global trend, and in Europe various EU directives and regulations require reduced environmental impact on several fronts, both in society and in specific application areas. These include the EU's Ecodesign Directive, which establishes energy performance requirements for products, and the Energy Performance of Buildings Directive. The launch of the EU's Green Deal sharpens the focus on this area. One of its objectives is to improve energy efficiency in the building stock, including by increasing the pace of renovation.

The trend towards stricter energy requirements favours Systemair, which invests in developing high-quality, long-life and, above all, low energy usage products.

Sustainability

Regulatory requirements and the expectations of investors and customers for companies to contribute to greater sustainability in society are becoming more and more demanding. This affects everything from lightening the burden on our eco-system to ensuring good working conditions, acting on anti-corruption and embracing social responsibility. Our main contribution comes from our products, where we strive for a better indoor climate with ever-lower energy usage. At the same time, sustainability is an important part of everything we do. We work systematically to reduce the environmental impact of our own activities. As an employer, we embrace our social responsibilities, increasing safety in the work environment, promoting equal opportunity and ensuring effective competence development. As a client and supplier, it is important that we maintain high business ethics, with zero tolerance for corruption and bribery, and that we place ever higher demands on the materials we buy in terms of traceability and carbon footprint.

Digital transformation

IoT (the Internet of Things) is now very much a reality, creating great opportunities for the ventilation industry. All modern ventilation installations incorporate electronic control and regulator systems. More and more software-based functions and applications are being integrated into such systems, which is creating more ways for people to use their computer, tablet PC or smartphone to ensure optimal functionality and simpler preventive maintenance of their ventilation installations. As demands on the energy performance of buildings become tougher, intelligent functions will also be needed to adapt ventilation to need, and thereby reduce energy usage. This, in turn, demands smart software, connectable products and sensor technology that measures temperature, humidity, air quality and particle content. This is now an important part of Systemair's product development work.

Systemair is also exploiting the possibilities of digitalisation to make it easier for customers. We offer several digital product selection programs to aid consultants and customers in making rapid selection of the right choice of products and solutions for their applications.

Urbanisation and rising economic prosperity

With urbanisation – a long-term global megatrend – more than half of the world's population are today living in cities. This is leading to growth in new building of homes, offices, schools and hospitals etc. It is also creating a need for infrastructure construction such as public transport projects and tunnels. The fast economic growth of the past quarter century has enabled a rising share of the Earth's population to enjoy greater prosperity. In line with these developments – and with increased awareness globally of the impact of the indoor environment on health and well-being – people are increasingly demanding and willing to invest in better indoor comfort.

Financial targets

Goal	Goal attainment 2021/22	Comment												
<p>Growth</p> <p>10%</p> <p>Average annual growth in sales over a business cycle should be no less than 10 percent.</p>	<p>Growth, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Growth, %</th> </tr> </thead> <tbody> <tr> <td>17/18</td> <td>6.4</td> </tr> <tr> <td>18/19</td> <td>14.0</td> </tr> <tr> <td>19/20</td> <td>7.1</td> </tr> <tr> <td>20/21</td> <td>-4.4</td> </tr> <tr> <td>21/22</td> <td>13.1</td> </tr> </tbody> </table> <p>17/18 18/19 19/20 20/21 21/22 — Goal</p>	Year	Growth, %	17/18	6.4	18/19	14.0	19/20	7.1	20/21	-4.4	21/22	13.1	<p>The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 9.4 percent annually over the past ten years. Growth is to be achieved via product development and increased market shares, as well as by expansion of the product range through acquisitions or start-ups.</p>
Year	Growth, %													
17/18	6.4													
18/19	14.0													
19/20	7.1													
20/21	-4.4													
21/22	13.1													
<p>Profitability</p> <p>10%</p> <p>The average operating margin over a business cycle should be no less than 10 percent.</p>	<p>Operating margin, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Operating margin, %</th> </tr> </thead> <tbody> <tr> <td>17/18</td> <td>4.8</td> </tr> <tr> <td>18/19</td> <td>6.3</td> </tr> <tr> <td>19/20</td> <td>7.0</td> </tr> <tr> <td>20/21</td> <td>7.9</td> </tr> <tr> <td>21/22</td> <td>8.0</td> </tr> </tbody> </table> <p>17/18 18/19 19/20 20/21 21/22 — Goal</p>	Year	Operating margin, %	17/18	4.8	18/19	6.3	19/20	7.0	20/21	7.9	21/22	8.0	<p>The operating margin has averaged 6.6 percent over the past ten years and 6.8 percent over the past five years. In the company's view, the current restructuring measures, existing structure and product programme in general offer good prospects for attaining this goal.</p>
Year	Operating margin, %													
17/18	4.8													
18/19	6.3													
19/20	7.0													
20/21	7.9													
21/22	8.0													
<p>Financial position</p> <p>30%</p> <p>The Group's equity/assets ratio should be no less than 30 percent.</p>	<p>Equity/assets ratio, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Equity/assets ratio, %</th> </tr> </thead> <tbody> <tr> <td>17/18</td> <td>42.5</td> </tr> <tr> <td>18/19</td> <td>41.7</td> </tr> <tr> <td>19/20</td> <td>43.4</td> </tr> <tr> <td>20/21</td> <td>47.9</td> </tr> <tr> <td>21/22</td> <td>45.5</td> </tr> </tbody> </table> <p>17/18 18/19 19/20 20/21 21/22 — Goal</p>	Year	Equity/assets ratio, %	17/18	42.5	18/19	41.7	19/20	43.4	20/21	47.9	21/22	45.5	<p>The Group's financial position is sound, with an equity/assets ratio on 30 April 2022 of 45.5 percent. The company continually assesses opportunities for strategic acquisitions and our financial position allows scope for continued acquisitions and investments.</p>
Year	Equity/assets ratio, %													
17/18	42.5													
18/19	41.7													
19/20	43.4													
20/21	47.9													
21/22	45.5													
<p>Share dividend</p> <p>40%</p> <p>In view of Systemair's ambitions for growth, the goal for dividend is set at around 40 percent of the company's profit after tax.</p>	<p>The Board of Directors proposes a dividend of SEK 0.90 (0.75) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 25 August 2022. This represents 34 percent (38) of profit after tax.</p>	<p>The AGM resolves upon the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the company's annual earnings.</p>												

Sustainability goals

Goal	Goal attainment 2021/22	Comment															
<p>100% of our largest suppliers comply with our Code of Conduct for Suppliers</p>	<p>94 percent (91) of Systemair's largest suppliers have confirmed that they comply with Systemair's Code of Conduct for Suppliers. Every year, we review and adjust which are our largest suppliers.</p>	<p>Systemair strives for long-term, good relationships with its suppliers. Ensuring that our suppliers comply with Systemair's Code of Conduct for Suppliers is part of our procedures when entering into contracts. Where appropriate, Systemair also carries out on-site audits of suppliers.</p>															
<p>0 incidents of bribery or corruption</p>	<table border="1"> <thead> <tr> <th>Incidents of corruption (number)</th> <th>2021/22</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>Number of incidents of corruption</td> <td>0</td> <td>0</td> </tr> <tr> <td>Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption</td> <td>0</td> <td>0</td> </tr> <tr> <td>Number of cases in which contracts with business partners were not renewed due to violations related to corruption</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Incidents of corruption (number)	2021/22	2020/21	Number of incidents of corruption	0	0	Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0	Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0	<p>Systemair has a policy of zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits. In the year 2021/22, no incidents of corruption were reported. All white-collar personnel are required to undergo compulsory training in the area.</p>			
Incidents of corruption (number)	2021/22	2020/21															
Number of incidents of corruption	0	0															
Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0															
Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0															
<p>0 work-related injuries leading to sickness absence</p>	<table border="1"> <thead> <tr> <th>Work-related injuries (number)</th> <th>2021/22</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td colspan="3">Employees</td> </tr> <tr> <td>Work-related injuries leading to sickness absence</td> <td>197</td> <td>251</td> </tr> <tr> <td colspan="3">Non-employees</td> </tr> <tr> <td>Work-related injuries leading to sickness absence</td> <td>7</td> <td>2</td> </tr> </tbody> </table>	Work-related injuries (number)	2021/22	2020/21	Employees			Work-related injuries leading to sickness absence	197	251	Non-employees			Work-related injuries leading to sickness absence	7	2	<p>Systemair aims to prevent accidents and minimise sickness absence. The goal for occupational injuries can never be anything other than zero. During the year, work has continued to be systematically focused on reducing the number of work-related injuries.</p>
Work-related injuries (number)	2021/22	2020/21															
Employees																	
Work-related injuries leading to sickness absence	197	251															
Non-employees																	
Work-related injuries leading to sickness absence	7	2															
<p>25% female leaders</p>	<table border="1"> <thead> <tr> <th>Female leaders (%)</th> <th>2021/22</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>24</td> <td>21</td> </tr> </tbody> </table>	Female leaders (%)	2021/22	2020/21	Total	24	21	<p>Diversity and equal opportunity help to make companies more successful and create a more dynamic and stimulating work environment. Systemair continues to work towards its goal that, by 2025, no less than 25 percent of managers should be women.</p>									
Female leaders (%)	2021/22	2020/21															
Total	24	21															
<p>50% reduced emissions in Scopes 1 and 2 by 2030</p>	<table border="1"> <thead> <tr> <th>Emissions intensity</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total emissions/COGS¹ (tons CO₂e/SEK m.)</td> <td>2.6</td> <td>3.0</td> <td>3.1</td> </tr> <tr> <td>Difference relative to base year (%)</td> <td>-17</td> <td>-4</td> <td>0</td> </tr> </tbody> </table> <p>¹) Cost of goods sold</p>	Emissions intensity	2021/22	2020/21	2019/20	Total emissions/COGS ¹ (tons CO ₂ e/SEK m.)	2.6	3.0	3.1	Difference relative to base year (%)	-17	-4	0	<p>It is important to reduce greenhouse gas emissions. Systemair has set a target to reduce Scope 1 and 2 emissions by 50 percent by 2030, relative to a base of our fiscal year 2019/2020. The target is based on emissions intensity – total emissions divided by cost of goods sold (COGS).</p>			
Emissions intensity	2021/22	2020/21	2019/20														
Total emissions/COGS ¹ (tons CO ₂ e/SEK m.)	2.6	3.0	3.1														
Difference relative to base year (%)	-17	-4	0														
<p>25 TWh in 10 years reducing energy usage in buildings by 2030</p>	<p>For the products and solutions we sold this year, energy usage in buildings was reduced by 1.9 TWh, avoiding more than 500,000 tons of CO₂ emissions.</p>	<p>To Systemair, it is important to provide solutions that play a part in reducing energy usage and greenhouse gas emissions from the world's building stock, for a more sustainable future. Our goal is to contribute 25 TWh by 2030, accumulated over a 10-year period.</p>															

Value creation at Systemair

Resources

Financial resources

- Assets of SEK 8 bn
- Production-related investments of SEK 326.4 m.
- Development costs of SEK 220 m.

Social resources

- Customers in >130 countries
- 6,700 employees
- 6,200 suppliers and sub-contract suppliers

Physical resources

- 29 production facilities
- 15 technology centres
- Subsidiaries in 52 countries
- Energy usage, 82.9 GWh
- Purchased metal, 39,500 tons

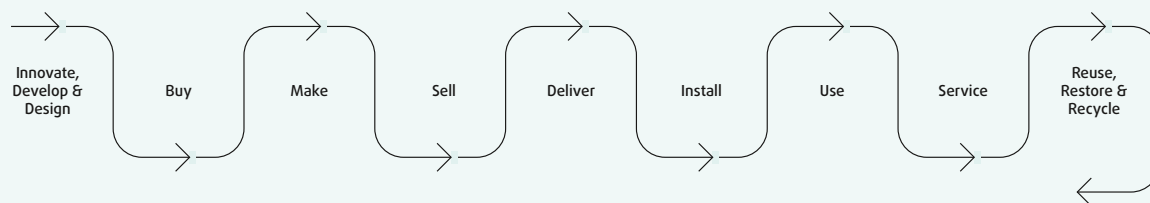
How we create value

We look at the whole value chain

Systemair's core business lies in developing sustainable products and solutions with a focus on innovation, delivery reliability, availability and quality. We are continuously extending our involvement in the value chain to take responsibility and help create a more sustainable society.

The customer is always in focus

The purpose of Systemair's products is to create a healthy, comfortable and safe indoor climate. We put our customers first and aim to be seen as a sustainable business.



Sustainable core business

Our products are designed with sustainability in mind, meaning that we choose the right materials, create energy-efficient solutions and ensure easy maintenance. In our purchasing, we take responsibility and buy in a sustainable way by specifying requirements and collaborating with our suppliers. In manufacturing, we maintain a close focus on safety and constantly work on resource efficiency to ensure an efficient and reliable supply chain. For sustainable delivery, we challenge our transport options to reduce emissions, and in our customer relationships we actively engage in functioning as a responsible company.

Further expansion in service operations

We continuously review how we can engage and influence, even after the product has been delivered. Service has an important role to play in ensuring that the right conditions are in place throughout the product's operational life, and in ensuring the absolutely optimal energy efficiency. This means that we are able to play a part in ensuring that our products leave as small a carbon footprint as possible in operation. The service business is constantly evolving and value is also created by retrofitting or refurbishing existing products, as well as by applying digitalisation solutions to smartly and efficiently optimise operations.

Value created

For owners

- Profit for the year with net margin of 5.6 percent

For customers

- Energy-efficient, high-quality products and solutions
- High availability and delivery reliability
- Ethical and responsible partner

For employees

- Good working conditions and a safe work environment
- 53,400 hours of training in product knowledge, health and safety, IT and our Code of Conduct

For suppliers and financiers

- Punctual payments to suppliers
- Stable business model with growing volumes

For society

- Tax revenues and job opportunities
- Energy-efficient products that help to lower energy usage and thus reduce carbon dioxide emissions equivalent to no less than 500,000 tons
- Products that help to improve well-being through a healthy indoor climate

Our offering

Systemair offers a wide range of energy-efficient fans, air handling units, air distribution products, air conditioning products and air curtains for various types of premises.

We help our customers to combine these products into end-to-end solutions that meet their requirements. Our products are robust and simple to choose, install and use.

- Fans
- Air handling units
- Air conditioning
- Air curtains and heating products
- Products for air distribution
- Fire safety products
- Home ventilation
- Swimming pool ventilation
- Garage and tunnel ventilation
- Connected solutions
- Service

“We fulfil our customers’ expectations and offer products and solutions based on their needs”

Market demand remaining strong

During the year, we have continued to see strong demand for our products in all markets. A strong local presence, together with advanced digital sales tools have enabled Systemair to cope with the challenges of the year well and to be better placed to meet the future.

Systemair manufactures ventilation products and operates in the construction market. Our product sales today are relatively evenly split between commercial and residential buildings, as well as between new construction and renovation of existing buildings. Outside Europe, the proportion of new construction is higher, in both residential and commercial buildings.

Broad offering and local presence

With a strong regional and local presence in important markets, we can help customers wherever they are in the

world. Our ambition is clear – to be our customers’ number one product supplier.

High availability and delivery reliability of our products are prioritised. This creates security for ventilation contractors, who work to precise schedules.

Acquisitions and new businesses

During the year, several companies were acquired to strengthen our market position. Burda, in Germany, develops, produces and supplies infrared radiant heaters, heating panels and associated control equipment, with several proprietary patents. Systemair acquired the

remaining shares in Burda during the year. We also signed agreements to acquire three Italian companies. Tecnair LV S.p.A. provides Systemair with good synergies in the field of air conditioning products – specifically precision cooling – in the European market. SagiCofim S.p.A. produces air filters and air terminal devices, expanding Systemair’s product range. ISC s.r.l. holds a strong position in the market niche of product selection programmes for air handling units.

Ventilation industry by product area

Company	Fans	Air handling units, Central	Home ventilation	Air handling units, Compact	Air conditioning	Air distribution	Air curtains	Fire safety
Systemair, Sweden	●	●	●	●	●	●	●	●
Fläkt Group, Germany	●	●	●	●		●		●
Flexit, Norway	■		●	●		●		
Swegon, Sweden		●	●	●	●	●		■
Exhausto, Denmark	●	●	●	●				●
Östberg, Sweden	●		●	■				
Trox, Germany	●	●	●	●		●		●
Nuair, United Kingdom	●	●	●	●				●
Nicotra-Gebhardt, Germany	●							●
Rosenberg, Germany	●	●		●			●	●
S&P, Spain	●	●	●	●			●	●
Wolf, Germany		●	■	●	■			
Carrier (Ciat), France		●		●	●			
Aldes, France	●	●	●	●	●	●		●
Zehnder Group, Switzerland			●	●	■	■		
Petra, Jordan		●		●	●			
AL-KO, Germany		●		●	■			
Greenheck, North America	●	●		■	■	●		■
Johnson Control, North America		●		●	●			
Titus, North America				■		●		
France Air, France	●	■	■	●	■	●	●	
IV Produkt, Sweden		●		●	■			■
Volution Group, United Kingdom		●	●	●	■	■		

● Complete range ■ Limited range

Systemair offers a wide range of products and is a one-stop-shop in eight product areas. Most new buildings need products across the whole range. The company has many local competitors in specific product areas, but very few have Systemair’s breadth and extensive geographic presence.

SYSAQUA helps customers achieve climate goals

Modern air conditioning systems are essential equipment in terms of significantly reducing the environmental impact of the building and property sector. Systemair's new product families, including the SYSAQUA R32, offer some of the most energy-efficient and eco-friendly air conditioning systems on the market.

In 2018, the strategy of the Group's Air Conditioning Division was redefined in clearer terms. The aim was to streamline the product portfolio, coordinate manufacturing in Italy and France and identify the future refrigerant strategy. In addition, the F-Gas Regulation of 2015 and impending regulatory tightening, had begun to raise questions among customers as to how they would meet the ever-stricter demands for sustainable air conditioning systems. In view of these conditions, Systemair's product portfolio was to be adapted and developed.

The market for air conditioning systems is a large and expanding one, driven by the demand for more sustainable solutions, a better indoor climate and lower energy costs. At the same time, the market is exposed to competition, above all from the major manufacturers in Asia.

"As a successful niche player, Systemair has been able to act in a more focused way in terms of developing new, attractive products and has today established a position in this market", says Boris Arnaud, Product and Marketing Manager for Air Conditioning at Systemair.

The company's air conditioning systems are used mainly in small buildings and schools in southern and western Europe.

During the year, Systemair launched its new SYSAQUA R32 product family, offering one of the most energy-efficient and eco-friendly air conditioning systems on the market.

"The SYSAQUA R32 is an excellent example of how quality, efficiency and sustainability lies at the heart of product development at Systemair", says Boris Arnaud. The new system uses R32 as the refrigerant, which leaves a carbon footprint¹⁾ that is only a third of the standard refrigerant systems based on R410A. The design also enables the amount of refrigerant to be reduced by 40 percent, compared to older systems. Together, these factors help to reduce the carbon footprint by as much as 84 percent per unit. The product scores up to A+ in SCOP, the EU energy rating system.

A closer focus on the operating cost itself, and not just the initial investment, also argues that demand for cost-efficient and more eco-friendly solutions will increase in the years ahead.





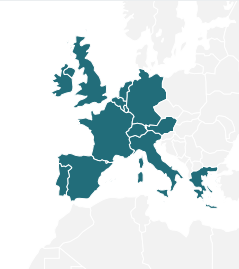







"We are constantly working on developing our products to reduce the carbon footprint by, for example, adapting to better refrigerants"

Boris Arnaud



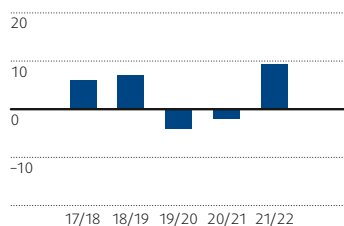
¹⁾ Refrigerant R32 has a value of 675 GWP (Global Warming Potential), compared with R410A which has a value of 2,088.

Systemair's market regions

Area		Share of sales	Growth	Organic growth
Nordic region		20% 	9.4%	6.1%
Western Europe		42% 	10.9%	9.4%
Eastern Europe & CIS		15% 	17.4%	17.5%
North and South America		11% 	19.4%	14.9%
Middle East, Asia, Australia and Africa		12% 	16.7%	28.0%

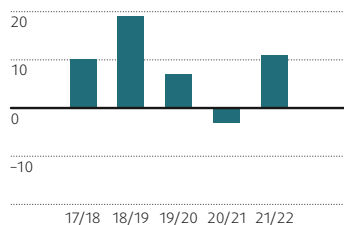
Net sales, growth, %

Comment



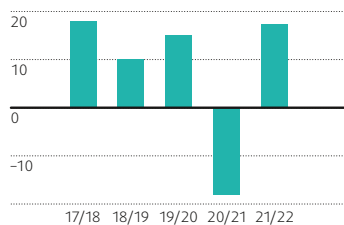
Historically, the Nordic countries have been characterised by stable market conditions in Systemair’s areas, and this was also the case in the past year. However, Systemair’s market in the Nordic countries has been

affected by the shortage of components for our products. In all the countries – Denmark, Norway, Finland and Sweden – Systemair has met stable demand.



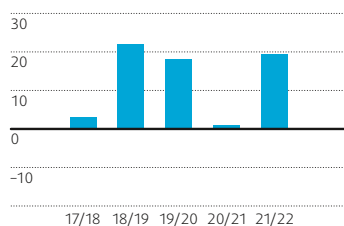
In Western Europe, the pandemic has affected countries to varying degrees. The markets in southern Europe – Italy, Spain and Portugal – were the worst affected, but we are now seeing a strong recovery there, partly as a result of the EU’s recovery plan. Large markets such as Germany and France continue to see

strong demand, but shortages of materials and rising inflation are holding back development. The markets in the UK and Ireland are very buoyant, with growth in all product areas. The Netherlands is experiencing a weaker market performance than its neighbours, as there is increased investor concern.



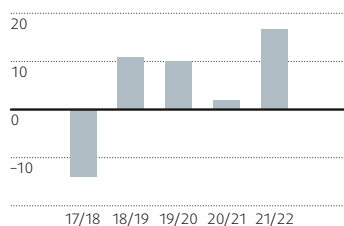
In the Eastern Europe and CIS region, sales have been hit hard during the latter part of the pandemic. On 24 February, the situation changed with Russia’s invasion of Ukraine. We have been established in Russia since the early 1990s and have halted all deliveries to Russia

and Belarus since March 2022. The new factory outside Moscow, completed in December 2021, was intended to further strengthen our position as a local manufacturer in Russia.



Developments in North America have been highly positive. The USA and Canadian markets, in particular, have boomed in all our product segments, largely due to infrastructure investments. In particular, sales of air handling units for homes and schools have performed well. In our view, the outlook for North America also remains strong.

Unlike North America, South America has performed less well, with Brazil being particularly hard hit, leading to a significant negative impact on the market. During the year, we have divested our local production. The markets in Central America, of which Mexico is the largest, have fared relatively well.



One of the markets that has suffered badly from the pandemic is Turkey. In addition, the shortage of components has hit the area hard. This has been partly offset by new deliveries to hospitals in the country.

In Asia, the market has been generally stable, although certain regions were hit hard by the pandemic

towards year-end, which has affected Systemair’s business.

Systemair’s operations on the African continent have been hit hard by the pandemic. In South Africa, Systemair is the market leader in data centre cooling, which has enabled us to do better locally.

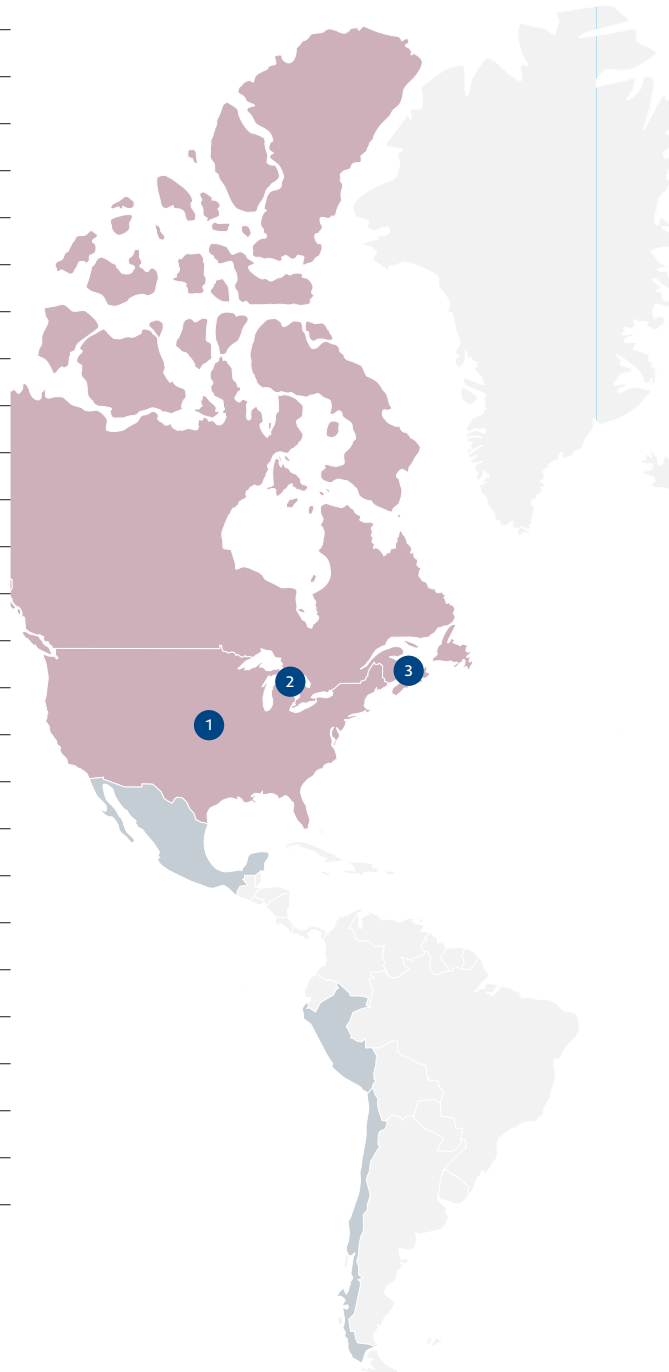
A global company

Production Facilities

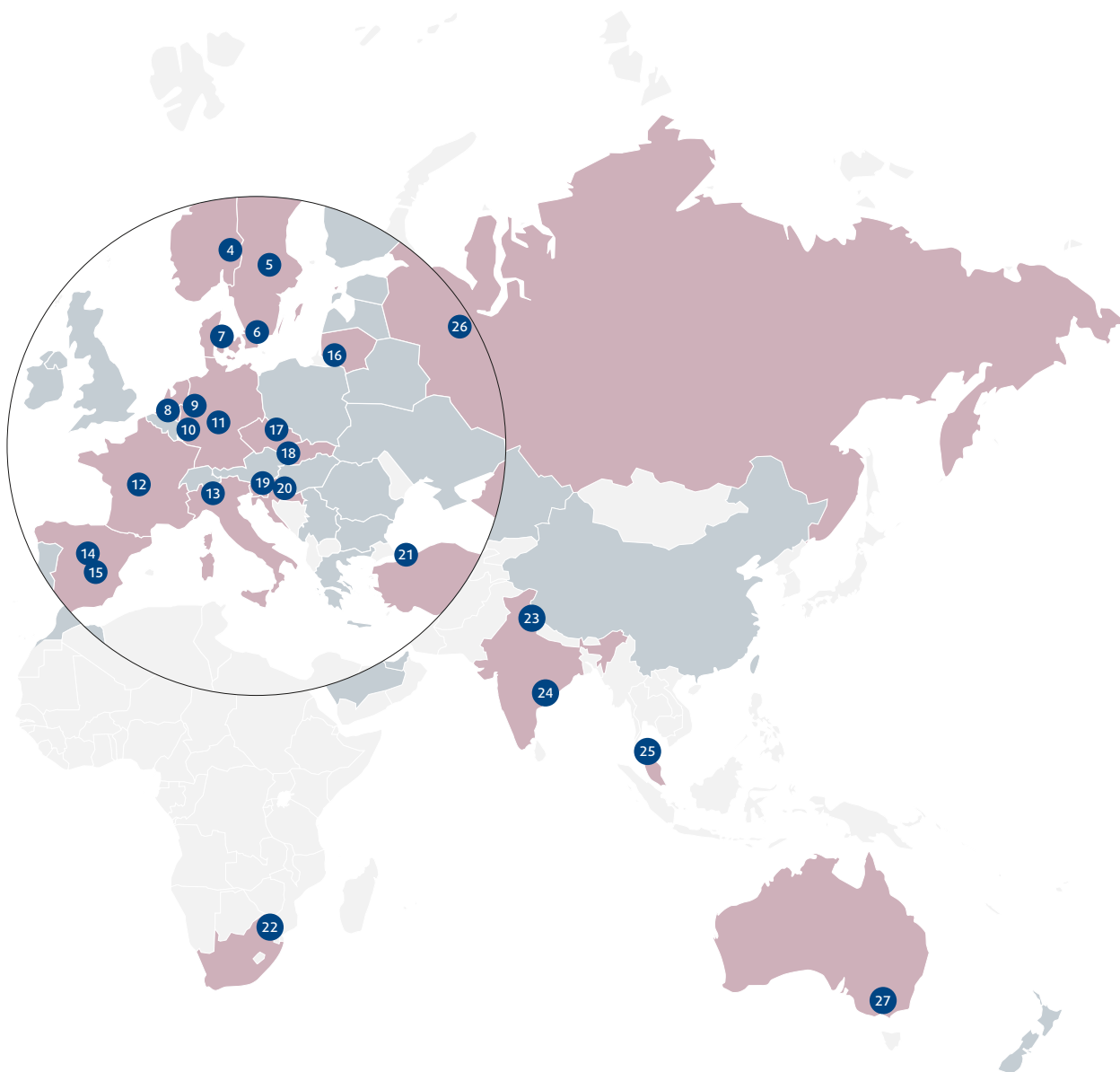
1	Kansas City, USA	●	●				●
2	Tillsonburg, Canada		●				
3	Bouctouche, Canada		●				
4	Eidsvoll, Norway			●			
5	Skinnskatteberg, Sweden	●	●		●		
6	Hässleholm, Sweden					●	
7	Århus, Denmark			●			
8	Waalwijk, Netherlands			●			
9	Mülheim an der Ruhr, Germany			●			
10	Langenfeld, Germany					●	
11	Windischbuch, Germany	●					● ●
12	Tillières, France				●		
13	Milan, Italy				●		
14	Fuenlabrada, Spain	●	●				
15	Móstoles, Spain (2 factories)						● ●
16	Ukmerge, Lithuania		● ●				
17	Pardubice, Czech Republic (2 factories)		● ●		●		
18	Bratislava, Slovakia						● ●
19	Maribor, Slovenia			●			●
20	Zagreb, Croatia			●			
21	Dilovasi, Turkey			● ●			
22	Johannesburg, South Africa	●	● ●				●
23	New Delhi, India	●	●			● ● ●	
24	Hyderabad, India			●		● ●	
25	Kuala Lumpur, Malaysia	●					● ●
26	Moscow, Russia			●			
27	Melbourne, Australia	●					

Product areas

Fans
Residential ventilation
Air handling units
Air conditioning
Air curtains and heating products
Products for air distribution
Garage and tunnel ventilation
Fire safety



29 Production facilities
 15 Technology centres
 3 Distribution centres
 52 Countries with own sales organisation
 Exports to more than 130 countries



- Countries with production and sales companies
- Countries with sales companies

Decentralised production brings benefits

During the year, we have continued to focus on improving efficiency and sustainability in production and logistics. At the same time, both the pandemic and supply chain disruptions have continued to pose challenges. Our decentralised structure has been a success factor.

Systemair has a decentralised production structure with 29 production sites around the world. This means we can meet the specific needs and comply with the regulatory conditions in each market in the best way. For example, heating and cooling requirements differ from country to country, depending on the climate. Production close to end customers also means shorter transport distances, ensuring reduced environmental impact and enabling faster delivery times.

Continued impact of the pandemic

The pandemic has continued to impact production over the past year. Six factories were forced to close temporarily and elsewhere we have had high sickness absence, which has affected production. Our suppliers, too, have been affected, contributing to delays in deliveries. Various measures and changes in working practices have helped us to maintain good levels of activity and meet customer demand for products.

Focus on production efficiency

Continuous improvements in efficiency and productivity in production are an important tool in the Group's efforts to grow profitability. All facilities operate according to our Systemair Production Model (SPM), which aims at uniform and standardised work procedures. The model is based on Lean principles, where neatness and tidiness, standardised work, day-to-day management and continuous improvement inform all activities. Measurement and monitoring are important tools for this work, as is the sharing of experience and best practice between factories. For example, production of the modular air handling units is standardised across the different factories. This means we can

manufacture products more efficiently and exploit synergies.

Investment in modern and sustainable production

Investments to increase the sustainability of our production facilities have continued. The focus is on not only reduced energy usage and material waste, but also safety and the work environment. The work environment is one of our top priorities. So, for example, we are investing in ergonomics and introducing aids to prevent wear and tear injuries. We continuously monitor and measure injuries, near-accidents and risks to further improve safety in our factories. In addition, we have also maintained a high level of investment to expand capacity, capitalise on new technology and raise the level of automation, to create the conditions for continuous efficiency improvements.

Logistics function under high pressure during the year

Systemair's logistics structure is a key component in enabling us to deliver on our customer promise of high product availability and fast deliveries worldwide. We have 80 local warehouses in markets where we are represented by our own sales company, plus three distribution centres located in Sweden, Germany and Malaysia. During the past year, the logistics organisation has been under high pressure. The global market has been hit by higher transport costs and longer delivery times, for example for electronic components from Asia. Through a sharper focus on planning and control, we have been able to handle the situation satisfactorily. We also have a distinct advantage of having local warehouses in many locations around the world.



“Continuously improving the work environment in production strengthens productivity and our profitability”

**Efficient logistics**

During the year, we have continued our efforts to reduce inventory costs and improve delivery reliability. The establishment of a Logistics Council means that we can work more across the Group on areas for improvement and benefit from best practice. For example, during the year we started measuring the carbon footprint of our transport operations to better monitor the environmental impact attributable to our logistics operations. This work will be further developed in the year ahead, in line with our Group-wide sustainability strategy.

Efficient product development with focus on collaboration

During the year, Systemair has continued to develop the organisation and the Group's product development processes to promote collaboration and knowledge sharing and to make the processes more efficient. The year also saw the launch of the Group's updated project management model – SPMM – which is a common system serving the whole Group.

A successful development process focusing on market needs and shortening the time to market for a new product represent one of Systemair's competitive advantages. Success depends on both high efficiency in work and on ensuring that we set the right priorities. We have established a standard, Group-wide process – from the generation of ideas and development to certification, product preparation and launch – to maximise the benefit from the resources we invest. Development projects for every individual product area are selected and prioritised via our strategic product planning system. Decisions are based on what offers most value to Systemair, based on the criteria of customer need, potential profitability and the prevailing conditions in terms of expertise and resources.

An organisation with cutting-edge expertise

Systemair's product development organisation consists of 250 engineers and technicians with cutting-edge expertise across a range of areas of technology. 24 technology teams in 18 countries perform laboratory tests and measurements during the development process and conduct measurements for technical documentation and certification in accordance with current standards. We are also working more and more on environmental product declarations and life cycle assessments, ensuring a sustainability perspective and providing a basis for decision-making when phasing out products.

New project management model

During the year, we launched our updated project management model – the Systemair Project Management Model (SPMM) – which aims to simplify



the management of internal projects and enables shorter lead times through more efficient ways of working. Common ways of working make more efficient development projects between teams from different countries and factories possible, and enable us to more easily share information between our different projects and at Group level, ensuring we optimise time and resources. All product development

must consider different regulations and specifications of requirements, both at local and international levels, and this is where the renewed management model serves an important purpose. This also applies to the sustainability aspects.

During the year, SPMM was successfully implemented in the ongoing product development work for our air handling units. As a result, products are

“Extensive knowledge of our customers equips us well for conducting a product development programme that is both innovative and relevant to the future”



developed using a common platform that can then be configured in many different ways. This provides efficiency benefits and increased potential for maximising synergies.

Knowledge and insight are vital for the products of the future

Successful product development must meet future needs in the market. This requires understanding of customer

needs, official requirements and the opportunities that are being created via new technology. Systemair’s sales organisation around the world has daily contact with our customers, allowing us in-depth insight into how their needs are changing. We are engaged in certification, standardisation and industry organisations, such as Eurovent, EVIA (European Ventilation Industry Association) and AMCA (Air Movement and

Control Association), and maintain contacts with national and international research institutions and public authorities. Our technology centres continuously monitor technological developments worldwide in their specific area of technology. Along with the company’s strategy for acquisitions, this equips us well for operating a product development programme that is both innovative and relevant to the future.

Modern and well-invested production facilities

Systemair's strategy is to own its production facilities and it currently owns 86 percent of its production facilities. These add up to more than an area of 350,000 square metres and have a total book value of SEK 1.3 billion. The facilities are characterised by efficient, improvement-focused and sustainable production. The following are descriptions of facilities in four countries.

Skinnskatteberg, Sweden

At Skinnskatteberg, we have two production facilities, a distribution centre and headquarters with a total area of 52,000 square metres. Here, fans, air curtains and heating products are produced, as well as air handling units, and the entire value-added chain is accommodated at the location – sheet metal forming, painting, component handing and assembly. The facilities are well-invested and highly advanced in terms of both automation and work environment for employees. The production system is characterised by a development-led environment with highly-skilled personnel. The 30,000-square-metre building in Långviken is heated by heat pumps that draw energy from lake water.



Pardubice, Czech Republic

Through our Czech subsidiary Recutech, Systemair has built an 13,800 square metre manufacturing and warehouse facility. The new factory aims to meet higher demand for Recutech's heat exchangers, in both aluminium and plastic. Production is highly automated with ultramodern machinery. Recutech supplies a large number of manufacturers of air handling units throughout Europe. A proportion of production is exported to other Systemair companies.

Maribor, Slovenia

Maribor has a production plant, distribution centre and offices with a total area of 18,400 square metres. The facility produces smoke extract fans, industrial air curtains and air handling units. The plant has a high degree of automation and a highly developed work environment for employees. Production is certified to ISO 9001:2015 with highly trained personnel committed to ensuring the highest quality standards. During the year, production capacity was expanded by the addition of 13,000 square metres of new space.



Tillsonburg, Canada

Tillsonburg is home to a state-of-the-art production facility. It produces ventilation products for homes and schools, as well as compact units and Geniox units for commercial use. Since November 2019, we have expanded our production capacity by adding a total of 7,900 square meters together with additional modern production equipment. The strength of having a well-invested production business was already evident last year and we have continued to grow this year. Investments have been made in both new production methods and expanded capacity.

Properties, surface area, sqm

North America

Boutouche, Canada (owned)	12,300
Tillsonburg, Canada (owned)	15,000
Kansas City, USA (owned)	16,000

Nordic region

Århus, Denmark (owned)	23,000
Eidsvoll, Norway (owned)	5,800
Hässleholm, Sweden (owned)	10,000
Skinnskatteberg, Sweden (owned)	52,000

Western Europe

Tillières, France (owned)	38,000
Milan, Italy (owned)	19,400
Waalwijk, Netherlands (owned)	10,000
Fuenlabrada, Madrid, Spain (leased)	7,000
Móstoles, Madrid, Spain (leased)	22,000
Langenfeld, Germany (leased)	4,300
Mülheim an der Ruhr, Germany (owned)	17,400
Windischbuch, Germany (owned)	23,600

Eastern Europe & CIS

Ukmerge, Lithuania (owned)	15,000
Bratislava, Slovakia (owned)	14,200
Maribor, Slovenia (owned)	18,400
Pardubice, Czech Republic (leased)	13,500
Pardubice, Czech Republic (owned)	13,800
Dilovasi, Turkey (owned)	28,000
Moscow, Russia (owned)	18,000

Middle East, Asia, Australia and Africa

Hyderabad, India (leased)	3,200
New Delhi, India (owned)	12,000
Kuala Lumpur, Malaysia (owned)	16,000
Melbourne, Australia (leased)	2,200
Johannesburg, South Africa (leased)	7,200

Developing the talent of the future

A strong corporate culture, in-house career opportunities and an organisation that encourages learning and development have been a key success factor for Systemair. The latest in a series of initiatives is the PolarStar leadership programme, launched just before the pandemic.

Systemair focuses continuously on developing the Group's employees and offering good career opportunities for those seeking international experience or wanting to try new tasks. The Systemair Academy offers a range of in-house training courses that are open to everyone, regardless of where they are in the world. At its core, it's about a culture and ambition to constantly clear the pathway for colleagues who want to develop and take the next step in their careers.

"It's a natural part of our leadership to encourage and retain excellence within the company. By offering mentoring and support to those who want to develop, there is always support for people daring to take on new tasks", says Karin Johansson, today Managing Director of Systemair's service company in Sweden.

Karin Johansson herself is a good example of how an interest in business and in how processes and governance can be improved has led to new tasks with more responsibility. She started out in technical support at Frico, a Systemair subsidiary, in 2014, and has moved up every few years since then. In February 2022, she was appointed as Managing Director of Systemair's service business in Sweden.

She was also among those who took the opportunity to sign up to Systemair's new PolarStar leadership programme, which aims to develop talented people and prepare them to take on roles with more responsibility in the future. The programme consists of eight modules and runs for 22 months. In spring 2022, the first class completed the programme.

Participants in the PolarStar programme were selected from a large number of nominated talents and bearers of the strong corporate culture that Systemair cherishes. The ambition is to equip participants for future roles and create a "leadership pool". One explanation for Systemair's successful development lies in its strong corporate culture, which bridges language and knowledge barriers and contributes to strong cohesion. The culture is largely shaped by leadership. At Systemair, it is important to be a good role model as a manager, and to set a good example in every situation.



"The training has been incredibly rewarding, but also challenging. In particular, it is incredibly exciting to get to know and develop your own leadership. PolarStar has given me concrete tools that I can use in my everyday life", says Karin Johansson.

The leadership programme gives participants the opportunity to gain a deeper insight into different parts of the Systemair organisation and to get to know some of the leading people at Systemair. The aim is to increase knowledge of Systemair's products, manufacturing and sales, and of how different departments interact and contribute to the business. Participants were to be given the opportunity to visit most of the Group's production sites, but because of the pandemic, large sections of the programme were conducted remotely.

"The title PolarStar symbolises how we see leadership. As leaders, we should serve as a guiding light for other employees and lead the way. It's not just what decisions we make that matter, but how and in what way we choose to implement them", says Karin Johansson.

"The title PolarStar symbolises how we see leadership. As leaders, we should serve as a guiding light for other employees and lead the way."

Karin Johansson

Our sustainability work

Systemair’s commitment to sustainability encompasses both social and environmental issues. Sustainability is an integral part of the company as a whole and we are proud that many of our energy-efficient products and solutions make a real difference in reducing energy usage in buildings and thus avoiding greenhouse gas emissions.

As well as helping to reduce emissions, our ventilation solutions make an important difference to the indoor climate. Studies show that on average, people spend 90 percent of their time indoors and that we breathe 10–20 cubic metres of air per day. Good indoor air quality is therefore important to our health and well-being.

Understanding of the importance of indoor air to both health and well-being is constantly being reinforced, not least by the Covid-19 pandemic.

Systemair attaches great importance to focusing on environmental and

climate issues in our own operations. For example, this year we have tightened our emissions targets by raising our aspirations and setting a timeframe for our work. By no later than 2030, we will halve our Scopes 1 and 2 greenhouse gas emissions.

As regards ethical and social issues, our work involves taking responsibility both within our own operations and in relation to our customers, suppliers and society at large. Here, we are working in a focused way on a number of priority issues to ensure that we act ethically.

Sustainability throughout the value chain

Our sustainability work begins in product development and continues throughout the value chain, from design and material selection, manufacturing methods and logistics arrangements, to efficient use and maintenance of the product and solution. Finally, we are careful to ensure proper disposal of the end-of-life product. By developing energy- and resource-efficient products and by working unceasingly to improve our own operations, we contribute to a more sustainable future.



10 development goals

Systemair supports the Agenda 2030 and contributes to 10 of the 17 UN Sustainable Development Goals.

Read more about each goal and how Systemair contributes at <https://group.systemair.com/>

42%

of Systemair’s sales are eligible for the EU Taxonomy and environmental objective 1 *Climate Change Mitigation*.



Systemair supports the UN Global Compact

Systemair is committed to actively promoting and respecting the 10 principles of human rights, labour, environment and anti-corruption.



Sustainability framework

Systemair’s sustainability work is constantly evolving. At its core is our sustainability framework, which defines our sustainability strategy for driving development and change. Governance, monitoring and reporting are also important elements. The sustainability framework consists of four focus areas with selected sustainability issues based on our materiality analysis.

Sustainability issues cover all three dimensions of sustainable development: economic, social and environmental. For the purposes of governance and monitoring, each sustainability issue has KPIs and processes in place that are reported directly to the management function responsible.

An important basis for our work on sustainability is our Code of Conduct that sets out Systemair’s position on issues regarding social responsibility, business ethics, environment and health and safety. This is always accessible to all employees. In addition, all employees

must also undergo training on the Code of Conduct every year.

Changes in the world affecting Systemair

In recent years, sustainability requirements for companies have increased. This applies particularly to reporting, where new requirements such as those in the EU Taxonomy are driving change. In the years ahead, increased demands are also expected regarding social issues and the responsibility companies need to take in their value chain. Systemair is closely monitoring developments in

order to meet the new requirements. Systemair is also involved in the dialogue on how the tougher requirements will work and be complied with, including through participation in industry associations. Systemair is continuously striving to raise awareness and disseminate information about the requirements that need to be satisfied to ensure compliance in all parts of the business.



Responsible enterprise

Goal 2025

- Zero incidents of corruption
- 100 percent of our largest suppliers comply with our Code of Conduct for Suppliers

- Systemair ensures that business decisions accord with applicable laws and in all cases are taken in an ethical and responsible way.
- Systemair operates a policy of zero tolerance of bribery and corruption.
- Systemair applies sustainability requirements to suppliers and partners and manages sustainability risks relating to the supply chain.



Sustainable workplace

Goal 2025

- Zero work-related injuries leading to sickness absence
- At least 25 percent female leaders

- Systemair has a vision of zero injuries and works systematically to reduce the number of work-related injuries each year.
- Systemair offers employees the opportunity to advance through competence development, additional training and annual performance reviews.
- Systemair works to create a workplace that is free of harassment, has an inclusive culture and actively promotes equal opportunity and diversity.

Our products and solutions are helping to reduce greenhouse gas emissions

In one year, our products are estimated to help reduce energy usage by 1.9 TWh

This represents a total reduction in annual carbon dioxide emissions of no less than

500,000 tons

Equivalent to the emissions from 280,000 cars

Calculated on the basis of air handling units with energy recovery sold and average CO₂ emissions for electricity generation in the regions where the products were sold; emission factors taken from Carbon Footprint (March 2022). Car emissions based on annual mileage of 15,000 km and 120g CO₂/km.



Sustainable operations

Goal 2030

- 50 percent reduction in emissions intensity in Scopes 1 and 2, with 2019/20 as base year
-
- Systemair strives to reduce its emissions of greenhouse gases from operations.
 - Systemair strives to improve the energy efficiency of its facilities and operations.
 - Systemair cares about the environment and works to minimise the company's impact.



Sustainable products

Goal 2030

- Reduction of 25 TWh in energy usage from buildings, aggregated over a 10-year period
-
- Systemair offers energy-efficient solutions that help to reduce energy needs and lower greenhouse gas emissions from buildings.
 - Systemair contributes to better public health by improving the indoor climate.
 - Systemair strives to reduce the negative environmental impact of its products by using sustainable materials and by designing from a life cycle perspective.



Responsible enterprise

Systemair has a long history of responsible enterprise and assumes its social responsibilities in the places where we work. As a client and major purchaser of products and materials, it is important for us to maintain high business ethics. Over the past year, actions include development of a specific anti-corruption policy.

Our values

Systemair's fundamental values – prioritise, simplify and inspire trust – shape our corporate climate and guide us when making decisions, wherever in the world we work. They guide us in how we, as employees, should behave in our day-to-day work, both towards each other and towards our customers and stakeholders.

Responsible business dealings

At Systemair, we conduct our operations in an ethical and responsible way, based on quality, price, delivery reliability and a high standard of service. Systemair will always comply with the laws of the country concerned and our business decisions will always be made in the best interests of the company. We review and update our Code of Conduct annually. This year, for example, we

defined more clearly the link to the UN Global Compact's ten principles on human rights, labour, the environment and anti-corruption. We have zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal. During the year, a specific anti-corruption policy was developed to define more clearly the different types of corruption. We also created a training programme on the subject, in the form of an online course that is mandatory for all white-collar personnel.

Responsibility to society

Good relationships with external partners are decisive to long-term success, wherever in the world we do business. We strive to understand the communities and the culture where we live and

work and are engaged in local community activities that promote development in the community, benefit local business and support schools and educational organisations.

Supplier responsibility

Systemair uses around 6,200 suppliers and sub-contract suppliers. The majority are European or North American, which means that they are bound by national laws and regulations that ensure acceptable working conditions. Our objective is to engage with selected suppliers with whom we can have a long-term strategic partnership. Systemair's suppliers are assessed and selected on the basis of their capacity to deliver on commercial principles and their capacity to live up to Systemair's ethical guidelines for suppliers.

Examples of community projects supported by Systemair:

- In Poland, Slovenia, Slovakia and Turkey, Systemair supports colleges and universities in promoting engineering courses in ventilation technology.
- At Skinnskatteberg, Systemair supports the local school. The arrangement involves inclusion in the technology/physics curriculum for Year 8. Students have access to Systemair's technology centre and classes are held there. This falls within our commitment to a sustainable society, where we want to contribute to the development of young people.
- In Turkey, we have for several years been supporting TEMA – the Turkish Foundation for Combating Soil Erosion – whose activities include replanting trees and protecting natural habitats. So, for example, employees are actively involved in planting new trees to increase the proportion of forest and help bring about a better climate.
- Systemair in Sweden is supporting the Tekniskprånget project, an initiative in which the private and public sectors, the government and employer organisations are working together to bolster Sweden's future skills provision. The project being managed by the Royal Swedish Academy of Engineering Sciences on behalf of the Swedish National Agency for Education.
- In North America, Italy and Germany, we offer internships enabling students to test their theoretical knowledge in real-life situations. Our support is provided in the form of experience and guidance.
- In Denmark, we are supporting research projects on indoor climates at DTU, the Technical University of Denmark. In North America, we are involved in technology committees to hone requirements and regulations in the industry.

“Systemair is committed to and contributes to research on indoor climate and its importance to human health”

New suppliers are required to complete a self-assessment form before they qualify to work with Systemair. The form includes questions, for example, on financial strength, working conditions, health and safety, the environment and ethics. All new suppliers must confirm that they do not tolerate child labour in their business and do not accept products from suppliers who use child labour directly or indirectly via their sub-contract suppliers. The self-assessment form is updated on an ongoing basis in

response to new requirements and recommendations.

Systemair also conducts on-site audits of suppliers, above all at the start of a new collaboration, at suppliers of health and safety critical equipment and at suppliers where we identify a need to improve their service. During the year, the company assessed and began to set in place systems to focus even more on supplier control and follow-up.

We are involved and have an influence

As a leading actor in the ventilation industry, we embrace our responsibilities and are involved in driving important issues through multiple channels. We are engaged and well positioned in industry associations around the world. We are also involved at national level in several countries and contribute to progress. One example of this is in Norway, where we are actively helping to shape the new sustainability regulations for the ventilation industry.

201-1: Economic value generated and distributed (SEK m.)

	2021/22	2020/21
Direct economic value generated		
Revenues	9,868	8,715
Economic value distributed		
Operating costs	6,876	6,004
Employee wages and benefits	2,094	1,934
Payments to providers of capital	156	214
Tax	197	153
Economic value retained	544	411

The table shows the economic value generated and distributed to the company's stakeholders.

205-3: Incidents of corruption

	2021/22	2020/21
Number of incidents of corruption	0	0
Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0
Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0

308-1, 414-1: Proportion of new suppliers audited (%)

	2021/22	2020/21
Environmental criteria	93	87
Social criteria	93	87

206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices

	2021/22	2020/21
Number of cases	0	0

No legal actions, decisions or court rulings took place during the year.

307-1: Non-compliance with environmental laws and regulations

	2021/22	2020/21
Number of cases	0	0

No incidents of non-compliance occurred during the year.

419-1: Non-compliance with laws and regulations in the social/economic area

	2021/22	2020/21
Total monetary value of fines (SEK)	0	156,000 ¹⁾
Non-monetary sanctions	0	0
Number of cases settled via dispute resolution	0	0

¹⁾ A production plant was fined for not having a permit for heavy industrial activities. During the year, operations were relocated to a new factory.



Sustainable workplace

To assure Systemair's long-term success, it is vital to be able to attract, develop and retain competent employees. We are constantly striving to be an attractive employer. Safety is the top priority in our workplaces, and we actively promote the importance of diversity, equal opportunity and an inclusive culture.

Healthy and safe work environment

Good working conditions and safe workplaces are important. No-one should need to go to the workplace and worry about their health, either physical or mental. Our aim is to prevent accidents and minimise sickness absence. Violence, threats, harassment, bullying and similar abuses of employees will not be tolerated. Systemair's employees themselves decide whether to join a labour

union in accordance with the legislation in the country where they work.

Employee development

The ability to attract, develop and retain competent employees plays a vital role in assuring Systemair's long-term success. Competence development is a focus area in terms of constantly improving our business and our products, developing our employees' com-

petence for their dealings with customers and retaining our lead over competitors. Via the broad scope of the Systemair Academy programme, we have made it easier for employees to acquire new knowledge wherever they work in the organisation. There are good career opportunities for employees wishing for international experience and responsibilities in the Group going forward.

Sustainability in day-to-day life – training to help rise to new levels

Obviously all employees will say that we should work on sustainability, but sometimes it is more difficult to do it in day-to-day life when everything is taking place as usual. Against that background, two training courses for managers and leaders in Systemair Sverige AB were held in the spring. A quality training course was held in February and an environmental, health and safety training course was held in late April.

The courses were held by Maria Granath, new Quality and Sustainability Manager at Systemair Sverige AB since November 2021. "It should be easy to do the right thing and for that you need know how. It's easy for me, dealing with these issues on a daily basis, to see what we need to do

and how we should move forward, but everyone needs to be on the same journey. It is a journey of change towards an improved safety culture with the focus on quality", says Maria.

The April course introduced the concept of "Safety First, Quality Always". To achieve our vision of zero injuries at work, we need to make this a priority all the way. This applies to everyone, from assemblers and forklift drivers to managers, support functions and leadership. To succeed, we need a good introduction process for new employees, clear and correct instructions and a culture where we dare to question old truths.

Sustainability can take many forms. Getting waste sorting right needs measures that make it possible to get it right in an uncomplicated way. For example, in terms of where containers and signs are located. That way, we reduce the carbon footprint we leave via combustible waste. Sustainability is also about minimising accidents and working actively and preventively in our systematic work environment management. For example, in the form of safety inspections, risk analyses and investigation into root causes when something happens. "The most important thing is that we help each other and work together. No-one can do everything, but together we can do a lot", says Maria.



Maria Granath
Quality and Sustainability Manager
Systemair Sverige AB

“We believe in the research that says diversity and equality help create a more successful organisation”



Systemair aims to increase the number of women in management positions

We have set a target of having at least 25 percent women in leadership positions by 2025. As part of this endeavour, we held a workshop to which all our companies were invited, to raise awareness of the power of increasing gender equality in leadership positions. Numerous reports show that diversity in general, along with a more equal representation of employees, leads to more successful and prosperous companies. Increasing the proportion of women requires a long-term effort, and the workshop looked at key factors, including recruitment, general conditions and culture, in attracting, retaining and promoting the right people. To underpin this work going forward, we are participating in the UN Global Compact's Target Gender Equality Accelerator initiative.

At Systemair, during the year we started to identify the values that employees rate as particularly important for today and the future. This work will further consolidate the foundations for helping to ensure an attractive and prosperous business. Our objective is that all employees should have one performance review per year. In all cases, the immediate manager and the employee are together responsible for ensuring that competence development is aligned with the company's direction of travel and vision.

Diversity and equal opportunity

Research and experience show that diversity and equal opportunity play a part in making companies more successful. They also create a more dynamic and stimulating work environment. During recruitment, we actively try to promote greater diversity and equal opportunity. At Systemair, we want everyone to feel welcome, whatever their background. What counts is

knowledge, experience and qualities, and no discrimination on the basis of sexual orientation, gender, age, ethnicity or religion is allowed. All employees will be treated with respect, and no employee will be subject to bullying or abusive treatment.

Systemair strives to ensure that the same opportunities for development are open to all, irrespective of gender or ethnic origin. We are a global company, where diversity is an asset in our business dealings and projects around the world.

A modern, safe work environment

An attractive workplace is both secure and safe. To prevent risks in the work environment, knowledge is essential. By sharing knowledge about accidents, near-accidents and risks that have occurred, we can prevent new accidents happening at other workplaces. Against that background, Systemair uses TiA, a web-based information system for reporting and analysing near-accidents

and occupational injuries. The system is based on a flow concept encompassing the entire process, from reporting of incidents, via investigation with risk assessment and analysis of cause, to remedial action and follow-up. Managers, safety representatives etc. receive, via e-mail, information on incidents that have occurred. Events relating to environmental, quality and safety issues are also supported, as are suggested improvements. The system also includes planned work environment measures. It is also possible for those involved to compose their own, individual checklists that are linked to various risk management categories, such as risk analysis and safety inspections.

Systemair constantly reviews how the system is used in all its factories and ensures that the necessary knowledge is provided. Introduction of the system and digitalisation of work on safety is playing a part in ensuring world-class production.

102-8: Information on employees

Number of employees, by gender and type of employment	Men		Women		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Permanent employment (indefinite-term, part-time and probationary employment)	4,629	4,428	1,553	1,387	6,182	5,815
Fixed-term employment	410	246	55	33	465	279
Total	5,039	4,674	1,608	1,420	6,647	6,094
<i>Hired personnel</i>	367	220	122	39	489	263

Number of employees, by region and type of employment	Nordic region		Western Europe		Eastern Europe & CIS		North & South America		Rest of World	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Permanent employment (indefinite-term, part-time and probationary employment)	1,038	981	2,290	2,102	1,487	1,426	528	528	839	778
Fixed-term employment	50	27	77	75	29	11	4	14	305	152
Total	1,088	1,008	2,367	2,177	1,516	1,437	532	542	1,144	930
<i>Hired personnel</i>	71	18	222	108	85	46	4	0	107	91

Number of employees, by gender and type of employment	Men		Women		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Number of employees (full-time)	4,524	4,358	1,403	1,275	5,927	5,633
Number of employees (part-time)	105	70	150	112	255	182
Total	4,629	4,428	1,553	1,387	6,182	5,815

102-41: Proportion of employees with collective bargaining agreements (%)

	2021/22	2020/21
Proportion of employees covered by collective bargaining agreements (%)	45	43

401-1: Personnel mobility

New employee hires and personnel turnover by gender	Men		Women		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Number of new employees	868	673	385	332	1,253	1,005
Employment turnover ¹⁾	12.2%	10.6%	5.4%	5.2%	18%	15.8%
Number of employees leaving the organisation	740	595	282	191	1,022	786
Personnel turnover ²⁾	10.4%	9.4%	4.0%	3.0%	14.3%	12.4%

¹⁾ Number of new employees/number of employees

²⁾ Number of employees leaving the organisation/number of employee

New employee hires and personnel turnover by age group	< 30		30-50 years		> 50	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Number of new employees	539	422	595	467	119	116
Employment turnover ¹⁾	7.6%	6.6%	8.3%	7.3%	1.7%	1.8%
Number of employees leaving the organisation	327	262	520	379	175	145
Personnel turnover ²⁾	4.6%	4.1%	7.3%	6.0%	2.5%	2.3%

¹⁾ Number of new employees/number of employees

²⁾ Number of employees leaving the organisation/number of employee

New employee hires and personnel turnover by region	Nordic region		Western Europe		Eastern Europe & CIS		North & South America		Rest of World	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Number of new employees	165	106	313	314	346	229	143	226	286	130
Employment turnover ¹⁾	2.3%	1.7%	4.4%	4.9%	4.8%	3.6%	2.0%	3.6%	4.0%	2.0%
Number of employees leaving the organisation	114	116	225	223	306	218	139	84	238	145
Personnel turnover ²⁾	1.6%	1.8%	3.2%	3.5%	4.3%	3.4%	1.9%	1.3%	3.3%	2.3%

¹⁾ Number of new employees/number of employees

²⁾ Number of employees leaving the organisation/number of employee

403-9, 403-10: Work-related injuries and ill health

Work-related injuries and cases of ill health refer to those that result in death, or absence from work of at least 1 day. The total also includes significant injuries diagnosed by a doctor, even if not resulting in absence from work.

Employees	2021/22		2020/21	
	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)
Total number of cases of work-related injuries	197	17	251	24
Total number of hours worked	11,424,000		10,495,273	
Total number of deaths from work-related ill health	0		1 ¹⁾	
Total number of cases of work-related ill-health	8		95	

¹⁾ Fatalities due to Covid-19, suspected to have resulted from infection in the workplace. Measures to further reduce the risk of infection were immediately taken at the workplace concerned.

Non-employees	2021/22		2020/21	
	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)
Total number of work-related injuries	7	24	2	31
Total number of hours worked	294,000		63,600	

It is important for Systemair to reduce work-related injuries, especially those that lead to sickness absence. We are working systematically on health and safety and will take extra measures during the year as we are not satisfied with the level of injuries.

LTIFR = Lost time injury frequency rate. Normalisation factor: 1,000,000 hours. This is a change from the 2020/21 factor of 200,000 hours.

404-1: Average hours of training per year per employee

	2021/22		2020/21	
	All employees	Of whom, women	All employees	Of whom, women
Total number of hours	53,369	14,659	29,615	6,662
Number of employees	6,647	1,608	6,094	1,420
Average number of hours	8.0	9.1	4.9	4.7

Sylvie LeBlanc is the Production Manager at Systemair's facility in Bouctouche, Canada. She has been deeply involved in their work on safety in recent years:

"When we started focusing more on safety 5 years ago, we had a high number of work-related injuries. We realised that a holistic and systematic approach was needed to improve. We invested in educating ourselves on how a healthy safety culture should work and we implemented a system to work more proactively and systematically. Education and awareness of what constitutes a healthy safety culture should not be underestimated. Important aspects of safety culture are communication, behaviour, not getting stuck on the negative and working with positive reinforcement instead. Some employees were given a specific role as safety contact and received additional training in communication and feedback techniques.

An important outcome from improved safety management was the introduction of gloves for some production

404-3: Percentage of employees receiving regular performance and career development reviews

	2021/22	2020/21
Women	51%	41%
Men	52%	45%
All employees	52%	43%

The table shows the proportion of employees receiving at least one structured performance review.

405-1: Diversity of governance bodies and employees

	2021/22		2020/21	
	Number	Percentage of women	Number	Percentage of women
Board of Directors				
30-50 years	1	0%		
Over 50 years	7	29%	7	29%
Group Management				
30-50 years	2	0%		
Over 50 years	4	0%	7	29%
Group Operational Management¹⁾				
30-50 years	7	29%		
Over 50 years	7	43%		
All employees				
Under 30 years	1,239	21%	1,074	22%
30-50 years	3,389	25%	3,287	24%
Over 50 years	2,019	25%	1,733	23%

¹⁾ New structure for 2021/22 consisting of managers reporting directly to Group Management.

406-1: Incidents of discrimination

	2021/22	2020/21
Number of cases of discrimination	1	2

During the year, one case of discrimination occurred. The case has been dealt with and settled.

stages. This reduced the number of cuts by 30 percent, especially more serious ones. In recent years, we have also looked at ergonomics and invested in solutions to reduce the strain on employees who handle heavy lifting. Good ergonomics is important in preventing, for example, long-term injuries and physical fatigue. To us, it's more important that the work is done correctly than quickly.

I'm proud of our safety journey so far. Some work remains to be done and will need continuous attention from management in order to preserve our safety culture and reduce injuries."



Sylvie LeBlanc
Production Manager
Systemair Canada (Bouctouche)



Sustainable operations

Sustainability work is integrated into our daily operations. We focus on continuous improvement to constantly challenge ourselves and become even better. Our aims include owning our production facilities, as, by doing so, we become better able, long term, to control both work environment and environmental performance.

Step by step, we are reducing our own consumption of energy, water and materials, for example by high-efficiency ventilation and air conditioning via our own products, by investing in efficient production equipment and by investing in manufacturing technology to reduce the use of materials. In total, one third of our sites are certified under the ISO 14001 environmental management system, and our ambition is to continue to improve on this where we see the greatest benefit.

Systemair's ultra-modern factory in Turkey is LEED Gold certified. LEED is the most widely-used classification system globally for green buildings. The factory has been planned and built to minimise environmental impact throughout the production chain. Examples of technical solutions used include high-efficiency air conditioning based on Systemair's own products; collection and use of water and rainwater; and energy-efficient production equipment.

For investments in machinery, energy efficiency is an obvious criterion, as are inspections of the premises in which we operate. Energy consumption in our fac-

tories is monitored monthly and is subject to internal and external benchmarking with a view to identifying effective solutions for achieving our goals.

Logistics and transport

Transporting components and products along the supply chain contributes to emissions. We are actively working to reduce these emissions by optimising transport flows and choices of transport mode. An analytical tool is being phased in to monitor, analyse and report our emissions. The aim is to make our supply chain visible and to focus systematically on improvements.

Data are compiled on incoming and outgoing transport movements procured by Systemair, from suppliers to production units and warehouses, and out to our customers. This work is an important part of the continuous process of mapping Scope 3 emissions. In the first calendar quarter of 2022, emissions from the companies for which measurement is possible are estimated at around 1,500 tons of CO₂ from transport operations. These companies account for approximately 40 percent of Systemair's total sales.

Analysis of these data also better enables the company to reduce emissions via choices of more eco-friendly transport modes, such as switching from road and air to rail. For the procurement of transport services, we have developed a standard contract document that includes environmental aspects, to ensure that our partners are working towards the same goals. Over the past year, Systemair formulated a specific sustainable transport policy to clearly define key social and environmental issues to aid the procurement of transport operations.

Travel and working practices

Our policy is to meet above all online and only travel when we really need to. Because Systemair is a global enterprise, business travel by road, rail and air is necessary. Many journeys are unavoidable, given that we need to meet our customers and other stakeholders. Our focus on virtual meetings, such as video conferences, has helped us reduce the need for travel and therefore also our carbon dioxide footprint. In addition, use of this technology has made us more time-efficient.

Tighter emission targets for our own operations by 2030

"We have always been committed to reducing our greenhouse gas emissions. As a natural next step, we have set clearer and time-limited targets for our emissions. The target is to reduce Scope 1 and 2 emissions by 50 percent by 2030, relative to a base of the 2019/2020 financial year. Although our total Scopes 1 and 2 emissions are relatively low compared to Scope 3, and many of our products make a much bigger difference by avoiding emissions, we want to take responsibility and set a high ambition to reduce emissions from our own operations. This is an important step for us and going forward we will continue to map our

Scope 3 emissions in order to set a target for climate neutrality. To further drive this work, we are also participating in the UN Global Compact's Climate Ambition Accelerator initiative."



Lee Morgan
Global Sustainability Manager

302-1: Energy consumption (MWh)/ 302-4: Reduction in energy consumption

	2021/22	2020/21
Natural gas	22,430	23,075
Heating oil	617	583
LPG	1,108	762
Vehicle fuels	16,658	15,990
Other	124	124
Electricity	36,798	34,821
District heating	5,205	5,019
Total	82,940	80,374

Total energy consumption increased slightly during the year. Mainly due to increased production capacity. Figures for 2020/21 have been adjusted. This is mainly due to vehicle fuels that were not reported on previously.

303-3: Water withdrawal (m³)

	2021/22
Municipal water	56,333

New reporting from 2021/22 onwards.

305-1&2: Direct (Scope 1) GHG emissions Indirect (Scope 2) GHG emissions

	2021/22		2020/21	
	Emissions (tons CO ₂ e)	Proportion of scope (%)	Emissions (tons CO ₂ e)	Proportion of scope (%)
Scope 1				
Natural gas	4,531	51	4,661	53
Heating oil	165	2	156	2
LPG	252	3	173	2
Vehicle fuels	3,915	44	3,758	43
Other	49	1	50	1
Total, Scope 1	8,911		8,797	
Scope 2				
Electricity	6,925	94	7,471	95
District heating	452	6	432	5
Total, Scope 2	7,376		7,904	
Total, Scopes 1 and 2	16,287		16,701	

Figures for 2020/21 have been adjusted. This is mainly due to vehicle fuels that were not reported on previously.

	2021/22		2020/21	
	Emissions (tons CO ₂ e)	Proportion of total scopes (%)	Emissions (tons CO ₂ e)	Proportion of total scopes (%)
Scope 1	8,911	55	8,797	53
Scope 2	7,376	45	7,904	47
Total	16,287		16,701	

For Scopes 1 and 2, the target is to halve emissions by 2030. The target is based on emissions intensity – total emissions divided by cost of goods sold (COGS). Since the base year 2019/20, emissions have decreased by 17%. Systemair is working to identify Scope 3 emissions.

Emissions intensity	2021/22	2020/21	2019/20
Total emissions/COGS ¹⁾ (tons CO ₂ e/SEK m.)	2.6	3.0	3.1
Difference relative to base year (%)	-17	-4	0

¹⁾ Cost of goods sold

Worrada Nookuea, an intern at Systemair Sverige AB through the Jobbsprånget internship programme, is conducting a risk assessment on chemicals. In total, she has gone through about 120 chemicals:

"It's important to keep track of the chemicals used in a business. I'm here on a temporary assignment to help in this work at Systemair's production facility in Skinnskatteberg. In my work, I follow a structured process to assess the risks of the chemicals available. This involves taking an inventory of each department using a tool called iChemistry. The chemicals are categorised by similarity of function and are assessed according to three parameters: health, safety and the environment. The work brings together the hazard information from the suppliers' safety data sheets with practical experience and knowledge of how they are actually used. It is important to understand exactly how they are actually used, in terms of exposure, frequency and what safety equipment is used. On that basis, it has therefore been important in my work to interview and engage in dialogue with each department.

I have held meetings with all department managers to review all chemicals used, in terms of how often, how

much, quantity in stock and usage. My conclusion to date is that the level of safety is high, although there is of course room for improvement. We have followed a clear process which offers clear improvement activities, for example in terms of handling equipment and procedures. The availability of good ventilation and appropriate protective equipment are often important factors in assessing the risk and exposure of the user. In all, we estimate that it will take three months to complete the assessment, after which the work on improvement will begin."

Worrada Nookuea
(PhD Energy and Environmental Engineering)
Internship through Jobbsprånget programme
Systemair Sverige AB





Sustainable products

We're proud that our energy-efficient solutions help to avoid carbon emissions from the world's building stock and thereby limit climate change. Our solutions also contribute to better public health by providing a good indoor climate. Systemair also strives to reduce the burden on the environment from our products.

Healthy indoor climate

With our extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in all environments. Filtered air in the home is important in helping us to feel well. Clean air and a pleasant temperature at the office and in schools make us feel and perform better. On industrial premises, large areas need to be ventilated and heated or cooled. Our air handling units extract impure air and ensure that work areas and production processes are correctly temperature-controlled. In multi-storey car parks, good ventilation is a safety issue. Our system of fire gas fans meets strict requirements for car-

bon dioxide control and evacuation of dangerous smoke gases in the event of fire.

Energy-efficient products

During the year, Systemair invested in the development of new generations of products that help to create a better indoor climate with higher energy efficiency. For example, we stepped up the pace of development in regulator and control systems that help create an indoor climate that dynamically adapts to demand. Several of our products feature highly efficient energy recovery, which helps to reduce the overall energy usage of the building.

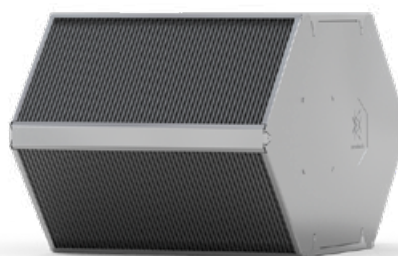
New requirements place an increasingly close focus on the energy usage in ventilation products. Against that background, energy efficiency remains a crucial focal point in Systemair's product development. We are constantly seeking new solutions to reduce energy usage by components and products, and are adapting our products to the rules in force in each market. Demand controlled ventilation, heating and cooling make it possible to achieve a healthy indoor climate in an energy-efficient way. Systemair's products are simple to install and connect into larger systems, helping to deliver high efficiency in large and small facilities.

Market-leading heat exchangers that are VDI 6022 certified

Recutech is a Systemair company, based in Pardubice, Czech Republic. It specialises in counterflow heat exchangers.

Efficient heat exchangers play an important role in reducing energy usage in buildings and thus greenhouse gas emissions, as they reduce the energy needed to either heat or cool the intake air. Recutech is market leader in several types of counterflow heat exchangers. They are mainly used in air handling units to perform the important task of energy recovery. The most efficient heat exchangers can recover up to 92 percent of the energy! Recutech recently opened up its new expanded production facilities following an investment to increase production capacity in this important area.

In Germany, above all, the VDI 6022 hygiene standard is required in ventilation systems for modern infrastructures such as offices and restaurants. This is important because inadequate hygiene in ventilation solutions creates ideal breeding grounds for microorganisms that can cause mucous membrane irritation, headaches, concentration difficulties, asthma, allergies and even infections. As of 2022, all Recutech heat exchangers are VDI 6022 certified.



“We’re proud that our products and solutions make an important difference to both the climate and people’s health and well-being”

Resource efficiency and reduced carbon footprint

Systemair strives to design products from a life cycle perspective and we closely monitor the evolution of the various requirements and recommendations that are emerging in the field of sustainable products. A life cycle approach means taking into account the whole life of the product through its value chain, including consideration of environmental and climate aspects. For example, simplifying maintenance of the product to enable a longer service life. Key in driving our product development are the expectations of the market, as well as the need to satisfy the requirements of directives and regulations. We are strongly committed to eco-design, including an emphasis on developing competence in issues such

as circularity and future requirements regarding a product’s environmental and climate footprint from a life cycle perspective.

During the year, we developed Life Cycle Assessment (LCA) methodologies for our products. For example, our business in Turkey carried out an important project with Istanbul University of Technology to calculate the carbon footprint of products. Using established software, LCAs can now be created for our data centre cooling systems. As a result of the project, a pilot project was also carried out to calculate the LCA of our Lithuania-manufactured residential units.

Another factor affecting the carbon footprint of a product is waste from production. We have invested in coil equipment in several of our factories, where

we have switched from flat sheet to sheet on coils, cutting material consumption by an average of 12 percent. In addition to reducing waste, we sort and recover waste in production.

Systemair has an ambitious strategy for reducing the climate impact of its products in air conditioning, both by using refrigerants with lower climate impact and by designing products to contain lower volumes of refrigerants than before. Certain refrigerants are significant factors in global warming. These refrigerants have a high GWP (global warming potential). The aim is to be able to provide refrigerants with the lowest possible GWP, based on what the market is ready for. The ambition is to reduce the carbon footprint by more than 75 percent in the years ahead.

An important step forward in circularity

Dick Dibbits is CEO of Systemair in the Netherlands and has joined up with a local initiative to contribute to higher circularity.

“Urban mining is an important area if the world is to achieve a sustainable transition and to reduce the need for virgin raw materials. Urban mining is about extracting metals and components from, for example, buildings and infrastructure. Raw material and component shortages have never been more relevant than now, and it’s great that solutions exist that both reduce the need for virgin materials and reduce our emissions.

This year, we’ve signed a cooperation agreement with a partner that specialises in the disposal of end-of-life products. Under the agreement, the materials used in our products will be better disposed of, increasing the proportion of materials that are reused and recycled and contributing to a higher degree of circularity. This is an important step in

one of our focus areas, Product Refurbishment & Upgrading, where we are looking at circularity from several angles in order to help drive a more sustainable transition. In the process, product development is involved in a number of ways since a major share of the conditions for high circularity are created in the design of the product. This is part of our contribution to achieving a fully circular economy, which the Dutch government has set as a goal to be achieved by no later than 2050.”



Dick Dibbits
CEO
Systemair Netherlands

Share and shareholders

The Systemair share

Since 12 October 2007, Systemair shares have been quoted (ticker code: SYSR) on the Nasdaq OMX Nordic Exchange in Stockholm. As of 3 January 2022, Systemair was moved from the Mid-Cap list to the Large Cap segment. This was because the average market capitalisation for Systemair in November 2021 exceeded EUR 1 billion. The initial offer price in 2007 was SEK 78 per share, indicating a market capitalisation of approximately SEK 4.1 billion. The market capitalisation on 30 April 2022 was approximately SEK 13.0 billion (13.2).

Share capital and voting rights

On 7 September 2021, Systemair effected a 4-for-1 share split. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares. At the financial year-end, the share capital was SEK 52.0 million. The quotient value is SEK 0.25 per share. The shares have the same voting rights. Comparative figures for the previous financial year have been restated.

Changes in share price

At the end of the 2021/22 financial year, the share price was SEK 62.40, a fall of 1.7 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index fell by 5.8 percent. The number of Systemair shares

traded on the NASDAQ OMX Nordic Exchange Stockholm totalled 14,750,312 (15,388,069), representing a turnover rate of 7.1 percent (7.4) in the financial year.

AGM's authorisation

In 2021, the AGM resolved to authorise the Board, on one or more occasions during the period until the next AGM, with or without deviation from the preferential rights of the shareholders, to decide to increase the company's share capital by issuing new shares. On the basis of that authorisation, the company may issue new shares equal to no more than ten percent of the number of shares in the company in issue at the time of the 2021 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.

Shareholders

The two largest shareholders, Färna Invest AB, with a holding of 42.8 percent, and ebm-papst AB, with 10.7 percent, did not change their holdings during the financial year. Other major shareholders are Swedbank Robur Fonder with 9.8 percent (10.2), Alecta Pensionsförsäkring, Ömsesidig with 4.7 percent (4.0) and Didner & Gerge Fonder Aktiebolag with 4.7 percent (4.9). The number of shareholders at the end of the accounting period, 30 April 2022, was 5,487 (4,639).

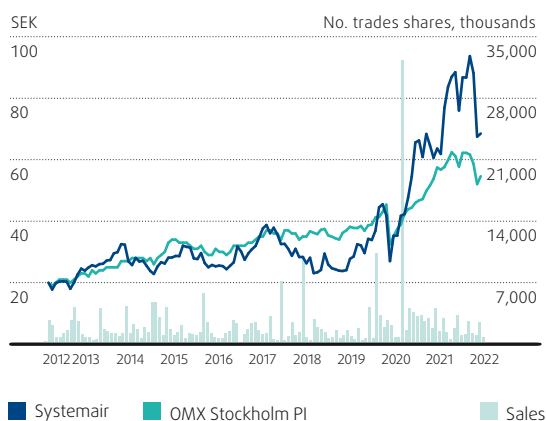
Warrants

On 26 August 2021, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2021 incentive programme. During the financial year, Systemair AB issued a total of 600,000 warrants for Systemair shares, to 44 individuals in senior positions within the company. Transfer of the warrants to the participants will take place at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). Each warrant entitles the holder to subscribe for one share in the company at a price of SEK 98.20. The programme runs for four years from 23 September 2021 and the last day for subscription is 30 September 2025.

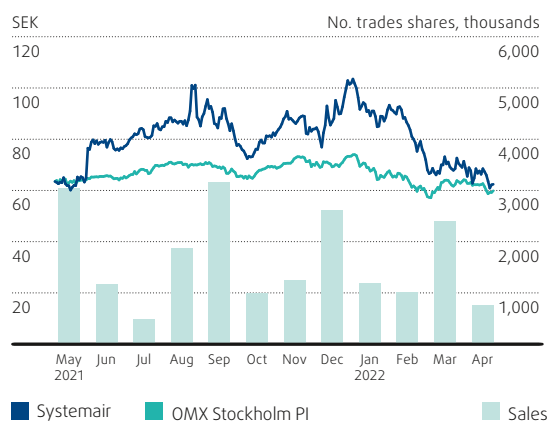
Dividend policy and dividend

The Board proposes that the Annual General Meeting, to be held on 25 August 2022, approve a dividend of SEK 0.90 (0.75). As a result, dividend payments will amount to SEK 187.2 million (156.0). The remaining unappropriated amount is to be carried forward. The proposed dividend represents 34 percent (38) of the Group's net profit, which is slightly below Systemair's financial target of paying out 40 percent of net profit. The number of shares with dividend entitlement is 208,000,000. During the financial year, a 4-for-1 share split

Trend of share price, 10-year overview



Trend of share price, 12-month overview



Shareholder categories



- Financial companies **32.52%**
- Social insurance funds **0.75%**
- Public sector **0.03%**
- Stakeholder organisations **0.11%**
- Other Swedish legal persons **53.82%**
- Non-categorised legal persons **0.01%**
- Foreign-domiciled shareholders **10.60%**
- Swedish natural persons **2.16%**

was effected. The figures for the preceding year, provided for comparison, have been adjusted.

Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is crucial for stimulating interest in the Systemair share and to give both current and new shareholders ample opportunity to value the Group as fairly as possible. Press releases are distributed without delay as soon as an event of material importance to the business occurs. These have also been archived on the company's website since the IPO in 2007. Interim reports are also published in the form of press releases and have been archived on the website since 2007. Year-end accounts are published on the website and have been archived there since 2005. Financial data has also been published on the website since 2007. Similarly, share data has been available there since the IPO in 2007.

Analysts

The analysts who have regularly followed Systemair's progress during the financial year are as follows:

Handelsbanken Capital Markets

Anna L. Widström, +46 (0)8-701 13 01

Nordea Markets

Carl Ragnerstam, +46 (0)10-156 28 17

DNB Banks ASA

Douglas Lindahl, +46 (0)8-597 91 202

Redeye

Henrik Alveskog, +46 (0)8-545 013 45

Erik Penser Bank

Hjalmar Jernström +46 (0)8-463 80 95

Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value, SEK thousand
1-500	3,787	552,702	0.27	34,489
501-1,000	611	474,356	0.23	29,600
1,001-5,000	778	1,742,001	0.84	108,701
5,001-20,000	179	1,703,390	0.82	106,292
20,001-	132	203,527,551	97.85	12,700,119
Total	5,487	208,000,000	100.00	12,979,200

10 biggest shareholders

	Proportion, %	No. of shares
Färna Invest AB ¹⁾	42.82	89,056,648
ebm-papst AB	10.69	22,239,080
Swedbank Robur Fonder	9.76	20,310,385
Alecta Pensionsförsäkring, Ömsesidig	5.46	11,366,000
Didner & Gerge Fonder Aktieföretag	4.68	9,730,821
Nordea Investment Funds	4.53	9,422,270
Lannebo Fonder	3.79	7,880,647
JP Morgan Bank Luxembourg S.A.	2.96	6,159,215
Handelsbanken Fonder	2.01	4,187,274
SEB Investment Management	1.60	3,321,120
	88.30	183,673,460
Others	11.70	24,326,540
TOTAL	100	208,000,000

Shareholders grouped according to Euroclear.

¹⁾ Board Chairman Gerald Engström's wholly owned private company

Source: Shareholders' register at Euroclear AB, 29 April 2022.

Share data

	2021/22	2020/21 ¹⁾	2019/20 ¹⁾	2018/19 ¹⁾	2017/18 ¹⁾
No. of shares at 30/4	208,000,000	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share, SEK	2.61	1.95	1.84	1.55	1.11
Cash flow per share, SEK	1.13	4.78	4.06	1.86	1.08
Equity per share, SEK	18.34	15.89	14.83	13.65	12.60
Share price, end of accounting period	62.40	63.50	34.55	28.75	28.95
High during the year, SEK	105.50	73.63	47.50	30.20	39.63
Low during the year, SEK	59.63	31.95	25.13	21.03	24.80
Dividend per share, proposed, SEK	0.90 ²⁾	0.75	-	0.50	0.50
After tax P/E ratio	23.91	32.52	18.83	18.61	26.14
Direct yield, %	1.44	1.18	-	1.74	1.73
Payout ratio, %	34.48	38.41	-	32.36	45.15
Trading volume	14,750,312	15,388,069	7,331,989	3,771,714	7,304,636
Turnover rate, %	7.09	7.40	3.52	1.81	3.51

¹⁾ On 7 September 2021, Systemair effected a 4-for-1 share split. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares. The figures for earlier periods provided for comparison have been adjusted.

²⁾ The Board of Directors proposes a dividend of SEK 0.90 (0.75) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 25 August 2022.

Share capital

Year	Event	Quotient value	Increase in share capital	Total shares	Total no. of shares
1993/94	Bonus issue, Series A shares	100	7,000,000	10,000,000	100,000
1994/95	New issue, Series A shares	100	14,000,000	24,000,000	240,000
1995/96	Bonus issue, Series A shares	100	26,000,000	50,000,000	500,000
2005/06	New issue, Series B shares	100	2,000,000	52,000,000	520,000
2006/07	100-for-1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000
2021/22	4-for-1 split	0.25	-	52,000,000	208,000,000

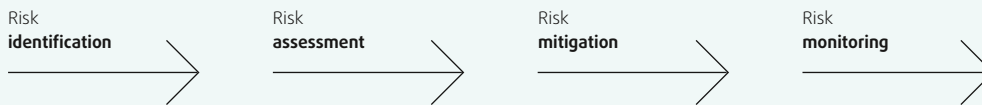
Risk management

Systemair’s business involves risks that to a varying extent may adversely affect the Group. These risks may in the short and the long term affect the company’s ability to attain set goals according to the company’s business plan. Systemair operates a risk management process that involves key functions in the business to ensure that risks are managed appropriately.

During the year, Systemair developed its risk management process to work more systematically and continuously on management of risks. The updated process follows an established approach where risks are first identified and then assessed. The assessment is based on probability and potential impact to judge the level of risk for the Group. Depending on the level of risk, the risk management process is conducted to mitigate and monitor the risk.

The risks below are selected based mainly on assessments revealing medium and high level risks; they do not reflect Systemair’s overall risk situation. The level of risk is assessed over a 12-month horizon. More information on our risks and risk management is provided in Note 2, on pages 73–74. Systemair is preparing for future disclosure of climate-related risks and opportunities under the Taskforce on Climate-related Financial Disclosure (TCFD).

Risk process



Risk category/Risk	Description	Risk level	Risk control measures
Strategic and market risks			
Market and macroeconomic trends	The risk of negative macroeconomic developments and deterioration in the general economy. For example, contraction in new building due to higher interest rates, performance of stock market, effects of the pandemic, political decisions and the like.	●	Continued investments in products for the renovation market, which is expected to grow in importance as a result of energy conservation programmes. Consequences of the pandemic are subject to continuous monitoring and processes for price adjustments are implemented.
Trade policy and geopolitics	The risk of negative trade policy decisions, customs duties and sanctions. Systemair operates in a global market where geopolitical risks can adversely affect its business.	●	Over the past year, Systemair established processes to evaluate and effectively manage geopolitical developments. In the longer term, Systemair takes an active role in most industry organisations in the areas where the company is established, in order to obtain information early and influence decisions.
Competition	The risk of lower sales and margins due to increased price competition from manufacturers in low-cost countries moving closer to Systemair’s main market.	●	Systemair’s sales and product strategy is based on an upper-middle market position, where products, solutions and local market support add value to the overall customer process. Products and solutions are constantly evolving to create value where it makes a difference.
Sustainability	The risk that Systemair’s sustainability performance does not meet external expectations for set targets, or current and future expectations and legal requirements.	●	Systemair’s sustainability strategy has been developed with stakeholder priorities in mind. In addition, priorities are kept updated through ongoing dialogue. Governance and monitoring of sustainability work improved during the year and will continue to evolve going forward.

● Low ● Medium ● High

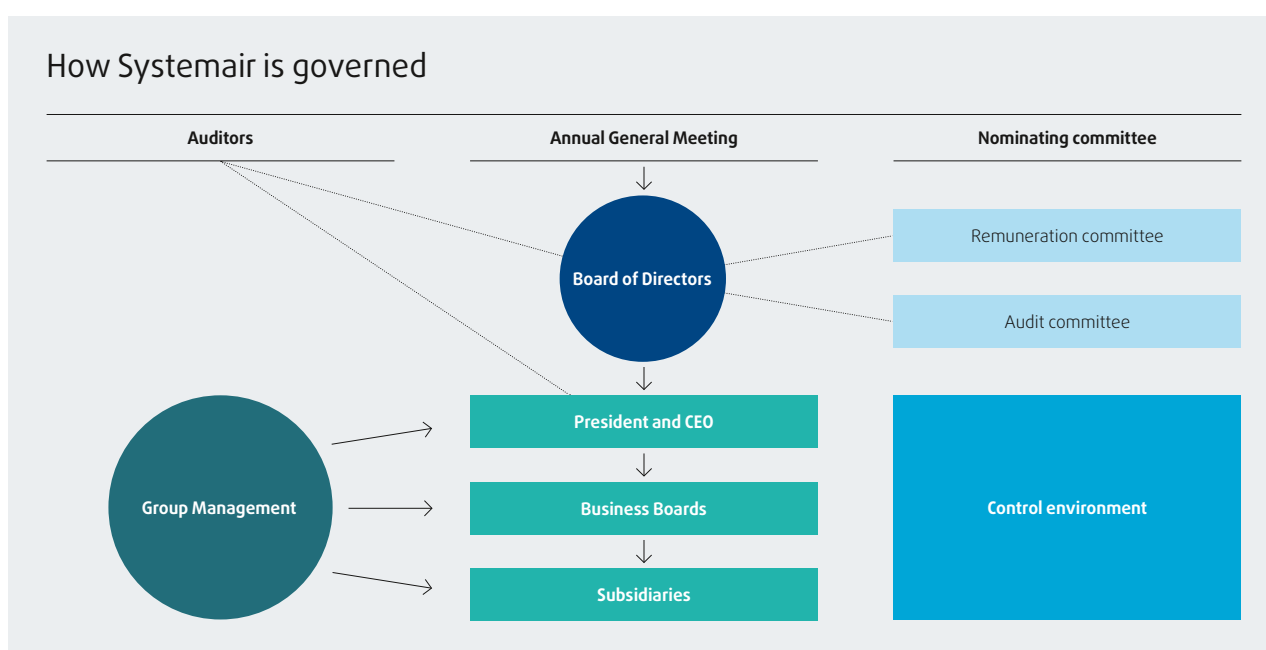
Risk category/Risk	Description	Risk level	Risk control measures
Operational risks			
Product availability	The risk of material and component shortages for the products. The pandemic has left its mark on the global supply chain and some components and materials have significantly extended delivery times.	●	Systemair worked actively during the year to minimise the effects of material and component shortages. Going forward, this work will continue and the strategy for key components and materials will be reviewed to ensure availability.
Production facilities	The risk of serious damage to Systemair's production facilities in the event, for example, of a natural disaster, fire or leakage.	●	Insurance cover and disaster plans, including crisis management plan, drills and communication plan are updated annually. Fire protection is assessed and upgraded on an ongoing basis.
IT infrastructure	The risk of serious disruption to the Group's IT systems. Disruptions to critical systems can have a major impact on day-to-day operations.	●	Continuous improvements to processes and systems for increased operating reliability. In recent years, Systemair has made major investments in upgrading IT systems. IT Systems are regularly reviewed by in-house personnel and external auditors and consultants.
Product liability	The risk that existing and newly developed products do not meet requirements and specified quality, performance and safety levels. The risk of a disconnect between production, product development and innovation strategies.	●	Systemair tests and quality assures all its products. The company maintains global product liability insurance for SEK 200 million. During the year, Systemair implemented organisational changes that strengthen the link between production and product development, and common information systems have been developed to facilitate information sharing.
Financial risks			
Foreign exchange risk – transaction exposure	Major transactions take place in currencies such as EUR, which represents a currency exposure.	●	Currency hedging is normally arranged for around 50 percent of the EUR/SEK exposure.
Foreign exchange risk – translation exposure	Foreign assets and liabilities are translated to Swedish kronor on consolidation.	●	Major investments are often financed via borrowing in the same currency.
Borrowing and interest rate risk	The risk that sharply changing conditions in the company's market may create problems in raising new loans. Significantly lower interest rates may result in poorer earnings for the Group.	●	Financial risk management is discussed regularly by the audit committee and the Board. Financing in the Group has for the most part been centralised within the Parent Company.
Credit and liquidity risk	The risk that a customer will be unable to fulfil his payment obligations.	●	Strict credit policies are applied and there is no major concentration of credit risk. Systemair works actively on improving routines and processes for creditworthiness assessment.
Business combinations	In the case of acquisitions, a risk is attached to the valuation of the targets relative to the object selected. Integrating acquired businesses can be a complex and demanding process.	●	There is no guarantee that an acquisition will be successful, even if Systemair has long experience in the field. Annual impairment tests are applied to acquired goodwill. If the carrying amounts are not considered justified in such tests, an impairment loss may be recognised, which affects the Group's results.
Regulatory and business ethics risks			
Trade restrictions	The risk of inadvertently breaching trade restrictions because internal systems are not kept updated with current information on specific restrictions.	●	During the year, Systemair increased its resources to ensure that it is best able to have up-to-date systems with the terms and conditions for the products it sells.
Corruption	The risk of corruption or bribery. Systemair operates in the construction industry in a global context where in some countries the risk of corruption is considered high.	●	Systemair focuses actively on its responsibility for ethical business via, for example, training and communicating its Code of Conduct and related specific policy on anti-corruption.
Labour and human rights	The risk of violation of labour or human rights. In some countries where Systemair operates, there is a generally higher risk of violation of these rights.	●	Systemair focuses actively on its responsibility for ethical business via, for example, training and communicating its Code of Conduct. In countries where there is a generally higher risk of violations, an enlarged programme is planned on ensuring the correct conditions.

● Low ● Medium ● High

Corporate Governance Report

At Systemair AB (publ), corporate governance is exercised via the Annual General Meeting (AGM), the company's Articles of Association, the Board of Directors and the President, in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, the NASDAQ OMX Stockholm Rule Book for Issuers and the Swedish Code of Corporate Governance.

How Systemair is governed



Application of the Swedish Code of Corporate Governance (“the Code”)

It is generally accepted practice in the stock market for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code without any exceptions.

Systemair's Nomination Committee consists of representatives of three of the largest shareholders in terms of voting rights. Prior to the 2022 Annual General Meeting, ebm-papst AB has elected to relinquish its seat on the Nomination Committee. As a result, the fourth largest owner, Alecta, has been contacted. The following have been appointed as members of the committee:

- Gerald Engström, Färna Invest AB
- Lennart Francke, Swedbank Robur Fonder
- William McKechnie, Alecta

Chairman of the nominating committee is Lennart Francke, representing Swedbank Robur Fonder, which owns 9.8 percent of the capital and votes. Gerald Engström, also Chairman of the Board, represents the wholly owned company Färna Invest, which owns 42.8 percent of the share capital and votes. Alecta Pensionsförsäkring ömsesidigt owns 5.5 percent of the capital and votes and is represented by William McKechnie.

Shareholders and share capital

Systemair AB (org. reg. no. 556160-4108) is headquartered at Skinnskatteberg in the county of Västmanland, Sweden. The Company's shares have been quoted under ticker code “SYSR” on the Nasdaq OMX Stock Exchange, Stockholm since 12 October 2007. As of 3 January 2022, Systemair was moved from the Mid-Cap list to the Large Cap list. This was

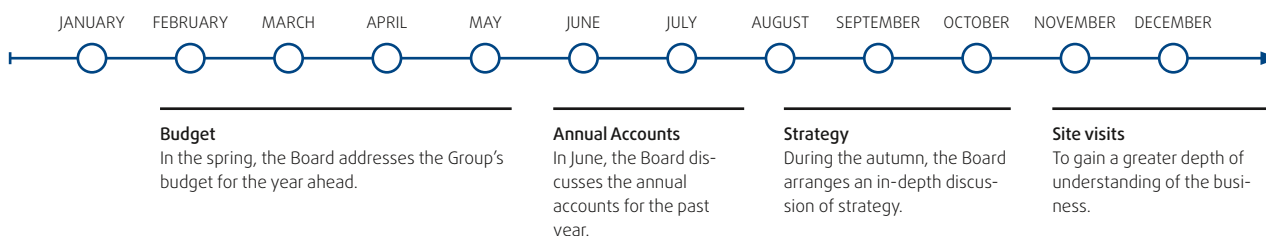
because the average market capitalisation for Systemair exceeds EUR 1 billion. At the end of the accounting period, Systemair AB had 5,255 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.8 percent of the capital and votes and is 100 percent controlled by the Board Chairman Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Muldingen, Germany, with 10.7 percent of the capital and votes, and Swedbank Robur Fonder, with 9.8 percent of the capital and votes.

On 7 September 2021, Systemair effected a 4-for-1 share split. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares. At the financial year-end, the share capital was SEK 52.0 million. The

Work of the Board during the year

Regular items on Board's agenda:

- State of the business and important events
- Internal financial follow-up – earnings, liquidity, currency situation and financing
- External financial reporting (quarterly reports)
- Investments of more than SEK 10 million
- Acquisitions
- Organisation and employees
- Policies
- President's report on state of the business



quotient value is SEK 0.25 per share. For more information, see section "The Systemair share" on page 38.

Articles of Association

Systemair is a limited company whose business is to conduct the manufacture and sale of ventilation, refrigeration and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnkatteberg municipality, Västmanland county. The company's Annual Report and the management of the company by the Board of Directors and the President shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The company's financial year shall be 1 May–30 April.

For the complete Articles of Association, please visit Systemair's website: <https://group.systemair.com/se/investerare/information/bolagsstyrning/>.

Nominating committee

The 2021 AGM resolved that the nominating committee shall be made up of representatives of three of the biggest shareholders. The record date for determining the three largest shareholders was 31 January 2022. Following consultation with the company's three largest shareholders, ebm-papst AB has decided to waive representation on the nominating committee. The fourth largest shareholder, Alecta, was therefore invited to take up representation on the committee. The nominating committee shall submit nominations for the Chairman of the AGM, the Board and Chairman of the Board, the choice of auditors in consultation with the audit committee, proposed fees to the Chairman of

the Board and other Board members, remuneration for work on committees and proposed auditors' fees. The proposals shall be submitted to the Annual General Meeting for approval. The nominating committee held two minuted meetings in 2021/22. No remuneration was paid for work on the nominating committee. The proposals of the nominating committee to the 2022 AGM are shown in the Notice of AGM posted on the Systemair website at group.systemair.com. Shareholders wishing to submit proposals for the nominating committee may do so by e-mail to any member of the nominating committee.

Board of Directors

Diversity policy regarding size and composition of Board

Systemair's diversity policy regarding the size and composition of the Board states that Systemair AB's Board of Directors must be of a size and composition that

Composition of the nominating committee prior to the 2022 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström	Färna Invest AB, and Board Chairman	gerald.engstrom@systemair.se
Lennart Francke, Chairman of the nominating committee	Swedbank Robur Fonder	lennart.francke@swedbankrobur.se
William McKechnie	Alecta	william.mckechnie@alecta.se

Directors – attendance and dependence/independence

	Board of Directors	Remuneration committee	Audit committee	Year elected	Dependent/Independent	
					Company	Shareholder
Number of meetings	12	1	5			
Gerald Engström	12	1	–	1974	Dep.	Dep.
Carina Andersson	12	1	5	2015	Indep.	Indep.
Niklas Engström ²⁾	7	–	–	2021	Dep.	Dep.
Svein Nilsen	12	–	–	2016	Indep.	Indep.
Patrik Nolläker	12	1	–	2016	Indep.	Indep.
Gunilla Spongh	12	–	5	2019	Indep.	Indep.
Åke Henningsson ¹⁾	12	–	–	2015	–	–
Ricky Sten ¹⁾	12	–	–	2014	–	–

¹⁾ Employee representative

²⁾ Niklas Engström was elected to the Board on 26 August 2021. The term of office extends to 7 board meetings.

ensures its ability to administer the company's affairs with integrity and efficiency. The Board's composition must be characterised by diversity and breadth in terms of competence, experience and background. The Board must also strive to achieve gender balance. Majority of the Board members elected by the General Meeting must be independent of the company and the company's Management Board. No Board member shall be appointed for a longer period than to the end of the following AGM.

Board's composition during the financial year

In the period until the 2021 AGM, Systemair's Board of Directors comprised five members: Carina Andersson, Gerald Engström (Chairman), Patrik Nolåker, Svein Nilsen and Gunilla Spongh, all elected by the AGM. At the 2021 AGM, all members were re-elected and Niklas Engström was elected as a new member. Gerald Engström was elected as Chairman of the Board and Patrik Nolåker as Vice Chairman of the Board. The employees elected two representatives, Åke Henningsson, Unionen, and Ricky Sten, IF Metall. More detailed biographies of the members of the Board of Directors are provided on pages 48-49 of this annual report. Anders Ulff, CFO, serves as Board Secretary. As the table shows, all members of the Board elected by the AGM except for Gerald and Niklas Engström, are independent of Systemair. Senior

executives participate as needed in Board meetings in a reporting capacity.

Work of the Board

During the 2021/22 financial year, the Board held 11 meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year. All decisions taken by the Board were unanimous and placed on record. The work of the Board is governed by annually approved rules of procedure that regulate the work of the Board and its internal allocation of tasks, including committee work, the decision-making process within the Board and the Board's meeting procedures. The President also maintains regular contacts with the Chairman of the Board. During the year, the Board of Directors evaluated its work. All directors participated in the assessment and provided observations. The Chairman of the Board is responsible for the evaluation.

Remuneration committee

The Board appointed a remuneration committee consisting of Carina Andersson (Chair), Gerald Engström and Patrik Nolåker. The committee's functions are:

- to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration to senior executives

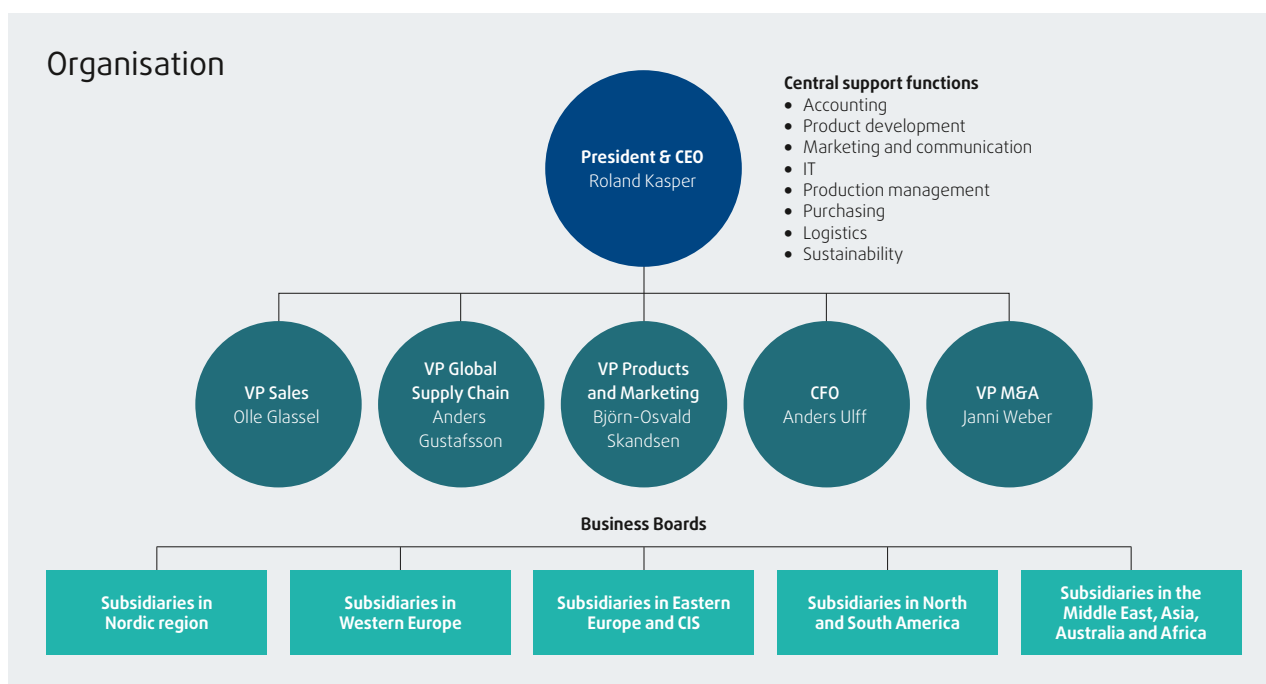
- to monitor and assess programmes for variable remuneration to senior executives in progress and concluded during the year
- to monitor and assess the application of guidelines for remuneration to the senior management as well as current remuneration structures and levels.

The members of the committee are appointed annually by the Board at the first ordinary Board meeting. The committee shall consist of three members. No member may participate in issues related to his or her own remuneration. Over the financial year, the committee held one minuted meeting, at which all members were present.

Audit committee

The Board appointed an audit committee consisting of Board members Carina Andersson and Gunilla Spongh (Chair). The committee's tasks include:

- supervising the company's internal controls and risk management
- keeping informed about the external audit
- reviewing and monitoring the impartiality and independence of the auditor
- assisting in the preparation of the proposal for the selection of auditors
- supervising the financial reporting
- valuation issues, such as testing of needs for impairment.



The committee held five minuted meetings, which were also attended by the company's CFO, a Group controller and auditor. These meetings addressed issues such as the risk assessment of internal control and risk management with respect to financial reporting, procurement of auditing services and IT security. Reports were submitted from internal checks performed. The outcomes of the meetings were recorded and presented at the next Board meeting.

Group Management

During the financial year, two new recruitments were made, which also resulted in changes in Group Management with effect from 1 February 2022. Anders Gustafsson took up the role of VP Global Supply Chain. Anders has extensive experience from Konecranes, Atlas Copco and ABB, with responsibilities in production and logistics. Janni Weber joined as VP M&A, with responsibility for acquisitions, corporate integration and business development. Janni has a solid background from acquisitions and integration at Sandvik Coromant. At the same time, Vice President Marketing – Eastern Europe Fredrik Andersson, Vice President Business Development Taina Horgan, Vice President Marketing – Middle East and Asia Kurt Maurer and Vice President Manufacturing Ulrika Molander left Group Management.

President Roland Kasper, who is also Chief Executive Officer of the Parent Company, is responsible for day-to-day control of the Group. He receives reports from the Group's Executive Management Team, which at the end of the financial year consisted of: Vice President Sales Olle Glassel, Vice President Global Supply Chain Anders Gustafsson, Vice President Products and Marketing Björn-Osvold Skandsen, CFO Anders Ulff and Vice President M&A Janni Weber. CEO Roland Kasper oversees the work of the Group's Executive Management Team.

Group Management holds regular meetings during the year to review the performance of the Group and individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational issues within frameworks set by the Board. One of these yearly meetings is wider-ranging, with more detailed discussion and planning for operations and target setting at Group and subsidiary lev-

els. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among company executives is also key to the management culture. To support the Management Team at group level, an accounting department and an operational management team provide the functions of product development, purchasing, production, IT, logistics, sales, product management, business development, sustainability and communications.

Business boards and governance of subsidiaries

The Systemair Group consists of 88 operating companies. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns most of the subsidiaries directly. All subsidiaries are 100 percent-owned, apart from Divid AB of Jönköping, Sweden, which is 60 percent-owned, Systemair HSK of Turkey, which is 90 percent owned, Systemair Maroc of Morocco, which is 60 percent-owned, Frico A/S of Denmark, which is 60 percent-owned and Well Technology of Estonia, which is 60 percent-owned.

Operating activities in the subsidiaries are governed at overall level via business boards, which may best be described as executive steering committees for the subsidiaries. Each of these consists of one or two members of Group Management and/or another key person from the Parent Company, plus the subsidiary's MD. Each business board sets targets and monitors financial outcomes; takes decisions on major market and product issues; and serves as the link between the Parent Company and subsidiary regarding various organisational matters. Business boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

Senior executive remuneration Guidelines

Guidelines on senior executive remuneration were adopted at the 2021 AGM. Remuneration to senior executives shall – based on the conditions in the market in which the company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and motivate senior executives to remain with the company. "Senior executives" refers to the President and other

members of Group Management. The system of remuneration shall consist of a fixed salary and pension but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits are to be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable remuneration shall be based on results judged according to personal, clearly defined and measurable qualitative and quantitative goals aimed at promoting the strategy, long-term value creation and sustainability of the company. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and 25 percent for other senior executives. Remuneration to the President and other senior executives is described in Note 11.

Notice of termination and severance payments

The President's employment may be terminated with 12 months' notice by the company or six months' notice by the President. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay.

Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. The pensionable age for all senior executives is 65 years. As a principle, pensions shall be premium-based and shall not exceed 35 percent of the fixed salary. The size of the pension shall adhere to the same criteria as above and shall be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Pension costs for senior executives totalled SEK 4.5 million in 2021/22.

Annual General Meeting 2021

At the Annual General Meeting on 26 August 2021 in Skinnskatteberg, 106 voting shareholders were present – or had submitted valid postal votes – representing 88 percent of the number of shares and votes in the company. Gerald Engström, Chairman of the Board, was appointed to chair the meeting. The Chairman, Gerald Engström, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives and on the work of the Board's committees. In addition, CEO Roland Kasper reported on Systemair's business during the 2020/21 financial year. Johan Holmberg, auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and CEO from liability in respect of the past financial year.
- To re-elect Gerald Engström, Carina Andersson, Svein Nilsen, Patrik Nolåker and Gunilla Spongh as members of the Board and to elect Niklas Engström to the Board as a new member.
- To elect Gerald Engström as Chairman of the Board and Patrik Nolåker as Vice Chairman of the Board.
- To pay a Board fee of SEK 750,000 to the Chairman, SEK 500,000 to the Vice-Chairman and SEK 315,000 to each director not employed by the company. In addition, fees shall be paid to the audit committee in a total amount of SEK 150,000, SEK 100,000 to the committee chairman and SEK 50,000 to the other member. In addition, remuneration to the remuneration committee shall amount to SEK 30,000 to the chairman of the committee and SEK 20,000 to the other member.
- To pay a dividend of SEK 3.00 per share.
- To confirm that the nominating committee shall be made up of representatives of the three biggest shareholders, based on the shareholder details on 31 January 2022.
- To increase the number of shares in the company through a 4-for-1 share split. Following the split, the company's shares will increase from 52,000,000 to 208,000,000 with a quotient value of SEK 0.25 per share.
- To issue warrants under the LTIP 2021 incentive programme to a number of persons holding senior positions within the company.
- To authorise the Board, during the period until the 2022 AGM, to resolve upon the issue of new shares amounting to no more than 10 percent of the number of shares in the company.

The minutes from the 2021 AGM are available on the company's website at: <https://group.systemair.com/agm/>

Internal control related to financial reporting

Report of the Board of Directors on internal control for financial year 2021/22

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been drawn up in accordance with the Swedish Annual Accounts Act. It describes how the internal control of financial reporting is performed. The Audit committee thus has an important role to play in quality assuring financial reporting, which includes issues of internal control and compliance, verification of reported amounts and estimates and other issues that could influence the quality of the financial disclosures. Internal control is based on the structure in the framework for internal control referred to as the COSO model, from the Committee of

Sponsoring Organizations of the Treadway Commission (COSO).

Control environment

Effective work by the Board of Directors is the basis of good internal control. The control environment in Systemair is characterised by short pathways between Group Management and the operational units. The Board of Directors has adopted several key documents to create and maintain a smoothly functioning control environment that is material in terms of financial reporting. These include the Board of Directors' rules of procedure, instructions for the President, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's finance

organisation. An audit committee has been established within the Board of Directors. Its task is to ensure that policies adopted on financial reporting and internal control are complied with and developed. The committee also maintains day-to-day relationship with the company's auditor. The audit committee and the Board include accounting and auditing issues as a regular item on the agenda at the four Board meetings at which quarterly reports are discussed.

Risk assessment

Systemair's Board of Directors is responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in

the disclosures of the company's results and position. The Board, audit committee and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets are an essential element. In addition, regular risk assessments are conducted in connection with strategic planning, budgeting, forecasting and acquisition activities.

Control activities

Important instructions and guidelines for financial reporting are prepared and updated continuously by the Group's central finance organisation and are readily accessible on the Group's intranet.

All companies in the Group submit the financial reports within five working days after the end of the month in a common group consolidation and reporting system so that, for example, any deviations or errors can be detected quickly and corrected.

At the end of the accounting period, the Group comprised around 90 subsidiaries that for the most part are owned directly by the Parent Company, Systemair AB. The subsidiaries are legal entities with their own comprehensive income statements and balance sheets. Each individual subsidiary reports to the Parent Company every month, where consolidation is performed.

Group controllers are directly responsible to follow up on companies that they continuously monitor and analyse. Outcomes are reviewed regularly against plans and targets in consultation with representatives of the subsidiaries, business boards and Group Management.

For most of its subsidiaries, the Group has a common, wholly-integrated ERP system that serves as a highly efficient tool for management, control and follow-up. For major decisions such as those in connection with acquisitions, investments and significant contracts, clearly defined decision-making methods and processes are in place.

In addition, every unit normally also receives regular visits by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting. In 2021/22, however, the ongoing pandemic resulted in most of these meetings being conducted digitally.

Information and communication

The President and the CFO are jointly responsible for the accuracy and good quality of all information published externally, including quarterly reports, press releases and company presentations in conjunction with analysts' meetings. The tasks of the company's auditor include reviewing accounting issues that are material to financial reporting and reporting his or her observations to the Board.

Each month, the Board receives a reporting package that includes the complete final accounts for each important subsidiary, as well as the consolidated accounts for the Group. Several key performance measures and benchmarks are also included; these enable the results for the period to be compared with budget and the outcomes for preceding years.

The Board's rules of procedure regulate which reports and which information of a financial nature will be presented on an ongoing basis and to each Board meeting.

To promote awareness of policies and manuals among the Group's employees, information is available to all concerned on the Group's intranet. To ensure that external information is accurate and comprehensive, the Board of Directors has therefore adopted a Communication Policy.

Follow-up

Systemair is characterised by simplicity in its legal and operational structure, and by smoothly functioning and well-established management and control systems. The Board, remuneration committee and Group Management monitor compliance with policies and guidelines adopted. At every Board meeting, the company's financial situation is discussed, and prior to the publication of quarterly reports and annual reports, the Board reviews the financial information. Each month, Group Management and business board members review the performance of each subsidiary and discuss deviations from plan with the CEO of the subsidiary concerned.

The tasks of the external auditors include supervising internal control in the Group companies annually. The auditors maintain continuous contact with and report directly to the Board of Directors. During the year, the group controllers performed number of internal audits of subsidiaries. This work

adheres to a standardised model, in which various material issues associated with internal guidelines and policies are followed up.

Working procedures for internal audits are being developed continuously, and an annual plan for audit activities has been adopted and is discussed by the Board.

Internal audit

Systemair has a simple operating structure with excellent facilities for internal control. Compliance with the systems of governance and internal control developed by the company is regularly followed up by the Group's controllers. In addition, the business boards and Group Management perform ongoing follow-up. Further control and follow-up are conducted by the Board of Directors.

Day-to-day dialogue between the company and its external auditors and the checks carried out by the above-mentioned bodies are considered at present to be adequate to ensure that internal control remains effective. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit. This judgement is assessed continuously, and a review will take place in the 2022/23 financial year.

Board of Directors



Patrik Nolåker

Vice-Chairman of the Board

Chairman, AQ Group, ViaCon, Saferoad and Fibo

Director, iMPREG and OptiGroup

Education: Upper secondary qualification in Engineering, M.Sc. in Business Administration and MBA from the Maastricht School of Management

Formerly: CEO at Dywidag Systems International S.a.r.l. and Alimak Hek Group; senior positions at Atlas Copco and ABB

Holding: 16,000

Born: 1963

Year elected: 2016

Independent: Yes

Gerald Engström

Chairman of the Board

Director, Hanza Holding and Bluefish Pharmaceuticals

Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University

Formerly: Chief Executive Officer and President of Systemair AB and President of Ziehl-ebm AB etc.

Holding: 89,056,648 (shares owned by Färna Invest AB)

Born: 1948

Year elected: 1974

Independent: No

Åke Henningsson

Employee Representative

Current position: Technical Consultant

Holding: 1,600 shares

Born: 1957

Year elected: 2015

Carina Andersson

Director

Chair of the Board of Returpack AB

Director, Beijer Alma, Detection

Technology Oyj and Swedish Stirling AB

Education: Mining Engineering degree from the Royal Institute of Technology Stockholm (KTH)

Formerly: Senior position at Sandvik AB, President, Ramnäs Bruk AB and Scana Ramnäs AB

Holding: 4,000

Born: 1964

Year elected: 2015

Independent: Yes



Svein Nilsen

Director

Education: Education: B.Sc. in Engineering, with Heating, Ventilation & Sanitation, from the Norwegian University of Science and Technology (NTNU), Trondheim
Formerly: Vice President Marketing, Systemair AB, etc.
Holding: 49,261
Born: 1947
Year elected: 2016
Independent: Yes

Niklas Engström

Director

CEO and Board member, RVM Systems
Education: Master of Business Administration IBA (International Business Academy), Stockholm University
Formerly: Head of Subsidiary and Vice President Business Development, Systemair
Holding: 6,484
Born: 1978
Year elected: 2021
Independent: No

Gunilla Spongh

Director

Chair, Bluefish Pharmaceuticals AB
Board member of AQ group, Byggmax group, Consivo group, Meds Apotek, Momentum group, Lernia, Pierce group, Swedish Stirling, ViaCon and OptiGroup
Education: M.Sc. Industrial Economics, Institute of Technology at Linköping University
Formerly: CFO Preem, Head of International Affairs and CFO Mekonomen Group
Holding: 2,616
Born: 1966
Year elected: 2019
Independent: Yes

Ricky Sten

Employee Representative

Current position: Materials Handler
Holding: -
Born: 1968
Year elected: 2014

Group Management



Bjørn-Osvold Skandsen

Vice President Products and Marketing, Director Frico and MD Systemair AS, Norway

Education: M.Sc. in Mechanical Engineering, Norwegian University of Technology and Science and an MBA in Brand Management, Norwegian School of Economics
Formerly: Director of Technology and Marketing at GK Inneklime, Head of Technical Support at Systemair Group and Head of Sales at Systemair Sweden
Holding: 3,301 shares and 40,000 warrants
Born: 1973
Employed since: 2018, 2000–2006

Roland Kasper

President and CEO

Education: Energy and Heating Technology Engineering Diploma, University of Applied Sciences, Giessen, Germany
Formerly: Marketing and Sales Manager Systemair AB, Product and Market responsibility at FläktWoods AB and ABB Ventilation Products GmbH
Holding: 92,800 shares and 40,000 warrants
Born: 1969
Employed since: 2007

Olle Glassel

Vice President Sales

Education: Qualified Ventilation Engineer, Diploma in Business Administration
Formerly: MD, Systemair Ltd, United Kingdom, Sales Director, Systemair, Sweden
Holding: 52,800 shares and 28,000 warrants
Born: 1966
Employed since: 2002



Anders Gustafsson

Vice President Global Supply Chain

Education: M.Sc. Mechanical Engineering, Linköping University of Technology

Formerly: Production Director, Atlas Copco, Secoroc Division, SVP Supply Operations Konecranes PLC

Holding: 970 shares and 15,000 warrants

Born: 1964

Employed since: 2022

Janni Weber

Vice President M&A

Education: M.Sc., Vehicle Engineering, Royal Institute of Technology, Stockholm

Formerly: Vice President M&A, Head of Business Development and Acquisitions, Global Product Manager, Project Manager at AB Sandvik Coromant and Sandvik Machining Solutions

Holding: 6,000 warrants

Born: 1983

Employed since: 2022

Anders Ulff

CFO

Education: M.Sc. Business Administration, Uppsala University
Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair

Holding: 158,000 shares and 28,000 warrants

Born: 1967

Employed since: 1999

Directors' Report

DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

General

The Board of Directors and President of Systemair AB (publ), organisation registration number 556160-4108, hereby present the company's annual report and consolidated accounts for the 2021/22 financial year, the company's 49th year of operations. Systemair AB (publ) has its registered office and headquarters in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech and Menerga. Systemair offers a standardised, energy-efficient range of ventilation products, including fans, air terminal devices, air handling units and chillers, with the emphasis on simplifying the task of contractors.

Frico specialises in air-based heating systems such as air curtains, fan heaters and radiant heaters.

Fantech is the brand used in North America. Its products include fans and other ventilation products, as well as heat recovery units for single-family homes.

Menerga's operations are based on air handling units for swimming pools, as well as comfort and extra high-efficiency process ventilation equipment.

With production plants in 21 countries (Sweden, Denmark, Norway, France, Italy, the Netherlands, Spain, Germany, Croatia, Lithuania, Russia, Slovakia, Slovenia, the Czech Republic, Australia, Canada, the USA, India, Malaysia, South Africa and Turkey) and total production and warehousing facilities extending to more than 350,000 m², Systemair is an important international actor in its product areas.

Systemair's products are marketed via the Group's own sales companies in 52 countries and via agents and distributors in a further approximately 80 countries. The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

The Systemair share

On 7 September 2021, a 4-for-1 share split was carried out. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares. At the financial year-end, the share capital was SEK 52.0 million, represented by 208,000,000 shares with equal voting rights. The quotient value is SEK 0.25 per share.

Since 12 October 2007, Systemair shares have been quoted (ticker code: SYSR) on the Nasdaq OMX Nordic Exchange in Stockholm. As of 3 January 2022, Systemair was moved from the Mid-Cap list to the Large Cap segment. This was because the average market capitalisation for Systemair in November 2021 exceeded EUR 1 billion. The number of shareholders is just over 5,400.

Changes in organisation, Board and Group Management

In the period until the 2021 AGM, Systemair's Board of Directors comprised five members: Carina Andersson, Gerald Engström (Chairman), Patrik Nolåker, Svein Nilsen and Gunilla

Spong, all elected by the AGM. At the 2021 AGM, all members were re-elected and Niklas Engström was elected as a new member. Gerald Engström was re-elected as Chairman of the Board and Patrik Nolåker as Vice Chairman. Niklas Engström holds a degree in Economics with an international specialisation from Stockholm University. Niklas is CEO of RVM Systems and has previously worked for Systemair as an export sales representative, subsidiary manager and Vice President Business Development. Niklas is the son of Gerald Engström, who is Systemair's main shareholder through the company Färna Invest AB, which controls 42.82 percent of the shares in Systemair. Niklas is therefore not considered independent of the company's largest shareholders.

At the start of the financial year, the Group's Management comprised President and Chief Executive Officer Roland Kasper, who also serves as President of the Parent Company, Vice President Marketing – Eastern Europe and CIS Fredrik Andersson, Vice President Sales and Marketing Olle Glassel, Vice President Business Development Taina Horgan, Vice President Marketing – Products Kurt Maurer, Vice President Manufacturing Ulrika Molander and Chief Financial Officer Anders Ulff. Systemair is in an expansionary phase with a focus on profitability and increased growth. In support of the Group's future focus, two new appointments have been made in strategically important areas of activity. In February, Anders Gustafsson was recruited as Vice President Global Supply Chain with responsibility for the entire supply chain, including production, purchasing, logistics and technology. His background includes a period at Konecranes with responsibility for global manufacturing and distribution and at Atlas Copco as VP Manufacturing with responsibility for 14 factories. At the same time, Janni Weber was recruited as VP M&A, with responsibility for acquisitions, corporate integration and business development. Janni's background includes service at Sandvik Coromant, with responsibility for strategy and acquisitions, including integration. He built a new function comprising strategic outlook, market and industry analysis. With their in-depth experience and broadly-based competencies, Anders and Janni will strengthen two strategically important areas within Systemair. As of 1 February 2022, the new Systemair Group Management consists of Olle Glassel – VP Sales, Anders Gustafsson – VP Global Supply Chain, Roland Kasper – CEO, Björn-Osvold Skandsen – VP Products and Marketing, Anders Ulff – CFO and Janni Weber – VP M&A.

Group

Sales and profit

Consolidated sales totalled SEK 9,634 million (8,519), 13.1 percent higher than in the preceding financial year. Organic growth was 12.7 percent. Companies acquired contributed 1.0 percent, SEK 84 million. In translation of the accounts of foreign subsidiaries to SEK, the impact of exchange rates on sales growth was negative, at 0.6 percent.

Sales in the Nordic region rose 9.4 percent over the year. Adjusted for foreign exchange effects and acquisitions, sales rose by 6.1 percent. The Norwegian market is the biggest in the region and the second-biggest overall, with sales of SEK 771 million. Sales in the Nordic region grew by 11.2 percent over the year. Finland and Sweden also grew during the year, with Finland up 13.0 percent and Sweden up 12.4 percent. In the Danish market, sales declined by 3.6 percent.

In Western Europe, sales were up 10.9 percent. Adjusted for acquisitions and foreign exchange effects, sales rose 9.4 percent. The biggest market in the region, and overall for the whole Group, is Germany, which reported a sales increase of 4.3 percent. Other major markets in Western Europe that showed growth during the year were France, the UK, the Netherlands and Spain, while sales in Switzerland declined.

The market in Eastern Europe & CIS showed an increase of 17.4 percent over the year. Sales in the region totalled SEK 1,411.6 million (1,202.2). Adjusted for the currency translation effects and acquisitions, sales in the region rose by 17.5 percent during the year. The Russian market accounts for 29.6 percent of sales in the region but declined at the end of the year due to the halt in internal deliveries since 4 March. Other major markets that showed growth in the region were the Czech Republic, Poland, Slovenia and Lithuania.

Sales in the North American market increased 19.4 percent compared to the preceding year. Sales totalled SEK 1,049.5 million (879.0) and both Canadian and US sales increased. Adjusted for currency translation effects and acquisitions, sales rose 14.9 percent.

Sales in the Middle East, Asia, Australia and Africa increased by 16.7 percent during the year. After adjustments for currency translation effects and acquisitions, sales increased by 28.0 percent. Systemair's major markets in the region are Turkey, India and Morocco.

Profit

Operating profit for the financial year from May 2021 through April 2022, inclusive, totalled SEK 769.8 million (676.7). The operating margin was 8.0 percent (7.9). During the financial year, an impairment loss of SEK 22.5 million arising from the divestment of Systemair Traydus in Brazil was recognised, as well as a positive revaluation effect of SEK 9.8 million related to the acquisition of the minority shareholding in Burda, Ger-

many. Goodwill related to the acquisitions of Menerga and Lautner, both in Germany, has been written down by SEK 38.6 million. The operating profit adjusted for these items totalled SEK 821.1 million. The adjusted operating margin was 8.5 percent. Selling and administration expenses for the year totalled SEK 2,515.1 million (2,289.1), an increase of SEK 226.0 million. Company acquisitions accounted for SEK 23.3 million of the year's costs, indicating that selling and administration expenses for like-for-like units rose by SEK 202.7 million, or 8.9 percent. Acquisition-related expenses during the year totalled SEK 1.5 million (0.2). Selling expenses for the full year were charged with SEK 21.6 million (18.0) for anticipated bad debts. Financial income, consisting of interest income, totalled SEK 3.7 million (1.9). Financial expenses for the year totalled SEK -31.8 million (-114.6). Interest expenses accounted for SEK -28.3 million (-27.0). The tax expense for the year amounted to SEK -197.4 million (-153.4), corresponding to a tax charge of 26.6 percent (27.2), based on the profit after financial items.

Investments

Total investments for the financial year amounted to SEK 540.1 million (463.6), net of disposals. Gross investments in new construction and machinery totalled SEK 326.4 million (432.9), net of disposals. Major investments were made above all in the production facilities in the Czech Republic, Slovenia and Sweden. The total paid for acquisitions and formerly withheld purchase considerations in the financial year was SEK 197.5 million (21.2). Depreciation, amortisation and impairment of non-current assets for the year amounted to SEK 408.4 million (399.8).

Acquisitions, disposals and new operations

In July 2021, Frico AB acquired the remaining 50.1 percent of the shares in Burda WTG, Germany. Burda develops, produces and supplies infrared radiant heaters and heating panels, plus associated control equipment, with several proprietary patents. The company's head office is located in Eschborn, near Frankfurt-am-Main, Germany. The company's sales in 2020 totalled around EUR 4 million.

In December 2021, all shares in Traydus in Brazil were sold to the company's minority shareholders, who are also the local management. The company is a manufacturer of customised air handling units for the Brazilian market. Systemair acquired

Sales – Geographic breakdown	2021/22				2020/21	
	May-Apr	% of total	change	Of which, organic	May-Apr	% of total
Nordic region	1,888.8	20%	9.4%	6.1%	1,726.2	20%
Western Europe	4,073.8	42%	10.9%	9.4%	3,674.6	43%
Eastern Europe & CIS	1,411.6	15%	17.4%	17.5%	1,202.2	14%
North America	1,049.5	11%	19.4%	14.9%	879.0	11%
Middle East, Asia, Australia and Africa	1,210.8	12%	16.7%	28.0%	1,037.2	12%
Total	9,634.5	100%	13.1%	12.7%	8,519.2	100%

75 percent of the shares in September 2015 and the company's performance since then has not met expectations. The sale of Systemair Traydus resulted in an impairment loss of SEK 22.5 million, which is charged to operating profit.

At the end of January 2022, an agreement was signed to acquire 80 percent of the Italian company Tecnaïr LV S.p.A. from the Italian-listed LU-VE Group, and the remaining 20 percent from the Monti family. Tecnaïr is an international supplier of precision cooling products. The products are supplied, for example, to hospitals and data centres. The Italian market accounts for about 25 percent of Tecnaïr's sales, with the remainder being exported mainly within Europe. Following the acquisition, the company has been co-located in Systemair's existing premises in Barlassina. Tecnaïr's sales in 2021 amounted to approximately EUR 12 million, with an EBITDA profit of EUR 1.2 million. The company has 43 employees. The takeover was completed on 21 March 2022. The purchase price agreed totalled EUR 15 million for the debt-free company.

On 7 April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A. SagiCofim is a leading international supplier with extensive experience in filtration and air distribution. The company's wholly-owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. In Sondrio in the Valtellina Valley, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The Italian market accounts for about 75 percent of the companies' sales, with the remainder being exported mainly within Europe. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The purchase price agreed is EUR 33.6 million on a debt-free basis. The transaction was approved by the Italian authorities at the end of May and was completed on 13 June 2022.

In April 2022, Systemair's subsidiary Divid Holding AB acquired ISC s.r.l., Italy. ISC holds a strong market position in the niche of product selection programmes for air handling units. The company has sales of around SEK 7 million.

If the companies acquired had been consolidated as of 1 May 2021, net sales for the period May 2021 through April 2022 would have totalled approximately SEK 9,718.2 million. Operating profit for that period would have totalled approximately SEK 768.2 million. For more detailed information on acquisitions, new business establishments and disposals during the financial year, see Note 32.

Personnel

The average number of employees in the Group was 6,358 (5,864). At the end of the period, Systemair had 6,660 employees (6,380), 280 more than one year previous. New personnel were hired in India (124), Canada (43), Koolair in Spain (41), the Czech Republic (30), Denmark (23), Slovenia (21), Sweden (17) and Lithuania (12). Personnel cutbacks were made in Russia (-52), Menerga in Germany (-34) and Malaysia

(-15). Acquired companies added a total of 99 employees. The divestment of Traydus in Brazil resulted in a reduction of, in all, 79 employees.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 949.3 million (858.0). The increase from the year before was chiefly attributable to a higher operating profit. As a result of increases in inventory and trade accounts receivable, working capital had a negative impact of SEK 714.1 million (+135.9) on cash flow. Net cash flow from financing activities totalled SEK +274.9 million (-557.2), as a result of increased net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 2,378.8 million (1,787.1). Net indebtedness at year-end was SEK 2,118.4 million (1,540.4). The consolidated equity/assets ratio was 45.5 percent (47.9) at the financial year-end. The target adopted by the Board for the equity/assets ratio - 30 percent or more - was comfortably achieved.

Group's financial policy

Systemair has well-established subsidiaries with operations in 52 countries and our own production facilities in 21 of them. Systemair products are sold in around 135 countries worldwide. The Group's financial risk-taking is governed by mandates approved by Systemair AB's Board of Directors. Financial management at an overarching level is conducted in the Parent Company, which is also responsible for overseeing compliance with the Group's financial policy. The objective of the financial management function is to ensure that the supply of capital and liquidity is assured. Financial risk exposures are kept within the mandate approved by the Board.

The purpose of the Group's financial policy is to establish a clear allocation of responsibilities and to set out guidelines and rules as to which financial risks may be accepted within the Group and how such risks should be managed.

All financing operations for the Group, in the form of risk and foreign exchange management as well as borrowing, are conducted centrally by the Parent Company in Skinnskatteberg. The Group's financial policy serves as the framework not only for financial risk management but for financial activities in general. Payments and cash flows are managed using central Group accounting systems. Systemair AB has provided short- and long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 1,886.0 million (1,588.9) on the balance sheet date.

Exposure to Russia, Ukraine and Belarus

In view of the ongoing Russian invasion of Ukraine, we have decided to suspend all deliveries to Russia and Belarus for the time being. At the end of the financial year, 263 people (306) were employed in these countries. Systemair's sales in the region represent 4.6 percent of the Group's total sales. In Russia, Systemair has 16 local sales offices with associated ware-

houses. The Group has a production facility in Moscow with a book value of SEK 122.7 million. Goodwill related to the Russian business at the financial year-end is valued at SEK 40.5 million and working capital, mainly in inventories and cash, at SEK 139.9 million.

Risks and uncertainties

Systemair is exposed to operational and financial risks in its business. Operational risks include the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business consist of foreign exchange risk, borrowing and interest rate risk, as well as credit risk and liquidity risk. The material risks and uncertainty affecting Systemair are described in more detail in Note 2.

The situation in Russia and Ukraine is very serious and volatile. There are continuous changes in sanctions, logistics flows and the financial system. Systemair is closely monitoring the situation and assessing the short- and long-term consequences to employees and the business on an ongoing basis.

In common with other global enterprises, Systemair is affected by pandemics. The company is taking the necessary steps to reduce the impact of Covid-19 and is following the recommendations of WHO.

Financial summary

Over the past ten years, growth in Group sales has averaged 9.4 percent annually. The average annual operating margin (EBIT) has been 6.6 percent over the same period. The average equity/assets ratio for the past ten years has been 44.2 percent. Of total Group sales, 94 percent (94) are to customers outside Sweden. Further information on changes in the Group's financial position is provided in the table of key performance measures, after the notes to the financial statements. For more key performance measures and information on how they are calculated, see pages 101–102 and Systemair's website at: group.systemair.com/investor-relations/information/financial-data/

Outlook

The ongoing Russian invasion of Ukraine led us to suspend all deliveries to Russia and Belarus as of Friday 4 March. During

the period, several cost adjustments have been made, but operations continue, albeit at a reduced level. We are monitoring the situation and will evaluate any further actions that may be necessary.

Our order intake remains strong and our order backlog is maintaining a historically high level. The current shortage of components will continue to affect deliveries during the financial year ahead. Systemair is strongly placed, with 29 well-invested production facilities in 21 countries. We have the most comprehensive product range on the market and are the largest supplier of ventilation products in Europe.

Seasonal factors

Systemair's business operations are influenced by seasonal variations. Usually, activity in the autumn is higher because a great deal of construction work is completed before winter. In addition, during the cold periods of the year, demand for heating products rises, while the reverse applies to air conditioning products. Normally the second quarter, August to October, is when Systemair posts its strongest sales.

Financial targets

Systemair has the following financial targets:

- Average annual growth in sales over a business cycle should be no less than 10 percent.
- The average operating margin over a business cycle should be no less than 10 percent.
- The Group's equity/assets ratio should be no less than 30 percent.
- The dividend should be approximately 40 percent of profit after tax.

Guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the 2022 Annual General Meeting. These guidelines also comply with the those adopted at the AGM for the preceding year.

Remuneration to senior executives shall – based on the conditions in the market in which the company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and moti-

Five-year summary	2021/22	2020/21	2019/20	2018/19	2017/18
Net sales	9,634	8,519	8,915	8,326	7,301
EBIT	770	677	626	528	350
Operating margin	8.0%	7.9%	7.0%	6.3%	4.8%
Equity/assets ratio	46%	48%	43%	42%	43%
Return on capital employed	15%	13%	12%	11%	9%
Average number of employees	6,358	5,864	5,965	5,672	5,249

vate senior executives to remain with the company. "Senior executives" refers to the President and other members of Group Management.

The system of remuneration shall consist of a fixed salary and pension but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits are to be determined individually based on the aforementioned criteria and the specific competence of the executive.

Variable pay is based on the company's performance, with the aim of promoting the company's strategy, long-term value creation and sustainability. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and 25 percent for other senior executives.

As a principle, pensions shall be premium-based and shall not exceed 35 percent of the fixed salary. The size of the pension shall adhere to the same criteria as above and shall be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case.

Notice of termination and severance payments

The President's employment may be terminated with 12 months' notice by the company or six months' notice by the CEO. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay.

Share-based and share-price-based incentive programmes

On 26 August 2021, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2021 incentive programme. During the period under review, Systemair AB issued a total of 600,000 warrants for Systemair shares, to 44 individuals in senior positions within the company. Transfer of the warrants to the participants will take place at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). Each warrant entitles the holder to subscribe for one share in the company at a price of SEK 98.20. The programme runs for four years from 23 September 2021 and the last day for subscription is 30 September 2025.

Product development

In Systemair's mission, product development plays a prominent role. The Group shall develop high-quality, reliable products with a long service life.

To Systemair, it is vital to develop a steady stream of energy-efficient and long-term sustainable air handling products and solutions capable of meeting the market's future needs for an improved indoor climate and increased safety. The core

issue is to understand the opportunities in the market and the needs of the customer. To Systemair it is important to develop the "right" product at the "right" time in an efficient way. To do this, Systemair has developed and implemented a product development process to support the technology organisation, which consists of 250 technicians with cutting-edge expertise in different areas. Over the past year, we have also continued to further develop Group-wide processes and have further increased our capacity to develop products by bringing together the right skills in cross-company teams. Every year, Systemair invests approximately 450,000 hours in developing new or improved products and services in 18 countries, of which 15 have technology centres for advanced testing, via 24 technology teams.

Product development costs totalled approximately SEK 220 million (225) in 2021/22. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

Sustainability work

Sustainability issues have long been a central and natural part of Systemair. The importance of good-quality indoor air is increasing and society depends on healthy and good air through energy- and resource-efficient solutions for ventilation, heating and cooling. Our solutions play an important role in our commitment to helping to bring about a more sustainable planet.

Sustainability is an important part of our strategy and an integral part of our business. Our sustainability framework focuses on both social and environmental issues and contributes to ten of the Sustainable Development Goals.

In accordance with Section 6, subsection 11 of the Swedish Annual Accounts Act, Systemair has drawn up a separate Sustainability Report for the Parent Company and the Group, which is provided on pages 24-37, 40-41 and 105 of this Annual Report and at <https://group.systemair.com/investor-relations/financial-reports/annual-reports/> The scope of the full sustainability report is described in the GRI Index on pages 107-109.

Quality system

Of the Group's 29 factories, 27 are certified to ISO 9001. Only the factory in Russia and one of the factories in Canada are not certified.

Environmental management system

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and conservation remain a priority area, and we focus on constantly improving methods and work procedures to reduce environmental impact. For more information, see Systemair's Sustainability Report on pages 27-34. Systemair's companies Systemair Sverige AB, Systemair GmbH in Germany, Systemair HVAC in Spain, IMOS-Systemair in Slovakia, Recutech s.r.o in the Czech Republic, VEAB Heat Tech AB in Hässleholm,

Sweden, Systemair HSK in Turkey, Systemair UAB in Lithuania, Poly-REK in Croatia and zVV in the Czech Republic are certified to ISO 14001. In Systemair's view, the company's manufacturing facilities and operations meet the requirements of all significant environmental laws and regulations that apply to the company. Systemair Sverige AB is engaged in activities subject to environmental registration. These are Category C activities, meaning that they are subject to environmental inspection by the Municipality of Skinnskatteberg.

Parent Company

Systemair AB is a holding company with corporate staff and group functions. The core business of the Parent Company consists of intra-Group services.

The Parent Company's net sales for the financial year totalled SEK 149.1 million (132.3). Operating profit was negative, at SEK -118.1 million (-88.7). The Parent Company had 66 employees (62). The balance sheet shows a strong equity/assets ratio of 36.9 percent (45.2).

Events since the end of the financial year

In April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A, a leading international supplier of filtration and air distribution services. The company's wholly-owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. In Sondrio in the Valtellina Valley, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The transaction is conditional on approval from the Italian authorities and this was obtained on 27 May. The deal was completed on 14 June 2022. The purchase price agreed is EUR 33.6 million on a debt-free basis.

Proposed appropriation of profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -5,167,245
Profit brought forward	SEK 1,501,860,294
Net profit/loss for the year	SEK -41,088,212
	SEK 1,490,811,588

The Board proposes that the Annual General Meeting, to be held on 25 August 2022, approve a dividend of SEK 0.90 (0.75) per share. As a result, dividend payments will amount to SEK 187.2 million (156.0). The remaining unappropriated amount is to be carried forward. The proposed dividend represents 34 percent (38) of the Group's net profit, which is slightly below Systemair's financial target of paying out 40 percent of net profit. The number of shares with dividend entitlement is 208,000,000. During the financial year, a 4-for-1 share split was effected. The figures for the preceding year, provided for comparison, have been adjusted.

Financial Statements

Contents

Consolidated Income Statement	59	Note 17 Other securities held as non-current assets	84
Consolidated Statement of Comprehensive Income	59	Note 18 Other long-term receivables	84
Consolidated Balance Sheet	60	Note 19 Prepaid expenses and accrued income	84
Statement of Changes in Equity – Group	62	Note 20 Inventory	84
Consolidated Cash Flow Statement	63	Note 21 Trade accounts receivable	84
Parent Company Income Statement	64	Note 22 Share capital and proposed dividend	85
Parent Company Statement of Comprehensive Income	64	Note 23 Borrowing and financial instruments	85
Parent Company Balance Sheet	65	Note 24 Accrued expenses and deferred income	88
Changes in Equity – Parent Company	67	Note 25 Appropriations, other	88
Parent Company Cash Flow Statement	68	Note 26 Untaxed reserves	88
		Note 27 Provisions for pensions	89
Note 1 Accounting and valuation policies	69	Note 28 Other provisions	91
Note 2 Risks and risk management	73	Note 29 Result from participations in Group companies	91
Note 3 Segment reporting	75	Note 30 Participations in Group companies	91
Note 4 Information on geographical regions	75	Note 31 Participations in associated companies	93
Note 5 Revenue analysis	76	Note 32 Changes in Group structure – business combinations, new businesses and disposals	94
Note 6 Classification according to type of cost	76	Note 33 Receivables from Group companies	96
Note 7 Auditors' fees	76	Note 34 Pledged assets	96
Note 8 Leases	77	Note 35 Contingent liabilities	96
Note 9 Other operating income	77	Note 36 Supplementary information on cash flow statement	96
Note 10 Other operating expenses	77	Note 37 Information on the Parent Company	96
Note 11 Employees and personnel costs	78	Note 38 Earnings per share	96
Note 12 Amortisation and depreciation of intangible and tangible non-current assets	79	Note 39 Related party transactions	97
Note 13 Financial income	79	Note 40 Events after financial year-end	97
Note 14 Financial expenses	79		
Note 15 Tax on profit for the year	80	Auditor's Report	98
Note 16 Intangible assets and property, plant and equipment	81	Key Performance Measures and Definitions	101

Consolidated Income Statement

SEK m., 1 May–30 April	Note	2021/22	2020/21
Net sales	4, 5	9,634.5	8,519.2
Cost of goods sold	6	-6,315.6	-5,559.5
Gross profit		3,318.9	2,959.7
Other operating income	9	233.5	196.1
Selling expenses	6	-2,077.5	-1,861.3
Administration expenses	6, 7	-437.6	-427.8
Other operating expenses	10	-267.5	-190.0
Operating profit/loss	6, 8, 11, 12	769.8	676.7
Financial income	13	3.7	1.9
Financial expenses	14	-31.8	-114.6
Profit/loss after financial items		741.7	564.0
Tax	15	-197.4	-153.4
Profit/loss for the year		544.3	410.6
<i>Attributable to:</i>			
Parent Company shareholders		543.9	406.2
Non-controlling interests		0.4	4.4
Earnings per share ¹⁾	38	2.61	1.95
Number of shares at the financial year-end ¹⁾		208,000,000	52,000,000

¹⁾ Systemair AB has issued 600,000 warrants to persons holding senior positions within the company. The average price of the share during the period under review was less than the redemption price for the warrants, so no dilution effect has occurred. The number of shares outstanding at the end of the reporting period was 208,000,000. During the period under review, a 4-for-1 share split was effected. The figures for earlier periods provided for comparison have been adjusted.

Consolidated Statement of Comprehensive Income

SEK m., 1 May–30 April	2021/22	2020/21
Profit/loss for the year	544.3	410.6
Other comprehensive income, net after tax		
<i>Items that have been, or may later be, transferred to profit for the year</i>		
Translation differences, foreign operations	119.1	-174.2
<i>Items that cannot be transferred to profit for the year</i>		
Change in defined-benefit pensions, gross before tax	7.1	12.5
Tax on change in defined-benefit pensions	-1.1	-2.9
Other comprehensive income, net after tax	125.1	-164.6
Total comprehensive income for the year	669.4	246.0
<i>Attributable to:</i>		
Parent Company shareholders	669.0	241.6
Non-controlling interests	0.4	4.4

Consolidated Balance Sheet

SEK m.	Note	30/04/2022	30/04/2021
ASSETS	23		
Non-current assets			
<i>Intangible assets</i>	5, 16		
Goodwill		888.9	735.6
Capitalised development costs		2.1	4.0
Brands, customer relationships		139.2	136.7
Other intangible assets		74.8	70.0
		1,105.0	946.3
<i>Property, plant and equipment</i>	5, 16		
Buildings and land		1,297.9	1,132.6
Plant and machinery		440.0	370.6
Equipment and tools		194.2	148.0
Construction in progress		125.6	159.6
		2,057.7	1,810.8
Right-of-use assets	8	267.9	307.3
<i>Financial and other non-current assets</i>			
Other securities held as non-current assets	17	1.4	1.2
Participations in associated companies	31	7.1	25.8
Deferred tax assets	15	172.0	195.4
Other long-term receivables	18	13.1	15.1
		193.6	237.5
Total non-current assets		3,624.2	3,301.9
Current assets			
<i>Inventory</i>	20		
Raw materials and consumables		1,219.5	690.7
Products in progress		167.0	118.9
Finished products		838.4	627.3
		2,224.9	1,436.9
Trade accounts receivable	21	1,975.4	1,597.5
Taxes recoverable		81.2	67.6
Other receivables		131.9	138.7
Prepaid expenses and accrued income	19	95.5	91.2
Other investments in securities etc.		3.4	2.6
		2,287.4	1,897.6
Cash and bank balances		335.9	319.1
Total current assets		4,848.2	3,653.6
TOTAL ASSETS		8,472.4	6,955.5

Consolidated Balance Sheet (cont.)

SEK m.	Note	30/04/2022	30/04/2021
EQUITY AND LIABILITIES	23		
Equity			
Share capital	22	52.0	52.0
Additional paid-in capital		7.0	2.2
Translation reserve		62.7	-56.4
Profit brought forward, incl. profit for the year		3,693.4	3,307.2
Equity attributable to Parent Company shareholders		3,815.1	3,305.0
Attributable to non-controlling interests		38.4	25.1
Total equity		3,853.5	3,330.1
Non-current liabilities			
Non-current liabilities, interest-bearing	23	1,066.0	847.1
Lease liability	23	164.8	204.4
Provisions for pensions	27	78.7	74.9
Provisions for deferred tax liabilities	15	76.9	76.6
Other provisions	28	77.6	65.7
Other non-current liabilities	23	42.5	42.7
Total non-current liabilities		1,506.5	1,311.4
Current liabilities			
Current liabilities, interest-bearing	23	1,039.6	628.4
Lease liability	23	108.4	107.2
Trade accounts payable		983.4	747.9
Income tax liability		144.6	88.0
Other liabilities		445.9	381.8
Accrued expenses and deferred income	24	390.5	360.7
Total current liabilities		3,112.4	2,314.0
Total liabilities		4,618.9	3,625.4
TOTAL EQUITY AND LIABILITIES		8,472.4	6,955.5
Pledged assets	34		

Statement of Changes in Equity – Group

SEK m.	Attributable to Parent Company shareholders				Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Translation reserve	Profit brought forward, incl. profit for the year		
Equity, 30 April 2020	52.0	2.2	117.8	2,892.8	19.9	3,084.7
Profit/loss for the year				406.2	4.4	410.6
Share of acquisitions attributable to non-controlling interests					1.7	1.7
Revaluation of purchase options				-1.4	-0.9	-2.3
Other comprehensive income			-174.2	9.6		-164.6
Equity, 30 April 2021	52.0	2.2	-56.4	3,307.2	25.1	3,330.1
Dividends				-156.0	-1.8	-157.8
Profit/loss for the year				543.9	0.4	544.3
Share of acquisitions attributable to non-controlling interests					12.3	12.3
Issue of warrants		4.8				4.8
Revaluation of purchase options				-7.7	2.4	-5.3
Other comprehensive income			119.1	6.0		125.1
Equity, 30 April 2022	52.0	7.0	62.7	3,693.4	38.4	3,853.5

Consolidated Cash Flow Statement

SEK m., 1 May–30 April	Note	2021/22	2020/21
Operating activities			
Operating profit/loss		769.8	676.7
Interest received		3.1	1.9
Interest paid		-30.7	-29.4
Adjustment for non-cash items etc.	36	354.5	391.5
Income tax paid		-147.4	-182.7
Cash flow from operating activities before changes in working capital		949.3	858.0
Changes in working capital			
Inventory		-695.8	33.9
Current receivables		-251.7	-162.6
Trade accounts payable		238.0	227.9
Current liabilities		-4.6	36.7
Cash flow from operating activities		235.2	993.9
Investing activities			
Acquisition of subsidiaries	32	-197.5	-21.2
Disposals of subsidiaries	32	-1.5	-
Acquisition of intangible assets		-16.3	-9.5
Acquisition of property, plant and equipment		-326.4	-432.9
Sale of property, plant and equipment		25.8	15.3
Cash flow from investing activities		-515.9	-448.3
Financing activities			
Borrowings	23	731.2	59.3
Repayment of loans	23	-188.1	-505.2
Amortisation of lease liability	23	-115.2	-111.3
Dividend to shareholders		-157.8	-
Payment for warrants		4.8	-
Cash flow from financing activities		274.9	-557.2
Increase/Decrease in cash and cash equivalents		-5.8	-11.6
Cash and cash equivalents at start of year		319.1	378.2
Exchange rate difference in cash and cash equivalents		22.6	-47.5
Cash and cash equivalents at end of year		335.9	319.1

Parent Company Income Statement

SEK m., 1 May–30 April	Note	2021/22	2020/21
Net sales	5	149.1	132.3
Cost of goods sold		-	-
Gross profit		149.1	132.3
Other operating income	9	11.0	26.5
Selling expenses		-88.2	-68.4
Administration expenses	7, 8	-109.2	-109.5
Other operating expenses	10	-80.8	-69.6
Operating profit/loss	11, 12	-118.1	-88.7
<i>Result from financial investments</i>			
Result from participations in Group companies	29	-35.9	17.3
Other interest income and similar profit/loss items	13	59.3	29.9
Interest expense and similar profit/loss items	14	-11.3	-48.4
Profit/loss after financial items		-106.0	-89.9
Appropriations	25	65.9	61.8
Pre-tax profit		-40.1	-28.1
Tax on profit for the year	15	-1.0	7.6
Profit/loss for the year		-41.1	-20.5

Parent Company Statement of Comprehensive Income

SEK m., 1 May–30 April	2021/22	2020/21
Profit/loss for the year	-41.1	-20.5
Other comprehensive income, net after tax	-	-
Total comprehensive income for the year	-41.1	-20.5

Parent Company Balance Sheet

SEK m.	Note	30/04/2022	30/04/2021
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised development costs	16	2.1	4.0
Licences and other intangible assets		33.4	34.1
		35.5	38.1
<i>Property, plant and equipment</i>			
Plant and machinery	16	2.9	5.3
Equipment and tools		2.1	3.9
Construction in progress		8.4	11.6
		13.4	20.8
<i>Financial assets</i>			
Participations in Group companies	30	2,194.4	2,149.6
Participations in associated companies	31	5.9	5.9
Receivables from Group companies	33	531.9	577.4
Deferred tax assets	15	26.8	26.8
Other long-term receivables	18	7.8	8.1
		2,766.8	2,767.8
Total non-current assets		2,815.7	2,826.7
Current assets			
Trade accounts receivable	21	4.3	-
Receivables from Group companies		1,354.1	1,011.5
Taxes recoverable		8.4	8.1
Other receivables		6.2	13.4
Prepaid expenses and accrued income	19	19.9	15.2
		1,392.9	1,048.2
<i>Cash and bank balances</i>			
		-	-
Total current assets		1,392.9	1,048.2
TOTAL ASSETS		4,208.6	3,874.9

FINANCIAL STATEMENTS

Parent Company Balance Sheet (cont.)

SEK m.	Note	30/04/2022	30/04/2021
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	22	52.0	52.0
Statutory reserve		10.0	10.0
Reserve for development expenditure		1.7	3.1
		63.7	65.1
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-5.2	-5.2
Profit brought forward		1,501.9	1,677.0
Profit/loss for the year		-41.1	-20.5
		1,490.8	1,686.5
Total equity		1,554.5	1,751.6
Untaxed reserves	26	-	0.7
Non-current liabilities			
Liabilities to credit institutions	23	857.2	693.1
Deferred tax liability	15	1.0	1.8
Liabilities to Group companies		845.7	849.9
		1,703.9	1,544.8
Current liabilities			
Bank overdraft facilities	23	904.3	477.3
Liabilities to credit institutions	23	-	50.8
Trade accounts payable		7.5	9.7
Income tax liability		3.5	2.6
Liabilities to Group companies		13.8	11.6
Other liabilities		1.8	5.0
Accrued expenses and deferred income	24	19.3	20.8
		950.2	577.8
TOTAL EQUITY AND LIABILITIES		4,208.6	3,874.9

Changes in Equity – Parent Company

SEK m.	Share capital	Statutory reserve	Reserve for development expenditure	Non-restricted equity			Total equity
				Share premium reserve	Fair value reserve	Profit brought forward, incl. profit for the year	
Equity, 30 April 2020	52.0	10.0	4.4	35.2	-5.2	1,675.7	1,772.2
Profit/loss for the year						-20.5	-20.5
Reserve for development expenditure			-1.3			1.3	-
Equity, 30 April 2021	52.0	10.0	3.1	35.2	-5.2	1,656.5	1,751.6
Dividend						-156.0	-156.0
Profit/loss for the year						-41.1	-41.1
Reserve for development expenditure			-1.4			1.4	-
Equity, 30 April 2022	52.0	10.0	1.7	35.2	-5.2	1,460.8	1,554.5

Dividend paid in 2021 totalled SEK 156.0 m., corresponding to SEK 0.75 per share.

Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Note	2021/22	2020/21
Operating activities			
Operating profit/loss		-118.1	-88.7
Interest received		30.5	29.9
Interest paid		-11.3	-12.4
Adjustment for non-cash items etc.	36	22.6	-5.0
Income tax paid		-1.0	-3.5
Cash flow from operating activities before changes in working capital		-77.3	-79.7
Changes in working capital			
Current receivables		-414.1	174.8
Trade accounts payable		0.1	2.8
Current liabilities		-4.7	6.5
Cash flow from operating activities		-496.0	104.4
Investing activities			
Acquisition of property, plant and equipment		-8.0	-12.8
Acquisitions/paid-in capital at subsidiaries		-194.7	-24.4
Dividends on shares in subsidiaries		299.2	219.1
Cash flow from investing activities		96.5	181.9
Financing activities			
Dividend to shareholders		-156.0	-
Borrowings		581.7	247.8
Repayment of loans		-26.2	-534.1
Cash flow from financing activities		399.5	-286.3
Increase/Decrease in cash and cash equivalents		0.0	0.0
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

Notes

Note 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2022 were approved on 4 July 2022 by the Board of Directors and the President for publication and will be submitted to the 2022 Annual General Meeting for adoption. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

Basis of preparation

Systemair's consolidated accounts are based on historical cost, with the exception of Financial derivative instruments and Liabilities measured at fair value via the income statement. The latter assets and liabilities are recognised at fair value. Unless otherwise indicated, all amounts are in millions of Swedish kronor (SEK million). "Income statement" refers either to the Consolidated income statement or the Parent Company income statement.

Parent Company's accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 (Accounting for Legal Entities). Accordingly, the Parent Company complies with IFRS as far as possible within the scope of the Swedish Annual Accounts act, taking into account the relationship between accounting and taxation. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate prevailing on that date. Any exchange differences arising are charged to the income statement. In the Parent Company, untaxed reserves are recognised inclusive of deferred tax. In the consolidated accounts, this item is classified as deferred tax or equity. Appropriations are recognised gross in the Parent Company income statement. All Group contributions received and provided are recognised as appropriations in the income statement. In the Parent Company, goodwill was previously amortised over five years. Currently, there is no goodwill for recognition in the Parent Company. The Parent Company does not apply IFRS 16 Leases, which requires all leases to be recognised via the balance sheet. Instead, lease fees are recognised via the income statement, with their impact on operating profit.

Amended and new accounting policies for the year

None of the new or revised standards, interpretations or improvements adopted by the EU for implementation in 2021 have affected the Group in any material way.

In the financial market, a benchmark interest rate reform has taken place in which the former benchmark Inter Bank Offered Rates (IBOR) have in some cases been replaced by transaction-based and virtually risk-free overnight rates. As part of the benchmark rate reform, amendments have been made to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures, which have been implemented in two phases. Phase 1, primarily related to hedge accounting for interest rate risk, came into effect in January 2020 and had limited impact on Systemair due to the fact that the Group does not hedge interest rate exposure. Phase 2 was implemented on 1 January 2021. In summary, Phase 2 enables entities to report the effects of transitioning from benchmark interest rates such as STIBOR to other benchmark interest rates without creating accounting effects that would not provide useful information to users of financial statements. The Group is affected by the benchmark interest rate reform mainly through exposure to IBOR in its external borrowings. The principles for modification of financial liabilities allow for an exception whereby modifications that are a direct effect of the benchmark interest rate reform are recognised by updating the effective interest rate rather than restating the carrying amounts. All other modifications are accounted for in accordance with the existing principles for modifications and derecognition in IFRS 9. The switch to new benchmark rates has not had any material impact on Systemair.

New or amended standards and new interpretations not yet enacted

No new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) effective for financial periods beginning after 1 January 2022 have been applied in the preparation of this financial report. New or amended standards and new interpretations, which are not yet effective as of 31 December 2021, are not expected to have a material impact on the Group's financial statements based on known information.

Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. In addition, the con-

solidated accounts were prepared in compliance with Swedish law, by application of Recommendation RFR 1 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial statements for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

Consolidated accounts

Basis of consolidation

The consolidated accounts comprise the Parent Company and its subsidiaries. The financial statements for the Parent Company and the subsidiaries included in the consolidated accounts refer to the same period and have been prepared in accordance with the same accounting policies, applied to the Group.

All intra-Group receivables and liabilities, revenues and expenses, profits and losses arising in transactions between companies included in the consolidated accounts are eliminated in their entirety.

A subsidiary is included in the consolidated accounts from the date of acquisition, that is, the date on which the Parent Company gains a controlling influence over the company, and is included in the consolidated accounts until the date on which the controlling influence ceases. Normally, a controlling influence over a subsidiary is obtained by owning more than 50 percent of shares entitled to vote, but it may also be obtained by other means, for example, via an agreement.

Subsidiaries acquired are reported in the consolidated accounts using the acquisition accounting method. The same applies to businesses acquired directly. In the acquisition accounting method, the historical cost of the shares, or of the directly acquired business, is apportioned over the assets acquired and the undertakings and liabilities assumed at the time of acquisition, based on their fair value at that time. Any additional purchase considerations are measured at fair value. If the historical cost exceeds the fair value of the net assets of the company acquired, the difference is recognised as goodwill. If the historical cost is less than the fair value of the net assets of the company acquired, the difference is recognised directly in the income statement. Transaction costs arising in connection with acquisitions are recognised directly in profit/loss for the year, under Other operating expenses. In cases where a conditional purchase consideration is remeasured at fair value, this is recognised in Operating profit. A non-controlling interest is the share of profits and net assets of a partly owned company that accrues to other owners.

A non-controlling interest in profit is included in the profit after tax recognised in the consolidated income statement. The non-controlling interest in net assets is included in equity on the consolidated balance sheet but is recognised separately from equity attributable to the shareholders in the Parent Company.

Investments in associated companies

An associated company is an entity in which the Group exercises a significant influence, but which is not a joint venture. A significant influence normally exists if the shareholding represents 20–50 percent of the votes. Holdings in associated companies are recognised in accordance with the equity method. In this, the carrying amount of the Group's shares in associated companies corresponds to the Group's participation in the equity of the associated companies, plus goodwill on consolidation and any other remaining value adjustments at the time of acquisition. Goodwill and other value adjustments at acquisition are calculated in the same way as in business combinations, as described above. In net financial items in the consolidated income statement, the Group's share of associated companies' recognised profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is recognised under Participations in associated companies' profits. Dividends received from the associated company are deducted from the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet using the cost method.

Translation of accounts of foreign operations

A foreign operation is one that is conducted in an economic environment with a functional currency other than the Group's reporting currency (SEK). Assets, including goodwill and other surplus values, as well as liabilities in such operations, are translated into the reporting currency at the closing day rate. The income statements of foreign operations are translated using a weighted average of exchange rates for the year. Any exchange rate differences arising from translation are recognised directly in other comprehensive income. Upon divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

>> **Note 1 (cont.)**

Translation of receivables and liabilities denominated in foreign currencies

Transactions denominated in foreign currencies are translated at the rate prevailing on the transaction date. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate prevailing on that date. All exchange rate differences are charged to the income statement except for those differences arising in loans in foreign currencies raised to hedge net investments in foreign operations and those arising in claims on subsidiaries that are not planned to be settled or are unlikely to be settled in the foreseeable future. Exchange rate differences in such loans or claims are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences, and are transferred to the income statement in the event of any future divestment of the foreign operation. No exchange rate differences relating to loans regarded as net investments in subsidiaries have been recognised in comprehensive income for the financial year.

Net sales

Net sales are recognised at the fair value of the consideration received, or the consideration that will be received, for goods and services sold in the regular operations of the Group. The revenue is recognised at the point in time when control over the products or services supplied has passed to the counterparty as per agreement. Recognised revenue then reflects the consideration expected on satisfaction of contractual obligations towards the customer and equates to the consideration that the Group is entitled to.

Revenue streams

The revenue streams represented in the Group are related to sales of ventilation and heating products, and, to a lesser extent to services such as installation and servicing. Sales of products (individual or integrated) are regarded as a performance obligation and the revenue is recognised when the performance obligation has been satisfied and the customer has obtained control over the product, that is, at a specific point in time (usually on physical delivery to the counterparty).

In certain cases, sales also take place within project-based activities. Revenue recognition then takes place over time, at each part-delivery, in accordance with the provisions of the contract, and when the customer has obtained control over the product. Any services, such as installation and servicing, are generally recognised as revenue when the obligation is fulfilled.

Warranties

On sale of products, warranties are provided, depending on the product's nature, condition and area of application. The conditions in warranties for the most part cover only original product defects. Long warranty periods may occur in individual product categories, but based on what the warranty covers and subject to conditions on how the product is to be used/maintained, warranties provided are not regarded as extended service guarantees. On that basis, warranties provided are not recognised as separate performance obligations as defined in IFRS 15, but instead are recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Segment reporting

The Group manufactures and sells ventilation products. System's highest executive decision-maker, the President of the Parent Company and CEO of the Group, oversees and manages operations per legal entity. The number of legal entities in Systemair is about 90, and so, according to the IFRS 8 standard, the Group has that number of segments. Because the presentation of 90 segments would entail excessively detailed information, the standard proposes aggregating them if there are similar economic characteristics and the segments resemble one another, including the other factors such as type of product and type of customer.

Systemair aggregates into the geographical regions Europe and America, the Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business and consists of many markets. The legal entities within Europe work with each other in manufacturing and sales. The company also judges that in every material respect similar economic conditions exist in the region, and so the legal entities within the region have been aggregated. Systemair further considers that accounting for the merged segments of Europe and America, Middle East, Asia, Australia and Africa presents a clearer picture. Net sales, Operating profit, Profit after net financial items, Assets, Investments and Depreciation/amortisation are recognised per aggregated segment. The subsidiaries are aggregated based on their legal domicile and they are consolidated according to the same principles as for the Group as a whole.

Property, plant and equipment and intangible non-current assets

Property, plant, equipment and intangible non-current assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairment losses. Depreciation/amortisation is charged on a straight-line basis over the

useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied:

Own-developed assets	3-5 years
Brands, customer relationships etc.	3-10 years
Buildings	25-50 years
Plant and machinery	5-15 years
Equipment and tools	3-5 years

In cases where decisions have not been taken as to phasing-out of brands, they are assumed to have an indefinite life.

Research and development

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied: The development project must be well defined and include concrete plans as to how and when the asset will be used in operations; it must be possible to calculate expenses reliably; the asset must be considered likely to create future economic benefits; it must be considered technically feasible to perform the project; and the Group must be deemed to have the resources required to conclude development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Other development expenditure is expensed as incurred. The amortisation period is estimated to be 3-5 years.

Impairment losses

Regular tests are conducted during the year to establish whether any assets have declined in value. In such tests, the recoverable amount of the asset is calculated.

For goodwill, brands with an indeterminate useful life and intangible assets not yet ready for use, the recoverable amount is also calculated annually.

If essentially independent cash flows cannot be determined for a particular asset, the asset shall in testing for impairment be classified at the lowest level where essentially independent cash flows can be identified (a cash-generating unit). An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill. The loss is then applied proportionately to other assets in the unit.

Calculation of the recoverable amount

The recoverable amount is an asset's net realisable value or its value in use, whichever is the higher. The value in use is the present value of future cash flows discounted by a rate based on the risk-free interest rate, adjusted to reflect the risk associated with that particular asset. In the case of an asset that does not generate cash flows; the recoverable amount is calculated for the cash-generating unit in which the asset is included.

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred following recognition of the impairment loss. Impairment losses on goodwill are not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment had been recognised.

Inventory

Inventory is measured at whichever is the lower of historical cost and net realisable value for raw materials and purchased finished products, and at production cost for goods produced. The historical cost is based on the latest purchase price and takes into account expenses incurred at acquisition of the inventory assets and transport of such assets to their current location and condition. The historical cost for finished products and products in progress is made up of the cost of raw materials, direct salaries, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. Deductions for obsolescence are applied as required. Deliveries between Group companies are priced in line with the market. Inter-company gains on the inventory of Group companies are eliminated in the consolidated accounts. These eliminations are charged to operating profit.

Financial instruments

Financial instruments recognised on the balance sheet include, on the assets side, cash and cash equivalents, trade accounts receivable, financial investments, long-term receivables, derivatives and other receivables. In Systemair's case, the deriv-

>> Note 1 (cont.)

atives are not classified as hedging instruments. The liabilities side includes trade accounts payable, loan liabilities, other liabilities, and options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkey, and the remaining 40 percent of the shares in Frico A/S, Denmark.

Purchases and sales of financial assets and liabilities are recognised on the transaction date. A financial asset or financial liability is recognised in the statement of financial position when the company becomes party to the contractual conditions of the instrument. The financial asset is derecognised from the statement of financial position when the right to obtain cash flows from the asset expire or is transferred to another party because all risks and benefits associated with the assets have been transferred to the other party. A financial liability is derecognised from the statement of financial position when the obligation has been satisfied, cancelled or has expired. Accounts receivable-trade are recognised in the statement of financial position when the invoice has been dispatched. A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade accounts payable are recognised when an invoice has been received.

Financial instruments are recognised initially at a historical cost that corresponds to the instrument's fair value at the time of acquisition, plus transaction costs for all financial instruments except those that are classified in the category Financial asset recognised at fair value via income, where the transaction costs are recognised directly in the income statement. The following measurement for the instrument is based on its nature and classification.

Classification and categorisation of financial assets and liabilities

Financial assets are classified according to the intention behind the acquisition of the asset and its cash contractual flows. Financial assets are classified into the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value via the income statement

Financial liabilities measured at amortised cost or fair value via income.

Amortised cost

Amortised cost is the amount at which the asset or liability was originally recognised, less amortisation and impairment but plus accruals of the initial difference between historical cost and the amount expected to be received at maturity.

Assets measured at amortised cost

Financial assets measured at amortised cost are instruments that are held with the intention of collecting/settling contractual cash flows, and where the contractual conditions state the point in time for the anticipated cash flow from the underlying instrument, and where the payments consist solely of principal and an interest component, if any. Such assets arise as part of a process when cash is paid to the counterparty, or as a result of the Group providing a customer with contractual goods or services within its operating activities. Payment flows that are fixed or may be fixed exist for such receivables; they are not traded in an active market and their purpose is to be held in order to collect cash flows.

Financial assets measured at fair value via the income statement

Assets not satisfying the requirements for recognition at amortised cost are measured at fair value via the income statement. At Systemair, these are mainly derivative assets that are not used for hedge accounting and are therefore recognised via the income statement at fair value.

Financial liabilities measured at fair value via the income statement

Financial liabilities measured at fair value via the income statement consist in the main of the liability for the options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkey, and the remaining 40 percent of the shares in Frico A/S, Denmark. The change in fair value of the purchase options is recognised in equity, while the change in other financial liabilities within this category is recognised in the income statement. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing, on the balance sheet.

Impairment of financial assets

Provisions are made for expected losses on recognised financial assets, which reduces the value of the asset concerned. The provisions for losses are measured at every balance sheet date at an amount equal to the credit losses expected for the remaining lifetime of the assets. For more information on measurement of trade accounts receivable, see Note 21.

The purpose of measuring expected credit losses is to reflect an objective and probability-weighted amount, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. In accordance with IFRS 9, Systemair employs a valuation methodology for calculation of credit loss provision for trade accounts receivable,

in which the expected credit loss for the entire duration of the trade account receivable is considered in calculation of the credit loss provision. However, when more appropriate, all outstanding trade accounts receivable are assessed according to individual circumstances. The model of calculating expected credit losses is based on five different levels of maturity, from trade accounts receivable not yet due to more than 360 days overdue. Each level is assigned a degree of expected credit loss on which accounting loss provisions are made unless an assessment of the individual circumstances indicates otherwise. The grading of credit loss per level is based on historical patterns of losses over a five-year period, adjusted for provisions for losses, such as an individual forward-looking assessment of changes in payment structures based on state of the economy, knowledge of customer and knowledge of market.

Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. They are measured at amortised cost.

Non-current liabilities have more than one year to maturity, while liabilities maturing before then are recognised as current liabilities. Trade accounts payable have a short-anticipated maturity and are therefore measured at their nominal amount, undiscounted.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, together with short-term, highly liquid deposits that are readily convertible into a known amount and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised on the balance sheet when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the Group anticipates receiving compensation corresponding to a provision that has been made, for example through an insurance contract, the compensation is recognised as an asset in the balance sheet only when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is deemed to be material, the value of the provision is determined by estimating the present value of the expected future payment using a discount factor, before tax, that reflects the market's current valuation of the time value and any risks associated with the obligation. The gradual increase in the amount of the provision resulting from this method is recognised as an interest expense in the income statement.

Employee benefits**Pensions and other post-employment benefit obligations**

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as an expense in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets.

The Group's obligations with regard to the other defined-benefit pension plans are calculated separately for each plan using the Projected Unit Credit Method. In this method, the obligation is calculated as the present value of estimated future pension payments. The obligation thus estimated is compared to the fair value of the plan assets that secure the obligation. The difference is recognised as a liability/asset. The estimation of future payments is based on actuarial assumptions, including assumptions as to life expectancy, future salary increases, personnel turnover and factors relevant to the selection of discount rate.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income, with payroll tax and deferred tax having been taken into account.

Pension costs relating to service during the current and earlier periods are recognised directly in the income statement. In the case of defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The benefits are charged to income as they are earned.

Share-based remuneration

No agreements on share-based remuneration exist within the Group.

>> Note 1 (cont.)

Leasing

Systemair assesses all new contracts to determine whether they include leasing components. The factor deciding whether a contract exists is the right to the mainly economic values arising through use of the asset and the right to control use of the asset, and that the supplier does not have a substantial right of replacement.

Systemair has elected to separate non-lease components and lease components in contracts relating to buildings. Expenses relating to non-lease components are to be expensed. In the case of other asset classes, non-lease components are to be included in the basis of calculation of right-of-use and lease liability.

On a new lease contract being entered, a judgement is made as to whether Systemair will opt to extend the contract, purchase the underlying assets or exercise its right to early termination. In cases where the contract is open, that is, there is no set end date, local laws and regulations may provide right of possession to the lessee. This means that Systemair, as lessee, must itself determine which contract term is to be regarded as reasonable, instead of basing any decision on the termination clause in the contracts. The lessee determines the contract term by assessing factors such as the importance of the property to the business activity, the lessee's own planned or executed investments in the leased property and the situation of the real estate market.

Estimation of the amount of the lease liability and right-of-use is in the first instance based on the interest rate implicit in the lease. In cases where that cannot be determined, the marginal borrowing rate is instead used, which corresponds to the interest rate the company would have been offered if the acquisition had been financed by a loan from a financial institution. Systemair starts writing off its rights-of-use as of date of commencement of the lease and chooses as period of amortisation either the economic life or lease term, whichever is the shorter.

Systemair applies transitional rules for lease accounting, under which the balance sheet will not report short-term leases (less than 12 months) and leases in which the underlying asset is of low value (less than USD 5,000). Short-term leases and low-value leases are expensed as incurred.

Borrowing costs

Borrowing costs are charged to income in the period to which they pertain. Any costs incurred in raising loans are distributed over the term of the loan based on the liability recognised.

Income tax

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement when pertaining to income statement items, and in other comprehensive income when the underlying transaction is recognised in other comprehensive income.

Current tax is tax to be paid or recovered for the current year, based on the tax rates enacted, or substantively enacted, by the balance sheet date. This includes any adjustments in current tax attributable to prior periods.

Deferred tax is recognised in accordance with the balance sheet method, in which deferred tax is calculated for all temporary differences – that is, between the taxable values of assets and liabilities and their carrying amounts – identified on the balance sheet date. Deferred tax assets for unused loss carry-forwards are also recognised in the balance sheet.

However, a deferred tax liability is not recognised in the balance sheet for taxable temporary differences relating to goodwill. Deferred tax is also not recognised if the temporary difference pertains to investments in subsidiaries or associated companies in which the Group has a controlling influence over when the temporary difference will be reversed and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilised loss carry forwards can be applied. The carrying amounts of deferred tax assets are tested at each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply in the period when the assets are realised or the liabilities settled, based on the tax rate (and the tax legislation) enacted, or substantively enacted, at the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid in the net amount.

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into two components: a deferred tax liability recognised as a provision, and a portion of equity.

Cash flow statement

The cash flow statement presents incoming and outgoing payments. The indirect method is used for operating activities. In addition to cash and bank balances, cash and cash equivalents consist of current ready assets with an original maturity less than three months.

Government subsidies

Government subsidies are recognised when there is reasonable assurance that the company will meet the conditions attached to the grant and will receive the grant. In the past, the Group has received three types of government subsidy: government grants, loans for which repayment may be waived and grants based on assets.

Systemair has received various government subsidies related to Covid-19 in different countries where the Group operates. In the 2021/22 financial year, the subsidies totalled SEK 6.9 million (29.0). The grants are recognised under the heading of Other operating income.

Systemair received product development grants of SEK 0.8 million (0.7) in the Netherlands, SEK 0.5 million (-) in Italy and SEK 0.4 million (0.3) in the Czech Republic. Italy, Systemair also received capital injections in the form of grants totalling SEK 0.7 million (-). The grants are recognised under the heading of Other operating income.

In Turkey, the company received a social insurance grant of SEK 1.0 million (1.4). The grant enables a reduction in the Cost of goods sold.

Material estimates and assumptions

The preparation of financial statements requires complex estimates and assessments for accounting purposes. Management also makes various judgements when applying the Group's accounting policies. Estimates and assessments may affect the income statement, balance sheet and supplementary disclosures provided in the financial statements. The estimates and assumptions that could constitute a risk of significant adjustments to the recognised amounts during the financial year ahead are described below.

Hyperinflation in Turkey

Turkey was not deemed to be in hyperinflation at the financial year-end and therefore IAS 29 has not been applied.

Impairment testing of goodwill

Every year, Group Management tests goodwill for impairment in accordance with the accounting policy described above. A number of estimates must be made for this test. For more detailed information on impairment testing of goodwill, see Note 16.

Provisions for pensions

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, on the basis of past experience and reasonable expectations for the future. In the case of pension obligations, the present-value calculation is based on assumptions described in Note 27.

Deferred tax assets

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses on previous operations but also in day-to-day operations, especially in start-ups. Group Management has made assumptions and assessments as to the future earning capacity of these subsidiaries and, on that basis, has assessed the possibilities for offsetting these losses against future profits. If Systemair's operations do not succeed to generate sufficient taxable surpluses in the future, the deferred tax assets recognised in the company's accounts may be written down. Tax assets may also be written down if the tax authorities are of the opinion that the losses are not in whole or in part tax-deductible. If the company cannot fully utilise the loss carry-forwards, the company's earnings and financial position may be adversely affected.

Disputes

Systemair is involved in any disputes or legal proceedings within the scope of its operating activities. Management consults with legal experts on issues involving legal disputes and with other experts in and outside the company on issues concerning day-to-day business activities.

In our best judgement, neither the Parent Company nor any subsidiary is at present involved in any legal or arbitration proceedings that are anticipated to have any material impact on the business, the financial position or the results of operations.

Anticipated credit losses

Assessment of anticipated credit losses is performed locally at every company in line with a local credit policy in accordance with a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. For more information on trade accounts receivable and anticipated credit losses, see Note 21 Trade accounts receivable.

Note 2 Risks and risk management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These risks may in the short and the long term affect the company's ability to attain set goals according to the company's business plan. Systemair operates a risk management process that involves management and key functions to ensure that risks are properly managed by identifying, assessing, mitigating and monitoring risks. The Group's risk situation is updated on an ongoing basis. Priority is given to the risks that are judged to represent the potentially greatest negative effect, on the basis of the probability of their occurring and the possible impact on the business.

The situation in Russia and Ukraine is very serious and volatile. There are continuous changes in sanctions, logistics flows and the financial system. Systemair is closely monitoring the situation and assessing the short- and long-term consequences to employees and the business on an ongoing basis. In common with other global enterprises, Systemair is affected by pandemics. The company is taking the necessary steps to reduce the impact of Covid-19 and is following the recommendations of WHO.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2021/22 operating profit. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table below. It is also likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis, in that changes in various items may have a counteractive effect.

Sensitivity analysis: effects on operating profit in 2021/22

SEK m.	30/04/2022	30/04/2021
+/- 5% in selling prices	+/- 482	+/- 426
+/- 5% in material costs	+/- 201	+/- 184
+/- 5% in selling and administration expenses	+/- 126	+/- 114
+/- 5% in balance sheet rates, effect on net assets	+/- 98	+/- 72
+/- 5% in the SEK/EUR exchange rate	+/- 48	+/- 38
+/- 5% in the SEK/NOK exchange rate	+/- 4	+/- 4
+/- 5% in the SEK/RUB exchange rate	+/- 3	+/- 2
+/- 5% in the SEK/USD exchange rate	+/- 0	+/- 3

Of Systemair's total sales, 92 percent (92) are made in currencies other than SEK. As a result, fluctuations in the SEK exchange rate affect the Group's gross profit. Systemair's major foreign currencies are EUR, USD, RUB and NOK, as shown above. The table shows that a change of +/-5 percent in the SEK/EUR exchange rate would have an impact of approximately SEK 48 million (38) on operating profit for 2021/22. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Systemair's net assets in foreign currencies total SEK 2,943 million (2,361), with the largest assets being denominated in EUR, CZK and USD. A rise or fall of 5 percent would increase or decrease net assets by SEK 98 million (72).

Strategic and market risks

Market and macroeconomic trends

Systemair's products are used not only in new construction but also in renovation and upgrading of buildings. The construction industry normally follows a cyclical pattern, above all in new construction, while renovation and extension projects often mitigate the cyclical effect. The industry's performance is considerably influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market developments and other factors. Systemair's sales are also exposed to seasonal fluctuations, with sales mostly being lower during July and December. Changes in circumstances affecting the construction industry may be difficult to foresee, and a slowdown in the industry in Systemair's markets could reduce demand for the company's products and/or to lower prices for the company's products, which could adversely affect Systemair's operations, earnings and financial position.

Trade policy and geopolitics

The risk of negative trade policy decisions, customs duties and sanctions. Systemair operates in a global market where geopolitical risks can adversely affect its business. Systemair conducts, via subsidiaries or representative offices, its own operations in around 50 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the company is exposed to the risks that are associated with international business

operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the company's markets, which could significantly and adversely affect the company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions of payment between different countries and the possibility of political instability. Each of the above-mentioned risks could adversely affect Systemair's operations, earnings and financial position.

Competition

The risk of lower sales and margins due to increased price competition from manufacturers in low-cost countries moving closer to Systemair's main market.

Systemair's markets are fragmented and exposed to competition, so a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, the company risks being excluded from the market. Some of Systemair's current or future competitors may have greater resources than Systemair and may use such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the company's operations, earnings and financial position may be adversely affected.

Sustainability

Sustainability is an area that is increasingly growing in importance. Companies are expected and required by both laws and more specific market requirements in more and more areas of sustainability. This includes both social and environmental issues, as well as overall governance to ensure a responsible business. In its sustainability work, Systemair has a number of stakeholders that are affected by and can influence important issues. Because sustainability is an area with a major general focus, and on that is still evolving, there is a risk that Systemair's sustainability work does not meet both internal and external requirements and expectations, which may have negative impact on the company's operations, results and financial position.

Operational risks

Product availability

The risk of material and component shortages for the products has become real in recent times. The pandemic has left its mark on the global supply chain and some components and materials have significantly extended delivery times. Fan motors are important components, the suppliers of which are strategically important to Systemair. Some of Systemair's products have been developed in association with these suppliers, so to an extent Systemair depends on the ability of these manufacturers to continue supplying motors to the company. Thus, supply problems at these suppliers could disrupt Systemair's production and have negative impact on Systemair's operations, earnings and financial position.

Another important component of Systemair's products is steel, in the form of sheet steel, so the company's operations are to a certain extent affected by fluctuations in the price of steel and any disruptions in deliveries of steel. Historically, it has been possible to spread price increases across the various actors, but there is no guarantee that this will continue in future. If future price increases cannot be distributed among actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

Production plant and distribution centres

Systemair's operations are dependent on its production plant and distribution centres. If any of them is destroyed or closed or if the equipment at the plant suffers serious damage, production and distribution of Systemair's products could be disrupted or suspended for a certain period. An extensive and prolonged shutdown could have a major impact on the company's ability to produce or distribute the products affected. Systemair has contracted insurance against property damage and stoppages, in the amounts that the company deems sufficient; however, there is no guarantee that the entire loss for the company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the company's operations, earnings and financial position.

IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade

>> Note 2 (cont.)

accounts receivable and inventory levels. Problems in maintaining, upgrading and integrating these systems may adversely affect the company's reputation among its customers, increase operating costs and reduce profitability. These systems are also vulnerable to power outages, system errors, computer viruses, network faults and other risks. In the event of a failure in the IT infrastructure, the company's operations, earnings and financial position may be adversely affected.

Product liability

Systemair's customers normally expect detailed performance data on their ventilation products. Systemair thus provides detailed product specifications for marketing and sales, and the company conducts continuous tests in its own test facilities to ensure that its products meet their specifications. However, it cannot be ruled out that products the company has sold may not live up to their product specifications, which may result in claims against the company. Further, the company is subject to legal regulations on product liability that, in the event of personal injury or damage to property, may entitle the injured party to compensation from the company. The company has contracted global product liability insurance that, in the company's view, is sufficient to cover any claim for damages. However, this cannot be guaranteed. If a claim for compensation against the company is upheld and the claim is not covered by the company's insurance, the company's operations, earnings and financial position may be adversely affected.

Financial risks

The Systemair Group is exposed to financial risks through its international operations and its borrowing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

Foreign exchange risk – transaction exposure

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group company. Systemair's extensive international operations represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged as per Systemair's foreign exchange policy. Systemair does not use hedge accounting.

The main foreign exchange exposure in the Group arises in the Swedish Group companies. In 2021/22, Group companies in Sweden invoiced 46 percent (47) of their business in SEK, 53 percent (52) in EUR and 1 percent (1) in other currencies. The Group also has foreign exchange exposure at Systemair HSK in Turkey, where 76 percent (73) of invoicing was in EUR and 20 percent (21) in USD.

Each year, an estimate is made of the future net inflow of EUR, 50 percent of which is usually hedged. Forward contracts extend for a maximum of 18 months ahead. On the balance sheet date, the Group had forward foreign exchange contracts in EUR/SEK.

Foreign exchange risk – translation exposure

Translation exposure arises upon consolidation, when the assets and liabilities of foreign subsidiaries are translated to SEK. Systemair translates its assets, liabilities and equity at the exchange rates prevailing at the balance sheet date and its income statements at the average exchange rates for the year. Any exchange differences resulting from the use of this method are recognised directly in other comprehensive income. Systemair has adopted the policy of hedging part of this translation exposure. This may result in exchange rate differences that affect the Group's equity.

On the balance sheet date, the value of foreign net assets totalled SEK 2,943 million (2,361). Major net assets consisted of SEK 1,538 million (1 284) in EUR, SEK 220 million (175) in CZK, SEK 187 million (154) in USD, SEK 173 million (96) in RUB, SEK 170 million (126) in CAD, SEK 164 million (162) in DKK, SEK 127 million (115) in NOK, SEK 98 million (72) in INR, SEK 90 million (66) in MYR, SEK 83 million (64) in GBP and SEK 23 million (56) in TRY.

The impact of foreign currency on equity is recognised as a translation difference and amounted to SEK +119.1 million (-174.2).

Borrowing and interest rate risk

Systemair intends to continue to finance a certain portion of its operations by borrowing from credit institutions. Loan agreements include conditions consisting of

standard restrictions, or covenants. This borrowing represents certain risks to the company's shareholders. For example, if major changes occur in the company's markets, Systemair may have difficulty in securing new credit facilities and as a result may need to use a larger portion of its cash flow for interest payments and amortisation.

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end totalled SEK 2,118.4 million (1,540.4), and so the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 2,378.8 million (1,787.1). According to Systemair's financial policy, the fixed-interest term for 2021/22 was 3–12 months. A change of +/-1 percentage point in the interest rate on borrowing would have an impact of about SEK 21 million (18) on the Group's net financial items for the following 12-month period.

Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations and thus may cause a loss for the company. A credit appraisal is made based on knowledge the company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an efficient manner. Liquidity is to a major extent affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment cultures, credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as a greater risk of credit losses, and consequently a higher risk of negative impact on the company's ready cash and earnings. In recent years, Systemair has employed a focused strategy for increasing the portion of long-term loans, in order thereby to secure long-term liquidity in the Group.

Business combinations

The acquisition of companies may involve number of different operational and financial risks. For several consecutive years, Systemair has carried out a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. The acquisitions made have in some cases been companies with operational and financial problems. Expansion through acquisition remains a Systemair ambition, and in future more companies that complement or augment the company's operations may be acquired. In addition, integrating the companies acquired may turn out to be more costly or time-consuming than expected, and the anticipated synergistic benefits may not be achieved as expected, or at all. These and other acquisition-related risks may adversely affect the company's operations, earnings and financial position.

Regulatory and business ethics risks

Trade restrictions

Restrictions affecting trade between countries are changing. Systemair conducts international business wherein the company is affected by trade restrictions. When restrictions change, there is a risk that existing trade restrictions may be violated, if, for example, internal systems fail to keep up to date with the latest information on specific restrictions. This risk may adversely affect the company's operations, earnings and financial position.

Corruption

The risk of corruption or bribery in violation of international laws is a problem for many companies, especially international ones, where awareness of what constitutes corruption may be lacking among all parties involved, depending on knowledge as well as local culture and custom. Systemair operates in the construction industry in a global context where in some countries the risk of corruption is considered high. This risk may adversely affect the company's operations, earnings and financial position.

Labour and human rights

The risk of violation of international labour or human rights generally varies among companies, depending on industry and geographical location. In some countries where Systemair operates, there is a generally higher risk of violation of such rights, according to a risk index that indicates, for example, the country's democratic status and other factors that indicate how well developed a country is in terms of these rights. These risks may adversely affect the company's operations, earnings and financial position.

Note 3 Segment reporting

The Group's operations consist for the most part of manufacture and sale of ventilation products. Internal follow-up of operations is performed per legal entity by Systemair's highest executive decision-maker. As a result, every legal entity constitutes an operating segment. If several countries and markets show similar economic characteristics, they may be aggregated in segment reporting. Systemair aggregates into the geographical segments of Europe and America, Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business and consists of many markets. The legal entities within Europe work with each other in manufacturing and sales. The company also judges that in every material respect similar economic conditions exist in the region, and so aggregation of the legal entities within the region is justified. Systemair further considers that accounting for the aggregated segments presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are aggregated based on their legal domicile and they are consolidated according to the same principles as for the Group as a whole.

Group	Europe	Americas, Middle East, Asia, Australia and Africa	Group- wide	Elimina- tions	Total
2021/22					
Net sales, external	7,385.0	2,249.5	-	-	9,634.5
Net sales, intra-Group	209.3	13.7	149.1	-372.1	-
Operating profit/loss	773.9	114.2	-118.3	-	769.8
Operating margin, %	10.5	5.1	-	-	8.0
Profit after net fin. items	905.2	241.9	-405.4	-	741.7
Profit margin, %	12.3	10.8	-	-	7.7
Assets	5,387.1	1,694.6	4,218.8	-2,828.1	8,472.4
Investments	294.5	48.9	172.5	-	515.9
Depreciation/amortisation and impairments	335.4	52.3	20.7	-	408.4
2020/21					
Net sales, external	6,639.4	1,879.8	-	-	8,519.2
Net sales, intra-Group	137.4	19.7	132.3	-289.4	-
Operating profit/loss	636.4	127.9	-87.6	-	676.7
Operating margin, %	9.6	6.8	-	-	7.9
Profit after net fin. items	797.6	74.5	-308.1	-	564.0
Profit margin, %	12.0	4.0	-	-	6.6
Assets	4,380.1	1,200.2	3,885.5	-2,510.3	6,955.5
Investments	329.5	84.2	34.6	-	448.3
Depreciation/amortisation and impairments	318.2	61.3	20.3	-	399.8

Note 4 Information on geographical regions

The Group's operations are geographically divided mainly into the Nordic region, Western Europe (excluding the Nordic region), Eastern Europe and CIS, North and South America, and Middle East, Asia, Australia and Africa.

Region Nordic comprises Denmark, the Faroes, Finland, Greenland, Iceland, Norway, Sweden and Åland.

Region Western Europe includes Andorra, Austria, Belgium, Cyprus, France, Germany, Greece, Ireland, Italy, Liechtenstein, Luxembourg, Malta, the Netherlands, Portugal, San Marino, Spain, Switzerland and the United Kingdom.

Region Eastern Europe and CIS consists of Albania, Armenia, Azerbaijan, Belarus, Bosnia & Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan.

North and South America comprises Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Puerto Rico, Surinam and the USA.

Middle East, Asia, Australia and Africa consists of Afghanistan, Algeria, Angola, Australia, Bahrain, Bangladesh, Benin, Botswana, Brunei, Burma, Cambodia, Cameroon, Cap Verde, China, Congo, Egypt, Ethiopia, Gabon, Ghana, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Japan, Jordan, Kenya, Kuwait, Lebanon, Madagascar, Malaysia, Mali, Mauritius, Mongolia, Morocco, Mozambique, Namibia, New Zealand, Nigeria, Oman, Pakistan, the Philippines, Qatar, Ruanda, Saudi Arabia, Senegal, Singapore, Somalia, Sudan, South Africa, South Korea, Swaziland, Syria, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, the United Arab Emirates, Vietnam, Yemen, Zambia and Zimbabwe.

Sales income is allocated, below, to the geographical market where the customer is located. Assets and investments are recognised where the asset is located.

The table below shows external net sales in Systemair's 10 largest markets based on the customer's domicile. Systemair has an extremely broad customer base, with nearly 100,000 customers. No individual customer normally represents more than around 1 percent of the company's total sales. As a result, Systemair has limited dependence on individual customers.

Geographical breakdown Group	Net sales		Non-current assets ¹⁾	
	2021/22	2020/21	2021/22	2020/21
Norway	770.8	692.9	73.4	74.3
Sweden	616.1	548.1	295.8	305.5
Rest of Nordic region	501.9	485.2	135.4	138.8
Total Nordic region	1,888.8	1,726.2	504.6	518.6
Germany	1,206.4	1,157.2	401.8	424.3
France	666.1	590.9	125.7	109.6
United Kingdom	427.1	345.2	43.8	43.4
Netherlands	369.7	362.5	122.9	121.0
Spain	319.9	279.7	204.3	207.1
Rest of Western Europe	1,084.6	939.1	446.6	311.4
Total Western Europe	4,073.8	3,674.6	1,344.9	1,216.8
Russia	418.3	359.3	201.3	160.5
Rest of Eastern Europe and CIS	993.3	842.9	723.9	551.6
Total Eastern Europe and CIS	1,411.6	1,202.2	925.2	712.1
USA	570.8	543.2	82.2	71.0
Canada	400.0	264.3	207.0	166.2
Other North and South America	78.7	71.5	1.6	6.0
Total North and South America	1,049.5	879.0	290.8	243.2
Middle East, Asia, Australia and Africa	1,210.8	1,037.2	364.9	373.7
	9,634.5	8,519.2	3,430.6	3,064.4

¹⁾ Non-current assets refers to intangible assets, property, plant and equipment and right-of-use assets.

FINANCIAL STATEMENTS

>> Note 4 (cont.)

Parent Company sales consist entirely of intra-Group services to other Group companies.

By geographical market	Parent Company	
	2021/22	2020/21
Net sales		
Nordic region	42.1	40.3
Western Europe	58.4	51.0
Eastern Europe and CIS	23.6	20.5
North America	11.1	9.1
Middle East, Asia, Australia and Africa	13.9	11.4
	149.1	132.3

Note 5 Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, as well as from the servicing of ventilation products. Total revenue for the financial year was SEK 9,634.5 million (8,519.2), of which servicing of ventilation products accounted for SEK 362.9 million (325.3). The table shows a breakdown of revenue per segment.

Group	Americas, Middle East, Asia, Australia and Africa		Total
	Europe		
2021/22			
Sales of ventilation and heating products, recognised at a certain point in time	6,883.8	2,024.2	8,908.0
Sales of ventilation and heating products, recognised over time	158.4	205.2	363.6
Servicing recognised at a certain point in time	179.2	3.1	182.3
Servicing recognised over time	163.6	17.0	180.6
	7,385.0	2,249.5	9,634.5
2020/21			
Sales of ventilation and heating products, recognised at a certain point in time	6,164.6	1,670.6	7,835.2
Sales of ventilation and heating products, recognised over time	168.6	190.1	358.7
Servicing recognised at a certain point in time	154.9	1.0	155.9
Servicing recognised over time	151.3	18.1	169.4
	6,639.4	1,879.8	8,519.2

Contractual balances	Group	
	2021/22	2020/21
Contractual assets	3.0	8.8
Contractual liabilities	0.8	0.5

The major share of the Group's sales are made with payment terms of 30 to 60 days.

Note 6 Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2021/22				
Costs of materials	-4,028.5	-	-	-4,028.5
Personnel costs	-1,500.4	-1,196.1	-272.8	-2,969.3
Depreciation/Amortisation costs	-176.5	-150.0	-32.2	-358.7
Other costs	-610.2	-731.4	-132.6	-1,474.2
	-6,315.6	-2,077.5	-437.6	-8,830.7
2020/21				
Costs of materials	-3,683.5	-	-	-3,683.5
Personnel costs	-1,351.9	-1,075.9	-260.6	-2,688.4
Depreciation/Amortisation costs	-168.8	-146.4	-33.8	-349.0
Other costs	-355.3	-639.0	-133.4	-1,127.7
	-5,559.5	-1,861.3	-427.8	-7,848.6

Product development costs totalled approximately SEK 220 million (225) in 2021/22. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

Note 7 Auditor's fees

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
EY				
Auditing services	-7.4	-5.9	-2.0	-1.2
Other additional auditing services	-0.1	-0.3	-	-0.1
Total, EY	-7.5	-6.2	-2.0	-1.3
Others				
Auditing services	-3.9	-3.8	-	-
Other additional auditing services	-0.4	-0.4	-	-
Tax advice	-2.7	-2.2	-	-
Other services	-1.9	-1.3	-	-
Total, Other	-8.9	-7.7	-	-
Total	-16.4	-13.9	-2.0	-1.3

Note 8 Leases

Right-of-use assets

Group 2021/22	Group		
	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	342.5	117.2	13.5
New leases	42.8	35.6	10.7
Lease cancellations/expired and terminated contracts	-39.3	-29.8	-3.3
Translation difference	13.5	1.3	0.4
	359.5	124.3	21.3
Accumulated depreciation/amortisation			
At start of year	-113.7	-47.4	-4.8
Cancelled leases	26.9	23.0	1.3
Translation difference	-6.9	-0.7	-0.3
Depreciation/amortisation for the year	-76.3	-33.7	-4.6
	-170.0	-58.8	-8.4
Carrying amount	189.5	65.5	12.9

Group 2020/21	Group		
	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	264.1	101.2	17.6
Acquired leases	0.6	0.3	-
New leases	129.0	33.1	4.8
Lease cancellations/expired and terminated contracts	-38.0	-12.9	-8.3
Translation difference	-13.2	-4.5	-0.6
	342.5	117.2	13.5
Accumulated depreciation/amortisation			
At start of year	-73.8	-25.8	-7.1
Cancelled leases	29.1	9.5	7.8
Translation difference	5.3	2.0	0.2
Depreciation/amortisation for the year	-74.3	-33.1	-5.7
	-113.7	-47.4	-4.8
Carrying amount	228.8	69.8	8.7

Amounts recognised in income statement	Group	
	2021/22	2020/21
Amortisation of right-of-use assets	-114.5	-113.1
Interest expense	-7.9	-7.9
Expenses related to short-term and low-value leases	-7.2	-6.6
Total	-129.6	-127.6

Cash flow	Group	
	2021/22	2020/21
Interest expense, lease liabilities	-7.9	-7.9
Amortisation of lease liabilities	-115.2	-111.3
Total cash flow	-123.1	-119.2

Contractual future lease fees, maturing leases	Group	
	2021/22	2020/21
Within a year	108.5	105.4
Within 1-2 years	75.5	82.3
Within 2-5 years	97.6	117.1
More than 5 years	4.7	13.3
Total	286.3	318.1

Maturity structure of lease liability	Group	
	2021/22	2020/21
Within a year	108.2	106.0
Within 1-2 years	73.1	81.2
Within 2-5 years	87.7	112.0
More than 5 years	4.2	12.4
Total	273.2	311.6

Operating leases, in accordance with RFR 2

Lease costs recognised	Parent Company	
	2021/22	2020/21
Within a year	2.9	2.4
Within 1-2 years	0.9	1.3
Within 2-5 years	0.8	0.7
Total	4.6	4.4

Operating leases refer mainly to leases for office properties and company cars for employees.

Note 9 Other operating income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Exchange rate gains in operations	149.7	116.0	7.1	24.3
Gain on sale of property, plant and equipment	3.2	3.3	-	-
Government subsidies received	7.5	30.0	-	-
Other miscellaneous income	73.1	46.8	3.9	2.2
	233.5	196.1	11.0	26.5

The item Exchange rate gains in operations includes realised translation effects totalling SEK 17.6 million in connection with the sale of Traydus.

Note 10 Other operating expenses

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Exchange rate losses in operations	-127.8	-101.3	-1.6	-2.3
Intra-Group expenses	-	-	-49.1	-47.1
Loss on sale of Traydus Brazil	-22.5	-	-	-
Loss on sale of property, plant and equipment	-4.9	-1.0	-	-
Other miscellaneous expenses	-112.3	-87.7	-30.1	-20.2
	-267.5	-190.0	-80.8	-69.6

Other miscellaneous expenses include goodwill impairments of SEK -38.6 million (-46.3).

Note 11 Employees and personnel costs

	2021/22		2020/21	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	64	42	63	39
Subsidiaries in:				
Nordic region	945	786	877	781
Sweden	568	467	524	452
Denmark	195	177	177	162
Finland	19	11	18	11
Norway	163	131	158	156
Western Europe	2,246	1,785	2,094	1,703
Belgium	40	30	38	30
England	84	65	90	67
Greece	11	4	10	6
France	252	188	231	179
Netherlands	196	176	195	172
Ireland	11	10	8	7
Italy	171	124	116	81
Portugal	23	16	23	14
Switzerland	53	43	53	44
Spain	522	409	467	390
Germany	858	698	838	691
Austria	25	22	25	22
Eastern Europe and CIS	1,517	1,042	1,385	947
Azerbaijan	8	7	8	8
Belarus	6	1	6	1
Estonia	52	41	12	8
Georgia	2	2	-	-
Kazakhstan	6	3	6	3
Croatia	19	15	17	14
Latvia	8	7	8	7
Lithuania	303	190	277	177
Poland	56	43	56	34
Romania	8	7	8	7
Russia	289	177	287	172
Serbia	9	5	9	4
Slovakia	269	168	266	183
Slovenia	173	151	147	130
Czech Republic	300	219	269	193
Ukraine	3	1	3	1
Hungary	6	5	6	5
North and South America	487	315	479	365
Brazil	-	-	79	63
Chile	4	3	4	3
Canada	324	201	249	196
Mexico	4	2	4	3
Peru	6	6	6	6
USA	149	103	137	94
Middle East, Asia, Australia and Africa	1,099	1,041	966	886
Australia	55	47	56	45
United Arab Emirates	13	12	14	12
India	486	525	395	412
China	4	3	4	3
Morocco	30	31	29	20
Malaysia	107	83	135	97
Saudi Arabia	22	22	7	6
Singapore	11	6	10	6
South Africa	119	98	85	70
Taiwan	-	-	1	1
Turkey	240	203	218	202
Qatar	12	11	12	12
	6,358	5,011	5,864	4,721

Percentage of women on boards and in management, %	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Board, excluding employee representatives			33%	40%
Group Management			0%	29%
Company managements	10%	10%		

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2021/22	2020/21	2021/22	2020/21
Board and President				
Parent Company	8.4	7.4	3.4	3.0
Subsidiaries in the Nordic region	14.4	12.4	5.5	4.9
Western Europe	46.1	41.4	9.2	8.9
Eastern Europe and CIS	20.3	19.1	4.9	5.7
North and South America	4.9	5.6	0.9	1.1
Rest of World	11.9	10.6	1.9	0.5
Total, Board and President	106.0	97.3	25.8	24.2

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2021/22					
Gerald Engström – Chairman of the Board	0.8	-	-	-	0.8
Patrik Nolåker – Vice Chairman of the Board	0.5	-	-	-	0.5
Carina Andersson – Director	0.4	-	-	-	0.4
Niklas Engström – Director	0.3	-	-	-	0.3
Svein Nilsen – Director	0.3	-	-	-	0.3
Gunilla Spongh – Director	0.4	-	-	-	0.4
Roland Kasper – Chief Executive Officer	4.3	0.7	-	0.8	5.8
Other senior executives ¹⁾	12.7	1.2	0.7	3.7	18.3
Total	19.7	1.9	0.7	4.5	26.8

¹⁾ Total of 9 persons

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2020/21					
Gerald Engström – Chairman of the Board	1.0	-	-	-	1.0
Carina Andersson – Director	0.4	-	-	-	0.4
Svein Nilsen – Director	0.3	-	-	-	0.3
Patrik Nolåker – Director	0.3	-	-	-	0.3
Gunilla Spongh – Director	0.3	-	-	-	0.3
Roland Kasper – Chief Executive Officer	3.9	1.6	0.1	0.7	6.3
Other senior executives ¹⁾	10.8	2.7	0.5	3.7	17.7
Total	17.0	4.3	0.6	4.4	26.3

¹⁾ Total of 6 persons

Fees to the Board of Directors total SEK 2,710 thousand (2,315); SEK 750 thousand (600) to the Chairman, SEK 500 thousand (-) to the Vice Chairman and SEK 315 thousand (300) to each of the other members elected by the AGM. In addition, remuneration shall be paid to the audit committee in a total amount of SEK 150 thousand (90), with SEK 100 thousand (60) being paid to the committee chairman and SEK 50 thousand (30) to the other member. In addition, remuneration has been paid to the remuneration committee in an amount of SEK 30 thousand (25) to the chairman of the committee and SEK 20 thousand (-) to the other member.

>> Note 11 (cont.)

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2021/22	2020/21	2021/22	2020/21
Other employees				
Parent Company	47.9	43.2	26.6	25.1
Subsidiaries in the Nordic region	479.7	452.5	138.5	135.8
Western Europe	880.3	827.2	256.9	242.3
Eastern Europe and CIS	282.4	248.0	64.2	58.6
North and South America	166.2	143.7	40.8	28.7
Rest of World	131.6	117.9	10.0	5.5
Total, other employees	1,988.1	1,836.4	537.0	503.0

Of social security expenses in the Parent Company, pension expenses accounted for SEK 11.7 million (10.9), including SEK 0.8 million (0.7) for the Board and the President. In other Group companies, pension expenses totalled SEK 62.7 million (65.4), including SEK 7.1 million (5.5) for boards and presidents.

Remuneration policy

The Chairman and members of the Board receive remuneration according to resolution by the Annual General Meeting. Fees totalling SEK 30 thousand (30) are paid to employee representatives each year.

Remuneration to the President is determined by the Board, based on a proposal from the remuneration committee, consisting of Carina Andersson, Gerald Engström and Patrik Nolåker. Remuneration to other senior executives is determined by the President after consultation with the compensation committee.

Senior executives consist of President and Chief Executive Officer Roland Kasper, Vice President Sales Olle Gassel, Vice President Global Supply Chain Anders Gustafsson, Vice President Products and Marketing Björn-Osvald Skandensen, CFO Anders Ulff and Vice President M&A Janni Weber.

Remuneration to senior executives shall – based on the conditions in the market in which the company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and motivate senior executives to remain with the company. “Senior executives” refers to the President and other members of Group Management.

The system of remuneration shall consist of a fixed salary and pension but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits are to be determined individually based on the aforementioned criteria and the specific competence of the executive.

Variable pay is based on the company’s performance, with the aim of promoting the company’s strategy, long-term value creation and sustainability. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and 25 percent for other senior executives.

As a principle, pensions shall be premium-based and shall not exceed 35 percent of the fixed salary. The size of the pension shall adhere to the same criteria as above and shall be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case.

Notice of termination and severance payments

The President’s employment may be terminated with 12 months’ notice by the company or six months’ notice by the CEO. For other senior executives, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay.

Share-based and share-price-based incentive programmes

On 26 August 2021, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2021 incentive programme. During the period under review, Systemair AB issued a total of 600,000 warrants for Systemair shares, to 44 individuals in senior positions within the company. Transfer of the warrants to the participants will take place at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). Each warrant entitles the holder to subscribe for one share in the company at a price of SEK 98.20. The programme runs for four years from 23 September 2021 and the last day for subscription is 30 September 2025.

Note 12 Amortisation and depreciation of intangible and tangible non-current assets

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Capitalised development costs	1.9	1.8	1.9	1.8
Brands, customer relationships	37.8	38.5	-	-
Other intangible non-current assets	22.8	20.4	11.9	11.6
Buildings and land improvements	50.5	47.1	-	-
Plant and machinery	89.9	83.0	2.4	2.3
Equipment and tools	52.2	48.1	1.8	2.4
Right-of-use assets	114.6	113.1	-	-
	369.7	352.0	18.0	18.1
Depreciation/amortisation, by function				
Cost of goods sold	179.1	168.8	-	-
Selling expenses	154.7	146.4	11.4	10.5
Administration expenses	32.9	33.8	6.3	7.2
Other operating expenses	3.0	3.0	0.3	0.4
	369.7	352.0	18.0	18.1

Note 13 Financial income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Interest income, external	3.7	1.9	-	0.1
Interest income, related companies	-	-	30.5	29.8
Net changes in exchange rates, financial instruments	-	-	28.8	-
	3.7	1.9	59.3	29.9

Note 14 Financial expenses

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Interest expenses, external	-20.4	-19.1	-11.3	-12.4
Interest expense, leases	-7.9	-7.9	-	-
Net changes in exchange rates, financial instruments	-0.9	-84.8	-	-36.0
Other financial expenses	-2.6	-2.8	-	-
	-31.8	-114.6	-11.3	-48.4

Note 15 Tax on profit for the year

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Current tax	-180.2	-151.4	-1.9	-
Deferred tax	-17.2	-2.0	0.9	7.6
	-197.4	-153.4	-1.0	7.6

The Group's tax expense represents 26.6 percent (27.2) of consolidated pre-tax profit. The high tax expense is attributable to non-capitalised tax loss carry-forwards in loss-making companies. The tax rate for the Parent Company in the financial year was 20.6 percent (21.4).

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 112.0 million (145.0) comprising loss carry-forwards. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be used against future taxable surpluses based on assessments in each individual company. No time limits are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised. The same applies to the deferred tax assets of SEK 242.3 million not taken into account.

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Pre-tax profit	741.7	564.0	-40.1	-28.1
Tax at current tax rate for Parent Company	-152.8	-120.7	8.3	6.0
Effect, foreign tax rates	-1.1	-0.2	-	-
Effect, untaxed reserves	-	-	-	13.2
Non-deductible expenses	-24.3	-18.7	-0.6	-
Tax-exempt income	8.5	11.3	-	-
Tax effect of uncapitalised loss carry-forwards	-32.0	-24.7	-	-
Dividends from subsidiaries	-	-	61.6	46.9
Adjustment for previous years' taxes	6.7	-1.5	-	-
Tax effect of impairment loss on receivables in subsidiaries	-	-	-69.0	-58.0
Miscellaneous	-2.4	1.1	-1.3	-0.5
	-197.4	-153.4	-1.0	7.6

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Deferred tax assets				
Property, plant and equipment	3.0	2.5	-	-
Inventory	26.6	23.6	-	-
Current receivables	3.2	2.0	-	-
Pension provisions	14.2	13.2	-	-
Loss carry-forwards	111.9	145.0	26.8	26.8
Miscellaneous	13.1	9.1	-	-
	172.0	195.4	26.8	26.8
Deferred tax liabilities				
Intangible assets	26.4	26.9	-	-
Property, plant and equipment	26.1	18.7	-	-
Untaxed reserves	19.8	23.3	-	-
Miscellaneous	4.6	7.7	1.0	1.8
	76.9	76.6	1.0	1.8

Change in deferred tax, temporary differences and loss carry-forwards

Group 2021/22	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehensive income	Acquisition/disposal of business	Translation difference	Closing balance, 30 April
Non-current assets	-43.1	-3.4	-	-0.7	-2.3	-49.5
Current receivables and liabilities	25.6	3.5	-	-	0.7	29.8
Provisions and non-current liabilities	13.2	1.2	-1.1	-	0.9	14.2
Untaxed reserves	-23.3	4.2	-	-	-0.7	-19.8
Loss carry-forwards	145.0	-34.5	-	-	1.4	111.9
Miscellaneous	1.4	8.1	-	-	-1.0	8.5
	118.8	-20.9	-1.1	-0.7	-1.0	95.1

Group 2020/21	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehensive income	Acquisition/disposal of business	Translation difference	Closing balance, 30 April
Non-current assets	-62.7	18.2	-	-0.8	2.2	-43.1
Current receivables and liabilities	29.1	-2.6	-	-	-0.9	25.6
Provisions and non-current liabilities	15.5	1.0	-2.9	-	-0.4	13.2
Untaxed reserves	-17.1	-7.8	-	-	1.6	-23.3
Loss carry-forwards	152.4	-4.9	-	-	-2.5	145.0
Miscellaneous	7.0	-5.4	-	-	-0.2	1.4
	124.2	-1.5	-2.9	-0.8	-0.2	118.8

Note 16 Intangible assets and property, plant and equipment

Group 2021/22	Goodwill	Capitalised development costs	Brands, customer relationships	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost								
At start of year	837.6	13.0	439.1	228.1	1,777.3	1,125.7	586.8	159.6
Acquired in business combinations	160.2	-	37.1	-	40.1	21.8	68.0	-
Acquisitions for the year	-	-	-	16.3	7.5	84.0	0.7	234.2
Sales/Disposals	-12.2	-	-	-8.2	-17.6	-38.6	-27.5	-1.0
Reclassifications	-	-	-	11.3	145.2	62.2	29.1	-247.8
Translation difference	35.7	-	16.0	1.7	52.6	23.8	12.2	-19.4
	1,021.3	13.0	492.2	249.2	2,005.1	1,278.9	669.3	125.6
Accumulated depreciation/amortisation								
At start of year	-	-5.1	-302.4	-158.1	-640.4	-755.1	-438.8	-
Sales/Disposals	-	-	-	7.7	2.3	31.6	26.1	-
Reclassifications	-	-	-	0.6	-	-0.4	-0.2	-
Translation difference	-	-	-12.8	-1.8	-13.9	-25.1	-10.0	-
Depreciation/amortisation for the year	-	-1.9	-37.8	-22.8	-50.5	-89.9	-52.2	-
	-	-7.0	-353.0	-174.4	-702.5	-838.9	-475.1	-
Accumulated impairments								
At start of year	-102.0	-3.9	-	-	-4.3	-	-	-
Translation difference	-4.5	-	-	-	-0.4	-	-	-
Sales/Disposals	12.7	-	-	-	-	-	-	-
Impairment for the year	-38.6	-	-	-	-	-	-	-
	-132.4	-3.9	-	-	-4.7	-	-	-
Carrying amount	888.9	2.1	139.2	74.8	1,297.9	440.0	194.2	125.6
Group 2020/21								
Accumulated historical cost								
At start of year	877.9	13.0	461.3	209.1	1,740.9	1,096.7	567.6	69.1
Acquired in business combinations	18.0	-	6.1	-	-	-	0.2	-
Acquisitions for the year	-	-	-	9.5	29.4	84.5	51.4	267.6
Sales/Disposals	-	-	-	-0.6	-4.2	-16.0	-13.1	-9.6
Reclassifications	-	-	-	18.3	113.9	12.5	1.6	-166.1
Translation difference	-58.3	-	-28.3	-8.2	-102.7	-52.0	-20.9	-1.4
	837.6	13.0	439.1	228.1	1,777.3	1,125.7	586.8	159.6
Accumulated depreciation/amortisation								
At start of year	-	-3.3	-283.3	-145.2	-623.3	-721.6	-414.7	-
Sales/Disposals	-	-	-	0.6	4.3	14.7	11.0	-
Reclassifications	-	-	-	-0.1	-	2.3	-2.2	-
Translation difference	-	-	19.4	7.0	25.7	32.5	15.1	-
Depreciation/amortisation for the year	-	-1.8	-38.5	-20.4	-47.1	-83.0	-48.1	-
	-	-5.1	-302.4	-158.1	-640.4	-755.1	-438.8	-
Accumulated impairments								
At start of year	-58.0	-3.9	-	-	-2.8	-	-	-
Translation difference	2.3	-	-	-	-	-	-	-
Impairment for the year	-46.3	-	-	-	-1.5	-	-	-
	-102.0	-3.9	-	-	-4.3	-	-	-
Carrying amount	735.6	4.0	136.7	70.0	1,132.6	370.6	148.0	159.6

FINANCIAL STATEMENTS

>> Note 16 (cont.)

Impairment testing for goodwill and brands with indefinite life

Goodwill has been allocated to cash-generating units, legal entities, and has been tested for impairment. The recoverable amount for the cash-generating units is based on their value in use. These calculations assume estimated cash flows based on financial plans approved by the Board and covering a five-year period. Management has established its financial plans based on previous results, experiences and anticipated developments in the market. The plans include for example assumptions regarding product launches, the trend of prices, sales volumes, com-

peting products and the trend of costs. The cash flow beyond the five-year period is assumed to show an annual growth corresponding to 2-4 percent annually. The discount rate before tax varies between 9 and 30 percent (10-12) for the various cash-generating units.

The table below shows a goodwill breakdown per cash-generating unit for the 10 single biggest goodwill items and brand with an indefinite life (Koolair), average estimated growth and gross margin over the forecast period, plus the discount rate before tax for each unit, as used for calculation of the values in use.

2021/22						
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimate gross margin	Discount rate before tax
Tecnair S.p.A	Italy	113.2	-	10%	30%	13%
Systemair B.V.	Netherlands	62.2	-	5%	22%	9%
Koolair Group	Spain	58.8	59.9	0%	25%	12%
Systemair India Pvt Ltd	India	56.0	-	9%	17%	13%
LLC Systemair	Russia	40.5	-	6%	34%	30%
Burda WTG	Germany	32.7	-	7%	36%	10%
Recutech	Czech Republic	30.9	-	14%	25%	10%
Systemair Italy s.r.l.	Italy	30.4	-	6%	31%	13%
Systemair Schweiz AG	Switzerland	28.6	-	5%	45%	10%
Systemair Inc.	Canada	27.2	-	9%	22%	11%
Other companies		408.4				
		888.9	59.9			

2020/21						
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimate gross margin	Discount rate before tax
Systemair B.V.	Netherlands	61.2	-	5%	24%	11%
Koolair Group	Spain	57.9	59.0	3%	24%	12%
Systemair India Pvt Ltd	India	49.6	-	10%	19%	12%
Menerga GmbH	Germany	35.5	-	4%	26%	10%
LLC Systemair	Russia	33.8	-	4%	31%	12%
Systemair Italy s.r.l.	Italy	29.9	-	10%	31%	12%
Recutech	Czech Republic	28.9	-	10%	25%	10%
Systemair Schweiz AG	Switzerland	26.2	-	7%	44%	10%
Systemair Inc.	Canada	24.2	-	1%	22%	10%
Systemair Mfg Inc.	USA	20.1	-	8%	33%	12%
Other companies		368.3				
		735.6	59.0			

Impairment testing established that a write-down of goodwill was justified in two of the Group's units. In Menerga in Germany, goodwill has been written down by SEK 36.0 million, meaning that all goodwill related to Menerga in Germany has been fully written off. In Lautner, Germany, a goodwill write-down of SEK 2.6 million was recognised. This represented the entire value of the goodwill item in the company. The recoverable amount for other units tested exceeds their carrying

amounts and as a result no further impairments have been recognised. Sensitivity analyses have been performed for estimated gross margin, rate of growth and discount rate. These analyses are based on a change in one assumption while all other assumptions are maintained as constant. Systemair has concluded that margins exist in the calculations for all other units.

>> Note 16 (cont.)

Parent Company 2021/22	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	13.0	76.5	11.6	16.1	11.6
Acquisitions for the year	-	-	-	-	-	8.0
Reclassifications	-	-	11.2	-	-	-11.2
	0.7	13.0	87.7	11.6	16.1	8.4
Accumulated depreciation/amortisation						
At start of year	-0.7	-5.1	-42.4	-6.3	-12.2	-
Depreciation/amortisation for the year	-	-1.9	-11.9	-2.4	-1.8	-
	-0.7	-7.0	-54.3	-8.7	-14.0	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-	-	-	-
Carrying amount	-	2.1	33.4	2.9	2.1	8.4
Parent Company 2020/21	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	13.0	68.7	11.6	15.7	7.0
Acquisitions for the year	-	-	-	-	-	12.8
Reclassifications	-	-	7.8	-	0.4	-8.2
	0.7	13.0	76.5	11.6	16.1	11.6
Accumulated depreciation/amortisation						
At start of year	-0.7	-3.3	-30.8	-4.0	-9.8	-
Depreciation/amortisation for the year	-	-1.8	-11.6	-2.3	-2.4	-
	-0.7	-5.1	-42.4	-6.3	-12.2	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-	-	-	-
Carrying amount	-	4.0	34.1	5.3	3.9	11.6

Note 17 Other securities held as non-current assets

This item consists for the most part of shares in Mechartes Researchers Pvt Ltd, India. The shares were measured at fair value, any adjustments being recognised in other comprehensive income.

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Opening balance	1.2	1.4	-	-
Translation difference	0.2	-0.2	-	-
	1.4	1.2	-	-

Note 18 Other long-term receivables

Includes a long-term receivable of SEK 5.9 million (5.0) in Morocco.

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Opening balance	15.1	24.3	8.1	14.9
Additional receivables	2.1	0.7	-	-
Receivables settled	-0.8	-4.1	-0.8	-2.1
Impairment losses	-2.4	-4.7	0.5	-4.7
Reclassifications	-1.1	-0.7	-	-
Translation differences	0.2	-0.4	-	-
Closing balance	13.1	15.1	7.8	8.1

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Prepaid rent	8.1	8.2	-	-
Prepaid insurance premiums	8.5	7.2	-	-
Servicing agreements and software licences	17.5	13.6	12.4	12.0
Miscellaneous	61.4	62.2	7.5	3.2
	95.5	91.2	19.9	15.2

Note 20 Inventory

The direct cost of materials during the year totalled SEK 4,028.4 million (3,683.5). The provision for obsolescence increased by SEK 7.9 million. In all, the provision for obsolescence amounts to SEK 92.4 million (84.5), corresponding to 3.8 percent (5.3) of the inventory value before deductions for obsolescence.

Note 21 Trade accounts receivable

Age breakdown of trade accounts receivable, including reserve	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Not yet due	1,596.3	1,366.2	4.3	-
< 90 days	286.6	164.3	-	-
90-180 days	48.8	42.7	-	-
181-360 days	25.0	12.2	-	-
> 360 days	18.7	12.1	-	-
Total	1,975.4	1,597.5	4.3	-

In accordance with IFRS 9, Systemair employs a valuation methodology for calculation of credit loss provision for trade accounts receivable, in which the expected credit loss for the entire duration of the trade account receivable is taken into account in calculation of the credit loss provision. However, when more appropriate, all outstanding trade accounts receivable are assessed according to individual circumstances.

The model of calculating expected credit losses is based on five different levels of maturity, from trade accounts receivable not yet due to more than 360 days overdue, as shown in the table above. Each level is assigned a degree of expected credit loss on which accounting loss provisions are made, unless an assessment of

the individual circumstances indicate otherwise. The grading of credit loss per level is based on historical patterns of losses over a five-year period, adjusted for provisions for losses, such as an individual forward-looking assessment of changes in payment structures based on state of the economy, knowledge of customer and market, for example. The degrees of credit losses in the different categories on 30 April 2022 were in the range of 0.0-85.5 percent (0.1-89.3). Systemair does not as a rule use credit insurance, but if it does by way of exception, a provision less the insured sum is accepted. An individual account receivable is written off at the point in time when there is no reasonable expectation of settlement by the counterparty.

In the 2021/22 financial year, profits were charged with SEK 21.6 million (18.0) in anticipated bad debts. Provisions for impairment of trade accounts receivable in the Group totalled 5.9 percent (6.4) of total trade accounts receivable.

Customer credit risk is managed at every subsidiary that has drawn up a credit policy in accordance with a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. Systemair has an extremely broad customer base, with nearly 100,000 customers. No individual customer normally represents more than around 1 percent of the company's total sales. As a result, Systemair has limited dependence on individual customers. Charges for anticipated bad debts and impairment losses on trade receivables are charged to the costs of sales.

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Provision for expected credit losses				
Opening balance	109.4	126.0	-	-
Provision for anticipated losses	26.1	18.5	0.8	-
Reversal of amount unused	-8.0	-5.9	-	-
Bad debts	-10.8	-17.1	-	-
Provisions acquired	3.3	-	-	-
Translation difference	4.7	-12.1	-	-
Closing balance	124.7	109.4	0.8	-

The provision for expected credit losses is made up as follows, by maturity category.

Provision for expected credit losses	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Not yet due	0.4	1.1	-	-
Due < 90 days	2.4	1.6	-	-
Due 90-180 days	3.2	1.8	-	-
Due 181-360 days	8.5	3.8	-	-
Due > 360 days	110.2	101.1	0.8	-
Provision for expected credit losses, total	124.7	109.4	0.8	-

Group 2021/22	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	1,596.7	0.4	0.0%
Due < 90 days	289.0	2.4	0.8%
Due 90-180 days	52.0	3.2	6.2%
Due 181-360 days	33.5	8.5	25.3%
Due > 360 days	128.9	110.2	85.5%
	2,100.1	124.7	5.9%

Group 2020/21	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	1,367.3	1.1	0.1%
Due < 90 days	165.9	1.6	1.0%
Due 90-180 days	44.5	1.8	4.1%
Due 181-360 days	16.0	3.8	23.6%
Due > 360 days	113.2	101.1	89.3%
	1,706.9	109.4	6.4%

Note 22 Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change in A shares	Change in B shares	Total no. of shares
Opening balances, May 2007							
		-	-	52.0	500,000	20,000	520,000
2007/08	100-for-1 split	1	-	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class ¹⁾	1	-	52.0	-50,000,000	-2,000,000	52,000,000
2021/22	4-for-1 split	0.25	-	52.0	-	-	208,000,000
At year-end, April 2022		0.25	-	52.0	-	-	208,000,000

¹⁾ The Annual General Meeting (AGM) held on 25 June 2007 resolved that the company should have one class of share only.

On 7 September 2021, Systemair effected a 4-for-1 share split. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares.

On 30 April 2022, the registered share capital totalled SEK 52,000,000, represented by 208,000,000 shares of one and the same class, and each entitled to one vote. All shares are fully paid up.

Capital management

The Systemair Board has set a target of no less than 30 percent for its equity/assets ratio. In the 2021/22 financial year, an equity/assets ratio of 45.5 percent (47.9) was achieved.

Other financial covenants that are measured under the conditions of existing financing agreements with Nordea Bank AB and Svenska Handelsbanken AB are interest coverage ratio and net debt/equity ratio. The target for interest coverage ratio is no less than 3.50. Over the financial year, the ratio was measured at 41.89 (9.56). The target for net debt ratio is no more than 3.50. Over the 2021/22 financial year, the ratio was measured at 1.73 (1.36). All covenants were therefore satisfied during the financial year.

Translation reserve

The impact of foreign currency on equity is recognised as a translation difference. The translation difference arises during consolidation, when the net assets of the foreign subsidiaries are translated to Swedish kronor. Systemair translates its assets, liabilities and equity at the exchange rates prevailing at the balance sheet date and translates its income statements at the average exchange rates for the year. Any exchange differences resulting from the use of this method are recognised directly in other comprehensive income. For the 2021/22 financial year, the translation difference in equity was SEK +119.1 million (-174.2).

Reserve for development expenditure – Parent Company

On capitalisation of development expenditure, a corresponding amount shall be transferred from retained profit to a separate restricted reserve in equity, the reserve for development expenditure. The reserve is to be drawn down at depreciation/amortisation, impairment or disposal. The Parent Company recognises a reserve totalling SEK 2.1 million (4.0) for development expenditure in the 2021/22 financial year.

Proposed appropriation of profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -5,167,245
Profit brought forward	SEK 1,501,860,294
Net profit/loss for the year	SEK -41,088,212
	SEK 1,490,811,588

The Board proposes that the Annual General Meeting, to be held on 25 August 2022, approve a dividend of SEK 0.90 (0.75) per share. As a result, dividend payments will amount to SEK 187.2 million (156.0). The remaining unappropriated amount is to be carried forward. The proposed dividend represents 34 percent (38) of the Group's net profit, which is slightly below Systemair's financial target of paying out 40 percent of net profit. The number of shares with dividend entitlement is 208,000,000. During the financial year, a 4-for-1 share split was effected. The figures for the preceding year, provided for comparison, have been adjusted.

List of shareholders

Systemair's 10 largest shareholders according to Euroclear on 30 April 2022.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB ¹⁾	89,056,648	42.82%
ebm-papst AB	22,239,080	10.69%
Swedbank Robur Fonder	20,310,385	9.76%
Alecta Pensionsförsäkring, Ömsesidig	11,366,000	5.46%
Didner & Gerge Fonder Aktiebolag	9,730,821	4.68%
Nordea Investment Funds	9,422,270	4.53%
Lannebo Fonder	7,880,647	3.79%
JP Morgan Bank Luxembourg S.A.	6,159,215	2.96%
Handelsbanken Fonder	4,187,274	2.01%
SEB Investment Management	3,321,120	1.60%
Others	24,326,540	11.70%
Total	208,000,000	100.00%

¹⁾ Färna Invest AB is a company owned by Systemair's Board Chairman Gerald Engström.

Note 23 Borrowing and financial instruments

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Non-current liabilities				
Bank loans of one to five years	974.3	813.1	857.2	693.1
Bank loans longer than five years	91.7	34.0	-	-
	1,066.0	847.1	857.2	693.1
Current liabilities				
Bank overdraft facilities	961.7	505.6	904.3	477.3
Current portion of bank loans	77.9	122.8	-	50.8
	1,039.6	628.4	904.3	528.1
Total borrowing	2,105.6	1,475.5	1,761.5	1,221.2
Distribution among banks				
Nordea Bank AB	866.4	531.7	841.4	499.2
Svenska Handelsbanken AB	920.1	722.0	920.1	722.0
Other banks	319.1	221.8	-	-
	2,105.6	1,475.5	1,761.5	1,221.2

FINANCIAL STATEMENTS

>> Note 23 (cont.)

Loans, by currency	SHB		Nordea		Others		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
EUR	452.0	423.4	297.2	151.1	116.3	151.9	865.5	726.4
SEK	474.8	304.9	339.9	313.9	-	-	814.7	618.8
USD	-	-	67.9	14.1	-	-	67.9	14.1
NOK	-	-	-80.8	-58.6	-	-	-80.8	-58.6
DKK	-	-	35.7	14.0	-	-	35.7	14.0
Other currencies	-6.7	-6.3	206.5	97.2	202.8	69.9	402.6	160.8
Total	920.1	722.0	866.4	531.7	319.1	221.8	2,105.6	1,475.5

	2021/22		2020/21	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
Long-term loans				
Group	1,066.0	1.03%	847.1	0.78%
Parent Company	857.2	0.76%	693.1	0.58%
Short-term loans				
Group	1,039.6	1.56%	628.4	1.10%
Parent Company	904.3	1.11%	528.1	0.93%

External facilities granted for bank overdrafts totalled SEK 1,301.3 million (1,281.2) for the Group and SEK 1,170.0 million (1,170.0) for the Parent Company. The Group had an unused overdraft facility of SEK 339.6 million (775.5). The overdraft facility carries a variable interest rate. The RCF granted to the Parent Company amounts to SEK 1,009.3 million (1,004.6). The unutilised RFC in the Parent Company totalled SEK 461.4 million (463.8).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. During the year, new financial covenants were entered into with EBRD for borrowing at the subsidiary Systemair HSK, Turkey. The key performance measures are interest coverage ratio and net debt/equity ratio, which are measured quarterly as a rolling 12-month value. During the year, the Group regularly met all the current terms and conditions of its covenants.

Change in liabilities in financing activities

	30/04/2021	Cash flow	New leases	Translation differences	30/04/2022
Group					
Non-current financial liabilities	847.1	195.6	-	23.3	1,066.0
Lease liability	311.6	-114.6	68.0	8.2	273.2
Current financial liabilities	122.8	-28.4	-	-16.5	77.9
Bank overdraft facilities	505.6	404.8	-	51.3	961.7
Total financial liabilities	1,787.1	457.4	68.0	66.3	2,378.8
Parent Company					
Non-current financial liabilities	693.1	164.1	-	-	857.2
Current financial liabilities	50.8	-50.8	-	-	-
Bank overdraft facilities	477.3	427.0	-	-	904.3
Total financial liabilities	1,221.2	540.3	-	-	1,761.5

	30/04/2020	Cash flow	New leases	Translation differences	30/04/2021
Group					
Non-current financial liabilities	942.3	-23.7	-	-71.5	847.1
Lease liability	279.5	-111.3	155.8	-12.4	311.6
Current financial liabilities	121.6	15.4	-	-14.2	122.8
Bank overdraft facilities	930.4	-364.7	-	-60.1	505.6
Total financial liabilities	2,273.8	-484.3	155.8	-158.2	1,787.1
Parent Company					
Non-current financial liabilities	779.7	-86.6	-	-	693.1
Current financial liabilities	53.5	-2.7	-	-	50.8
Bank overdraft facilities	886.1	-408.8	-	-	477.3
Total financial liabilities	1,719.3	-498.1	-	-	1,221.2

Maturity structure

Maturity structure for future agreed interest payments based on current interest rates, repayments and other financial liabilities.

	2022/23	2023/24	2024/25	2025/26	2026/27	Later
Interest payments on loans	12.6	9.0	8.6	1.8	1.5	4.1
Bank overdraft facilities	14.6	-	-	-	-	-
Total interest expense	27.2	9.0	8.6	1.8	1.5	4.1
Repayments						
Loans	77.9	45.2	890.7	19.4	19.0	91.6
Operating credit	961.3	-	-	-	-	-
Lease liabilities	108.2	73.1	47.4	27.6	12.6	4.3
Non-current liabilities	-	-	-	30.5	-	-
Other liabilities	1,128.0	-	-	-	-	-
Total undiscounted payments	2,275.4	118.3	938.1	77.5	31.6	95.9

>> Note 23 (cont.)

Classification and categorisation of financial assets and liabilities in the Group

Measurement at fair value is based on a valuation hierarchy for input data for the valuations. This hierarchy is divided into three levels, corresponding to those introduced in IFRS 13 Financial Instruments: Disclosures. The three levels are:

Level 1: Quoted prices (unadjusted) in an active market for identical assets or liabilities to which the company has access at the time of valuation. Systemair currently does not have any financial assets or liabilities that are measured at Level 1.

Level 2: Inputs other than Level 1 quoted prices that are directly or indirectly observable for the asset or liability. Inputs other than quoted prices observable for the asset or liability may also include interest rates, yield curves, volatility and multiples. Forward contracts are measured at market value as defined in Level 2, meaning that fair value is established using valuation techniques based on observable market data, either directly or indirectly, that are not included in Level 1 (fair value according to prices quoted in an active market for the same instruments).

Level 3: Inputs not based on observable input data for the asset or liability. On this level, assumptions that market operators would apply in the pricing of the asset or liability, including risk assumptions, are taken into account. The calculation for the option to acquire the remaining 10 percent of the shares in Systemair HSK, Turkey, is based on the anticipated profit before depreciation/amortisation and tax (EBITDA) for the financial years until 2024/25, plus the increase in value of the land on which the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is trans-

ferred via the Group's equity. During the financial year, the liability was revalued by the amount of SEK 1.7 million and is now measured at SEK 24.9 million. The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the 2023/24 and 2024/25 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. During the financial year, the liability was revalued by the amount of SEK 3.6 million and is now measured at SEK 5.6 million. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing, on the balance sheet.

The carrying amount for all items, other than borrowing, is an approximation of the fair value, and so such items are not classified into levels in accordance with the valuation hierarchy. Loans to credit institutions for the most part carry variable interest rates. The book value of loans is considered essentially to correspond to their fair value.

Value change in purchase option 2021/22	Systemair HSK Turkey	Frico A/S Denmark	Total
Opening balance	35.7	2.0	37.7
Change in value	1.7	3.6	5.3
Translation difference	-12.5	-	-12.5
Closing balance	24.9	5.6	30.5

2021/22 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,105.0	1,105.0
Property, plant and equipment	-	-	-	-	2,057.7	2,057.7
Right-of-use assets	-	-	-	-	267.9	267.9
Participations in associated companies	-	-	-	-	7.1	7.1
Financial investments	-	-	1.4	1.4	-	1.4
Non-current receivables	-	7.8	-	7.8	5.3	13.1
Deferred tax assets	-	-	-	-	172.0	172.0
Inventory	-	-	-	-	2,224.9	2,224.9
Other receivables	4.2	2,052.4	-	2,056.6	230.8	2,287.4
Cash and cash equivalents	-	335.9	-	335.9	-	335.9
Total assets	4.2	2,396.1	1.4	2,401.7	6,070.7	8,472.4

Equity and liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	3,853.5	3,853.5
Provisions for pensions	-	-	-	78.7	78.7
Deferred tax liabilities	-	-	-	76.9	76.9
Other provisions	-	-	-	77.6	77.6
Other non-current liabilities	-	30.5	30.5	12.0	42.5
Interest-bearing liabilities	2,105.6	-	2,105.6	-	2,105.6
Lease liabilities	273.2	-	273.2	-	273.2
Other liabilities	1,128.0	-	1,128.0	836.4	1,964.4
Total equity and liabilities	3,506.8	30.5	3,537.3	4,935.2	8,472.4

The option to purchase the remaining 30.5 percent in Systemair HSK, Turkey, and Frico A/S, Denmark, is recognised under Other non-current liabilities in a total amount of SEK 30.5 million.

FINANCIAL STATEMENTS

>> Note 23 (cont.)

2020/21 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	946.3	946.3
Property, plant and equipment	-	-	-	-	1,810.8	1,810.8
Right-of-use assets	-	-	-	-	307.3	307.3
Participations in associated companies	-	-	-	-	25.8	25.8
Financial investments	-	-	1.2	1.2	-	1.2
Non-current receivables	-	8.1	-	8.1	7.0	15.1
Deferred tax assets	-	-	-	-	195.4	195.4
Inventory	-	-	-	-	1,436.9	1,436.9
Other receivables	9.7	1,655.4	-	1,665.1	232.5	1,897.6
Cash and cash equivalents	-	319.1	-	319.1	-	319.1
Total assets	9.7	1,982.6	1.2	1,993.5	4,962.0	6,955.5

Equity and liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	3,330.1	3,330.1
Provisions for pensions	-	-	-	74.9	74.9
Deferred tax liabilities	-	-	-	76.6	76.6
Other provisions	-	-	-	65.7	65.7
Other non-current liabilities	-	37.7	37.7	5.0	42.7
Interest-bearing liabilities	1,475.5	-	1,475.5	-	1,475.5
Lease liabilities	311.6	-	311.6	-	311.6
Other liabilities	835.9	-	835.9	742.5	1,578.4
Total equity and liabilities	2,623.0	37.7	2,660.7	4,294.8	6,955.5

The option to purchase the remaining portions of Systemair HSK, Turkey, and Frico A/S, Denmark, is recognised under Other non-current liabilities in a total amount of SEK 37.7 million.

On the balance sheet date, the Group had outstanding EUR currency derivatives. The market value of the contracts is SEK 4.7 million (8.9) in the Parent Company. The total hedged value was EUR 12.0 million (17.8). Revaluation of the derivatives is charged to Other operating expenses.

Currency derivatives – hedged values	Parent Company EUR/SEK EUR m.
Maturity of forward contracts	
< 1 year	12.0
> 1 year	-
Total outstanding, EUR m.	12.0

In its Finance Policy, Systemair has stated that 50 percent of its anticipated net inflows in EUR may be hedged. At present, the Board has decided that it will not undertake any regular hedging. Exchanges of surplus EUR are conducted on an ongoing basis.

At the financial year-end, 100 percent of forward contracts had been taken out by the Parent Company. The forward contracts are measured at fair value. Hedge accounting is not used. Changes in value are recognised via the income statement. Selling currency on forward contracts requires a binding agreement in which a fixed redemption price (rate) is fixed to apply on a specific date.

Note 24 Accrued expenses and deferred income

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Salary and holiday pay liability	168.4	161.1	9.9	9.0
Employer's social security contribution liability	42.3	41.2	5.0	5.5
Commission payments and bonuses	27.3	22.0	1.3	4.3
Customer bonuses	17.5	13.9	-	-
Warranty and servicing work	7.4	9.4	-	-
Audit fees	4.1	0.9	-	-
Miscellaneous	123.5	112.2	3.1	2.0
	390.5	360.7	19.3	20.8

Note 25 Appropriations, other

	Parent Company	
	2021/22	2020/21
Group contributions received	65.0	61.2
Difference between depreciation and amortisation charged and according to plan	0.9	0.6
	65.9	61.8

Note 26 Untaxed reserves

	Parent Company	
	2021/22	2020/21
Difference between depreciation and amortisation charged and according to plan	-	0.7
	-	0.7

Note 27 Provisions for pensions

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans, or a combination of the two. A defined-contribution pension plan is one in which the Group pays a premium to a separate legal entity and subsequently has no further obligations. Defined-contribution plans are recognised as an expense in the period during which the employees perform the service to which the remuneration refers. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. Defined-benefit plans are measured separately and individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets. The cost of defined-benefit pension plans is broken down into different categories, such as cost of earning, interest expense or income, and revaluation effects. The cost of earning is recognised as an operating cost and classified as Cost of goods sold, Selling expenses or Administration expenses, depending on the function of the individual. Interest expense or income is recognised under Net financial items, while revaluation effects are recognised in Comprehensive income.

Pension obligations are calculated annually with the aid of independent actuaries who use the Projected Unit Credit Method. The calculation is based on actuarial, demographic and financial assumptions including discount rate, inflation expectations, anticipated pay rises and expected returns on investment assets.

The following is a brief description of the most important pension plans.

Sweden

Some white-collar employees in Sweden are included in a defined-pension plan, ITP 2. The plan is based on a final-salary scheme, in which full pension entitlement requires 30 years of earning. The ITP 2 plan's defined-benefit pension obligations for retirement and family pensions (or family pensions) are secured via insurance contracted with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for ITP Plan 2, financed via Insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. Regarding the 2021/22 financial year, the company has not had access to information to be able to account for the Group's proportional share of the plan's obligations, plan assets and costs, and so has been unable to account for the plan as a defined-benefit plan. Consequently, the ITP 2 plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are individually calculated on the basis, for example, of salary, pension already earned and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 8.0 million (6.6). The contributions for 2022/23 are expected to be in line with those for 2021/22.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations, based on Alecta's actuarial methods and assumptions, which do not correspond to those stated in IAS 19. Normally, the collective consolidation level is allowed to vary between 125 and 175 percent. If Alecta's collective consolidation level falls short of 125 percent or exceeds 175 percent, measures are to be taken to create conditions that will bring the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the contractual price for new insurance and increase existing benefits. In the event of high consolidation, one measure may be to introduce premium reductions. At year-end 2021, Alecta's surplus in the form of the collective consolidation level was 172 percent (160).

Norway

In Norway, defined-benefit pension plans are governed by the Norwegian Company Pensions Act. The plan covers all employees; payments from the former national pension system and the defined-benefit system add up to around 66 percent of the employee's salary when the employee reaches retirement age (normally 67 years). As the benefits under the new defined-benefit system are lower than before, pension payments will be lower than 66 percent. The amount varies according to when the employee decides to retire, normally between the ages of 62 and 75 years. The pension is calculated on the basis of the date of retirement divided by the number of years until the statistically calculated average life expectancy. Under Norwegian law, plan assets must always cover the pension entitlements earned by the employees covered by the pension plan. The plan assets must be kept separately from the company, but there are no provisions stating how the assets must be invested. A management committee is appointed to determine where and how the assets are to be invested, and it is a requirement that one member of the management committee must be a member of the defined-benefit plan. The company must contribute no less than 2 percent of the annual salary cost.

Switzerland

Defined-benefit plans in Switzerland must be financed by a separate legally administrative managed pension fund. In this respect, Swiss law stipulates only a mandatory minimum level.

Insurance plan: the company is a member of a collective foundation. According to IAS 19, the plan is classified as a defined-benefit plan, but has fixed contributions. Under Swiss law, the foundation guarantees the benefit amounts earned, which are established annually for the employee. Interest may be added to the balance. On taking retirement, the employee has the right to take the pension as a lump sum, a lifetime annuity or part as a lump sum with the remainder being converted to a fixed lifetime annuity in accordance with the rates determined by the collective foundation. Under Swiss law, the foundation must guarantee a minimum level with reference to the investment. Otherwise, the foundation is responsible for overseeing how the plan assets are invested.

Italy

Under Italian law, an employee has the right, in the event of termination of employment, to a severance payment termed a "TFR". In brief, the TFR is calculated individually as a portion of the employee's gross annual salary and a reasonable revaluation of the amount earned up to the time of termination of employment. Following changes in Italian legislation on 1 January 2007, all companies with more than 50 employees are obliged to pay the estimated TFR liability to a supplementary pension fund or to the government's INPS fund. All post-employment benefits to be paid in future are to be paid via one of the above-mentioned funds. On that basis, the fund is classified as a defined-contribution plan, following the change in legislation.

The pension liability on 30 April 2022 under defined-benefit pension plans is based on amounts earned in TFR as per 31 December 2006. This represents the amount that the company has to pay out when an employee reaches retirement age or in the event the person's employment is terminated.

France

In France, pensions are paid to employees at retirement in accordance with current collective bargaining agreements. The plan is a defined-benefit, final salary scheme. The plan does not stipulate any minimum requirements.

FINANCIAL STATEMENTS

>> Note 27 (cont.)

Information per country, 30 April 2022

Amounts shown on the balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	159.0	28.8	24.2	19.7	3.1	234.8
Fair value of plan assets	-133.8	-22.3	-	-	-	-156.1
Pension provision, net	25.2	6.5	24.2	19.7	3.1	78.7
Expense recognised in income statement						
Expenses based on service	8.5	-1.1	-	1.3	0.4	9.1
Income tax	1.4	5.2	-	-	-	6.6
Interest expense/(gain)	0.7	-	0.3	0.3	-	1.3
Administration expense	0.3	-	-	-	-	0.3
Net expense recognised in income statement	10.9	4.1	0.3	1.6	0.4	17.3
Weighted average duration, defined-benefit obligations	21	16	17	9	8	
Major actuarial assumptions, weighted average, %						
Discount rate	1.90	1.30	2.02	1.50	0.75	-
Anticipated return on assets	1.90	1.30	-	-	-	-
Anticipated rate of increase in salaries	2.50	0.50	2.00	1.50	0.50	-
Anticipated rate of inflation	2.50	0.50	2.00	1.50	0.50	-

Information per country, 30 April 2021

Amounts shown on the balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	148.5	38.7	18.3	19.6	2.9	228.0
Fair value of plan assets	-122.9	-30.2	-	-	-	-153.1
Pension provision, net	25.6	8.5	18.3	19.6	2.9	74.9
Expense recognised in income statement						
Expenses based on service	8.9	1.7	-	1.1	0.4	12.1
Income tax	1.4	-	-	-	-	1.4
Interest expense/(gain)	0.9	0.1	-	0.3	-	1.3
Administration expense	0.3	-	-	-	-	0.3
Net expense recognised in income statement	11.5	1.8	-	1.4	0.4	15.1
Weighted average duration, defined-benefit obligations	21	16	17	9	8	
Major actuarial assumptions, weighted average, %						
Discount rate	1.70	0.40	0.45	1.15	1.50	-
Anticipated return on assets	1.70	0.40	-	1.15	-	-
Anticipated rate of increase in salaries	2.25	0.50	2.00	1.50	0.50	-
Anticipated rate of inflation	2.00	0.50	2.00	1.50	0.50	-

Effect of pension expenses on profit

	2021/22	2020/21
Operating expenses – defined-benefit plans	16.0	13.9
Operating expenses – defined-contribution plans	69.6	69.3
Total operating expenses	85.6	83.2
Interest expense – defined-benefit plans	1.3	1.2
Expense before tax	86.9	84.4

Reconciliation of change in present value of defined-benefit obligations and plan assets

Defined-benefit obligations	2021/22	2020/21
Defined-benefit plans – obligation, 1 May	228.0	229.9
Current expense	15.7	13.6
Interest expense	3.3	3.2
Benefits paid	-12.8	-10.9
Actuarial gains/losses (financial assumptions)	-4.5	-8.5
Actuarial gains/losses (demographic assumptions)	-0.1	-1.5
Actuarial gains/losses (experience-based adjustments)	-3.7	-0.9
Deduction (others)	-6.6	-0.3
Acquisitions	7.4	-
Exchange rate differences	8.1	3.4
Defined-benefit plans, obligations as per 30 April	234.8	228.0

Changes in plan assets

	2021/22	2020/21
Fair value of plan assets as per 1 May	153.1	141.3
Funds invested by employers	11.3	11.1
Funds invested by employees	1.2	1.1
Benefits paid	-9.8	-8.1
Interest income	2.0	1.9
Actuarial gains/losses	-1.1	1.6
Deduction (others)	-6.6	-0.1
Exchange rate differences	6.0	4.3
Fair value of plan assets as per 30 April	156.1	153.1

	2021/22	2020/21
Best estimate of contributions next year	11.6	13.9

>> Note 27 (cont.)

Sensitivity analysis

The table below illustrates the effect on the value of the pension obligation from assumed changes.

	Change in assumption, %	Effect, SEK m.	Change in assumption, %	Effect, SEK m.
Discount rate	+1.0	-10.5	-1.0	13.4
Rate of inflation	+0.5	-2.2	-0.5	+6.2
Future salary increases	+0.5	+7.4	-0.5	-6.4
Estimated service life	+1.0	+0.5	-1.0	-0.5
Personnel turnover	+0.5	0.0	-0.5	0.0

The sensitivity analysis is performed by changing one actuarial assumption while keeping the other assumptions unchanged. The method illustrates the sensitivity of the liability to each individual assumption. This is a simplified method, in that the actuarial assumptions are usually correlated.

Fair value of plan assets

	2021/22	2020/21
Shares and similar financial instruments	22.3	20.8
Fixed-income securities, etc.	112.7	102.0
Real estate	19.4	22.4
Others	1.7	7.9
Total	156.1	153.1

Amounts recognised in other comprehensive income

	2021/22	2020/21
Actuarial gains/losses, gross	7.1	12.5
Impact of tax	-1.1	-2.9
Net in equity	6.0	9.6

Note 28 Other provisions

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Amount at beginning of year	65.7	66.8	-	-
Provisions during the year	14.7	12.1	-	-
Provisions acquired	9.0	-	-	-
Utilisation during the year	-7.5	-12.5	-	-
Provisions reversed	-6.6	-4.1	-	-
Translation differences	2.3	3.4	-	-
Amount at year-end	77.6	65.7	-	-

Provisions totalling SEK 44.0 million (38.0) relate to warranty costs, and SEK 20.8 million (16.5) to personnel-related items.

Note 29 Result from participations in Group companies

	Parent Company	
	2021/22	2020/21
Dividends from subsidiaries	299.2	219.1
Write-down of shareholder contributions	-185.2	-87.2
Write-down on shares in subsidiaries	-149.9	-114.6
	-35.9	17.3

Note 30 Participations in Group companies**Parent Company holdings of shares in Group companies**

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Sverige AB	559000-1516	Skinnskatteberg, Sweden	100	1,000,000	1.0
Divid Holding AB	556714-7581	Jönköping, Sweden	60	1,000	15.5
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5
Kanalfäkt Design Alliuq AB	556823-9577	Ångelholm, Sweden	100	500	164.6
Kanalfäkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
Systemair Home AB	556772-1518	Skinnskatteberg, Sweden	100	1,000	6.0
Servicebolaget i Sverige AB	556601-0566	Hudiksvall, Sweden	100	1,000	7.4
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6
Pacific Ventilation Pty Ltd		Australia	100	-	0.0
Systemair AB MMC		Azerbaijan	100	-	0.1
Systemair NV		Belgium	100	-	27.7
Menerga NV		Belgium	100	-	8.6
Systemair EOOD		Bulgaria	100	-	0.1
Systemair Spa		Chile	100	-	7.2
Systemair a/s		Denmark	100	10,101	35.1
Frico A/S		Denmark	60	-	4.3
Systemair Trading LLC		Dubai, UAE	100	-	0.0
Systemair Ltd		England	100	1,000,000	32.0
Systemair AS		Estonia	100	3,128	17.3
Well Technology OÜ		Estonia	60	-	20.4
Systemair Oy		Finland	100	20	0.3
Systemair SAS		France	100	9,994	6.5
Systemair AC SAS		France	100	10,000	10.3
Systemair LLC		Georgia	100	-	0.2
Systemair Hellas S.A.		Greece	100	15,000	8.7
Systemair Hong Kong Ltd		Hong Kong	100	300	0.2
Systemair India Pvt Ltd		India	100	320,000	161.3
Systemair Ltd		Ireland	100	1	0.0

FINANCIAL STATEMENTS

>> Note 30 (cont.)

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Italy s.r.l.		Italy	100	-	55.2
Systemair S.r.l.		Italy	100	-	0.0
Tecnair S.p.A		Italy	100	-	173.7
Systemair Inc.		Canada	100	44,600	29.6
Systemair TOO		Kazakhstan	100	-	2.0
Systemair (Suzhou) Co. Ltd		China	100	-	0.0
Systemair d.o.o.		Croatia	100	-	0.0
Poly-Rek d.o.o.		Croatia	100	-	3.2
Systemair SIA		Latvia	100	2,500	1.1
Systemair UAB		Lithuania	100	500	10.9
UAB Menerga		Lithuania	100	-	25.5
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6
Systemair Maroc SARL		Morocco	60	-	36.1
Systemair Mexico		Mexico	100	-	3.3
Systemair B.V.		Netherlands	100	-	119.2
Frico B.V.		Netherlands	100	40	11.0
Systemair AS		Norway	100	82,000	21.4
Menerga AS		Norway	100	50	20.8
Systemair Peru SAC		Peru	100	20,000	3.6
Systemair SA		Poland	100	200	0.9
Systemair SA		Portugal	100	200,000	26.0
Systemair Middle East LLC		Qatar	100	-	0.4
Systemair Rt		Romania	100	1,000	0.0
OOO Systemair		Russia	100	-	95.9
LCC Systemair Production		Russia	100	-	0.0
Systemair KSA		Saudi Arabia	100	-	0.0
Systemair d.o.o. Beograd		Serbia	100	-	12.4
Systemair Suisse AG		Switzerland	100	250	47.0
Menerga GmbH		Switzerland	100	210	11.7
Systemair (SEA) Pte Ltd		Singapore	100	1,000,000	6.2
Systemair Production a.s.		Slovakia	100	-	68.2
Systemair AS		Slovakia	100	22	0.5
Systemair d.o.o.		Slovenia	100	-	42.9
Systemair HVAC S.L.U.		Spain	100	-	26.3
Koolair S.L.		Spain	100	-	41.9
Systemair (Pty) Ltd		South Africa	100	1,000	11.0
Systemair SA		Czech Republic	100	-	21.5
ZVV s.r.o		Czech Republic	100	-	110.1
Recutech s.r.l.o.		Czech Republic	10	-	4.8
Systemair HSK Hav. Ekip. San. Ve Tic. Ltd		Turkey	90	2,150	82.9
Systemair GmbH		Germany	100	-	10.4
Lautner Energiespartechnik GmbH		Germany	100	-	0.0
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	0.0
Tekadoor GmbH		Germany	100	-	30.3
TTL		Germany	100	-	0.2
Systemair TOV		Ukraine	100	-	0.0
Systemair Rt		Hungary	100	2,000	4.5
Systemair Mfg Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	39.8
					2,194.4

>> Note 30 (cont.)

Subsidiaries indirectly controlled by Parent Company

Indirectly controlled	Parent Company	Registered office	% of capital
Divid AB	Divid Holding AB	Jönköping, Sweden	100
Divid Promaster AB	Divid Holding AB	Jönköping, Sweden	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Systemair WT End. Hav. Coz San. Ve Tic. A.S.	Well Technology OÜ	Estonia	30
Frico SAS	Frico AB	France	100
ISC Italy	Divid Holding AB	Italy	100
Systemair OOO	UAB Menerga	Kaliningrad	100
Systemair Commercial AHU	Systemair Inc.	Canada	100
Frico AS	Frico AB	Norway	100
Menerga Polska	Systemair SA	Poland	100
Koolair Fabricacion S.L.U.	Koolair S.L.	Spain	100
Safeair S.L.	Koolair S.L.	Spain	100
Metalisteria Medular S.L.	Koolair S.L.	Spain	100
Recutech s.r.o.	2VV s.r.o	Czech Republic	90
Systemair WT End. Hav. Coz San. Ve Tic. A.S.	Systemair HSK Hav. Ekip. San. Ve Tic. Ltd	Turkey	70
Frico GmbH	Frico AB	Germany	100
Systemair IOOO	UAB Menerga	Belarus	100
Frico GmbH AT	Frico AB	Austria	100

Change in Group companies

	Parent Company	
	2021/22	2020/21
At start of year	2,149.6	2,239.8
Acquisitions during the year	194.7	24.4
Disposals during the year	-	-
New share issues during the year	185.2	87.2
Impairment for the year	-335.1	-201.8
	2,194.4	2,149.6

Note 31 Participations in associated companies

Group's participations in associated companies	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
At start of year	25.8	19.6	5.9	5.9
Reclassifications for the year	-18.5	-	-	-
Share in profits of associated companies during the year	-0.2	6.2	-	-
	7.1	25.8	5.9	5.9

Specification of values and ownership share

2021/22	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
MR Studios	Czech Republic	9.8	2.1	5.8	0.2	5.6	40.0

2020/21	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
Burda Worldwide Technologies GmbH	Germany	20.9	8.2	14.8	6.3	8.5	49.9
MR Studios	Czech Republic	6.1	1.9	6.8	1.9	4.9	40.0

The end of the reporting period for the associated company MR Studios is 31 December. The company reports with a delay of one month. The company is owned by Systemair AB.

In July 2021, Systemair's subsidiary Frico AB acquired the remaining 50.1 per cent of the shares in Burda WTG, Germany.

No dividend was received during the financial year.

Note 32 Changes in Group structure – business combinations, new businesses and disposals

Companies acquired

In July 2021, Frico AB acquired the remaining 50.1 percent of the shares in Burda WTG, Germany. Burda develops, produces and supplies infrared radiant heaters and heating panels, plus associated control equipment, with several proprietary patents. The company's head office is located in Eschborn, near Frankfurt-am-Main, Germany. The company's sales in 2020 totalled around EUR 4 million.

In December 2021, all shares in Traydus in Brazil were sold to the company's minority shareholders, who are also the local management. The company is a manufacturer of customised air handling units for the Brazilian market. Systemair acquired 75 percent of the shares in September 2015 and the company's performance since then has not met expectations. The sale of Systemair Traydus resulted in an impairment loss of SEK 22.5 million, which is charged to operating profit.

At the end of January 2022, an agreement was signed to acquire 80 percent of the Italian company Tecnair LV S.p.A. from the Italian-listed LU-VE Group, and the remaining 20 percent from the Monti family. Tecnair is an international supplier of precision cooling products. The products are supplied, for example, to hospitals and data centres. The Italian market accounts for about 25 percent of Tecnair's sales, with the remainder being exported mainly within Europe. The company is based in Uboldo, outside Milan, but will be relocated to Systemair's existing premises in Barlassina, 15 km from Uboldo, in the next few months. Tecnair's sales in 2021 amounted to approximately EUR 12 million, with an EBITDA profit of EUR 1.2 million. The company has 43 employees. The takeover was completed on 21 March 2022. The purchase price agreed is EUR 15 million for the debt-free company.

On 7 April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A. The company is a major supplier with extensive experience in filtration and air distribution. The company's wholly-owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. In Sondrio in the Valtellina Valley, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The Italian market accounts for about 75 percent of the companies' sales, with the remainder being exported mainly within Europe. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The purchase price agreed is EUR 33.6 million on a debt-free basis. The transaction was approved by the Italian authorities at the end of May and is expected to be closed in June 2022.

In April 2022, Systemair's subsidiary Divid Holding AB acquired ISC s.r.l., Italy. ISC holds a strong market position in the niche of product selection programmes for air handling units. ISC has sales of around SEK 7 million.

Net sales for the acquired companies between acquisition and the financial year-end totalled SEK 65.1 million. Operating profit for the period concerned was SEK 17.6 million. If the companies acquired had been consolidated as of 1 May 2021, net sales for the financial year May 2021 through April 2022 would have totalled approximately SEK 9,718.2 million. Operating profit for that period would have totalled approximately SEK 768.2 million.

The purchase consideration paid for company acquisitions was made up as follows:

2021/22 SEK m.	Ravenscroft NZ	Burda WTG	Well Technology	ISC Italy	Tecnair	Total
Total historical cost, less costs of acquisition	1.6	56.6	20.3	15.8	172.2	266.5
Assets acquired						
Fair value of assets acquired, net	1.0	24.5	18.6	3.9	55.3	103.6
Goodwill	0.6	32.1	1.7	11.6	116.9	162.9
Identifiable net assets						
Brands and customer relationships	–	15.3	–	5.2	17.0	37.5
Other intangible assets	0.2	0.1	–	–	10.3	10.6
Buildings and land	–	–	39.5	–	–	39.5
Machinery and equipment	0.2	0.1	20.3	0.1	1.7	22.4
Financial and other non-current assets	–	–	0.2	–	–	0.2
Deferred tax assets	–	–	–	–	2.1	2.1
Inventory	0.6	7.8	9.2	0.9	31.6	50.1
Trade accounts receivable	–	3.3	1.4	1.2	31.4	37.3
Other current assets	–	0.7	0.6	0.1	2.4	3.8
Cash and cash equivalents	–	9.1	7.5	1.2	23.0	40.8
Minority interest	–	–	-12.4	–	–	-12.4
Non-interest-bearing liabilities	–	-0.4	–	–	-8.7	-9.1
Deferred tax liability	–	-4.3	–	-1.5	-4.1	-9.9
Interest-bearing liabilities	–	-0.9	-21.7	–	–	-22.6
Other operating liabilities	–	-6.3	-26.0	-3.0	-51.4	-86.7
	1.0	24.5	18.6	3.9	55.3	103.6
Previous valuation of 49.9% of Burda	18.5					
Change in value	9.8					
Acquisition of remaining 50.1% Burda	28.3					
	56.6					

>> Note 32 (cont.)

2020/21 SEK m.	Divid	Servicebolaget	Systemair T00	Total
Total historical cost, less costs of acquisition	15.3	7.3	1.5	24.1
Assets acquired				
Fair value of assets acquired, net	2.4	3.4	0.3	6.1
Goodwill	12.9	3.9	1.2	18.0
Identifiable net assets				
Customer relationships	4.0	1.7	0.4	6.1
Machinery and equipment	0.1	-	-	0.1
Inventory	-	0.9	0.2	1.1
Trade accounts receivable	3.5	1.1	-	4.6
Other current assets	4.0	0.5	-	4.5
Cash and cash equivalents	1.5	1.5	0.1	3.1
Minority interest	-1.3	-	-	-1.3
Deferred tax liability	-0.8	-0.8	-	-1.6
Other operating liabilities	-8.6	-1.5	-0.4	-10.5
	2.4	3.4	0.3	6.1

Impact of acquisitions on cash flow	2021/22	2020/21
Purchase considerations	-266.5	-24.1
Purchase consideration not paid	1.6	-
Revaluation effect Burda	28.1	-
Cash and cash equivalents in companies purchased	40.8	3.1
Transaction costs, acquisition of subsidiaries	-1.5	-0.2
Change in consolidated cash and cash equivalents after acquisitions	-197.5	-21.2

Customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 5–10 years. In cases where decisions have not been taken as to phasing-out of brands, they are assumed to have an indefinite life.

The goodwill upon acquisition is attributable to the strong market positions of the companies acquired, synergies expected to emerge after acquisition and the companies' estimated future earning capacity.

**Companies divested
2021/22**

The impact of divestment of the shares in Traydus in Brazil, may be summarised as follows:

Asset and liability disposals	Total
Intangible assets	0.3
Buildings and land	1.2
Machinery and equipment	1.6
Deferred tax assets	0.5
Inventory	13.1
Trade accounts receivable	6.3
Other current assets	4.7
Cash and cash equivalents	1.5
Interest-bearing liabilities	-0.9
Other operating liabilities	-5.8
	22.5

Effect on cash flow of company disposals

Purchase consideration	0.0
Cash and cash equivalents	-1.5
Change in Group's cash and cash equivalents at sale	-1.5

In connection with the sale, a translation difference of SEK 17.6 million was realised, which affects Other operating income.

No companies were sold during the previous financial year.

Note 33 Receivables from Group companies

Changes in receivables from Group companies	Parent Company	
	2021/22	2020/21
At start of year	577.4	542.8
Lending	105.7	113.2
Repayments	-79.7	-46.2
Impairment losses	-93.7	-
Reclassifications	1.3	-
Foreign exchange adjustments	20.9	-32.4
	531.9	577.4

Note 34 Pledged assets

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Assets pledged for own liabilities to credit institutions				
Chattel mortgages	113.8	127.6	-	-
Real estate mortgages	305.0	215.7	-	-
Pledged shares in subsidiaries	191.2	180.8	32.1	97.7
	610.0	524.1	32.1	97.7
Pledged assets, per bank				
Nordea Bank AB	297.9	287.2	32.1	97.7
Svenska Handelsbanken AB	28.1	28.1	-	-
Other banks	284.0	208.8	-	-
	610.0	524.1	32.1	97.7

Pledged shares in subsidiaries consist of all shares in Systemair Mfg Inc., USA. The amount secured for the Parent Company is the book value of the shares. In the Group, the value is made up of equity plus any surplus values. The securities were taken out at acquisition of the companies.

Note 35 Contingent liabilities

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Guarantees on behalf of subsidiaries	-	-	588.3	535.7
Guarantees and other contingent liabilities ¹⁾	216.9	179.9	119.8	113.6
	216.9	179.9	708.1	649.3

¹⁾ Consists for the most part of intra-Group Parent Company guarantees and bank guarantees.

The Parent Company has issued external bank guarantees and internal guarantees of SEK 119.8 million on behalf of the subsidiaries. The subsidiaries have issued local bank guarantees for a total amount of SEK 97.1 million.

Note 36 Supplementary information on cash flow statement

	Group		Parent Company	
	2021/22	2020/21	2021/22	2020/21
Adjustment for non-cash items etc.				
Depreciation/Amortisation of non-current assets	255.2	238.9	18.0	18.1
Amortisation of right-of-use assets	114.6	113.1	-	-
Impairment losses	38.6	47.8	-	-
Changes in provisions	8.1	1.2	-	-
Unrealised exchange gains and losses	-78.9	-0.6	4.6	-23.1
Provisions for pensions	0.3	-2.7	-	-
Gain/Loss on divestment of non-current assets	24.8	-2.3	-	-
Other items	-8.1	-3.9	-	-
	354.5	391.5	22.6	-5.0

Note 37 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The company's organisation registration number is 556160-4108. The consolidated accounts for the 2021/22 financial year include the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 38 Earnings per share

Group	2021/22	2020/21
Basic earnings per share (SEK)	2.61	1.95
Diluted earnings per share (SEK)	2.61	1.95
Profit/loss for the period	544.3	410.6
Profit for the year attributable to Parent Company shareholders	543.9	406.2
Non-controlling interests	0.4	4.4
Weighted average number of shares in issue, basic	208,000,000	52,000,000
Weighted average number of shares in issue, diluted	208,000,000	52,000,000

Systemair AB has issued 600,000 warrants to persons holding senior positions within the company. The average price of the share during the period under review was less than the redemption price for the warrants, so no dilution effect has occurred. The number of shares outstanding at the end of the reporting period was 208,000,000. During the period under review, a 4-for-1 share split was effected. The figures for earlier periods provided for comparison have been adjusted.

Note 39 Related party transactions

Systemair AB (publ.) purchased hotel and conference services for SEK 0.7 million (0.3) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström.

For more information on transactions with senior executives, see Note 11.

Parent Company purchases from other Group companies totalled SEK 67.3 million (55.5). Parent Company sales to Group companies are described in Note 4. For more information on Parent Company receivables from Group companies, see Note 33. Liabilities to Group companies total SEK 859.5 million (861.5).

Note 40 Events after the financial year-end

In April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A, a leading international supplier of filtration and air distribution services. The company's wholly-owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. In Sondrio in the Valtellina Valley, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The transaction is conditional on approval from the Italian authorities and this was obtained on 27 May. The deal was closed 14 June 2022. The purchase price agreed is EUR 33.6 million on a debt-free basis.

The undersigned declare that the consolidated accounts, the annual report and the sustainability report were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as generally accepted accounting principles, and give a true and fair view of the Group's and company's financial position and earnings, and that the Group's and company's administration reports give a fair review of the development of the Group's and company's operations, financial position and earnings and describe the material risks and uncertainties facing the companies in the Group.

Skinnskatteberg

Roland Kasper
President and CEO

Gerald Engström
Chairman of the Board

Patrik Nölåker
Vice-Chairman of the Board

Carina Andersson
Director

Niklas Engström
Director

Svein Nilsen
Director

Gunilla Spongh
Director

Ricky Sten
Employee Representative

Åke Henningsson
Employee Representative

Our Auditor's Report concerning this annual report was submitted on the day shown in our electronic signature.

Ernst & Young AB

Johan Holmberg
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Systemair AB, corporate identity number 556160-4108

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Systemair AB (publ) except for the corporate governance statement on pages 42–51 for the financial year 1 May 2021–30 April 2022. The annual accounts and consolidated accounts of the company are included on pages 52–97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 30 April 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42–51. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its Parent Company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and participation in group companies

Description

Goodwill totals SEK 889 million on the consolidated balance sheet and participations in group companies are stated at SEK 2,194 million on the Parent Company balance sheet on the balance sheet date. As described in Note 1 and the section on impairments, the company tests, at least annually and when there is any indication of impairment, to determine that carrying amounts of goodwill do not exceed the recoverable amount. As regards participations in group companies, an assessment is made on an ongoing basis to determine whether there is any indication of impairment and, if so, the recoverable amount of the asset is calculated and compared to its book value. The recoverable amount is calculated via an estimate of the value in use for the cash-generating unit concerned, which in the company's case is the same as the subsidiary concerned, via a present value calculation of estimated future cash flows. As Note 16 indicates, the cash flows for the financial plans have been approved by management and extend to a five-year period. The plans include for example assumptions as to trend of prices, sales volumes and trend of costs. In addition, assumptions have been made as to discount rate and growth beyond the five-year period. In the group, goodwill has been written down by SEK 39 million during the financial year, as described in Note 16. In the Parent Company, participations in group companies have been written down by SEK 335 million in the financial year, as described in Note 30.

In view of the significant values of goodwill in the Group and participations in group companies in the Parent Company, and in view of the significant assumptions and estimates required to calculate the value in use, we considered the measurement of goodwill and participations in group companies to be a particularly significant area in our audit.

How our audit addressed this key audit matter

During our audit, we assessed the company's process for establishing its impairment test for goodwill and the company's routines for identifying indications of impairment of goodwill and in participations in group companies. We examined how cash-generating units are identified, assessed the company's valuation methods and calculation models with the support of our valuation specialists and judged the reasonableness of assumptions made. We performed sensitivity analyses regarding changes in material assumptions and made comparisons with historical outcomes and the accuracy of forecasts made earlier. We assessed the reasonableness of the discount rate and long-term growth assumed for individual units, through comparisons with other companies in the same sector.

Finally, we assessed the adequacy of the disclosures in the annual accounts.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41 and 101-112. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform

audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Systemair AB (publ) for the financial year 1 May 2021-30 April 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and

the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the Parent Company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management

>> Auditor's Report, cont.

of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Systemair AB for the financial year 1 May 2021–30 April 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report 0a851a068bb38f34a46c4cc00355441ee2a1fffbe2cf30e886b0eae417f2db73b has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Systemair AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42–51 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, SE-111 47 Stockholm, was appointed auditor of Systemair AB by the general meeting of the shareholders on the 26 August 2021 and has been the company's auditor since the 2005/2006 financial year. Systemair became a public-interest entity in the 2007/2008 financial year.

Stockholm the day of our electronic signature
Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Key Performance Measures and Definitions

Alternative Performance Measures

In its interim reports and annual report, Systemair presents performance measures – alternative performance measures (APMs) – that supplement the financial measures defined in IFRS. The company is of the view that these APMs provide valuable information to investors and the company's management, in that they enable evaluation of the company's performance, trends, capacity to pay down debt and invest in new business opportunities, and in that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate key financial performance measures in the same way, these APMs are not always comparable. As a result, they should not be regarded as substitutes for key performance measures as defined in IFRS. A number of definitions and calculations appear below, the majority of which are alternative performance measures.

Definitions of Key Performance Measures

	2021/22 May-Apr	2020/21 May-Apr	2019/20 May-Apr
Number of employees			
The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents	6,660	6,380	6,197
Return on equity			
Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest			
Profit after tax, before non-controlling interest, TTM, SEK m.	544.3	410.6	385.3
Average equity, SEK m.	3,598.2	3,166.3	3,065.1
Return on equity	15.1%	13.0%	12.6%
Return on capital employed			
Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed			
Profit after financial items, TTM, SEK m.	835.6	673.7	639.8
Average capital employed, SEK m.	5,754.5	5,134.9	5,493.3
Return on capital employed	14.5%	13.1%	11.6%
EBITDA			
Operating profit before depreciation/amortisation and impairments			
Operating profit, SEK m.	769.8	676.7	625.7
Depreciation/amortisation and impairments, SEK m.	408.4	399.8	405.4
EBITDA, SEK m.	1,178.2	1,076.5	1,031.1
Equity per share			
Equity divided by the number of shares at the end of the period			
Equity excluding minority interests, SEK m.	3,815.1	3,305.0	3,064.8
Number of shares, millions	208.0	208.0	208.0
Equity per share, SEK	18.34	15.89	14.73
Cash generation			
Operating profit before depreciation/amortisation and impairments, TTM, SEK m.	1,178.2	1,076.5	1,031.1
Provisions in working capital not affecting cash flow, TTM, SEK m.	8.1	1.2	2.6
Changes in working capital, TTM, SEK m.	-714.1	135.9	56.7
Investments in machinery and equipment, TTM, SEK m.	-326.4	-432.9	-204.7
Total	145.8	780.7	885.7
Operating profit, TTM, SEK m.	769.8	676.7	625.7
Cash generation	18.9%	115.4%	141.6%

	2021/22 May-Apr	2020/21 May-Apr	2019/20 May-Apr
Net indebtedness			
Interest-bearing liabilities + provision for pensions, less cash and cash equivalents and short-term investments			
Interest-bearing liabilities, SEK m.	2,378.9	1,787.1	2,273.7
Provisions for pensions, SEK m.	78.7	74.9	88.6
Cash and cash equivalents, short-term investments, SEK m.	339.3	321.7	381.6
Net indebtedness, SEK m.	2,118.4	1,540.3	1,980.7
Operating cash flow per share			
Cash flow for the period from operating activities, divided by the average number of shares during the period			
Cash flow for the period from operating activities, SEK m.	235.2	993.9	844.3
Number of shares, millions	208.0	208.0	208.0
Operating cash flow per share, SEK	1.13	4.78	4.06
Organic growth			
Changes in sales by like-for-like units, adjusted for acquisitions and foreign currency effects			
Net sales for like-for-like units, SEK m.	9,599.8	9,101.0	8,428.3
Net sales for preceding year, SEK m.	8,519.2	8,914.9	8,326.5
Organic growth	12.7%	2.1%	1.2%
Earnings per share			
Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period			
Profit attributable to Parent Company shareholders, SEK m.	543.9	406.2	381.5
Number of shares, millions	208.0	208.0	208.0
Earnings per share	2.61	1.95	1.83
Operating margin			
Operating profit divided by net sales			
Operating profit, SEK m.	769.8	676.7	625.7
Net sales, SEK m.	9,634.5	8,519.2	8,914.9
Operating margin	8.0%	7.9%	7.0%
Operating profit (EBIT)			
Earnings before financial items and tax, SEK m.	769.8	676.7	625.7
Equity/assets ratio			
Adjusted equity divided by total assets			
Adjusted equity, SEK m.	3,853.5	3,330.1	3,084.7
Total assets, SEK m.	8,472.4	6,955.5	7,099.9
Equity/assets ratio	45.5%	47.9%	43.4%

KEY PERFORMANCE MEASURES AND DEFINITIONS

	2021/22 May-Apr	2020/21 May-Apr	2019/20 May-Apr
Capital employed			
Total assets less non-interest-bearing liabilities			
Total assets, SEK m.	8,472.4	6,955.5	7,099.9
Non-interest-bearing liabilities, SEK m.	2,197.5	1,795.6	1,710.4
Capital employed	6,274.9	5,159.9	5,389.5
Growth			
Growth is defined as the change in net sales, relative to net sales for the preceding period			
Net sales, SEK m.	9,634.5	8,519.2	8,914.9
Net sales for preceding year, SEK m.	8,519.2	8,914.9	8,326.5
Growth	13.1%	-4.4%	7.1%

	2021/22 May-Apr	2020/21 May-Apr	2019/20 May-Apr
Profit margin			
Profit after financial items divided by net sales			
Profit/loss after financial items, SEK m.	741.7	564.0	543.7
Net sales, SEK m.	9,634.5	8,519.2	8,914.9
Profit margin	7.7%	6.6%	6.1%

About the Sustainability Report

Systemair's sustainability report is published annually as an integral part of the company's annual report. The annual report presents a summary of the company's accounts and administration, and describes how the company has worked on the most important sustainability issues during the year. In deciding upon the content of its sustainability report, Systemair has applied the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Systemair's materiality analysis is described on page 104. The sustainability report also constitutes the Systemair's statutory sustainability report in accordance with the requirements of the Swedish Annual Accounts Act. The scope of the sustainability report is described in the GRI Index on pages 107–109. The company's EU Taxonomy disclosure is provided on page 105. The sustainability report has not been examined by Systemair's auditors. For the company's EU Taxonomy disclosure, a limited review has been performed by Systemair's auditors. We continuously assess the need for that type of examination but have not as yet taken any decision to change the method currently used. On page 110, it is confirmed that the auditors have noted that Systemair has drawn up a statutory sustainability report. The sustainability report accords with Systemair's financial year and thus covers the period 1 May 2021–30 April 2022. The previous report was published in August 2021.

CONDITIONS AND BOUNDARIES

The information presented in the sustainability report refers to all companies listed in Note 1 on pages 69–72; any organisational boundaries are mentioned alongside the information provided. Many of our sustainability aspects have an impact outside Systemair's legal frameworks, for example at our customers and suppliers and in local communities. We describe regularly, via our sustainability report, where each sustainability aspect has a direct impact, both in and outside the company's boundaries.

MANAGEMENT OF SUSTAINABILITY WORK

Systemair's CEO is ultimately responsible for the company's sustainability work, while responsibility for progress and follow-up is delegated to individuals within Group Management, according to their functional responsibilities. Each sustainability area has relevant key performance indicators where functional managers reporting directly to Group Management have operational responsibility for the development, implementation and monitoring of priority issues within the focus area. In addition, a Global Sustainability Manager is responsible for driving forward the work of sustainability as a whole, ensuring that it is developed and reporting on it in the Group's sustainability report.

Our work on sustainability is based on a Code of Conduct that expresses Systemair's position on issues regarding social responsibility, business ethics, environment and health and safety. Several of Systemair's factories, in all 10 out of 29 facilities, are certified in accordance with the environmental management system ISO 14001:2015. Our internal control environment for sustainability encompasses both financial follow-up and control by the Production Board, the Group's central production development organisation. Audits include health and safety, environment and energy consumption, with reference to our KPIs and analysis of any possible efficiency-enhancing process. After every audit, a report is generated that is then followed up via the company's management functions. A risk analysis of the work on sustainability is also presented on pages 40–41.

STAKEHOLDER DIALOGUE

Systemair's stakeholders consist primarily of owners, financiers, customers, employees, suppliers and society at large. There are many forums where we engage in dialogue with our stakeholders on sustainability issues. Shareholders have the opportunity to express viewpoints to Management and Board of Directors at the Annual General Meeting. Via our employee survey and our intranet, Systemair's employees can make comments and put questions to Management. Employees can also discuss and obtain information on work environment and company-related issues via work environment committees and consultation with their immediate superior. We also maintain ongoing dialogue with our customers on sustainability-related issues, an area that is becoming more and more important to many of our customers.

MATERIALITY ANALYSIS

In early 2020, Systemair carried out a materiality analysis. The analysis was performed in four stages: an initial benchmark including review of the competition to identify relevant sustainability issues, a working session to decide how Systemair assesses the social, environmental and economic impact of the sustainability issues, interviews and a questionnaire-based survey, and a concluding working session with the Group Management.

The first two stages produced the basis of a questionnaire that was distributed to Systemair’s stakeholders. Respondents were asked to rank the sustainability issues that they thought had the greatest impact on decisions and judgements that they make relating to Systemair. In all, 1,154 people participated – including 14 customers, 1,131 employees and ten investors – in the survey and three investors were interviewed. The replies of the stakeholder groups were weighted to provide a fair picture of the results.

In the concluding working session with Group Management, the respondents’ prioritisations in the sustainability issues were weighed against Systemair’s internal assessment of the economic, environmental and social impact of the sustainability issues.

BACKGROUND DATA FOR GRI INDICATORS

Reporting of sustainability data from Systemair subsidiaries is made through a central system where each data item is clearly defined to reduce the risk of misreporting. Reported data are analysed in order either to supplement or adjust them if necessary. The analysis involves several steps to ensure complete and accurate data. The following is a description of any assumptions and conversion factors used to obtain Systemair’s GRI indicators.

Energy

We monitor the energy consumption in our operations annually.

Direct and indirect emissions of greenhouse gases according to the GHG protocol

Scope 1

Includes emissions from purchased natural gas, heating oil, LPG, vehicle fuel and other (< 1%). Emission factors for 2021/22: DEFRA. Emission factors for 2020/21: IPCC 2006.

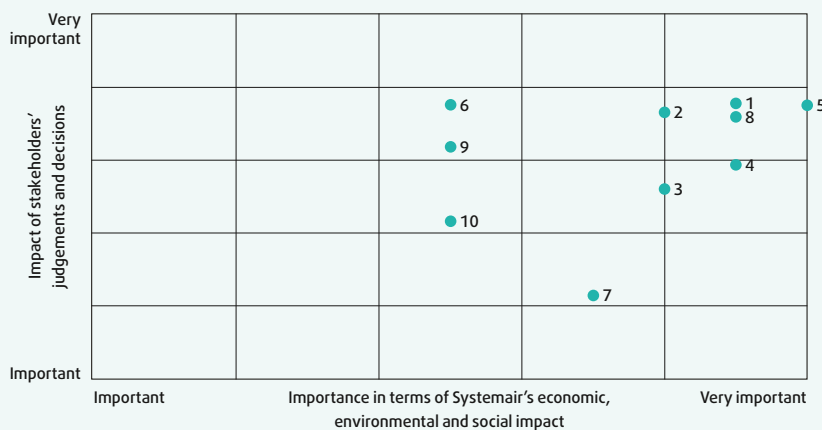
Scope 2

Includes electricity and district heating. Emission factors, electricity: Actual emissions from our energy suppliers. Where emission factors were not available, location-based averages were used. For 2021/22 and 2020/21, emission factors from Carbonfootprint, 2020 were used. Countries not included in this report were taken from Climate Transparency, 2021, for 2021/22 and from Ecometrica, 2011, for 2020/21. Emission factors, district heating for 2021/22: Swedenergy (Energiföretagen) (2020) and EU-28 Residential Heat Supply and Consumption (2020), 2020/21: Environmental Fact Book 2011.

Scope 3

Systemair is working to identify Scope 3 emissions.

Materiality analysis



1. Business ethics
2. Bribery and corruption
3. Supplier verification
4. Sustainable products
5. Improved indoor climate
6. Energy-efficient operations
7. Emissions from transport operations
8. Health and safety
9. Competence development
10. Diversity and equal opportunity

EU Taxonomy

In a relatively short time, the European Commission has drafted and published the EU Taxonomy Regulation. This a “green” taxonomy and the intention is also to publish a social taxonomy later. The green taxonomy will play an important role in helping the EU to scale up sustainable investment and implement the EU Green Deal. This will create clarity for investors to move capital where it is most needed. For this financial year, there is a requirement to report on three key performance indicators showing the proportion of the company’s activities that are eligible for the first two environmental objectives published in the regulation. The key performance indicators are developed through a classification system comprising a list of environmentally sustainable economic activities. At Systemair, this applies mainly to the financial activity 3.5 Manufacture of energy efficiency equipment for buildings. Every economic activity is subject to specific technical criteria that define what is environmentally sustainable and what is not.

In the following, Systemair reports on the first environmental objective, which aims to mitigate climate change, but not

on the second environmental objective of the Green Taxonomy. In order to identify which sales, capital expenditure and operating expenditure are concerned, a mapping has been carried out based on the technical criteria of the taxonomy. Where the taxonomy is currently ambiguous or incomplete, interpretations have been used. For the technical criterion stated in 3.5, referring to energy-efficient ventilation (i), reference is solely made to a regulation covering mainly consumer products. No EU standard exists at present as regards energy labelling for non-consumer ventilation products. For the purposes of this report, a generally accepted standard in the ventilation sector from Eurovent Certita Certification has been used. Products approved with this certification have been interpreted as eligible in the taxonomy. Where products do not have this certification, products with energy recovery have been interpreted as eligible in the taxonomy. Energy recovery is considered as one of the most important technologies in ventilation in terms of significantly reducing the overall energy usage for heating and cooling in buildings and thus also in avoiding large greenhouse gas emissions.

Key Performance Measures	Total (SEK m.)	Share of economic activities taxonomy-eligible	Share of economic activities not taxonomy-eligible
Sales	9,634	42%	58%
Capital expenditure	428	54%	46%
Operating expenditure	151	50%	50%

Accounting policies

The accounts cover all wholly- or majority-owned Systemair companies.

Sales

The accounts are based on economic activities considered to be eligible of category 3.5 Manufacture of energy efficiency equipment for buildings and 7.3 Installation, maintenance and repair of energy efficiency equipment. In 3.5, reporting is based solely on sales from products, meaning that accessory equipment such as ventilation ducts and spare parts have not been included. Products regarded as being included have been analysed at item level in the central ERP system used by the majority of Systemair companies, representing approximately 77 percent of total external sales. In the remaining companies, products have been identified by experts within each company based on the same instructions for products identified in the central ERP system. All companies have reported their net external sales in conjunction with the annual accounts to avoid double reporting. Activities in category 7.3, represent a smaller share of total sales. In the absence of sufficiently detailed data the taxonomy-eligible share has been estimated based on the net external sales of servicing activities relative to the share of net external sales covered in 3.5, for each company.

Capital expenditure

Systemair accounts for its capital expenditures under IFRS, thus in the categories of property, plant and equipment, intangible assets and leases. For the purpose of assessing taxonomy-eligible capital expenditure, investments made during the financial year should be assessed on the basis of whether they can be associated with taxonomy-eligible products or whether they fall within the scope of economic activities 7.3, 7.4, 7.5 or 7.6¹⁾. Each company has identified and reported the proportion of investments made during the year that are taxonomy-eligible, based on this definition and adapted instructions. To avoid double allocation, investments are first assessed as to whether they are considered to fall within

the scope of 7.3->7.6; the remainder are then assessed based on whether they are fully or partially associated with a taxonomy-eligible product. In the case of leasing, the taxonomy-eligible breakdown of sales for each company has for the purposes of simplification been used as the calculation key. Account has also been taken of any taxonomy-eligible additions to property, plant and equipment and intangible assets arising from business combinations. Goodwill has not been included as it is not covered by IAS 38, which establishes the definition for intangible assets in the taxonomy.

Operating expenditure


According to the taxonomy’s definition of operating expenditure, it includes direct expenditure related to research and development, building renovation, short-term leases, maintenance and repair, as well as any other direct expenditure relating to the day-to-day maintenance of property, plant and equipment performed by the enterprise or a third party contracted for this purpose and necessary to ensure the continuous and efficient functioning of these assets. This definition represents the total basis for calculating the taxonomy-eligible operating expenditure. Each company has identified and reported its total operating expenditure base, based on the taxonomy definition and adapted instructions. In view of a lack of sufficiently detailed information to determine in detail the taxonomy-eligible operating expenses, the taxonomy-eligible sales breakdown of each company has been used as a calculation key.

¹⁾ According to Annex 1 of the Taxonomy Regulation: 7.3. Installation, maintenance and repair of energy efficiency equipment; 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings; 7.6. Installation, maintenance and repair of renewable energy technologies.

UN Global Compact

The statutory Annual and Sustainability Report also constitutes Systemair’s Communication on Progress (CoP) for the UN Global Compact. Systemair has been supporting the UN Global Compact since 2021 and has committed to promoting and respecting the 10 principles of human rights, labour, the environment and anti-corruption. The following refers to sections describing actions, developments and outcomes in each priority area to improve the integration of the 10 principles into the business strategy, culture and day-to-day operations. It should be emphasised in particular that the Systemair Code of Conduct was updated during the year to include all 10 principles with specific reference in the Code. In the CEO’s statement section, pages 2–3, the President and CEO highlights Systemair’s backing for the aims of the UN Global Compact.

Priority areas UN Global Compact	Section and page
Human Rights	<ul style="list-style-type: none"> • Our sustainability work, page 25 • Sustainability framework, pages 26–27 • Responsible enterprise, pages 28–29
Labour	<ul style="list-style-type: none"> • Our sustainability work, page 25 • Sustainability framework, pages 26–27 • Responsible enterprise, pages 28–29 • Sustainable workplace, pages 30–33
Environment	<ul style="list-style-type: none"> • Our sustainability work, page 25 • Sustainability framework, pages 26–27 • Responsible enterprise, pages 28–29 • Sustainable operations, pages 34–35 • Sustainable products, pages 36–37
Anti-corruption	<ul style="list-style-type: none"> • Sustainability framework, pages 26–27 • Responsible enterprise, pages 28–29



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

GRI Index

Systemair reports on its work on sustainability in accordance with the international guidelines in the Global Reporting Initiative (GRI) Standards: Core level.

GRI Standard / Disclosure	Section, page	Remarks	
GRI 102: GENERAL STANDARD DISCLOSURES 2016			
Organisational profile			
102-1	Name of the organization	• Note 1, page 69	
102-2	Activities, brands, products, and services	• Healthy indoor air, inside cover • Better air where you are, pages 4-5 • Value creation at Systemair, pages 10-11 • Our brands, backcover	
102-3	Location of headquarters	• Directors' Report, page 52 • Note 37, page 96	
102-4	Location of operations	• Systemair's market regions, pages 14-17 • Modern and well-invested production facilities, pages 22-23 • Directors' Report, page 52 • Note 4, pages 75-76 • Note 30, pages 91-93	
102-5	Ownership and legal form	• Share and shareholders, pages 38-39	
102-6	Markets served	• Systemair's market regions, pages 14-17 • Note 4, pages 75-76	
102-7	Scale of the organization, including total number of employees, operations, net sales, and capitalization	• Healthy indoor air, inside cover • Value creation at Systemair, pages 10-11 • A global company, pages 16-17 • Information on employees, page 32 • Directors' Report, page 52 • Note 11, pages 78-79 • Note 30, pages 91-93	
102-8	Information on employees and other workers	• Information on employees, page 32	
102-9	Supply chain	• Value creation at Systemair, pages 10-11 • Sustainability framework, pages 26-27 • Responsible enterprise, pages 28-29	
102-10	Significant changes to the organisation and its supply chain	• CEO's statement, pages 2-3 • Directors' Report, pages 52-57	
102-11	Precautionary Principle or approach	• Responsible enterprise, pages 28-29	Systemair complies with Swedish environmental legislation. In order to identify and prevent negative environmental impact, Systemair performs mandatory risk analyses based on the precautionary principle.
102-12	External initiatives	• Efficient product development with focus on collaboration, pages 20-21 • Sustainability framework, pages 26-27 • Sustainable products, pages 36-37	
102-13	Membership of associations	• Responsible enterprise, page 28-29 • Efficient product development with the focus on collaboration, pages 20-21	
Strategy and analysis			
102-14	Statement from senior decision-maker	• CEO's statement, pages 2-3	
102-15	Key impacts, risks, and opportunities	• Decentralised production brings benefits, pages 18-19 • Modern and well-invested Production facilities, pages 22-23 • Efficient product development with focus on collaboration, pages 20-21 • Our sustainability work, page 25 • Sustainability framework, pages 26-27 • Risk management, pages 40-41 • Note 2, pages 73-74	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	• Responsible enterprise, pages 28-29	See also Systemair's Code of Conduct, which is available at https://group.systemair.com/se
102-17	Mechanisms for advice and concerns about ethics		A whistle-blower function has been established through which matters can be reported anonymously
Governance			
102-18	Governance structure	• Corporate Governance Report, pages 42-46	
102-19	Delegating authority	• About the Sustainability Report, pages 103-104 • Corporate Governance Report, pages 42-46	
102-20	Executive-level responsibility for economic, environmental, and social topics	• About the Sustainability Report, pages 103-104	
102-21	Consulting stakeholders on economic, environmental, and social topics	• About the Sustainability Report, pages 103-104	

GRI Standard / Disclosure	Section, page	Remarks	
102-22	Composition of the highest governance body and its committees	• Corporate Governance Report, pages 42–46	
102-23	Chair of the highest governance body	• Corporate Governance Report, pages 42–46	
102-24	Nominating and selecting the highest governance body	• Corporate Governance Report, pages 42–46	
102-25	Conflicts of interest	• Corporate Governance Report, pages 42–46	
102-26	Role of highest governance body in setting purpose, values, and strategy	• Corporate Governance Report, pages 42–46	
102-27	Collective knowledge of highest governance body	• Corporate Governance Report, pages 42–46 • Board of Directors, pages 48–49	
102-28	Evaluating the highest governance body's performance	• Corporate Governance Report, pages 42–46	
102-29	Identifying and managing economic, environmental, and social impacts	• About the Sustainability Report, pages 103–104 • Corporate Governance Report, pages 42–46	
102-30	Effectiveness of risk management processes	• Risk management, page 40–41 • Corporate Governance Report, pages 42–46	
102-31	Review of economic, environmental, and social topics	• About the Sustainability Report, pages 103–104 • Corporate Governance Report, pages 42–46	
102-32	Highest governance body's role in sustainability reporting	• Corporate Governance Report, pages 42–46 • Financial Statements, page 97	
102-33	Communicating critical concerns	• Corporate Governance Report, pages 42–46	
102-34	Nature and total number of critical concerns	• Incidents of corruption, page 29	
102-35	Remuneration policies	• Note 11, pages 78–79	
102-36	Process for determining remuneration	• Corporate Governance Report, pages 42–46	
102-37	Stakeholders' involvement in remuneration	• Corporate Governance Report, pages 42–46	
102-38	Annual total compensation ratio	• Note 11, pages 78–79	Systemair has not fully determined the compensation ratio in the Group
102-39	Percentage increase in annual total compensation ratio		Systemair has not fully determined the compensation ratio in the Group
Stakeholder engagement			
102-40	List of stakeholder groups	• About the Sustainability Report, pages 103–104	Systemair has identified customers, owners and investors, along with employees, as our most important stakeholders, on the basis of how much they are affected by, or affect, Systemair
102-41	Collective bargaining agreements	• Proportion of employees with collective bargaining agreements, page 32	
102-42	Identifying and selecting stakeholders	• About the Sustainability Report, pages 103–104	In our work on producing a materiality analysis, a questionnaire-based survey of Systemair's stakeholders was conducted. In addition to these specific questionnaires, there are many other forums where we engage in dialogue with our stakeholders on sustainability issues. Shareholders have the opportunity to express viewpoints to Management and Board of Directors at the Annual General Meeting. Via our employee survey and our intranet, Systemair's employees can make comments and put questions to Management. Employees can also discuss and obtain information on work environment and company-related issues via work environment committees and consultation with their immediate superior. We also maintain ongoing dialogue with our customers on sustainability-related issues, an area that is becoming more and more important to many of our customers
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
Reporting methodology			
102-45	Entities included in the consolidated financial statement	• Note 1, pages 69–72	
102-46	Defining report content and topic boundaries	• Note 1, pages 69–72	
102-47	List of material topics	• About the Sustainability Report, pages 103–104	
102-48	Restatements of information	• Note 1, pages 69–72	Figures for energy consumption 2020/21 have been adjusted, page 35. Some figures for employee information 2020/21 have been adjusted, pages 32–33
102-49	Changes in reporting	• Note 1, pages 69–72	
102-50	Reporting period	• About the Sustainability Report, pages 103–104	
102-51	Date of most recent report	• About the Sustainability Report, pages 103–104	
102-52	Reporting cycle	• About the Sustainability Report, pages 103–104	
102-53	Contact point for questions regarding the report		Lee Morgan, Global Sustainability Manager, lee.morgan@systemair.com
102-54	Claims of reporting in accordance with the GRI Standards	• About the Sustainability Report, pages 103–104	
102-55	GRI content index	• Pages 107–109	
102-56	External assurance	• About the Sustainability Report, pages 103–104	Systemair's sustainability report has not been externally audited.

GRI Standard / Disclosure	Section, page	Remarks	
GRI 103: MANAGEMENT APPROACH 2016			
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability framework, pages 26-27 • About the Sustainability Report, pages 103-104 	
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability framework, pages 26-27 • About the Sustainability Report, pages 103-104 	
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability goals, page 9 • Sustainability framework, pages 26-27 • About the Sustainability Report, pages 103-104 	
SPECIFIC DISCLOSURES – GRI 200: Economic			
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	• Page 29	
201-2	Financial implications and other risks and opportunities due to climate change	• Risk management, pages 40-41	Only risks are presented. Systemair plans to report its risks and opportunities in line with TCFD.
201-3	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> • Directors' Report, pages 54-56 • Note 1, page 71 • Note 11, pages 78-79 • Note 27, pages 89-91 	
201-4	Financial assistance received from government	• Note 1, page 72	
GRI 205: Anti-corruption 2016			
205-3	Confirmed incidents of corruption and actions taken	• Page 29	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• Page 29	
SPECIFIC DISCLOSURES – 300: Environmental			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	• Page 35	
302-4	Reduction of energy consumption	• Page 35	
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	• Page 35	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	• Page 35	
305-2	Indirect (Scope 2) GHG emissions	• Page 35	
GRI 307: Environmental compliance 2016			
307-1	Non-compliance with environmental laws and regulations	• Page 29	
GRI 308: Supplier environmental assessment 2016			
308-1	New suppliers that were screened using environmental criteria	• Page 29	
SPECIFIC DISCLOSURES – 400: Social			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	• Page 32	
GRI 403: Occupational Health and Safety 2018			
403-9	Work-related injuries	• Page 33	
403-10	Work-related ill health	• Page 33	
GRI 404: Training and education 2016			
404-1	Average hours of training per year per employee	• Page 33	
404-3	Percentage of employees receiving regular performance and career development reviews	• Page 33	
GRI 405: Diversity and equal opportunity 2016			
405-1	Diversity of governance bodies and employees	• Page 33	
GRI 406: Incidents and discrimination and corrective actions taken 2016			
406-1	Incidents of discrimination and corrective actions taken	• Page 33	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	• Page 29	
GRI 419: Socioeconomic compliance 2018			
419-1	Non-compliance with laws and regulations in the social and economic area	• Page 29	

Auditor's opinion regarding the statutory Sustainability Report

To the general meeting of the shareholders of Systemair AB,
corporate identity number 556160-4108

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the financial year 1 May 2021–30 April 2022 on pages 24–37, 40–41 and 105 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature
Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Annual General Meeting

Systemair is to hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 25 August 2022 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden.

A tour of the factory will take place prior the AGM. Those wishing to take part should assemble at 1.00 p.m. at Systemair Expo, at Näsvägen 3, Skinnskatteberg.

Right to attend the AGM and notification of intention to take part

Shareholders wishing to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB on the record day, Wednesday, 17 August 2022, and must notify the company of their intention to participate no later than 3.00 p.m. on Wednesday, 17 August 2022.

Application shall be made either by completing the form at: group.systemair.com/se/registration/; by telephone on +46 (0)222 440 00; or by post to Systemair AB, Receptionen, SE-739 30 Skinnskatteberg, Sweden. Applications shall include details of name, civic registration number/organisation registration number, address, telephone number, any assistants (no more than two) and number of shares. It should also be observed that any wish to take part in the factory tour must be notified at the same time. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. Power of attorney forms are available on the company's website group.systemair.com/se/ but may also be obtained by contacting reception. Anyone representing a legal entity must present a registration certificate, or equivalent document, confirming the person's authority to sign for the organisation. Powers of attorney, registration certificates and other authorisation documents must be available at the AGM and should, in order to facilitate admission to the meeting, be received by the company no later than on Wednesday, 17 August 2022. The original copy of the power of attorney document must be shown.

To be entitled to participate in the AGM, a shareholder who has had his/her shares registered in the name of a nominee must arrange for the nominee to re-register the shares in the shareholder's name so that the shareholder is entered in the share register on the record day, Wednesday, 17 August 2022. Any such re-registration may be temporary. This means that the shareholder must inform his/her nominee in good time prior to the said date.

Complete notice

A complete notice of the Annual General Meeting, together with financial and other information, are available on the Systemair website group.systemair.com.

Calendar

25 August 2022	Q1 Interim Report (May-July 2022/23)
8 December 2022	Q2 Interim Report (August-October 2022/23)
9 March 2023	Q3 Interim Report (November-January 2022/23)
8 June 2023	Q4 Interim Report (February-April 2022/23)
31 August 2023	Annual General Meeting, simultaneous publication of Q1 Interim Report 2023/24



The **Systemair** brand spans a wide range of high-quality ventilation products, including fans, air distribution products, air conditioning products and air handling units for both comfort and safety ventilation. Systemair holds a strong position as a leading maker of energy-efficient ventilation products.



Under the **Frico** brand, Systemair offers turnkey solutions based on products for airborne heating and we are market-leading in air curtains and airborne heating in Europe. Frico is represented in 70 countries via subsidiaries or distributors. The brand represents an accumulation of 80 years of experience in developing products that deliver a pleasant indoor climate to customers.



Under our **Fantech** brand, we develop, design and market ventilation solutions in North America. These products are sold to resellers in the USA and Canada by the company's own salespeople and agents. We use the Fantech brand for the residential market, while the Systemair brand targets commercial projects where there is major demand for energy-efficient solutions.



Menerga is a market-leading brand in Europe for air handling units in the segments comprising swimming pools, precision ventilation and industrial application. The company was established in 1980 and its products are marketed throughout Europe, with Germany the largest market.