

ANNUAL REPORT
2016/17



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Systemair – a leading ventilation company with a broad product portfolio



Systemair's products and solutions create a comfortable and healthy climate whether you are at home, in the workplace, shopping, at an indoor pool, in hospital or on a metro or cruise liner.

Systemair is a leading ventilation group with operations in 50 countries throughout Europe, North and South America, the Middle East, Asia and South Africa. We develop and design, manufacture and market high-quality ventilation products and systems for customers in more than 130 countries.

Systemair's products are robust and simple to choose, install and use. We offer a wide range of energy-efficient fans, air handling units, products for air distribution, air conditioning, air curtains and heating products – and assist our customers in combining them into end-to-end solutions adapted to the needs of those who live or work in, or otherwise occupy, the spaces concerned.

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

Our 5,200 employees work collectively towards assisting Systemair achieve its objective of becoming one of the leading players in the global ventilation industry. We strive to be the most reliable partner in every local market.

Our guiding principles

Reliability is our most important guiding principle

Our customers can trust that they will receive the right products, with the right performance characteristics, delivered at the right time.

High quality and availability

Systemair is a well-known brand in the ventilation industry. We offer the products which meet the market demands – all offering high quality and availability.

Growth is part of our culture

We will continue to grow organically and through acquisitions. Cooperation within our companies is important, and we therefore focus closely on common values and the dissemination of our corporate culture throughout the Group.

Facts

Operations in 50 countries throughout Europe, North and South America, the Middle East, Asia and Africa.

The Company has its registered office and headquarters in Skinnskatteberg, Sweden.

Founded in 1974 at the initiative of Chairman of the Board Gerald Engström.

The Group comprises of 65 operating companies with a total of 5,200 employees.

Three main distribution centres handle around 75,000 deliveries a year.

Systemair shares have been quoted on Mid Cap List of NASDAQ OMX Stockholm since October 2007.

Net sales 2016/17, SEK bn

6.9



Systemair has 27 production facilities in 20 countries.



Systemair made three business acquisitions during 2016/17.



65 operating companies with a total of 5,200 employees.

Highlights of 2016/17

1 May 2016 - 30 April 2017

During August 2016, Systemair in the Netherlands received an order for production of air handling units, of a value of approximately EUR 6 million, from MAC Hamburg for two new cruise line ships. They will be built at Meyer Yard in Papenburg Germany and will be 165.000 tons ships for 4.200 passengers each. The air handling units will be delivered during 2017 and 2018.

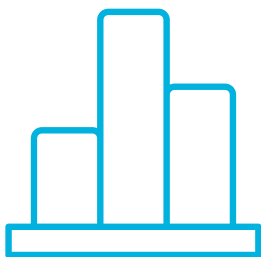
Also in August 2016, Systemair acquired the Czech company group 2VV. The company is a leader in the development and manufacturing of industrial and residential air handling units and air curtains for commercial applications in the region. The company has 189 employees and is located in Pardubice 120 km east of Prague. The company had sales of about EUR 18 million in 2015.

In September 2016, Systemair acquired the assets of TTL Tür + Torluftschleier Lufttechnische Geräte GmbH, a German high-end manufacturer of air curtains for commercial applications. TTL is located in Winterbach, west of Stuttgart, and has sales of around EUR 4 million. Systemair took over 24 employees and TTL's leased 4,000 m2 factory and office building.

During February 2017, Systemair received a major order valued at around EUR 9.5 million for Istanbul's new airport. Systemair is to deliver 531 Model FL NG series air handling units and 5630 fan-coil units. The new airport is one of the largest ever infrastructure projects in the Turkish Republic, where flights to more than 350 destinations will take place. The project will be staged in four phases and the first new section will be opened during 2018.

In April 2017, Systemair acquired the Austrian company FRIVENT Luft- & Wärmetechnik GmbH, a high-quality manufacturer of air handling units. Frivent is located in St. Johann in Tirol, Austria, and achieves a turnover of around EUR 7 million by selling to commercial and industrial applications in Austria, Germany, Czech and Russia. The company produces air handling units, heat recovery systems and unique roof units for several niche applications.





6.9

SEK bn, net sales

12.3%

Growth

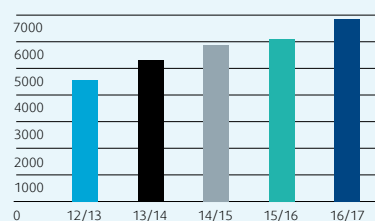
44.6%

Equity/assets ratio

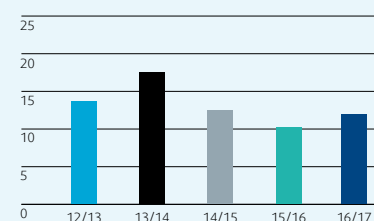
6.4%

Operating margin

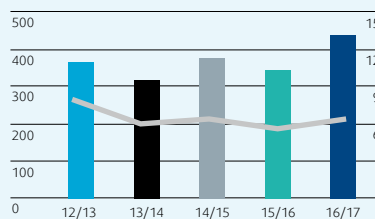
Net sales, SEK m.



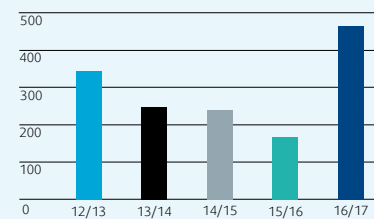
Return on capital employed, %



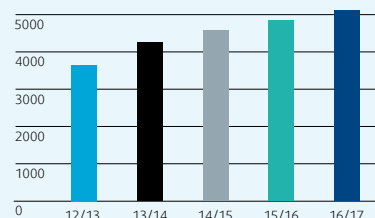
Operating profit (EBIT), SEK m./
EBIT margin, %



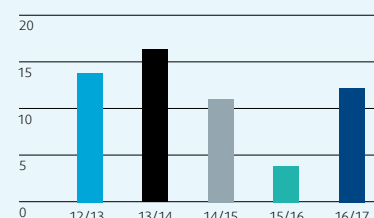
Cash flow from operating
activities, SEK m.



Number of employees at end of period



Sales growth, %



Key figures

	2016/17	2015/16	2014/15	2013/14	2012/13
Net sales, SEK m.	6,863.6	6,112.5	5,882.2	5,295.8	4,551.0
Growth, %	12.3	3.9	11.1	16.4	13.9
Operating profit, SEK m.	439.0	344.1	376.8	316.9	365.2
Operating margin, %	6.4	5.6	6.4	6.0	8.0
Profit margin, %	6.0	5.0	6.5	9.6	7.3
Return on capital employed, %	12.0	10.2	12.5	17.7	13.8
Earnings per share, SEK	5.7	4.0	6.0	8.4	4.6
Equity per share, SEK	45.8	40.5	40.0	36.2	30.3
Equity/assets ratio, %	44.6	43.9	44.4	47.2	40.7
Dividend per share, SEK	2.00*	2.00	2.00	3.00	1.50
Number of employees at end of period	5,222	4,855	4,584	4,250	3,649

*The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM to be held in Skinnskatteberg, Sweden, on 24 August 2017.

Focusing on profitable growth

Our focus during 2016/17 has been on actions to grow profitability in the long term and to better equip ourselves for new challenges. Our industry finds itself amidst an era of change. Digitisation and other ever increasing demands for more efficient systems are affecting our products and solutions, and our customers' expectations.

Systemair continued its progress back towards higher profitability, in line with the actions we launched earlier, and this is resulting in improved profits. I am proud of all our employees who have worked hard at achieving the most out of the potential for synergies from acquisitions we have made in recent years. We succeeded in lifting net sales with growth considerably higher than in the preceding year, at 12.3 percent (3.9). Profitability improved and our operating margin was 6.4 percent (5.6). Operating profit (EBIT) rose by SEK 94 million.

Developments during the year

The market performed well in many countries during the year. At the same time, we implemented necessary price increases to offset higher raw material prices.

Growth of Systemair's Scandinavian businesses was excellent. However, the market in Europe remains fragmented. A growing need for new building and conversion is boosting the sector, partly as a result of new regulations established by the ECODESIGN Directive. At the same time, the trend is slower in France, Spain and Portugal, for example. Developments in Germany are however more positive. In Eastern Europe, we have experienced the start of a trend reversal in the Russian market during 2016, where previously we had noted steadily declining volumes.

In North America, the market and Systemair performed strongly. Our delivery of air conditioning systems from Tillsonburg, Canada, for various major school projects in the USA, was particularly satisfying. Systemair's new office in Mexico, which sells to the local market with supplies from our USA factories, also had an excellent start with many new projects.

Furthermore, it was gratifying to see very strong growth in Turkey, the Middle East and India, in part thanks to major investments in infrastructure projects. For example, in February 2017 we were awarded a EUR 9.5 million project to supply Istanbul's new airport with ventilation products, one of Turkey's largest construction projects.

Drive for higher profitability

In order to further improve profitability, we launched a number of separate projects in 2016/17. The restructuring project was designed to increase profitability at our two air conditioning factories in Italy and France, as well as in our factory in Germany manufacturing Menerga products. Specifically, we streamlined production flow and operators and took action with quality assurance. We also invested in new machinery and focused on adapting product documentation, product development and design. We anticipate seeing a major improvement in these three relatively recently acquired units over the next few financial years.

Optimisation of our processes

The objective of Systemair's profit-enhancing actions is to optimise our processes in production, logistics and purchasing and to emphasise constant improvement. I am pleased to confirm that there is strong commitment locally among those of our employees who drive forward and implement improvement activities in their units. This work is already yielding good results and will continue in the years ahead.

Systemair invested SEK 183 million in new building and machinery during the year, most notably in a new factory in Turkey – to be opened this autumn – as well as in new sheet metal machinery in Skinnskatteberg, which is helping to deliver considerable efficiency improvements in production. We have also introduced a series of energy conservation measures in order to our own facilities in order to reduce our climate impact and operating costs.

The Systemair spirit

It is of the utmost importance for us that every employee should feel at home in the Systemair family. To that end, we focus on common values and creating a family spirit. We work actively on recruiting the right leaders and hold training programmes and specialist initiatives for our employees, existing and new!

Visibility to customers

To ensure that we meet the requirements and wishes which Systemair experiences from our customers today, we launched a Customer Journey project. We have held customer meetings where we have consulted with our customers in identifying areas for improvement, in order to make our customer contact, sales and marketing processes clearer, better and simpler, and above all aligned with customer needs and wishes. The project has already been initiated in Europe, and will continue to be rolled out in other parts of the world. The intention is to further develop our own sales organization and improve visibility and communication to our customers.

Developing the solutions of the future

Changes in customer expectations, along with developments in society, are also making demands on which products, solutions and services are to be delivered going forward. The trend is towards the delivery of solutions, with several products and entire systems being connected and in constant communication via intelligent control systems. This simplifies operations, service and maintenance. But it is also resulting in totally new demands for us and our support.

To meet the needs of the future, Systemair must continue to focus actively on product development. I am pleased to announce that in March 2017 we launched 16 brand-new products at the biggest trade fair of the year, ISH, in Frankfurt, Germany. Interest from visitors was at a record high, much to the inspiration of everyone at Systemair who is involved in products and marketing!

Sustainable products and a safe working environment

As a global supplier of ventilation systems, we have an important role to play in providing a healthy indoor climate with the minimum climate impact. With new, innovative and energy-efficient products, we can help to create a better climate. We are also working on reducing the climate impact of our own operations.

As an employer, it is important that we accept our social responsibility and nurture a safe working environment, increased equal opportunity and effective competence development. As a purchaser, it is important that we lead the way with high business ethics and zero tolerance for corruption and bribery.

During the year, Systemair decided to link its work on sustainability to the UN's global sustainability goals. On that basis, we will conduct activities and measure results within the target areas of most relevance to our operations.

A profitable future

Growth and profitability will remain two important corner-stones at Systemair as we move ahead. We plan to strengthen the conditions for continued profitable growth by driving growth in existing markets and entering new markets and new product sectors. For example, we have identified major opportunities in the African market, where we have opened a sales office to serve a number of countries in East Africa.

I am looking to the future with confidence, thanks to the competence and range of products that we have in the Group. With the customer in focus, we aim to continue to be the most reliable company for quality, availability, visibility and delivery reliability.

*Roland Kasper
President and CEO*



The trend is towards the delivery of solutions, with several products and entire systems being connected and in constant communication via intelligent control systems.



The leading player in the ventilation industry

Vision

With our business concept and an offensive strategy, we will become the leading player in the ventilation industry, globally.

Mission

Our mission is to develop, manufacture and market high-quality ventilation products. With the focus on our customers, we aim to be the most-trusted company for quality, availability and delivery reliability. It must be simple to be a customer of Systemair.



Overall objective

Systemair's overall objective is to become one of the leading players in the global ventilation industry and the most reliable partner in every local market.

- By being a major player, we will influence and help drive trends and development in the ventilation sector.
- We will consistently utilise benefits of scale within production, product development, logistics and sales.
- Our financial strength enables us to enter new markets through acquisition or new ventures.
- A local presence in priority markets is fundamental to our ability to achieve our goals.

Strategy

- We will be the most reliable company for quality, availability and delivery reliability. Through this, we will create good relationships with ventilation contractors, distributors and consultants, and become the first choice for our customers.
- High product availability and fast delivery via efficient production, logistics and IT systems. Development and expansion of Systemair's own sales organisation.
- Innovative product development and a broad product portfolio focusing on energy-efficient ventilation products.
- A highly diversified customer base and wide geographical coverage make us less vulnerable to fluctuations in the economy.
- An early presence in growth markets.
- An offensive strategy in acquisition and establishment to assure continued growth.

Goals

Goals

Goal achievement 2016/17

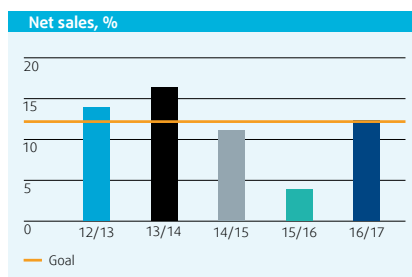
Comment

Growth

To achieve average annual growth of no less than 12 percent in sales over a business cycle.

12%

Net sales for the financial year increased by 12.3 percent to SEK 6,863.6 million (6,112.5).

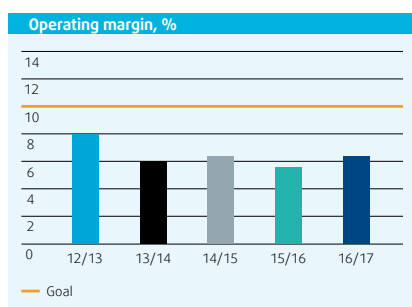


This is to be achieved through both organic growth and acquisitions. Sales growth has averaged 10.1 percent per year over the past ten years. Organic growth is to be achieved via product development and expansion of market shares, as well as a broader product offering through acquisitions and new business start-ups. In 2014/15 and 2015/16, we switched our focus from growth-orientation to profitable growth. During that period, new acquisitions were not prioritised, while Russia weighed down organic growth.

Profitability

To achieve an average operating margin of no less than 10 percent over a business cycle.

10%

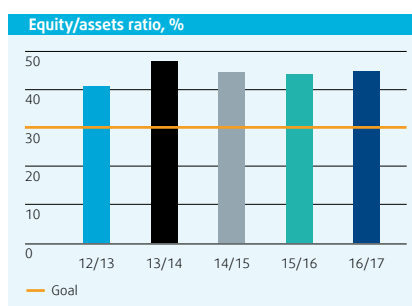


The operating margin has averaged 8.3 percent over the past ten years and 6.5 percent over the past five years. In view of our planned restructuring programmes, existing structure and product programme, the Company believes that the conditions for achieving this goal are favourable. Once our restructuring programme is completed, we will be able to employ our acquired and geographical synergies to once again achieve our goal of 10 percent profitability.

Financial position

The Group's equity/assets ratio should be no less than 30 percent.

30%



The Group's financial position is good; our equity/assets ratio on 30 April 2017 was 44.6 percent. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for continued acquisitions and investments.

Dividend policy

In view of Systemair's ambitions for growth, the goal for dividend is set at around 30 percent of the Company's profit after tax.

30%

The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM, which will be held on 24 August 2017 in Skinnskatteberg, Sweden. The proposed dividend corresponds to 35 percent of profit after tax.

The AGM determines the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the 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 profits.

Efficiency for growth

During the year, Systemair acquired two businesses in the Czech Republic and Germany, and signed an agreement to acquire a company in Austria. We are maintaining our strategic offensive in acquisitions, but are now also focusing on efficiency improvements and operational development to maximise synergies in the Group. A common corporate culture and shared values are essential to the successful integration of new companies. The aim is to find the right place for the company's products in the Group, where cooperation with other companies can also create greater benefit for our customers.

To gain even better results from the integration of new companies into the Group, we are optimising our processes on an ongoing basis. We constantly introduce improvements and are currently carrying out a major review of production, logistics and digitisation. Via a high level of commitment among our employees, both locally and at overall level, this work has already delivered very good results and will continue in the years ahead.

When businesses are acquired, it is important to ensure that our new employees feel welcome to the Systemair family.

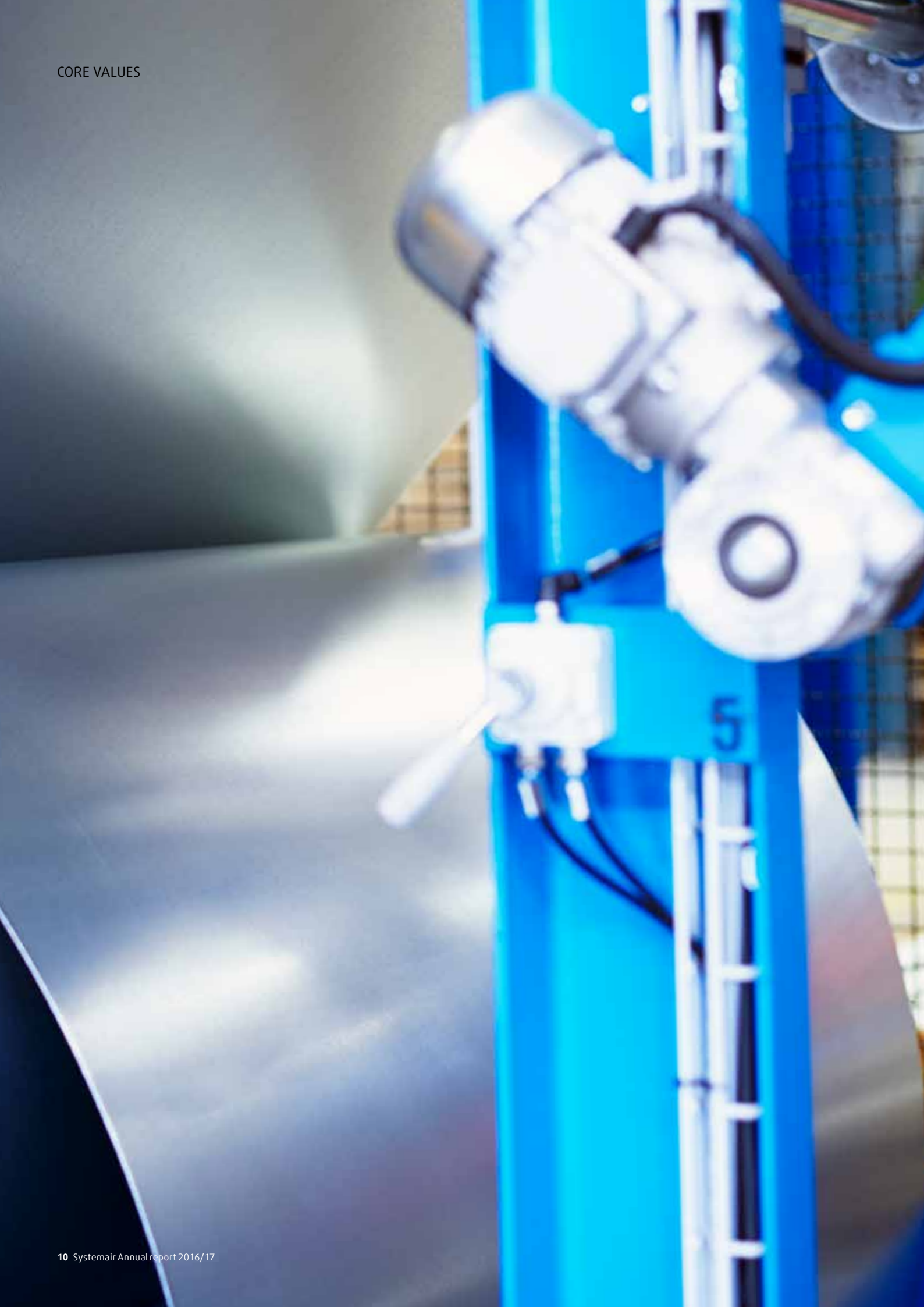
We therefore focus closely on common values so that we all have the same platform on which to base internal and external meetings.

We keep the focus on the customer at all stages and strive to ensure that we meet the requirements and wishes that our customers place on us, today and in the future. In our Customer Journey project, we are consulting with some of our customers to identify areas for improvement. The objective is to make our customer contact processes clearer, better and simpler, and above all aligned with customer wishes.



When businesses are acquired, it is important to ensure that our new employees feel welcome.





Core Values

Our core values show how, through our activities, our products and our solutions, we create added value for our customers.

1 Quality

Quality must filter through to every part of the business, from product development and manufacturing of high-quality products to delivery and customer support. Our aim is to be the first choice for our customers, and so we have developed a broad, well-balanced product portfolio of standardised quality products.

2 Availability

To ensure availability, we have chosen to maintain a substantial proportion of our product portfolio in stock. Instead of starting to produce when we receive an order, we can deliver right away from a local or central warehouse. The strategy of producing for stock, rather than in response to customer orders, also translates into higher productivity and secure control over the goods flow.

3 Delivery reliability

Delivery reliability means the ability to deliver, without delay, the products and solutions that the customer needs. The standard range is delivered directly from stock. Ventilation systems are installed late in the construction process, and the installation contractor often needs the products on short notice. With that in mind, we have built up an efficient production and logistics organisation in which the local and central warehouses are integrated with each other via a shared ERP system. We place great emphasis on punctual deliveries when producing directly to order.



We create an understanding of our products and solutions, the technology we use, and its importance in creating a healthy indoor climate.

*Sofia Rask
Technical Manager*



New Technical Centre

A modern technical centre comprising of a laboratory, prototype workshop, "experience scape", training and office facilities will be completed during autumn 2017 in Skinnskatteberg. The idea behind the centre is to let our customers receive information and understanding of the technology used in Systemair's products.

Sofia Rask, Project Manager at the Technical Centre in Skinnskatteberg, tells us more about the new Technical Centre.

What are the reasons for this initiative?

"We want to increase efficiency in and understanding of our product development. At the same time, we're modernising our laboratory operations and offering customers a facility where we can create an understanding of and confidence in the technology used in our products and solutions. Our employees also benefit from a better work environment, with the latest technology and equipment to inspire creativity and job satisfaction."

What can customers do in the Technical Centre?

"They can learn about the latest technology, not only in a physical format but, but also in future using interactive digital tools, virtual reality (VR) and augmented reality (AR). We want to be able to create an experience that they've perhaps never experienced before. Depending on which product choices customers make, they may, for example, observe the ventilation system being assembled before their eyes, on a job site or in a home. We'll work on various themes which after a while will be updated in order to create a new customer experience to ensure our customers return."

What new facilities will we find in the laboratory?

"The new lab, which will be fully completed in late 2017, will have a large acoustic room equipped in order to measure larger objects than we can today, but also in the lower frequencies. Sound at low frequency is a growing problem in society today, and we

believe that detailed technical data at this level will be in demand going forward. To be able to measure air flow and sound at the same time, a chamber to measure air flow is being combined within the acoustic room. The lab will also be equipped with a major climate chamber for the measurement of thermal efficiency and humidity in air conditioning units. Another new addition is a facility for the ingress of water. The facility will test IP categories but also protection against rainwater ingress, for example in roof fans. It will also include equipment to measure energy consumption, electrical safety and winding temperatures. We also have a prototype workshop where we assemble newly developed products and conduct measurements. The workshop will be larger in area than before and in addition have more facilities."

What do you find most exciting about the new Technical Centre?

"To me, it's the completeness which makes the Technical Centre an impressive place to visit. Modern product development which is conducted in a coordinated location, with all the engineers under the same roof in a modern laboratory. In addition, a conference centre is sited close to the Technical Centre, featuring a lecture hall and exhibition facilities, where we display our products. It will also be fun to offer our customers a totally new experiences using VR and AR technology!"

What value will visitors get from the centre?

"We want to create a venue that attracts both customers and visitors from our subsidiaries. They will experience an understanding of Systemair's products and solutions, the technology we employ

and its importance in creating a healthy indoor environment. After their visit, they should know that we have the capacity to develop the best products and to measure and produce all the technical data that customers demand. Above all, we want them to know that they can trust and have confidence in Systemair."

Facts about the Technical Centre

Location: Skinnskatteberg, Sweden

Project start-up: September 2016

Total area: 2,800 m², of which

- Laboratory: 1,200 m²
- Prototyping workshop: 800 m²
- Training unit: 400 m²
- Offices: 400 m²

Employees: Approximately 40 engineers (measurement engineers, designers and R&D personnel)

Number of visitors: More than 1,000 visitors annually, from around 30 countries

An expanding market

Systemair is a global player with sales in 136 countries. The ventilation market performed generally well during the year, with growth in most countries. Customer requirements are changing and demand is being influenced by global driving forces.

Demand for ventilation products continues to grow around the world. Calls for energy efficiency and reduced climate impact, which began in Europe, are now spreading throughout the world and driving expansion in the sector. Cities are growing and the need for building new homes and renovating existing homes, commercial premises and infrastructure is rising. To most people today, a good, healthy indoor climate is a given. Digitisation is another factor, both for management and control of ventilation equipment and in the form of growing demand for ventilation and cooling in data centres.

Positive and negative

The North American and Scandinavian markets continue to show stable growth. The Norwegian market remains buoyant, and one of Systemair's most important markets. In Europe, Germany is one market where demand remains strong, while uncertainty is characterising some East

European countries. In the Russian market, which has been weak for some years, we are now seeing a trend reversal with slight growth. The ventilation market in southern Europe, above all in Portugal and Greece, remains weak as a result of the state of the economy in those countries. However, we discern an upturn in Spain. Turkey is investing in strengthening its infrastructure, which is having a positive impact on ventilation products. The markets in Asia also performed well during the year.

Changing demand

We can also see a change in what customers are demanding. With the onward march of digitisation and intelligent control systems, customers are increasingly needing suggestions for system solutions that enable products and control systems to work efficiently together. Demand for connected products where performance can be measured and monitored is rising. The replacement market is also developing

strongly. As ventilation systems become more advanced, customers will require more help with servicing and maintenance.

Rising market prices

Market prices for ventilation products rose slightly in 2016/17, above all as a result of higher prices for raw materials used in production. Pricing was also affected by the trend of the economy and the level of competition in the various markets. Systemair has noted a slight increase in competition, but thanks to a high level of service to customers, a good programme of product options, high availability and prompt deliveries, the Group has succeeded in increasing its market share in several markets.



Facts

Global driving forces

- Trends in the global economy
- Population growth
- Urbanisation and migration
- Environmental and climate change
- Energy conservation
- Digitisation



Facts

Systemair's customers

- Ventilation contractors
- Distributors of ventilation and electrical products.
- Ventilation consultants
- Major construction companies engaged in infrastructure projects
- Property owners

Systemair is a global player with sales in 136 countries worldwide. The Company's customer base is wide-ranging, with a large number of customers in various geographical markets. Systemair has a very extensive customer base of nearly 100,000 customers, with no individual customer normally accounting for more than around 2 percent of the Company's total sales. This makes Systemair less vulnerable to economic fluctuations in individual markets and changes at important customers.

Systemair's market activities during 2016/17

859

sales employees

1,395

local customer events per year, e.g. seminars and training courses

85,400

customer visits per year

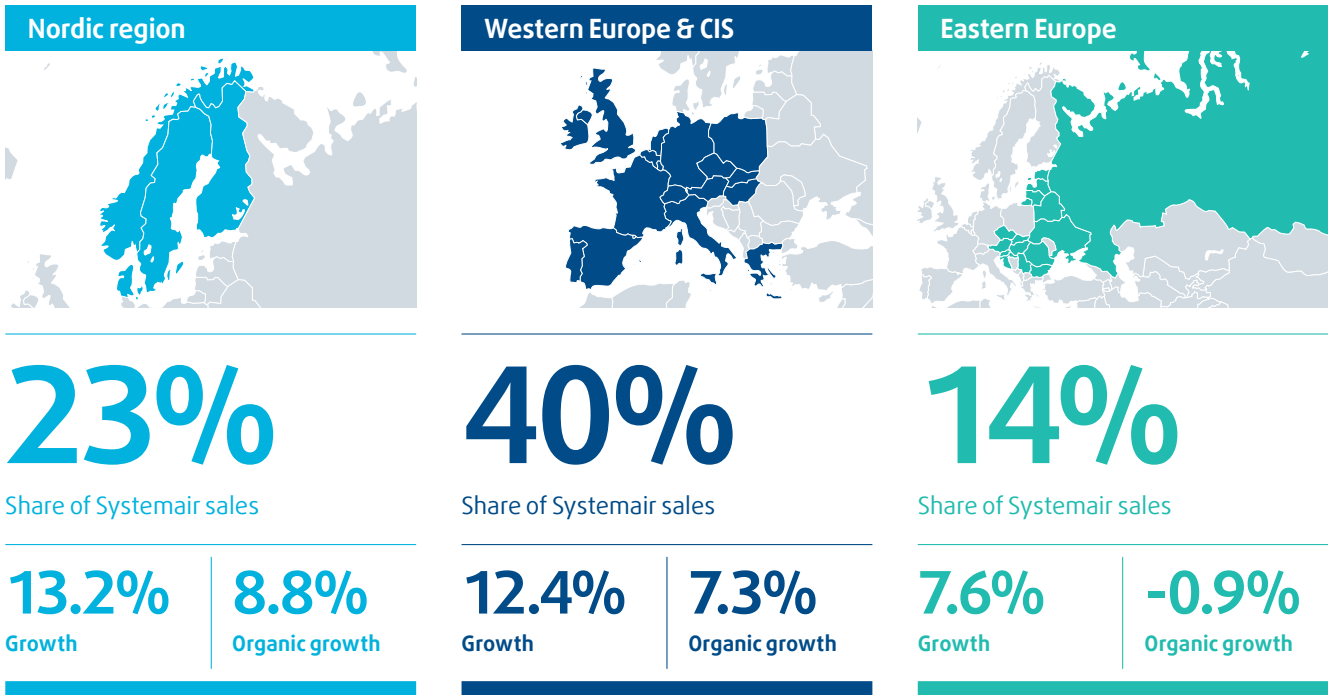
Competitors

Company	Product areas								Presence in our Systemair's 10 biggest markets in Europe										Presence in other markets	
	Fans	Air handling units, Central	Home ventilation units	Air handling units, Compact	Air conditioning	Air distribution	Air curtains	Fire Safety	SE	NO	DK	UK	DE	PL	FR	ES	RU	NL	Middle East and Asia	
Systemair, SE	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Fläkt Group, CH	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●		●	●		●
Flexit, NO	●	○	●	●	○	●	○	○	●	●										
Swegon, SE	○	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●
Exhausto, DK	●	●	●	●	○	○	○	●	●	●	●	●	●					●		●
Östberg, SE	●	●	●	●	○	○	○	○	●	●	●		●				●		●	●
Trox, DE	●	●	●	●	○	●	○	●		●		●	●	●	●	●		●		●
VTS, PL	○	●	●	●	○	○	○	●				●		●		●	●			
Nuair, UK	●	●	●	●	○	○	○	●				●								●
Vent-Axia, UK	●	○	●	●	○	○	○	●				●								
Nicotra-Gebhardt, DE	●	○	○	○	○	○	○	●	●	●			●	●	●			●		●
Rosenberg, DE	●	●	○	●	○	○	●	●			●	●	●	●	●		●	●		●
S&P, ES	●	●	●	●	○	○	●	●		●		●	●	●	●	●		●		●
Wolf, DE	○	●	●	●	●	○	○	○	●			●	●	●	●		●			
CIAT, FR	○	●	○	●	●	○	○	○				●		●	●	●	●			
Aldes, FR	●	○	●	●	○	●	○	●							●	●		●		
Zehnder Group, CH	○	○	●	●	●	●	○	○			●	●	●	●	●			●		
Petra, JO		●																		●
AL-KO, DE		●																		●
Zamil, SA		●																		●
Dynair, IT	●																			●

● Full range ● Limited range ○ Does not offer full product range

Market regions

Being an international player in a global market gives stability and makes us less sensitive to fluctuations in the economy.

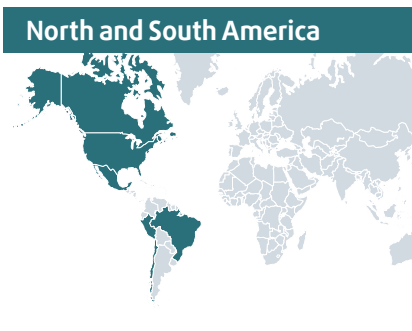


Istanbul's new airport

Systemair's company in Turkey received an order for 531 Model FL NG series air handling units and 5630 fan-coil units, of a value of approx. EUR 9.5 million, to the new airport in Istanbul. The new airport is one of the largest ever infrastructure projects in the Turkish Republic, where flights to more than 350 destinations will take place. The project will be staged in four phases and the first new section will be opened during 2018.

"We are proud to be selected to deliver to this largest ever infrastructure projects in the Turkish Republic. This new order confirms that our customers have confidence in our quality and reliability." says Ayça Eroglu, Managing Director Systemair Turkey.



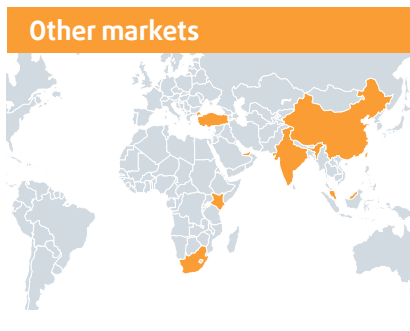


9%

Share of Systemair sales

16.7%
Growth

10.9%
Organic growth



14%

Share of Systemair sales

12.8%
Growth

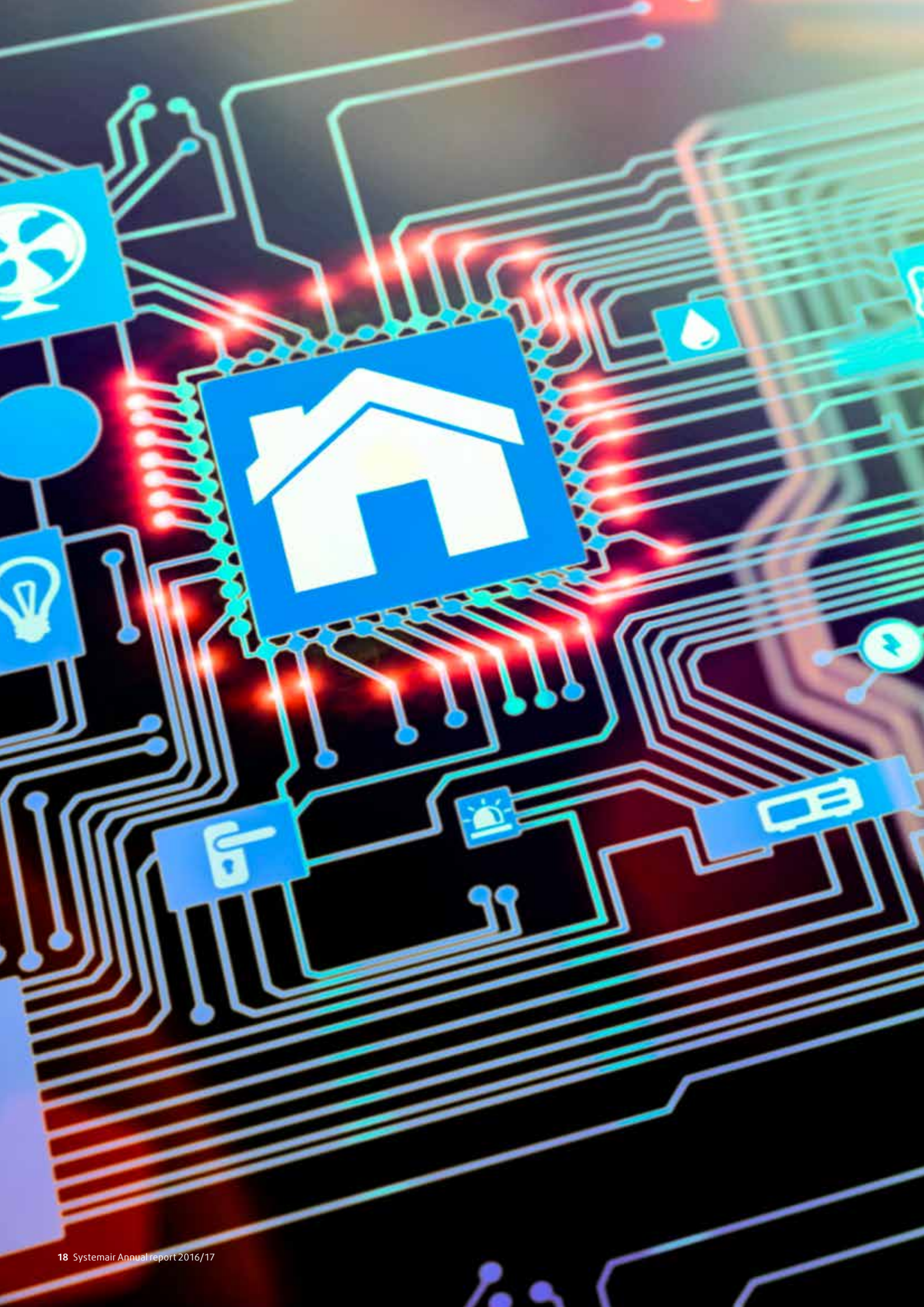
14.1%
Organic growth



Major order for Cruise Line Ships from MAC, Hamburg

Systemair's company in the Netherlands has received an order for production of air handling units, of a value of approx. EUR 6 million, from MAC Hamburg for two new ships. The new cruise line ships will be built at Meyer Yard in Papenburg Germany and will be 165.000 tons ships for 4.200 passengers each. The air handling units will be delivered during 2017 and 2018. Systemair in the Netherlands will deliver 88 air handling units made of stainless steel for each ship.

"Our factory in the Netherlands has more than 15 years experience in the development and production of air handling units for marine and off shore applications.", says Gert Mulderij, Managing Director Systemair Netherlands.



Intelligent ventilation systems and digital aids

Digitisation is opening up a whole new opportunity for Systemair, not only in the control and monitoring systems used to optimise operation of ventilation systems, but also in the various digital aids to assist customers choosing the right products and solutions.

Ralf Bergne, Product Area Director Control Systems at Systemair, describes how developments in digitisation are affecting Systemair:

How has digitisation affected Systemair's products and solutions?

"All ventilation systems today have electronic control systems whose function is to control, regulate and monitor. As digitisation advances, more and more software-based functions are being integrated into digital control systems enabling people to use their computer, tablet PCs or smartphones to remotely control and monitor their systems, and to be alerted to and diagnose faults. We're working actively on developing competitive software and systems for our products."

How is the Internet of Things (IoT) affecting the ventilation sector?

"The number of devices in society that are connected to the Net is rising sharply and "intelligent buildings" are becoming increasingly common. In the future, IoT-based ventilation systems will be able to gather data from various sources and make their own intelligent choices from data on presence in different rooms, temperature, air humidity, insolation, air quality etc. to optimise the indoor climate down to room level. On the basis of data compiled, the systems will automatically send alerts and trigger other events to facilitate servicing and maintenance. What's needed is connection via fixed or wireless networks, sensors to detect events in products and in buildings, and smart software."

How will this trend benefit us?

"There are a multitude of benefits. Servicing and maintenance become simpler to manage. Systems can be monitored remotely, supplemented by on-site inspection rounds. Operations can be optimised, enabling cost savings and more efficient use of energy. The behaviour of ventilation systems is easily monitored, for example the indoor climate, energy consumption etc. In addition, data from the system can be collected and used

in the development of new air handling products."

Is there anything exciting in the pipeline in the Group's Controls area?

"In the past, Systemair's various companies worked individually on developing control and monitoring systems, software and digital tools of various types. A coordination project is currently in progress in Europe, aimed at producing common strategies for developing electronic and digital control and monitoring systems and software. To be competitive, it's important to work together and make efficient use of the areas of competence we have in the Group. We also plan to establish a competence centre in Skinnskatteberg. We're also continuing to develop our software and product selection programs so that they cover all our product groups."

What do you hope Group cooperation will lead to?

"That in future we'll be working on common technological and digital platforms. That will enable us to also increase cooperation between different products within a ventilation system and will create the conditions for automatic sharing of data among the products incorporated."

How is Systemair putting the opportunities of digitisation to use for the benefit of its customers?

"As a company, we used to live very much by product catalogues. With around 9,000 products, it can sometimes be difficult for customers to choose. Against that background, we've developed more user-friendly digital aids for product choice and we're continuing with this. We've also started using Virtual Reality and Augmented Reality to aid understanding of our product and various technical solutions. Digitisation is creating many new, exciting opportunities for us and our customers!"



We've also started using Virtual Reality and Augmented Reality to aid understanding of our product and various technical solutions."

Systemair's digital tools

Digital product selection programs We have a large number of product selection programs for various product groups. These aid customers in making a speedy selection from our product offering and simplify choosing the right product for the job.

Systemair CAD Is our current software for air handling units, to help customers choose the right product for the project or building concerned. Once the ventilation system has been designed, the CAD program automatically prepares all technical documentation.

Systemair Energy Calculator Software for calculation of energy savings, energy costs, CO₂ and the payback period for motors in comparison with energy-saving motors.



*Ralf Bergne
Product Area Director
Control Systems*

Strong brands within a group

Systemair is our main brand, but acquired businesses within the Group that already have well-established, strong brands in specific areas continue under their respective brand.



The **Systemair** brand spans a broad range of high-quality ventilation products, including fans, products for air distribution, air conditioning products and air handling units for both comfort and safety ventilation. Systemair hold a strong position as a leading manufacturer of energy-efficient ventilation products in several geographic markets.



Frico is a market leader in air curtains and heating products in Europe. Frico is represented via subsidiaries or distributors in 70 countries. The brand represents 80 years of accumulated experience in developing products which offer customers a comfortable indoor climate. Frico offers an end-to-end solution in products for airborne heating.



Fantech develops, designs and markets ventilation solutions in North America. Products are sold to distributors in the United States and Canada by the Group's own sales staff and agents. The Systemair brand has been established in North America alongside Fantech. Fantech largely focuses its efforts on the residential and light commercial markets, while Systemair aims at commercial projects with a large-scale demand for energy-efficient solutions.



Menerga is a leading European manufacturer of ultra high efficiency air handling units for comfort and process ventilation. Menerga, established in 1980, markets its products throughout Europe. The company's biggest market is Germany. Its state-of-the-art, high-quality products are used, for example, in swimming pool halls, museums, shopping centres, airports and for data centre cooling.



Ventilation solutions for every need

Systemair's products are designed to create a comfortable and healthy indoor climate, with fresh air, correct temperature and air humidity. The products are also energy-efficient and fulfill current environmental and energy requirements.

Our product portfolio spans a broad range of energy-efficient fans, air handling units, products for air distribution, air conditioning, air curtains and heating products. Our products are robust and simple to choose, install and use. Systemair can supply everything from individual products to customised end-to-end solutions with intelligent control and monitoring systems.

Systemair's products are used in many different types of buildings including homes, offices, industrial premises, data centres, hospitals, swimming pool halls, multi-storey/underground car parks, underground rail tunnels and other tunnels.

Systemair will be the most reliable company for quality, availability and delivery

reliability. We stock most of our products so that we can supply our customers promptly.

For Systemair, it is important that our employees have expert and detailed knowledge of the technology and the requirements applying to ventilation systems. This means we can help our customers transform complex systems into smart, sustainable ventilation solutions. We also invest in digital aids that make it easier for customers to make the right choices. It is important that the customer gets the right product, at the right time, at the right price. This is how we can be an efficient partner for our customers.

Systemair will be a reliable, efficient and service-led partner for its customers, a partner able to handle the challenges of today and tomorrow.

Innovations launched at the ISH trade fair



The ISH trade fair in Frankfurt am Main is regarded as one of the world's leading trade fairs for the industry. In March 2017, customers were able to visit Systemair and subsidiary Menerga, which side-by-side launched a number of latest innovations.

Geniox

Next generation air handling units

The energy-efficient Geniox air handling unit is based on leading-edge technology and lives up to the highest expectations. With its flexible design, Geniox can be used in most markets and different types of environment. Simple and quick product choices are made via an efficient calculation program Systemair CAD.

> For more on how the system was developed, see page 25.

Adconair

Carbon dioxide neutral cooling technology in Adconair heat exchanger

Menerga has launched two carbon dioxide neutral systems by combining the Adconair heat recovery system with new cooling technologies. The systems dispense with hydrofluorocarbons (HFCs) as a coolant, without any loss of high performance.

> For more about Menerga, see page 26.

Systemair's products are used everywhere in society

Systemair's products and ventilation solutions are used everywhere in society, and help create a pleasant and healthy indoor climate in homes, offices, industrial premises, hospitals, swimming pool halls, multi-storey/ underground car parks, tunnels etc. Welcome to our world and some of the many solutions and systems that can be created using our products.



Offices

The air you breathe affects you. In office environments, there is a major need for clean, fresh air, since the air affects how you feel and how well you perform. We have the experience and the products needed to create a healthy indoor climate with good energy conservation.



Industrial

Industrial applications often have high ceilings and large volumes to contend with. Our systems, based on recirculated air and CO₂ control, guarantee that impure air is evacuated and that working spaces are maintained at the right temperature. This helps to create a sense of well-being among those who work in production. The effects show through in productivity.



Home Ventilation

Fresh air is important to our well-being. Our series of balanced ventilation with heat recovery systems are ideal for homes, small offices and similar premises. Our units are equipped with standard humidity and temperature control. We also offer fire gas fans and exhaust fans, and all products are Eurovent-certified.



Schools and public buildings

Schools and public buildings require ventilation systems with variable flow. This is important in schools where the system has to deal with major heat loads transferring from one area to another. Irrespective of the application a suitable solution can be found from our wide product portfolio.



Marine, oil and gas

Creating a good climate is a question of trust. Even more than on land, this applies to ventilation and air conditioning at sea and on ships, where conditions are often tough, available space is limited and climate conditions can change sharply. Our stainless steel, acid-proof units meet all marine certification requirements.



Swimming pool halls

Swimming pool hall ventilation is regarded as an extremely demanding field. Our units ensure customised and totally automated and optimal ventilation, dehumidification and heating to order – in the most economical way.



Data centres

Cooling accounts for the highest cost in a data centre. More higher-density storage capacity is creating a greater demand for energy-efficient cooling for IT equipment. We can supply both air handling units and close control units.



Multi-storey/underground car parks

Strict safety and energy efficiency requirements apply to ensure that multi-storey/underground car parks operate without compromises. Our system of fire gas fans meet the market's requirements for CO control, and achieve 80 percent energy savings in green ventilation mode with safety ventilation on.



Pharmaceutical industry and hospitals

Healthcare is a demanding environment with usage and activities that vary from day to day. The right design for our products and solutions creates an optimal indoor climate that meets cleanliness requirements, via hygiene-certified units and exacting requirements for filters.



Tunnels

During the construction phase and operation of a tunnel, the ventilation system helps to ensure good air quality and smoke evacuation. Being made from stainless steel, our products meet the requirements for safety and simple maintenance.

Product development at Systemair

Every year, Systemair launches around 200 new and improved products in its range. Product development takes place via 23 technology teams and 13 technology centres in 18 countries.



Ideas and suggestions are important part of the product development process

230

engineers

23

development teams

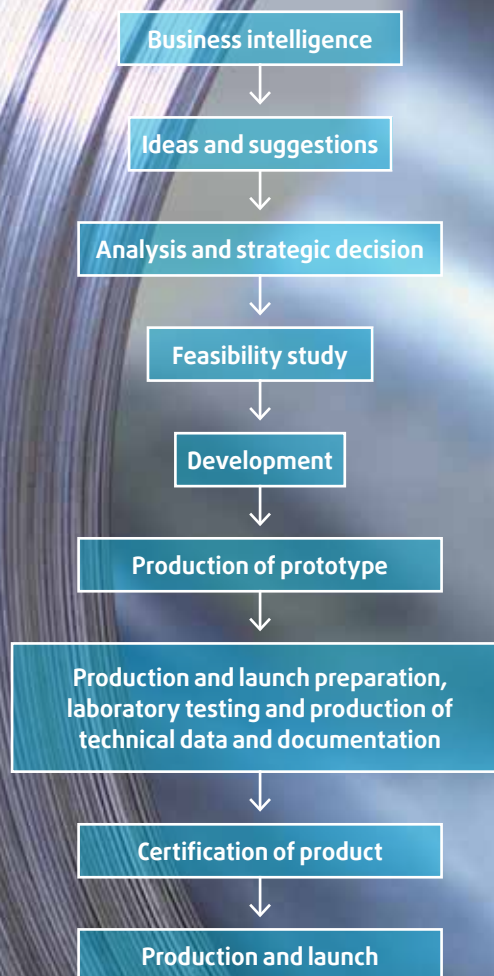
18

countries

13

technology centres conduct tests in accordance with the ISO and AMCA standards

Systemair's product development process – step by step



Coordinated product development for the future

To improve product development, production efficiency and purchasing, and to increase Systemair's market share, the Group has conducted a coordination project which has resulted in the introduction of the new air handling unit Geniox. The aim is to develop tomorrow's systems today.

Every year since our first year in 1974, we have reported growth, except for one year during the financial crisis. This growth is partly due to acquisitions of businesses, but also to the consistent gaining of market shares through strategic marketing, high levels of service and availability, and smart and reliable products. With a view to further developing the product development process, the Group launched a coordination project to develop the next generation air handling system in March 2014. Systemair brought together engineers from eight different production facilities within the Group to set the joint project in motion. The group started by analysing the requirements and premises that the system was to fulfil.

"We focused on developing a Group-wide product able to be produced in many different production facilities, rather than what we've done up to now – develop products for individual markets. We developed a product in a basic design format that via smart local modifications can be used in all markets and that can be produced efficiently in several production facilities. That means we can increase volumes and margins through synergies", says Robert Johansson, Business Development Director at Systemair.

With the requirements of the future as standard – now

We have created a product that not only meets current basic requirements but also the requirements of the future. Instead of offering a multitude of options, Geniox would fulfil all requirements in its standard version. The system is also to be used globally, but allowing local modifications via a common platform.

"We've also created a modern, fresh-looking design for the system, which should be Systemair through and through. As soon as you step into the room, it should be clear that it's a Systemair product that you're looking at", says Robert Johansson.

Prototyping and detailed testing

After the initial phase, development teams were established under the supervision of a central project manager to take development of the product forward. That enabled leading-edge expertise in the various production facilities to be utilised to maximum effect. The first prototype was produced in 2015. Following testing and presentation to customer focus groups, the product development process was concluded and the product is now certified under the Eurovent and VDI 6022 Hygiene for HVAC standards.

Geniox was launched at the ISH trade fair in March 2017, where it attracted keen interest.

Cost-effective production and sales

"Geniox offers several benefits of scale to Systemair. We'll be increasing productivity by using the same design, components, drawings and a single configurator", says Robert Johansson.

Geniox will also make it possible to coordinate purchasing volumes, which will lower costs and enable us to build long-term partnerships with suppliers. Geniox also uses a common control and regulation system on a common digital platform, making it possible to work long-term in developing systems.

"We can share marketing costs and conduct joint training programmes within the Group", concludes Robert Johansson.

Initially, Geniox is being produced in four of Systemair's production facilities in Lithuania, Norway, Denmark and Spain. Deliveries to customers will begin in autumn 2017.

> For more about Geniox, see page 21.



Energy efficiency to the last detail

The Systemair Group focuses on developing energy-efficient, environment-friendly and user-friendly products and solutions. One of the Group's companies that has focused on energy-efficient and climate-smart ventilation and air conditioning right from the start in 1980 is the German subsidiary Menerga.



Menerga stands for **Minimal ENERGY** Application. The company was established by committed German engineers with a vision of developing energy-efficient ventilation products for environments such as indoor pools. Their idea was to fill a gap in the market, as there were no end-to-end solutions with efficient heat recovery, integrated cooling technology and control systems available in the market.

Today, the company has more than 400 employees in Germany and representation through sales offices around Europe. Menerga supplies ventilation solutions and air conditioning not only for swimming pool halls, but also for the data centre, industrial, hygiene and precision market segments. Precision is a segment where great demands are made of temperature and air humidity being maintained at exact values with very low tolerances, such as in museums, print workshops and car paint shops. Menerga also offers technical servicing throughout the life cycle of its products, for example in the form of maintenance, upgrades and retrofitting.

Minimal energy consumption

Menerga's strengths today are in applications technology, production of its own energy recovery systems, cooling technology and adiabatic cooling and control and monitoring systems. Thanks to these areas of expertise, the company can create individual, needs-based ventilation systems for very difficult environments, with minimal energy consumption. Two examples

of projects where Menerga delivered customised facilities were the ALMA radio telescope array in the Atacama Desert in Chile, and the Princess Elisabeth Polar Station at the South Pole, both of which are constructed to passive building standard. A passive building is one that operates at minimal energy consumption and plays a part in reducing carbon dioxide emissions. The heat energy purchased corresponds to just one fifth of current building requirements.

New product ideas come to life

To be able to develop new products and solutions it is important for Menerga to watch developments in society and technology. This is done primarily in three ways. Menerga listens to the market and customers such that it can be early in delivering new products and solutions in pace with changing wishes and needs. The company also closely monitors changes in norms, standards and laws to enable it promptly to adapt its solutions accordingly. Menerga is a member of a number of organisations involved in the production of norms and regulations in the sector. Last but not least, new ideas by Menerga's own employees are pursued. This has been one of the company's driving forces right from the start in 1980.

> For more about one of Menerga's latest innovations, see page 21.

Menerga has delivered a specially modified air conditioning system to the ALMA radio telescope array in the Atacama Desert in Chile. The system's role is to protect the sensitive technology in the telescope from the major temperature changes in the desert, while consuming as little energy as possible.



Individual, needs-based ventilation systems for very difficult environments, with minimal energy consumption.

Energy-efficient products reduce carbon dioxide emissions

Ventilation is one of the most important factors for a healthy indoor climate in homes and commercial/public buildings. At the same time, buildings account for 40 percent of the total energy consumption. So it is important that Systemair's products and solutions should be characterised by low energy consumption, high quality and long service life. Systemair also develops products powered by solar energy. That way, we can, via our product development, play a part in lowering carbon dioxide emissions.

Contribution of the modular units sold by Systemair in Europe over a year:

This corresponds to approximately

Lower carbon dioxide emissions

170,000
tons of CO₂ savings



Carbon dioxide emissions from an average of 95,000 cars per year¹

Lower energy consumption

1.7
TWh



Electricity to supply 345,000 single-family houses²

A better indoor climate

95
million m³ clean air per hour



Enough to supply 100 m³ of clean air per year for every person on the planet³

¹ According to Nordic electricity generation, 0.1 kg of CO₂ per kWh. The example is based on a car driven 15,000 km/year emitting 120 g of CO₂/per km.

² Average annual consumption of domestic electricity in Sweden in 2016 was 5,000 kWh per household according to Vattenfall.

³ Based on a world population of 7.5 billion.



We are here

In order to serve our customers in the most efficient, prompt and environmentally-friendly way, we stock a wide range of standard products for immediate delivery at our three distribution centres. From there, products are delivered to local warehouses in different countries, supplying both subsidiaries and external customers.

DISTRIBUTION CENTRES (DC) WORLDWIDE

- 1 Skinnskatteberg, Sweden
- 2 Windischbuch, Germany
- 3 Kuala Lumpur, Malaysia

PRODUCTION FACILITIES WORLDWIDE

- 4 Kansas City, USA A
- 5 Tillsonburg, Canada D
- 6 Bouctouche, Canada B, D
- 7 São Paulo, Brazil D
- 8 Eidsvoll, Norway D
- 9 Skinnskatteberg, Sweden A, D, F
- 10 Hässleholm, Sweden F
- 11 Århus, Denmark D

- 12 Waalwijk, Netherlands D
- 13 Mülheim An Der Ruhr, Germany C
- 14 Langenfeld, Germany F
- 15 Windischbuch, Germany A, H, I
- 16 Winterbach, Germany F
- 17 Helmstadt, Germany D
- 18 Tillières, France E
- 19 Milano, Italy E
- 20 Madrid, Spain D
- 21 Ukmerge, Lithuania B, C, D
- 22 Pardubice, Czech Republic B, D, F
- 23 Bratislava, Slovakia G, H
- 24 Maribor, Slovenia D, H
- 25 Istanbul, Turkey D
- 26 Johannesburg, South Africa A

- 27 New Delhi, India A, D, G, H
- 28 Hyderabad, India G, H
- 29 Kuala Lumpur, Malaysia A, H, I
- 30 Wuijiang, China D

PRODUCT AREAS

- A. Fans
- B. Residential Ventilation
- C. Swimming Hall Ventilation
- D. Air Handling Units
- E. Air Conditioning
- F. Air Curtains and Heating Products
- G. Products for Air Distribution
- H. Fire Safety
- I. Garage and Tunnel Ventilation



5,200

Employees



85,400

Customer visits per year



50

Countries with own sales organisation



> 100

Exports to more than 100 countries

Global logistics for fast deliveries

Systemair’s global logistics function plays a central role in the business. The majority of products from our standard range are available from inventory and can be delivered within 24 hours from local stock, and within 72 hours from one of our three distribution centres.

One of the major tenets of Systemair’s mission is to be the most-trusted company for quality, availability and delivery reliability. To that end, we focus actively on reducing lead times, increasing efficiency and lowering costs in our logistics system, while ensuring that goods are transported in a sustainable way.

Global logistics system

Systemair has 27 production facilities producing for stock in 20 countries. Production takes place as the need arises to fulfill stocks of our standard range.

Systemair operates three international distribution centres – in Skinnskatteberg, Sweden, Windischbuch, Germany, and Kuala Lumpur, Malaysia. The centres stock products for forwarding to local warehouses in different countries. The Swedish and German distribution centres are certified to ISO 9001 and ISO 14001. In addition, the

Group has centralised national warehouses and local sales locations that carry inventory. Thanks to this logistics system, we can maintain high availability and deliver rapidly to customers.

Logistics is very much about efficient transport. It is important to pick the most suitable transport solution, both economically and environmentally. Systemair sets the bar high for our sub-contractors by insisting that all selected transport operators are ISO-certified.

ERP system

The heart of Systemair’s logistics system is our ERP (Enterprise Resources Planning) system. The system includes facilities for order and inventory management, production planning, project planning, resource planning, purchasing and accounting. An order fed into the system generates a distribution proposal at one of our ware-

houses. Once the consignment is under way, the stock balance and stock value is updated automatically. The system also has a facility for creating forecasts based on orders and calculating any need to replenish inventory. It quickly shows where in the world a product is in stock.

It is important that the information in the system is accurate. To ensure this we actively focus on article care.



Product availability and short delivery times from stock keep us a step ahead in the market.



New warehouse in Birmingham

Systemair has taken up occupancy of a new national central warehouse in Birmingham, which serves as a distribution hub for the UK.

The new central warehouse spans 4,080 square metres. It comprises extensive warehousing premises, Systemair’s headquarters in the UK and exhibition and training facilities. The approximately 30 employees based in Birmingham moved into the building in January 2017.

“The central warehouse serves as a hub for the whole of the UK. It enables us to

increase stock levels and serve our local sales units and customers more quickly. The new warehouse also allows us to stock bigger objects, up to mid-range air conditioning units”, says Neil Rapley, MD, Systemair Ltd.

Short delivery times

Every week the central warehouse

receives deliveries from Systemair’s largest production facilities in Sweden and Germany, and in some cases from other production facilities in Europe. Stock levels in the central warehouse are maintained to ensure good availability and fast deliveries.

In the UK, Systemair has thirteen local sales locations with local stock and plans to open a fourteenth later this year. In all, 90 employees work for Systemair in the UK.

“It’s important for our customers to be able to collect ventilation products quickly from stock at our local warehouses.

Product availability and short delivery times from stock keep us a step ahead in the market”, says Neil Rapley.

Energy-efficient building

The new building is BREEAM-certified, indicating that it is certified for sustainability. The building benefits from high-efficiency air handling units with integral heat pumps, roof-mounted solar panels and LED lighting, making it a truly energy-efficient building.

Source: Neil Rapley, Managing Director Systemair United Kingdom

Focus on sustainability

Systemair's ambition is to be a modern and sustainable ventilation company. Work is in progress around the Group to reduce the environmental impact of our products and our operations, to ensure that we maintain a safe work environment and good business ethics, and to take our social responsibilities.

Systemair has decided to link its work on sustainability to the UN's global sustainability goals. The UN's 17 goals are intended to be achieved by 2030. Their aim is to eliminate poverty, ensure human rights and the right to live in dignity for all, and to protect our planet and its natural resources.

Systemair has identified the global sustainability goals that are most relevant to the Company's operations. The choice of these goals fits closely with what our stakeholders consider to be important issues and with the materiality analysis conducted on behalf of Systemair in 2015. By actively working on these focus areas, we can become a more successful company, create more innovative products and smarter ways of working, and make a contribution to sustainable development in society.

Measurement and reporting

Systemair reports on its sustainability work in accordance with the international guidelines of the Global Reporting Initiative (GRI). Our ambition is to further develop our follow-up and reporting in sustainability. In 2016/17, Systemair reviewed which key ratios are to be measured and followed up. Measurement is to begin in 2017/18 and according to the results, goals and strategies may be developed.



UN global sustainability goals that are most relevant to Systemair

Equal gender opportunity

- Greater equal opportunity and diversity

Good jobs and economic growth

- Fair working conditions and safe workplaces
- Training and career opportunities for our employees
- Good financial return for Systemair

Sustainable cities and communities

- Development of energy-efficient products
- Choosing safe materials and compliance with legislation for our products
- Better indoor climate for people in the home, commercial/public premises and other areas
- Local presence and playing a part in social development in our markets

Responsible consumption

- Reduced consumption of resources in our production by recycling of metals and minimising waste
- Combating bribery and corruption
- Evaluation of suppliers

Value creation

We create economic value which is distributed to our stakeholders in the form of share dividends and payments to owners and investors, wages/salaries and benefits to our employees, payments to our subcontract suppliers and taxes to society. In addition, we create value for our customers and users of premises equipped with our ventilation systems, in the form of a healthy indoor climate and clean air.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (SEK M.), G4-EC1

	2016/17	2015/16
Directly generated economic value		
Income	6,984	6,193
Economic value distributed		
Operating costs	4,847	4,352
Wages/salaries and benefits to employees	1,591	1,390
Tax	136	144
Payments to financiers	116	100
Economic value retained	294	207

The table illustrates economic value generated and distributed to the Company's stakeholders as measured by GRI indicator G4-EC1.

Competent employees – a success factor

The ability to attract, develop and retain competent employees is of great importance to our long-term success. As an employer, it is important that we develop a safe working environment, competence development and increased equal opportunity.

Safe working environment

Fair working conditions and safe workplaces represent one of Systemair's focus areas. Our aim is to create workplaces where employees feel well, both physically and mentally. Our aim is to prevent accidents and minimise sick leave. Violence, threats, bullying and similar abuses of employees will not be tolerated. Systemair employees decide themselves whether to join a labour union in accordance with the legislation in the country where they work.

Work environment activities also engage our employees locally in our facilities. Employees take an active role in presenting suggestions for improvements, which are then implemented. Two production facilities, one in Turkey and one in the Czech Republic, have had their management systems certified in accordance with OHSAS 18001.

In Systemair's production model, the work environment is an important factor. The Group performs internal reviews where we examine conditions such as ergonomics, machine safety, safe working practices and workplaces. We have also started work on introducing a Group-wide web-based reporting system for injuries, accidents and near-accidents. The system is currently under evaluation in Sweden and Germany.

Competence development

The ability to attract, develop and retain competent employees is of great importance to Systemair's long-term success. Competence development is an important focus area, to ensure constant improvement in our organisation and products, enhance our employees' competence for contact with the customer and maintain our lead over our competitors. For more information about the training programmes in the Systemair Academy, see page 34. There are excellent career prospects for employees wanting to gain international experience and quickly take on big responsibilities within the Systemair Group.

Diversity and equal opportunity

In our view, diversity and equal opportunity help to make a more successful company, more innovative products, smarter working practices, increased well-being in the workplace and long-term sustainable development in society. During recruitment, we actively work towards greater diversity and equal opportunity. At Systemair, we want everyone to feel welcome, whatever their background. What is important is knowledge, experience and personal qualities, and no discrimination on the basis of sexual disposition, gender, age, ethnicity, colour of

skin or religion is permitted. All employees will be treated with respect, and no employee will be subject to degrading or insulting treatment.

Systemair is a global business with employees in 50 countries. Diversity is totally natural to us, and is clearly evident in the Group-wide projects in which representatives from various parts of the world are involved. For more about one of the Group's projects, see page 25.

Of the Group's 5,222 employees, 23 percent are women and both Board of Directors and Group Management today have one woman member. In 2017/18, we will start calculating the percentage of women in senior positions at various levels of the Group, in order to raise this figure in the long term. In Sweden, we operate an Equal Treatment Plan, including analysis and activities to ensure equal treatment regarding gender, age, origin, religion, sexual disposition and functional impairment.

Interview with Bo Sterner,
Sales Director at Systemair Denmark

Training – the way to success

Bo Sterner and his team of five field and eight office-based salespeople have over the past five years succeeded in increasing sales of air handling units by around 70 percent and standard products by 23 percent. We asked Bo how they had managed to achieve that:





Diversity and equal opportunity help to make a more successful company, more innovative products, smarter working practices, increased well-being at the workplace and long-term sustainable development in society.

TOTAL NUMBER OF EMPLOYEES AT SYSTEMAIR ON 30 APRIL 2017, G4-10

	2016/17		2015/16	
	Employees (no.)	% women	Employees (no.)	% women
Number of permanent employees	4,746	24%	4,425	25%
– Of whom, full-time	4,602	23%	4,285	23%
– Of whom, part-time	144	75%	140	73%
Number of temporary employees	259	15%	269	16%
Total number of employees	5,005	24%	4,694	24%
Contract personnel	217	13%	161	10%
Total workforce	5,222	23%	4,855	24%

The table shows the number of employees and contract personnel at Systemair at the end of the period, by types of employment contract and by gender.

GEOGRAPHICAL BREAKDOWN OF EMPLOYEES ON 30 APRIL 2017, G4-10

	2016/17		2015/16	
	Employees (no.)	% women	Employees (no.)	% women
Nordic region	969	26%	938	27%
Western Europe	1,739	19%	1,713	20%
Eastern Europe & CIS	1,151	33%	943	36%
North & South America	424	32%	340	31%
Other markets	722	14%	760	15%
Total number of employees	5,005	24%	4,694	24%
Contract personnel	217	13%	161	10%
Total workforce	5,222	23%	4,855	24%

The table shows the number of employees and contract personnel at Systemair at the end of the period, by region and by gender.

PROPORTION OF COLLECTIVE AGREEMENT EMPLOYEES (%), G4-G11

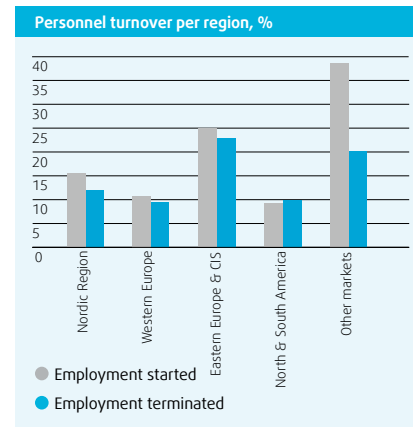
	2016/17	2015/16
Proportion of employees covered by collective bargaining agreements	34%	38%

We switched direction and started presenting complete ventilation solutions rather than just individual products. The big challenge was to change our way of thinking, from being product-led to focusing on all-inclusive ventilation solutions. We achieved this by training and developing the competence of the sales team, and by producing new sales material that also includes facts about buildings norms and technical requirements applying to ventilation. We worked with Systemair's product managers who trained the salespeople and helped in producing new sales material. Today, our salespeople are more know-

ledgeable and feel confident in sales situations, even where ventilation systems are concerned, says Bo Sterner.

My experience is that the more knowledge the salespeople have, the more the customers buy, and that includes all-inclusive solutions. This is why when recruiting new members of the team it is important that they have experience, if possible on the customer side, adds Bo Sterner, who himself has worked for in the industry for 32 years.

It is also important to plan and follow up the sales process carefully. We draw up sales plans and follow up at our monthly



The chart shows the proportion of newly recruited personnel and the proportion terminating their employment, per region. Systemair's rapid growth means that many newly recruited personnel join the organisation every year.

meetings. We also arrange at least two major seminars per month, where we invite customers to attend and organise customer visits to the factory, says Bo Sterner, who concludes:

We have succeeded in increasing sales in more than one area, while at the same time we have succeeded in introducing Menerga's products and solutions into the Danish market. I am very proud of what our sales team has achieved!

SUSTAINABILITY

EMPLOYEE TURNOVER, G4-LA1

	2016/17		2015/16	
	Employees (no.)	% women	Employees (no.)	% women
New employees during the year				
Younger than 30 years	399	20%	332	21%
30 – 50 years	480	24%	312	29%
Older than 50 years	63	37%	47	21%
Total number of new employees	942	23%	691	25%
% new employees	19%		15%	

Employees terminating during the year

Younger than 30 years	267	22%	197	24%
30 – 50 years	354	25%	237	26%
Older than 50 years	112	27%	82	23%
Total number of terminations	733	24%	516	25%
Percentage terminating their employment	15%		11%	

The table shows the number of employees recruited and employees terminating their employment, by gender and age category. It is still the case that more people are being taken on than are terminating their employment.

SICK LEAVE* AND WORK-RELATED INJURIES, G4-LA6

	2016/17		2015/16	
	Men	Women	Men	Women
Sick leave per region (%)				
Nordic region	5.6%	11.7%	5.2%	9.8%
Western Europe	8.4%	8.3%	7.8%	8.6%
Eastern Europe & CIS	2.3%	12.4%	2.7%	14.9%
North & South America	0.7%	0.8%	0.4%	0.6%
Other markets	1.2%	2.0%	1.2%	2.3%
Average, Systemair	5.8%		5.6%	

The table shows the average number of days of absence per person for each year. As far as work related injuries during 2016/17 are concerned, Systemair had no major incidents and 164 reported minor incidents. Systemair had 13 reported work related illnesses in 2016/17. The higher level of sick leave among women is largely made up of a higher proportion of long-term absences and more absence for child-care reasons.

PROPORTION OF EMPLOYEES WITH PERFORMANCE REVIEWS COMPLETED, G4-LA11

	2016/17	2015/16
Women	53%	51%
Men	49%	50%
All employees	50%	51%

The table shows the proportion of employees who have completed at least one performance review, by gender.

COMPOSITION OF COMPANY BY AGE GROUP AND GENDER (NO.), G4-LA12

	2016/17		2015/16	
	Number	% women	Number	% women
Board of Directors				
Younger than 30 years	0	0%	0	0%
30 – 50 years	1	0%	1	0%
Older than 50 years	6	17%	6	33%
Group Management				
Younger than 30 years	0	0%	0	0%
30 – 50 years	5	20%	4	0%
Older than 50 years	2	0%	2	0%
All employees				
Younger than 30 years	956	23%	931	24%
30 – 50 years	2,756	25%	2,609	25%
Older than 50 years	1,293	22%	1,154	23%

The table shows the composition of the Board of Directors, Group Management and other employees, by gender and age category. The age breakdown shows a relatively even distribution. Both Board of Directors and Group Management now each have one woman member and around a quarter of the employees of the Group are women.

Systemair Academy 2016/17

“Selling the straight way”

Sales training targeting the MDs and sales managers of the subsidiaries, who in turn train salespeople at the local offices via the “Train the Trainer” concept. The focus is on sales techniques, negotiation and presentation techniques.

Systemair Academy

Training for engineers and sales personnel, administered at 16 academies. The courses focus on concept sales – the products are placed in a context – and on how Systemair can increase its sales by better integrating the Company's values into the sales process.

3C – Corporate Culture Concept

Training in Systemair's corporate culture to all our employees. Training is given via the “Train the Trainer” concept and has been implemented at the local companies over the past three years. All MDs at the subsidiaries and the majority of employees in the major companies have undergone the programme to date.

Finance Controller Academy

Training in financial accounting, follow-up and accounting.

M3 Academy

Training that examines business-critical processes and how they are to be managed.

Our values

Systemair's fundamental values shape our corporate climate and guide us when we make decisions. They filter through to every level of our organisation and show how we as employees are to behave in our day-to-day work. Our values apply in all our businesses, wherever in the world we work.

Prioritize

Take initiative

We are proactive and take responsibility. At Systemair, initiative is appreciated – even if a result is not always achieved. It is our responsibility to actively seek information, track down relevant facts and make a contribution where needed to find a solution. We always answer enquiries quickly, and we feel safe in turning down an order if there is little or no value in it.

Take decisions

We make our decisions on the basis of available facts. We stick with decisions taken, until there is reason to change. The organization is solution-oriented and pragmatic, we involve colleagues when making decisions for better outcomes – “Together we are strong”.

Follow the strategy

Our local strategy is aligned with the Group's goals and strategy. At Systemair, we know which market position to target, and we sell the product range selected to the customer platform defined. We continuously seek out growth opportunities, by selling as many products as possible from our factories. We use the Group's chosen tools in marketing, sales support, statistical follow-up, ERP and product selection.

Simplify

The direct route

At Systemair, it is part of our DNA to do things simply and always look for “the straight way”. From the very beginning this was the basic philosophy of the Group and a way of continuously making improvements. Seeking “the straight way” has been a goal and way of working in all processes in the Company, to improve and be as efficient as possible. “The straight way” also means saying what we think and sticking with the decisions taken. We practise direct, clear communication and talk with people – not about people.

Neatness and order

We take on tasks pragmatically and systematically, which enables us to adopt a proactive approach to challenges. Neatness and order makes the job simpler, and experience has taught us that a structured environment makes for greater efficiency and better performance. Good order has been a significant value of Systemair through the years and has made us an attractive employer, supplier and partner. In daily sales work, we follow the Systemair Sales Model by using the customer platform, sales support system, product database and ERP system.

Standardised products

Systemair offers standardised and robust products that are simple to choose, install and maintain. Our basic range of products enables us to benefit from economies of scale in production and simplifies day-to-day work for ourselves and our customers. Today, we have a wider, more complex product portfolio, but we continue to strive for benefits of scale in and standardisation of our products. It is a fundamental requirement that our sales force focuses on selling the products that are manufactured within the Group.

Trust

Direct, clear information

We keep our promises by providing clear, professional information throughout the business process, including tendering, order confirmation, technical documentation and invoice.

We communicate in a clear, concise and respectful way within and outside the organisation. We also observe this policy when dealing with our competitors. It is our right and duty to express our opinion and to stay true to decisions that have been taken.

We are a safe choice

Systemair is a product supplier in the ventilation industry, which is part of the construction industry, and we deliver the best quality for the given market price. Our customers will not get any negative surprises when receiving a product from us. It will be as good or better than their expectation. We are recognized for professionalism throughout the process from design, product development, purchasing, production, logistics, sales and after-market. We focus closely on energy efficiency when developing our products, which helps to reduce climate impact.

Collective responsibility

Together, we are strong and efficient when everyone takes individual responsibility and strives to achieve our common goals. It is a common responsibility to ensure the right competence within the Company. All of us have a clear role for which we are fully accountable.

At Systemair, we have a culture of respecting one another, and we share our unique skills with each other. Together we can keep our promises and go the extra mile when needed. Collective responsibility begins with you as an individual.

Lower environmental impact

Systemair strives to reduce the impact of our products and our business on the environment. Lowering the consumption of resources in the form of energy and materials is the Group’s most important area of focus in sustainability. That way, we can affect volumes of waste, and the level of carbon dioxide in the atmosphere.

Waste and recycling of metals

Systemair is implementing measures to reduce the volume of waste from production and make safe choices on materials. Large quantities of steel plate and aluminium are used to make Systemair’s products. And because of that, Systemair is continuing to increase the amount of recycled steel in production.

As a way of reducing wastage during stamping of steel plate sections, the Group has invested in a new coil handling facility in Sweden during the year, which plate is delivered in coils rather in sheet form. Similar facilities are also operated in Lithuania, Denmark and Turkey. The investment in the Swedish coil facility totalled around SEK 20 million and is reducing wastage by approximately 15 percent.

Wastage in the form of steel, aluminium and packaging materials are sorted and recycled. In our paint shops, excess powder is recycled.

Lower energy consumption

It is important for the facilities that we own or lease to be well insulated, have energy-efficient ventilation systems and lighting and low-energy server parks for our digital infrastructure, and to provide a healthy indoor climate for our employees. Throughout the Group, energy consumption in our facilities are analysed, actions are taken and a number of key ratios measured and followed up.

For example, as a result of the energy analysis conducted at our production

facility and distribution centre in Windischbuch, Germany, light bulbs, compressors and other equipment has been replaced by more energy-efficient solutions. In Germany, Systemair has also brought in high school trainees to identify new ways of reducing energy consumption.

We encourage certification of premises as environmental buildings, to the US Green Building Council standard, or equivalent. In addition, the control systems for our facilities are environment-certified under the ISO 14001 standard.

Unnecessary transport and travel

Transport of our products from production facilities to various warehouses and sales location and then on to the customer contributes to carbon dioxide emissions. For us, it is important to analyse flows and plan and manage transport such as to avoid unnecessary journeys.

As a result of Systemair’s global presence part of the Group’s environmental impact has in the past been from air travel. A major effort has been focused on virtual meetings with the aid of web conferencing and video conferencing equipment and this has had considerable impact within the Group.

Energy-efficient products

> To read more about how Systemair develops energy-efficient products and solutions, see pages 24–27.

Certified production facilities

7

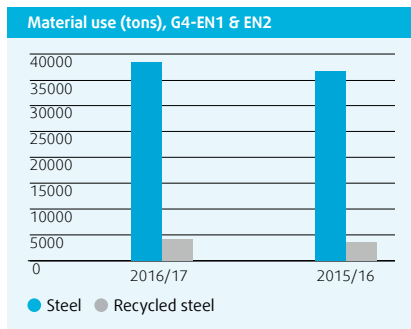
environmentally certified in accordance with ISO 14001

24

quality certified in accordance with ISO 14001

2

work environment certified in accordance with OHSAS 18001



The chart shows the total volume of steel purchased and the volume of recycled steel that Systemair uses in its production.

ENERGY CONSUMPTION (MWH), G4-EN3

	2016/17	2015/16
Oil	803	5,845
Natural gas	17,554	15,104
Diesel	366	395
Electricity	30,479	28,245
Heating	6,981	6,608
Cooling	9	7
Total energy consumption	56,193	56,203

The table shows Systemair’s total energy consumption by energy category. Consumption of natural gas and electricity is increasing. Oil consumption is continuing to fall.

Business ethics and social responsibility

As a buyer and major user of products and materials, it is important that we lead the way in promoting high business ethics, with zero tolerance of corruption and bribery. As part of this policy, we carry out supplier evaluations. We also take our social responsibility in the locations where we operate.

Responsible transactions

At Systemair, we conduct marketing and sales in an ethical and responsible manner, on the basis of quality, price, delivery reliability and a high standard of service. Systemair shall at all times comply with the laws of each country and our commercial decisions shall in all cases be taken with the Company's best interests in mind. We exercise zero tolerance towards corruption, and our employees are not allowed to demand, offer or accept bribes or other illegal benefits, in order to retain a customer or close a business deal. This is summarised in our Code of Conduct and our core values, which apply throughout our organisation, in every country.

Supplier evaluation

Systemair uses around 4,300 suppliers and sub-contractors. The majority are European or North American and thus are covered by national laws and regulations that ensure acceptable working conditions. Our aim is to work with specially selected "preferred suppliers" with whom we can maintain a long-term strategic collaboration. Systemair's suppliers are evaluated and selected on the basis of their ability to deliver on commercially correct terms, and of their ability to live up to Systemair's ethical guidelines for suppliers.

New suppliers are required to complete a self-assessment form before they can be qualified to work with Systemair. The form includes questions about financial strength, working conditions, child labour, health and safety, environment and ethics. All new suppliers must confirm that they do not accept child labour in their organisation, nor accept products from suppliers using child labour directly, or indirectly via their subcontractors. The self-assessment form is regularly updated.

Systemair also carries out on-site checks on 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 services. Systemair also operates special quality assurance agreements for suppliers of health- and safety-critical components.

Responsibility to the community

Our Group plays an important role in the communities where we operate. Wherever in the world we are operating, good relationships with external partners are key to long-term success. We engage in activities that contribute to the development of the local community, support various schools and training schemes and the local business community. We do not sponsor political or religious organisations.

Social projects that Systemair supports

- In North America, Systemair supports organisations that make sure that school-children have the educational tools and materials needed to take part in education from the first day at school.
- In Latvia, Poland, Slovenia, North America and Turkey, Systemair supports universities and university colleges in promoting engineering programmes in ventilation technology.
- In Germany, Systemair provides girls at primary school the chance to learn what a professional in technology can offer, for example via a special Girls' Day. This supports the Group's work to recruit more women into technology-based professions.
- Systemair in Germany sponsors the Pro-Children Project, which aims to increase awareness at an early age of the importance of a correct diet.
- In Sweden, Systemair supports an employers' initiative aimed at narrowing the gap between the labour market and school. The idea is, quite simply, to put the labour market on the agenda.
- Systemair in Sweden also supports Navigatorcentrum, a support organisation for young people who do not know which job to choose, whether they should start studying, or whether they should find another alternative that suits their particular case.

INCIDENTS OF CORRUPTION (NO.), G4-S05

	2016/17	2015/16
Number of incidents in which employees were fired or subject to other disciplinary measure because of corruption	0	0
Number of cases where contracts with partners were not renewed because of corruption offences	0	0

The table shows the number of corruption incidents. During 2016/17 and 2015/16, we had no cases of corruption.

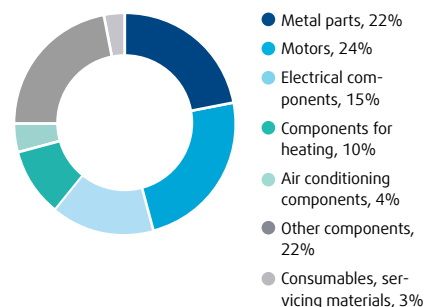
PROPORTION OF NEW SUPPLIERS EVALUATED WITH REGARD TO THE FACTORS BELOW (%), G4-EN32, LA14, HR10

	2016/17	2015/16
Environmental factors, EN32	92	96
Employment conditions, LA14	92	94
Human rights, HR10	90	96

The table shows the proportion of new suppliers evaluated with regard to environmental factors, employment conditions and human rights. The total number of new suppliers in 2016/17 was 143.

The pie chart illustrates Systemair's external purchases of components in the 2016 calendar year, by percentage per product group. The largest product groups are motors and metal parts, but electrical, heating and air conditioning components etc. are also bought in for use as components in Systemair's products and solutions.

PERCENTAGE BREAKDOWN OF SYSTEMAIR'S EXTERNAL PURCHASES OF COMPONENTS IN 2016



GRI Index

The following GRI Index presents the GRI indicators that Systemair has decided to report on in relation to our major sustainability issues. None of the indicators we use in our GRI reporting has been subject to external review. The Sustainability Report is self-reported at Core level in GRI G4.

GENERAL STANDARD INDICATORS		PAGE
G4-1	CEO's statement on the organisation's sustainability strategy	4-5 (AR)
G4-3	Name of the organisation	45 (AR)
G4-4	Primary products and services	20 (AR)
G4-5	Location of organisation's headquarters	45 (AR)
G4-6	Countries where operations are conducted	28-29 (AR)
G4-7	Nature of ownership and legal form	42-43 (AR)
G4-8	Markets served, where the organisation is active	16-17 (AR)
G4-9	Size of the organisation	28-29 (AR)
G4-10	Total number of employees	33 (AR)
G4-11	Proportion of employees covered by collective bargaining agreements	33 (AR)
G4-12	Describe the organization's supply chain	30, 37 (AR)
G4-13	Significant changes during the reporting period	2 (AR)
G4-14	Organisation's compliance with the precautionary principle	36 (AR)
G4-15	Externally developed initiatives that the organization subscribes to or endorses.	36-37 (AR)
G4-16	Associations that the organisation is a member of	-
G4-17	Entities included in the scope of the report	2 (GRI S)
G4-18	Process for defining report content	1-2 (GRI S)
G4-19	Material aspects of sustainability identified	2 (GRI S)
G4-20	Boundaries within the organisation for each aspect of sustainability	2 (GRI S)
G4-21	Boundaries outside the organisation for each aspect of sustainability	2 (GRI S)
G4-22	Effects of restatements of information provided in previous reports	-
G4-23	Significant changes from previous reports	-
G4-24	Stakeholder groups with whom the organisation is engaged	1 (GRI S)
G4-25	Basis for identification and selection of stakeholders	1 (GRI S)
G4-26	Approaches to stakeholder engagement	1 (GRI S)
G4-27	Key topics raised through stakeholder engagement and how the organisation has responded to these topics	1 (GRI S)
G4-28	Reporting period	1 (GRI S)
G4-29	Date of publication of most recent report	August 2016
G4-30	Reporting cycle	1 (GRI S)
G4-31	Contact person for questions regarding the report	3 (GRI S)
G4-32	Reporting level & GRI Index	38 (AR)
G4-33	External audit	1 (GRI S)
G4-34	Governance structure for the company	49-53 (AR)
G4-56	The organisation's values, codes of conduct etc.	11, 35, 37 (AR)

SPECIFIC STANDARD INDICATORS		PAGE
DMA	Economic Performance	4-5 (AR)
G4-EC1	Economic value generated and distributed	31 (AR)
DMA	Employment	34-35 (AR)
G4-LA1	Employee turnover	33-34 (AR)
DMA	Health & safety	32 (AR)
G4-LA6	Sick leave & work-related injuries	34 (AR)
DMA	Training & education	32-34 (AR)
G4-LA11	Performance reviews	34 (AR)
DMA	Equal opportunity	32 (AR)
G4-LA12	Composition of company	33-34 (AR)
DMA	Non-discrimination	32 (AR)
G4-HR3	Number of cases of discrimination	3 (GRI S)
DMA	Anti-corruption	37 (AR)
G4-S05	Number of cases of corruption	37 (AR)
DMA	Product responsibility – compliance with laws	3 (GRI S)
G4-PR9	Compliance with laws on the supply and use of our products	3 (GRI S)
DMA	Materials	36 (AR)
G4-EN1	Material use	36 (AR)
G4-EN2	Recycled materials	36 (AR)
DMA	Energy	36 (AR)
G4-EN3	Organisation's energy consumption	36 (AR)
		3 (GRI S)
DMA	Products and services	26-27 (AR)
G4-EN27	Initiatives to mitigate environmental impacts of products and services	26-27 (AR)
DMA	Product and service labelling	3 (GRI S)
G4-PR5	Results of surveys measuring customer satisfaction	3 (GRI S)
DMA	Supplier evaluation with regard to working conditions, the environment & human rights	37 (AR)
G4-LA14	Proportion of new suppliers evaluated with regard to working conditions	37 (AR)
G4-EN32	Proportion of new suppliers evaluated on the basis of environmental criteria	37 (AR)
G4-HR5	Risk of incidence of child labour in supplier chain	37 (AR)
G4-HR10	Proportion of new suppliers evaluated with regard to human rights	37 (AR)

More than 40 years of development

“To simplify” was our principal objective when Systemair entered the market in 1974 with the circular duct fan, a product that considerably simplified installation. “The straight way” soon became a concept for work in the Group and the starting-point for our values. Since then, it has developed into a business philosophy. Our driving force is constantly to find new ways of making our products and solutions even more attractive to our customers. Systemair's product portfolio has developed at a rapid rate since 1974. Today, more than 40 years later, Systemair is one of the biggest names in the ventilation industry.

Internationalisation

The Company was established in 1974 as LHG Kanalfläkt and production began in Skinnskatteberg, Sweden. During the first phase of Systemair's history, the focus was largely on selling the duct fan and identifying markets for international expansion. Several of the Company's foreign distributors were acquired with a view to boosting profitability and taking control over the marketing stage.

Broadened product portfolio

From the early 1990s, most company acquisitions were made to broaden the product portfolio and open the way to reach more customers in the ventilation sector. This continued during the 2000s. In 2001, the Group was renamed Systemair.

Consolidation phase

For the past approximately two years, there has been a period of consolidation and profit improvement. All the companies in the Group are to find a natural place for achieving the best possible results, in collaboration and association with the other Group companies. At the same time as this process is taking place, Systemair continues to evaluate new acquisitions, with the option of taking more companies under the Systemair umbrella.



Just before the year-end, Systemair signed an agreement to acquire FRIVENT Luft- & Wärmetechnik GmbH, Austria, a manufacturer of high-quality air handling units. The company sells products for commercial and industrial use to a value of around EUR 7 million in Austria, Germany, the Czech Republic and Russia. It makes air handling units, heat recovery systems and roof-mounted units for niche applications.



First-class indoor climate at sea



Tonnage: 146,600 tons
Length: 325 metres
Number of passengers: 3,963
Crew: 1,657

PHOTO: COPYRIGHT: MEYER YARD

Systemair offers a wide range of products and solutions for ventilation, air conditioning and heating on cruise liners and in other marine environments. A comfortable and safe indoor climate on board must be assured for both passengers and crew. Whether it is for air conditioning in cabins on a luxury cruise liner, cargo hold ventilation on a cargo vessel or exhaust air ventilation in the engine room of a ferry – Systemair can provide the right solution.

Wim Kampen, Sales Director at Systemair in the Netherlands, gives us an insight into his world of ventilation on cruise liners:

What are the demands on ventilation on board a cruise liner?

“To passengers it’s important to have a perfect indoor climate on board their cruise liner. The right temperature and air humidity must be maintained, whatever climate zone the ship is sailing in. It’s also important that our products are corrosion-resistant to stand up to tough climate conditions at sea, with high air humidity, salt and changing temperatures. We use sustainable materials such as stainless steel, special coatings and other corrosion-resistant solutions. The space available is also very limited on board. So you need compact units that are also easy to service and maintain. Designs have to be robust and high-quality”.

What types of customer order your products and solutions in this sector?

“For a long time, it was mostly specialist suppliers to marine sectors who were buying our products. A new trend is that the major yards themselves are buying the ventilation products they need. All our customers are specialists and are highly knowledgeable and experienced in the field. They like choosing reliable and dependable partners for long-term collaboration”.

How has demand in the market developed in recent years?

“Interest in our products, expertise and service is increasing. Cruise liners used mostly to ply routes in hot parts of the world, such as the Mediterranean and the Caribbean. Today, the cruise market is expanding all over the world and is becoming accessible to everyone. The Asian market in particular is growing fast and we can also identify a trend towards smaller, more exclusive expedition ships that travel to special places such as the Arctic and the Antarctic”.

Which products and solutions are used in Systemair’s offering for cruise liners?

“Systemair’s Netherlands factory has for 15 years been producing and supplying various types of air handling units for marine applications, for example on cruise liners. In recent years, we’ve seen increased interest in our fan convectors for public spaces and operational areas on cruise liners. We also identify growing opportunities for sales from other parts of the Systemair range, such as fans, fire dampers and other air distribution products”.

Did you receive any interesting new orders in 2016/17?

“2016 was a good year for us. For example, we received an order for air conditioning units for two new cruise liners, from MAC Hamburg. The ships will be built at the Meyer Yard in Papenburg, Germany, and will each carry 4,200 passengers.

Systemair will be delivering 88 units to each ship during 2017 and 2018. The two new ships are numbers five and six in a fleet of highly luxurious liners built exclusively for Chinese cruises. Systemair has supplied the whole fleet. In spring 2017, ship number four sailed on its maiden voyage, with its sights set on China”.



Today, the cruise market is expanding all over the world and is becoming accessible to everyone.

Wim Kampen, Sales Director at Systemair Netherlands.



The Systemair share and shareholders

The Systemair share

Systemair shares have been listed on the Mid Cap list of the NASDAQ OMX Exchange Nordic since 12 October 2007. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The Company's market capitalisation on 30 April 2017 was approximately SEK 8.2 billion (5.3). The share's trading symbol is SYSR.

Changes in share price

At the end of the 2016/17 financial year, the closing price was SEK 157.50, a rise of 53.7 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index rose by 20.9 percent.

The number of Systemair shares traded on NASDAQ OMX Stockholm totalled 4,723,445 (4,879,431), corresponding to a turnover rate of 9 percent (9) during the financial year.

Share capital and voting rights

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of voting rights. The quotient value is SEK 1.00 per share.

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for or be incurred by Systemair AB since it is Färna Invest AB that is issuing the options.

Authorisation by AGM

The 2016 AGM voted 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 resolve 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 2016 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.

Shareholders

No change took place in the holdings of the two biggest shareholders, Färna Invest AB and ebm-papst AB, with 42.30 percent and 21.27 percent of the votes, respectively, during the year.

Other major shareholders are Nordea Investment Funds, with a holding of 5.09 percent (4.70), Alecta Pensionsförsäkring, with 4.15 percent (4.81) and Swedbank Robur Funds, with 3.05 percent (4.78).

The number of shareholders at the end of the accounting period, 30 April 2017, was 3,949 (3,503).

Dividend policy and dividend

The Board of Directors proposes that the AGM approve a dividend of SEK 2.00 (2.00) per share. As a result, shareholders' dividend payments for the 2016/17 financial year will amount to SEK 104 million.

The dividend corresponds to 35 percent of the Group's profit after full tax and exceeds the Company's dividend policy that around 30 percent should be distributed.

Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is important in terms of stimulating interest in the Systemair

share and of giving 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. Year-end reports are also published as 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 web-site since 2007. Share data has also been available there since the IPO in 2007.

Analysts

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

Handelsbanken Capital Markets

Jon Hyltner, +46-8-(0)701 12 75

Nordea Markets

Henrik Nilsson, +46 (0)8-534 917 70

Swedbank Markets

Mats Liss, +46 (0)8-585 900 65

Redeye

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

Erik Penser Bank

Karl-Fredrik Johannesson,
+46 (0)8-463 84 64

SEB

Johan Dahl, +46 (0)8-522 296 18

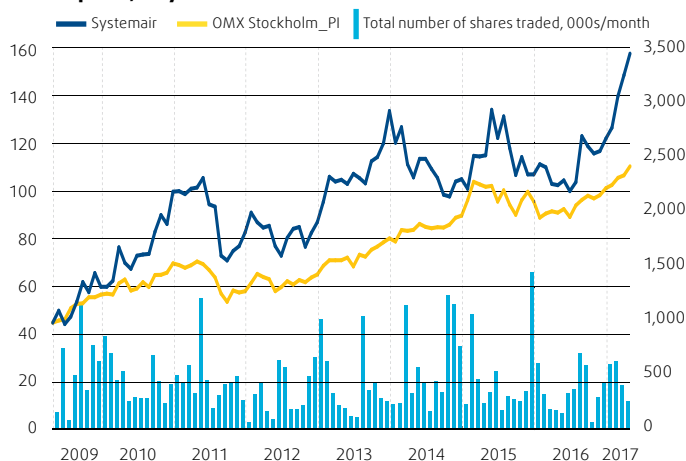
Pareto Securities AB

Erik Paulsson, +46 (0)8-402 50 00

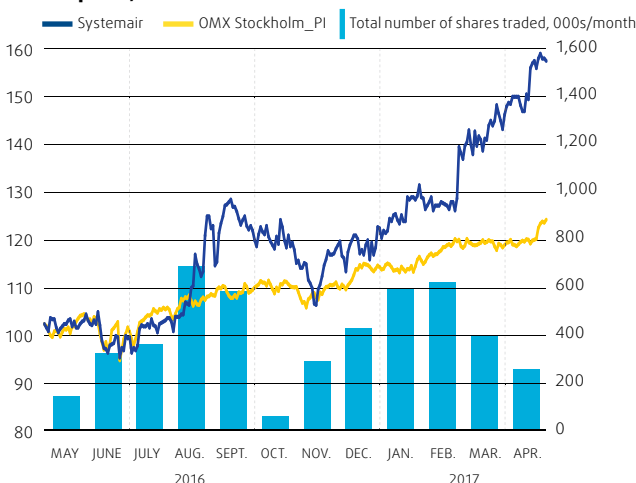
AGB Sundal Collier

Daniel Lindkvist, +46 (0)8-566 286 13

Share price, 8-year overview



Share price, 12-month overview



Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value (SEK thousand)
1-500	3,251	465,370	0.89%	73,296
501-1,000	352	288,563	0.55%	45,449
1,001-5,000	224	507,230	0.98%	79,889
5,001-10,000	30	219,852	0.42%	34,627
10,001-15,000	13	156,737	0.30%	24,686
15,001-20,000	12	213,744	0.41%	33,665
20,001-	67	50,148,504	96.44%	7,898,389
Total	3,949	52,000,000	100.00%	8,190,000

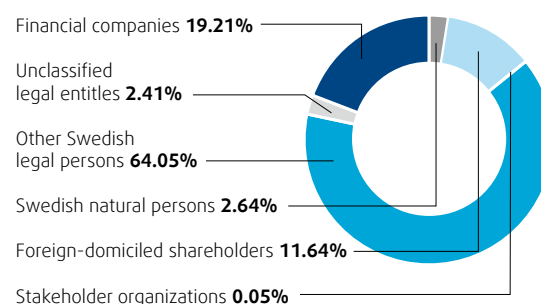
Ten biggest shareholders

Shareholders grouped according to Euroclear	Percentage (%)	No. of shares
Färna Invest AB ¹	42.30%	21,997,752
ebm-papst AB	21.27%	11,059,770
Nordea Investment Funds	5.09%	2,647,396
Alecta Pensionsförsäkring, Ömsesidigt	4.15%	2,156,200
Swedbank Robur fonder	3.05%	1,586,280
Handelsbanken Fonder	2.95%	1,535,901
Didner & Gerge Fonder	2.54%	1,323,342
Lannebo Fonder	2.19%	1,138,446
Fidelity Funds - Nordic Fund	1.78%	924,190
Fondita Nordic Micro Cap	1.35%	700,000
	86.67%	45,069,277
Other	13.33%	6,930,723
Total	100.00%	52,000,000

1) Private company wholly owned by Gerald Engström, Chairman of the Board

Source: Shareholders' register at Euroclear AB, 28 April 2017

Shareholder categories



Per-share data

	2016/17	2015/16	2014/15	2013/14	2012/13
No. of shares at 30 April	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	5.66	3.98	5.96	8.44	4.63
Cash flow per share (SEK)	8.93	3.25	4.64	4.83	6.61
Equity per share (SEK)	45.79	40.54	40.04	36.17	30.31
Share price, end of accounting period	157.50	102.50	115.00	105.75	104.75
High during the year (SEK)	160.50	143.50	125.75	136.75	108.00
Low during the year (SEK)	95.25	96.25	89.00	97.00	69.75
Dividend per share (SEK)	2.00*	2.00	2.00	3.00	1.50
After tax P/E	27.83	25.75	19.30	12.53	22.62
Direct yield (%)	1.27	1.95	1.74	2.84	1.43
Payout ratio (%)	35.34	50.25	33.57	35.56	32.37
Trading volume	4,723,445	4,879,431	6,989,140	4,632,443	5,138,280
Turnover rate (%)	9.08	9.38	13.44	9.00	10.00

*The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share for approval by the AGM to be held in Skinnskatteberg on 24 August 2017.

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	100:1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000

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Directors' Report

DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

General

The Board of Directors and the Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2016/17 financial year, the Company's 44th 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 focus on simplifying the task of ventilation contractors.

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

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

Menerga offers a range of air handling units for swimming pool halls and comfort ventilation with extra-high efficiency.

With production facilities in 20 countries (Sweden, Denmark, Norway, France, Italy, the Netherlands, Spain, Germany, Lithuania, Slovakia, Slovenia, the Czech Republic, Brazil, Canada, the USA, India, China, Malaysia, South Africa and Turkey) and a total of 280,000 m² of floor space for production and storage, Systemair is a significant international player in its product areas.

Systemair's products are marketed via the Group's own sales companies in 44 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

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of votes. The quotient value is SEK 1.00 per share.

Stock market listing

Since 12 October 2007, Systemair shares have been quoted (trading symbol: SYSR) on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders is approximately 3,900.

Changes in organisation, Board of Directors and Group Management

Until the start of the 2016 Annual General Meeting, Systemair's Board of Directors consisted of five members elected by the AGM, Gerald Engström (Chairman), Elisabeth Westberg, Hannu Paitula, Carina Andersson and Per-Erik Sandlund. At the 2016 AGM, Gerald Engström, Carina Andersson and Per-Erik Sandlund were re-elected as members of the Board. Elisabeth Westberg and Hannu Paitula declined to stand for re-election. Two new members were elected, Svein Nilsen and Patrik Nolåker. Gerald Engström was elected as Chairman of the Board.

At the start of the financial year, the Board as a whole fulfilled the functions that normally fall within the ambit of the audit committee, as the committee was disbanded in 2013/14. During the current financial year, the Board of Directors decided to re-establish the audit committee. The committee consists of Board members Carina Andersson (chair) and Per-Erik Sandlund.

In December 2016, Systemair expanded its Group Management with the appointment of Ulrika Molander, Production Director. Ulrika Molander started at Systemair AB in February 2016 and has global responsibility for production at Systemair. Ulrika also has overall responsibility for quality, environment and logistics in the Group. Ulrika has long experience of working on production-related issues. She joined the Group from BDX företagen AB, where she

was CEO. Ulrika previously worked at Sapa profiler AB for 15 years, where her roles included planning manager, factory manager, supply chain director and operations director.

Group

Sales and profit

Group sales totalled SEK 6,864 million (6,113), 12.3 percent higher than in the preceding financial year. Organic growth was 7.7 percent. Companies acquired contributed 3.1 percent, SEK 187 million. Exchange rate effects in the translation of foreign subsidiaries' accounts had a positive net effect of 1.5 percent on sales.

Sales – geographic breakdown

Sales in the Nordic region grew by 13 percent over the year. Adjusted for both exchange rate effects and acquisitions, sales rose 9 percent. The Norwegian market is the biggest in the region and the second-biggest overall, with sales of SEK 746 million. Sales in Norway grew by 15 percent over the year. Sales in Denmark increased by 27 percent and in Finland by 30 percent, but in Sweden fell by 1 percent.

In Western Europe, sales were up 12 percent. Companies acquired contributed SEK 99 million, 4 percent of the total. Adjusted for acquisitions and exchange rate effects, sales increased by 7 percent, indicating that changes in exchange rates - chiefly the euro - had a positive impact of 1 percent. The biggest market in the region, and also overall for the Group as a whole, is Germany. Other major Systemair markets in Western Europe are France, the Netherlands, the United Kingdom and Italy.

The market in Eastern Europe and CIS showed an increase of 8 percent over the year. Sales in the region totalled SEK 987 million (918). Adjusted for currency translation effects and acquisitions, sales in Eastern Europe & CIS declined by 1 percent during the year. The 2VV corporate group, acquired during the year, contributed SEK 40 million, 4 percent of the total, to sales in

Sales – Geographic breakdown	2016/17			2015/16	
	May-Apr	% of total	change	May-Apr	% of total
Nordic Region	1,611.4	23%	13%	1,424.0	23%
Western Europe	2,713.4	40%	12%	2,413.2	40%
Eastern Europe & CIS	987.3	14%	8%	917.9	15%
North and South America	586.6	9%	17%	502.4	8%
Other markets	964.9	14%	13%	855.0	14%
Total	6,863.6	100%	12%	6,112.5	100%

the region after the group was acquired in August. The Russian market again performed weakly during the past year, with a fall of 3 percent when translated to Swedish kronor. However, signs of a recovery were discerned later in the year. Systemair's major markets in the region are Russia, Poland, the Czech Republic and Slovenia.

Sales in the North and South American markets increased by 17 percent compared to the preceding year. Sales totalled SEK 587 million (502). Adjusted for exchange rate effects and acquisitions, sales rose by 11 percent.

Sales in Other markets rose 13 percent during the year. Adjusted for exchange rate effects and acquisitions, sales increased by 14 percent. Major projects in Turkey and the Middle East, above all, drove the growth in sales. Systemair's major markets in the region are Turkey, India and the United Arab Emirates.

Profits

Operating profit for the financial year from May 2016 to April 2017 totalled SEK 439.0 million (344.1). The Company's operating margin was 6.4 percent (5.6). Adjusted for the effects of the restructuring programme launched a year ago, operating profit for the full year totalled SEK 483.8 million, and the operating margin 7.0 percent. The restructuring programme has been focused on the air conditioning segment, acquired in recent years, and selected loss-making units. The programme is in its final phase and cost savings of around SEK 45 million are expected to emerge within a year. The restructuring costs totalled SEK 44.8 million during the financial year, being charged to costs of goods sold (SEK 9.4 million), selling expenses (SEK 19.4 million), administration expenses (SEK 10.7 million) and other operating costs (SEK 5.3 million).

During the year, a decision was taken to close down the production facility in China. Further restructuring measures in the Group cannot be ruled out. A number of profit-boosting measures are under way in production, logistics and sales.

Selling expenses for the full year were charged with SEK 34.2 million (19.7) for anticipated and confirmed impairment losses on trade receivables. Company acquisitions added SEK 47.8 million (77.8) to selling and administration expenses for the year. Acquisition-related costs during the year totalled SEK 0.3 million (0.9).

Financial income totalled SEK 3.2 million (3.1), including SEK 3.2 million (3.1) in interest income. Financial expenses for the year totalled SEK -32.0 million (-39.9). Interest expenses accounted for SEK -24.6 million (-22.8).

Tax expense for the year totalled SEK

-116.0 million (-100.1), corresponding to an effective tax rate of 28.3 percent (32.6).

Investments

The Group's total investments for the financial year amounted to SEK 316.4 million (224.7) excluding divestments. Gross investments in new construction and machinery totalled SEK 182.7 million (159.7). Major investments were made in production facilities in Sweden, Turkey and Denmark. Acquisitions and formerly withheld purchase considerations in the financial year totalled SEK 119.9 million (50.0). Depreciation and amortisation of non-current assets totalled SEK 186.7 million (178.2) for the year.

Business combinations

In August, Systemair acquired the Czech corporate group 2VV, a leading developer and manufacturer of air handling units for industrial and residential use. The company also makes air curtains for commercial applications in the region. The company had 189 employees at the time of acquisition and is based in Pardubice, 120 km east of Prague. In 2015, 2VV reported sales of around EUR 18 million.

In September, Systemair acquired the assets of TTL Tür + Torluftschleier Lufttechnische Geräte GmbH, a German a high-end manufacturer of air curtains for commercial applications. TTL is located in Winterbach, west of Stuttgart, and has sales of around EUR 4 million. Systemair took over 24 employees and TTL's leased 4,000 m² factory and office building.

If the companies acquired had been consolidated as of 1 May 2016, net sales for the period May 2016 through April 2017 would have totalled approximately SEK 6,938.5 million. The operating profit for that period would have totalled approximately SEK 442.9 million.

Human resources

The average number of employees in the Group was 4,907 (4,613). At the end of the period, Systemair had 5,222 employees (4,855), 367 more than one year previous. New employees were recruited chiefly at Systemair in Sweden (36), Turkey (34), India (31), Denmark (15), Germany (12), Norway (12), Spain (11) and Lithuania (10). Personnel cutbacks were made in Russia (-30), and Brazil (-14). Acquired companies added 258 employees to the Group, of whom 189 at the 2VV Group in the Czech Republic and 24 at TTL in Germany.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 446.3 million (330.2); the

increase from the year before was chiefly attributable to an improved operating profit. As a result of increases in trade accounts payable and other operating liabilities, working capital had a positive effect of SEK 18.2 million (-161.3) on cash flow. Net cash flow from financing activities totalled SEK -134.5 million (53.5), as a result of lower net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,555.4 million (1,505.7), and net indebtedness at year-end was SEK 1,400.8 million (1,387.4).

The consolidated equity/assets ratio was 44.6 percent (43.9) at financial year-end. The target adopted by the Board for the equity/assets ratio, 30 percent or more, was comfortably attained.

Transactions denominated in foreign currencies

Systemair has established subsidiaries that operate in 44 countries, with our own production facilities in 20 of them. Systemair products are sold in 100 or so countries around the world. Systemair AB has granted short- and long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 1,330.2 million (1,285.4) on the balance sheet date.

Treasury 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, Sweden. 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 accounting systems.

The Soliditet AB credit-rating agency retained its AAA rating for Systemair AB for the 23rd consecutive year.

Risks and uncertainties

Systemair is exposed to operational and financial risks in its business. Operational risk is inherent in 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 include foreign exchange risk, borrowing and interest rate risk, credit risk and liquidity risk. The material risks and uncertainty affecting Systemair are described in more detail in Note 2.

Financial survey

Over the past five years, growth in Group sales has averaged 11.5 percent. In the same period, the annual operating margin (EBIT) has averaged 6.5 percent. The average equity/assets ratio for the past five years has been 44.2 percent. Of total Group

sales, 94 percent (93) are to customers outside Sweden.

Further information on changes in the Group's financial position is provided in the table of key ratios, after the notes to the financial statements.

Outlook

In several markets, Systemair is still a relatively small player, and we see excellent opportunities to win bigger market shares via our increasingly broad product portfolio and excellent delivery capacity. It is confirmed that we consistently report strong organic growth and we are continuing to receive big and exciting orders. The outlook is bright on several of our major markets. The Russian market is showing signs of cautious recovery, even though sales today have more than halved compared to when the market peaked three years ago. We focus consistently on product development, and 2016/17, we invested major resources in developing our new Geniox range, which is based on a Group-wide platform. Considerable resources are also being invested in control and monitoring systems and product selection programs.

We are continuing to focus on our goal for profitability of 10 percent. This will be supported by sound underlying organic growth. On our journey there, we will be reviewing areas and units that are not performing profitably. We are continuing to invest on an ongoing basis in production equipment, product development and marketing, to become an even better partner to our customers.

Seasonal factors

Systemair's business operations are influenced by seasonal variations as a result of cold weather. Usually, activity in the autumn is higher because much construction work is being completed before winter. During the coldest parts of the year, demand for heating products increases, too. Normally the second quarter, August to October, is when Systemair achieves its strongest sales.

Financial targets

In April 2007, the Board of Directors of Systemair adopted three financial targets and a dividend policy.

Growth in sales	>12%	Both organic and acquired, over a business cycle
EBIT	>10%	Over a business cycle
Equity/assets ratio	>30%	
Dividend	app. 30%	of profit after tax

Proposed 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 2017 Annual General Meeting, which also comply with the guidelines 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 motivate senior executives to remain with the Company.

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 shall be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as a proportion of the fixed salary and shall be subject to a predetermined limit, normally two months' salary. As a rule, pensions shall be paid through defined contribution plans.

The pension contributions shall be based on market conditions in the sector in the particular country and based on the fixed salary.

The Board shall be entitled to depart from these guidelines if justified in any particular case.

Product development

To Systemair, it is vital to constantly engage in developing new ventilation products and solutions to meet the future needs of the market. We have to stay one step ahead of our competitors, choose the "right" ideas and develop those that fit with Systemair's know-how and resources and, lastly, we have to do so quickly.

Systemair's mission statement places product development at the forefront. The Group's mission is to develop high-quality, reliable products with a long service life, that are energy-efficient and improve the indoor climate. They must be simple to choose, install and maintain.

To fulfil this mission, Systemair has created an efficient product development process and an organisation comprising approximately 230 engineers and technicians with leading-edge expertise in a range of technologies. 23 technology teams and 13 technology centres are engaged in product development worldwide.

Quality system

Systemair Sverige AB has been ISO 9001 certified since 1993. In addition to Systemair Sverige AB, subsidiaries Systemair GmbH in Germany, Systemair a/s in Denmark, Systemair HVAC in Spain, IMOS-Systemair in Slovakia, Systemair d.o.o. in Slovenia, Recutech s.r.o. in the Czech Republic, Systemair Ltd in Canada, Systemair Sdn Bhd in Malaysia, VEAB Heat Tech AB in Hässleholm (Sweden), Systemair BV in the Netherlands, Systemair HSK in Turkey, Systemair S.r.l. in Italy, Systemair UAB in Lithuania, Systemair Pvt Ltd in India, Systemair Mfg Inc. in the USA, Menerga GmbH in Germany, Systemair AC SAS in

Five-year survey	2016/17	2015/16	2014/15	2013/14	2012/13
Net sales	6,864	6,113	5,882	5,296	4,551
EBIT	439	344	377	317	365
Operating margin	6.4%	5.6%	6.4%	6.0%	8.0%
Equity/assets ratio	45%	44%	44%	47%	41%
Return on capital employed	12%	10%	12%	18%	14%
Average number of employees	4,907	4,613	4,385	4,142	3,394

France and Systemair in China are also ISO-certified.

Environmental management system

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and conservation are a priority area, and we focus on constantly improving methods and work practices to reduce environmental impact.

Systemair's production plants in Sweden, Lithuania, Slovakia, Spain, the Czech Republic and Germany have earned ISO 14001 certification. Systemair regards the Company's manufacturing facilities and operations as meeting the requirements of all significant environmental laws and regulations that affect the Company.

Systemair Sverige AB is engaged in activities that are subject to environmental registration. These activities fall within Category C, meaning that the Municipality of Skinnskatteberg is responsible for environmental supervision.

Parent Company

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

The Parent Company's net sales for the financial year totalled SEK 96.1 million (87.3). Profit after tax totalled SEK 195.3 million (529.1) The company had 45 employees (44).

The balance sheet shows a strong equity/assets ratio of 54 percent (55).

Significant events after the financial year-end

In May, Systemair AB completed the acquisition of FRIVENT Luft- & Wärmetechnik GmbH, Austria, a manufacturer of high-quality air handling units. FRIVENT is based in St. Johann, in Tyrol, Austria. The company sells products for commercial and industrial use to a value of around EUR 7 million in Austria, Germany, the Czech Republic and Russia. The company manufactures air handling units, heat recovery systems and roof-mounted units for niche applications.

In June 2017, the South African subsidiary Systemair (Pty) Ltd acquired the assets of

the South African company Viking Air Conditioning, a market-leading manufacturer of air handling units with integrated cooling. Viking is based in Spartan, Johannesburg, South Africa. The company produces and sells customised air handling units with integrated cooling for commercial use, to a value of around SEK 40 million annually in South Africa and neighbouring countries. Viking has been selling market-adapted high-quality air handling units with and without integrated cooling for more than 25 years. The products are supplied to, for example, leading supermarket chains in the region. The company has 45 employees and operates from leased premises of 3,000 m².

In June 2017, Systemair's subsidiary, Menerga GmbH of Germany won a major order valued at around EUR 15 million to supply the German company Linde AG, Munich. The order is for 226 specially designed air conditioning units for a process ventilation system subject to extremely high technological and explosion safety requirements. They will be installed alongside 27 chillers and 23 dry coolers.

PROPOSED APPROPRIATION OF PROFIT

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 1,649,513,714
Net profit for the year	SEK 195,307,730
	SEK 1,874,860,950

The Board proposes that the Annual General Meeting, to be held on 24 August 2017, approve a dividend of SEK 2.00 (2.00) per share. As a result, dividend payments will amount to SEK 104.0 million (104.0). The remaining unappropriated profit is to be carried forward. The proposed dividend corresponds to 35 percent (50) of net consolidated profit. The number of shares entitled to a dividend is 52,000,000.

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 Chief Executive Officer, 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.

Application of the Swedish Code of Corporate Governance ("the Code")

It is generally accepted practice in the stockmarket for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code with the following exceptions:

The AGM has appointed a nominating committee consisting of representatives of three of the largest shareholders. The chairman of the nominating committee is the Company's main shareholder, Gerald Engström, who owns 42.3 percent of the share capital and votes in Systemair via his wholly owned company Färna Invest AB. Engström is also Chairman of the Board of Directors. The second largest shareholder, ebm-papst AB, owns 21.3 percent of the capital and votes and is represented on the nominating committee by Gerhard Sturm.

The Code states for example that the majority of the members of the nominating committee must be independent of the Company and company management. Further, the chairman of the nominating committee must not be a director of the company.

However, the majority of the members of Systemair's nominating committee are not independent, which is a deviation from the Code. The Company's judgement is that the said arrangement is in the interests and to the benefit of the Company and the other shareholders.

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 on the Mid Cap List of NASDAQ OMX Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 3,949 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.3 percent of the capital and votes and is 100 percent controlled by Chairman of the Board Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 21.3 percent of the capital and votes, and Nordea Investment Funds, with 5.1 percent. All shares

Facts

2016 Annual General Meeting

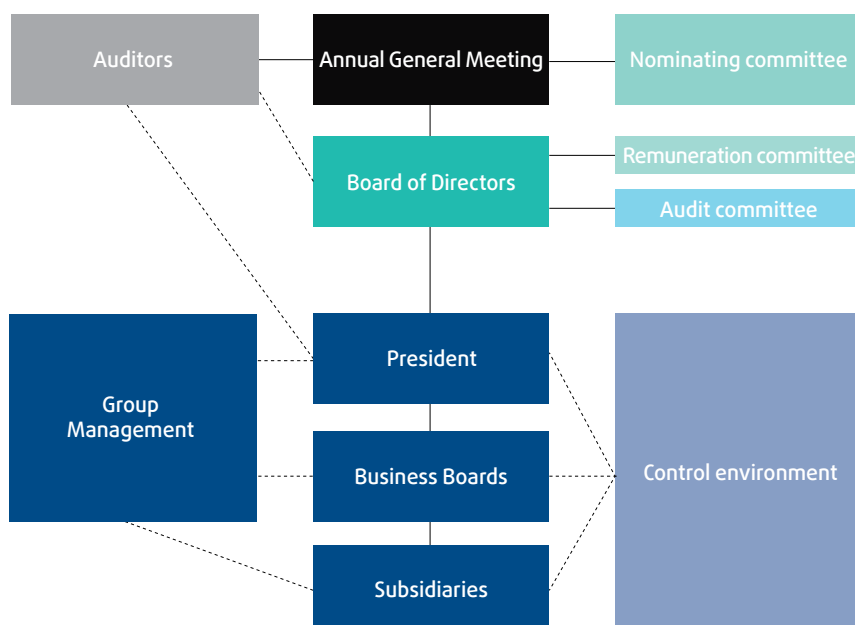
Systemair's Annual General Meeting, held in Skinnskatteberg on 25 August 2016, was attended by 85 shareholders, representing 85 percent of the shares and votes in the Company. Gerald Engström, Chairman of the Board, was appointed to chair the meeting. The Chairman, Gerald Engström, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives, as well as on the work of the Board's committees. In addition, Systemair's President, Roland Kasper, gave a talk on Systemair's business during the 2015/16 financial year. Åsa Lundvall, the auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and Chief Executive Officer from liability in respect of the past financial year.
- Gerald Engström, Carina Andersson and Per-Erik Sandlund were re-elected as members of the Board.
- Two new members were elected, Svein Nilsen and Patrik Nolåker.
- To elect Gerald Engström as Chairman of the Board.
- To pay a Board fee of SEK 550,000 to the Chairman and SEK 275,000 to each director not employed by the Company, together with an extra fee of SEK 600,000 to the Chairman for work on acquisitions. To pay a fee of SEK 27,500 to each employee representative.
- To pay a dividend of SEK 2.00 per share.
- That the nominating committee shall be made up of representatives of the three biggest shareholders, based on the ownership details on 31 January 2017.
- To authorise the Board, during the period until the 2017 AGM, to take decisions to issue new shares equal to no more than 10 percent of the number of shares in the Company.

The minutes from the 2016 AGM are posted on Systemair's website at: www.systemair.com, Investor & Media

How Systemair is governed



have a quotient value of SEK 1.00. At the financial year-end, 30 April 2017, the total number of shares outstanding was 52,000,000, all of the same class. For more information, see section "The Systemair Share", on page 42.

Articles of association

Systemair is a limited company whose business is to conduct the manufacture and sale of ventilation 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 Skinnskatteberg Municipality, Västmanland County. The Company's Annual Report and the management of the Company by the Chief Executive Officer and Board of Directors 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: www.systemair.com; go to Investor & Media.

The nominating committee

The 2016 AGM resolved that the nominating committee shall be made up of representatives of three of the largest shareholders. The record date for determining the three largest shareholders was 31 January 2017. 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. These proposals shall be submitted to the AGM.

The nominating committee held one meeting in 2016/17. No remuneration was paid for work on the nominating committee.

The proposals of the nominating committee to the 2017 AGM are shown in the Notice of AGM posted on the Systemair website, www.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 the size and composition of the Board of Directors

During the financial year, Systemair's Board of Directors adopted a diversity policy regarding the size and composition of the Board. The policy states that Systemair's Board shall be of a size and composition that ensures its ability to administer the affairs of the Company with integrity and efficiency. The Board's composition shall be characterised by diversity and breadth in terms of competence, experience and background. Another aspiration is to achieve an even gender balance. The majority of Board members elected by the AGM shall be independent in relation to the Company and the Company's management. Board members shall not be appointed for longer than until the end of the next AGM.

Composition of the Board of Directors during the financial year

Until the start of the 2016 Annual General Meeting, Systemair's Board of Directors consisted of five members elected by the AGM, Gerald Engström (Chairman), Elisabeth Westberg, Hannu Paitula, Carina Andersson and Per-Erik Sandlund. At the 2016 AGM, Gerald Engström, Carina Andersson and Per-Erik Sandlund were re-elected as members of the Board. Elisabeth Westberg and Hannu Paitula declined to stand for re-election. Two new members were elected, Svein Nilsen and Patrik Nölåker. Gerald Engström was elected as 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 page 54 of this annual report.

Anders Ulff, CFO, serves as Secretary to the Board. As the chart shows, all members of the Board elected by the AGM, except for Gerald Engström, are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

Work of the Board

During the 2016/17 financial year, the Board held six 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 which govern the work of the Board and its internal allocation of tasks, including committees, decision-making process within the Board and the Board's meeting procedures. The

Composition of the nominating committee for the 2017 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström, chairman of the nominating committee	Färna Invest AB, Chairman of the Board	gerald.engstrom@systemair.se
Gerhard Sturm	ebm-papst AB	gerhard.sturm@de.ebmpapst.com
Björn Henriksson	Nordea Fonder	bjorn.henriksson@nordea.com

Directors - attendance and dependence/independence

	Board of Directors	Remuneration committee	Audit committee	Year elected	Dep./Indep.	
					Company	Shareholder
Number of meetings	7	1	2			
Gerald Engström, Chairman	7	1	-	1974	Dep.	Dep.
Elisabeth Westberg ¹	4	-	-	2006	Indep.	Indep.
Hannu Paitula ¹	4	-	-	2011	Indep.	Indep.
Carina Andersson	7	1	2	2015	Indep.	Indep.
Per-Erik Sandlund	7	1	2	2015	Indep.	Indep.
Svein Nilsen ²	3	-	-	2016	Indep.	Indep.
Patrik Nölåker ²	3	-	-	2016	Indep.	Indep.
Ricky Sten ³	7	-	-	2014	-	-
Åke Henningsson ³	7	-	-	2015	-	-

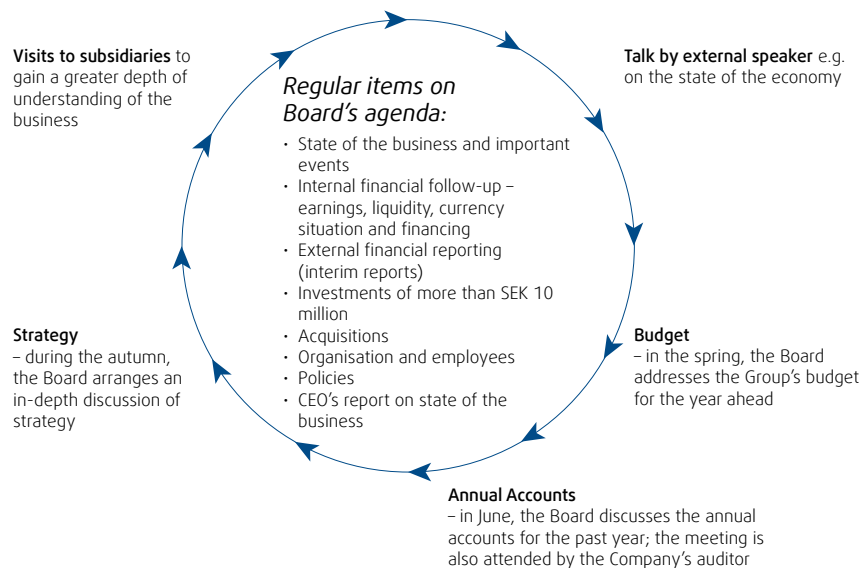
¹ Elisabeth Westberg and Hannu Paitula resigned from the Board on 25 August 2016.

² Svein Nilsen and Patrik Nölåker were elected to the Board on 25 August 2016.

The mandate period covers 3 meetings.

³ Employee representative

Work of the Board during the year



Chief Executive Officer also maintains regular contact with the Chairman of the Board.

During the year, the Board of Directors assessed its work, and all directors participated in the assessment and made observations. The Chairman of the Board is responsible for the assessment.

Attendance at Board meetings and fees

As the table shows, all members attended all meetings. Fees to the Board of Directors are shown in Note 10.

Remuneration committee

The Board has appointed a remuneration committee consisting of Gerald Engström (committee chairman), Carina Andersson and Per-Erik Sandlund. 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, in progress and concluded during the year, for variable remuneration to senior executives
- to monitor and assess the application of guidelines for remuneration for senior executives, 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. The Chairman of the Board shall chair the committee. Over the financial year, the committee held one minuted meeting, at which all members were present.

Audit committee

At the start of the financial year, the Board as a whole fulfilled the functions that normally fall within the ambit of the audit committee, as the committee was disbanded in 2013/14. During the current financial year, the Board of Directors decided to re-establish the audit committee. The committee consists of Board members Carina Andersson (chair) and Per-Erik Sandlund. The committee's tasks include:

- supervising the Company's internal controls, risk management and internal audits
- staying informed about the external audit
- reviewing and monitoring the impartiality and independence of the auditor
- assisting in the preparation of proposals for decisions on the election of auditors
- supervising of the financial reporting
- discussion of valuation issues, such as testing of needs for impairment.

Before the committee was created, accounting and auditing matters were discussed at Board meetings held in conjunction with quarterly reporting. Carina

Andersson served in a reporting capacity. Since being established, the committee has held two minuted meetings in which the Company's CFO, a Group controller and the auditor took part. 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 audits performed. Minutes of the meetings were taken and presented at the next Board meeting.

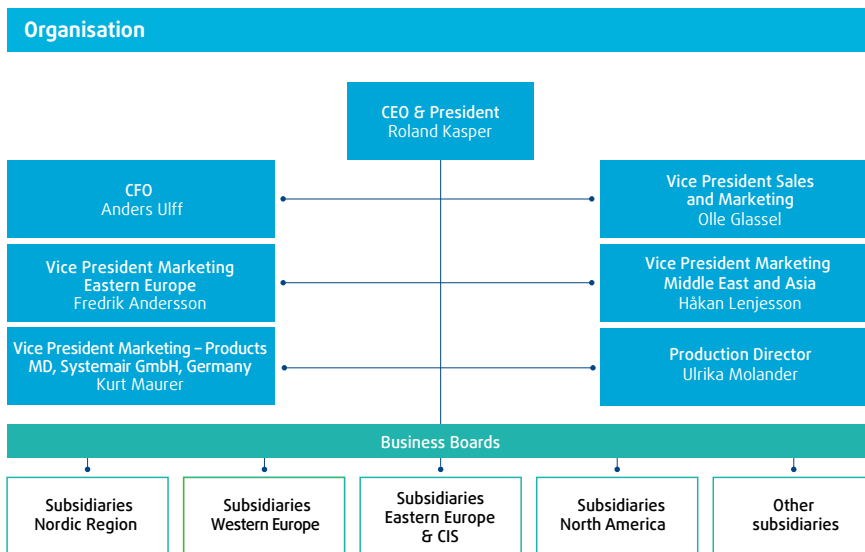
Group Management

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 senior management, comprising Vice President Marketing – Eastern Europe Fredrik Andersson, Chief Financial Officer Anders Ulf, Vice President Sales and Marketing Olle Glassel, Vice President Marketing – Middle East and Asia Håkan Lenjesson and Vice President Marketing – Products/Managing Director of Systemair GmbH, Germany, Kurt Maurer and Production Director Ulrika Molander. President and Chief Executive Officer Roland Kasper supervises the work of the Group's senior management.

Group Management holds regular meetings during the year to review earnings for the Group and for individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational matters within the framework established by the Board. One of these yearly meetings is more comprehensive, involving more detailed discussion and planning for operations and the formulation of targets at Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is key to the management culture. Group Management is supported by functions at Group level for Group financing, treasury, business development, product development, production, purchasing, communication and IT.

Business boards and governance of subsidiaries

The Systemair Group consists in total of 74 companies, of which 65 are operational. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns the majority of the subsidiaries directly. All subsidiaries are 100 percent owned, apart from Systemair-HSK of Turkey, which is 90 percent owned, Systemair-Traydus in Brazil, which is 75 percent owned and Tekadoor of Austria, which is 50 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 Parent Company and the particular 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

The 2016 AGM adopted guidelines for senior executive remuneration. 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. 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 shall be determined individually, based on the aforementioned criteria and the specific competence of the particular executive. Variable salary will be paid subject to the attainment of clearly established targets. The variable salary will be paid as

a proportion of the fixed salary and may normally equal no more than two months' salary. As a rule, pensions shall be paid through defined contribution plans. The size of the pension shall adhere to the same criteria as above and be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Remuneration to the Chief Executive Officer and other senior executives is described in Note 10.

Notice of termination and severance payments

The Chief Executive Officer's employment may be terminated on 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 Chief Executive Officer 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. In 2016/17, pension costs for senior executives totalled SEK 3.1 million.

Auditor and auditing

The 2016 AGM resolved to appoint EY as auditors, with Åsa Lundvall, Authorised Public Accountant, as auditor in charge, until the next AGM is held in 2017. The external audit is performed in accordance with generally accepted accounting practice in Sweden. Annual report docu-

ments for legal entities domiciled outside Sweden are audited in accordance with the legal requirements and other applicable rules of the countries in question.

The work of auditing the Group's accounts adheres to an audit plan that is adapted to the size of companies and that lays down guidelines for the auditors' work at each subsidiary. In addition to audit engagements, the audit firm has performed certain consulting assignments during the year, primarily involving advice on tax and accounting issues. The auditors have presented oral and written reports to the Board on both the audit engagement as well as on the audit of the Company's internal control.

Systemair's mid-year report for the 2016/17 financial year was audited by the Company's auditor.

Fees to the auditors are shown in Note 6.

Internal control related to financial reporting

Report of the Board of Directors on internal control for financial year 2016/17

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. Systemair's Board of Directors has decided not to have a separate audit committee. Systemair's Board of Directors decided during the year to reintroduce a separate audit committee. Previously, the Board as a whole performed the functions that would normally fall to the audit committee.

The Board and the audit committee thus have an important role to play in quality assuring financial reporting, which includes issues of internal control and compliance, verification of reported values and estimates, and other issues that could influence the quality of the financial disclosures. Internal control is based on the structure described 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 effective internal control. The control environment in Systemair is characterised by short paths between Group management and the operational units. The Board of Directors has adopted several basic documents to create and maintain a smoothly functioning control environment

significant to the financial reporting. These include the Board of Directors' set of procedures, instructions for the CEO, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's controller organisation.

An audit committee has been established from the members of 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 relationships with the Company's auditor. The audit committee and the Board includes accounting and auditing issues as a regular item on the agenda at the four Board meetings at which the quarterly reports are discussed. The objective is to ensure compliance with and development of policies adopted for financial reporting and internal control.

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 risks are deemed to be material errors that may arise 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 reporting and budgets are an important aid. 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 Parent Company's central controller organisation and can be readily accessed on the Group's intranet.

All companies in the Group report five working days after the end of the month via a common group consolidation and reporting system. This enables any deviations or errors to be recognised quickly and corrected.

At the end of the accounting period, the Group comprised around 70 subsidiaries owned directly by the Parent Company Systemair AB. The subsidiaries are legal entities with their own complete income statements and balance sheets. Each individual subsidiary reports to the Parent Company monthly, where consolidation is performed.

Central controllers are directly responsible

for following up several companies that they monitor and analyse on an ongoing basis. Outcomes are reviewed regularly against plans and targets in consultation with representatives of the subsidiaries, business boards and Group management.

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

In addition, every unit is also visited regularly by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting.

Information and communication

The Chief Executive Officer 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 subsidiary as well as the consolidated accounts for the Group. Several key ratios and benchmarks are also included; these enable the results for the period to be compared with budget and the results for preceding years.

The Board's set of procedures regulates which reports and information of a financial nature will be presented continuously and for each Board meeting.

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

Follow-up

Systemair is characterised by simplicity in its legal and operational structures and by smoothly functioning and established management and control systems. The Board and the audit committee, together with 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 results for each subsidiary and discuss deviations from plan with that subsidiary's CEO.

The tasks of the external auditors include supervising internal control in the Group companies annually. The auditors maintain contact with and report directly to the Board of Directors.

During the year, the controller organisation carried out a number of internal audits of subsidiaries with the aid of the Company's auditors. This work adheres to a standardised model, in which various significant issues associated with internal guidelines and policies are reviewed.

Ways of working with internal audits are being developed continuously, and an annual plan for audit activities has been adopted and is addressed by the Board.

Internal audit

Systemair has a simple operating structure with effective facilities for internal control. Compliance with the Company's well-developed governance and internal control system is monitored regularly by the Group's controllers. In addition, ongoing follow-up is performed by business boards and Group Management. Further supervision is exercised in the form of the control and follow-up by the Board and the external auditors.

Day-to-day dialogue between the Company and its external auditors, as well as the checks carried out by the above-mentioned parties are considered at present to be adequate in ensuring that internal control is 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 subject to continual review, and a re-assessment will take place in 2017/18.

Board of Directors



GERALD ENGSTROM

Chairman of the Board

Chairman, Bluefish Pharmaceuticals AB. Director, Hanza Holding.

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

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

Holding: 21,997,752 shares (shares owned by Färna Invest AB)

Born: 1948

Year elected: 1974

Independent: No

SVEIN NILSEN

Director

Education: Engineering degree in HVAC from the Norwegian University of Science and Technology, Trondheim

Formerly: Vice President Marketing for Systemair AB, other senior positions

Holding: 49,261 shares

Born: 1947

Year elected: 2016

Independent: Yes

PATRIK NOLÅKER

Director

Director, Dywidag-Systems International S.a.r.l., Outotec Oy and AQ Group AB.

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

Formerly: President at Dywidag-Systems International S.a.r.l. and Alimak Hek Group and senior positions at Atlas Copco, ABB and others.

Holding: 1,500 shares

Born: 1963

Year elected: 2016

Independent: Yes

**CARINA ANDERSSON**

Director

Director, Beijer Alma, SinterCast AB and Gränges AB

Education: M.Sc. in Engineering, Mining Engineering degree from the Royal Institute of Technology Stockholm (KTH)

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

Holding: 1,000 shares

Born: 1964

Year elected: 2015

Independent: Yes

PER-ERIK SANDLUND

Director

Chairman of Ciir (Center for Inter-organisational Innovation Research) at Lulea University of Technology, and Pesab AB.

Education: Degree in Business Administration and Business Law from the University of Umeå.

Formerly: Director-General, Invest Sweden, and at the Ministry of Foreign Affairs, Stockholm, CEO, SwedenBio

Holding: 1,500 shares

Born: 1952

Year elected: 2015

Independent: Yes

ÅKE HENNINGSSON

Employee Representative

Current position: Technology Consultant

Holding: 400 shares

Born: 1957

Year elected: 2015

RICKY STEN

Employee Representative

Current position: Materials Handler

Holding: –

Born: 1968

Year elected: 2014

Management Group



ROLAND KASPER

President and CEO

Education: Energy and Heating Technology Engineering Diploma, University of Applied Sciences Giessen-Friedberg, Germany
Formerly: Product Manager, Fläkt Woods Group and ABB Ventilation Products GmbH
Holding: 1,500
Born: 1969
Employed since: 2007

ANDERS ULFF

CFO

Education: M.Sc. Business Administration, Uppsala University
Formerly: Auditor and consultant, Ernst & Young; Financial Director Systemair
Holding: 40,600
Born: 1967
Employed since: 1999

OLLE GLASSEL

Vice President Sales and Marketing

Education: Qualified Ventilation Engineer, Diploma in Business Administration.
Formerly: MD, Systemair Ltd, United Kingdom, Sales Director, Systemair, Sweden
Holding: 700
Born: 1966
Employed since: 2002

FREDRIK ANDERSSON

Vice President Marketing Eastern Europe

Education: M.Sc. Business Administration - International Business Program (Russian/German), Uppsala University
Formerly: Export Manager Russia at Systemair AB, Managing Director, Fläkt Woods, Russia
Holding: 6,000
Born: 1967
Employed since: 2014



HÅKAN LENJESSON

Vice President Marketing Middle East and Asia

Education: Upper secondary school qualification in engineering and business studies

Formerly: MD, Munters Pty, Australia, MD, Munters Thailand Co. Ltd., MD, Hawa-Munters, Saudi Arabia

Holding: –

Born: 1956

Employed since: 2012

KURT MAURER

Vice President Marketing – Products, MD Systemair GmbH, Germany

Education: Heilbronn University

Formerly: Technical Director, Lti Lüftungstechnik; Product Dvpt, Rosenberg; Product Dvpt, ebm-papst

Holding: 67,308

Born: 1959

Employed since: 1994

ULRIKA MOLANDER

Production Director

Education: Graduate engineer, Borås University

Formerly: President, BDx Företagen AB. Operations Director, Sapa Profiler AB

Holding: –

Born: 1966

Employed since: 2016

Consolidated Income Statement

SEK m., 1 May–30 April	Note	2016/17	2015/16
Net sales	4	6,863.6	6,112.5
Cost of goods sold	5	-4,502.4	-4,010.4
Gross profit		2,361.2	2,102.1
Other operating income	8	119.6	80.3
Selling expenses	5	-1,548.1	-1,399.8
Administration expenses	5, 6	-365.1	-337.1
Other operating expenses	9	-128.6	-101.4
Operating profit	5, 7, 10, 11	439.0	344.1
Financial income	12	3.2	3.1
Financial expenses	13	-32.0	-39.9
Profit after financial items		410.2	307.3
Tax	14	-116.0	-100.1
Profit for the year		294.2	207.2
Attributable to:			
Parent Company shareholders		294.2	207.2
Non-controlling interests		-	-
Earnings per share ¹	36	5.66	3.98
Average no. of shares during period ¹		52,000,000	52,000,000

¹ No dilution effect arises since the options programme in operation has been arranged by Färna Invest.

Consolidated Statement of Comprehensive Income

SEK m., 1 May–30 April	2016/17	2015/16
Profit for the year	294.2	207.2
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	82.7	-83.5
Translation effects of long-term loans to subsidiaries with no settlement planned	2.1	-2.4
Tax effects from long-term loans to subsidiaries with no settlement planned	-0.5	0.5
<i>Items that cannot be transferred to profit for the year</i>		
Change in defined-benefit pensions, gross before tax	-1.7	11.9
Tax on change in defined-benefit pensions	0.3	-3.7
Other comprehensive income, net after tax	82.9	-77.2
Total comprehensive income for the year	377.1	130.0
Attributable to:		
Parent Company shareholders	377.1	130.0
Non-controlling interests	-	-

Consolidated Balance Sheet

SEK m.	Note	30/04/2017	30/04/2016
ASSETS	22		
Non-current assets			
<i>Intangible assets</i>	4, 15		
Goodwill		691.4	621.8
Brands, customer relationships etc.		181.4	176.3
Other intangible assets		11.9	13.0
		884.7	811.1
<i>Property, plant and equipment</i>	4, 15		
Buildings and land		965.8	925.2
Plant and machinery		245.5	206.0
Equipment and tools		134.7	106.4
Construction in progress		67.4	36.0
		1,413.4	1,273.6
<i>Financial and other assets</i>			
Other securities held as non-current assets	16	1.5	1.8
Deferred tax assets	14	178.3	158.8
Other long-term receivables	17	20.8	19.9
		200.6	180.5
Total non-current assets		2,498.7	2,265.2
Current assets			
<i>Inventory</i>	19		
Raw materials and consumables		534.1	506.7
Products in progress		100.8	93.8
Finished products		535.5	504.6
		1,170.4	1,105.1
<i>Current receivables</i>			
Accounts receivable – trade	20	1,251.8	1,122.9
Taxes recoverable		23.2	20.3
Other receivables		94.3	64.2
Prepaid expenses and accrued income	18	77.8	62.7
Other investments in securities etc.		3.2	5.4
		1,450.3	1,275.5
<i>Cash and bank balances</i>		241.8	176.9
Total current assets		2,862.5	2,557.5
TOTAL ASSETS		5,361.2	4,822.7

Consolidated Balance Sheet

SEK m.	Note	30/04/2017	30/04/2016
EQUITY AND LIABILITIES	22		
Equity			
<i>Share capital</i>	21	52.0	52.0
Additional paid-in capital		2.2	2.2
Other reserves		-7.4	-91.7
Retained profit, incl. profit for the year		2,334.5	2,145.7
Total equity		2,381.3	2,108.2
Non-current liabilities			
Non-current liabilities, interest-bearing	22	319.3	196.7
Provisions for pensions	26	61.9	58.5
Provisions for deferred tax liabilities	14	86.8	81.9
Other provisions	27	81.9	92.8
Other non-current liabilities		28.5	5.5
Total non-current liabilities		578.4	435.4
Current liabilities			
Current liabilities, interest-bearing	22	1,236.1	1,309.0
Accounts payable – trade		574.4	491.7
Income tax liability		81.9	70.1
Other liabilities		235.7	189.0
Accrued expenses and deferred income	23	273.4	219.3
Total current liabilities		2,401.5	2,279.1
Total liabilities		2,979.9	2,714.5
TOTAL EQUITY AND LIABILITIES		5,361.2	4,822.7

Statement of Changes in Equity – Group

SEK m.	Attributable to Parent Company shareholders				Total equity
	Share capital	Additional paid-in capital	Translation reserve	Retained profit, incl. profit/ loss for year	
Equity, 30 April 2015	52.0	2.2	-6.3	2,034.3	2,082.2
Dividends				-104.0	-104.0
Profit for the year				207.2	207.2
Other comprehensive income			-85.4	8.2	-77.2
Equity, 30 April 2016	52.0	2.2	-91.7	2,145.7	2,108.2
Dividends				-104.0	-104.0
Profit for the year				294.2	294.2
Other comprehensive income			84.3	-1.4	82.9
Equity, 30 April 2017	52.0	2.2	-7.4	2,334.5	2,381.3

Consolidated Cash Flow Statement

SEK m., 1 May-30 April	Note	2016/17	2015/16
Operating activities			
Operating profit		439.0	344.1
Interest received		3.2	3.1
Interest paid		-25.6	-22.0
Adjustment for non-cash items etc.	34	158.4	143.8
Income tax paid		-128.7	-138.8
Cash flow from operating activities before changes in working capital		446.3	330.2
Changes in working capital			
Inventory		22.8	-112.6
Current receivables		-110.0	-99.1
Accounts payable – trade		33.4	54.0
Current liabilities		72.0	-3.6
Cash flow from operating activities		464.5	168.9
Investing activities			
Acquisition of subsidiaries	30	-119.9	-50.0
Acquisition of intangible assets		-13.8	-15.0
Acquisition of property, plant and equipment		-182.7	-159.7
Sale of property, plant and equipment		35.1	12.6
Cash flow from investing activities		-281.3	-212.1
Financing activities			
Borrowings		259.0	261.1
Repayment of loans		-289.5	-103.6
Dividend to shareholders		-104.0	-104.0
Cash flow from financing activities		-134.5	53.5
Increase/Decrease in cash and cash equivalents		48.7	10.3
Cash and cash equivalents at start of year		176.9	187.8
Exchange rate difference in cash and cash equivalents		16.2	-21.2
Cash and cash equivalents at end of year		241.8	176.9

Parent Company Income Statement

SEK m., 1 May-30 April	Note	2016/17	2015/16
Net sales	4	96.1	87.3
Cost of goods sold		-	-
Gross profit		96.1	87.3
Other operating income	8	2.6	14.9
Selling expenses		-42.9	-54.9
Administration expenses	6, 7	-85.5	-68.8
Other operating expenses	9	-60.3	-32.9
Operating profit	10, 11	-90.0	-54.4
Profit/loss from participations in Group companies	28	214.1	520.5
Other interest income and similar profit/loss items	12	30.8	22.7
Interest expense and similar profit/loss items	13	-11.4	-14.1
Profit after financial items		143.5	474.7
Appropriations	24	50.2	58.0
Pre-tax profit		193.7	532.7
Tax on profit for the year	14	1.6	-3.6
Profit for the year		195.3	529.1

Parent Company Statement of Comprehensive Income

SEK m., 1 May-30 April	2016/17	2015/16
Profit for the year	195.3	529.1
Other comprehensive income		
Translation effects of long-term loans to subsidiaries with no settlement planned	2.1	-2.4
Tax effect from translation of long-term loans to subsidiaries	-0.5	0.5
Other comprehensive income, net after tax	1.6	-1.9
Total comprehensive income for the year	196.9	527.2

Parent Company Balance Sheet

SEK m.	Note	30/04/2017	30/04/2016
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	15	0.2	0.4
Licences and other intangible assets		6.1	2.0
		6.3	2.4
<i>Property, plant and equipment</i>			
Equipment and tools	15	3.8	3.2
Construction in progress		21.4	5.6
		25.2	8.8
<i>Financial assets</i>			
Participations in Group companies	29	2,177.8	2,045.6
Receivables from Group companies	31	125.3	74.2
Deferred tax assets	14	1.2	-
Other long-term receivables	17	15.8	15.4
		2,320.1	2,135.2
Total non-current assets		2,351.6	2,146.4
Current assets			
<i>Current receivables</i>			
Accounts receivable – trade	20	-	8.6
Receivables from Group companies		1,204.9	1,211.2
Taxes recoverable		7.9	10.5
Other receivables		35.4	18.9
Prepaid expenses and accrued income	18	16.9	15.1
		1,265.1	1,264.3
<i>Cash and bank balances</i>			
		-	-
Total current assets		1,265.1	1,264.3
TOTAL ASSETS		3,616.7	3,410.7

Parent Company Balance Sheet

SEK m.	Note	30/04/2017	30/04/2016
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	21	52.0	52.0
Statutory reserve		10.0	10.0
Fund for development expenditure		5.6	-
		67.6	62.0
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-5.2	-6.8
Retained profit		1,649.6	1,230.1
Profit for the year		195.3	529.1
		1,874.9	1,787.6
Total equity		1,942.5	1,849.6
Untaxed reserves	25	5.5	5.7
Provisions		-	1.9
Non-current liabilities			
Liabilities to credit institutions	22	124.9	50.5
Liabilities to Group companies		401.3	284.1
		526.2	334.6
Current liabilities			
Bank overdraft facilities	22	1,003.0	1,049.3
Liabilities to credit institutions	22	65.3	113.3
Accounts payable – trade		10.2	5.9
Liabilities to Group companies		24.3	29.0
Other liabilities		26.5	8.1
Accrued expenses and deferred income	23	13.2	13.3
		1,142.5	1,218.9
TOTAL EQUITY AND LIABILITIES		3,616.7	3,410.7

Changes in Equity – Parent Company

SEK m.	Share capital	Statutory reserve	Fund for development expenditure	Non-restricted equity			Total equity
				Share premium reserve	Fair value reserve	Retained profit, incl. profit/ loss for year	
Equity, 30 April 2015	52.0	10.0	-	35.2	-4.9	1,334.1	1,426.4
Dividend						-104.0	-104.0
Profit for the year						529.1	529.1
Other comprehensive income					-1.9		-1.9
Equity, 30 April 2016	52.0	10.0	-	35.2	-6.8	1,759.2	1,849.6
Dividend						-104.0	-104.0
Profit for the year						195.3	195.3
Other comprehensive income			5.6		1.6	-5.6	1.6
Equity, 30 April 2017	52.0	10.0	5.6	35.2	-5.2	1,844.9	1,942.5

Dividend paid in 2016 totalled SEK 104 million, corresponding to SEK 2.00 per share.

Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Note	2016/17	2015/16
Operating activities			
Operating profit		-90.0	-54.4
Interest received		19.5	22.7
Interest paid		-10.7	-10.8
Adjustment for non-cash items etc.	34	18.3	-3.3
Income tax paid		0.7	-6.5
Cash flow from operating activities before changes in working capital		-62.2	-52.3
Changes in working capital			
Current receivables		2.5	-498.2
Accounts payable – trade		-0.4	-258.1
Current liabilities		7.3	-5.3
Cash flow from operating activities		-52.8	-813.9
Investing activities			
Transfer of operations		-	-1.0
Acquisition of property, plant and equipment		-18.0	-6.0
Acquisitions/paid-in capital at subsidiaries		-183.2	-122.0
Dividends on shares in subsidiaries		268.0	520.5
Group contributions received		-	25.4
Acquisition of intangible assets		-6.5	-
Acquisition of financial assets		-	0.1
Cash flow from investing activities		60.3	417.0
Financing activities			
Dividend to shareholders		-104.0	-104.0
Borrowings		219.3	557.9
Repayment of loans		-122.8	-57.0
Cash flow from financing activities		-7.5	396.9
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		-	-

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NOTE 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2017 were approved on 6 July 2017 by the Board of Directors and the Chief Executive Officer for publication and will be submitted for adoption to the 2017 Annual General Meeting. 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, Financial assets available for sale and Liabilities measured at fair value via the income statement. These 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, with regard to the relationship between accounting and taxation. In the Parent Company, untaxed reserves are recognised inclusive of deferred tax. In the consolidated accounts, this item is classified as deferred tax and equity, respectively. Appropriations are recognised gross in the Parent Company income statement. All Group contributions received and paid are recognised as an appropriation in the income statement.

Amended and new accounting policies for the year

During the year, no new or revised standards from IASB or statements from IFRIC entered into force that could have any effect on Systemair's financial statements as of 1 January 2016.

New standards, revised standards and interpretations not yet in force have not been adopted early in Systemair's financial statements. The following standards enter into force on 1 January 2017 or later.

Future amendments of accounting policies

A number of new or revised IFRSs will come into effect for the first time in the next financial year or later and have not been adopted early in the preparation of these financial statements. An account is provided below of the IFRSs that are expected to, or may, impact on the Group's financial statements. Other than the IFRSs described in the following, other new measures published by IASB as per 30 April 2017 are not expected to have any effect on the Group's financial statements.

IFRS 9 Financial Instruments, enters into force on 1 January 2018, will supersede IAS 39 Financial Instruments: Classification and Measurement. The standard is issued in phases, wherein the version published in July 2014 replaces all previous versions. IFRS 9 states new principles establishing how financial assets are to be classified and measured. The decisive factor determining measurement category for a financial asset is the company's intention for holding the asset, as well as, to a certain extent, the contractual cash flows for the asset. The new standard also sets forth new rules for impairment testing of financial assets. As a result, the "incurred loss method" used formerly is superseded by a new "expected loss method". The intention of the new rules on hedge accounting is to ensure that a company's risk management is reflected in its accounts. The standard provides greater scope for hedging risk components in non-financial items and enables more types of instrument to be used in a hedging relationship. Furthermore, the quantitative requirement for effectiveness no longer applies. IFRS 9 is applicable to financial years beginning on 1 January 2018 or later. IFRS 9 is not expected to have any material impact on the Group's financial statements.

IFRS 15 – Revenue from Contracts with Customers will supersede IAS 18 – Revenue and IAS 11 – Construction Contracts. The standard is based on a five-step model to be applied to contracts with customers. Under current rules, revenue is recognised when the significant risks and rewards associated with the ownership of the good or service has been transferred to the buyer. The new model instead requires revenues to be recognized when control over the good or service has passed to the customer for an amount corresponding to the anticipated payment. Depending on whether certain criteria may then be considered to have been satisfied, revenue may be recognised. The standard is applicable to financial years beginning on 1 January 2018 or later. The standard will to a certain extent affect a minor portion of sales, which are expected to be recognised a few days later under the new standard. However, the effect at the end of a period will be offset by a similar effect at the beginning of the year, which will result in an insignificant

net effect at consolidated level. Systemair has not as yet completed its analysis of effects on its financial reporting, but the current judgement is that the new standard will not lead to any substantial effects.

IFRS 16 Leases will supersede IAS 17 Leases. The current standard is based on lessees classifying their leases as finance leases or operating leases, which are accounted for differently. In operating leases, the lessee's assets and liabilities according to the agreement are reported off the balance sheet. This, in conjunction with inadequate disclosure requirements, has resulted in inconsistent financial reporting. Under the new standard, the lessee is required to report its assets and liabilities according to the lease agreement, on the balance sheet, with exemptions for short-term leases (less than 12 months) and/or leases of low-value assets. The standard also introduced increased disclosure requirements for both parties' leases. The standard is applicable to financial years beginning on 1 January 2019 or later. Systemair has not as yet completed its analysis of any effects on the financial statements.

Other revisions to standards and interpretations that enter into force on 1 January 2017 are not deemed to have any effect on Systemair's financial statements.

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 European Union. Further, the consolidated 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 reports 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 accounts 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 costs, 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, 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 based on acquisition accounting. This also applies to businesses acquired directly. Based on acquisition accounting, the historical cost of the shares, or of the directly acquired business, is apportioned over the assets acquired and undertakings and liabilities assumed at the time of acquisition based on their fair value at that time. Any additional purchase price considerations are measured at fair value. If the historical cost exceeds the fair value of the net assets of the company acquired, the difference constitutes 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 from acquisitions are taken directly to income for the year as other operating expense. In the event that a conditional purchase consideration is re-measured to fair value, this is recognised in the 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 reported 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 based on the equity method. In this equity method, 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, described above. 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 reported under Participations in

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associated companies' profits. Dividends received from an associated company reduce the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet based on 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 resulting from translation are taken directly to Other comprehensive income. Upon the divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

Translation of receivables and liabilities denominated in foreign currencies

Transactions denominated in non-Swedish 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 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 or 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 receivables 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 the divestment of the foreign operation in future. During the year, foreign exchange loan losses regarded as net investment in subsidiaries, totalling SEK 1.6 million (-1.9), net after tax, were recognised as other comprehensive income.

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. Revenue is recognised once delivery has been made to the customer in accordance with the terms of sale. Net sales are recognised excluding value-added tax and net of discounts. Systemair's net sales comprise predominantly sales of ventilation and heating products and, to a lesser extent, services such as installation, maintenance and design.

Segment reporting

The Group manufactures and sells ventilation products. Systemair's top executive decision-makers, that is the respective CEOs/MDs, govern and manage the operations per legal corporation. The number of legal corporations within Systemair is about 70, and so, according to IFRS 8, the Group has that number of segments. Because the presentation of 70 segments would entail excessively detailed information, the standard proposes aggregating these at a suitable level if the economic characteristics are similar and the segments resemble one another in terms also of other factors such as type of products and type of customers. As of the 2016/17 financial year, Systemair aggregates on the basis of the geographical regions Europe and Rest of the World. The market segment Europe accounts for the major share of Systemair's business. The Europe segment consists of a large number of 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 aggregated segments Europe and Rest of the World presents a clearer picture. Net sales, Operating profit, Assets, Investments and Depreciation and amortisation will be reported per aggregated segment. The subsidiaries are to be aggregated on the basis of their legal domicile and consolidation will take place according to the same principles as for the Group as a whole.

Tangible and intangible assets

Property, plant, equipment and intangible assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairments. 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.

Brands, customer relationships etc.	5-10 years
Buildings	25-50 years
Plant and machinery	3-7 years
Equipment and tools	3-5 years

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. Development costs of SEK 5.6 million were capitalised during the financial year. The amortisation period is estimated to be 3-5 years.

Impairment

Regular tests are made 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 and intangible assets not yet ready for use, the recoverable amount is calculated annually.

If essentially independent cash flows cannot be determined for particular assets, the assets 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 at a rate based on the risk-free interest rate, adjusted for 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 after the impairment loss was recognised. Impairment losses on goodwill are not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the carrying amount that the asset would have had if no impairment had been recognised.

Inventory

Inventory is measured at the lower of historical cost or net realisable value for raw materials and purchased finished products, and at production cost for goods produced. The acquisition value is based on the latest purchase price and takes into account expenses arising at acquisition of the inventory assets and transport of such assets to their current location and condition. The acquisition value for finished products and products in progress is made up of the cost of raw materials, 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 made as required. Deliveries between Group companies are priced in line with the market. Intercompany gains on the inventory of Group companies are eliminated in the consolidated accounts. These eliminations are charged to operating profit.

Financial assets

Financial assets are classified in categories depending on the intention behind the acquisition of each particular asset. The classification is determined at the time of acquisition. A financial asset is removed from the balance sheet when the contractual rights to the cash flow cease.

Financial assets measured at fair value via the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The assets are measured at fair value, and changes in value are recognised in the income statement.

Loan receivables and Accounts receivable – trade

Loan receivables and trade accounts receivable are financial assets with fixed payments or payments for which the amounts can be determined. These receivables are associated with the Group's deliveries of goods and services and are measured

at historical cost. They are recognised in the amount expected to be received, less doubtful receivables based on individual assessment. In general, Group companies shall make provisions for overdue trade accounts receivable: In the Group, the rule generally applied is for provision of 50 percent to be made for receivables that are 180-360 days overdue, and 100 percent for those that are more than 360 days overdue. However, market assessments, credit insurance and the like must be taken into account. Loan receivables and trade accounts receivable are anticipated to be of short duration and are thus measured at their nominal amounts, undiscounted.

Investments held to maturity

Held to maturity investments are financial assets that are not derivatives but have fixed payments or payments that may be fixed, are of a fixed duration and will be held until maturity. They are recognised at amortised cost.

Financial assets available for sale

Available for sale investments are financial assets that have either been assigned to this category or not been classified in any of the other categories. They are included in noncurrent assets if management does not intend to dispose of the assets within 12 months from the balance sheet date. Financial assets available for sale are stated at fair value after the date of acquisition. Unrealised gains and losses resulting from changes in the fair value of non-monetary instruments classified as assets are recognised in equity. When instruments that are classified as assets available for sale are divested or impaired, the accumulated adjustments to fair value are recognised in the income statement.

Financial liabilities

Financial liabilities are measured at fair value through the income statement

In Systemair's balance sheet, this category contains derivative instruments not classified as hedging instruments. The fair value of these liabilities is measured at fair value on an ongoing basis, with changes in value recognised in the income statement.

Systemair's balance sheet also shows a liability comprising an option to purchase the remaining 25 percent of the shares in Traydus, Brazil. The liability refers to anticipated profit after tax for the 2019/20 and 2020/21 financial years. The liability falls due for payment on 31 May 2021. 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 the estimated liability will be recognised in the income statement. For the 2016/17 financial year, the liability has been written down, with an impact of SEK 5.9 million on income. The adjustment is applied to Other operating income.

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 that are recognised as current liabilities. Trade accounts payable have a short anticipated maturity and are thereby measured at their nominal amount, undiscounted.

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 agreement, 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 similar 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 a cost in the period during which the employees perform the service to which the remuneration refers. Defined-benefit

plans are measured separately and for each plan 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 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. Profits are charged as the benefits are earned.

Share-based remuneration

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

Leasing

At Systemair, leasing is generally only used to a limited extent and normally only for company cars and in rental agreements. Lease contracts in which all risks and benefits associated with ownership essentially do not accrue to the Group are classified as operating leases. Fees for such contracts are recognised as costs in the income statement on a straight-line basis for the duration of the contract. Systemair classifies the majority of current lease contracts as operating leases. The exception is the newly acquired corporate group 2VV of the Czech Republic, which has finance leases for machinery used in production. Further information on operating and finance leases is provided in Note 7.

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 life 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 referring 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 a 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 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 utilized.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply in the period when the assets are realized or the liabilities settled, based on the tax rate (and tax legislation) in force, or substantively in force, 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

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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 relating to assets.

Systemair Sverige AB has received an employment grant totalling SEK 0.3 million (0.1) from the Swedish Labour Market Board. The employment grant was offset against salaries paid in the functions affected.

In Canada, Systemair received an employment grant of SEK 0.2 million (0.1). The employment grant was offset against salaries paid in the functions affected.

Material estimates and assumptions

The preparation of financial reports 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 reports. The estimates and assumptions that could constitute a risk of significant adjustments to the amounts recognised during the next financial year are described below.

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 15.

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 26.

Deferred tax assets

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses from business conducted, 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 future profits against these losses. If Systemair's operations do not succeed in generating sufficient taxable surpluses in the future, the deferred tax assets stated 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 tax-deductible in whole or in part. If the Company cannot fully utilise the loss carry-forwards, the Company's earnings and financial position may be adversely affected.

NOTE 2 Risks and risk management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These may be divided into operational risks, such as the market risk in the cyclical construction industry and changes in the competitive situation, and financial risks, chiefly currency exposure. Both operational and financial risks may in the short and the long term affect Systemair's ability to achieve its set objectives according to the Company's business plan. Systemair works continuously on keeping abreast of the Group's risk situation via a documented, systematic process at Board level, in which risks are identified, assessed, monitored and reported. Priority is given to the risks that are judged to represent the greatest negative effect, on the basis of the probability of their occurring and the possible impact on the business.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2016/17 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. Further, it is likely that actual changes will affect several items. Thus, caution

is called for when interpreting the sensitivity analysis in those changes in various items may have a counteractive effect.

Sensitivity analysis: effects on operating profit in 2016/17

SEK m.	Operating profit
+/- 5% in selling prices	+/- 343
+/- 5% in material costs	+/- 276
+/- 5% in selling and administration expenses	+/- 96
+/- 5% in the SEK/EUR exchange rate	+/- 21
+/- 5% in the SEK/NOK exchange rate	+/- 7
+/- 5% in the SEK/RUB exchange rate	+/- 2
+/- 5% in the SEK/USD exchange rate	+/- 2

The table shows that a change of +/-5 percent in the SEK/EUR exchange rate would have an impact of approximately SEK 21 million (21) on operating profit for 2016/17. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Operational risks

Competition

Systemair's markets are fragmented and exposed to competition; a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. 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 business, earnings and financial position may be adversely affected. The ventilation sector still consists largely of a number of relatively local operators. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, there is a risk of exclusion from the market. Systemair has addressed that risk by establishing factories in low-cost countries such as India and Lithuania and by establishing new sales companies in new markets.

Market risks

Systemair's products are used in new construction as well as in renovations, conversions and additions (Swedish acronym: ROT). The construction industry normally follows a cyclical pattern, above all in new construction, while ROT projects often smooth the cyclical effect. Developments in the industry are largely influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market trends and other factors. Changes in circumstances for 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 lead to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position. Systemair's sales are also vulnerable to seasonal fluctuations, with sales mostly being lower during July and December.

Suppliers

Ziehl-Abegg and ebm-papst, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers and to some extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these companies could disrupt Systemair's production and have a negative impact on Systemair's operations, earnings and financial position. Another important component in Systemair's products is steel, in the form of steel plate, so the Company's operations to a certain extent are affected by fluctuations in the price of steel, and by any disruptions in steel deliveries. Historically, it has been possible to spread price increases across multiple actors, but there is no guarantee that this will continue to be possible 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.

Brands

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech and Menerga. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries where they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands in the marketing of their products or otherwise infringe its intellectual property rights. If

the Company's brands cannot be protected, for whatever reason, the Company'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, the production and distribution of Systemair's products could be disrupted or suspended for some period. An extensive and prolonged shutdown could have a huge impact on the Company's ability to produce or distribute the products affected. Systemair has purchased insurance against property damage and operational stoppages in an amount 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.

Business combinations

For several years running, Systemair has completed a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In many cases, the companies acquired had operational and financial problems, which required substantial efforts on the part of Systemair, not least in the form of management resources. Expansion through acquisition remains an ambition of Systemair's, and in the future more companies that complement or augment the Company's operations may be acquired. The acquisition of companies may involve many different operational and financial risks. Along with well- or lesser-known company-specific risks, these risks include the possible departure of suppliers, customers or key personnel from the company acquired. In addition, the integration of 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.

IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is the Company's 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 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 breakdown 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. Thus Systemair provides detailed product specifications in its marketing and sales activities and the Company conducts continuous tests in its own test facilities to ensure that its products meet their specifications. However, the possibility cannot be ruled out that products the Company has sold may not live up to their 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 taken out 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.

International business operations

Systemair conducts, via subsidiaries or representative offices, its own operations in 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 risks associated with international business activities, 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. Systemair has substantial sales to Russia, for example, which is one of Systemair's single largest export markets. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that Systemair's

assets in the country could become uncertain. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

Financial risks and other 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.

In 2016/17, Group companies in Sweden invoiced 41 percent (41) of their business in SEK, 56 percent (49) in EUR, 2 percent (3) in PLN and 1 percent (6) in other currencies.

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 applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average 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 1,574 million (1,380). Major net assets consist of SEK 769 million (727) in EUR, SEK 122 million (108) in DKK, SEK 121 million (98) in NOK, SEK 101 million (23) in CZK, SEK 75 million (67) in CAD, SEK 75 million (59) in INR, SEK 72 million (47) in USD, SEK 68 million (71) in TRY and SEK 62 million (98) in RUB.

The impact of foreign exchange on equity is recognised as a translation difference and amounted to SEK 84.2 million (-85.4).

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 conditions change significantly in the Company's markets, Systemair may have difficulty securing new credit facilities and so 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 1,400.8 million (1,387.4), with the result that the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,555.4 million (1,505.7). According to Systemair's financial policy, the fixed-interest term for 2016/17 is to be 3-12 months. A change of +/-1 percentage point in the borrowing interest rate would have an impact of about SEK 16 million (15) on the Group's net financial items over 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 effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded

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in new markets with different payment customs, the credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as the risk of credit losses and consequently the risk of negative effects on the Company's ready cash and earnings.

NOTE 3 Segment reporting

The Group's operations consist in the main of manufacturing and sale of ventilation products. Internal follow-up of operations is conducted per legal corporation, by Systemair's highest executive decision-makers. Each legal corporation therefore represents an operating segment. If several countries and markets show similar economic characteristics, they may be aggregated for the purposes of segment reporting. For segment reporting, Systemair aggregates into the segments of Europe and Rest of the World. The market segment Europe accounts for the major share of Systemair's business. The Europe segment consists of a large number of 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 aggregating of the legal entities in the region is reasonable. Systemair further considers that accounting for the aggregated segments Europe and Rest of the World presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are to be aggregated on the basis of their legal domicile and consolidation will take place according to the same principles as for the Group as a whole.

SEK m.	Group	
	2016/17	2015/16
Europe		
Net sales, external	5,472.3	4,978.7
Net sales, intra-Group	167.0	154.5
Operating profit	437.9	342.7
Operating margin, %	8.0	6.9
Assets	2,678.7	2,368.6
Investments	122.5	131.8
Depreciation/Amortisation	158.8	153.9
Rest of World		
Net sales, external	1,391.3	1,133.8
Net sales, intra-Group	12.5	23.5
Operating profit	91.1	55.8
Operating margin, %	6.5	4.9
Assets	873.8	692.2
Investments	14.3	28.4
Depreciation/Amortisation	23.8	21.3
Group-wide		
Net sales, intra-Group	96.1	87.3
Operating profit	-90.0	-54.4
Assets	3,608.9	3,405.8
Investments	144.5	51.9
Depreciation/Amortisation	4.1	3.0
Eliminations		
Net sales, intra-Group	-275.6	-265.3
Assets	-1,823.4	-1,664.2
Total		
Net sales, external	6,863.6	6,112.5
Operating profit	439.0	344.1
Operating margin, %	6.4	5.6
Assets	5,338.0	4,802.4
Investments	281.3	212.1
Depreciation/Amortisation	186.7	178.2

NOTE 4 Information on geographical regions

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, together with servicing of ventilation products. Total revenue for the financial year amounted to SEK 6,863.6 million (6,112.5), of which servicing of ventilation products accounted for SEK 223.2 million (199.9)).

The Group's operations are geographically divided mainly into the Nordic region, Western Europe (excluding Region Nordic), Eastern Europe and CIS, North and South America and Other markets.

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

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

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

Region North and South America consists of the Argentina, Barbados, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Jamaica, Mexico, Panama, Peru, Puerto Rico, Uruguay and the USA.

Other Markets includes Algeria, Angola, Australia, Bahrain, Bangladesh, Botswana, Brunei, Burma, Brunei, Cambodia, Cameroon, Cap Verde, China, Egypt, French Polynesia, Ghana, India, Indonesia, Iran, Iraq, Israel, Ivory Coast, Japan, Jordan, Kuwait, Lebanon, Malaysia, Mauritius, Mongolia, Morocco, Mozambique, Namibia, New Zealand, Nigeria, Oman, Pakistan, the Philippines, Qatar, Saudi Arabia, Senegal, Singapore, South Africa, South Korea, Swaziland, Taiwan, Thailand, Tunisia, Turkey, Uganda, United Arab Emirates, Vietnam, Zambia and Zimbabwe.

Sales income below is based on 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 ten biggest markets based on the customer's domicile. Systemair has a very extensive customer base of nearly 100,000 customers, with no individual customer normally accounting for more than around 2 percent of the Company's total sales. As a result, Systemair's dependence on individual customers is limited.

Geographical breakdown Group	Net sales		Non-current assets ¹	
	2016/17	2015/16	2016/17	2015/16
Norway	745.9	648.2	95.3	97.9
Sweden	430.6	435.9	216.0	187.5
Denmark	288.0	226.3	112.0	100.1
Rest of Nordic region	146.9	113.6	0.9	1.0
Total Nordic region	1,611.4	1,424.0	424.2	386.5
Germany	855.0	719.3	384.9	384.4
France	455.3	375.4	52.5	49.9
Netherlands	349.4	326.3	125.3	125.7
United Kingdom	310.8	307.5	19.2	26.1
Rest of Western Europe	742.9	684.7	282.7	265.6
Total Western Europe	2,713.4	2,413.2	864.6	851.7
Russia	343.1	351.9	56.0	47.4
Rest of Eastern Europe and CIS	644.2	566.0	405.1	269.0
Total Eastern Europe and CIS	987.3	917.9	461.1	316.4
USA	415.2	342.5	82.1	74.9
Other, North and South America	171.4	159.9	96.4	94.2
Total, North and South America	586.6	502.4	178.5	169.1
Turkey	291.1	237.5	127.4	124.5
Other markets	673.8	617.5	242.3	236.5
Total Other markets	964.9	855.0	369.7	361.0
	6,863.6	6,112.5	2,298.1	2,084.7

¹ Non-current assets refers to intangible assets and property, plant and equipment.

Parent Company sales consist exclusively of intra-Group services on behalf of other Group companies.

By geographical market	Parent Company	
	2016/17	2015/16
Net sales		
Nordic Region	30.7	30.6
Western Europe	36.7	33.7
Eastern Europe and CIS	12.0	10.5
North and South America	7.3	5.8
Other markets	9.4	6.7
	96.1	87.3

NOTE 5 Classification by type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2016/17				
Material costs	-3,167.4	-	-	-3,167.4
Employee benefits expense	-905.2	-851.5	-221.7	-1,978.4
Depreciation/Amortisation costs	-92.4	-70.0	-18.3	-180.7
Other costs	-337.4	-626.6	-125.1	-1,089.1
	-4,502.4	-1,548.1	-365.1	-6,415.6
2015/16				
Material costs	-2,853.9	-	-	-2,853.9
Employee benefits expense	-808.4	-785.3	-205.3	-1,799.0
Depreciation/Amortisation costs	-85.9	-69.7	-16.1	-171.7
Other costs	-262.2	-544.8	-115.7	-922.7
	-4,010.4	-1,399.8	-337.1	-5,747.3

Product development costs totalled approximately SEK 187 million in 2016/17 and SEK 170 million in 2015/16. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

NOTE 6 Auditor's fees

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
EY				
Auditing services	-5.5	-4.6	-1.5	-0.9
Other additional auditing services	-0.4	-0.7	-0.3	-0.4
Tax advice	-0.1	-	-	-
Other services	-0.1	-	-	-
Total, EY	-6.1	-5.3	-1.8	-1.3
Other				
Auditing services	-3.1	-2.9	-	-
Additional auditing services	-0.8	-1.2	-	-
Tax advice	-1.1	-0.8	-	-
Other services	-0.9	-2.7	-	-
Total Other	-5.9	-7.6	-	-
Total	-12.0	-13.0	-1.8	-1.3

NOTE 7 Leasing

Leasing costs recognised	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Operating leases	61.8	57.8	1.3	1.1

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

The amounts of future lease fees under leases with more than one year remaining are distributed as follows for the Group and the Parent Company.

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Operating leases – nominal value				
Payable within 1 year	57.6	45.5	0.6	0.8
Payable in 2-5 years	76.9	75.9	0.3	0.5
Payable 6 years-	7.3	5.6	-	-
	141.8	127.0	0.9	1.3

Finance leasing

A group of production machines operating under a finance lease was included in the acquisition of 2VV in the Czech Republic. The lease terms vary from four to five years and the implicit interest rate is between 1.57 and 1.66 percent. The Company has the option of buying the assets under the conditions of the lease at the end of the contract period. On 30 April 2017, the Parent Company had no finance leases.

Acquired assets and accumulated depreciation	2016/17	2015/16
Cost capitalised	21.6	-
Accumulated depreciation	-5.4	-
	16.2	-
Depreciation charge	-2.1	-

	Minimum future lease charges		Present value of minimum future lease charges	
	2016/17	2015/16	2016/17	2015/16
Within a year	4.5	-	4.3	-
Within 2-5 years	10.0	-	9.4	-
More than 5 years	-	-	-	-
	14.5	-	13.7	-
Future finance charges	-0.8	-	-	-
Present value, total	13.7	-	13.7	-

NOTE 8 Other operating income

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Exchange gains in operations	76.2	58.6	2.5	14.5
Gain on sale of property, plant and equipment	11.5	2.8	-	-
Revaluation of option to purchase, Brazil	5.9	-	-	-
Other miscellaneous income	26.1	18.9	0.1	0.4
	119.6	80.3	2.6	14.9

NOTE 9 Other operating expenses

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Exchange rate losses in operations	-82.8	-63.8	-16.8	-1.8
Intra-Group expenses	-	-	-7.3	-9.1
Loss on sale of property, plant and equipment	-0.4	-0.4	-	-
Other miscellaneous expenses	-45.4	-37.2	-36.2	-22.0
	-128.6	-101.4	-60.3	-32.9

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NOTE 10 Employees and staff costs

	2016/17		2015/16	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	45	33	42	31
Subsidiaries in:				
Nordic Region	888	671	839	619
Sweden	529	372	493	331
Denmark	179	156	173	154
Finland	15	9	15	8
Norway	165	134	158	126
Western Europe	1,668	1,337	1,616	1,305
Belgium	36	28	35	29
United Kingdom	88	70	87	67
Greece	7	5	6	4
France	230	157	232	173
Netherlands	186	167	188	168
Ireland	5	4	5	4
Italy	178	132	162	118
Portugal	21	12	23	14
Switzerland	39	31	39	31
Spain	83	76	73	65
Germany	769	636	740	613
Austria	26	19	26	19
Eastern Europe and CIS	1,080	709	951	614
Bulgaria	-	-	5	2
Estonia	12	7	11	7
Croatia	3	3	3	3
Latvia	7	5	8	7
Lithuania	222	127	204	127
Poland	55	44	55	44
Romania	6	5	6	5
Russia	262	152	289	165
Serbia	8	4	6	3
Slovakia	233	145	238	152
Slovenia	92	80	84	73
Czech Republic	163	129	26	19
Ukraine	3	1	5	2
Hungary	5	4	5	4
Belarus	9	3	6	1
North and South America	421	291	390	277
Brazil	76	58	76	57
Chile	4	4	6	5
Canada	228	147	203	137
Mexico	1	1	-	-
Peru	4	3	4	3
USA	108	78	101	75
Rest of the World	805	705	775	686
United Arab Emirates	16	12	15	12
India	352	335	369	353
China	32	26	29	23
Malaysia	119	91	115	93
Singapore	12	7	11	7
South Africa	31	25	29	24
Taiwan	1	1	2	2
Turkey	236	201	200	167
Qatar	6	7	5	5
	4,907	3,746	4,613	3,532

Percentage of women on boards and in management	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Board, excluding employee representatives			20%	40%
Group Management			14%	0%
Company managements	7%	8%		

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2016/17	2015/16	2016/17	2015/16
Board and CEO				
Parent Company	4.5	4.9	2.0	1.9
Subsidiaries in the Nordic region	12.3	12.5	5.2	4.5
Western Europe	29.8	25.6	6.9	6.2
Eastern Europe and CIS	14.2	9.8	3.5	2.5
North and South America	6.0	4.8	1.3	0.9
Rest of the World	9.9	8.8	0.4	0.8
Total, Board and CEO	76.7	66.4	19.3	16.8

Group's remuneration/benefits to senior executives during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
Gerald Engström – Chairman of the Board	1.2				1.2
Carina Andersson – Board Member	0.3				0.3
Per-Erik Sandlund – Board Member	0.3				0.3
Svein Nilsen – Board Member	0.3				0.3
Patrik Nolåker – Board Member	0.3				0.3
Roland Kasper – CEO	3.0	0.5	0.1	0.6	4.2
Other senior executives	8.8	0.8	0.4	2.5	12.5
Total	14.2	1.3	0.5	3.1	19.1

Group's remuneration/benefits to senior executives during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
Gerald Engström – Chairman of the Board ¹	0.8	-	-	-	0.8
Elisabeth Westberg – Board Member	0.3	-	-	-	0.3
Carina Andersson – Board Member	0.3	-	-	-	0.3
Hannu Paitula – Board Member	0.3	-	-	-	0.3
Per-Erik Sandlund – Board Member	0.3	-	-	-	0.3
Gerald Engström – President ¹	1.0	-	-	-	1.0
Roland Kasper – President ¹	1.6	0.2	0.0	0.5	2.4
Other senior executives	7.5	0.4	0.3	1.7	9.9
Total	11.9	0.6	0.4	2.2	15.1

¹ Gerald Engström was elected as Chairman of the Board on 27 August 2015. Up to that point, he served as President and Chief Executive Officer. Roland Kasper took over as new President and Chief Executive Officer on 27 August 2015.

Fees totalling SEK 2,250 thousand (2,250) shall be paid to the Board of Directors: SEK 550 thousand (550) to the Chairman, SEK 275 thousand (275) to each of the other members elected by the AGM, and an extra fee of SEK 600 thousand to the Chairman of the Board for work on the Company's acquisition issues.

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2016/17	2015/16	2016/17	2015/16
Other employees				
Parent Company	31.0	29.8	19.9	15.1
Subsidiaries in the Nordic region	395.1	372.0	113.0	102.7
Western Europe	716.4	648.9	176.7	169.8
Eastern Europe and CIS	151.0	104.7	42.7	28.1
North and South America	126.8	69.4	26.1	19.2
Rest of the World	79.7	86.5	10.3	16.9
Total, other employees	1,500.0	1,311.3	388.7	351.8

Of social security expenses in the Parent Company, pension expenses accounted for SEK 8.6 million (7.0), including SEK 0.6 million (0.5) in pension expenses for the Board and CEO. In other Group companies, pension expenses totalled SEK 46.4 million (41.0), including SEK 3.7 million (2.7) for boards of directors and CEOs.

Remuneration policy

The Chairman and members of the Board receive remuneration as per resolution of the Annual General Meeting. Fees totalling SEK 28 thousand (28) are paid to employee representatives each year.

Remuneration to the Chief Executive Officer is determined by the Board based on a proposal from the compensation committee, consisting of Gerald Engström, Carina Andersson and Per-Erik Sandlund. Remuneration to other senior executives is determined by the CEO in consultation with the compensation committee.

Senior executives consist of: President and Chief Executive Roland Kasper, Chief Financial Officer Anders Ulf, Vice President Sales Olle Glassel, Vice President Marketing Eastern Europe Fredrik Andersson, Vice President Marketing Middle East and Asia Håkan Lenjesson, Production Director Ulrika Molander and Marketing Director Kurt Maurer.

Remuneration to other senior executives is made up of the basic salary, variable pay, car benefit and pension. For other senior executives, variable pay may amount to between one and two extra monthly salary payments. Variable pay is normally based on any improved performance in an individual's area of responsibility compared to the preceding year, the consolidated profit after net financial items and the outcome of individual development plans.

Pension

The pensionable age for the President and other senior executives is 65 years. Pension benefits for senior executives are paid within the scope of the contractual ITP plan and alternative ITP schemes.

Severance pay

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 other senior executives to severance pay. Agreements are in place with MDs of subsidiaries such that benefits will be paid for 6-12 months upon termination of employment by the Company.

NOTE 11 Depreciation and amortisation of tangible and intangible non-current assets

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Goodwill	-	-	0.2	0.1
Brands, customer relationships etc.	39.6	40.4	2.4	2.5
Other intangible assets	4.8	7.0	-	-
Buildings and land improvements	43.8	41.3	-	-
Plant and machinery	54.1	51.6	-	-
Equipment and tools	44.4	37.9	1.6	0.5
	186.7	178.2	4.2	3.1
Straight-line depreciation/amortisation, by function				
Cost of goods sold	92.4	85.9	-	-
Selling expenses	70.0	69.7	1.0	1.2
Administration expenses	18.3	16.1	3.0	1.9
Other operating expenses	6.0	6.5	0.2	-
	186.7	178.2	4.2	3.1

All capitalised development costs relate to projects still in progress and so depreciation has not yet been applied. In addition, the forecasts regarding the projects have not been changed and so no impairment is regarded as having arisen.

NOTE 12 Financial income

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Interest income, external	3.2	3.1	-	-
Interest income, related companies	-	-	19.5	22.7
Net change in exchange rates	-	-	11.3	-
	3.2	3.1	30.8	22.7

NOTE 13 Financial expenses

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Interest expenses, external	-24.6	-22.8	-11.4	-10.7
Interest expenses, related companies	-	-	-	-0.1
Net change in exchange rates in financial instruments	-5.5	-16.6	-	-3.3
Other financial expenses	-1.9	-0.5	-	-
	-32.0	-39.9	-11.4	-14.1

NOTE 14 Tax on profit for the year

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Current tax	-136.0	-112.1	-1.5	-0.3
Deferred tax	20.0	12.0	3.1	-3.3
	-116.0	-100.1	1.6	-3.6

The Group's tax expense represents 28.3 percent (32.6) 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 22.0 percent (22.0).

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 105.0 million (73.8) in tax loss carry-forwards that were not included in the calculation of deferred tax assets. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be applied to future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised. The same also applies to the deferred tax assets of SEK 105.0 million that were not taken into account.

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Pre-tax profit	410.2	307.3	193.7	532.7
Tax at current tax rate for Parent Company	-90.4	-67.4	-42.6	-117.2
Effect of foreign tax rates	-1.0	4.4	-	-
Non-deductible expenses	-5.9	-9.5	-0.3	-0.3
Tax-exempt income	8.1	3.0	-	-
Net tax effect of capitalised loss carry-forwards	-26.9	-32.6	-	-
Dividends from subsidiaries	-	-	59.0	114.5
Adjustment for previous years' taxes	-0.6	2.4	-1.8	-0.6
Impairment in subsidiaries	-	-	-11.8	-
Miscellaneous	0.7	-0.4	-0.9	-
	-116.0	-100.1	1.6	-3.6

NOTES

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Deferred tax assets				
Property, plant and equipment	1.4	1.2	-	-
Inventory	22.0	18.5	-	-
Current receivables	2.6	2.3	-	-
Pension provisions	9.5	9.0	-	-
Loss carry-forwards	130.7	119.0	-	-
Miscellaneous	12.1	8.8	1.2	-
	178.3	158.8	1.2	-
Deferred tax liabilities				
Intangible assets	45.6	50.6	-	-
Property, plant and equipment	13.3	13.8	-	-
Inventory	0.6	0.5	-	-
Untaxed reserves	20.9	12.1	-	-
Miscellaneous	6.4	4.9	-	1.9
	86.8	81.9	-	1.9

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

	Opening balance, 1 May 2016	Recognised via income statement	Recognised in other comprehensive income	Acquisition/divestment of business	Closing balance, 30 April 2017
Non-current assets	-63.2	9.6	-	-3.8	-57.4
Current receivables and liabilities	20.3	3.7	-	-	24.0
Provisions and non-current liabilities	9.0	0.2	0.3	-	9.5
Untaxed reserves	-12.1	-8.8	-	-	-20.9
Tax loss carry-forwards	119.0	11.8	-	-	130.8
Other	3.9	1.6	-	-	5.5
	76.9	18.1	0.3	-3.8	91.5
	Opening balance, 1 May 2015	Recognised via income statement	Recognised in other comprehensive income	Acquisition/divestment of business	Closing balance, 30 April 2016
Non-current assets	-71.6	9.2	-	-0.8	-63.2
Current receivables and liabilities	18.4	1.9	-	-	20.3
Provisions and non-current liabilities	22.2	-9.5	-3.7	-	9.0
Untaxed reserves	-17.7	5.6	-	-	-12.1
Tax loss carry-forwards	115.0	4.0	-	-	119.0
Other	8.9	-5.0	-	-	3.9
	75.2	6.2	-3.7	-0.8	76.9

NOTE 15 Intangible and tangible non-current assets

Group 2016/17	Goodwill	Brands ¹ , customer relationships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost							
At beginning of the year	640.8	355.3	32.4	1,338.7	666.3	413.8	36.0
Acquired in business combinations	35.3	22.5	3.2	22.5	44.2	8.9	5.8
Acquisitions for the year	-	13.8	-	27.4	30.9	48.0	76.4
Sales/Disposals	-	-	-	-20.9	-10.6	-16.2	-4.4
Reclassifications	-	8.4	-	18.0	9.1	12.7	-48.2
Translation difference	35.2	17.6	0.9	46.6	22.1	16.4	1.8
	711.3	417.6	36.5	1,432.3	762.0	483.6	67.4
Accumulated depreciation/amortisation							
At beginning of the year	-	-179.0	-19.4	-408.3	-459.7	-307.4	-
Sales/Disposals	-	-	-	6.4	9.9	11.3	-
Reclassifications	-	-7.3	-	-0.1	3.0	4.4	-
Translation difference	-	-10.3	-0.4	-15.6	-15.0	-12.8	-
Depreciation/Amortisation for the year	-	-39.6	-4.8	-43.8	-54.1	-44.4	-
	-	-236.2	-24.6	-461.4	-515.9	-348.9	-
Accumulated impairment							
At beginning of the year	-19.0	-	-	-5.2	-0.6	-	-
Translation difference	-0.9	-	-	-0.1	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	-19.9	-	-	-5.3	-0.6	-	-
Carrying amount	691.4	181.4	11.9	965.8	245.5	134.7	67.4

1 Main brands: Menerga and Holland Heating.

Group 2015/16	Goodwill	Brands ¹ , customer rela- tionships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost							
At beginning of the year	632.9	367.0	22.2	1,316.7	613.5	419.1	51.4
Acquired in business combinations	41.9	-	-	6.9	1.5	2.2	8.3
Acquisitions for the year	-	3.2	15.0	41.0	41.2	41.1	36.4
Sales/Disposals	-	-0.5	-	-0.8	-3.9	-24.3	-2.7
Reclassifications	-	1.1	-4.4	34.8	26.8	-8.2	-50.1
Translation difference	-34.0	-15.5	-0.4	-59.9	-12.8	-16.1	-7.3
	640.8	355.3	32.4	1,338.7	666.3	413.8	36.0
Accumulated depreciation/amortisation							
At beginning of the year	-	-146.3	-17.1	-386.7	-407.9	-311.7	-
Sales/Disposals	-	0.5	-	2.0	0.5	20.6	-
Reclassifications	-	-0.5	4.4	-1.8	-11.7	9.6	-
Translation difference	-	7.7	0.3	19.5	11.0	12.0	-
Depreciation/Amortisation for the year	-	-40.4	-7.0	-41.3	-51.6	-37.9	-
	-	-179.0	-19.4	-408.3	-459.7	-307.4	-
Accumulated impairment							
At beginning of the year	-19.2	-	-	-5.5	-0.6	-	-
Translation difference	0.2	-	-	0.3	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	-19.0	-	-	-5.2	-0.6	-	-
Carrying amount	621.8	176.3	13.0	925.2	206.0	106.4	36.0

1 Main brands: Menerga and Holland Heating.

Impairment testing of goodwill

Goodwill has been allocated to cash-generating units, legal units and the Group as a whole, and has been tested for impairment. The recoverable amount of the cash-generating units is based on value in use. These calculations are based on estimated cash flows derived from financial plans approved by management, and cover a five-year period. Management has established the financial plans on the basis of earlier results, experiences and expectations as to developments in the market. The plans take into account assumptions regarding product launches,

price trends, sales volumes, competing products and cost trends. The cash flow beyond this five-year period is assumed to show annual growth corresponding to 2 percent. The discount rate before tax varies between 9-14 percent (9-14) for the various cash-generating units.

The table below shows the allocation of goodwill per cash-generating unit for the 10 single biggest goodwill items, the average estimated growth and gross margin during the forecast period and the discount rate before tax for each unit that is used for calculation of the value in use.

Cash-generating unit	Country	2016/17				2015/16			
		Goodwill, 30 April	Average estimated growth	Average estimated gross margin	Discount rate before tax	Goodwill, 30 April	Average estimated growth	Average estimated gross margin	Discount rate before tax
Menerga GmbH	Germany	67.3	2%	26%	10%	64.1	5%	22%	10%
Systemair India Pvt. Ltd	India	60.3	14%	19%	14%	53.0	16%	18%	14%
Systemair B.V.	Netherlands	58.0	-1%	19%	9%	55.3	0%	21%	9%
Systemair s.r.l.	Italy	50.8	6%	16%	11%	48.4	7%	18%	13%
OOO Systemair	Russia	46.7	8%	28%	13%	37.6	2%	28%	13%
Systemair HSK	Turkey	46.1	9%	18%	13%	53.3	11%	17%	12%
Recutech s.r.l.o.	Czech Republic	26.3	15%	22%	10%	-	-	-	-
Systemair Suisse AG	Switzerland	25.3	2%	46%	9%	23.7	12%	48%	10%
Systemair Mfg Inc.	USA	21.1	8%	33%	11%	19.2	9%	32%	12%
Systemair Inc.	Canada	20.3	5%	19%	9%	20.1	8%	20%	10%
Other		269.2				247.1			
		691.4				621.8			

The recoverable amounts for the units tested exceed their carrying amounts and as a result no impairment is recognised. Sensitivity analyses have been applied to the estimated gross margin, rate of growth and discount rate. The sensitivity analyses are in each case based on a variation of one assumption while all other assumptions are maintained constant. Systemair has concluded that good margins exist in the calculations for all units other than Systemair in Italy and Systemair in India. In Italy, the recoverable amount exceeded the carrying amount by EUR 3.1 million (0.8) on 30 April 2017. In the event of a change in the discount rate from

11.0 percent to 12.1 percent before tax, the recoverable amount would equal the carrying amount. Systemair Italy is at present engaged in restructuring measures to improve the company's profitability and, on the basis of current business plans, the judgement is that no need for impairment testing exists. In India, the recoverable amount exceeded the carrying amount by INR 188 million (120) on 30 April 2017. In the event of a change in the discount rate from 13.8 percent to 15.3 percent, the recoverable amount would equal the carrying amount. Systemair considers that the Indian market is strategically important to the Group as a whole.

NOTES

Parent Company 2016/17	Goodwill	Licences etc.	Buildings and land	Plant and machinery	Equip- ment and tools	Construc- tion in progress
Accumulated historical cost						
At beginning of the year	0.7	11.9	-	-	4.7	5.6
Acquisitions for the year	-	6.5	-	-	2.2	15.8
	0.7	18.4	-	-	6.9	21.4
Accumulated depreciation/ amortisation						
At beginning of the year	-0.3	-9.9	-	-	-1.5	-
Depreciation/Amor- tisation for the year	-0.2	-2.4	-	-	-1.6	-
	-0.4	-12.4	-	-	-3.1	-
Carrying amount	0.2	6.1	-	-	3.8	21.4

Parent Company 2015/16	Goodwill	Licences etc.	Buildings and land	Plant and machinery	Equip- ment and tools	Construc- tion in progress
Accumulated historical cost						
At beginning of the year	2.6	18.2	163.6	133.3	64.8	6.9
Acquisitions for the year	-	-	-	-	-	3.0
Sales/disposals	-1.9	-6.3	-163.6	-133.3	-60.1	-4.3
	0.7	11.9	-	-	4.7	5.6
Accumulated depreciation/ amortisation						
At beginning of the year	-2.1	-12.9	-96.4	-107.1	-51.2	-
Sales/disposals	1.9	5.5	96.4	107.1	50.2	-
Depreciation/Amor- tisation for the year	-0.1	-2.5	-	-	-0.5	-
	-0.3	-9.9	-	-	-1.5	-
Carrying amount	0.4	2.0	-	-	3.2	5.6

NOTE 16 Other securities held as non-current assets

The holding consists for the most part of shares in Mechartes Researchers Pvt Ltd, India. The shares are designated as an available-for-sale financial asset. The shares were measured at fair value, any adjustments being recognised in other comprehensive income.

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Opening balance	1.8	2.0	-	-
Translation differences	-0.3	-0.2	-	-
	1.5	1.8	-	-

NOTE 17 Other long-term receivables

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Opening balance	19.9	7.7	15.4	3.9
Additional receivables	2.4	12.7	-	11.6
Receivables settled	-1.5	-0.6	-	-
Reclassifications	0.1	0.2	0.4	-0.1
Translation differences	-0.1	-0.1	-	-
Closing balance	20.8	19.9	15.8	15.4

NOTE 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Prepaid rent	7.6	7.8	0.3	0.5
Prepaid insurance premiums	7.7	7.4	-	-
Service agreements and program licences	23.5	19.3	14.2	12.3
Miscellaneous	39.0	28.2	2.4	2.3
	77.8	62.7	16.9	15.1

NOTE 19 Inventory

Inventory value in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 3,167.4 (2,853.9).

NOTE 20 Accounts receivable – trade

Age breakdown of trade accounts receivable	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Not yet due	974.5	884.7	-	8.6
< 90 days	173.8	150.2	-	-
90-180	55.9	33.3	-	-
181-360	37.6	29.7	-	-
> 360	10.0	25.0	-	-
Total	1,251.8	1,122.9	-	8.6

Provision for impairment of trade accounts receivable in the Group totalled 6.7 percent (7.0) 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 a very extensive customer base of nearly 100,000 customers, with no individual customer normally accounting for more than around 2 percent of the Company's total sales. As a result, Systemair's dependence on individual customers is limited.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Opening balance	85.5	83.0	-	-
Provision for anticipated losses	33.6	16.2	-	-
Reversal of amount unused	-6.6	-2.1	-	-
Bad debts	-24.8	-11.6	-	-
Provisions acquired	0.2	2.6	-	-
Exchange rate effects	2.7	-2.6	-	-
Closing balance	90.6	85.5	-	-

Breakdown of reserve for impairment of trade accounts receivable by age category, as follows.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Not yet due	2.2	1.6	-	-
Due < 90 days	2.9	1.1	-	-
Due 90-180	2.1	2.2	-	-
Due 181-360	7.8	7.2	-	-
Due > 360	75.6	73.4	-	-
Provision for impairment of trade accounts receivable, total	90.6	85.5	-	-

The credit quality of trade accounts receivable not due, for which no reserve has been made, is considered good.

NOTE 21 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	100:1 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
At year-end, April 2017		1	-	52.0	-	-	52,000,000

¹ The Annual General Meeting held on 25 June 2007 resolved that the Company would have one class of share only.

At 30 April 2017, the registered share capital totalled SEK 52,000,000, represented by 52,000,000 shares, each entitled to one vote and of one and the same class. All shares are fully paid.

The Board of Systemair has resolved that dividend should amount to approximately 30 percent of profit after tax. The Board proposes to the 2017 AGM that a dividend of SEK 2.00 (2.00) per share be paid, totalling SEK 104.0 million (104.0) and representing a dividend of 35 percent (50) of profit after tax.

Capital management

The Board of Systemair has adopted a target for the Company's equity/assets ratio of no less than 30 percent. In the 2016/17 financial year, an equity/assets ratio of 44.6 percent (43.9) was achieved. Other financial covenants measured, as required under 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 and over the financial year the ratio was measured at 29.7 (26.7). The target for net debt/equity ratio is no more than 3.50 and over the 2016/17 financial year the ratio was measured at 2.10 (2.54). It is therefore confirmed that all covenant requirements were satisfied.

Translation reserve

The impact of foreign exchange on equity is recognised as a translation difference. The translation difference arises upon consolidation, when the net assets of foreign subsidiaries are translated to SEK. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing at the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in Other comprehensive income. In the 2016/17 financial year, the translation difference in equity was SEK 84.2 million (-85.4).

Fund for development expenditure – Parent Company

On capitalisation of development costs, an amount equal to that capitalised is to be transferred from retained profit to a special restricted fund for development expenditure. The fund is to be drawn on in the event of depreciation/amortisation, impairment or disposal. The Parent Company reports a fund of SEK 5.6 million for development expenditure for the 2016/17 financial year. All capitalised projects are still in progress and so depreciation has not yet been applied. In addition, the forecasts regarding the projects have not been changed and so no impairment is regarded as having arisen.

Proposed appropriation of profit

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 1,649,513,714
Net profit for the year	SEK 195,307,730
	SEK 1,874,860,950

The Board proposes that the Annual General Meeting, to be held on 24 August 2017, approve a dividend of SEK 2.00 (2.00) per share. As a result, dividend payments will amount to SEK 104.0 million (104.0). The remaining unappropriated profit is to be carried forward. The proposed dividend corresponds to 35 percent (50) of net consolidated profit. The number of shares entitled to a dividend is 52,000,000.

List of shareholders

Systemair's 10 largest shareholders according to Euroclear at 30 April 2017.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB ¹	21,997,752	42.30%
ebm-papst AB	11,059,770	21.27%
Nordea Investment Funds	2,647,396	5.09%
Alecta Pensionsförsäkring, Ömsesidigt	2,156,200	4.15%
Swedbank Robur fonder	1,586,280	3.05%
Handelsbanken Fonder	1,535,901	2.95%
Didner & Gerge Fonder	1,323,342	2.54%
Lannebo Fonder	1,138,446	2.19%
Fidelity Funds - Nordic Fund	924,190	1.78%
Fondita Nordic Micro Cap	700,000	1.35%
Other	6,930,723	13.33%
Total	52,000,000	100.00%

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

Options programme

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB since it is Färna Invest AB that is issuing the options.

NOTE 22 Borrowing and financial instruments

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Non-current liabilities				
Bank loans of one to five years	280.0	131.1	124.9	50.5
Bank loans longer than five years	39.3	65.6	-	-
	319.3	196.7	124.9	50.5
Current liabilities				
Bank overdraft facilities	1,027.5	1,054.6	1,003.0	1,049.3
Current portion of bank loans	208.6	254.4	65.3	113.3
	1,236.1	1,309.0	1,068.3	1,162.6
Total borrowing	1,555.4	1,505.7	1,193.1	1,213.1
Distribution among banks				
Nordea Bank AB	760.0	716.8	687.3	632.8
Svenska Handelsbanken AB	626.4	698.8	505.8	580.3
Other banks	169.0	90.1	-	-
	1,555.4	1,505.7	1,193.1	1,213.1

NOTES

Loans, by currency	SHB		Nordea		Other		Total	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
EUR	335.4	390.3	130.7	102.8	131.0	88.8	597.1	581.9
SEK	155.7	172.0	472.4	394.3	-	-	628.1	566.3
USD	-	-	85.5	87.4	-	-	85.5	87.4
NOK	-	-	-22.9	12.5	-	-	-22.9	12.5
DKK	-	-	38.4	41.8	-	-	38.4	41.8
Other currencies	135.3	136.5	55.9	78.0	38.0	1.3	229.2	215.8
Total	626.4	698.8	760.0	716.8	169.0	90.1	1,555.4	1,505.7

	2016/17		2015/16	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
Long-term loans				
Group	319.3	1.82%	196.7	2.23%
Parent Company	124.9	1.24%	50.5	1.48%
Short-term loans				
Group	1,236.1	1.20%	1,309.0	2.01%
Parent Company	1,068.3	0.91%	1,162.6	0.93%

External credit facilities granted for bank overdrafts totalled SEK 1,253.9 million (1,244.8) for the Group and SEK 1,170.0 million (1,185.0) for the Parent Company. The Group had an unused overdraft facility of SEK 256.5 million (134.7).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. During the year, new financial covenants with the EBRD were also agreed regarding borrowing by the subsidiary Systemair HSK, Turkey. The key ratios measured are interest coverage ratio, net debt/equity ratio and equity/assets 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.

Maturity structure

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

	2017/18	2018/19	2019/20	2020/21	2021/22	Later
Interest payments on loans	9.1	4.9	3.1	1.6	1.2	1.1
Interest bank overdraft facilities	12.3					
Total interest expense	21.4	4.9	3.1	1.6	1.2	1.1
Repayments						
Loans	208.6	88.0	132.5	36.2	23.4	39.3
Operating credit	1,027.5					
Non-current liabilities					9.2	
Other liabilities	656.3					
Total undiscounted payments	1,913.8	92.9	135.6	37.8	33.8	40.4

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 has at present no financial assets or liabilities that are measured at level 1.

Level 2: Other 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 fair value at level 2, that is, fair value established using measurement techniques and observable market data either directly or indirectly that are not included in level 1 (fair value established on the basis of quoted prices in an active market for the same instrument).

Level 3: Inputs not based on observable market 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 to be taken into account. The calculation for the option to acquire the remaining 25 percent of the shares in Traydus, Brazil, is dependent on the anticipated profit after tax for the 2019/20 and 2020/21 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 will be charged to the consolidated income statement. For the 2016/17 financial year, the liability has been written down, with an impact of SEK 5.9 million on income. The adjustment is applied to Other operating income.

The carrying amount for all items, other than borrowing, is an approximation of the fair value, and as a result such items are not classified into levels in accordance with the valuation hierarchy. Because loans to credit institutions carry a variable interest rate and fixed interest rates for short periods, the carrying amount for loans is also deemed to correspond essentially to the fair value.

2016/17

Assets	Derivatives	Loan receivables, taxes recoverable and accounts re- ceivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	884.7	884.7
Property, plant and equipment	-	-	-	-	1,413.4	1,413.4
Financial investments	-	-	1.5	1.5	-	1.5
Non-current receivables	-	15.8	-	15.8	5.0	20.8
Deferred tax assets	-	-	-	-	178.3	178.3
Inventory	-	-	-	-	1,170.4	1,170.4
Other receivables	-5.6	1,280.6	-	1,275.0	175.3	1,450.3
Cash and cash equivalents	-	241.8	-	241.8	-	241.8
Total assets	-5.6	1,538.2	1.5	1,534.1	3,827.1	5,361.2
Equity and liabilities		Liability measured at fair value via the income statement.	Other financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	-	2,381.3	2,381.3
Provisions for pensions	-	-	-	-	61.9	61.9
Deferred tax liabilities	-	-	-	-	86.8	86.8
Other provisions	-	-	-	-	81.9	81.9
Other non-current liabilities	-	9.2	-	9.2	19.4	28.5
Interest-bearing liabilities	-	-	1,555.4	1,555.4	-	1,555.4
Other liabilities	-	-	656.3	656.3	509.1	1,165.3
Total equity and liabilities		9.2	2,211.7	2,220.8	3,140.3	5,361.2

2015/16

Assets	Derivatives	Loan receivables, taxes recoverable and accounts re- ceivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	811.1	811.1
Property, plant and equipment	-	-	-	-	1,273.6	1,273.6
Financial investments	-	-	1.8	1.8	-	1.8
Non-current receivables	-	15.4	-	15.4	4.5	19.9
Deferred tax assets	-	-	-	-	158.8	158.8
Inventory	-	-	-	-	1,105.1	1,105.1
Other receivables	8.6	1,134.6	-	1,143.2	132.3	1,275.5
Cash and cash equivalents	-	176.9	-	176.9	-	176.9
Total assets	8.6	1,326.9	1.8	1,337.3	3,485.4	4,822.7
Equity and liabilities		Liability measured at fair value via the income statement.	Other financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	-	2,108.2	2,108.2
Provisions for pensions	-	-	-	-	58.5	58.5
Deferred tax liabilities	-	-	-	-	81.9	81.9
Provisions	-	12.7	-	12.7	80.1	92.8
Other non-current liabilities	-	-	-	-	5.5	5.5
Interest-bearing liabilities	-	-	1,505.7	1,505.7	-	1,505.7
Other liabilities	-	-	561.8	561.8	408.3	970.1
Total equity and liabilities		12.7	2,067.5	2,080.2	2,742.5	4,822.7

On the balance sheet date, the Group had outstanding currency derivatives in EUR. The fair value of the contracts is SEK -5.6 million (8.6) in the Parent Company and SEK 95 thousand (0) in the Group. The total hedged value was EUR 38.0 million (35.0) and CZK 3.6 million (-). The revaluation of the derivatives is charged to Other operating expenses.

NOTES

Currency derivatives – hedged values		
Group	EUR m.	CZK m.
Maturity of forward contracts		
< 1 year	30.0	3.6
May 2018 – July 2018	6.5	
Aug 2018 – Oct 2018	1.5	
Nov 2018 – Jan 2019	-	
Total outstanding	38.0	3.6

In its financial policy, Systemair has stated that 50 percent of the anticipated EUR inflow may be hedged for no more than 18 months. As a result, the Company sells EUR during that period of time. At the financial year-end, forward contracts had been taken out by the Parent Company and 2VV in the Czech Republic. 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 23 Accrued expenses and deferred income

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Salary and holiday pay liability	132.1	107.6	6.8	7.1
Employer's social security contribution liability	30.0	30.2	3.1	3.5
Commission payments and bonuses	25.0	14.1	1.2	1.1
Miscellaneous	86.3	67.4	2.2	1.6
	273.4	219.3	13.2	13.3

NOTE 24 Appropriations, other

	Parent Company	
	2016/17	2015/16
Group contributions paid	-3.5	-
Group contributions received	53.5	25.4
Reversal of tax allocation reserve	0.1	15.4
Difference between depreciation and amortisation charged and according to plan	0.1	17.2
	50.2	58.0

NOTE 25 Untaxed reserves

	Parent Company	
	2016/17	2015/16
Difference between depreciation and amortisation charged and according to plan	0.4	0.5
Tax allocation reserve, tax in 2012	-	0.1
Tax allocation reserve, tax in 2013	0.1	0.1
Tax allocation reserve, tax in 2014	0.2	0.2
Tax allocation reserve, tax in 2016	4.8	4.8
	5.5	5.7

NOTE 26 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 fixed contributions to a separate legal entity and then is under no further obligations. Defined-contribution plans are recognised as a cost 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 for each plan 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 obli-

gation at the balance sheet date, less the fair value of plan assets. The cost of a defined-contribution pension plan is broken down into different categories, such as cost of entitlement earned, interest expense or income and revaluation effects. The cost of entitlement earned is recognised as an operating expense and classified as cost of goods sold, selling expenses or administration expenses depending on the role of the individual. Interest expense or income is recognised in net financial items, while revaluation effects are recognised in comprehensive income.

Pension obligations are calculated annually with the aid of independent actuaries using the Projected Unit Credit method. The calculation is based on actuarial, demographic and financial assumptions, including discount rate, anticipated rate of inflation, anticipated rate of increase in salaries and anticipated return on plan assets.

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

Sweden

Some salaried employees in Sweden are subscribed to a defined-benefit pension plan under the ITP 2 scheme. This is a final salary based plan which requires 30 years of service for entitlement to a full pension. The defined-benefit pension obligations under the ITP 2 plan providing retirement and family pensions (or family pension) are secured via insurance with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for ITP 2 Plans Financed via Insurance with Alecta, this consists of a defined-benefit plan serving several employers. For the 2016/17 financial year, the Company has not had access to information enabling it to account for the Group's proportional share of the plan's obligations, plan assets and costs, and so has not been able 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 earned earlier and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 5.5 million (4.8). The contributions for 2017/18 are expected to be in line with those for 2016/17.

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 IAS 19. Normally, the collective consolidation level may be permitted to vary between 125 and 155 percent. If Alecta's collective consolidation level falls short of 125 or exceeds 155 percent, steps are to be taken to enable the consolidation level to be brought back within the normal range. In the case of low consolidation, an option is to increase the agreed price for new, and extending existing, benefits. In the event of high consolidation, one measure may be to introduce premium reductions. At the end of 2016, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 149 percent (153).

Norway

Defined-benefit pension plans in Norway are governed by the Norwegian Company Defined Benefit Act. The plan covers all employees; payments from the earlier national pension system and the defined-benefit system amount to around 66 percent of the employee's salary on reaching retirement age (normally 67 years). Because the benefits under the new defined-benefit system are lower than previously, the pension payments will be lower than 66 percent. The amount payable will differ, depending on when the employee chooses to take retirement, normally between the ages of 62 and 75 years. The pension is calculated starting from the day of retirement and based on the number of years until the statistically calculated average life expectancy. Under Norwegian law, the plan assets must at all times cover the pension entitlements earned by the employees subscribing to the pension plan. The plan assets must be kept separate from the company, although there is no regulation on how the assets are to be invested. A management group is appointed to decide where and how the assets are to be invested and it is stipulated that one member of the management group must subscribe to the defined-benefit plan. The company must contribute at least 2 percent of the annual salary cost.

Switzerland

Defined-benefit plans in Switzerland must be funded and administered by an independent, legally autonomous managed pension fund. On this point, Swiss law only lays down a mandatory minimum level.

Insurance plan; the company is affiliated to a collective foundation. In accordance with IAS 19, the plan is classified as a defined-benefit plan, but is based on set contributions. Under Swiss law, the foundation guarantees the benefit amounts earned, as established annually for the employee. Interest may be added to the balance held. At retirement, the employee is entitled to take the pension as a lump sum, or an annuity, or to take part as a lump sum and have the remainder converted into a fixed annuity in accordance with the rates established by the collective foundation. Under Swiss law, the foundation is required to guarantee a

minimum level based on the investment. Otherwise, the foundation is responsible for determining how the plan assets are to be invested.

Italy

According to Italian law, employees whose employment is terminated are entitled to a severance payment, referred to as TFR. In brief, the TFR is calculated on a case-by-case basis as a portion of the employee's gross salary and a reasonable revaluation of the amount earned in the period up to the time when notice of termination of employment is given. Following amendments to Italian legislation on 1 January 2007, all companies with more than 50 employees are obliged to pay the estimated TRF liability to a supplementary pension fund or Italy's national social security fund, INPS. All post-employment benefits to be paid in future will

be paid via one of the above-mentioned funds. As a result, the fund has been classified as a defined-contribution plan following the changes to the law.

The pension liability on 30 April 2015 in connection with defined-benefit pension plans is based on amounts earned within TFR on 31 December 2006. This corresponds to the amount the company must pay when an employee reaches retirement age, or in the event of termination of the employee's employment.

France

In France, pensions are paid to employees at retirement age in accordance with the current collective agreement. The plan is of the defined-benefit type and is based on the employee's final salary. The plan does not set any minimum requirements.

Per country data, 30 April 2017

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations, including payroll tax	93.0	44.4	22.0	18.1	1.6	179.1
Fair value of plan assets	-85.4	-31.8	-	-	-	-117.2
Pension provisions, net	7.6	12.6	22.0	18.0	1.6	61.9
Cost recognised in income statement						
Costs relating to service	5.8	2.5	-	1.1	0.3	9.7
Interest expense / (profit)	0.3	0.1	0.4	0.3	-	1.1
Administration expense	0.2	-	-	-	-	0.2
Net cost recognised in income statement	6.3	2.6	0.4	1.4	0.3	11.0
Maturity profile for defined-benefit obligation						
Weighted average duration for defined-benefit obligation this year	21	19	11	16	9	
Major actuarial assumptions, weighted average, %						
Discount rate	2.60	0.70	2.30	1.90	1.50	
Anticipated rate of increase in salaries	2.50	0.50	2.00	2.00	0.50	
Anticipated rate of inflation	2.50	0.50	2.00	1.50	0.50	

Per country data, 30 April 2016

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations, including payroll tax	80.5	39.6	20.7	18.0	1.4	160.2
Fair value of plan assets	-74.0	-27.7	-	-	-	-101.7
Pension provisions, net	6.5	11.9	20.7	18.0	1.4	58.5
Cost recognised in income statement						
Costs relating to service	6.8	2.0	-	1.1	0.2	10.1
Interest expense / (profit)	0.5	0.1	0.4	0.3	-	1.3
(Gain)/Loss on termination	-1.9	-	-	-	-	-1.9
Administration expense	0.3	-	-	-	-	0.3
Net cost recognised in income statement	5.7	2.1	0.4	1.4	0.2	9.8
Maturity profile for defined-benefit obligation						
Weighted average duration for defined-benefit obligation this year	22	19	12	17	9	
Major actuarial assumptions, weighted average, %						
Discount rate	2.70	0.50	2.74	1.90	1.50	
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	0.50	0.50	

Impact of pension costs on earnings

	2016/17	2015/16
Operating expenses – defined-benefit plans	9.9	8.5
Operating expenses – defined-contribution plans	51.7	51.1
Total operating expenses	61.6	59.6
Interest expense – defined-benefit plans	1.1	1.3
Cost before tax	62.7	60.9

NOTES

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

Defined-benefit obligations	2016/17	2015/16
Defined-benefit plans – obligation on 1 May	160.2	177.7
Current cost	9.7	8.3
Interest expense	3.2	3.3
Benefits paid	-2.8	-2.2
Actuarial gains/losses (financial assumptions)	4.7	-8.2
Actuarial gains/losses (demographic assumptions)	-2.1	-0.9
Actuarial gains/losses (empirical adjustments)	-0.5	0.4
Offsetting (other)	-1.3	-5.1
Exchange rate differences	8.0	-13.1
Defined-benefit plan obligations, 30 April	179.1	160.2

Changes in plan assets	2016/17	2015/16
Fair value of plan assets, 1 May	101.7	99.9
Contributions from employers	10.3	10.6
Contributions from employees	1.4	1.4
Benefits paid	-2.6	-1.9
Interest income	2.1	1.9
Actuarial gains/losses	0.4	3.2
Offsetting (other)	-1.1	-4.1
Exchange rate differences	5.0	-9.3
Fair value of plan assets, 30 April	117.2	101.7

	2016/17	2015/16
Best estimate for contributions next year	11.5	10.6

Sensitivity analysis

The table below indicates the impact of the value of pension obligations, based on assumed changes.

	Change in assumption (%)	Impact, SEK m.	Change in assumption (%)	Impact, SEK m.
Discount rate	+1.0	-25.0	-1.0	24.3
Rate of inflation	+0.5	-2.0	-0.5	7.4
Future increase in salaries	+0.5	12.0	-0.5	-9.3

The sensitivity analysis is performed by varying an actuarial assumption while maintaining the other assumptions unchanged. The method illustrates the liability's sensitivity to a particular assumption. This is a simplified method, as the actuarial assumptions are normally correlated.

Fair value of plan assets

	2016/17	2015/16
Shares and similar financial instruments	15.0	13.2
Fixed-interest securities etc.	90.1	74.1
Properties	12.1	14.4
Total	117.2	101.7

Amounts recognised in other comprehensive income

	2016/17	2015/16
Actuarial gains/losses, gross	-1.7	11.9
Impact of tax	0.3	-3.7
Net in equity	-1.4	8.2

NOTE 27 Other provisions

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Amount at beginning of year	92.8	75.8	-	3.2
Provisions during the year	30.6	39.8	-	-
Provisions acquired	0.3	2.9	-	-
Utilisation during the year	-9.8	-23.0	-	-
Provisions reversed	-6.9	-4.1	-	-3.2
Reclassifications	-29.1	0.2	-	-
Translation differences	4.0	1.2	-	-
Amount at year-end	81.9	92.8	-	-

Provisions totalling SEK 43.1 million (35.6) relate to warranty costs, SEK 7.8 million (7.1) to restructuring costs and SEK 7.5 million (3.7) to other personnel-related items. The option to purchase the remaining 25 percent of the shares in Systemair Traydus, Brazil has been reclassified to Other non-current liabilities. In Germany, Other provisions have been reclassified to Accrued expenses and deferred income.

NOTE 28 Profit/loss from participations in Group companies

	Parent Company	
	2016/17	2015/16
Dividend from subsidiary	268.0	520.5
Write-down on shares in subsidiaries	-53.9	-
	214.1	520.5

NOTE 29 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
Animac	556311-3926	Motala, Sweden	100	2,500	2.7
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5
Kanalfäkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
KP Klimat AB	556772-1518	Eskilstuna, Sweden	100	1,000	6.0
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6
Systemair NV		Belgium	100	-	27.7
Menerga NV		Belgium	100	-	8.6
Systemair Traydus		Brazil	75	-	10.8
Systemair EOOD		Bulgaria	100	-	0.1
Systemair SpA		Chile	100	-	7.2
Welmo Trading Ltd		Cyprus	100	1,000	0.0
(Cont. on next page)		Sub-total			419.4

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
(Cont. from previous page)				Brought forward	419.4
Systemair a/s		Denmark	100	10,101	35.1
Systemair Trading LLC		Dubai, United Arab Emirates	100	-	2.1
Systemair Fans & Spares Ltd		United Kingdom	100	1,000,000	32.0
Systemair AS		Estonia	100	3,128	17.3
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 Hellas		Greece	100	15,000	8.7
Systemair B.V.		Netherlands	100	-	119.2
Frico B.V.		Netherlands	100	40	11.0
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
Systemair s.r.l.		Italy	100	-	187.5
Systemair Ltd		Canada	100	44,600	29.6
Systemair (Suzhou) Co. Ltd.		China	100	-	17.5
Systemair Shanghai Co. Ltd		China	100	-	1.3
Systemair d.o.o.		Croatia	100	-	0.0
Systemair SIA		Latvia	100	2,500	1.1
Systemair UAB		Lithuania	100	500	10.9
UAB Systemair BK		Lithuania	100	-	25.5
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6
Systemair Mexico		Mexico	100	-	0.4
Systemair AS		Norway	100	82,000	21.4
Menerga AS		Norway	100	50	20.8
Reftec AS		Norway	100	100	27.0
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
Systemair d.o.o. Belgrade		Serbia	100	-	12.4
Systemair Suisse AG		Switzerland	100	250	47.0
Systemair (SEA) PTE Ltd.		Singapore	100	1,000,000	6.2
IMOS-Systemair spol. s.r.o.		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
Systemair (Pty) Ltd		South Africa	100	1,000	9.1
Systemair SA		Czech Republic	100	-	21.5
2VV s.r.o.		Czech Republic	100	-	110.1
Recutech s.r.o.		Czech Republic	10	-	4.8
Systemair Co. Ltd		Taiwan	100	-	0.0
Systemair HSK		Turkey	90	2,150	138.8
Systemair GmbH		Germany	100	-	10.4
Lautner Enegiespartetechnik GmbH		Germany	100	-	10.5
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	238.2
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	-	10.9
					2,177.8

NOTES

Subsidiaries indirectly controlled by Parent Company

Indirectly held	Parent company	Registered office	% of capital
Recutech s.r.o.	2VV s.r.o.	Czech Republic	90
Frico SAS	Frico AB	France	100
Frico AS	Frico AB	Norway	100
Frico GmbH	Frico AB	Germany	100
Frico GmbH AT	Frico AB	Austria	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga Polska	Systemair SA	Poland	100
Tekadoor Lufttechnische Geräte GmbH	Tekadoor GmbH	Austria	50
Systemair	UAB Systemair BK	Belarus	100
Systemair OOO	UAB Systemair BK	Kaliningrad	100

Change in Group companies	Parent Company	
	2016/17	2015/16
At beginning of the year	2,045.6	1,932.1
Acquisitions for the year	115.5	46.0
New share issues during the year	68.8	70.6
Sales	-	-3.1
Impairment losses for the year	-52.1	-
	2,177.8	2,045.6

NOTE 30 Changes in Group structure – Business combinations

Companies acquired

In August 2016, Systemair acquired 100 percent of the shares in the Czech corporate group 2VV, a leading developer and manufacturer of air handling units for industrial and residential use. The company also makes air curtains for commercial applications in the region. The company had 189 employees and is based in Pardubice, 120 km east of Prague. In 2015, 2VV reported sales of around EUR 18 million.

In September 2016, Systemair acquired the assets of TTL Tür + Torluftschleier Lufttechnische Geräte GmbH, a German a high-end manufacturer of air curtains for commercial applications. TTL is located in Winterbach, west of Stuttgart, and has sales of around EUR 4 million. Systemair took over 24 employees and TTL's leased 4,000 m² factory and office building.

Net sales for the acquired companies between the time of acquisition and the financial year-end totalled SEK 20.6 million. During the period, an operating loss of SEK 0.1 million was recorded. If the companies acquired had been consolidated as of 1 May 2016, net sales for the period May 2016 through April 2017 would have totalled approximately SEK 6,938.5 million. The operating profit for that period would have totalled approximately SEK 442.9 million.

The purchase consideration for the shares in the 2VV Group in the Czech Republic and the assets of TTL in Germany is calculated as follows:

SEK m.	2016/17	2015/16
Total historical cost, less costs of acquisition	123.4	59.3
Assets acquired		
Fair value of assets acquired, net	88.4	16.6
Goodwill	35.0	42.7

Assets and liabilities acquired	Total 2016/17	Total 2015/16
Goodwill	35.0	42.7
Brands and customer relationships	25.7	-
Buildings and land	22.5	5.3
Machinery and equipment	58.9	11.8
Financial and other non-current assets	-	0.3
Deferred tax assets	-	0.1
Inventory	33.8	17.1
Current receivables	25.6	21.5
Other current assets	7.2	2.2
Cash and cash equivalents	2.6	14.1
Non-interest-bearing liabilities (incl. deferred tax liability)	-5.2	-15.2
Interest-bearing liabilities	-30.4	-8.8
Other operating liabilities	-52.3	-31.8
	123.4	59.3

There is no difference between the fair value and the contractual value of the acquired assets.

Impact of acquisitions on cash flow	2016/17	2015/16
Purchase considerations	-123.4	-59.3
Purchase consideration not paid	7.0	7.7
Cash and cash equivalents in companies purchased	2.6	14.1
Purchase consideration paid for acquisitions in prior years	-5.9	-11.7
Transaction costs, acquisition of subsidiaries	-0.2	-0.8
Change in consolidated cash and cash equivalents after acquisitions	-119.9	-50.0

Brand and customer relationships have been measured at the net present value of future payment flows. The useful life of these assets has been estimated at 5-10 years.

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

No significant change occurred in relation to the acquisition analysis from preceding years.

Companies divested

No companies were divested during the year.

NOTE 31 Receivables from Group companies

Change in receivables at Group companies	Parent Company	
	2016/17	2015/16
At beginning of the year	74.2	79.2
Lending	38.1	34.8
Repayments	-16.9	-35.9
Reclassifications	23.7	-
Foreign exchange adjustment	6.2	-3.9
	125.3	74.2

NOTE 32 Pledged assets

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Assets pledged to credit institutions for own liabilities				
Chattel mortgages	130.9	151.1	-	-
Real estate mortgages	195.1	152.1	-	-
Pledged shares in subsidiaries	91.0	52.3	97.7	97.7
	417.0	355.5	97.7	97.7
Pledged assets, per bank				
Nordea Bank AB	257.0	190.7	97.7	97.7
Svenska Handelsbanken AB	50.1	52.2	-	-
Other banks	109.9	112.6	-	-
	417.0	355.5	97.7	97.7

Pledged shares in subsidiaries consist of all shares in Veab AB and all shares in Systemair Mfg Inc., USA. The amount hedged for the Parent Company consists of the book value of the shares. In the Group, value corresponds to equity plus any surplus values. The securities were obtained in connection with the acquisitions of the companies.

NOTE 33 Contingent liabilities

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Guarantees on behalf of subsidiaries	-	-	513.8	364.0
Guarantees and other contingent liabilities ¹	112.9	87.1	52.9	44.8
	112.9	87.1	566.7	408.8

1) Mostly intra-Group Parent Company guarantees and bank guarantees.

The Parent Company has issued external bank guarantees and internal guarantees on behalf of the subsidiaries, in a total amount of SEK 52.9 million. The subsidiaries have issued local bank guarantees in total amount of SEK 60.0 million.

NOTE 34 Supplementary information on the cash flow statement

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
Adjustment for non-cash items etc.				
Depreciation/Amortisation	186.7	178.2	4.2	3.1
Changes in provisions	-14.1	6.3	-	-
Unrealised exchange gains and losses	-2.2	-31.6	14.1	-6.4
Provisions for pensions	-1.1	-7.6	-	-
Gain/Loss on divestment of non-current assets	-11.2	-2.3	-	-
Other items	0.3	0.8	-	-
	158.4	143.8	18.3	-3.3

NOTE 35 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 corporate identity number is 556160-4108. The consolidated accounts for the 2016/17 financial year include the Parent Company and its subsidiaries, jointly referred to as the "Group".

NOTE 36 Earnings per share

Group	2016/17	2015/16
Basic earnings per share (SEK)	5.66	3.98
Diluted earnings per share (SEK)	5.66	3.98
Profit for the year attributable to Parent Company shareholders	294.2	207.2
Weighted average number of shares outstanding, basic	52,000,000	52,000,000
Weighted average number of shares outstanding, diluted	52,000,000	52,000,000

In the 2014/15 financial year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 options to buy Systemair shares, to 19 senior executives at Systemair. Färna Invest AB is owned by Systemair's Chairman Gerald Engström. The programme extends over three years beginning on 24 October 2014. No dilution effect or cost will arise for, or be incurred by, Systemair AB since it is Färna Invest AB that is issuing the options.

NOTE 37 Related party transactions

During the year, Systemair AB (publ.) sold products for SEK 1.6 million (1.6) to ebm-papst AB. Product purchases from ebm-papst AB totalled SEK 1.1 million (0.7). During the year, products purchased by the Group from ebm-papst AB's parent company in Germany, ebm-papst GmbH, totalled SEK 209.6 million (201.4). ebm-papst AB has a holding corresponding to 21.3 percent of the shares in Systemair AB. Systemair AB (publ.) purchased hotel and conference services for SEK 3.1 million (3.3) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström. At the end of the financial year, Systemair AB had a trade account payable to WG Hotelldrift AB amounting to SEK 0.2 million (0.2).

For information on transactions with senior executives, see Note 10.

Parent Company purchases from other Group companies totalled SEK 47.7 million (35.9). Parent Company sales to Group companies are shown in Note 4. For more information on Parent Company receivables from Group companies, see Note 31 Liabilities to Group companies total SEK 425.6 million (313.1).

NOTE 38 Significant events after financial year-end

In May 2017, Systemair AB completed the acquisition of FRIVENT Luft- & Wärmetechnik GmbH, Austria, a manufacturer of high-quality air handling units. FRIVENT is based in St. Johann, in Tyrol, Austria. The company sells products for commercial and industrial use to a value of around EUR 7 million per year in Austria, Germany, the Czech Republic and Russia. It makes air handling units, heat recovery systems and roof-mounted units for niche applications.

The price paid for the shares in FRIVENT may provisionally be calculated as follows:

Assets and liabilities acquired	FRIVENT
Goodwill	14.3
Brands and customer relationships	14.6
Machinery and equipment	5.8
Financial and other non-current assets	3.8
Deferred tax assets	0.5
Inventory	8.4
Current receivables	1.7
Other current assets	1.6
Cash and cash equivalents	5.6
Non-interest-bearing liabilities (incl. deferred tax liability)	-9.9
Interest-bearing liabilities	-12.3
Other operating liabilities	-5.4
	28.6

In June 2017, the South African subsidiary Systemair (Pty) Ltd acquired the assets of the South African company Viking Air Conditioning, a market-leading manufacturer of air handling units with integrated cooling. Viking is based in Spartan, Johannesburg, South Africa. The company produces and sells customised air handling units with integrated cooling for commercial use, to a value of around SEK 40 million annually in South Africa and neighbouring countries. Viking has been selling market-adapted high-quality air handling units with and without integrated cooling for more than 25 years. The products are stocked, for example, by the leading supermarket chain in the region. The company has 45 employees and operates from leased premises of 3,000 m². The purchase consideration is around SEK 29 million, and the assets acquired include property, plant and equipment and intangible non-current assets, operating receivables and inventories. Material to enable an acquisition analysis to be performed has not yet been received.

In June 2017, Systemair's subsidiary, Menerga GmbH of Germany won a major order valued at around EUR 15 million to supply the German company Linde AG, Munich. The order is for 226 specially designed air conditioning units for a process ventilation system subject to extremely high technological and explosion safety requirements. They will be installed alongside 27 chillers and 23 dry coolers.

NOTES

The undersigned declare that the consolidated accounts and annual accounts 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, 6 July 2017



Gerald Engström
Chairman of the Board



Carina Andersson
Director



Patrik Nolåker
Director



Svein Nilsen
Director



Per-Erik Sandlund
Director



Ricky Sten
Employee Representative



Åke Henningsson
Employee Representative

Our Audit Report concerning this Annual Report was submitted on 6 July 2017.

Ernst & Young AB



Åsa Lundvall
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Shareholders in Systemair AB (publ), corp. reg. no. 556160-4108

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

Statement

We have conducted an audit of the annual accounts and the consolidated accounts of Systemair AB (publ) for the financial year from 1 May 2016–30 April 2017, with the exception of the corporate governance report on pages 49–57. The company's annual report and consolidated accounts are included on pages 44–90 of this document.

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on 30 April 2017 and of its financial results and cash flow for the year in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and provide, in all material respects, a true and fair view of the financial position of the group as of 30 April 2017 and of its financial performance and cash flow for the year, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not refer to the corporate governance report on pages 49–57. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We therefore recommend to the Annual General Meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted.

Grounds for statement

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing practice in Sweden. Our responsibility in this respect is described more fully in the section "Auditor's responsibilities". In accordance with generally accepted accounting practice in Sweden, we are independent of the parent company and the group and have otherwise fulfilled our professional ethical responsibilities in line with the requirements stated therein.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Areas of particular importance

Areas of particular importance to our audit are those that, in our professional opinion, were the most important to our audit of the annual report and consolidated accounts for the period concerned. These areas were addressed within the scope of the audit of, and in our statement of opinion on, the annual report and consolidated accounts, but we make no separate comment on the areas concerned.

Revenue recognition

The company's revenue consists predominantly of sales of ventilation and heating products and, to a lesser extent, services such as installation, maintenance and design. In the consolidated income statement, revenue totals SEK 6,863.6 million for the financial year and is recognised at the fair value of the consideration received or the consideration that will be received for goods and services sold. Revenue is recognised once delivery has been made to the customer in accordance with the terms of sale. The company's accounting policies for revenue recognition are described in Note 1. In our audit, we regarded revenue recognition as an area of particular importance.

To address this area of particular importance in our audit, we evaluated the process for recognising revenue and tested internal controls associated with the process. We audited significant revenue transactions on a random basis and performed analytical examination. We also assessed whether information disclosed in the annual report was fit for purpose.

Measurement of goodwill and shares in subsidiaries

Goodwill totals SEK 691.4 million in the consolidated balance sheet and shares in subsidiaries SEK 2,177.8 million in the parent company balance sheet at the financial year-end. As described in Note 1 and the section on impairments, the company tests for impairment at least annually and in the event of any indication of loss in value, and that goodwill values do not exceed the recoverable amount for these assets. Shares in subsidiaries are reviewed on an ongoing basis over the year to determine whether there are indications of loss or value and, if so, the recoverable amount for the asset is calculated. The recoverable amount is determined by calculating the value in use for each cash-generating unit, which in the company's case is that of the subsidiary concerned, on the basis of a present value calculation for estimated future cash flows. As described in Note 15, the forecasts for future

cash flow are based on financial plans, approved by management, covering a five-year period. The plans take into account assumptions regarding product launches, price trends, sales volumes, competing products and cost trends. In addition, assumptions regarding applicable discount rate and growth beyond the five-year period have to be taken into account. The impairment testing for the financial year did not result in any impairment of goodwill. Note 14 indicates that changes in material assumptions and estimates could affect the carrying amount for goodwill, in that a higher discount rate could result in a lower recoverable amount. In the parent company, an impairment loss of SEK 53.9 million was recorded on shares in subsidiaries, when it was established that the recoverable amount was less than the carrying amount.

During our audit, we evaluated the company's process to establish an impairment test for goodwill. We examined how cash-generating units are identified on the basis of set criteria and compared this with how the company follows up goodwill internally. We examined the company's valuation principles and calculation models, assessed the reasonableness of assumptions made and sensitivity analyses regarding changes in assumptions, and made comparisons with the historical outcomes and accuracy of forecasts made earlier. We evaluated the reasonableness of the discount rate applied, and assessed long-term growth for the units concerned via comparisons with other companies in the same sector. We assessed the measurement of shares in subsidiaries and the company's process for identifying indications of any need for impairment. We also assessed whether information disclosed was fit for purpose.

Measurement of finished goods and in work in progress

Inventories of finished goods and in work in progress were measured at SEK 636.3 million at the financial year-end. As described in Notes 1 and 19, inventories are measured at historical cost or net realisable value, whichever is the lower, in which finished goods and work in progress are measured at production cost, less any deductions for obsolescence. Measurement at production cost is conducted with the aid of inventory recognition models, in which direct and indirect production-related costs are attributed to products made. An incorrect cost allocation will affect the measurement of the inventory and the recognised cost of products sold during the financial year and on that basis we have taken the view that this is an area of particular importance for the audit.

During our audit, we evaluated the inventory recognition model applied by the company. We also tested arithmetical calculations, carried out random checks on pricing of materials, components and processing costs, and assessed the reasonableness of prices used and assumptions made in the allocation of indirect production costs. We also assessed whether information disclosed was fit for purpose.

Information other than disclosed in the annual report and consolidated accounts

This document also contains information other than contained in the annual report and consolidated accounts. This information appears on pages 1–43. The Board of Directors and the Chief Executive Officer are responsible for such other information.

Our statement of opinion regarding the annual report and consolidated accounts does not include this information, and we state no opinion in assurance of this other information.

As part of our audit of the annual report and consolidated accounts, it is our responsibility to read the information identified above and to consider whether that information is materially incompatible with the annual report and consolidated accounts. During this review, we also take into account the knowledge we have otherwise acquired during the audit and make a judgement as to whether the information otherwise contains material misstatements.

If, on the basis of the work performed regarding this information, we conclude that the other information contains any material misstatement, we are under a duty to report it. We have nothing to report in this respect.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO are responsible for preparing the annual report, with consolidated accounts, and for ensuring that it provides a true and fair view in accordance with the Swedish Annual Accounts Act, and, regarding the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal controls that they deem to be necessary to prepare an annual report and consolidated accounts that are free of material misstatements, whether caused by irregularity or error.

In preparation of the annual report and the consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's ability to

continue in business. Where appropriate, they are required to disclose information as to conditions that may affect the company's ability to continue in business and to proceed on the going concern assumption. However, the going concern assumption is not applied if the Board of Directors and the CEO intend to wind up the company or discontinue its business, or do not have any realistic prospect of doing either.

The tasks of the Board of Directors' audit committee include overseeing the company's financial reporting, without affecting the responsibilities and tasks of the Board of Directors in other respects.

Responsibilities of the auditor

Our objective is to achieve a reasonable degree of assurance that the annual report and consolidated financial statements as a whole do not contain any material misstatements, whether caused by irregularity or error, and to present an auditor's report including our statement of opinion. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit conducted in accordance with ISA standards and generally accepted accounting practice in Sweden will always reveal a material misstatement if such exists. Misstatements may arise through irregularity or error and are regarded as material if, individually or together, they may reasonably be expected to affect the financial decisions taken by users on the basis of the annual report and consolidated accounts.

As part of an audit in accordance with ISA standards, we use professional judgement and exercise a professionally sceptical approach throughout the audit process. We also:

- identify and assess the risks of material misstatements in the annual report and consolidated accounts, whether caused by irregularity or error; structure and perform audit processes based partly on such risks; and obtain accounting evidence that is adequate and appropriate to serve as grounds for our opinion. The risk of not detecting a material misstatement arising from irregularity is higher than for one arising from error, since irregularities may include collusion, forgery, deliberate omission, false information and disregard of internal controls.
- obtain an understanding of the part of the company's internal controls that is relevant to our audit, in order to structure audit processes appropriate to the circumstances, but not in order to state an opinion as to the effectiveness of the internal controls.
- assess the suitability of the accounting policies applied and of the reasonableness of the estimates by the Board of Directors and the Chief Executive Officer in the accounts and related disclosures.
- arrive at a conclusion as to the suitability of the Board of Directors and the Chief Executive Officer applying the going concern assumption in the preparation of the annual report and consolidated accounts. We also arrive at a conclusion, based on the accounting evidence obtained, as to the existence of any material factor of uncertainty relating to events or conditions that may cause substantial doubt as to the company's and the group's ability to continue in business. If we arrive at the conclusion that a material factor of uncertainty exists, we must in our auditor's report draw attention to the disclosures in the annual report regarding the material factor of uncertainty or, if such disclosures are insufficient, modify our statement of opinion regarding the annual report and consolidated accounts. Our conclusions are based on the accounting evidence obtained up to the date of the auditor's report. However, future events or circumstances may prevent a company from continuing in business.
- assess the overall presentation, the structure and the content of the annual report and consolidated accounts, including the disclosures, and whether the annual report and the consolidated accounts reflect the underlying transactions and events in a way that presents a true and fair view.
- obtain adequate and appropriate accounting evidence regarding the financial information on the entities or business activities within the group in order to state an opinion on the consolidated accounts. We are responsible for management, supervision and performance of the audit of the consolidated accounts. We are solely responsible for our opinions.

We must inform the Board of Directors of the planned scope and focus of the audit, for example, and the time at which it is to take place. We must also provide information as to significant observations during the audit, including any inadequacies that we have identified in internal controls.

We must further provide the Board of Directors with a statement that we have observed relevant requirements of professional ethics regarding independence, and must make mention of all relationships and other conditions that may reasonably be expected to affect our independence, and as appropriate take suitable countermeasures.

Of the areas of communication with the Board of Directors, we determine which have been the most significant in terms of the audit of the annual report and consolidated accounts, including the most important risks established regarding material misstatements, and which therefore constitute the areas of particular importance to the audit. We describe these areas in the auditor's report, unless laws or other regulations preclude the disclosure of information on the issue, or when in extremely rare cases we judge that an issue should not be described in the auditor's report on the basis that the negative consequences of doing so may reasonably be expected to be greater than the public interest of such communication.

REPORT ON OTHER REQUIREMENTS UNDER LEGISLATION AND OTHER REGULATIONS

Statement

In addition to our audit of the annual report, we have also conducted a review of the administration of the affairs of Systemair AB (publ) by the Board of Directors and the Chief Executive Officer in the financial year 1 May 2016–30 April 2017, and of the proposed appropriation of the company's profit or loss.

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the Directors' Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Grounds for statement

We conducted our audit in accordance with generally accepted auditing practice in Sweden. Our responsibilities in this respect are described in more detail in the section "Responsibilities of the auditor". In accordance with generally accepted accounting practice in Sweden, we are independent of the parent company and the group and have otherwise fulfilled our professional ethical responsibilities in line with the requirements stated therein.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss. Our dividend proposal takes into account a judgement as to whether the dividend is defensible in view of the requirements imposed by the nature, scope and risks of the company's and the group's business, with regard to the shareholders' equity, balance sheet strength, liquidity and general financial condition of the parent company and the group.

The Board of Directors has overall responsibility for the organisation and administration of the company's affairs. This involves, for example, continuously assessing the financial situation of the company and the group, and ensuring that the company's organisation is structured such that the accounting records, management of assets and the company's financial affairs are controlled in a satisfactory fashion. The Chief Executive Officer is required to manage day-to-day administration in accordance with the Board of Directors' guidelines and instructions and to take such measures as are necessary to ensure that the company's record-keeping is conducted in accordance with the law and that resources are managed in a satisfactory fashion.

Responsibilities of the auditor

Our objective in terms of our audit of the administration, and therefore our statement of opinion regarding discharge from liability, is to obtain accounting evidence to be able to judge with a reasonable degree of assurance whether any Board member or the Chief Executive Officer has in any respect:

- taken any action or committed any omission that may result in the company becoming liable for compensation
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

Our objective in terms of our audit of the proposal regarding appropriation of the company's profit or loss, and therefore our statement in this respect, is to judge with a reasonable degree of assurance, whether the proposal is compatible with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit conducted in accordance with generally accepted accounting practice in Sweden will always detect actions or omissions that may result in the company becoming liable for compensation, or that a proposal for appropriation of the company's profit or loss is compatible with the Swedish Companies Act.

As part of an audit in accordance with generally accepted accounting practice in Sweden, we use professional judgement and exercise a professionally sceptical approach throughout the audit process. Our examination of the administration and the proposal for appropriation of the company's profit or loss is based primarily on our audit of the accounts. Any additional examinations carried out are based on our professional judgement, with an assessment of risk and materiality. This means that we focus our examination of such actions, areas and conditions that are significant to the business and where deviations and violations would have particular importance in terms of the company's situation. We examine and test decisions taken, supporting documentation, actions taken and other conditions that are relevant to our statement of opinion as to discharge from liability. As a basis for our opinion on the Board's proposed arrangements for the company's profit or loss, we have examined the Board's reasoned statement, as well as documents, on a test basis, in support of this statement, in order to be able to determine whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

Auditor's review of Corporate Governance Report

The Board is responsible for the Corporate Governance Report on pages 49–57 and for ensuring that it is compiled in accordance with the Swedish Annual Accounts Act.

Our audit was conducted in accordance with FAR's Statement RevU 16 Auditor's review of Corporate Governance Report. This means that our review of the Corporate Governance Report has a different approach and is of a significantly lesser scope than an audit according to the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides an adequate basis for our statements.

A corporate governance report has been drawn up. The disclosures required pursuant to section 6, subsection 6, paragraph 2 of the Swedish Annual Accounts Act and section 7, subsection 31, paragraph 2 of the same act, are consistent with the other parts of the consolidated accounts and accord with the provisions of the Swedish Annual Accounts Act.

Stockholm, 6 July 2017

Ernst & Young AB



Åsa Lundvall
Authorised Public Accountant

Key Ratios for the Group

		2016/17 May-Apr	2015/16 May-Apr	2014/15 May-Apr
Net sales	SEK m.	6,863.6	6,112.5	5,882.2
Growth	%	12.3	3.9	11.1
Operating profit	SEK m.	439.0	344.1	376.8
Operating margin	%	6.4	5.6	6.4
Profit after net fin. items	SEK m.	410.2	307.3	380.4
Profit margin	%	6.0	5.0	6.5
Return on capital employed	%	12.0	10.2	12.5
Equity/assets ratio	%	44.6	43.9	44.4
Per share ratios				
Earnings per share	SEK	5.66	3.98	5.96
Equity per share	SEK	45.79	40.54	40.04
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

ALTERNATIVE KPMS

In its interim report, Systemair presents key ratios that supplement the financial ratios defined in IFRS; these are known as alternative performance measures (APMs). 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 that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate financial key ratios in the same way, these are not always comparable. As a result, they should not be regarded as substitutes for key ratios as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

DEFINITIONS OF KEY RATIOS

Operating profit (EBIT)

Earnings before financial items and tax.

Growth

Growth is defined as the change in net sales, relative to net sales for the preceding period.

Organic growth

Change in sales by comparable units, adjusted for acquisitions and foreign currency effects.

Adjusted operating profit

Operating profit excluding restructuring costs.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.

Capital employed

Total assets less non-interest-bearing liabilities.

Return on equity

Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest.

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.

Earnings per share

Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.

Operating cash flow per share

Cash flow from operating activities for the period, divided by the average number of shares during the period.

Equity/assets ratio

Adjusted equity divided by total assets.

Equity per share

Equity divided by the number of shares at the end of the period.

Organic growth

Organic growth is defined as the change in net sales, relative to net sales for the preceding period, adjusted for currency effects and acquisitions.

Net debt

Net interest-bearing liabilities (including provisions for pensions) less the total of interest-bearing receivables, current investments and cash and cash equivalents.

Net debt/equity ratio

Net debt divided by equity at year-end.

Interest coverage ratio

Profit after financial items plus financial expenses, divided by financial expenses.

Sales per employee

Net sales for the period, divided by the average number of employees.

GLOSSARY

The Ecodesign Directive – Energy Related Products

The Ecodesign Directive lays down minimum requirements for energy performance in products and outlaws the most energy- and resource-intensive products in the EU market.

Eurovent and AMCA

Organisations that certify products in the ventilation industry in the markets in Europe, the Middle East, Asia and North America, on the basis of impartial third-party inspection.

Low-energy and passive houses

Low-energy or passive houses that are built airtight and are subject to strict demands for effective ventilation and low energy consumption.

Applications

Uses of products in different types of building. For example, single-family homes, apartment blocks, hospitals, industrial buildings and tunnels.

BMS (Building Management System)

In a building, the computerised system that controls and monitors functions such as those for the building's ventilation, lighting, electricity supply, fire safety and security.

ERP (Enterprise Resource Planning) system

An IT system that manages, for example, processes such as financial management, sales and service, logistics, distribution and production.

CRM (Customer Relations Management) system

An IT system that handles control, organisation and administration of customers and customer relations in a business.

Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 24 August 2017 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden

A tour of our new Technology Centre and our production, located in the same building as Systemair Expo, will take place prior the AGM. Those wishing to take part should assemble at 1.00 p.m. at Systemair Expo, Nasvägen 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 date Friday, 18 August 2017 and must notify the Company of their intention to participate no later than 3.00 p.m. on Friday, 18 August 2017.

Application is best submitted via a form at www.systemair.com, by telephone at +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/corporate identity 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 should 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. A power of attorney form is available on the Company's website, www.systemair.com or may be ordered by contacting reception.

Anyone representing a legal entity must present a registration certificate, or the equivalent, 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 Friday, 18 August 2017. 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 date, Friday, 18 August 2017. 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, as well as financial and other information, is available on the Systemair website www.systemair.com.

Calendar

24 August 2017	Q1 Interim Report (May-July 2017/18)
7 December 2017	Q2 Interim Report (August-October 2017/18)
15 Mar 2018	Q3 Interim Report (November-January 2017/18)
14 June 2018	Q4 Interim Report (February-April 2017/18)
30 August 2018	Annual General Meeting, simultaneous publication of Q1 Interim Report 2018/19

QUESTIONS

Any questions regarding the content of the Company's financial information should be directed to: CFO Anders Ulff, on Telephone +46 (0)222-440 09.

CONTACT DETAILS:

Contact and address details for our companies throughout the world are available on Systemair's website, at www.systemair.com.

Contact details for subsidiaries with their own brand are available on the respective company's website.

Frico

www.frico.se

Fantech

www.fantech.net

Menerga

www.menerga.com



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