

ANNUAL REPORT
2014/15



CONTENTS

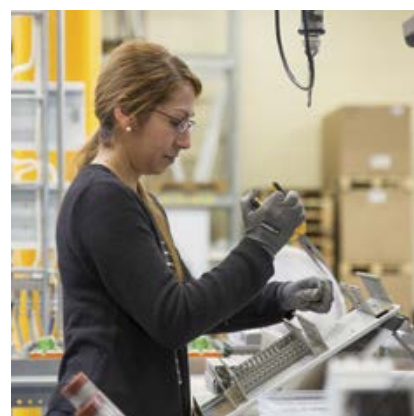
Contents

Systemair in Brief	1
Highlights of 2014/2015	2
CEO's Comments	4
Mission, Goals and Strategy	6
Acquisitions	9
Core Values	10
Historical Review	12
Case Study: Asia	14
Market	16
Market Regions	18
Brands	21
Marketing	22
Products	24
Product Development	28
The Systemair Roadshow	30
Production Facilities	32
Sustainability	35
Case Study: Power House	38
Integrated Environmental Efforts	40
Our Employees	41
Standards and Values	45
GRI	47
The Systemair Share	48

Directors' Report	51
Description of the Business and Financial Information	51
Proposed Distribution of Unappropriated Profits	54
Corporate Governance Report	55
Board of Directors	61
Group Management	62
Consolidated Income Statement	63
Consolidated Statement of Comprehensive Income	63
Consolidated Balance Sheet	64
Statement of Changes in Equity – Group	66
Consolidated Cash Flow Statement	67
Parent Company Income Statement	68
Parent Company Statement of Comprehensive Income	68
Parent Company Balance Sheet	69
Changes in Equity – Parent Company	71
Parent Company Cash Flow Statement	72
Accounting Policies and Notes to the Accounts	73
Audit Report	96
Key Ratios and Definitions	97
Group Companies	98
Annual General Meeting	99

Systemair made six acquisitions during 2014/15

6



Net sales 2014/15, SEK bn

5.9

Simple Effective Reliable

Systemair is a leading ventilation company with operations in 45 countries. We manufacture and market high-quality ventilation products. Our product range 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 has 23 factories in 18 countries throughout the world.

23

Our strengths

Trust – our most important watchword

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

High quality at best possible price

Systemair is a well-known brand in the ventilation industry. We offer the products that the market demands – all of the highest quality, at the best possible price.

Growth is part of our culture

We will continue to grow organically and through acquisitions. Trust and constant product development lay the foundations for stable growth.

Facts

Sales for the 2014/15 financial year totalled SEK 5.9 billion.

Founded in 1974 at the initiative of President and CEO Gerald Engström.

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

Operations in 45 countries in Europe, North and South America, the Middle East, Asia and South Africa.

The Group comprises 58 operating companies with a total of 4,600 employees.

23 factories with more than 280,000 m² of warehouse and production space.

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

Highlights of 2014/2015

Q1 1 May – 31 July 2014

- In July 2014, Systemair took over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market.

Q2 1 August – 31 October 2014

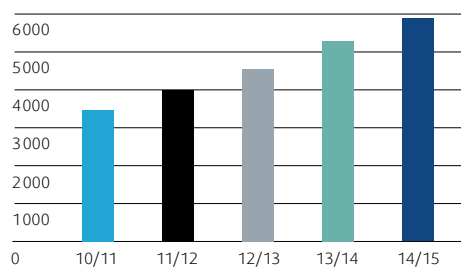
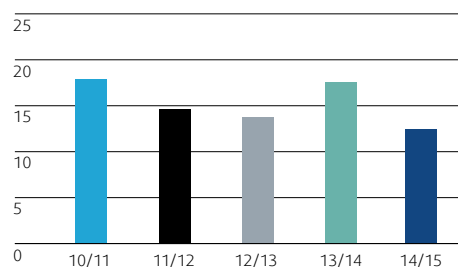
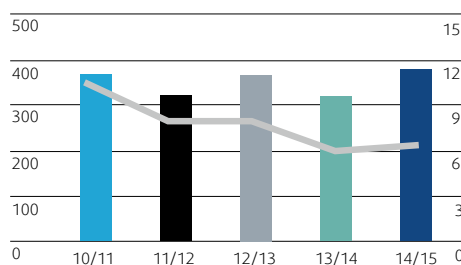
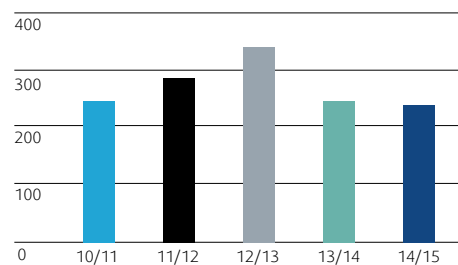
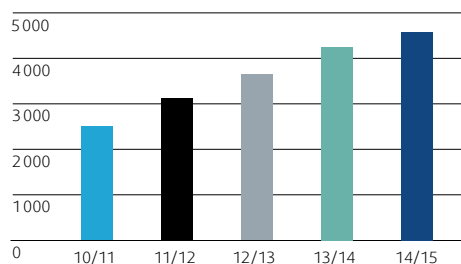
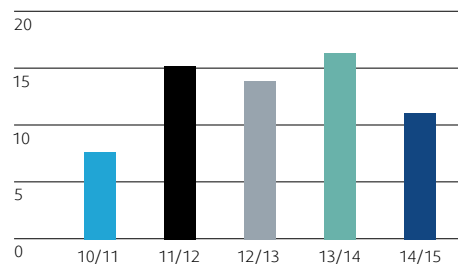
- In October 2014, Systemair acquired the sales company Camair, a supplier of air conditioning and ventilation products for the commercial market in Belgium.
- In October 2014, Systemair also acquired the sales company Airwell Deutschland GmbH, a distributor of air conditioning and ventilation products for the commercial market in Germany.

Q3 1 November 2014 – 31 January 2015

- In December 2014, Systemair AB celebrated its 40th anniversary with a gala dinner held in Västerås Concert Hall. More than 400 people attended the festivities.
- In January 2015, a lease was signed on an industrial building in Wujiang, China, for the production of commercial air handling units for the Chinese market.

Q4 1 February – 30 April 2015

- In February 2015, our new 16,000 m² Malaysian production facility, comprising modern offices and production and warehouse buildings, was inaugurated.
- In March 2015, we acquired Lautner Energiesparteknik GmbH in Helmstadt, Germany. The company specialises in manufacturing high-efficiency rotating heat exchangers for air handling units and data centre cooling.
- In April 2015, Systemair acquired Menerga AS, a market leader in swimming pool ventilation and the distributor of Menerga's products in Norway.

Net sales, SEK m.**Return on capital employed, %****Operating profit (EBIT), SEK m./
EBIT margin, %****Cash flow from operating activities, SEK m.****No. of employees at end of period****Sales growth, %****Key Figures**

	2014/15	2013/14	2012/13	2011/12	2010/11
Net sales, SEK m.	5,882.2	5,295.8	4,551.0	3,996.9	3,467.3
Growth, %	11.1	16.4	13.9	15.3	7.7
Operating profit, SEK m.	376.8	316.9	365.2	319.8	367.0
Operating margin, %	6.4	6.0	8.0	8.0	10.6
Profit margin, %	6.5	9.6	7.3	7.4	9.8
Return on capital employed, %	12.5	17.7	13.8	14.7	18.0
Earnings per share, SEK	6.0	8.4	4.6	4.1	5.3
Equity per share, SEK	40.0	36.2	30.3	26.9	24.4
Equity/assets ratio, %	44.4	47.2	40.7	45.1	48.6
Dividend per share, SEK	2.00*	3.00	1.50	1.25	1.75
No. of employees at end of period	4,584	4,250	3,649	3,127	2,506

*The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share for approval by the AGM to be held in Skinnskatteberg on 27 August 2015.

Organic growth for the 21st consecutive quarter

The year ended on a strong note, with organic growth of 8 percent in the last quarter. Profit was lower than expected, both in the last quarter and over the full year. We continued to bear the costs of restructuring Menerga's production and sales company, as well as production in Italy of chillers. The Russian market remained weak as a result of political uncertainty. Nevertheless, we are pleased to report a positive earnings trend compared with last year.

The market

The market as a whole moved in a positive direction over the year, especially in the fourth quarter. The Nordic market remains buoyant, with strong growth particularly in Denmark and Norway. The same goes for Western Europe and our major markets in the region, Germany, the Netherlands and the UK. In France, we unfortunately registered lower sales. The Other markets region performed extremely well, with strong growth in the Middle East and Southeast Asia. We engaged in extensive marketing activities in these regions, which helped to drive positive growth. In Eastern Europe, growth was weaker in view of the situation in the Russian market and political uncertainty. The markets in most of the other countries in the region performed well.

Companies acquired

During the year we acquired Airwell's production of air conditioning products in Tillières, France. The part of the business we took over had 207 employees and annual sales estimated at approximately EUR 30 million. So far, the business has progressed according to plan. Substantial resources have been devoted to training our Systemair companies in how to sell the products. We also purchased two sales companies, Camair in Belgium and Airwell in Germany,

to support sales of air conditioning products. Another company we acquired in Germany was the energy technology company Lautner GmbH. In Norway, we also made a complementary acquisition of Menerga's sales company and the regional sales company in Baden-Württemberg.

Investments

During the year, we moved into our new factory in Malaysia, which was inaugurated in February. In the factory, which measures 16,000 m² in area, we will manufacture fans, products for air distribution and air handling units in the longer term. The facility will also serve as a warehousing centre for South-East Asia. In Slovakia, we have made substantial investments in our factory for air distribution products. We doubled our production areas and invested in modern machinery. The factory was opened in June 2015.

During the year, we also leased a 8,400 m² industrial facility in Wujiang, China. At the location, we are building up production of air handling units. The facility will also serve as a base for sales of other Systemair products to the Chinese market. Extensions of production and warehouse space, each measuring 3,000 m², are under construction in both Denmark and Norway.

The year ended with organic growth of 8 percent in the last quarter.

8%

This year, we are presenting our sustainability report in accordance with GRI for the first time.

GRI

We have our own sales companies in 45 countries throughout the world.

45



Facts

Gerald Engström

President and CEO

In 2005, Gerald Engström was named Entrepreneur of the Year in Sweden. In 2011, he was honoured by the award of H.M. the King's Medal, 12th size with the ribbon of the Order of the Seraphim, for outstanding contributions to Swedish business.

Sustainability

This year it is the first time we are presenting our sustainability report in accordance with the guidelines of the Global Reporting Initiative (GRI). However, sustainability has always been high on our agenda. We operate in an industry that we serve by producing and marketing energy-efficient and health-promoting products. These products make for long-term sustainable development for our customers and society.

Our staff are important and we create a work environment that ensures the physical and mental well-being of our employees.

Outlook

With global presence through our own sales companies in 45 countries and with regular deliveries to well in excess of 100 countries, we believe we are set for continued growth. Despite mixed growth in many markets, especially in the Russian market, Systemair can again report organic growth, for the 21st consecutive quarter. We

are especially pleased to have achieved an impressive 8 percent in organic growth in the last quarter. Our performance has been better than last year, but not in line with our expectations. We have worked intensively on implementing changes in our companies as part of the restructuring process and expect this will help to improve our financial performance in the year ahead. Profit after tax improved sharply during the year, from SEK 193 million, adjusted for the gain on the shares in Lindab, to SEK 310 million.

We look forward to a year of continued organic growth and an improved operating profit.

Gerald Engström
President and CEO

» We look forward to a year of continued organic growth and an improved operating profit.

Our vision is to be a world leader

VISION

With our business concept and an offensive strategy, we will become a world leader in the ventilation industry.

BUSINESS CONCEPT

Our mission is to develop, manufacture and market high-quality ventilation products. With our customers in focus, we aim to be the most reliable company for quality, availability and delivery reliability. We aim to also keep customer relationships with Systemair simple.



OVERARCHING GOAL

Systemair's overarching goal is to become a world leader in the global ventilation industry and the most reliable one in every local market.

1

By being a major player, we will influence and help drive trends and development in the ventilation sector.

2

We will consistently exploit benefits of scale within production, product development, logistics and sales.

3

Our financial strength enables us to enter a new market through acquisition or establishment. A local presence in priority markets is fundamental to our ability to achieve our goal.

STRATEGY

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



Goal

Goal

Growth

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

12%

Profitability

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

10%

Financial position

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

30%

Dividend policy

Based on Systemair's growth objectives, the dividend target is approximately 30 percent of the Company's profit after tax

30%

Description

The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 12.2 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.

The operating margin has averaged 9.4 percent over the past ten years and 7.8 percent over the past five years. The Company deems the conditions for continuing to achieve this goal to be favourable, given our current structure and product programme.

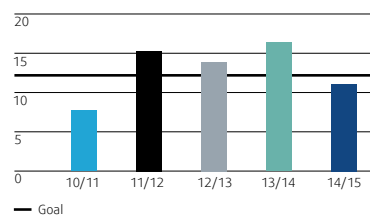
The Group's financial position is good; its equity/assets ratio on 30 April 2015 was 44.4 percent. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for acquisitions and investments.

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 earnings.

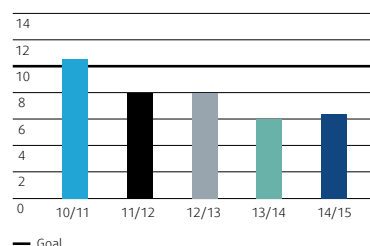
Achievement

Net sales for the financial year rose 11.1 percent to SEK 5,882 million (5,296).

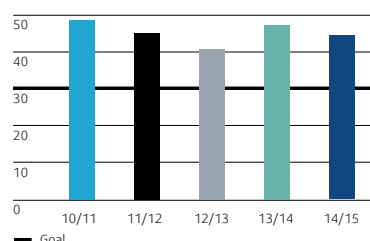
Sales growth, %



Operating margin, %



Equity/assets ratio, %



The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share for approval by the AGM to be held in Skinnskatteberg on 27 August 2015. This corresponds to 34 percent of profit after tax.

Offensive strategy for acquisitions

» Systemair expands by combining organic growth and acquisitions.

Systemair's overarching goal is to become a world leader in the global ventilation industry. A consistent, offensive strategy for acquisition and new business establishment is fundamental to our ability to achieve our goal.

Systemair is expanding through a combination of organic growth and acquisitions. A number of areas are evaluated in each acquired company: corporate culture and fundamental values; customers and suppliers; organisation; and costs and margins.

A shared corporate culture and fundamental values are essential to the successful integration of the new company. We devote substantial resources to this process. For example, Group Management reviews the situation with the personnel in the company acquired. This may take place, for example, in the form of seminars and Group-wide activities lasting several days at Systemair headquarters.

When there is an opportunity, all employees are invited to Skinnskatteberg. We see this as an effective means of quickly establishing contacts at different levels of the company. During each of these visits – whether they involve management only or all employees – we review our values, or “tablets of stone” as we call them. They describe how each and every employee at Systemair should, may and can act in his or her work (see page 45).

This integration is further reinforced through Systemair Academy, our in-house training programme that offers basic courses and continuing professional development in ventilation technology, products, finance, purchasing, marketing, IT and sales.

Major acquisitions in 2014/15

Airwell, France

In July 2014, Systemair took over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition included brands, product rights, sales organisation and the leased production facility in Tillières, about 100 kilometres west of Paris. The production facilities extend over 38,000 m² and employ 150 people. Including the sales organisation, the total number of employees is 207. Annual sales for the company are estimated at EUR 30 million. The company has been renamed Systemair AC.

Systemair's leased facility in Tillières, about 100 kilometres west of Paris.



Camair, Belgium

In October 2014, Systemair acquired the sales company Camair, a supplier of air conditioning and ventilation products for the commercial market in Belgium. It is estimated that the company, based in Senefte, 40 kilometres south of Brussels, will report sales of EUR 7 million for the calendar year 2014. It has 22 employees. The acquisition included a modern, 3,000 m² property comprising offices, showroom and warehouse. After acquisition, the company was merged with Systemair's existing operations in Belgium.

Airwell, Germany

In October 2014, Systemair acquired the sales company Airwell Deutschland GmbH, a distributor of air conditioning and ventilation products. It is estimated that the company, which has its headquarters and warehouse in Frankfurt, will report sales of EUR 7 million for the coming year. It has 15 employees. Operations have been merged with our Systemair subsidiary in Germany.

Lautner, Germany

In March 2015, we acquired Lautner Energiespartechnik GmbH in Helmstadt, Germany. The company was founded in 1991 and specialises in manufacturing high-efficiency rotating heat exchangers for air handling units and data centre cooling. The company has 17 employees and estimated sales of approximately EUR 2 million.

Menerga, Norway

In April 2015, Systemair acquired Menerga AS, a market leader in swimming pool ventilation and the distributor of Menerga's products in Norway. In 2014, the company had sales totalling a value equivalent to SEK 55 million. The company has offices in Hvalstad outside Oslo and a nationwide service organisation. Menerga AS has 17 employees.

OUR THREE CORE VALUES

3

Our three core values:
#1 QUALITY

Quality at Systemair means offering reliable products. In addition, quality must permeate through to every part of the business, from product development and manufacturing to logistics and customer support. Our aim is to be the first choice for our customers, and we have therefore developed a broad, well-balanced product portfolio of standardised quality products.

Systemair has delivered tunnel ventilation for the Byfjord and Mastrafjord Tunnels in Norway.

Our three core values:
#2 AVAILABILITY

To ensure availability, we have chosen to produce a substantial proportion of our product range for 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 entire flow of goods.

Our three core values:
#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 at short notice. Against that background, 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 also place great emphasis on punctual deliveries when producing directly to order.

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 basis of our values. Since then, it has developed into a business philosophy. The driving force is constantly to discover new ways of making Systemair products

						
<p>1974 The Company was founded as LHG Kanalflikt, and production began in Skinnskatteberg. More than 50 percent of production was exported to Norway.</p> <p>1976 The first sales subsidiary, LHG Kanavapuhallin, was established in Finland.</p>	<p>1985 Ziehl-Abegg and ebm-papst, German manufacturers of fan motors, were initially suppliers, but then became partners via their Swedish subsidiary Ziehl-ebm – today ebm-papst AB and are now the second largest shareholder in Systemair.</p> <p>1986 Gerald Engström took over as CEO.</p>	<p>1989/91 Norwegian sales company Jolin Produkter A/S was acquired in stages.</p> <p>1992 Acquisition, at that time OTC-listed, Frico AB, a specialist in air curtains and fan heaters.</p> <p>1995 Environment Air, Canada, manufacturer of residential air handling units, acquired.</p>	<p>1996 Acquisition of factory in Bouctouche, Canada, a production facility for the North American market.</p> <p>1997 Own representative office in Moscow, Russia.</p>	<p>1998/99 Acquisition of Europair, Södertälje, manufacturer of air terminal devices. LTI Lüftungstechnik in Windischbuch, LTI's sales companies in the UK, Poland and Singapore were the first subsidiaries to be renamed Systemair.</p> <p>1999/00 Acquisition of the sales company APF Group, Estonia, with subsidiary in Latvia.</p>	<p>2000/01 New distribution centre in Skinnskatteberg. Sales subsidiary in Turkey under the Systemair name.</p> <p>2001/02 Systemair adopted as the common name for the entire Group. Sales companies founded in Hong Kong, Hungary and Ireland.</p>	<p>2002/03 Acquisition of sales company Meijdijk Ventilatietechnik of the Netherlands; and Klockargården in Skinnskatteberg, 26,000 m² of buildings and 30 ha of land.</p> <p>2003/04 Acquisition of Fans & Spares, UK; Gelu; a German manufacturer of air curtains; and sales company Antlia, Switzerland.</p>
 <p>The circular duct fan. Earlier solution.</p>						

even more attractive to our customers. Our product range has expanded at a rapid pace since 1974, when the circular duct fan first saw the light of day. Today, Systemair focuses on developing energy-

efficient air handling units with energy recovery and EC-technology, which are simple to install and use. Today, 40 years later, Systemair is one of the biggest names in the ventilation industry.

						
<p>2004/05 Sales companies in Romania and South Africa established. Start-up of production facility in Ukmergė, Lithuania.</p> <p>2005/06 Gerald Engström, CEO, Systemair, named Entrepreneur of the Year in Sweden.</p>	<p>2006/07 Acquisition of Altexa, Austria, and Imos, Slovakia, as well as the assets of Matthews & Yates, United Kingdom.</p> <p>2007/08 Systemair awarded the Swedish Trade Council's Export Prize. Systemair listed on the NASDAQ OMX Stockholm exchange.</p>	<p>2008/09 Acquisition of Megcool Industries, Malaysia, and the assets of Emerson Ventilation Products, United States.</p> <p>2009/10 Acquisition of Energo Plus, Slovenia; W.C. Wood, Air Humidifier Dept, Canada; and Ravistar, India.</p>	<p>2010/11 Acquisition of sales company Foko, Poland; sales company VKV, Czech Republic; ventilation company Rucon, Netherlands; and the companies of the Aaldering Group, which manufactures and sells air curtains in Germany and the Netherlands. Establishment of sales company in Chile.</p>	<p>2011/12 Acquisition of sales companies DT Termo, Serbia, and Frivent's sales companies in Germany. Acquisition of the Russian sales company Ventrade. Acquisition of Airwell, Italy, factory producing chillers and IAPL, India, a manufacturer of air handling units.</p>	<p>2012/13 Acquisition of Holland Heating, a manufacturer of air handling units in the Netherlands. Acquisition of Change Air, Canada, a manufacturer of classroom ventilation air handling units. Acquisition of 90 percent of the shares in Turkish company HSK, a leading manufacturer of air handling units in Turkey.</p>	<p>2013/14 Acquisition of Menerga GmbH, Germany, a leading European producer of air handling units for swimming pool and comfort ventilation. Acquisition of Reftec AS, a supplier of commercial air conditioning and heat pumps, in Norway. Acquisition of Menerga's sales company in Austria and Switzerland. Acquisition of Menerga's sales companies in Hamburg, Hanover, Berlin and Frankfurt.</p>
						

Continued expansion in Asia

A photograph of the Shanghai skyline at dusk, featuring the Oriental Pearl Tower and other skyscrapers illuminated against a twilight sky, with their lights reflecting on the water in the foreground.

Systemair is continuing to systematically build a strong presence in Asia. The Group operates in three geographical areas: India, Southeast Asia and China. In Southeast Asia, the new factory in Malaysia serves as an important hub in this dynamic part of the world, which has a population of more than 600 million. At the same time, Systemair is building up its sales organisation in the countries of the region and is investing in its own production facility in China.



Strong presence in Asia

India

Today Systemair has an extensive product range, its own production facilities and nine sales offices throughout India to service a population of 1,2 billion. Systemair focuses on three product areas: fans, air distribution products and air handling units. Production takes place in Systemair's two factories in Greater Noida in the north of India, and Hyderabad in the south. In Greater Noida, a high-tech laboratory for measurement of air flow, sound levels, pressure and energy consumption will be commissioned during summer 2015. The facility will expand Systemair's resources to meet customers' exacting requirements for reliability. The laboratory, the first of its kind in India, will also be certified in line with international standards.

India's government has signalled investments in infrastructure projects throughout the country. Demand has been slow, although we can detect clear signs of future activity. One good example is the New Delhi metro, where Systemair is delivering tunnel ventilation. Another is CIAL – Cochin International Airport – where Systemair is supplying products from across the entire product range. Other infrastructure projects such as harbour facilities, hotels and hospitals are in the pipeline and Systemair, with its good reputation, has every chance of being included among those supplying the projects.

Southeast Asia

Southeast Asia is home to approximately 617 million people, almost 9 percent of the global population. This part of the world is continuing to show good economic growth – thanks at least partly to a free trade zone made up of ten countries in Southeast Asia that are members of the geopolitical and economic organisation ASEAN. The founding members of ASEAN were Indonesia, Malaysia, the Philippines, Singapore and Thailand. Over the years, they have been joined by Brunei, Cambodia, Laos, Myanmar (Burma) and Vietnam. The biggest Asian economies – China, Japan and India – are not members of ASEAN but they, along with South Korea, are affiliated to ASEAN Plus Three, which coordinates economic cooperation.

In February 2015, Systemair opened a new factory with a total area of

16,000 square metres in Kuala Lumpur, Malaysia. The facility specialises in the production of fans, but will also produce air distribution products and air handling units. The factory serves as an important hub for fast, efficient manufacture of products for both the Malaysian market and those of neighbouring countries. In the region, Systemair has mainly been involved in infrastructure projects where tunnel fans are required. The factory also operates as a distribution centre for standardised products made in Europe for the Asian market. A laboratory to measure fan performance will also be built here.

The new factory will also offer Systemair considerably more capacity, which, in turn, will enable investment in sales organisation in the ASEAN countries to be stepped up. Systemair has built up a strong presence in the form of subsidiaries in Singapore, Hong Kong, Malaysia and Taiwan. We also have representative offices in Vietnam and Indonesia. In addition, Systemair will invest in export sales from Malaysia. In the region, Systemair sees Thailand and the Philippines as attractive markets as well as Australia and New Zealand.

China

Systemair is now taking a major step forward in this gigantic country by building up its own organisation, together with a factory to produce air handling units. The factory is located in Wujiang Industrial Park in Suzhou, around 100 kilometres west of Shanghai. This is part of a strategy to establish a serious presence for Systemair in China. The factory will manufacture products for the Chinese market, but will also deliver to neighbouring countries in the long term.

The facility measures 8,400 square metres in space, including 1,400 square metres in offices and a showroom. Production of air handling units is scheduled to begin during summer 2015.

Systemair has good prospects for increasing its market share in the Chinese market through locally produced high-quality air handling units. The market has already shown considerable interest in Systemair's products. Experience shows that local production creates substantially greater potential for additional sales over the entire product range.

The market and sales

» The World Bank forecasts that economic growth in the emerging countries of Eastern Asia and the Pacific Region will improve during 2015.

Systemair has delivered products to the Faculty of Chemistry and Chemical Technology, Ljubjana, Slovenia.

Systemair continues to grow and increase its market shares. Sales in the Nordic region, Western Europe, North and South America and Asia showed positive growth, while the Russian and Eastern European markets were weaker.

The global market remains dominated by recession and weak growth. According to the EU Commission, GDP growth in Europe will be weakly positive over the next few years.

The World Bank forecasts that economic growth in the emerging countries of Eastern Asia and the Pacific Region will improve during 2015. In North America, the USA is on the way back, with good growth and higher employment. In South America, several countries have responded to the economic downturn with stimulus measures, although suffering from rising inflationary pressures at the same time.

The pressure of globalisation is becoming stronger all the time, with growing populations, increased urbanisation and rising demand for buildings and infrastructure. These factors, combined with increased environmental awareness and demands for more energy-efficient solutions, are creating opportunities for growth for Systemair.

Nordic region

Market growth in Denmark, Norway, Sweden and Iceland in overall has been good. The Finnish market remains weak, but all the same Systemair continues to grow sales in Finland by gaining market shares.

Systemair's sales in the Nordic region increased by 7 percent in 2014/2015 and the Group holds a strong market position. In Denmark, Systemair is market leader in air handling units, and sales of fans and fire safety products account for a large share of the increase in sales. In the Norwegian market, we are the leading supplier in the residential sector. During the year, Systemair secured orders for tunnel fans for several major projects.

In April 2015, Systemair acquired the distributor Menerga, Norway, further consolidating our position as market leader in the Norwegian market.

Our sights remain fixed on expanding in the Swedish market, above all via our wide range of air handling units. We are growing our sales in residential ventilation through a focus on joint marketing activities with distributors.

Western Europe

In the United Kingdom, Germany and Switzerland, the market performed well. However, several other Western Europe countries have suffered from recession for a number of years. Ireland, Portugal, Greece and Italy are still weak, although there are signs of a certain increase in appetite for investment. Spain is finally showing signs of an upturn. The French market has slowed sharply, resulting in considerably tougher price competition. We have also noted intensified price competition in Belgium. The Austrian market, too, has performed weakly.

In the Western European market, Systemair sales increased by 20 percent in 2014/2015, including acquisitions.

During the year, we strengthened our position in air conditioning by acquiring two companies, Airwell in France and Camair in Belgium. Systemair also took over Airwell's German sales company for air conditioning products.

Germany is now Systemair's biggest market. We also registered the best year yet by our Spanish company, where sales of modular air handling units increased strongly. In the Netherlands, we have come through a tough period with our market shares intact. We have also noted higher demand



Sales resources and activities

134

134 countries with sales activities.

57

57 of Systemair's companies have sales teams.

837

837 salespeople, of whom 477 in the field.

81,100

81,100 customer visits during the year

1,250

1,250 local customer events per year, including technology seminars and talks.

70

70 international and local exhibitions per year.

for adiabatic cooling and swimming pool ventilation. Switzerland has introduced new, more stringent fire safety regulations. This will work in our favour, since our products already meet the new requirements today. In Italy, Systemair recorded strong growth in the ventilation segments and have strengthened its positions.

Eastern Europe

The Russian market, previously Systemair's biggest, has declined steeply. In the wake of the falling world oil price and sanctions from the West, the rouble has fallen in value. As a result, locally made products have become cheaper and more competitive. Higher interest rates and reduced availability of international loans have resulted in delays to many construction projects.

In the other CIS countries, strong links to gas and oil extraction, combined with high dependence on trade with Russia, made for weak economic growth. In the Balkans, it is clear that weak growth and lower investment are persisting. In Poland, the construction market was flat during the year, apart from certain infrastructure projects.

The markets in the Baltic region performed well, with investments in residential and commercial building being stimulated by low interest rates. The Hungarian economy is showing signs of healthy growth and a clear improvement is also evident in Slovakia. The market in the Czech Republic is stable, but with tough price competition from local producers.

Sales in Eastern Europe fell by 8 percent in 2014/2015. In Russia, Systemair's Russian sales company succeeded in maintaining its sales volumes in roubles, thanks to a major marketing drive. We recorded very satisfactory sales figures in Azerbaijan, Belarus and Kazakhstan, despite a harsh economic climate.

Sales were buoyant in Estonia, Latvia and Lithuania. We consolidated our position in Poland in, above all, cooling and air handling units. In the Czech Republic, we noted very strong sales growth in, for example air handling units. In Slovakia, we got orders from several shopping centres and the automotive industry. In Hungary, a couple of major orders for fire gas and garage ventilation were secured. Systemair has a very strong presence in Slovenia, with production facilities for fire gas and roof fans for the whole Group. This enabled us to maintain stable sales in a declining market. Sales in Serbia and Croatia grew strongly, while Romania and Bulgaria reported weak growth.

The Middle East and Africa

Despite the unstable situation in the Middle East with trouble spots in Syria and northern Iraq among others, growth in the market is by and large satisfactory.

Systemair's sales in the Middle East and Africa increased by 27 percent in 2014/2015. We expanded in the Turkish market with market shares rising above all in tunnel and garage ventilation. Our ultra-modern factory in Istanbul is also delivering to neighbouring countries such as Azerbaijan, Turkmenistan and Kazakhstan. We are recording excellent sales successes in Saudi Arabia and Qatar, for example. In northern Africa, Egypt and Morocco performed well, while further to the south Nigeria, Angola and Mozambique appear to be promising markets.

India, Southeast Asia and China

India has left a few years of moderate activity behind and is now again seeing rising growth. Growth in China has slowed somewhat, but this trend is being offset by growth in the ten Southeast East countries that make up the ASEAN free trade area.

Systemair's sales in India, Southeast Asia and China rose by 26 percent in 2014/2015.

The ASEAN countries are priority markets to us, and during the year we invested in production and sales in the area. Systemair has secured a number of major orders in India, including New Delhi's new metro. In China, Systemair is investing in expanding its market shares in air handling units, which are produced locally. In the long term, the factory will also be able to deliver to neighbouring countries.

North and South America

The USA has a stable economy and the construction industry has returned to more normal levels following the severe economic crisis. Canada is suffering from the effects of cheaper oil and a stronger US dollar. The construction sector there has shown a slightly downward trend.

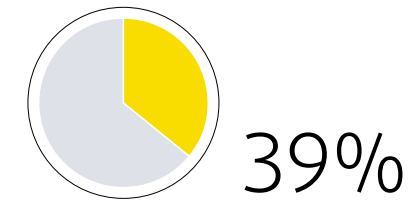
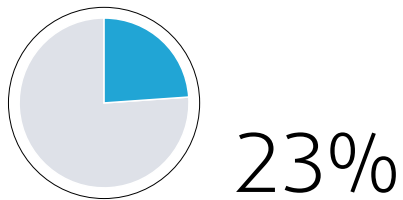
Systemair's sales in North and South America rose by 15 percent in 2014/2015. In the USA, our Fantech subsidiary expanded in the residential market. Results for Changeair, which produces classroom air handling units, declined after being taken over by Systemair in 2012 but are now showing an upturn driven by an offensive in product development. Export to Central America have also taken off. A stronger dollar is boosting profitability. We are seeing continued growth in Chile and Peru, where we have our own sales companies. In Chile, work has started on local assembly of products.

Market regions

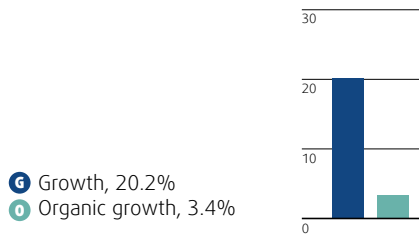
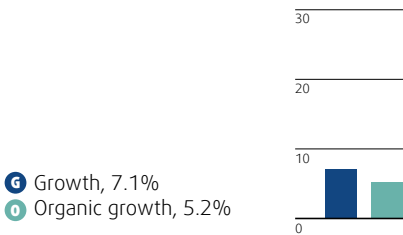
Our broad, geographically diverse customer base offers great stability and leaves us less exposed to fluctuations in individual economies.



Share of Systemair sales



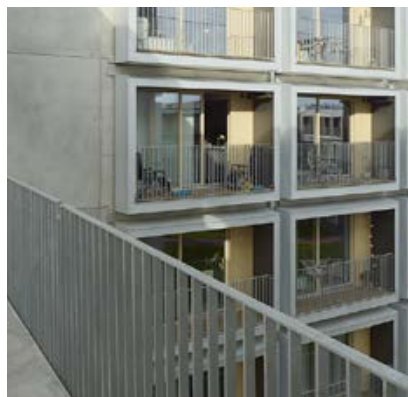
Growth/Organic growth



Reference Projects

JUNIOR LIVING KNIVSTA, SWEDEN

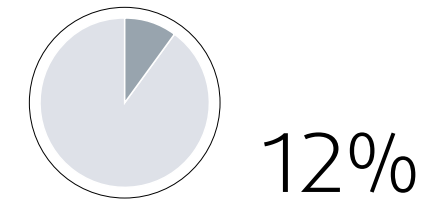
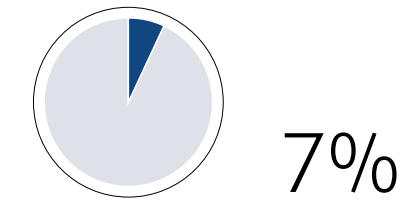
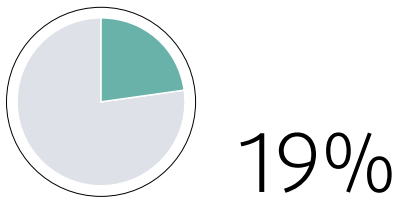
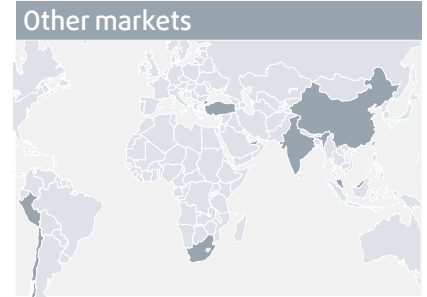
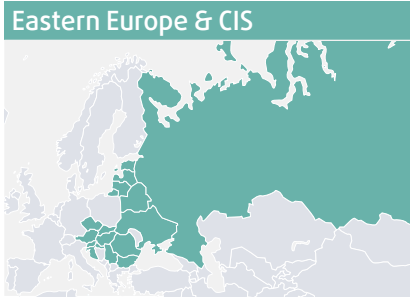
A record for construction efficiency – four months from start to completion of 124 single-room apartments, ready for occupancy. The apartments, which are assembled indoors in an efficient modular process, measure 32 m² and are equipped with individual ventilation systems. When delivered to the site, only water supply/sewerage and electricity have to be connected to the module. Systemair has delivered air handling units and products for air distribution to this innovative housing scheme.



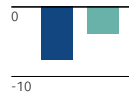
GARAGE VENTILATION designed to the latest standard LISSE, THE NETHERLANDS

The 4,500 m² multi-storey car park right opposite the Sport Lisse complex, is one of the first projects designed in accordance with the latest fire safety regulations in the Netherlands. Sport Lisse, completed in January 2015, comprises gymnasium, several sports halls and a swimming pool hall. In association with the contractor, Systemair is delivering a complete garage ventilation system.

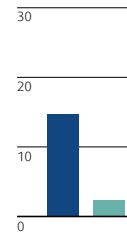




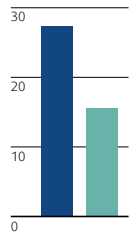
G Growth, -7.7%
O Organic growth, -3.9%



G Growth, 14.7%
O Organic growth, 2.3%



G Growth, 27.4%
O Organic growth, 15.6%



**FACULTY OF CHEMISTRY AND CHEMICAL TECHNOLOGY
LJUBLJANA, SLOVENIA**

The University of Ljubljana has administered chemistry studies since 1994. The Faculty has been conducting three-year courses in Chemistry, Biochemistry, Chemical Technology and Technology Safety course since 2009. Systemair has delivered products from much of its product range, in the form of duct, axial and roof fans, air handling units and products for air distribution.



**CLASSROOM VENTILATION
USA**

Changeair (part of Systemair) is supplying 200 air handling units to 11 schools in Waterford and Clawson in Detroit, Michigan, USA. The air handling units, supplied complete with control systems, will be used for ventilating, heating and cooling more than 200 classrooms.



**THE GREAT THEATRE OF HAVANA
CUBA**

El Gran Teatro de La Habana is one of the leading cultural institutions in Cuba's capital. The theatre was once the biggest and most opulent in North America and is ranked as one of the best in the world after La Scala, Milan and the Vienna State Opera. As part of an extensive renovation programme, Systemair has supplied air conditioning equipment and fan coils for this historic building.



STRENGTHS AND COMPETITIVE ADVANTAGES

Strengths and competitive advantages

- An early presence in growth markets has proved to be an excellent platform for continued growth.
- High product availability and fast delivery via an efficient organisation for production, logistics and IT.
- Focused product development and a broad product range. We devote substantial resources to the development of energy-efficient and user-friendly ventilation products.
- We have a structured acquisition process and many years of experience of integrating businesses.
- A highly diversified customer base reduces our vulnerability to fluctuations in the business cycle and to lower demand from individual customers.
- Good relationships with leading suppliers have considerably aided the Group's growth and product development, confirming the perception of Systemair as a leading supplier of high-quality ventilation products.

Customers

The Group's customers are ventilation contractors and distributors of ventilation and electrical products. Ventilation consultants are a key target group indirectly, as they specify which products are to be installed. In infrastructure projects, customers are mainly large construction firms. Systemair has an extensive customer base with customers of different sizes in a number of markets. We sell to more than 100 countries worldwide. Our 10 biggest customers currently account for just 7 percent of sales. This broad and geographically diverse customer base offers considerable stability and reduces our exposure to fluctuations in individual economies.

Trends

Health issues will become more highly prioritised, increasing the need for ventilation systems. More and more houses being built – above all in Europe and North America – are low-energy or passive houses, which are built airtight, with strict demands for effective ventilation and low energy consumption. Requirements for low energy consumption are creating a greater need for demand-led

ventilation and building management systems, which control ventilation and energy use in buildings. We also anticipate more comprehensive regulations for safety ventilation.

» More and more houses being built are low-energy houses.



Competitors

Company	Product areas								Presence in our ten biggest markets in Europe									
	Fans	Central units	Residential units	Compact units	Chillers	Air terminal devices	Air curtains	Fire gas ventilation	SE	NO	DK	UK	DE	PL	FR	ES	RU	NL
Systemair	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FläktWoods, CH	✓	✓	✓	✓	(✓)	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓
Flexit, NO	(✓)	-	✓	✓	-	✓	-	-	✓	✓	-	-	-	-	-	-	-	-
Swegon, SE	-	✓	✓	✓	✓	✓	-	(✓)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Exhausto, DK	✓	✓	✓	✓	-	-	-	✓	✓	✓	✓	✓	-	-	-	-	-	-
Östberg, SE	✓	✓	✓	✓	-	-	-	-	✓	✓	✓	✓	-	-	-	-	-	✓
Trox, DE	✓	✓	✓	✓	-	✓	-	✓	-	✓	-	✓	✓	✓	✓	✓	✓	✓
VTS, PL	-	✓	(✓)	✓	-	-	-	(✓)	-	-	-	✓	-	✓	-	✓	✓	-
Nuair, UK	✓	✓	✓	✓	-	-	-	✓	-	-	-	✓	-	-	-	-	-	-
Vent-Axia, UK	✓	-	✓	✓	-	-	-	✓	-	-	-	✓	-	-	-	-	-	-
GEA, DE	✓	✓	-	✓	✓	-	-	-	✓	✓	✓	✓	✓	✓	✓	-	✓	✓
Nicotra-Gebhardt, DE	✓	-	-	-	-	-	-	✓	✓	✓	-	✓	✓	✓	✓	-	-	✓
Rosenberg, DE	✓	✓	-	✓	-	-	✓	✓	-	-	✓	✓	✓	✓	✓	-	✓	✓
S&P, ES	✓	(✓)	✓	✓	-	-	✓	✓	-	✓	-	✓	✓	✓	✓	✓	-	✓
Wolf, DE	-	✓	(✓)	✓	(✓)	-	-	-	✓	-	-	✓	✓	✓	✓	-	✓	-
CIAT, FR	-	✓	-	✓	✓	-	-	-	-	-	-	✓	-	✓	✓	✓	✓	-
Aldes, FR	✓	-	✓	-	-	✓	-	✓	-	-	-	-	-	-	✓	✓	-	✓
Zehnder Group, CH	-	-	✓	✓	(✓)	(✓)	-	-	-	-	✓	✓	✓	✓	✓	-	-	✓

Strong brands offering unique solutions

The Group's brand strategy is based on bringing its operations together globally under the Systemair umbrella. Operations that already have well-established, strong brands in specific areas will continue under their respective brand.

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



Frico is the 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 that offer customers a comfortable indoor climate. Frico offers a comprehensive solution consisting of products for heating and energy saving.



VEAB Heat Tech AB, Hässleholm, Sweden, specialises in developing, manufacturing and marketing heating products for ventilation systems, movable and stationary fan heaters and dehumidifier systems. The product range includes both electric and water heaters, as well as cooling coils for residential, industrial and commercial premises etc. It also includes hygiene-certified cooling coils for hospitals, food halls and catering establishments.



Fantech develops, designs and markets solutions in North America. Products are sold to resellers in the United States and Canada by the Group's own sales staff and agents. The Systemair brand has been established as a new sales channel in North America, alongside Fantech. Fantech concentrates its operations largely on the residential sector, while Systemair focuses on commercial projects where the demand for energy-efficient systems is strong.



Holland Heating is a leading manufacturer of air handling units in the Netherlands. Its products are marketed primarily in the Netherlands, but also in neighbouring European countries. Holland Heating was established back in 1955. The company supplies systems to, for example, hospitals, sports arenas, airports and offshore platforms. Its product range also includes specially designed equipment for large cruise liners.

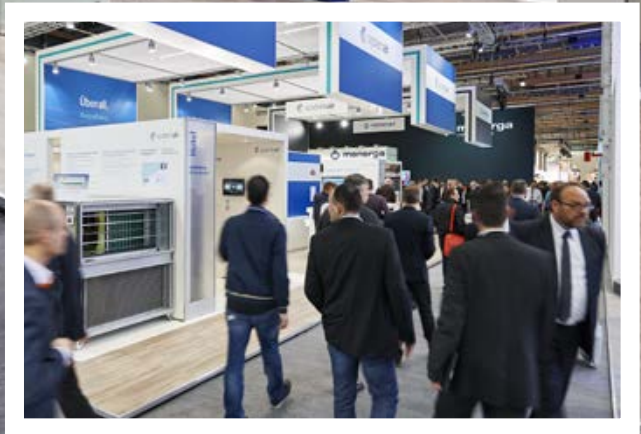


Menerga is a leading European producer of air handling units for swimming pool halls and comfort ventilation with extra high efficiency. Menerga, established in 1980, markets its products throughout Europe. The company's biggest market is Germany. Its state-of-the-art, high-quality products are used,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



Annually, Systemair exhibits at around 70 exhibitions worldwide.

70



Marketing channels

Effective marketing

Systemair's marketing is based on simplicity. It should be simple for customers to find Systemair's products, and to understand, use and maintain them. That way, we are able to achieve our goal of being the customer's first choice. Systemair employs several marketing channels and tools to reach our customers around the world.

Systemair operates a decentralised marketing system. In concrete terms, this means that the managing director and the business board in each particular market together decide which marketing options will be deployed in the sales operation. These include newsletters, sales campaigns, advertising, personal contacts, or a combination of several channels and tools.

The key principle is that "all business is local".

Activities are based on certain Group-wide directives, tools and systems that are to be used by everyone in the Group, in every market. These consist of core messages, our graphical profile, our ERP system, our product database and shared CRM platforms.

Website as marketing and sales channel

The Group's websites represent one of Systemair's absolutely most important marketing and sales channels. This presents the product range, with relevant and updated details, as well as functions to help customers find the right product. The homepage is designed on the fundamental principle of simplicity. This makes it easy for the customer to navigate, find the right products, order, then have the products delivered. In addition, more advanced product selection software are available to download from the Web, enabling consultants and other buyers to customise complex solutions from Systemair's product range.

Transparency has also long been an important factor at Systemair. Via our websites, anyone can access all the available information on Systemair products and download our applications. Systemair has consciously opted for the open route in our marketing, a choice that has gone down well among our customers over the years.

Systemair's e-commerce operation today focuses above all on the European market. As both interest and the level of maturity in other markets rise, sales are expected to increase sharply over the next few years.

More than 70 different product catalogues

Printed product catalogues are another very important marketing channel. In all, Systemair prints more than 70 catalogues, including our more than 400-page fan catalogue, the "crown jewel" of the collection. In Russia alone, more than 10,000 fan catalogues are necessary to meet the market's demand. Systemair invests a lot of work and money in making its product catalogues user-friendly.

New products are continuously marketed via our websites and complementary product data sheets distributed to our customers.

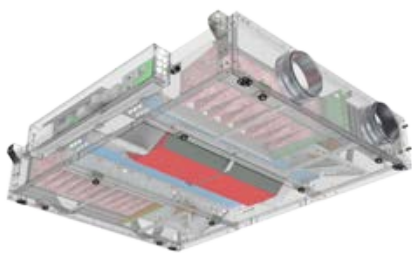
Exhibitions and seminars – a way of meeting customers

Exhibitions are an important marketing channel and every year Systemair exhibits at around 70 exhibitions all over the world. Managing directors in each market decide which fair or fairs are to be prioritised. Certain among them, such as ISH in Germany and Milan's Mostra Convegno, are hugely popular and draw an international audience.

Seminars are another important channel for meeting our customers. These give Systemair a chance to inform participants about the latest technological and social trends, new regulations etc., and to present product innovations that inspire new climate-smart and low-energy solutions.



Products that stay one step ahead



The Topvex FC air handling unit is a new compact product incorporating a counter-cross flow heat exchanger – ideal for ceiling-mounted applications.

Systemair's business concept is to develop, manufacture and market high-quality, energy-optimised ventilation products. With the focus on our customers, we aim to be the most-trusted company for quality, availability and delivery reliability. At Systemair, it is routine to look at the big picture and constantly focus on leading-edge expertise so we can stay one step ahead among all the products on offer.

The Systemair formula is in all situations to strive for standardised or modular quality-products that are simple to choose, install and maintain. Although a great deal centres on standardisation and benefits of scale, leading-edge expertise takes a prominent role.

It is a basic prerequisite if you have the ambition, will and ability to drive progress forward. At the same time, our expertise gives Systemair legitimacy and a credible means of influencing policy-makers, setting new standards and driving certification issues.

One specific example that highlights the importance of leading-edge expertise lies in the EU's ErP (Energy Related Products) Directive. It includes a regulation on the maximum amount of energy that may be consumed to operate fans and equipment in, for example, the ventilation of homes and offices. Systemair is already offering products that meet the regulations that will apply in 2020.

At the same time, Systemair's leading-edge expertise offers several benefits. Thanks to our expertise, we are receiving requests to participate in the design of new, low-energy homes, offices and other buildings (for more information, see Power House in Norway on pages 38-39).

Low-energy and high-efficiency products

The trend towards low-energy and high-efficiency products is becoming clear, and not just in the EU. In North America, above all in the USA, eyes are turning towards the EU and the solutions that manufacturers are developing to meet stricter requirements.

Even if the USA may be seen to lag behind the EU in developments, there is a clear ambition among policy-makers to tackle the energy issue. New urban districts of passive houses are growing up, and here only the latest innovations will comply with the ultra-stringent demands. For example, standard American residential units with plate heat exchangers currently deliver 50-60 percent heat recovery. Systemair can offer air handling units delivering heat recovery of 90 percent and more. By installing Systemair's high-efficiency EC technology products, up to 40 percent of the energy

required to operate comparable products, such as fans, can be saved.

Product innovations and total solutions

In addition, a series of other, highly attractive products were developed during the year. For example, Compact Living ventilation units use heat pump technology to extract energy from exhaust air in existing and new apartment blocks. Other stand-out products include our prioAir duct fan, new heat pump systems and an all-new series of fire dampers.

Today, Systemair offers a wider, more comprehensive product range, but we continue to strive for benefits of scale and standardisation. At the same time, by devising combinations of our products we can enter new niches and create entirely new product ranges and opportunities.

In the air conditioning segment, for example, we have, through acquisitions, gained valuable expertise and a complete range of certified products and development centres. By combining this with other aspects of Systemair's offering, we can present total solutions to our customers.

One such solution is Data Center Cooling, which focuses on high-efficiency total solutions for cooling and ventilation of server halls. The systems offer customers an all-inclusive solution from a single supplier.

Quality and environment

To be able to live up to the Systemair watchwords of quality, availability and delivery reliability throughout the world, we must at the same time constantly review the distribution stage.

Systemair's own factories must serve as model, state-of-the-art facilities, where we can show our customers that we practise what we preach.

Systemair's more than 800-strong sales-force must be able to identify the customer's short- and long-term needs. The installations involved have to serve for up to 20 years and more. In this context, it is essential to optimise the lifecycle cost and demonstrate that quality is at all stages a basic prerequisite for low operating cost over time.

Facts

How a new product is created

By working from a shared platform, all information about new trends, solutions and official requirements can be distributed quickly through the organisation. At the same time, customer needs can be picked up via two important functions: MAD and PAD. MAD is short for Market Area Director and PAD for Product Area Director. Both functions are based at strategic locations around the world. If MAD works from the market perspective, PAD takes the perspective of a helicopter in terms of the product. MAD and PAD are responsible for prioritising the most important needs. Via a number of preparatory processes, a "wish list" ends up at SPP, Strategic Product Planning. At this stage, the head of the Products or Product Development segment decides which projects are to be prioritised and projects are set up with the appropriate timetable. The starting-point is simple: less is more, meaning that the focus is placed more on a small number of projects that go to market with the right performance levels and quality, and on time.

MAD

Market Area Director

PAD

Product Area Director

FANS



Fans and accessories, one of Systemair's biggest product ranges, include circular and rectangular duct fans, roof fans, box fans and axial fans.

The year was dominated by intensive efforts to align our product range with upcoming new laws and regulations in Europe. When the ErP Directive enters into force, our products will be available from stock. We have spent a great amount of time on measuring and testing our products to ensure that they meet the performance that is required by the new regulations. We also produced training programmes and documentation to explain clearly to our customers how customers and users will be affected by these new regulations and laws.

In other parts of the product range, time was spent on new variants that meet new market requirements, mostly in control applications, and on updating the product selection software.

RESIDENTIAL VENTILATION



The Residential Ventilation product range consists primarily of small units for apartments and single-family homes.

In this sector, we recently displayed our entire new range of residential units and counter-flow heat exchangers at the ISH exhibition in Germany. The products were very well received by customers and consultants. News of our products was published as reports in the trade press. Our product manager also featured in a tv-broadcast, produced and shown at ISH, highlighting major new items at the fair. The wide range and the technology we incorporate to give that little extra in our products and to our customers is highly appreciated.

We also launched our new compact unit with exhaust air heat pump for apartment blocks. The unit is designed for the North European market. It is perfectly adapted to the region's climate and was received with considerable interest.

AIR HANDLING UNITS



The Air Handling Units product range includes compact and modular air handling units for use in industry, commerce, schools, hospitals etc.

At our new development centre for integrated cooling and heat pump solutions for compact units, located in Lithuania, we developed and launched LIVING units for the Nordic residential market during the year. In the first months of 2015, we launched our updated TOPVEX compact unit in the market. New casing designs and new fan motor combinations, accompanied by a comprehensive review of all technical components, have created a major advantage for us, performance- and design-wise. All are directly certified and are delivered ready-to-use from the factory to our customers.

In the Modular Unit range, most of our work during the year centred on certification and updating of designs and product choices. Of course, the impact of the EU's ERP requirements is also felt here, as we have to adapt the fans for certain units that are affected by the requirements.

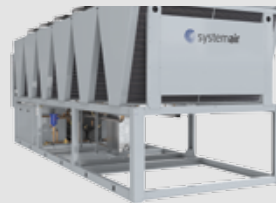
SWIMMING POOL VENTILATION



Featuring innovative solutions for environments including indoor swimming pools and air handling units with extra-high efficiency.

We are working on the Menerga range of high-efficiency units to make them adaptable to other applications. The specific technology based on the products' unique components has been further developed and we are adapting production accordingly. We launched the new ADCONAIR unit, which is based on the totally unique plastic heat exchanger produced in a new production robot in Menerga's factory. This design allows the unit to handle major air flows with 90 percent heat recovery. New products in controls have also been added to the product range. In addition, Menerga's unique heat exchangers, with integrated adiabatic cooling, also offer major potential for energy savings in the cooling process. The products are also highly suitable for data centre cooling.

AIR CONDITIONING



The air conditioning product range spans a wide range of both liquid- and air-cooled air conditioning products, together with heat pumps for comfort and industrial cooling.

In the past year, Systemair massively extended its offering in this area, via our new factory in Tillières, France. We now not only have chillers and heat pumps, but also in-house production of fan coils and cooling cassettes, as well as a number of niche products for cooling and heat pumps.

Products for the future, such as air conditioning and air handling units for rooftop solutions and standalone DX air conditioners for heating and cooling (VRF) are now available from Systemair's own production facilities. Against that background, the year was dominated by work on coordination, training and product overhauls where necessary, in order to derive maximum benefit from synergies.

AIR CURTAINS AND HEATING PRODUCTS



Air curtains, fan heaters and radiant heaters are marketed under the Frico brand.

The process of launching our new air curtain range continued during the year. The other parts of the range underwent an overall review.

Marketing of these products continued, partly via our roadshow with our own exhibition trailer. This has been an effective way of meeting as many customers on their home territory, and of displaying as many new and updated products, as possible.

Based on a smaller number of products, we now offer the market a broader range and wider choice. Customers are able to choose between simple regulation using a remote control and advanced regulation for optimal energy savings and climate conservation.

» Systemair's business concept is to develop, manufacture and market high-quality, energy-optimised ventilation products.

AIR DISTRIBUTION



Products for air distribution include supply and exhaust diffusers, iris dampers and grilles.

The function of these devices is to supply and distribute fresh air to rooms or to extract used air from rooms. In the past year, we launched our intelligent system for variable flow products under the AIAS system. We developed new intelligent solutions making the operation of ventilation systems both simple and demand-led for optimal energy consumption. We also focused on intensive market development and training among customers, users and our sales team. In addition, we supplemented some product families and updated our own product selection software. New functions have been added to make selection of the right product to the right application simpler and more convenient.

FIRE SAFETY



The Fire Safety products range comprises products that have been tested and certified to withstand high temperatures for a long period.

Fire gas fans are used to extract fire gases and smoke from buildings in the event of fire. We continue to focus on standardisations and product development, which is important in this type of ventilation.

In fire dampers, we launched Generation 2 during the year, consisting of all-new dampers based on new electro-technical and mechanical systems. The new series was very well received in all markets and is already being used in many projects.

GARAGE VENTILATION



In Garage Ventilation, we offer the market comprehensive system solutions for multi-storey car parks.

In this sector, we launched new software solutions for reliable and reality-based simulation of applications of the products. The new series of low-height garage fans, launched during the year, was also well received and is already appearing in many installations in Europe. The growing interest arises from increased awareness of the fan's vital characteristics in any emergency situation. Our garage ventilation systems, in the form of our fans and solutions, was highly successful.

TUNNEL VENTILATION



Tunnel Ventilation consists of fans and systems for ventilation of all types of tunnels for roads, rail and metro systems.

The tunnel ventilation sector is extremely buoyant. In every market, growing demand is evident particularly in infrastructure projects. Major road tunnels and metro systems accounts for much of the increase. Systemair's new research and development centre in Germany now plays a key role in advancing our positions and demonstrating, via many customer-viewed tests, our expertise in the applications used.

Product development – the art of staying one step ahead

200 engineers and technicians
in 16 countries

200

One of Systemair's most vital objectives is that the Group, as a leading player, should not only influence and engage in trends but also take the ventilation industry forward. An important task is to influence decision-makers to promote both the production and use of more energy-efficient products. Against that background, Systemair is also investing considerable resources in realising that objective.

30 more engineers and technicians

The facts relating to product development at Systemair deliver a very clear message. Today, 200 engineers and technicians are working on product development in 21 separate technology groups, including 12 technology centres in a total of 16 countries. This is 30 more in just a year. The latest addition on the technology centre side is our modern laboratory in Greater Noida, India, which opens in summer 2015.

Systemair's technology centres around the world serve as antennae for signals from the market. Ventilation and air conditioning specialists develop and test qualitative products, while monitoring developments in their particular market. This is very much about interpreting signals that may change the conditions for the business. Gathering information and interpreting the signals are an important part of the work of piecing together the jigsaw puzzle and understanding the external factors that are relevant in the short and long term.

Systematic process thinking

Setting standards and engaging in new trends is important to Systemair in our role as market leader. Building on the three corner-stones of knowledge, tools and systematic process thinking, our technicians

are constantly pushing our frontiers forward in the quest for low-energy and efficient solutions.

At the same time, our major principle in all development work is the Systemair concept of Standards & Values. Put simply, this means developing products that are simple to choose, install and maintain. Simplicity in particular, something of a watchword in all product development, has over the years been the factor that has given Systemair such a big lead over our competitors.

Influencing the rules of play

Systemair operates on a broad front in striving to influence on the rules of play – whether it is the EU deciding on the next Ecodesign directive or the authorities in the USA taking a crucial decision that will affect an entire industry. This work is conducted on five separate fronts:

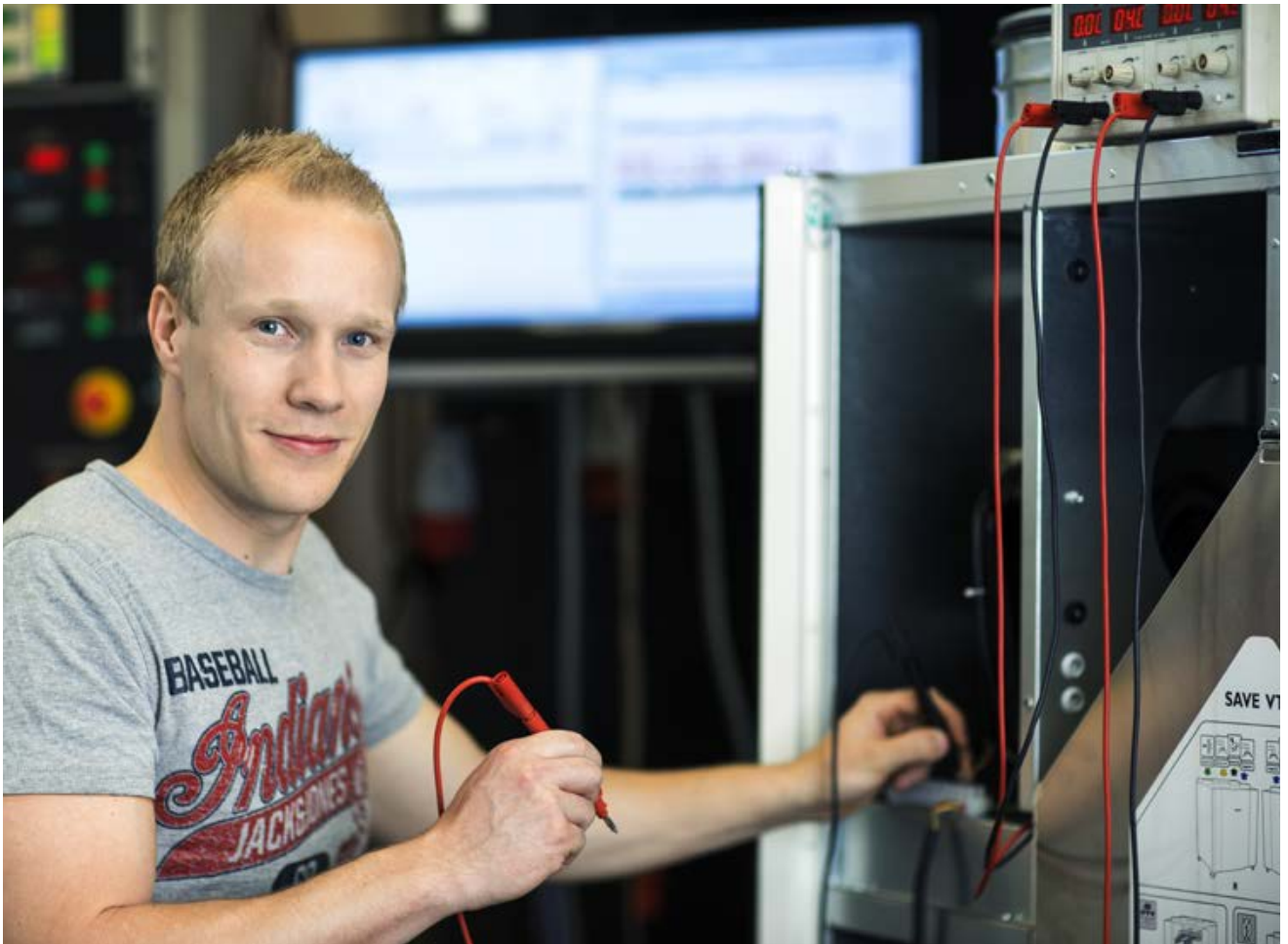
- Laws and regulations, nationally and internationally
- Lobbying
- Certification
- Research
- Standardisation

Each area has a number of different institutions and organisations for which an active presence on the part of Systemair is required to keep updated on the latest developments.

Important forums in certification

Two of many important forums are Eurovent and AMCA, both of which, as part of their functions, certify products in the European ventilation industry in Europe, the Middle East, Asia and North America, on the basis of impartial third-party inspection. The work on certification in particular is important in terms of establishing uniform guidelines on how technical data is to be presented to ensure that the customer can rely on what is presented. At the same time, North American standards strongly influence the Asian market. As a result, Systemair in turn keeps a close watch on the work of legislators and public authorities above all in the USA.

» Systemair's technology centres around the world serve as antennae for signals from the market.



Ecodesign

Under the Ecodesign Directive, a product must show a certain energy efficiency in order for sale and use in the EU to be permitted. The aim is to reduce the environmental impact of energy-consuming products and, in so doing, contribute to a more sustainable form of development. It is a framework directive that applies to practically all energy-consuming products except transport. Air conditioning, air curtains and fans make up a generic group totalling 13 products that are subject to analysis. Other groups include lighting, washing machines and dishwashers, electric motors, refrigerators, TVs etc.

Energy Declarations

Under EU rules on energy declarations, buildings must have a document showing how much energy the building uses for heating, air conditioning (if used) and electricity for operating fans and lifts etc. Buildings with rights of use, such as those with tenant-owner's and tenancy rights, must have an energy declaration.

To achieve this goal, regulations concerning both existing and new buildings are continually being tightened. It will become necessary to build more and more "climate-smartly". Climate-smart buildings include both energy-conserving buildings that mainly use recoverable energy, and "passive houses" that dispense with traditional heating systems. Such buildings feature minimal air leakage which places great

demands on efficient ventilation to prevent damp accumulation and mould.

» It will become necessary to build more and more "climate-smartly".





The Systemair Roadshow

A travelling exhibition comes to customers

The idea of a travelling exhibition originates from our Frico subsidiary, which has been using the concept for some time. In September last year, Systemair's specially-built trailer travelled around southern and central Sweden to visit around 20 locations during last autumn and this spring. The exhibition visited Northern Sweden during spring and early summer 2015. Systemair also put on exhibitions with Frico in a few locations.

Complete systems on display

The marketing and planning ahead of each visit is important. The Internet, Facebook, mailings, personal invitations and conversations with customers are some of the tools used. The touring schedule is posted on the website and updated with text and pictures from each visit made by the trailer. Finding the right venue for easy access and good parking or public transport services are key considerations. It is also important to arrange adequate opening times to allow time for all visitors to be dealt with.

The events attracted considerable attention – not just among customers but also from industry colleagues. Once

We bring our products to you. This is Systemair's new initiative in expanding contacts with customers. A trailer has been travelling around Sweden demonstrating products where our customers are. The response has been very positive. Customers appreciate above all being able to see how the products work in real conditions, not just on a product data sheet. Now it's the Rest of the Nordic region's turn.

the trailer is parked, the salesforce can demonstrate fully functional solutions. These include residential ventilation, air terminal devices, air handling units, fire safety products and air conditioning. The only product, in fact, that cannot be demonstrated – for practical reasons – is tunnel ventilation. The practical demonstrations are complemented with video and graphics displayed on screens. Outside the trailer, visitors are offered snacks, coffee and buns (baked in our own oven), to reinforce the feeling of that our visitors are being looked after.

Cost-efficient way of reaching new customers

By seeking out customers across the country, we can reach groups who do not normally attend exhibitions. These include coordinators at municipalities and public authorities, as well as property owners who are able to see a practical demonstration of technology and function. Even if the majority of those attending are not our customers, we spread awareness of the Systemair brand, which indirectly creates business opportunities.

The roadshow is a highly cost-efficient way of reaching our customers. During a typical day, anything from 30 to 200 customers may find their way to the Systemair trailer. It is easy to work out the time saved if one of our salespeople had to book in a similar number of visits.

Follow-up important

If the preparations are important, the follow-up is no less so. Every visit is followed up by calls and questionnaires from our salespeople. And it is considerably easier to make contact if the customer has actually taken the first step by visiting the trailer.

At the same time, the trailer represents an excellent training tool when used for visits to, for example, one of the major consulting firms to demonstrate our products and what they can do.

Once the roadshow comes to an end in summer 2015, Systemair will have visited a total of 50 locations in Sweden and met around 1,500 customers. In autumn 2015, the trailer is to travel on to Finland, followed by Norway and Denmark.

PRODUCTION FACILITIES

NEW FACTORIES



KUALA LUMPUR, MALAYSIA
 This production facility of 16,000 m², including 1,000 m² of office space and a new technology centre measuring 1,000 m², was opened in January 2015. The facility will also serve as a warehousing centre for Southeast Asia. The factory produces fans, axial fans and products for air distribution, and will assemble air handling units.



TILLIÈRES, FRANCE
 In June 2014, an agreement was signed to take over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition included a leased production facility at Tillières with an area of 38,000 m², which manufactures a wide range of products for air conditioning.



PRODUCT AREAS

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

**MORE THAN
 280,000 M² OF
 PRODUCTION AREA
 IN 23 FACTORIES IN
 18 COUNTRIES**



BRATISLAVA, SLOVAKIA

During the year, we carried out a major expansion of our Slovakia production facility to 12,000 m². We invested in new machinery to deliver higher production efficiency, and doubled warehousing and laboratory space. The manufacturing spans a wide range of products for air distribution and fire dampers.



WUJIANG, CHINA

In January 2015, we signed a lease on an industrial building for the production of air handling units for the Chinese market. The factory extends to 8,400 m², including 1,400 m² of office space and a showroom. Production of air handling units is scheduled to begin during summer 2015.



NORTH AMERICA

- 1. BOUCTOUCHE, CANADA B D
- 2. TILLSONBURG, CANADA D
- 3. KANSAS CITY, USA A

NORTHERN EUROPE

- 4. MÜLHEIM AN DER RUHR GERMANY C
- 5. WINDISCHBUCH, GERMANY A H I
- 6. LANGENFELD, GERMANY F
- 7. WAALWIJK, NETHERLANDS D

NORDIC REGION

- 8. SKINNSKATTEBERG, SWEDEN A D F
- 9. HÄSLEHOLM, SWEDEN F
- 10. EIDSVÖLL, NORWAY D
- 11. ÅRHUS, DENMARK D

SOUTHERN EUROPE

- 12. TILLIÈRES, FRANCE E
- 13. MILAN, ITALY E
- 14. MADRID, SPAIN D

AFRICA

- 15. JOHANNESBURG, SOUTH AFRICA A

EASTERN EUROPE

- 16. UKMERGE, LITHUANIA B D
- 17. BRATISLAVA, SLOVAKIA G
- 18. MARIBOR, SLOVENIA H

ASIA

- 19. ISTANBUL, TURKEY D
- 20. NEW DELHI, INDIA A D G H
- 21. HYDERABAD, INDIA G H
- 22. KUALA LUMPUR, MALAYSIA A D H I
- 23. WUJIANG, CHINA D

Full control of the goods flow

» The majority of products from our standard range are available from stock and can be delivered within 24 hours from local warehouses.

A basic tenet of Systemair’s philosophy is to be the most-trusted company for quality, availability and delivery reliability. It follows from this that logistics plays a central role in the business. The majority of products from our standard range are available from stock and can be delivered within 24 hours from local warehouses, and within 72 hours from one of our two centralised warehouses in Europe.

Systemair operates on several fronts to cut lead times, raise efficiency and at the same time reduce costs. Today, 46 subsidiaries are linked to the same ERP (Enterprise Resource Planning) system. The system comprises accounting, order and inventory management, production planning, project planning, resource planning and purchasing.

Article care

The ERP system is the core of Systemair’s global logistics organisation. 24 hours a day, 365 days a year, new data is being entered into the system. An order in South Africa generates a distribution order in Skinnskatteberg, while the inventory balance and inventory value are updated once the order has been dispatched. The system produces forecasts based on incoming orders and calculates how many products need to be put back into stock if Systemair is to be able to continue to maintain consistently high delivery capacity. Our employees play a key role by understanding how the ERP system is structured, and maintaining the system. As Systemair, we call this “article care”.

Regular trainings to ensure continuing professional development

We focus constantly on continuing professional development for our employees and, at the same time, making it even simpler to understand and use the ERP system. A constant exchange of information between purchasers, production/order planners and inventory plays a part in streamlining flows.

Efficient transport operations

Logistics is very much about efficient transport. Systemair works with selected logistics operators, who are required to optimise the most suitable transport solution, both economically and environmentally. The two production facilities with central warehouses in Skinnskatteberg and Germany are ISO-certified. Systemair sets the bar high for our sub-contractors by insisting that all parties are ISO-certified.

The two central warehouses deliver to different geographical markets. Thanks to our advanced ERP system, we can quickly search worldwide to find products in a local warehouse.

Fast integration at subsidiaries

Systemair operates an offensive strategy in acquisition and establishment. So integration of local ERP systems into Systemair’s global standardised system is high on our to do list. Systemair has a separate application and training team that operates globally with experts in finance, order management, purchasing and production.

In the first phase of integration of a new company, a feasibility study is carried out in which all flows are examined and local laws and regulations are reviewed and taken into account. After that, work on transformation of the local system starts, in parallel with training of key individuals who in turn train their colleagues.

Once the process of integration is completed, the subsidiary can always seek the support of the application team in Sweden, Germany and Canada if any problems arise.



Today, 46 subsidiaries are linked to the same ERP system.

46

Sustainability Report



Sustainability – part of our core operations



TOP 5 SUSTAINABILITY ISSUES IN EACH STAKEHOLDER GROUP

INVESTORS

- Developing energy-efficient products
- Combating bribery and corruption
- Choosing safe materials for Systemair products and compliance with legislation
- Fair working conditions and safe workplaces
- Financial return

CUSTOMERS

- Developing energy-efficient products
- Environmental impact from Systemair's activities
- Training and career opportunities for Systemair employees
- Fair working conditions and safe workplaces
- Local presence and social development in Systemair's markets

EMPLOYEES

- Developing energy-efficient products
- Training and career opportunities for Systemair employees
- Environmental impact from Systemair's activities
- Financial return
- Fair working conditions and safe workplaces

ECONOMIC VALUE GENERATED AND DISTRIBUTED (SEKM), G4-EC1

	2014/15	2013/14
Directly generated economic value		
Income	5,979	5,619
Economic value distributed		
Operating costs	4,211	3,868
Wages/salaries and benefits to employees	1,208	1,127
Tax	71	70
Payments to financiers	179	115
Economic value retained	310	439

The table illustrates economic value generated and distributed to the Company's stakeholders in accordance with GRI indicator G4-EC1.

Systemair strives to develop standardised products with a long service life that help our customers to cut down on their energy consumption. The core of Systemair's business model is, therefore, to contribute to long-term sustainable development for our customers and society.

From the outset, Systemair has regarded sustainability issues as a natural part of our corporate culture. This is manifested, for example, in our policy of choosing efficient energy systems with low environmental impact, lining our factory roofs with supplementary insulation and offering extensive training opportunities to all employees. Our actions, which in the first place are simply based on common sense, are constantly evolving as the Company expands from Skinnskatteberg into the wider world. For that reason, Systemair today has an organisation in which sustainability is an integral part of all our activities.

New reporting format

This year it is the first time we are presenting our sustainability report in accordance with the guidelines of the Global Reporting Initiative (GRI). By moving to this reporting format, we aim to provide more detailed and structured information, annually, on sustainability, an issue that is becoming more and more important to our stakeholders. Because this is the first year that we have adapted our reporting to GRI, we are unfortunately unable to quote detailed values for all indicators. Our ambition is to report values for all major indicators within a period of three years. Development of sustainability reporting plays a central, long-term role in our endeavour to become the most up-to-date and sustainable ventilation company in the world.

Focus on energy efficiency

In preparing for our first sustainability report, we engaged in a structured process to gather information on what our stakeholders consider to be important for us to prioritise and report on within the scope of our work on sustainability. We sent out a web-based questionnaire to selected customers, shareholders, investors and employees. In one important part of the questionnaire, respondents were asked to rank how important it was for Systemair to address the following aspects of sustainability:

- Developing energy-efficient products
- Training and career opportunities for our employees
- Environmental impact of our activities
- Equal opportunity workplaces
- Fair working conditions and safe workplaces
- Financial return
- Local presence and social development in our markets
- Combating bribery and corruption
- Choosing safe materials for our products and compliance with legislation
- Responsible marketing and opinion shaping
- Evaluation of suppliers with regard to employment conditions and the use of child labour

The results show that there is a considerable interest in sustainability issues in all stakeholder groups and that there are expectations that Systemair should operate a business that focuses above all on the offering of energy-efficient products. The survey also threw up a large number of useful suggestions for development from the stakeholders, and these suggestions will be integrated into the work of taking sustainability forward in the future.

Energy-efficient and health-promoting products

Today, many people spend 90 percent of their time indoors – a trend that is making great demands of the capacity for energy-efficient ventilation with cleaner air for a better indoor climate.

The big challenge for the ventilation industry lies in how to improve the indoor climate while lowering energy consumption. The hallmarks of Systemair's products are high quality, a long service life and low energy consumption. All these characteristics offer a better indoor climate, lower costs to the customer and less environmental impact.

Another important driving force throughout the ventilation sector is the emergence of increasingly strict environmental classification systems, including BREEAM, LEED and Miljöbyggnad (Environmental Building). A common factor among these systems is that they stipulate how much energy new buildings are permitted to consume. This often leads to higher-density building, which in turn makes the requirements for effective ventilation all the more important. The demands for low energy consumption are also creating a greater need for demand-led ventilation and integrated building management systems. Systemair is at the forefront of this trend, offering a wide range of products capable of meeting even the most rigorous environmental and energy demands.

Certified product development

Systemair's product developers focus unceasingly on improving the indoor climate for our customers, while developing products needing less and less energy to power them. Group Management's overall strategic planning for the individual product areas controls the priorities for the product developers. Their work responds to impulses from the outside world, in the form of legal requirements, customer comments, new ideas from employees and the latest academic research. The Company's collaboration with the higher education sector enables Systemair to work quickly in integrating new research discoveries into its operations.

The latest academic findings and customer comments are put to use in creating the products of the future at Systemair's development centres. The development centre in Skinnskatteberg is one of Europe's most modern facilities for gauging air flow, sound levels, pressure and energy consumption. Systemair today has 21 different technology groups at 12 technology centres in a total of 16 countries on three different continents. Systemair employs more than 200 engineers in product development all over the world, but with a common tech-

nology platform, shared database and the same processes and project management software, we work in integrated teams producing successful results. Systemair works systematically on standardising its procedures to make it easier to share and take in research results and recently generated knowledge – whether originating in New Delhi in India, Kansas in the USA or Skinnskatteberg in Sweden. Our business system is based on the methodology of ISO 9001 and 18 of our production facilities are also certified under this standard.

Precision testing

In the final phase of product development, the efficiency and effectiveness of the product are tested. These parameters are evaluated and documented in precise detail to provide customers with a decision-making basis that reflects real conditions. Through this process, Systemair can guarantee that all our quoted catalogue data are accurate. Precision testing is an important factor in Systemair's success, because it represents an assurance to our customers that Systemair's products truly keep their promises. Systemair operates test facilities that are accredited by the Air Movement and Control Association (AMCA).

18 of our production facilities are certified in accordance with ISO 9001.

18

Facts

Green Ventilation

The "Green Ventilation" symbol indicates that Systemair's products deliver high energy efficiency and are designed to accommodate future demands. To customers, the symbol represents an assurance of sustainability, economy and easy installation.





Power House

The most eco-friendly office buildings in the world

The Power House concept was developed by the Swedish construction company Skanska and six partners. The idea is to create what are called plus energy buildings, which generate more energy than they use throughout their life. This means that the building must generate more energy than the total required to build, operate, maintain and, ultimately, to phase out the building over 60 years. Everything is included, even the energy used to produce and transport construction materials and technical installations in the building, such as wall materials, doors, windows, ventilation appliances, heating systems etc.

Minimal energy consumption and in-house energy production

The first two Power House buildings in the world are today operating at Kjørbo, just outside Oslo.

They are two office buildings from the 1980s, with many glazed sections and poor insulation, on three and four storeys, respectively, and measuring a total of 5,180 square metres. This is the first time that existing buildings have been renovated in line with the Power House concept.

The Power House buildings at Kjørbo generate their own energy via 954 photovoltaic panels delivering around 200,000 kWh annually. Energy consumption in the buildings is around 100,000 kWh annually following the renovation and through new ways of optimising and combining known technology. Once the energy used during production of all construction materials and technical installations is deducted, the result is a surplus on the total energy balance.

Power House Kjørbo has been awarded BREEAM-NOR certification as "Outstanding", the highest of the five classification levels. As a result, the first renovated plus energy buildings in the world can also be said to be the most eco-friendly office buildings in the world. BREEAM-NOR is the Norwegian

Houses that generate more energy than they use – through their entire lifetime. Difficult to believe, but that's exactly what the Power House concept is about. The first two Power House buildings in the world are located at Kjørbo, just outside Oslo. Using standard products, Systemair has contributed the ventilation systems of the future, in which the energy problems of today become instead part of the energy solution.

adaptation of BREEAM, the international Building Research Establishment's Environmental Assessment Method, which may be regarded as the most ambitious environmental classification system in the world for newly constructed and existing office and commercial buildings.

Optimal balance for heating supply air

Systemair became involved in the project when we suggested fans rather than the traditional dampers for air circulation. Skanska and partners found the idea interesting and invited Systemair to join the project.

Systemair's contribution was to come up with a solution to provide an optimal level for the supply air with the minimum energy consumption. The solution was three standard units, with heat recovery bypass and four fans (two for supply air, two for exhaust air) in each. The systems are designed for an airflow of 25,000 cubic metres per hour, but in the Kjørbo buildings an average of 6,000-8,000 cubic metres is all that is required. This in turn makes great demands on finding the optimal balance in heating the cold supply air with the warm "used" exhaust air. The optimal level of efficiency has not yet been achieved, but technicians are working on finding it. At present, energy efficiency is very low, with an SFP (Specific Fan Power) value of 0.4-0.6. For comparison, the average for a newly-constructed low-energy building is generally around 1.5-2.0.

Power House Kjørbo is not a typical Systemair project. However, by being in the project at an early stage, Systemair was able to influence the energy systems used in the new "old" buildings at Kjørbo and at the same time gain more in-depth insight into how to renovate a building into the world's most eco-friendly office.

The project also demonstrates the strength of the Systemair concept,

in which the art of the engineer is formalised into quality standard products that are already delivering excellent performance today in the buildings of tomorrow. Without exaggeration, the project has proved that old knowledge does not always apply. The very ability to think innovatively and differently has put Systemair at the forefront when the low-energy buildings of the future are to be created.

Great interest from other countries

Enthusiasm among all involved is running high. The sub-contractors left no stone unturned in the hunt for the fractional gains towards the goal – a building that produces more energy than it uses in its lifetime. All the while, news of Power House Kjørbo was spreading across Europe and the world. Systemair Portugal has already paid a study visit, along with representatives of a small Portuguese village, where the politicians have decided to pioneer low-energy public buildings.

The potential for Power Houses is huge, in view of the fact that buildings today account for around 40 percent of the entire energy consumption of a country and in turn half of the energy used goes to the actual heating of buildings. The annual energy consumption for office buildings in Norway alone is 5-6 TWh. If all buildings were renovated in this way, the energy savings would be enough to heat 300,000 single-family homes.

The EU has announced that after 2020, all new public buildings will be required to meet new, more stringent requirements with energy consumption around zero. But more than 80 percent of the buildings that will be used in 2050 have already been built. This means that it is important not just to focus on new building but also to learn how to methodically renovate existing older buildings into a state where they produce more energy than they use.

Power House Kjørbo is setting the pace here, and is showing the way to the future.

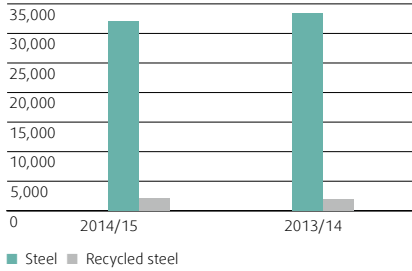
Integrated environmental focus

ENERGY CONSUMPTION (MWH), G4-EN4

	2014/15	2013/14
Oil	2,501	2,643
Natural gas	12,085	10,579
Diesel	367,566	287,791
Electricity	22,669	20,738
Heating	7,202	6,993
Cooling	12	12
Total energy consumption	412,035	328,756

The table shows Systemair's total energy consumption by energy category.

MATERIAL USE (TONS), G4-EN1 & EN2



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

A fundamental of the Systemair culture is always to try and identify smart solutions in order to do everything in our power to lessen our environmental impact.



Systemair's day-to-day environmental work is a priority area in reducing our immediate impact and our costs. Environmental work is decentralised, with each production facility taking its own responsibility for ensuring that operations comply with local laws, regulations and conditions. Five of our production facilities are environmentally certified in accordance with ISO 14001 and the Company continually evaluates the need to certify other facilities.

Efficient production

Needless to say, Systemair has its own interests in making its production as efficient as possible. The results of our drive for efficiency may be seen in steadily falling costs and lesser environmental impact. In production, the focus is on reducing the volume of waste, which lowers the consumption of resources. Systemair also works actively to ensure that our products are easily recycled. In addition, we are active in addressing issues such as switching to renewable energy sources and organising logistics efficiently when transporting products to our customers.

Efficient buildings

Right from the outset, Systemair has set goals for by maintaining high standards for the buildings that the Company owns or leases. The buildings we construct ourselves are of a high standard right from the start. They are well insulated, incorporate energy-efficient ventilation systems and are heated

largely from local sources. One stand-out example is provided by our new production facility in India, which was completed in March 2014 and is certified in accordance with LEED.

With acquired buildings, one of our first actions is often to install supplementary roof insulation. This increases comfort for all employees, reduces energy consumption and is a profitable investment in the long term. Most buildings that we have acquired worldwide have now been renovated to a high standard and incorporate an energy-efficient ventilation system.

Efficient business travel

Business travel for our personnel is another important aspect of Systemair's environmental impact. The Company's decentralised organisation, with local production facilities in various parts of the world, has traditionally led to major environmental impact through a large number of business flights. We have now introduced facilities for virtual meetings using video-conferencing equipment, as well as web-based conferencing facilities. We have installed these virtual aids at 28 production facilities and sales offices. They are used daily by employees, resulting in substantial cost and time savings, plus reduced environmental impact.

Systemair also works systematically on Green IT. We strive for optimal use of hardware and digital infrastructure via low-energy server farms.

Our employees

Equal opportunity

Systemair wins diversity and equal opportunity award in Sweden

The Swedish Association of Air Handling Industries has established a new prize for companies that focus on diversity and equal opportunity as key issues in securing the supply of competence for the sector. The prize is awarded at the Association's annual general meeting to companies that have distinguished themselves during the year.

This year, the prize went to Systemair Sverige AB. The citation accompanying the award was as follows:

"Systemair has brought women to the fore at all levels of the Company, in an otherwise male-dominated industry."

In Systemair, we focus continuously on competence development and equal opportunity issues. Systemair strives to reward performance and to value competence and drive. Irrespective of gender and ethnicity, employees are valued according to the same criteria. We are fortunate to have many women in the Company and 29 different nationalities, and we make best use of and develop the competence that exists in the organisation, for example via in-house training programmes. For women to have their place and make careers is both positive and inspirational. In addition, diversity contributes to growth and profitability. In our Swedish senior management team, 3 out of 7 managers are women. In the production management team, 3 out of 9 managers are women. We have also trained a number of women employees in technical sales.

An attractive, stimulating workplace is crucial to our recruitment process and our ability to retain competent personnel. At Systemair, issues of competence development, work environment and equal opportunity are vital to the success of the Company's business. Our global operations and entrepreneurial spirit offer excellent career opportunities to employees wishing to gain international experience and quickly take on big responsibilities.

Work environment

None of the operations in Systemair's production facilities involve major risk. Nevertheless, the work environment is a priority area and a high degree of commitment is focused on providing resources to create an environment promoting the physical and mental well-being of our employees. We strive to offer our employees a stimulating and healthy work environment that prevents accidents and inspires efficient and goal-oriented work. Systemair employees decide themselves whether to join a labour union in accordance with the legislation in effect in the country where they work. Violence or the threat of violence in the workplace, harassment, bullying or similar abuses of employees will not be tolerated. Systemair also operates a clear policy on drugs, forbidding employees to distribute, possess, use or work under the influence of drugs at any of Systemair's workplaces.

Equal opportunity

Systemair strives for diversity and an equal gender distribution, being convinced that this will create a more successful business by placing a premium on different perspectives and smarter ways of working. Our goal is that everyone should feel welcome at Systemair, whatever their background. There may be no discrimination on the basis of sexual disposition, gender, age, ethnicity, colour of skin or religion; to us, what is important is knowledge, experience and personal qualities. Systemair strives to maintain a high level of training, knowledge and motivation among our personnel. People in key roles are recruited both in-house and externally. All employees will be treated with respect, and no employee will be subject to degrading or insulting treatment at the workplace.

Competence development

Competence development is a constant theme throughout Systemair's operations, and it affects everyone in the organisation. The focus is at least as much on understanding and promoting the Company's corporate culture and values, as on understanding ventilation technology and basic thermodynamics. Today,

Systemair operates a total of 13 academies for technical/sales personnel. In addition, our Finance Controller Academy looks at financial accounting, follow-up and reporting and the M3 Academy reviews business-critical processes. Most courses extend over 2-3 days. Systemair's competence development programme aims to obtain feedback on potential improvements and develop the competence that our personnel need for their meetings with customers – always with the objective of staying ahead of our competitors.

Product knowledge is the foundation

The philosophy behind the Systemair Academy is very simple: a good employee can act with confidence because he or she believes in Systemair's products and in the company as a whole. Consequently, the employee can feel secure when selling the Company's products. This philosophy is the principle on which the Systemair Academy is built and is a strategically important means of boosting cohesion, while at the same time making the Company more attractive and competitive.

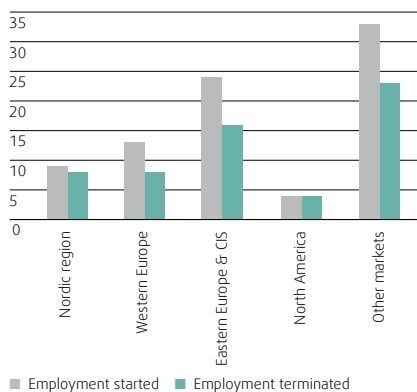
The first level in the Systemair Academy is called Basic and all sales personnel and engineers are expected to undergo this training. However, it is also open to all employees. Managers of the individual subsidiaries decide which employees take part, and basic courses are held at the Systemair EXPO Centre at Skinnskatteberg. Here, members of personnel from every corner of the world meet to learn about our corporate culture and our Trust concept, which represents reliability and very much contributes to the important sense of us that welds the members of the Systemair team together.

The next step in competence development is a more advanced course. In this, participants acquire more in-depth knowledge to enable them to continue their development in the product group academies. The course provides more detail about fan technology, air distribution, duct dimensioning and thermodynamics. Participants also learn how to make acoustic calculations.

The third level – the product group academies – comprises a programme of specialist courses tailored to the employer's working

» A salesperson must be able to solve the customer's problem through technical knowledge, allied to traditional selling skills.

PERSONNEL TURNOVER PER REGION, %



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.

role or anticipated path of development in his or her career at Systemair. Here, the emphasis of the training focuses more on the product's functions and facilities. The training via the product group academies is conducted in a total of nine locations around the world. Courses are organised in the locations where the top expertise is based. Wherever courses are held, the standard, implementation, training material and documents must be identical in the different academies. The object is to establish uniformity, which in turn creates consistently high quality in the training given. Courses always end with a test before the employee is awarded a coveted diploma as proof that the stage in competence development has been completed.

Systemair Academy should also be seen in the context of changing professional roles, in which the demands on the salesperson's technical expertise are growing in an increasingly complex world. A salesperson must be able to solve the customer's problem through technical knowledge, allied to traditional selling skills. This is why Systemair Academy places such strong emphasis on ensuring that employees understand the different functions and how everything works together in complex systems.

Higher level of sales

A crucial element in the training given to sales personnel is the development of competence in Systemair products. It may seem obvious that our sales personnel should be familiar with the Company's standard range, but such knowledge is absolutely vital in the battle for customers. As more and more products are launched, employees must at the same time constantly update their knowledge if they are to be able to better understand the customer's needs and, ultimately, offer the right solution.

To develop competence supply in our subsidiaries, we have since 2011 been using a specially-developed training programme, "Systemair Selling the Straight Way – Train the Trainer". The course is targeted at MDs of subsidiaries, who take part in the programme along with the sales manager concerned or an experienced salesperson. The point is that the local MD or sales manager should in turn train their sales personnel at the local office. A common factor among Systemair's most successful sales personnel is that knowledge is not enough on its own; a broad understanding of and insight into the customer's needs are required.

EMPLOYEE TURNOVER, G4-LA1

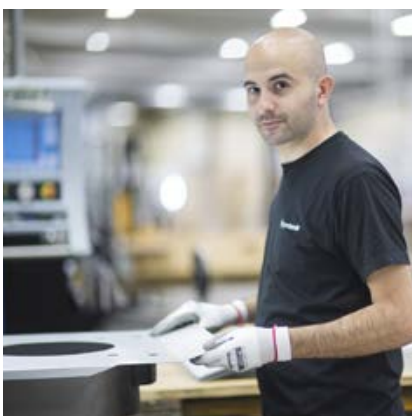
	2014/15		2013/14	
	Employees (no.)	% Women	Employees (no.)	% Women
New employees during the year				
Younger than 30 years	298	23%	287	26%
30–50 years	327	16%	282	23%
Older than 50 years	53	17%	41	32%
Total number of new employees	678	19%	610	25%
<i>% new employees</i>	16%		16%	
Employees terminating during the year				
Younger than 30 years	188	24%	205	18%
30–50 years	221	18%	204	18%
Older than 50 years	66	21%	53	13%
Total number of terminations	475	21%	462	17%
<i>Proportion terminating their employment</i>	11%		12%	

The table shows the number of employees recruited and employees terminating their employment, by gender and age category.

SICK LEAVE, G4-LA6

	2014/15		2013/14	
	Men	Women	Men	Women
Sick leave per region (%)				
Nordic region	4.7%	10.1%	4.3%	9.6%
Western Europe	5.9%	9.8%	6.7%	9.2%
Eastern Europe & CIS	2.7%	13.3%	2.6%	11.1%
North America	5.8%	10.8%	5.8%	10.8%
Other markets	0.3%	1.1%	0.2%	0.4%
Average, Systemair	5.4%		5.2%	

The table shows the average number of days of absence per person for each year. Systemair had 98 reported work-related accidents in 2014/15; all were minor incidents. Systemair had 17 reported work-related illnesses in 2014/15. 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

	2014/15	2013/14
Women	54%	57%
Men	57%	61%
All employees	56%	60%

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

COMPOSITION OF COMPANY (NO.), G4-LA12

	2014/15		2013/14	
	Number	% Women	Number	% Women
Board of Directors				
Younger than 30 years	0	0%	0	0%
30–50 years	0	0%	0	0%
Older than 50 years	7	14%	7	14%
Group Management				
Younger than 30 years	0	0%	0	0%
30–50 years	4	0%	3	0%
Older than 50 years	3	0%	3	0%
Other employees				
Younger than 30 years	714	28%	755	31%
30–50 years	2,540	24%	2,272	24%
Older than 50 years	1,021	25%	892	24%

The table shows the composition of the Board of Directors, Group Management and other employees, by gender and age category.

COLLECTIVE AGREEMENT EMPLOYEES (%), G4-11

	2014/15	2013/14
Proportion of employees covered by collective bargaining agreements	38%	37%

SYSTEMAIR WORKFORCE ON 30/4, G4-10

	2014/15		2013/14	
	Employees (no.)	% Women	Employees (no.)	% Women
Number of permanent employees	4,126	25%	3,781	26%
– Of whom, full-time	4,006	23%	3,667	24%
– Of whom, part-time	120	82%	114	75%
Number of temporary employees	156	22%	144	20%
Total number of employees	4,282	25%	3,925	26%
Contract personnel	302	4%	325	4%
Total workforce	4,584	23%	4,250	24%

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

EMPLOYEES AT SYSTEMAIR ON 30/4, G4-10

	2014/15		2013/14	
	Employees (no.)	% Women	Employees (no.)	% Women
Nordic region	927	26%	908	25%
Western Europe	1,632	21%	1,361	20%
Eastern Europe & CIS	914	35%	916	38%
North America	301	28%	308	28%
Other markets	5,508	16%	432	15%
Total number of employees	4,282	25%	3,925	26%
Contract personnel	302	4%	325	4%
Total workforce	4,584	23%	4,250	24%

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

Meet two of our employees



Juan Manuel Fernandez
Managing Director, Systemair Peru and Chile

I've dreamt of being an engineer ever since I was a child. Together with a longing for travel and to see the world, this showed me the way to go. During my years at university I also got the chance to take up a summer job at a ventilation company in Spain, a chance that I couldn't turn down. The company asked me if I wanted to stay on, which then joined with my engineering studies to become my life. Systemair bought the company in 2002, which opened up new opportunities for me to advance in my career. Since then, I've worked in a wide variety of fields, from communication and sales to system implementation and management. I've worked in Skinnskatteberg, India, South Africa and, most recently, in South America. As a result, I've met colleagues from all over the world and have made new friends for life. Today, I feel like I'm part of a big family.

Systemair looks after the individual and works actively on creating new career opportunities for our employees, on a personal and a professional level. At the encouragement of my Swedish colleagues, I took a doctorate in IT Infrastructure and mathematical algorithms for digital communication and production, in parallel with my professional duties, and they sent me to places that I'd always wanted to explore. In-house, I've received training in technology, production, logistics and communication, which has slaked my intense thirst for knowledge. When I got the chance to become the managing director for Systemair in Chile and Peru, a whole new life beckoned, with new experiences and huge responsibility – in what to me was a whole new continent.

When I received the chance to start working at Systemair after it was acquired from my former employer HSK, the market leading producer of air handling units in Turkey, it was a simple decision – I like new challenges. The internationality attracted me, and I'm driven to develop as a person and advance in my career. Today, my life is full of events and impressions, just how I like it. I have a 3-year-old daughter, am married to a basketball coach who leads one of the top basketball teams in Europe and I run Systemair's business in the Turkish market. Since the acquisition, progress in the Turkish market has, to say the least, been good. From being the fifth biggest player in Turkey, our broadened international concept and strong finances have enabled us to become the company with the highest share of the ventilation market in Turkey. The country is a high-growth market,

and Systemair-HSK has tripled sales from EUR 4 million to EUR 12 million in the past three years alone.

When Systemair took the helm, we who work at the company were pleasantly surprised at how entrepreneurial spirit, simplicity and transparency characterised the Company's values and work processes. My colleagues now have the opportunity to take a larger measure of responsibility in their working role themselves and to progress in their careers. For my part, I am involved in overseeing the Group's planned expansion in the Middle East, where we serve as a cultural bridge between East and West. It feels challenging and stimulating for me to know that if I find the right business opportunities, I can be sure that the capital resources are there – which few of our competing Turkish ventilation companies have to draw on.



Ayça Eroğlu
Managing Director, Systemair Turkey

Standards & Values

PRIORITIZE

Take Initiative

At Systemair we always strive to be proactive and take responsibility. The culture at Systemair is to reward initiative although a result is not always realized. We seek information, look for relevant facts, obtain solutions and contribute where necessary. We always respond promptly to enquiries and we dare to say no to orders when there is little or no benefit.

Make Decisions

We dare to make brave decisions and we base our decisions on relevant available facts. We are loyal to decisions which are taken until we decide on something else. The organization is characterized by resolution and practicability, we involve colleagues when making decisions to improve the outcome – “No one is wise as all of us”.

Chosen Strategy

We are loyal to decisions which are made and stick to our chosen strategy. Local strategy will be in line with the overall goals and strategy for the group. At Systemair, we know exactly what market position to target. We sell our chosen product range through the defined customer platform in each market - “The Straight Way”. We look continuously for growth providing products from our factories, using the group’s tools in marketing, CRM, and product selection tools.

SIMPLIFY

Straight Way

It’s deep in the soul of Systemair to make it easy, simplify, and look for “The Straight Way”. From the very beginning this was the basic philosophy of the group. For the organization this has been a way of continuously looking for improvements and saving resources. Targeting “The Straight Way” has been a goal and working method in all processes in the companies, to improve and to be as effective as possible. When interacting with people “The Straight Way” means we voice our opinion and remain loyal to decisions which are taken. At the same time we talk to people and not about people.

Systematic Approach

We take on tasks pragmatically and systematically, allowing us an energetic approach to upcoming challenges. Tidy and good order makes the job easier, from experience we know a tidy environment contributes to higher effectiveness and better performance. Good order has been a significant value of Systemair throughout the years and has resulted in making us an attractive employer, supplier and partner. In daily sales development we follow the Systemair Sales model by using the customer platform, CRM, Madam and Movex.

Standardized Products

Systemair provide standardized and robust products, which are simple to select, install and maintain. At a very early stage, we created a basic product range, which enabled us to benefit from the economy of scale which resulted in making everyday work simpler for our self and our customers. Today we have grown into a bigger and more complex product range, but we continue to strive for economy of scale, and still we are looking to standardize our products. It is a fundamental requirement that the sales force focus on the groups manufactured products.

TRUST

Clear communication

We keep our promises by providing clear professional information throughout the entire business cycle which includes quotation, order confirmation, technical documentation etc. We communicate in a clear, concise and respectful manner both internally and externally. We follow this policy also when it comes to our competitors, both directly and about them and communicate in a concise and respectful manner. It is our right and duty to voice our opinion but to remain loyal to decisions once they have been taken.

Product Reliability

Systemair is a part of the building industry and our role is to provide the market with products. We deliver the best quality for the given price in the marketplace. Our customers will not get any negative surprises when receiving a product from us. It will at least be as good or better than their expectation. We are recognized for professionalism in the complete process from design, R&D, purchasing, production, logistics, sales and after sales. We have a strong focus on energy efficient performance when developing our products which contributes to a reduced carbon footprint in the future. We are the safe choice.

Collective Responsibility

Combined individual responsibility results in collective effectiveness. Employees are to fulfill individual tasks and contribute to the achievement of common goals. It is a common responsibility to ensure adequate competence levels in the company. All of us have a clear role for which we are fully responsible. In Systemair, we have a culture of respecting each other, and we benefit from each other’s unique skills. Together we are in keeping our promises and walk an extra mile when necessary. Remember, collective responsibility begins with you as an individual. Start within the individuals.

INCIDENTS OF CORRUPTION (NO.), G4-S05

	2014/15	2013/14
Number of incidents in which employees were fired or subject to other disciplinary measure because of corruption	2	0
Number of cases where contracts with partners were not renewed because of corruption offences	1	0

The table shows the number of corruption incidents. In 2014/15, the cases consisted of one in which an employee set up a separate company and engaged in unauthorised sales of Systemair products; one of embezzlement; and one where an employee used his company credit card for private business.

PROPORTION OF SUPPLIERS VERIFIED FOR: (%)

	2014/15	2013/14
Environmental factors, EN32	84	77
Employment conditions, LA14.	95	92
Human rights, HR10	95	88

The table shows the proportion of new suppliers verified with regard to environmental factors, employment conditions and human rights. The total number of new suppliers in 2014/2015 was 129.

» Wherever in the world we are doing business, good relationships with external partners are decisive to long-term success.

Business ethics & social responsibility

Systemair’s products and services shall be marketed and sold in a manner that is justifiable on commercial as well as ethical grounds, based on factors such as quality, price, reliability of delivery and high-level service. Systemair shall at all times comply with the laws of each country. Our employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal.

Social responsibility has long been a part of Systemair’s corporate culture, and we are aware of the role that our company plays in society. Wherever in the world we are doing business, good relationships with external partners are key to long-term success.

We strive to understand each society and culture that we live and work in, to become involved in local community activities that promote development in the community and benefit local business. We do not sponsor political or religious organisations. Examples of initiatives that Systemair supports:

- In Latvia, Poland, Slovenia, North America and Turkey, Systemair supports universities and university colleges in promoting engineering programmes in ventilation technology.
- In Denmark, Systemair sponsors ICIEE (the International Centre for Indoor Climate and Energy) at the Technical University of Denmark, in its research into the effects of the indoor climate on people.
- In Latvia, we support the Livslust organisation, a home and vocational college for orphaned young people.
- In Sweden, we have for many years participated in the Navigator Project, which aids children with school fatigue. Participants alternate work at Systemair with studies. On completion of the programme, many obtain permanent work with us.

Verification of suppliers

Systemair’s suppliers are evaluated and selected on the basis of their ability to deliver on commercially correct terms, and on their ability to live up to Systemair’s Code of Conduct. Systemair does not accept products from suppliers who use child labour directly, or indirectly through their subcontractors. The majority of Systemair’s factories are located in Europe or North America and have mainly European and North American suppliers. As a result, our suppliers are covered by national laws and other regulations that ensure acceptable working conditions. In the case of global suppliers, Systemair aims to work with specially selected “preferred suppliers” with whom we can maintain long-term and worldwide collaboration. Systemair is not involved with direct suppliers in countries where the risk of child labour is highest¹.

In 2014/15, Systemair, Canada engaged many new suppliers in Asia. In doing so, Systemair implemented an additional verification point in our purchasing procedure, requiring all new suppliers to confirm that they do not accept child labour in their organisation or accept products from suppliers using child labour directly, or indirectly via their subcontractors. In 2014/15, we also carried out checks at all our local suppliers in India, other than those with whom we have already worked via their European parent company.

¹MAPLECROFT, CHILD LABOUR INDEX.

GRI Index

AR = Annual report; GRI S = GRI Supplement

In the following list, the references refer to the GRI indicators that Systemair has decided to apply in reporting on our major sustainability issues. None of the figures for the indicators used by Systemair in its GRI reporting has been subject to external auditing. 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	AR, p. 4-5
G4-3 Name of the organisation	AR, p. 51
G4-4 Primary products and services	AR p. 21, 24-27
G4-5 Location of organisation's headquarters	AR, p. 51
G4-6 Countries where operations are conducted	AR, p. 32-33
G4-7 Nature of ownership and legal form	AR, p. 49, 51
G4-8 Markets served, where the organisation is active	AR p. 18-19
G4-9 Size of the organisation	AR, p. 3, 32-33
G4-10 Total number of employees	AR, p. 43
G4-11 Proportion of employees covered by collective bargaining agreements	AR, p. 43
G4-12 Describe the organization's supply chain	AR, p. 46
G4-13 Significant changes during the reporting period	AR, p. 36
G4-14 Organisation's compliance with the precautionary principle	AR, p. 37
G4-15 Externally developed initiatives that the organisation subscribes to or endorses.	AR p. 37, 40
G4-16 Associations that the organisation is a member of	-
G4-17 Entities included in the scope of the report	GRI S, p. 2
G4-18 Process for defining report content	AR, p. 36, GRI S p. 1-2
G4-19 Material aspects of sustainability identified	GRI S, p. 2
G4-20 Boundaries within the organisation for each aspect of sustainability	GRI S, p. 2
G4-21 Boundaries outside the organisation for each aspect of sustainability	GRI S, p. 2
G4-22 Effects of restatements of information provided in previous reports	AR, p. 36
G4-23 Significant changes from previous reports	AR, p. 36
G4-24 Stakeholder groups with whom the organisation is engaged	GRI S, p. 1
G4-25 Basis for identification and selection of stakeholders	GRI S, p. 1
G4-26 Approaches to stakeholder engagement	GRI S, p. 1
G4-27 Key topics raised through stakeholder engagement and how the organisation has responded to these topics	AR, p. 36, GRI S p. 1-2
G4-28 Reporting period	GRI S, p. 1
G4-29 Date of publication of most recent report	AR, p. 36
G4-30 Reporting cycle	AR, p. 36
G4-31 Contact person for questions regarding the report	GRI S, p. 3
G4-32 Reporting level & GRI Index	AR, p. 47
G4-33 External audit	GRI S, p. 1
G4-34 Governance structure for the company	AR p. 55-60
G4-56 The organisation's values, codes of conduct etc.	AR, p. 45-46

SPECIFIC STANDARD INDICATORS	PAGE
DMA Economic Performance	AR, p. 4-5
G4-EC1 Economic value generated and distributed	AR, p. 36
DMA Employment	AR p. 41-42
G4-LA1 Employee turnover	AR, p. 42
DMA Health & safety	AR, p. 41
G4-LA6 Sick leave & work-related injuries	AR, p. 42
DMA Training & education	AR p. 41-42
G4-LA11 Performance reviews	AR, p. 43
DMA Equal opportunity	AR, p. 41
G4-LA12 Composition of company	AR, p. 43
DMA Non-discrimination	AR, p. 41
G4-HR3 Number of cases of discrimination	GRI S, p. 3
DMA Anti-corruption	AR, p. 46
G4-SO5 Number of cases of corruption	AR, p. 46
DMA Marketing communications	GRI S, p. 3
G4-PR7 Compliance with regulations and voluntary codes concerning marketing communications	GRI S, p. 3
DMA Product responsibility – compliance with laws	GRI S, p. 3
G4-PR9 Compliance with laws on the supply and use of our products	GRI S, p. 3
DMA Materials	AR, p. 40
G4-EN1 Material use	AR, p. 40
G4-EN2 Recycled materials	AR, p. 40
DMA Energy	AR, p. 40
G4-EN3 Organisation's energy consumption	AR, p. 40, GRI S, p. 3
DMA Products and services	AR, p. 37
G4-EN27 Initiatives to mitigate environmental impacts of products and services	AR, p. 37, 39
DMA Product and service labelling	GRI S, p. 3
G4-PR5 Results of surveys measuring customer satisfaction	GRI S, p. 3
DMA Supplier evaluation with regard to working conditions, the environment & human rights	AR, p. 46
G4-LA14 Proportion of new suppliers evaluated with regard to working conditions	AR, p. 46
G4-EN32 Proportion of new suppliers evaluated on the basis of environmental criteria	AR, p. 46
G4-HR5 Risk of incidence of child labour in supplier chain	AR, p. 46
G4-HR10 Proportion of new suppliers evaluated with regard to human rights	AR, p. 46

A year dominated by uncertainty in Russia

In Systemair's 2014/15 financial year, the Stockholm Stock Exchange made a rocky start, especially shares exposed to the Russian market. In 2013/14, sales in Russia accounted for 13.1 percent of Systemair's total sales for the year. In the 2014/15 financial year, the figure had fallen to 9.7 percent. The Company's dependence on the Russian market as such has declined over a number of years.

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 market value on Friday 30 April 2015 was approximately SEK 6.0 billion. The share's trading symbol is SYSR.

Changes in share price

At the end of the 2014/15 financial year, the share price was SEK 115.00, a rise of 8.7 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index rose by 21.5 percent.

At the financial year-end, Systemair's market capitalisation was SEK 5.98 (5.50) billion. The number of Systemair shares traded on OMX Stockholm totalled 6,989,140 (4,632,443), corresponding to a turnover rate of 13 percent (9) during the financial year.

Share capital and voting rights

The Company's share capital totals SEK 52 million, represented by 52,000,000 shares with the same 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 call options for Systemair shares, to 19 senior executives at Systemair.

Färna Invest AB is owned by Systemair's CEO 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, as it is Färna Invest AB that is issuing the options.

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 Alecta Pensionsförsäkring, with a holding of 4.81 percent (4.81), Swedbank Robur Funds with 4.78 percent (1.35) and Nordea Fonder with 4.73 percent (4.85).

The number of shareholders at the end of the accounting period, 30 April 2014, was 3,784 (3,033).

Dividend policy and dividend

The Board of Directors proposes that the AGM approve a dividend of SEK 2.00 (3.00) per share. As a result, shareholders' dividend payments for the 2014/15 financial year will amount to SEK 104 million.

The dividend corresponds to 33.6 percent of the Group's profit after full tax and is in line with the Company's dividend policy.

Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is crucial to stimulating interest in the Systemair share and to give both current and new shareholders ample opportunity to value the Group as fairly as possible.

Press releases are distributed without delay as soon as an event of material importance to the business occurs. These have also been archived on the Company's website since the IPO in 2007.

Year-end reports are also published in the form of a press release and have been archived on the website since 2007. Interim reports and year-end accounts are published on the website and have been archived there since 2005. Financial data has also been published on the website since 2007. 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

Marcela Klang, +46 (0)8-701 51 18

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

Johan Dahl, +46 (0)8-463 80 00

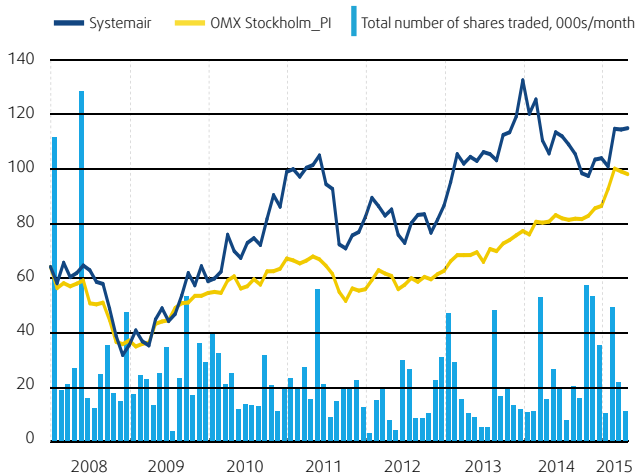
SEB

Olof Larshammar, +46 (0)8-5222 9794

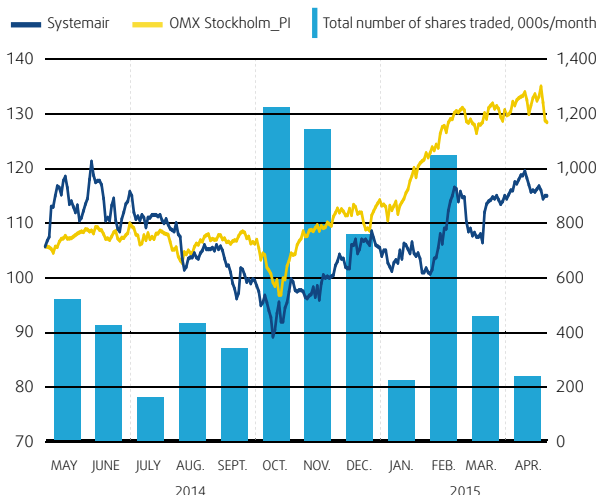
Pareto Securities AB

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

Share price, 8-year overview



Share price, 12-month overview



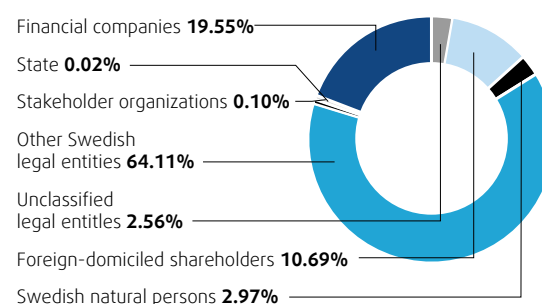
Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value (SEK thousand)
1-500	3,036	489,834	0.94%	56,331
501-1,000	393	321,642	0.62%	36,989
1,001-5,000	239	549,206	1.06%	63,159
5,001-10,000	34	253,823	0.49%	29,190
10,001-15,000	16	205,421	0.40%	23,623
15,001-20,000	8	149,948	0.29%	17,244
20,001-	58	50,030,126	96.21%	5,753,464
Total	3,784	52,000,000	100.00%	5,980,000

10 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
Alecta Pensionsförsäkring	4.81%	2,500,000
Swedbank Robur Funds	4.78%	2,484,220
Nordea Investment Funds	4.73%	2,461,140
Didner & Gerge Fonder	2.37%	1,230,209
Odin Sverige Aksjefondet	1.98%	1,029,840
Handelsbanken Fonder	1.97%	1,025,171
AFA Insurance	1.95%	1,011,701
Fondita Nordic Micro Cap	1.50%	780,000
Other	12.35%	6,420,197
Total	100.00%	52,000,000

Shareholder categories



¹Färna Invest AB is a company owned by Systemair's President and CEO Gerald Engström.

Share data

	2014/15	2013/14	2012/13	2011/12	2010/11
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)	5.96	8.44	4.63	4.14	5.29
Cash flow per share (SEK)	4.64	4.83	6.61	5.58	4.79
Equity per share (SEK)	40.04	36.17	30.31	26.90	24.39
Share price, end of accounting period	115.00	105.75	104.75	85.50	101.50
High during the year (SEK)	125.75	136.75	108.00	110.00	109.00
Low during the year (SEK)	89.00	97.00	69.75	65.25	59.00
Dividend per share (SEK)	2.00*	3.00	1.50	1.25	1.75
After tax P/E	19.30	12.53	22.62	20.65	19.20
Direct yield (%)	1.74	2.84	1.43	1.50	1.72
Payout ratio (%)	33.57	35.56	32.37	30.20	33.10
Trading volume	6,989,140	4,632,443	5,138,280	4,657,561	4,655,718
Turnover rate (%)	13.44	9.00	10.00	9.00	9.00

*The Board of Directors proposes a dividend of SEK 2.00 (3.00) per share for approval by the AGM to be held in Skinnskatteberg on 27 August 2015.

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

Contents

Directors' Report	51
Description of the Business and Financial Information	51
Proposed Distribution of Unappropriated Profits	54
Corporate Governance Report	55
Board of Directors	61
Group Management	62
Consolidated Income Statement	63
Consolidated Statement of Comprehensive Income	63
Consolidated Balance Sheet	64
Statement of Changes in Equity – Group	66
Consolidated Cash Flow Statement	67
Parent Company Income Statement	68
Parent Company Statement of Comprehensive Income	68
Parent Company Balance Sheet	69
Changes in Equity – Parent Company	71
Parent Company Cash Flow Statement	72
Accounting Policies and Notes to the Accounts	73
Audit Report	96
Key Ratios and Definitions	97
Group Companies	98
Annual General Meeting	99

Directors' Report

DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

General

The Board of Directors and Chief Executive Officer of Systemair AB (publ), corporate identity number 556160-4108, hereby present the Company's annual accounts and consolidated accounts for the 2014/15 financial year, the Company's 42nd year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech, VEAB, Holland Heating and Menerga.

Systemair offers a standardised range of ventilation products, including fans, air terminal devices, air handling units and air condition products, with the emphasis on simplifying the task of ventilation contractors.

Frico specialises in 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.

VEAB markets heating products such as air duct heaters, fan heaters and dehumidifiers.

Holland Heating is a well-established brand in the European market for high-quality air handling units.

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

With production facilities in 18 countries (Norway, Sweden, Denmark, Germany, France, the Netherlands, Spain, Italy, Lithuania, Slovenia, Slovakia, the USA, Canada, Turkey, China, Malaysia, India and South Africa) and a total of 280,000 m² of floor space for production and warehouse, Systemair is a significant international player in its product areas.

Systemair's products are marketed via the Group's own sales companies in 45 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 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 3,800.

Group

Sales and profit

Consolidated sales totaled SEK 5,882 million (5,296), 11.1 percent higher than in the preceding financial year. Organic growth was 3.3 percent. Companies acquired contributed 4.3 percent, SEK 225 million. Exchange rate effects in the translation of foreign subsidiaries' accounts had a positive net effect of 3.5 percent on sales.

Sales – geographic breakdown

Sales in the Nordic region grew by 7 percent over the year. Adjusted for both exchange rate effects and acquisitions, sales rose 5 percent. The Norwegian market is the biggest in the region and the second-biggest worldwide, with sales of SEK 609 million. Sales in Norway grew by 5 percent over the year. Sales in Denmark rose 26 percent but increased by just 1 percent in the Swedish market, reflecting the impact of a major order in the preceding year.

In Western Europe, sales were up 20 percent. Companies acquired, notably Airwell, France, and Camair, Belgium, contributed SEK 201 million, 10 percent of the total. Adjusted for acquisitions and currency translation effects, sales increased by 3 percent, indicating that changes in exchange rates – chiefly the euro – had a positive impact of 7 percent. The biggest market in the region, and also overall, is Germany. Other major Systemair markets in Western Europe are France, the Netherlands, the United Kingdom and Italy. The Spanish market has recovered, showing positive growth during the year.

	2014/15			2013/14		
	May-Apr	% of total	change	May-Apr	% of total	
Nordic region	1,352.7	23%	7%	1,262.6	24%	
Western Europe	2,321.6	39%	20%	1,930.7	36%	
Eastern Europe & CIS	1,121.8	19%	-8%	1,215.3	23%	
North America	398.0	7%	15%	347.0	7%	
Other markets	688.1	12%	27%	540.2	10%	
Total	5,882.2	100%	11%	5,295.8	100%	

The market in Eastern Europe and CIS showed a decline of 8 percent over the year. Sales in the region totalled SEK 1,122 million (1,215). Adjusted for the currency translation effects and acquisitions, sales in Eastern Europe & CIS declined by 4 percent during the year. Sales in Slovakia and Poland grew strongly. The Russian market again performed weakly during the past year, with a fall of 21 percent when translated to Swedish kronor. Systemair's major markets in the region are Russia, Poland, Slovenia and Slovakia.

Sales in the North American market increased by 15 percent compared to the preceding year. Sales totalled SEK 398 million (347). Adjusted for foreign exchange effects and acquisitions, sales rose by 2 percent.

Sales in Other markets rose 27 percent during the year. Companies acquired, notably Airwell of France, contributed SEK 20 million, 4 percent of the total. Adjusted for foreign exchange effects and acquisitions, sales increased by 16 percent. Systemair's major markets in the region are Turkey, India and China.

Profits

Operating profit for the financial year from May 2014 to April 2015 totalled SEK 376.8 million (316.9). The operating margin was 6.4 percent (6.0).

Selling expenses for the full year were charged with SEK 28.6 million (33.0) for anticipated and confirmed impairment losses on trade receivables. Company acquisitions added SEK 125.6 million (171.4) to selling and administration expenses for the year. Acquisition-related costs during the year totalled SEK 1.5 million (1.0).

Financial income totalled SEK 26.3 million (247.2), including SEK 2.1 million (1.6) in interest income. Last year's financial income also includes a capital gain of SEK 245.6 million relating to the sale of Systemair's shareholding in Lindab AB (publ). Financial expenses for the year totalled SEK -22.7 million (-55.9), SEK -22.7 million (-37.4) of which were interest expenses. The decrease in interest expenses was due to lower borrowing and lower interest rates during the year.

Tax expense for the year totalled SEK -70.6 million (-69.5), corresponding to a tax charge of 18.6 percent (13.7). The relatively low tax charge for the year is an effect of loss carry-forwards recognized as income, which were accrued through acquisition of companies with losses from operations conducted previously. The acquired losses generated a net tax receipt of SEK 37.7 million. Adjusted for this tax receipt, the

effective tax rate for the year was 28.5 percent based on profit after financial items.

Investments

The Group's total investments for the financial year amounted to SEK 316.4 million (501.3) excluding divestments. Gross investments in new construction and machinery totalled SEK 223.4 million (354.9), excluding divestments. Major investments were made in production facilities in Slovakia and Denmark, and in the acquisition of land in Turkey. Acquisitions and formerly withheld purchase considerations in the financial year totalled SEK 58.8 million (139.7). Depreciation and amortisation of non-current assets totalled SEK 171.1 million (154.7) for the year.

Business combinations

In July 2014, Systemair signed an agreement to take over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition includes brands, product rights, sales organisation and the leased production facilities in Tillières, about 100 kilometres west of Paris. The production facilities extend over 38,000 m² and employ approximately 150 people. Including the sales organisation, the total number of employees at acquisition was 207. Annual sales are estimated at EUR 30 million. The acquisition is complementary to Systemair's range of air conditioning products for the commercial market.

In July 2014, the Group acquired Menerga's sales company in the UK. The company, which sells and services Menerga's products, brings a total of 6 employees and annual sales of around GBP 1.1 million to the Group.

In October 2014, Camair, Belgium, was acquired. Camair distributes products for air conditioning and ventilation for the commercial market in Belgium. The company, based in Seneffe, 40 kilometres south of Brussels, reported sales of approximately EUR 7 million for the calendar year 2014. It has 22 employees. The acquisition also includes a modern, 3,000 m² property comprising offices, showroom and warehouse. The acquisition provides synergies with the recently-acquired Airwell, France, and production of chillers in Italy. Administration and logistics will be merged with Systemair's existing operations in Belgium.

In October 2014, Systemair also acquired Airwell Deutschland GmbH, a distributor of air conditioning and ventilation products for the commercial market in Germany. Total sales for the company, which has its head-

quarters and warehouse in Frankfurt, are estimated at EUR 7 million. It has 15 employees. The acquisition provides synergies with the recently-acquired Airwell, France, and production of chillers in Italy. Operations were merged immediately with Systemair's existing company in Germany in order to benefit from synergies in administration and logistics.

In January 2015 a lease was signed for an industrial building in Wujiang, China, for the production of air handling units for the Chinese market.

In March 2015 an agreement was signed to acquire Lautner Energiespartechnik GmbH in Helmstadt, Germany. The company was founded in 1991 and specialises in manufacturing high-efficiency rotating heat exchangers for air handling units and data centre cooling. At the time of the acquisition the company had 17 employees and estimated sales of approximately EUR 2 million.

Menerga AS, the market leader in swimming pool ventilation and distributor of Menerga's products in Norway, was acquired in April 2015. The company, which sells and services Menerga's products, reported sales in 2014 of around SEK 55 million. The company has offices in Hvalstad outside Oslo and a nationwide service organisation. At the time of the acquisition the company had 17 employees. Menerga AS will continue to be managed as a separate company with its current management and staff.

If the companies acquired had been consolidated as of 1 May 2014, net sales for the period May 2014 through April 2015 would have totalled approximately SEK 6,044.8 million. The operating profit for that period would have totalled approximately SEK 374.9 million.

Personnel

The average number of employees in the Group was 4,385 (4,142). At the end of the period, Systemair had 4,584 employees (4,250), 334 more than the previous year. New employees were recruited chiefly in Germany (29), and Turkey (29). Through acquisitions, 276 employees joined the Group, including 203 at Airwell, France, 22 at Camair, Belgium, 16 at Menerga, Norway, 15 at Airwell Germany, 14 at Lautner, Germany, and 6 at Menerga, UK.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 434.1 million (344.0); the increase was chiefly attributable to an improved operating profit. A sharp rise in sales late in the year led to a rise in

current receivables, which in turn resulted in SEK -192.8 million (-95.2) being tied up in working capital. Net cash flow from financing activities was SEK 110.2 million (-398.2), as a result of an increase in net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,385.7 million (1,040.9), and net indebtedness at year-end was SEK 1,282.1 million (969.7).

The consolidated equity/assets ratio was 44.4 percent (47.2) at financial year-end. The target adopted by the Board for the equity/ assets ratio, 30 percent or more, was comfortably attained.

Transactions in foreign currencies

Systemair has established subsidiaries that operate in 45 countries, with our own production facilities in 18 of these. 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 915.3 million (721.9) 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. 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 a central accounting systems.

The Soliditet AB credit-rating agency retained its AAA rating for Systemair AB for the 21st 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

During the past five years, growth in Group sales has averaged 12.9 percent. Over the same period, the annual operating margin (EBIT) has averaged 7.8 percent. The average equity/assets ratio for the past five years has been 45.2 percent. Of total Group sales, 93 percent (92) 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 – with our increasingly broad product portfolio and excellent delivery capacity – for us to win bigger market shares. In September 2011, an interim report within the EU Directive on Ecodesign was presented. The report advocates exhaust and supply air ventilation with energy recovery as the best solution for energy-efficient buildings. One main focus of Systemair's development activities is the development of exactly the energy-efficient, long-life ventilation products envisaged. We also see major future potential in developing the combination of ventilation and cooling in our products.

During the year, we continued to expand the Company's product and market development, a strategy that will strengthen the Group in the long run. We look forward with confidence to the year ahead and will continue the process of integrating acquired companies to achieve the synergies anticipated and improve profitability.

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 heat-

ing 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

Approximately 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 2015 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

Five-year survey	2014/15	2013/14	2012/13	2011/12	2010/11
Net sales	5,882	5,296	4,551	3,997	3,467
EBIT	377	317	365	320	367
Operating margin	6.4%	6.0%	8.0%	8.0%	10.6%
Equity/assets ratio	44%	47%	41%	45%	49%
Return on capital employed	12%	18%	14%	15%	18%
Average number of employees	4,385	4,142	3,394	2,839	2,430

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

Staying well-informed, monitoring developments, having an influence where the decisions are taken and actually being involved in starting new trends – that is Systemair's policy on product development in a nutshell. Our business is based on developing new products, shifting boundaries and at the same time staying one step ahead of our competitors. At Systemair, product development fulfils a vital function and the Company strives to remain at the cutting edge in level of technology, functionality and product design. One focus is the development of energy-efficient ventilation products with a long service life.

The Group has thirteen development centres equipped to test ventilation products using standardised measurement procedures. We have development centres in Sweden, Germany, Canada, Slovakia, Italy, Netherlands and the USA. The latest additions on the technology centre side are our modern development centre in Greater Noida, India, and our upgraded laboratory in Slovakia. The development centres at Skinnskatteberg and in Germany offer some of the most modern facilities in Europe for measurement of performance of ventilation products.

In 2014/15, the product development organisation employed around 200 people in 21 units. Product development costs totalled approximately SEK 135 million in 2014/15 and SEK 120 million in 2013/14.

Quality system

Systemair AB has been ISO 9001 certified since 1993. In addition to Systemair 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, Systemair Ltd in Canada, Systemair Sdn Bhd in Malaysia, VEAB Heat Tech AB in Hässleholm (Sweden), Holland Heating BV in the Netherlands, Systemair HSK in Turkey, Systemair Sr.l. in Italy, Systemair UAB in Lithuania, Systemair Pvt Ltd in India, Systemair Mfg. Inc. in the USA, Menerga GmbH in Germany and Systemair AC SAS in France 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 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.

The Parent Company is engaged in activities subject to environmental registration. They are Category C activities, meaning that the Municipality of Skinnskatteberg is responsible for the environmental inspections.

Parent Company

The Parent Company develops, manufactures and sells ventilation and heating products in Skinnskatteberg. The Group's largest development centre and Group management functions are also based in that location.

During the financial year, sales totalled SEK 948 million (1,042) and profit after net financial items SEK 3 million (12).

A high proportion of sales and purchases are still denominated in EUR. In the Parent Company, sales in EUR account for 55 percent of the total while purchases in EUR represent 60 percent. Sales by the Parent Company to subsidiaries in Europe are mainly transacted in EUR.

Exports accounted for 66 percent (67) of sales from Skinnskatteberg. Adjusted for the re-exports from Frico AB, 69 percent (70) of all sales from Skinnskatteberg were exported.

Investment in buildings, technical facilities, machinery, equipment and construction in progress totalled approximately SEK 12.1 million (13.2).

Cash flow from operating activities in the Parent Company was SEK -186.1 million (-227.5). The main factor underlying the negative cash flow was a higher proportion of current accounts receivable.

The balance sheet shows a strong equity/assets ratio of 45 percent (46).

Significant events after financial year-end

Systemair has decided to split the Swedish operation into two companies. The listed company Systemair AB will be streamlined into a holding company with corporate staff and group functions. The newly formed company Systemair Sverige AB will conduct

production and sales operations in Sweden. President Gerald Engström will be CEO of the listed company Systemair AB. Pär Johansson will be Managing Director of Systemair Sverige AB. The change became effective on 1 May 2015.

In May 2015 Systemair expanded its Group Management with the appointment of Olle Glassel. Employed at Systemair since 2002, Olle Glassel heads Systemair's sales in Western Europe, apart from the German-speaking countries. He is also responsible for Systemair's sales strategy development and internal training in sales and leadership. Following these changes, the new Group Management consists of Gerald Engström, Anders Ulff, Fredrik Andersson, Roland Kasper, Mats Lund, Kurt Maurer and Olle Glassel.

In June 2015, Systemair AB's Board of Directors appointed Roland Kasper as the new CEO of Systemair AB. He is to take up his position at the Annual General Meeting to be held on 27 August 2015. The nominating committee proposes that Gerald Engström be elected as Chairman of the Board. Roland Kasper started working at Systemair in 2007 and has been a member of Group Management since 2011. He is employed as Vice President Marketing, with responsibility for the product range. Roland Kasper also serves as Board member at many of Systemair's subsidiaries.

PROPOSED DISTRIBUTION OF UNAPPROPRIATED PROFITS

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -4,817,328
Profit brought forward	SEK 1,022,718,239
Net profit for the year	SEK 311,324,147
	SEK 1,364,431,809

The Board proposes that the Annual General Meeting, to be held on 27 August 2015, approve a dividend of SEK 2.00 (3.00) per share. As a result, dividend payments will amount to SEK 104.0 million (156.0). The remaining unappropriated profit is to be carried forward. The proposed dividend corresponds to 34 percent (36) 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 President and 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 three of the largest shareholders. The chairman of the nominating committee is the Company's majority 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 a member of the Board of Directors and the Company's Chief Executive Officer. 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.

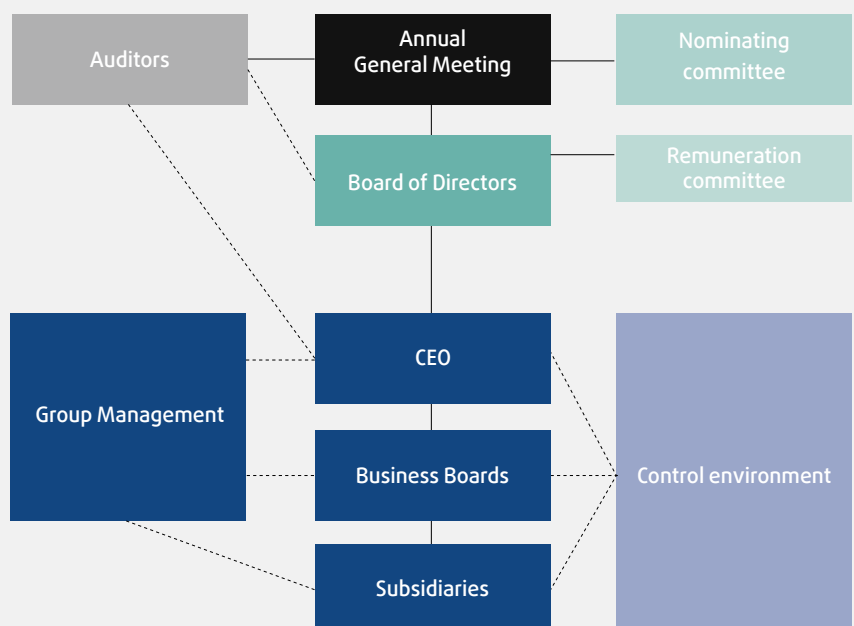
The Code states for example that the majority of the members of the nominating committee must be independent of the Company and company management. Furthermore, the chairman of the nominating committee may not be a director of the company.

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, central Sweden. The Company's shares have been quoted on the Mid Cap List of NASDAQ OMX

How Systemair is governed



Facts

2014 Annual General Meeting

Systemair's Annual General Meeting, held in Skinnskatteberg on 28 August 2014, was attended by 74 shareholders, representing 79 percent of the shares and votes in the Company. Lars Hansson, Chairman of the Board, was appointed to chair the meeting. The Chairman, Lars Hansson, 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, CEO Gerald Engström gave a talk on Systemair's business during the 2013/14 financial year. Åsa Lundvall, the auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and CEO from liability in respect of the past financial year.
- To re-elect Elisabeth Westberg, Lars Hansson, Gerald Engström, Göran Robertsson and Hannu Paitula as Members of the Board.
- To re-elect Lars Hansson as Chairman of the Board.
- To pay a Board fee of SEK 500,000 to the Chairman and SEK 250,000 to each director not employed by the Company. To pay a fee of SEK 25,000 to each employee representative.
- To pay a dividend of SEK 3.00 per share.
- That the nominating committee shall be made up of representatives of three of the biggest shareholders, based on the ownership details on 31 January 2015, plus the Chairman of the Board.
- To authorise the Board, during the period until the 2015 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 2014 AGM are posted on Systemair's website at: www.systemair.com, Investor & Media

Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 3,784 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 CEO and Director Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Muldingen, Germany, with 21.3 percent of the capital and votes, and Alecta Pensionsförsäkring, with 4.8 percent. All shares have a quotient value of SEK 1. At the financial year-end, 30 April 2015, 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 48.

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 President 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.

Annual General Meeting

The Annual General Meeting (AGM) is Systemair's ultimate governing body. The AGM shall be held within six months from the end of the financial year. Notice of the meeting is given on the Systemair website and shall be confirmed via an announcement in Dagens Industri.

All shareholders who are entered in the share register five weekdays before the AGM and have notified the Company no later than 3.00 p.m. on the day specified in the notice for the AGM that they will attend are entitled to attend and to vote their total shareholdings. Any shareholder unable to attend can be represented by a representative.

Composition of the nominating committee for the 2015 AGM

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

Directors - attendance and dependence/independence

	Board of Directors	Remuneration committee	Year elected	Dep./Indep.	
				Company	Owner
Number of meetings	8	1			
Lars Hansson, Chairman	8	1	2006	Indep.	Indep.
Gerald Engström	7	-	1974	Dep.	Dep.
Elisabeth Westberg	8	1	2006	Indep.	Indep.
Göran Robertsson	8	1	2006	Indep.	Indep.
Hannu Paitula	7	-	2011	Indep.	Indep.
Kevin Rowland ¹	8	-	2002	-	-
Ricky Sten ¹	8	-	2014	-	-

¹Employee representative

The AGM deals with several key matters of business, such as the dividend, any amendments to the articles of association, election of auditor, discharge of the Board from liability, remuneration to the Board and auditors as well as decisions on the composition of the Board until the next AGM.

The nominating committee

The 2014 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 2015. 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 Board, proposed fees to the Chairman of the Board and other directors, proposed remuneration for work on committees and proposed auditors' fees. These proposals shall be presented to the AGM.

The nominating committee held one meeting in 2014/15. No remuneration has been paid for work on the nominating committee.

The proposals of the nominating committee to the 2015 AGM are shown in the Notice of AGM posted on the Systemair website, www.systemair.se. 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

Composition of the Board of Directors

Until the start of the 2014 Annual General Meeting, Systemair's Board of Directors consisted of five members elected by the AGM, Lars Hansson, (Chairman), Gerald Engström (Systemair's CEO), Elisabeth Westberg, Göran Robertsson and Hannu Paitula. At the 2014 AGM, all directors were re-elected. The employees elected two representatives, Kevin Rowland, Unionen and Ricky Sten, IF Metall. More detailed biographies of the members of the Board of Directors are provided on page 61 of this annual report.

Anders Ulf, CFO, serves as Secretary to the Board. As the chart on the previous page 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 2014/15 financial year, the Board held seven meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least

Work of the Board during the year



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 CEO also maintains ongoing 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 provided observations. The Chairman of the Board is responsible for the assessment.

Attendance at Board meetings and fees

As the table shows, all members except two attended all meetings. Hannu Paitula and Gerald Engström were each absent from one Board meeting. Fees to the Board of Directors are shown in Note 9.

Remuneration committee

The Board has appointed a remuneration committee consisting of Lars Hansson (committee chairman), Elisabeth Westberg and Göran Robertsson. The committee's functions are:

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

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

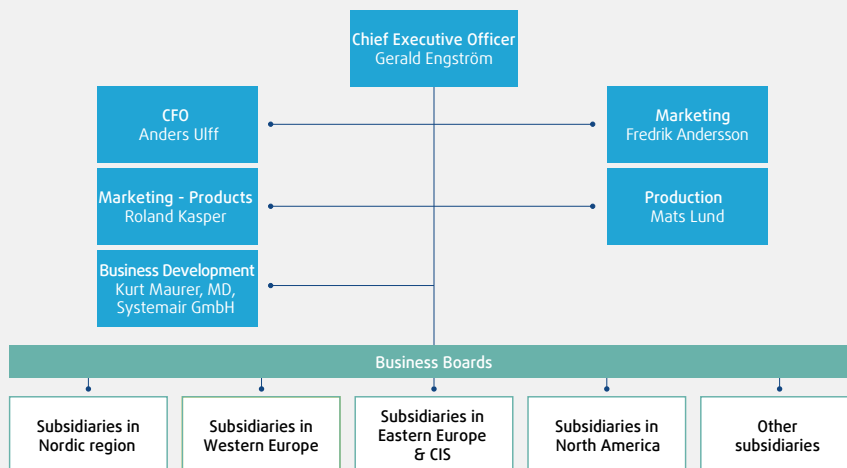
The members of the committee are appointed annually by the Board at the first ordinary Board meeting and include three people. No member may participate in issues related to his or her own remuneration. The Chairman of the Board shall chair the committee. Over the financial year, the committee held one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

Audit committee

The Board as a whole fulfils the functions that normally fall within the ambit of the audit committee. One agenda item at Board meetings held in conjunction with quarterly reporting shall be discussion of accounting and auditing matters. Elisabeth Westberg serves in a reporting capacity. At the meeting, the following items are to be discussed:

- 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 the proposal for the selection of auditors.

Organisation



- supervising of the financial reporting
- valuation issues, such as testing of needs for impairment.

During the year, the Company's CFO and auditor took part in meetings when a report was presented on the issue. These meetings addressed issues such as the risk assessment of internal control and risk management with respect to financial reporting, business board work and IT security. Reports were submitted from internal audits performed.

The Company's auditor attended proceedings dealing with the year-end report, presented his audit report, whereupon the Board was able to ask questions.

President and CEO

Until 30 April 2015, Pär Johansson served as Managing Director of the Parent Company, Systemair AB. Gerald Engström is Chief Executive Officer and member of the Board of Directors. Pär Johansson exercises operational responsibility in the Parent Company Systemair AB, headquartered at Skinnskatteberg, and for the Swedish business. CEO Gerald Engström deals with day-to-day administration and control of the Group's businesses, and the Group's senior management report to him.

Group Management

The Group's senior management comprises: Vice President Marketing Fredrik

Andersson, Chief Financial Officer Anders Ulff, Production Manager Mats Lund, Vice President Marketing - Products Roland Kasper and Kurt Maurer, Managing Director of Systemair GmbH, Germany. CEO Gerald Engström 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 frameworks established by the Board. One of these yearly meetings is more extensive, 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 67 companies, of which 59 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 and Tekador 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 other 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; it also 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 2014 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 President, CEO and other senior executives is presented in Note 9 on page 9.

Notice of termination and severance payments

The CEO's employment may be terminated on 12 months' notice by the Company or

six months' notice by the CEO. For other senior executives and the CEO, the period of notice is as stated in the applicable collective bargaining agreement or is no more than 12 months from the Company or six months from the employee. No other agreements entitle the President or other senior executives to severance pay.

Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. Defined-contribution pension insurance contributions are paid on behalf of the CEO Gerald Engström, while other senior executives are covered by the ITP plan. The pensionable age for all senior executives is 65 years. In 2014/15, pension costs for senior executives totalled SEK 2.3 million.

Auditor and auditing

The 2014 AGM resolved to appoint Ernst & Young as auditors, with Åsa Lundvall as auditor in charge, until the next AGM is held in 2015.

The external audit is performed in accordance with generally accepted accounting practice in Sweden. Annual report documents 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 provides 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 submitted 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 2014/15 financial year was audited by the Company's auditor.

Fees to the auditors are shown in Note 5.

Internal control related to financial reporting

Report of the Board of Directors on internal control for financial year 2014/15

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. Instead, the Board as a whole is to perform the functions that would otherwise fall to the audit committee.

The Board thus has 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 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.

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. The Board also maintains continuous contact with the Company's auditor.

Risk assessment

Systemair's Board of Directors are responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's results and position. The Board and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets are a crucial 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 are readily accessible on the Group's intranet.

All companies in the Group report five working days after the end of the month in 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 60 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 every month, where consolidation is performed.

Central controllers are directly responsible for following up several companies which 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 has 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, explicit 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 CEO 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 which 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 remuneration 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.

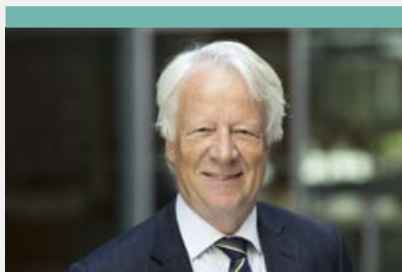
Internal audit

Systemair has a simple operating structure with excellent 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-examination will take place in 2015/16.

Board of Directors



GERALD ENGSTRÖM

President & CEO, Director

Chairman, Bluefish Pharmaceuticals AB

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

Formerly: CEO of Ziehl-ebm AB, etc.

Holding 30/4: 21,997,752 shares (shares owned by Färna Invest)

Born: 1948

Year elected: 1974

Independent: No



LARS HANSSON

Chairman of the Board

Chairman of S-Group Holding AB and Svenska Re AB; Director of Starkraft AB

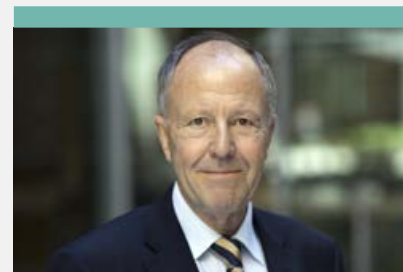
Education: M.Sc. Engineering

Holding 30/4: 50,000 shares

Born: 1942

Year elected: 2006

Independent: Yes



GÖRAN ROBERTSSON

Director

Chairman of Eurovent Certita Certification and Eurovent Services Company and Director of Etagrene OY

Education: B.Sc. Engineering and Leadership programme at Stockholm School of Economics IFL Executive Education

Formerly: MD of Stifab Farex AB etc.

Holding 30/4: 15,000 shares

Born: 1943

Year elected: 2006

Independent: Yes



ELISABETH WESTBERG

Director

Director, Jämtkraft AB, Scandem AB and AB Fr Ramström

Education: Bachelor's degree

Formerly: Vice President Handelsbanken Capital Markets, etc.

Holding 30/4: 20,000 shares

Born: 1948

Year elected: 2006

Independent: Yes



HANNU PAITULA

Director

Director, WinGroup AG, Switzerland, Oras Ltd, Finland and Kährs Holding AB, Sweden.

Education: Engineer

Holding 30/4: 1,000 shares

Born: 1948

Year elected: 2011

Independent: Yes



KEVIN ROWLAND

Employee Representative

Education: BA History, La Salle Univ., Philadelphia, USA; Personnel Management, Org. Development, University of Gothenburg

Current position: Operations Manager/IT

Holding 30/4: 500 shares

Born: 1954

Year elected: 2002



RICKY STEN

Employee Representative

Current position: Materials Handler

Holding 30/4: –

Born: 1968

Year elected: 2014

Group Management



GERALD ENGSTRÖM

President & CEO, Director

Chairman of Bluefish Pharmaceuticals AB

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

Formerly: CEO of Ziehl-ebm AB etc.

Holding 30/4: 21,997,752 shares (owned by Färna Invest)

Born: 1948

Employed since: 1974



FREDRIK ANDERSSON

Vice President Marketing

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 30/4: 6,000 shares

Born: 1966

Employed since: 2014



ANDERS ULFF

Chief Financial Officer

Education: M.Sc. Business Administration, Uppsala University

Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair

Holding 30/4: 40,600 shares

Born: 1967

Employed since: 1999



MATS LUND

Production Manager

Education: Computer programming and IT studies

Formerly: IT, Purchasing and Logistics Manager, Systemair, Computer programmer, ASEA

Holding 30/4: 79,124 shares

Born: 1957

Employed since: 1982



ROLAND KASPER

Vice President Marketing - Products

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 30/4: 1,500 shares

Born: 1969

Employed since: 2007



KURT MAURER

MD Systemair GmbH, Germany

Education: Heilbronn University

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

Holding 30/4: 70,000 shares

Born: 1959

Employed since: 1994



OLLE GLASSEL

Vice President Sales

Education: Qualified Ventilation Engineer, Diploma in Business Administration

Formerly: MD, Systemair Ltd, United Kingdom, Sales Manager, Systemair, Sweden

Holding 30/4: 700 shares

Born: 1966

Employed since: 2002

Consolidated Income Statement

SEK m., 1 May–30 April	Notes	2014/15	2013/14
Net sales	3	5,882.2	5,295.8
Cost of goods sold	4	-3,857.6	-3,508.7
Gross profit		2,024.6	1,787.1
Other operating income	7	92.7	76.0
Selling expenses	4	-1,352.7	-1,182.8
Administration expenses	4, 5	-313.9	-284.8
Other operating expenses	8	-73.9	-78.6
Operating profit	4, 6, 9, 10	376.8	316.9
Financial income	11	26.3	247.2
Financial expenses	12	-22.7	-55.9
Profit after financial items		380.4	508.2
Tax	13	-70.6	-69.5
Profit for the year		309.8	438.7
Attributable to:			
Parent Company shareholders		309.8	438.7
Non-controlling interests		0.0	0.0
Earnings per share ¹	35	5.96	8.44
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	2014/15	2013/14
Profit for the year	309.8	438.7
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, gross before tax	65.4	10.7
Translation effects of long-term loans to subsidiaries with no settlement planned	4.5	1.8
Tax effects from long-term loans to subsidiaries with no settlement planned	-1.0	-0.4
Financial assets available for sale:		
- change in fair value	-	187.9
- transferred to income statement at sale	-	-245.6
<i>Items that cannot be transferred to profit for the year</i>		
Change in defined-benefit pensions, gross before tax	-28.1	-6.3
Tax on change in defined-benefit pensions	6.7	1.7
Other comprehensive income, net after tax	47.5	-50.2
Total comprehensive income for the year	357.3	388.5
Attributable to:		
Parent Company shareholders	357.3	388.5
Non-controlling interests	0.0	0.0

Consolidated Balance Sheet

SEK m., 30 April	Notes	30 Apr 2015	30 Apr 2014
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
	3, 14		
Goodwill		613.7	532.5
Brands, customer relationships etc.		220.7	244.6
Other intangible assets		5.1	6.3
		839.5	783.4
<i>Property, plant and equipment</i>			
	3, 14		
Buildings and land		924.5	798.4
Plant and machinery		205.0	175.6
Equipment and tools		107.4	97.6
Construction in progress		51.4	16.1
		1,288.3	1,087.7
<i>Financial and other assets</i>			
Other securities held as non-current assets	15	2.0	0.4
Deferred tax assets	13	170.3	93.3
Other long-term receivables	16	7.7	7.0
		180.0	100.7
Total non-current assets		2,307.8	1,971.8
Current assets			
<i>Inventory</i>			
	18		
Raw materials and consumables		440.1	378.5
Products in progress		73.7	69.4
Finished products		515.4	472.8
		1,029.2	920.7
<i>Current receivables</i>			
Accounts receivable – trade	19	1,057.6	872.8
Other receivables		43.4	40.1
Prepaid expenses and accrued income	17	58.5	51.0
Other investments in securities etc.		5.9	3.7
		1,165.4	967.6
<i>Cash and bank balances</i>			
		187.8	123.3
Total current assets		2,382.4	2,011.6
TOTAL ASSETS		4,690.2	3,983.4

Consolidated Balance Sheet

SEK m., 30 April	Notes	30 Apr 2015	30 Apr 2014
EQUITY AND LIABILITIES			
Equity			
<i>Share capital</i>	20	52.0	52.0
Additional paid-in capital		2.2	2.2
Other reserves		-6.3	-75.2
Profit brought forward, incl. profit for the year		2,034.3	1,901.9
Total equity		2,082.2	1,880.9
Non-current liabilities			
Non-current liabilities, interest-bearing	21	245.4	285.6
Provisions for pensions	25	77.8	39.6
Provisions for deferred tax liabilities	13	95.1	92.9
Other provisions		88.1	81.4
Total non-current liabilities		506.4	499.5
Current liabilities			
Current liabilities, interest-bearing	21	1,140.3	755.3
Accounts payable – trade		448.9	401.7
Income tax liability		88.3	66.7
Other liabilities		223.2	182.2
Accrued expenses and deferred income	22	200.9	197.1
Total current liabilities		2,101.6	1,603.0
Total liabilities		2,608.0	2,102.5
TOTAL EQUITY AND LIABILITIES			
Pledged assets	31	323.9	298.4
Contingent liabilities	32	98.5	84.2

Statement of Changes in Equity – Group

SEK m.	Attributable to Parent Company shareholders					Retained profit incl. profit/loss for year	Total equity
	Share capital	Other paid-in capital	Hedging reserve	Translation reserve	Fair value reserve		
Equity, 30 April 2013	52.0	2.2	-0.1	-87.2	57.7	1,551.4	1,576.0
Impact of change in accounting policy IAS 19R (net)						-5.6	-5.6
Dividends						-78.0	-78.0
Profit for the year						438.7	438.7
Other comprehensive income				12.1	-57.7	-4.6	-50.2
Equity, 30 April 2014	52.0	2.2	-0.1	-75.1	0.0	1,901.9	1,880.9
Dividends						-156.0	-156.0
Profit for the year						309.8	309.8
Other comprehensive income				68.9		-21.4	47.5
Equity, 30 April 2015	52.0	2.2	-0.1	-6.2	0.0	2,034.3	2,082.2

Consolidated Cash Flow Statement

SEK m., 1 May–30 April	Notes	2014/15	2013/14
Operating activities			
Operating profit		376.8	316.9
Interest received		2.1	1.6
Interest paid		-22.8	-36.6
Adjustment for non-cash items etc.	33	199.5	152.9
Income tax paid		-121.5	-90.8
Cash flow from operating activities before changes in working capital		434.1	344.0
Changes in working capital			
Inventory		-49.1	-80.0
Current receivables		-109.6	115.6
Accounts payable – trade		-10.9	-74.2
Current liabilities		-23.2	-56.6
Cash flow from operating activities		241.3	248.8
Investing activities			
Acquisition of subsidiaries	29	-58.8	-139.7
Acquisitions of companies carrying deficits from earlier operations		-27.2	-
Acquisition of intangible assets		-7.0	-6.6
Acquisition of property, plant and equipment		-223.4	-354.9
Sale of property, plant and equipment		19.4	23.4
Sale of financial assets		-	652.2
Cash flow from investing activities		-297.0	174.4
Financing activities			
Borrowings		425.0	156.9
Repayment of loans		-158.8	-477.1
Dividend to shareholders		-156.0	-78.0
Cash flow from financing activities		110.2	-398.2
Increase/Decrease in cash and cash equivalents		54.5	25.0
Cash and cash equivalents at start of year		123.3	98.4
Exchange rate difference in cash and cash equivalents		10.0	-0.1
Cash and cash equivalents at end of year		187.8	123.3

Parent Company Income Statement

SEK m., 1 May–30 April	Notes	2014/15	2013/14
Net sales	3	948.2	1,041.7
Cost of goods sold		-680.0	-801.6
Gross profit		268.2	240.1
Other operating income	7	44.9	46.1
Selling expenses		-182.4	-183.3
Administration expenses	5, 6	-74.4	-70.0
Other operating expenses	8	-53.4	-20.9
Operating profit	9, 10	2.9	12.0
Profit/loss from participations in Group companies	26	302.6	266.0
Profit on sale of financial assets	11	-	245.6
Other interest income and similar profit/loss items	11	29.9	17.2
Interest expense and similar profit/loss items	12	-13.6	-34.1
Profit after financial items		321.8	506.7
Appropriations	23	-6.6	3.4
Pre-tax profit		315.2	510.1
Tax on profit for the year	13	-3.9	-0.4
Profit for the year		311.3	509.7

Parent Company Statement of Comprehensive Income

SEK m., 1 May–30 April	2014/15	2013/14
Profit for the year	311.3	509.7
Other comprehensive income		
Translation effects of long-term loans to subsidiaries with no settlement planned	4.5	1.8
Tax effect from translation of long-term loans to subsidiaries	-1.0	-0.4
Result from merger	-0.2	-
Financial assets available for sale:		
- change in fair value	-	187.9
- transferred to income statement at sale	-	-245.6
Other comprehensive income, net after tax	3.3	-56.3
Total comprehensive income for the year	314.6	453.4

Parent Company Balance Sheet

SEK m., 30 April	Notes	30 Apr 2015	30 Apr 2014
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Goodwill	14	0.5	-
Licences		5.4	5.4
		5.9	5.4
<i>Property, plant and equipment</i>			
Buildings and land	14	67.2	73.3
Plant and machinery		26.2	26.9
Equipment and tools		13.6	14.1
Construction in progress		6.9	6.6
		113.9	120.9
<i>Financial assets</i>			
Participations in Group companies	27	1,932.1	1,754.8
Receivables from Group companies	30	79.2	72.4
Deferred tax assets	13	1.5	1.6
Other non-current receivables	16	3.9	3.8
		2,016.7	1,832.6
Total non-current assets		2,136.5	1,958.9
Current assets			
<i>Inventory</i>			
Raw materials and consumables		52.8	51.2
Products in progress		5.0	4.4
Finished products		109.6	118.8
		167.4	174.4
<i>Current receivables</i>			
Accounts receivable - trade	19	45.5	44.8
Receivables from Group companies		836.1	649.5
Taxes recoverable		3.8	6.8
Other receivables		10.5	4.1
Prepaid expenses and accrued income	17	14.9	15.1
		910.8	720.3
<i>Cash and bank balances</i>			
		-	-
Total current assets		1,078.2	894.7
TOTAL ASSETS		3,214.7	2,853.6

Parent Company Balance Sheet

SEK m., 30 April	Notes	30 Apr 2015	30 Apr 2014
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	20	52.0	52.0
Statutory reserve		10.0	10.0
		62.0	62.0
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-4.9	-8.4
Profit brought forward		1,022.8	669.3
Profit for the year		311.3	509.7
		1,364.4	1,205.8
Total equity		1,426.4	1,267.8
Untaxed reserves	24	38.3	35.9
Provisions		3.2	3.2
Non-current liabilities			
Liabilities to credit institutions	21	72.5	172.3
Liabilities to Group companies		281.1	321.0
		353.6	493.3
Current liabilities			
Bank overdraft facilities	21	825.1	489.9
Liabilities to credit institutions	21	149.1	112.0
Accounts payable – trade		48.3	57.7
Liabilities to Group companies		311.8	331.6
Other liabilities		12.1	14.2
Accrued expenses and deferred income	22	46.8	48.0
		1,393.2	1,053.4
TOTAL EQUITY AND LIABILITIES		3,214.7	2,853.6
Pledged assets	31	222.1	222.1
Contingent liabilities	32	398.8	278.4

Changes in Equity – Parent Company

SEK m.	Non-restricted equity					Total equity
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained profit, incl. profit/loss for the year	
Equity, 30 April 2013	52.0	10.0	35.2	48.0	747.2	892.4
Dividend					-78.0	-78.0
Profit for the year					509.7	509.7
Other comprehensive income				-56.3		-56.3
Equity, 30 April 2014	52.0	10.0	35.2	-8.4	1,179.0	1,267.8
Dividend					-156.0	-156.0
Profit for the year					311.3	311.3
Other comprehensive income				3.5	-0.2	3.3
Equity, 30 April 2015	52.0	10.0	35.2	-4.9	1,334.1	1,426.4

Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Notes	2014/15	2013/14
Operating activities			
Operating profit		2.9	12.0
Interest received		20.2	16.6
Interest paid		-13.0	-28.2
Adjustment for non-cash items etc.	33	39.8	22.8
Income tax paid		-1.7	0.9
Cash flow from operating activities before changes in working capital		48.2	24.1
Changes in working capital			
Inventory		7.0	-46.5
Current receivables		-215.3	-172.2
Accounts payable – trade		-30.3	-24.3
Current liabilities		4.3	-8.6
Cash flow from operating activities		-186.1	-227.5
Investing activities			
Acquisition of property, plant and equipment, net		-12.3	-13.2
Acquisitions/paid-in capital at subsidiaries		-180.2	-259.9
Dividends on shares in subsidiaries		311.8	266.0
Group contributions paid		-5.0	-23.9
Investments in intangible assets		-2.8	-2.6
Sale of financial assets		-	652.2
Cash flow from investing activities		111.5	618.6
Financing activities			
Dividend to shareholders		-156.0	-78.0
Borrowings		295.4	34.4
Repayment of loans		-64.8	-347.5
Cash flow from financing activities		74.6	-391.1
Increase/Decrease in cash and cash equivalents		0.0	0.0
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

Notes to the Accounts

Note		Page
1	Accounting and valuation policies	74
2	Risks and risk management	76
3	Information on geographical regions	78
4	Classification according to type of cost	79
5	Auditor's fees	79
6	Leases	79
7	Other operating income	79
8	Other operating expenses	79
9	Employees and staff costs	80
10	Depreciation and amortisation of tangible and intangible non-current assets	81
11	Financial income	81
12	Financial expenses	81
13	Tax on profit for the year	82
14	Intangible and tangible non-current assets	83
15	Other securities held as non-current assets	84
16	Other long-term receivables	85
17	Prepaid expenses and accrued income	85
18	Inventory	85
19	Accounts receivable – trade	85
20	Share capital and proposed dividend	85
21	Borrowing and financial instruments	86
22	Accrued expenses and deferred income	88
23	Appropriations, other	88
24	Untaxed reserves	88
25	Provisions for pensions	88
26	Profit/loss from participations in Group companies	90
27	Participations in Group companies	91
28	Merger of wholly owned subsidiary	92
29	Changes in Group structure – Business combinations	93
30	Receivables from Group companies	93
31	Pledged assets	93
32	Contingent liabilities	94
33	Supplementary information for the cash flow statement	94
34	Information on the Parent Company	94
35	Earnings per share	94
36	Related party transactions	94
37	Significant events after financial year-end	94

Notes

NOTE 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2015 were approved on 6 July 2015 by the Board of Directors and the Chief Executive Officer for publication and will be submitted for adoption to the 2015 Annual General Meeting. The Parent Company is a Swedish limited liability company with its registered office at Skinnkatteberg, Sweden.

Basis of preparation

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

Parent Company's accounting policies

The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 (Accounting for Legal Entities). Accordingly, the Parent Company complies with IFRS as far as possible within the scope of the Swedish Annual Accounts act, 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. 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

A number of new or updated accounting recommendations and interpretations apply to financial years starting on 1 January 2014 or later. None of the new IFRS regulations that entered into force for the financial year beginning on 1 May 2014 have affected the Group's financial statements.

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. In addition to the IFRSs described below, other new measures approved by IASB on 31 December 2014 are not expected to have any effect on the Group's financial statements.

IFRS 9 Financial Instruments, scheduled to enter into force on 1 January 2018, is intended to supersede IAS 39 Financial Instruments: Classification and Measurement. In the new standard, a number of sections have been revised, one of which concerns the recognition and measurement of financial assets and financial liabilities. IFRS 9 classifies financial assets into three distinct categories. The classification is determined on the first accounting occasion on the basis of the characteristics of the asset and the company's business model. The second section refers to hedge accounting. Many aspects of the new policies represent a more effective means of accounting, one that provides a true and fair view of a company's management of financial risks using financial instruments. Finally, new policies have been adopted regarding impairments of financial assets, where the model is based on anticipated losses. Part of the purpose of the new impairment model is to ensure that provisions for credit losses are made at an earlier stage. It is as yet unclear whether IFRS 9 will affect the Group. The standard has not yet been approved by the EU.

IFRS 15 Revenue from Contracts with Customers becomes effective on 1 January 2017 (there is a proposal to defer application until 1 January 2018), replacing all previously issued standards concerning revenue (namely, IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, SIC 31 Revenue – Barter Transactions Involving Advertising Services). IFRS 15 provides a single model for income recognition relating to contracts with customers. The standard is based on the premise that everything starts from an agreement on sale of a product or service, between two parties. Initially, a customer contract has to be identified, which then generates for the seller an asset (rights, a promise of payment of a consideration) and a liability (an undertaking, a promise to transfer goods/services). According to the model, revenue is then to be recognised, thereby proving that an undertaking to deliver the promised goods or services to the customer is discharged. The standard has not yet been approved by the EU. It is as yet unclear whether IFRS 15 will affect the Group.

Amendments to IAS 1 Presentation of Financial Statements – "Disclosure Initiative" – become effective on 1 January 2016. The purpose of these amendments is to further encourage companies to use their professional judgement to decide which disclosures are required and how the information is to be structured in their financial statements. To make this possible, a number of specific improvements have been introduced in the areas of materiality, disaggregation and subtotalling, note structuring, information on accounting policies and presentation of items in other comprehensive income (OCI) that originate from investments calculated using the equity method.

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 financial reports 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. The same 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. 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.

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 apart 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 the time of 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' stated profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is reported under Participations in 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 equity. 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 claims are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences and are transferred to the income statement

in the event of the divestment of the foreign operation in future. Effective 1 November 2008, the Group chose to recognise the assets in Systemair in Spain and in Imos-Systemair in Slovakia net after hedging with loans in EUR. Currency hedging reduces the impact of foreign exchange rate fluctuations in the income statement and, for the financial year, resulted in foreign exchange losses of SEK 0 million (-0.6), net after tax, being recognised directly in equity. All of the EUR loans concerned were repaid during the 2013/14 financial year. During the year, foreign exchange losses regarded as net investment in subsidiaries, totalling SEK -3.5 million (-1.4), net after tax, were taken directly to equity.

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

Systemair's top executive decision-makers govern and manage the operations based on legal corporations. The number of legal corporations within Systemair is about 60, and so, according to the IFRS 8 standard, the Group has that number of segments. Because the presentation of 60 segments would entail excessively detailed information, the standard proposes aggregating these at a suitable level if there are similar economic characteristics and the segments resemble one another. Systemair cannot see how such an aggregation, into no more than 10 segments, could be done so that the information was comprehensible. Thus Systemair has chosen to aggregate all segments into a main segment designated Ventilation.

Property, plant, equipment and intangible assets with a limited useful life

Property, plant, equipment and intangible assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairment losses. Depreciation/Amortisation is charged on a straight-line basis over the useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied.

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. As of the balance sheet date, there were no development projects deemed to meet the above criteria.

Impairment losses

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 a particular asset, for the impairment test assets shall be grouped in cash-generating units, that is, at the lowest level where essentially independent cash flows can be identified. 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 the higher of an asset's net realisable value or value in use. The value in use is the present value of future cash flows discounted at a rate based on the risk-free interest rate adjusted to reflect the risk associated with that particular asset. In the case of an asset that does not generate cash flows; the recoverable amount is calculated for the cash-generating unit in which the asset is included.

Reversal of impairment losses

Impairment losses are reversed if a subsequent increase in the recoverable amount is objectively attributable to an event that has occurred following recognition of the impairment loss.

Impairment losses on goodwill are not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount after 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 and net realisable value for raw materials and purchased finished products, and at production cost for goods produced. Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. The acquisition value is based on the latest purchase price. 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 taken off the balance sheet when the contractual rights to the cash flow cease.

Financial assets measured at fair value through 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. Receivables are recognized at the amounts expected to be received after deductions for doubtful receivables, which are determined on a case-by-case basis. In the Group, the rule generally applied is 50 percent 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 thus are 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 on an ongoing basis, with changes in value recognised in the income statement.

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 individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets.

The Group's obligations with regard to 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 all current leasing contracts as operating leases.

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 are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be 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 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.

The Parent Company has received an employment grant totalling SEK 0.1 million (0.1) from the Swedish Labour Market Board. The employment grant reduced salaries disbursed in the functions affected.

In Lithuania, Systemair received government grants for implementation of ISO and LEAN. Investment grants total SEK 0.1 million.

In Canada, Systemair received employment grants of SEK 0.2 million. The employment grant reduced salaries disbursed in the functions affected.

Material estimates and assumptions

The preparation of financial reports requires sophisticated 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 recognised amounts 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 14.

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 25.

Deferred tax assets

Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that made losses on previous operations but have also arisen 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 operation-related risks, such as the market risk in the cyclical construction industry and changes in the competitive situation, and financial risks, chiefly currency exposure. Both operation-related 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 2014/15 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 2014/15

SEK m.	Operating profit
± 5% in selling prices	+/- 294
± 5% in material costs	+/- 138
± 5% in selling and administration expenses	+/- 83
± 5% in the SEK/EUR exchange rate	+/- 19
± 5% in the SEK/USD exchange rate	+/- 3

The table shows that a change of ±5% in the SEK/EUR exchange rate would have an impact of approximately SEK 19 million (14) on operating profit for 2014/15. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Operation-related 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 apply such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the Company's operations, earnings and financial position may be adversely affected. 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 (known in Sweden by the 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 any disruptions in deliveries of steel. Historically, it has been possible to spread price increases across multiple actors, but there is no guarantee that this will continue to be possible. 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*, *Holland Heating* and *Menergä*. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries in which 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 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 its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade 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 a product the Company has sold may not live up to its 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 45 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 operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions of payment between different countries and the possibility of political instability. 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 2014/15, Group companies in Sweden invoiced 39 percent (39) of their business in SEK, 52 percent (51) in EUR, 6 percent (5) in NOK and 4 percent (5) 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 and USD/EUR.

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 equity. 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 1,323 million (1,127). Major net assets consist of SEK 713 million (557) in EUR, SEK 111 million (98) in DKK, SEK 86 million (93) in NOK, SEK 79 million (24) in TRY, SEK 64 million (56) in INR and SEK 61 million (51) in CAD.

The impact of foreign exchange on equity is recognised as a translation difference and amounted to SEK 68.9 million (12.1).

Borrowing and interest rate risk

Systemair intends to continue to finance some portion of its operations by borrowing from credit institutions. Loan agreements include conditions consisting of standard restrictions, or covenants. This borrowing represents certain risks to the Company's shareholders. For example, if major changes occur in the Company's markets, Systemair may have difficulty securing new credit facilities and as a result may need to use a larger portion of its cash flow for interest payments and amortisation.

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end totalled SEK 1,282.1 million (969.7), indicating that the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,386.2 million (1,040.9). According to Systemair's financial policy, the fixed-interest term for 2014/15 was 3-12 months. A change of ±1 percentage point in the interest rate on borrowing would have an impact of about SEK 14 million (10) on the Group's net financial items for the following 12-month period.

Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations and thus may cause a loss for the Company. A credit appraisal is made based on knowledge the Company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded 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 Information on geographical regions

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

Region Nordic comprises Denmark, Finland, Iceland, Norway, Sweden and Åland. Region Western Europe includes Austria, Belgium, Cyprus, France, the Faeroes, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, San Marino, Spain, Switzerland and the United Kingdom.

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, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkmenistan, Ukraine and Uzbekistan.

North America consists of the United States and Canada.

Other markets comprises Afghanistan, Algeria, Angola, Argentina, Australia, the Bahamas, Bahrain, Bangladesh, Barbados, Botswana, Brazil, Brunei, Burma, Cambodia, Chile, China, Colombia, Costa Rica, Egypt, Ethiopia, French Polynesia, Guatemala, Hong Kong, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kuwait, Lebanon, Macau, Malaysia, Mauritius, Mexico, Morocco, Mongolia, Mozambique, Namibia, New Zealand, Nigeria, Oman, Pakistan, Panama, Peru, the Philippines, Puerto Rico, Qatar, St. Vincent and the Grenadines, Saudi Arabia, the Seychelles, Singapore, South Africa, South Korea, Sri Lanka, Surinam, Taiwan, Tanzania, Thailand, Tunisia, Turkey, Uganda, the United Arab Emirates, Uruguay, Vietnam, the Virgin Islands, Yemen, Zambia and Zimbabwe.

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

The table below shows external net sales in Systemair's 10 biggest markets based on the customer's domicile. Systemair's biggest customer accounts for 1.4 percent of the Group's total sales. Systemair thus has limited exposure to individual customers.

Geographical breakdown Group	Net sales		Non-current assets ¹	
	2014/15	2013/14	2014/15	2013/14
Norway	608.7	580.8	92.6	74.0
Sweden	420.5	416.7	192.7	195.9
Denmark	226.5	179.8	103.8	88.8
Rest of Nordic region	97.0	85.3	1.0	1.1
Total Nordic region	1,352.7	1,262.6	390.1	359.8
Germany	653.9	587.1	394.1	405.6
France	391.0	293.3	39.7	5.3
Netherlands	360.9	337.1	133.6	135.5
United Kingdom	255.0	207.7	29.9	21.2
Rest of Western Europe	660.8	505.5	261.0	219.2
Total Western Europe	2,321.6	1,930.7	858.3	786.8
Russia	546.9	696.1	65.0	78.2
Rest of Eastern Europe and CIS	574.9	519.2	254.3	214.2
Total Eastern Europe and CIS	1,121.8	1,215.3	319.3	292.4
USA	290.0	231.9	74.2	58.0
Rest of North America	108.0	115.1	83.2	70.9
Total North America	398.0	347.0	157.4	128.9
Turkey	205.6	179.1	138.4	97.6
Other markets	482.5	361.1	264.3	205.6
Total Other markets	688.1	540.2	402.7	303.2
	5,882.2	5,295.8	2,127.8	1,871.1

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

Of sales by the Parent Company, sales to other Group companies accounted for SEK 627.8 million (641.5), and sales to related companies (ebm-papst AB) SEK 0.0 million (2.3).

By geographical market	Parent Company	
	2014/15	2013/14
Net sales		
Nordic region	429.3	443.5
Western Europe	270.0	276.9
Eastern Europe and CIS	232.1	300.9
North America	7.1	7.6
Other markets	9.7	12.8
	948.2	1,041.7

NOTE 4 Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2014/15				
Material costs	-2,755.8	-	-	-2,755.8
Employee benefits expense	-745.7	-713.8	-187.9	-1,647.4
Depreciation/Amortisation costs	-82.8	-60.5	-22.6	-165.9
Other costs	-273.3	-578.4	-103.4	-955.1
	-3,857.6	-1,352.7	-313.9	-5,524.2
2013/14				
Material costs	-2,550.9	-	-	-2,550.9
Employee benefits expense	-661.2	-600.8	-167.8	-1,429.8
Depreciation/Amortisation costs	-71.9	-54.9	-21.4	-148.2
Other costs	-224.7	-527.1	-95.6	-847.4
	-3,508.7	-1,182.8	-284.8	-4,976.3

Product development costs totalled approximately SEK 135 million in 2014/15 and SEK 120 million in 2013/14. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

NOTE 5 Auditor's fees

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
<i>Ernst & Young</i>				
Auditing services	-4.3	-4.2	-0.8	-0.9
Other auditing services, other than audit assignment	-0.5	-0.4	-0.4	-0.3
Tax advice services	-0.0	-0.2	-	-
Total Ernst & Young	-4.8	-4.8	-1.2	-1.2
<i>Other</i>				
Auditing services	-2.8	-3.1	-	-
Other auditing services, other than audit assignment	-1.3	-1.3	-	-
Tax advice services	-0.5	-0.9	-	-
Other services	-1.8	-1.2	-	-
Total Other	-6.4	-6.5	-	-
Total	-11.2	-11.3	-1.2	-1.2

NOTE 6 Leases

Leasing costs recognised	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Operating leases	48.5	46.9	5.5	5.4

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	
	2014/15	2013/14	2014/15	2013/14
Operating leases – nominal value				
Payable within 1 year	43.3	38.3	4.5	3.1
Payable in 2-5 years	93.0	77.8	4.8	5.7
Payable after 5 years	7.7	16.0	-	-
	144.0	132.1	9.3	8.8

The Group has no financial leases.

NOTE 7 Other operating income

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Exchange gains in operations	48.2	41.1	7.4	9.9
Intra-Group income	-	-	33.0	30.7
Gain on sale of property, plant and equipment	6.9	2.1	-	-
Other miscellaneous income	37.6	32.8	4.5	5.5
	92.7	76.0	44.9	46.1

NOTE 8 Other operating expenses

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Exchange rate losses in operations	-59.9	-56.9	-8.8	-11.9
Intra-Group expenses	-	-	-44.7	-8.7
Loss on sale of property, plant and equipment	-0.3	-3.5	-	-
Other miscellaneous expenses	-13.7	-18.2	0.1	-0.3
	-73.9	-78.6	-53.4	-20.9

NOTES

NOTE 9 Employees and staff costs

	2014/15		2013/14	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	396	267	422	281
Subsidiaries in:				
Nordic region	467	380	451	370
Sweden	137	101	144	109
Denmark	175	157	157	141
Finland	13	8	14	10
Norway	142	114	136	110
Western Europe	1,549	1,249	1,356	1,071
Belgium	23	19	6	4
United Kingdom	87	67	83	61
Greece	6	5	6	4
France	197	147	46	35
Netherlands	186	170	188	172
Ireland	5	4	5	4
Italy	188	138	198	143
Portugal	23	14	24	15
Switzerland	24	17	37	27
Spain	76	71	52	44
Germany	708	577	686	544
Austria	26	20	25	18
Eastern Europe and CIS	922	591	906	567
Bulgaria	6	4	5	3
Estonia	12	8	13	9
Croatia	3	3	3	3
Latvia	7	6	7	6
Lithuania	200	127	201	127
Poland	39	30	37	30
Romania	6	1	6	5
Russia	299	167	311	160
Serbia	8	5	8	5
Slovakia	226	145	204	131
Slovenia	79	69	75	65
Czech Republic	26	19	24	16
Ukraine	6	3	6	3
Hungary	5	4	6	4
North America	305	222	300	217
Canada	201	143	198	145
USA	104	79	102	72
Rest of World	746	669	707	640
Chile	6	5	6	5
United Arab Emirates	14	12	13	11
India	377	363	380	374
China	10	8	4	3
Malaysia	112	94	103	86
Peru	4	3	2	1
Singapore	11	6	11	6
South Africa	21	17	15	12
Taiwan	2	2	2	2
Turkey	185	155	167	136
Qatar	4	4	4	4
	4,385	3,378	4,142	3,146

Percentage of women on boards and in management	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Board, excluding employee representatives	-	-	20%	20%
Group Management	-	-	0%	0%
Company management	8%	8%	-	-

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2014/15	2013/14	2014/15	2013/14
Board and CEO				
Parent Company	3.8	3.9	1.7	1.6
Subsidiaries in the Nordic region	11.0	9.1	3.7	3.0
Western Europe	23.5	22.2	5.5	5.8
Eastern Europe and CIS	9.5	9.2	2.0	2.0
North America	3.5	3.0	0.8	0.5
Rest of World	7.9	7.9	0.4	0.3
Total, Board and CEO	59.2	55.3	14.1	13.2

Group's remuneration/benefits to senior executives during the year	Basic salary/ Fee		Other benefits	Pension cost	Total
	2014/15	2013/14			
2014/15					
Lars Hansson – Chairman	0.5	-	-	-	0.5
Elisabeth Westberg – Board Member	0.3	-	-	-	0.3
Göran Robertsson – Board Member	0.3	-	-	-	0.3
Hannu Paitula – Board Member	0.3	-	-	-	0.3
Gerald Engström – Board Member, CEO	2.5	-	-	0.4	2.9
Other senior executives	7.2	0.4	0.3	1.9	9.8
Total	11.0	0.4	0.3	2.3	14.0

Group's remuneration/benefits to senior executives during the year	Basic salary/ Fee		Other benefits	Pension cost	Total
	2014/15	2013/14			
2013/14					
Lars Hansson – Chairman	0.5	-	-	-	0.5
Elisabeth Westberg – Board Member	0.3	-	-	-	0.3
Göran Robertsson – Board Member	0.3	-	-	-	0.3
Hannu Paitula – Board Member	0.3	-	-	-	0.3
Gerald Engström – Board Member, CEO	2.5	0.2	-	0.4	3.1
Other senior executives	9.4	0.4	0.5	3.5	13.8
Total	13.3	0.6	0.5	3.9	18.3

In 2014/15, the Board fees were SEK 500 thousand (500) for the Chairman of the Board and SEK 250 thousand (250) for other directors. The CEO is not paid a director's fee.

The Chief Executive Officer, Pär Johansson, is paid a basic salary of SEK 1,200 thousand (1,200). During the financial year, Pär Johansson received SEK 100 thousand (77) in variable remuneration. The Company's pension costs amounted to a total of SEK 341 thousand (312).

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2014/15	2013/14	2014/15	2013/14
Other employees				
Parent Company	161.4	161.8	65.9	67.2
Subsidiaries in the Nordic region	225.3	203.1	42.2	39.2
Western Europe	511.8	448.0	148.2	112.8
Eastern Europe and CIS	119.8	114.5	32.3	31.3
North America	56.5	75.6	17.1	13.7
Rest of World	63.3	55.7	7.7	7.3
Total, other employees	1,138.1	1,058.7	313.4	271.5

Of social security expenses in the Parent Company, pension expenses accounted for SEK 15.1 million (17.0), including SEK 0.5 million (0.4) for the Board and CEO. In other Group companies, pension expenses totalled SEK 24.3 million (23.1), including SEK 2.5 million (2.1) for boards of directors and CEOs.

Remuneration policy

The Chairman and members of the Board receive remuneration as decided by the Annual General Meeting. Fees totalling SEK 25 thousand (25) are paid to employee representatives each year.

Remuneration to the President is determined by the Board based on a proposal from the compensation committee, consisting of Lars Hansson, Elisabeth Westberg and Göran Robertsson. Remuneration to other senior executives is determined by the CEO in consultation with the compensation committee.

In addition to the CEO, "Other senior executives" refers to Mats Lund, VP Production; Fredrik Andersson, VP Sales and Marketing; Anders Ulff, CFO; Kurt Maurer, MD of Systemair in Germany; and Roland Kasper, VP Marketing - Products.

Remuneration to the CEO and other senior executives consists of the basic salary, variable pay, car benefit and pension. For the CEO and 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. For the CEO, defined-contribution pension insurance premiums totalling SEK 0.4 million (0.4) are paid. Pension benefits for other senior executives and the President are paid within the scope of the contractual ITP plan and alternative ITP schemes.

Severance pay

For the President, Pär Johansson and 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 6 months from the employee. No other agreements entitle the President or 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 10 Depreciation and amortisation of tangible and intangible non-current assets

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Goodwill	-	-	0.2	-
Brands, customer relationships etc.	42.7	41.1	2.6	2.5
Other intangible assets	4.3	4.4	0.3	1.0
Buildings and land improvements	36.9	32.4	6.1	6.1
Plant and machinery	49.8	41.7	8.8	9.9
Equipment and tools	37.4	35.1	4.8	4.7
	171.1	154.7	22.8	24.2
Straight-line depreciation/ amortisation, by function				
Cost of goods sold	82.8	72.1	13.6	14.5
Selling expenses	60.5	56.6	5.1	5.8
Administration expenses	22.6	21.4	4.1	3.9
Other operating expenses	5.2	4.6	-	-
	171.1	154.7	22.8	24.2

NOTE 11 Financial income

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Interest income, external	2.1	1.6	0.1	0.1
Interest income, related companies	-	-	20.0	16.5
Capital gain/loss on financial instruments	-	245.6	-	245.6
Net change in exchange rates	23.3	-	9.8	-
Other financial income	0.9	-	-	0.6
	26.3	247.2	29.9	262.8

NOTE 12 Financial expenses

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Interest expenses, external	-22.7	-37.4	-13.3	-28.6
Interest expenses, related companies	-	-	-0.3	-0.7
Net change in exchange rates in financial instruments	-	-17.0	-	-4.8
Other financial expenses	-	-1.5	-	-
	-22.7	-55.9	-13.6	-34.1

NOTES

NOTE 13 Tax on profit for the year

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Current tax	-114.8	-98.3	-3.8	-2.0
Deferred tax	44.2	28.8	-0.1	1.6
	-70.6	-69.5	-3.9	-0.4

The Group's tax expense represents 18.6 percent (13.7) of consolidated pre-tax profit. The relatively low tax charge for the year is an effect of loss carry-forwards recognized as income, which were accrued through acquisition of companies with losses from operations conducted previously. The low tax charge for 2013/14 is largely due to the fact that the capital gain from the shareholding in Lindab is not taxable.

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 43.1 million (30.7) 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.

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Pre-tax profit	380.4	508.2	315.2	510.1
Tax at current tax rate for Parent Company	-83.6	-111.9	-69.3	-111.5
Effect of foreign tax rates	2.0	0.5	-	-
Non-deductible expenses	-10.3	-8.3	-2.6	-0.6
Tax-exempt income	2.4	55.2	0.0	54.1
Net tax effect of capitalised loss carry-forwards	-19.8	-12.5	-	-
Deferred income tax recoverable, attributable to loss carry-forwards not capitalised at acquisition	37.7	-	-	-
Dividends from subsidiaries	-	-	68.6	58.5
Adjustment for previous years' taxes	-0.1	8.7	-0.5	-0.2
Miscellaneous	1.1	-1.2	-0.1	-0.7
	-70.6	-69.5	-3.9	-0.4

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Deferred tax assets				
Property, plant and equipment	0.8	4.2	-	-
Inventory	17.2	14.8	-	-
Current receivables	2.2	1.9	-	0.1
Pension provisions	22.2	9.3	-	-
Loss carry-forwards	115.0	49.5	-	-
Miscellaneous	12.9	13.6	1.5	1.5
	170.3	93.3	1.5	1.6
Deferred tax liabilities				
Intangible assets	55.5	59.2	-	-
Property, plant and equipment	16.9	18.2	-	-
Inventory	1.0	0.5	-	-
Untaxed reserves	17.7	13.1	-	-
Miscellaneous	4.0	1.9	-	-
	95.1	92.9	-	-

NOTE 14 Intangible and tangible non-current assets

Group 2014/15	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 start of year	551.2	346.2	18.9	1,151.9	604.1	377.6	16.1
Acquired in business combinations	56.5	8.4	-	25.1	21.6	12.4	-
Acquisitions for the year	-	4.0	3.0	82.0	30.9	39.4	71.1
Sales/Disposals	-	-	-	-17.6	-82.6	-26.9	-0.3
Reclassifications	-	-0.2	0.2	16.7	18.8	3.1	-38.6
Translation difference	25.2	8.6	0.1	58.6	20.7	13.5	3.1
	632.9	367.0	22.2	1,316.7	613.5	419.1	51.4
Accumulated depreciation/amortisation							
At start of year	-	-101.6	-12.6	-348.1	-427.9	-280.0	-
Depreciation/Amortisation acquired in business combinations	-	-	-	-	-	-7.4	-
Sales/Disposals	-	-	-	9.0	82.7	22.6	-
Reclassifications	-	0.2	-0.2	-	-0.1	0.1	-
Translation difference	-	-2.2	-	-10.7	-12.8	-9.6	-
Depreciation/Amortisation for the year	-	-42.7	-4.3	-36.9	-49.8	-37.4	-
	-	-146.3	-17.1	-386.7	-407.9	-311.7	-
Accumulated impairment							
At start of year	-18.7	-	-	-5.4	-0.6	-	-
Translation difference	-0.5	-	-	-0.1	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	-19.2	-	-	-5.5	-0.6	-	-
Carrying amount	613.7	220.7	5.1	924.6	205.0	107.4	51.4

¹Main brands: Menerga, Holland Heating, Venterra and HSK.

Group 2013/14	Goodwill	Brands, customer rela- tionships etc.	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost							
At start of year	475.4	206.0	16.2	812.5	520.6	322.4	66.0
Acquired in business combinations	89.6	142.7	-	75.0	11.8	27.3	0.5
Acquisitions for the year	-	3.5	3.0	214.3	43.9	33.9	62.9
Sales/Disposals	-	-	-	-31.5	-11.2	-25.2	-0.4
Reclassifications	-	1.6	-	63.0	32.1	14.1	-110.8
Translation difference	-13.8	-7.6	-0.3	18.6	6.9	5.1	-2.1
	551.2	346.2	18.9	1,151.9	604.1	377.6	16.1
Accumulated depreciation/amortisation							
At start of year	-	-42.4	-8.1	-276.8	-385.7	-239.6	-
Depreciation/Amortisation acquired in business combinations	-	-18.5	-	-40.8	-6.2	-19.1	-
Sales/Disposals	-	-	-	8.1	10.4	18.5	-
Reclassifications	-	-	-	-0.5	0.6	-0.1	-
Translation difference	-	0.4	-0.1	-5.7	-5.3	-4.6	-
Depreciation/Amortisation for the year	-	-41.1	-4.4	-32.4	-41.7	-35.1	-
	-	-101.6	-12.6	-348.1	-427.9	-280.0	-
Accumulated impairment							
At start of year	-17.7	-	-	-5.4	-0.6	-	-
Translation difference	-1.0	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-
	-18.7	-	-	-5.4	-0.6	-	-
Carrying amount	532.5	244.6	6.3	798.4	175.6	97.6	16.1

NOTES

Impairment testing of goodwill

Goodwill has been allocated to cash-generating units and the Group as a whole and has been tested for impairment. The recoverable amount of the cash-generating units is based on the 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, anticipated price trends, sales volumes, competing products and anticipated 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 10–15 percent (10–19) 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 gross margin and the discount rate before tax for each unit that is used for calculation of the value in use.

Cash-generating unit	Country	Goodwill, 30 April 2015	Average estimated gross margin	Discount rate before tax
Menerga GmbH	Germany	64.8	26%	11%
Systemair HSK	Turkey	58.1	19%	13%
Systemair India Pvt. Ltd	India	57.3	18%	15%
Systemair S.p.A.	Italy	49.0	18%	13%
Systemair Trading LLC	Russia	48.9	26%	12%
Systemair B.V.	Netherlands	35.4	33%	10%
Systemair Schweiz AG	Switzerland	25.1	47%	10%
Systemair Inc.	Canada	21.6	19%	10%
Holland Heating	Netherlands	20.5	20%	10%
Systemair Mfg. Inc.	USA	19.9	30%	11%
Other	-	213.1		
		613.7		

The recoverable amounts for the units tested exceed their carrying amounts and as a result no impairment is recognised. Sensitivity analysis have been applied to the estimated gross margin, rate of growth and discount rate. The sensitivity analysis are in each case based on a change to one assumption while all other assumptions are maintained constant. Systemair has concluded that margins exist in the calculations for all units other than Systemair in India. In that unit, the recoverable amount exceeds the carrying amount by INR 40 million on 30 April 2015. In the event of a change in the discount rate from 15.2 percent to 15.7 percent, the recoverable amount would correspond to the carrying amount. Systemair considers that the Indian market is strategically important to the Group as a whole. As a result of investments and restructuring measures, the company's ability to generate long-term business in the future is an important factor in justifying the goodwill recognised.

Parent Company 2014/15	Goodwill	Licences etc.	Buildings and land	Plant and machinery	Equip- ment and tools	Con- struction in progress
Accumulated historical cost						
At start of year	1.9	15.4	163.6	194.3	71.8	6.6
Acquisitions for the year	-	2.8	-	0.3	1.4	10.4
Sales/disposals	-	-	-	-78.8	-11.3	-0.2
Merger	0.7	-	-	10.5	-	-
Reclassifications	-	-	-	7.0	2.9	-9.9
	2.6	18.2	163.6	133.3	64.8	6.9

Accumulated depreciation/ amortisation						
At start of year	-1.9	-10.0	-90.3	-167.4	-57.7	-
Sales/disposals	-	-	-	79.3	11.3	-
Merger	-	-	-	-10.2	-	-
Depreciation/Amortisation for the year	-0.2	-2.9	-6.1	-8.8	-4.8	-
	-2.1	-12.9	-96.4	-107.1	-51.2	-
Carrying amount	0.5	5.4	67.2	26.2	13.6	6.9

Parent Company 2013/14	Licences etc.	Buildings and land	Plant and machinery	Equipment and tools	Construct- ion in progress
Accumulated historical cost					
At start of year	11.3	163.6	191.6	66.5	2.9
Acquisitions for the year	2.6	-	1.2	0.6	11.4
Reclassifications	1.5	-	1.5	4.7	-7.7
	15.4	163.6	194.3	71.8	6.6

Accumulated depreciation/ amortisation					
At start of year	-6.5	-84.2	-157.5	-53.0	-
Depreciation/Amortisation for the year	-3.5	-6.1	-9.9	-4.7	-
	-10.0	-90.3	-167.4	-57.7	-
Carrying amount	5.4	73.3	26.9	14.1	6.6

NOTE 15 Other securities held as non-current assets

The change in the balance sheet item in 2013/14 consisted for the most part of the sales of shares in Lindab, listed on the Nasdaq OMX Nordic Exchange, which were divested in March 2014. Since then, Systemair has not had any shareholding in Lindab. The most noteworthy acquisition during the year was an investment 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	
	2014/15	2013/14	2014/15	2013/14
Opening balance	0.4	464.7	-	464.3
Acquisitions	1.6	-	-	-
Disposals	-	-464.3	-	-464.3
	2.0	0.4	-	-

NOTE 16 Other long-term receivables

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Opening balance	7.0	7.8	3.8	3.8
Additional receivables	1.5	0.8	0.1	-
Receivables settled	-0.8	-1.3	-	-
Reclassifications	-0.2	-0.2	-	-
Translation difference	0.2	-0.1	-	-
Closing balance	7.7	7.0	3.9	3.8

NOTE 17 Prepaid expenses and accrued income

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Prepaid rent	7.5	7.5	1.7	1.7
Prepaid insurance premiums	7.9	7.5	-	-
Miscellaneous	43.1	36.0	13.2	13.4
	58.5	51.0	14.9	15.1

"Miscellaneous" covers standard items such as service agreements, licence expenses and limit fees.

NOTE 18 Inventory

Inventory in the Group is recognised at historical cost less deductions for obsolescence. The direct cost of materials during the year totalled SEK 2,755.8 (2,550.9).

NOTE 20 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 2015		1	-	52.0	-	-	52,000,000

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

At 30 April 2015, 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 proposes to the 2015 AGM that a dividend of SEK 2.00 (3.00) per share be paid, for a total of SEK 104.0 million (156.0).

Capital management

The Board of Systemair has adopted a target for the Company's equity/assets ratio of no less than 30 percent and a target for dividend of approximately 30 percent of profit after tax.

NOTE 19 Accounts receivable – trade

Age breakdown of trade accounts receivable	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Not yet due	812.2	659.5	42.9	41.5
< 90 days	159.8	129.8	2.5	3.2
90-180	47.4	29.6	0.1	0.0
181-360	27.1	26.7	0.0	0.1
> 360	11.1	27.2	-	-
Total	1,057.6	872.8	45.5	44.8

Provisions for impairment of trade accounts receivable in the Group totalled 7.3 percent (7.2) 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 limited exposure to individual customers, since the biggest customer in the Group accounts for 1.4 percent of the Group's sales.

Reserve for impairment of trade accounts receivable	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Opening balance	67.6	50.3	0.4	0.7
Provision for anticipated losses	26.2	30.4	0.1	0.4
Reversal of amount unused	-4.7	-3.4	-0.0	-
Bad debts	-11.7	-12.0	-0.4	-0.7
Provisions acquired	3.2	1.4	-	-
Exchange rate effects	2.4	0.9	-	-
Closing balance	83.0	67.6	0.0	0.4

NOTES

List of shareholders

Systemair's 10 largest shareholders according to Euroclear at 30 April 2015.

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%
Alecta Pensionsförsäkring	2,500,000	4.81%
Swedbank Robur Funds	2,484,220	4.78%
Nordea Investment Funds	2,461,140	4.73%
Didner & Gerge Fonder	1,230,209	2.37%
Odin Sverige Aksjefondet	1,029,840	1.98%
Handelsbanken Fonder	1,025,171	1.97%
AFA Insurance	1,011,701	1.95%
Fondita Nordic Micro Cap	780,000	1.50%
Other	6,420,197	12.35%
Total	52,000,000	100.00%

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

Options programme

During the year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 call options for Systemair shares to 19 individuals in senior positions within Systemair. Färna Invest AB is owned by Systemair's CEO 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 21 Borrowing and financial instruments

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Non-current liabilities				
Bank loans of one to five years	213.3	228.1	72.5	172.3
Bank loans longer than five years	32.1	57.5	-	-
	245.4	285.6	72.5	172.3
Current liabilities				
Bank overdraft facilities	836.8	505.0	825.1	489.9
Current portion of bank loans	303.5	250.3	149.1	112.0
	1,140.3	755.3	974.2	601.9
Total borrowing	1,385.7	1,040.9	1,046.7	774.2
Distribution among banks				
Nordea Bank AB	598.8	536.4	497.3	443.0
Svenska Handelsbanken AB	684.3	440.8	549.4	331.2
Other banks	102.6	63.7	-	-
	1,385.7	1,040.9	1,046.7	774.2

Loans, by currency	SHB		Nordea		Other		Total	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
EUR	354.6	356.0	88.3	-54.6	90.4	49.8	533.3	351.2
SEK	158.2	-20.9	378.8	477.2	-	-	537.0	456.3
USD	3.4	2.7	46.2	50.0	-	-	49.6	52.7
NOK	-	-	-21.9	-27.8	-	-	-21.9	-27.8
DKK	-	-	17.5	22.6	2.4	4.6	19.9	27.2
Other currencies	168.1	103.0	89.9	69.0	9.8	9.3	267.8	181.3
Total	684.3	440.8	598.8	536.4	102.6	63.7	1,385.7	1,040.9

	2014/15		2013/14	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
Long-term loans				
Group	245.4	2.12%	285.6	2.60%
Parent Company	72.5	1.50%	172.3	2.92%
Short-term loans				
Group	1,140.2	1.92%	755.3	2.42%
Parent Company	974.2	1.14%	601.9	1.76%

External credit facilities granted for bank overdrafts totalled SEK 942.8 million (924.9) for the Group and SEK 885.0 million (855.0) for the Parent Company. The Group had an unused overdraft facility of SEK 108.0 million (450.5).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. 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 and repayments.

	2015/16	2016/17	2017/18	2018/19	2019/20	Later
Interest payments on loans	9.4	5.1	3.8	2.8	1.7	4.7
Interest bank overdraft facilities	12.5					
Total interest expense	21.9					
Repayments						
Loans	303.5	104.9	29.4	20.5	42.2	49.1
Operating credit	836.7					
Total undiscounted payments for loans	1,162.1	110.0	33.2	23.3	43.9	53.8

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.

Level 2: Inputs other than Level 1 quoted prices that are directly or indirectly observable for the asset or liability. Inputs other than quoted prices observable for the asset or liability may also include interest rates, yield curves, volatility and multiples.

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 carrying amount for all items, other than borrowing, is an approximation of the fair value, and so such items are not classified into levels in accordance with the valuation hierarchy. Borrowing is classified at Level 2. 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.

2014/15

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	839.5	839.5
Property, plant and equipment	-	-	-	-	1,288.3	1,288.3
Financial investments	-	-	2.0	2.0	-	2.0
Non-current receivables	-	-	-	-	7.7	7.7
Deferred tax assets	-	-	-	-	170.3	170.3
Inventory	-	-	-	-	1,029.2	1,029.2
Other receivables	-6.8	1,064.4	-	1,057.6	107.8	1,165.4
Cash and cash equivalents	-	187.8	-	187.8	-	187.8
Total assets	-6.8	1,252.2	2.0	1,247.4	3,442.8	4,690.2

Equity and liabilities	Derivatives	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	2,082.2	2,082.2
Provisions for pensions	-	-	-	77.8	77.8
Deferred tax liabilities	-	-	-	95.1	95.1
Provisions	-	-	-	87.6	87.6
Interest-bearing liabilities	-	1,386.2	1,386.2	-	1,386.2
Other liabilities	-	537.2	537.2	424.1	961.3
Total equity and liabilities	-	1,923.4	1,923.4	2,766.8	4,690.2

2013/14

Assets	Derivatives	Loan receivables and Accounts receivable – trade	Financial assets available for sale	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	783.4	783.4
Property, plant and equipment	-	-	-	-	1,087.7	1,087.7
Financial investments	-	-	0.4	0.4	-	0.4
Non-current receivables	-	-	-	-	7.0	7.0
Deferred tax assets	-	-	-	-	93.3	93.3
Inventory	-	-	-	-	920.7	920.7
Other receivables	-6.8	879.6	-	872.8	94.8	967.6
Cash and cash equivalents	-	123.3	-	123.3	-	123.3
Total assets	-6.8	1,002.9	0.4	996.5	2,986.9	3,983.4

Equity and liabilities	Derivatives	Financial liabilities	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	1,880.9	1,880.9
Provisions for pensions	-	-	-	39.6	39.6
Deferred tax liabilities	-	-	-	92.9	92.9
Provisions	-	-	-	81.4	81.4
Interest-bearing liabilities	-	1,040.9	1,040.9	-	1,040.9
Other liabilities	-	468.4	468.4	379.3	847.7
Total equity and liabilities	-	1,509.3	1,509.3	2,474.1	3,983.4

On the balance sheet date, the Group had outstanding currency derivatives in EUR. The fair value of the contracts is SEK -6.8 million (-6.8). The total hedged value was EUR 33.4 million (38.3) and USD 0.7 million (1.3).

Currency derivatives – hedged values – Group	EUR m.	USD m.
Maturity of forward contracts		
< 1 year	33.4	0.7
May 2016–July 2016	-	-
Aug 2016 – Oct 2016	-	-
Nov 2016 – Jan 2017	-	-
Total outstanding	33.4	0.7

NOTES

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 this period of time. At the financial year-end, forward contracts had been taken out by the Parent Company and the USA subsidiary. The forward contracts are stated 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 22 Accrued expenses and deferred income

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Salary and holiday pay liability	105.9	106.2	29.1	29.0
Employer's social security contribution liability	29.3	28.2	13.1	12.9
Commission payments and bonuses	16.3	15.8	2.3	2.3
Miscellaneous	49.4	46.9	2.3	3.8
	200.9	197.1	46.8	48.0

NOTE 23 Appropriations, other

	Parent Company	
	2014/15	2013/14
Group contributions paid	-4.9	-23.9
Provision to tax allocation reserve	-4.8	-
Reversal of tax allocation reserve	0.6	22.8
Difference between depreciation and amortisation charged and according to plan	2.5	4.5
	-6.6	3.4

NOTE 24 Untaxed reserves

	Parent Company	
	2014/15	2013/14
Difference between depreciation and amortisation charged and according to plan	17.7	19.9
Tax allocation reserve, tax in 2010	-	0.6
Tax allocation reserve, tax in 2011	15.4	15.4
Tax allocation reserve, tax in 2012 ¹	0.1	-
Tax allocation reserve, tax in 2013 ¹	0.1	-
Tax allocation reserve, tax in 2014 ¹	0.2	-
Tax allocation reserve, tax in 2016	4.8	-
	38.3	35.9

¹ Tax allocation reserve transferred from merger with Ventilation och Energiprodukter AB.

NOTE 25 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 individually based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation at the balance sheet date, less the fair value of plan assets. The cost of a defined-contribution pension plan is broken down into different categories, such as cost of entitlement earned, interest expense and 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 pension plans in Systemair's principal markets.

Sweden

On behalf of white-collar employees, the ITP 2 plan's defined-benefit pension obligations for retirement and family pensions (or family pensions) are secured via insurance contracted with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 3 Classification of ITP Plans Financed via Insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. For the 2014/15 financial year, the Company has not had access to information to be able to account for the Group's proportional share of the plan's obligations, plan assets and costs and so has 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 pension insurance policies contracted with Alecta totalled approximately SEK 4.3 million (3.7). The contributions for 2015/16 are expected to be in line with those for 2014/15.

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 percent and 155 percent. If Alecta's collective consolidation level falls below 125 percent or exceeds 155 percent, measures are to be taken to create the conditions for bringing the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the contractual price for new insurance and increase existing benefits. In the event of high consolidation, one measure may be to bring in premium reductions. At the end of 2014, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 143 percent (148).

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 new defined-benefit system is on a lower level than previously, the benefits will be less 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 defined-contribution since it 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, 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 complies with IAS 19 and 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 pension obligation is calculated according to the Projected Unit Credit method, taking into account actuarial assumptions such as discount rates, salary increases, personnel turnover and estimated life expectancy. There are no minimum requirements, and no changes, reductions or adjustments regarding the pension plans took place during the year.

Per country data, 30 April 2015

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations, including payroll tax	102.5	36.1	20.9	17.0	1.2	177.7
Fair value of plan assets	-76.4	-23.5	-	-	-	-99.9
Pension provisions, net	26.1	12.6	20.9	17.0	1.2	77.8
Cost recognised in income statement						
Cost of service	5.7	1.2	-	1.0	0.1	8.1
Payroll tax	0.7	-	-	-	-	0.7
Interest expense / (profit)	0.5	0.1	0.5	0.4	-	1.4
Net cost recognised in income statement, %	6.9	1.3	0.5	1.4	0.1	10.2

Per country data, 30 April 2014

Amount shown on balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Other	Total
Present value of obligations	78.3	3.1	19.7	2.2	1.9	105.2
Fair value of plan assets	-67.0	-	-	-	-	-67.0
Net liability before payroll tax	11.3	3.1	19.7	2.2	1.9	38.2
Payroll tax liability	1.4	-	-	-	-	1.4
Pension provisions, net	12.7	3.1	19.7	2.2	1.9	39.6
Cost recognised in income statement						
Cost of service	4.5	0.4	0.0	0.2	-2.2	2.9
Payroll tax	0.7	-	-	-	-	0.7
Interest expense / (profit)	0.6	-	0.4	-	-	1.0
Net cost recognised in income statement, %	5.8	0.4	0.4	0.2	-2.2	4.6

NOTES

Major actuarial assumptions, weighted average, %

	2014/15	2013/14
Discount rate	2.15	4.00
Anticipated rate of increase in salaries	1.90	3.80
Anticipated rate of inflation	1.35	3.00

Impact of pension costs on earnings

	2014/15	2013/14
Operating expenses – defined-benefit plans	8.8	3.6
Operating expenses – defined-contribution plans	48.9	46.3
Total operating expenses	57.7	49.9
Interest expense – defined-benefit plans	1.4	1.0
Cost before impact of tax	59.1	50.9

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

Defined-benefit obligations	2014/15	2013/14
Defined-benefit plans – liability 1 May	105.2	92.5
Current cost	8.9	3.3
Interest expense	4.5	2.4
Benefits paid	-4.8	-2.3
Actuarial gains/losses (financial assumptions)	22.9	2.5
Actuarial gains/losses (demographic assumptions)	-1.4	3.8
Actuarial gains/losses (empirical adjustments)	4.3	-0.5
Offsetting (other)	0.2	-
Business combinations	36.3	0.6
Pension plans taken over	-	3.4
Exchange rate differences	1.6	-0.5
Defined-benefit plan obligations, 30 April	177.7	105.2
Changes in plan assets		
Fair value of plan assets, 1 May	67.0	59.0
Contributions from employers	11.0	8.5
Contributions from employees	1.0	-
Benefits paid	-1.5	-1.2
Interest income	3.1	2.2
Actuarial gains/losses	-2.3	-
Business combinations	21.0	-
Exchange rate differences	0.6	-1.5
Fair value of plan assets, 30 April	99.9	67.0

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	-9.8	-1.0	9.4
Rate of inflation	+0.5	-0.1	-0.5	0.1
Future increase in salaries	+0.5	3.1	-0.5	-1.9

Fair value of plan assets

	2014/15	2013/14
Shares and similar financial instruments	12.0	3.0
Fixed-interest securities etc.	73.9	54.6
Properties	14.0	9.4
Total	99.9	67.0

Amounts recognised in other comprehensive income

	2014/15	2013/14
Actuarial gains/losses, gross	-28.1	6.3
Impact of tax	6.7	-1.7
Net in equity	-21.4	4.6

NOTE 26 Profit/loss from participations in Group companies

	Parent Company	
	2014/15	2013/14
Dividends from subsidiaries	311.8	266.0
Write-down on shares in subsidiaries	-9.2	-
	302.6	266.0

NOTE 27 Participations in Group companies

Parent Company holdings of shares in Group companies.

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Animac	556311-3926	Motala, Sweden	100	2,500	2.7
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5
Kanalfläkt 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	-	30.9
Systemair EOOD		Bulgaria	100	-	0.1
Systemair SpA		Chile	100	-	7.2
Welmo Trading Ltd		Cyprus	100	1,000	0.0
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	9.9
Systemair Hellas		Greece	100	15,000	8.7
L.S.A. Handelsonderneming B.V.		Netherlands	100	40	11.0
Holland Heating		Netherlands	100	180	49.6
Rucon Systemair Beheer B.V.		Netherlands	100	-	69.6
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 AC		Italy	100	-	137.5
Systemair Ltd		Canada	100	44,600	29.6
Systemair (Suzhou) Co. Ltd		China	100	-	8.3
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
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6
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	0.7
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
Systemair LLC		Russia	100	-	94.3
Systemair ZAO		Russia	100	865	0.5
Systemair d.o.o. Belgrade		Serbia	100	-	12.4
(Cont. on next page)		Sub-total			1,219.5

NOTES

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
(Cont. from previous page)				Brought forward	1,219.5
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	3.5
Systemair SA		Czech Republic	100	-	21.5
Systemair Co. Ltd		Taiwan	100	-	0.2
Systemair HSK		Turkey	90	2,150	138.8
Systemair GmbH		Germany	100	-	10.4
Lautner Enegiesparttechnik GmbH		Germany	100	-	10.2
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	220.4
Tekadoor GmbH		Germany	100	-	30.3
Systemair TOV		Ukraine	100	-	0.4
Systemair Rt		Hungary	100	2,000	4.5
Systemair Mfg. Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	0.9
Menerga Energie-Systeme Ges.m.b.H.		Austria	100	-	9.4
					1,932.1

Subsidiaries indirectly controlled by Parent Company

Indirectly held	Parent company	Registered office	% of capital
Frico SAS	Frico AB	France	100
Frico BV	Frico AB	Netherlands	100
Frico AS	Frico AB	Norway	100
Frico GmbH AT	Frico AB	Austria	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Reftec AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Tekadoor Lufttechnische Geräte GmbH	Tekadoor GmbH	Austria	50

Change in Group companies	Parent Company	
	2014/15	2013/14
At start of year	1,754.8	1,471.9
Acquisitions during the year	93.1	221.5
New share issues during the year	93.4	61.4
Impairment losses for the year	-9.2	-
	1,932.1	1,754.8

NOTE 28 Merger of wholly owned subsidiary

The wholly owned subsidiaries Frico Engineering AB, org. reg. no. 556362-9137, and Ventilation och Energiprodukter Sverige AB, org. reg. no. 556750-6695, were merged with the Parent Company, Systemair AB, in 2014/15.

	Ventilation och Energi- produkter AB	Frico Engineering AB
Date of merger	31/07/2014	14/10/2014
Net sales	0.1	0.0
Operating profit	0.0	-0.1
Non-current assets	-	0.3
Current receivables	0.8	1.0
Total assets	0.8	1.3
Equity	0.2	0.1
Current liabilities	0.6	1.2
Total liabilities and equity	0.8	1.3

NOTE 29 Changes in Group structure – Business combinations

Companies acquired

In July 2014, Systemair reached an agreement to take over the assets of Airwell, a French manufacturer of air conditioning products for the commercial market. The acquisition includes brands, product rights, sales organisation and the leased production facilities in Tillières, about 100 kilometres west of Paris. The company has a production facility extending over 38,000 m² and employs approximately 150 people. Including the sales organisation, the total number of employees at acquisition was 207. Annual sales are estimated at EUR 30 million. The acquisition is complementary to Systemair's range of air conditioning products for the commercial market.

In July 2014, the Group acquired Menerga's sales company in the UK. The company, which sells and services Menerga's products, brings a total of 6 employees and annual sales of around GBP 1.1 million to the Group.

In October 2014, the acquisition of Camair, Belgium, was completed. Camair distributes products for air conditioning and ventilation for the commercial market in Belgium. It is estimated that the company, based in Seneffe, 40 kilometres south of Brussels, will report sales of EUR 7 million for the calendar year 2014. It has 22 employees. The acquisition also includes a modern, 3,000 m² property comprising offices, showroom and warehouse. The acquisition provides synergies with the recently-acquired Airwell, France, and Systemair's production of chillers in Italy. After the acquisition, the company merged with Systemair's existing operations in Belgium, while logistics and administration were moved to Seneffe.

In October 2014, Systemair also acquired Airwell Deutschland GmbH, a distributor of air conditioning and ventilation products for the commercial market in Germany. It is estimated that the company, which has its headquarters and warehouse in Frankfurt, will report sales of EUR 7 million for the coming year. It has 15 employees. The acquisition provides synergies with the recently-acquired Airwell, France, and production of chillers in Italy. Operations were merged immediately with Systemair's existing company in Germany in order to benefit from synergies in administration and logistics.

In January 2015 a lease was signed for an industrial building in Wuijiang, China, for the production of air handling units for the Chinese market.

In March 2015 an agreement was signed to acquire Lautner Energiespartetechnik GmbH in Helmstadt, Germany. The company was founded in 1991 and specialises in manufacturing high-efficiency rotating heat exchangers for air handling units and data centre cooling. At the time of the acquisition the company had 17 employees and estimated sales of approximately EUR 2 million.

Menerga AS, the market leader in swimming pool ventilation and distributor of Menerga's products in Norway, was acquired in April 2015. The company, which sells and services Menerga's products, reported sales in 2014 of around SEK 55 million. The company has offices in Hvalstad outside Oslo and a nationwide service organisation. At the time of the acquisition the company had 17 employees. Menerga AS will continue to be managed as a separate company with its current management and staff.

Net sales for the acquired companies between the time of acquisition and the financial year-end totalled SEK 257.7 million. During the period, an operating loss of SEK -8.1 million was recorded. If the companies acquired had been consolidated as of 1 May 2014, net sales for the period May 2014 through April 2015 would have totalled approximately SEK 6,044.8 million. The operating profit for that period would have totalled approximately SEK 374.9 million.

The price paid to acquire 100 percent of the shares outstanding in Menerga, UK, Camair, Belgium, Airwell, Germany, Lautner, Germany, Menerga, Norway and for the operation in Airwell, France, can be divided as follows:

SEK m.	
Total historical cost, less costs of acquisition	111.1
Assets acquired	
Fair value of assets acquired, net	57.2
Goodwill	53.9

Assets and liabilities acquired	Total
Goodwill	53.9
Brands and customer relationships	8.5
Buildings and land	24.9
Machinery and equipment	30.2
Financial and other non-current assets	0.7
Inventory	27.8
Other current assets	30.9
Cash and cash equivalents	48.2
Non-interest-bearing liabilities (incl. deferred tax liability)	-41.5
Interest-bearing liabilities	-2.7
Other operating liabilities	-69.8
	111.1

Impact of acquisitions on cash flow	
Purchase considerations	-111.1
Purchase consideration not paid	5.6
Cash and cash equivalents in companies purchased	48.2
Transaction costs, acquisition of subsidiaries	-1.5
Change in consolidated cash and cash equivalents after acquisitions	-58.8

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

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

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

Companies divested

No companies were divested during the year.

NOTE 30 Receivables from Group companies

Change in Group companies	Parent Company	
	2014/15	2013/14
At start of year	72.4	64.5
Lending	13.4	6.2
Repayments	-79.1	-1.0
Reclassifications	65.6	-
Foreign exchange adjustment	6.8	2.7
	79.2	72.4

NOTE 31 Pledged assets

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Assets pledged to credit institutions for own liabilities				
Chattel mortgages	116.3	100.4	97.4	97.4
Real estate mortgages	158.5	172.9	27.0	27.0
Pledged shares in subsidiaries	49.1	25.1	97.7	97.7
	323.9	298.4	222.1	222.1
Pledged assets, per bank				
Nordea Bank AB	185.9	158.2	194.0	194.0
Svenska Handelsbanken AB	45.3	45.0	28.1	28.1
Other banks	92.7	95.2	-	-
	323.9	298.4	222.1	222.1

NOTES

NOTE 32 Contingent liabilities

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Guarantees on behalf of subsidiaries	-	-	348.9	250.8
Guarantees and other contingent liabilities ¹	98.5	84.2	49.9	27.6
	98.5	84.2	398.8	278.4

¹ Mostly intra-Group parent company guarantees and bank guarantees.

NOTE 33 Supplementary information for the cash flow statement

	Group		Parent Company	
	2014/15	2013/14	2014/15	2013/14
Adjustment for non-cash items etc.				
Depreciation/Amortisation	171.1	154.7	22.8	24.2
Changes in provisions	6.7	5.6	0.7	0.2
Exchange gains and losses	26.2	-13.1	16.3	-1.6
Provisions for pensions	0.5	-1.6	-	-
Gain/Loss on divestment of non-current assets	-6.5	1.3	-	-
Other items	1.5	6.0	-	-
	199.5	152.9	39.8	22.8

NOTE 34 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 2014/15 financial year include the Parent Company and its subsidiaries, jointly referred to as the "Group".

NOTE 35 Earnings per share

Group	2014/15	2013/14
Basic earnings per share (SEK)	5.96	8.44
Diluted earnings per share (SEK)	5.96	8.44
Profit for the year attributable to Parent Company shareholders	309.8	438.7
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

During the year, Systemair's principal shareholder, Färna Invest AB, issued a total of 520,000 call options for Systemair shares to 19 individuals in senior positions within Systemair. Färna Invest AB is owned by Systemair's CEO 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 36 Related party transactions

During the year, Systemair AB (publ.) sold products for SEK 1.6 million (2.3) to ebm-papst AB. Product purchases from ebm-papst AB totalled SEK 0.8 million (1.1). During the year, products purchased by the Group from ebm-papst AB's parent company in Germany, ebm-papst GmbH, totalled SEK 141.7 million (196.8). Systemair AB (publ.) purchased hotel and conference services for SEK 3.9 (4.7) million from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström.

Parent Company purchases from other Group companies totalled SEK 163.7 million (233.7). Parent Company sales to Group companies are shown in Note 3.

NOTE 37 Significant events after financial year-end

Systemair has decided to split the Swedish operation into two companies. The listed company Systemair AB will be streamlined into a holding company with corporate staff and group functions. The newly formed company Systemair Sverige AB will conduct production and sales operations in Sweden. President Gerald Engström will be CEO of the listed company Systemair AB. Pär Johansson will be Managing Director of Systemair Sverige AB. The change comes into force from 1 May 2015.

In May 2015 Systemair expanded its Group Management with the addition of Olle Glassel, Vice President Sales. Employed at Systemair since 2002, Olle Glassel heads Systemair's sales in Western Europe, apart from the German-speaking countries. He is also responsible for Systemair's sales strategy development and internal training in sales and leadership. Following these changes, the new Group Management consists of Gerald Engström, Anders Ulf, Fredrik Andersson, Roland Kasper, Mats Lund, Kurt Maurer and Olle Glassel.

In June 2015, Systemair AB's Board of Directors appointed Roland Kasper as the new CEO of Systemair AB. He is to take up his position at the Annual General Meeting to be held on 27 August 2015. The nominating committee proposes that Gerald Engström be elected as Chairman of the Board. Roland Kasper started working at Systemair in 2007 and has been a member of Group Management since 2011. He is employed as Vice President Marketing, with responsibility for the product range. Roland Kasper also serves as Board member at many of Systemair's subsidiaries.

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 2015



Lars Hansson
Chairman of the Board



Gerald Engström
Chief Executive Officer



Hannu Paitula
Director



Göran Robertsson
Director



Elisabeth Westberg
Director



Ricky Sten
Employee Representative



Kevin Rowland
Employee Representative

Our Audit Report concerning this Annual Report was submitted on 6 July 2015.

Ernst & Young AB



Åsa Lundvall
Authorised Public Accountant

Audit Report

To the annual general meeting of the shareholders of Systemair AB (publ) org. reg. no. 556160-4108

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

We have conducted an audit of the annual accounts and the consolidated accounts of Systemair AB (publ) for the financial year from 1 May 2014 to 30 April 2015, with the exception of the corporate governance report on pages 55-60. The company's annual report and the consolidated accounts are included on pages 51-94 of the printed version of this document.

Respective responsibilities of the Board of Directors and the Chief Executive Officer (CEO) with regard to the annual report and the consolidated accounts

The Board of Directors and the CEO are responsible for preparing an annual report that provides a true and fair view in accordance with the Swedish Annual Accounts Act and consolidated accounts that provide a true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, as well as for the internal systems of control that the Board of Directors and CEO deem to be necessary in order to prepare an annual report and consolidated accounts that are free of material misstatement, whether caused by irregularity or error.

Responsibilities of the auditor

Our responsibility is to express an opinion on the annual accounts and the consolidated accounts on the basis of our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. Those standards require that we observe the requirements of professional ethics and that we plan and perform the audit to obtain reasonable assurance that the annual report and the consolidated accounts are free from material misstatement.

An audit includes obtaining, by variety of measures, accounting evidence supporting the amounts and disclosures in the annual report and consolidated accounts. The auditor decides which actions should be taken, for example by determining the risks of material misstatements in the annual report and the consolidated accounts, whether caused by irregularity or error. In determining risks in this way, the auditor considers which aspects of internal systems of control are relevant to how the company prepares the annual report and the consolidated accounts in order to provide a true and fair view, in order to devise audit measures that are fit-for-purpose with regard to the circumstances, but not in order to state an opinion as to the efficacy of the company's internal systems of control. An audit also includes an assessment of the suitability of the accounting policies applied and of the reasonableness of the estimates by the board of directors and the CEO in the accounts, as well as an assessment of the overall presentation of the annual report and the consolidated accounts.

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

Opinions

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 2015 and of its financial results and cash flows for the year in accordance with the Swedish Annual Accounts Act. 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 group's financial position on 30 April 2015 and of its financial results and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. Our opinions do not refer to the corporate governance report on pages 55-62. 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.

REPORT ON OTHER REQUIREMENTS UNDER LEGISLATION AND OTHER REGULATIONS

In addition to our audit of the annual report and the consolidated accounts, we have also conducted an audit of the proposed treatment of the company's profit or loss and the administration of the affairs of Systemair AB (publ) by the Board and the CEO in the financial year of 1 May 2014 to 30 April 2015. We have furthermore carried out a statutory review of the corporate governance report.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposed treatment of the company's profit or loss, and the Board and CEO are responsible for administration under the Swedish Annual Accounts Act. It is also responsible for ensuring that the corporate governance report on pages 55-60 has been prepared in accordance with the Swedish Annual Accounts Act.

Responsibilities of the auditor

Our responsibility is to express an opinion with a reasonable degree of assurance as to the proposed treatment of the company's profit or loss and as to the administration based on our review. We conducted our audit in accordance with generally accepted auditing practice in Sweden.

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.

As a basis for our opinion concerning discharge from liability we examined, in addition to our audit of the annual accounts, significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any director or the chief executive officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance report and on the basis of this reading and our knowledge of the company consider that we have sufficient grounds for our opinions. This means that our statutory 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 accepted auditing standards in Sweden.

Opinions

We recommend to the Annual General Meeting of shareholders that the profit be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

In our opinion, the corporate governance report has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 6 July 2015

Ernst & Young AB



Åsa Lundvall
Authorised Public Accountant

Key Ratios for the Group

		2014/15 May-Apr	2013/14 May-Apr	2012/13 May-Apr
Net sales	SEK m.	5,882.2	5,295.8	4,551.0
Growth	%	11.1	16.4	13.9
Operating profit	SEK m.	376.8	316.9	365.2
Operating margin	%	6.4	6.0	8.0
Profit after net fin. items	SEK m.	380.4	508.2	330.6
Profit margin	%	6.5	9.6	7.3
Return on capital employed	%	12.5	17.7	13.8
Equity/assets ratio	%	44.4	47.2	40.7
Per share ratios				
Earnings per share	SEK	5.96	8.44	4.63
Equity per share	SEK	40.04	36.17	30.31
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

DEFINITIONS OF KEY RATIOS

Capital employed

Total assets less non-interest-bearing liabilities.

Earnings per share

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

EBIT

Earnings before financial items and tax.

Equity/assets ratio

Equity, including non-controlling interests, divided by total assets.

Equity per share

Equity, excluding non-controlling interests, divided by the number of shares at the end of the period.

Growth

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

Interest coverage ratio

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

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.

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.

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.

Sales per employee

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

Group Companies

HEAD OFFICE:

Systemair AB
Phone: +46 (0)222-440 00
mailbox@systemair.se

SUBSIDIARIES:

Austria
Systemair GmbH
Menerga Energie-Systeme GmbH

Belgium
Systemair NV

Bulgaria
Systemair EOOD

Canada
Systemair Ltd

Chile
Systemair Spa

China
Systemair (Suzhou) Co. Ltd.

Croatia
Systemair d.o.o.

Czech Republic
Systemair SA

Denmark
Systemair a/s

Dubai, United Arab Emirates
Systemair Middle East FZE
Systemair Trading LLC

Estonia
Systemair AS

Finland
Systemair Oy

France
Systemair SAS
Systemair AC
Frico SAS

Germany
Systemair GmbH
LGB GmbH
Tekadoor GmbH
Lautner Energiespartechnik GmbH

Greece
Systemair Hellas

Hong Kong
Systemair Hong Kong Ltd.

Hungary
Systemair Rt

India
Systemair India Pvt. Ltd

Ireland
Systemair Ltd

Italy
Systemair AC

Latvia
Systemair SIA

Lithuania
Systemair UAB

Malaysia
Systemair Sdn Bhd

Netherlands
Systemair B.V.
L.S.A. Handelsonderneming B.V.

Norway
Systemair AS
Frico AS
Reftec AS
Menerga AS

Peru
Systemair Peru SAC.

Poland
Systemair SA

Portugal
Systemair SA

Qatar
Systemair Middle East LLC

Romania
Systemair Rt

Russia
Systemair Trading LLC

Serbia
Systemair d.o.o. Belgrade

Singapore
Systemair (SEA) PTE Ltd

Slovakia
MOS-Systemair spol. s.r.o.
Systemair AS

Slovenia
Systemair d.o.o.

South Africa
Systemair (Pty) Ltd

Spain
Systemair HVAC S.L.U.

Sweden
Reftec AB

Switzerland
Systemair Suisse AG

Taiwan
Systemair Co. Ltd

Turkey
Systemair - HSK

Ukraine
Systemair TOV

United Kingdom
Systemair Fans & Spares Ltd

SUBSIDIARIES WITH OWN BRAND:

Frico AB Gothenburg
mailbox@frico.se

Fantech Inc., United States
info@fantech.net

Fantech Ltd., Canada
info@fantech.net

Holland Heating
info@hollandheating.nl

Menerga
info@menerga.com

VEAB Heat Tech AB, Hässleholm
veab@veab.com

CONTACT DETAILS:

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

Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 27 August 2015 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden

A tour of our main facility and presentation of the Company's products will take place prior to the AGM. Those wishing to take part should assemble at 1.00 p.m. at the site's main entrance at Industrivägen 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, 21 August 2015 and must notify the Company of their intention to participate no later than 3.00 p.m. on Friday, 21 August 2015.

Application to attend the AGM is best made by e-mail to agm@systemair.se, telephone on +46 (0)222-440 00 or 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 must be notified at the same time. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. 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 organization. Powers of attorney, registration certificates and other authorization documents must be available at the AGM and should, in order to facilitate entry to the meeting, be received by the Company no later than on Friday, 21 August 2015. In the case of a power of attorney, the original 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, 21 August 2015. 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

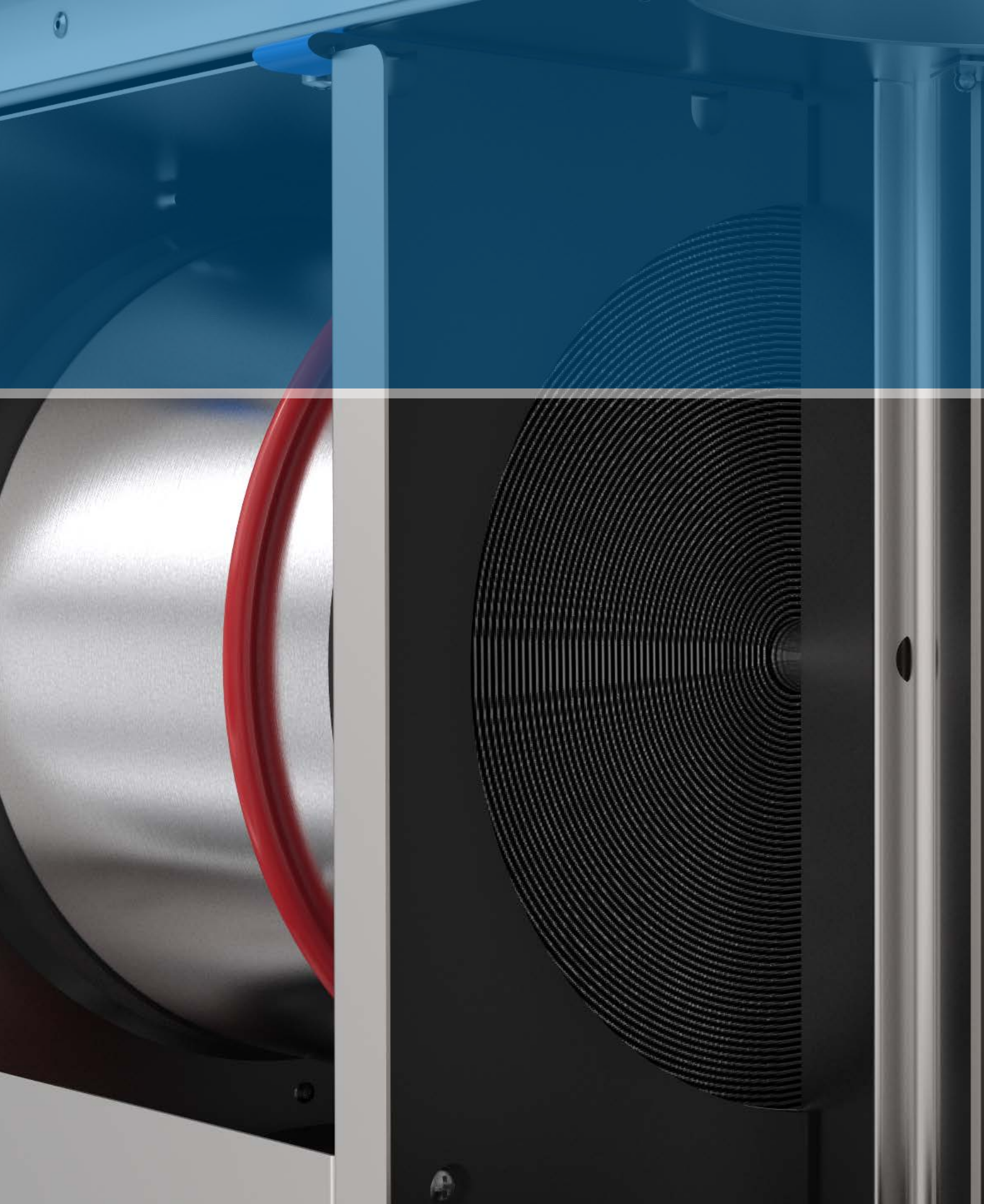
A complete notice of the Annual General Meeting, as well as financial and other information, is available on the Systemair website www.systemair.com.

Calendar

27 August 2015	Q1 Interim Report (May-July 2015/16)
26 November 2015	Q2 Interim Report (August-October 2015/16)
3 March 2016	Q3 Interim Report (November-January 2015/16)
9 June 2016	Q4 Interim Report (February-April 2015/16)
25 August 2016	Annual General Meeting, simultaneous publication of Q1 Interim Report 2016/17

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.



Systemair AB
Industrivägen 3
SE-739 30 Skinnskatteberg,
Sweden

Tel +46 (0)222 440 00
Fax +46 (0)222 440 99
mailto:mailbox@systemair.se
www.systemair.com.