1 MAY 2023-30 APRIL 2024



# Annual & Sustainability Report





# 2023 2024

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## 09. Annual general Meeting

$\rightarrow$	Annual general	meeting	
	a march och chan		



# Clean and healthy indoor air

Systemair offers the market's widest range of energy-efficient fans and air handling units, as well as air distribution products, air conditioning products and air curtains for all types of premises. Our solutions are customisable and easy to select, install and use.

#### **About Systemair**

The Company was founded in 1974 by Chairman of the Board Gerald Engström. The Company was listed in 2007 and its shares have been quoted in the Large Cap segment of Nasdaq Stockholm for two years. Systemair has 26 modern, well-invested production facilities, all characterised by efficient, improvement-focused and sustainable production. The Company's registered office and headquarters are in Skinnskatteberg, Sweden.

The Group's 6,600 employees are the driving force behind some 90 operating companies conducting business in 51 countries in Europe, North America, the Middle East, Asia, Australia and Africa. Its products and solutions are marketed under the Systemair, Frico, Fantech and Menerga brands.

## Better air for a better world

Systemair products improve people's well-being by creating healthy indoor environments with high air quality, and deliver positive impact in five areas:

#### Economics

Ventilation systems based on smart technologies such as energy recovery reduce heating and cooling costs.

#### Productivity

Health

and at school.

The health and productivity benefits of a good indoor climate are now well established.

Efficient ventilation systems

create a healthy indoor climate — at home, at work

## Environment

Energy-efficient ventilation systems use less energy and so reduce carbon dioxide emissions.

## Safety

Ventilation also concerns safety, for example, filtering pollutants from vehicles in road tunnels and garages and extracting smoke from buildings in case of fire.

# The Year in Brief

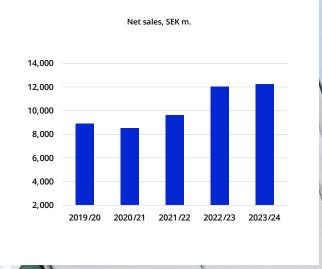
A year of increased growth and a strong equity/assets ratio that is paving the way for new development opportunities while the market as a whole continues to move in a positive direction.

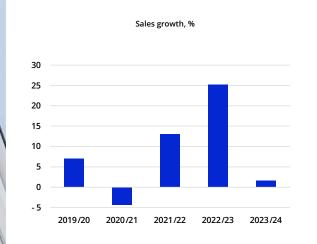
Key Performance Measures		2023/24	2022/23	2021/22	2020/21	2019/20
Net sales	%	12,256.6	12,057.9	9,634.5	8,519.2	8,914.9
Growth	%	1.6	25.2	13.1	-4.4	7.1
Operating profit/loss	SEK m.	963.0	1,401.4	769.8	676.7	625.7
Operating margin	%	7.9	11.6	8.0	7.9	7.0
Adjusted operating margin	%	8.8	9.2	8.5	8.5	7.4
Profit margin	%	7.1	10.7	7.7	6.6	6.1
Adjusted profit margin	%	8.0	8.3	8.2	7.2	6.4
Return on capital employed	%	14.2	20.1	14.5	13.1	11.6
Adjusted return on capital employed	SEK	15.6	16.2	15.4	13.2	11.6
Earnings per share (basic)	SEK	3.10	5.00	2.61	1.95	1.84
Earnings per share (diluted)	SEK	3.10	5.00	2.61	1.95	1.84
Adjusted earnings per share (basic)	SEK	3.68	3.58	2.86	2.18	1.99
Adjusted earnings per share (diluted)	SEK	3.68	3.58	2.86	2.41	2.14
Equity per share (basic)	SEK	27.14	25.32	18.34	15.89	14.83
Diluted equity per share	%	27.13	25.31	18.34	15.89	14.83
Equity/assets ratio	SEK	57.7	54.7	45.5	47.9	43.4
Dividend per share <sup>1</sup>		1.20	1.10	0.90	0.75	-
Number of employees at end of period		6,616	6,587	6,660	6,380	6,197

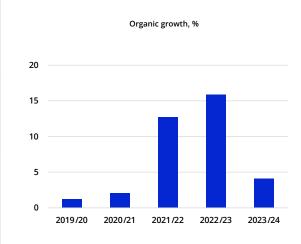
1 The Board of Directors proposes a dividend of SEK 1.20 (1.10) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 29 August 2024. During the 2021/22 financial year, a 4-for-1 share split was carried out. The figures for earlier years provided for comparison have been adjusted.

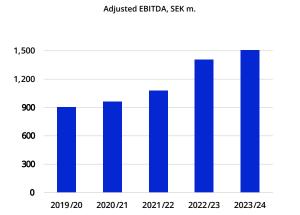


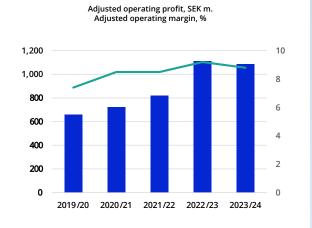




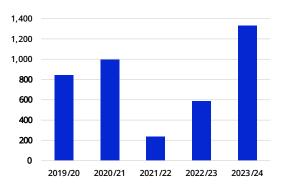








Cash flow from operating activities, SEK m.



Roland Kasper, CEO, SYSTEMAIR

## More stable market with positive undercurrents

It is pleasing to be able to report another successful year. Highlights of the year include clear growth in demand for energy-efficient ventilation solutions and attractive investments for the future

vstemair continued to offer the widest range of energy-efficient solutions on the market, adding more than 100 products. A series of strategic investments – in our people and facilities and on various emerging markets – were also made to better equip us to meet the needs of the future, in terms of capacity, technical expertise and product range.

## **Financial progress**

Our sales totalled SEK 12.3 billion, up 1.6 percent on the preceding year, while adjusted operating profit was SEK 1,085 million, down SEK 25 million on last year.

Over the year ahead, we see the market continuing to recover, so we plan to continue to progress through both organic growth and strategic acquisitions. With an operating cash flow of SEK 1,333 million, an equity/assets ratio of more than 57 percent and a debt/equity ratio decreasing to 0.69, Systemair is ready for new business opportunities.

## Expansion and optimisation of production

During the year, we began the process of relocating Menerga's entire production from Germany to our facility in Maribor, Slovenia. The move provides us with a totally new, up-to-date product platform and is taking place in parallel with investments in our Slovenian machine park and workforce.

To maintain a high level of service, we are also expanding our facility in Windischbuch, Germany, by 4,500 square metres, a process that is expected to be completed in October 2024. In addition, our site in Ukmerge, Lithuania, will also double in size by the end of the year, when it is expanded by 16,000 square metres. With increased capacity and access to high-technology expertise, here we will be able in future to deliver more technically complex unit-based solutions for the European market. In India, we inaugurated our third site early in the year, creating the opportunity to be part of the country's rapid and high intensity transition.

In product development, we focused on efficiency improvements and are proud to have launched more than 100 new products. During the year, we also filled the role of Vice President Products and Technologies to strengthen and continuously update our products and development processes in the long term and provide the flexibility needed to meet the future.

The modern and future-proof products of today are presenting certain challenges as they are becoming increasingly complex, technologically. That's why we are also continuing to expand our service organisation by adding skilled technicians and visual tools that make work easier for consultants and other partners.



## A growing world of opportunities

During the year, we focused actively on standardising and lowering our inventory levels. In Europe, burgeoning demand for home ventilation in renovation projects and industrial ventilation for energy transition activities, including battery and solar cell factories and e-mobility, contributed to growth.

Further strong results in North America, despite a slowdown in the housing market, was matched by investment in machinery. We are also seeing greater potential in a number of other markets, such as India, where our company is developing very strongly. Energy efficiency and air quality will play an important role for many years to come.

## Energy transition as a global driver

The energy transition process will be driven even more intensively in the years ahead. More and more people are moving to urban environments, fuelling a demand for energy-efficient solutions – and clean air – in everything from tunnels and garages to homes and offices. This energy transition, whether through the construction of new buildings or the renovation of old ones, will be a driver of growth globally.

Much work remains to be done on green initiatives with 2030 and 2050 deadlines, for example in Europe where millions of buildings are to be made more energy efficient. Many directives to this effect will take time to implement in practice, but we expect to see increasing activity as early as by year-end 2024. The exact pace of this transition is difficult to predict, but we are well prepared thanks to having the right products and the right skills in our organisation.

We are above all a supplier of products, but that doesn't stop us from exploring what a circular model – comprising servicing, upgrades and replacements – might look like going forward. This is just the beginning of an exciting growth journey.

## After 50 years of growth, our journey continues.



1.6%

increase in sales, to in all SEK 12.3 billion



SEK **1,085** million

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Roland Kasper President and CEO

Clean and fresh air for a better quality of

everyday life

Energy-efficient

solutions for lower CO2 emissions

#### PRODUCTS AND SOLUTIONS

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# Better air every day

Good air quality contributes to good health and a better quality of life. Systemair's products create a healthy and safe indoor climate where people spend time daily – at home, in the office, in the factory, at hospitals, at swimming baths, in multi-storey car parks and at airports etc. They also contribute to lower energy use and thus lower CO2 emissions – better for you and for the environment.

#### **Offices and Public spaces**

Clean air and comfortable temperatures are important in terms of well-being and the ability to perform. As the pace of urbanisation increases, the quality of outdoor air is deteriorating and the need to treat it before it enters the indoor environment is growing. Our air handling units create a well-balanced, energy-efficient indoor climate in offices, shopping centres and other public spaces. We also offer fire-rated fans, exhaust fans and other efficient system solutions.

#### Industrial and workshop premises

Good air quality and proper temperature control for different working areas and production processes contribute to a healthy working environment in both industrial and workshop premises. Our air handling units perform well in harsh conditions, increasing workplace safety, well-being and productivity. In recent years, we have supplied several industrial projects in areas such as the production of electric cars, batteries and the production of fossil-free steel.





#### Infrastructure and transport

Ventilation is an important tool in combating the effect of exhaust fumes and other pollutants. Systemair tunnel fans are reliable, safe to maintain and fulfil all fire, safety and energy requirements. Our fire gas fans for multistorey car parks control levels of carbon dioxide in the air and extract dangerous fumes during a fire – and deliver energy savings in daily operations.

#### **Residential buildings**

We offer turnkey solutions for residential ventilation all the way from detached houses to large apartment blocks. Our residential units incorporating balanced ventilation and heat exchangers are quiet, efficient and take up little space. All units can be supplied with advanced and connectable controllers to control airflow and temperature in different rooms.

#### Hospitals

Hospitals are environments with particularly high demands as to air quality, temperature and hygiene. Our products and solutions ensure optimal indoor air quality through a combination of the right ventilation system, hygiene-certified units and high-efficiency filters for operating theatres and the like.

#### Schools

Ventilation systems have become increasingly important in schools and public buildings. With our comprehensive product range, we can create optimal solutions for a healthy indoor climate. Efficient ventilation helps improve the performance, capacity for learning and well-being of students and teachers.

## The hotel and entertainment sector

Fresh air and a perfectly tempered climate enhance an experience. Our quiet, well-designed and energy-efficient ventilation solutions are neither seen nor heard. Instead, they create the best and healthiest possible experience for guests during their stay.

## **Data centres**

Air handling units and precision cooling systems are crucial in terms of operating costs at data centres. In our labs, the devices can also be tested under heat loading and other challenging conditions. Our wide range of products enables us to offer customers an optimal, energy-efficient solution.

MEGA AND INDUSTRY TRENDS

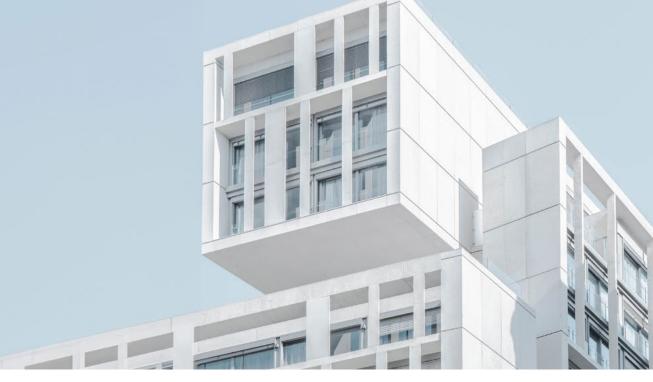


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STRATEGY AND VALUE CREATION

## **Drivers that are** giving us wind in our sails

Megatrends such as changing demographics, sustainability and digital transformation are creating strong drivers in energy efficiency and improved indoor air quality through efficient ventilation solutions.



**Government incentives** in energy conservation and indoor climate

Ę Focus on indoor

air quality

E:B

Demand for modern healthcare



Growing demand for data storage



Smart buildings





# Trends that are shaping the future of the ventilation industry

The megatrends are also feeding through into industry-specific trends that Systemair takes into account in strategic choices and priorities.



#### Transparency in the supply chain

Honest, transparent action and full traceability throughout the supply chain is becoming a necessity in terms of satisfying the requirements of legislation and the demands of customers.



#### **Consolidation of the industry**

Product solutions, tougher energy efficiency requirements, simple installation and reliable operation are drivers in the consolidation of the ventilation sector.



#### Automation

Advanced control systems with interoperability in major system landscapes are creating even greater efficiency and extending the service life of products.



#### Regionalisation

The varying needs of customers require regionally customised offerings with a global presence for support and delivery.



#### Circular economy

Resource efficiency and operational optimisation are driving a growing market for servicing and upgrading installed products.



STRATEGIC PRIORITIES

## **Strategic priorities**

## Develop people and strong relations

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We are an attractive workplace with an inclusive culture that promotes employee development and entrepreneurship. This enables us to build strong relationships, internally and externally, based on expertise and trust.

## Attractive offering based on standardised platforms

We offer a wide range of quality products, based on standardised platforms, with energy efficiency and improved indoor air quality at their core. Our products make connected and smart solutions possible.

## Efficient business setup with continuous improvement

We improve our profitability by maximising economies of scale and efficient product development focused on standardisation. We maintain a strong local presence with decentralised decision-making. The organisation is underpinned by shared values, processes and systems.

## Sustainable and future-proof business

We look to the future to prepare for the demands that lie ahead. Developing sustainable products, in which we look at the whole life cycle of the product to hone resource efficiency and improve our climate footprint, are part of this process. We will develop our servicing business to optimise operational performance of the product and to promote long-term sustainability.

## Strong position benefiting from structural growth

We serve a global and diversified customer base. This provides us with a solid and resilient base for profitable growth and an active acquisition agenda. Systemair is our main brand and other brands are only used when they offer a clear business benefit.

## **Financial targets**

	Growth	Profitability	Financial position	Share dividend
Goal	<b>10%</b> Average annual growth in sales over a business cycle should be no less than 10 percent.	<b>10%</b> The average operating margin over a business cycle should be no less than 10 percent.	<b>30%</b> The Group's equity/assets ratio should not fall below 30 percent.	<b>40%</b> In view of Systemair's ambitions for growth, the goal for dividend is set at around 40 percent of the Company's profit after tax.
Goal attainment	Growth, %	Adjusted operating margin, %	Equity/assets ratio, %	The Board proposes that the Annual General Meeting, to be held on 29 August 2024, approve a dividend of SEK 1.20 (1.10) per share. As a result, dividend payments will total SEK 249.6 million (228.8). The proposed dividend corresponds to 38 percent of net consolidated profit.
Comments	The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 9.0 percent annually over the past ten years. Growth is to be achieved via product development and increased market shares, as well as by expansion of the product range through acquisitions or start-ups.	The operating margin has averaged 7.2 percent over the past ten years and 8.5 percent over the past five years. In the Company's view, the current restructuring measures, existing structure and product programme otherwise offer good prospects for attaining this goal.	The Group's financial position is sound, with an equity/assets ratio of 57.7 percent on 30 April 2024. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for continued acquisitions and investments.	

# Sustainability goals

Goal	100% of our largest suppliers comply with our Code of Conduct for Suppliers	<b>O</b> incidents of bribery or corruption	-15% work-related injuries leading to sickness absence
Goal attainment 2023/24	100 percent (93) of Systemair's largest suppliers have confirmed that they comply with Systemair's Code of Conduct for Suppliers. Every year, we review and adjust which are our largest suppliers.	Incidents of corruption (number)2023/242022/23Number of incidents of corruption00Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption00Number of cases in which contracts with business partners were not renewed due to viola- tions related to corruption00	Work-related injuries leading to sickness absence2023/242022/232021/22LTIFR8.714.817.2Decrease relative to preceding year (%)-41.1-14.2-27.9
Comment	Systemair strives for long-term, good relationships with our suppliers. Ensuring that our suppliers comply with Systemair's Code of Conduct for Suppliers is part of our procedures when entering into contracts. Where appropriate, Systemair also carries out on-site audits of suppliers.	Systemair has a policy of zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits. In the year 2023/24, no incidents of corruption were reported. All administrative personnel are required to undergo mandatory training in the area.	During the year, we sharply reduced the number of injuries resulting in sick leave, through focused work on improvements. Systemair continues to have a vision of zero injuries. Performance is monitored via the LTIFR (Lost time injury frequency rate) measure.

STRATEGY & VALUE CREATION



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Goal	25%	50%	25
	female leaders by 2025/26	reduced Scopes 1 and 2 emissions by 2030/31	TWh over 10 years in reduced energy use in buildings by 2030/31
Goal attainment 2023/24	Female leaders (%)2023/242022/232021/22Total23.824.423.5Difference relative to preceding year-0.60.92.7	Emission intensity2023/242022/232019/20Total emissions/COGS1 (tons CO_e/SEK m.)2.122.333.15Difference relative to base year (%)-33-260'Cost of goods sold	With the products and solutions we sold this year, energy use in buildings was reduced by 1.9 TWh, avoiding approximately 500,000 tons of CO <sub>2</sub> emissions. Over three years, this represents a total reduction of 5.7 TWh in energy use from buildings.
Comment	The proportion of female leaders decreased slightly over the year. Systemair continues to strive to achieve a higher proportion of female leaders. We regard diversity and equal opportunity as a strength and a factor in making us more successful.	Systemair has set a target to reduce Scopes 1 and 2 emissions by 50 percent by 2030, relative to a base of our fiscal year 2019/20. The target is based on emission intensity – total emissions divided by cost of goods sold (COGS).	To Systemair, it is important to provide solutions that play a part in reducing energy use and greenhouse gas emissions from the world's building stock, for a more sustainable future. Our goal is to contribute 25 TWh by 2030/31, accumulated over a 10-year period.

# Value creation at Systemair

Systemair's business model is based on a comprehensive offering centred around sustainable, high-quality ventilation products, with a particular focus on standardisation, delivery reliability and availability. We put customer needs first and strive to be a long-term sustainable and responsible company throughout the value chain.

The building sector accounts for almost 40 percent of global carbon dioxide emissions. These are for the most part produced from the operations of the buildings. At the same time, most studies show that the quality of indoor air affects our health and wellbeing, not least as on average we spend 90 percent of our time indoors. Against that background, Systemair places great emphasis on providing energy-efficient products that reduce energy demand (kWh) in buildings while improving indoor air quality (IAQ) to the benefit both of people and the environment!

## IAQ

d a la la la la la

Indoor Air Quality (IAQ) is a term commonly used to describe the quality of indoor air.

## kWh

The energy requirement for a building, expressed as kilowatt hours (kWh), is directly linked to CO<sub>2</sub> emissions.

## 

## Design and product development

Our products are developed with sustainability in mind, meaning that we choose the right materials, create energy-efficient solutions and facilitate easy maintenance.

## Purchasing

We ensure sustainable purchasing both by setting requirements and by working closely with our suppliers.



## Manufacturing

Systemair focuses on safety and continuously optimises the supply chain to ensure it is efficient and reliable.



## Resource use optimisation

We strive to ensure that every stage of the product's life cycle is as resource-efficient as possible.

Servicing Our products should be easy to maintain, upgrade and repair for longer

service life and optimised operation.



## Operation

Our products are reliable and energy efficient. They perform an important task in buildings in reducing energy demand while improving indoor air quality.

## Resources

## **Financial resources**

- → Assets of SEK 9.8 bn
- $\rightarrow$  Production-related investments of SEK
- 386.6 m. during the year  $\rightarrow$  Development costs of SEK 240 m. during

#### Social resources

- $\rightarrow$  Customers in >135 countries
- $\rightarrow$  6,600 employees
- $\rightarrow$  6,000 suppliers and
  - sub-contract suppliers

#### **Physical resources**

- $\rightarrow$  26 production facilities
- $\rightarrow$  13 technology centres  $\rightarrow$  Subsidiaries in 51
- countries
- $\rightarrow$  Energy consumption, 67.5 GWh
- $\rightarrow$  Purchased metal, 33,606 tons

## Value created

the year

#### For owners

 $\rightarrow$  Profit for the year with net margin of 5.3 percent

## For customers

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

#### For employees

- → Good working conditions and a safe work environment
- → 51,200 hours of training in product knowledge, health and safety, IT and our Code of Conduct

#### For suppliers and financiers

- $\rightarrow$  Punctual payments to suppliers
- $\rightarrow$  Stable business model with growing volumes

## For society

- $\rightarrow$  Tax revenues and job opportunities
- $\rightarrow$  Energy-efficient products that help to lower energy use and thus reduce carbon dioxide emissions equivalent to approximately 500,000 tons
- $\rightarrow$  Products that help to improve well-being through a healthy indoor climate

## Delivery — Installation

# Sustainability at Systemair

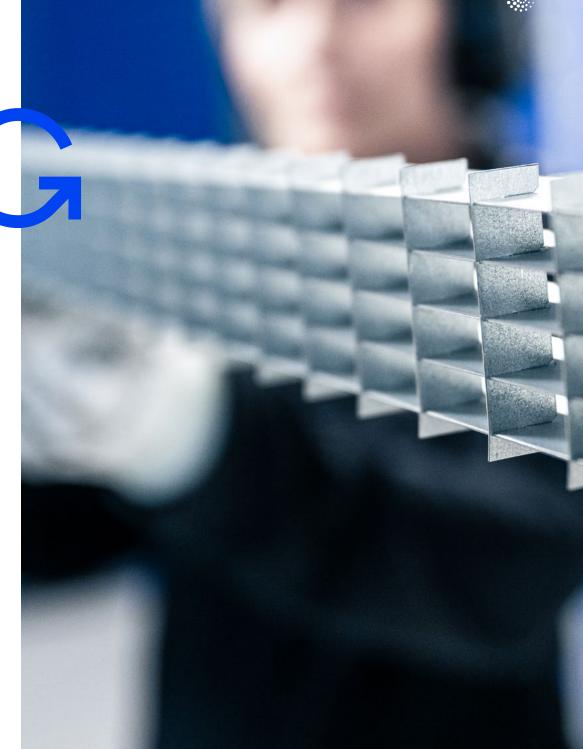
Systemair's commitment to sustainability embraces environmental, social and business ethics issues. We believe that real progress is achieved when each function in the Company builds up knowledge and understanding of its key sustainability issues. We are proud that our energy-efficient products and solutions are making a real difference in reducing energy use in buildings, thus helping to lower greenhouse gas emissions.

Our ventilation solutions are also making an important difference to indoor air quality. People spend an average of 90 percent of their time indoors and breathe between 10 and 20 cubic metres of air per day. So, good indoor air quality is important to our health and well-being. This is reflected in increasingly stringent requirements, supported by research, on the importance of good indoor air quality. Ventilation solutions therefore need to deliver good air quality, while they also have to be energy efficient.

In the EU, buildings account for 40 percent of total energy demand, and in turn produce considerable carbon emissions. This means that energy-efficient ventilation has an important role to play in a fossil-free future. Energy use in our products is low compared to the difference they make to the overall energy demand of the building, because they recover heat and cold.

Systemair also attaches great importance to environmental and climate issues in our own operations and value chain. For example, we have invested in several solar panel installations and have worked to reduce emissions generated in the manufacturing of our products. During the year, we also developed a standardised method for calculating the carbon footprint of our products, enabling us to create EPDs\*.

\*EPD = Environmental Product Declaration.





## We take all aspects of the value chain into account

The principal components of Systemair's value chain are suppliers, our own operations and those who buy and use our products. All parts of the value chain are subject to increasingly exacting demands in terms of environmental, social and business ethics issues.

Such demands are shaping the needs of the market and customers, going forward. We are actively working to meet these needs, in order to remain strong over the long term and meet the demands of tomorrow. Resource efficiency is an important part of this work. We challenge everything, from material selection, production processes and modes of transport, to how the product is to be used, maintained and optimised in operation, in order to reduce the use of resources that burden the environment and the climate.

Social and business ethics issues involve not only taking responsibility both within our own operations, but also vis-à-vis our customers, suppliers and society at large. We have, for example, implemented a supplier portal to make it easier to check that our suppliers are operating responsibly. We also recognise that an attractive workplace is a success factor and on that basis promote diversity, equal opportunities and inclusion.

## **77** Energy-efficient ventilation has an important role to play in a fossil-free future

Lee Morgan, Group Sustainability Director

Systemair supports the UN Global Compact

Systemair respects the 10 principles of human rights, labour, environment and anti-corruption.

00 26%

of our sales is classified as aligned under the EU Taxonomy

## 10 global goals

Systemair supports Agenda 2030 and contributes to 10 of the 17 UN Sustainable Development Goals (SDGs). Sustainable development is a driving force for us and we contribute to it by focusing on our core business and engaging in initiatives aimed at providing a more sustainable future. The SDGs form part of our sustainability strategy and underpin Systemair's broad sustainability agenda.

## 3 Good health and well-being

Target 3.9

Systemair contributes by delivering energy-efficient ventilation systems that provide clean, healthy and safe indoor air. Via modern technological solutions and high quality filters, Systemair products significantly reduce potential air pollution. Poor air quality is a major cause of premature death. Systemair is proud to contribute to better health and quality of life.

## **5 Gender equality**

Target 5.1, 5.5

Systemair contributes by setting internal guidelines and working actively to promote gender equality. We believe that equality and diversity in general represent a key factor in ensuring that we continue to grow successfully. One of Systemair's goals for 2025 is to achieve the goal of 25 percent or more female leaders.

## 8 Decent work and economic growth

Target 8.5, 8.7, 8.8

Systemair contributes by ensuring human and labour rights via procedures and requirements for our own operations and those of our suppliers and partners. Health and safety is a top priority for Systemair and we maintain and continuously improve our systematic work to reduce accidents and injuries in our operations.

#### 7 Affordable and clean energy 9 Industry, innovation and infrastructure 11 Sustainable cities and communities

Target 7.3, 9.4, 11.6

Systemair contributes through energy-efficient ventilation systems based on more sustainable materials, designed to upgrade resource efficiency. A significant proportion of carbon dioxide emissions today are linked to existing buildings, many of which are inefficiently ventilated.

Increasing our own energy efficiency, too, is one of our focus areas, which makes a contribution to decarbonisation.

Link to sustainability strategy Sustainable products



Sustainable workplace

 $\uparrow$ 

Link to sustainability strategy Responsible enterprise and Sustainable workplace  $\uparrow$ 

Link to sustainability strategy Sustainable products and Sustainable operations



## 12 Responsible consumption and production

Target 12.3, 12.4, 12.5

Our products are designed with circularity in mind; to be sustainable, easy to maintain and to provide a long service life. We endeavour to use sustainable materials and components that can be recycled or reused. A systematic approach to reducing and recycling our spills and waste also increases our material efficiency. Hazardous waste and any pollutants are also managed responsibly.

#### **13 Climate action**

Target 13.1, 13.2

Systemair contributes by working systematically to identify our direct and indirect carbon dioxide emissions, and strives to increase energy efficiency and reduce carbon dioxide emissions from our own operations and products.

We work on identifying climate risks that may affect our operations and how we can manage them to minimise their impact.

## 16 Peace, justice and strong institutions

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Target 16.5
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Systemair contributes by operating a policy of zero tolerance of bribery and corruption. Systemair focuses proactively on managing corruption risks through a clear policy and training in the subject, as well as by setting requirements for our suppliers.

## 17 Partnerships for the goals

Target 17.16

Systemair contributes by engaging in global partnerships such as the UN Global Compact and industry organisations to share knowledge and promote sustainable practices.

 $\uparrow$ 

Link to sustainability strategy Sustainable operations and Sustainable products  $\uparrow$ 

Link to sustainability strategy Sustainable operations and Sustainable products Link to sustainability strategy **Responsible enterprise** 



Link to sustainability strategy **Responsible enterprise** 



## Sustainability strategy

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## Responsible enterprise

Goal

- ightarrow Zero incidents of corruption.
- → All our largest suppliers have committed to comply with our Code of Conduct for Suppliers.

#### Core issues

- Systemair ensures that business decisions accord with applicable laws and in all cases are taken on an ethical and responsible basis.
- Systemair operates a policy of zero tolerance of bribery and corruption.
- Systemair applies sustainability requirements to suppliers to ensure a responsible and low-risk supply chain.

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## Sustainable workplace

#### Goal

- → Serious injuries leading to sick leave reduced by at least 15 percent per year.
- → Employee turnover in line with the industry average.
- → At least 25 percent female leaders by 2025/26.

#### Core issues

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

Systemair's overall strategy has been broken down into a more detailed sustainability strategy. At its core is a sustainability framework defining Systemair's sustainability strategy for driving the right development and change. This sustainability framework consists of four focus areas with selected core issues based on a materiality analysis.

For the purposes of governance and monitoring, each core issue has a development plan and indicators in place that are reported to the management function responsible. One important basis for our work on sustainability is our Code of Conduct, which sets out Systemair's position on issues regarding social responsibility, business ethics, environment and health and safety. In addition, all employees must also undergo training on the Code of Conduct every year.

## New requirements affecting Systemair

Requirements for sustainability for businesses in general are increasing. Systemair is preparing for reporting according to the EU's updated sustainability reporting framework, CSRD\*. For example, a double materiality assessment (DMA) was carried out during the year. Systemair is closely monitoring developments to be able to meet the new requirements, including through participation in industry organisations. Systemair is continuously striving to raise awareness and disseminate information about the requirements and expectations that exist, to ensure compliance in all parts of the organisation.

\*CSRD = Corporate Sustainability Reporting Directive.

# Real difference in reducing emissions

It is calculated that products delivered during the year contributed to a reduction of 1.9 TWh in energy use. This represents an annual reduction of around 500,000 tons in carbon dioxide emissions, which is comparable to the emissions from 280,000 cars.



Calculated on the basis of air handling units with energy recovery sold and average CO<sub>2</sub> emissions for electricity generation in the regions where the products were sold. Emission factors from Carbon Footprint (February 2023). Car emissions based on annual mileage of 15,000 km and 120g CO<sub>2</sub>/km.

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## Sustainable operations

Goal

- → 50 percent reduction in Scopes 1 and 2 emissions intensity by 2030/31, with 2019/20 as base year.
- → Improve energy efficiency in our production by 5 percent per year.
- → All our production facilities will be ISO 14001 certified by no later than 2030/31.<sup>1</sup>

#### Core issues

- → Systemair strives to reduce its emissions of greenhouse gases from our own operations and in the value chain.
- → Systemair strives to improve the energy efficiency of our facilities and operations.
- → Systemair cares about the environment and works to minimise our impact.

Sustainable products

Goal

→ Reduction of 25 TWh in energy use in buildings, aggregated over a 10-year period.

#### Core issues

- → Systemair provides energy-efficient solutions that help to reduce energy needs and lower greenhouse gas emissions from buildings.
- → Systemair contributes to better public health by providing products that improve indoor air quality.
- → Systemair strives to reduce the negative environmental impact of its products by using sustainable materials and designing products from a life cycle perspective.

## **Responsible** enterprise

Systemair has a long history of corporate responsibility and assumes its social responsibilities in the places where we operate. As a client and buyer of materials and components, we have a responsibility to monitor our supply chain, as well as to act responsibly in our own dealings with our customers and partners.

#### **Our values**

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

## **Responsible business dealings**

Our business is conducted in an ethical and responsible manner. Systemair always complies with the laws of the country concerned and business decisions are always taken in the best interests of the Company and our employees. Where international rights set higher requirements than local ones, the international regulations must be respected. We also review and update our Code of Conduct annually.

Our Code of Conduct is based on international frameworks, above all the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the eight fundamental conventions of the ILO.

Human rights due diligence is conducted in our own operations to minimise the risk of rights violation. In the value chain, we work actively at both supplier and customer level to ensure that business dealings are performed in a responsible way. Systemair operates a specific zero tolerance policy against corruption. Our employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal.

## **Supplier liability**

Systemair uses around 6,000 suppliers. The majority are European or North American, which means that they are bound by national laws and regulations that ensure acceptable working conditions. Our suppliers are evaluated and selected on the basis of their ability to deliver on a commercial basis. They are also required to comply with Systemair's Code of Conduct for Suppliers with its guidelines on labour rights, health and safety in the workplace, environmental requirements and business ethics.

For a business to be engaged as a Systemair supplier, it must complete a self-assessment form. This applies to both our largest and our new suppliers. The form includes questions on compliance with our Code of Conduct for Suppliers, financial stability, product insurance and environmental requirements for materials. Systemair also conducts on-site checks of suppliers, above all at the start of a new collaboration, of suppliers of critical equipment or materials and of suppliers where we identify a need for improvement. During the year, implementation of new processes and systems for supplier control and monitoring continued. This work includes human rights due diligence, where all suppliers are categorised according to risk of violation – depending on the country they operate in – as well as the level of our purchasing costs from them.

## We are involved and have an influence

As a leading actor in the ventilation industry, we embrace our responsibilities and play our part in driving important issues via multiple channels. We are engaged and well-positioned in industry associations around the world. We are also involved at national level in several countries and contribute to progress.

## **Responsibility to society**

Good relationships with external partners are decisive to longterm success, wherever in the world we do business. We strive to understand the communities and the culture where we live and work, and engage in local community activities that promote development in the community, benefit local business and support schools and educational organisations.

## 100% `

of our largest suppliers have confirmed that they fulfil our Code of Conduct for Suppliers

of new suppliers have undergone o

97%

have undergone our responsible sourcing qualification process



## Global market, global challenges

Events around the world have created uncertainty in recent years. However, what remains certain is that Systemair focuses continuously and proactively on ensuring that the Company's products do not fall into the wrong hands.

## The right products in the right hands

Systemair offers products whose components – such as heat exchangers and semiconductors – could also be used for other purposes. As a result, Systemair is subject to sanctions enacted by the US Office of Foreign Assets Control (OFAC), the UN, the EU and the UK.

"Our sanctions screening programme automatically flags potential risks based on the sanctions issued. An overall assessment is then made on a case-by-case basis. Our terms and conditions of sale also include a clause that ensures that our customers do not re-export products to a sanctioned third party", says Lisa Jakobsson, Trade Compliance Officer at Systemair.



"This involves screening all customers and suppliers to minimise the risk of our products falling into the wrong hands. Responsible selling is therefore a fundamental prerequisite for success in the long term", Lisa emphasises.

Lisa Jakobsson, Trade Compliance Officer

# Global solutions for sustainable business

We ensure that all partners meet a growing number of criteria. At Systemair, this quality control starts with the company's Responsible Sourcing Policy, a document with requirements that suppliers must fulfil with regard to everything from labour rights to compliance and sustainability.

## Policies, portal and a pandemic

The policy became the launchpad for a new supplier portal where information on all suppliers is stored.

"In the past, data was sent on paper and transferred to our system. The process was then repeated every two years to ensure that we had up-to-date data from all suppliers. During the pandemic, the scope for making site visits was limited, so we took the chance to build a solution that would benefit everyone. Now, various judgements can be made directly in the portal", explains Veronika Kavcic from Systemair's Strategic Purchasing Group. Nadine Dötter, her colleague in Strategic Sourcing, continues:

"Local, regional and global requirements are reflected in the portal, which also provides several built-in functions. For example, it alerts us if a supplier's ISO certificate is about to expire. In addition, we can easily request updated information from our suppliers if any new regulation is introduced on the market".

#### Sustainable procurement

The new portal, where suppliers fill in a self-assessment form, plays an important role in the procurement process, verifying that all partners fulfil Systemair's Code of Conduct for Suppliers. For example, confirming that suppliers do not use conflict minerals or specific substances reduces the risk of doing business with unethical suppliers – but the work does not stop there.

"Documentation is stage one. We also conduct audits and follow them up with on-site visits. We are now taking sustainability a step further by requiring our suppliers to have implemented their own sustainble procurement processes", Veronika concludes.



Nadine Dötter, Strategic Purchasing





## Sustainable workplace

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

Good working conditions and safe workplaces are important, both to our employees and in terms of being an attractive employer. No-one should need to go to the workplace and worry about their health, physical or mental. Violence, threat, harassment, bullying and similar abuses of employees will not be tolerated.

As part of our endeavours to be an attractive employer, we have set a target to keep personnel turnover in line with the industry average. The outcome last year (16.0 percent) was slightly above the industry average and the outcome this year (16.4 percent) shows that we are still above, due to the fact that we are established geographically in several markets with a higher turnover of personnel in 2023/24.

## A modern, safe work environment

To prevent risks in the work environment, knowledge is vital. By sharing knowledge about accidents, near-accidents and risks that have occurred, we can prevent new accidents at other workplaces. Against that background, Systemair uses TiA, a web-based information system for reporting and analysing risk observations, near-accidents and occupational injuries. The system is based on a flow concept spanning the entire process, from reporting of incident via investigation with risk assessment and analysis of cause, to remedial action and follow-up.

## Performance and employee development

Systemair's success over 50 years has been based on a strong set of values and giving employees the freedom to develop and grow with the Company. Our view is that the ability to attract and retain staff is a strategic issue if we are to maintain the pace of development. We aim to ensure that all employees have one performance review annually. We operate performance-based bonus schemes as well as long-term share-based incentive schemes at several roles and levels in the Company and for senior managers. In every country where we operate, we see to it that we follow the practices in place for pensions and other benefits to ensure that every employee is fairly compensated. Systemair also sees training as a key issue for a competitive business. For example, we offer a wide range of training programmes via our online platform Systemair Academy, together with international career opportunities.

## **Diversity and equal opportunity**

Diversity and equal opportunity in the workplace play a part in making companies more successful. They also create a more dynamic and stimulating work environment. We see recruitment as an important tool and strive to improve the chances of greater diversity and equality in that process. At Systemair, we want everyone to feel welcome, whatever their background. What counts is knowledge, experience and performance in the particular role, and no discrimination on the basis of sexual orientation, gender, age, ethnicity or religion is allowed. All employees will be treated with respect, and no employee will be subject to bullying or abusive treatment. Systemair strives to ensure that the same opportunities for development are open to all, irrespective of gender or ethnic origin. As a global company, we regard diversity as an asset in our dealings and projects around the world.



reduction in the number of injuries leading to sickness absence

**23.8%** of our leaders are women

## **J** 5

## 51,200 hours

of education and training hours were provided last year

## A systematic approach to safety

Health and safety is a pillar of Systemair's production model, and a top priority for Eystein Mitsem, Group Manufacturing Director at Systemair, as no production is completely risk-free.

"Protecting people from work-related injuries demands both a systematic approach to health and safety and a strong commitment on the part of management and all employees. Injuries, incidents and risk observations are reported on an ongoing basis in our global information system, allowing us to act before an accident happens. In the event of an incident, all sites receive a report within 24 hours. This is then complemented by annual safety plans and in-house training", explains Eystein.

The results speak for themselves – the number of workplace injuries leading to sick leave fell by 40 percent in the past year - but this important work continues.

## Six steps to safety

"To further increase safety, we have identified six areas that require extra input, including information on so-called

Lockout/Tagoutk – an essential safety procedure to prevent accidental activation of machines and production lines.

"The aim is to eliminate risks and together create a strong safety culture, no matter where you are in the world", Eystein emphasises.

> Eystein Mitsem, Group Manufacturing Director

## Leadership training with a clear ambition

"Leadership is a crucial factor to any business and largely determines an organisation's ability to develop. The problem facing many companies is that what leadership means is often left for interpretation by each individual", says Henrik Rosander, HR Manager at Systemair Sweden.

Against that background, Systemair Sweden mobilised resources in 2022 to define the Company's fundamental view of leadership. A reference group consisting of existing managers and trade union representatives pieced together the Company's 'Leadership Manual', a policy document laying down what leadership means, but also how to realise the Company's strategy.

"Managers need both to drive their organisation in line with delivery and quality requirements and to make development happen. Through training, our leaders can recognise how their activities play a part in enabling the Company to achieve its ambitions"

#### Future Leaders

Systemair's leadership training is provided on two levels: preparing the leaders of today for the future and paving the way for the next generation of talent.

skills and is an opportunity to share lessons learned and put the Company's overall strategy into practice with continuous day-to-day operations.

In addition, Systemair operates Polarstar, a global talent programme that aims to nurture and develop talent. The programme, whose second round is scheduled for the end of 2024, offers 14 talents from all over the world the opportunity to accelerate their development.

"We want to be prepared for all possible changes. Polarstar has provided people with new development opportunities created in connection with, for example, change initiatives, acquisitions of other companies or temporary assignments" savs Henrik.

#### Henrik Rosander.

HR Manager Systemair Sweden

Future Leaders is a customised development programme designed to enable managers to develop their leadership follow-ups to measure the impact of the programme on

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# Sustainable operations

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

Step by step, we are reducing our own use of energy, water and materials. For example, through energy-efficient ventilation using our own products, and via investments in efficient production equipment and in manufacturing techniques that reduce material use.

In total, 62 percent of our facilities are certified under the ISO 14001 environmental management system, and we aim to continue to improve on this where we see the greatest benefit. By no later than 2030, all our manufacturing facilities will be certified, with the exception of those we acquire from 2027 onwards, as implementation takes time. Several of our manufacturing facilities are state-of-the-art; for example our facility in India is LEED Platinum certified and the one in Türkiye is LEED Gold certified. LEED is the most widely-used classification system globally for green buildings. The facilities have been planned and built to minimise environmental impact throughout the process. Examples of solutions used include high-efficiency ventilation, collection/use of rainwater and energy-efficient production equipment.

#### Working to reduce emissions

Systemair has reduced emissions from its own operations (Scopes 1 and 2) and will strive for further reductions. Investments in solar panels have contributed to this, along with energy efficiency improvements. During the year, work on quantifying the emissions arising outside our own operations in other parts of the value chain (Scope 3) expanded, in order to enable us to set science-based emissions targets in both the short term (by around 2030) and the long term ("net-zero" targets). Systemair has committed to setting science-based emission targets through the Science Based Targets initiative (SBTi).

Scope 3 consists of in all 15 categories along the value chain. Not all are relevant to Systemair. The review has identified that the categories of Purchased materials and Use of sold products are the two categories that account for overwhelmingly the major share of Scope 3 emissions, and this is where we also focus most closely on understanding our emissions better. As expected, our Scope 3 emissions are considerably higher than Scopes 1 and 2 combined. In our Spanish manufacturing facility, we have replaced some of the steel we buy by one with a carbon footprint that is around 70 percent lower. This is an example of how Scope 3 targets will lead us to set requirements for Purchased materials, and so also for our suppliers, for a lower carbon footprint.

The second Scope 3 category is the Use of sold products. This is always central to our product development to enable us to reduce energy use of our products. The energy need of the products we sell is relatively high, as many are used around the clock. It is important that the product's own energy use is set in relation to how much energy it saves in terms of the total energy needs for a building. Energy recovery in our products makes a big difference and is clearly evident from any study of the total heating, cooling and ventilation of the property. Emissions from electricity consumption are highest, depending on how the electricity is generated. This also affects emissions from Use of sold products, depending on where in the world they are sold and the type of electricity generation available.

## 33%

Reduction of Scopes 1 and 2 emissions intensity relative to base year 2019/20

## 12.3%

lower absolute Scopes 1 and 2 energy use relative to the previous year



# Systemair, a company that practises what it preaches

"It may seem like a cliché, but we really practise what we preach, and in a production-intensive company such as Systemair, the right investments can lead to big savings", says Johnny Nielsen, Director Production Development.

New machine parts bring the same benefits as Systemair's own products; they minimise consumption and maximise efficiency. For example, the Company can now better calibrate its stamping process with customised dimensions, considerably reducing our sheet metal waste.

## Investment in premises and eco-friendly solutions

A major element in Systemair's strategy is also to own its own production facilities – with Systemair's own ventilation products incorporating energy recovery.

"When we own our facilities, we control the cost and can more quickly implement energy-efficient solutions, from solar panels to automatic compressed air shut-off to save on electricity consumption. Well-insulated roofs also lower winter heating requirements and protect against the sun's heat in the summer, making a big difference in hotter countries."



"The 'every little helps' principle works, so we plan to continue optimising all the sites we own with smart energy solutions and the latest machinery", Johnny concludes.

#### Johnny Nielsen,

Director, Production Development

# Sustainable products

Our products also contribute to better public health by being part of a ventilation system that promotes a healthy indoor climate. Systemair strives actively to reduce the burden on the environment from our products.

#### Healthy indoor air

With an extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in all environments. The importance of good, filtered indoor air is crucial to our well-being. Good air and a pleasant temperature at home, in the office and in schools make us feel and perform better. Systemair also provides products for more demanding environments such as industrial facilities, swimming pools and hospitals where the requirements for indoor air are high.

## **Energy-efficient products**

Systemair invests in product development to ensure that new products contribute to better indoor air, while keeping the energy requirement as low as possible. Several factors affect a product's energy efficiency. The most important one is how the product interacts with other equipment in a system. For example, we focus on regulation and control technology to ensure that our products achieve optimal performance in demand-controlled ventilation. Several of our products also feature high-efficiency energy recovery, which contributes to a significant reduction in the need for other heating or cooling, reducing the building's overall energy use.

New requirements are bringing an increasingly sharp focus on the energy use of ventilation products. We are constantly seeking new solutions to reduce energy use by components and products, and are adapting our products to the rules in force in each market.

## C

>100,000,000 m3/h

Healthy air from Systemair ventilation units delivered this year

reduction in energy demand from properties thanks to Systemair air handling units delivered this year

**1.9** TWh

## AIR FLOW CHAMBER

SUSTAINABILITY



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#### Product development with the focus on sustainability

Systemair strives to design products from a life cycle perspective and we closely monitor the evolution of the various requirements and recommendations that are emerging in the field of sustainable products. A life cycle approach means taking into account the whole life of the product through its value chain, including environmental and climate issues. For example, by simplifying maintenance of the product to enable a longer service life. We operate a sustainable products policy that details the guidelines for achieving higher resource efficiency throughout the product's life.

Key in driving our product development are the expectations of the market, as well as the need to satisfy the requirements of directives and regulations. We are strongly committed to Ecodesign, with a focus on developing competence in issues such as circularity and upcoming requirements regarding a product's environmental and climate footprint from a life cycle perspective. In developing our products, we are careful to fulfil Ecodesign requirements, as well as relevant directives on material requirements such as REACH and ROHS. During the year, we continued to develop LCA and EPD for our products and now have a process and system support in place for creating EPDs. LCA is a process for calculating the environmental impact of a product through the different stages of its life cycle. EPD is an externally verified declaration for these calculations. We are striving to ensure that this makes a real difference in the long run and so are actively engaged in developing of the form that future market requirements should take to achieve the desired effect.

Another factor affecting the environmental footprint of a product is spills from production. We have invested in coil equipment in several of our facilities, where we have switched from flat sheet to sheet on coils, reducing material consumption by an average of 12 percent. In addition to reducing spills, we sort and recover waste in production.

Systemair endeavours to reduce the climate impact of products with heat pump technology by choosing refrigerants with lower climate impact. Certain refrigerants are significant factors in global warming. These refrigerants have a high GWP (global warming potential). The aim is to develop products with the lowest possible GWP, based on market and regulatory requirements.



## **The simplest** way to create a safe product is to minimise any risks upfront

## **Ensuring product safety**

What is the key to a safe product? Total knowledge of and input from relevant directives and applicable standards is a good start. Structured product risk management through the development phase and onward life cycle is crucial too. Systemair utilises insights from cross-functional teams as a starting point and applies its motto "Simplify", a focus on usability in both design and documentation. After all, product safety is about developing easy-to-use solutions.

"If a product is difficult to use, mistakes are easily made", comments Lena Eklind, Group Technical Director, who is one of the many people who ensure that Systemair's products are safe during all phases of the product life cycle.

## A continuous process

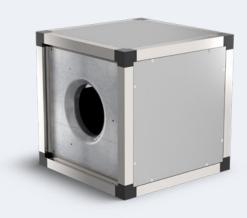
"The simplest way to create a safe product is to take all requirements into account at the start of a development project and assess them in conjunction with cross-functional teams. That way, we can analyse the risks over the entire life cycle of the product and mitigate any risks in advance", Lena continues.

In Systemair's case, this mainly involves electrical and mechanical safety across a range of environments and applications, which is subject to regulation under various directives worldwide. The process continues even after a product has been launched with follow-up and preventive actions, including feedback from customers.

"Safety is a continuous process and is taken into account at all stages of our product development", Lena adds.

## Not all products are created equal

Exactly which requirements need to be met is determined by the product in question and its intended use. In the calculations for the risk assessment, everything from production to transport and installation is taken into account.



Many products only require self-certification for compliance while others – in a higher risk category – also require third-party approval. These include, for example, to Systemair's fire safety products, which are designed to work for a certain period of time even at 600-700 degrees.

"Requirements vary across product categories and markets, but by following directives and harmonised standards,

safety becomes a natural part of the process, whatever the product. That way, we can guarantee that our products fulfil the conditions in their intended use", concludes Lena.

**Lena Eklind,** Group Technical Director





SUSTAINABLE PRODUCTS

# Reduce energy losses by up to 80 Percent with frico air curtains

In the pursuit of energy efficiency and sustainability, companies are constantly looking for solutions to reduce energy use. An air curtain creates an air barrier between cold and hot, protecting heated or air-conditioned areas in buildings and cool rooms.

Kristin Törnqvist, acting Product Manager at Frico, says independent tests show that a properly installed air curtain can reduce energy losses at an open door by up to 80 percent thanks to its ability to minimise air exchange between zones with different temperatures, thereby reducing the load on heating, ventilation and air conditioning systems.

Wind, pressure differences and unbalanced ventilation are challenges that an air curtain has to be able to handle if major energy savings are to be achieved, emphasises Jonas Pehrsson, Technical Manager at Frico. The Thermozone technology in Frico air curtains optimises performance, minimises noise and saves energy. It also contributes to a more comfortable indoor climate where noise and turbulence are reduced.

When protecting a cool or freezer room, the primary function of an air curtain is stop heat from entering the room. Frico air curtains are today in place at one of the world's largest retail chains in Thailand, with more than 2,000 stores that needed to protect their air-conditioned premises and cool rooms.

"The result in energy savings made possible with our PAEC air curtain exceeded expectations in many cases, with up to 90 percent less energy use per month than with competitors", says Kristin Törnqvist.

"You get a big energy saving in kWh, but it gets even more interesting when you add other benefits such as a lesser need for de-icing, a lower risk of damage with a reduction in icing and less of a need for maintenance and servicing. The more even temperature curve also extends the shelf life of food and medicines, which contributes to the overall savings made", says Jonas Pehrsson. "Our energy-efficient motors and FC smart control system also play a part in determining the efficiency of an air curtain and the amount of energy that can be saved. In addition, the lower energy use also contributes to lower greenhouse gas emissions, which is increasingly important to businesses worldwide", Kristin concludes.





MARKET REVIEW

# Europe's leading supplier in ventilation



Geniox Tera is specially designed for data centre cooling and provides low energy use thanks to highly efficient heat recovery. Thanks to its broad product programme and strong local presence, Systemair is Europe's leading supplier of ventilation products. Over the financial year, we witnessed continued good demand for our products in most markets and also expanded our product range by more than 100 products.

MARKET REVIEW

systemair

The majority of product sales are evenly split between commercial and residential buildings, as well as between new construction and renovation of existing buildings. Looking ahead, we see signs of a slowdown in the new construction market, above all in Europe. On the other hand, we see a clear increase in the renovation market, strongly driven by increased demands for energy efficiency and sustainability.

## **Broad offering and local presence**

We aim to be at all times our customers' preferred product supplier. With a strong regional and local presence in important markets, we can help customers wherever they are in the world. Priority is given to high availability and delivery reliability of our products.

# Five reasons for investing in Systemair

If you choose to invest in Systemair shares, you are investing in Europe's largest supplier of ventilation products, with the market's most comprehensive product range. We have a history of strong growth, and continue to invest on an ongoing basis for the future. Our market is strong, driven by trends such as energy efficiency, sustainability, digitalisation and urbanisation. These are five reasons for investing in Systemair:

## 01 s

Strongly growing sector

As the demand for homes and other properties grows globally, so too does the need for effective ventilation. Energy efficiency and fresh air are becoming an increasingly important issue. In Europe, millions of properties need to be renovated if global climate targets are to be achieved by 2030. The EU, the USA and Asia are launching wide-ranging programmes to improve ventilation and heating efficiency in an environmentally efficient way, with new air handling units and heat pumps in homes and public buildings.

## Rising sales and profits

Systemair has a well-proven business concept and business model, which is reflected in steadily increasing sales and profit. A large share of our profits are invested in a forward-looking way in increased production development, sustainability initiatives and strategic acquisitions.

## Market leader in Europe

Systemair is Europe's largest supplier of ventilation products thanks to organic growth and strong product development, but also acquisitions. The market is consolidating and Systemair is working to an explicit investment and acquisition strategy for continued growth.



Sustainability driving development

Systemair's ventilation solutions are energy- and cost-efficient and lower carbon dioxide emissions. We are committed to run a responsible and sustainable business. We support the 2030 Agenda and actively contribute to 10 of the 17 UN Sustainable Development Goals. The Company has also committed to setting science-based emission targets through the Science Based Targets initiative (SBTi).



and opportunities alike.

Systemair is a global company with sales subsidiaries in 51 countries, 26 production facilities and exports to more than 135 countries. This makes the Company less exposed to risks that may arise in specific locations or markets. The Group's governance and controls help to identify and manage risks



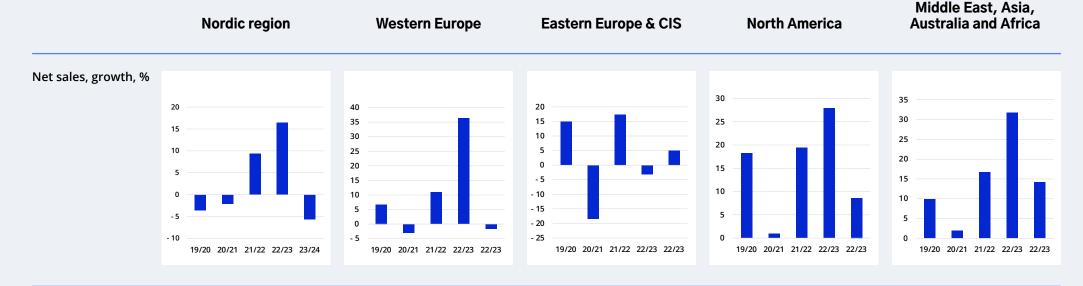


# Systemair's market areas









#### Comment

Over the year, the Nordic region has seen a clear slowdown in the market for residential ventilation, owing to a decline in new construction. At the same time, renovations started hesitantly but indicate a rising trend. The trend has been counterbalanced to some extent by increased investment in industry, energy and logistics. Towards yearend, we observed increasing activity among our customers, probably in response to clearer messages about inflation and interest rates.

The impact of current situation has been very different across Western Europe. The market is segmented, with southern Europe being somewhat less affected, while the major markets of Germany and France have faced different challenges than previously. Ireland has reported stable growth and the UK has performed well. The Netherlands performed less well than neighbouring countries, while the market in Belgium was more positive during the year.

#### Eastern Europe and

neighbouring countries have not been directly affected by the war, and the same applies to their economies and investors' willingness to invest in new construction projects. As a result, we saw a subdued market during the year, with developments more in line with those of the previous year. In Systemair, however, Slovenia and the Czech Republic performed better, above all in air treatment and residential ventilation. Developments in North America remained positive. The USA and Canada markets performed well in all our product segments, partly because of government infrastructure investments, but also because of amended directives and a greater understanding of ventilation and its health aspects. Sales of air handling units for homes and schools in particular showed a positive trend. The markets in Central America. of which Mexico is the largest, performed relatively well.

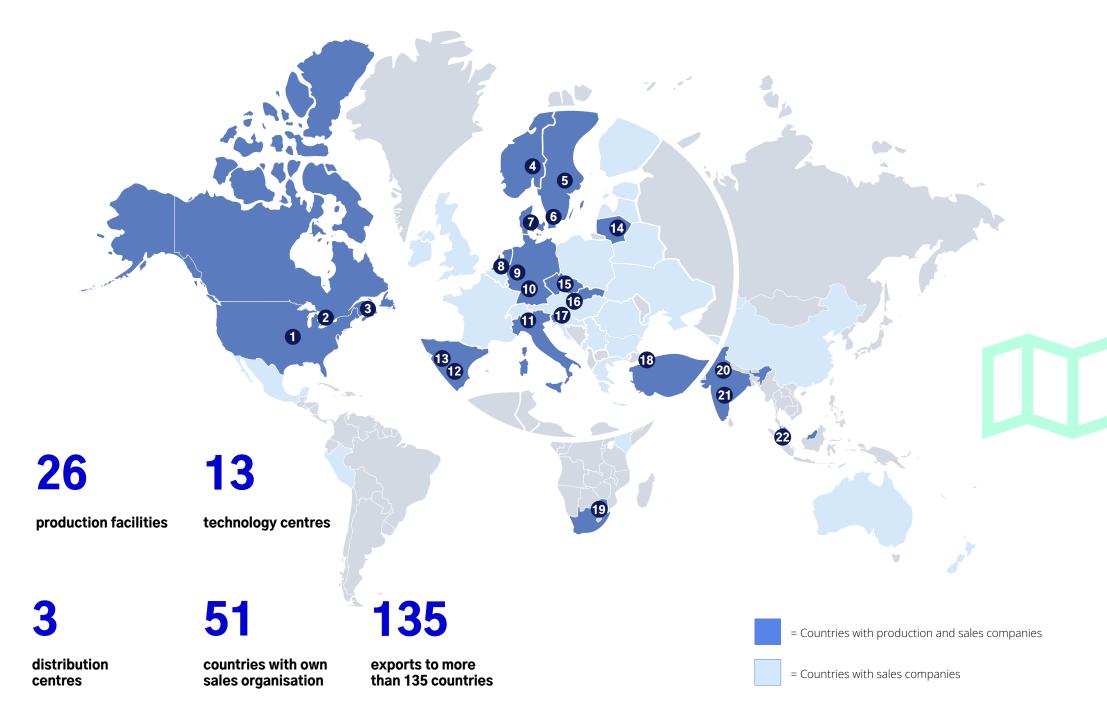
The Middle East and Asia were strong growth markets for Systemair during the year. The Middle East is investing heavily in infrastructure and cities of the future. India is highly active in energy transition and developing the infrastructure. Australia recovered slightly from a slow start during the pandemic, while New Zealand was able to stabilise the market and increase its sales for Systemair. In South Africa, we continued to supply the Data Centre market, which is growing steadily. Morocco increased its sales of ventilation and cooling solutions both to the local market and for export to other parts of Africa.

# A global company

#### **Production Facilities**

Production Facilities	Fans	Residential ventilation	Air handling units	Air conditioning	Air curtains and heating products	Products for air distribution	Fire safety	Garage and tunnel ventilation	Filters
1 Kansas City, USA	•		•					•	
2 Tillsonburg, Canada			•						
3 Bouctouche, Canada		•							
4 Eidsvoll, Norway			•						
5 Skinnskatteberg, Sweden	•		•		•				
6 Hässleholm, Sweden					•				
7 Århus, Denmark			•						
8 Waalwijk, Netherlands			•						
9 Langenfeld, Germany					•				
10 Windischbuch, Germany	•				•		•	•	
11 Milan, Italy						•			•
12 Fuenlabrada, Spain	•		•						
13 Móstoles, Spain (3 factories)						•	•		
14 Ukmerge, Lithuania		•	•						
15 Pardubice, Czech Republic (2 factories)		•	•		•				
16 Bratislava, Slovakia						•	•		
17 Maribor, Slovenia			•				•		
18 Dilovasi, Türkiye			•	•					
19 Johannesburg, South Africa	٠		•	•			•		
20 New Delhi, India (2 factories)	•		•			•	•	•	
21 Hyderabad, India			•			•	•		
22 Kuala Lumpur, Malaysia	•						•	•	





PRODUCTION AND LOGISTICS

# Challenges that lead to development

One of Systemair's most important customer promises is our high product availability. During the year, this gradually improved as earlier component shortages abated. Today, we have resumed normal delivery times in most product sectors.

Systemair is a global company with customers in 135 countries, while also being a decentralised organisation that focuses on closeness to customers both geographically and in terms of availability. We have local sales companies but also a large number of Group-owned production facilities around the world to enable us to meet the specific needs of different markets around the world. This customer-led production system means that we can offer the right products and fast deliveries with the least possible environmental impact.

#### Geopolitical challenges in the supply chain

During the year, we actively endeavoured to reduce our high component stocks, which followed from supply chain disruptions in previous years, especially in semiconductors and other electrical components. As a result of the wars in Ukraine and the Middle East, together with the generally continuing uncertainty in the global situation, we have reviewed our supply chains and evaluated our suppliers to ensure that we have a supply of components.

# Standardisation, automation and employee development

The keys to production efficiency are standardisation and automation, where we operate according to our production system the Systemair Production Model (SPM). The model is based on the well-known Lean concept comprising good organisation, standardised tasks, day-to-day control and continuous improvement. Our production mainly consists of sheet metal processing and assembly. Cutting, slicing, punching and bending sheet metal are tasks that can be highly automated. The machined sheet metal parts are assembled in fans and air handling units, for example. During the year, several investments and projects to expand capacity and increase efficiency were implemented. However, our main priority is to develop people across the organisation through recruitment, and training, and by giving both managers and staff a high level of responsibility and authority.



Assembly is also organised according to the SPM production model, with common, standardised, modular units produced at several different production facilities. Our modern sheet metal forming machines and robot cells are digitally controlled so that a drawing can be transferred to the machine, which in turn produces a finished part. We also use digital tools in production, such as, for example, apps for production and quality monitoring and digital working instructions. For example, in our production in Skinnskatteberg, we have digital noticeboards capable of displaying production data in real time. Here, everything from deviations to KPIs are visualised, which creates involvement and commitment over the entire workforce and opens the way to improvements and follow-ups.

#### Sustainable production and logistics

Investments for greater capacity and efficiency at our 26 production sites go hand in hand with our work on sustainability. All new machinery has to be energy efficient, produce low material waste and be safe and ergonomic for operators. We have also continued the process to optimise logistics flows – from suppliers to factories and from factories to warehouses and customers – which has required a higher level of planning and control. Closer cooperation with all stakeholders in the supply chain has resulted in shorter and fewer journeys, leading to lower costs, increased safety and lower emissions.

# **99**

Our customer-centric production ensures fast deliveries with minimal environmental impact PRODUCT DEVELOPMENT

# More extensive product range and better products

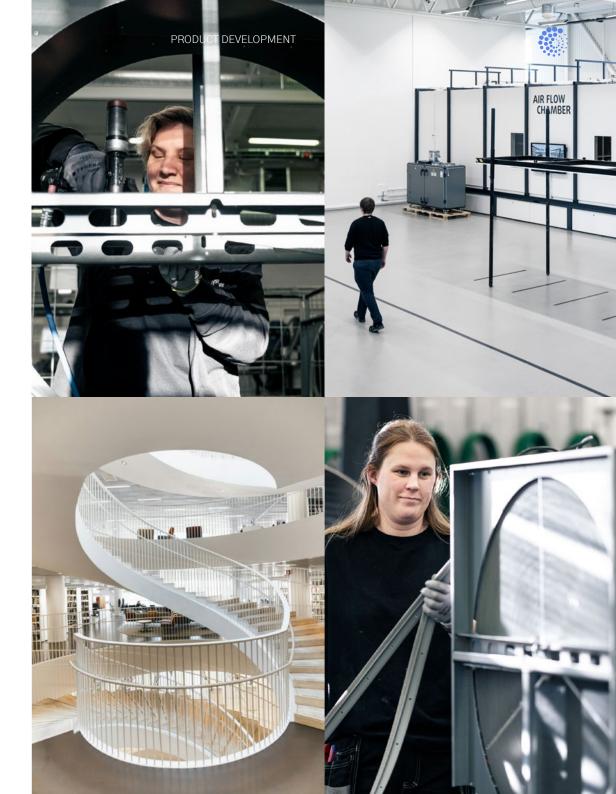
During the year, we continued to implement and optimise our common project model SPMM (Systemair Project Management Model) in our Group-wide development projects. The product development model has strengthened our organisation and expertise, enabling us to bring more and better products to the market faster.

#### Value-driven product development

Systemair has developed a Group-wide policy for sustainable products that clearly defines our transition towards a more circular approach in our product development process and the product's life cycle. Our work focuses on reducing the volume of materials used, increasing the use of recycled materials, maintaining our focus on energy efficiency, improving servicing and repair capabilities and extending the lifetime of our products.

Product development is about creating products to match market needs, but the ventilation industry is also subject to a range of regulations. What are the requirements, values and metrics for energy efficiency,  $CO_2$  footprint, etc. – and what applies in different markets? Systemair has chosen to take an active role in certification, standardisation and industry organisations. We also take a major share in responsibility for standardisation of Environmental Product Declarations (EPDs), important documents about the product's total  $CO_2$  emissions that more and more customers are demanding.

Systemair also maintains good contacts with national and international research institutes and government agencies. During the financial year, we continued the work of certifying Systemair's laboratories according to ISO 17025.



#### New technologies for better solutions

New technologies make smarter, more adaptable and energy-efficient solutions possible, which is also what the market is demanding. An agile product development process is required to pick out the drivers that are influencing and driving the market, such as insights into customer needs, trends, regulatory requirements and the opportunities that are being created by new technologies.

The product development model that Systemair uses has helped to strengthen the co-operation around the Geniox, Topvex and Controls platforms. The Access project in Controls makes connected products, remote monitoring and control possible. Systemair Fusion is a product line where we integrate different products using the control unit to offer verified applications to our customers with a short time to market.



Geniox air handling units offer ideal energy savings and low running costs, with a long service life and the least possible impact on the environment.



#### PRODUCTION FACILITIES

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# **Own production Facilities**

Systemair's strategy is to own its production facilities. Owned facilities extend to a total area of 350,000 square metres and have a total book value of SEK 1.3 billion. Ownership means being able to ensure sustainable and efficient production. Here are four examples.

#### Ukmergė, Lithuania

Since 2005, Systemair Lithuania has established itself as a significant player in the region's ventilation industry. The Company's modern factory in Ukmerge, covering an area of more than 31,400 square metres, bears witness to Systemair's strong commitment to Lithuania. A new 15,900 square metre production facility further consolidates Systemair's position in the market. The factory is certified to ISO 9001 and ISO 14001. Around 300 employees deliver a wide range of ventilation solutions to customers across the region. Systemair Lithuania also has a clear commitment to sustainability. A plan to install a 500 kW roof-mounted solar power plant is being implemented and will play a part in significantly reducing CO2 emissions.

Systemair Lithuania's success story is characterised by innovation, quality and a focus on sustainability. With its modern facilities, dedicated employees and ambitious environmental plans, Systemair is well placed to continue as a leading provider of ventilation solutions in the region.



#### Kuala Lumpur, Malaysia

Systemair Malaysia was established in 2008 as a subsidiary of Systemair. It operates a 16,000 square metre manufacturing and warehouse facility. The facility serves as a central hub for Southeast Asia, ensuring efficient delivery of products and services to the region. Capitalising on the growing economy in the region, Systemair Malaysia is well positioned to meet competitive demands through its ISO-certified (TUV SUD 9001:2015) operations and a 153-strong team. The facility focuses on manufacturing AMCA-, BSI- and BSRIA-certified fans, while prioritising employee wellbeing and a safe work environment. The company is committed to social responsibility and plays an active role in industry organisations. It also conducts technology seminars throughout Southeast Asia. In addition, Systemair Malaysia is demonstrating its commitment to sustainability by installing solar panels on the factory roof.





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#### New Delhi, India

Systemair has a well-established footprint in India with three state-of-the-art production units strategically located in Greater Noida and Hyderabad. With a total production area of more than 20,000 square metres, these facilities reflect innovation and sustainability in the ventilation industry in the region. Systemair India's headquarters in Greater Noida are LEED Platinum certified. The Greater Noida and Hyderabad production facilities are modern and well-invested, staffed by 698 highly-trained employees who have a strong focus on quality.

A commitment to sustainability lies at the heart of Systemair's operations in India. Through pioneering technology and forward-thinking practices, Systemair India produces air distribution products, air handling units, fans and fire safety products that not only meet the highest performance standards but also help reduce carbon emissions in the environment. The factory is also equipped with a research and development and testing facility, which plays a part in delivering the high level of perfection in product performance.

#### Bouctouche, Canada

Systemair manufactures air handling units incorporating heat and energy recovery for residential and light commercial applications at its facility in Bouctouche, Canada. The factory is positioned to meet the growing demand for balanced ventilation in North America and provides the full range of value-added activities, including sheet metal forming, component handling, assembly, packaging and finished goods delivery. The 12,500 square metre facility incorporates a state-of-the-art laboratory designed and equipped for testing to AHRI 1060 and CSA C439 standards. The factory has been certified to ISO 9001 since 1999. Systemair in Bouctouche employs 196 people.



#### North America Bouctouche, Canada (owned) 12,500 Tillsonburg, Canada (owned) 13,650 Kansas City, USA (owned) 16,300 Nordic region Århus, Denmark (owned) 23,000 Eidsvoll, Norway (owned) 5,800 Hässleholm, Sweden (owned) 10,000 Skinnskatteberg, Sweden (owned) 52,000 Western Europe Milan, Italy (owned) 19,400 Waalwijk, Netherlands (owned) 10,000 Fuenlabrada, Madrid, Spain (leased) 7,000 Móstoles, Madrid, Spain (leased) 22,000 Langenfeld, Germany (leased) 4,300 Mülheim an der Ruhr. Germany (owned) 17,400 Windischbuch, Germany (owned) 23,600 **Eastern Europe & CIS** Ukmerge, Lithuania (owned) 15,000 Bratislava, Slovakia (owned) 14,200 Maribor, Slovenia (owned) 16.700 Pardubice, Czech Republic (leased) 13,500 Pardubice, Czech Republic (owned) 18,000 Dilovasi, Türkiye (owned) 28,000 Middle East, Asia, Australia and Africa Hyderabad, India (leased) 3,200 New Delhi, India (owned) 24,800 Kuala Lumpur, Malaysia (owned) 16.000 Johannesburg, South Africa (leased) 7,200



# The share and shareholders

#### The Systemair share

Systemair shares have been quoted (ticker code: SYSR) on the Nasdaq OMX Nordic Exchange in Stockholm since 12 October 2007. The initial offer price was SEK 78 per share (before the 4-for-1 share split in 2021/22), representing a market capitalisation of approximately SEK 4.1 billion. The market capitalisation on 30 April 2024 was approximately SEK 15.6 billion (18.5). The share's trading symbol is SYSR.

#### Share capital and voting rights

The Company's share capital totals SEK 52.0 million, represented by 208,000,000 shares with the same number of votes. The quotient value is SEK 0.25 per share.

#### Changes in share price

At the end of the 2023/24 financial year, the share price was SEK 75.00, a fall of 15.6 percent from the price at the start of the financial year. The decline was mainly caused by a deteriorating outlook in the construction sector due to the high level of interest rates. In the same period, the OMX Stockholm's PI Index rose by 11.6 percent. The number of Systemair shares traded on the NASDAQ OMX Nordic Exchange Stockholm totalled 17,615,329 (24,201,377), representing a turnover rate of 8.5 percent (11.6) in the financial year.

#### AGM's authorisation

The 2023 AGM resolved to authorise the Board, on one or more occasions during the period until the next AGM, with or without disapplication of the preferential rights of the shareholders, to resolve to increase the Company's share capital by issuing new shares. On the basis of that authorisation, the Company may issue new shares equal to no more than ten percent of the number of shares in the Company in issue at the time of the 2023 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.



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#### Shareholders

The two largest shareholders, Färna Invest AB, with a holding of 42.8 percent, and ebm-papst AB, with 10.7 percent, did not change their holdings during the financial year. Other major shareholders are Swedbank Robur Fonder with 7.6 percent (9.4), Alecta Tjänstepension, Ömsesidig with 7.5 percent (6.8) and Nordea Funds AB with 4.9 percent (5.0). The number of shareholders continues to increase and totalled 8,071 (6,887) on the closing date of 30 April 2024.

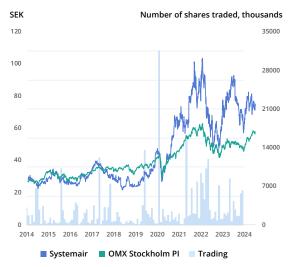
#### Warrants

On 31 August 2023, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2023 incentive programme. During the financial year, Systemair AB issued a total of 362,500 warrants for Systemair shares to senior executives of the Company. The warrants were transferred to the participants at a price corresponding to their market value, calculated via an external independent valuation based on an accepted valuation model (Black-Scholes). The programme runs for four years and the last day for subscription is 30 September 2027. In addition, 592,500 warrants were issued in 2021 to senior executives under the LTIP 2021 programme and 520,740 warrants were issued in 2022 under the LTIP 2022 programme. These programmes also run for four years and the last days for share subscription are 30 September 2025 and 30 September 2026, respectively. During the year, 24,500 warrants were repurchased from employees who had left their employment.

#### **Dividend policy and dividend**

The Board proposes that the Annual General Meeting, to be held on 29 August 2024, approve a dividend of SEK 1.20 (1.10). As a result, dividend payments will amount to SEK 249.6 million (228.8). The remaining unappropriated amount is to be carried forward. The proposed dividend represents 38 percent (38) of the Group's net profit, which is slightly below Systemair's financial target of paying out 40 percent of net profit. The number of shares with dividend entitlement is 208,000,000.

#### Trend of share price, 10-year overview



#### Trend of share price, 12-month overview



Systemair OMX Stockholm PI Trading



#### **Shareholder categories**





- Social insurance funds 2.2
- Public sector 0.11%
- Stakeholder organisations 0.09%
- Other Swedish legal persons 53.91%Non-categorised legal persons 0.01%
- Foreign-domiciled shareholders 19.38%
- Swedish natural persons 2.61%

#### Shareholder structure

Size of holding	No. of shareholders	No. of shares	% total shares held	Market value (SEK thousand)
1-500	6,017	794,431	0.38%	59,582
501-1,000	791	619,816	0.30%	46,486
1,001-5,000	929	2,027,739	0.97%	152,080
5,001-20,000	200	1,914,686	0.92%	143,601
20,001-	134	202,643,328	97.42%	15,198,250
Total	8,071	208,000,000	100.00%	15,600,000

#### **Shareholder information**

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

#### Analysts

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

- → Handelsbanken Capital Markets Lina Blume, +46 (0)730-70 82 49
- → Nordea Markets Carl Ragnerstam, +46 (0)10-156 28 17
- → DNB Banks ASA Douglas Lindahl, +46 (0)8-597 91 202
- → Redeye Henrik Alveskog, +46 (0)8-545 013 45

- → Carnegie Anna L. Widström, +46 (0)73-417 85 34
- → Jefferies Adela Dashian, +46 (0)8-505 246 24
- → Aktiespararna Philip Wendt, +46 (0)769-42 22 77
- → Kepler Cheuvreux Anders Jafs, +46 (0)8-723 51 71

#### Ten biggest shareholders

	Holding (%)	No. of shares
Färna Invest AB	42.83%	89,076,648 *)
ebm-papst AB	10.69%	22,239,080
Swedbank Robur Fonder	7.58%	15,771,198
Alecta Tjanstepension Omsesidigt	7.47%	15,528,048
Nordea Funds AB	4.94%	10,270,444
Didner & Gerge Fonder Aktiebolag	4.27%	8,886,139
The Bank of New York Mellon SA/NV, W8IMY	2.23%	4,633,043
Tredje AP-fonden	2.20%	4,584,712
Handelsbanken Fonder	1.56%	3,247,764
SEB Investment Management	1.47%	3,064,246
	85.24%	177,301,322
Others	14.76%	30,698,678
TOTAL	100%	208,000,000

Shareholders grouped according to Euroclear.

\*Board Chairman Gerald Engström's wholly owned private company. Source: Shareholders' register at Euroclear AB, 30 April 2024.

#### Share data

	2023/24	2022/23	2021/22	2020/21 1)	2019/20 <sup>1)</sup>
No. of shares at 30/4	208,000,000	208,000,000	208,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	3.10	5.00	2.61	1.95	1.84
Cash flow per share (SEK)	6.41	2.83	1.13	4.78	4.06
Equity per share (SEK)	27.14	25.32	18.34	15.89	14.83
Share price, end of accounting period	75.00	88.90	62.40	63.50	34.55
High during the year (SEK)	94.40	93.20	105.50	73.63	47.50
Low during the year (SEK)	56.40	46.35	59.63	31.95	25.13
Dividend per share, proposed (SEK)	1.20	1.10	0.90	0.75	-
After tax P/E ratio	24.19	17.78	23.91	32.52	18.83
Direct yield (%)	1.60	1.24	1.44	1.18	-
Payout ratio (%)	38.71	22.00	34.48	38.41	-
Trading volume	17,615,329	24,172,634	14,750,312	15,388,069	7,331,989
Turnover rate (%)	8.47	11.62	7.09	7.40	3.52

<sup>1)</sup> On 7 September 2021, Systemair effected a 4-for-1 share split. Following the share split, the total number of shares in Systemair increased from 52,000,000 shares to 208,000,000 shares. The figures for earlier periods provided for comparison have been adjusted. <sup>2)</sup> The Board of Directors proposes a dividend of SEK 1.20 (1.10) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on August 29 2024.

#### Share capital

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



# **Corporate Governance Report**

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

### How Systemair is governed Nominating Annual General Auditors Committee Meetina Remuneration **Board of Directors** Committee Audit CEO Group Management Committee Control **Business boards** environment **Subsidiaries**

#### Application of the Swedish Code of Corporate Governance

It is generally accepted practice in the stock market for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code without exceptions. Systemair's Nominating Committee consists of representatives of three of the largest shareholders in terms of voting rights. Prior to the 2024 Annual General Meeting, ebm-papst AB has elected to relinquish its seat on the Nominating Committee. As a result, the fourth largest owner, Alecta, has been contacted. The following have been appointed members of the committee:

- → Gerald Engström, Färna Invest AB
- → Lennart Francke, Swedbank Robur Fonder
- → Magnus Tell, Alecta

Chairman of the Nominating Committee is Lennart Francke, representing Swedbank Robur Fonder, which owns 7.5 percent of the capital and votes. Gerald Engström, also Chairman of the Board, represents the wholly owned company Färna Invest, which owns 42.8 percent of the share capital and votes. Alecta Pensionsförsäkring owns 7.6 percent of the capital and votes and is represented by Magnus Tell.

#### 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 under ticker code "SYSR" on the Large Cap List of Nasdaq OMX Stock Exchange, Stockholm since 12 October 2007. At the end of the accounting period, Systemair AB had 8,071 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.8 percent of the capital and votes and is 100 percent controlled by the Board Chairman Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 10.7 percent of the capital and votes, and Swedbank Robur Fonder, with 7.6 percent of the capital and votes. All shares have a quotient value of SEK 0.25. At the financial year-end, 30 April 2024, the total number of shares outstanding was 208,000,000, all of the same class. For more information, see section "The Systemair Share", page 46.

shareholders. The record day for determining the three largest

shareholders was 31 January 2024. Following consultation

with the Company's three largest shareholders, ebm-papst

therefore invited to take up representation on the committee.

The nominating committee shall submit nominations for the

Chairman of the AGM, the Board and Chairman of the Board,

Board members, remuneration for work on committees and

General Meeting for approval. The Nominating Committee

Notice of AGM posted on the Systemair website at

group.systemair.com. Shareholders wishing to submit

proposals for the Nominating Committee may do so by e-mail to any member of the Nominating Committee.

auditors' fees. The proposals shall be submitted to the Annual

held two minuted meetings in 2023/24. No remuneration was

paid for work on the Nominating Committee. The proposals of

the Nominating Committee to the 2024 AGM are shown in the

the choice of auditors in consultation with the audit committee,

and shall propose fees to the Chairman of the Board and other

AB decided to waive representation on the Nominating

Committee. The fourth largest shareholder, Alecta, was

### Work of the Board during the year

Regular items on Board's agenda:

- → State of the business and important events
- Internal financial follow-up – earnings, liquidity, currency situation and financing
- → External financial reporting (quarterly reports)

#### **Budget**

In the spring, the Board addresses the Group's budget for the year ahead.

#### Strategy

During the autumn, the Board arranges an in-depth discussion of strategy.

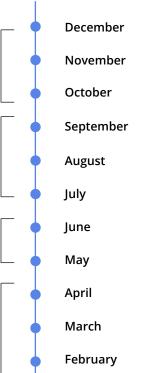
#### **Annual Accounts**

In June, the Board discusses the annual accounts for the past year; the meeting is also attended by the Company's auditor.

#### Visit to subsidiaries

To gain a greater depth of understanding of the business.

- → Investments of more than SEK 10 million
  - $\rightarrow$  Acquisitions
  - → Organisation and personnel
  - $\rightarrow$  Policies
  - → President's report on state of the business
  - ➔ Risk Management
  - $\rightarrow$  Sustainability issues



January

#### **Articles of Association**

Systemair is a limited company whose business is to conduct the manufacture and sale of ventilation, refrigeration and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County. The Company's Annual Report and the management of the Company by the Board of Directors and the President shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The Company's financial year is 1 May – 30 April. For the complete Articles of Association, please visit Systemair's website: Corporate governance (group.systemair.com).

#### **Nominating Committee**

The 2023 AGM resolved that the Nominating Committee shall be made up of representatives of three of the biggest

#### Composition of the Nominating Committee prior to the 2024 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström	Färna Invest AB, and Board Chairman	gerald.engström@systemair.se
Lennart Francke Chairman, Nominating Committee	Swedbank Robur Fonder	lennart.francke@swedbankrobur.se
Magnus Tell	Alecta	magnus.tell@alecta.se

#### Directors - attendance and dependence/independence

Board of Directors	Remuneration Committee	Audit Committee	Year elected	Company	Shareholder
9	1	6			
9	1	-	1974	Dep.	Dep.
9	1	-	2016	Indep.	Indep.
9	1	6	2015	Indep.	Indep.
9	-	-	2021	Dep.	Dep.
9	-	6	2019	Indep.	Indep.
4	-	-	2015	-	-
5	-	-	2023	-	-
9	-	-	2014	-	-
	Directors 9 9 9 9 9 9 9 9 9 9 4 5	Directors         Committee           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         1           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         -           9         - <tr tr=""></tr>	Directors         Committee           9         1         6           9         1         -           9         1         -           9         1         -           9         1         -           9         1         -           9         1         6           9         1         6           9         1         6           9         1         6           9         -         6           9         -         6           4         -         -           5         -         -	Directors         Committee         Committee         Year elected           9         1         6         1974           9         1         -         1974           9         1         -         2016           9         1         6         2015           9         1         6         2015           9         -         6         2019           9         -         6         2019           9         -         6         2015           9         -         6         2019           9         -         6         2015           9         -         6         2019           9         -         -         2023	Directors         Committee         Year elected         Company           9         1         6            9         1         -         1974         Dep.           9         1         -         2016         Indep.           9         1         6         2015         Indep.           9         1         6         2015         Dep.           9         1         6         2015         Indep.           9         -         6         2019         Dep.           9         -         6         2019         Indep.           9         -         6         2015         .           9         -         6         2015         .           9         -         6         2015         .           9         -         2023         .         .

<sup>1</sup>Employee Representative.

<sup>2</sup>Åke Henningsson resigned from the Board on 31 August 2023. The term of office comprises 4 board meetings.

<sup>3</sup> Daniel Wilhelmsson has been a member of the Board since 31 August 2023. The term of office comprises 5 board meetings.



#### **Board of Directors**

#### Diversity policy regarding size and composition of Board

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

#### Board's composition during the financial year

In the period until the 2023 AGM, Systemair's Board of Directors consisted of six members: Carina Andersson, Gerald Engström (Chairman), Niklas Engström, Patrik Nolåker (Vice-Chairman) and Gunilla Spongh, all elected by the AGM. At the 2023 AGM, all were re-elected. Gerald Engström was elected as Chairman of the Board and Patrik Nolåker as Vice Chairman of the Board. The employees elected two representatives, Daniel Wilhelmsson, Unionen, and Ricky Sten, IF Metall. More detailed biographies of the members of the Board of Directors are provided on pages 56–59 of this annual report. Anders Ulff, CFO, serves as Board Secretary. As the table shows, all members of the Board elected by the AGM, except for Gerald and Niklas Engström, are independent of the Company. Senior executives participate as needed in Board meetings in a reporting capacity.

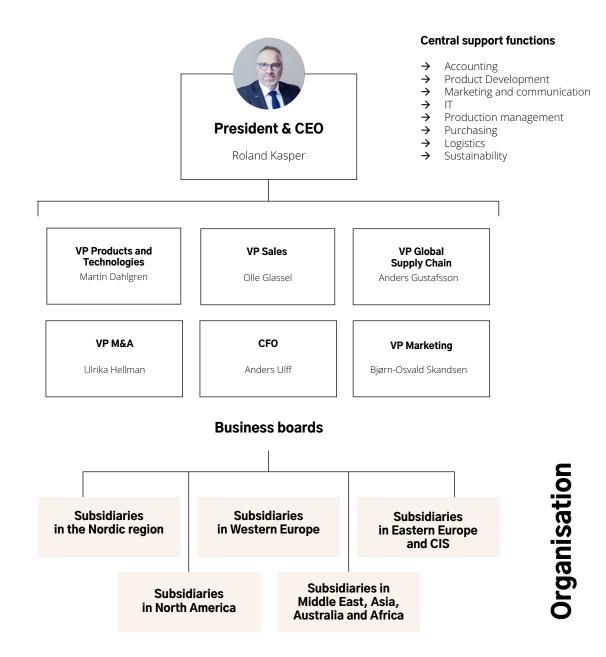
#### Work of the Board

During the 2023/24 financial year, the Board held eight meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year. All decisions taken by the Board were unanimous and placed on record. The work of the Board is governed by annually approved rules of procedure that regulate the work of the Board and its internal allocation of tasks, including committee work, the decision-making process within the Board and the Board's meeting procedures. The President also maintains regular contacts with the Chairman of the Board. During the year, the Board of Directors evaluated its work. All directors participated in the assessment and provided observations. The Chairman of the Board is responsible for the evaluation.

#### **Remuneration Committee**

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

→ to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other forms 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 management, as well as current remuneration structures and levels.

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

#### Audit Committee

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

- → supervising the Company's internal control and risk management and keeping informed as to the external audit
- → reviewing and monitoring the impartiality and independence of the auditor
- ightarrow assisting in the preparation of the proposal for the selection of auditors
- ightarrow supervising the financial reporting
- $\rightarrow$  discussing valuation issues, such as testing of needs for impairment.

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

#### **Group Management**

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

Group Management holds regular meetings during the year to review the results of the Group and individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational issues within frameworks set by the Board. One of these yearly meetings is wider-ranging, with more detailed discussion and planning for operations and target setting at Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is also key to the management culture. Shorter review meetings are normally held on a weekly basis. To support the Management Team at Group level, an accounting department and an operational management team fulfil the functions of product development, purchasing, production, IT, logistics, sales, product management, business development, sustainability, legal affairs and communications.

#### Business boards and governance of subsidiaries

The Systemair Group consists of 84 operating companies. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns most of the subsidiaries directly. All subsidiaries are 100 percent owned, apart from Divid AB of Jönköping, Sweden, which is 60 percent owned, Systemair-HSK of Türkiye, which is 90 percent owned, Sagicofim SAS of France, which is 79 percent owned and Frico A/S of Denmark, which is 60 percent owned.

Operating activities in the subsidiaries are governed at overall level via business boards, which may best be described as executive steering committees for the subsidiaries. Each of these consists of one or two members of Group Management and/or 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; and serves as the link between Parent Company and the particular subsidiary regarding various organisational matters. Business boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

#### Senior executive remuneration

#### Guidelines

At the 2023 AGM, guidelines on senior executive remuneration were adopted. Remuneration to senior executives shall - based on the conditions in the market in which the Company operates and the environment in which the particular executive works - be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company. "Senior executives" refers to the President and other members of Group Management. The system of remuneration shall consist of a fixed salary and pension, but may also include a variable component 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 remuneration shall be based on clearly defined and measurable gualitative and guantitative goals aimed at promoting the strategy, long-term value-creation and sustainability of the Company. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer, 25 percent for other senior executives and 15 percent for other key individuals. Remuneration to the President and other senior executives is described in Note 11

#### Notice of termination and severance payments

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

#### Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. The pensionable age for all senior executives is 65 years. As a principle, pensions shall be premium-based and shall not exceed 35 percent of the fixed salary. The size of the pension shall adhere to the same criteria as above and shall be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Pension costs for senior executives totalled SEK 5.9 million in 2023/24. SHARE & GOVERNANCE

At the Annual General Meeting held on 31 August 2023 in Skinnskatteberg, 136 voting shareholders were present – or had submitted valid postal votes – representing 86 percent of the number of shares and votes in the company. Gerald Engström, Chairman of the Board, was appointed to chair the meeting. The Chairman, Gerald Engström, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives and on the work of the Board's committees. In addition, CEO Roland Kasper reported on Systemair's business during the 2022/23 financial year. Johan Holmberg, auditor in charge, presented sections of the audit report. Resolutions adopted at the AGM:

- ightarrow To discharge the Board and CEO from liability in respect of the past financial year.
- → To re-elect Gerald Engström, Carina Andersson, Niklas Engström, Patrik Nolåker and Gunilla Spongh as members of the Board.
- → To elect Gerald Engström as Chairman of the Board and Patrik Nolåker as Vice Chairman of the Board.
- → To pay a Board fee of SEK 830,000 to the Chairman, SEK 560,000 to the Vice-Chairman and SEK 350,000 to each of the other directors elected by the Annual General Meeting. Fees shall be paid to the Audit Committee in a total amount of SEK 165,000, with SEK 110,000 being paid to the committee chairman and SEK 55,000 to the other member. In addition, fees shall be paid to the Remuneration Committee in a total amount of SEK 50,000, with SEK 30,000 being paid to the committee chairman and SEK 20,000 to the other member.
- ightarrow To pay a dividend of SEK 1.10 per share.
- → That the Nominating Committee shall be made up of representatives of the three biggest shareholders, based on the ownership details on 31 January 2024.
- → To issue warrants under the LTIP 2023 incentive programme to a number of persons holding senior positions within the company.
- → To authorise the Board, during the period until the 2024 AGM, to resolve upon the issue of new shares amounting to no more than 10 percent of the number of shares in the Company.

The minutes from the 2023 AGM are available on Systemair's website at: https://group.systemair.com/investor-relations/corporate-governance/agm/

# Internal control related to financial reporting

# Board of Directors' Report on internal control in the financial year 2023/24

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

#### **Control environment**

Effective work by the Board of Directors is the basis of good internal control. The control environment at Systemair is characterised by short pathways between Group Management and the operational units. The Board of Directors has adopted several key documents to create and maintain a smoothly functioning control environment that is relevant to financial reporting. These include the Board of Directors' rules of procedure, instructions for the CEO, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's controller organisation. An audit committee has been established within the Board of Directors. Its task is to ensure compliance with and development of policies adopted on financial reporting and internal control. The committee also maintains day-to-day relationships with the Company's auditor. The Audit Committee and the Board include accounting and auditing issues as a regular item on the agenda at the four Board meetings at which the quarterly reports are discussed.



#### **Risk assessment**

Systemair's Board of Directors is responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's results and position. The Board, Audit Committee and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets serve as an important support. 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 so that, for example, any deviations or errors can be captured quickly and corrected.

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

Central controllers are directly responsible for following up a number of companies that they continuously monitor and analyse. Outcomes are reviewed regularly against plans and targets in consultation with representatives of the subsidiaries, business boards and Group Management.

For the majority of its subsidiaries, the Group has a common, wholly-integrated ERP system that serves as a highly efficient tool for management, control and follow-up. For major decisions on, for example, acquisitions, investments and significant contracts, clearly-defined decision-making methods and processes are in place. In addition, every unit normally also receives regular visits by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting.

#### Information and communication

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

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

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

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

#### Follow-up

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

The tasks of the external auditors include annually supervising internal control in the Group companies. The auditors maintain continuous contact with and report directly to the Board of Directors. During the year, the controller organisation performed a number of internal audits of subsidiaries. This work adheres to a standardised model, in which various material issues associated with internal guidelines and policies are followed up.

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

#### Internal audit

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

Day-to-day dialogue between the Company and its external auditors and the checks carried out by the above-mentioned bodies are considered at present to be adequate to ensure that internal control remains effective. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit. This judgement is assessed continuously, and a review will take place in the 2024/25 financial year.







# **Group Management**

#### Olle Glassel

Vice President Sales

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

#### **Roland Kasper** President and CEO

Education: Energy and Heating Technology Engineering Diploma, University of Applied Sciences, Giessen, Germany Previous posts: Marketing and Sales Manager Systemair AB, Product and Market responsibility at FläktWoods AB and ABB Ventilation Products GmbH Holding: 92,800 shares and 90,000 warrants Born: 1969 Employed since: 2007

#### **Ulrika Hellman** Vice President M&A

Education: M. Sc. Engineering, Stockholm School of Economics Previous posts: Head of M&A and Business Development, ASSA ABLOY Global Solutions, Head of M&A AddLife, Strategy & M&A Sandvik Materials Technology, Client Executive Swedbank Large Corporates & Institutions, Head of TMT-sector team Swedbank Corporate Finance, Director Group M&A Telia Company, Manager KPMG Corporate Finance, Institutional Sales and Equity research Swiss Bank Corporation Holding: -**Born:** 1969 Employed since: 2024

#### Anders Gustafsson Vice President Global Supply Chain

Education: M.Sc. Mechanical Engineering, Linköping University of Technology Previous posts: Production Director, Atlas Copco, Secoroc Division, SVP Supply Operations Konecranes PLC Holding: 970 shares and 57,240 warrants Born: 1964 Employed since: 2022

#### Martin Dahlgren

Vice President Products and Technologies

Education: M. Sc. Fire Protection Engineering, Lund University of Technology; Master of Business Administration, Vienna University of Economics and Business **Previous posts:** Vice President Global Operations, Product Management & Development E&FT, Nederman; Vice President Business Area Commercial Ventilation, Swegon: Vice President Business Area Hard flooring, Tarkett; Various Management roles, IKEA Industry **Holding:** 6,000 shares and 48,000 warrants **Born:** 1966 Employed since: 2023

## Anders Ulff

Education: M.Sc. Business Administration, Uppsala University Previous posts: Auditor and consultant, Ernst & Young; Financial Director, Systemair Holding: 160,000 shares and 46,000 warrants Born: 1967 Employed since: 1999 Bjørn-Osvald Skandsen

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

Education: M.Sc. in Mechanical Engineering, Norwegian University of Technology and Science, and MBA

Previous posts: Director of Technology and Marketing at GK Inneklima, Head of Technical Support at Systemair Group and Head of Sales at Systemair Sweden Holding: 3,301 shares and 72,500 warrants Born: 1973 Employed since: 2018, 2000-2006





# **Board of Directors**

#### Niklas Engström

Director CEO and Director, RVM Systems

Education: MBA International Business Academy (IBA), Stockholm University Previous posts: Head of Subsidiary and Vice President Business Development, Systemair Holding: 6,484 Born: 1978 Elected to the Board: 2021 Independent: No

#### Gunilla Spongh

Director Chair, Bluefish Pharmaceuticals. Director, AQ group, Byggmax group, Consivo group, Meds Apotek, Momentum group, Lernia, ViaCon and OptiGroup

Education: M.Sc. Industrial Economics, Institute of Technology at Linköping University Previous posts: CFO Preem, Head of International Affairs and CFO Mekonomen Group Holding: 2,616 Born: 1966 Elected to the Board: 2019 Independent: Yes

#### **Ricky Sten** Employee Representative

Materials Handler

Education: Previous posts: Holding: -Born: 1968 Elected to the Board: 2014

Daniel Wilhelmsson

**Employee Representative** 

Elected to the Board: 2023

Electrical engineer

Previous posts:

**Education:** 

Holding: -

**Born:** 1973

#### Gerald Engström

Chairman of the Board Director, Hanza Holding and Bluefish Pharmaceuticals AB

Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University Previous posts: Chief Executive Officer and President of Systemair AB and President of Ziehl-ebm AB etc. Holding: 89,076,648 (shares owned by Färna Invest AB) Born: 1948 Elected to the Board: 1974 Independent: No

#### Patrik Nolåker

Vice-Chairman of the Board Chairman, Saferoad AS, ViaCon AB and Fibo AS. Director, iMPREG and OptiGroup

Education: Upper secondary qualification in Engineering, M.Sc. in Business Administration and MBA from the Maastricht School of Management Previous posts: CEO at Dywidag Systems International S.a.r.I. and Alimak Hek Group; senior positions at Atlas Copco and ABB Holding: 24,000 Born: 1963 Elected to the Board: 2016 Independent: Yes

#### **Carina Andersson**

Director Chair, Returpack AB and Carbomax AB. Director, Papershell AB and Detection Technology Oyj.

Education: M. Sc. Mining Engineering, Royal Institute of Technology, Stockholm Previous posts: Senior position at Sandvik AB, President, Ramnäs Bruk AB and Scana Ramnäs AB Holding: 4,000 Born: 1964 Elected to the Board: 2015 Independent: Yes



# **Risk Management**

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

#### taken to mitigate these risks. The summary shows the trend of risk and the level of risk on a scale of 1 to 10, where 1 is no risk and 10 is very high. The level of risk is a balance of probability and impact. More information on our risks and risk management is provided

A summary of Systemair's risks is presented

below, along with the risk control measures

in Note 2, on pages 80–81. Systemair also discloses its physical climate-related risks in the sustainability report on page 132, as part of our ongoing work to report according to TCFD (the Taskforce on Climate-related Financial Disclosure).

### Strategic and market risks

Risk category	trends		trendsThe risk of decreased customer demand and negative macroeconomic developments, together with a decline in the general economy. For example, the risk of a contraction in new construction due to higher interest rates, stock market performance,The risk of reduced customer demand arising from trade policy decisions, tariffs and geopolitical instability.		Competition The risk of reduced sales and margins due, for example, to increased price competition.		Sustainability work The risk that Systemair's sustainability performance fails to live up to external expectations and current and future legal requirements.		Product liability The risk that existing and newly developed products do not meet requirements and specified quality, performance and safety levels.	
Description										
Risk trend and risk level	Ы	6	7	4	И	4	$\rightarrow$	3	$\rightarrow$	3
Risk control measures	a broad spread of i the impact of indivi current macroecor risk has been asses high, but the trend decline over the ye indications of inter Although traditiona market has expand economy declines. actively to capitalis exists in markets th In the longer term, being made to imp efficiency of buildir of the world, which	dual events. In the nomic situation, the ssed as remaining is expected to ars ahead with est rate cuts. ally the renovation led when the Systemair also seeks e on the growth that nat remain strong, major efforts are rove the energy gs in several parts reduces the risk of m a deterioration of	The risk of geopolitical instability is regarded as generally high and this trend has been rising. However, the risk of any impact on Systemair from further trade policy decisions is considered low. Existing customs duties and the like are continuously monitored to ensure that they are handled correctly. Longer term, Systemair takes an active role in several industry organisations in order to obtain information early and be able to influence future decisions.		With indications of interest rate cuts in several parts of the world economy, the risk trend is judged to be somewhat diminishing going forward. Systemair's sales and product strategy is based on a market position in the upper-middle segment, where products, solutions and local market support add value in the overall customer process. Products and solutions are constantly evolving to create value where they make a difference. In addition, as part of developing our sales organisations, a value-based sales strategy is being implemented.		Systemair's sustainability strategy and priorities have been devel- oped on the basis of stakeholders' highest ranked sustainability issues and future expectations. Priorities are kept updated via continuous dialogue and business intelligence. Each core sustainability issue is embedded in Group Management in order to minimise the risk of the desired progress not being achieved. During the year, a double materiality assessment was performed as one aspect of compliance with the CSRD framework.		Systemair tests and quality assures all its products. The Company maintains global product liability insurance cover of SEK 200 million. Purchased materials are continuously subject to quality checks to ensure that our input materials are up to standard. Common information systems facilitate information sharing between companies and functions within the Group to ensure that the latest information is available where it is needed. Quality, performance and product safety are high priorities at Systemair.	

## **Business ethics risks**

Compliance with prequirements	ompliance with product Communication and branding quirements		Corruption		Labour and hum	an rights	Sanctions		
The risk of Systemair l important certificatior of proper documentat reduced sales.	ns, or the absence	ucts not living up to	mage caused by prod- the brand promise or ns that may damage	or operates in the construction industry in a global context where in some countries the Systemair operates, there is a genera		ction industry in a human rights. In some countries where business with sanctioned co companies or individuals.		ned countries,	
7	4	$\rightarrow$	5	$\rightarrow$	5	$\rightarrow$	3	$\rightarrow$	4
a Public Affairs function informing the organisat regarding upcoming lat that affect our produc- also actively strives to legislation and regulat of the industry as a wh in the value chain, dra long experience and e identifies a slightly risii certifications, regulatic increasing documentat that could affect small industry in particular, such as Systemair hav	or several years, Systemair has operated Public Affairs function tasked with forming the organisation in time egarding upcoming laws and regulations nat affect our products. The function lso actively strives to influence future egislation and regulations to the benefit f the industry as a whole and the actors in the value chain, drawing on Systemair's ong experience and expertise. Systemair dentifies a slightly rising trend for new ertifications, regulations and generally increasing documentation requirements nat could affect smaller players in the rdustry in particular, while larger players uch as Systemair have an adequate reganisation in place to handle these equirements.		Through activities such communicating its Coc Systemair focuses acti risk of corruption. A sy policy is in place, as we e-learning anti-corrup is mandatory for all of	de of Conduct, ively on reducing the pecific anti-corruption ell as a specific tion programme that	Systemair stands up for fundamental rights and seeks to ensure that violations of human rights do not happen. This is partly done through training and communicating our Code of Conduct. In countries where there is a generally higher risk of violation of rights, Systemair has developed a process to more deeply analyse conditions, in order to reduce the risk of violating rights.		Systemair focuses actively on its ethical business responsibilities and to prevent sanctions violations. A Responsible Sales Policy is in place and updated several times a year to ensure that Systemair acts in a responsible way and keeps up with the latest information on sanctions. When establishing new business relationships, the Company also conducts a screening process for possible sanctions.		

## **Operational risks**

Risk category	Product availal	ailability Production Facilities		IT infrastructure The risk of serious disruption to the Group's IT systems. Disruptions in crit- ical systems may have a major impact on day-to-day operations.		Skills provision The risk of not having the right skills in place and the effect this has on the organisation as a whole.		Work environment The risk of serious work-related injury in Systemair's operations.		
Description	Scription The risk of material and component shortages reducing product availability.		The risk of serious disruption of production at Systemair's production facilities.							
Risk trend and risk level	$\rightarrow$	3	$\rightarrow$	4	↗ 5		$\rightarrow$	2	2	3
Risk control measures	The overall risk is assessed as low with the trend unchanged going forward. War and geopolitical instability mean a slightly increased risk of supply problems for materials shipped through the Suez Canal. Systemair has proved to have a robust structure for managing the risk and this has been reinforced in recent years through review of critical materials, components and products to ensure their availability, for example by engaging in contracts with two suppliers for the same critical item. From a sales perspective, Systemair focuses actively on disseminating information about product availability		of the ERP system solution has starte this will entail a slig of IT disruptions bi will enhance secur Necessary investm made in upgrading keep them secure. regularly reviewed personnel and ext and consultants. C	rocesses and sed operating he year, a migration to a cloud-based ed. In the short term ghtly increased risk ut in the long term rity and availability. hents are being g IT systems to . IT Systems are by in-house ernal auditors Ongoing IT security d to reduce the risk	outside the major bulk of the labour Over the year, Sys in HR-related activ to maintain its attu an employer, as w education and tra as part of providir	ed a good distance cities where the force is based. stemair invested vities, in order ractiveness as vell as to deliver ining in leadership	and warehouses, lead to injuries d naturally striving a reality. In our d we focus systema and health to pro injury. During the of injuries resulti dramatically, larg	o occur, and we are to make a zero vision ay-to-day operations, atically on safety pactively prevent e year, the number ng in sick leave fell ely because internal been tightened and kplace safety has		



### **Financial risks**

Foreign exchang transaction expo			Borrowing and interest rate risk		Credit and liquid	lity risk	Business combinations			
	Major transactions take place in curren- cies such as EUR, which represents a currency exposure.		Foreign assets and liabilities are translated to Swedish kronor on consolidation.		The risk that sharply changing circumstances in a company's market create problems in raising new loans. Significantly lower interest rates may result in poorer earnings for the Group.		The risk that a customer will be unable to fulfil its payment obligations.		In the case of acquisitions, a risk is attached to the valuation of the targets relative to the object selected. Integrating acquired businesses can be a complex and demanding process.	
$\rightarrow$	5	$\rightarrow$	3	⊻ 4		$\rightarrow$	3	$\rightarrow$	4	
	ent of the EUR/SEK al quarterly process	Major investments a by borrowing in the currency.	are normally financed corresponding	regularly by the auc Board. Financing in the most part been Parent Company. Th was reduced during improved cash flow	centralised within the he debt/equity ratio g the year through . There are indications vill be lowered going	Strict credit policies there is no major co credit risk. Systemaii on improving routin- for creditworthiness payment. The sale o business has reduce business was concel projects in southern long credit periods.	ncentration of r works actively es and processes assessment and f Systemair's A/C ed the risk, as the ntrated in larger	There is no guarante will be successful, ew long experience in th impairment tests are goodwill. If the carryi not considered justif impairment loss may will affect the Group?	en if Systemair has he field. Annual e applied to acquired ng amounts are hed in such tests, an be recognised, which	

# **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 2023/24 financial year, the Company's 51st year of operations. Systemair AB (publ) has its registered office and headquarters in Skinnskatteberg, Sweden.

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

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

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

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

With production facilities in 18 countries and a total of more than 350,000 m2 of floor space for production and storage, Systemair is a significant international player in its product areas. Systemair's products are marketed via the Group's own sales companies in 51 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

At the financial year-end, the share capital was SEK 52.0 million, represented by 208,000,000 shares with the same number of voting rights. The quotient value is SEK 0.25 per share. Since 12 October 2007, Systemair shares (ticker code: SYSR) have been quoted on the Large Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders at the financial year-end was 8,071.

#### **Board of Directors and Group Management**

In the period until the 2023 AGM, Systemair's Board of Directors comprised six members: Carina Andersson, Gerald Engström (Chairman), Niklas Engström, Patrik Nolåker (Vice Chairman) and Gunilla Spongh, all elected by the AGM. At the 2023 AGM, all sitting members were re-elected. Gerald Engström was reelected as Chairman of the Board and Patrik Nolåker as Vice Chairman.

The Group's Executive Management consists of CEO Roland Kasper, who is also CEO of the parent company, Anders Ulff - CFO, Olle Glassel - VP Sales, Anders Gustafsson - VP Global Supply Chain, Björn-Osvald Skandsen - VP Marketing & Frico, Ulrika Hellman - VP M&A and Martin Dahlgren - VP Products & Technology.

#### **Group** Sales and profit

Consolidated sales totalled SEK 12,257 million (12,058), 1.6 percent higher than in the preceding financial year. Adjusted to take account of both foreign exchange effects and acquisitions and disposals, net sales rose by 4.1 percent. Growth relating to acquired operations and disposals totalled -2.8 percent, while foreign exchange effects increased the value of sales by 0.3 percent during the financial year. Sales in the Nordic region fell 5.7 percent over the year. Adjusted for foreign exchange effects and acquisitions, the value of sales was down 5.2 percent. The Norwegian market is the biggest in the region, with sales of SEK 776 million. Sales in Norway decreased by 6.0 percent over the year. Finland and Sweden also declined during the year, with Finland down 5.8 percent and Sweden down 10.1 percent. The Danish market showed a positive performance, rising by in all 8.7 percent.

In Western Europe, sales declined by 1.6 percent. Adjusted for acquisitions and foreign exchange effects, sales decreased by 1.5 percent. The biggest market in the region, and also overall for the whole Group, is Germany, which reported a sales decrease of 5.8 percent. Other major markets in Western Europe that showed good growth during the year include, above all, the UK, Portugal, Spain and France.

Eastern Europe & CIS showed an increase of 5.0 percent over the year. Poland, Slovenia and Estonia showed growth during the quarter, while the Czech Republic and Slovakia declined. Adjusted for foreign exchange effects and acquisitions, sales rose by 6.1 percent.

Sales in the North American market increased 8.6 percent compared to the preceding year. The USA market, above all, showed growth during the financial year, while the Canadian market declined somewhat. Adjusted for currency translation effects and acquisitions, sales rose 7.5 percent.

Sales in the Middle East, Asia, Australia and Africa increased by 14.2 percent during the year. Adjusted for foreign exchange effects and acquisitions, sales rose 31.8 percent. A large share of the increase is due to higher prices in Türkiye as a result of the current hyperinflation. Excluding Türkiye, the region's organic growth was 17.1 percent. India and parts of the Middle East showed good growth during the period.

2023/24				2022/25	
May-Apr	% of total	change	Of which, organic	May-Apr	% of total
2,074.3	17%	-5.7%	-5.2%	2,199.6	18%
5,465.3	44%	-1.6%	-1.5%	5,552.1	46%
1,436.3	12%	5.0%	6.1%	1,368.0	12%
1,457.8	12%	8.6%	7.5%	1,341.8	11%
1,822.9	15%	14.2%	31.8%	1,596.4	13%
12,256.6	100%	1.6%	4.1%	12,057.9	100%
	2,074.3 5,465.3 1,436.3 1,457.8 1,822.9	May-Apr         % of total           2,074.3         17%           5,465.3         44%           1,436.3         12%           1,457.8         12%           1,822.9         15%	May-Apr         % of total         change           2,074.3         17%         -5.7%           5,465.3         44%         -1.6%           1,436.3         12%         5.0%           1,457.8         12%         8.6%           1,822.9         15%         14.2%	May-Apr         % of total         change         Of which, organic           2,074.3         17%         -5.7%         -5.2%           5,465.3         44%         -1.6%         -1.5%           1,436.3         12%         5.0%         6.1%           1,457.8         12%         8.6%         7.5%           1,822.9         15%         14.2%         31.8%	May-Apr         % of total         Change         Of which, organic         May-Apr           2,074.3         17%         -5.7%         -5.2%         2,199.6           2,074.3         17%         -5.7%         -5.2%         2,199.6           5,465.3         44%         -1.6%         -1.5%         5,552.1           1,436.3         12%         5.0%         6.1%         1,368.0           1,457.8         12%         8.6%         7.5%         1,341.8           1,822.9         15%         14.2%         31.8%         1,596.4

#### Profit

Operating profit for the financial year totalled SEK 963.0 million (1,401.4). The operating margin was 7.9 percent (11.6). Adjusted operating profit was SEK 1,085.0 million (1,109.9). The adjusted operating margin was 8.8 percent (9.2). Operating profit takes into account restructuring costs of SEK 125.0 million for the relocation of Menerga's production to Slovenia, a goodwill impairment totalling SEK 3.2 million in Menerga Poland, a bad debt loss of SEK 5.4 million in Norway and positive hyperinflation adjustments totalling SEK 11.6 million. Selling and administration expenses totalled SEK 3,214.9 million (3,035.2), an increase of SEK 179.7 million. Acquisitions contributed SEK 39.8 million of the cost increase in the guarter. Disposals are included in the like-for-like figures in the amount of SEK 131.9 million and as a result, selling and administration expenses in like-for-like units rose by SEK 271.8 million, or 9.0 percent. Selling expenses were charged with SEK 13.7 million (14.8) for anticipated bad debts. Financial income, consisting of interest income, totalled SEK 9.7 million (2.4). Financial expenses for the year totalled SEK -108.3 million (-108.9). Interest expenses accounted for SEK -83.3 million (-66.1). The tax expense for the year amounted to SEK -210.6 million (-250.2), representing a tax charge of 21.4 percent (25.0), based on the profit after financial items.

#### Investments

Total investments for the financial year amounted to SEK 448.9 million (812.1), net of disposals. Gross investments in new construction and machinery totalled SEK 386.6 million (325.7), net of divestments. Acquisitions and formerly withheld purchase considerations totalled SEK 37.7 million (449.6). Depreciation, amortisation and impairment of non-current assets amounted to SEK 422.1 million (568.3). The total for the preceding year included impairment charges of in all SEK -155,4 million in the Russian business.

#### Acquisitions, disposals and new operations

On 2 May 2023, Systemair's subsidiary in Slovenia acquired all shares in the Slovenian sales company Menerga d.o.o. The company has sales of approximately EUR 3 million and 24 employees.

Net sales for the acquired companies between acquisition and the financial year-end totalled SEK 35.2 million. Operating profit for the corresponding period was SEK 2.6 million. For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 33.

#### Personnel

2023/24

The average number of employees in the Group was 6,453 (6,299). At the end of the financial year, Systemair had 6,616 employees (6,587), 29 more than a year earlier. Acquired companies added a total of 21 employees while divested companies reduced the number of employees by 21. New employees were recruited chiefly in India (107), Canada (35) and Systemair in Germany (14). Personnel cutbacks were made above all at Systemair in Lithuania (-39), Menerga in Germany (-37) and at the companies in the Czech Republic (-31).

2022/23

#### Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the year, totalled SEK 982.3 million (1,222.6). Mainly as a result of reductions in inventories, working capital had a positive impact of SEK 350.9 million (-634.9) on cash flow. Cash flow from financing activities totalled SEK -898.1 million net (-959.5), as a result of lower net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,462.2 million (1,842.3). Net indebtedness at year-end was SEK 1,070.2 million (1,523.2). Leverage was 0.76 (0.76). Adjusted leverage was 0.69 (1.00). The consolidated equity/assets ratio was 57.7 percent (54.7) at the financial year-end. The target adopted by the Board for the equity/assets ratio – 30 percent or more – was comfortably achieved.

#### Group's financial policy

Systemair has established subsidiaries with operations in 51 countries and our own production facilities in 18 of them. Systemair products are sold in around 135 countries worldwide. The Group's financial risk-taking is governed by mandates approved by Systemair AB's Board of Directors. Financial management at an overarching level is conducted in the Parent Company, which is also responsible for overseeing compliance with the Group's financial policy. The objective of the financial management function is to ensure that the supply of capital and liquidity is secured. Financial risk exposures are kept within the mandate approved by the Board. The purpose of the Group's financial policy is to establish a clear allocation of responsibilities and to set out guidelines and rules as to which financial risks may be accepted within the Group and how such risks should be managed.

All financing operations for the Group, in the form of risk and foreign exchange management, together with 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 also for financial activities in general. Payments and cash flows are managed using central Group accounting systems. Systemair AB has provided shortand long-term loans to its subsidiaries. The value of these loans, translated into Swedish kronor, was SEK 1,658.0 million (2,105.8) on the balance sheet date.

#### Exposure to Russia, Ukraine and Belarus

At the financial year-end, the number of employees in Russia, Ukraine and Belarus totalled 185. Systemair's sales in the region represent 1.4 percent of the Group's total sales over the financial year.

#### **Risks and uncertainties**

Systemair is exposed to strategic, operational, financial and compliance-related risks in its business. Strategic risks are mainly linked to reduced sales due to macroeconomic and geopolitical developments. Operational risk factors include supply chain disruptions and IT-related risks. The financial risks that Systemair has identified in its business consist of foreign exchange risk, borrowing and interest rate risk and credit risk and liquidity risk, as well as company acquisitions. Business ethics risks include low-probability but high-impact risks such as, for example, corruption and violations of human and labour rights. Systemair's material risks and uncertainties are described in more detail in Note 2.

#### **Financial summary**

Over the past ten years, growth in Group sales has averaged 9.0 percent annually. The average annual operating margin (EBIT) has been 7.2 percent over the same period, but with a positive trend in recent years. The average equity/assets ratio for the past ten years has been 46.6 percent. Of total Group sales, 95 percent (94) are to customers outside Sweden. Further information on changes in the Group's financial position is provided in the table of key performance measures, after the notes to the financial statements. For more key performance measures and information on how they are calculated, see pages 101–102 and Systemair's website at: group.systemair.com/investor-relations/information/financial-data/

Five-year summary	2023/24	2022/23	2021/22	2020/21	2019/20
Net sales	12,527	12,058	9,634	8,519	8,915
EBIT	963	1,401	770	677	626
Operating margin	7.9%	11.6%	8.0%	7.9%	7.0%
Equity/assets ratio	58%	55%	46%	48%	43%
Return on capital employed	14%	20%	15%	13%	12%
Average number of employees	6,453	6,299	6,358	5,864	5,965





#### Outlook

Systemair has explicit financial targets for growth in sales and operating profit, both of no less than 10 percent. Despite the recent years of pandemic, supply chain challenges and the suspension of deliveries to Russia, Systemair can report strong sales growth. Performance has shown continuous improvement through targeted measures. Over the past year, declining volumes due to a slowdown in the construction market, have fed through into slightly lower profitability. Systemair has a clear strategy in energy-efficient ventilation that argues for good long-term growth and profitability.

Systemair anticipates further good opportunities for growth in view of the expected increase in demand for energy-efficient ventilation solutions in buildings, especially as measures to achieve future climate goals become concretised. With our 26 well-invested production facilities in 18 countries and the most comprehensive product range on the market, Systemair is well equipped for continued growth.

#### Seasonal factors

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

#### **Financial targets**

Systemair has the following financial targets:

- ➔ Average annual growth in sales over a business cycle should be no less than 10 percent.
- → The average operating margin over a business cycle should be no less than 10 percent.
- → The Group's equity/assets ratio should not fall below 30 percent.
- $\rightarrow$  The dividend is to be set at approximately 40 percent of profit after tax.

#### Guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the 2024 Annual General Meeting. These guidelines also comply in the main with those adopted at the AGM in 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. "Senior executives" refers to the President and other members of Group Management.

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

Variable pay is based on the Company's performance, with the aim of promoting the Company's strategy, long-term value creation and sustainability. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer, 25 percent for other senior executives and 15 percent for other key individuals.

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

#### Notice of termination and severance payments

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



#### Share-based and share-price-based incentive programmes

On 31 August 2023, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2023 incentive programme. During the financial year, Systemair AB issued a total of 362,500 warrants for Systemair shares to senior executives of the Company. The warrants were transferred to the participants at a price corresponding to their market value, calculated via an external independent valuation based on an accepted valuation model (Black-Scholes). The programme runs for four years and the last day for subscription is 30 September 2027. In addition, 592,500 warrants were issued in 2021 to senior executives under the LTIP 2021 programme and 520,740 warrants were issued in 2022 under the LTIP 2022 programme. These programmes also run for four years and the last days for share subscription are 30 September 2025 and 30 September 2026, respectively. During the year, 24,500 warrants were repurchased from employees who had left their employment. The subscription prices are 98.20 for LTIP 2021, 58.30 for 2022 and 77.50 for 2023.

#### **Product Development**

In Systemair's mission, product development plays a prominent role. The Group is to develop safe and reliable, easy-to-use and durable products. Service life is an important parameter both in new development projects and in product care. We have started to provide upgrade kits for some parts of our installed base to extend their service life.

To Systemair, it is vital to develop a steady stream of energyefficient and long-term sustainable ventilation products and solutions capable of meeting the market's needs for an improved indoor climate and increased safety, going forward. The core issue is to understand the opportunities in the market and the needs of the customer. To Systemair it is important to develop the "right" product at the "right" time in an efficient way. To do this, Systemair has developed and implemented a product development process to support the technology organisation, which consists of 250 technicians with cutting-edge expertise in different areas. Over the past year, we have also continued to develop Group-wide processes and have further increased our capacity to develop products by bringing together the right skills in fewer geographical locations in cross-company teams for increased efficiency. We continue to implement common product platforms at several factories and collaborate more

between the disciplines of development, production, purchasing and logistics for greater efficiency. Every year, Systemair invests approximately 455,000 hours in developing new or improved products and services via 23 technology teams in 15 countries, 13 of which have technology centres for advanced testing.

Product development costs totalled approximately SEK 240 million (240) in 2023/24. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

#### Sustainability work

Sustainability issues have long had a central and natural role at Systemair. The importance of good indoor air quality is increasing and society depends on healthy and good air through energy- and resource-efficient solutions for ventilation, heating and cooling. Our solutions play an important part in our commitment to contribute to a more sustainable planet. Sustainability is an important part of our strategy and an increasingly integral part of our business. Our sustainability framework focuses on four areas that contribute to progress in ten of the Sustainable Development Goals.

In accordance with Section 6, subsection 11 of the Swedish Annual Accounts Act, Systemair has drawn up a separate Sustainability Report for the Parent Company and the Group. This is provided on pages 18–33, 60–63, 110-111, 114 and 126–132 of this Annual Report and at https://group.systemair.com/ investor-relations/reports-and-presentations/. The scope of the comprehensive sustainability report is described in the GRI Index on pages 124–125.

#### **Quality management system**

Of the Group's 26 production facilities, 25 are certified to ISO 9001. Only one of the facilities, in Canada, is not certified.

#### **Environmental management system**

Systemair attaches great importance to strict compliance with environmental regulations. Environmental issues and environmental conservation remain a priority area, and we focus on constantly refining methods and procedures to reduce environmental impact. For more information, see Systemair's Sustainability Report on pages 18–33. Systemair's companies Systemair Sverige AB, VEAB Heat Tech AB in Hässleholm, Sweden, Systemair GmbH in Germany, Systemair HVAC S.L.U. in Spain, Systemair Production a.s. in Slovakia, Recutech s.r.o in the Czech Republic, Systemair UAB in Lithuania, Koolair S.L in Spain, 2W in the Czech Republic, Systemair HSK in Türkiye, Sagicofim S.p.A. in Italy and Systemair Pvt Ltd in India are ISO 14001 certified. In Systemair's view, the Group's manufacturing facilities and operations meet the requirements of all significant environmental laws and regulations that apply to the Company.

#### **Parent Company**

The Parent Company's net sales for the financial year totalled SEK 192.7 million (181.9). Operating profit was negative, at SEK -202.0 million (-170.3). The Parent Company had 67 employees (63). The core business of the Parent Company consists of intra-Group services.

#### Events since the end of the financial year

No significant events have occurred since the end of the period.

#### **Proposed appropriation of profits**

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -5,167,245
Profit brought forward	SEK 1,733,140,862
Net profit for the year	SEK 192,522,265
	SEK 1.955.702.633

The Board proposes that the Annual General Meeting, to be held on 29 August 2024, approve a dividend of SEK 1.20 (1.10) per share. As a result, dividend payments will total SEK 249.6 million (228.8). The proposed dividend corresponds to 38 percent of net consolidated profit.





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## **Consolidated Income Statement**

SEK m., 1 May–30 April	Note	2023/24	2022/23
Net sales	4, 5	12,256.6	12,057.9
Cost of goods sold	6	-8,042.9	-7,948.5
Gross profit		4,213.7	4,109.4
Other operating income	9	268.9	704.8
Selling expenses	6	-2,616.7	-2,459.8
Administration expenses	6, 7	-598.2	-575.4
Other operating expenses	10	-375.9	-419.1
Net gain on monetary items	32	71.2	41.5
Operating profit/loss	6, 8, 11, 12	963.0	1,401.4
Financial income	13	12.3	2.4
Financial expenses	14	-110.9	-108.9
Profit after financial items		864.4	1,294.9
Tax	15	-210.6	-250.2
Profit for the year		653.8	1,044.7
Attributable to:			
Parent Company shareholders		645.6	1,039.6
Non-controlling interests		8.2	5.1
Earnings per share, basic <sup>1</sup>	39	3.10	5.00
Earnings per share, diluted <sup>1</sup>		3.10	5.00
Average number of shares during the financial year, basic <sup>1</sup>		208,000,000	208,000,000
Average number of shares during the financial year, diluted <sup>1</sup>		208,110,000	208,063,000

<sup>1</sup> Systemair AB has issued 1,451,240 warrants to persons holding senior positions within the Company.

For further information, see Note 11.

## **Consolidated Statement of Comprehensive Income**

SEK m., 1 May–30 April	Note 2023/24	2022/23
Profit for the year	653.8	1,044.7
Other comprehensive income, net after tax		
Items that have been, or may later be, transferred to profit for the year		
Translation differences, foreign operations	43.2	606.0
Items that cannot be transferred to profit for the year		
Change in defined-benefit pensions, gross before tax	-2.0	0.8
Tax on change in defined-benefit pensions	0.3	-0.5
Other comprehensive income, net after tax	41.5	606.3
Total comprehensive income for the year	695.3	1,651.0
Attributable to:		
Parent Company shareholders	687.1	1,645.9
Non-controlling interests	8.2	5.1

## **Consolidated Balance Sheet**

SEK m.	Note	30/04/2024	30/04/2023
ASSETS	22		
Non-current assets			
Intangible assets	4, 16		
Goodwill		1,025.8	988.6
Capitalised development costs		-	0.3
Brands, customer relationships		217.5	232.3
Other intangible assets		70.2	58.7
		1,313.5	1,279.9
Property, plant and equipment	4, 16		
Buildings and land	.,	1,346.0	1,472.4
Plant and machinery		553.4	473.0
Equipment and tools		211.7	190.4
Construction in progress		242.6	136.1
		2,353.7	2,271.9
Right-of-use assets	8	373.3	254.1
Financial and other non-current assets			
Other securities held as non-current assets		1.7	1.4
Participations in associated companies	30	28.9	17.3
Deferred tax assets	15	159.8	146.8
Other long-term receivables	17	50.2	14.4
Total non-current assets		240.6 4,281.1	179.9 3,985.8
		4,201.1	5,505.0
Current assets			
Inventory	19		
Raw materials and consumables		1,004.0	1,224.4
Products in progress		172.4	188.3
Finished products		947.6	1,046.5
		2,124.0	2,459.2
Trade accounts receivable	20	2,471.1	2,417.0
Taxes recoverable		75.8	75.8
Other receivables		250.9	244.8
Prepaid expenses and accrued income	18	170.5	106.7
Other investments in securities etc.		5.0	3.9
		2,973.3	2,848.2
Cash and bank balances		414.3	339.9
Total current assets		5,511.6	5,647.3
TOTAL ASSETS		9,792.7	9,633.1

SEK m.	Note	30/04/2024	30/04/2023
EQUITY AND LIABILITIES	22		
Equity			
Share capital	21	52.0	52.0
Additional paid-in capital		12.8	10.4
Translation reserve		711.9	668.7
Profit brought forward, incl. profit for the year		4,868.8	4,534.6
Equity attributable to Parent Company shareholders		5,645.5	5,265.7
Attributable to non-controlling interests		8.3	6.8
Total equity		5,653.8	5,272.5
Non-current liabilities			
Non-current liabilities, interest-bearing	22	470.4	516.6
Lease liability	22	256.9	155.0
Provisions for pensions	26	27.3	24.7
Provisions for deferred tax liabilities	15	98.7	104.5
Other provisions	27	71.9	83.3
Other non-current liabilities	22	21.6	46.0
Total non-current liabilities		946.8	930.1
Current liabilities			
Current liabilities, interest-bearing	22	609.9	1,066.3
Lease liability	22	125.0	104.4
Trade accounts payable		938.7	1,024.8
Income tax liability		188.4	161.3
Other liabilities		625.8	580.7
Accrued expenses and deferred income	23	704.3	493.0
Total current liabilities		3,192.1	3,430.5
Total liabilities		4,138.9	4,360.6
TOTAL EQUITY AND LIABILITIES		9,792.7	9,633.1
Pledged assets	35		
Contingent liabilities			



## **Statement of Changes in Equity – Group**

	Attributable to Parent Company shareholders					
SEK m.	Share capital	Additional paid-in capital	Translation reserve	Profit brought forward, incl. net profit for the year	Non-controlling interests	Total equity
Equity, 30 April 2022	52.0	7.0	62.7	3,693.4	38.4	3,853.5
Dividends				-187.2	-1.5	-188.7
Profit for the year				1,039.6	5.1	1,044.7
Share of acquisitions attributable to non-controlling interests					-33.7	-33.7
Issue of warrants		3.4				3.4
Revaluation of purchase options				-11.5	-1.5	-13.0
Other comprehensive income			606.0	0.3		606.3
Equity, 30 April 2023	52.0	10.4	668.7	4,534.6	6.8	5,272.5
Dividends				-228.8	-2.0	-230.8
Profit for the year				645.6	8.2	653.8
Issue of warrants		2.4				2.4
Revaluation of purchase options				-80.9	-4.7	-85.6
Other comprehensive income			43.2	-1.7		41.5
Equity, 30 April 2024	52.0	12.8	711.9	4,868.8	8.3	5,653.8



# **Consolidated Cash Flow Statement**

SEK m., 1 May–30 April	Note	2023/24	2022/23
Operating activities			
Operating activities		963.0	1,401.4
Interest received		10.0	2.4
Interest paid		-101.9	-80.2
Adjustment for non-cash items etc.	37	331.2	113.4
Income tax paid		-220.0	-214.5
Cash flow from operating activities before changes in working capital		982.3	1,222.6
Changes in working capital		323.7	-308.4
Inventory Current receivables		-131.9	
		-131.9	-481.
Trade accounts payable			94.
Current liabilities		235.8	60.6
Cash flow from operating activities		1,333.2	587.
nvesting activities			
Acquisition of subsidiaries	33	-37.7	-449.6
Disposals of subsidiaries	33	-1.3	1,001.1
Acquisition of intangible assets		-24.6	-36.8
Acquisition of property, plant and equipment		-386.6	-325.7
Sale of property, plant and equipment		60.5	129.6
Cash flow from investing activities		-389.7	318.6
Financing activities			
Borrowings	22	141.4	511.4
Repayment of loans	22	-687.1	-1,166.7
Amortisation of lease liability	22	-124.0	-118.9
Dividend to shareholders		-230.8	-188.7
Payment for warrants		2.4	3.4
Cash flow from financing activities		-898.1	-959.
Increase/Decrease in cash and cash equivalents		45.4	-53.2
Cash and cash equivalents at start of year		339.9	335.9
Exchange rate difference in cash and cash equivalents		29.0	57.2
Cash and cash equivalents at end of year		414.3	339.9

# Parent Company Income Statement

SEK m., 1 May–30 April	Note	2023/24	2022/23
Net sales	4	192.7	181.9
Cost of goods sold		-	-
Gross profit		192.7	181.9
Other operating income	9	19.1	7.4
Selling expenses		-153.6	-95.0
Administration expenses	7, 8	-142.9	-159.1
Other operating expenses	10	-117.3	-105.5
Operating profit/loss	11, 12	-202.0	-170.3
Result from financial investments			
Result from participations in Group companies	28	215.6	648.9
Other interest income and similar profit/loss items	13	136.5	95.7
Interest expense and similar profit/loss items	14	-85.4	-57.9
Profit after financial items		64.7	516.4
Appropriations	24	124.3	182.5
Pre-tax profit		189.0	698.9
Tax on profit for the year	15	3.5	-12.1
Profit for the year		192.5	686.8

# Parent Company Statement of Comprehensive Income

SEK m., 1 May–30 April	2023/24	2022/23
Profit for the year	192.5	686.8
Other comprehensive income, net after tax	0.0	0.0
Total comprehensive income for the year	192.5	686.8

# Parent Company Balance Sheet

SEK m.	Note	30/04/2024	30/04/2023
ASSETS			
Non-current assets			
Intangible assets	16		
Capitalised development costs		-	0.3
Licences and other intangible assets		23.6	23.8
		23.6	24.1
Property, plant and equipment	16		
Plant and machinery		1.1	0.6
Equipment and tools		3.1	3.5
Construction in progress		21.6	14.7
		25.8	18.8
Financial assets			
Participations in Group companies	29	2,414.8	2,412.8
Participations in associated companies	30	5.9	5.9
Receivables from Group companies	34	584.1	543.4
Deferred tax assets	15	20.0	15.0
Other long-term receivables	17	8.1	8.1
		3,032.9	2,985.2
Total non-current assets		3,082.3	3,028.1
Current assets			
Trade accounts receivable	20	0.8	-
Receivables from Group companies		1,073.8	1,562.4
Taxes recoverable		10.7	10.2
Other receivables		84.9	62.8
Prepaid expenses and accrued income	18	17.6	20.1
		1,187.8	1,655.5
Cash and bank balances		-	-
Total current assets		1,187.8	1,655.5
TOTAL ASSETS		4,270.1	4,683.6

SEK m.	Note	30/04/2024	30/04/2023
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	21	52.0	52.0
Statutory reserve		10.0	10.0
Reserve for development expenditure		-	0.3
		62.0	62.3
Non-restricted equity			
Share premium reserve		35.2	35.2
Fair value reserve		-5.2	-5.2
Profit brought forward		1,733.3	1,275.0
Profit for the year		192.5	686.8
		1,955.8	1,991.8
Total equity		2,017.8	2,054.1
Untaxed reserves	25	1.7	0.7
Non-current liabilities			
Liabilities to credit institutions	22	282.1	339.7
Liabilities to Group companies		1,424.9	1,240.5
		1,707.0	1,580.2
Current liabilities			
Bank overdraft facilities	22	381.4	910.9
Liabilities to credit institutions	22	47.0	-
Trade accounts payable		15.0	6.5
Income tax liability		6.9	5.7
Liabilities to Group companies		22.5	21.3
Other liabilities		17.5	60.8
Accrued expenses and deferred income	23	53.3	43.4
		543.6	1,048.6
TOTAL EQUITY AND LIABILITIES		4,270.1	4,683.6

# **Changes in Equity – Parent Company**

				Non-restricted equity			
SEK m.	Share capital	Statutory reserve	Reserve for develop- ment expenditure	Share premium reserve	Fair value reserve	Profit brought forward, incl. net profit for the year	Total equity
Equity, 30 April 2022	52.0	10.0	1.7	35.2	-5.2	1,460.8	1,554.5
Dividend						-187.2	-187.2
Profit for the year						686.8	686.8
Reserve for development expenditure			-1.4			1.4	-
Equity, 30 April 2023	52.0	10.0	0.3	35.2	-5.2	1,961.8	2,054.1
Dividend						-228.8	-228.8
Profit for the year						192.5	192.5
Reserve for development expenditure			-0.3			0.3	-
Equity, 30 April 2024	52.0	10.0	-	35.2	-5.2	1,925.8	2,017.8

Dividend paid in 2023 totalled SEK 228.8 m., corresponding to SEK 1.10 per share.



# Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Note	2023/24	2022/23
Operating activities			
Operating profit/loss		-202.0	-170.3
Interest received		103.7	69.0
Interest paid		-85.3	-57.9
Adjustment for non-cash items etc.	37	31.8	111.0
Income tax paid		-0.3	1.(
Cash flow from operating activities before changes in working capital		-152.1	-47.2
Changes in working capital			
Inventory			
Current receivables		129.5	-477.5
Trade accounts payable		9.6	6.4
Current liabilities		7.3	24.5
Cash flow from operating activities		-5.7	-493.8
Investing activities			
Acquisition of intangible assets		-3.4	-3.6
Acquisition of intergiole assets Acquisition of property, plant and equipment		-23.0	-9.8
Sale of property, plant and equipment		4.1	5.0
Acquisitions/paid-in capital at subsidiaries		-45.1	-467.2
Sale of Group companies		-	956.9
Dividends on shares in subsidiaries		454.4	311.5
Group contributions received		183.3	65.0
Cash flow from investing activities		570.3	852.8
Financing activities Dividend to shareholders		-228.8	-187.2
			-187.2 467.7
Borrowings		-520.2	-639.5
Repayment of loans			
Cash flow from financing activities		-564.6	-359.0
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 FINANCIAL STATEMENTS

# Notes

### Note 1 | Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2024 were approved on 4 July 2024 by the Board of Directors and the President for publication and will be submitted to the 2024 Annual General Meeting for adoption. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

### **Basis of preparation**

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

### Parent Company's accounting policies

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

### Amended and new accounting policies for the year

A number of new and amended accounting standards became effective on 1 January 2023 and have been applied by the Group as of 1 May 2023. The main changes are described in brief below. The changes had no impact on the amounts recognised.

### IAS 1 Presentation of Financial Statements

As of 1 May 2023, Systemair has applied the amendment to IAS 1 that requires entities to disclose significant accounting policies rather than major accounting policies. The amendment defines what is a significant accounting policy and how significant accounting information is identified. As a result of the amendment, the note regarding the Group's accounting policies has been shortened.

### IAS 12 Income taxes

Deferred tax is recognised on all temporary differences except for temporary differences arising at initial recognition of an asset or liability, provided certain conditions are met. An amendment to IAS 12 applicable from 2023 clarifies that this exception does not apply when recognising transactions that simultaneously give rise to both an asset and a liability, for example when recognising right-of-use assets and lease liabilities. As far as Systemair is concerned, the amendment does not affect the financial statements but requires a certain increase in the disclosures in Note 15 Tax on profit for the year.

In May 2023, further amendments to IAS 12 Income Taxes were published. These amendments took effect retrospectively from 1 January 2023 and clarify that IAS 12 applies to income taxes based on the OECD Pillar 2 Model Rules. At the same time, a temporary, mandatory exemption from the rules on recognising deferred tax in respect of such tax was introduced. The effect is that an entity may neither recognise nor disclose deferred tax assets and liabilities for Pillar 2 Income taxes.

Systemair currently considers that no Group company is affected by tax legislation based on the OECD's Model Rules that have been enacted or have been approved, or in practice approved.

# New or amended standards and new interpretations not yet enacted

No new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) effective for financial periods beginning after 1 January 2024 have been applied in the preparation of this financial report. New or amended standards and new interpretations, which had not entered into effect by 31 December 2023, are not expected to have a material impact on the Group's financial statements based on known information.

### Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. In addition, the 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 statements for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

### **Consolidated accounts**

### Basis of consolidation

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

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

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

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

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

### Net sales

### **Revenue streams**

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

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

### Warranties

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

### Segment reporting

The Group manufactures and sells ventilation products. System's highest executive decision-maker, the President of the Parent Company and CEO of the Group, oversees and manages operations per legal entity. The number of legal entities in Systemair is about 90, and so, according to the IFRS 8 standard, the Group has that number of segments. Because the presentation of 90 segments would entail excessively detailed information, the standard proposes aggregating them if there are similar economic characteristics and the segments resemble one another, including with regard to other factors such type of product and type of customer. Systemair aggregates into the geographical regions (i) Europe and (ii) Americas, Middle East, Asia, Australia and Africa. The market segment Europe counts for the major share of Systemair's business. The segment Europe consists of a large number of markets. The legal entities within Europe work with each other in manufacturing and sales. The Company also judges that in every material respect similar economic conditions exist in the region, and so the legal entities within the region have been aggregated. Systemair further considers that accounting



# Hote 1 (cont.)

for the merged segments of (i) Europe and (ii) Americas, Middle East, Asia, Australia and Africa presents a clearer picture. Net sales, Operating profit, Profit after net financial items, Assets, Investments and Depreciation/amortisation are recognised per aggregated segment. The subsidiaries are aggregated on the basis of their legal domicile and they are consolidated according to the same principles as for the Group as a whole.

### **Financial Reporting in Hyperinflationary Economies**

Since 30 June 2022, Türkiye's economy has been considered to be in hyperinflation. As a result, the financial statements of Systemair's subsidiary in Türkiye have been adjusted for the effects of inflation, in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", with retrospective application from 1 May 2022. This means that:

- → The historical cost of non-monetary assets and liabilities has been adjusted to reflect changes in the purchasing power of the currency. The adjustment has been based on the Consumer Price Index published by the Turkish Statistical Institute.
- → The various income statement items have been index-adjusted for inflation.
- → All items in the subsidiary's financial statements in the consolidated accounts have been translated at the closing rate. Translation differences in translation to SEK have been taken to Other comprehensive income, in accordance with IAS 21.
- → Figures for financial years beginning before 1 May 2022 have not been changed.

The aggregate impact on the Group's financial statements is shown in Note 32.

### Impairment losses

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

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

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

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

### Calculation of the recoverable amount

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

### Reversal of impairment losses

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

### **Financial instruments**

Systemair's financial instruments comprise derivatives, trade accounts receivable, cash and cash equivalents, trade accounts payable, accrued supplier costs, interest-bearing liabilities, acquisition options and additional purchase considerations. Liabilities to credit institutions carry variable interest rates or, in certain cases, fixed rates for a short period. Derivatives are measured at fair value via the income statement on the basis of input data corresponding to level 2 as defined in IFRS 13. Share purchase options and additional purchase considerations are measured on level 3 as defined in IFRS 13.

The calculation for the option to acquire the remaining 10 percent of the shares in Systemair HSK, Türkiye, is based on the anticipated earnings before depreciation/ amortisation and tax (EBITDA), plus the increase in value of the land and building where the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is recognised as Current liability, non-interest bearing.

The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the 2023/24 and 2024/25 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. The liability for the acquisition option is recognised under Non-current liabilities, on on-interest-bearing, on the balance sheet.

Other financial assets and liabilities are recognised as current. For that reason, the fair values of all financial instruments are considered to equate approximately to the carrying amounts. Systemair has not recognised any financial assets and liabilities net.

For more detailed information on financial instruments see Note 22.

### Leasing

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

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

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

Estimation of the amount of the lease liability and right-of-use is in the first instance based on the interest rate implicit in the lease. In cases where that cannot be determined, the marginal borrowing rate is instead used, which corresponds to the interest rate the company would have been offered if the acquisition had been financed by a loan from a financial institution. Systemair starts writing off its rights-of-use as of date of commencement of the lease and chooses as period of amortisation either the economic life or lease term, whichever is the shorter. Systemair applies transitional rules for lease accounting, under which rules the balance sheet will not report short-term leases (less than 12 months) and leases in which the underlying asset is of low value (less than USD 5,000). Short-term leases and low-value leases are expensed as incurred.

### Material estimates and assumptions

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

### Impairment testing of goodwill

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

### Provisions for pensions

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, on the basis of past experience and reasonable expectations for the future. In the case of pension obligations, the present-value calculation is based on assumptions described in Note 26.

### Deferred tax assets

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

### Disputes

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

### Expected credit losses

Anticipated credit losses are assessed locally at every company in line with a local credit policy based on a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. For more information on trade accounts receivable and anticipated credit losses, see Note 20 Trade accounts receivable.



### Note 2 | Risks and risk management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These risks may in the short and the long term affect the Company's ability to attain set goals according to the Company's business plan. Systemair operates a risk management process that involves management and key functions to ensure that risks are properly managed by identifying, evaluating, minimising and monitoring them. The Group's risk situation is updated on an ongoing basis. Priority is given to the risks that are judged to represent the potentially greatest negative impact, 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 2023/24 operating profit. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table below. It is also likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis, in that changes in various items may have a counteractive effect.

# Sensitivity analysis: effects on operating profit in 2023/24

SEK m.	30/04/2024	30/04/2023
+/- 5% in selling prices	+/- 613	+/- 603
+/- 5% in material costs	+/- 441	+/- 266
+/- 5% in selling and administration expenses	+/- 161	+/- 152
+/- 5% in balance sheet rates, effect on net assets	+/- 158	+/- 130
$\pm$ 5% in the SEK/EUR exchange rate	+/- 47	+/- 33
+/- 5% in the SEK/NOK exchange rate	+/- 4	+/- 6
$\pm$ 5% in the SEK/USD exchange rate	+/- 4	+/- 1

Of Systemair's total sales, 95 percent (92) are made in currencies other than SEK. As a result, fluctuations in the SEK exchange rate affect the Group's gross profit. Systemair's major foreign currencies are EUR, USD and NOK, as shown above. The table shows that a change of +/-5 percent in the SEK/EUR exchange rate would have an impact of approximately SEK 47 million (33) on operating profit for 2023/24. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Systemair's net assets in foreign currencies total SEK 4,352 million (3,825), with the largest assets being denominated in EUR, CZK and CAD. A rise or fall of 5 percent would increase or decrease net assets by SEK 158 million (130).

### Strategic and market risks

### Market and macroeconomic trends

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

### Trade policy and geopolitics

The risk of negative trade policy decisions, customs duties and geopolitical instability. Systemair operates in a global market where geopolitical risks can adversely affect its business. Systemair conducts, via subsidiaries or representative offices, its own operations in around 50 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to the risks that are associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly disrupt 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 risk of political instability. Each of the above-mentioned risks could adversely affect Systemair's operations, earnings and financial position.

### Competition

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

### Sustainability work

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

### **Product liability**

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

### Compliance with product requirements

Systemair has a wide range of ventilation and related products that are provided in several markets worldwide. Various regulations, directives and certifications apply and Systemair continuously monitors the compliance requirements for each product. However, the risk cannot be ruled out that Systemair may lose important certifications, or that other necessary documentation may be lacking, which may lead to reduced sales. This risk may adversely affect the Company's operations, earnings and financial position.

### Branding and communication

Systemair has several brands, the main one being Systemair. Each brand has a brand strategy and communication guidelines to minimise the risk of brand damage. The

possibility of brand damage cannot be excluded. This may result, for example, from products not living up to the brand promise or other communication relating to Systemair's brands and reputation. Any damage to Systemair's brands and reputation may negatively affect the Company's earnings, operations and financial position.

### **Operational risks**

### Product availability

The risk of shortages of materials and components for the Company's products has increased in the past two years. The pandemic and geopolitical events have left their mark on the global supply chain and some components and materials show extended delivery times. Fan motors are important components and their suppliers are strategically important to Systemair. Some of Systemair's products have been developed in association with these suppliers, so to an extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at these suppliers could disrupt Systemair's production and have negative impact on Systemair's operations, earnings and financial position.

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

### Production facilities and distribution centres

Systemair's operations are dependent on its production facilities and distribution centres. If any of them is destroyed, or of dosed, or if the equipment at the facilities suffers serious damage, production and distribution of Systemair's products may be disrupted or suspended for a certain period. An extensive and prolonged shutdown could have a major impact on the Company's ability to produce or distribute the products affected. Systemair has contracted insurance against property damage and stoppages, in the amounts that the Company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the Company's operations, earnings and financial position.

### IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade accounts receivable and inventory levels. Problems in maintaining, protecting, 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 faults, data intrusion, computer viruses, network faults and other risks. In the event of a failure in the IT infrastructure, the Company's operations, earnings and financial position may be adversely affected.

### Skills provision

Like other companies, Systemair is dependent on the availability of appropriate and sufficient skills to fulfil the Company's short- and long-term expectations, as well as to achieve its strategy. Competition for certain skills is tough and this affects pace of development at Systemair. Systemair focuses actively on being an attractive employer to enable it to hire and retain the appropriate and sufficient skills. It cannot be excluded that appropriate and sufficient expertise will always be available, and this may negatively impact on the Company's earnings, operations and financial position.

### Work environment

Systemair is engaged in manufacturing and a risk of work-related accident and injury therefore exists. Systemair seeks continuously to develop its activities and culture to reduce the risk of occupational injuries, especially the more serious ones that lead to sick leave. The possibility of occupational injuries occurring cannot be ruled out, and more serious ones may result in a negative impact on the Company's earnings, operations and financial position.

# Note 2 (cont.)

### Financial risks

The Systemair Group is exposed to financial risks through its international operations and its loan financing. 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 Group Treasury, as well as at the major subsidiaries.

### Foreign exchange risk - transaction exposure

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

The main foreign exchange exposure in the Group arises in the Swedish Group companies. In 2023/24, Group companies in Sweden invoiced 42 percent (46) of their business in SEK, 57 percent (53) in EUR and 1 percent (1) in other currencies. The Group also has foreign exchange exposure at Systemair HSK in Türkiye, where 72 percent (74) of invoicing was in EUR and 26 percent (24) in USD.

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

### Foreign exchange risk - translation exposure

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

On the balance sheet date, the value of foreign net assets totalled SEK 4,352 million (3,825). Major net assets consisted of SEK 2,312 million (2,128) in EUR, SEK 331 million (320) in CZK, SEK 289 million (221) in CAD, SEK 221 million (188) in DKK, SEK 210 million (189) in USD, SEK 189 million (152) in GBP, SEK 150 million (49) in TRY, SEK 147 million (118) in INR, SEK 140 million (138) in NOK, SEK 130 million (138) in RUB and SEK 119 million (103) in MYR. The impact of foreign currency on equity is recognised as a translation difference and amounted to SEK +43.2 million (+606.0).

### Borrowing and interest rate risk

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

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end totalled SEK 1,070.2 million (1,523.2), and so the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,462.2 million (1,842.3). According to Systemair's financial policy, the fixed-interest term for 2023/24 was 3–12 months. A change of +/-1 percentage point in the interest rate on borrowing would have an impact of about SEK 11 million (15) 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 on the basis of knowledge the Company's management has of the customer, if necessary with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an efficient manner. Liquidity is highly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment cultures, credit periods have lengthened somewhat. This has increased the cost of tied-up capital and the risk of credit losses, and consequently has resulted in a higher risk of negative impact on the Company's ready cash and earnings. In recent years, Systemair has employed a focused strategy for increasing the portion of long-term loans, in order thereby to secure long-term liquidity in the Group.

### **Business combinations**

The acquisition of companies may involve a number of financial and operational risks. For several consecutive years, Systemair has performed a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In some cases, the acquisitions made have been companies with operational and financial problems. Expansion through acquisition remains a Systemair ambition, and in future more companies that complement or augment the Company's operations may be acquired. In addition, integrating the companies acquired may turn out to be more costly or time-consuming than expected, or at all. These and other acquisition-related risks may adversely affect the Company's operations, earnings and financial position.

### **Business ethics risks**

### Corruption

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

### Labour and human rights

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

### Sanctions

Systemair is involved in global operations with sales to more than 135 countries. The use of sanctions has grown in recent years and may apply to countries, companies and individuals. Systemair focuses actively on maintaining updated information regarding sanctions in relevant systems and communicating internally about what sanctions apply and how our operations are affected. However, the possibility cannot be completely ruled out that Systemair unknowingly violates sanctions, which may have a negative impact on the Company's operations, earnings and financial position.

### NOTES TO THE FINANCIAL STATEMENTS



### Note 3 | Segment reporting

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

Amoricas

		Americas, Middle East, Asia, Australia			
Group	Europe	and Africa	Group-wide	Eliminations	Total
2023/24					
Net sales, external	9,007.5	3,249.1	-	-	12,256.6
Net sales, intra-Group	183.8	36.8	192.7	-413.3	-
Operating profit/loss	870.8	293.6	-201.4	-	963.0
Operating margin, %	9.7	9.0	-	-	7.9
Profit after net fin. items	1,067.4	186.2	-389.2	-	864.4
Profit margin, %	11.9	5.7	-	-	7.1
Assets	6,259.3	2,420.6	4,279.7	-3,166.9	9,792.7
Investments	-241.0	-79.0	-69.7	-	-389.7
Depreciation/ amortisation and impairments	332.3	72.5	17.3	-	422.1
2022/23					
Net sales, external	9,163.2	2,894.7	-	-	12,057.9
Net sales, intra-Group	225.4	36.8	181.9	-444.1	-
Operating profit/loss	1,384.7	186.0	-169.3	-	1,401.4
Operating margin, %	15.1	6.4	-	-	11.6
Profit after net fin. items	986.2	102.9	205.8	-	1,294.9
Profit margin, %	10.8	3.6	-	-	10.7
Assets	6,049.5	2,328.2	4,688.4	3,433.0	9,633.1
Investments	-146.7	-76.3	541.6	-	318.6
Depreciation/ amortisation and impairments	479.3	58.3	30.7	-	568.3

### Note 4 | Information on geographical regions

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

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

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

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

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

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

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

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



	Net sales			t assets*
Geographical breakdown Group	2023/24	2022/23	2023/24	2022/23
Norway	776.0	825.8	71.3	66.8
Sweden	653.6	727.2	292.9	285.1
Rest of Nordic region	644.7	646.6	133.6	416.4
Total Nordic region	2,074.3	2,199.6	497.8	768.3
Germany	1,445.2	1,592.0	474.3	415.3
United Kingdom	752.7	510.2	102.1	131.3
France	702.0	835.4	30.8	31.3
Italy	555.7	707.3	236.4	218.8
Spain	447.5	407.8	374.5	366.7
Rest of Western Europe	1,562.2	1,499.4	318.4	278.3
Total Western Europe	5,465.3	5,552.1	1,536.5	1,441.7
Eastern Europe and CIS	1,436.3	1,368.0	1,010.5	889.6
USA	891.2	785.8	124.4	113.2
Canada	491.5	495.4	267.1	197.1
Other North and South America	75.1	60.6	0.9	0.5
Total North and South America	1,457.8	1,341.8	392.4	310.8
Türkiye	456.9	375.8	267.4	74.4
Other Middle East, Asia, Australia and Africa	1,366.0	1,220.6	335.9	321.1
Total Middle East, Asia, Australia and Africa	1,822.9	1,596.4	603.3	395.5
	12,256.6	12,057.9	4,040.5	3,805.9

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

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

	Parent C	ompany
By geographical market Net sales	2023/24	2022/23
Nordic region	49.8	49.5
Western Europe	74.1	69.1
Eastern Europe and CIS	30.7	30.4
North America	15.6	13.8
Middle East, Asia, Australia and Africa	22.5	19.1
	192.7	181.9

### Note 5 | Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, as well as from the servicing of ventilation products. Total revenue for the financial year was SEK 12,256.6 million (12,057.9), of which servicing of ventilation products accounted for SEK 586.0 million (475.2). The table shows a breakdown of revenue per segment.

Group 2023/24	Europe	America, the Middle East, Asia, Australia and Africa	Total
Sales of ventilation and heat- ing products, recognised at a certain point in time	8,342.3	2,988.8	11,331.1
Sales of ventilation and heating products, recognised over time	97.4	242.1	339.5
Servicing recognised at a certain point in time	294.4	4.5	298.9
Servicing recognised over time	273.4	13.7	287.1
	9,007.5	3,249.1	12,256.6

2022/23			
Sales of ventilation and heat- ing products, recognised at a certain point in time	8,594.0	2,664.2	11,258.2
Sales of ventilation and heating products, recognised over time	124.2	200.3	324.5
Servicing recognised at a certain point in time	238.8	5.5	244.3
Servicing recognised over time	206.2	24.7	230.9
	9,163.2	2,894.7	12,057.9

	Group		
Contractual balances	2023/24	2022/23	
Contractual assets	14.7	11.3	
Contractual liabilities	0.2	0.1	

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

### Note 6 | Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2023/24				
Costs of materials	-5,391.0	-	-	-5,391.0
Personnel costs	-1,839.6	-1,453.7	-366.0	-3,659.3
Depreciation/Amortisation costs	-205.2	-159.4	-30.8	-395.4
Other costs	-607.1	-1,003.6	-201.4	-1,812.1
	-8,042.9	-2,616.7	-598.2	-11,257.8

	-7 948 5	-2 459 8	-575.4	-10 983 7
Other costs	-630.6	-946.8	-197.4	-1,774.8
Depreciation/Amortisation costs	-200.5	-163.7	-35.0	-399.2
Personnel costs	-1,801.1	-1,349.3	-343.0	-3,493.4
Costs of materials	-5,316.3	-	-	-5,316.3
2022/23				

Product development costs totalled approximately SEK 240 million (240) in 2023/24. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

### Note 7 | Auditor's fees

	Gro	Group		ompany
	2023/24	2022/23	2023/24	2022/23
EY				
Auditing services	-9.8	-9.6	-3.6	-3.3
Other additional auditing services	-0.1	-0.3	-	-0.3
Total, EY	-9.9	-9.9	-3.6	-3.6
Others				
Auditing services	-3.7	-3.8	-	-
Other additional auditing services	-1.0	-0.4	-	-
Tax advice	-3.2	-3.0	-	-
Other services	-1.9	-3.1	-	-1.2
Total, Other	-9.8	-10.3	-	-1.2
Total	-19.7	-20.2	-3.6	-4.8

### Note 8 | Leasing

The Group's leases consist mainly of leases on warehouse premises, machinery, equipment, vehicles and office buildings. In addition to the above, Systemair leases in all five of its factories, four of which, specifically, house four individual production facilities. In general, the leases stipulate a fixed rental term. In addition, some specific leases include an option to extend a previously agreed lease period. Each lease is negotiated separately and includes various forms of terms and conditions, including specific covenants. The leases are structured to include both a variable and a fixed component (fee) based on the contractual right of use, combined with supplements for valuation of the lease liability. In addition, the leases include elements that are defined as purely lease-related and, in specific cases, may include elements that are defined as non-lease-related. The calculation of the contractual right of use and lease liability only takes into account elements that are defined as lease-related components.

Total interest expenses for the year, which are recognised in the section on financial expenses, amount to SEK -13.6 million (-7.8). On a full-year basis, lease-related depreciation/amortisation and impairment losses totalling SEK -122.4 million (-118.6) were recognised. Current and lease-related assets and those with a predefined low value were expensed in the amount of SEK 10.4 million (9.8). Deferred tax relating to right-of-use assets at year-end was SEK 1.7 million (1.4).

### Right-of-use assets

Group 2023/2024	Buildings and land	Passenger cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	415.1	123.0	16.9
New leases	177.6	66.2	4.6
Lease cancellations/expired and terminated leases	-95.6	-34.7	-5.3
Translation difference	14.3	-0.2	0.4
	511.4	154.3	16.6
Accumulated depreciation/amortisation			
At start of year	-237.9	-53.0	-10.0
Cancelled leases	91.8	27.9	5.2
Translation difference	-9.2	-1.3	-0.1
Depreciation/amortisation for the year	-83.6	-34.0	-4.8
	-238.9	-60.4	-9.7
Carrying amount	272.5	93.9	6.9

Group 2022/23	Buildings and land	Passenger cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	359.5	124.3	21.3
New leases	60.8	39.4	1.4
Lease cancellations/expired and terminated leases	-33.0	-49.3	-7.2
Translation difference	27.8	8.6	1.4
	415.1	123.0	16.9
Accumulated depreciation/amortisation			
At start of year	-170.0	-58.8	-8.4
Cancelled leases	29.8	43.8	4.9
Translation difference	-17.9	-5.2	-0.5
Depreciation/amortisation for the year	-79.8	-32.8	-6.0
	-237.9	-53.0	-10.0
Carrying amount	177.2	70.0	6.9

### Note 8 (cont.)

	Gro	oup
Contractual future lease fees, maturing leases	2023/24	2022/23
Within a year	124.0	106.7
Within 1–2 years	93.0	74.3
Within 2–5 years	135.2	86.8
More than 5 years	72.9	10.9
Total	425.1	278.7

	Group	
Maturity structure of lease liability	2023/24	2022/23
Within a year	125.6	106.2
Within 1–2 years	86.9	69.7
Within 2–5 years	111.0	75.4
More than 5 years	58.5	8.1
Total	382.0	259.4

### Operating leases, in accordance with RFR 2

operating leases, in accordance with the t	Parent Co	Parent Company		
Lease costs recognised	2023/24	2022/23		
Within a year	1.2	2.1		
Within 1–2 years	0.8	1.1		
Within 2–5 years	0.8	1.0		
Total	2.8	4.2		

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

### Note 9 Other operating income

	Gr	Group		Company
	2023/24	2022/23	2023/24	2022/23
Exchange rate gains in operations	129.7	109.1	7.3	3.6
Gain on sale of subsidiaries	-	445.5	-	-
Gain on sale of property, plant and equipment	31.3	9.5	-	-
Government subsidies received	4.7	1.7	-	-
Change in pension accounting, Norway	-	25.8	-	-
Other miscellaneous income	103.2	113.2	11.8	3.8
	268.9	704.8	19.1	7.4

## Note 10 | Other operating expenses

	Group		Parent Company	
	2023/24	2022/23	2023/24	2022/23
Exchange rate losses in operations	-150.0	-153.0	-6.6	-12.0
Intra-Group expenses	-	-	-61.1	-58.7
Loss on sale of property, plant and equipment	-2.8	-0.4	-	-
Impairment of non-current assets	-8.3	-155.4	-	-
Other miscellaneous expenses	-214.8	-110.3	-49.6	-34.8
	-375.9	-419.1	-117.3	-105.5

Other miscellaneous expenses include restructuring costs of SEK 125 million in connection with the relocation of Menerga's production to Slovenia.



### Note 11 | Employees and personnel costs

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	2023	8/24	2022/23	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	63	42	59	40
Subsidiaries in:				
Nordic region	924	746	966	783
Sweden	554	442	588	467
Denmark	187	166	195	174
Finland	19	11	19	12
Norway	164	127	164	130
Western Europe	2,080	1,608	2,062	1,510
Belgium	44	38	43	34
England	140	110	102	110
Greece	13	7	12	7
France	58	41	50	37
Netherlands	198	148	196	164
Ireland	17	16	13	12
Italy	204	137	212	136
Portugal	23	16	22	15
Switzerland	55	45	54	44
Spain	548	405	519	271
Germany	755	624	814	658
Austria	25	21	25	22
Eastern Europe and CIS	1,407	946	1,502	1,017
Azerbaijan	9	8	8	7
Belarus	4	-	4	-
Bulgaria	4	2	3	-
Estonia	14	8	40	8
Georgia	2	-	2	2
Kazakhstan	5	2	5	3
Croatia	8	7	18	16
Latvia	7	6	8	7
Lithuania	267	175	294	188

	2023	8/24	2022/23		
	Average number of employees	Of whom, men	Average number of employees	Of whom, men	
Eastern Europe and CIS					
Poland	56	42	56	43	
Romania	6	4	8	8	
Russia	191	89	212	120	
Serbia	9	5	9	5	
Slovakia	263	171	268	172	
Slovenia	222	182	196	170	
Czech Republic	332	241	362	262	
Ukraine	3	-	3	1	
Hungary	5	4	6	5	
North and South America	532	336	526	339	
Canada	352	226	352	230	
Mexico	9	4	9	4	
Peru	10	-	6	6	
USA	161	106	159	99	
Middle East, Asia, Australia and Africa	1,447	1,187	1,184	1,084	
Australia	44	43	58	55	
United Arab Emirates	13	11	13	11	
India	654	667	563	567	
China	4	4	4	3	
Morocco	36	25	32	29	
Malaysia	142	100	136	106	
New Zealand	16	14	-	-	
Saudi Arabia	32	28	26	25	
Singapore	12	7	11	6	
South Africa	124	82	94	84	
Türkiye	359	199	236	187	
Qatar	11	7	11	11	
	6,453	4,865	6,299	4,773	

	Group		Parent C	ompany
Percentage of women on boards and in management, %	2023/24	2022/23	2023/24	2022/23
Board, excluding employee representatives			40%	40%
Group Management			14%	0%
Company managements	9%	9%		

	Salarie remune		Social s expe	
Salaries, other remuneration and social security expenses	2023/24	2022/23	2023/24	2022/23
Board and President				
Parent Company	8.9	8.0	4.3	3.2
Subsidiaries in the Nordic region	18.6	17.3	6.3	5.8
Western Europe	64.2	56.1	12.7	11.6
Eastern Europe and CIS	25.4	24.6	6.1	6.4
North and South America	11.4	9.4	1.5	0.7
Rest of World	17.2	14.5	1.3	1.0
Total, Board and President	145.7	129.9	32.2	28.7



Social security expenses

### Note 11 (cont.)

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2023/2024					
Gerald Engström – Chairman of the Board	0.8				0.8
Patrik Nolåker –Vice Chairman of the Board	0.6				0.6
Carina Andersson – Member	0.4				0.4
Niklas Engström – Member	0.4				0.4
Gunilla Spongh – Member	0.5				0.5
Roland Kasper – Chief Executive Officer	5.3	1.0	0.1	1.5	7.9
Other senior executives <sup>1</sup>	12.6	1.2	0.4	4.4	18.6
Total	20.6	2.2	0.5	5.9	29.2

<sup>1</sup> Total of 7 persons

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2022/2023					
Gerald Engström – Chairman of the Board	0.8				0.8
Patrik Nolåker –Vice Chairman of the Board	0.5				0.5
Carina Andersson – Member	0.4				0.4
Niklas Engström – Member	0.3				0.3
Svein Nilsen – Member	0.1				0.1
Gunilla Spongh – Member	0.4				0.4
Roland Kasper – Chief Executive Officer	4.5	1.5	0.1	0.8	6.9
Other senior executives <sup>1</sup>	10.4	2.0	0.4	3.1	15.9
Total	17.4	3.5	0.5	3.9	25.3

### <sup>1</sup> Total of 5 persons

Fees to the Board of Directors total SEK 2,655 thousand (2,515); SEK 830 thousand (800) to the Chairman, SEK 560 thousand (525) to the Vice Chairman and SEK 350 thousand (330) to each of the other members elected by the AGM. In addition, remuneration has been paid to the Audit Committee in a total amount of SEK 165 thousand (150), with SEK 110 thousand (100) being paid to the committee chairman and SEK 55 thousand (50) to the other member. Remuneration has also been paid to the Remuneration Committee in an amount of SEK 30 thousand (30) to the chairman of the committee and SEK 20 thousand (20) to the other member.

Salaries, other remuneration and social security expenses	2023/24	2022/23	2023/24	2022/23
Other employees				
Parent Company	53.1	49.3	32.3	27.4
Subsidiaries in the Nordic region	542.0	528.0	159.3	145.8
Western Europe	1,069.5	1,046.2	244.4	304.7
Eastern Europe and CIS	382.5	353.2	84.8	79.8
North and South America	265.5	249.1	50.4	38.5
Rest of World	178.8	166.2	18.9	16.6
Total, other employees	2,491.4	2,392.0	590.1	612.8

Salaries and remuneration

Of social security expenses in the Parent Company, pension expenses accounted for SEK 16.6 million (12.1), including SEK 1.5 million (0.8) for the Board and the President. In other Group companies, pension expenses totalled SEK 91.4 million (66.6), including SEK 7.1 million (6.9) for boards and presidents.

### Remuneration policy

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

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

Senior executives consist of President and Chief Executive Officer Roland Kasper, Vice President Products and Technologies Martin Dahlgren, Vice President Sales Olle Glassel, Vice President Global Supply Chain Anders Gustafsson, Vice President M&A Ulrika Hellman, Vice President Products and Marketing Björn-Osvald Skandsen and CFO Anders Ulff.

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

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

Variable pay is based on the Company's performance, with the aim of promoting the Company's strategy, long-term value creation and sustainability. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer, 25 percent for other senior executives and 15 percent for other key individuals.

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

### Notice of termination and severance payments

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

### Share-based and share-price-based incentive programmes

On 31 August 2023, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2023 incentive programme. During the financial year, Systemair AB issued a total of 362,500 warrants for Systemair shares to senior executives of the Company. The warrants were transferred to the participants at a price corresponding to their market value, calculated via an external independent valuation based on an accepted valuation model (Black-Scholes). The programme runs for four years and the last day for subscription is 30 September 2027. In addition, 592,500 warrants were issued in 2021 to senior executives under the LTIP 2021 programme and 520,740 warrants were issued in 2022 under the LTIP 2022 programme. These programmes also run for four years and the last days for share subscription are 30 September 2025 and 30 September 2026, respectively. During the year, 24,500 warrants were repurchased from employees who had left their employment. The subscription prices are 98.20 for LTIP 2021, 58.30 for 2022 and 77.50 for 2023.

# Note 12 Amortisation and depreciation of intangible assets and property, plant and equipment

	Group		Parent Company	
	2023/24	2022/23	2023/24	2022/23
Capitalised development costs	0.3	1.8	0.3	1.8
Brands, customer relationships	26.6	43.1	-	-
Other intangible non-current assets	31.2	30.1	13.5	14.1
Buildings and land improvements	61.6	60.7	-	-
Plant and machinery	113.5	98.7	0.8	2.3
Equipment and tools	58.1	59.9	1.2	1.2
Right-of-use assets	122.4	118.6	-	-
	413.7	412.9	15.8	19.4

### Depreciation/amortisation, by

function				
Cost of goods sold	213.0	203.8	-	-
Selling expenses	163.3	168.8	8.4	11.9
Administration expenses	32.0	35.9	6.7	7.2
Other operating expenses	5.4	4.4	0.7	0.3
	413.7	412.9	15.8	19.4

### Note 13 | Financial income

	Gro	Group		ompany
	2023/24	2022/23	2023/24	2022/23
Interest income, external	12.3	2.4	3.7	0.9
Interest income, Group companies	-	-	100.0	68.1
Net changes in exchange rates, financial instruments	-	-	32.8	26.7
	12.3	2.4	136.5	95.7

### Note 14 | Financial expenses

	Group		Parent Compan	
	2023/24	2022/23	2023/24	2022/23
Interest expenses, external	-83.3	-66.1	-54.4	-51.2
Interest expenses, Group companies	-	-	-30.0	-6.7
Interest expense, leases	-13.6	-7.8	-	-
Net changes in exchange rates, financial instruments	-8.8	-30.8	-	-
Other financial expenses	-5.2	-4.2	-1.0	-
	-110.9	-108.9	-85.4	-57.9

	Gro	oup	Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Current tax	-215.1	-238.0	-1.4	-13.7	
Deferred tax	4.5	-12.2	4.9	1.6	
	-210.6	-250.2	3.5	-12.1	

Note 15 Tax on profit for the year

The Group's tax expense represents 24.4 percent (19.3) of consolidated pre-tax profit. The higher tax expense is attributable to non-capitalised tax loss carryforwards in loss-making companies. The tax rate for the Parent Company in the financial year was 20.6 percent (20.6).

At the financial year-end, the Systemair Group had deferred tax assets totalling SEK 61.5 million (70.7) comprising loss carry-forwards. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be used against future taxable surpluses based on assessments in each individual company. No time limits are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised. The same applies to the deferred tax assets of SEK 295 million not taken into account. Deferred tax on losses not recognised pertains mainly to Germany, Australia, South Africa and Spain.

	Gro	oup	Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Pre-tax profit	864.4	1,294.9	189.0	698.9	
Tax at current tax rate for Parent Company	-179.6	-266.0	-13.3	-106.4	
Effect, foreign tax rates	1.9	-	-	-	
Non-deductible expenses	-12.6	-93.4	-1.9	-0.5	
Tax-exempt income	10.5	110.8	-	17.0	
Tax effect of uncapitalised loss carry-forwards	-66.0	-31.1	-	-	
Dividends from subsidiaries	-	-	93.6	64.2	
Adjustment for previous years' taxes	-3.3	2.8	-	-	
Tax effect of impairment loss on receivables in subsidiaries	-	-	-	-	
Miscellaneous	38.5	26.7	-74.9	13.6	
	-210.6	-250.2	3.5	-12.1	

	Gro	up	Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Deferred tax assets					
Property, plant and equipment	8.1	5.4	-	-	
Inventory	35.1	34.5	-	-	
Current receivables	6.4	8.3	-	-	
Pension provisions	15.8	17.3	-	-	
Loss carry-forwards	61.5	70.7	20.0	15.0	
Miscellaneous	32.9	10.6	-	-	
	159.8	146.8	20.0	15.0	
Deferred tax liabilities					
Intangible assets	10.1	24.0	-	-	
Property, plant and equipment	41.1	28.0	-	-	
Untaxed reserves	43.1	46.1	-	-	
Miscellaneous	4.4	6.4	-	-	
	98.7	104.5	-	-	



### → Note 15 (cont.)

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

Group 2023/24	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehensive income	Translation difference	Closing balance, 30 April	Group 2022/23	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehensive income	Acquisition/ divestment of business	Translation difference	Closing balance, 30 April
Non-current assets	-46.6	4.2	-	-0.8	-43.2	Non-current assets	-49.5	2.8	-	2.2	-2.1	-46.6
Current receivables and liabilities	42.8	-1.9	-	0.7	41.6	Current receivables and liabilities	29.8	9.7	-	3.0	0.3	42.8
Provisions and non- current liabilities	17.3	-2.3	0.3	0.5	15.8	Provisions and non-current liabilities	14.2	3.2	-0.5	-0.2	0.6	17.3
Untaxed reserves	-46.1	3.0	-	-	-43.1	Untaxed reserves	-19.8	-26.3	-	-	-	-46.1
Loss carry-forwards	70.7	-10.6	-	1.4	61.5	Loss carry-forwards	111.9	-44.7	-	-	3.5	70.7
Miscellaneous	4.2	25.5	-	-1.2	28.5	Miscellaneous	8.5	-1.1	-	-2.0	-1.2	4.2
	42.3	17.9	0.3	0.6	61.1		95.1	-56.4	-0.5	3.0	1.1	42.3

# Note 16 | Intangible assets and property, plant and equipment

Group 2023/24	Goodwill	Capitalised development costs	Brands, customer relationships	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost								
At start of year	1,145.7	13.0	637.7	261.6	2,305.8	1,385.4	671.3	136.1
Acquired in business combinations	7.9	-	3.7	-	-	-	0.6	-
Acquisitions for the year	-	-	-	24.6	55.3	79.0	41.6	210.7
Sales/Disposals	-	-	-	-0.8	-135.8	-67.3	-49.2	-14.7
Reclassifications	-	-	-	17.6	7.5	107.0	21.7	-153.8
Translation difference	35.2	-	19.6	11.7	2.9	105.3	136.1	64.3
	1,188.8	13.0	661.0	314.7	2,235.7	1,609.4	822.1	242.6
Accumulated depreciation/ amortisation								
At start of year	-	-8.8	-405.4	-202.8	-772.1	-890.6	-477.4	-
Sales/Disposals	-	-	-	1.9	39.7	40.3	48.4	-
Translation difference	-	-	-11.5	-12.3	-37.6	-71.5	-120.1	-
Depreciation/amortisation for the year	-	-0.3	-26.6	-31.2	-61.6	-113.5	-58.1	-
	-	-9.1	-443.5	-244.4	-831.6	-1,035.3	-607.2	-
Accumulated impairments								
At start of year	-157.1	-3.9	-	-0.1	-61.3	-21.8	-3.5	-
Translation difference	-2.7	-	-	-	3.2	1.0	0.3	-
Sales/Disposals	-	-	-	-	-	5.2	-	-
Impairment for the year	-3.2	-	-	-	-	-5.1	-	-
	-163.0	-3.9	-	-0.1	-58.1	-20.7	-3.2	-
Carrying amount	1,025.8	-	217.5	70.2	1,346.0	553.4	211.7	242.6



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Group 2022/23	Goodwill	Capitalised development costs	Brands, customer relationships	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost								
At start of year	1,021.3	13.0	492.2	249.2	2,005.1	1,278.9	669.3	125.6
Acquired in business combinations	133.2	-	140.4	-	66.6	7.2	3.7	-
Acquisitions for the year	-	-	-	23.5	32.2	66.0	77.2	150.3
Sales/Disposals	-169.1	-	-32.2	-26.9	-147.7	-109.8	-141.0	-13.4
Reclassifications	-	-	-	1.2	77.0	53.9	17.8	-149.9
Translation difference	160.3	-	37.3	14.6	272.6	89.2	44.3	23.5
	1,145.7	13.0	637.7	261.6	2,305.8	1,385.4	671.3	136.1
Accumulated depreciation/ amortisation								
At start of year	-	-7.0	-353.0	-174.4	-702.5	-838.9	-475.1	-
Sales/Disposals	-	-	15.8	12.9	28.9	94.6	82.5	-
Reclassifications	-	-	-	-	-	-	-	-
Translation difference	-	-	-25.1	-11.2	-37.8	-47.6	-24.9	-
Depreciation/amortisation for the year	=	-1.8	-43.1	-30.1	-60.7	-98.7	-59.9	-
	-	-8.8	-405.4	-202.8	-772.1	-890.6	-477.4	-
Accumulated impairments								
At start of year	-132.4	-3.9	-	-	-4.7	-	-	-
Translation difference	-0.3	-	-	-	15.7	6.1	0.8	-
Sales/Disposals	26.4	-	-	-	-	-	-	-
Impairment for the year	-50.8	-	-	-0.1	-72.3	-27.9	-4.3	-
	-157.1	-3.9	-	-0.1	-61.3	-21.8	-3.5	-
Carrying amount	988.6	0.3	232.3	58.7	1,472.4	473.0	190.4	136.1

### Impairment testing for goodwill and brands with indefinite service life

Goodwill has been allocated to cash-generating units, legal entities, and has been tested for impairment. The recoverable amount for the cash-generating units is based on their value in use. These calculations assume estimated cash flows based on financial plans approved by the Board and covering a five-year period. Management has established its financial plans based on previous results, experiences and anticipated developments in the market. The plans include for example assumptions regarding product launches, the trend of prices, sales volumes, competing products and the trend of costs. The cash flow beyond the five-year period is assumed to show an annual growth corresponding to 2–4 percent annually. The discount rate before tax varies between 13 and 26 percent (13–22) for the various cash-generating units.

The table below shows a goodwill breakdown per cash-generating unit for the 10 single biggest goodwill items and a brand with an indefinite life, average estimated growth and gross margin over the forecast period, plus the discount rate before tax for each unit, as used for calculation of the values in use. The figure for Systemair HSK in Türkiye has been adjusted for hyperinflation according to IAS 29.

				2023/24		
Cash-generating unit	Country	Goodwill 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimated gross margin	Discount rate before tax
Systemair HSK	Türkiye	103.9	-	10%	23%	26%
Sagicofim Group	Italy	88.6	32.6	10%	29%	18%
Systemair B.V.	Netherlands	70.9	-	4%	26%	13%
Koolair Group	Spain	67.0	68.3	2%	28%	16%
Systemair India Pvt Ltd	India	57.5	-	9%	18%	18%
Group SCS	United Kingdom	46.1	-	8%	25%	15%
Recutech	Czech Republic	37.9	-	17%	25%	13%
Burda WTG	Germany	37.3	-	9%	44%	14%
Systemair Italy s.r.l.	Italy	34.6	-	9%	33%	18%
Systemair Schweiz AG	Switzerland	34.1	-	7%	46%	13%
Other companies		447.9	-			
		1,025.8	100.9			

### → Note 16 (cont.)

				2022/23		
Cash-generating unit	Country	Goodwill 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimated gross margin	Discount rate before tax
Systemair HSK	Türkiye	104.2	-	15%	21%	22%
Sagicofim Group	Italy	86.7	32.4	11%	30%	18%
Systemair B.V.	Netherlands	68.3	-	3%	22%	13%
Koolair Group	Spain	64.6	67.8	0%	25%	16%
Systemair India Pvt Ltd	India	55.1	-	9%	18%	18%
Group SCS	United Kingdom	42.1	-	10%	25%	14%
Burda WTG	Germany	35.9	-	9%	45%	14%
Recutech	Czech Republic	35.5	-	9%	25%	13%
Systemair Italy s.r.l.	Italy	33.4	-	10%	31%	18%
Systemair Schweiz AG	Switzerland	32.6	-	5%	46%	13%
Other companies		430.2				
		988.6	100.2			

The recoverable amount for the units tested exceeds their carrying amounts and as a result no impairments have been recognised. However, given the current macroeconomic situation in Türkiye, determining the discount rate is subject to certain difficulties. In India, change of approximately 1.9 percentage points in the discount rate would indicate an impairment loss. Sensitivity analyses have been performed for estimated gross margin, rate of growth and discount rate. These analyses are based on a change in one assumption while all other assumptions are maintained as constant. Systemair has concluded that sufficient margins exist in the calculations for all units.

Parent Company 2023/24	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	13.0	92.2	11.6	18.7	14.7
Acquisitions for the year	-	-	3.4	-	-	23.0
Reclassifications	-	-	9.9	1.3	3.5	-14.7
Sales/Disposals	-	=	=	=	-2.7	-1.4
	0.7	13.0	105.5	12.9	19.5	21.6
Accumulated depre- ciation/amortisation						
At start of year	-0.7	-8.8	-68.4	-11.0	-15.2	-
Depreciation/amorti- sation for the year		-0.3	-13.5	-0.8	-1.2	
	-0.7	-9.1	-81.9	-11.8	-16.4	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-		-	-
Carrying amount	-	-	23.6	1.1	3.1	21.6

Parent Company 2022/23	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	13.0	87.7	11.6	16.1	8.4
Acquisitions for the year	-	-	3.6	-	0.3	9.5
Reclassifications	-	-	0.9	-	2.3	-3.2
	0.7	13.0	92.2	11.6	18.7	14.7
Accumulated depre- ciation/amortisation						
At start of year	-0.7	-7.0	-54.3	-8.7	-14.0	-
Depreciation/amorti- sation for the year	-	-1.8	-14.1	-2.3	-1.2	-
	-0.7	-8.8	-68.4	-11.0	-15.2	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-	=	-	-
Carrying amount	-	0.3	23.8	0.6	3.5	14.7

### Note 17 | Other long-term receivables

	Gro	up	Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Opening balance	14.4	13.1	8.1	7.8	
Additional receivables	51.9	4.9	-	-	
Receivables settled	-14.5	-3.7	-	-	
Impairment losses	-0.2	1.6	-0.1	-	
Reclassifications	-1.6	-1.9	-	0.3	
Translation differences	0.2	0.4	-	-	
Closing balance	50.2	14.4	8.0	8.1	

### Note 18 | Prepaid expenses and accrued income

	Gro	oup	Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Prepaid rent	48.6	11.3	-	-	
Prepaid insurance premiums	11.4	11.2	-	-	
Servicing agreements and software licences	22.9	21.5	13.5	14.2	
Miscellaneous	87.6	62.7	4.1	5.9	
	170.5	106.7	17.6	20.1	

### Note 19 Inventory

The direct cost of materials during the year totalled SEK 8,827.8 million (5,579.3). The provision for obsolescence increased by SEK 50.8 million. In all, the provision for obsolescence amounts to SEK 157.5 million (106.7), corresponding to 6.6 percent (4.0) of the inventory value before deductions for obsolescence.

### Note 20 | Trade accounts receivable

	Gro	bup	Parent Company		
Age breakdown of trade accounts receivable, including provisions	2023/24	2022/23	2023/24	2022/23	
Not yet due	2,050.0	1,921.9	-	-	
< 90 days	313.4	383.1	-	-	
90–180 days	54.5	55.1	-	-	
181-360 days	24.6	28.3	-	-	
> 360 days	28.6	28.6	-	-	
Total	2,471.1	2,417.0	-	-	

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

The model of calculating expected credit losses is based on five different levels of maturity, from trade accounts receivable not yet due to more than 360 days overdue, as shown in the table above. Each level is assigned a degree of expected credit loss, on which basis accounting loss provisions are made, unless an assessment of the individual circumstances indicates otherwise. The grading of credit loss per level is based on historical patterns of losses over a five-year period, adjusted for provisions for losses, including an individual forward-looking assessment of changes in payment structures based, for example, on state of the economy and knowledge of customer and market. The degrees of credit loss in the different categories on 30 April 2024 were in the range of 0.1–69.8 percent (0.1–71.2). Systemair does not as a rule use credit insurance, but if it does by way of exception, a provision less the insured sum is accepted. An individual trade account receivable is written off at the point in time when there is no reasonable expectation of settlement by the counterparty.

In the 2023/24 financial year, profits were charged with SEK 13.7 million (14.8) in anticipated bad debts. Provisions for impairment of trade accounts receivable in the Group totalled 3.6 percent (3.7) of total trade accounts receivable.

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

	Group		Parent Company		
Provision for expected credit losses	2023/24	2022/23	2023/24	2022/23	
Opening balance	91.7	124.7	0.8	0.8	
Provision for anticipated losses	30.9	30.7	-	-	
Reversal of amount unused	-18.3	-34.7	-	-	
Bad debts	-13.4	-48.6	-	-	
Provisions acquired	0.1	11.7	-	-	
Translation difference	2.3	7.9	-	-	
Closing balance	93.3	91.7	0.8	0.8	

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

	Gro	oup	Parent C	Company
Provision for expected credit losses	2023/24	2022/23	2023/24	2022/23
Not yet due	2.6	1.3	-	-
Due < 90 days	9.1	7.3	-	-
Due 90–180 days	2.9	3.5	-	-
Due 181–360 days	12.7	8.7	-	-
Due > 360 days	66.0	70.9	0.8	0.8
Provision for expected credit losses, total	93.3	91.7	0.8	0.8

Group 2023/24	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	2,052.5	2.6	0.1%
Due < 90 days	322.5	9.1	2.8%
Due 90-180 days	57.5	2.9	5.1%
Due 181-360 days	37.3	12.7	34.0%
Due > 360 days	94.6	66.0	69.8%
	2,564.4	93.3	3.6%

Group 2022/23	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	1,923.2	1.3	0.1%
Due < 90 days	390.4	7.3	1.9%
Due 90–180 days	58.6	3.5	6.0%
Due 181-360 days	37.0	8.7	23.5%
Due > 360 days	99.6	70.9	71.2%
	2,508.8	91.7	3.7%





### Note 21 | Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change Series A shares	Change Series B shares	Total no. of shares
Opening balances, May 2007		-	-	52.0	500,000	20,000	520,000
2007/08	100-for-1 split	1	-	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class <sup>1</sup>	1	-	52.0	-50,000,000	-2,000,000	52,000,000
2021/22	4-for-1 split	0.25	-	52.0	-	-	208,000,000
At year-end, April 2024		0.25	-	52.0	-	-	208,000,000

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

On 30 April 2024, the registered share capital totalled SEK 52,000,000, represented by 208,000,000 shares of one and the same class, and each entitled to one vote. All shares are fully paid up.

### Capital management

The Systemair Board has set a target of no less than 30 percent for its equity/assets ratio. In the 2023/24 financial year, an equity/assets ratio of 57.7 percent (54.7) was achieved.

Other financial covenants that are measured under the conditions of existing financing agreements with Nordea Bank AB and Svenska Handelsbanken AB are interest coverage ratio and net debt/equity ratio. The target for interest coverage ratio is no less than 3.50. Over the financial year, the ratio was measured at 14.05 (18.51). The target for leverage is no more than 3.50. Over the 2023/24 financial year, the leverage was measured at 0.76 (0.76). All covenants were therefore satisfied during the financial year.

### **Translation reserve**

The impact of foreign currency on equity is recognised as a translation difference. The translation difference arises during consolidation, when the net assets of the foreign subsidiaries are translated to Swedish kronor. Systemair translates its assets, liabilities and equity at the exchange rates prevailing at the balance sheet date and translates its income statements at the average exchange rates for the year. Any exchange differences arising from use of this method are taken directly to other comprehensive income. For the 2023/24 financial year, the translation difference in equity was SEK +43.2 million (+606.0).

### Reserve for development expenditure – Parent Company

On capitalisation of development expenditure, a corresponding amount shall be transferred from retained profit to a separate restricted reserve in equity, the reserve for development expenditure. The reserve is to be reduced at depreciation/ amortisation, impairment or disposal. The Parent Company recognises a reserve totalling SEK 0.0 million (0.3) for development expenditure in the 2023/24 financial year.

### Proposed appropriation of profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -5,167,245
Profit brought forward	SEK 1,733,140,862
Net profit for the year	SEK 192,522,265
	SEK 1,955,702,633

The Board proposes that the Annual General Meeting, to be held on 29 August 2024, approve a dividend of SEK 1.20 (1.10) per share. As a result, dividend payments will total SEK 249.6 million (228.8). The proposed dividend corresponds to 38 percent (38) of net consolidated profit. The number of shares with dividend entitlement is 208,000,000.

### List of shareholders

Systemair's ten largest shareholders according to Euroclear on 30 April 2024.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB <sup>1</sup>	89,076,648	42.83%
ebm-papst AB	22,239,080	10.69%
Swedbank Robur Fonder	15,771,198	7.58%
Alecta Tjanstepension Omsesidigt	15,528,048	7.47%
Nordea Funds AB	10,270,444	4.94%
Didner & Gerge Fonder Aktiebolag	8,886,139	4.27%
The Bank of New York Mellon SA/NV, W8IMY	4,633,043	2.23%
Tredje AP-fonden	4,584,712	2.20%
Handelsbanken Fonder	3,247,764	1.56%
SEB Investment Management	3,064,246	1.47%
Others	30,698,678	14.76%
Total	208,000,000	100.00%

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

### Note 22 | Borrowing and financial instruments

	Gro	up	Parent C	ompany
	2023/24	2022/23	2023/24	2022/23
Non-current lia- bilities				
Bank loans of one to five years	382.2	450.8	282.1	339.7
Bank loans longer than five years	88.2	65.8	-	-
	470.4	516.6	282.1	339.7
Current liabilities				
Bank overdraft facilities	419.3	952.7	381.4	910.9
Current portion of bank loans	190.6	113.6	47.0	-
	609.9	1,066.3	428.4	910.9
Total borrowing	1,080.3	1,582.9	710.5	1,250.6
Distribution among banks				
Nordea Bank AB	628.6	840.7	618.3	818.3
Svenska Handels- banken AB	92.2	432.3	92.2	432.3
Other banks	359.5	309.9	-	-
	1,080.3	1,582.9	710.5	1,250.6



### Note 22 (cont.)

	SHB		Nor	dea	Oth	ners	Tot	al
Loans, by currency	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
EUR	20.9	-16.7	400.5	433.6	122.5	97.7	543.9	514.6
SEK	152.9	436.3	45.7	28.2	-	-	198.6	464.5
USD	-	-	-20.5	123.0	-	-	-20.5	123.0
NOK	-	-	-59.5	-43.5	-	-	-59.5	-43.5
DKK	-	-	-10.2	40.7	-	-	-10.2	40.7
Other currencies	-81.6	12.7	272.6	258.7	237.0	212.2	428.0	483.6
Total	92.2	432.3	628.6	840.7	359.5	309.9	1,080.3	1,582.9

	2023	3/24	2022/23			
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate		
Long-term loans						
Group	470.4	3.31%	516.6	3.13%		
Parent Company	282.1	4.90%	339.7	3.74%		
Short-term loans						
Group	609.9	6.63%	1,066.3	4.93%		
Parent Company	428.4	5.25%	910.9	4.75%		

External facilities granted for bank overdrafts totalled SEK 1,360.6 million (1,499.3) for the Group and SEK 1,170.0 million (1,320.0) for the Parent Company. The Group had an unused overdraft facility of SEK 941.3 million (546.6). The overdraft facility carries a variable interest rate. The RCF granted to the Parent Company amounts to SEK 1,052.6 million (1,039.7). The unutilised amount in the Parent Company totalled SEK 1 052.6 million (1 039.7).

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

### Change in liabilities in financing activities

Group	30/04/2023	Cash flow	Acquisitions/ disposals	New leases	Translation differences	30/04/2024
Non-current financial liabilities	516.6	-35.5	-	-	-10.7	470.4
Lease liability	259.4	-124.0	-	241.4	5.1	381.9
Current financial liabilities	113.6	96.1	-	-	-19.1	190.6
Bank overdraft facilities	952.7	-581.2	-	-	47.8	419.3
Total financial liabilities	1,842.3	-644.6	-	241.4	23.1	1,462.2
Parent Company						
Non-current financial liabilities	339.7	-57.6	-	-	-	282.1
Current financial liabilities	-	47.0	-	-	-	47.0
Bank overdraft facilities	910.9	-529.5	=	=	-	381.4
Total financial liabilities	1,250.6	-540.1	-	-	-	710.5

Group	30/04/2022	Cash flow	Acquisitions/ disposals	New leases	Translation differences	30/04/2023
Non-current financial liabilities	1,066.0	-562.0	-4.6	-	17.2	516.6
Lease liability	273.2	-118.9	10.2	86.9	8.0	259.4
Current financial liabilities	77.9	42.4	-6.2	-	-0.5	113.6
Bank overdraft facilities	961.7	-80.5	-	-	71.5	952.7
Total financial liabilities	2,378.8	-719.0	-0.6	86.9	96.2	1,842.3
Parent Company						
Non-current financial liabilities	857.2	-517.5	-	-	-	339.7
Bank overdraft facilities	904.3	6.6	=	-	-	910.9
Total financial liabilities	1,761.5	-510.9	-	-	-	1,250.6



### Maturity structure

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

	2024/25	2025/26	2026/27	2027/28	2028/29	Later
Interest payments on loans	29.6	17.2	14.0	3.2	2.6	5.7
Bank overdraft facilities	22.4					
Total interest expense	52.0	17.2	14.0	3.2	2.6	5.7
Repayments						
Loans	190.6	83.6	258.8	21.6	18.3	88.1
Operating credit	419.3					
Lease liabilities	125.0	84.7	57.8	31.7	20.1	62.6
Non-current liabilities		16.5				
Other liabilities	1,225.9					
Total undiscounted payments	1,960.8	184.8	316.6	53.3	38.4	150.7

### Classification and categorisation of financial assets and liabilities in the Group

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

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

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

Level 3: Inputs not based on observable input data for the asset or liability. On this level, assumptions that market operators would apply in the pricing of the asset or liability, including risk assumptions, are taken into account. The calculation for the option to acquire the remaining 10 percent of the shares in Systemair HSK. Türkiye, is based on the anticipated earnings before depreciation/amortisation and tax (EBITDA), plus the increase in value of the land and building where the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. During the financial year, the liability was revalued by the amount of SEK 71.3 million and is now measured at SEK 98.8 million. The liability for the acquisition option is recognised as Current liability, non-interest bearing. The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in anticipated operating profit (EBIT) for the 0203/24 and 2024/25 financial years. Any increase in anticipated profit after tax would result in an increase in the liability is transferred via the Group's equity. During the financial year, the liability established in the agreement. Any change in estimated liability is transferred via the Group's equity. During the financial year, the liability established in the agreement. Any change in setimated liability is transferred via the Group's equity. During the financial year, the liability established in the agreement. Any change in

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

Value change in purchase option 2023/24	Systemair HSK Türkiye	Frico A/S Denmark	Total	Value change in purchase option 2022/23	Systemair HSK Türkiye	Frico A/S Denmark	Total
Opening balance	27.5	11.6	39.1	Opening balance	24.9	5.6	30.5
Change in value	81.2	4.5	85.7	Change in value	7.7	5.5	13.2
Translation difference	-9.9	0.4	-9.5	Translation difference	-5.1	0.5	-4.6
Closing balance	98.8	16.5	115.3	Closing balance	27.5	11.6	39.1

2023/24 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total finan- cial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,313.5	1,313.5
Property, plant and equipment	-	-	-	-	2,353.7	2,353.7
Right-of-use assets	-	-	-	-	373.3	373.3
Participations in associated companies	-	-	-	-	28.9	28.9
Financial investments	-	-	1.7	1.7	-	1.7
Non-current receivables	-	8.0	-	8.0	42.2	50.2
Deferred tax assets	-	-	-	-	159.8	159.8
Inventory	-	-	-	-	2,124.0	2,124.0
Other receivables	-1.9	2,548.8	-	2,546.9	426.4	2,973.3
Cash and cash equivalents	-	414.3	-	414.3	-	414.3
Total assets	-1.9	2,971.1	1.7	2,970.9	6,821.8	9,792.7

Equity and liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	5,653.8	5,653.8
Provisions for pensions	-	-	-	27.3	27.3
Deferred tax liabilities	-	-	-	98.7	98.7
Other provisions	-	-	-	71.9	71.9
Other non-current liabilities	-	16.5	16.5	5.1	21.6
Interest-bearing liabilities	1,080.3	-	1,080.3	-	1,080.3
Lease liabilities	381.9	-	381.9	-	381.9
Other liabilities	1,127.1	98.8	1,225.9	1,231.3	2,457.2
Total equity and liabilities	2,589.3	115.3	2,704.6	7,088.1	9,792.7

The options to purchase the remaining shares in Systemair HSK, Türkiye, are recognised under Other current liabilities in a total amount of SEK 98.8 million. The options to purchase the remaining shares in Frico A/S, Denmark, are recognised under Other non-current liabilities in a total amount of SEK 16.5 million.





### Note 22 (cont.)

2022/23 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,279.9	1,279.9
Property, plant and equipment	-	-	-	-	2,271.9	2,271.9
Right-of-use assets					254.1	254.1
Participations in associated companies	-	-	-	-	17.3	17.3
Financial investments	-	-	1.4	1.4	-	1.4
Non-current receivables	-	8.1	-	8.1	6.3	14.4
Deferred tax assets	-	-	-	-	146.8	146.8
Inventory	-	-	-	-	2,459.2	2,459.2
Other receivables	-2.9	2,495.7	-	2,492.8	355.4	2,848.2
Cash and cash equivalents	-	339.9	-	339.9	-	339.9
Total assets	-2.9	2,843.7	1.4	2,842.2	6,790.9	9,633.1

Financial liabilities Financial liabilities measured at amortised via the income

Equity and liabilities	cost	statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	5,272.5	5,272.5
Provisions for pensions	-	-	-	24.7	24.7
Deferred tax liabilities	-	-	-	104.5	104.5
Other provisions	-	-	-	83.3	83.3
Other non-current liabilities	-	39.1	39.1	6.9	46.0
Interest-bearing liabilities	1,582.9	-	1,582.9	-	1,582.9
Lease liabilities	259.4	-	259.4	-	259.4
Other liabilities	1,186.1	-	1,186.1	1,073.3	2,259.8
Total equity and liabilities	3,028.4	39.1	3,067.5	6,565.6	9,633.1

The options to purchase the remaining shares in Systemair HSK, Türkiye, and Frico A/S, Denmark, are recognised under Other non-current liabilities in a total amount of SEK 39.1 million.

On the balance sheet date, the Group had outstanding EUR currency derivatives. The market value of the contracts is SEK -1.9 million (-2.9) in the Parent Company. The total hedged value was EUR 13.5 million (18.0). Revaluation of the derivatives is charged to Other operating expenses.

Currency derivatives - hedged values	Parent Company EUR/SEK EUR m.
Maturity of forward contracts	
< 1 year	13.5
> 1 year	
Total outstanding, EUR m.	

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

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

### Note 23 | Accrued expenses and deferred income

	Gro	oup	Parent C	ompany
	2023/24	2022/23	2023/24	2022/23
Salary and holiday pay liability	207.2	193.8	11.3	9.8
Employer's social security contribution liability	54.0	47.5	6.2	6.1
Commission payments and bonuses	43.6	38.2	3.0	4.2
Customer bonuses	33.3	29.7	-	-
Warranty and servicing work	13.6	9.9	-	-
Audit fees	7.2	6.5	-	-
Miscellaneous	345.4	167.4	32.8	23.3
	704.3	493.0	53.3	43.4

### Note 24 | Appropriations, other

	Parent Company		
	2023/24	2022/23	
Group contributions received	125.3	183.3	
Difference between depreciation and amortisa- tion charged and according to plan	-1.0	-0.8	
	124.3	182.5	

### Note 25 | Untaxed reserves

	Parent Company		
	2023/24	2022/23	
Difference between depreciation and amortisa- tion charged and according to plan	1.7	0.7	
	1.7	0.7	

### Note 26 | Provisions for pensions

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

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

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

### Sweden

Some white-collar employees in Sweden are included in a defined-benefit pension plan, ITP 2. The plan is based on a final-salary scheme, in which full pension entitlement requires 30 years of earning. The ITP 2 plan's defined-benefit pension obligations for retirement and family pensions (or family pensions) are secured via insurance contracted with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for ITP Plan 2, which is financed via insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. Regarding the 2023/24 financial year, the Company has not had access to information to be able to account for the Group's proportional share of the plan's obligations, plan assets and costs, and so has been unable to account for the plan as a defined-benefit plan. Consequently, the ITP 2 plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are individually calculated on the basis, for example, of salary, pension already earned and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 7.8 million (7.5). The contributions for 2024/25 are expected to be in line with those for 2023/24.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations, based on Alecta's actuarial methods and assumptions, which do not correspond to those stated in IAS 19. Normally, the collective consolidation level is allowed to vary between 125 and 175 percent, If Alecta's collective consolidation level falls short of 125 percent or exceeds 175 percent, measures are to be taken to create conditions that will bring the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the consolidation, one measure may be to introduce premium reductions. At year-end 2023, Alecta's surplus in the form of the collective consolidation level was 158 percent (172).

### Switzerland

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

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

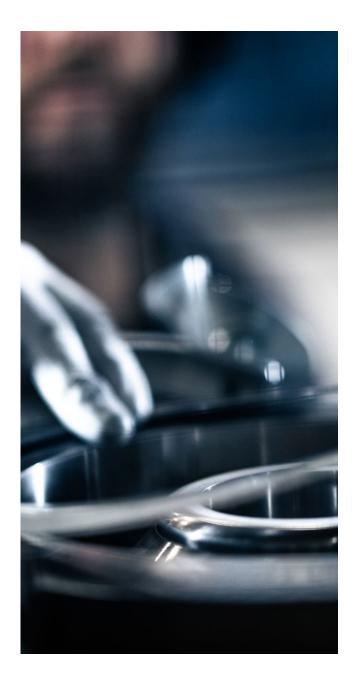
### Italy

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

The pension liability on 30 April 2024 under defined-benefit pension plans is based on amounts earned in TFR as per 31 December 2006. This represents the amount that the Company has to pay out when an employee reaches retirement age or in the event the person's employment is terminated.

### France

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





### → Note 26 (cont.)

### Information per country, 30 April 2024

Amounts shown on the balance sheet – defined-benefit pension plans	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	35.3	10.6	6.2	4.1	56.2
Fair value of plan assets	-28.8	-	-	-	-28.8
Pension provision, net	6.5	10.6	6.2	4.1	27.4
Expense recognised in income statement					
Expenses based on service	2.1	-	0.3	1.1	3.5
Salary cost	-	-	-0.1	-	-0.1
Interest expense/(gain)	0.1	0.2	0.2	-	0.5
Net expense recognised in income statement	2.2	0.2	0.4	1.1	3.9
Weighted average duration, defined-benefit obligations, years	16	9	17	-	-
Major actuarial assumptions, weighted average, %					
Discount rate	1.50	3.45	3.70	-	-
Anticipated return on assets	1.50	-	-	-	-
Anticipated rate of increase in salaries	1.00	3.00	2.00	-	-
Anticipated rate of inflation	0.50	2.00	2.00	-	-

Information per country, 30 April 2023 Amounts shown on the balance sheet – defined-benefit pension plans	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	30.6	10.7	5.9	3.3	50.5
Fair value of plan assets	-25.8	-	-	-	-25.8
Pension provision, net	4.8	10.7	5.9	3.3	24.7
Expense recognised in income statement					
Expenses based on service	3.0	-	0.1	0.3	3.4
Interest expense/(gain)	0.1	0.1	0.1	-	0.3
Net expense recognised in income statement	3.1	0.1	0.2	0.3	3.7
Weighted average duration, defined-benefit obligations, years	16	9	17	-	-
Major actuarial assumptions, weighted average, %					
Discount rate	2.20	2.99	3.60	-	-
Anticipated return on assets	2.20	-	-	-	-
Anticipated rate of increase in salaries	1.00	3.00	1.50	-	-
Anticipated rate of inflation	0.50	2.00	2.00	-	-

### Effect of pension expenses on profit

	2023/24	2022/23
Operating expenses – defined-benefit plans	3.5	3.4
Operating expenses - defined-contribution plans	102.6	73.5
Total operating expenses	106.1	76.9
Interest expense – defined-benefit plans	0.4	0.4

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

Defined-benefit obligations	2023/24	2022/23
Defined-benefit plans – obligation, 1 May	50.5	234.8
Current expense	4.5	3.5
Interest expense	1.1	0.8
Benefits paid	-2.4	-2.9
Actuarial gains/losses (financial assumptions)	2.1	-3.7
Actuarial gains/losses (demographic assumptions)	-0.2	0.3
Actuarial gains/losses (experience-based adjustments)	-0.5	-0.3
Deduction (others)	-1.1	-
Changes in the pension plan	-	-146.3
Disposals	-	-37.6
Acquisitions	-	6.0
Exchange rate differences	2.2	-4.1
Defined-benefit plans, obligations as per 30 April	56.2	50.5

Changes in plan assets	2023/24	2022/23
Fair value of plan assets as per 1 May	25.8	156.1
Funds invested by employers	1.4	1.4
Funds invested by employees	1.4	1.4
Benefits paid	-1.0	-2.2
Interest income	0.6	0.3
Actuarial gains/losses	-	-0.5
Deduction (others)	-0.5	-
Changes in the pension plan	-	-123.1
Exchange rate differences	1.1	-7.6
Fair value of plan assets as per 30 April	28.8	25.8



# Note 26 (cont.)

### Sensitivity analysis

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

	Change in assumption (%)	Effect, SEK m.	Change in assumption (%)	Effect, SEK m.
Discount rate	+1.0	-3.0	-1.0	3.5
Rate of inflation	+0.5	-1.3	-0.5	1.3
Future salary increases	+0.5	0.0	-0.5	-0.3
Estimated service life	+1.0	0.5	-1.0	-0.5
Personnel turnover	+0.5	0.2	-0.5	-0.3

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

### Fair value of plan assets

	2023/24	2022/23
Shares and similar financial instruments	0.4	0.6
Fixed-income securities, etc.	20.1	17.3
Real estate	6.9	7.9
Others	1.4	-
Total	28.8	25.8

### Amounts recognised in other comprehensive income

	2023/24	2022/23
Actuarial gains/losses, gross	-2.0	0.8
Impact of tax	0.3	-0.5
Net in equity	-1.7	0.3

### Note 27 Other provisions

	Gro	oup	Parent C	Company
	2023/24	2022/23	2023/24	2022/23
Amount at beginning of year	83.3	77.6	-	-
Provisions during the year	16.5	29.0	-	-
Provisions acquired	-	22.5	-	-
Utilisation during the year	3.8	-14.1	-	-
Provisions reversed	-34.6	-25.3	-	-
Translation differences	2.9	-6.4	-	-
Amount at year-end	71.9	83.3	-	-

Provisions totalling SEK 30.9 million (44.0) relate to warranty costs.

# Note 28 | Result from participations in Group companies

	Parent Company		
	2023/24	2022/23	
Dividends from subsidiaries	454.4	311.5	
Write-down of shareholder contributions	-219.3	-66.7	
Write-down on shares in subsidiaries	-19.5	-103.1	
Reversal of previous impairments	-	424.9	
Capital gain on sale of subsidiaries	-	82.3	
	215.6	648.9	

 $\rightarrow$ 

### Note 29 | Participations in Group companies

### Parent Company holdings of shares in Group companies.

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount	Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Sverige AB	559000-1516	Skinnskatteberg, Sweden	100	1,000,000	1.0	Systemair AS		Norway	100	82,000	21.4
Divid Holding AB	556714-7581	Jönköping, Sweden	60	1,000	15.5	Menerga AS		Norway	100	50	20.8
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5	Systemair NZ LTD		New Zealand	100	-	6.3
Kanalfläkt Design Alliuq AB	556823-9577	Skinnskatteberg, Sweden	100	500	164.6	Systemair Peru SAC		Peru	100	20,000	3.6
Kanalfläkt Industrial Service AB	556063-2530	Skinnskatteberg,	100	5,000	1.2	Systemair SA		Poland	100	200	0.9
Nanamake modisenal Service //B	550005 2550	Sweden	100	5,000	1.2	Systemair SA		Portugal	100	200,000	26.0
Systemair Home AB	556772-1518	Skinnskatteberg,	100	1,000	6.0	Systemair Middle East LLC		Qatar	100	-	0.4
		Sweden	100	1.000		Systemair Rt		Romania	100	1,000	0.0
Servicebolaget i Sverige AB	556601-0566	Hudiksvall, Sweden	100	1,000	7.4	000 Systemair		Russia	100	-	0.0
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6	LCC Systemair Production		Russia	100	-	0.0
Pacific Ventilation Pty Ltd		Australia	100	-	0.0	Systemair KSA		Saudi Arabia	100	-	8.2
Systemair AB MMC		Azerbaijan	100	-	0.1	Systemair d.o.o. Beograd		Serbia	100	-	12.4
Systemair NV		Belgium	100	-	27.7	Systemair Suisse AG		Switzerland	100	250	47.0
Menerga NV		Belgium	100	-	8.6	Menerga GmbH		Switzerland	100	210	11.7
Systemair EOOD		Bulgaria	100	-	0.1	Systemair (SEA) Pte Ltd		Singapore	100	1,000,000	6.2
Systemair A/S		Denmark	100	10,101	35.1	Systemair Production a.s.		Slovakia	100	-	68.2
Frico A/S		Denmark	60		4.3	Systemair AS		Slovakia	100	22	0.5
Systemair Trading LLC		Dubai, UAE	100	-	0.0	Systemair d.o.o.		Slovenia	100	-	42.9
Systemair AS		Estonia	100	3,128	17.3	Systemair HVAC S.L.U.		Spain	100	-	26.3
Systemair Oy		Finland	100	20	0.3	Koolair S.L.		Spain	100	-	41.9
Systemair SAS		France	100	9,994	6.5	Systemair Ltd		United Kingdom	100	1,000,000	32.0
Systemair LLC		Georgia	100	-	0.2	SCS Engineering Ltd		United Kingdom	100		86.7
Systemair Hellas S.A.		Greece	100	15,000	8.7	Systemair (Pty) Ltd		South Africa	100	1,000	0.0
Systemair Hong Kong Ltd		Hong Kong	100	300	0.2	Systemair SA		Czech Republic	100	-	21.5
Systemair India Pvt Ltd		India	100	320,000	161.3	2VV s.r.o.		Czech Republic	100	-	110.1
Systemair Ltd		Ireland	100	1	0.0	Recutech s.r.l.o.		Czech Republic	10	-	4.8
Systemair Italy s.r.l.		Italy	100	-	55.2	Systemair HSK Hav. Ekip. San.		Türkiye	90	2,150	82.9
SagiCofim Spa		Italy	100	200,000	387.2	Ve Tic. Ltd					
Systemair Inc.		Canada	100	44,600	29.6	Systemair GmbH		Germany	100	-	10.4
Systemair TOO		Kazakhstan	100	-	2.1	Lautner Energiespartechnik GmbH		Germany	100	-	0.0
Systemair (Suzhou) Co. Ltd		China	100	-	0.0	LGB GmbH		Germany	100	-	38.9
Systemair d.o.o.		Croatia	100	-	0.0	Menerga GmbH		Germany	100	-	0.0
Poly-Rek d.o.o.		Croatia	100	-	0.0	Tekadoor GmbH		Germany	100	-	30.5
Systemair SIA		Latvia	100	2,500	1.1	Systemair TOV		Ukraine	100	-	0.0
Systemair UAB		Lithuania	100	500	10.9	Systemair Rt		Hungary	100	2,000	4.5
UAB Menerga		Lithuania	100	-	25.5	Systemair Mfg Inc.		USA	100	500	32.1
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6	Systemair GmbH		Austria	100	-	39.8
Systemair Maroc SARL		Morocco	100	-	89.7	Systeman Critori		. 105010			2,414.8
Systemair Mexico		Mexico	100	-	3.3						2,414.0
Systemair B.V.		Netherlands	100	-	119.2						
Frico B.V.		Netherlands	100	40	11.0						





### Note 29 (cont.)

### Subsidiaries indirectly controlled by Parent Company

Indirectly controlled	Parent Company	Registered office	% equity
Divid AB	Divid Holding AB	Jönköping, Sweden	100
Divid Promaster AB	Divid Holding AB	Jönköping, Sweden	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Smoke Control Service Ltd	SCS Engineering Ltd	England	100
Frico SAS	Frico AB	France	100
Sagicofim SAS	Sagicofim Spa	France	79*
ISC Italy	Divid Holding AB	Italy	100
Systemair 000	UAB Menerga	Kaliningrad	100
Systemair Commercial AHU	Systemair Inc.	Canada	100
Frico AS	Frico AB	Norway	100
Menerga Polska	Systemair SA	Poland	100
Koolair Fabricacion S.L.U.	Koolair S.L.	Spain	100
Safeair S.L.	Koolair S.L.	Spain	100
Metalisteria Medular S.L.	Koolair S.L.	Spain	100
Recutech s.r.o.	2W s.r.o.	Czech Republic	90
Frico GmbH	Frico AB	Germany	100
Systemair 1000	UAB Menerga	Belarus	100
Frico GmbH AT	Frico AB	Austria	100

\*The associated company Effebi Srl, Italy, has a 20 percent holding in Sagicofim SAS, France.

### Change in Group companies

	Parent Cor	npany
	2023/24	2022/23
At start of year	2,412.8	2,194.4
Acquisitions during the year	7.2	505.8
Disposals during the year	-15.1	-856.7
New share issues during the year	241.7	314.1
Impairments for the year	-231.8	-169.7
Reversal, previous impairments	-	424.9
	2,414.8	2,412.8

### Note 30 | Participations in associated companies

	Gro	bup	Parent C	ompany
Group's participa- tions in associated companies	2023/24	2022/23	2023/24	2022/23
At start of year	17.3	7.1	5.9	5.9
Acquired participa- tions in associated companies	-	11.8	-	-
Share in profits of associated companies for the year	11.3	-1.6	-	-
Translation difference	0.3	-	-	-
	28.9	17.3	5.9	5.9

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

The end of the reporting period for the associated company Effebi Srl is 31 December. The company reports with a delay of one month. The company is owned by Sagicofim Spa.

No dividend was received during the financial year.

### Values and ownership shares

2023/24	Country	Revenues	Compre- hensive income	Assets	Liabilities	Equity	Ownership share, %
MR Studios	Czech Republic	11.6	1.0	7.2	0.2	7.0	40.0
Effebi Srl	Italy	95.0	5.6	101.6	36.5	65.1	50.0
2022/23	Country	Revenues	Compre- hensive income	Assets	Liabilities	Equity	Ownership share, %
MR Studios	Czech Republic	19.9	1.0	6.7	0.4	6.3	40.0
Effebi Srl	Italy	76.1	-3.2	99.6	42.5	57.1	50.0

### Note 31 | Items affecting comparability - adjusted operating profit

	Gro	oup
	2023/24	2022/23
Net sales	-24.7	-26.5
Cost of goods sold	-55.7	-42.7
Other operating income	-3.7	468.9
Selling expenses	-2.6	2.5
Administration expenses	1.0	0.5
Other operating expenses	-107.5	-152.7
Net gain on monetary items	71.2	41.5
Total	-122.0	291.5
Operating profit/loss	963.0	1,401.4
Adjusted operating profit	1,085.0	1,109.9

Operating profit for the 2023/24 financial year reflects restructuring costs of SEK 125.0 million for the relocation of Menerga's production to Slovenia, a goodwill impairment totalling SEK 3.2 million in Menerga Poland, a bad debt loss of SEK 5.4 million in Norway and positive hyperinflation adjustments totalling SEK 11.6 million. Other operating expenses have been charged with restructuring costs, together with the impairment of goodwill. Selling expenses was affected by the bad debt loss in Norway. For details of how the hyperinflation adjustment Türkiye affected earnings, see Note 32 Inflation adjustment Türkiye.



### Note 32 | Inflation adjustment in Türkiye

Since 30 June 2022, Türkiye's economy has been considered to be in hyperinflation. As a result, the financial statements of Systemair's subsidiary in Türkiye have been adjusted for the effects of inflation, in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", with retrospective application from 1 May 2022. This means that:

→ The historical cost of non-monetary assets and liabilities has been adjusted to reflect changes in the purchasing power of the currency. The adjustment has been based on the Consumer Price Index published by the Turkish Statistical Institute.

	2023/24	2022/23
Net sales	-24.7	-26.5
Cost of goods sold	-55.7	-42.7
Gross profit	-80.4	-69.2
Other operating income	-3.7	-2.4
Selling expenses	2.8	2.5
Administration expenses	1.0	0.5
Other operating expenses	20.7	2.7
Translation effect Hyperinflation calculation	71.2	41.5
Operating profit/loss	11.6	-24.4
Net financial items	2.2	1.9
Profit after financial items	13.8	-22.5
Tax on profit for the period	-0.3	-0.2
Profit/loss for the period	13.5	-22.7

- ightarrow The various income statement items have been index-adjusted for inflation.
- → All items in the subsidiary's financial statements in the consolidated accounts have been translated at the closing rate. Translation differences in translation to SEK have been taken to Other comprehensive income, in accordance with IAS 21.
- → Figures for financial years beginning before 1 May 2022 have not been changed.

The aggregate impact on the Group's financial statements is shown in the table below:

	30/04/2024	30/04/2023
ASSETS		
Goodwill	3.3	94.3
Other intangible non-current assets	3.2	1.9
Property, plant and equipment	-60.9	176.9
Total non-current assets	-54.4	273.1
Inventory	4.7	2.0
Current receivables	=	0.1
Total current assets	4.6	2.1
TOTAL ASSETS	-49.7	275.2
EQUITY AND LIABILITIES		
Equity	-57.7	270.8
Current liabilities, non-interest-bearing	7.9	4.4
Total current liabilities	7.9	4.4
TOTAL EQUITY AND LIABILITIES	-49.7	275.2

# Note 33 | Changes in Group structure – business combinations, new businesses and disposals

### Companies acquired

On 2 May 2023, Systemair acquired all shares in the Slovenian sales company Menerga d.o.o. The company has sales of approximately EUR 3 million and 24 employees.

The purchase consideration for the acquisitions may provisionally be calculated as follows:

2023/24

2023/24 SEK m.	Menerga d.o.o.
Total historical cost, less costs of acquisition	14.0
Assets acquired	
Fair value of assets acquired, net	8.2
Goodwill	5.8
Identifiable net assets	
Brands and customer relationships	2.3
Machinery and equipment	0.6
Financial and other non-current assets	0.2
Inventory	6.5
Trade accounts receivable	10.0
Other current assets	1.2
Cash and cash equivalents	1.8
Non-interest-bearing liabilities	-0.4
Other operating liabilities	-14.0
	8.2

Payment for the acquisition was made in advance in April 2023.

### Note 33 (cont.)

2022/23 SEK m.	Sagicofim	Group SCS	Other acquisition- related
Total historical cost, less costs of acquisition	383.8	84.8	43.2
Assets acquired			
Fair value of assets acquired, net	303.8	42.4	38.8
Goodwill	80.0	42.4	4.4
ldentifiable net assets			
Brands and customer relationships	121.0	10.3	-
Other intangible assets	2.1	-	-
Buildings and land	66.6	-	-
Machinery and equipment	10.6	0.3	-
Financial and other non-current assets	11.8	-	-
Inventory	58.7	5.4	-
Trade accounts receivable	133.1	59.5	-
Other current assets	15.8	2.2	13.6
Cash and cash equivalents	28.2	1.5	-
Minority interest	-1.5	-	36.0
Non-interest-bearing liabilities	-4.3	-1.1	-
Deferred tax liability	-33.6	-2.0	-
Interest-bearing liabilities	-4.3	-	-
Other operating liabilities	-100.4	-33.7	-
Impact on profit	-	-	10.8
	303.8	42.4	38.8

Impact of acquisitions on cash flow	2023/24	2022/23
Purchase considerations	-14.9	-511.8
Purchase consideration not paid	14.0	38.6
Cash and cash equivalents in companies acquired	1.8	29.7
Purchase consideration paid for prior years' acquisitions	-38.6	-1.6
Transaction costs, acquisition of subsidiaries	-	-4.5
Change in consolidated cash and cash equivalents after acquisitions	-37.7	-449.6

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

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

Net sales for the acquired company between the time of the acquisition and the end of the interim report period totalled SEK 35.2 million. Operating profit for the corresponding period was SEK 2.6 million.



### 2023/24

Breakdown of the divestment of Well Technology OÜ:

Asset and liability divestments	
Other intangible assets	1.9
Machinery and equipment	7.9
Financial assets	4.1
Inventory	39.7
Other current assets	10.7
Cash and cash equivalents	1.3
Non-interest-bearing liabilities	-0.1
Other operating liabilities	-50.9
	14.7

### Effect of divested companies on cash flow

Cash and cash equivalents	-1.3
Change in Group's cash and cash equivalents at sale	-1.3

### 2022/23

An analysis for the divestment of the air conditioning business is as follows:

### Asset and liability divestments

Goodwill	138.8
Other intangible assets	29.4
Buildings and land	115.3
Machinery and equipment	66.4
Financial assets	15.5
Inventory	229.9
Trade accounts receivable	196.8
Other current assets	78.6
Cash and cash equivalents	30.4
Non-interest-bearing liabilities	-52.6
Interest-bearing liabilities	-178.6
Other operating liabilities	-166.4
	503.5
Effect of divested companies on cash flow	
Purchase consideration	965.1
Costs of selling	-8.1
Cash and cash equivalents	-30.4
Internal receivables and liabilities taken over	129.6
Purchase consideration not received	-55.1
Change in Group's cash and cash equivalents at sale	1,001.1

### Note 34 | Receivables from Group companies

	Parent 0	Company
Changes in receivables from Group companies	2023/24	2022/23
At start of year	543.4	531.9
Lending	94.8	63.5
Repayments	-70.3	-74.5
Impairment losses	-6.3	-7.5
Foreign exchange adjustments	22.6	30.0
	584.2	543.4

### Note 36 | Contingent liabilities

	Group		Parent Company	
	2023/24	2022/23	2023/24	2022/23
Guarantees on behalf of subsidiaries	-	-	673.1	664.3
Guarantees and other contingent liabilities <sup>1</sup>	305.3	251.8	136.5	121.3
	305.3	251.8	809.6	785.6

<sup>1</sup>Consists mostly of intra-Group Parent Company guarantees and bank guarantees.

The Parent Company has issued external bank guarantees and internal guarantees of SEK 136.5 million on behalf of the subsidiaries. The subsidiaries have issued local bank guarantees for a total amount of SEK 168.7 million.

### Note 35 | Pledged assets

	Group		Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Assets pledged for own liabilities to credit institutions					
Chattel mortgages	190.5	114.6	-	-	
Real estate mortgages	304.0	308.7	-	-	
Pledged net assets/shares in subsidiaries	199.9	187.3	32.1	32.1	
	694.4	610.6	32.1	32.1	
Pledged assets, per bank					
Nordea Bank AB	307.2	298.3	32.1	32.1	
Svenska Handelsbanken AB	28.1	28.1	-	-	
Other banks	359.1	284.2	-	-	
	694.4	610.6	32.1	32.1	

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

# Note 37 | Supplementary disclosures regarding cash flow statement

	Group		Parent Company		
	2023/24	2022/23	2023/24	2022/23	
Adjustment for non-cash items etc.					
Depreciation/amortisation of non-current assets	291.4	294.3	15.8	19.4	
Amortisation of right-of-use assets	122.4	118.6	-	-	
Impairment losses	8.3	155.4	-	-	
Changes in provisions	-12.6	30.0	-	-	
Unrealised exchange gains and losses	-28.9	-36.7	16.0	91.6	
Provisions for pensions	-0.1	-24.5	-	-	
Gain/Loss on divestment of non-current assets	-26.3	-454.1	-	-	
Other items	-23.0	30.4	-	-	
	331.2	113.4	31.8	111.0	

### Note 38 | Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's organisation registration number is 556160-4108. The consolidated accounts for the 2023/24 financial year include the Parent Company and its subsidiaries, jointly referred to as the Group.

### Note 39 | Earnings per share

Group	2023/24	2022/23
Earnings per share, basic (SEK)	3.10	5.00
Earnings per share, diluted (SEK)	3.10	5.00
Profit/loss for the period	653.8	1,044.7
Profit for the year attributable to Parent Company shareholders	645.6	1,039.6
Non-controlling interests	8.2	5.1
Weighted average number of shares in issue, basic	208,000,000	208,000,000
Weighted average number of shares in issue, diluted	208,110,000	208,063,000

Systemair AB has issued 1,451,240 warrants to persons holding senior positions within the Company.

### Note 40 | Related party transactions

Systemair AB (publ.) purchased hotel and conference services for SEK 3.0 million (1.1) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström.

For more information on related party transactions with senior executives, see Note 11.

Parent Company purchases from other Group companies totalled SEK 139.1 million (104.0). Parent Company sales to Group companies are described in Note 4. For more information on Parent Company receivables from Group companies, see Note 34. Liabilities to Group companies totalled SEK 1,447.4 million (1,261.8).

The Parent Company's interest income from related companies totalled SEK 100.0 million (68.1) and interest expenses to related companies SEK -6.7 million (–).

### Note 41 | Events after the financial year-end

No significant events have occurred since the end of the period.

# **Declaration**

The undersigned declare that the consolidated accounts, the annual report and the sustainability report were prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union, as well as generally accepted accounting principles, and give a true and fair view of the Group's and Company's financial position and earnings, and that the Group's and Company's administration reports give a fair review of the development of the Group's and Company's operations, financial position and earnings and describe the material risks and uncertainties facing the companies in the Group.

**Roland Kasper** President and CEO

Gerald Engström Chairman of the Board Patrik Nolåker Vice-Chairman of the Board

Carina Andersson Director

Niklas Engström Director

**Gunilla Spongh** Director

**Ricky Sten** Employee Representative

**Daniel Wilhelmsson** Employee Representative

Our Auditor's Report was submitted on the day shown in our electronic signature.

Ernst & Young AB

Johan Holmberg Authorised Public Accountant





# **Auditor's report**

To the general meeting of the shareholders of Systemair AB, corporate identity number 556160-4108

# Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Systemair AB (publ) except for the corporate governance statement on pages x-y for the the financial year 1 May 2023 – 30 April 2024. The annual accounts and consolidated accounts of the company are included on pages 64–103 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material performance and cash flow for they in all material respects, the financial position of the group as of 30 April 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 50–59. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### **Basis for Opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Key Audit Matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# Valuation of goodwill and participation in group companies

### Description

Goodwill totals SEK 1,026 million on the consolidated balance sheet and participations in group companies are stated at SEK 2,415 million on the parent company balance sheet on the balance sheet date. As described in Note 1 and the section on impairments, the company tests, at least annually and when there is any indication of impairment, to determine that carrying amounts of goodwill do not exceed the recoverable amount. As regards participations in group companies, an assessment is made on an ongoing basis to determine whether there is any indication of impairment and, if so, the recoverable amount of the asset is calculated and compared to its book value. The recoverable amount is calculated via an estimate of the value in use for the cash-generating unit concerned, which in the company's case is the same as the subsidiary concerned, via a present value calculation of estimated future cash flows. As Note 16 indicates, the cash flows for the financial plans have been approved by management and extend to a five-year period. The plans include for example assumptions as to trend of prices, sales volumes and trend of costs. In addition, assumptions have been made as to discount rate and growth beyond the five-year period. In the group, goodwill has been written down by SEK 3 million during the financial year, as described in Note 16. In the parent company, participations in group companies have been written down by SEK 232 million in the financial year, as described in Note 29.

In view of the significant values of goodwill in the Group and participations in group companies in the parent company, and in view of the significant assumptions and

estimates required to calculate the value in use, we considered the measurement of goodwill and participations in group companies to be a particularly significant area in our audit.

### How our audit addressed this key audit matter

During our audit, we assessed the company's process for establishing its impairment test for goodwill and the company's routines for identifying indications of impairment of goodwill and in participations in group companies. We examined how cash-generating units are identified, assessed the company's valuation methods and calculation models with the support of our valuation specialists and judged the reasonableness of assumptions made. We performed sensitivity analyses regarding changes in material assumptions and made comparisons with historical outcomes and the accuracy of forecasts made earlier. We assessed the reasonableness of the discount rate and long-term growth assumed for individual units, through comparisons with other companies in the same sector.

Finally, we assessed the adequacy of the disclosures in the annual accounts.



# Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-49, 60-63 and 108-136. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

→ Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- ✓ Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- → Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

### Report on other legal and regulatory requirements

# Report on the audit of the administration and the proposed appropriations of the company's profit or loss

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Systemair AB (publ) for the the financial year 1 May 2023 – 30 April 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general. The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- → in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit



conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Systemair AB for the financial year 1 May 2023 – 30 April 2024.

Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Systemair AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements. Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers to be elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

# The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 50-59 has been prepared in accordance with the Annual Accounts Act.

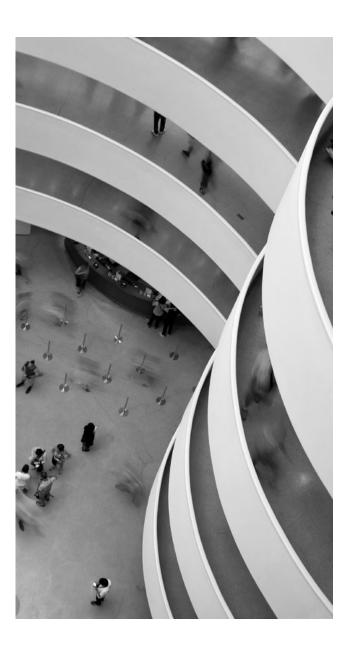
Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, SE-111 47 Stockholm, was appointed auditor of Systemair AB by the general meeting of the shareholders on the 31 August 2023 and has been the company's auditor since the 2005/2006 financial year. Systemair became a public-interest entity in the 2007/2008 financial year.

Stockholm the day of our electronical signature Ernst & Young AB

Johan Holmberg Authorized Public Accountant





# **Key Performance Measures and Definitions**

### **Alternative Performance Measures**

In its interim reports and annual report, Systemair presents performance measures – alternative performance measures (APMs) – that supplement the financial measures defined in IFRS. The Company is of the view that these APMs provide valuable information to investors and the Company's management, in that they enable evaluation of the Company's performance, trends, capacity to pay down debt and invest in new business opportunities, and in that they reflect the Group's acquisitionintensive business model.

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

### **Definitions of Key Performance Measures**

	2023/24 May-Apr	2022/23 May-Apr	2021/22 May-Apr
Number of employees			
The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.	6,616	6,587	6,660
Return on equity			
Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest.			
Profit after tax, before non-controlling interest, TTM, SEK m.	653.8	1,044.7	544.3
Average equity, SEK m.	5,541.0	4,620.9	3,598.2
Return on equity	11.8%	22.6%	15.1%
Return on capital employed			
Profit after financial income, TTM, divided by average capital employed.			
Profit after financial items, TTM, SEK m.	1,028.7	1,479.0	835.6
Average capital employed, SEK m.	7,254.3	7,355.1	5,754.5
Return on capital employed	14.2%	20.1%	14.5%
EBITDA			
Operating profit before depreciation/amortisation and impairments			
Operating profit, SEK m.	963.0	1,401.4	769.8
Depreciation/amortisation and impairments, SEK m.	422.1	568.3	408.4
EBITDA, SEK m.	1,385.1	1,969.7	1,178.2
Equity per share			
Equity divided by the number of shares at the end of the period			
Equity excluding minority interests, SEK m.	5,645.5	5,265.6	3,815.1
Number of shares, millions	208.0	208.0	208.0
Equity per share, SEK	27.14	25.32	18.34
Cash generation			
Operating profit before depreciation/amortisation and impairments, TTM, SEK m.	1,385.1	1,969.7	1,178.2
Provisions in working capital not affecting cash flow, TTM, SEK m.	-12.6	30.0	8.1
Changes in working capital, TTM, SEK m.	350.9	-634.9	-714.1
Investments in machinery and equipment, TTM, SEK m.	-386.6	-325.7	-326.4
Total	1,336.8	1,039.1	145.8
Operating profit, TTM, SEK m.	963.0	1,401.4	769.8
Cash generation	138.8%	74.1%	18.9%

#### FINANCIAL STATEMENTS

	2023/24 May-Apr	2022/23 May-Apr	2021/22 May-Apr
Adjusted leverage			
Net debt in relation to adjusted operating profit before depreciation, amortisation and impairment (adjusted EBITDA).			
Interest-bearing liabilities	1,462.2	1,842.3	2,378.6
Cash and cash equivalents	414.3	339.9	335.9
Adjusted EBITDA	1,510.4	1,498.4	1,178.1
Net debt ratio, adjusted EBITDA	0.69	1.00	1.73
Net indebtedness			
Interest-bearing liabilities + provision for pensions, less cash and cash equivalents and short-term investments.			
Interest-bearing liabilities, SEK m.	1,462.2	1,842.2	2,378.9
Provisions for pensions, SEK m.	27.3	24.7	78.7
Cash and cash equivalents, short-term investments, SEK m.	419.3	343.7	339.3
Net indebtedness, SEK m.	1,070.2	1,523.2	2,118.4
Operating cash flow per share			
Cash flow for the period from operating activities, divided by the average number of shares during the period.			
Cash flow for the period from operating activities, SEK m.	1,333.2	587.7	235.2
Number of shares, millions	208.0	208.0	208.0
Operating cash flow per share, SEK	6.41	2.83	1.13
Organic growth			
Changes in sales by like-for-like units, adjusted for acquisitions and foreign currency effects.			
Net sales for like-for-like units, SEK m.	12,554.5	11,168.8	9,599.8
Net sales for preceding year, SEK m.	12,057.9	9,634.5	8,519.2
Organic growth	4.1%	15.9%	12.7%
Earnings per share			
Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.			
Profit attributable to Parent Company shareholders, SEK m.	645.6	1,039.6	543.9
Number of shares, millions	208.0	208.0	208.0
Earnings per share	3.10	5.00	2.61
Operating margin			
Operating profit divided by net sales.			
Operating profit, SEK m.	963.0	1,401.4	769.8
Net sales, SEK m.	12,256.6	12,057.9	9,634.5
Operating margin	7.9%	11.6%	8.0%
Operating profit (EBIT)			
Earnings before financial items and tax, SEK m.	963.0	1,401.4	769.8

#### **KEY PERFORMANCE MEASURES & DEFINITIONS**



	2023/24 May-Apr	2022/23 May-Apr	2021/22 May-Apr
Equity/assets ratio			
Adjusted equity divided by total assets.			
Adjusted equity, SEK m.	5,653.8	5,272.5	3,853.5
Total assets, SEK m.	9,792.7	9,633.1	8,472.4
Equity/assets ratio	57.7%	54.7%	45.5%
Capital employed			
Total assets less non-interest-bearing liabilities			
Total assets, SEK m.	9,792.7	9,633.1	8,472.4
Non-interest-bearing liabilities, SEK m.	2,661.8	2,472.3	2,197.5
Capital employed	7,130.9	7,160.8	6,274.9
Growth			
Growth is defined as the change in net sales, relative to net sales for the preceding period.			
Net sales, SEK m.	12,256.6	12,057.9	9,634.5
Net sales for preceding year, SEK m.	12,057.9	9,634.5	8,519.2
Growth	1.6%	25.2%	13.1%
Profit margin			
Profit after financial items divided by net sales			
Profit/loss after financial items, SEK m.	864.4	1,294.9	741.7
Net sales, SEK m.	12,256.6	12,057.9	9,634.5
Profit margin	7.1%	10.7%	7.7%

# Sustainability Report

### Introduction

Systemair's sustainability report is published annually as an integral part of the Company's annual report. The annual report presents a summary of the Company's accounts and administration, and describes the Company's work on the most important sustainability issues during the year. Systemair's full Sustainability Report has not been examined by Systemair's auditors. A statement by the Auditor's confirming that Systemair has drawn up a statutory sustainability report appears on page 133.

The scope of Systemair's full sustainability report is described in the GRI Index on pages 124–125, together with the Company's EU Taxonomy disclosure on pages 126–132. The sustainability report aligns with Systemair's financial year and thus covers the period 1 May 2023 – 30 April 2024. The previous report was published in August 2023. In deciding upon the content of its sustainability report, Systemair has applied the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness.

Systemair has begun implementing the EU's new legislation on sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD) and a double materiality assessment has been performed to identify which sustainability areas are most relevant to the company. For a description of CSRD and Systemair's double materiality assessment, see page 112. Systemair's previous materiality analysis is described on page 114.

#### Sustainability Reporting Index as per the Swedish Annual Accounts Act

The table below shows page references to the parts of Systemair's sustainability report that correspond to the requirements of the Swedish Annual Accounts Act.

Area	General	Environmental	Social and employees	Human rights	Anti-corruption
Business model	рр. 3, 16–17, 34–35				
Policy and its outcomes	рр. 18–23, 111	pp. 18–21, 28–33, 68, 111	pp. 18–22, 24–27, 65, 111	pp. 18–22, 24–27, 111	pp. 20–21, 24, 111
Risk and risk management	pp. 21–22, 24–25, 35, 53, 55, 60–63, 80–81, 111–112, 132	pp. 21, 60, 80, 130, 132	pp. 22, 26–27, 60–62, 80–81	pp. 22, 24–27, 60–62, 80–81	pp. 21–22, 24, 61, 81, 116
Goals and outcomes	pp. 14–15, 17, 19, 22–24, 26, 28, 30, 115–123, 126–129	pp. 14–15, 17, 19, 23, 28–29, 116–119	pp. 14–15, 17, 19, 22, 24, 26, 115–116, 119–123	pp. 14, 22, 24, 116, 119–123	pp. 14, 22, 116

For more on Systemair's Code of Conduct and policies, see: https://group.systemair.com/sustainability/code-of-conduct-and-policies/





#### Governance of sustainability work

Group Management owns Systemair's sustainability strategy and is responsible for setting its priorities, and its progress, to ensure that initiatives are aligned with Systemair's overall strategy and the material interests of its stakeholders. The Sustainability Director coordinates, supports and develops the Group's sustainability strategy, targets and plans.

The sustainability strategy consists of four focus areas, each comprising three core issues. All core issues have an owner in Group Management. The person most closely linked to the core issue is assigned as responsible to oversee development and progress.

The core issues are assigned appropriate indicators and, in most cases, a set target to enable us to monitor where we stand. A development plan is updated annually to summarise the key activities needed for progress. This is monitored regularly, with data on multiple metrics collected quarterly from each subsidiary, creating a clear and frequent overview of progress. Quarterly and annual reporting is handled via dedicated software to ensure accurate data and ease of analysing and breaking down specific metrics. The quarterly and annually reported data are fed back in a report to the CEO of each subsidiary. Systemair's progress in our focus areas is reported to the Board once a year and each subsidiary's business board reviews the company's status and progress on the core issues 2–3 times a year.

The necessary policies and guidelines for each core issue are developed, reviewed and updated at least annually to ensure that our position on key sustainability issues is clear throughout the Group, and is then communicated via the necessary channels and made available in Systemair's global management system.

Our internal sustainability control environment includes follow-up by the Group's sustainability function and production-related core issues are followed up by our production committee, the Group's central production development organisation. Reviews encompass health and safety, environmental issues and energy use. After each review, a report is generated and followed up by the Company's management function. Systemair analyses its sustainability risks at least once a year. This is part of the Company's overall risk management process to ensure that risks are identified, assessed and then managed responsibly.

#### Code of Conduct, policies and whistleblowing

At Systemair, policies are used as one of the tools for instilling the Company's values in its operations around the world. In sustainability work, Systemair's Code of Conduct is used as an overall policy, embracing social sustainability, the environment and climate, and business ethics. The Code of Conduct is reviewed once a year and is subject to approval by the Company's Board of Directors. All employees must complete our online training but where this is not possible the content of the Code of Conduct must be communicated to them by other means.

In addition to the Company's Code of Conduct, several additional policies apply with more detailed guidance in specific areas. In business ethics, Systemair operates an anti-corruption policy, a tax policy, a responsible sourcing policy and a responsible sales policy. A specific policy governing health and safety is in place, as well as one for the environment, emissions and energy, and one for developing sustainable products. Through well-defined policies, we seek to ensure that our operations are conducted in an ethical and sustainable manner, while minimising the risk of irregularities and making a contribution to a positive impact on society and the environment.

Systemair operates a whistleblowing system that offers a means of anonymously reporting deviations and inappropriate behaviour. This system provides a channel for employees to make complaints without fear of reprisals. The system is intended to promote a culture of transparency and accountability within the organisation. Reports are received and investigated by an external party to ensure objectivity and impartiality. Cases are then referred to the Audit Committee, which also serves as Systemair's Whistleblowing Committee.

Whistleblower cases	2023/24	2022/23
Notifications received	20	7
Qualifying whistleblowing cases	0	1
Cases leading to disciplinary action	0	0

#### Management system

As part of the Company's sustainability management, Systemair uses the ISO 14001:2015 environmental management system. 16 out of 26 production facilities are ISO 14001 certified. We aim to have all our production facilities certified to the ISO 14001 standard by no later than 2030 (with the exception of manufacturing companies acquired after 1 January 2027). Systemair applies the TiA system to promote our commitment to a safe working environment in all our manufacturing units, with the exception of the most recent acquisitions. 25 out of 26 of our production facilities are also certified to the ISO 9001 quality management standard.

#### Sustainability-linked loans

In October 2023, Systemair linked its credit facilities with Nordea and Handelsbanken, totalling SEK 1.4 billion, to the Group's own sustainability performance. The interest costs of the loans are varied according to the outcomes for four sustainability targets. In 2023/24, Systemair attained two of the four targets.

## CSRD and double materiality assessment

The EU has produced a new reporting law for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). Systemair has started to implement its various requirements and will report in line with the Directive going forward. To comply with the CSRD, a double materiality assessment (DMA) needs to be performed.

The DMA determines the scope of sustainability reporting, that is, the areas that are to be reported on according to the European Sustainability Reporting Standard (ESRS). The concept of double materiality refers to an assessment of both how people and the environment are impacted by a company's operations, and how a company is affected financially by sustainability-related risks and opportunities.

There is no official step-by-step guide as to how a DMA should be performed. The CSRD provides explanations as to what it should contain. An important objective is to create an understanding of what a company should strategically prioritise for a successful transition to a future sustainable business model. Existing materiality assessments should be used as an important input to build on. Systemair's earlier materiality analysis is presented in Materiality Analysis section on page 114.

### Implementation a double materiality assessment

The purpose of the DMA is to identify the environmental, social and governance (ESG) issues that are material to Systemair. This encompasses Systemair's own operations and its value chain. The outcome of the DMA indicates the scope and focus of Systemair's CSRD work and ESRS reporting. A DMA is iterative, and needs to be updated on an ongoing basis. The findings from Systemair's first DMA will be further refined in the years ahead. The entire DMA process is expected to be renewed every three years.

# Systemair has applied a methodology consisting of 6 steps:

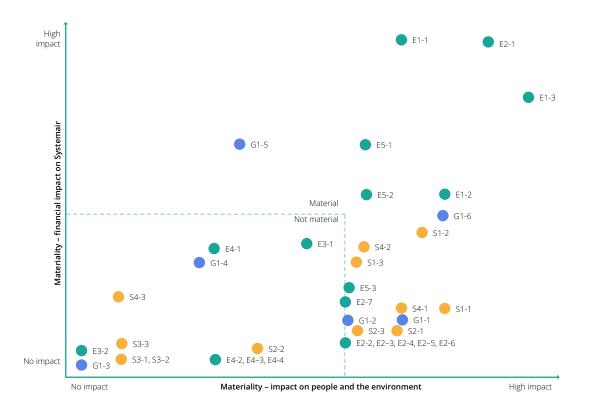
- 1. Stakeholder identification To identify who Systemair's stakeholders are and to determine involvement in the DMA process.
- 2. Description of the value chain To gain an understanding of the ESG characteristics, dependencies and linkages in Systemair's value chain, they are described with reference to Systemair's upstream and downstream value

chain, as well as the Company's own operations and impacts on local communities.

- **3.** Initial prioritisation of relevant ESG aspects In order to focus the assessment on those aspects that may be material, aspects that are certainly not material for Systemair are removed from further assessment.
- **4.** Positive and negative impacts Assessments of ESG aspects are based on the extent of their negative and positive impacts on the environment and/or people.
- **5.** Risks and opportunities Assessment of ESG aspects are based on Systemair's risks and opportunities from a financial perspective.
- **6.** Validation and verification The outcome of the assessment of impacts, risks and opportunities is summarised for validation and verification.

### Outcome of double materiality assessment

The outcome of Systemair's first double materiality assessment is presented in a table and accompanying chart to show which topics are material. The material topics are essentially in alignment with Systemair's current sustainability strategy and confirm the outcome of the previous materiality analysis. As part of the methodology and ongoing work, the outcome will be further validated with more stakeholder groups in the years ahead. CSRD generally requires more extensive work and reporting on the individual topics. In order to implement the necessary policies, processes and reporting, a gap analysis has been performed to better understand and prioritise the activities necessary to meet the requirements of CSRD.



SUSTAINABILITY REPORT



Торіс	Sub-Topic	Material?	Comment
	E1-1 Climate change adaptation	Yes	
E1 Climate change	E4.2 Climete de seu acidination		
	E1-2 Climate change mitigation	Yes	
	E1-3 Energy E2-1 Pollution of air	Yes Partially	
	E2-1 Polition of water	Partially	_
		,	_
	E2-3 Pollution of soil	Partially	The sub-topic pollution of air and specifically indoor air in the downstream value chain has been assessed as materi-
E2 Pollution	E2-4 Pollution of living organisms and food resources	Partially	<ul> <li>A. Pollution in general has been assessed as material in the upstream value chain tais been assessed as material</li> </ul>
	E2-5 Substances of concern	Partially	_
	E2-6 Substances of very high concern	Partially	_
	E2-7 Microplastics	Partially	
E3 Water and marine resources	E3-1 Water	No	Judged as not material for Systemair. Due to previous and already implemented reporting on water withdrawal from own operations, it will still be included in the reporting, corresponding to GRI 303-3. Potential material questions on water regarding the upstream value chain will be investigated further.
	E3-2 Marine resources	No	
	E4-1 Direct impact drivers of biodiversity loss	No	
	E4-2 Impacts of the state of species	No	udged as not material. Further assessment will be carried out forward to better understand topic and possible
E4 Biodiversity and ecosystems	E4-3 Impacts on the extent and condition of ecosystems	No	materiality for Systemair and its value chain.
	E4-4 Impacts and dependencies on ecosystem services	No	_
	E5-1 Resources inflow, including resource use	Yes	
E5 Circular economy	E5-2 Resource outflows related to products and services	Yes	
	E5-3 Waste	Partially	Only waste from own operations has been assessed as material.
	S1-1 Working conditions	Partially	The sub-sub-topic Work-life balance has been assessed as not material.
S1 Own workforce	S1-2 Equal treatment and opportunities for all	Yes	
	S1-3 Other work-related rights	Yes	
	S2-1 Working conditions	Partially	The sub-sub-topic Work-life balance in the value chain has been assessed as not material.
S2 Workers in the value chain	S2-2 Equal treatment and opportunities for all	No	
	S2-3 Other work-related rights	Yes	
	S3-1 Communities' economic, social and cultural rights	No	
S3 Affected communities	S3-2 Communities' civil and political rights	No	
	S3-3 Rights of Indigenous Peoples	No	
	S4-1 Information-related impacts for consumers and/or end-users	Partially	The sub-sub-topic Access to (quality) information was assessed as material.
S4 Consumers and end-users	S4-2 Personal safety of consumers and/or end-users	Partially	Specifically product safety, part of sub-sub-topic Health and safety, was assessed to be a material topic.
	S4-3 Social inclusion of consumers and/or end-users	No	
	G1-1 Corporate culture	Yes	
	G1-2 Protection of whistle-blowers	Yes	
	G1-3 Animal welfare	No	
G1 Business conduct	G1-4 Political engagement	No	
	G1-5 Management of relationships with suppliers (incl. payment practices)	Yes	
	G1-6 Corruption and bribery	Yes	

## Materiality analysis

Systemair has conducted a materiality analysis to identify relevant sustainability issues. The analysis consisted of four stages: setting a benchmark, including a review of the competition to identify relevant sustainability issues; a working session to assess Systemair's internal view of the social, environmental and economic impact of the sustainability issues; interviews and a questionnaire-based survey; and a concluding working session with Group Management.

The first two stages were devoted to producing a questionnaire that was distributed to Systemair's stakeholders. Respondents were asked to rank the sustainability issues that they thought had the greatest impact on decisions and judgements that they make relating to Systemair. In all, 1,154 people participated – including 14 customers, 1,131 employees and ten investors – in the survey. In addition, three investors were interviewed. The replies of the stakeholders were weighted to provide a fair picture of the results.

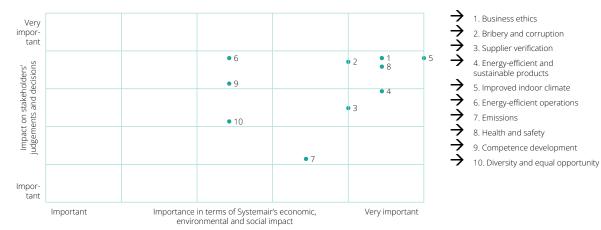
In the concluding working session with Group Management, the respondents' prioritisations in the sustainability issues were weighed against Systemair's internal assessment of the economic, environmental and social impact of the sustainability issues. The materiality analysis was conducted in 2020 and has been reviewed every year, resulting in minor updates.

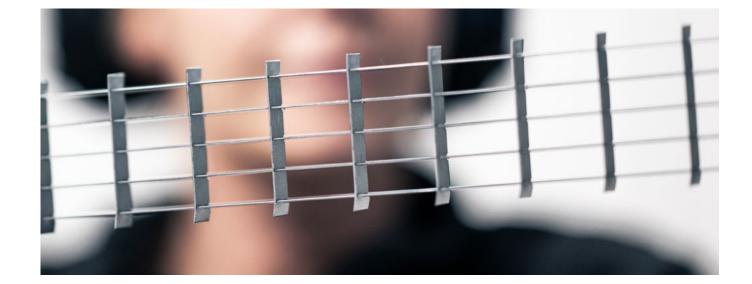
#### Stakeholder dialogue

Systemair's stakeholders consist primarily of owners, investors, customers, employees, suppliers and society at large. We maintain continuous dialogue with our stakeholders on sustainability issues via several forums, and shareholders also have the opportunity to express their views to Management and the Board at general meetings. This dialogue supports the development of the Company's sustainability work and its priorities to ensure that the sustainability strategy is shaped to meet the expectations and requirements of our stakeholders.

In Systemair's double materiality assessment (DMA), several workshops were held with internal stakeholder groups to obtain a comprehensive understanding. Interviews were conducted with investors, and further stakeholder groups will be involved to validate and, if needed, adjust Systemair's material issues.







Systemair reports according to GRI (Global Reporting Initiative), partly by reporting specific data in this section and partly via page references in the GRI index on pages 124–125 of the Annual Report. Using the GRI framework allows us to measure and communicate our economic, environmental and social performance on a comprehensive basis. It enables us to be transparent, monitor targets and demonstrate progress towards sustainable development. GRI reporting also provides a standardised approach so that stakeholders can easily find the information they are looking for.

GRI reporting is linked to our sustainability strategy and the core issues that are prioritised to strengthen the metrics used for monitoring progress. Departures and any comments are presented in the GRI index on pages 124–125.

**GRI reporting** 

#### **General disclosures**

# **GRI 2-7, 2-8:** Employees and workers who are not employees

The number of employees and workers who are not employees at Systemair is recognised as the actual number of employees and not as full-time equivalents (FTEs). The reporting shows the current status at the end of each reporting period.

	N	ordic regio	n	We	estern Euro	pe	N	orth Ameri	са	Easter	n Europe a	nd CIS		ldle East, A ralia and A	
Number of employ- ees, by region and type of employment	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22
Permanent employ- ment (indefinite-term, part-time and proba- tionary employment)	1,037	1,057	1,038	2,088	2,116	2,290	572	550	528	1,398	1,497	1,482	1,385	1,275	839
Fixed-term employ- ment	10	39	50	38	43	77	0	0	4	19	31	29	0	0	322
Total	1,047	1,096	1,088	2,126	2,159	2,367	572	550	532	1,417	1,528	1,511	1,385	1,275	1,161

		Men			Women			Total	
Total number of employees, by gender* and region	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22
Nordic region	779	835	824	268	261	264	1,047	1,096	1,088
Western Europe	1,650	1,693	1,867	475	466	500	2,126	2,160	2,367
North America	343	328	321	229	222	211	572	550	532
Eastern Europe and CIS	972	1,048	1,021	445	480	490	1,417	1,528	1,511
Middle East, Asia, Australia and Africa	1,194	1,107	1,017	191	168	144	1,385	1,275	1,161
Total	4,938	5,011	5,050	1,608	1,597	1,609	6,547	6,609	6,659

	Men Women			Total					
Number of employees, by gender* and type of employment	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22
Full time	4,448	4,525	4,522	1,413	1,422	1,400	5,862	5,948	5,922
Part time	458	397	105	160	150	150	618	547	255
Fixed-term employment	32	89	423	35	25	59	67	114	482
Total	4,938	5,011	5,050	1,608	1,597	1,609	6,547	6,609	6,659

\*In the Western Europe region there is one employee who does not identify as specifically male or female. This person is included in the total number of employees.

## **GRI 2–27:** Compliance with laws and regulations

Systemair complies with current legislation in the countries where we operate. Information collected and reported covers both environmental and socio-economic compliance. One subsidiary was fined for late tax reporting. Systemair has taken measures to prevent this from happening again.

Deviations from laws and regulations	2023/24	2022/23	2021/22
Number of cases	1	0	0
Total monetary value of fines (SEK)	182,290	0	0
Non-monetary sanctions	0	0	0

#### **GRI 2–30:** Collective bargaining agreements

Systemair supports the third principle of the UN Global Compact: Companies should protect freedom of association and the right to collective bargaining. In cases where collective bargaining agreements do not exist, Systemair complies with local legislation and the terms and conditions of employment are described in employees' employment contracts. The historical figures have been adjusted for the previous year.

Proportion of employees with collective bargaining agreements	2023/24	2022/23	2021/22
Proportion of employees covered by collective bargaining agreements (%)	34	34	36

#### Economic, environmental and social impact

# **GRI 201-1:** Direct economic value generated and distributed (SEK m.)

For more detailed information, see the financial section of the Annual Report. Systemair endeavours to pay the right tax in the right country in accordance with the relevant laws and regulations of the country concerned. All cross-border transactions between Group entities shall be conducted in accordance with the arm's length principle as defined in the OECD Transfer Pricing Guidelines and in accordance with local transfer pricing rules and regulations. Systemair has a dedicated tax policy.

Direct economic value generated and distributed (SEK m.)	2023/24	2022/23	2021/22
Direct economic value generated			
Revenues	12,597	12,804	9,868
Economic value distributed			
Operating costs	8,224	8,086	6,429
Employee wages and benefits	3,259	3,163	2,657
Payments to providers of capital	477	447	196
Тах	211	250	197
Economic value retained	425	857	388

# **GRI 205–1:** Operations assessed for risks related to corruption

Systemair has zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal. To prevent corruption in our operations, we have mandatory anti-corruption training for administrative personnel, and our Code of Conduct and separate anti-corruption policy describe and set out clearly what is inappropriate behaviour. The anti-corruption policy is subject to approval by the Company's President and is reviewed annually to maintain updated and relevant guidelines on the subject. A risk assessment is performed centrally as part of Systemair's annual overall risk management process. This evaluates Systemair's activities on the basis of country of operation, combined with a management judgement. Country risk is based on recognised corruption risk indices.

#### **GRI 205-3: Incidents of corruption**

	2023/24	2022/23	2021/22
Number of incidents of corruption	0	0	0
Number of incidents in which employees were dismissed or subjected to other disci- plinary action for corruption	0	0	0
Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0	0

#### **GRI 206-1:** Legal actions relating to anticompetitive behaviour, anti-trust, and monopoly practices

Systemair does not participate in price cartels or the like, and competes on equal terms. Systemair's Code of Conduct states that the laws of each country must always be complied with and that we do not participate in any anti-competitive activities.

	2023/24	2022/23	2021/22
Number of cases	0	0	0



# **GRI 302-1 & 302-4:** Energy consumption (MWh) within the organisation and reduction of energy consumption

Systemair strives to reduce its use of fossil energy sources and works actively to increase the energy efficiency of our operations.

In 2023/24, Systemair reduced its electricity consumption by 4,100 MWh, with the divested AC companies accounting for approximately 3,000 MWh of the reduction. The Group's remaining companies reduced their electricity consumption by around 1,100 MWh. Natural gas consumption also fell by 5,700 MWh during the year. Approximately 3,300 MWh is attributable to the divestment of the AC companies, while the Group's remaining companies reduced consumption by 2,400 MWh. Systemair has a target of reducing energy use by 5 percent each year. The reduction is 2023/24 was 12.3 percent. Historical figures for natural gas and vehicle fuels have been adjusted.

Energy consumption in MWh	2023/24	2022/23	2021/22
Natural gas	13,951	19,673	21,441
Fuel oil	285	323	617
LPG	780	987	996
Vehicle fuels	17,064	17,102	16,634
Other	149	120	124
Electricity	31,815	35,911	36,999
District heating	5,053	4,642	5,195
Total	69,097	78,757	82,005

## GRI 303-3: Water withdrawal

Little water is used in Systemair's production processes. The major share of the water used in our operations is for hygiene purposes such as toilets, showers, cleaning and drinking water. Our reporting during the current year also includes an account of water consumption by subsidiaries operating in water-stressed areas. To determine whether our operations are located in water-stressed areas, we have used the Aqueduct tool, provided by the World Resources Institute.

Water withdrawal in cubic metres	2023/24	2022/23	2021/22
Municipal water	61,795	62,346	56,332
Groundwater from own well	17,928	16,619	N/A
Collected rainwater	20	20	N/A
Total	79,743	78,985	56,332
Of which in water-stressed areas	34,185	30,766	N/A

### GRI 304-1: Biodiversity

Systemair is regarded as having little impact on biodiversity due to the type of manufacturing involved and no production facilities exist in or near areas classified as environmentally-sensitive according to, for example, Natura 2000. Systemair takes the issue of biodiversity conservation seriously and strives to further develop its in-house approach in line with, for example, the EU Biodiversity Strategy 2030. Biodiversity is crucial to the health and well-being of our planet. One of the main reasons why biodiversity is important is its role in maintaining the functions of the ecosystems. A diverse ecosystem can provide us with a wide range of ecosystem services, such as clean air and water, pollination of crops, natural pest control and climate regulation.

Systemair operates a sustainable product policy that includes guidelines to reduce the release of any harmful substances into the environment. Our environment, emissions and energy policy includes guidelines that require all Systemair production companies to ensure that they do not harm local biodiversity. We encourage our companies to actively engage in local initiatives aimed at promoting biodiversity. The establishment of new buildings, areas or operations must be preceded by an assessment of risks to evaluate their potential impact on the environment and biodiversity. 62 percent of Systemair's production facilities are ISO 14001 certified and a target has been set for all production facilities to be ISO 14001 certified by no later than 2030 (with the exception of facilities acquired after 2027, as implementation takes time).



#### GRI 305-1 & 2: Direct GHG emissions (Scope 1), Indirect GHG emission (Scope 2)

Systemair focuses continuously on reducing emissions, for example by sourcing emission-free electricity and reducing the use of fossil fuels for heating, as well as by investing in solar panels. Our emissions are reported as CO<sub>2</sub> equivalents. We report figures using two different methods: location-based and market-based methods. The methods are described in the GHG Protocol. Over the year, we introduced stricter evidence requirements regarding electricity emission factors at our companies. As a result, we have adjusted our historical data on electricity-related emissions. The volume of natural gas and vehicle fuels used was adjusted during the year. As a result the historical data on emissions arising from use of natural gas and vehicle fuels have been updated.

In 2023/24, emissions from Systemair's electricity consumption decreased by 1,100 tons of CO<sub>2</sub>e (market-based), with the AC companies sold accounting for approximately 560 tons of CO<sub>2</sub>e of the reduction. The Group's remaining companies reduced their emissions from their electricity consumption by around 540 tons of CO<sub>2</sub>e. Emissions from natural gas consumption also decreased by 1,150 tons of CO<sub>2</sub> over the year. Approximately 670 tons of CO<sub>2</sub>e is attributable to the divestment of the AC companies, while the Group's remaining companies reduced emissions by 480 tons CO<sub>2</sub>e.

	202	3/24	202	2/23	2021/22		
CO2e emissions, Scopes 1 and 2	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	
Scope 1							
Natural gas	2,818	39%	3,974	48%	4,331	50%	
Fuel oil	76	1%	86	1%	165	2%	
LPG	177	2%	224	3%	226	3%	
Vehicle fuels	4,010	56%	4,019	48%	3,909	45%	
Other	58	1%	51	1%	49	1%	
Total, Scope 1	7,139		8,354		8,680		
Scope 2							
Electricity (market-based)	9,614	95%	10,710	96%	10,555	96%	
Electricity (location-based)	7,277	94%	7,942	95%	7,877	95%	
District heating	453	5% (m); 6% (l)	442	4% (m); 5% (l)	451	4% (m); 5% (l)	
Total Scope 2 (market-based)	10,067		11,152		11,006		
Total Scope 2 (location-based)	7,730		8,384		8,328		
Total, Scopes 1 and 2 (market-based)	17,206		19,506		19,686		
Total, Scopes 1 and 2 (location-based)	14,869		16,738		17,008		

	202	3/24	2022	2/23	2021/22		
Emissions (market-based)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	
Scope 1	7,139	41%	8,354	43%	8,680	44%	
Scope 2	10,067	59%	11,152	57%	11,006	56%	
Total, Scopes 1 and 2	17,206		19,506		19,686		

	2023	3/24	2022	2/23	2021/22	
Emissions (location-based)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)
Scope 1	7,139	48%	8,354	50%	8,680	51%
Scope 2	7,730	52%	8,384	50%	8,328	49%
Total, Scopes 1 and 2	14,869		16,738		17,008	



Systemair has set a target for reducing its emission intensity, combining total Scopes 1 and 2 emissions relative to the cost of goods sold (COGS). This metric discounts any divested operations, in terms of both emissions and COGS. Similarly, any acquired businesses are added. This applies to all years reported. As historical emissions have been updated, historical values are also affected.

Emission intensity (mar- ket-based) – COGS*	2023/24	2022/23	2021/22	2020/21	2019/20
Total emissions/COGS (tons CO2e/SEK m.)	2.12	2.33	2.95	3.19	3.15
Difference relative to base vear (%)	-33%	-26%	-7%	1%	0%

\*COGS = Cost of Goods Sold

#### Sources of emission factors

Scope 1 – Includes emissions from purchased natural gas, heating oil, LPG, vehicle fuel and other (<1%). Emission factors for 2021/22, 2022/23 and 2023/24: DEFRA (2021, 2022, 2023). Emission factors for 2019/20 and 2020/21: IPCC (2006).

Scope 2 – The emission factors for district heating (2019/20, 2020/21 and 2021/22) have been taken from DEFRA (2021), Energiföretagen (2021), Euroheat & Power (2020), Nis Bertelsen & Brian Vad Mathiesen (2015). For 2022/23 and 2023/24, the emission factors for district heating have been taken from DEFRA (2022/2021). The location-based emission factors for electricity (location-based) have been taken from AIB (2020), Climate Transparency (2021), Dubai Electricity & Water Authority (2018), European Commission (2017), Hong Kong Electric Company (2019), IFI Dataset of Default Grid Factors v.2.0, Singapore Energy Market Authority (EMA, 2020), UNFCC (2019, 2021) and US Environmental Protection Agency eGrid (2018). For 2022/23 and 2023/24, the emission factors are taken from the following sources: AIB (2021), Climate Transparency (2021), European Commission (2017), Hong Kong Electric Company, Department of Climate Change, Energy, the Environment and Water Australia (2022), IFI v2.0, Singapore Energy Market Authority, UNFCC (2021), US Environmental Protection Agency (2018). Emission factors for electricity (market-based): Emission factors based on certificates or other evidence of emissions for electricity procured from our energy suppliers if available; otherwise the following sources have been used: AIB (2020), Climate Transparency (2021), IEA (2019), European Commission (2017), Hong Kong Electric Company (2019), IGES (2019), Singapore Energy Market Authority (2020), UNFCC (2021), WECC (2018) and MRO/ WECC/NPCC (2018).

# **GRI 305-3:** Other indirect (Scope 3) GHG emissions

Scope 3 emissions are indicated below for Systemair's upstream and downstream activities. The calculations are based firstly on activity-based information where information was available, secondly on spend-based information and thirdly on estimates based on benchmarks and other relevant sources. Scope 3 emissions are highest in Use of sold products and Purchased goods and services. In Use of sold products, emissions are based on the emission factors of each country in which the product has been sold, which has a major impact on the outcome; if fossil-free electricity alone is used as the basis for calculation, the emissions are zero. Systemair will continue to work on understanding the emissions in the value chain in order to be able to measure emissions and to be able to verify that improvements implemented make the desired difference.

	202	2023/24				
Emissions (Scope 3)	Emissions (tons CO2e)	Proportion of total				
Upstream activities						
Purchased goods and services	423,333	6.6%				
Capital goods	9,816	0.2%				
Fuel and energy-related activities	2,244	0.0%				
Transport and distribution	8,107	0.1%				
Waste generated in operations	888	0.0%				
Business travel	10,925	0.2%				
Employee commuting	6,814	0.1%				
Leased assets (upstream)	Not relevant	0.0%				
Downstream activities						
Transport and distribution	6,045	0.1%				
Processing of sold products	Not relevant	0.0%				
Use of sold products	5,949,839	92.6%				
End-of-life treatment of sold products	5,329	0.1%				
Leased assets	Not relevant	0.0%				
Franchises	Not relevant	0.0%				
Investments	3,317	0.1%				
Total	6,426,656	100%				

#### Sources of emission factors

Scope 3: Defra (2023), Circular Ecology (2019), CBAM (2023), EPA (2018, 2019, 2024), BEIS (2020, 2023), EXIOBASE (2019), Climate TRACE (2021).

#### GRI 306-3, 4 & 5 (2020) Waste management

Systemair focuses continuously on reducing the volume of waste – comprising mainly metal, plastic, cardboard and hazardous materials – that is generated in its operations. We are striving to reduce the volume of waste sent to landfill or incineration, in favour of reuse or recycling. All companies in the Group must ensure that both physical and administrative processes are in place for managing waste. Regarding hazardous waste, Systemair seeks to reduce the volume and use of materials that can give rise to hazardous waste, by replacing the material with more sustainable alternatives.

	202	3/24	202	2022/23		
Waste	Weight in tons	Proportion of total	Weight in tons	Proportion of total		
Recycling	7,821	68.4%	9,846	71.1%		
Reuse	141	1.2%	60	0.4%		
Other waste disposal						
Other recycling opera- tions (including energy recovery)	2,175	19.0%	2,322	16.8%		
Landfill	471	4.1%	563	4.1%		
Incineration without energy recovery	97	0.8%	231	1.7%		
Other	723	6.3%	824	5.9%		
Total	11,428	100.0%	13,845	100.0%		

	202	3/24	2022/23			
Hazardous waste	Weight in tons	Proportion of total	Weight in tons	Proportion of total		
Recycling	10	4.3%	14	5.7%		
Reuse	19	8.4%	34	13.7%		
Other waste disposal						
Other recycling opera- tions (including energy recovery)	73	32.3%	38	15.5%		
Landfill	0	0.0%	7	3.0%		
Incineration without energy recovery	35	15.6%	38	15.3%		
Other	89	39.4%	115	46.8%		
Total	226	100.0%	245	100.0%		

# **GRI 308-1 & 414-1:** Proportion of new suppliers screened (%)

Systemair aims to screen all new suppliers to ensure that they live up to our Code of Conduct for Suppliers. The Code of Conduct for Suppliers addresses issues such as the environment, work environment and human rights.

	2023/24	2022/23	2021/22
Environmental criteria	97%	95%	93%
Social criteria	97%	95%	93%



#### **GRI REPORTING**

## **GRI 401-1:** New employee hires and employee turnover

To ensure Systemair's long-term success, it is essential to attract, develop and retain competent employees. We continuously strive to be an attractive employer. Safety is our top priority in all our workplaces, and we actively promote diversity, equal treatment and an inclusive work culture in our workplaces. Systemair aims to maintain a level of personnel turnover that is in line with the industry average. The outcome last year (16.0 percent) was slightly above the industry average and the outcome this year (16.4 percent) shows that we are still above, due to the fact that we are established geographically in several markets with a higher level of personnel turnover in 2023/24.

		Men			Women			Total	
New employee hires and personnel turno- ver by gender*	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22
Number of new em- ployees	873	845	868	280	300	385	1,153	1,145	1,253
Recruitment turnover	13.3%	12.8%	13.0%	4.3%	4.5%	5.8%	17.6%	17.3%	18.8%
Number of employees leaving the organisation	827	795	740	244	261	282	1,071	1,056	1,022
Personnel turnover	12.6%	12.0%	11.0%	3.7%	4.0%	4.2%	16.4%	16.0%	15.3%

New recruitment turnover = new employees / number of employees

Personnel turnover = employees leaving the organisation / number of employees

	Nordic region			Western Europe			Ν	lorth America		Easte	rn Europe and (	CIS	Middle East, Asia, Australia and Africa			
New employee hires and personnel turnover by region	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	
Number of new employees	68	176	165	226	192	313	198	195	143	145	258	346	516	324	286	
Recruitment turnover	1.0%	2.7%	2.5%	3.5%	2.9%	4.7%	3.0%	3.0%	2.1%	2.2%	3.9%	5.2%	7.9%	4.9%	4.3%	
Number of employees leaving the organ- isation	88	134	114	229	219	225	208	161	139	235	272	306	311	270	238	
Personnel turnover	1.3%	2.0%	1.7%	3.5%	3.3%	3.4%	3.2%	2.4%	2.1%	3.6%	4.1%	4.6%	4.8%	4.1%	3.6%	

New recruitment turnover = new employees / number of employees Personnel turnover = employees leaving the organisation / number of employees





### GRI 403-9 & 10: Work-related injuries and ill health

At Systemair, maintaining good working conditions and safe workplaces is the top priority. No-one should need to worry about their health, either physical or mental, when going to their workplace. We aim to prevent accidents and minimise sickness absence. Violence, threat, harassment, bullying and any form of abuse of employees will not be tolerated. Systemair works to a zero vision for work-related injuries and has set an ongoing goal to reduce the number of work-related injuries that lead to sickness absence by 15 percent year-on-year, based on LTIFR. The outcome for this year was -41 percent. LTIFR is the acronym for "Lost time injury frequency rate" and Systemair apply a normalisation factor of 1,000,000 hours.

	2023/	24	2022/	23	2021/22			
Employees	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)		
Work-related injuries	102	8.7	182	14.8	197	17.2		
Hours worked	11,700,000		12,300,000		11,423,000			
Fatalities due to work-related illness or injury	0		0		0			
Number of cases of work-related ill-health	10	0.9	5.0	0.4	8.0	0.7		

	2023/2	24	2022	/23	2021/22			
Non-employees	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)		
Work-related injuries	3	3.8	6	18.4	7	23.8		
Hours worked	793,000		326,000		294,000			
Fatalities due to work-related illness or injury	0		0		0			
Number of cases of work-related ill-health	0	0.0	0	0.0	0	0.0		

Systemair reports average sickness absence to get a better indication of the health status and well-being of employees. Sickness absence is calculated by dividing the number of days of sickness absence by the number of available working days. Sickness absence in the Nordic countries has been adjusted for 2022/23 from 5.2 percent to 5.1 percent.

Sickness absence, percent	2023/24	2022/23
Nordic region	5.1%	5.1%
Western Europe	5.8%	6.1%
North and South America	4.1%	4.4%
Eastern Europe and CIS	5.1%	5.3%
Middle East, Asia, Australia and Africa	0.9%	1%
Total	4.2%	4.6%





#### **GRI 404:** Training and education

Systemair regards employee development and competence development as an important focus area for more inspired, motivated and knowledgeable employees. To this end, the Company operates the Systemair Academy training platform to provide training in several areas.

#### **GRI 404–1:** Average hours of training per year per employee

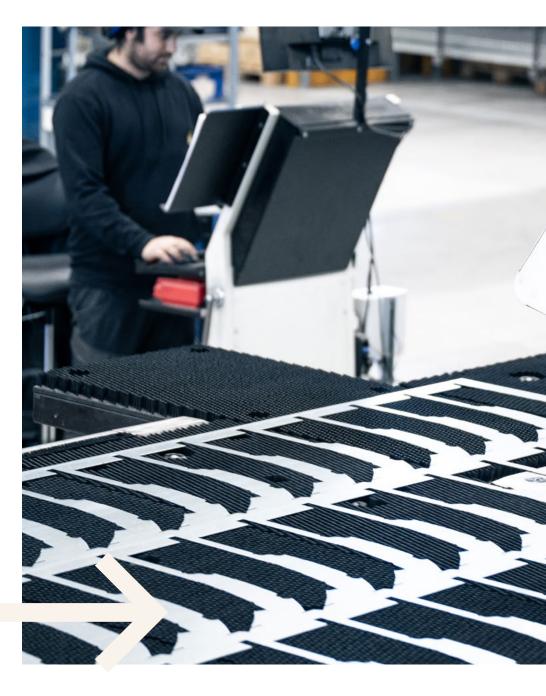
		Men			Women			Total				
Education by gender*	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22	2023/24	2022/23	2021/22			
Total number of hours	39,740	45,039	38,710	11,418	14,009	14,659	51,218	59,048	53,369			
Number of employees	4,938	5,011	5,050	1,608	1,596	1,609	6,547	6,609	6,659			
Average number of hours	8.0	9.0	7.7	7.1	8.8	9.1	7.8	8.9	8.0			

\*One employee does not identify as specifically male or female. This person is included in the total number of employees.

#### **GRI 404–3:** Percentage of employees receiving regular performance and career development reviews

Our ambition is to offer all employees at least one performance review per year to further promote the development of our employees.

Share in percent	2023/24	2022/23	2021/22
Women	59%	52%	51%
Men	61%	53%	52%
All employees	60%	52%	52%



**GRI REPORTING** 







#### **GRI 405–1:** Diversity of governance bodies and employees

In Systemair's recruitment processes, we actively strive to promote greater diversity and equality. At Systemair, it is important for us to make everyone feel welcome, regardless of their background. When recruiting, we focus on knowledge, experience and skills as decisive factors, and no form of discrimination is allowed on the basis of sexual orientation, gender, age, ethnicity or religion. The Board also has a diversity policy, as described on page 52.

	202	3/24	202	2/23	2021/22			
	Number	% Women	Number	% Women	Number	% Women		
Board of Directors*								
30–50 years	1	0%	1	0%	1	0%		
Over 50 years	4	50%	4	50%	5	40%		
Group Management								
30–50 years	0	0%	2	0%	2	0%		
Over 50 years	6	17%	4	0%	4	0%		
Group Operational Management								
30-50 years	9	11%	8	25%	7	29%		
Over 50 years	10	30%	8	25%	7	43%		
All employees								
Under 30 years	1,192	21%	1,206	22%	1,239	21%		
30-50 years	3,432	24%	3,459	24%	3,386	25%		
Over 50 years	1,923	27%	1,943	26%	2,034	25%		

\*Systemair's Board of Directors, as elected at the AGM, consists of 5 people, 3 men and 2 women. The employee representatives are 2 men.

### **GRI 406-1: Incidents of discrimination**

Systemair has zero tolerance for discrimination within our organisation. Everyone should feel welcome and have the same opportunities regardless of their background. No victimisation based on the seven grounds for discrimination – gender, gender identity or expression, ethnicity, religion/belief, disability, sexual orientation and age – is permitted. In the past year, two cases of discrimination were reported. Systemair has investigated the cases and taken action.

	2023/24	2022/23	2021/22
Number of cases of discrimination	2	3	1

# **GRI index**

Systemair reports according to GRI 2021 presented in the index below.

GRI Standard	Disclosure	Section, page	Deviations and comments
GRI 2: General disclosures 2021			
2-1	Organizational details	36-39, 44-49, 64, 78, 85, Note 30 pp.100	
2-2	Entities included in the organization's sustainability reporting	78	
2-3	Reporting period, frequency and contact point	110-111	Lee Morgan, Group Sustainability Director, lee.morgan@systemair.com
2-4	Restatements of information	116-119, 121	Emissions from electricity use have been adjusted due to increased proof requirements regarding emission certificates. Data for energy use has been adjusted the previous year for natural gas and vehicle fuels, which also affects the emissions. Data for employees for collective bargaining and sick leave have been adjusted. Calculation method for scope 3 emissions has been updated for 2023/24 and is not based on the same methor as 2022/23, which is therefore not included in the reporting because the years cannot be compared.
2-5	External assurance	110	Systemairs sustainability report has not been externally audited.
2-6	Activities, value chain and other business relationships	6-9, 16-17, 22-33, 64-68	
2-7	Employees	115	
2-8	Workers who are not employees	115	
2-9	Governance structure and composition	50-59	
2-10	Nomination and selection of the highest governance body	50-59	
2-11	Chair of the highest governance body	56-57	
2-12	Role of the highest governance body in overseeing the management of impacts	50-59, 111-114	
2-13	Delegation of responsibility for managing impacts	111-114	
2-14	Role of the highest governance body in sustainability reporting	50-59, 104, 114	
2-15	Conflicts of interest	50-59	
2-16	Communication of critical concerns	50-59	
2-17	Collective knowledge of the highest governance body	50-59	
2-18	Evaluation of the performance of the highest governance body	50-59	
2-19	Remuneration policies	86	
2-20	Process to determine remuneration	51-53	
2-21	Annual total compensation ratio	85-86	Systemair has not fully determined the compensation ratio in the Group.
2-22	Statement on sustainable development strategy	6-7	
2-23	Policy commitments	111	Please see Systemairs Code of Conduct, available at https://group.systemair.com/sustainability/code-of-conduct-and-policies/
2-24	Embedding policy commitments	111	
2-25	Processes to remediate negative impacts	22-25, 110-114	
2-26	Mechanisms for seeking advice and raising concerns	111	A whistle-blower function has been established through which matters can be reported anonymously.
2-27	Compliance with laws and regulations	116	
2-28	Membership associations	42	
2-29	Approach to stakeholder engagement	110-112, 114	Systemair has identified customers, owners, investors, and employees as the key stakeholders based on how much they are affected by or impact Systemair.
2-30	Collective bargaining agreements	116	
GRI 3: Material topics 2021			
3-1	Process to determine material topics	22, 110-114	
3-2	List of material topics	22-23, 111-114	
3-3	Management of material topics	22-23, 110-114	

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#### SUSTAINABILITY REPORT

#### GRI INDEX



GRI Standard     Disclosure     Section, page     Deviations and comments       Specific disclosures - GRI 200: Economic     GRI 201: Economic Performance 2016     Inference       201-1     Direct economic value generated and distributed     116       201-2     Financial implications and other risks and opportunities due to climate change     62, 112-113, 132     Only risks presented. Systemair plans to report risks and opportunities relimater and risks	
GRI 201: Economic Performance 2016         201-1       Direct economic value generated and distributed       116         201-2       Financial implications and other risks and opportunities due to climate change       62, 112-113, 132       Only risks presented. Systemair plans to report risks and opportunities due to climate change	
201-1Direct economic value generated and distributed116201-2Financial implications and other risks and opportunities due to climate change62, 112-113, 132Only risks presented. Systemair plans to report risks and opport risks and risks and risks are climated risks and risks are climated ris	
201-2 Financial implications and other risks and opportunities due to climate change 62, 112-113, 132 Only risks presented. Systemair plans to report risks and o	
	apparturities asserting to TCED. In Sustamairle double
201-3 Defined benefit plan obligations and other retirement plans 67-68, note 1 pp. 78-79, note 11 pp. 85-86, note 26 pp. 96-98	
201-4 Financial assistance received from government note 9 pp. 84	
GRI 205: Anti-corruption 2016	
205-1 Operations assessed for risks related to corruption 116	
205-3 Confirmed incidents of corruption and actions taken 116	
GRI 206: Anti-competetive Behavior 2016	
206-1 Legal actions for anti-competetive behavior, anti-trust, and monopoly practices 116	
Specific disclosures – GRI 300: Environmental	
GRI 302: Energy 2016	
302-1 Energy consumption within the organization 117	
302-4 Reduction of energy consumption 117	
GRI 303: Water and Effluents 2018	
303-3 Water withdrawal 117	
GRI 304: Biodiversity 2016	
304-1       Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside of protected areas       117       None of Systemair's production facilities are located in or respective geographic locations for all of Systemair's operation are not disclosed.	
GRI 305: Emissions 2016	
305-1 Direct (Scope 1) GHG emissions 118-119	
305-2 Energy indirect (Scope 2) GHG emissions 118-119	
305-3 Other indirect (Scope 3) GHG emissions 119	
GRI 306: Waste 2020	
306-3 Waste generated 119 Systemair does not collect data regarding the composition	n of waste.
306-4 Waste diverted from disposal 119 Systemair does not collect data regarding the composition	n of waste.
306-5 Waste directed to disposal 119 Systemair does not collect data regarding the composition	n of waste.
GRI 308: Supplier Environmental Assessment 2016	
308-1 New suppliers that were screened using environmental criteria 119	
Specific disclosures – GRI 400: Social	
GRI 401: Employment 2016	
401-1 New employee hires and employee turnover 120 Systemair does not collect data on newly hired employees	s categorized by age group.
GRI 403: Occupational Health and Safety 2018	
403-9 Work-related injuries 121	
403-10 Work-related ill health 121	
GRI 404: Training and Education 2016	
404-1Average hours of training per year per employee122Systemair does not collect data categorized by occupation	nal role.
404-3 Percentage of employees receiving regular performance and career 122 Systemair does not collect data categorized by occupation development reviews	nal role.
GRI 405: Diversity and Equal Opportunity 2016	
405-1 Diversity of governance bodies and employees 123 Systemair does not collect data categorized by occupation	nal role.
GRI 406: Non-discrimination 2016	
406-1 Incidents of discrimination and corrective actions taken 123	
GRI 414: Supplier Social Assessment 2016	
414-1New suppliers that were screened using social criteria119	

# **EU Taxonomy**

The EU Taxonomy Regulation is based on six environmental objectives. Systemair reports all its taxonomy-eligible activities within the first environmental objective, climate change mitigation. Of the remaining environmental objectives, Systemair has economic activities within the second environmental objective, Adaptation to climate change, and the fourth environmental objective Circular economy. Systemair's view is that the first environmental objective covers the economic activities concerned that could also be reported under environmental objectives 2 and 4. As Systemair's greatest activity falls within environmental objective 1.

The Taxonomy will play an important role in helping the EU to scale up sustainable investment as part of implementing the European Green Deal. This will create clarity for investors to move capital where it is most needed.

Reporting consists of a number of key performance measures showing how much of the Company's activities both fall within the scope of the taxonomy and meet the requirements of the Taxonomy – that is, are "taxonomy-aligned". These two measures are to be reported in relation to sales, capital expenditure and operating expenditure. The key performance measures are based on a classification system comprising a list of environmentally sustainable economic activities. At Systemair, this applies mainly to the financial activity 3.5. Manufacture of energy-efficient equipment for buildings. Every economic activity is subject to technical criteria that define what is environmentally sustainable and what is not.

The efficiency of ventilation, heating and cooling plays an important role in a property's energy requirements. Fossil sources are widely used to meet this energy demand worldwide, so there is an urgent need to reduce energy demand. At present, the EU Taxonomy fails to specify criteria for taxonomy-aligned technologies or the like for large and commercial properties in particular. It only applies to smaller ventilation units designed for residential use and for products with heat pump technology. As in other sectors and reporting enterprises, the Taxonomy's technical criteria are therefore subject to interpretations to obtain a fair picture of which products – in Systemair's case – make the most important difference in reducing the energy demand of properties and thus help to limit climate change.

In order to identify sales, capital expenditure and operating expenditure, a survey has been carried out to determine at item level which products both fall within the scope – and in some cases also aligned – depending on the technical criteria of the Taxonomy and the interpretations made. The interpretations made are as follows:

- → For air handling units not covered by the EU energy labelling scheme, Eurovent Certita Certification is used. The Eurovent certification is a recognised industry standard and includes an energy rating system similar to the EU energy label. Energy classes A+ and A have been interpreted as meeting the technical criteria.
- → In the North American market in particular where Eurovent certification carries no weight or major market relevance – energy recovery technology has been used in interpreting whether the air handling unit meets the technical criteria. Energy recovery is one of the most important technologies in ventilation, in terms of significantly reducing the overall energy use for heating and cooling in properties.
- → Other parts of a ventilation system subject to airtightness classification, e.g. ventilation ducts. The technical criteria are interpreted as fulfilled if the airtightness classification meets the requirements of class C or D specified in the EN 1751 standard.

Systemair also sells energy recovery equipment as separate products and those with an EPD (Environmental Product Declaration) are reported under economic activity 3.6. Manufacture of other low carbon technologies. Under economic activity 7.3. Installation, maintenance and repair of energy-efficient equipment, Systemair has reported the part of its servicing activities that fall within the scope of the Taxonomy and meet the relevant criteria.

To be taxonomy-aligned, not only do the technical criteria have to be satisfied, but the Do No Significant Harm (DNSH) criteria also have to be met as well as the Minimum Safeguards.

#### Outcome for 2023/24 and comparison with 2022/23

The outcome for taxonomy-aligned sales for 2023/24 was 26 percent and for 2022/23 28 percent. Regarding taxonomy-eligible sales, the figures were 41 percent and 43 percent, respectively. In capital expenditure, the taxonomy-aligned share rose from 16 percent in 2022/23 to 30 percent in 2023/24. Taxonomy-eligible capital expenditure increased from 22 percent to 38 percent. In operational expenditure, the taxonomy-aligned outcome was 34 percent in 2022/23 and 30 percent for 2023/24. In taxonomy-eligible operational expenditure, the outcome was 47 percent and 46 percent respectively.

Taxonomy-aligned sales decreased by 2 percent mainly because sales of energy recovery equipment and residential ventilation decreased during the year relative to other sales. This change also explains the difference in taxonomy-eligible sales. As regards capital expenditure, the difference is explained by the fact that no major business combinations took place during the year and so no additional capital expenditure was incurred, as was the case for 2022/23. The decrease in operating expenditure was largely attributable to a decrease in the relative sales for taxonomy-aligned products during the year.

#### Accounting policies

The accounts apply to all wholly- or majority-owned Systemair companies. For more information on Systemair's financial reporting, see Note 1 Statement of accounting and valuation policies on pages 78–79.

		2023/24 Criteria for substar					ntial cor	tial contribution			ria for "D	o No Sig	nificant H	Harm" (D	NSH)					
Economic activities (1)	Code (2)	Sales (3)	Share of sales (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) sales, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)	1
		SEK m.	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	Е	т	

#### A. ACTIVITIES ELIGIBLE BY THE TAXONOMY

Total (A+B)

#### A.1 Environmentally sustainable activities (Taxonomy-aligned)

Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	CCM <b>3.5.</b> 3.6. 7.3.	3 161	26%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes*	Yes*	Yes	Yes*	Yes	28%	E	
Sales for environmentally sustainable activities (Taxonomy-aligned) (A.1)		3 161	26%	26%	-	-	-	-	-							28%		
Of which enabling activities		3 161	26%	26%	-	-	-	-	-							28%	E	
Of which transitional activities		-	-	-	-	-	-	-	-							-		Т

A.2. Activities eligible by the Taxonomy but not environmentally sustainable

12 256 100%

Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	CCM <b>3.5.</b> 3.6. 7.3.	1 838	15%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								15%	
Sales for activities eligible by the Taxonomy but not environmentally sustainable (A.2)		1 838	15%	15%	-	-	-	-	-								15%	
Total (A.1+A.2)		4 999	41%	41%	-	-	-	-	-								43%	
B. ACTIVITIES NOT ELIGIBLE BY THE TAXO	NOMY																	
Sales for activities not eligible by the Taxonomy (B)		7 257	59%				In	category	7.3., (13	), (14) an	ıd (16) ar	re not ap	plicable	to the ec	onomic a	activity.		

#### Turnover

The sales reported are based on external net sales. In the case of sales within economic activities 3.5. and 3.6, only sales from products are included in the basis for reporting, meaning that spare parts and accessories, other than those subject to airtightness classification, are not included.

Products that fall within the scope of the Taxonomy and those meeting the technical criteria have been analysed at item level in Systemair's central ERP system, as used by the majority of Systemair companies, representing approximately 70 percent of total external sales.

In the remaining companies, products have been identified by experts within each company and on the basis of internal sales recorded in the central ERP system. Activities in 7.3. represent a minor share of total sales. In the absence of sufficiently detailed data the taxonomy-eligible and -aligned shares have been estimated on the basis of the net external sales of servicing activities relative to the share of taxonomy-eligible and -aligned net external sales in 3.5. for each company.

The difference between taxonomy-aligned and taxonomy-eligible sales is mainly explained by the fact that some product configurations cannot achieve a sufficiently high energy efficiency class and at the same time fulfil the necessary need-specific requirements. Systemair is actively working to reduce this gap.

EU TAXONOMY

## Capital expenditure

Systemair accounts for its capital expenditure under IFRS, and thus in the categories of property, plant and equipment, intangible assets and leases. To assess taxonomyeligible and -aligned capital expenditure, investments made during the financial year are to be assessed on the basis of whether they can be related to taxonomy-eligible and -aligned products or whether they are covered by economic activities 7.3, 7.4, 7.5 or 7.6.<sup>1</sup>

Based on this definition and adapted instructions, each subsidiary has first identified investments made during the year that fall into the categories 7.3., 7.4., 7.5. and 7.6., as they are not related to which products are sold. After these capital expenditure items have been reported separately, the remaining investments have been assessed as to what extent they can be related either to taxonomy-eligible products or to taxonomy-aligned products.

In the case of leasing, the breakdown of taxonomy-eligible sales for each company has, for the purposes of simplification, been used as the calculation key. Account has also been taken of any taxonomy-eligible additions to property, plant and equipment and intangible assets arising from business combinations. Goodwill has not been included as it does not fall within the scope of IAS 38, which establishes the definition for intangible assets in the taxonomy.

1 According to Annex 1 of the Taxonomy Regulation: 7.3. Installation, maintenance and repair of energy-efficient equipment 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces associated with buildings); 7.5. Installation, maintenance and repair of instruments and equipment for measuring, regulating and monitoring the energy performance of buildings; 7.6. Installation, maintenance and repair of renewable energy technology.

	2023/24			(	Criteria fo	or substa	antial cor	ntributio	n	Criteria for "Do No Significant Harm" (DNSH)									
Economic activities (1)	Code (2)	Capital expenditure (3)	Share of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (1 7)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) capital expenditure, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK m.	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	Т

#### A. ACTIVITIES ELIGIBLE BY THE TAXONOMY

Total (A+B)

#### A.1 Environmentally sustainable activities (Taxonomy-aligned)

707

100%

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Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies	CCM <b>3.5.</b> 3.6.	205	29%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	Yes	Yes	Yes	Yes	Yes	13%	E	
Capital expenditure related to economic activities 7.3., 7.4., 7.5., 7.6.	CCM 7.3. 7.4. 7.5. 7.6.	6	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	N/A	N/A	Yes**	N/A	Yes	3%	E	
Capital expenditure for environmen- tally sustainable (Taxonomy-aligned) activities (A.1)		211	30%	30%	-	-	-	-	-								16%		
Of which enabling activities		211	30%	30%	-	-	-	-	-								16%	E	
Of which transitional activities		-	-	-	-	-	-	-	-								-		Т
A.2. Activities eligible by the Taxonomy b	ut not er	nvironmei	ntally sus	stainable	2														
Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies	CCM <b>3.5.</b> 3.6.	48	7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Capital expenditure related to economic activities 7.3., 7.4., 7.5., 7.6.	CCM 7.3. 7.4. 7.5. 7.6.	8	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Capital expenditure for activities that are eligible by the Taxonomy but are not environmentally sustainable (A.2)		56	8%	8%													6%		
Total (A.1+A.2)		267	38%	38%													22%		
B. ACTIVITIES NOT ELIGIBLE BY THE TAXO	NOMY																		
Capital expenditure for activities not eligible by the Taxonomy (B)		440	62%		**Only	applies	to 7.3. w	hich is a	ssessed	as "Yes",	as no inv	/estment	in the e	conomic	activity r	elated to	building ins	ulation.	

According to the Taxonomy's definition of operating expenditure, this includes direct expenditure related to research and development, building renovation, short-term leases, maintenance and repair, as well as any other direct expenditure relating to the day-to-day maintenance of property, plant and equipment performed by the enterprise or a third party contracted for this purpose and necessary to ensure the continuous and efficient functioning of these assets. This definition represents the total basis for calculating the taxonomy-eligible and -aligned operating expenditure.

Each company has identified and reported its total operating expenditure base, on the basis of the Taxonomy definition and adapted instructions. In view of a lack of sufficiently detailed information to determine the taxonomy-eligible and -aligned operating expenses, the breakdown of taxonomyeligible and -aligned sales for each company has been used as a calculation key.

		2023/24			Criteria f	or substa	antial coi	ntributio	n	Crite	eria for "[	Do No Sig	nificant l	Harm" (D	NSH)				
Economic activities (1)	Code (2)	Operating expenditure (3)	Share of operating expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) operating expenditure, year 2022/23 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK m.	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	E	Т
A. ACTIVITIES ELIGIBLE BY THE TAXONON	1Y																		

#### A.1 Environmentally sustainable activities (Taxonomy-aligned)

A.I LINIOIIIIeillaily sustainable activities		y ungricu,	<u>'</u>																
Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	CCM <b>3.5.</b> 3.6. 7.3.	49	30%	Y	N/EL	N/EL	N/EL	N/EL	N/EL		Yes	Yes*	Yes*	Yes	Yes*	Yes	34%	E	
Operating expenditure for environmen- tally sustainable (Taxonomy-aligned) activities (A.1)		49	30%	30%	-	-	-	-	-								34%		
Of which enabling activities		49	30%	30%	-	-	-	-	-								34%	E	
Of which transitional activities		-	-	-	-	-	-	-	-								-		Т
A.2. Activities eligible by the Taxonomy bu	ut not envi	ronmenta	lly sustai	nable															
Manufacture of energy efficiency equip- ment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	CCM <b>3.5.</b> 3.6. 7.3.	25	16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Operating expenditure of activities that are eligible by the Taxonomy but not environmentally sustainable (A.2)		25	16%	16%	-	-	-	-	-								13%		
Total (A.1+A.2)		74	46%	46%	-	-	-	-	-								47%		
B. ACTIVITIES NOT ELIGIBLE BY THE TAXON	NOMY																		
Operating expenditure for activities not eligible by the Taxonomy (B)		87	54%				*Ir	n categor	y 7.3., (1	3), (14) a	nd (16) a	re not ap	oplicable	to the ea	onomic a	activity.			
Total (A+B)		161	100%																



#### EU TAXONOMY

# Criteria for "Do No Significant Harm" (DNSH)

To be classified as taxonomy-aligned, not only does the economic activity have to meet the technical criteria, it must also not cause significant harm in the other environmental areas included in the Taxonomy. Because Systemair only reports in Environmental area 1, areas 2 to 6 are presented below.

## 2. Climate change adaptation (12)

In order not to cause any significant harm, the relevant organisation has to perform an evaluation of physical climate risks. Systemair has conducted an analysis of climate-related risks in the operations concerned. See page 132 for more on Climate-related risks.

## 3. Water and marine resources (13)

Systemair's manufacturing mostly uses no water, and use is in very limited volumes, so it has no significant impact. In the areas with a higher risk of water scarcity where Systemair operates, the analysis of climate-related risks has identified where our business needs to implement measures to reduce risk.

## 4. Circular economy (14)

To enable the requirements of the circular economy to be met, the Taxonomy has broken it down into four parts.

- $\rightarrow$  The first aims wherever possible to reuse materials, or to use materials made from recycled materials. In design and product development, Systemair has a step-by-step policy to make our products more sustainable. This includes challenging the selection of materials, for greater resource efficiency and a lower carbon footprint.
- $\rightarrow$  Secondly, Systemair aims wherever possible to design for a longer service life, ease of recycling and ease of maintenance. Systemair's design and product development policy includes, for example, the aim that design should take into account the entire life cycle of the product, an increased service life and ease of maintenance; in addition, it should be possible for the product to be disposed of in the best possible way at the end of its life.
- $\rightarrow$  The third aim is wherever possible to manage waste sustainably during the manufacturing process. Systemair has an environmental, energy and emissions policy that is mandatory for all manufacturing facilities. The policy states that waste should be handled responsibly and that what can be recycled should be recycled.
- The fourth aim is wherever possible to maintain information and traceability on harmful substances in the life cycle of manufactured products. Systemair works continuously on monitoring to minimise the risk of any harmful substance being present in our products.









# 5. Pollution (15)

Systemair has processes in place and works continuously on monitoring the substances that are harmful according to the EU directives and current regulations. Systemair does not consider that any economic activity interpreted as taxonomy-aligned causes significant harm.

## 6. Biodiversity and ecosystems (16)

Systemair complies with the local environmental laws and regulations that apply, in order to utilise new land and obtain approval from government agencies for establishing activities on the land. None of our manufacturing facilities are located in or near a nature conservation area.

# Minimum safeguards (17)

To be classified as taxonomy-aligned, the economic activity must not only meet the technical criteria, it must also comply with the minimum safeguards. These are currently categorised into four areas, as described, right:

- → Human rights Systemair supports the 10 principles of the UN Global Compact on human rights, labour rights, environment and anti-corruption. The 10 principles, along with the OECD Guidelines for Multinational Enterprises (MNE), the UN Guiding Principles on Business and Human Rights and the ILO's eight fundamental conventions, form an important basis for what Systemair commits to uphold through corporate responsibility. This is incorporated into the Systemair Code of Conduct.
- → Corruption Systemair operates a policy of zero tolerance of corruption. It also has a dedicated anti-corruption policy. For more on our anti-corruption work, see page 116.
- → Tax Systemair endeavours to pay the right tax in the right country in accordance with the relevant laws and regulations of the country concerned. All cross-border transactions between Group entities shall be conducted in accordance with the arm's length principle as defined in the OECD Transfer Pricing Guidelines and in accordance with local transfer pricing rules and regulations. Systemair has a dedicated tax policy.
- → Anti-competitive activities Systemair complies with each country's legislation on cartels and competition. Systemair does not engage in anti-competitive activities. This is incorporated into our Systemair Code of Conduct.

### **Climate-related risks**

Climate change is an ongoing global challenge that is having a profound impact on our planet and humanity as a whole. The increase in greenhouse gases in the atmosphere, in particular due to carbon dioxide emissions from human activities, is amplifying the greenhouse effect and is raising the temperature of the Earth's climate. This warming is leading to a series of changes, such as melting polar ice caps, rising sea levels, extreme weather events and changes in ecosystems. It is also increasing the risk of natural disasters.

In the context of the double materiality assessment performed in accordance with the requirements of CSRD, Systemair has identified both opportunities and risks associated with climate change. As part of this work, Systemair will provide reporting on climate-related risks in line with the established ESRS standards.

To prepare for the future, Systemair has analysed the climate-related risks that our business will face in the future. The climate risk analysis is currently limited to the manufacturing companies that fall within the scope of the EU Taxonomy, as part of the satisfying the criteria of Do No Significant Harm (DNSH). In the future, a more detailed climate risk analysis will be conducted for all activities within the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

Systemair is currently in the process of developing a framework to enable the Company's various subsidiaries to perform individual climate risk analyses. The ambition is to tailor these analyses to reflect each entity's unique operating conditions and geographical location. Through this approach, Systemair is striving to optimise the use of existing local knowledge within the Group companies.

The analysis was based on the IPCC's Shared Socioeconomic Pathway (SSP). Two different scenarios were used to project future developments, one optimistic, SSP 1–2.6, and one pessimistic, SSP 5–8.5. SSP 1–2.6 is based on the assumption that humanity moves to more sustainable form of development that respects the limits of the planet, resulting in decarbonisation from the 2020s and achieving net zero carbon dioxide emissions by 2100. SSP 5–8.5 assumes that humanity will continue to use fossil fuels to promote economic growth and maintain a resourceand energy-intensive lifestyle. In this scenario, carbon dioxide emissions are expected to increase over the century. The risk analysis we have performed extends to 2060 and incorporates these different scenarios.

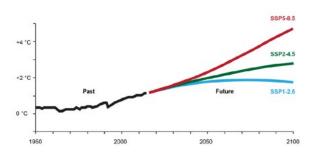
We have conducted an extensive mapping exercise on how climate change will affect the companies selected. We based this analysis on the IPCC's WGI Interactive Atlas tool. Using this tool, we first mapped the climate developments anticipated for the short term (2020–2040) and the medium term (2040–2060). We then used the same tool to assess how the risk of different physical hazards to the climate will be affected. Examples of physical risks investigated include droughts, floods and storms.

To complement the IPCC data, we also used the World Resources Institute's (WRI) Aqueduct tool. Use of Aqueduct enabled us to acquire more detailed mapping of the water-related risks that our organisations may face in the future. The tool enables specific water stress risks for various groundwater reservoirs to be identified, as well as flood risks for rivers and coastal regions.

A risk matrix was then developed to categorise the risks based on a scale from very low to very high. When categorising the risks, Systemair took into account both the probability of the events occurring and their impact on the business if they were to occur. The risk analysis focused on assessing the impact on our own operations and did not include the assessment of how climate change may affect our value chain. This will be further investigated and analysed in the future.

The main risks to which Systemair is exposed are extreme temperatures and flooding. As regards the activities that involve risks classified as high, we are in the initial stages of developing plans to reduce the likelihood of these risks occurring and to reduce the potential impact they may have on the business. In line with the criteria for DNSH, we aim to ensure that our plans for transition do not have adversely affect on other stakeholders in the neighbourhood.

#### **Global Surface Temperature Change**



https://climatedata.ca/resource/understanding-shared-socio-economic-pathways-ssps/



# Auditor's Opinion regarding the Statutory Sustainability Report

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

#### Assignment and responsibilities

The Board of Directors is responsible for the sustainability report for the financial year 1 May 2023 to 30 April 2024 on pages 18–33, 60–63, 110–111, 114 and 126–132 and for verifying that it has been prepared in accordance with the Swedish Annual Accounts Act.

#### Emphasis and scope of the examination

Our examination has been conducted in accordance with FAR recommendation RevR 12 Auditor's Examination of the Statutory Sustainability Report. This means that our statutory examination of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. In our view, this examination provides us with sufficient grounds for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm on the date indicated by our electronic signature. Ernst & Young AB

Johan Holmberg Authorised Public Accountant



Annual General Meeting The Annual General Meeting (AGM) will be held at 3.00 p.m. on Thursday 29 August 2024 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden. There will be a tour of the Technology Centre, with product presentations, prior to the meeting. Those wishing to participate should assemble at 1.00 p.m. at Systemair's Expo, Skinnskatteberg.

# Right to attend the AGM and notification of intention to take part

To be entitled to participate in and vote at the AGM, you must be directly registered in the share register maintained by Euroclear Sweden AB on the record day, Wednesday, 21 August 2024, and must notify the Company of your intention to participate no later than Friday, 23 August 2024. If you wish to check that you are directly registered as a shareholder in the share register, please contact your bank.

#### You must register either by completing the form at:

group.systemair.com/registration/; by telephone on +46-(0)222 440 00; or by post to Systemair AB, Receptionen, SE-739 30 Skinnskatteberg, Sweden. Applications must include details of name, civic registration number/corporate registration number, address, telephone number, any assistants (no more than two) and number of shares. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. Power of attorney forms are available on the Company's website group.systemair.com but may also be obtained by contacting reception. Anyone representing a legal entity must present a registration certificate, or equivalent document, confirming the person's authority to sign for the organisation. Powers of attorney, registration certificates and other documents of authorisation must be available at the AGM; the original power of attorney must be presented.

#### **Complete notice**

A complete notice of the Annual General Meeting, together with financial and other information, are available on the Systemair website: group.systemair.com.

#### Calendar

29 August 2024	Interim Report Q1 2024/25	
4 December 2024	Interim Report Q2 2024/25	
6 March 2025	Interim Report Q3 2024/25	
5 June 2025	Year-end report 2024/25	
28 August 2025	Interim Report Q1 2025/26	
4 December 2025	Interim Report Q2 2025/26	





The Systemair brand spans a wide range of high-quality ventilation products, including fans, air distribution products, air conditioning products and air handling units for both comfort and safety ventilation. Systemair holds a strong position as a leading maker of energy-efficient ventilation products.



Under our Fantech brand, we develop, design and market ventilation solutions in North America. These products are sold to resellers in the USA and Canada by the Company's own salespeople and agents. We use the Fantech brand for the residential market, while the Systemair brand targets commercial projects where there is major demand for energy-efficient solutions.

# FRICD

Under the Frico brand, Systemair offers turnkey solutions based on products for airborne heating and we are market-leading in air curtains and airborne heating in Europe. Frico is represented in 70 countries via subsidiaries or distributors. The brand represents an accumulation of 80 years of experience in developing products that deliver a pleasant indoor climate to customers.



Menerga is a market-leading brand in Europe for air handling units in the segments comprising swimming pools, precision ventilation and industrial application. The company was established in 1980 and its products are marketed throughout Europe, with Germany the largest market.



