

Systemair AB (publ) Interim report 1 May – 31 July 2023

First quarter, May – July 2023

- Net sales increased by 11.4 percent to SEK 3,175 million (2,849).
- Organic growth was +10.7 percent (+14.3).
- Operating profit (EBIT) totalled SEK 335 million (270).
- The operating margin was 10.5 percent (9.5).
- Profit after tax amounted to SEK 242 million (217).
- Earnings per share (basic) were SEK 1.17 (1.04).
- Cash flow from operating activities amounted to SEK +307 million (-65).

Net sales Q1

SEK 3,175 m.

EBIT Q1

SEK 335 m.

Significant events during the period under review

- In June, a change in Group Management was announced in which Martin Dahlgren will take up the new role of Vice President Products and Technologies. It was also announced that Janni Weber, VP M&A, intends to move on to new challenges. Recruitment of a replacement is under way.
- In May 2023, the Slovenian sales and service company Menerga d.o.o. was acquired. The company has sales of around EUR 3 million and 24 employees.

	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
Net sales, SEK m.	3,174.9	2,848.9	12,057.9
Growth, %	11.4	24.4	25.2
Operating profit, SEK m.	334.9	269.6	1,401.4
Operating margin, %	10.5	9.5	11.6
Profit after tax, SEK m.	242.3	217.1	1,044.7
Earnings per share (basic) (SEK) ¹	1.17	1.04	5.00
Earnings per share (diluted) (SEK) ¹	1.17	1.04	5.00
Operating cash flow per share (basic) (SEK) ¹	1.47	-0.31	2.83
Operating cash flow per share (diluted) (SEK) ¹	1.47	-0.31	2.82

1) Systemair AB has issued 1,099,740 warrants to persons holding senior positions in the company.

Off to a good start

Systemair's financial year began with a strong first quarter. Net sales increased to SEK 3,175 million, with organic growth of 10.7 percent (14.3). Operating profit improved to SEK 335 million (270) and the operating margin to 10.5 percent (9.5). We remain positive about the future; energy-efficient ventilation products and a good indoor climate are increasingly being seen as important in society.

The market

Demand in the first quarter remained good, with organic growth of 10.7 percent (14.3). Earlier supply problems with components have continued to ease, enabling more deliveries to be completed. This benefits customers and projects requiring short delivery times. The order intake for the quarter exceeded invoicing.

All regions with the exception of the Nordics show good growth during the period. In the Nordic market, sales of residential ventilation products have decreased. However, Systemair's global exposure to the residential market is relatively minor, and historically we have been able to compensate more than sufficiently in the renovation market and in commercial construction. Demand for higher energy-efficiency in ventilation solutions remains strong, driven by the green transition in society at large and the need for higher energy efficiency in buildings. The strongest growth during the quarter was recorded in North America and the Middle East.

Acquisitions and investments

A major focus over the past year has been on the divestment of the commercial air conditioning business, which was finalised in our fourth quarter. We currently have a number of ongoing activities for optimization and development of the existing operations, in particular with a focus on organic growth. Several investments are also in progress to increase and streamline production in markets including Lithuania, the Czech Republic, Slovenia and Canada. Since the end of the quarter, a start has also been made on a new production building at our distribution centre in southern Germany.

Systemair's balance sheet is strong, providing scope for further investments and attractive acquisitions. With the divestment of the air conditioning business, we have reduced our indebtedness and significantly lowered our interest expenses.



Sustainability

We are continuing to systematically advance our sustainability work in all our areas of operations. Every quarter, we report on progress in three priority areas: work-related injuries leading to sickness absence, proportion of female leaders and Scopes 1 and 2 emissions. We are continuing to reduce our emissions, for example by investing in solar panels at our production facilities. Many activities are being pursued to ensure that our sustainability work makes positive progress in the long term.

Energy saving and energy efficiency remain our focus, especially in our product development.

Outlook favourable

Systemair's explicit financial targets of no less than 10 percent for sales growth and operating profit were achieved during the quarter. Despite the recent years of pandemic, supply chain challenges and suspension of deliveries to Russia, Systemair can report strong sales growth and improved profit. We have a clear strategy of investing extensively in machinery and buildings that support the aims of good long-term growth and profitability.

With our 26 well-invested production facilities in 18 countries, along with the most comprehensive product range in energy-efficient ventilation on the market, we are well equipped for continued growth.

Roland Kasper
President and CEO

Sales and markets

Group sales for the first quarter of the 2023/24 financial year totalled SEK 3,174.9 million (2,848.9), up 11.4 percent on the same period last year. Adjusted for foreign exchange effects and acquisitions, net sales rose 10.7 percent. Growth relating to acquired operations and disposals totalled -3.5 percent, while foreign exchange effects boosted sales 4.2 percent during the quarter.

Order intake in the quarter exceeds invoicing, although we are seeing a levelling off as our delivery times return to more normal levels and our customers are able to place orders with shorter lead times.

Geographical breakdown of Q1 sales

Nordic region

During the first quarter, sales in the Nordics were 8.9 percent lower than in the same period last year. The Danish market showed a positive trend in the quarter, while sales in the markets in Sweden, Finland and Norway declined. Adjusted for foreign exchange effects and acquisitions, the value of sales was down 9.3 percent.

Western Europe

Sales growth in the West European market remained strong during the quarter, with an increase of 12.4 percent compared to the same period last year.

Adjusted for foreign exchange effects and acquisitions, the value of sales rose 9.5 percent. In particular, Belgium, the UK and France showed good growth in the quarter, while sales in the Netherlands decreased.

Eastern Europe and CIS

Excluding Russia, growth was 14.1 percent. Other major markets in the region showed good growth, including the Czech Republic, Poland and Slovenia. Sales in Eastern Europe and the CIS rose by 7.1 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, the value of sales rose 2.6 percent.

North America

Sales in North America during the quarter were 26.6 percent higher than in the same period in the preceding year. Adjusted for foreign exchange effects, the value of sales rose 23.1 percent. Both the US and the Canadian markets showed growth in the quarter.

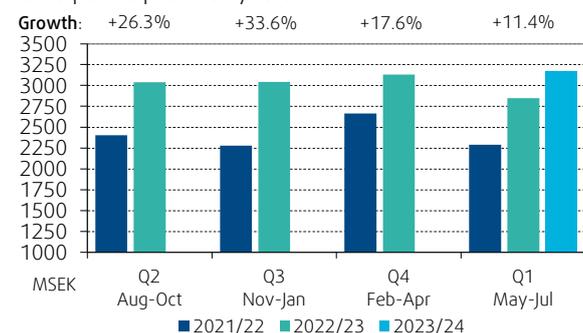
Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa increased by 26.7 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales increased by 40.0 percent, making the region Systemair's second biggest. Turkey, India and Morocco all reported good growth during the period.

	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	Sales - change	Of which, organic
Nordic region	443.7	487.2	-8.9%	-9.3%
Western Europe	1,464.2	1,302.5	12.4%	9.5%
Eastern Europe & CIS	407.5	380.5	7.1%	2.6%
North America	412.5	325.9	26.6%	23.1%
Middle East, Asia, Australia and Africa	447.0	352.8	26.7%	40.0%
Total	3,174.9	2,848.9	11.4%	10.7%

(Sales figures are based on geographical domicile of customers.)

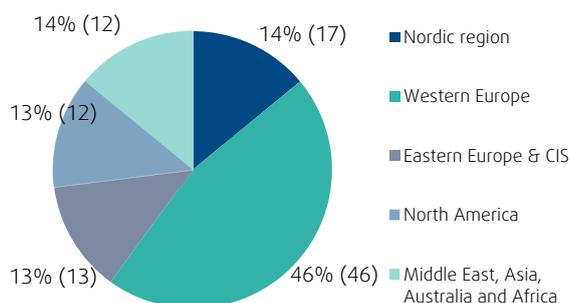
Net sales per quarter compared with same period previous years



Net sales



Sales by market, 3 months 2023/24 (2022/23)



Results for the first quarter

Gross profit for the first quarter amounted to SEK 1,098.8 million (985.8), an increase of 11.5 percent over the same period last year. The gross margin was unchanged at 34.6 percent (34.6).

Operating profit for the first quarter totalled SEK 334.9 million (269.6), an increase of 24.2 percent over the same period last year. The operating margin was 10.5 percent (9.5). Operating profit includes an impairment loss of SEK 3.2 million on goodwill in Menerga Poland. Adjusted operating profit was SEK 338.1 million (271.9). The adjusted operating margin was 10.6 percent (9.5).

Selling and administration expenses for the quarter totalled SEK 788.5 million (702.9), a rise of SEK 85.6 million, or 12.2 percent. Acquired businesses represent SEK 7.7 million of the increase in costs, while divested businesses represent SEK 39.2 million of the figures shown for comparison. As a result, selling and administration expenses in like-for-like units rose SEK 117.1 million, 16.7 percent. The increase is due, among other things, to increased costs because of the good growth. Some currency impact also played a part, in that the Swedish krona again weakened during the quarter.

Selling expenses were charged with SEK 5.7 million (4.2) for anticipated bad debts. No acquisition-related

costs were charged to income during the quarter. Last year, these amounted to SEK 2.6 million for the quarter.

Net financial items for the first quarter totalled SEK -18.0 million (-3.8). The effects of foreign exchange on long-term receivables, loans and bank balances totalled SEK +2.6 million (+7.5) net. Interest expenses for the quarter totalled SEK -20.9 million (-10.6).

Tax expense

Estimated tax for the quarter totalled SEK -74.6 million (-48.7). This represents an effective tax rate of 23.5 percent (18.3) based on profit after financial items.

Acquisitions and new businesses

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.

For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 3 in this interim report.

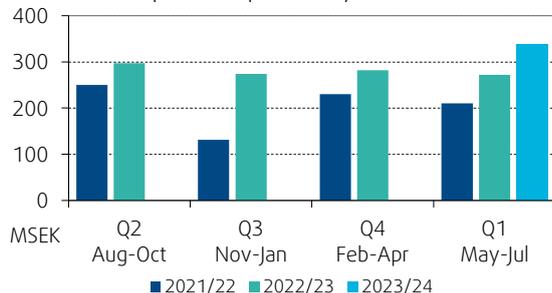
Investments, depreciation and amortisation

Investments for the quarter, net of disposals, totalled SEK 172.2 million (413.1), including SEK 129.3 million (91.6) in new construction and machinery. The investments made include measures to expand capacity in the production facilities in the Czech Republic and Canada. Acquisitions and formerly withheld purchase considerations totalled SEK 37.7 million (319.7). Depreciation, amortisation and impairment of non-current assets amounted to SEK 104.7 million (103.2).

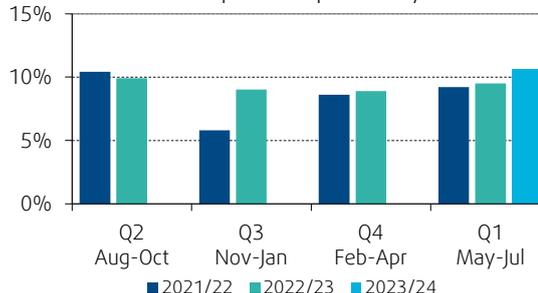
Personnel

The average number of employees in the Group was 6,283 (6,382). At the end of the period, Systemair had 6,616 employees (6,830), 214 fewer than one year earlier. Acquired companies added a total of 83 employees

Adjusted operating profit per quarter, relative to the same period in previous years



Adjusted operating margin per quarter, relative to the same period in previous years



while company disposals reduced the number of employees by 358. New personnel were hired in India (101), the Czech Republic (33) and Turkey (31). Personnel cutbacks were made at Koolair in Spain (-59), Russia (-36), Sweden (-30) and Menerga in Germany (-25).

Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 388.5 million (309.0). Changes in working capital, mainly consisting of a decrease in trade accounts payable, had an impact of SEK -81.8 (-373.8) on cash flow. Last year, working capital increased sharply due to increased inventory and accounts receivable, a trend that has been reversed during the year. Net cash flow from financing activities was SEK -70.5 million (+429.9), as a result of loan amortisation. At the end of the period, net indebtedness was SEK 1,433.0 million (2,628.1). The debt/equity ratio was 0.69 (2.03). The adjusted debt/equity ratio, based on adjusted EBITDA, was 0.89. The consolidated equity/assets ratio was 56.8 percent (44.0) at the end of the period under review.

Warrants

On 25 August 2022, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2022 incentive programme. During the financial year, Systemair AB issued a total of 520,740 warrants for Systemair shares to senior executives of the Company. Transfer of the warrants to the participants will be effected at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). The programme runs for four years and the last day for share subscription is 30 September 2026. In addition, 579,000 warrants were issued in 2021 to senior executives under the LTIP 2021 programme. This

programme also runs for four years and the last day for share subscription is 30 September 2025. During the quarter, 12,000 warrants were bought back from employees who ended their employment.

Financial targets

Systemair has the following financial targets.

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

Sustainability work

Sustainability issues are a central and natural part of 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 role in our commitment to contribute to a more sustainable planet.

Sustainability is part of our strategy and integrated into our operations. Our sustainability framework focuses on four areas that contribute to progress in ten of the Sustainable Development Goals.

New factory inaugurated in India

During the quarter, a new factory was inaugurated next to our main facility in Greater Noida, just outside the capital New Delhi in northern India.

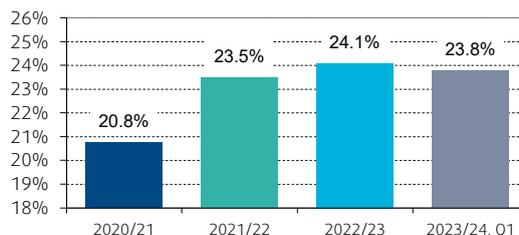
Systemair already has a production facility in Hyderabad, and with the new factory, we now have three production facilities in India with a total area measuring about 25,000 square metres.

The production facilities in India manufacture certified air handling units, air distribution products, fans and fire safety products.



 <p>Responsible enterprise</p> <ul style="list-style-type: none"> Ensuring an ethical and responsible business Zero tolerance for corruption Taking responsibility in our supply chain 	 <p>Sustainable workplace</p> <ul style="list-style-type: none"> Zero work-related injuries Promote employee development Equal opportunities with an inclusive culture 	
 <p>Sustainable operations</p> <ul style="list-style-type: none"> Reduce greenhouse gas (GHG) emissions Improve our energy efficiency Reduce our environmental impact 	 <p>Sustainable products</p> <ul style="list-style-type: none"> Develop leading energy-efficient solutions Improving indoor air quality Life cycle approach and reduce environmental impact 	

Percentage of female leaders



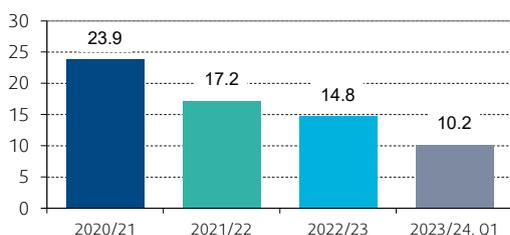
Sustainability reporting

Systemair reports annually on its sustainability work in the Company's Annual Report. To improve governance and monitoring, and to increase transparency, Systemair is collecting selected quarterly sustainability data. Three key performance measures from sustainability reporting are presented below.

Work-related injuries leading to sickness absence

Systemair strives to ensure that no work-related injuries occur, especially those that lead to sick leave. Our aim is for a reduction of 15 percent per year in our work-related injuries leading to sick leave, as measured by the LTIFR. The LTIFR for the quarter decreased by 31 percent compared to the outcome for 2022/23. The reduction was achieved mainly through consistent and structured work in education, prevention and investment.

Work-related injuries with sickness absence, LTIFR



Female leaders

Increasing the proportion of female leaders is a strategic goal and the aim is that by 2025/26 no less than 25 percent of Systemair's leaders will be women. A leader is defined as a person who is a member of a local management team and/or has directly reporting employees. The proportion of female leaders decreased slightly compared to the outcome for 2022/23. The metric is volatile in the short term. Systemair uses various measures and programmes to create firmer ground for long-term positive developments in the area.

Scopes 1 and 2 emissions (CO₂e)

Systemair has set a target to halve its emissions intensity by 2030/31, with 2019/20 as the base year. The calculation is now based on the market-based method for emissions related to purchased electricity in all years. As a result, figures reported previously have been updated. The emission intensity was low in the quarter under review. May to July are warm months and so emissions from heating are much lower than for colder months. Emission intensity decreased by 23 percent compared to the same quarter last year. Higher Cost of Goods Sold (COGS) due to inflation and price increases are a contributory factor in the decrease over time.

Our investments in solar cell installations are helping to lower emissions, with 278,000 kWh generated in the past quarter.

Emissions intensity Scopes 1 & 2 (Ton CO₂e/SEK m. COGS)



Events after the close of the period

No significant events have occurred since the end of the financial year.

Exposure to Russia, Ukraine and Belarus

At the end of the interim report period, the number of employees in Russia, Ukraine and Belarus stood at 191. Systemair's sales in the region represent 1.5 percent of the Group's total sales for the quarter.

In Russia, 12 local sales offices with associated warehouses operate. In Moscow, the Group has a production plant with associated land, which after impairment together have a book value of SEK 49.4 million. Goodwill and other non-current assets have been written down to zero. Working capital, mainly in inventories and cash, totals SEK 75.9 million. At present, it is not

possible to take this money out of Russia. The Company's costs have been adjusted to the declining sales volume on an ongoing basis.

Material risks and uncertainty

Systemair has chosen to organise risk management into four different categories: strategic, operational, financial and regulatory. Strategic risks comprise, for example, macroeconomic developments in the cyclical construction industry, geopolitics and brand-related risks. Examples of operational risk factors include product availability and skills supply. The financial risks that Systemair has identified in its business consist of foreign exchange risk, borrowing and interest rate risk, as well as credit risk and liquidity risk. Finally, regulatory risks include corruption and product requirements. The material risks and uncertainties affecting Systemair are described in more detail in the Company's 2022/23 Annual Report.

Related party transactions

There were no material related party transactions during the quarter. Transactions with related parties are described in detail in Note 40 to the accounts in the Annual Report for the 2022/23 financial year.

Parent Company

The Parent Company's net sales for the period under review totalled SEK 46.0 million (45.8). Operating profit was negative, at SEK -41.5 million (-36.2). The Parent Company had 64 employees (59). The core business of the Parent Company consists of intra-Group services.

Systemair in brief

Systemair is a leading ventilation company with operations in 51 countries in Europe, North America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 12.1 billion in the 2022/23 financial year and today employs approximately 6,600 people. Systemair has reported an operating profit every year since 1974, when the Company was founded. Over the past 10 years, growth has averaged 10.5 percent. Systemair helps to improve the indoor climate with the help of energy-efficient and sustainable products that reduce carbon dioxide emissions.

Systemair has well-established operations in growth markets. The Group's products are marketed under the Systemair, Frico, Fantech and Menerga brands. Systemair shares have been quoted on the Nasdaq OMX Nordic Exchange in Stockholm since October 2007, and are today traded on the Large Cap List. The Group comprises about 90 companies.

About Systemair

The Company established operations in 1974 with a product concept, the circular duct fan, a design that considerably simplified the process of installation. We adopted the motto "the direct route", which has been developed from a product concept into a business philosophy. Our product range has expanded strongly to extend over a broad range of fans, air handling units, products for air distribution, air conditioning, air curtains and heating products.

Mission statement

Operating from the core values of simplicity and reliability, our business concept is to develop, manufacture and market energy-efficient, high-quality ventilation products. On the basis of our business concept and with our customers in focus, our aim is to be seen as a company to rely on, with the emphasis on delivery reliability, availability, sustainability and quality.

Business model

Availability is an important parameter in terms of our competitiveness, and we ensure effective control of our flow of goods, with our own production units, centralised warehouse facilities and an efficient common ERP system. With modern production plants and our own sales companies around the world, we reach out directly to our customers.

The business model supports stability and development, and today we are a leading producer and supplier of ventilation products with our own production and own sales companies.

Strategies

Systemair's mission is to create better air every day around the world. Through energy-efficient and sustainable products, we are reducing CO2 emissions and energy consumption, and we are leveraging the powerful drivers in the market to achieve our goals.

Strategic priorities:

- We will provide an attractive workplace with an inclusive culture that promotes employee development and entrepreneurship. Through this internal strength, we can build strong relationships based on expertise and trust.
- We provide a wide range of quality products, based on standardised platforms, with energy efficiency and indoor air quality at their core. Our products are designed to make connected and smart solutions possible.

- We will improve our profitability by maximising economies of scale and via efficient product development focused on standardisation. A strong local presence where decision-making is decentralised, for agility underpinned by common processes.
- We look to the future in order to prepare for the demands that lie ahead. Sustainable products are part of this: we look at the whole life cycle of the product to improve resource efficiency and our climate footprint. We will build up our servicing business as it plays an important role in optimising the product in operation. Overall, Systemair stands for a long-term approach and will work to put this into practice through sustainable and responsible decisions.
- We will continue to maintain a global and diversified customer base. This provides us with solid foundations for profitable growth via organic investments and an active acquisition agenda. Systemair is our main brand and other brands are only used when they offer a clear business benefit.

Miscellaneous

The information in this Interim Report is information that Systemair is required to disclose in accordance with the Swedish Securities Markets Act (lagen om värdepappersmarknaden) and/or the Swedish Financial Instruments Trading Act (lagen om handel med finansiella instrument). This information is to be submitted for publication at 1.00 p.m. on 31 August 2023.

The interim report has not been audited.

Skinnskatteberg, 31 August 2023

Systemair AB (publ)

Board of Directors

Calendar

Interim Report Q2 2023/24

8.00 a.m., 7 December 2023

Interim Report Q3 2023/24

8.00 a.m., 5 March 2024

Interim Report Q4 2023/24

8.00 a.m., 4 June 2024

Interim Report Q1 2024/25

1.00 p.m., 29 August 2024

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Summary income statement

	Group				Parent Company	
	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 Aug-Jul trl 12	2022/23 May-Apr 12 mths	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths
SEK m.						
Net sales	3,174.9	2,848.9	12,383.9	12,057.9	46.0	45.8
Cost of goods sold	-2,076.1	-1,863.1	-8,161.5	-7,948.5	-	-
Gross profit	1,098.8	985.8	4,222.4	4,109.4	46.0	45.8
Other operating income	99.7	52.1	752.4	704.8	10.7	2.1
Selling expenses	-632.7	-570.0	-2,522.5	-2,459.8	-30.2	-22.7
Administration expenses	-155.8	-132.9	-598.3	-575.4	-35.7	-34.9
Other operating expenses	-77.6	-65.4	-431.3	-419.1	-32.3	-26.5
Net gain on monetary items	2.5	-	44.0	41.5	-	-
Operating profit/loss	334.9	269.6	1,466.7	1,401.4	-41.5	-36.2
Net financial items	-18.0	-3.8	-120.7	-106.5	362.9	336.9
Profit/loss after financial items	316.9	265.8	1,346.0	1,294.9	321.4	300.7
Appropriations	-	-	-	-	-0.7	-1.9
Tax on profit for the period	-74.6	-48.7	-276.1	-250.2	-0.8	4.2
Profit/loss for the period	242.3	217.1	1,069.9	1,044.7	319.9	303.0
Attributable to:						
Parent Company shareholders	243.9	216.4	1,067.1	1,039.6	-	-
Non-controlling interests	-1.6	0.7	2.8	5.1	-	-
Basic earnings per share, SEK	1.17	1.04	5.13	5.00	-	-
Diluted earnings per share, SEK	1.17	1.04	5.13	5.00	-	-

Statement of comprehensive income

Profit/loss for the period	242.3	217.1	1,069.9	1,044.7	319.9	303.0
Other comprehensive income						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	79.7	73.4	612.3	606.0	-	-
<i>Items that cannot be transferred to profit for the period:</i>						
Revaluation of defined-benefit pensions, net after tax	-	-	0.3	0.3	-	-
Other comprehensive income	79.7	73.4	612.6	606.3	-	-
Total comprehensive income for the period	322.0	290.5	1,682.5	1,651.0	319.9	303.0
Attributable to:						
Parent Company shareholders	323.6	289.8	1,679.7	1,645.9	-	-
Non-controlling interests	-1.6	0.7	2.8	5.1	-	-

1) Systemair AB has issued 1,099,740 warrants to persons holding senior positions within the Company.

Summary balance sheet

SEK m.	Group			Parent Company	
	31/07/2023	31/07/2022	30/04/2023	31/07/2023	31/07/2022
ASSETS					
Goodwill	1,002.6	972.7	988.6	-	-
Other intangible non-current assets	292.6	310.9	291.3	24.1	32.4
Property, plant and equipment	2,577.2	2,516.4	2,526.0	21.6	14.0
Financial and other non-current assets	188.1	206.8	179.9	2,997.8	3,146.0
Total non-current assets	4,060.5	4,006.8	3,985.8	3,043.5	3,192.4
Inventory	2,477.4	2,543.9	2,459.2	-	-
Current receivables	2,879.4	2,613.1	2,848.2	1,730.7	1,737.7
Cash and cash equivalents	429.1	311.3	339.9	-	-
Total current assets	5,785.9	5,468.3	5,647.3	1,730.7	1,737.7
TOTAL ASSETS	9,846.4	9,475.1	9,633.1	4,774.2	4,930.1
EQUITY AND LIABILITIES					
Equity	5,592.5	4,167.4	5,272.5	2,374.0	1,857.5
Untaxed reserves	-	-	-	1.4	1.7
Non-current liabilities, non-interest-bearing	252.7	329.4	258.5	-	0.6
Non-current liabilities, interest-bearing	702.6	1,532.7	671.6	1,438.0	1,890.1
Total non-current liabilities	955.3	1,862.1	930.1	1,438.0	1,890.7
Current liabilities, interest-bearing	1,140.2	1,317.0	1,170.7	834.8	1,061.0
Current liabilities, non-interest-bearing	2,158.4	2,128.6	2,259.8	126.0	119.2
Total current liabilities	3,298.6	3,445.6	3,430.5	960.8	1,180.2
TOTAL EQUITY AND LIABILITIES	9,846.4	9,475.1	9,633.1	4,774.2	4,930.1

Summary consolidated cash flow statement

	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
SEK m.			
Operating profit/loss	334.9	269.6	1,401.4
Adjustment for non-cash items	125.4	106.2	113.4
Financial items	-22.5	-11.3	-77.7
Income tax paid	-49.3	-55.5	-214.5
Cash flow from operating activities before changes in working capital	388.5	309.0	1,222.6
Changes in working capital	-81.8	-373.8	-634.9
Cash flow from operating activities	306.7	-64.8	587.7
Cash flow from investing activities	-167.0	-407.4	318.6
Cash flow from financing activities	-70.5	429.9	-959.5
Cash flow for the period	69.2	-42.3	-53.2
Cash and cash equivalents at start of period	339.9	335.9	335.9
Translation differences, cash and cash equivalents	20.0	17.7	57.2
Cash and cash equivalents at close of period	429.1	311.3	339.9

Statement of changes in equity – Group

SEK m.	2023/24 May-Jul			2022/23 May-Jul			2022/23 May-Apr		
	Equity at- tributable to Parent Com- pany share- holders	Non-control- ling interests	Total equity	Equity at- tributable to Parent Com- pany share- holders	Non-control- ling interests	Total equity	Equity at- tributable to Parent Com- pany share- holders	Non-control- ling interests	Total equity
Amount at beginning of year	5,265.7	6.8	5,272.5	3,815.1	38.4	3,853.5	3,815.1	38.4	3,853.5
Dividend	-	-2.0	-2.0	-	-1.5	-1.5	-187.2	-1.5	-188.7
Share of acquisitions at- tributable to non-controlling interests	-	-	-	-	24.9	24.9	-	-33.7	-33.7
Issue of warrants	-	-	-	-	-	-	3.4	-	3.4
Revaluation of acquisition option	-2.6	2.6	-	-0.7	0.7	-	-11.5	-1.5	-13.0
Comprehensive income	323.6	-1.6	322.0	289.8	0.7	290.5	1,645.9	5.1	1,651.0
Amount at end of period	5,586.7	5.8	5,592.5	4,104.2	63.2	4,167.4	5,265.7	6.8	5,272.5

Key performance measures for the Group

		2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
Net sales	SEK m.	3,174.9	2,848.9	12,057.9
Growth	%	11.4	24.4	25.2
Operating profit/loss	SEK m.	334.9	269.6	1,401.4
Operating margin	%	10.5	9.5	11.6
Adjusted operating margin	%	10.6	9.5	9.2
Profit after net fin. items	SEK m.	316.9	265.8	1,294.9
Profit margin	%	10.0	9.3	10.7
Adjusted profit margin,	%	10.1	9.4	8.3
Return on capital employed	%	20.9	14.7	20.1
Adjusted return on capital employed	%	17.0	15.5	16.2
Return on equity	%	21.4	16.1	22.6
Adjusted return on equity	%	15.8	17.4	16.4
Equity/assets ratio	%	56.8	44.0	54.7
Investments	SEK m.	-167.0	-407.4	318.6
Depreciation/amortisation and impairments	SEK m.	104.7	103.2	568.3
Per share ratios				
Basic earnings per share	SEK	1.17	1.04	5.00
Diluted earnings per share	SEK	1.17	1.04	5.00
Adjusted basic earnings per share	SEK	1.19	1.05	3.58
Adjusted earnings per share (diluted)	SEK	1.19	1.05	3.58
Basic equity per share	SEK	26.86	19.73	25.32
Diluted equity per share	SEK	26.84	19.73	25.31
Basic operating cash flow per share	SEK	1.47	-0.31	2.83
Diluted operating cash flow per share	SEK	1.47	-0.31	2.82
Average number of shares in period, before dilution	No.	208,000,000	208,000,000	208,000,000
Average number of shares in period, after dilution	No.	208,149,000	208,000,000	208,063,000

Quarterly performance measures – Group

		2023/24		2022/23		2021/22				
		May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	SEK m.	3,174.9	3,128.8	3,043.5	3,036.7	2,848.9	2,661.6	2,278.1	2,404.2	2,290.5
Growth	%	11.4	17.6	33.6	26.3	24.4	20.5	13.7	8.9	9.1
Gross margin	%	34.6	34.2	34.2	33.3	34.6	34.1	33.3	35.6	34.8
Operating profit/loss	SEK m.	334.9	734.5	277.5	119.8	269.6	191.4	131.3	237.5	209.6
Operating margin	%	10.5	23.5	9.1	3.9	9.5	7.2	5.8	9.9	9.2
Adjusted operating margin	%	10.6	8.9	9.0	9.9	9.5	8.6	5.8	10.4	9.2
Return on capital employed	%	20.9	20.1	13.3	12.4	14.7	14.5	14.9	14.2	14.3
Adjusted return on capital employed	%	17.0	16.2	16.4	15.7	15.5	15.4	15.1	14.4	14.3
Return on equity	%	21.4	22.6	13.3	12.2	16.1	15.1	15.0	14.9	14.8
Adjusted return on equity	%	15.8	16.4	18.5	17.8	17.4	16.5	15.4	15.2	14.8
Equity/assets ratio	%	56.8	54.7	46.5	43.8	44.0	45.5	47.2	45.7	48.4
Basic equity per share	SEK	26.86	25.32	22.51	21.30	19.73	18.34	17.69	16.45	16.71
Diluted equity per share	SEK	26.84	25.31	22.51	21.10	19.73	18.34	17.69	16.45	16.71
Basic earnings per share	SEK	1.17	2.96	0.79	0.21	1.04	0.66	0.47	0.74	0.75
Diluted earnings per share	SEK	1.17	2.96	0.79	0.20	1.04	0.66	0.47	0.74	0.75
Adjusted basic earnings per share	SEK	1.19	0.77	0.77	1.06	1.05	0.85	0.47	0.80	0.75
Adjusted earnings per share (diluted)	SEK	1.19	0.77	0.77	1.04	1.05	0.85	0.47	0.80	0.75
Cash flow from operating activities per share (basic)	SEK	1.47	0.82	1.34	0.98	-0.31	-0.15	0.13	0.39	0.76
Cash flow from operating activities per share (diluted)	SEK	1.47	0.82	1.34	0.96	-0.31	-0.15	0.13	0.39	0.76

Note 1 Accounting policies

Systemair applies International Financial Reporting Standards (IFRS). This interim report was prepared for the Group in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 and IAS 34 Interim Financial Reporting, and for the Parent Company in accordance with the Swedish Annual Accounts Act and RFR 2.

The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group applies the same accounting policies as described in the 2022/23 Annual Report.

No other new or revised standards, interpretations or improvements, as adopted by the EU, have affected the Group in any material way.

IAS 29 "Financial Reporting in Hyperinflationary Economies"

Since 30 June 2022, Turkey's economy has been considered to be in hyperinflation. As a result, the financial statements of Systemair's subsidiary in Turkey have been restated to correct 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 have been translated at the closing rate. Differences in translation to SEK have been included in Other comprehensive income, in accordance with IAS 21.
- Figures for financial years beginning before 1 May 2022 have not been changed.

The total effect on the interim period's operating profit amounts to SEK -10.5 million. The effect on other comprehensive income amounts to SEK -26.5 million.

Note 2 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 quarter amounted to SEK 3,174.9 million (2,848.9), of which servicing of ventilation products accounted for SEK 137.0 million (99.8).

	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
SEK m.			
Europe			
Sale of goods recognised at a specific point in time	2,175.8	2,042.5	8,594.0
Sale of goods recognised over time	19.6	33.0	124.2
Servicing recognised at a certain point in time	72.5	46.1	238.8
Servicing recognised over time	60.2	45.5	206.2
	2,328.1	2,167.1	9,163.2
Americas, Middle East, Asia, Australia and Africa			
Sale of goods recognised at a specific point in time	777.6	638.0	2,664.2
Sale of goods recognised over time	64.9	35.6	200.3
Servicing recognised at a certain point in time	1.7	0.8	5.5
Servicing recognised over time	2.6	7.4	24.7
	846.8	681.8	2,894.7

SEK m.	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
Total			
Sale of goods recognised at a specific point in time	2,953.4	2,680.5	11,258.2
Sale of goods recognised over time	84.5	68.6	324.5
Servicing recognised at a certain point in time	74.2	46.9	244.3
Servicing recognised over time	62.8	52.9	230.9
	3,174.9	2,848.9	12,057.9

Note 3 Companies acquired

Companies acquired

The purchase price for Menerga d.o.o. in Slovenia was made up as follows:

	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.

The total impact from acquisitions and previously withheld purchase prices on cash flow was SEK -37.7 million. Payments of previously withheld purchase prices relate to the acquisitions of Sagicofim and SCS. No transaction costs in connection with the acquisitions have been charged to profit.

Customer relationships have been stated at the net present value of future cash flows. The useful life of these assets has been estimated at 5 years.

The goodwill upon acquisition is attributable to the strong market position of the companies acquired, synergies expected to arise after the acquisition and the company's 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 14.2 million. Operating profit for the corresponding period was SEK 2.2 million.

Note 4 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, Turkey, is based on the anticipated profit before depreciation/amortisation and tax (EBITDA) for the financial years until 2024/25, plus the increase in

value of the land on which the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. No change in the liability was made during the quarter. It is valued at SEK 20.3 million. The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the 2023/24 and 2024/25 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. No change in the liability was made during the quarter. It is currently valued at SEK 11.9 million. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing, on the balance sheet.

Other financial assets and liabilities are short-term. 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.

Note 5 Segment reporting

The Group's operations are classified geographically. Systemair aggregates into two 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 the legal entities within the region have been aggregated. Systemair further considers that accounting for the merged segments of (i) Europe and (ii) Americas, Middle East, Asia, Australia and Africa 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.

SEK m.	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
Europe			
Net sales, external	2,328.1	2,167.1	9,163.2
Net sales, intra-Group	38.1	63.1	225.4
Operating profit/loss	279.4	258.4	1,384.7
Operating margin, %	12.0	11.9	15.1
Profit after net fin. items	376.4	272.1	986.2
Profit margin, %	16.2	12.6	10.8
Assets	6,016.9	5,749.8	6,049.5
Investments	-74.2	-71.3	-146.7
Depreciation/amortisation and impairments	79.5	82.4	479.3
Americas, Middle East, Asia, Australia and Africa			
Net sales, external	846.8	681.8	2,894.7
Net sales, intra-Group	4.5	9.3	36.8
Operating profit/loss	96.6	46.6	186.0
Operating margin, %	11.4	6.8	6.4
Profit after net fin. items	51.5	30.1	102.9
Profit margin, %	6.1	4.4	3.6
Assets	2,396.6	1,850.0	2,328.2
Investments	-45.9	-14.0	-76.3
Depreciation/amortisation and impairments	18.1	14.2	58.3

SEK m.	2023/24 May-Jul 3 mths	2022/23 May-Jul 3 mths	2022/23 May-Apr 12 mths
Group-wide			
Net sales, intra-Group	46.0	45.8	181.9
Operating profit/loss	-41.1	-35.4	-169.3
Profit after net fin. items	-111.0	-36.4	205.8
Assets	4,783.5	4,940.4	4,688.4
Investments	-46.9	-322.1	541.6
Depreciation/amortisation and impairments	7.1	6.6	30.7
Eliminations			
Net sales, intra-Group	-88.6	-118.2	-444.1
Assets	-3 350.6	-3,065.1	-3,433.0
Total			
Net sales, external	3,174.9	2,848.9	12,057.9
Operating profit/loss	334.9	269.6	1,401.4
Operating margin, %	10.5	9.5	11.6
Profit after net fin. items	316.9	265.8	1,294.9
Profit margin, %	10.0	9.3	10.7
Assets	9,846.4	9,475.1	9,633.1
Investments	-167.0	-407.4	318.6
Depreciation/amortisation and impairments	104.7	103.2	568.3

Alternative Performance Measures

In the report, Systemair presents performance measures that supplement the financial ratios defined in IFRS; these are known as alternative performance measures (APMs). The Company is of the view that these APMs provide valuable information to investors and the Company's management, in that they enable evaluation of the Company's performance, trends, capacity to pay down debt and invest in new business opportunities, and that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate 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 performance measures as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

For more key performance measures and information on how they are calculated, see Systemair's website at: group.systemair.com/investor-relations/financial-information/financial-data/

Definitions of key performance measures

Operating profit (EBIT)

Earnings before financial items and tax.

Growth

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

Organic growth

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

Adjusted operating profit

Operating profit excluding restructuring costs, impairments, hyperinflation adjustments and other items affecting comparability.

Operating margin

Operating profit divided by net sales.

Profit margin

Profit after financial items divided by net sales.

Return on capital employed

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

Capital employed

Total assets less non-interest-bearing liabilities.

Leverage

Net debt in relation to operating profit before depreciation, amortisation and impairment (EBITDA).

Adjusted leverage

Net debt in relation to adjusted operating profit before depreciation, amortisation and impairment (adjusted EBITDA).

Return on equity

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

Number of employees

The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.

Earnings per share

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

Operating cash flow per share

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

Equity/assets ratio

Adjusted equity divided by total assets.

Equity per share

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

LTIFR

Lost Time Injury Frequency Rate. The number of work-related injuries with sickness absence per 1 million hours worked.

Emission intensity

Calculated as total Scopes 1 and 2 emissions divided by Cost of Goods Sold (COGS). As regards both emissions and COGS for all years, any divested operations are disregarded. Similarly those for any acquired activities are taken into account.