

Systemair AB (publ) Interim Report Q2 1 May – 31 October 2020

Net sales Q2

SEK 2,207 m.

EBIT Q2

SEK 214 m.

Second quarter August–October 2020

- Net sales decreased 11.1 percent, to SEK 2,207 million (2,483).
- Organic growth was -3.8 percent (+6.0).
- Operating profit (EBIT) amounted to SEK 214 million (284), including a goodwill impairment charge of SEK -11 million.
- The operating margin was 9.7 percent (11.4).
- Profit after tax amounted to SEK 141 million (194).
- Earnings per share totalled SEK 2.70 (3.72).
- Cash flow from operating activities amounted to SEK 285 million (297).

First half-year, May–October 2020

- Net sales decreased 9.1 percent, to SEK 4,307 million (4,737).
- Organic growth was -4.1 percent (+5.1).
- Operating profit (EBIT) amounted to SEK 396 million (457), including a goodwill impairment charge of SEK -11 million.
- The operating margin was 9.2 percent (9.6).
- Profit after tax amounted to SEK 223 million (323).
- Earnings per share totalled SEK 4.27 (6.16).
- Cash flow from operating activities amounted to SEK 520 million (491).

Significant events during the period under review

- During the period, focus remained on managing the effects of the Covid-19 pandemic. On the reporting date, all of the Group's production facilities were in operation.
- Construction of new production facilities is underway in Russia and the Czech Republic. In Canada, a new production property has been acquired.
- Systemair launches several new products, including a new generation of the Topvex air handling unit and a new series of heat pumps intended for commercial buildings with the lowest environmental impact on the market.

	2020/21 Aug-Oct 3 mths	2019/20 Aug-Oct 3 mths	2020/21 May-Oct 6 mths	2019/20 May-Oct 6 mths	2019/20 May-Apr 12 mths
Net sales, SEK m.	2,206.7	2,483.1	4,306.8	4,737.1	8,914.9
Growth, %	-11.1	15.4	-9.1	13.8	7.1
Operating profit, SEK m.	213.5	283.9	395.6	456.8	625.7
Operating margin, %	9.7	11.4	9.2	9.6	7.0
Profit after tax, SEK m.	141.4	194.3	223.4	322.8	385.3
Earnings per share, SEK	2.70	3.72	4.27	6.16	7.34
Operating cash flow per share, SEK	5.47	5.71	10.00	9.45	16.24

Prepared for continued profitable growth

Our second quarter is normally Systemair's strongest, and we are pleased with the result considering that the figures for comparison were strong. The gross margin improved in the quarter to 35.9 percent (35.8) and operating profit totalled SEK 214 million (284) or 9.7 percent. During the quarter, a goodwill impairment charge of SEK 11 million was also recognised. Adjusted for the impairment charge, the operating margin was 10.2 percent.

The market

Volumes fell slightly during the second quarter as a result of the ongoing pandemic, although with major variations from one region to another. Development was relatively firm in North America. In Europe, excluding the Nordic region, general demand is at lower levels than normal, other than in a few countries. During the period, the Swedish krona also strengthened against several currencies, with negative impact on translation to Swedish kronor. These currency effects decreased sales by 7.4 percent during the quarter. We consider organic growth of -3.8 percent during the second quarter and -4.4 percent during the first quarter to be a good result given the various pandemic measures our factories, organizations and customers have had to take during the period.

Product launches

During the period, we carried out digital launches of a number of new products, such as a new version of the air handling unit Topvex and Sysaqua Blue, which is a new heat pump with greatly minimized environmental impact. In parallel, Frico launches a new series of air curtains with lower energy consumption and a newly developed smart control system. The products have been very well received in the market, which guarantees continued future organic growth.

Investments

Our balance sheet is strong and liquidity good. We are maintaining long-term strategic investments to meet increased demand. During the period, for example, construction of the new larger production facility in Russia continued according to plan. At the same time, construction is underway on a new production facility in



the Czech Republic. In Tilsonburg, Canada, a production property has been acquired directly adjacent to our existing factory.

Sustainability

Energy saving and energy efficiency are a focus of product development at Systemair. In Europe, the energy conservation trend is being driven by EU directives that require both energy-smart products and energy-efficient buildings. It is here that Systemair products are making a major difference from the viewpoint of sustainability. In addition, EU initiatives such as the European Green Deal will in the long term fuel demand for energy-efficient ventilation products. The ongoing pandemic and the upcoming investment programmes will in the long run underpin demand for good indoor environments. Good ventilation reduces the risk of infection spreading.

Outlook

In the present situation, it is very difficult to offer a forecast for developments in the short term. Systemair have a good spread of risk across countries, customers and product sectors. All the Group's factories are operating today, but productivity is not at normal levels, partly because of rules and measures aimed at minimising spread of the Covid-19 virus, and partly because of higher-than-normal sickness absence.

We are continuing to monitor developments in our markets and are prepared to take any further actions to reduce our cost base, should that prove necessary.

Roland Kasper
President and CEO

Sales and markets

Group sales for the second quarter of the 2020/21 financial year totalled SEK 2,206.7 million (2,483.1), a decrease of 11.1 percent from the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales decreased 3.8 percent. Growth in acquired operations was 0.1 percent, while foreign exchange effects reduced sales by 7.4 percent during the period.

Net sales for the period under review, May–October 2020, totalled SEK 4,306.8 million (4 737.1), 9.1 percent lower than in the same period last year. Adjusted for both foreign exchange effects and acquisitions, net sales fell 4.1 percent. Growth in acquired operations was 0.8 percent, while foreign exchange effects reduced sales by 5.8 percent over the period under review.

The negative growth in sales is explained by lower demand as a result of the pandemic.

Geographic breakdown of Q2 sales

Nordic region

During the second quarter, sales in the Nordic region were 8.5 percent lower than in the same period last year. The Danish market reported growth during the quarter, while the markets in Sweden, Norway and Finland declined somewhat. Adjusted for the effects of foreign exchange and acquisitions, sales fell 3.5 percent.

Western Europe

During the quarter, sales in the West European market were 7.8 percent lower than in the corresponding period last year. Adjusted for the effects of foreign exchange and acquisitions, sales fell 3.8 percent. Austria, Ireland, Spain and the UK showed growth during the period, while other major markets, including Portugal and Germany declined.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS decreased by 19.6 percent during the quarter. Adjusted for the effects of foreign exchange and acquisitions, sales were down 9.3 percent. Sales in Russia, converted to Swedish kronor, were 16.6 percent lower than in the previous period. The Russian market accounts for 31.3 percent of sales in the region. Other major markets showing a decline in the region were the Czech Republic, Estonia and Slovakia, while Lithuania and Romania reported growth. In the preceding year, growth in the region was 20.4 percent. Against that background, the like-for-like figures must be regarded as extremely tough.

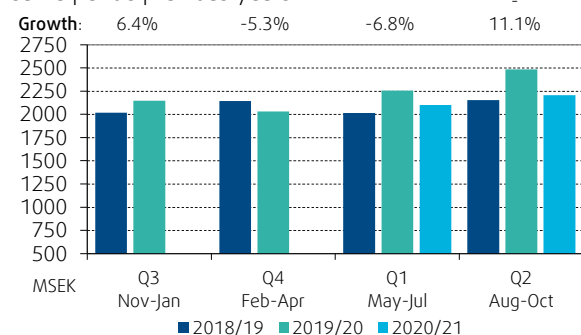
North and South America

Sales in the North and South America region over the quarter were 7.6 percent lower than in the same period last year. Adjusted for foreign exchange effects and acquisitions, sales increased by 3.0 percent in the region. The Canadian market showed a decrease, in Swedish kronor, while the American market was unchanged.

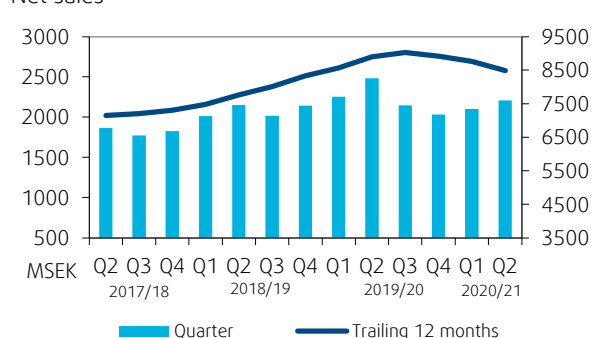
	2020/21	2019/20			2020/21	2019/20		
	Aug-Oct 3 mths	Aug-Oct 3 mths	Sales - change	Of which, organic	May-Oct 6 mths	May-Oct 6 mths	Sales - change	Of which, organic
Nordic region	454.1	495.2	-8.5%	-3.5%	819.6	862.7	-5.1%	-0.1%
Western Europe	966.1	1,048.6	-7.8%	-3.8%	1,886.7	2,037.5	-7.4%	-4.6%
Eastern Europe & CIS	323.0	401.9	-19.6%	-9.3%	624.5	807.3	-22.6%	-15.2%
North and South America	212.3	229.7	-7.6%	3.0%	462.4	472.6	-2.2%	5.3%
Middle East, Asia, Australia and Africa	251.2	307.7	-18.3%	-3.1%	513.6	557.0	-7.8%	-1.1%
Total	2,206.7	2,483.1	-11.1%	-3.8%	4,306.8	4,737.1	-9.1%	-4.1%

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

Net sales per quarter compared with same period previous years



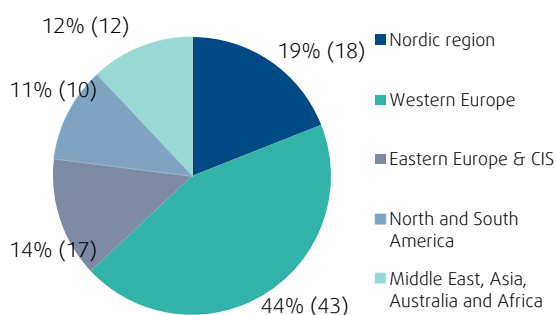
Net sales



Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa fell 18.3 percent compared with the same period last year. Adjusted for the effects of foreign exchange and acquisitions, sales declined by just 3.1 percent. The Middle East, Australia and India reported growth over the period, while other major markets such as South Africa, Turkey and Morocco weakened.

Sales by market, 6 months 2020/21 (2019/20)



Profit in the second quarter

The gross profit for the second quarter was SEK 792.9 million (889.7), 10.9 percent lower than in the same period in the preceding year. The gross margin rose to 35.9 percent (35.8).

Operating profit for the second quarter totalled SEK 213.5 million (283.9), down 24.8 percent on the same period in the preceding year. The operating margin fell to 9.7 percent (11.4). The operating profit includes, under the heading of Other operating income, Covid-19-related government support totalling SEK 5.9 million. The operating profit for the preceding year includes a non-recurring item, SEK +7.0 million from sale of the Airwell brand.

During the quarter, a goodwill impairment charge of SEK 10.8 million relating to the acquisition of Traydus in Brazil was recognised, reflecting the difficulties encountered over several years by the business in

executing established business plans. However, extensive action programmes are continuing.

Selling and administration expenses for the quarter totalled SEK 565.5 million (611.6), a decrease of SEK 46.1 million, or 7.5 percent. Company acquisitions accounted for SEK 6.1 million of the quarter's costs. As a result, selling and administration expenses for like-for-like units rose by SEK 52.2 million, or 8.5 percent. In the prevailing circumstances, the level of activity above all in the sales organisation is lower than normal, for example in connection with trade fairs, customer and supplier visits, factory tours and travel.

Selling expenses were charged with SEK 5.2 million (8.2) for anticipated bad debts. No material acquisition-related costs were charged during the quarter (-).

Net financial items ended the second quarter at SEK -23.7 million (-20.0). The impact of foreign exchange on long-term receivables, loans and bank balances totalled SEK -17.5 million (+9.9) net. Interest expenses for the quarter totalled SEK -5.5 million (-10.5).

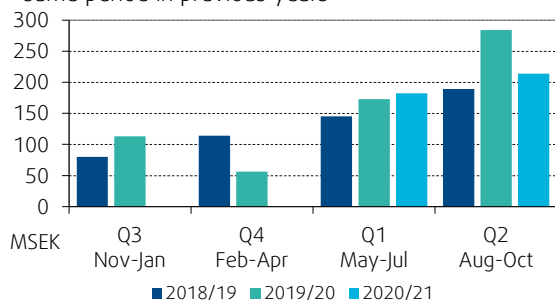
Profit for period under review

Operating profit for the period under review, May–October 2020, totalled SEK 395.6 million (456.8). The operating margin was 9.2 percent (9.6). The operating profit includes, under the heading of Other operating income, Covid-19-related government support totalling SEK 28.9 million. During the period, a goodwill impairment charge of SEK 10.8 million relating to Traydus in Brazil was recognised.

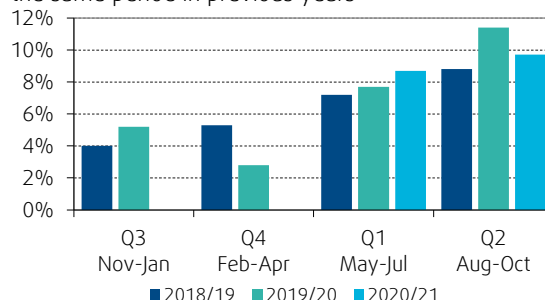
Selling and administration expenses totalled SEK 1,128.8 million (1,191.1), a decrease of SEK 62.3 million. Company acquisitions accounted for SEK 20.4 million of the year's costs. As a result, selling and administration expenses for like-for-like units rose by SEK 82.7 million, or 6.9 percent. Selling expenses were charged with SEK 11.5 million (15.1) for anticipated bad debts.

Net financial items totalled SEK -90.2 million (-16.0), including interest expenses of SEK -14.2 million (-20.6).

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



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



Tax expense

Estimated tax for the quarter totalled SEK -48.4 million (-69.6), corresponding to an effective tax rate of 25.5 percent based on profit after net financial items.

Estimated tax for the period under review totalled SEK -82.0 million (-118.0), corresponding to an effective tax rate of 26.8 percent based on profit after net financial items.

Acquisitions and new businesses

No acquisitions were made during the period.

Investments, depreciation and amortisation

Investments for the quarter, excluding disposals, totalled SEK 84.5 million (116.3), including SEK 84.3 million (65.0) in new construction and machinery. The major share of the investments relate to the new production facility in Russia. Acquisitions and previously withheld purchase considerations had no impact on cash and cash equivalents during the quarter (-48.6). Depreciation and impairments of fixed assets amounted to SEK 97.4 million (89.0), including goodwill impairment charges of SEK 10.8 million.

Total investments for the period under review amounted to SEK 181.6 million (171.5), excluding divestments. Gross investments in new construction and machinery totalled SEK 179.9 million (114.0), excluding divestments. Acquisitions and previously withheld purchase considerations had no impact on cash and cash equivalents during the quarter (-48.6). Depreciation and impairments of fixed assets amounted to SEK 186.4 million (184.2), including goodwill impairment charges of SEK 10.8 million.

Personnel

The average number of employees in the Group was 5,906 (5,979). At the end of the period, Systemair had

6,224 employees (6,286), 62 fewer than one year previous. New employees were recruited at Menerga in Germany (28) and Systemair in Germany (21). Staff reductions took place in Denmark (-25), the Netherlands (-25), Turkey (-19), USA (-15) and South Africa (-14).

The acquisition of Poly-Rek in Croatia and Frico A/S in Denmark added 14 employees.

Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 245.8 million (320.7). Changes in working capital, mainly arising from a decrease in inventories and higher current liabilities, had a positive impact of SEK 38.9 million (-23.6) on cash flow. Cash flow from financing activities totalled SEK -161.7 million net (-163.9). At the end of the period, the Group's net indebtedness was SEK 1,681.1 million (2,282.4). The consolidated equity/assets ratio was 46.3 percent (41.1) at the end of the period.

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.

Events after the close of the period

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

Order to one of the biggest building projects in Germany

Systemair received the order for 15 pressurization systems and car park ventilation for Kanzlerplatz in Bonn which is one of the biggest building projects in Germany.

The new Kanzlerplatz comprises three pentagonal buildings with a skyscraper of up to 101.5 meters and a breathtaking view of the Rhine and the Siebengebirge. Completion is planned for 2021.



Material risks and uncertainty

Systemair is exposed to operational and financial risks in its business. Operational risks include the international nature of the operations, tough competition and the sensitivity of the construction industry to the business cycle. The financial risks that Systemair has identified in its business consist of foreign exchange risk, borrowing and interest rate risk, as well as credit risk and liquidity risk. The material risks and uncertainties affecting Systemair are described in more detail in the Company's 2019/20 Annual Report. Like other global companies, Systemair is affected by pandemics, and in 2020/21 the Group will be affected by Covid-19. The Company is taking the necessary steps to reduce the impact of the virus and is following WHO's recommendations.

Related party transactions

In June 2020, ebm-papst Aktiebolag reduced its shareholding in Systemair and thereafter is no longer considered a related party. No other significant related party transactions took place during the interim period. Transactions with related parties are described in detail in Note 39 to the accounts in the Annual Report for the 2019/20 financial year.

Parent Company

The Parent Company's net sales for the quarter totalled SEK 63.9 million (71.7). Operating profit totalled SEK -37.9 million (-48.9). During the interim period, an impairment charge totalling SEK 35.5 million was recognised in connection with the shares in the subsidiaries Menerga in Germany and Traydus in Brazil. The number of employees in the Parent Company was 57 (53). The core business of the Parent Company is that of intra-Group services.

Systemair in brief

Systemair is a leading ventilation company with operations in 52 countries in Europe, North America, South America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 8.9 billion in the 2019/20 financial year and employs approximately 6,200 people. Systemair has reported an operating profit every year since 1974, when the company was founded. Over the past 10 years, the Company's growth rate has averaged about 11 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 Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm since October 2007. The Group comprises about 80 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 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 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 owned 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

The following strategies create major strengths and competitive advantages that help us to achieve our goals.

- Innovative product development and a broad product range focusing on energy-efficient air handling products.
- High product availability and fast delivery via an efficient production, logistics and IT organisation.
- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants.

- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market shares.

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 will be submitted for publication at 9.00 a.m. on 10 December 2020.

The undersigned affirm that this six-month report provides a true and fair survey of the Parent Company's and the Group's operations, financial position and profits, as well as describing the material risks and uncertainty facing the Parent Company and the companies included in the Group.

Skinnskatteberg, 10 December 2020

Systemair AB (publ)

Roland Kasper
Chief Executive Officer

Gerald Engström
Chairman of the Board

Carina Andersson
Director

Svein Nilsen
Director

Gunilla Spongh
Director

Patrik Nolåker
Director

Åke Henningsson
Employee Representative

Ricky Sten
Employee Representative

Calendar

Interim Report Q3 2020/21

8.00 a.m., 11 March 2021

Year-End Report Q4 2020/21

8.00 a.m., 10 June 2021

Interim report Q1 2021/22

1.00 p.m., 26 August 2021

Contact

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Auditor's Review Report

Introduction

We have reviewed the condensed interim financial information (interim report) for Systemair AB (Publ) as per 31 October 2020 and the six-month reporting period ending on that date.

The preparation and fair presentation of the interim report in accordance with IAS 34 and the Annual Accounts Act are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express our opinion of this interim report based on our review.

Emphasis and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements: ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The emphasis and scope of a review differ considerably from that of an audit in accordance with International Standards on Auditing Standards (ISA) and other generally accepted auditing practices in Sweden.

The procedures performed in a review do not enable us to obtain a level of assurance to become aware of all significant matters that could have been identified in an audit. As our opinion is based on a review, the level of assurance is not as high as that of an opinion expressed based on an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 10 December 2020

Ernst & Young AB

Johan Holmberg

Authorised Public Accountant

Summary income statement

	Group						Parent Company	
	2020/21 Aug-Oct 3 mths	2019/20 Aug-Oct 3 mths	2020/21 May-Oct 6 mths	2019/20 May-Oct 6 mths	2019/20 Nov-Oct trl 12	2019/20 May-Apr 12 mths	2020/21 May-Oct 6 mths	2019/20 May-Oct 6 mths
SEK m.								
Net sales	2,206.7	2,483.1	4,306.8	4,737.1	8,484.6	8,914.9	63.9	71.7
Cost of goods sold	-1,413.8	-1,593.4	-2,807.3	-3,080.4	-5,558.2	-5,831.3	-	-
Gross profit	792.9	889.7	1,499.5	1,656.7	2,926.4	3,083.6	63.9	71.7
Other operating income	35.7	46.1	111.5	72.8	207.0	168.3	16.9	0.4
Selling expenses	-463.0	-509.0	-920.4	-985.3	-1,922.6	-1,987.5	-36.1	-33.6
Administration expenses	-102.5	-102.6	-208.4	-205.8	-427.0	-424.4	-50.8	-50.9
Other operating expenses	-49.6	-40.3	-86.6	-81.6	-219.3	-214.3	-31.8	-36.5
Operating profit/loss	213.5	283.9	395.6	456.8	564.5	625.7	-37.9	-48.9
Net financial items	-23.7	-20.0	-90.2	-16.0	-156.2	-82.0	128.0	335.3
Profit/loss after financial items	189.8	263.9	305.4	440.8	408.3	543.7	90.1	286.4
Appropriations	-	-	-	-	-	-	0.2	0.1
Tax on profit for the period	-48.4	-69.6	-81.9	-118.0	-122.3	-158.4	11.7	6.8
Profit/loss for the period	141.4	194.3	223.4	322.8	285.9	385.3	102.0	293.3
Attributable to:								
Parent Company shareholders	140.6	193.4	222.3	320.1	283.7	381.5	-	-
Non-controlling interests	0.8	0.9	1.1	2.7	2.2	3.8	-	-
Earnings per share, SEK ¹	2.70	3.72	4.27	6.16	5.46	7.34	-	-

Statement of comprehensive income

Profit/loss for the period	141.4	194.3	223.4	322.8	285.9	385.3	102.0	293.3
Other comprehensive income								
<i>Items that have been, or may later be, transferred to profit for the year:</i>								
Translation differences	17.6	12.6	-125.0	31.6	-184.2	-27.6	-	-
<i>Items that cannot be transferred to profit for the period:</i>								
Revaluation of defined-benefit pensions, net after tax	3.2	-8.6	3.2	-8.6	3.8	-8.0	-	-
Other comprehensive income	20.8	4.0	-121.8	23.0	-180.4	-35.6	-	-
Total comprehensive income for the period	162.2	198.3	101.6	345.8	105.5	349.7	102.0	293.3
Attributable to:								
Parent Company shareholders	161.4	197.4	100.5	343.1	103.3	345.9	-	-
Non-controlling interests	0.8	0.9	1.1	2.7	2.2	3.8	-	-

1) No dilution effect.

Summary balance sheet

SEK m.	Group			Parent Company	
	31/10/2020	31/10/2019	30/04/2020	31/10/2020	31/10/2019
ASSETS					
Goodwill	766.9	874.3	819.9	-	-
Other intangible non-current assets	214.9	252.7	247.7	40.1	26.2
Property, plant and equipment	1,979.9	2,109.2	1,988.1	19.9	42.8
Financial and other assets	263.7	228.0	254.9	2,793.3	2,752.1
Total non-current assets	3,225.4	3,464.2	3,310.6	2,853.3	2,821.1
Inventory	1,378.1	1,544.9	1,571.5	-	-
Short-term receivables	1,953.3	2,201.7	1,839.6	1,137.6	1,451.4
Cash and cash equivalents	344.1	321.0	378.2	-	-
Total current assets	3,675.5	4,067.6	3,789.3	1,137.6	1,451.4
TOTAL ASSETS	6,900.9	7,531.8	7,099.9	3,990.9	4,272.5
EQUITY AND LIABILITIES					
Equity	3,193.7	3,092.6	3,084.7	1,874.2	1,921.1
Untaxed reserves	-	-	-	1.2	5.9
Non-current liabilities, non-interest-bearing	263.2	296.9	271.9	2.5	-
Non-current liabilities, interest-bearing	1,063.3	1,257.1	1,119.8	1,394.1	1,325.3
Total non-current liabilities	1,326.5	1,554.0	1,391.7	1,396.6	1,325.3
Current liabilities, interest-bearing	883.7	1,251.4	1,154.0	654.5	951.6
Current liabilities, non-interest-bearing	1,497.0	1,633.8	1,469.5	64.4	68.6
Total current liabilities	2,380.7	2,885.2	2,623.5	718.9	1,020.2
TOTAL EQUITY AND LIABILITIES	6,900.9	7,531.8	7,099.9	3,990.9	4,272.5

Summary consolidated cash flow statement

SEK m.	2020/21	2019/20	2020/21	2019/20	2019/20
	Aug-Oct 3 mths	Aug-Oct 3 mths	May-Oct 6 mths	May-Oct 6 mths	May-Apr 12 mths
Operating profit/loss	213.5	283.9	395.6	456.8	625.7
Adjustment for non-cash items	95.1	83.7	169.4	189.6	349.9
Financial items	-6.1	-10.4	-14.3	-20.7	-38.3
Income tax paid	-56.7	-36.5	-104.5	-81.3	-149.8
Cash flow from operating activities before changes in working capital	245.8	320.7	446.2	544.4	787.5
Changes in working capital	38.9	-23.6	73.9	-53.1	56.8
Cash flow from operating activities	284.7	297.1	520.1	491.3	844.3
Cash flow from investing activities	-77.6	-113.7	-170.5	-162.6	-235.4
Cash flow from financing activities	-161.7	-163.9	-342.9	-263.3	-461.1
Cash flow for the period	45.4	19.5	6.6	65.4	147.8
Cash and cash equivalents at start of period	307.9	301.4	378.2	250.4	250.4
Translation differences, cash and cash equivalents	-9.2	0.1	-40.7	5.2	-20.0
Cash and cash equivalents at close of period	344.1	321.0	344.1	321.0	378.2

Statement of changes in equity – Group

SEK m.	2020/21 May-Oct			2019/20 May-Oct			2019/20 May-Apr		
	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity
Amount at beginning of year	3,064.8	19.9	3,084.7	2,839.2	-	2,839.2	2,839.2	-	2,839.2
Dividend	-	-	-	-104.0	-	-104.0	-104.0	-	-104.0
Share of acquisitions attributable to non- controlling interests	-	-	-	-	13.3	13.3	-	19.0	19.0
Revaluation of acquisition option	7.6	-0.2	7.4	0.3	-2.0	-1.7	-16.3	-2.9	-19.2
Comprehensive income	100.5	1.1	101.6	343.1	2.7	345.8	345.9	3.8	349.7
Amount at end of period	3,172.9	20.8	3,193.7	3,078.6	14.0	3,092.6	3,064.8	19.9	3,084.7

Performance measures for the Group

		2020/21 Aug-Oct 3 mths	2019/20 Aug-Oct 3 mths	2020/21 May-Oct 6 mths	2019/20 May-Oct 6 mths	2019/20 May-Apr 12 mths
Net sales	SEK m.	2,206.7	2,483.1	4,306.8	4,737.1	8,914.9
Growth	%	-11.1	15.4	-9.1	13.8	7.1
Operating profit/loss	SEK m.	213.5	283.9	395.6	456.8	625.7
Operating margin	%	9.7	11.4	9.2	9.6	7.0
Profit after net fin. items	SEK m.	189.8	263.9	305.4	440.8	543.7
Profit margin	%	8.6	10.6	7.1	9.3	6.1
Return on capital employed	%	10.1	12.6	10.1	12.6	11.6
Return on equity	%	9.2	15.4	9.2	15.4	12.6
Equity/assets ratio	%	46.3	41.1	46.3	41.1	43.4
Investments	SEK m.	77.6	113.7	170.5	162.6	235.4
Depreciation/amortisation and impairments	SEK m.	97.4	89.0	186.4	184.2	405.4
Per share ratios						
Earnings per share	SEK	2.70	3.72	4.27	6.16	7.34
Equity per share	SEK	61.02	59.20	61.02	59.20	59.32
Operating cash flow per share	SEK	5.47	5.71	10.00	9.45	16.24
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000

Quarterly key ratios – Group

		2020/21			2019/20			2018/19		
		Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net sales	SEK m.	2,206.7	2,100.0	2,031.0	2,146.7	2,483.1	2,254.0	2,143.8	2,018.5	2,151.4
Growth	%	-11.1	-6.8	-5.3	6.4	15.4	12.0	17.3	13.8	15.4
Gross margin	%	35.9	33.6	34.6	33.8	35.8	34.0	32.8	31.9	34.0
Operating profit/loss	SEK m.	213.5	182.1	56.3	112.6	283.9	173.0	114.1	80.1	188.9
Operating margin	%	9.7	8.7	2.8	5.2	11.4	7.7	5.3	4.0	8.8
Return on capital employed	%	10.1	11.2	11.6	12.6	12.6	11.1	11.3	8.8	8.8
Return on equity	%	9.2	11.0	12.6	15.5	15.4	13.5	11.9	9.6	9.7
Equity/assets ratio	%	46.3	44.7	43.4	44.0	41.1	41.1	41.7	41.3	39.7
Basic equity per share	SEK	61.02	57.79	58.94	60.20	59.20	57.44	54.60	52.11	51.25
Basic earnings per share	SEK	2.70	1.57	-0.02	1.20	3.72	2.44	1.53	0.85	2.42
Cash flow from operating activities per share	SEK	5.47	3.41	0.77	6.02	5.71	3.73	0.68	3.64	1.67

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.

New or amended standards that entered into force in 2020

Amendments to IAS 1 and IAS 8

IASB has amended IAS 1 Presentation of Financial Statement and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors such as to adapt the definition of what is material across the standards and to clarify certain aspects of the definition. The amendments are intended to clarify that materiality will be determined by the nature or scope of the information, or both. An entity will need to assess whether the information, either in itself or in conjunction with other information, is material. The change enters into force as of 1 May 2020 at Systemair. The changes are not judged to have any material impact on Systemair's financial statements.

IFRS 3 Business Combinations

IASB has amended the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets represents a business or not. The change enters into force at Systemair as of 1 May 2020. The changes are not judged to have any material impact on Systemair's financial statements.

Note 2 Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, together with servicing of ventilation products. Total revenue for the quarter amounted to SEK 2,206.7 million (2,483.1), of which servicing of ventilation products accounted for SEK 73.4 million (88.5).

	2020/21	2019/20	2020/21	2019/20	2019/20
SEK m.	Aug-Oct	Aug-Oct	May-Oct	May-Oct	May-Apr
	3 mths	3 mths	6 mths	6 mths	12 mths
Europe					
Sale of goods recognised at a specific point in time	1,611.1	1,844.9	3,122.6	3,497.6	6,581.2
Sale of goods recognised over time	56.9	33.7	92.6	77.6	161.5
Servicing recognised at a certain point in time	36.4	41.2	69.8	77.6	140.1
Servicing recognised over time	35.6	45.0	71.1	74.2	155.0
	1,740.0	1,964.8	3,356.1	3,727.0	7,037.8
Americas, Middle East, Asia, Australia and Africa					
Sale of goods recognised at a specific point in time	404.7	434.7	843.2	847.7	1,594.5
Sale of goods recognised over time	60.6	81.3	100.0	157.6	266.1
Servicing recognised at a certain point in time	0.1	0.0	0.8	0.1	0.4
Servicing recognised over time	1.3	2.3	6.7	4.7	16.1
	466.7	518.3	950.7	1,010.1	1,877.1
Total					
Sale of goods recognised at a specific point in time	2,015.8	2,279.6	3,965.8	4,345.3	8,175.7
Sale of goods recognised over time	117.5	115.0	192.6	235.2	427.6
Servicing recognised at a certain point in time	36.5	41.2	70.6	77.7	140.5
Servicing recognised over time	36.9	47.3	77.8	78.9	171.1
	2,206.7	2,483.1	4,306.8	4,737.1	8,914.9

Note 3 Companies acquired

No acquisitions were made during the period.

In November 2020, Systemair acquired 60 percent of the shares in Divid AB, a company based in Jönköping. The company conducts IT consulting operations and specialises in programming product selection programs. Divid is already a strategically important provider of consulting services to Systemair. The company has 23 employees.

Note 4 Financial instruments

Systemair's financial instruments comprise derivatives, trade accounts receivable, cash and cash equivalents, available-for-sale financial assets, trade accounts payable, accrued supplier costs, interest-bearing liabilities, share purchase 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. Available-for-sale financial assets are measured at fair value on the basis of input data corresponding to level 1 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 25 percent of the shares in Traydus, Brazil, is based on the anticipated profit after tax for the 2019/20 and 2020/21 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability will be charged to the consolidated income statement. No change in the option took place during the interim report period May–October 2020, and it is valued at SEK 0. 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 2022/23, 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. For the interim report period of May–October 2020, the value of the liability has been reduced by SEK 7.4 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 with regard to the option took place during the interim report period May–October 2020. 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 and Systemair aggregates into the geographical segments of Europe, 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 Europe, 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 consolidation takes place according to the same principles as for the Group as a whole.

	2020/21 Aug-Oct 3 mths	2019/20 Aug-Oct 3 mths	2020/21 May-Oct 6 mths	2019/20 May-Oct 6 mths	2019/20 May-Apr 12 mths
SEK m.					
Europe					
Net sales, external	1,740.0	1,964.8	3,356.1	3,727.0	7,037.8
Net sales, intra-Group	28.9	33.3	53.8	69.6	157.1
Operating profit/loss	204.3	272.2	345.6	442.2	652.3
Operating margin, %	11.7	13.9	10.3	11.9	9.3
Profit after net fin. items	227.0	268.0	382.2	446.9	719.3
Profit margin, %	11.3	13.6	10.5	12.0	10.2
Assets	4,161.8	4,375.0	4,161.8	4,375.0	4,183.0
Investments	63.3	57.1	148.7	92.7	147.5
Depreciation/amortisation and impairments	69.2	72.0	140.6	141.3	314.5
Americas, Middle East, Asia, Australia and Africa					
Net sales, external	466.7	518.3	950.7	1,010.1	1,877.1
Net sales, intra-Group	5.3	5.5	12.2	12.2	20.3
Operating profit/loss	36.3	35.1	87.7	73.4	77.7
Operating margin, %	7.8	6.8	9.2	7.3	4.1
Profit after net fin. Items	12.1	17.7	44.0	61.6	54.5
Profit margin, %	2.6	3.4	4.6	6.1	2.9
Assets	1,083.4	1,278.6	1,083.4	1,278.6	1,199.8
Investments	12.4	3.5	16.5	6.0	16.5
Depreciation/amortisation and impairments	23.1	13.3	35.7	25.9	65.4
Group-wide					
Net sales, intra-Group	31.7	35.8	63.9	71.7	148.3
Operating profit/loss	-27.1	-23.4	-37.7	-58.8	-104.3
Profit after net fin. Items	-49.3	-21.8	-120.8	-67.7	-230.1
Assets	4,000.5	4,274.2	4,000.5	4,274.2	4,143.5
Investments	2.0	53.1	5.4	63.9	71.4
Depreciation/amortisation and impairments	5.1	3.7	10.1	17.0	25.5
Eliminations					
Net sales, intra-Group	-65.9	-74.6	-129.9	-153.5	-325.7
Assets	-2,344.8	-2,396.0	-2,344.8	-2,396.0	-2,426.4
Total					
Net sales, external	2,206.7	2,483.1	4,306.8	4,737.1	8,914.9
Operating profit/loss	213.5	283.9	395.6	456.8	625.7
Operating margin, %	9.7	11.4	9.2	9.6	7.0
Profit after net fin. items	189.8	263.9	305.4	440.8	543.7
Profit margin, %	8.6	10.6	7.1	9.3	6.1
Assets	6,900.9	7,531.8	6,900.9	7,531.8	7,099.9
Investments	77.6	113.7	170.5	162.6	235.4
Depreciation/amortisation and impairments	97.4	89.0	186.4	184.2	405.4

Alternative performance measures

In its interim 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 financial performance measures in the same way, these 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/se/investerare/-finansiella-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 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.

Return on equity

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

Number of employees

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

Earnings per share

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

Operating cash flow per share

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

Equity/assets ratio

Adjusted equity divided by total assets.

Equity per share

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