

Systemair AB (publ) Interim Report Q3 1 May 2020 – 31 January 2021

Net sales Q3

SEK 2,004 m.

EBIT Q3

SEK 108 m.

Third quarter, November 2020 – January 2021

- Net sales decreased 6.7 percent, to SEK 2,004 million (2,147) mainly due to currency effects of -8.5 percent.
- Organic growth was 1.5 percent (1.8).
- Operating profit (EBIT) totalled SEK 108 million (113).
- The operating margin was 5.4 percent (5.2).
- Profit after tax amounted to SEK 71 million (64).
- Earnings per share totalled SEK 1.32 (1.20).
- Cash flow from operating activities amounted to SEK 245 million (313).

Nine months, May 2020 – January 2021

- Net sales decreased 8.3 percent, to SEK 6,311 million (6,884).
- Organic growth was -2.3 percent (+4.0).
- Operating profit (EBIT) totalled SEK 504 million (569).
- The operating margin was 8.0 percent (8.3).
- Profit after tax amounted to SEK 294 million (387).
- Earnings per share totalled SEK 5.59 (7.36).
- Cash flow from operating activities amounted to SEK 765 million (804).

Significant events during the period under review

- New production facilities in Russian and the Czech Republic are under construction. In Canada, a new production property has been acquired.
- In January, Systemair acquired Servicebolaget, headquartered in Hudiksvall. The company is Systemair's nationwide service partner in home ventilation in the Swedish market.
- Systemair is launching a new generation of the Topvex air handling units, together with a new series of heat pumps designed for commercial buildings and offering the market's lowest environmental impact.
- Sales remain negatively affected by government-ordered Covid-19 related lockdowns in several countries.

	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2019/20 May-Apr 12 mths
Net sales, SEK m.	2,003.9	2,146.7	6,310.7	6,883.9	8,914.9
Growth, %	-6.7	6.4	-8.3	11.3	7.1
Operating profit, SEK m.	108.0	112.6	503.6	569.4	625.7
Operating margin, %	5.4	5.2	8.0	8.3	7.0
Profit after tax, SEK m.	70.9	64.5	294.3	387.2	385.3
Earnings per share, SEK	1.32	1.20	5.59	7.36	7.34
Operating cash flow per share, SEK	4.70	6.02	14.70	15.46	16.24

Return to organic growth

In the third quarter, we returned to organic growth, measured at 1.5 percent, following three consecutive quarters of negative growth. Prior to the pandemic, Systemair showed organic growth for 40 consecutive quarters with one exception. However, demand remains cautious in several markets in Europe in the face of regional restrictions, whereas the North American market continues to perform strongly. Our operating margin improved relative to the preceding year to 5.4 percent, as a result of the costs being adjusted to prevailing circumstances.

The market

Organic growth for the period was once again positive, at 1.5 percent. Major variations between regions and countries remain. In the West European market, we have again recorded organic growth, mainly as a result of a strong performance in Germany. Growth was also very strong in North America, above all in the residential ventilation market. At the same time, the Swedish krona strengthened over the period against several currencies. During the quarter, foreign exchange effects reduced sales by 8.5 percent.

Product launches

During the period, we continued digital launches of a number of new products, including a new version of the Topvex air conditioning unit, which offers higher performance and more efficient solutions. Frico is launching a new series of air curtains with lower energy consumption and a newly developed control system. The launches have met with a positive response in the market, in particular because the products are especially suitable for use in energy renovations, a sector that is considered likely to grow, going forward.

Investments

As a result of the measures we have taken during the pandemic, our balance sheet remains strong and liquidity is healthy. We are maintaining long-term, forward-looking strategic investments to meet the anticipated higher demand. During the period, construction of the new Russian production facility entered its final phase and will gradually be placed in service. In the Czech Republic, construction of a new production facility at our factory making high-efficiency heat exchangers continues. In Tilsonburg, Canada, a new production property has been acquired, directly adjacent



to our existing facility. This will enable us to increase production of classroom equipment for the North American market. Finally, work is also in progress at Skinnskatteberg on development of our “Factory of the Future” concept.

Sustainability

Energy saving and energy efficiency are, and have always been, a focus of product development at Systemair. In Europe, the energy conservation trend is being driven by EU directives that are imposing stricter requirements for 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 fuel demand for energy-efficient ventilation products. The current pandemic and the future investment programmes will in the long term strengthen even further the demand for ventilation products in future. Good ventilation reduces the risk of spreading infection.

Outlook

Systemair enjoys a good spread of risk across countries, customers and product sectors. All the Group's factories are operating today, but productivity and customer demand is not at normal levels, partly because of rules and measures aimed at minimising spread of the virus. Once the effects of the pandemic subside, and the announced packages of measures – that should work in our favour – take effect, we will be well equipped for continued profitable growth.

Roland Kasper
President and CEO

Sales and markets

Group sales for the third quarter of the 2020/21 financial year totalled SEK 2,003.9 million (2,146.7), down 6.7 percent from the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales rose by 1.5 percent. Growth in acquired operations was 0.3 percent, while foreign exchange effects reduced the value of sales by 8.5 percent during the period.

Net sales for the period under review, May 2020 to January 2021, totalled SEK 6,310.7 million (6,883.9). This was 8.3 percent lower than in the same period last year. Adjusted for both foreign exchange effects and acquisitions, net sales fell by 2.3 percent. Growth in acquired operations was 0.7 percent, while foreign exchange effects reduced the value of sales by 6.7 percent over the period under review. The negative growth in sales is explained by lower demand as a result of the ongoing pandemic.

Geographic breakdown of Q3 sales

Nordic region

During the third quarter, sales in the Nordic region decreased by 7.5 percent from the same period in the preceding year. All markets in the region decreased during the quarter. Adjusted for the effects of foreign exchange and acquisitions, sales were down 4.5 percent.

Western Europe

During the quarter, sales in the West European market were 2.5 percent lower than in the corresponding period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 2.3 percent. Germany, Ireland and Spain showed growth during the period, while other major markets, including the UK, the Netherlands and Italy, declined.

Eastern Europe and CIS

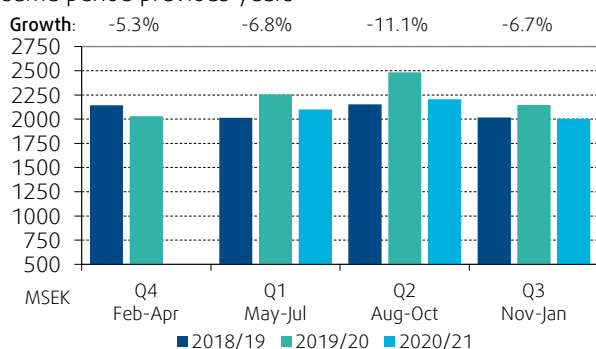
Sales in Eastern Europe and the CIS decreased by 15.8 percent during the quarter. Adjusted for the effects of foreign exchange and acquisitions, sales were down 2.0 percent. Sales in Russia, converted to Swedish kronor, were 8.9 percent lower than in the previous period. The Russian market accounts for 29.7 percent of sales in the region. Other major markets that declined in the region were the Czech Republic and Poland, while Serbia and Slovenia showed good growth.

North and South America

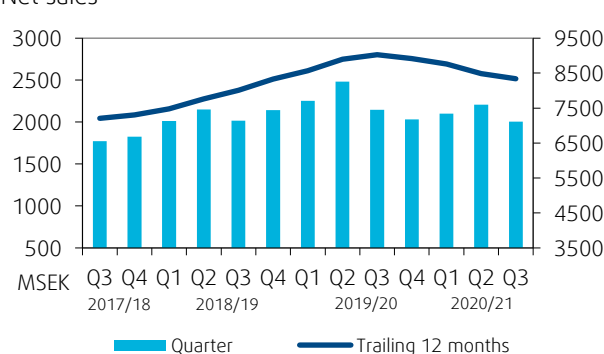
Sales in the North and South America region over the quarter were 1.2 percent higher than in the same period last year. Adjusted for foreign exchange effects and acquisitions, sales increased by 13.8 percent in the region. Sales of above all residential units for the home, but also schools, showed positive growth in the region.

	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	Sales – change	Of which, organic	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	Sales – change	Of which, organic
Nordic region	419.2	453.0	-7.5%	-4.5%	1,238.8	1,316.8	-5.9%	-1.6%
Western Europe	862.8	884.9	-2.5%	2.3%	2,749.5	2,921.3	-5.9%	-2.5%
Eastern Europe & CIS	290.3	344.7	-15.8%	-2.0%	914.8	1,152.0	-20.6%	-11.3%
North and South America	193.0	190.8	1.2%	13.8%	655.4	663.5	-1.2%	7.7%
Middle East, Asia, Australia and Africa	238.6	273.3	-12.7%	5.9%	752.2	830.3	-9.4%	1.2%
Total	2,003.9	2,146.7	-6.7%	1.5%	6,310.7	6,883.9	-8.3%	-2.3%

Net sales per quarter compared with same period previous years



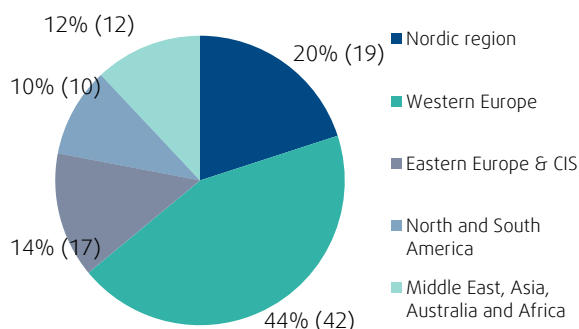
Net sales



Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa fell 12.7 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 5.9 percent. Malaysia, Australia and Morocco reported growth over the period, while other major markets such as Turkey and India weakened.

Sales by market, 9 months 2020/21 (2019/20)



Profit in the third quarter

The gross profit for the third quarter amounted to SEK 672.7 million (724.9), a decrease of 7.2 percent over the same period last year. The gross margin decreased slightly to 33.6 percent (33.8).

Operating profit for the third quarter totalled SEK 108.0 million (112.6), down 4.0 percent from the same period in the preceding year. The operating margin increased to 5.4 percent (5.2) as a result of the costs being adjusted to prevailing circumstances. No significant Covid-19 related government support was received during the quarter.

Selling and administration expenses for the quarter totalled SEK 570.3 million (615.8), a decrease of SEK 45.5 million, or 7.4 percent. Acquired companies accounted for SEK 2.6 million of the quarter's costs. As a result, selling and administration expenses for like-for-

like units decreased by SEK 48.1 million, or 7.8 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 0.8 million (+0.2) for anticipated bad debts. During the quarter, acquisition-related costs totalled SEK 0.2 million (-).

Net financial items in the third quarter were SEK -7.3 million (-19.5). The impact of foreign exchange on long-term receivables, loans and bank balances totalled SEK -0.6 million (-10.0) net. Interest expenses for the quarter totalled SEK -6.2 million (-9.2).

Profit for period under review

Operating profit for the period under review, May 2020-January 2021, totalled SEK 503.6 million (569.4). The operating margin was 8.0 percent (8.3). 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.

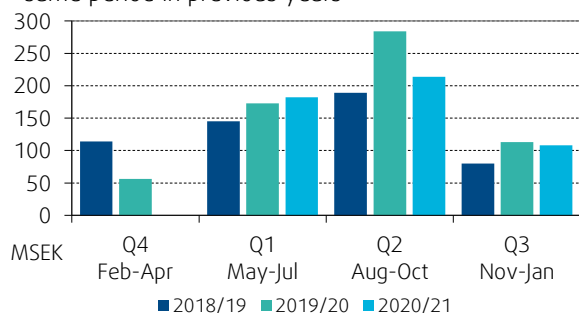
Selling and administration expenses totalled SEK 1,699.1 million (1,806.8), a decrease of SEK 107.7 million. Acquired companies accounted for SEK 23.0 million of the costs for the period. As a result, selling and administration expenses for like-for-like units decreased by SEK 130.7 million, or 7.2 percent. Selling expenses were charged with SEK 12.3 million (14.9) for anticipated bad debts.

Net financial items totalled SEK -97.5 million (-35.4), including interest expenses of SEK -20.4 million (-29.8).

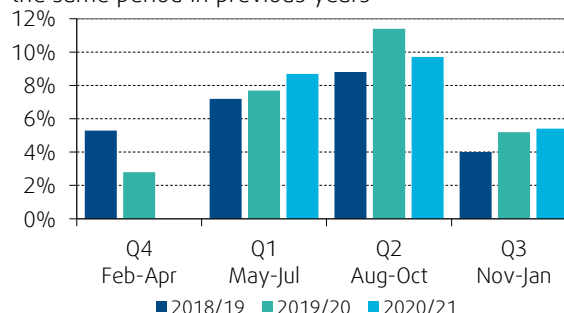
Tax expense

Estimated tax for the quarter totalled SEK -29.8 million (-28.6), corresponding to an effective tax rate of 29.6 percent based on profit after net financial items.

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



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



Estimated tax for the period under review totalled SEK -111.8 million (-146.8), corresponding to an effective tax rate of 27.5 percent based on profit after net financial items.

Acquisitions and new businesses

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. The acquisition of Divid will ensure continued access to a strategically important provider of consulting services for Systemair. The company has 23 employees.

In January 2021, Systemair acquired Servicebolaget i Sverige AB. The company is Systemair's service partner for installation and servicing of residential units. Servicebolaget also sells filters and spare parts in the Swedish market. Servicebolaget has five employees at its Hudiksvall headquarters, four franchisees and 22 service partners who perform servicing across the whole of Sweden. The acquisition intends to strengthen Systemair in aftermarket sales in the Swedish market.

If the companies acquired during the period had been consolidated as of 1 May 2020, net sales for the period May 2020 through January 2021 would have totalled approximately SEK 6,329.7 million. Operating profit for that period would have totalled approximately SEK 507.4 million. 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, excluding disposals, totalled SEK 154.7 million (54.1), including SEK 129.7 million (49.0) in new construction and machinery. The major share of investments were made in the new production facilities in Russia and Canada. Acquisitions and formerly withheld additional purchase considerations totalled SEK

19.5 million (3.1). Depreciation, amortisation and impairment of non-current assets amounted to SEK 88.6 million (90.5).

Total investments for the period under review amounted to SEK 336.2 million (225.6), excluding divestments. Gross investments in new construction and machinery totalled SEK 309.6 million (163.0), excluding divestments. Acquisitions and formerly withheld purchase considerations totalled SEK 19.5 million (51.7). Depreciation, amortisation and impairments of fixed assets amounted to SEK 275.1 million (274.7), including goodwill impairment charges of SEK 10.8 million.

Personnel

The average number of employees in the Group was 5,755 (5,983). At the end of the period, Systemair had 6,247 employees (6,250), 3 fewer than one year previous. New employees were recruited in Canada (35), at Menerga in Germany (19) and Systemair in Germany (19). Personnel cutbacks were made in Turkey (-62) and Denmark (-41). The acquisition of Frico A/S in Denmark and Divid in Sweden added 26 employees.

Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 139.4 million (149.0). Changes in working capital, mainly arising from a decrease in accounts receivable, had a positive impact of SEK 105.1 million (+163.8) on cash flow. Cash flow from financing activities totalled SEK -100.8 million net (-265.8). At the end of the period, the Group's net indebtedness was SEK 1,601.4 million (1,993.9). The consolidated equity/assets ratio was 47.7 percent (44.0) at the end of the period.

Financial targets

Systemair has the following financial targets.

- Average annual growth in sales over a business

Menerga units saves 440 tons of CO2 annually

Adsolair comfort air handling units with indirect, adiabatic evaporative cooling provide energy efficiency together with an environmentally friendly solution. Thanks to allowing higher supply air temperatures, air handling can take place almost exclusively with indirect free cooling. Extrapolated, adiabatic cooling in the RelAix data center can save 440 tons of CO2 per year compared to conventional cooling. The PUE of the data center is less than 1.2, which is good for the environment.



- 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.

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 has been 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 period under review totalled SEK 96.5 million (108.2). Operating profit totalled SEK -57.9 million (-70.7). 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 (49). 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 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

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 was submitted for publication at 8.00 a.m. on 11 March 2021.

This interim report has not been reviewed by the Company's auditors.

Skinnskatteberg, 11 March 2021
Systemair AB (publ)

Board of Directors

Calendar

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

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Summary income statement

	Group						Parent Company	
	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2020/21 Feb-Jan trl 12 m.	2019/20 May-Apr 12 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths
SEK m.								
Net sales	2,003.9	2,146.7	6,310.7	6,883.9	8,341.7	8,914.9	96.5	108.2
Cost of goods sold	-1,331.2	-1,421.8	-4,138.5	-4,502.2	-5,467.6	-5,831.3	-	-
Gross profit	672.7	724.9	2,172.2	2,381.7	2,874.1	3,083.6	96.5	108.2
Other operating income	44.4	31.2	155.9	103.9	220.3	168.3	29.3	2.2
Selling expenses	-465.7	-503.9	-1,386.1	-1,489.2	-1,884.4	-1,987.5	-52.5	-51.4
Administration expenses	-104.6	-111.9	-313.0	-317.6	-419.8	-424.4	-77.8	-80.7
Other operating expenses	-38.8	-27.7	-125.4	-109.4	-230.3	-214.3	-53.4	-49.0
Operating profit/loss	108.0	112.6	503.6	569.4	-559.9	625.7	-57.9	-70.7
Net financial items	-7.3	-19.5	-97.5	-35.4	-144.1	-82.0	120.1	341.2
Profit/loss after financial items	100.7	93.1	406.1	534.0	415.8	543.7	62.2	270.5
Appropriations	-	-	-	-	-	-	0.4	4.2
Tax on profit for the period	-29.8	-28.6	-111.8	-146.8	-123.4	-158.4	19.0	5.3
Profit/loss for the period	70.9	64.5	294.3	387.2	292.4	385.3	81.6	280.0
Attributable to:								
Parent Company shareholders	68.6	62.6	290.9	382.6	289.8	381.5	-	-
Non-controlling interests	2.3	1.9	3.4	4.6	2.6	3.8	-	-
Earnings per share, SEK ¹	1.32	1.20	5.59	7.36	5.57	7.34	-	-

Statement of comprehensive income

Profit/loss for the period	70.9	64.5	294.3	387.2	292.4	385.3	81.6	280.0
Other comprehensive income								
<i>Items that have been, or may later be, transferred to profit for the year:</i>								
Translation differences	-61.4	-11.5	-186.4	20.2	-234.2	-27.6	-	-
<i>Items that cannot be transferred to profit for the period:</i>								
Revaluation of defined-benefit pensions, net after tax	0.1	1.8	3.3	-8.6	3.9	-8.0	-	-
Other comprehensive income	-61.3	-9.7	-183.1	11.6	-230.3	-35.6	-	-
Total comprehensive income for the period	9.6	54.8	111.2	398.8	62.1	349.7	81.6	280.0
Attributable to:								
Parent Company shareholders	7.3	52.9	107.8	394.2	59.5	345.9	-	-
Non-controlling interests	2.3	1.9	3.4	4.6	2.6	3.8	-	-

1) No dilution effect.

Summary balance sheet

SEK m.	Group			Parent Company	
	31/01/2021	31/01/2020	30/04/2020	31/01/2021	31/01/2020
ASSETS					
Goodwill	767.6	873.0	819.9	-	-
Other intangible non-current assets	223.7	238.6	247.7	36.8	23.8
Property, plant and equipment	2,024.1	2,065.0	1,988.1	21.1	45.1
Financial and other assets	264.3	244.5	254.9	2,824.3	2,876.5
Total non-current assets	3,279.7	3,421.1	3,310.6	2,882.2	2,945.4
Inventory	1,357.5	1,489.2	1,571.5	-	-
Current receivables	1,757.8	1,919.3	1,839.6	1,087.8	1,271.4
Cash and cash equivalents	324.0	328.0	378.2	-	-
Total current assets	3,439.3	3,736.5	3,789.3	1,087.8	1,271.4
TOTAL ASSETS	6,719.0	7,157.6	7,099.9	3,970.0	4,216.8
EQUITY AND LIABILITIES					
Equity	3,205.5	3,151.4	3,084.7	1,853.8	1,907.8
Untaxed reserves	-	-	-	0.9	1.8
Non-current liabilities, non-interest-bearing	259.1	300.4	271.9	3.2	-
Non-current liabilities, interest-bearing	1,044.0	1,179.7	1,119.8	1,476.1	1,403.9
Total non-current liabilities	1,303.1	1,480.1	1,391.7	1,479.3	1,403.9
Current liabilities, interest-bearing	803.2	1,048.1	1,154.0	583.0	846.8
Current liabilities, non-interest-bearing	1,407.2	1,478.0	1,469.5	53.0	56.5
Total current liabilities	2,210.4	2,526.1	2,623.5	636.0	903.3
TOTAL EQUITY AND LIABILITIES	6,719.0	7,157.6	7,099.9	3,970.0	4,216.8

Summary consolidated cash flow statement

SEK m.	2020/21	2019/20	2020/21	2019/20	2019/20
	Nov-Jan 3 mths	Nov-Jan 3 mths	May-Jan 9 mths	May-Jan 9 mths	May-Apr 12 mths
Operating profit/loss	108.0	112.6	503.6	569.4	625.7
Adjustment for non-cash items	83.3	77.1	252.7	266.6	349.9
Financial items	-6.4	-9.4	-20.7	-30.1	-38.3
Income tax paid	-45.5	-31.3	-150.0	-112.6	-149.8
Cash flow from operating activities before changes in working capital	139.4	149.0	585.6	693.3	787.5
Changes in working capital	105.1	163.8	179.0	110.8	56.8
Cash flow from operating activities	244.5	312.8	764.6	804.1	844.3
Cash flow from investing activities	-153.1	-37.3	-323.7	-199.9	-235.4
Cash flow from financing activities	-100.8	-265.8	-443.7	-529.1	-461.1
Cash flow for the period	-9.4	9.7	-2.8	75.1	147.8
Cash and cash equivalents at start of period	344.1	321.0	378.2	250.4	250.4
Translation differences, cash and cash equivalents	-10.7	-2.7	-51.4	2.5	-20.0
Cash and cash equivalents at close of period	324.0	328.0	324.0	328.0	378.2

Statement of changes in equity – Group

SEK m.	2020/21 May-Jan			2019/20 May-Jan			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	-	1.7	1.7	-	19.0	19.0	-	19.0	19.0
Revaluation of acquisition option	9.9	-2.0	7.9	1.1	-2.7	-1.6	-16.3	-2.9	-19.2
Comprehensive income	107.8	3.4	111.2	394.2	4.6	398.8	345.9	3.8	349.7
Amount at end of period	3,182.5	23.0	3,205.5	3,130.5	20.9	3,151.4	3,064.8	19.9	3,084.7

Performance measures for the Group

		2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2019/20 May-Apr 12 mths
Net sales	SEK m.	2,003.9	2,146.7	6,310.7	6,883.9	8,914.9
Growth	%	-6.7	6.4	-8.3	11.3	7.1
Operating profit/loss	SEK m.	108.0	112.6	503.6	569.4	625.7
Operating margin	%	5.4	5.2	8.0	8.3	7.0
Profit after net fin. items	SEK m.	100.7	93.1	406.1	534.0	543.7
Profit margin	%	5.0	4.3	6.4	7.8	6.1
Return on capital employed	%	10.2	12.6	10.2	12.6	11.6
Return on equity	%	9.4	15.5	9.4	15.5	12.6
Equity/assets ratio	%	47.7	44.0	47.7	44.0	43.4
Investments	SEK m.	153.1	37.3	323.7	199.9	235.4
Depreciation/amortisation and impairments	SEK m.	88.6	90.5	275.1	274.7	405.4
Per share ratios						
Earnings per share	SEK	1.32	1.20	5.59	7.36	7.34
Equity per share	SEK	61.20	60.20	61.20	60.20	59.32
Operating cash flow per share	SEK	4.70	6.02	14.70	15.46	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	
		Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net sales	SEK m.	2,003.9	2,206.7	2,100.0	2,031.0	2,146.7	2,483.1	2,254.0	2,143.8	2,018.5
Growth	%	-6.7	-11.1	-6.8	-5.3	6.4	15.4	12.0	17.3	13.8
Gross margin	%	33.6	35.9	33.6	34.6	33.8	35.8	34.0	32.8	31.9
Operating profit/loss	SEK m.	108.0	213.5	182.1	56.3	112.6	283.9	173.0	114.1	80.1
Operating margin	%	5.4	9.7	8.7	2.8	5.2	11.4	7.7	5.3	4.0
Return on capital employed	%	10.2	10.1	11.2	11.6	12.6	12.6	11.1	11.3	8.8
Return on equity	%	9.4	9.2	11.0	12.6	15.5	15.4	13.5	11.9	9.6
Equity/assets ratio	%	47.7	46.3	44.7	43.4	44.0	41.1	41.1	41.7	41.3
Basic equity per share	SEK	61.20	61.02	57.79	58.94	60.20	59.20	57.44	54.60	52.11
Basic earnings per share	SEK	1.32	2.70	1.57	-0.02	1.20	3.72	2.44	1.53	0.85
Cash flow from operating activities per share	SEK	4.70	5.47	3.41	0.77	6.02	5.71	3.73	0.68	3.64

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 has been applied 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 has been applied 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, as well as from the servicing of ventilation products. Total revenue for the quarter amounted to SEK 2,003.9 million (2,146.7), of which servicing of ventilation products accounted for SEK 86.5 million (62.6).

SEK m.	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2019/20 May-Apr 12 mths
Europe					
Sale of goods recognised at a specific point in time	1,461.3	1,574.7	4,583.9	5,072.4	6,581.2
Sale of goods recognised over time	31.3	37.3	123.9	114.9	161.5
Servicing recognised at a certain point in time	40.9	17.9	110.7	95.5	140.1
Servicing recognised over time	39.7	38.3	110.8	112.5	155.0
	1,573.2	1,668.2	4,929.3	5,395.3	7,037.8
Americas, Middle East, Asia, Australia and Africa					
Sale of goods recognised at a specific point in time	376.0	422.8	1,219.2	1,270.5	1,594.5
Sale of goods recognised over time	48.8	49.3	148.8	206.9	266.1
Servicing recognised at a certain point in time	0.1	-	0.9	0.1	0.4
Servicing recognised over time	5.8	6.4	12.5	11.1	16.1
	430.7	478.5	1,381.4	1,488.6	1,877.1
Total					
Sale of goods recognised at a specific point in time	1,837.3	1,997.5	5,803.1	6,342.9	8,175.7
Sale of goods recognised over time	80.1	86.6	272.7	321.8	427.6
Servicing recognised at a certain point in time	41.0	17.9	111.6	95.6	140.5
Servicing recognised over time	45.5	44.7	123.3	123.6	171.1
	2,003.9	2,146.7	6,310.7	6,883.9	8,914.9

Note 3 Companies acquired

The purchase consideration paid for 60 percent of the shares in Divid AB and 100 percent of the shares in Servicebolaget i Sverige AB was made up as follows:

Total historical cost, less transaction costs SEK 22.5 m.

Identifiable net assets	Divid	Service- bolaget	Total
Goodwill	12.9	3.9	16.8
Customer relationships	4.0	1.7	5.7
Machinery and equipment	0.1	-	0.1
Inventory	-	0.9	0.9
Trade accounts receivable	3.5	1.1	4.6
Other current assets	4.0	0.5	4.5
Cash and cash equivalents	1.5	1.4	2.9
Minority interest	-1.3	-	-1.3
Deferred tax liability	-0.8	-0.8	-1.6
Other operating liabilities	-8.6	-1.5	-10.1
	15.3	7.2	22.5

The total cash flow impact from acquisitions is SEK -19.5 million. Transactions costs relating to the acquisitions total SEK 0.2 million.

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, synergy effects expected to arise after the acquisition and the company's estimated future earning capacity.

Net sales for the acquired companies between the time of acquisition and the end of the period under review totalled SEK 7.3 million. During the period, an operating profit of SEK 1.8 million was recorded. If the companies acquired during the period had been consolidated as of 1 May 2020, net sales for the period May 2020 through January 2021 would have totalled approximately SEK 6,329.7 million. Operating profit for that period would have totalled approximately SEK 507.4 million.

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 2020-January 2021, 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 period under review, May 2020-January 2021, the liability has been downwardly adjusted by SEK 7.9 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 2020 – January 2021. 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 the geographical segments of Europe and 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 and 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.

SEK m.	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2019/20 May-Apr 12 mths
Europe					
Net sales, external	1,573.2	1,668.2	4,929.3	5,395.3	7,037.8
Net sales, intra-Group	29.1	45.9	82.9	115.5	157.1
Operating profit/loss	120.5	119.5	466.1	561.7	652.3
Operating margin, %	7.7	7.2	9.5	10.4	9.3
Profit after net fin. items	114.2	103.2	496.4	550.2	719.3
Profit margin, %	7.3	6.2	10.1	10.2	10.2
Assets	4,056.5	4,112.8	4,056.5	4,112.8	4,183.0
Investments	80.3	25.6	229.1	118.3	147.5
Depreciation/amortisation and impairments	70.7	73.0	211.4	214.2	314.5
Americas, Middle East, Asia, Australia and Africa					
Net sales, external	430.7	478.5	1,381.4	1,488.6	1,877.1
Net sales, intra-Group	5.1	2.9	17.3	15.1	20.3
Operating profit/loss	7.5	14.8	95.2	88.2	77.7
Operating margin, %	1.7	3.1	6.9	5.9	4.1
Profit after net fin. items	17.5	5.8	61.5	67.4	54.5
Profit margin, %	4.1	1.2	4.5	4.5	2.9
Assets	1,101.6	1,243.0	1,101.6	1,243.0	1,199.8
Investments	50.6	4.4	67.0	10.4	16.5
Depreciation/amortisation and impairments	12.7	13.5	48.4	39.4	65.4
Group-wide					
Net sales, intra-Group	32.6	36.5	96.5	108.2	148.3
Operating profit/loss	-20.0	-21.7	-57.7	-80.5	-104.3
Profit/loss after net fin. items	-31.0	-15.9	-151.8	-83.6	-230.1
Assets	3,979.4	4,218.5	3,979.4	4,218.5	4,143.5
Investments	22.2	7.3	27.6	71.2	71.4
Depreciation/amortisation and impairments	5.2	4.0	15.3	21.1	25.5

	2020/21 Nov-Jan 3 mths	2019/20 Nov-Jan 3 mths	2020/21 May-Jan 9 mths	2019/20 May-Jan 9 mths	2019/20 May-Apr 12 mths
SEK m.					
Eliminations					
Net sales, intra-Group	-66.8	-85.3	-196.7	-238.8	-325.7
Assets	-2,418.5	-2,416.7	-2,418.5	-2,416.7	-2,426.4
Total					
Net sales, external	2,003.9	2,146.7	6,310.7	6,883.9	8,914.9
Operating profit/loss	108.0	112.6	503.6	569.4	625.7
Operating margin, %	5.4	5.2	8.0	8.3	7.0
Profit/loss after net fin. items	100.7	93.1	406.1	534.0	543.7
Profit margin, %	5.0	4.3	6.4	7.8	6.1
Assets	6,719.0	7,157.6	6,719.0	7,157.6	7,099.9
Investments	153.1	37.3	323.7	199.9	235.4
Depreciation/amortisation and impairments	88.6	90.5	275.1	274.7	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.