

Systemair AB (publ) Year-end report 1 May 2021–30 April 2022

Fourth quarter February – April 2022

- Net sales increased by 20.5 percent to SEK 2,662 million (2,208).
- Organic growth was +16.4 percent (+17.1).
- The adjusted operating profit was SEK 230 million (209). Operating profit (EBIT) totalled SEK 191 million (173), taking into account goodwill impairment charges of SEK -39 million (-36).
- The adjusted operating margin was 8.6 percent (9.4).
- Profit after tax amounted to SEK 139 million (116).
- Earnings per share totalled SEK 0.66 (0.55).
- Cash flow from operating activities amounted to SEK -32 million (+229).

12 months, May 2021–April 2022

- Net sales increased by 13.1 percent to SEK 9,634 million (8,519).
- Organic growth was +12.7 percent (+2.1).
- The adjusted operating profit was SEK 821 million (723). Operating profit (EBIT) amounted to SEK 770 million (677), taking into account goodwill impairment charges and a revaluation on acquisition of SEK -51 million (-46).
- The adjusted operating margin was 8.5 percent (8.5).
- Profit after tax amounted to SEK 544 million (411).
- Earnings per share totalled SEK 2.61 (1.95).
- Cash flow from operating activities amounted to SEK 235 million (994).
- The Board of Directors proposes a dividend of SEK 0.90 (0.75) per share.

Net sales Q4

SEK 2,662 m.

EBIT Q4

SEK 191 m.

Significant events during the year

- On 7 April, an agreement was signed for the acquisition of all the shares in SagiCofim S.p.A., Italy. SagiCofim is a significant supplier in air filtration and air distribution. The deal will be closed in June 2022.
- On 21 March, 100 percent of the shares in Tecnaïr LV S.p.A., Italy, were acquired. Tecnaïr is an international supplier of precision cooling products.
- In December, all shares in Systemair Traydus in Brazil were sold. The sale of Systemair Traydus resulted in an impairment loss of SEK 22.5 million.
- In July 2021, Systemair acquired the remaining 50.1 percent of the shares in Burda, Germany. Burda is a market leader in infrared heaters for outdoor applications.

	2021/22 Feb–Apr 3 mths	2020/21 Feb–Apr 3 mths	2021/22 May–Apr 12 mths	2020/21 May–Apr 12 mths
Net sales, SEK m.	2,661.6	2,208.5	9,634.5	8,519.2
Growth, %	20.5	8.7	13.1	-4.4
Operating profit, SEK m.	191.4	173.1	769.8	676.7
Operating margin, %	7.2	7.8	8.0	7.9
Profit after tax, SEK m.	138.9	116.3	544.3	410.6
Earnings per share, SEK ¹	0.66	0.55	2.61	1.95
Operating cash flow per share, SEK ¹	-0.15	1.10	1.13	4.78

1) Systemair AB has issued 600,000 warrants to persons holding senior positions within the company. The average price of the share during the period under review was less than the redemption price for the warrants, so no dilution effect has occurred.

A quarter of good growth despite continued supply chain challenges

We are pleased to note that the financial year ended with further good organic growth of 16.4 percent. Component shortages and high sickness absence due to Covid-19 at the beginning of the quarter had a negative impact. The adjusted operating profit increased to SEK 230 million (209). The adjusted operating margin also improved, to 8.6 percent (9.4).

The market

Demand in the fourth quarter remained robust, with organic growth of 16.4 percent. This may be considered as a very strong performance, as the corresponding quarter last year also showed organic growth, of 17.1 percent. All regions report good organic growth. In Europe, we were affected by high sickness absence and component shortages during the quarter. Further price increases were implemented during the quarter in the face of rising material and freight costs.

Investments

Our balance sheet remains strong and liquidity buoyant, creating the scope for continued investments and acquisitions. We have several long-term strategic investments ongoing in production equipment to meet the rising demand.

Acquisitions

On 21 March, we completed the acquisition of Tecnaïr LV S.p.A., Italy. Tecnaïr is an international supplier of precision cooling products. The products are supplied, for example, to hospitals and data centres. The Italian market accounts for about 25 percent of Tecnaïr's sales, with the remainder being exported mainly within Europe.

On 7 April, Systemair signed an agreement to acquire SagiCofim S.p.A. The company is a supplier with extensive experience in filtration and air distribution. The Italian market accounts for about 75 percent of the company's sales, with the remainder being exported mainly within Europe. The company's consolidated sales amount to EUR 36 million.

Sustainability

We are continuing to progress our sustainability work in all our areas of operation. Energy conservation and energy efficiency are at the centre of product



development at Systemair. EU initiatives in response to the pandemic, such as the European Green Deal, Renovation Wave and Pandemic Recovery Package, will fuel robust long-term demand for energy-efficient ventilation products in the renovation market. Good ventilation reduces the risk of spreading infection.

Outlook

The ongoing Russian invasion of Ukraine led us to suspend all deliveries to Russia and Belarus as of 4 March. In our Russian company, we reduced personnel numbers and adjusted costs. We are closely monitoring developments and will assess further actions.

Our order intake remains strong and our order backlog is maintaining a historically high level. The current component shortage will continue to affect deliveries. Systemair is strongly placed, with 29 well-invested production facilities in 20 countries. We have the most comprehensive product range on the market and are the largest supplier of ventilation products in Europe.

Roland Kasper
President and CEO

Sales and markets

Group sales for the fourth quarter of the 2021/22 financial year totalled SEK 2,661.6 million (2,208.5), 20.5 percent up on the same period last year. Adjusted for the effects of foreign exchange and acquisitions, net sales rose by 16.4 percent. Growth has been affected by the price increases implemented during the year. Growth in acquired operations was 1.5 percent, while foreign exchange effects increased sales by 2.6 percent over the period.

Net sales for the full year May 2021–April 2022 totalled SEK 9,634.5 million (8,519.2), up 13.1 percent on the preceding year. Adjusted for the effects of foreign exchange and acquisitions, net sales rose by 12.7 percent. Growth in acquired operations was 1.0 percent, while foreign exchange effects reduced sales by 0.6 percent during the year. Price increases were implemented during the financial year to compensate for increases in the prices of components and freight.

Geographic breakdown of Q4 sales

Nordic region

During the fourth quarter, sales in the Nordic region increased by 5.4 percent from the same period in the preceding year. The markets in Denmark, Finland and Norway showed good growth during the quarter, while the Swedish market declined as a result of component

shortages. Adjusted for foreign exchange effects and acquisitions, sales rose by 1.4 percent.

Western Europe

Sales in the West European market during the quarter were 27.3 percent higher than in the corresponding period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 21.1 percent. All markets in the region showed growth during the quarter, above all the UK, France, the Netherlands and Germany.

Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 17.8 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 11.6 percent. Sales in Russia, stated in Swedish kronor, increased during the quarter, although they showed a clearly declining trend in the latter part of the quarter. The Ukrainian, Russian and Belarusian markets accounted for 4.6 percent of the Group's sales. Other major markets that showed growth in the region were the Czech Republic, Poland and Slovakia.

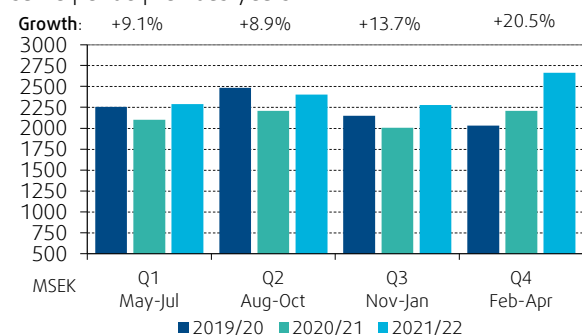
North America

Sales in North America during the quarter were 25.7 percent higher than in the same period in the preceding year. Adjusted for foreign exchange effects and acquisitions, sales rose by 12.6 percent. Both the Canadian and US markets showed good growth in the quarter.

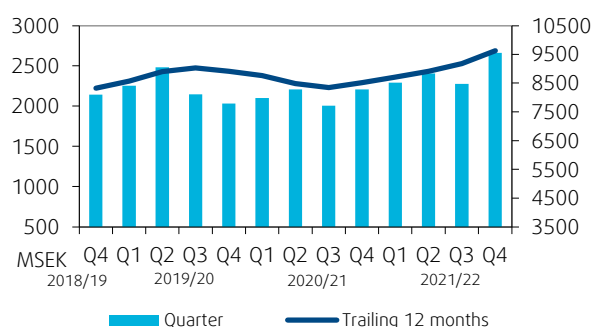
	2021/22	2020/21	Sales – change	Of which, organic	2021/22	2020/21	Sales – change	Of which, organic
	Feb-Apr 3 mths	Feb-Apr 3 mths			May-Apr 12 mths	May-Apr 12 mths		
Nordic region	513.7	487.5	5.4%	1.4%	1,888.8	1,726.2	9.4%	6.1%
Western Europe	1,177.7	925.0	27.3%	21.1%	4,073.8	3,674.6	10.9%	9.4%
Eastern Europe & CIS	338.7	287.4	17.8%	11.6%	1,411.6	1,202.2	17.4%	17.5%
North America	281.0	223.6	25.7%	12.6%	1,049.5	879.0	19.4%	14.9%
Middle East, Asia, Australia and Africa	350.5	285.0	23.0%	35.2%	1,210.8	1,037.2	16.7%	28.0%
Total	2,661.6	2,208.5	20.5%	16.4%	9,634.5	8,519.2	13.1%	12.7%

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

Net sales per quarter compared with same period previous years



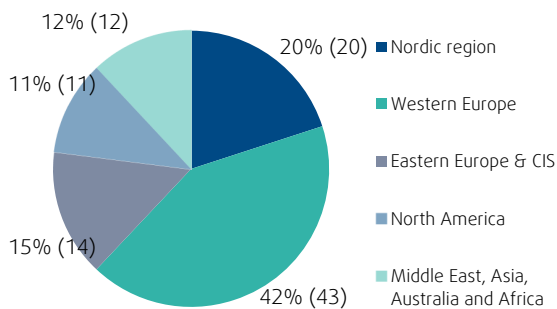
Net sales



Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa rose by 23.0 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 35.2 percent. India, Morocco and Australia showed good growth during the period, while sales in Turkey, stated in Swedish kronor, decreased.

Sales by market, 12 months 2021/22 (2020/21)



Profit in the fourth quarter

Gross profit in the fourth quarter totalled SEK 907.8 million (787.4), an increase of 15.3 percent over the figure for the corresponding period last year. The gross margin decreased to 34.1 percent (35.7) due to higher material prices and lower productivity resulting from component shortages, as well as sickness absence and customer price increases that have not yet fully shown through.

Operating profit in the fourth quarter totalled SEK 191.4 million (173.1), an increase of 10.6 percent over the figure for the corresponding period last year. The adjusted operating profit was SEK 230.0 million (208.6). The operating margin decreased to 7.2 percent (7.8) mainly due to the above-mentioned delay in price increases to customers.

During the quarter, goodwill related to Menerga, and Lautner, both of Germany, was written down by SEK 38.6 million (35.5). As a result, all goodwill related to

Menerga in Germany has been written off in full as the company did not achieve its performance targets.

Selling and administration expenses for the quarter totalled SEK 682.3 million (590.0), a rise of SEK 92.3 million, or 15.6 percent. Company acquisitions accounted for SEK 7.0 million of the quarter's costs, indicating that selling and administration expenses for like-for-like units increased by SEK 85.3 million, or 14.5 percent.

Selling expenses were charged with SEK 9.7 million (5.7) for anticipated bad debts. Acquisition-related expenses totalled SEK 1.5 million (-).

Net financial items for the fourth quarter totalled SEK +5.4 million (-15.1). The impact of foreign exchange on long-term receivables, loans and bank balances totalled SEK +13.8 million (-8.6) net. Interest expenses for the quarter totalled SEK -8.9 million (-6.6).

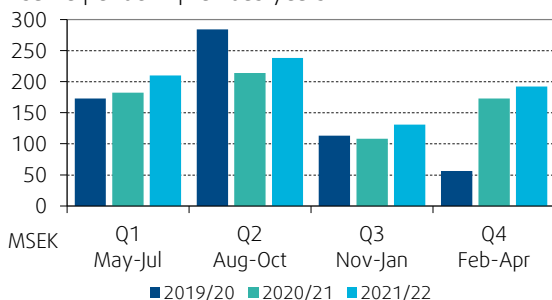
Profit for the financial year

Operating profit for the financial year from May 2021 to April 2022 totalled SEK 769.8 million (676.7). The operating margin was 8.0 percent (7.9). During the financial year, an impairment loss of SEK 22.5 million arising from the divestment of Systemair Traydus in Brazil was recognised, as well as a positive revaluation effect of SEK 9.8 million related to the acquisition of the minority shareholding in Burda, Germany. Goodwill related to the acquisitions of Menerga and Lautner, both in Germany, has been written down by SEK 38.6 million. The operating margin adjusted for these items was 8.5 percent.

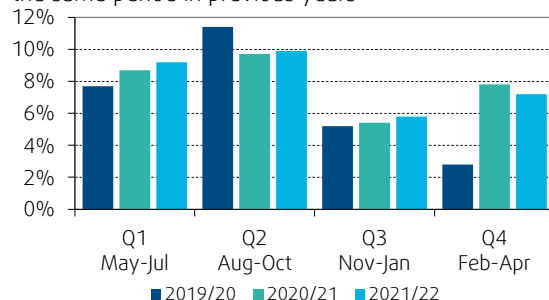
Selling and administration expenses totalled SEK 2,515.1 million (2,289.1), an increase of SEK 226.0 million. Company acquisitions accounted for SEK 23.3 million of the year's costs, indicating that selling and administration expenses for like-for-like units rose by SEK 202.7 million, or 8.9 percent. Selling expenses were charged with SEK 21.6 million (18.0) for anticipated bad debts.

Net financial items totalled SEK -28.1 million (-112.7), including interest expenses of SEK -28.1 million (-27.0).

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 -59.8 million (-41.7), representing an effective tax rate of 30.4 percent (26.4) based on profit after net financial items.

Estimated tax for the financial year totalled SEK -197.4 million (-153.4), representing an effective tax rate of 26.6 percent (27.2) based on profit after net financial items.

Acquisitions, new operations and disposals

In July 2021, Frico AB acquired the remaining 50.1 percent of the shares in Burda WTG, Germany. Burda develops, produces and supplies infrared radiant heaters and heating panels, plus associated control equipment, with several proprietary patents. The company's head office is located in Eschborn, near Frankfurt-am-Main, Germany. The company's sales in 2020 totalled around EUR 4 million.

In December 2021, all shares in Traydus in Brazil were sold to the minority shareholders, who are also the local management. The company is a manufacturer of customised air handling units for the Brazilian market. Systemair acquired 75 percent of the shares in September 2015 and the company's performance since then has not met expectations. The sale of Systemair Traydus resulted in an impairment loss of SEK 22.5 million, which was charged to operating profit.

At the end of January 2022, an agreement was signed to acquire 80 percent of the Italian company Tecnair LV S.p.A. from the Italian-listed LU-VE Group, and the remaining 20 percent from the Monti family. Tecnair is an international supplier of precision cooling products. The products are supplied, for example, to hospitals and data centres. The Italian market accounts for about 25 percent of Tecnair's sales, with the remainder being exported mainly within Europe. The company is based in Uboldo, outside Milan, but will be relocated to Systemair's existing premises in Barlassina, 15 km from

Uboldo, in the next few months. Tecnair's sales in 2021 amounted to approximately EUR 12 million, with an EBITDA profit of EUR 1.2 million. The company has 43 employees. The takeover was completed on 21 March 2022. The purchase price agreed is EUR 15 million for the debt-free company.

On 7 April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A. The company is a significant supplier with extensive experience in filtration and air distribution. The company's wholly-owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. In Sondrio in the Valtellina Valley, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The Italian market accounts for about 75 percent of the companies' sales, with the remainder being exported mainly within Europe. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The purchase price agreed is EUR 33.6 million on a debt-free basis. The transaction was approved by the Italian authorities at the end of May and is expected to be closed in June 2022.

In April 2022, Systemair's subsidiary Divid Holding AB acquired ISC srl., Italy. ISC holds a strong market position in the niche of product selection programmes for air handling units. The company has sales of around SEK 7 million.

If the companies acquired had been consolidated as of 1 May 2021, net sales for the financial year May 2021-April 2022 would have totalled approximately SEK 9,718.2 million. Operating profit for that period would have totalled approximately SEK 768.2 million. For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 3 in this interim report.

Systemair delivers ventilation products for the 2022 Commonwealth Games Aquatic Centre

The Sandwell Aquatics Centre is a brand-new venue for the Birmingham 2022 Commonwealth Games. It houses a swimming and diving competition pool and this venue will host more medal events than any other venue. A temporary warm-up pool has also been built at the facility. Systemair UK provided ventilation equipment from Fans & Accessories to Geniox & Topvex Air handling units along with Menerga Swimming Pool Air Handling units for this prestigious project in Birmingham to a value of SEK 7 million. The Games will take place from 28 July to 8 August 2022.



Investments, depreciation and amortisation

Investments for the quarter, net of disposals, totalled SEK 254.4 million (127.3), including SEK 80.1 million (123.3) in new construction and machinery. The investments mainly relate to the production facilities in the Czech Republic, Canada and France. Acquisitions and formerly withheld purchase considerations totalled SEK 163.7 million (1.7). Depreciation, amortisation and impairment of non-current assets amounted to SEK 134.5 million (124.8).

Total investments for the financial year amounted to SEK 540.1 million (463.6), net of disposals. Gross investments in new construction and machinery totalled SEK 326.4 million (432.9), net of disposals. Acquisitions and formerly withheld purchase considerations totalled SEK 197.5 million (21.2). Depreciation, amortisation and impairment of non-current assets amounted to SEK 408.4 million (399.8).

Personnel

The average number of employees in the Group was 6,358 (5,864). At the end of the period, Systemair had 6,660 employees (6,380), 280 more than one year previous. New personnel were hired in India (124), Canada (43), Koolair in Spain (41), the Czech Republic (30), Denmark (23), Slovenia (21), Sweden (17) and Lithuania (12). Personnel cutbacks were made in Russia (-52), Menerga, Germany (-34) and Malaysia (-15). Acquired companies added a total of 99 employees. The divestment of Traydus in Brazil resulted in a reduction of, in all, 79 employees.

Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 247.9 million (272.3). Changes in working capital, mainly consisting of increased inventories and trade accounts receivable, had an impact of SEK -279.5 million (-43.0) on cash flow. The sharp increase is explained by higher purchase prices for components and increased security inventories due to the prevailing component deficiencies in the market. Cash flow from financing activities totalled SEK +286.6 million net (-113.4). At the end of the period, the Group's net indebtedness was SEK 2,118.4 million (1,540.4). The consolidated equity/assets ratio was 45.5 percent (47.9) at the end of the period.

Warrants

On 26 August 2021, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2021 incentive programme. During the period under review, Systemair AB issued a total of 600,000 warrants for Systemair shares, to 44 individuals in senior positions within the Company.

Transfer of the warrants to the participants will take place at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). Each warrant entitles the holder to subscribe for one share in the Company at a price of SEK 98.20. The programme runs for four years from 23 September 2021 and the last day for subscription is 30 September 2025.

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 have long been a central and natural part of Systemair. The importance of good-quality indoor air 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 helping to bring about a more sustainable planet.

Sustainability is an important part of our strategy and an integral part of our business. Our sustainability framework focuses on four areas that play a part in achievement of eight of the Sustainable Development Goals.

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

Events after the close of the period

In April, Systemair signed an agreement to acquire all the shares in the Italian company SagiCofim S.p.A, a leading international supplier of filtration and air distribution services. The transaction is conditional on approval from the Italian authorities and this was obtained on 27 May. The deal is expected to close in the first part of June 2022.

Changes in Group Management

During the financial year, two new recruitments were made, which also resulted in changes in Group Management with effect from 1 February 2022.

Anders Gustafsson has taken up the role of VP Global Supply Chain. Anders has extensive experience from Konecranes, Atlas Copco and ABB, with responsibilities in production and logistics.

Janni Weber has joined as VP M&A, with responsibility for acquisitions, corporate integration and business development. Janni has a solid background from acquisitions and integration at Sandvik Coromant.

In addition to Anders and Janni, the new Group Management will consist of Björn-Osvald Skandsen - VP Marketing, Olle Glassel - VP Sales, Roland Kasper - CEO and Anders Ulff - CFO.

Exposure to Russia, Ukraine and Belarus

In view of the ongoing Russian invasion of Ukraine, we have decided to suspend all deliveries to Russia and Belarus for the time being. At the end of the financial year, 263 people were employed in these countries. Systemair's sales in the region represent 4.6 percent of the Group's total sales. In Russia, we have 16 local sales offices with associated warehouses. The Group has a production facility in Moscow with a book value of SEK 122.7 million. Goodwill related to the Russian business is valued at SEK 40.5 million and working capital, mainly in inventories and cash, at SEK 139.9 million.

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 2020/21 Annual Report.

The situation in Russia and Ukraine is very serious and volatile. Changes in sanctions, logistical flows and the financial system take place on an ongoing basis. Systemair is closely monitoring the situation and continuously assessing the short- and long-term

consequences to employees and the business.

Like other global enterprises, Systemair is affected by pandemics. The Company is taking the necessary steps to reduce the impact of Covid-19 and is following the recommendations of WHO.

Related party transactions

There were no material related party transactions during the quarter. Transactions with related parties are described in detail in Note 39 to the accounts in the Annual Report for the 2020/21 financial year.

Parent Company

The Parent Company's net sales for the financial year totalled SEK 149.1 million (132.3). Operating profit was negative, at SEK -118.1 million (-88.7). During the financial year, shares in subsidiaries were written down by a total of SEK 149.8 million related to the shares in Lautner and Menerga in Germany and Systemair HSK in Turkey. The Parent Company had 66 employees (62). The core business of the Parent Company consists of intra-Group services.

Dividend

The Board proposes that the Annual General Meeting, to be held on 25 August 2022, approve a dividend of SEK 0.90 (0.75) per share. As a result, dividend payments will total SEK 187.2 million (156.0). The proposed dividend represents 34 percent (38) of the Group's net profit, slightly below Systemair's financial target of paying out 40 percent of net profit.

Systemair in brief

Systemair is a leading ventilation company with operations in 52 countries in Europe, North America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 9.6 billion in the 2021/22 financial year and today employs approximately 6,700 people. Systemair has reported an operating profit every year since 1974, when the company was founded. Over the past 10 years, the Company's average growth has averaged 9.4 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

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.
- Sustainability integrated in our business, enabling a holistic approach creating value for all our stakeholders.
- 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 year-end report is information which 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 8.00 a.m. on 8 June 2022.

This Year-End Report has not been submitted to a general examination by the Company's auditors.

Skinnskatteberg, 8 June 2022

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

Niklas Engström
Director

Åke Henningsson
Employee Representative

Ricky Sten
Employee Representative

Calendar

Interim report Q1 2022/23

1.00 p.m., 25 August 2022

AGM 2022

3.00 p.m., 25 August 2022

Contact

CEO Roland Kasper

Telephone: +46-(0)73-094 40 13

E-mail: roland.kasper@systemair.com

CFO Anders Ulff

Telephone: +46-(0)70-577 40 09

E-mail: anders.ulff@systemair.com

Systemair AB (publ)

Co. Reg. No. 556160-4108

SE-739 30 Skinnskatteberg, Sweden

Telephone: +46 (0)222-440 00

info@systemair.se

www.systemair.com

Summary income statement

	Group				Parent Company	
	2021/22 Feb-Apr 3 mths	2020/21 Feb-Apr 3 mths	2021/22 May-Apr 12 mths	2020/21 May-Apr 12 mths	2021/22 May-Apr 12 mths	2020/21 May-Apr 12 mths
SEK m.						
Net sales	2,661.6	2,208.5	9,634.5	8,519.2	149.1	132.3
Cost of goods sold	-1,753.8	-1,421.1	-6,315.6	-5,559.5	-	-
Gross profit	907.8	787.4	3,318.9	2,959.7	149.1	132.3
Other operating income	67.3	40.2	233.5	196.1	11.0	26.5
Selling expenses	-561.3	-475.2	-2,077.5	-1,861.3	-88.2	-68.4
Administration expenses	-121.0	-114.8	-437.6	-427.8	-109.2	-109.5
Other operating expenses	-101.4	-64.5	-267.5	-190.0	-80.8	-69.6
Operating profit/loss	191.4	173.1	769.8	676.7	-118.1	-88.7
Net financial items	5.4	-15.1	-28.1	-112.7	12.1	-1.2
Profit/loss after financial items	196.8	158.0	741.7	564.0	-106.0	-89.9
Appropriations	-	-	-	-	65.9	61.8
Tax on profit for the period	-57.9	-41.7	-197.4	-153.4	-1.0	7.6
Profit/loss for the period	138.9	116.3	544.3	410.6	-41.1	-20.5
Attributable to:						
Parent Company shareholders	137.8	115.3	543.9	406.2	-	-
Non-controlling interests	1.1	1.0	0.4	4.4	-	-
Earnings per share, SEK ¹	0.66	0.55	2.61	1.95	-	-

Statement of comprehensive income

Profit/loss for the period	138.9	116.3	544.3	410.6	-41.1	-20.5
Other comprehensive income						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	-15.7	12.0	119.1	-174.2	-	-
<i>Items that cannot be transferred to profit for the period:</i>						
Revaluation of defined-benefit pensions, net after tax	16.5	6.4	6.0	9.6	-	-
Other comprehensive income	0.8	18.4	125.1	-164.6	-	-
Total comprehensive income for the period	139.7	134.7	669.4	246.0	-41.1	-20.5
Attributable to:						
Parent Company shareholders	138.6	133.7	669.0	241.6	-	-
Non-controlling interests	1.1	1.0	0.4	4.4	-	-

- 1) Systemair AB has issued 600,000 warrants to persons holding senior positions within the company. The average price of the share during the period under review was less than the redemption price for the warrants, so no dilution effect has occurred. The number of shares outstanding at the end of the reporting period was 208,000,000. During the period under review, a 4-for-1 share split was carried out. The figures for earlier periods provided for comparison have been adjusted.

Summary balance sheet

SEK m.	Group		Parent Company	
	30/04/2022	30/04/2021	30/04/2022	30/04/2021
ASSETS				
Goodwill	888.9	735.6	-	-
Other intangible non-current assets	216.1	210.7	35.5	38.1
Property, plant and equipment	2,325.6	2,118.1	13.4	20.8
Financial and other non-current assets	193.6	237.5	2,766.8	2,767.8
Total non-current assets	3,624.2	3,301.9	2,815.7	2,826.7
Inventory	2,224.9	1,436.9	-	-
Current receivables	2,287.4	1,897.6	1,392.9	1,048.2
Cash and cash equivalents	335.9	319.1	-	-
Total current assets	4,848.2	3,653.6	1,392.9	1,048.2
TOTAL ASSETS	8,472.4	6,955.5	4,208.6	3,874.9
EQUITY AND LIABILITIES				
Equity	3,853.5	3,330.1	1,554.5	1,751.6
Untaxed reserves	-	-	-	0.7
Non-current liabilities, non-interest-bearing	275.7	259.9	1.0	1.8
Non-current liabilities, interest-bearing	1,230.8	1,051.5	1,702.9	1,543.0
Total non-current liabilities	1,506.5	1,311.4	1,703.9	1,544.8
Current liabilities, interest-bearing	1,148.0	735.6	904.3	528.1
Current liabilities, non-interest-bearing	1,964.4	1,578.4	45.9	49.7
Total current liabilities	3,112.4	2,314.0	950.2	577.8
TOTAL EQUITY AND LIABILITIES	8,472.4	6,955.5	4,208.6	3,874.9

Summary consolidated cash flow statement

SEK m.	2021/22	2020/21	2021/22	2020/21
	Feb-Apr 3 mths	Feb-Apr 3 mths	May-Apr 12 mths	May-Apr 12 mths
Operating profit/loss	191.4	173.1	769.8	676.7
Adjustment for non-cash items	67.4	138.8	354.5	391.5
Financial items	-9.3	-6.8	-27.6	-27.5
Income tax paid	-1.6	-32.8	-147.4	-182.7
Cash flow from operating activities before changes in working capital	247.9	272.3	949.3	858.0
Changes in working capital	-279.5	-43.0	-714.1	135.9
Cash flow from operating activities	-31.6	229.3	235.2	993.9
Cash flow from investing activities	-247.7	-124.7	-515.9	-448.3
Cash flow from financing activities	286.6	-113.4	274.9	-557.2
Cash flow for the period	7.3	-8.8	-5.8	-11.6
Cash and cash equivalents at start of period	327.7	324.0	319.1	378.2
Translation differences, cash and cash equivalents	0.9	3.9	22.6	-47.5
Cash and cash equivalents at close of period	335.9	319.1	335.9	319.1

Statement of changes in equity – Group

SEK m.	2021/22			2020/21		
	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	3,305.0	25.1	3,330.1	3,064.8	19.9	3,084.7
Dividend	-156.0	-1.8	-157.8	-	-	-
Share of acquisitions attributable to non-controlling interests	-	12.3	12.3	-	1.7	1.7
Issue of warrants	4.8	-	4.8	-	-	-
Revaluation of acquisition option	-7.7	2.4	-5.3	-1.4	-0.9	-2.3
Comprehensive income	669.0	0.4	669.4	241.6	4.4	246.0
Amount at end of period	3,815.1	38.4	3,853.5	3,305.0	25.1	3,330.1

Performance measures for the Group

		2021/22 Feb-Apr 3 mths	2020/21 Feb-Apr 3 mths	2021/22 May-Apr 12 mths	2020/21 May-Apr 12 mths
Net sales	SEK m.	2,661.6	2,208.5	9,634.5	8,519.2
Growth	%	20.5	8.7	13.1	-4.4
Operating profit/loss	SEK m.	191.4	173.1	769.8	676.7
Operating margin	%	7.2	7.8	8.0	7.9
Profit after net fin. items	SEK m.	196.8	158.0	741.7	564.0
Profit margin	%	7.4	7.2	7.7	6.6
Return on capital employed	%	14.5	13.1	14.5	13.1
Return on equity	%	15.1	13.0	15.1	13.0
Equity/assets ratio	%	45.5	47.9	45.5	47.9
Investments	SEK m.	247.7	124.7	515.9	448.3
Depreciation/amortisation and impairments	SEK m.	134.5	124.8	408.4	399.8
Per share ratios¹					
Earnings per share	SEK	0.66	0.55	2.61	1.95
Equity per share	SEK	18.34	15.89	18.34	15.89
Operating cash flow per share	SEK	-0.15	1.10	1.13	4.78
No. of shares at end of period	No.	208,000,000	52,000,000	208,000,000	52,000,000

¹During the period under review, a 4-for-1 share split was carried out. The figures for earlier periods provided for comparison have been adjusted.

Quarterly performance measures – Group

		2021/22				2020/21				2019/20
		Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	SEK m.	2,661.6	2,278.1	2,404.2	2,290.5	2,208.5	2,003.9	2,206.7	2,100.0	2,031.0
Growth	%	20.5	13.7	8.9	9.1	8.7	-6.7	-11.1	-6.8	-5.3
Gross margin	%	34.1	33.3	35.6	34.8	35.7	33.6	35.9	33.6	34.6
Operating profit/loss	SEK m.	191.4	131.3	237.5	209.6	173.1	108.0	213.5	182.1	56.3
Operating margin	%	7.2	5.8	9.9	9.2	7.8	5.4	9.7	8.7	2.8
Return on capital employed	%	14.5	14.9	14.2	14.3	13.1	10.2	10.1	11.2	11.6
Return on equity	%	15.1	15.0	14.9	14.8	13.0	9.4	9.2	11.0	12.6
Equity/assets ratio	%	45.5	47.2	45.7	48.4	47.9	47.7	46.3	44.7	43.4
Basic equity per share	SEK	18.34	17.69	16.45	16.71	15.89	15.30	15.25	14.45	14.74
Basic earnings per share	SEK	0.66	0.47	0.74	0.75	0.55	0.33	0.68	0.39	-0.01
Cash flow from operating activities per share	SEK	-0.15	0.13	0.39	0.76	1.10	1.18	1.37	1.13	0.19

Note 1 Accounting policies

Systemair applies International Financial Reporting Standards (IFRS). This year-end 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 2021

The IBOR reform

In the financial markets, a benchmark interest rate reform is under way in which the existing benchmark Inter Bank Offered Rate (IBOR) is in some currencies to be replaced by a transaction-based and virtually risk-free overnight rate. Systemair is exposed to future changes in benchmark interest rates linked to borrowings in IBOR, including the Swedish STIBOR rate. As part of the benchmark interest rate reform, amendments have been made to standards including IFRS 9 and IFRS 7. These changes are being implemented in two phases, in which phase 1 has been applicable to Systemair since 1 May 2020. Phase 1 relates principally to hedge accounting for interest rate risk. Systemair does not hedge interest rate exposures and is therefore affected only to a limited extent by the changes in Phase 1.

Phase 2, of the amendments to standards including IFRS 9 and IFRS 7 as a result of the benchmark interest rate reform, is applicable to Systemair from 1 May 2021. In summary, the amendments allow entities to report the effects of transitioning from benchmark interest rates such as STIBOR to other benchmark interest rates without creating accounting effects that would not provide useful information to users of financial statements. The change to new benchmark rates has not had a material impact on Systemair's financial statements.

Other amendments

Other new or amended standards or interpretations implemented during 2021 and 2022 did not have any, or had immaterial, 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 2,661.6 million (2,208.5), of which servicing of ventilation products accounted for SEK 107.9 million (90.4).

SEK m.	2021/22 Feb-Apr 3 mths	2020/21 Feb-Apr 3 mths	2021/22 May-Apr 12 mths	2020/21 May-Apr 12 mths
Europe				
Sale of goods recognised at a specific point in time	1,896.6	1,580.7	6,883.8	6,164.6
Sale of goods recognised over time	45.8	44.7	158.4	168.6
Servicing recognised at a certain point in time	54.3	44.2	179.2	154.9
Servicing recognised over time	46.2	40.5	163.6	151.3
	2,042.9	1,710.1	7,385.0	6,639.4
Americas, Middle East, Asia, Australia and Africa				
Sale of goods recognised at a specific point in time	559.9	451.4	2,024.2	1,670.6
Sale of goods recognised over time	51.4	41.3	205.2	190.1
Servicing recognised at a certain point in time	0.6	0.1	3.1	1.0
Servicing recognised over time	6.8	5.6	17.0	18.1
	618.7	498.4	2,249.5	1,879.8
Total				
Sale of goods recognised at a specific point in time	2,456.5	2,032.1	8,908.0	7,835.2
Sale of goods recognised over time	97.2	86.0	363.6	358.7
Servicing recognised at a certain point in time	54.9	44.3	182.3	155.9
Servicing recognised over time	53.0	46.1	180.6	169.4
	2,661.6	2,208.5	9,634.5	8,519.2

Note 3 Companies acquired and divested

Companies acquired

The purchase price for the assets of Ravenscroft, the remaining 50.1% of the shares in Burda WTG, 60 percent of the shares in Well Technology, all the shares in Tecnair S.p.A, Italy, and all the shares in ISC, Italy, is made up as follows:

Total historical cost, less transaction costs SEK 266.5 m.

Identifiable net assets	Ravenscroft		Well	ISC Italy	Tecnair	Total
	NZ	Burda WTG	Technology			
Goodwill	0.6	32.1	1.7	11.6	116.9	162.9
Brands and customer relationships	-	15.3	-	5.2	17.0	37.5
Other intangible assets	0.2	0.1	-	-	10.3	10.6
Buildings and land	-	-	39.5	-	-	39.5
Machinery and equipment	0.2	0.1	20.3	0.1	1.7	22.4
Financial and other non-current assets	-	-	0.2	-	-	0.2
Deferred tax assets	-	-	-	-	2.1	2.1
Inventory	0.6	7.8	9.2	0.9	31.6	50.1
Trade accounts receivable	-	3.3	1.4	1.2	31.4	37.3
Other current assets	-	0.7	0.6	0.1	2.4	3.8
Cash and cash equivalents	-	9.1	7.5	1.2	23.0	40.8
Minority interest	-	-	-12.4	-	-	-12.4
Non-interest-bearing liabilities	-	-0.4	-	-	-8.7	-9.1
Deferred tax liability	-	-4.3	-	-1.5	-4.1	-9.9
Interest-bearing liabilities	-	-0.9	-21.7	-	-	-22.6
Other operating liabilities	-	-6.3	-26.0	-3.0	-51.4	-86.7
	1.6	56.6	20.3	15.8	172.2	266.5

Previous valuation of 49.9% of Burda	18.5
Change in value	9.8
Acquisition of remaining 50.1% Burda	28.3
	56.6

The total cash flow impact from acquisitions is SEK -197.5 million. Transactions costs relating to the acquisitions total SEK 1.5 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 5–10 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 companies between acquisition and the financial year-end totalled SEK 65.1 million. Operating profit for the period concerned was SEK 17.6 million. If the companies acquired had been consolidated as of 1 May 2021, net sales for the financial year May 2021–April 2022 would have totalled approximately SEK 9,718.2 million. Operating profit for that period would have totalled approximately SEK 769.0 million.

Companies divested

The divestment of the shares in Traydus in Brazil, may be summarised as follows:

<u>Asset and liability disposals</u>	
Intangible assets	0.3
Buildings and land	1.2
Machinery and equipment	1.6
Deferred tax assets	0.5
Inventory	13.1
Trade accounts receivable	6.3
Other current assets	4.7
Cash and cash equivalents	1.5
Interest-bearing liabilities	-0.9
Other operating liabilities	-5.8
	<u>22.5</u>

The total impact on cash flow is SEK -1.5 million. In connection with the divestment, a translation difference of SEK 17.6 million was realized, which affects Other operating income.

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. For the financial year May 2021–April 2022, the liability was revalued by the amount of SEK 1.7 million and is now valued at SEK 24.9 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. For the financial year May 2021–April 2022, the liability was revalued by the amount of SEK 3.6 million and is now valued at SEK 5.6 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 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.

	2021/22	2020/21	2021/22	2020/21
	Feb-Apr	Feb-Apr	May-Apr	May-Apr
SEK m.	3 mths	3 mths	12 mths	12 mths
Europe				
Net sales, external	2,042.9	1,710.1	7,385.0	6,639.4
Net sales, intra-Group	70.4	54.5	209.3	137.4
Operating profit/loss	191.4	170.3	773.9	636.4
Operating margin, %	9.4	10.0	10.5	9.6
Profit after net fin. items	319.1	301.3	905.2	797.6
Profit margin, %	15.6	17.6	12.3	12.0
Assets	5,387.1	4,380.1	5,387.1	4,380.1
Investments	80.8	100.5	294.5	329.5
Depreciation/amortisation and impairments	114.6	106.9	335.4	318.2
Americas, Middle East, Asia, Australia and Africa				
Net sales, external	618.7	498.4	2,249.5	1,879.8
Net sales, intra-Group	3.1	2.4	13.7	19.7
Operating profit/loss	31.7	32.7	114.2	127.9
Operating margin, %	5.1	6.6	5.1	6.8
Profit after net fin. items	119.8	13.0	241.9	74.5
Profit margin, %	19.4	2.6	10.8	4.0
Assets	1,694.6	1,200.2	1,694.6	1,200.2
Investments	13.2	17.2	48.9	84.2
Depreciation/amortisation and impairments	14.3	12.9	52.3	61.3
Group-wide				
Net sales, intra-Group	38.2	35.8	149.1	132.3
Operating profit/loss	-31.7	-29.9	-118.3	-87.6
Profit after net fin. items	-242.1	-156.3	-405.4	-308.1
Assets	4,218.8	3,885.5	4,218.8	3,885.5
Investments	153.7	7.0	172.5	34.6
Depreciation/amortisation and impairments	5.6	5.0	20.7	20.3
Eliminations				
Net sales, intra-Group	-111.7	-92.7	-372.1	-289.4
Assets	-2,828.1	-2,510.3	-2,828.1	-2,510.3
Total				
Net sales, external	2,661.6	2,208.5	9,634.5	8,519.2
Operating profit/loss	191.4	173.1	769.8	676.7
Operating margin, %	7.2	7.8	8.0	7.9
Profit after net fin. items	196.8	158.0	741.7	564.0
Profit margin, %	7.4	7.2	7.7	6.6
Assets	8,472.4	6,955.5	8,472.4	6,955.5
Investments	247.7	124.7	515.9	448.3
Depreciation/amortisation and impairments	134.5	124.8	408.4	399.8

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