

2020 2021

Annual and Sustainability Report
1 May 2020 – 30 April 2021





Clean and healthy indoor air

Systemair is a leading ventilation group with operations in more than 50 countries in Europe, North and South America, the Middle East, Asia, Africa and Australia. We develop, manufacture and market high-quality ventilation products. The Company was founded in 1974 by Chairman of the Board Gerald Engström. Its shares have been listed on the Mid Cap List of NASDAQ Stockholm since October 2007. The Company has its registered office and headquarters in Skinnskatteberg, Sweden.



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What we do

Systemair offers a wide range of energy-efficient fans, air handling units, air distribution products, air conditioning products and air curtains for all types of premises. We help our customers in combining these products into solutions that meet their needs. Our products are robust and simple to choose, install and use.

The Group's products and solutions are marketed under the Systemair, Frico, Fantech and Menerga brands.

Production and technology

The Group consists of 86 operating companies with more than 6,000 employees, who together work to ensure that Systemair is the leading actor in the global ventilation industry. We have 29 modern and well-invested production facilities in 20 countries. Systemair's product development organisation consists of 250 engineers and technicians with cutting-edge expertise.

A year that surpassed expectations

To sum up the year, organic growth ended up at 2.1 percent, even though the entire financial year was affected by the Covid-19 pandemic. We can also report another year of record results and very strong cash flow.

Covid-19

The Covid-19 pandemic has presented exceptional challenges to people and communities around the world. Lockdowns and restrictions have created challenging market conditions. Our rapid response to reduce the spread of infection helped to protect employees and maintain business continuity.

A key task during the year was to support our customers in the best possible way. We continuously shared our knowledge and published recommendations on how to optimise ventilation systems to reduce the risk of spreading infection. Via digital tools, such as product selection software and product and system simulation tools, we made it easier for customers to select products for their projects during the pandemic.

New products

Systemair maintained a high pace of product development and more than 200 new or updated products were launched during the year. Highlights:

- A new generation of Topvex air handling units, with counter-crossflow heat exchangers for lower energy consumption.
- The Sysaqua Blue heat pump uses propane (R290) as a refrigerant, which has a global warming potential of only 3 (usually 670–2,800).
- The SYSLOOP EVO chiller, which is aimed at shopping centres, hotels and offices, uses the refrigerant R513A. This offers a significantly lower global warming potential than traditional refrigerants.
- The prio silent XP circular duct fan is energy-efficient, quiet and 95 percent recyclable.
- Systemair offers all Geniox air handling units in Eurovent-certified hygiene versions, Eurovent HAHU (Hygenic Air Handling Unit), as standard.

Upgraded service offering

Systemair has a clear ambition to provide industry-leading service and support. During the year, we took further steps in this area, recruiting a new Global Head of Service with responsibility for developing an industry-leading service offering across all product areas.

As part of the process, Systemair also acquired Servicebolaget i Sverige AB, our service partner for installation and servicing of residential units.

Greater engagement in industry associations

As an international actor in the ventilation industry, it is important for Systemair to be represented in international trade associations. We actively pursue issues, both at political level and among the general public, that are important across the industry. These include regulatory requirements regarding indoor air and the energy efficiency of our products, which create clear incentives for the industry to continue to produce innovations on an ongoing basis and invest in product development to support better performance and improve the quality of indoor air.

During the year, Mats Sándor, Senior Technical Director at Systemair, was elected President of AMCA International (the Air Movement and Control Association), a North American trade association representing some 400 companies globally.

In addition, Raúl Corredera Häner, Senior Director Manufacturing and Operations, Systemair, was elected to the role of President of Eurovent at the beginning of May 2021. Eurovent is an industry association representing more than 1,000 companies in Europe in the HVAC (Heating, Ventilation and Air Conditioning) sector.

Investments in Production

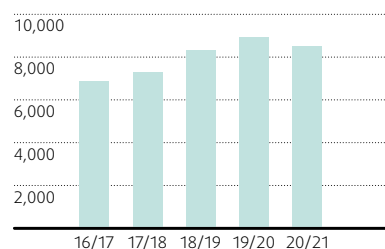
During the year, Systemair made investments in new production facilities, machinery and equipment. This will create the conditions for more efficient and sustainable production. Local production also provides increased opportunities to take advantage of the growth opportunities in each market. During the year, work on new factories started or was completed in Canada, Russia, South Africa and the Czech Republic.

“In an atypical year, our people and the corporate culture we have at Systemair showed their strength.”

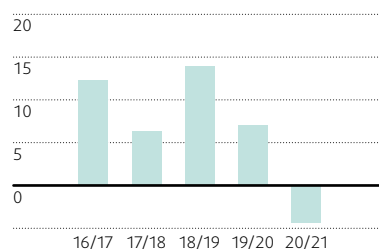
Key Performance Measures	2020/21	2019/20	2018/19	2017/18	2016/17
Net sales, SEK m.	8,519.2	8,914.9	8,326.5	7,301.2	6,863.6
Growth, %	-4.4	7.1	14.0	6.4	12.3
Operating profit, SEK m.	676.7	625.7	528.1	349.6	439.0
Operating margin, %	7.9	7.0	6.3	4.8	6.4
Profit margin, %	6.6	6.1	5.5	4.6	6.0
Return on capital employed, %	13.1	11.6	11.3	9.1	12.0
Earnings per share, SEK	7.81	7.3	6.2	4.4	5.7
Equity per share, SEK	63.56	59.3	54.6	50.4	45.8
Equity/assets ratio, %	47.9	43.4	41.7	42.5	44.6
Dividend per share, SEK	3.00 ¹⁾	-	2.00	2.00	2.00
Number of employees at end of period	6,380	6,197	6,016	5,465	5,222

¹⁾ The Board of Directors proposes a dividend of SEK 3.00 (-) per share, for approval by the Annual General Meeting to be held in Skinnkatteberg on 26 August 2021.

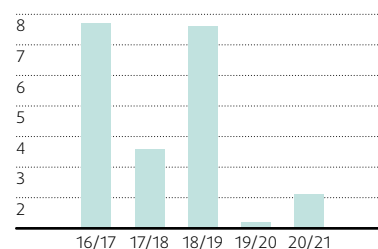
Net sales, SEK m.



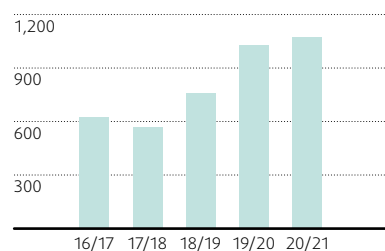
Sales growth, %



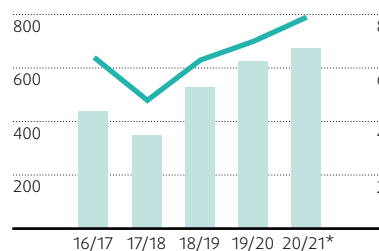
Organic growth, %



EBITDA, SEK m.

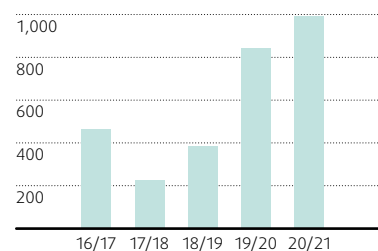


Operating profit (EBIT), SEK m./ EBIT margin, %



*The adjusted operating margin was 8.5 percent.

Cash flow from operating activities, SEK m.



Positive outlook after a challenging year

In an atypical year, our organisation responded well to the challenges we were confronted with. At the same time, the year has proved to us that Systemair's products, which contribute to a healthy indoor environment and lower energy consumption, have a bright future.

With Systemair's broken financial year, we felt the impact of the pandemic throughout the past financial year. As a global business with operations in 54 countries on six continents, Systemair found the past year challenging, to say the least. Covid-19 has affected countries to different extents and at different times, impacting Systemair's operations to varying degrees over time. At most, nine of our factories were shut down and 900 employees sent home due to government restrictions.

In this abnormal situation, I have had many reasons to be impressed by our employees and the strong corporate culture we have at Systemair. Outstanding leadership has been shown in all parts of the business, and I am proud of the vigour with which we have tackled the challenges and successfully maintained our ability to deliver.

Lower sales but more robust operating margin

The challenging market conditions in the wake of the pandemic affected our sales, which fell by 4.4 percent compared to last year. That also led to a dip in the excellent trend of organic growth that we had previously enjoyed for 40 consecutive quarters, with the exception of one single quarter. Against that background, we were pleased to see a return to organic growth in both third and fourth quarters. At the same time, the fall in sales for the full year was in part due to unfavourable currency effects from a stronger Swedish krona.

Operating profit for the year totalled SEK 676.7 million, resulting in an operating margin of 7.9 percent. I am pleased that we are improving our operating

margin despite lower sales than last year. This shows that the actions taken during the pandemic are working as intended. Work on the profitability improvement measures announced in autumn 2019 has also made a difference and is continuing at full speed to enable us to achieve our target of an operating margin of more than 10 percent.

Positive market signs

The pandemic spread of the Covid-19 virus has further highlighted the importance of healthy and filtered indoor air – in workplaces, homes, public establishments and shops. People around the world have become conscious, on a completely different level than before, of how important good air quality is to their health. This is a positive factor for all sectors of our industry, and I can say that Systemair's products are without doubt right for the times.

To share our knowledge during the pandemic, we were early to set up a working group of experts from our various technical departments, together with outside academic expertise. Together, the experts produced recommendations and procedures as to how ventilation systems should best be operated and maintained in a pandemic situation – an initiative that was highly appreciated and gained widespread adoption in the industry.

In the EU and the USA, we are seeing – in efforts to aid recovery after the pandemic – major reform and stimulus packages being launched in the environment and infrastructure sectors, where we can benefit from investments in energy-efficient ventilation and a healthy indoor environment. The EU's Green Deal,

which aims to make the EU climate neutral by 2050, has great potential to drive business in Systemair's area. In the USA, major investments in schools, hospitals and other infrastructure will require energy-efficient ventilation systems that deliver clean and healthy air. In the North American market, the effects are already evident and were a contributing factor to our strong performance in the region during the year.

Digital tools increasingly important

In the circumstances that we faced last year, certain things were not possible. Restrictions in the various countries effectively prevented us from meeting our customers in a normal way. In that situation, we benefited greatly from the extensive investments we have made in digital platforms in recent years, in product selection software and a range of virtual tools for product and system simulation. This facilitated collaboration with our customers and enabled digital product launches. In our internal work, digital meetings successfully replaced physical meetings, although people missed being able to meet physically. We will continue to invest in digital tools because we see the benefits they provide in a more normal year as well.

We were also unable to pursue our acquisition agenda as normal, since in many cases company visits were not permitted. At the same time, capacity was freed up for identifying new, attractive targets for acquisition. However, we made minor acquisitions in Sweden in two strategically important areas – building up our IT skills and expanding our service offering.

“The pandemic spread of the Covid-19 virus has further highlighted the importance of healthy and filtered indoor air – in workplaces, homes, public establishments and shops.”

Continued initiatives in sustainability

Energy efficiency is a cornerstone of Systemair's sustainability work and a key focus in our product development. Our single most significant contribution to reducing carbon dioxide emissions is when customers use our high-energy-recovery ventilation products. We strive unceasingly to reduce the environmental impact of our own operations and during the year appointed a global sustainability manager to drive continued change in this important area. We are constantly making progress in the work of reducing the environmental impact of our products. For example, in the Sysaqua Blue chiller heat pump, traditional refrigerants are replaced by propane, radically reducing the carbon dioxide equivalent – the impact in terms of the greenhouse effect. Continued product development advances have also enabled us to halve the amount of refrigerant in the product.



Investing for the future

At Systemair, in times of crisis we have often looked ahead and invested for the future. Thanks to a strong financial position, we initiated and implemented several aggressive investments during the year to expand production capacity with new factories in Canada, Russia, South Africa and the Czech Republic. Our new state-of-the-art factory in Russia is important not least because local production means we can take much better advantage of the growth potential in this market than before.

In conclusion, I am clear that developments in the market today give us reason to be positive about the future. Higher awareness of the importance of

indoor climate, tougher demands from authorities and customers for buildings to be operated energy efficiently, and action programs aimed at energy renovation of the existing building stock, are all trends that potentially could greatly benefit us in the years ahead. We are well equipped for continued profitable growth as the effects of the ongoing pandemic gradually subside.

Roland Kasper
President and CEO

Better air where you are

Hospitals and the pharmaceuticals industry

Hospitals are demanding environments in terms of requirements for purity and temperature of the air. The right ventilation system, combined with our products and solutions, creates an optimal indoor climate. The purity requirements are satisfied via hygiene-certified units and high-efficiency filters.

Tunnels

Effective ventilation is a safety issue both during the construction phase of tunnel projects and when tunnels are in operation. Systemair's tunnel fans ensure not only good air quality but also smoke evacuation. Our products meet all fire safety requirements and are simple to maintain.

Office

Clean air and a pleasant temperature at the office make us feel and perform better. Systemair creates a good indoor climate and helps our customers to reduce their energy consumption. Our air handling units are, of course, Eurovent-certified. We also offer fire gas fans and exhaust fans, along with other system solutions to meet specific customer requirements.

Residential properties

Systemair offers complete systems for home ventilation. Our air handling units with balanced ventilation and heat recovery are ideal for homes and small offices. In our air handling units, humidity and temperature control come as standard.

Systemair helps create a healthy, comfortable and safe indoor climate in most areas where people spend time daily – at home, in offices, in factories, at hospitals, at swimming pools, in multi-storey car parks and at airports etc. We do this in the knowledge that good air quality contributes to good health and a better quality of life. We do this in an energy-efficient way to help lower energy consumption and thus reduce carbon emissions.

Swimming baths

Demands on ventilation in swimming baths are high. The indoor climate must be comfortable for guests, while continuous dehumidification will protect the building from moisture damage over time. Our products offer reliable, fully-automated ventilation, dehumidification and heating as required – in the most economical way.

Public areas

Public buildings, such as schools need customised ventilation systems. With our extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in public areas and helps to keep children feeling well at school all day.

Industrial premises

On industrial premises, large areas need to be ventilated and heated or cooled. Our air handling units extract impure air and ensure that work areas and production processes are correctly temperature-controlled. Our solutions help to create a healthy work environment, in turn creating the conditions for better productivity.

Marine, oil and gas

Good ventilation is crucial to both comfort and safety on ships. This includes ventilation and air conditioning on cruise liners, cargo hold ventilation on freighters and exhaust air ventilation from engine rooms. Quality requirements are high, as conditions are challenging. Our systems meet all requirements and are marine-certified.

Data centres

With ever-increasing storage capacity and more compact equipment, there is a growing need for cooling in data centres. We supply both air handling units and precision cooling, to provide energy- and cost-efficient cooling in data centres.

Multi-storey car parks

In multi-storey car parks, good ventilation is a safety issue. Our system of fire gas fans meets strict requirements for carbon dioxide control and the evacuation of dangerous smoke gases in the event of fire. It can also deliver a reduction of up to 80 percent in energy consumption in day-to-day operation.

A healthy and comfortable indoor climate

The purpose of ventilation

Systemair's products are designed to improve people's well-being by creating healthy indoor environments with high air quality. These products fulfil several important functions.

Health

Effective ventilation systems play an important part in creating a healthy indoor climate. They extract impure air and replace it with fresh, clean air. This is especially important since we spend a higher proportion of our time indoors – at home, work or school. Numerous academic studies have shown that a healthy indoor climate reduces the risk of many diseases. The importance of effective ventilation has been further highlighted during the Covid-19 pandemic. According to the European

Centre for Disease Prevention and Control (ECDC), ventilation systems can play a complementary role in reducing indoor transmission, by increasing air turnover, reducing recirculation and introducing fresher air.¹⁾

Comfort

Effective ventilation systems help to increase indoor comfort. Healthy air at the right temperature improves our well-being in our daily lives.

Productivity

Effective ventilation systems help us perform better, both at work and in school. The health and productivity benefits of a good indoor climate are now well established. The World Green Building Council's report on Health,

Well-being and Productivity in Offices points out, for example, that productivity improvements of 8–11 percent can be achieved with higher-quality indoor air.

Safety

In many applications, effective ventilation systems are a safety issue. For example, in road tunnels and garages, effective ventilation is needed to filter pollution from vehicles, including carbon monoxide, nitrogen oxides and soot particles. Equally important is the extraction of smoke from buildings in the event of a fire, as this improves the conditions for evacuation and firefighting.

¹⁾ ECDC 2020. Heating, ventilation and air-conditioning systems in the context of COVID-19: first update.



External trends



Energy efficiency

There is a strong focus on reducing energy consumption in society in order to help cut emissions of greenhouse gases and thus limit climate changes. This is a global trend, and in Europe various EU directives and regulations require reduced environmental impact in several respects, both in society and in specific application areas. These include the EU's Ecodesign Directive, which establishes energy performance requirements for products, and the Energy Performance of Buildings Directive. The launch of the EU's Green Deal places increased focus on this area. One of the objectives is to improve energy efficiency in the building stock, including by increasing the rate of renovation.

The trend towards stricter energy requirements favours Systemair, which invests in developing high-quality, long-life and, above all, low energy consumption products.



Sustainability

Regulatory requirements and the expectations of investors and customers for companies to contribute to greater sustainability in society are becoming increasingly demanding. This ranges all the way from reducing the burden on our eco-system to ensuring good working conditions, acting on anti-corruption and embracing social responsibility. Our main contribution comes from our products, where we strive for a better indoor climate with ever-lower energy consumption. At the same time, sustainability is an important part of everything we do. We are working methodically on reducing the environmental impact of our own activities. As an employer, we embrace our social responsibilities and develop a safe work environment, promote equal opportunity and ensure effective competence development. As a client and supplier, it is important that we lead the way in high business ethics, with zero tolerance for corruption and bribery, and that we place ever higher demands on the materials we buy in terms of traceability and carbon footprint.



Digitalisation

IoT (the Internet of Things) is now very much a reality, creating great opportunities for the ventilation industry. All modern ventilation installations incorporate electronic control and regulator systems. More and more software-based functions are being integrated into such systems, which is creating more ways for people to use their computer, tablet PC or smartphone to ensure optimal functionality and simpler preventive maintenance of their ventilation installations. As demands on the energy performance of buildings become tougher, intelligent functions will also be needed to adapt ventilation to need, and thereby reduce energy consumption. This, in turn, requires smart software, connectable products and sensor technology that measures temperature, humidity, air quality and particle content. This is now an important part of Systemair's product development work.

Systemair is also exploiting the possibilities of digitalisation to make it easier for customers. We offer several digital product selection programs to aid consultants and customers in making rapid selection of the right choice of products and solutions for their applications.



Urbanisation and increased economic prosperity

With urbanisation, a long-term global megatrend, more than half of the world's population are today living in cities. This is leading to growth in new building of homes, offices, schools and hospitals etc. It is also creating a need for infrastructure construction such as public transport projects and tunnels. The fast economic growth of the past quarter century has enabled a rising share of the Earth's population to enjoy greater prosperity. In line with these developments – and with increased awareness globally of the impact of the indoor environment on health and well-being – people are increasingly demanding and willing to invest in better indoor comfort.

Strategic goals

Financial targets

	Goal	Goal attainment 2020/21	Remarks												
Growth	<p>10%</p> <p>Average annual growth in sales over a business cycle should be no less than 10 percent.</p>	<p>Growth, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Growth, %</th> </tr> </thead> <tbody> <tr> <td>16/17</td> <td>12.3</td> </tr> <tr> <td>17/18</td> <td>6.4</td> </tr> <tr> <td>18/19</td> <td>14.0</td> </tr> <tr> <td>19/20</td> <td>7.1</td> </tr> <tr> <td>20/21</td> <td>-4.4</td> </tr> </tbody> </table> <p>16/17 17/18 18/19 19/20 20/21 — Goal</p>	Year	Growth, %	16/17	12.3	17/18	6.4	18/19	14.0	19/20	7.1	20/21	-4.4	<p>The goal is to be attained through organic growth and acquisitions. Sales growth has averaged 9.6 percent annually over the past ten years. Growth is to be achieved via product development and increased market shares, as well as by expanding the product range through acquisitions or start-ups.</p>
Year	Growth, %														
16/17	12.3														
17/18	6.4														
18/19	14.0														
19/20	7.1														
20/21	-4.4														
Profitability	<p>10%</p> <p>The average operating margin over a business cycle should be no less than 10 percent.</p>	<p>Operating margin, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Operating margin, %</th> </tr> </thead> <tbody> <tr> <td>16/17</td> <td>6.4</td> </tr> <tr> <td>17/18</td> <td>4.8</td> </tr> <tr> <td>18/19</td> <td>6.3</td> </tr> <tr> <td>19/20</td> <td>7.0</td> </tr> <tr> <td>20/21</td> <td>7.9</td> </tr> </tbody> </table> <p>16/17 17/18 18/19 19/20 20/21 — Goal</p>	Year	Operating margin, %	16/17	6.4	17/18	4.8	18/19	6.3	19/20	7.0	20/21	7.9	<p>The operating margin has averaged 6.6 percent over the past ten years and 6.5 percent over the past five years. In the Company's view, the current restructuring measures, existing structure and product program in general offer good prospects for attaining this goal.</p>
Year	Operating margin, %														
16/17	6.4														
17/18	4.8														
18/19	6.3														
19/20	7.0														
20/21	7.9														
Financial position	<p>30%</p> <p>The Group's equity/assets ratio should be no less than 30 percent.</p>	<p>Equity/assets ratio, %</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Equity/assets ratio, %</th> </tr> </thead> <tbody> <tr> <td>16/17</td> <td>44.6</td> </tr> <tr> <td>17/18</td> <td>42.5</td> </tr> <tr> <td>18/19</td> <td>41.7</td> </tr> <tr> <td>19/20</td> <td>43.4</td> </tr> <tr> <td>20/21</td> <td>47.9</td> </tr> </tbody> </table> <p>16/17 17/18 18/19 19/20 20/21 — Goal</p>	Year	Equity/assets ratio, %	16/17	44.6	17/18	42.5	18/19	41.7	19/20	43.4	20/21	47.9	<p>The Group's financial position is good, with an equity/assets ratio on 30 April 2021 of 47.9 percent. The Company continually assesses opportunities for strategic acquisitions, and our financial position allows scope for continued acquisitions and investments.</p>
Year	Equity/assets ratio, %														
16/17	44.6														
17/18	42.5														
18/19	41.7														
19/20	43.4														
20/21	47.9														
Share dividend	<p>40%</p> <p>In view of Systemair's ambitions for growth, the goal for dividend is set at around 40 percent of the Company's profit after tax.</p>	<p>The Board of Directors proposes a dividend of SEK 3.00 (-) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 26 August 2021. This corresponds to 38 percent (-) of profit after tax.</p>	<p>The AGM resolves upon the dividend to be paid, having considered the Board's recommendation. The aim is to secure a stable financial position for continued acquisitions, the establishment of sales companies and progressive expansion of production capacity. At the same time, shareholders should receive a reasonable share of the Company's annual earnings.</p>												

Sustainability goals

Goal	Goal attainment 2020/21	Remarks															
<p>100% of strategic suppliers comply with our Code of Conduct</p>	<p>91 percent of Systemair's strategic suppliers have confirmed, through the act of contract-signing, that they comply with Systemair's Code of Conduct for Suppliers. The ambition is to achieve 100 percent next year. Each year, a review based on several factors is conducted to establish which of our suppliers are to be regarded as strategic, and adjustments are made as appropriate.</p>	<p>Systemair strives for long-term, good relationships with its suppliers. Ensuring that our strategic suppliers comply with Systemair's Code of Conduct for Suppliers is part of our procedures when entering into contracts. The Code of Conduct is appended to all contracts and is signed by suppliers before the partnership begins. Where appropriate, Systemair also carries out on-site audits of suppliers.</p>															
<p>0 incidents of bribery or corruption</p>	<table border="1"> <thead> <tr> <th>Incidents of corruption (number)</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Number of incidents of corruption</td> <td>0</td> <td>1¹⁾</td> </tr> <tr> <td>Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption</td> <td>0</td> <td>0</td> </tr> <tr> <td>Number of cases in which contracts with business partners were not renewed due to violations related to corruption</td> <td>0</td> <td>0</td> </tr> </tbody> </table> <p>¹⁾ Systemair was exposed to fraud on one occasion and the incident was reported to the appropriate authorities.</p>	Incidents of corruption (number)	2020/21	2019/20	Number of incidents of corruption	0	1 ¹⁾	Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0	Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0	<p>Systemair has a policy of zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits. In the year 2020/21, no corruption incidents were reported.</p>			
Incidents of corruption (number)	2020/21	2019/20															
Number of incidents of corruption	0	1 ¹⁾															
Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0															
Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0															
<p>0 injuries leading to sickness absence</p>	<table border="1"> <thead> <tr> <th>Work-related injuries (number)</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td colspan="3">Employees</td> </tr> <tr> <td>Total number of work-related injuries</td> <td>251</td> <td>253</td> </tr> <tr> <td colspan="3">Other employees¹⁾</td> </tr> <tr> <td>Total number of injuries</td> <td>2</td> <td>11</td> </tr> </tbody> </table> <p>¹⁾ All workers not employed by Systemair but whose workplace and/or work are within the control of the organisation.</p>	Work-related injuries (number)	2020/21	2019/20	Employees			Total number of work-related injuries	251	253	Other employees¹⁾			Total number of injuries	2	11	<p>Systemair aims to prevent accidents and minimise sickness absence. The goal for occupational injuries can never be anything other than zero. During the year, work continued to be systematically focused on reducing the number of work-related injuries.</p>
Work-related injuries (number)	2020/21	2019/20															
Employees																	
Total number of work-related injuries	251	253															
Other employees¹⁾																	
Total number of injuries	2	11															
<p>25% women managers by 2025</p>	<table border="1"> <thead> <tr> <th>Women managers (%)</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>21</td> <td>21</td> </tr> </tbody> </table>	Women managers (%)	2020/21	2019/20	Total	21	21	<p>Diversity and equal opportunity help to make companies more successful and create a more dynamic and stimulating work environment. Systemair continues to work towards its goal that, by 2025, 25 percent of managers should be women.</p>									
Women managers (%)	2020/21	2019/20															
Total	21	21															
<p>Increased energy efficiency</p>	<table border="1"> <thead> <tr> <th>Energy consumption</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total (MWh)</td> <td>66,738</td> <td>65,167</td> </tr> <tr> <td>Energy efficiency Total/COGS¹⁾ (MWh/SEK m.)</td> <td>12.0</td> <td>11.2</td> </tr> </tbody> </table> <p>¹⁾ Cost of goods sold</p>	Energy consumption	2020/21	2019/20	Total (MWh)	66,738	65,167	Energy efficiency Total/COGS ¹⁾ (MWh/SEK m.)	12.0	11.2	<p>Systemair focuses continuously on improving energy efficiency. Total energy consumption increased in 2020/21 mainly due to investments in increased production capacity and space in our buildings. As a result of this and the effects of the pandemic, overall energy efficiency was lower during the year. A long-term energy efficiency goal will be established in 2021.</p>						
Energy consumption	2020/21	2019/20															
Total (MWh)	66,738	65,167															
Energy efficiency Total/COGS ¹⁾ (MWh/SEK m.)	12.0	11.2															

Profitability target still in focus

At its Capital Markets Day 2019, Systemair announced several measures aimed at strengthening profitability in the business and creating the conditions to achieve the profitability target of a 10 percent operating margin.

Group-wide work on profitability-focused measures continued at a high pace during the financial year. These measures have improved Systemair's ability to manage during the Covid-19 pandemic in the current financial year. The continued focus on profitability was also a contributing factor in the improved operating margin for the financial year. However, work in some areas has been affected in the wake of the Covid-19 pandemic. For example, efforts to strengthen the sales process have been affected by limitations in the ability to interact with customers in a normal way.

Systemair is focusing above all on five wide-ranging areas to create the conditions for achieving the target of a 10 percent operating margin. These areas are then broken down into detailed plans for each subsidiary and production site, for example.

Technology platforms

Systemair's manufacturing units work systematically to maximise benefit from the synergies created – in product development and production – by transitioning to common technical product platforms. For example, Geniox is a

modular product platform that forms the heart of any efficient ventilation system, whether used in public areas, industrial premises, data centres, hospital or marine environments. The units are currently produced in six factories and two more factories will begin production within a year. Another example is our in-house developed control system platform – Access – which has replaced three different platforms from third-party suppliers.

Pricing

Via a clear process and framework for pricing, based on added value, a more consistent pricing regime is being established. An internal pricing organisation has been built up to support the subsidiaries in their work on pricing. This is complemented by a clearer risk management process for project pricing.

Production efficiency

Continuous efficiency improvements in production are a key tool for increasing profitability. These include investments in more efficient machines and more automation, along with minimisation of lead times, energy consumption and wastage. We also continuously review

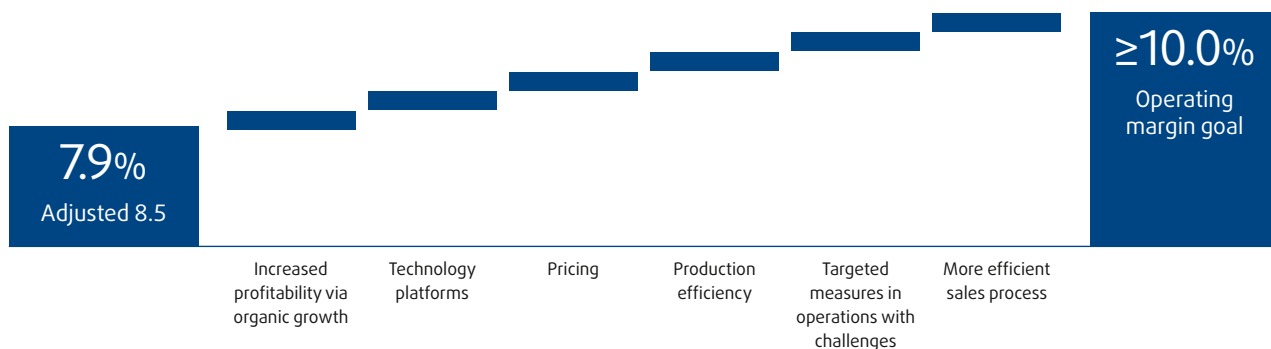
how production is allocated across our factories, as a way of both creating economies of scale and lowering production costs.

Targeted measures in operations with challenges

Systemair has implemented targeted restructuring measures to strengthen profitability, above all in three of the Group's subsidiaries with associated factories. This work consists of both organisational changes and modifications to work and production processes.

More efficient sales process

Over recent years, Systemair has developed and implemented a sales support system that underpins Systemair's sales model and rationalises the day-to-day work of the sales team. On our website with its integral web shop, customers are able to access all relevant information and documentation about the products and place orders around the clock, which makes it easier for both customers and ourselves. We are continuously developing our sales knowledge via our "Selling the straight way" sales training concept and offer product courses via our digital e-Learning program.



A new, sustainable take on the classic duct fan

When Systemair started operations back in 1974, it did so with a truly pioneering idea: the circular duct fan. Systemair has now renewed the product category via innovative development work and the introduction of new materials, creating a product that is not only energy-efficient to run, but also 95 percent recyclable.

With the **prio silent® XP** duct fan, Systemair has taken a number of major steps to give a firmly established product category a face-lift. The ambition was clear: to use new solutions to create a product that adds value both for customers and for Systemair, at the same time as addressing key future requirements from a sustainability perspective. In order to succeed, it was necessary to take an innovative approach to the entire development process.

“We assembled a development team with representatives from all branches of the business: sales, product development, purchasing, production and logistics. This meant we could optimise all aspects of the product from the start. From technical performance, noise level and energy consumption, to maximisation of production, packaging and transport efficiency. Having the opportunity to think in a completely new way also created fantastic enthusiasm in the team,” says Harald Rudelgass, who was initially responsible for the development project.



Recyclable housing with integrated silencer

Several of the product's benefits are attributable to innovation in the choice of materials.

“We quickly realised that we needed to look at a recycled material rather than sheet metal for the housing,” says Harald Rudelgass.

The choice finally went to EPP (polypropylene-based particle foam), on account of the material's technical characteristics, such as low weight, UV and waterproof properties, as well as fire- and impact-resistance. In addition, it is already a firmly established material in the ventilation and air conditioning industry. The material is fully recyclable.

“Noise level is a key parameter in the world of fans. We've succeeded in making a unique hybrid silencer that is actually integrated in the housing – and we have applied for a patent for this solution. The combination of the silencer and the



innovative, air-tight housing means that the fan is extremely quiet in operation, which naturally improves the general atmosphere among the people in the room”, adds Harald Rudelgass.

Improves production efficiency

Thanks to the housing material, Systemair can work on design solutions that maximise production efficiency. One example of this is the click fastener system that completely eliminates the need to use screws, rivets and sealants.

“Because we were thinking in terms of how to manufacture the product from the earliest phases of the process, we have been able to make things easier for the production staff, while simultaneously radically reducing the installation time – from 45 minutes to just eight”, says Harald Rudelgass.

Just as important was to focus on the next stage of the process: packaging and transportation to customers. The fact that the product is approximately 35 percent lighter than its predecessor naturally translates into a number of benefits. This has been reinforced by an active focus on optimising product packaging that, with the lower weight, reduces both cost and environmental impact of transport.

Benefits for customers

Each and every new product should generate added value for customers. Sustainability is today a priority issue for them. The heart of the new duct fan is Systemair's prioAir fan, which is powered by an electronically communicated motor (ECM), ensuring extremely energy-efficient operation and, as a result, low operating costs for customers.

According to Harald Rudelgass, the new product has been warmly received by customers.

“Our ambition is always to make our products simple to install. And we have really ticked all the boxes with the prio silent® XP. The low weight makes the product simple to handle, even from a ladder”, concludes Harald Rudelgass.

How we create value

Resources → How we do business →

Financial resources

- Assets of SEK 7 billion
- Production-related investments of SEK 432.9 million
- Development costs of SEK 225 million

Social resources

- Customers in >130 countries
- 6,380 employees
- 6,000 suppliers and sub-contract suppliers

Physical resources

- 29 factories
- 15 technology centres
- Subsidiaries in 54 countries
- Energy consumption, 66.7 GWh
- Steel and aluminium sheet, 38,845 tons

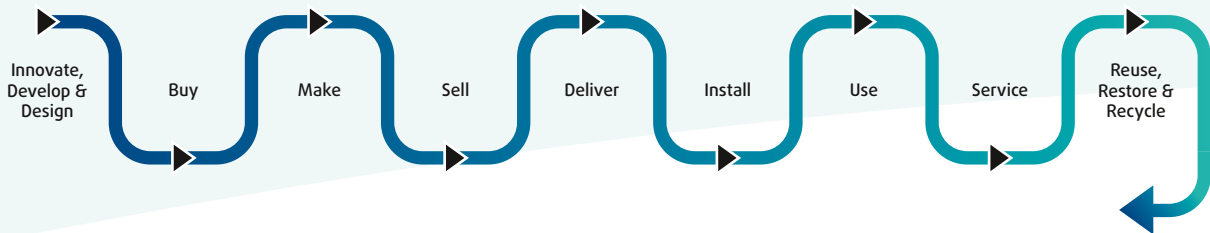


Our commitment to the value chain

Systemair operates along the entire value chain and its core business is to develop sustainable solutions with a focus on innovation, delivery reliability, availability and quality.

The customer is always in focus

The purpose of Systemair’s products is to create a healthy, comfortable and safe indoor climate. We put our customers first and want to be seen as a sustainable business. We fulfil our customers’ expectations and offer products and solutions based on their needs.



Sustainable core business

Our products are designed with sustainability in mind, meaning that we choose the right materials, create energy-efficient solutions and assure easy maintenance. In our purchasing, we take responsibility and buy in a sustainable way by specifying requirements and working with our suppliers. In manufacturing, we maintain a close focus on safety and constantly work on resource efficiency to ensure an efficient and reliable supply chain. For sustainable delivery, we regularly review our transport options to reduce emissions, and in our sales process, we proactively engage in acting as a responsible company.

We look further ahead

We continuously review how we can engage and influence, even after the product has been delivered. To ensure safe and faultless installation, we have a customer support team dedicated to maintaining a high level of service. In addition to focusing constantly on energy efficiency in our products, we will concentrate going forward even more strongly on service to make sure that the right conditions are in place throughout the operating life of the product. This will also allow us to help ensure that our products have as small a carbon footprint as possible in their life cycle.

Our offer →



Value for stakeholders

For owners

- Net margin for the year 4.8 percent

For customers

- Energy-efficient, high-quality products
- High availability and delivery reliability
- Ethical and responsible partner

For employees

- Good working conditions and a safe work environment
- 29,600 hours of training in product knowledge, health and safety, IT and our Code of Conduct

For suppliers and financiers

- Punctual payments to suppliers
- Stable business model with growing volumes

For society

- Tax revenues and job opportunities
- Energy-efficient products that contribute to lower energy consumption and thus reduced carbon dioxide emissions
- Products that contribute to a comfortable, healthy and safe indoor climate

Pandemic accentuating trends that favour the business

The pandemic, which coincided with the Company's entire financial year, has affected Systemair's various markets to varying degrees. Rapid adjustments and a strong local presence, together with highly-developed digital sales tools, have enabled Systemair to successfully manage all challenges and be in a stronger position when the market returns to normal.

Systemair is a global actor in the ventilation industry, with its own sales companies in 54 countries. Europe is the Company's main market, but its position has been strengthened in several markets, most notably in North America, in line with its stated strategy to grow.

The Company manufactures ventilation products and may be said to operate in the construction market. Construction projects are relatively evenly split between commercial and residential buildings, as well as between new construction and renovation of existing buildings. Outside Europe, the proportion of new construction is higher, in both residential and commercial buildings.

Broad offering and local presence

With a strong regional and local presence in important markets, we can help customers wherever they are in the world. Our ambition is clear – to be our customers' number one product supplier.

High availability and delivery reliability of our products is a priority, which offers major reassurance to ventilation

The ventilation industry

Per product area

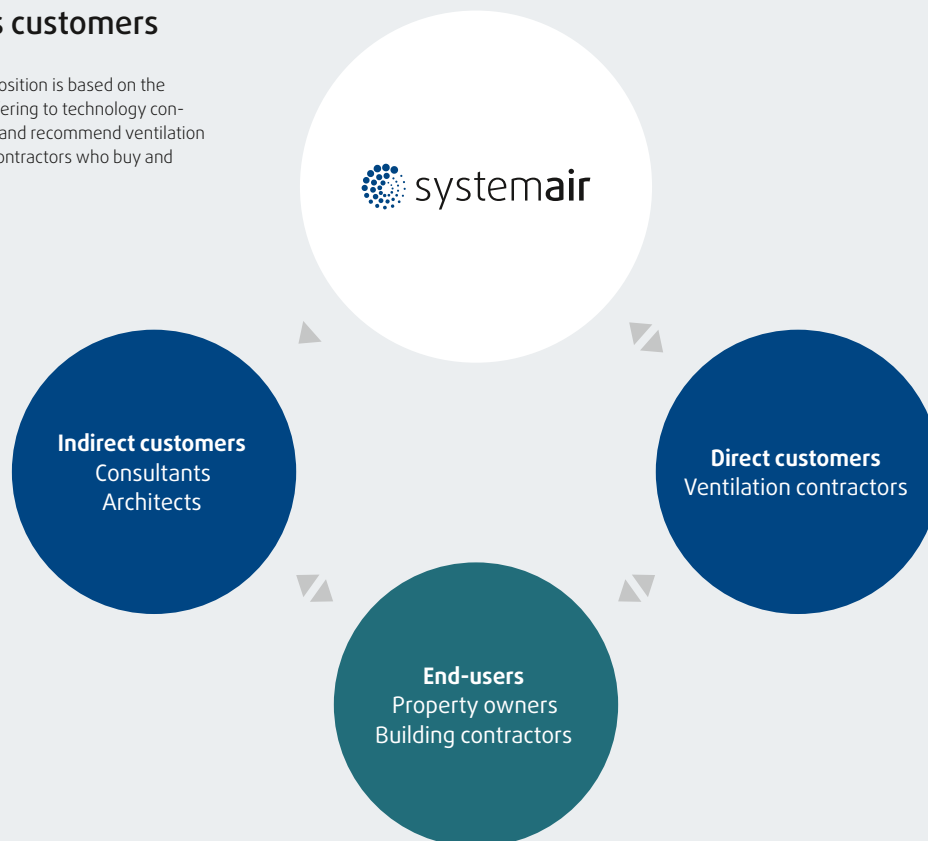
Company	Fans	Air handling units, Central	Residential ventilation	Air handling units, Compact	Air conditioning	Air distribution	Air curtains	Fire safety
Systemair, Sweden	●	●	●	●	●	●	●	●
Fläkt Group, Germany	●	●	●	●		●		●
Flexit, Norway	■		●	●		●		
Swegon, Sweden		●	●	●	●	●		■
Exhausto, Denmark	●	●	●	●				●
Östberg, Sweden	●		●	●				
Trox, Germany	●	●	●	●		●		●
Nuaire, United Kingdom	●	●	●	●				●
Vent-Axia, United Kingdom	●		●	●				■
Nicotra-Gebhardt, Germany	●							●
Rosenberg, Germany	●	●		●			●	●
S&P, Spain	●	●	●	●			●	●
Wolf, Germany		●	■	●	■			
Carrier (Ciat), France		●		●	●			
Aldes, France	●	●	●	●		●		●
Zehnder Group, Switzerland			●	●	■	■		
Petra, Jordan		●		●	●			
AL-KO, Germany		●		●	■			
Greenheck, North America	●	●		■	■	●		■
Johnson Control, North America		●		●	●			
Nortek, North America	■	■	●	●	■			
Titus, North America				■		●		
France Air, France	●	■	■	●	■	●	●	
IV Produkt, Sweden		●		●	■			■
Volution Group, United Kingdom		●	●	●	■	■		

● Complete range ■ Limited range

Systemair offers a wide range of products and is a one-stop-shop in eight product areas. Most new buildings need all products. The Company has many local competitors in specific product areas, but very few have Systemair's breadth and large geographic presence.

Systemair's customers

Systemair's market position is based on the Company's strong offering to technology consultants who specify and recommend ventilation systems and to the contractors who buy and install the systems.



contractors working to precise schedules.

Another way of strengthening our position is to offer market-leading support and digital tools. Thanks to our expertise, we can provide ventilation consultants with the right support in choosing the right products for the application concerned in the project. This is backed by digital tools such as product selection software to facilitate the day-to-day work of consultants.

A year of the pandemic

The past financial year was unlike any other in Systemair's history. Restrictions in the various countries and lockdowns in response to the pandemic have forced all companies to adapt their operations. Lockdowns were required quickly during the first wave of the pandemic in spring 2020, although many markets were less severely affected. Quick action and a decentralised organisation with autonomous subsidiaries enabled us to successfully maintain good service and availability via local warehouses and



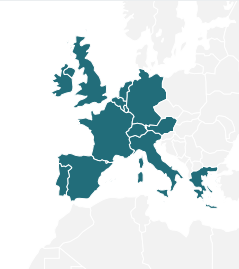







to adapt our stocks to demand, despite challenges.

Market trends in Systemair's favour

Several strong market trends will favour Systemair and ventilation product sales in the long term. A year of the pandemic has further highlighted the importance of ventilation and a healthy indoor environment in hospitals, workplaces and schools. This has brought business in the short term, but more importantly it is positive for the future growth of our industry.

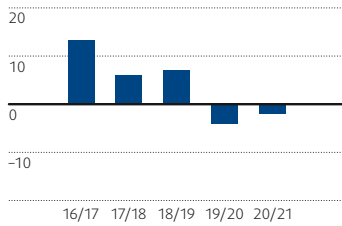
With the launch of the EU's Green Deal, Europe is also facing a major renovation wave of buildings and other infrastructure. The aim of the initiative is to use energy-efficient measures to reduce the significant carbon dioxide emissions from buildings in Europe. Investments in ventilation in schools are already being made with this EU money, but so far, the investment is only in its infancy and it will gradually increase in scale going forward.

Systemair's market regions

Area		Share of sales	Growth	Organic growth
Nordic region		20% 	-2%	1%
Western Europe		43% 	-3%	1%
Eastern Europe & CIS		14% 	-18%	-9%
North and South America		11% 	1%	11%
Middle East, Asia, Australia and Africa		12% 	2%	16%

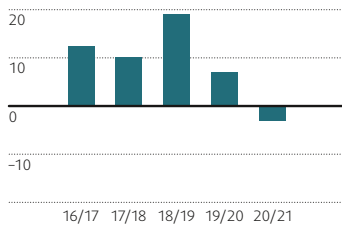
Net sales, growth, %

Remarks



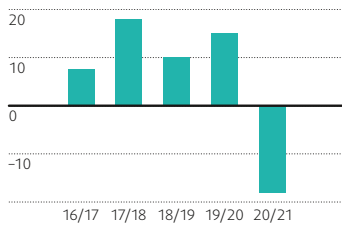
Historically, the Nordic countries have been characterised by stable market conditions in Systemair's areas, and this was also the case in the past Covid-19-dominated year. The market for Systemair in the Nordic

countries was less affected by the pandemic than many other countries in Europe. In all the Nordic countries – Denmark, Norway, Finland and Sweden – Systemair encountered stable demand.



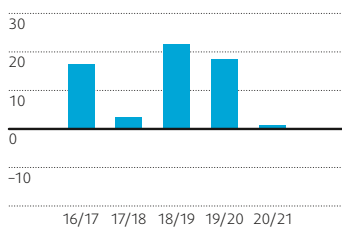
In Western Europe, the effects of the pandemic varied from country to country. Worst hit were the markets in southern Europe – Italy, Spain and Portugal – where sales of air handling units were particularly affected. Major markets such as Germany, France and the Netherlands were periodically affected by lockdowns, resulting in poorer figures, while recovery in these markets has been good.

The outbreak of the pandemic in the UK and Ireland led to widespread lockdowns, reducing our sales volumes there. Nevertheless, sales of air handling units performed relatively well. The impact of Brexit has been less negative than expected, as a result of our internal preparations for the changes. At the same time, we saw a strong overall recovery in the UK market in the last quarter.



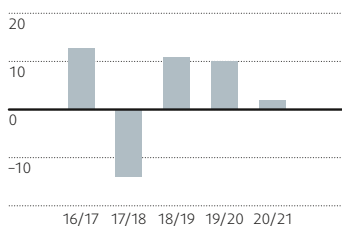
Eastern Europe and the CIS is the region where sales were hit hard during the latter part of the pandemic. Russia is Systemair's most important market in the region. For our Russian customers, sharp weakening of the rouble during the year reduced the currency's purchasing power for imported goods. Along with widespread lockdowns in the country, this meant both lower sales volumes and pressure on margins. We continue to

see major growth potential in Russia, and our ability to take advantage of this will be greatly improved as we establish domestic production in the country. The Czech Republic is another important market that to us offers potential. Tough pandemic lockdowns meant some slowdown in sales, but the market has remained relatively stable. The same can be said for the Baltic States.



Developments in the Americas were highly positive. The USA and Canada markets boomed in all our product segments, largely due to infrastructure investments. In particular, sales of air conditioning units for homes and schools performed well. In our view, the outlook for North America remains strong.

Unlike North America, South America was less buoyant. Brazil, our single largest market on the continent, was hit particularly hard by an uncontrolled spread of disease, which had a major impact on the market. The markets in Central America, of which Mexico is the largest, fared relatively well.



One of the markets that suffered from the high rate of infection of the disease is Turkey. This was partly offset by new deliveries to hospitals in the country. In Asia, the market in Malaysia was stable, while India was hit hard by the pandemic towards year-end, which adversely affected Systemair's business. Australia and New Zealand have been successful in limiting the spread of the disease. However,

Systemair's sales declined due to limited transport capacity, which led to a shortage of certain products. Systemair's operations on the African continent performed well over the past year. Construction of the new factory in South Africa is a strategic step in the right direction, with operations now showing clear profitability.

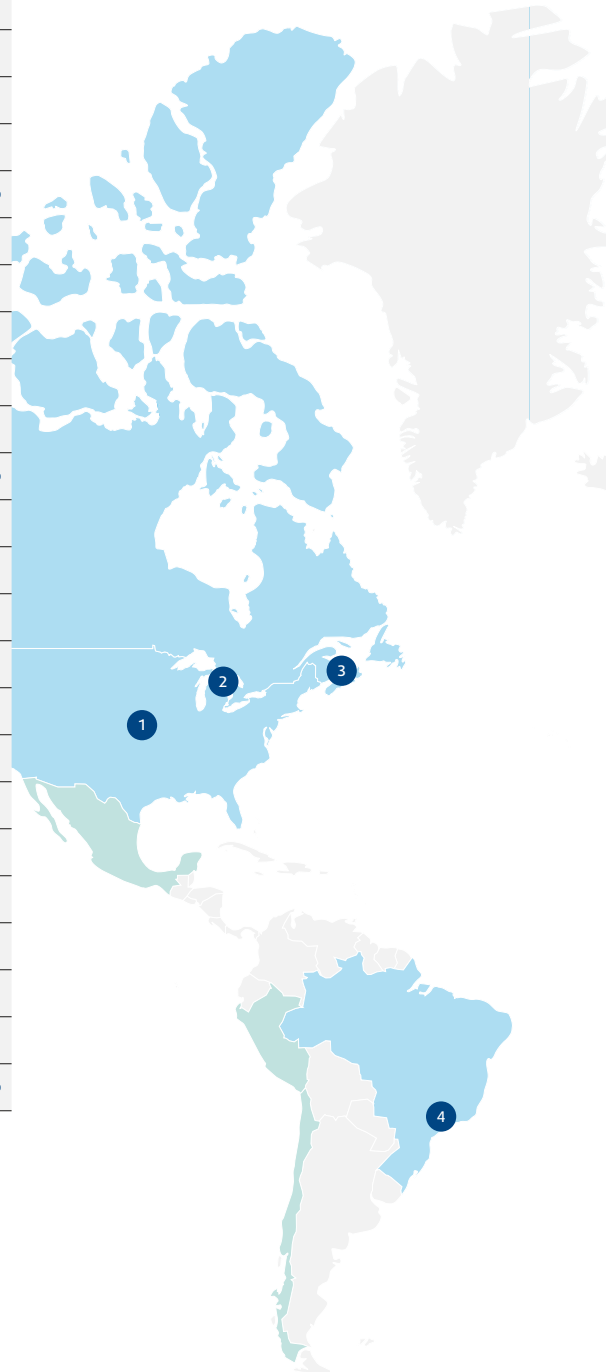
A global company

Production Facilities

1	Kansas City, USA	●		●					●
2	Tillsonburg, Canada			●					●
3	Bouctouche, Canada		●	●					●
4	São Paulo, Brazil			●					
5	Eidsvoll, Norway			●					
6	Skinnskatteberg, Sweden	●		●		●			● ●
7	Hässleholm, Sweden					●			
8	Århus, Denmark			●					
9	Waalwijk, Netherlands			●					●
10	Mülheim an der Ruhr, Germany		●	●					●
11	Langenfeld, Germany					●			
12	Windischbuch, Germany	●						● ● ● ●	
13	Tillières, France				●				●
14	Milan, Italy				●				●
15	Fuenlabrada, Spain	●		●					
16	Móstoles, Spain						● ●		●
17	Ukmerge, Lithuania		●	●					
18	Pardubice, Czech Republic (2 factories)	●	●	●		●			●
19	Bratislava, Slovakia						● ●		●
20	Maribor, Slovenia		●	●				●	
21	Dilovasi, Turkey			● ●					●
22	Johannesburg, South Africa	●		●				●	
23	New Delhi, India	●					●		●
24	Hyderabad, India						● ●		
25	Kuala Lumpur, Malaysia	●						● ● ● ●	

Product areas

Fans
 Residential Ventilation
 Swimming Pool Ventilation
 Air handling units
 Air conditioning
 Air curtains and heating products
 Products for air distribution
 Garage and tunnel ventilation
 Fire safety
 Technology centres
 Distribution centres



The Group also includes three factories producing components for heat recovery systems: Croatia (PolyRec), Germany (Lautner) and France (ILO HORA).

29 Production facilities
 15 Technology centres
 3 Distribution centres
 54 Countries with own sales organisation
 Exports to more than 130 countries



■ Countries with production and sales companies
 ■ Countries with sales companies

Focus on efficiency and sustainability

During the year, we continued to work on increasing efficiency and sustainability in production and logistics. At the same time, we were challenged by the pandemic. We took early action to protect our employees and ensure our ability to deliver. Our decentralised logistics structure was a success factor in the situation last year.

Systemair has a highly decentralised production structure with 29 production sites around the world. This means we can meet the specific needs and comply with the regulatory conditions in each market. For example, the demands on heat and cooling are different in the north, compared to the higher humidity and temperature of countries in the south. Production close to the end market also has the advantage of reducing long-distance transport, ensuring short delivery times and lower environmental impact.

Changes in working practices during the pandemic

The pandemic brought major challenges in production over the year. Nine factories were temporarily shut down and efforts to secure the environment to protect workers and prevent the spread of infection were intense. Successful measures and changes in working practices helped to maintain good levels of activity and meet customer demand for products.

Focus on production efficiency

Continuous improvements in efficiency and productivity in production are important tools in the Group's efforts to grow profitability. All facilities operate according to the Group-wide Systemair Production Model (SPM), which aims at uniform and standardised work procedures. Improvements in line with the production model are made continuously at the Group's production sites, based on ongoing measurement and monitoring of operations, as well as active sharing of experience and best practice between the sites. Our dedicated and knowledgeable employees play a very significant role in identifying

new ways of working and solutions that drive our business forward.

The Geniox modular air handling unit, which is produced on a common platform, is one example of a standardised manufacturing method that is used in a handful of markets. The platform is based on an idea that is similar to one that has long existed in the automotive industry, with a flexible design that can be configured in many different ways. This provides efficiency benefits and increased potential for maximising synergies.

Continued investment in modern and sustainable production

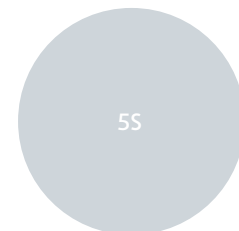
Investments to increase the sustainability of our production facilities continued during the year. Energy consumption in production and in our buildings is one factor, while another is new technologies introduced in factories to reduce wastage of materials. The work environment is one of our top priorities. So, for example, we are investing in ergonomics and introducing aids to prevent wear and tear injuries on the part of our employees. We continuously monitor and measure injuries, near-accidents and risks to further improve safety in our factories.

In addition, we have also maintained a high level of investment to expand capacity, capitalise on new technology and raise the level of automation, to create the conditions for continuous efficiency improvements.

Logistics function under high pressure during the year

Systemair's logistics structure is a key component in enabling us to deliver on our customer promise of high product availability and fast deliveries world-wide. We have 80 local warehouses in

The Systemair Production Model (SPM)



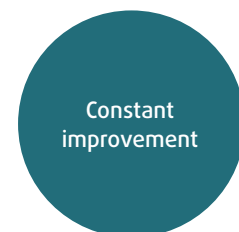
- Creating organisation and structure in the factories.



- Working in accordance with the current best practices.



- Ensuring that a clear structure is in place for day-to-day planning and work supervision.



- Driving the improvement process on an ongoing basis as part of day-to-day working.

“Systemair's logistics structure is a key component in enabling us to deliver on our customer promise of high product availability and fast deliveries worldwide.”



markets where we are represented by our own sales company, plus three central warehouses located in Sweden, Germany and Malaysia.

In the past year, which was dominated by the pandemic, logistics became even more of a key factor than before. Rapidly shifting demand required adjustments to the warehousing strategy – from initially lowering stock levels to quickly replenishing stocks as customers significantly increased their orders. During this period, we enjoyed a market advantage of operating through local warehouses. Another strength was the Group-wide ERP system, through which the Group's sales companies have access to current stock levels and lead times for local

warehouses, distribution centres and manufacturing units. This allowed optimisation of stock maintenance and management during a period of sharp shifts in demand.

One effect of the pandemic is that the global market has been hit by higher transport costs and longer delivery times, for example for shipments of electronics from Asia. Through a sharper focus on planning and control, we were able to handle the situation satisfactorily during the year. In terms of component availability, we have seen clear benefits from being a close, long-term partner for our suppliers.

Focus on efficiency and sustainability

During the year, we succeeded in both reducing inventory costs and improving security of supply, which were the objectives of the new KPIs introduced in the previous financial year. To increase efficiency and profitability in the area, we previously formed a council of six logistics managers, the Logistics Council, which identifies areas for improvement and ensures that we benefit from best practice across the Group.

In addition, successful work on the basis of the KPIs provides a benefit from a sustainability perspective, in the form of reduced environmental impact from transport.

Modern and well-invested production facilities

Systemair owns 86 percent of its production facilities. These add up to a total area of 350,000 square metres and have a total book value of SEK 1.1 billion. The facilities are characterised by efficient, improvement-focused and sustainable production. The following are descriptions of facilities in four countries.



Skinnskatteberg, Sweden

At Skinnskatteberg, we have two production facilities, a distribution centre and headquarters with a total area of 52,000 square metres. Here, fans, air curtains and heat pumps are produced, as well as air handling units and the entire value-added chain is accommodated at this location – sheet metal forming, painting, component handling and assembly. The facilities are well-invested and are highly advanced in terms of both automation and work environment for employees. The production system is characterised by a development-led environment with highly-skilled personnel. The 30,000 square metres building in Långviken is heated entirely by lake water heat using heat pumps.

Windischbuch, Germany

Windischbuch produces above all Systemair axial fans. The factory measures 23,600 square metres and houses production, offices, warehouse and test centre. The facility, one of three central warehouses in the Group, serves central and southern Europe. The modern, 2,300 square metres test centre has combined airflow and noise level measurement equipment for flow rates up to 42,000 m³/hour.

Properties, surface area, m²

North and South America

Bouctouche, Canada (owned)	12,300
Tillsonburg, Canada (owned)	11,300
Kansas City, USA (owned)	16,000
São Paulo, Brazil (leased)	1,900

Nordic region

Århus, Denmark (owned)	23,000
Eidsvoll, Norway (owned)	5,800
Hässleholm, Sweden (owned)	10,000
Skinnskatteberg, Sweden (owned)	52,000

Western Europe

Tillières, France (owned)	38,000
Milan, Italy (owned)	19,400
Waalwijk, Netherlands (owned)	10,000
Fuenlabrada, Madrid, Spain (leased)	7,000
Móstoles, Madrid, Spain (leased)	22,000
Helmstadt, Germany (leased)	1,550
Langenfeld, Germany (leased)	4,300
Mülheim an der Ruhr, Germany (owned)	17,400
Windischbuch, Germany (owned)	23,600

Eastern Europe & CIS

Ukmerge, Lithuania (owned)	15,000
Bratislava, Slovakia (owned)	14,200
Maribor, Slovenia (owned)	5,400
Pardubice, Czech Republic (leased)*	13,600
Dilovasi, Turkey (owned)	28,000
Moscow, Russia (owned)	18,000

Middle East, Asia, Australia and Africa

Hyderabad, India (leased)	3,200
New Delhi, India (owned)	12,000
Kuala Lumpur, Malaysia (owned)	16,000
Melbourne, Australia (leased)	2,200
Johannesburg, South Africa (leased)	7,200

* New construction of 18,200 m² is in progress.



Dilovasi, Turkey

Our ultra-modern production facility in Turkey, inaugurated in 2018, is LEED Gold certified. Investments in the building, machinery and IT infrastructure enable very high production efficiency while minimising environmental impact throughout the production chain. The factory incorporates energy-efficient production equipment, highly developed processes for collection and use of rainwater and high-efficiency air conditioning based on Systemair's own products. Production in the 28,000 square metre facility is project-based, supplying not only the local market but also, to a certain degree, the Middle East and the Balkans. Activities are characterised by high-level quality thinking, which is made possible by the highly-skilled workforce.

New Delhi, India

Systemair's production facilities in India produces air distribution products, air conditioning units, fans and fire safety products. The facility at Greater Noida, New Delhi, extends over approximately 12,000 square metres and is located close to sub-contract suppliers and support functions, which is of great importance, given the size of the city. It is a modern, well-invested facility that focuses closely on quality and flexibility. The facility is LEED Platinum certified and features an advanced ventilation system that significantly reduces energy consumption. Experienced and highly skilled personnel, including a local development unit, ensures modern, highly-developed operations.

Continued increase in capacity

During the year, Systemair launched several aggressive investments in new state-of-the-art production facilities. This will enable us to produce more efficiently and sustainably, and to take advantage of growth opportunities when markets open up after the pandemic.



Pushkino, Russia

A new state-of-the-art factory covering 18,000 square metres has been built in Pushkino, north-east of Moscow. The factory will house both production and a central warehouse, which have taken up occupancy. This is an aggressive investment involving highly automated equipment and efficient production, fully on a par with the Group's most advanced factories. Systemair has operated in the Russian market for many years but has never had any production there. Russia is an important market to Systemair and the ability to offer competitive and locally manufactured products is a clear advantage.

Johannesburg, South Africa

A brand-new production facility and warehouse totalling 7,200 square metres has been completed in the eastern part of Johannesburg. Systemair has long been established in South Africa, where we have mainly manufactured fans. Production is now being expanded and investments made in new machinery. The new factory brings together under one roof all the production that came with the 2017/18 acquisition of Viking Air Condition, as well as Systemair's existing fan manufacturing and warehousing operations. The merger will streamline production and administration and will optimise resources and production capacity.

Pardubice, Czech Republic

Through its Czech subsidiary Recutech, Systemair is building an 18,200 square metre manufacturing and warehouse facility. The new factory aims to meet higher demand for Recutech's counter-current switches, in both aluminium and plastic. Production is highly automated with modern machinery, with most stages of production being automated. Recutech supplies a large number of manufacturers of ventilation units throughout Europe. A proportion of production is exported to other Systemair companies.

A well-invested business poised for growth

In 2018, Systemair took a strategic decision to invest in new, state-of-the-art production equipment and expanded production capacity in Canada. Systemair was therefore well prepared to benefit from the strong growth that distinguished the North American market during the year – and was even able to capture additional market shares on account of its elevated delivery capacity.

In a challenging year, dominated by the ongoing pandemic, Systemair's operation in Canada – which also supplies products to the United States – has stood out as an unmitigated success. The North American market has been distinguished by strong demand.

"I think there are several factors that have combined to produce such strong demand for ventilation products for both residential and commercial construction. One key factor is that the Covid-19 pandemic clearly highlighted the importance of good ventilation and indoor air quality. This naturally benefits our industry as a whole. At the same time, the construction sector is experiencing a high level of activity. For example, the number of housing starts in the United States has risen by approximately 19 percent," says Roland Mazerolle, General Manager, Systemair Canada.



Systemair
Canada

Focus on growth

The principal reason why Systemair was well positioned to benefit from the strong market development is the aggressive program of investments that was launched back in 2018. Investments were made in both new production methods and expanded capacity. In 2018, the Company also acquired its competitor Greentek, which specialises in residential ventilation.

"The acquisition of Greentek gave us access to market segments where we weren't as strongly represented before. In return, Greentek gained a committed owner in Systemair, with appreciable capacity and high credibility on the market – which was naturally a benefit for them. The integration was a great success, resulting in us both achieving an even stronger base and offering," adds Roland Mazerolle.

Strength in well-invested production

The strength of having a well-invested production operation became clear during the year. Over the financial year, production of residential ventilation units, under the Fantech and Greentek brands, needed to almost double. If the trend of the last months of the year continues, production will still need to increase in the next financial year.

"We were prepared for expansion and in a position to take full advantage of the growth in demand that we have witnessed. We were able to maintain delivery times well in a highly active market, which resulted in us capturing additional market shares. Being a part of the Systemair organisation was a significant factor in this situation. The Company's long, firmly established relations with suppliers have ensured access to components during the pandemic," says Roland Mazerolle.

Continued investments in production

In the 2020/21 financial year, Systemair has ramped up its focus on ventilation products for commercial properties and launched investments in its factory in Tilsonburg which, in principle, entails doubling the company's factory area.

"Our areas of expertise in Tilsonburg are ventilation units for schools and compact units and Geniox units for commercial use. In the wake of the Covid-19 situation, we have seen a significant increase in interest in the quality of indoor air – in state infrastructure programs targeted at schools and hospitals, for example. Our ongoing investments are intended to put us in an even better position to take advantage of a favourable market," concludes Roland Mazerolle.

New initiatives to boost product development

The pandemic has brought an increased interest in creating a better indoor environment for people. To get closer to the customer and further strengthen the Company's ability to develop world-leading products, Systemair has created a number of new forms of partnership.

Systemair's products create a healthy and comfortable indoor climate – including everything from maintaining clean air at the right temperature in schools to effective evacuation of fire gases in buildings or exhaust gases in tunnels. We develop products that make this possible with the lowest possible energy consumption. This, in turn, reduces both the burden on the environment and life cycle costs for customers. Simple installation, operation and maintenance of products add further value for our customers.

Over the past year, Systemair's products became more relevant and attracted closer attention. The need for healthy indoor air in hospitals and workplaces, in homes and shops, is a hot topic in the world today. To Systemair, this is an incentive to continuously develop and improve our products.

Standardised development process

A successful development process focusing on market need and shortening the time to market for a product repre-

sent one of Systemair's competitive advantages. Success depends on both high efficiency in work and ensuring that we set the right priorities in choice of development projects. We have established a standard, Group-wide product development process – from generation of ideas and development to certification, production preparation and launch – to maximise the benefit from the time we invest. The development projects for every individual product area are selected and prioritised via our system for strategic product planning. Decisions are based on what offers most value to Systemair, based on the criteria of customer need, strategic importance, potential profitability and the prevailing conditions in terms of expertise and resources.

New initiatives in the development organisation

Systemair's product development organisation consists of 250 engineers and technicians with cutting-edge expertise across a range of technologies. 24 tech-

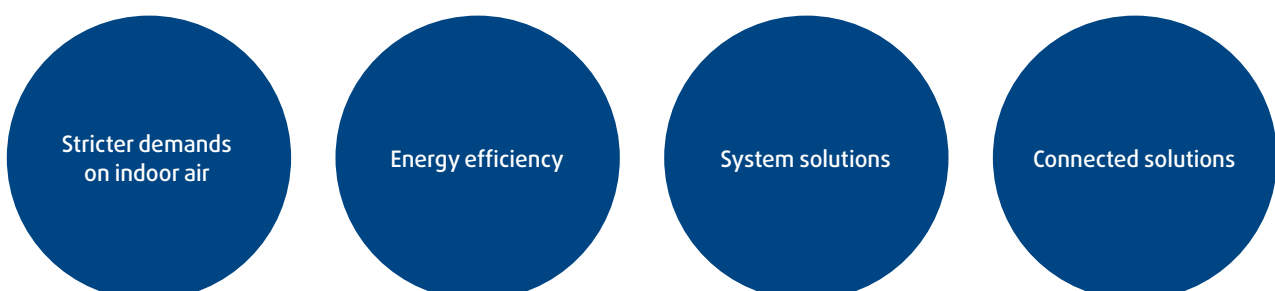
nology teams in 18 countries performing laboratory tests and measurements during the development process, as well as measurements for technical documentation and certification in accordance with current standards.

During the year, a number of initiatives were taken within the organisation that will ultimately lead to ideas for new products. To narrow the distance to the market and customers, a feedback loop in relation to the sales organisation was developed. We also added to our options for conducting joint development projects across the organisation, bringing together expertise from several factories in development groups.

In addition, we upgraded project management training – in Sweden, Denmark and France – with the intention of spreading this work to other parts of the organisation. A decision has been taken to develop and implement a modified Systemair Project Management Model. Training efforts have been slowed by the pandemic but will resume on a large scale in 2021.

Four main areas of focus for a sustainable indoor climate

Product development at Systemair must meet the expectations and demands of the world around us, for a sustainable indoor climate. At an overarching level, our work is affected by four main trends of development:



“A successful development process that focuses on market need and shortening the time to market for a product is an important competitive advantage to Systemair.”

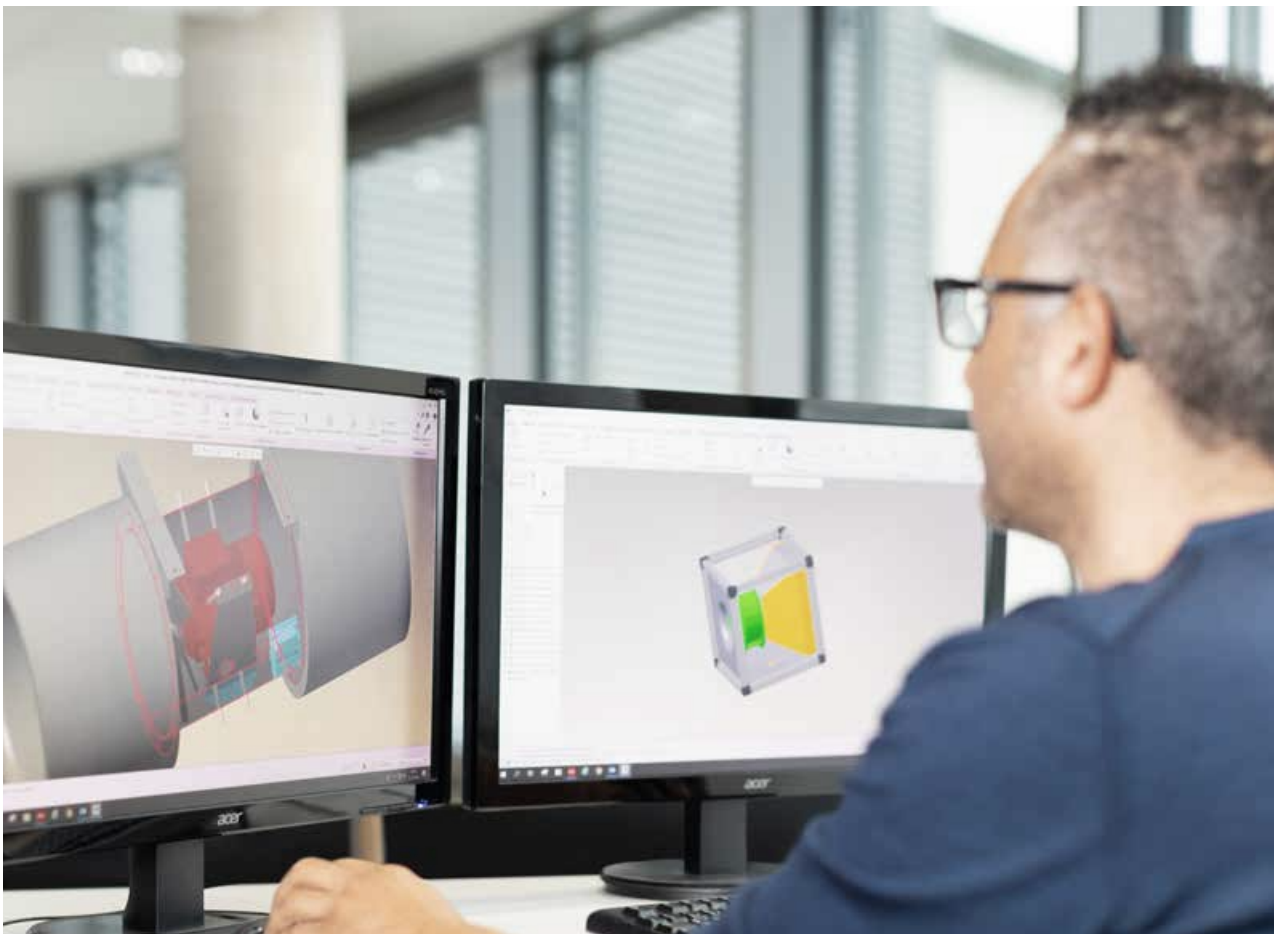
Furthermore, we will focus even more closely on product life cycle management in product development, which means more “circular elements” and making decisions about phasing out products.

Knowledge and insight vital to the products of the future

Successful product development must meet future needs in the market. This requires insights into customer needs,

regulatory requirements and the opportunities that are being created via new technology. Systemair’s sales organisation around the world has daily contact with our customers, allowing us in-depth insight into how their needs are changing. We are engaged in certification, standardisation and industry organisations, such as Eurovent, EVIA (European Ventilation Industry Association) and AMCA (Air Movement and Control Association), and maintain contacts

with national and international research institutions and public authorities. Our technology centres continuously monitor technological developments worldwide in their specific area of technology. Altogether, this equips us well for conducting a product development program that is both innovative and relevant to the future.



Constant focus on sustainability

Sustainability issues have long been a central and natural part of Systemair's business, as is evident in the Company's work on products for a healthier indoor climate with ever-lower energy consumption. During the year, Systemair stepped up the pace of its intensive work. Lee Morgan is the newly appointed Global Sustainability Manager with responsibility for driving sustainability work going forward.

Lee Morgan assumed the newly created role of Global Sustainability Manager in March 2021.

"An important part of my job is to ensure that we have established processes and monitoring mechanisms in place to drive real progress in sustainability. It's particularly inspiring because there's strong commitment and a sincere will throughout the Group to continue to drive change in this area", says Lee Morgan.

Resource efficiency gaining in importance

Continued progress towards a more circular economy plays an important role in achieving the key climate goals. Producing virgin material is resource-intensive. Raw materials are used up and production processes are energy-intensive. In addition, the processes produce emissions. Systemair aims to drive progress towards higher resource efficiency, both by integrating it into the development process and by broadening the Company's activities further along the value chain.

"It's obvious that this should be integrated early in the development process, because a large part of a product's environmental impact is already determined at that stage. A natural place to start is to increase the level of recycled and recyclable materials in products. This has been done, for example, in our newly developed prio silent® XP duct fan, which is over 90 percent recyclable. It's also important to take the maintenance aspect into account in the design of products, for example by making them more modular. That makes it easier to replace components and extend the life of your products", says Lee Morgan.



Increased activity in the value chain

During the year, Systemair took further steps to broaden the scope of its operations and expand its service offering. This is taking place through the acquisition of Servicebolaget i Sverige AB and by building an organisation responsible for developing Systemair's service offering globally.

"From a circular economy perspective, increasing the lifetime of products offers a major gain, which places the focus more closely on service and maintenance. Here, we aim to contribute with our technical expertise and experience in ventilation systems and have a service offering that not only leads to higher operational efficiency but also

increases the service life of the products. This is attractive for several reasons. Of course, it offers us opportunities for new sources of revenue. It also puts Systemair in an advantageous position for exploring possible future business models, such as solutions that allow us to modernise existing products and systems and add functionality without the entire product having to be replaced. To sum up, what I can say is that we're already doing a lot in all aspects of sustainability – environmental, social and economic – while there are plenty of exciting opportunities to develop in the future", concludes Lee Morgan.

Our sustainability work

Systemair contributes to a sustainable society. Work on sustainability is an integral part of the business and embraces social, economic and environmental responsibilities.

Our ventilation products promote health in people by helping to maintain clean and safe indoor air. This is especially important since in society today, we spend a large proportion of our time indoors. Insights into how important indoor air is in terms of both health and well-being are becoming increasingly backed up, not least through the effects of the Covid-19 pandemic, which are showing up the importance of ventilation and its ability to supply clean, filtered air.

By making all our ventilation units increasingly energy-efficient, we are

helping to reduce carbon emissions. We are also reducing the environmental impact of our own operations through a process of continuous improvement. One of our aims is to own our production facilities, as, by doing so, we become better able, long term, to control both work environment and environmental performance in our production.

Sustainability through the value chain

Our sustainability work begins right at the product development stage. It then continues through the entire production and supply chain, including material

selection and production method and review of logistics solutions to reduce transports, as well as the efficient use and maintenance of the products. Finally, we are aware of the importance that the end-of-life product is taken care of in the right way. By developing energy- and material-efficient products and by focusing continuously on improving our processes, for example with regard to energy consumption, a safe work environment and fair working conditions, we can contribute to a sustainable future.

“We contribute to a more sustainable planet through energy and resource efficient products.”

Increased sustainability in updated Topvex

Topvex is a compact energy-efficient air handling unit. All models are equipped with a Systemair Access control system offering a wide range of features to optimise energy consumption. Topvex has been updated to increase longevity and reduce environmental impact even further:

- Upgraded metal coating makes the product last longer, especially in corrosive environments.
- Moulded sealing strips for a tighter seal and reduced waste from break-up of protective strips from the earlier design. (40,000 metres/year)
- Easy to replace components, maintain and clean, increasing service life.
- Improved ability to control and optimise energy, for example by upgrading the rotor motor.
- Digital manuals via QR code reduce both transport weight and paper consumption.



Sustainability framework

In recent years, Systemair has made continued progress in its work on sustainability, including in governance, monitoring and reporting. A framework for sustainability work has been developed, consisting of ten sustainability issues relevant to the Company's operations.

These sustainability issues have been classified into four focus areas that balance the three dimensions of sustainable development: economic, social and environmental. The ten sustainability issues are assigned appropriate key performance measures and processes for follow-up, which – depending on the focus area – are reported on directly to the management function concerned. Systemair has a long-term

sustainability goal for 2050, with interim targets for 2025 and 2030. Each focus area is linked to a specific goal and sub-goals.

We have also analysed the UN's 17 Global Sustainable Development Goals to identify the goals where our operations have the greatest impact. These were found to be goals 3, 5, 8, 9, 11, 12, 13 and 16. Our four focus areas support the Global Goals and by actively working

on them we are contributing to a more sustainable society.

Our work on sustainability is based on a Code of Conduct that establishes Systemair's standpoint on issues regarding social responsibility, business ethics, environment and health and safety. Several of Systemair's factories are certified in accordance with the environmental management system ISO 14001:2015.

Focus areas



Responsible enterprise

- Systemair ensures that business decisions accord with applicable laws and in all cases are taken in an ethical and responsible way.
- Systemair operates a policy of zero tolerance of bribery and corruption.
- Systemair applies sustainability requirements to suppliers and partners and manages sustainability risks relating to the supply chain.

GOALS FOR 2025

- 100 percent of our strategic suppliers comply with our Code of Conduct
- Zero incidents of bribery or corruption



Sustainable workplace

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

GOALS FOR 2025

- Zero injuries leading to sickness absence
- 25 percent women managers



Long-term goals

By 2030, to have played our part in helping to achieve the UN's global goals for sustainable development

By 2050, to remain a leader in sustainable and healthy indoor climate through our way of doing business, our workplace and our operations

Changes in the world affecting Systemair

In recent years, demands on companies in the area of sustainability have increased. This is particularly true in the area of reporting, driven by the ambitions of the EU's Green Deal – the roadmap to a sustainable EU economy. In 2020, the EU Taxonomy Regulation was adopted, a framework for determining which economic activities are regarded

as environmentally sustainable. The aim is to make it easier to assess a company's activities and steer investments towards more sustainable activities. This will place new demands on reporting by companies and Systemair is closely monitoring developments to be able to meet the new requirements. Systemair is also involved in the dialogue on how the tougher requirements will work and be complied with, including through

participation in industry associations. Systemair is constantly striving to raise awareness and disseminate information about the regulations and requirements that need to be satisfied to ensure maximum compliance in all parts of the business.



Sustainable operations

- Systemair strives to reduce its emissions of greenhouse gases from our operations and transportation.
- Systemair strives to improve the energy efficiency of our facilities and operations.

GOALS FOR 2025

- To reduce emissions from our operations and transportation
- To increase energy efficiency in our own facilities and operations



Sustainable products

- Systemair strives to improve the indoor climate through energy-efficient solutions.
- Systemair strives to reduce the negative environmental impact of its products by using sustainable materials and by designing from a life cycle perspective.

GOALS FOR 2025

- Continuous improvement of our products in terms of environmental and climate impact





Responsible enterprise

Systemair has a long history of responsible enterprise and takes on its social responsibilities in the places where we work. As a client and major purchaser of products and materials, it is important for us to maintain high business ethics, with zero tolerance of corruption and bribery.

Our values

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

Responsibility to society

Good relationships with external partners are vital to long-term success, wherever in the world we are doing business. We strive to understand the communities and the culture where we live and work and are engaged in local community activities that promote development in the community, benefit local business and support schools and educational organisations.

Responsible business dealings

At Systemair, we conduct our marketing and sales in an ethical and responsible way, on the basis of quality, price, delivery reliability and a high standard of service. Systemair will comply with the laws of the country concerned and our business decisions will always be made in the best interests of the Company. We have zero tolerance of corruption and our employees are not allowed to demand, offer or accept bribes or other illegal benefits to retain a customer or close a business deal. Social responsibility is a natural part of Systemair's corporate culture.

Supplier verification

Systemair uses around 6,000 suppliers and sub-contract suppliers. The majority are European or North American, which means that they are bound by national laws and regulations that ensure accept-



Examples of community projects supported by Systemair:

- In Latvia, Poland, Slovenia, North America and Turkey, Systemair supports colleges and universities in promoting engineering courses in ventilation technology.
- At Skinnskatteberg, Systemair will support the local school from the autumn term 2021. The arrangement involves inclusion in the technology/physics curriculum for Year 8. Students will have access to Systemair's technology centre and classes will be held there. This falls within our commitment to a sustainable society, where we want to contribute to the development of young people.
- In Turkey, we have for several years been supporting TEMA – the Turkish Foundation for Combating Soil Erosion – whose activities include replanting trees and protecting natural habitats. So, for example, employees are actively involved in planting new trees to increase the proportion of forest and help bring about a better climate.
- In South Africa, we have introduced apprenticeship programs in partnership with the local government. We are also involved in mentoring programs to provide factory tours and internship opportunities for students from socially disadvantaged backgrounds.
- Systemair in Sweden is supporting the Teknicsprånget project, an initiative in which the private and public sectors, the government and employer organisations are working together to bolster Sweden's future skills provision. The project being managed by the Royal Swedish Academy of Engineering Sciences on behalf of the Swedish National Agency for Education.
- In North America, Italy and Germany, we offer internships enabling students to test their theoretical knowledge in real-life situations. Our support is provided in the form of experience and guidance.
- In Denmark, we are supporting research projects on indoor climates at DTU, the Technical University of Denmark.

“As a leading actor in the ventilation industry, we are playing a part in driving important issues of responsible enterprise.”

able working conditions. It is our aim to work with selected strategic suppliers with whom we can have a long-term relationship. Systemair's suppliers are evaluated and selected on the basis of their ability to deliver on commercial terms and their ability to live up to Systemair's ethical guidelines for suppliers.

New suppliers are required to complete a self-assessment form before they qualify to work with Systemair. The form includes questions, for example, on financial strength, working conditions, child labour, health and safety, the environment and ethics. All new suppliers must confirm that they do not tolerate

child labour in their business and do not accept products from suppliers who use child labour directly or indirectly via their sub-contract suppliers. The self-assessment form is updated on an ongoing basis in response to new requirements and recommendations.

Systemair also conducts on-site audits of suppliers, above all at the start of a new collaboration, at suppliers of health and safety critical equipment and at suppliers where we identify a need to improve their service. In the case of suppliers of health and safety critical components, we employ special quality assurance agreements.

We are involved and have an influence

As a leading actor in the ventilation industry, we embrace our responsibilities and are involved in driving important issues through multiple channels. We are engaged with and well positioned in industry organisations worldwide, including Eurovent, HVI, ASHRAE, ISHRAE and REHVA, rounded out by collaborations with like-minded industry colleagues. We are also involved at national level in several countries and contribute to progress. One example of this is in Norway, where we are actively helping to shape the new sustainability regulations for the ventilation industry.

201-1: Economic value generated and distributed (SEK m.)

	2020/21	2019/20
Direct economic value generated		
Revenues	8,715	9,083
Economic value distributed		
Operating costs	6,017	6,291
Employee wages and benefits	1,920	2,049
Payments to providers of capital	214	200
Tax	153	158
Economic value retained	411	385

The table shows the economic value generated and distributed to the Company's stakeholders.

205-3: Incidents of corruption

	2020/21	2019/20
Number of incidents of corruption	0	1 ¹⁾
Number of incidents in which employees were dismissed or subjected to other disciplinary action for corruption	0	0
Number of cases in which contracts with business partners were not renewed due to violations related to corruption	0	0

¹⁾ Systemair was exposed to fraud on one occasion and the incident was reported to the appropriate authorities.

308-1, 414-1: Proportion of new suppliers audited (%)

	2020/21	2019/20
Environmental criteria	87	94
Social criteria	87	94

The percentage of new suppliers audited has decreased compared to the previous year. This is because our new subsidiary Pacific Ventilation contracted many new suppliers during the year and the audit process for new suppliers was implemented in the latter part of the year. The percentage of new suppliers audited in 2020/21 excluding Pacific Ventilation is 97 percent, an increase on the previous year.

206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

	2020/21	2019/20
Number of cases	0	0

No legal actions, decisions or court rulings took place during the year.

307-1: Non-compliance with environmental laws and regulations

	2020/21	2019/20
Number of cases	0	0

No incidents of non-compliance occurred during the year.

419-1: Non-compliance with laws and regulations in the social/economic area

	2020/21	2019/20
Total monetary value of fines (SEK)	156,000 ¹⁾	62,000 ¹⁾
Non-monetary sanctions	0	0
Number of cases settled via dispute resolution	0	0

¹⁾ A production plant was fined for not having a permit for heavy industrial activities. There is a plan to relocate production to a new building during the year.



Sustainable workplace

To assure Systemair's long-term success, it is critical to attract, develop and retain competent employees, and we continued to focus on this during the year. Safety is the top priority in our workplaces and we actively promote the importance of diversity and equality.

Healthy and safe work environment

Good working conditions and safe workplaces are important. No-one should need to go to the workplace and worry about their health, either physical or mental. Our aim is to prevent accidents and minimise sickness absence. Violence, threat, harassment, bullying and similar abuses of employees will not be tolerated. Systemair's employees themselves decide whether to join a labour union in accordance with the legislation in the country where they work.

Competence development

The ability to attract, develop and retain competent employees plays a vital role in assuring Systemair's long-term success. Competence development is a focus area in terms of constantly improving our business and our products, increasing our employees'

competence in their interaction with customers and retaining our lead over competitors. Via expansion of the range of the Systemair Academy program, we have made it easier for employees to acquire new knowledge wherever they work in the organisation. There are good career opportunities for employees wishing for international experience and responsibilities in the Group, going forward.

In several countries, we are working to raise the level of skills by offering further training. For example, in South Africa several promotions were made possible as a result of further training. In Turkey, 35 employees recently completed further training in business administration.

Our objective is that all employees should have one performance review per year. The review focuses on the

employee's personal performance. In all cases, the immediate manager and the employee are together responsible for ensuring that competence development is aligned with the Company's direction of travel and vision.

Diversity and equal opportunity

Research and experience show that diversity and equal opportunity play a part in making companies more successful. They also create a more dynamic and stimulating work environment. During recruitment, we actively try to promote greater diversity and equal opportunity. At Systemair, we want everyone to feel welcome, whatever their background. What counts is knowledge, experience and qualities, and no discrimination on the basis of sexual orientation, gender, age, ethnicity or religion is allowed. All employees will

Courses in the Systemair Academy 2020/21

Systemair PolarStar

PolarStar is a program comprising 8 modules over 2 years designed to develop young talents who are capable of taking on future roles with greater responsibility.

E-Learning

Digital product courses facilitating the dissemination of product knowledge throughout the Company. During the year, a learning platform was introduced and is constantly having content added. The platform includes courses in several areas, including the Systemair Code of Conduct course, which all staff must complete, as well as several IT webinars to enable employees to use our systems effectively.

3C – Corporate Culture Concept

Training in Systemair's leadership and corporate culture for all employees. The course is based on the "Train the trainer" concept and has been implemented at the Group's subsidiaries over the past three years.

Finance Controller Academy

Course in financial accounting, follow-up and reporting.

M3 Academy

Course given via our ERP system.

“We are a global company, in which diversity is an asset in our dealings and projects around the world.”

be treated with respect, and no employee will be subject to bullying or abusive treatment.

Systemair strives to ensure that the same opportunities for development are open to all, irrespective of gender or ethnic origin. We are a global company, in which diversity is an asset in our dealings and projects around the world. We can offer international work with many areas of contact, which makes us an attractive employer.

Of the Group’s approximately 6,380 employees (6,197), 23 percent (23) are women. Both Board of Directors and Group Management have 2 women members (2). Systemair’s ambition is that the proportion of women in managerial positions will be at least 25 percent by 2025. In 2020/21, the final figure was 21 percent (21) of women in managerial positions.

A modern, safe and world-class work environment

An attractive workplace is both secure and safe. To prevent risks in the work environment, knowledge is essential. By sharing knowledge about accidents, near-accidents and risks that have occurred, we can prevent new accidents happening at other workplaces. Against that background, Systemair uses TIA, a web-based information system for reporting and analysing near-accidents and occupational injuries. The system is based on a flow concept that spans the entire process, from reporting of incident via investigation with risk assessment and analysis of cause, to remedial action and follow-up. Managers, safety representatives etc. receive information on incidents that have occurred, via e-mail. Events relating to environmental, quality and safety issues are also

supported, as are suggested improvements. The system also includes planned work environment measures. It is also possible for those involved to compose their own, individual checklists that are linked to various risk management categories, such as risk analysis and safety inspections.

Systemair constantly reviews how the system is used in all its factories and ensures that the necessary knowledge is provided. Introduction of the system and digitalisation of work on safety is playing a part in ensuring world-class production.

Examples of our work in diversity and equality:

- In Canada, we work actively on equality and opportunity. In manufacturing in Canada, 47 percent of employees are women, and in the most recent assessment of workplace culture, employees gave highest ratings to equality and diversity. Pride Week celebrated every year!
- In Turkey, through an emphasis placed on the importance of diversity and equality, the number of women in production has increased to currently 38 percent.
- At Lenexa, USA, equal opportunity for all is actively promoted. This has fed through into several internal campaigns and a generally positive working culture. In the past year, 19 people were promoted, including 11 women and 12 from minority groups.



102-8: Information on employees

Number of employees, by gender and type of employment	Men		Women		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Permanent employment (indefinite-term, part-time and probationary employment)	4,428	4,293	1,387	1,328	5,815	5,621
Fixed-term employment	246	313	33	84	279	397
Total	4,674	4,606	1,420	1,412	6,094	6,018
Agency personnel	224	220	39	32	263	252

Number of employees, by region and type of employment	Nordic region		Western Europe		Eastern Europe & CIS		North & South America		Rest of World	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Permanent employment (indefinite-term, part-time and probationary employment)	981	1,012	2,102	2,045	1,426	1,365	528	432	778	767
Fixed-term employment	27	36	75	125	11	35	14	54	152	147
Total	1,008	1,048	2,177	2,170	1,437	1,400	542	486	930	914
Agency personnel	18	17	108	86	46	44	0	7	91	98

Number of employees, by gender and type of employment	Men		Women		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Number of employees (full-time)	4,358	4,231	1,275	1,216	5,633	5,447
Number of employees (part-time)	70	62	112	112	182	174
Total	4,428	4,293	1,387	1,328	5,815	5,621

102-41: Proportion of employees with collective bargaining agreements (%)

	2020/21	2019/20
Proportion of employees covered by collective bargaining agreements (%)	43	39

401-1: Personnel mobility

New employee hires and personnel turnover by gender	Men		Women		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Number of new employees	673	878	332	343	1,005	1,221
Employment turnover ¹⁾	10.6%	14.0%	5.2%	5.0%	15.8%	19.5%
Number of employees leaving the organisation	595	770	191	300	786	1,070
Personnel turnover ²⁾	9.4%	12.3%	3.0%	4.8%	12.4%	17.1%

¹⁾ Number of new employees / average number of employees
²⁾ Number of employees leaving the organisation / average number of employees

New employee hires and personnel turnover by age group	< 30		30-50 years		> 50	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Number of new employees	422	449	467	596	116	176
Employment turnover ¹⁾	6.6%	7.2%	7.3%	9.5%	1.8%	2.8%
Number of employees leaving the organisation	262	337	379	524	145	209
Personnel turnover ²⁾	4.1%	5.4%	6.0%	8.4%	2.3%	3.3%

¹⁾ Number of new employees / average number of employees
²⁾ Number of employees leaving the organisation / average number of employees

New employee hires and personnel turnover by region	Nordic region		Western Europe		Eastern Europe & CIS		North & South America		Rest of World	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Number of new employees	106	131	314	442	229	353	226	139	130	156
Employment turnover ¹⁾	1.7%	2.1%	4.9%	7.0%	3.6%	5.6%	3.6%	2.2%	2.0%	2.5%
Number of employees leaving the organisation	116	146	223	400	218	309	84	111	145	104
Personnel turnover ²⁾	1.8%	2.3%	3.5%	6.4%	3.4%	4.9%	1.3%	1.8%	2.3%	1.7%

¹⁾ Number of new employees / average number of employees
²⁾ Number of employees leaving the organisation / average number of employees

403-9: Work-related injuries

Work-related injuries are those that result in death, or absence from work of at least 1 day. The total also includes significant injuries diagnosed by a doctor, even if not resulting in absence from work for at least 1 day.

Employees	2020/21		2019/20
	Number	Frequency	Number
Total number of fatalities	0	0	0
Total number of work-related injuries	251	4.8	253
Total number of hours worked	10,495,273		

Other employees ¹⁾	2020/21		2019/20
	Number	Frequency	Number
Total number of fatalities	0	0	0
Total number of injuries	2	6.3	11
Total number of hours worked	63,600		

¹⁾ All workers not employed by Systemair but whose workplace and/or work are within the control of the organisation

Injuries mainly consist of finger, hand and wrist injuries, together with arm injuries. Systemair measures, monitors and remedies risks, near-accidents and accidents via a systematic process.

Normalisation factor = 200,000 hours worked.

403-10: Work-related ill-health

Cases of work-related ill-health are those that result in death, or absence from work of at least 1 day. The total also includes significant ill-health diagnosed by a doctor, even if not resulting in absence from work for at least 1 day.

Employees	2020/21	2019/20
Total number of fatalities ¹⁾	1	0
Total number of cases of occupational ill-health	95 ²⁾	82

¹⁾ Fatalities due to Covid-19, suspected to have resulted from infection in the workplace. Measures to further reduce the risk of infection were immediately taken at the workplace concerned.

²⁾ The increase in sickness absence is related to Covid-19 and the requirement to stay at home in case of a positive test and if employees had worked in the vicinity of someone who had tested positive.

Other employees ¹⁾	2020/21	2019/20
Total number of fatalities	0	0

Benny Blomqvist is a super-user in TiA, working in training and system support. This is how he views the safety work in Systemair:

“Safety is Systemair’s top priority and we’ve long worked to create a better and safer workplace. The work has paid off. I was involved in the launch of TiA, about 4 years ago, and since then there has been a marked reduction in accidents causing sickness absence. At my workplace in Skinnskatteberg, accidents causing absence have gone from 17 in the 2017/18 financial year to six in 2020/21. That is still six too many, of course, but it’s a clear improvement!”

Other employees ¹⁾	2020/21	2019/20
Total number of cases of occupational ill-health	0	3

¹⁾ All workers not employed by Systemair but whose workplace and/or work are within the control of the organisation

404-1: Average hours of training per year per employee

	2020/21		2019/20	
	All employees	Of whom, women	All employees	Of whom, women
Total number of hours	29,615	6,662	11,665	3,756
Average number of employees	6,357	1,459	6,270	1,444
Average number of hours	4.7	4.6	1.9	2.6

404-3: Percentage of employees receiving regular performance and career development reviews

	2020/21	2019/20
Women	41%	45%
Men	45%	46%
All employees	43%	45%

The table shows the proportion of employees receiving at least one structured performance review, by gender.

405-1: Diversity of governance bodies and employees

	2020/21		2019/20	
	Number	Percentage of women	Number	Percentage of women
Board of Directors				
Over 50 years	7	29%	7	29%
Group Management				
Over 50 years	7	29%	7	29%
Other employees				
Under 30 years	1,074	22%	1,241	20%
30–50 years	3,287	24%	3,134	24%
Over 50 years	1,733	23%	1,586	23%

The table shows composition of Board of Directors, Group Management and other employees, by gender and age category.

406-1: Incidents of discrimination

	2020/21	2019/20
Number of cases of discrimination	2	4

During the year there were 2 suspected cases of discrimination; both cases are under investigation.



Benny Blomqvist
Quality and Work Environment Coordinator



Sustainable operations

Sustainability work is an integral part of day-to-day operations, with the emphasis on reduced emissions from our operations and higher energy- and resource-efficiency. We focus on continuous improvement in order to constantly challenge and improve.

Focus on resource-efficiency and lowering energy consumption

We are continuously reducing our consumption of energy, water and materials, for example by high-efficiency ventilation and air conditioning with our own products, investing in energy- and water-efficient production equipment and investments in manufacturing technology to reduce the use of materials.

Systemair's newly constructed, ultra-modern factory in Turkey is LEED Gold certified. LEED is the most-used classification system worldwide for green buildings. The factory has been planned and built to minimise environmental impact throughout the production chain. Examples of technical solutions used include high-efficiency air conditioning based on Systemair's own products; collection and use of water and rain-water; and energy-efficient production equipment.

For investments in machinery, energy efficiency is an obvious criterion, as are reviews of the premises in which we operate. Energy consumption in our factories is monitored monthly and is subject to internal and external benchmarking with a view to identifying effective solutions for achieving our goals.

Logistics and transport

Transporting components and products along the supply chain contributes to emissions. We are actively working to reduce these emissions by optimising transport flows and choices of transport mode. In 2020, an initiative was launched to implement an analytical tool to monitor, analyse and report our emissions. In 2021, the tool was rolled out, trialled by at nine production companies in Europe, and the data are currently being evaluated. To assure data quality, cooperation with an external partner has been established. The aim is to make our supply chain visible and to focus actively and systematically on improvements. We intend to start up full-scale measurements at these nine production companies in 2022 and add companies on an ongoing basis.

Data are compiled on incoming and outgoing transport operations procured by Systemair, from suppliers to production units and warehouses, and out to our customers. This analysis creates opportunities for emission reductions through choices of more environmentally friendly transport modes, such as changing from road and air to rail. For procurement of transport services, we have developed a standard contract

document that includes environmental aspects, to ensure that our partners are working towards the same goals.

Travel and working practices

Our policy is to mainly meet online and only travel when we really need to. Because Systemair is a global enterprise, business travel by road, rail and air is necessary. Many journeys are unavoidable, given that we need to meet our customers and other stakeholders. Our focus on virtual meetings, such as video conferences, has helped us reduce the need for travel and therefore also our carbon dioxide footprint. In addition, use of this technology has made us more time-efficient. The fact that, before the Covid-19 pandemic, we already had procedures in place to meet in other ways than physically, benefited us greatly over the past year. We were able, where necessary, to quickly switch to a situation where employees worked remotely. We can also see that this practice will in part remain, even after the pandemic is over, as there are benefits for both people and the environment. A more flexible and modern way of working, involving less travel, benefits not only the environment but also the work/life balance of employees.

Simple examples from our factory in Windischbuch, Germany

- Reduced electricity consumption by switching to LED lamps. This yielded annual savings of approximately 100,000 kWh. As well as reducing electricity consumption, the lamps have less environmental impact as they do not need to be replaced as often, thus saving resources.
- Reduced emissions from transport from suppliers by producing the outer casing for our large axial fans in-house. This has resulted in 56 fewer truck loads per year.

The Factory of the Future

At Skinnskatteberg, the Factory of the Future project is under way. One important aspect of the project is to create more efficient and sustainable production. To achieve this, the focus is on maximising resource use and minimising waste. Examples of improvements already implemented or in progress:

- Modern equipment and production methods to efficiently produce components and products with the right specification and low scrap rate. One example of this is automation of repetitive tasks.
- Minimising waste via smart production processes. For example, any powder in the coating station that does not adhere to the sheet is reused, so there is virtually no waste at the end of the process. Packaging materials are also reduced through better equipment and more intelligent approaches.
- We have always recycled metal waste. The aim is to send at least 70 percent of metal waste directly to smelters, avoiding intermediaries, for more efficient handling involving shorter and fewer transport operations.
- The Factory of the Future also leverages digitalisation and the rapid developments that are currently taking place.

- Efficient internal material flows to keep lead times as short as possible. This offers several advantages. In addition to reducing handling and transport in the factory, it also minimises the risk of having to reject finished products that otherwise would be at risk of becoming obsolete when stored too long.
- Modernisation of flows and layout also enables the Factory of the Future to be easily adapted for future growth.
- Like all other Systemair factories, safety is the top priority when new production methods and flows are established.

The factory procures only climate-compensated electricity (EPD-certified wind power). The greenhouse gas emissions caused, from a life cycle perspective, by the generation of electricity will also be climate compensated via Gold-Standard-marked emission reductions issued for expansion of renewable production. In addition, the factory is heated with minimal environmental impact by harnessing the heat of the lake alongside via high-efficiency heat pumps.

302-1: Energy consumption (MWh)/ 302-4: Reduction of energy consumption

	2020/21	2019/20
Oil	1,413	1,677
Gas ¹⁾	20,950	17,936
Gas, LNG	2,582	2,688
Electricity	34,650	35,862
Heat ²⁾	7,143	7,004
Total	66,738	65,167

¹⁾ Use of natural gas increased from the preceding year. This was mostly due to an increase in production capacity and therefore surface area at two of our facilities, meaning that more energy is needed for heating.

²⁾ Consumption of district heating increased from the preceding year. This is due to the acquisition of an additional facility and the fact that during the winter more heating was required than in the preceding year in several countries where we operate.

305-1&2: Direct GHG emissions (Scope 1), Indirect GHG emission (Scope 2)

	2020/21		2019/20	
	Emissions (tons CO ₂ e)	Proportion of scope (%)	Emissions (tons CO ₂ e)	Proportion of scope (%)
Scope 1				
Oil	377	7.2	448	9.6
Gas	4,232	81.3	3,623	77.2
Gas, LNG	596	11.5	621	13.2
Total, Scope 1	5,206	100	4,692	100
Scope 2				
Electricity	7,423	92.1	9,247	93.7
Heating	633	7.9	621	6.3
Total, Scope 2	8,056	100	9,867	100
Total emissions, Scopes 1 and 2	13,261	100	14,559¹⁾	100

¹⁾ Figures for 2019/20 have been adjusted. This is because there was an error in the calculation model for calculating the number of tons of CO₂e for gas in Scope 1. In the Annual and Sustainability Report for 2019/20, 3 tons CO₂e were reported for gas; this figure should have been 2,807 tons CO₂e. Koolair in Spain has been added to the 2019/20 figures. This was missing last year, as Koolair was new to the Group and data were not available. Improved data availability in general and data quality screening have also had an impact.

	2020/21		2019/20	
	Carbon dioxide emissions (tons)	Proportion of total scope (%)	Carbon dioxide emissions (tons)	Proportion of total scope (%)
Scope 1	5,206	39.3	4,692	32.2
Scope 2	8,056	60.7	9,867	67.8
Total¹⁾	13,261	100	14,559	100

¹⁾ Updated emission factors have been used for 2020/21 compared to 2019/20. As a result, carbon dioxide emissions decreased overall, although total energy consumption increased slightly. This is because updated country averages went down in 2020/21 and because more of our installations received actual emission factors from their energy suppliers.

Systemair has not yet analysed emissions within Scope 3. Preparations are underway to do so in the future.



Sustainable products

Systemair strives constantly to reduce the burden on the environment from our products. We do this by developing energy-efficient products, by reducing our consumption of resources and by taking a life-cycle approach to product design. Staying at the forefront in the use of smart manufacturing technology is a constant, ongoing process.

Healthy indoor climate

With our extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in all environments. Our solutions help to create a healthy work environment, that in turn creates the conditions for better productivity. Filtered air in the home is important to help us keep feeling well. Clean air and a pleasant temperature at the office and in schools make us feel and perform better. On industrial premises, large areas need to be ventilated and heated or cooled. Our air handling units extract impure air and ensure that work areas and production processes are correctly temperature-controlled. In multi-storey car parks, good ventilation is a safety issue. Our system of fire gas

fans meets strict requirements for carbon dioxide control and evacuation of dangerous smoke gases in the event of fire. It can also deliver a reduction of up to 80 percent in energy consumption in day-to-day operation.

Systemair has an ambitious program for reducing the climate impact of its products in air conditioning, both by using refrigerants with lower environmental impact and by designing products to contain lower volumes of refrigerants than before. In some product lines, a natural refrigerant such as propane has been introduced, lowering climate impact considerably.

Sustainable, energy-efficient products

Systemair is constantly developing the sustainability of its products by adopting a life cycle approach in product design, sub-component purchasing and production. This allows for a longer product lifetime, for example by making cleaning and maintenance easier. By participating in various standardisation and stakeholder organisations, we are able to maintain a high level of ambition. A commitment that we strengthened and enhanced during the year and that we will expand in the course of the year.

During the past year, Systemair also invested in the development of a new generation of products that help to create a better indoor climate with higher energy efficiency. For example, we

Strategy to reduce the use of hazardous refrigerants

Certain refrigerants are significant factors in global warming. These refrigerants, also known as F-gases, have a high GWP (global warming potential). Against that background, Systemair has a strategy for a transition to more sustainable alternatives. This transition will be achieved by adapting products using refrigerants with a lower GWP. Our recently launched Sysaqua Blue is a good example of a product from this initiative. The newly developed heat pump uses the natural refrigerant R290, which has a GWP of 3. This compares to most other refrigerants, which have a GWP of between 1500 and 4000. Also, in markets that are not yet ready for R290, another refrigerant, R32, which also has a low GWP, is being phased in. The aim is to be able to provide refrigerants with the lowest possible GWP, based on what the market is ready for. The ambition is – together with the new heat exchanger design that reduces the amount of refrigerant – to reduce the environmental footprint by more than 75 percent in the years ahead.



**R290
Propane**

“We’re working towards ever more sustainable products from a life cycle perspective”

stepped up the pace of development in regulator and control systems that help create an indoor climate that dynamically adapts to demand.

New official requirements – both from the EU and at national level in and outside Europe – are bringing an increasingly sharp focus to bear on energy consumption in ventilation products such as air handling units and fans. Against that background, energy efficiency remains a crucial focal point in Systemair’s product development. We are constantly seeking new solutions to reduce energy consumption by components and products, and adapt our products to the rules in force in each market. Increased energy requirements for buildings, for example through new legislation, mean tougher

demands for energy efficiency. Demanded ventilation, heating and cooling make it possible to achieve a healthy indoor climate in an energy-efficient way. Systemair’s products are simple to install and, connected into larger systems, help deliver high efficiency in large and small facilities.

Resource efficiency

Systemair strives to select materials that are good from a product life cycle perspective and we follow the changes that are emerging in the various regulations for sustainable products.

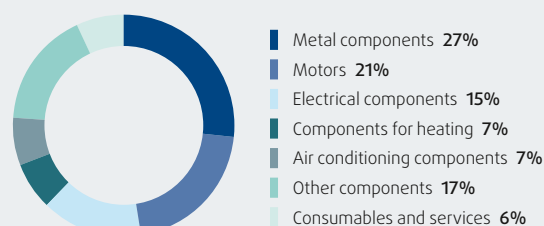
Systemair continues to invest in manufacturing technologies that can reduce waste during production of our products. For example, we have invested in coil

equipment in several of our factories, where we have switched from flat sheet to sheet on coils, cutting material consumption by an average of 12 percent. In addition to reducing waste, we also focus on sorting and recovering waste in production. Materials recovered include steel, aluminium and packaging materials.

Key in driving our product development are the expectations of the market, as well as the need to satisfy the requirements of EU directives and regulations. We have a strong commitment to eco-design and work with skills development on issues such as circularity and the existing and future requirements regarding a product’s environmental and climate footprint from a life cycle perspective.



Percentage breakdown of Systemair’s external purchases of components 2020/21



The chart shows a percentage breakdown of Systemair’s external purchases of components in 2020/21, by product category. The biggest product categories are motors and metal components, but electrical components, heating and air conditioning components etc. are also bought in for use as components in Systemair’s products and solutions.

Share and shareholders

The Systemair share

Systemair shares have been listed on the Mid Cap list of the NASDAQ OMX Exchange Nordic since 12 October 2007. The initial offer price was SEK 78 per share, corresponding to a market capitalisation of approximately SEK 4.1 billion. The market capitalisation on 30 April 2021 was approximately SEK 13.2 billion (7.2). The share's trading symbol is SYSR.

Changes in share price

At the end of the 2020/21 financial year, the closing share price was SEK 254.00, a rise of 83.8 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index rose by 49.1 percent. The number of Systemair shares traded on the NASDAQ OMX Nordic Exchange Stockholm totalled 15,388,069 (7,331,989), corresponding to a turnover rate of 30 percent (14) in the financial year.

Share capital and voting rights

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of votes. The quotient value is SEK 1.00 per share.

AGM's authorisation

In 2020, the AGM resolved to authorise the Board, on one or more occasions during the period until the next AGM,

with or without deviation from the preferential rights of the shareholders, to decide to increase the Company's share capital by issuing new shares. On the basis of that authorisation, the Company may issue new shares equal to no more than ten percent of the number of shares in the Company in issue at the time of the 2020 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.

Shareholders

The holdings of the two largest shareholders, Färna Invest AB and ebm-papst AB, both changed during the year. Färna Invest AB acquired 100,000 shares in June 2020, increasing its holding from 42.6 percent to 42.8 percent. ebm-papst AB sold 5.5 million shares in Systemair in June 2020, changing its holding from 21.3 percent to 10.7 percent. This corresponded to around half of ebm-papst's former holding and 10.6 percent of the total number of shares in Systemair. Other major shareholders are Swedbank Robur Fonder with 10.2 percent (5.3), Didner & Gerge Fonder Aktiefbolag with 4.9 percent (-) and Nordea Investment Funds with 4.0 percent (6.9). The number of shareholders at the end of the accounting period, 30 April 2021, was 4,639 (4,303).

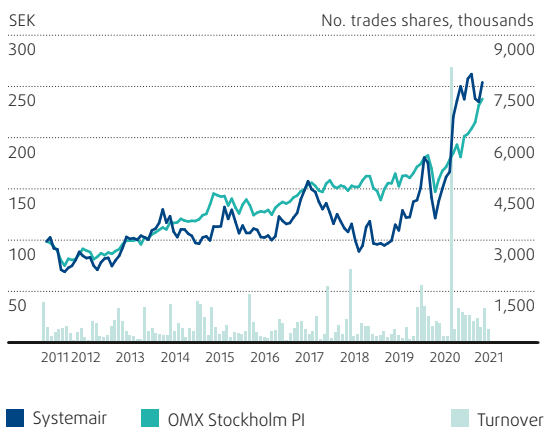
Dividend policy and dividend

The Board of Directors recommends that the AGM approve a dividend of SEK 3.00 (-) per share. As a result, shareholders' dividend payments for the 2020/21 financial year will amount to SEK 156.0 million. The dividend represents 38 percent of the Group's profit after tax, slightly below Systemair's financial target of paying out 40 percent of net profit.

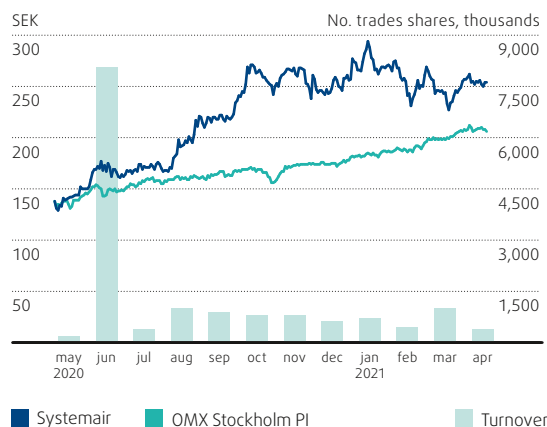
Shareholder information

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

Changes in share price, 10 year overview



Changes in share price, 12 month overview



Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held (%)	Market value (SEK thousand)
1-500	4,001	419,131	0.81	106,459
501-1,000	268	216,949	0.42	55,105
1,001-5,000	218	479,318	0.92	121,747
5,001-20,000	70	777,722	1.50	197,541
20,001-	82	50,106,880	96.36	12,727,148
Total	4,639	52,000,000	100.00	13,208,000

10 biggest shareholders

	Proportion (%)	No. of shares
Färna Invest AB ¹⁾	42.82	22,264,162
ebm-papst AB	10.69	5,559,770
Swedbank Robur Fonder	10.18	5,295,001
Didner & Gerge Fonder Aktiebolag	4.88	2,536,070
Nordea Investments Funds	4.02	2,088,534
Alecta Pensionsförsäkring, Ömsesidigt	4.00	2,079,000
Lannebo Fonder	3.98	2,069,677
JP Morgan Bank Luxembourg S.A.	2.84	1,475,232
Handelsbanken Fonder	2.22	1,154,441
SEB Investment Management	1.51	785,661
	87.13	45,307,548
Others	12.87	6,692,452
TOTAL	100	52,000,000

Shareholders grouped according to Euroclear.

¹⁾ Board Chairman Gerald Engström's wholly owned private company

Source: Shareholders' register at Euroclear AB, 30 April 2021.

Share data

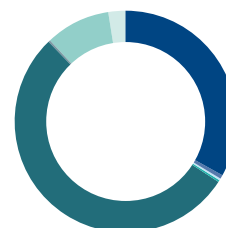
	2020/21	2019/20	2018/19	2017/18	2016/17
No. of shares at 30/4	52,000,000	52,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share (SEK)	7.81	7.34	6.18	4.43	5.66
Cash flow per share (SEK)	19.11	16.24	7.43	4.32	8.93
Equity per share (SEK)	63.56	59.32	54.60	50.39	45.79
Share price, end of accounting period	254.00	138.20	115.00	115.80	157.50
High during the year (SEK)	294.50	190.00	120.80	158.50	160.50
Low during the year (SEK)	127.80	100.50	84.10	99.20	95.25
Dividend per share, proposed (SEK)	3.00	-	2.00	2.00	2.00
After tax P/E ratio	32.52	18.83	18.61	26.14	27.83
Direct yield (%)	1.18	-	1.74	1.73	1.27
Payout ratio (%)	38.41	-	32.36	45.15	35.34
Trading volume	15,388,069	7,331,989	3,771,714	7,304,636	4,723,445
Turnover rate (%)	29.59	14.10	7.25	14.05	9.08

¹⁾ The Board of Directors proposes a dividend of SEK 3.00 (-) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 26 August 2021.

Share capital

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

Shareholder categories



- Financial companies **33.23%**
- Social insurance funds **0.60%**
- Public sector **0.11%**
- Stakeholder organisations **0.14%**
- Other Swedish legal persons **53.95%**
- Non-categorised legal persons **0.20%**
- Foreign-domiciled shareholders **9.54%**
- Swedish natural persons **2.23%**

Analysts

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

Handelsbanken Capital Markets
Marcela Klang,
+46 (0)70-603 51 18

Nordea Markets
Carl Ragnerstam,
+46 (0)10-156 28 17

Kepler Cheuvreux
Douglas Lindahl,
+46 (0)8-723 51 73

Redeye
Henrik Alveskog,
+46 (0)8-545 013 45

Erik Penser Bank
Hjalmar Jernström
+46 (0)8-463 80 95

Risk Management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These risks may in the short and the long term affect the Company's ability to attain set goals according to the Company's business plan.

Risk category	Risk	Description	Risk level	Risk control measures in 2020/21
Market risks	Market and competition risk	A widespread financial crisis and economic downturn. Aggressive price-cutting strategies by competitors.	●	Monthly monitoring of market and sales trends enables quick action to be taken. Highly diversified sales, with customers in many countries and sectors. Local managers have the responsibility and mandate to defend sales prices, volumes and gross margins.
	Macroeconomic developments	Risk of contraction in new building due to higher interest rates, performance of stock market, political decisions etc.	●	Restructuring programme performed to realign production capacity. Continued focus on products for the renovation market, which is expected to become more important as a result of energy saving programmes.
	International business operations	Risk of negative trade policy decisions or customs duties. Risk of political instability.	●	Systemair is active in most industry organisations in the areas where the Company is established, in order to obtain information early and influence decisions.
Operational risks	Suppliers	Dependence on major suppliers of, for example, fan motors, and sensitivity to fluctuations in the prices of commodities such as sheet metal and copper.	●	Systemair has built up a centralised purchasing organisation to minimise these risks and systematically assess strategically important suppliers. Long-term strategic supplier relationships assure good availability of components.
	Production plant and distribution centres	Risk that an important plant or item of equipment is seriously damaged, for example by fire or leaking.	●	Insurance cover and disaster plans, including crisis management plan, drills and communication plan are updated annually. Fire protection is evaluated and upgraded on an ongoing basis.
	Business combinations	Risk that customers, suppliers or key people leave the Company. Integration and synergies take longer than expected.	●	In recent years, Systemair has made a policy decision not to engage in acquisitions of companies where major resources are required for integration and transformation. At the same time, the Group has long experience of business integration.
	IT infrastructure	Risk of disruption in access to Group-wide ERP systems.	●	Continuous improvement in processes and systems for increased operating reliability. In recent years, Systemair has made major investments in upgrading IT systems. IT Systems are regularly audited by in-house personnel and external auditors and consultants.
	Product liability	The risk that products do not meet specifications, which may lead to claims from customers.	●	The Company maintains global product liability insurance for SEK 200 million, which was updated during the year. Several strategically important product development projects have been centralised in recent years to reduce costs and ensure a seamless product development process.
	Financial risks	Foreign exchange risk – transaction exposure	Major transactions take place in currencies such as EUR, which represents a currency exposure.	●
	Currency risk – translation exposure	Foreign assets and liabilities are translated to Swedish kronor on consolidation.	●	Major investments are often financed via borrowing in the same currency.
	Borrowing and interest rate risk	The risk that sharply changing circumstances in a company's market create problems in raising new loans. Significantly lower interest rates may result in poorer earnings for the Group.	●	Financial risk management is discussed regularly by the audit committee and the Board. Financing in the Group has for the most part been centralised to within the Parent Company.
	Credit and liquidity risk	The risk that a customer will be unable to fulfil his payment obligations.	●	Strict credit policies are applied and there is no major concentration of credit risk. Systemair works actively on improving routines and processes for creditworthiness assessment.
Other risks	Brand	Risk that products do not live up to the brand promise, do not maintain high quality, are not safe or do not deliver low environmental impact.	●	Systemair tests and quality assures all its products. Quality and production audits are performed regularly by the Group's factories.
	Sustainability work	The risk that the Company's sustainability work does not live up to external expectations and requirements.	●	In 2020/21, sustainability work was strengthened by the appointment of a dedicated global sustainability manager to continue to develop sustainability work and ensure the right focus and momentum in that work.
	Climate	The risk that the Company's climate work does not live up to external expectations and requirements. The risk that our products do not live up to the energy efficiency requirements of customers and governments.	●	Systemair is continuously working on reducing the climate impact of its operations, for example by transitioning to renewable energy, by transport planning and by increased use of video conferencing. Energy efficiency is central to Systemair's product development, and the Company is constantly seeking new solutions to reduce energy consumption in components and products.

● Low ● Medium ● High

Corporate Governance Report

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

Application of the Swedish Code of Corporate Governance ("the Code")

It is generally accepted practice in the stock market for Swedish companies whose shares are listed for trading in a regulated market to apply the Code. Systemair applies the Code without exceptions.

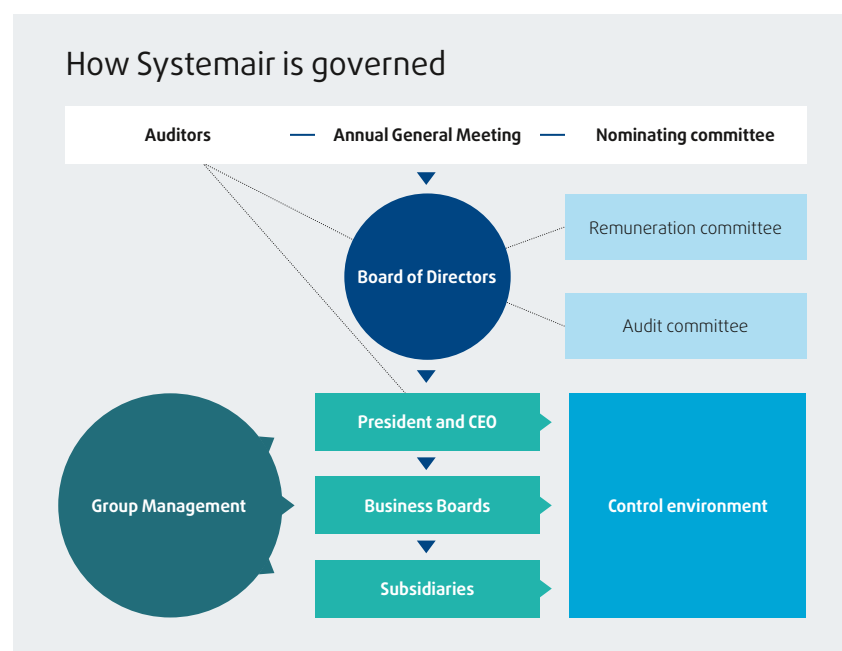
The AGM has appointed a nominating committee consisting of representatives of the three largest shareholders. Following consultation with the Company's three largest shareholders, ebm-papst AB decided to waive representation in the nominating committee. The fourth largest shareholder, Didner & Gerge Fonder, was therefore contacted. The following were appointed as members of the committee:

- Ulrik Grönvall (Chairman), Swedbank Robur Funds
- Henrik Didner, Didner & Gerge Fonder AB
- Gerald Engström, Färna Invest AB

Chairman of the Nomination Committee is Ulrik Grönvall, representing Swedbank Robur Fonder, which owns 10.2 percent of the capital and votes. Gerald Engström, also Chairman of the Board, represents the wholly owned subsidiary Färna Invest, which owns 42.8 percent of the share capital and votes. Didner & Gerge Fonder holds 4.9 percent of the share capital and is represented in the nominating committee by Henrik Didner.

Shareholders and share capital

Systemair AB (org. reg. no. 556160-4108), headquartered at Skinnskatteberg in the County of Västmanland, central Sweden. The Company's shares have been quoted on the Mid Cap List of Nasdaq Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period,



Systemair AB had 4,639 shareholders. The largest individual shareholder is Färna Invest AB, which owns 42.8 percent of the capital and votes and is 100 percent controlled by the Board Chairman Gerald Engström. Other major shareholders are ebm-papst AB, Järfälla, Sweden, wholly owned subsidiary of ebm-papst GmbH, Mulfingen, Germany, with 10.7 percent of the capital and votes, and Swedbank Robur Fonder, with 10.2 percent of the capital and votes. All shares have a quotient value of SEK 1.00. At the financial year-end, 30 April 2021, the total number of shares outstanding was 52,000,000, all of the same class. For more information, see section "The Systemair Share" on page 44.

Articles of association

Systemair is a limited company whose business is to conduct the manufacture

and sale of ventilation and heating products. The Board of Directors shall consist of no fewer than three and no more than eight members and no more than three deputy members. In addition, the trade unions are entitled by Swedish law to appoint two members and two deputies. The Board of Directors shall have its registered office in Skinnskatteberg Municipality, Västmanland County. The Company's Annual Report and the management of the Company by the Board of Directors and the President shall be audited by a registered public accounting firm or an auditor, with or without a deputy auditor. The Company's financial year shall be 1 May–30 April. For the complete articles of association, please visit Systemair's website: <https://group.systemair.com/se/investerare/information/bolagsstyrning/>.

Work of the Board during the year



Nominating committee

The 2020 AGM resolved that the nominating committee shall be made up of representatives of three of the biggest shareholders. The record date for determining the three largest shareholders was 31 January 2021. Following consultation with the Company's three largest shareholders, ebm-papst AB decided to waive representation in the nominating committee. The fourth largest shareholder, Didner & Gerge Fonder, was therefore invited to take up representation on the committee. The nominating committee shall submit nominations for the Chairman of the AGM, the Board and Chairman of the Board, the choice of auditors in consultation with the audit committee, proposed fees to the Chairman of the Board and other Board members, remuneration for work on committees and proposed auditors' fees. These proposals shall be presented to the AGM. The nominating committee held two minuted meetings in 2020/21. No remuneration was paid for work on the nominating committee. The proposals of the nominating committee to the 2021 AGM are listed in the Notice of AGM, published on the Systemair website at group.systemair.com. Shareholders wishing to submit proposals to the nominating committee may do so by e-mail to any member of the nominating committee.

Board of Directors

Diversity policy regarding size and composition of Board

Systemair's diversity policy regarding the size and composition of the Board states that Systemair AB's Board of Directors must be of a size and composition that ensures its ability to administer the Company's affairs with integrity and efficiency. The Board's composition must be characterised by diversity and breadth in terms of competence, experience and

background. The Board must also strive to achieve gender balance. The majority of the Board members elected by the General Meeting must be independent of the Company and the Company's Management Board. No Board member shall be appointed for a longer period than to the end of the following AGM.

Board's composition during the financial year

In the period until the 2020 AGM, Systemair's Board of Directors comprised five members: Carina Andersson, Gerald Engström (Chairman), Patrik Nolåker, Svein Nilsen and Gunilla Spongh, all elected by the AGM. At the 2020 AGM, all were re-elected. Gerald Engström was elected Chairman of the Board. The employees elected two representatives, Åke Henningsson, Unionen, and Ricky Sten, IF Metall. More detailed biographies of the members of the Board of Directors are provided on pages 52–53 of this annual report.

Anders Ulff, CFO, serves as Board Secretary. As the table shows, all members of the Board elected by the AGM except for Gerald Engström are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

Work of the Board

During the 2020/21 financial year, the Board held eight meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year. All decisions taken by the Board were unanimous and placed on record. The work of the Board is governed by annually approved standard procedures that regulate the work of the Board and its internal allocation of tasks, including committees, the decision-making process within the Board and the Board's meeting procedures. The President also maintains regular contact with the Chairman of the Board. During the year,

Composition of the nominating committee prior to the 2021 AGM

Member	Representative of	Contact (e-mail)
Ulrik Grönvall, Chairman of the nominating committee	Swedbank Robur Fonder	ulrik.gronvall@swedbankrobur.se
Henrik Didner	Didner & Gerge Fonder AB	henrik.didner@didnergerge.se
Gerald Engström	Färna Invest AB, and Board Chairman	gerald.engstrom@systemair.se

Directors – attendance and dependence/independence

	Board of Directors	Remuneration committee	Audit committee	Year elected	Dependent/Independent	
					Company	Shareholder
Number of meetings	9	1	6			
Gerald Engström	9	1	–	1974	Dep.	Dep.
Carina Andersson	9	1	6	2015	Indep.	Indep.
Svein Nilsen	9	–	–	2016	Indep.	Indep.
Patrik Nolåker	8	1	–	2016	Indep.	Indep.
Gunilla Spongh	9	–	6	2019	Indep.	Indep.
Åke Henningsson ¹⁾	9	–	–	2015	–	–
Ricky Sten ¹⁾	9	–	–	2014	–	–

¹⁾ Employee representative.

the Board of Directors evaluated its work. All directors participated in the assessment and provided observations. The Chairman of the Board is responsible for the evaluation.

Remuneration committee

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

- to prepare proposals on behalf of the Board regarding remuneration in the form of fixed and variable salaries, pensions, severance payments and any other types of remuneration to senior executives
- to monitor and assess programmes for variable remuneration to senior executives in progress and concluded during the year
- to monitor and assess the application of guidelines for remuneration to senior management as well as current remuneration structures and levels.

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

Audit committee

The Board appointed an audit committee consisting of Board members Carina Andersson and Gunilla Spongh (Chair).

The committee's tasks include:

- supervising the Company's internal controls, risk management and internal audits
- keeping informed about the external audit
- reviewing and monitoring the impartiality and independence of the auditor
- assisting in the preparation of the proposal for the selection of auditors
- supervising the financial reporting
- valuation issues, such as testing of needs for impairment.

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

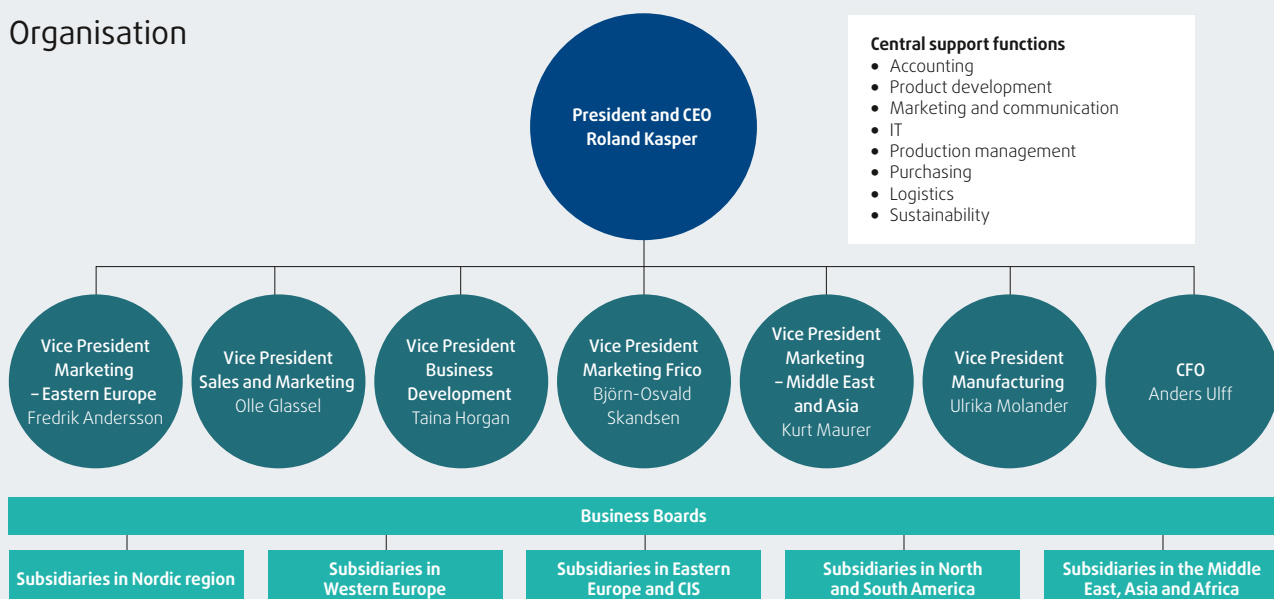
Group Management

President Roland Kasper, who is also Chief Executive Officer of the Parent Company, is responsible for day-to-day control of

the Group. He receives reports from the Group's Executive Management Team, comprising Vice President Marketing – Eastern Europe and CIS Fredrik Andersson, Vice President Sales and Marketing Olle Glassel, Vice President Business Development Taina Horgan, Vice President Marketing – Middle East and Asia Kurt Maurer, Vice President Manufacturing Ulrika Molander, Vice President Marketing Frico and President of Systemair AS Norway Björn-Osvold Skandsen and Chief Financial Officer Anders Ulff. CEO Roland Kasper oversees the work of the Group's Executive Management Team.

Group Management holds regular meetings during the year to review the performance of the Group and individual subsidiaries, as well as the market and business situation, and to take decisions on strategic and operational issues within frameworks set by the Board. One of these yearly meetings is wider-ranging, with more detailed discussion and planning for operations and target setting at Group and subsidiary levels. Systemair's organisation is characterised by a simple, straightforward style of communication, so ongoing informal contact among Company executives is also key to the management culture. The Executive Management Team is supported by functions at Group level for Group financing, treasury, business development, product development, production, purchasing, logistics, communication and IT.

Organisation



Business boards and governance of subsidiaries

The Systemair Group consists of 86 operating companies. The Parent Company is Systemair AB (co. reg. no. 556160-4108), which owns most of the subsidiaries directly. All subsidiaries are 100 percent-owned, apart from Divid AB i Jönköping, Sweden, which is 60 percent-owned, Systemair-HSK, Turkey, which is 90 percent-owned, Systemair Traydus, Brazil, which is 75 percent-owned, Systemair Maroc, Morocco, which is 60 percent-owned, Burda, Germany, which is 50 percent-owned and Frico A/S, Denmark, which is 60 percent-owned.

Operating activities in the subsidiaries are governed at overall level via business boards, which may best be described as executive steering committees for the subsidiaries. Each of these consists of one or two members of Group Management and/or other key person from the Parent Company, plus the subsidiary's MD. Each business board sets targets and monitors financial outcomes; takes decisions on major market and product issues; and serves as the link between Parent Company and the particular subsidiary regarding various organisational matters. Business boards meet two to four times each year. Each subsidiary also has a formal board of directors, if required by law in that country.

Senior executive remuneration

Guidelines

At the 2020 AGM, guidelines on senior executive remuneration were adopted. Remuneration to senior executives shall – based on the conditions in the market in which the Company operates and the environment in which the particular executive works – be competitive, enable the recruitment of new executives and motivate senior executives to remain with the Company. "Senior executives" refers to the President and other members of Group Management. The system of remuneration shall consist of a fixed salary and pension but may also include variable salary and benefits such as, for example, a company car. In addition to the above, special incentive programmes approved by the AGM may apply. Fixed salary and benefits are to be determined individually based on the aforementioned criteria and the specific competence of the executive. Variable remuneration shall be based on results judged according to personal, clearly defined and measurable qualitative and quantitative goals aimed at promoting the strategy, long-term value-creation and sustainability of the Company. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and

25 percent for other senior executives. Remuneration to the President and other senior executives is described in Note 11.

Notice of termination and severance payments

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

Pensions

The Chairman and the directors do not receive any pension benefits in connection with their Board duties. The pensionable age for all senior executives is 65 years. As a principle, pensions shall be premium-based and shall not exceed 35 percent of the fixed salary. The size of the pension shall adhere to the same criteria as above and shall be based on fixed salary. The Board is entitled to depart from these guidelines if justified in any particular case. Pension costs for senior executives totalled SEK 4.4 million in 2020/21.

Annual General Meeting 2020

At the Annual General Meeting on 26 August 2020 in Skinnskatteberg, 91 voting shareholders were present – or had submitted valid postal votes – corresponding to 82 percent of the number of shares and votes in the company. Gerald Engström, Chairman of the Board, was appointed to chair the meeting. The Chairman, Gerald Engström, informed the AGM of the work of the Board and reported on the guidelines for remuneration to senior executives and on the work of the Board's committees. In addition, CEO Roland Kasper reported on Systemair's business during the 2019/20 financial year. Åsa Lundvall, auditor in charge, presented sections of the audit report.

Resolutions adopted at the AGM:

- To discharge the Board and CEO from liability in respect of the past financial year.
- To re-elect Gerald Engström, Carina Andersson, Svein Nilsen, Patrik Nolåker and Gunilla Spongh as members of the Board.
- To elect Gerald Engström as Chairman of the Board.
- To pay a Board fee of SEK 600,000 to the Chairman and SEK 300,000 to each director not employed by the Company, together with an extra fee of SEK 400,000 to the Chairman of the Board for work in connection with acquisition and strategy issues. In addition, fees shall be paid to the audit committee in a total amount of SEK 90,000, with SEK 60,000 being paid to the committee chairman and SEK 30,000 to the other member. In addition, remuneration to the Remuneration Committee shall amount to SEK 25,000 to the chairman of the committee and no remuneration to any other member. A fee of SEK 30,000 shall be paid to each employee representative.
- That no dividend shall be paid.
- That the nominating committee shall be made up of representatives of the three biggest shareholders, based on the shareholder details on 31 January 2021.
- To authorise the Board, during the period until the 2021 AGM, to resolve upon the issue of new shares amounting to no more than 10 percent of the number of shares in the Company.

The minutes from the 2020 AGM are available on Systemair's website at: <https://group.systemair.com/se/investerare/information/aarsstaemma/>

Internal control related to financial reporting

Report of the Board of Directors on internal control for financial year 2020/21

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

Control environment

Effective work by the Board of Directors is the basis of effective internal control. The control environment in Systemair is characterised by short paths between Group management and the operational units. The Board of Directors has adopted several key documents to create and maintain a smoothly functioning control environment that is material to financial reporting. These include the Board of Directors' rules of procedure, instructions for the CEO, a financial policy and accounting manuals. Instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's group finance team. An audit committee has been established within the Board of Directors. Its task is to ensure that policies adopted for the financial reporting and internal control are complied with and developed. The committee also maintains day-to-day relationship with the Company's auditor. The audit committee and the Board include accounting and auditing issues as a regular item on the agenda at the four Board meetings at which quarterly reports are discussed.

Risk assessment

Systemair's Board of Directors is responsible for identifying and managing significant financial risks and risks of errors in financial reporting. With respect to financial reporting, the primary risk is deemed to be material errors arising in the disclosures of the Company's results and position. The Board, audit committee and management continuously assess reporting from a risk viewpoint, in which comparisons of income statement and balance sheet items with previous disclosures and budgets form an essential element. In addition, regular risk assessments are conducted in connection with strategic planning, budgeting, forecasting and acquisition activities.

Control activities

Key instructions and guidelines for financial reporting are prepared and updated continuously by the Parent Company's group finance team and are readily accessible on the Group's intranet.

All companies in the Group report within five working days after the end of the month in a common group consolidation and reporting system so that, for example, any deviations or errors can be rectified.

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

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

For the majority of subsidiaries, the Group has a common, fully-integrated ERP system that serves as a highly efficient tool for management, control and follow-up. For major decisions such as those in connection with acquisitions, investments and significant contracts, clearly-defined decision-making methods and processes are in place.

In addition, every unit normally also receives regular visits by representatives of business boards and Group Management for ongoing evaluation of internal control and financial reporting. In 2020/21, however, the ongoing pandemic resulted in most of these meetings being conducted digitally.

Information and communication

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

Each month, the Board receives a reporting package that includes the complete financial reports for each important subsidiary, as well as the consolidated financial reports for the Group. Several key performance measures and benchmarks are also included. These reports enable the results for the period to be compared with budget and the outcome for preceding years.

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

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

Follow-up

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

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

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

Internal audit

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

Day-to-day dialogue between the Company and its external auditors and the checks carried out by the above-mentioned bodies are considered at present to be adequate to ensure that internal control remains effective. Every year, the Board evaluates the need for internal auditing. To date, it has concluded that a separate internal auditing function would not deliver any material benefit. This judgement is assessed continuously, and a review will take place in the 2021/22 financial year.

Board of Directors



Patrik Nolåker

Director

Chairman, AQ Group, ViaCon Group, Saferoad Group and Fibo Group.

Director, iMPREG Group.

Education: Upper secondary qualification in Engineering, MSc in Business Administration and MBA from the Maastricht School of Management.

Formerly: CEO at Dywidag Systems International S.a.r.l. and Alimak Hek Group; senior positions at Atlas Copco, ABB etc.

Holding: 4,000

Born: 1963

Year elected: 2016

Independent: Yes

Gunilla Spongh

Director

Chair, Bluefish Pharmaceuticals.

Deputy Chair, Swedish Stirling. Board member, AQ group, Byggmax, Consivo group, Lernia, Meds, Momentum group and Pierce group.

Education: M.Sc. Industrial Economics, Institute of Technology at Linköping University.

Formerly: CFO Preem, Head of International Affairs and CFO Mekonomen Group, CFO Enea and CFO CashGuard.

Holding: 654

Born: 1966

Year elected: 2019

Independent: Yes

Svein Nilsen

Director

Education: B.Sc. in Engineering, with Heating, Ventilation & Sanitation, from the Norwegian University of Science and Technology (NTNU), Trondheim.

Formerly: Vice President Marketing, Systemair AB, etc.

Holding: 5,000

Born: 1947

Year elected: 2016

Independent: Yes



Gerald Engström

Chairman of the Board

Chairman, Bluefish Pharmaceuticals AB.

Director, Hanza Holding.

Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University.

Formerly: Chief Executive Officer and President of Systemair AB and CEO of Ziehl-ebm AB etc.

Holding: 22,264,162 (shares owned by Färna Invest AB).

Born: 1948

Year elected: 1974

Independent: No

Carina Andersson

Director

Director, Beijer Alma AB, BE Group AB, Gränges AB, Detection Technology Oyj and Swedish Stirling.

Education: Mining Engineering degree from the Royal Institute of Technology Stockholm (KTH).

Formerly: Senior position at Sandvik AB, CEO, Ramnäs Bruk AB and Scana Ramnäs AB.

Holding: 1,000

Born: 1964

Year elected: 2015

Independent: Yes

Ricky Sten

Employee Representative

Current position: Materials Handler

Holding: –

Born: 1968

Year elected: 2014

Åke Henningsson

Employee Representative

Current position: Technical Consultant

Holding: 400

Born: 1957

Year elected: 2015

Executive Management Team



Kurt Maurer

Vice President Marketing Middle East and Asia, CEO Menerga.

Education: Mechanical Engineering Diploma, Heilbronn University, Germany.

Formerly: Technical Director, Lti Lüftungstechnik; Product Development, Rosenberg; Product Development, ebm-papst.

Holding: 77,308

Born: 1959

Employed since: 1994

Taina Horgan

Vice President Business Development

Education: Dipl. in Business Economics, IHM Business School.

Formerly: Sales and Marketing Director, Fläkt Group.

Holding: –

Born: 1965

Employed since: 2019

Bjørn-Osvold Skandsen

Marketing Director Frico and CEO Systemair AS, Norway

Education: Master's degree in Mechanical Engineering, Norwegian University of Technology and Science and an MBA in Brand Management, Norwegian School of Economics.

Formerly: Director of Technology and Marketing at GK Inneklima, Head of Technical Support at Systemair Group and Head of Sales at Systemair Sweden.

Holding: 750

Born: 1973

Employed since: 2018, 2000–2006

Olle Glassel

Vice President Sales and Marketing

Education: Qualified Ventilation Engineer, Diploma in Business Administration.

Formerly: MD, Systemair Ltd, United Kingdom, Sales Director, Systemair, Sweden.

Holding: 13,200

Born: 1966

Employed since: 2002



Anders Ulff

CFO

Education: M.Sc. Business Administration, Uppsala University. Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair. Holding: 39,500 Born: 1967 Employed since: 1999

Fredrik Andersson

Vice President Marketing – Eastern Europe and CIS

Education: Master's degree in International Economics, with Russian and German, Uppsala University. Formerly: Export Manager and Russia Manager Systemair, Managing Director, Fläkt Woods, Russia. Holding: 5,640 Born: 1966 Employed since: 2014, 1997-2012

Roland Kasper

President and CEO

Education: Mechanical Engineering Diploma. Technology Engineering Diploma, University of Applied Sciences Giessen-Friedberg, Germany. Formerly: Product Manager, Fläkt Woods Group and ABB Ventilation Products GmbH. Holding: 23,200 Born: 1969 Employed since: 2007

Ulrika Molander

Vice President Manufacturing

Education: Graduate engineer, Borås University. Formerly: President, BDx Företagen AB. Operations Director, Sapa Profiler AB. Holding: 672 Born: 1966 Employed since: 2016

Directors' Report

DESCRIPTION OF THE BUSINESS AND FINANCIAL INFORMATION

General

The Board of Directors and President of Systemair AB (publ), organisation registration number 556160-4108, hereby present the Company's annual report and consolidated accounts for the 2020/21 financial year, the Company's 48th year of operations. Systemair AB (publ) has its registered office and head office in Skinnskatteberg, Sweden.

The Group's brands are Systemair, Frico, Fantech and Menerga.

Systemair offers a standardised, energy-efficient range of ventilation products, including fans, air terminal devices, air handling units and chillers, with the emphasis on simplifying the task of contractors.

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

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

Menerga supplies air handling units for swimming pools, as well as comfort and process ventilation equipment of extra high efficiency.

With production plants in 20 countries (Sweden, Denmark, Norway, France, Italy, the Netherlands, Spain, Germany, Lithuania, Slovakia, Slovenia, the Czech Republic, Australia, Brazil, Canada, the USA, India, Malaysia, South Africa and Turkey) and total production and warehousing facilities extending to more than 350,000 m², Systemair is an important international actor in its product areas.

Systemair's products are marketed via the Group's own sales companies in around 50 countries and via agents and distributors in another approximately 80 countries. The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

The Systemair Share

The Company's share capital totals SEK 52.0 million, represented by 52,000,000 shares with the same number of votes. The quotient value is SEK 1.00 per share.

Since 12 October 2007, Systemair shares have been quoted (trading symbol: SYSR) on the Mid Cap List of the Nasdaq OMX Nordic Exchange in Stockholm. The number of shareholders is just over 4,600.

Changes in organisation, Board and Group Management

In the period until the 2020 AGM, Systemair's Board of Directors comprised five members: Carina Andersson, Gerald Engström (Chairman), Patrik Nolåker, Svein Nilsen and Gunilla Spongh, all elected by the AGM. At the 2020 AGM, all sitting members were re-elected. Gerald Engström was re-elected Chairman of the Board.

At the start of the financial year, the Group's Executive Management comprised President and Chief Executive Officer Roland Kasper, who also serves as President of the Parent Company, Vice President Marketing – Eastern Europe and CIS Fredrik Andersson, Vice President Sales and Marketing Olle Glassel, Vice President Business Development Taina Horgan, Vice President Marketing – Products Kurt Maurer, Vice President Manufacturing Ulrika Molander and Chief Financial Officer Anders Ulff. There were no changes to the Group's Executive Management during the year.

In May 2021, Bjørn-Osvold Skandsen, currently CEO of Systemair Norway, was appointed as a member of Systemair's Group Executive Management. Bjørn-Osvold has many years of experience in the ventilation industry and Systemair. He formerly served as head of Systemair's technical support department and sales organisation in Sweden and currently sits on the board of VKE, a trade association for ventilation and refrigeration companies in Norway. Bjørn-Osvold has been assigned particular responsibility for Systemair's heating products under the Frico brand.

Group

Sales and profit

Consolidated sales totalled SEK 8,519 million (8,915), 4.4 percent lower than in the preceding financial year, partly as a result of the pandemic. Organic growth was +2.1 percent. Companies acquired contributed 0.6 percent, or SEK 57 million. In translation of the accounts of foreign subsidiaries to SEK, the impact of exchange rates on sales growth was a negative 7.1 percent.

Sales in the Nordic region fell 2.1 percent over the year.

Adjusted for foreign exchange effects and acquisitions, sales rose by 0.9 percent. The Norwegian market is the biggest in the region and the second-biggest overall, with sales of SEK 693 million. Sales in Norway decreased by 3.0 percent over the year. Sales in Denmark and Finland also fell during the year, by 5.3 percent in Denmark and 10.0 percent in Finland. In the Swedish market, sales rose 6.0 percent.

Sales – Geographic breakdown	2020/21			2019/20	
	May-Apr	% of total	change	May-Apr	% of total
Nordic region	1,726.2	20%	-2.1%	1,763.5	20%
Western Europe	3,674.6	43%	-3.0%	3,789.0	42%
Eastern Europe & CIS	1,202.2	14%	-18.4%	1,473.5	17%
North and South America	879.0	11%	0.9%	870.9	10%
Middle East, Asia, Australia and Africa	1,037.2	12%	1.9%	1,018.0	11%
Total	8,519.2	100%	-4.4%	8,914.9	100%

In Western Europe, sales declined by 3.0 percent. Adjusted for acquisitions and foreign exchange effects, sales rose 1.1 percent. The biggest market in the region, and overall for the whole Group is Germany, which reported a sales increase of 3.3 percent. Other major markets in Western Europe that showed growth during the year were Spain and Austria, while France, the Netherlands, the UK and Italy saw sales decline.

The market in Eastern Europe & CIS showed a decrease of 18.4 percent over the year. Sales in the region totalled SEK 1,202.2 million (1,473.5). Adjusted for currency translation effects and acquisitions, sales in the region declined by 8.7 percent during the year. Sales in Russia, converted to Swedish kronor, were 16.8 percent lower than in the previous year. The Russian market accounts for 29.9 percent of sales in the region. Other major markets that declined in the region were Poland and the Czech Republic, while Lithuania and Serbia showed good growth.

Sales in the North and South American markets increased by 0.9 percent compared to the preceding year. Sales totalled SEK 879.0 million (870.9). The Canadian market performed well during the year, while the USA market declined. Adjusted for currency translation effects and acquisitions, sales increased by 10.9 percent.

Sales in the Middle East, Asia, Australia and Africa rose by 1.9 percent during the year. After adjustments for currency translation effects and acquisitions, sales increased by 15.8 percent. Systemair's major markets in the region are Turkey, India and Morocco.

Profit

Operating profit for the financial year from May 2020 to April 2021 totalled SEK 676.7 million (625.7). The operating margin was 7.9 percent (7.0). The operating profit includes, under the heading of Other operating income, Covid-19-related government subsidies totalling SEK 29.0 million. During the financial year, goodwill impairment charge totalling SEK 46.3 million, relating to the acquisitions of Traydus in Brazil and Menerga in Germany, were recognised. The operating profit, adjusted for goodwill impairment charge, totalled SEK 723.0 million (663.5).

Selling and administration expenses for the year totalled SEK 2,289.1 million (2,411.9), SEK 122.8 million lower than last year. Company acquisitions accounted for SEK 26.1 million (77.9) of the year's costs. As a result, selling and administration expenses for like-for-like units fell by SEK 148.9 million, or 6.2 percent. In the prevailing circumstances, the level of activity in above all the sales organisation is lower than normal, for example in connection with trade fairs, customer and supplier visits, factory tours and travel. Acquisition-related expenses during the year totalled SEK 0.2 million (0.1). Selling expenses for the full year were charged with SEK 18.0 million (26.2) for anticipated bad debts.

Financial income, consisting of interest income, totalled SEK 1.9 million (3.7). Financial expenses for the year totalled

SEK -114.6 million (-85.7). Interest expenses accounted for SEK -27.0 million (-39.2).

The tax expense for the year amounted to SEK -153.4 million (-158.4), corresponding to a tax charge of 27.2 percent (29.1), based on the profit after financial items.

Investments

Total investments for the financial year amounted to SEK 463.6 million (273.1), net of disposals. Gross investments in new construction and machinery totalled SEK 432.9 million (204.7), net of disposals. Major investments were made in new production facilities in Russia and the Czech Republic. The total paid for acquisitions and formerly withheld purchase considerations in the financial year was SEK 21.2 million (55.7). Depreciation, amortisation and impairments of non-current assets amounted to SEK 399.8 million (405.4), including goodwill impairment charge of SEK 46.3 million (47.6).

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 is intended to strengthen Systemair's position in aftermarket sales in the Swedish market.

In February 2021, Systemair acquired a former distributor, TOO Almaty Ventilation Company in Kazakhstan. The company has been renamed TOO Systemair.

If the companies acquired had been consolidated as of 1 May 2020, net sales for the period May 2020 through April 2021 would have totalled approximately SEK 8,541.5 million. Operating profit for that period would have totalled approximately SEK 680.2 million. For more detailed information on acquisitions during the financial year, new business establishments and disposals, see Note 32.

Personnel

The average number of employees in the Group was 5,864 (5,965). At the end of the financial year, Systemair had 6,380 employees (6,197), 183 more than a year earlier. New hires were made above all in Canada (59), South Africa (39), Germany (50), India (20), Koolair in Spain (20) and Malaysia (12). Personnel cutbacks took place in Turkey (-38), Denmark (-30) and Systemair in Spain (-14). The acquisition of Divid in

Sweden, Servicebolaget i Sverige AB and Systemair in Kazakhstan has added 33 employees.

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 858.0 million (787.5). The increase from the year before was mainly attributable to a higher operating profit. As a result above all of increases in trade accounts payable, working capital had a positive impact of SEK 135.9 million (56.8) on cash flow. Cash flow from financing activities totalled SEK -557.2 million net (-461.1), as a result of lower net borrowing. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,787.1 million (2,273.8). Net indebtedness at year-end was SEK 1,540.4 million (1,980.7). The consolidated equity/assets ratio was 47.9 percent (43.4) at the financial year-end. The target adopted by the Board for the equity/assets ratio – 30 percent or more – was comfortably achieved.

Group's financial policy

Systemair has established subsidiaries with operations in more than 50 countries, with our own production facilities in 21 of them. Systemair products are sold in around 135 countries worldwide. The Group's financial risk-taking is governed by mandates approved by Systemair AB's Board of Directors. Financial management at an overarching level is conducted in the Parent Company, which is also responsible for overseeing compliance with the Group's financial policy. The objective of the financial management function is to ensure that the supply of capital and liquidity is assured. Financial risk exposures are kept within the mandate approved by the Board.

The purpose of the Group's financial policy is to establish a clear allocation of responsibilities and to set out guidelines and rules as to which financial risks may be accepted within the Group and how such risks should be managed.

All financing operations for the Group, in the form of risk and foreign exchange management as well as borrowing, are conducted centrally by the Parent Company in Skinnskatteberg. The Group's financial policy serves as the framework not only for financial risk management but for financial activities in general. Payments and cash flows are managed using central Group accounting systems. Systemair AB has provided short- and long-term loans to its subsidiaries. The value of these

loans, translated into Swedish kronor, was SEK 1,588.9 million (1,756.9) on the balance sheet date.

The Soliditet AB credit-rating agency maintained its AAA rating for Systemair AB for the 28th consecutive year.

Risks and uncertainties

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. Like other global companies, Systemair is affected by pandemics, and in 2020/21 the Group was affected by Covid-19. The Company is taking the necessary steps to reduce the impact of the virus and is following WHO's recommendations. The financial risks that Systemair has identified in its business include foreign exchange risk, borrowing and interest rate risk, credit risk and liquidity risk. The material risks and uncertainties affecting Systemair are described in more detail in Note 2.

Financial summary

Over the past ten years, growth in Group sales has averaged 9.6 percent annually. The average annual operating margin (EBIT) has been 6.6 percent over the same period. The average equity/assets ratio for the past ten years has been 44.1 percent. Of total Group sales, 94 percent (94) are to customers outside Sweden. Further information on changes in the Group's financial position is provided in the table of key performance measures, after the notes to the financial statements. For more key performance measures and information on how they are calculated, see pages 103–104 and Systemair's website at: group.systemair.com/se/investerare/finansiella-data/

Outlook

The 2020/21 financial year was affected by the Covid-19 pandemic, and the start of the 2021/22 financial year will also be affected in some regions and product areas. In addition to the continuing difficulty in judging demand, there are also difficulties in the supply chain in securing the supply of components such as electronics, sheet metal and fan motors. Otherwise, Systemair enjoys a good spread of risk across countries, customers and product sectors. With investments and new products in place, we are well equipped for continued profitable growth as the effects of the pandemic subside.

Five-year summary	2020/21	2019/20	2018/19	2017/18	2016/17
Net sales	8,519	8,915	8,326	7,301	6,864
EBIT	677	626	528	350	439
Operating margin	7.9%	7.0%	6.3%	4.8%	6.4%
Equity/assets ratio	48%	43%	42%	43%	45%
Return on capital employed	13%	12%	11%	9%	12%
Average number of employees	5,864	5,965	5,672	5,249	4,907

Seasonal factors

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

Financial targets

Systemair has the following financial targets:

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

Guidelines on remuneration to senior executives

The Board of Directors has proposed the following guidelines on remuneration to senior executives, for the period beginning with the 2021 Annual General Meeting. These guidelines also comply with those adopted at the AGM for the preceding year.

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

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

Variable remuneration shall be based on results judged according to personal, clearly defined and measurable qualitative and quantitative goals aimed at promoting the strategy, long-term value-creation and sustainability of the Company. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and 25 percent for other senior executives.

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

Notice of termination and severance payments

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

Share-based and share-price-based incentive programmes

Share-based and share-price-based incentive programmes shall be submitted to the AGM for approval. No such programmes are currently in operation.

Product development

In Systemair's mission, product development plays a prominent role. The Group shall develop high-quality, reliable products with a long service life.

To Systemair, it is vital to develop a steady stream of energy-efficient and long-term sustainable ventilation products and solutions capable of meeting the market's future needs for an improved indoor climate and increased safety. The core issue is to understand the opportunities in the market and the needs of the customer. To Systemair it is important to develop the "right" product at the "right" time in an efficient way. To do this, Systemair has developed and implemented a product development process to support the technology organisation, which consists of 250 technicians with cutting-edge expertise in different areas. Over the past year, we have also further enhanced our ability to develop products by bringing together the right skills in cross-company teams. Every year, Systemair invests approximately 450,000 hours in developing new or improved products and services, via 24 technology teams and 15 technology centres in 18 countries. Product development costs totalled approximately SEK 225 million (225) in 2020/21. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

Sustainability Report

In accordance with Section 6, subsection 11 of the Swedish Annual Accounts Act, Systemair has drawn up a separate Sustainability Report for the Parent Company and the Group, which is included on pages 30–43 of this Annual Report. The scope of the comprehensive sustainability report is described in the GRI Index on pages 107–109.

Quality system

Systemair Sverige AB has been ISO 9001 certified since 1993. In addition to Systemair AB, subsidiaries Systemair GmbH in Germany, Systemair A/S in Denmark, Koolair S.L. in Spain, Systemair HVAC in Spain, Systemair Production a.s. in Slovakia, Systemair d.o.o. in Slovenia, Recutech s.r.o. in the Czech Republic, Systemair Ltd in Canada, Systemair Sdn Bhd in Malaysia, VEAB Heat Tech AB in Hässleholm, Sweden, Systemair BV in

the Netherlands, Systemair HSK in Turkey, Systemair S.r.l. in Italy, Systemair UAB in Lithuania, Systemair Pvt Ltd in India, Systemair Mfg Inc. in the USA, Menerga GmbH in Germany, Systemair AC SAS in France, LGB in Germany, Systemair Ltd in South Africa, Pacific Ventilation in Australia, Poly-REK d.o.o. in Croatia and zVV in the Czech Republic are also certified.

Environmental management system

Systemair gives great importance to strict compliance with environmental regulations. Environmental issues and conservation remain a priority area, and we focus on constantly improving methods and work procedures to reduce environmental impact. For more information, see Systemair's Sustainability Report on pages 30–43.

Systemair companies Systemair Sverige AB, Systemair GmbH in Germany, Systemair HVAC in Spain, Systemair Production a.s. in Slovakia, Recutech s.r.o in the Czech Republic, VEAB Heat Tech AB in Hässleholm, Systemair HSK in Turkey, Systemair UAB in Lithuania, Poly-REK in Croatia and zVV in the Czech Republic are certified according to ISO 14001. In Systemair's view, the Company's manufacturing facilities and operations meet the requirements of all significant environmental laws and regulations that affect the Company.

Systemair Sverige AB is engaged in activities subject to environmental registration. These are Category C activities, meaning that they are subject to environmental supervision by the Municipality of Skinnskatteberg.

Parent Company

Systemair AB is a holding company with corporate staff and group functions. The core business of the Parent Company consists of intra-Group services.

The Parent Company's net sales for the financial year totalled SEK 132.3 million (148.3). Operating profit totalled SEK –88.7 million (–94.8). During the financial year, impairment charges totalling SEK 114.6 million were recognised in connection with the shares in the subsidiaries Menerga in Germany, Traydus in Brazil and Systemair in Dubai. The Parent Company had 62 employees (58).

The balance sheet shows a strong equity/assets ratio of 45.2 percent (42.9).

Events since the end of the financial year

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

Proposed appropriation of profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK –5,167,245
Profit brought forward	SEK 1,677,019,691
Net profit/loss for the year	SEK –20,525,571
	SEK 1,686,533,626

The Board proposes that the Annual General Meeting, to be held on 26 August 2021, approve a dividend of SEK 3.00 (–). As a result, dividend payments will amount to SEK 156.0 million (–). The remaining unappropriated amount is to be carried forward. The proposed dividend represents 38 percent (–) of the Group's net profit, which is slightly below Systemair's financial target of paying out 40 percent of net profit. The number of shares with dividend entitlement is 52,000,000.

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Consolidated Income Statement

SEK m., 1 May–30 April	Note	2020/21	2019/20
Net sales	4, 5	8,519.2	8,914.9
Cost of goods sold	6	-5,559.5	-5,831.3
Gross profit		2,959.7	3,083.6
Other operating income	9	196.1	168.3
Selling expenses	6	-1,861.3	-1,987.5
Administration expenses	6, 7	-427.8	-424.4
Other operating expenses	10	-190.0	-214.3
Operating profit/loss	6, 8, 11, 12	676.7	625.7
Financial income	13	1.9	3.7
Financial expenses	14	-114.6	-85.7
Profit/loss after financial items		564.0	543.7
Tax	15	-153.4	-158.4
Profit/loss for the year		410.6	385.3
<i>Attributable to:</i>			
Parent Company shareholders		406.2	381.5
Non-controlling interests		4.4	3.8
Earnings per share ¹⁾	38	7.81	7.34
Average no. of shares during period ¹⁾		52,000,000	52,000,000

¹⁾ No dilution effect.

Consolidated Statement of Comprehensive Income

SEK m., 1 May–30 April	2020/21	2019/20
Profit/loss for the year	410.6	385.3
Other comprehensive income, net after tax		
<i>Items that have been, or may later be, transferred to profit for the year</i>		
Translation differences, foreign operations	-174.2	-27.6
<i>Items that cannot be transferred to profit for the year</i>		
Change in defined-benefit pensions, gross before tax	12.5	-9.9
Tax on change in defined-benefit pensions	-2.9	1.9
Other comprehensive income, net after tax	-164.6	-35.6
Total comprehensive income for the year	246.0	349.7
<i>Attributable to:</i>		
Parent Company shareholders	241.6	345.9
Non-controlling interests	4.4	3.8

Consolidated Balance Sheet

SEK m.	Note	2021-04-30	2020-04-30
ASSETS	23		
Non-current assets			
<i>Intangible assets</i>	5, 16		
Goodwill		735.6	819.9
Capitalised development costs		4.0	5.8
Brands, customer relationships		136.7	178.0
Other intangible assets		70.0	63.9
		946.3	1,067.6
<i>Property, plant and equipment</i>	5, 16		
Buildings and land		1,132.6	1,114.8
Plant and machinery		370.6	375.1
Equipment and tools		148.0	152.9
Construction in progress		159.6	69.1
		1,810.8	1,711.9
Right-of-use assets	8	307.3	276.2
<i>Financial and other assets</i>			
Other securities held as non-current assets	17	1.2	1.4
Participations in associated companies	31	25.8	19.6
Deferred tax assets	15	195.4	209.6
Other long-term receivables	18	15.1	24.3
		237.5	254.9
Total non-current assets		3,301.9	3,310.6
Current assets			
<i>Inventory</i>	20		
Raw materials and consumables		690.7	739.4
Products in progress		118.9	111.6
Finished products		627.3	720.5
		1,436.9	1,571.5
<i>Current receivables</i>			
Trade accounts receivable	21	1,597.5	1,556.3
Taxes recoverable		67.6	58.5
Other receivables		138.7	140.8
Prepaid expenses and accrued income	19	91.2	80.6
Other investments in securities etc.		2.6	3.4
		1,897.6	1,839.6
Cash and bank balances		319.1	378.2
Total current assets		3,653.6	3,789.3
TOTAL ASSETS		6,955.5	7,099.9

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Consolidated Balance Sheet (cont.)

SEK m.	Note	2021-04-30	2020-04-30
EQUITY AND LIABILITIES	23		
Equity			
Share capital	22	52.0	52.0
Additional paid-in capital		2.2	2.2
Translation reserve		-56.4	117.8
Profit brought forward, incl. profit for the year		3,307.2	2,892.8
Total equity		3,305.0	3,064.8
Attributable to non-controlling interests		25.1	19.9
Non-restricted equity		3,330.1	3,084.7
Non-current liabilities			
Non-current liabilities, interest-bearing	23	847.1	942.3
Lease liability	23	204.4	177.5
Provisions for pensions	27	74.9	88.6
Provisions for deferred tax liabilities	15	76.6	85.4
Other provisions	28	65.7	66.8
Other non-current liabilities	23	42.7	31.1
Total non-current liabilities		1,311.4	1,391.7
Current liabilities			
Current liabilities, interest-bearing	23	628.4	1,052.0
Lease liability	23	107.2	102.0
Trade accounts payable		747.9	666.1
Income tax liability		88.0	107.9
Other liabilities		381.8	362.1
Accrued expenses and deferred income	24	360.7	333.4
Total current liabilities		2,314.0	2,623.5
Total liabilities		3,625.4	4,015.2
TOTAL EQUITY AND LIABILITIES		6,955.5	7,099.9
Pledged assets	34		

Statement of Changes in Equity – Group

SEK m.	Attributable to Parent Company shareholders				Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Translation reserve	Profit brought forward, incl. profit for the year		
Equity, 30 April 2019	52.0	2.2	145.4	2,639.6	-	2,839.2
Dividends				-104.0		-104.0
Profit/loss for the year				381.5	3.8	385.3
Share of acquisitions attributable to non-controlling interests					19.0	19.0
Revaluation of purchase options				-16.3	-2.9	-19.2
Other comprehensive income			-27.6	-8.0		-35.6
Equity, 30 April 2020	52.0	2.2	117.8	2,892.8	19.9	3,084.7
Profit/loss for the year				406.2	4.4	410.6
Share of acquisitions attributable to non-controlling interests					1.7	1.7
Revaluation of purchase options				-1.4	-0.9	-2.3
Other comprehensive income			-174.2	9.6		-164.6
Equity, 30 April 2021	52.0	2.2	-56.4	3,307.2	25.1	3,330.1

Consolidated Cash Flow Statement

SEK m., 1 May–30 April	Note	2020/21	2019/20
Operating activities			
Operating profit/loss		676.7	625.7
Interest received		1.9	3.7
Interest paid		-29.4	-42.0
Adjustment for non-cash items etc.	36	391.5	349.9
Income tax paid		-182.7	-149.8
Cash flow from operating activities before changes in working capital		858.0	787.5
Changes in working capital			
Inventory		33.9	-53.5
Current receivables		-162.6	127.4
Trade accounts payable		227.9	-77.4
Current liabilities		36.7	60.3
Cash flow from operating activities		993.9	844.3
Investing activities			
Acquisition of subsidiaries	32	-21.2	-55.7
Disposals of subsidiaries	32	-	3.4
Acquisition of intangible assets		-9.5	-6.8
Acquisition of property, plant and equipment		-432.9	-204.7
Sale of property, plant and equipment		15.3	34.3
Acquisition of financial assets		-	-5.9
Cash flow from investing activities		-448.3	-235.4
Financing activities			
Borrowings	23	59.3	43.6
Repayment of loans	23	-505.2	-298.5
Amortisation of lease liability	23	-111.3	-107.9
Dividend to shareholders		-	-104.0
Change in non-controlling interest		-	5.7
Cash flow from financing activities		-557.2	-461.1
Increase/Decrease in cash and cash equivalents		-11.6	147.8
Cash and cash equivalents at start of year		378.2	250.4
Exchange rate difference in cash and cash equivalents		-47.5	-20.0
Cash and cash equivalents at end of year		319.1	378.2

Parent Company Income Statement

SEK m., 1 May–30 April	Note	2020/21	2019/20
Net sales	5	132.3	148.3
Cost of goods sold		–	–
Gross profit		132.3	148.3
Other operating income	9	26.5	5.8
Selling expenses		–68.4	–68.6
Administration expenses	7, 8	–109.5	–109.2
Other operating expenses	10	–69.6	–71.1
Operating profit/loss	11, 12	–88.7	–94.8
Result from participations in Group companies	29	17.3	205.6
Other interest income and similar profit/loss items	13	29.9	36.7
Interest expense and similar profit/loss items	14	–48.4	–18.3
Profit/loss after financial items		–89.9	129.2
Appropriations	25	61.8	4.6
Pre-tax profit		–28.1	133.8
Tax on profit for the year	15	7.6	10.5
Profit/loss for the year		–20.5	144.3

Parent Company Statement of Comprehensive Income

SEK m., 1 May–30 April	2020/21	2019/20
Profit/loss for the year	–20.5	144.3
Other comprehensive income, net after tax	–	–
Total comprehensive income for the year	–20.5	144.3

Parent Company Balance Sheet

SEK m.	Note	2021-04-30	2020-04-30
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised development costs	16	4.0	5.8
Licences and other intangible assets		34.1	37.9
		38.1	43.7
<i>Property, plant and equipment</i>			
Plant and machinery	16	5.3	7.6
Equipment and tools		3.9	5.9
Construction in progress		11.6	7.0
		20.8	20.5
<i>Financial assets</i>			
Participations in Group companies	30	2,149.6	2,239.8
Participations in associated companies	31	5.9	5.9
Receivables from Group companies	33	577.4	542.8
Deferred tax assets	15	26.8	13.9
Other long-term receivables	18	8.1	14.9
		2,767.8	2,817.3
Total non-current assets		2,826.7	2,881.5
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		1,011.5	1,214.1
Taxes recoverable		8.1	17.7
Other receivables		13.4	12.4
Prepaid expenses and accrued income	19	15.2	13.5
		1,048.2	1,257.7
<i>Cash and bank balances</i>			
		-	-
Total current assets		1,048.2	1,257.7
TOTAL ASSETS		3,874.9	4,139.2

Parent Company Balance Sheet (cont.)

SEK m.	Note	2021-04-30	2020-04-30
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	22	52.0	52.0
Statutory reserve		10.0	10.0
Reserve for development expenditure		3.1	4.4
		65.1	66.4
<i>Non-restricted equity</i>			
Share premium reserve		35.2	35.2
Fair value reserve		-5.2	-5.2
Profit brought forward		1,677.0	1,531.5
Profit/loss for the year		-20.5	144.3
		1,686.5	1,705.8
Total equity		1,751.6	1,772.2
Untaxed reserves	26	0.7	1.4
Non-current liabilities			
Liabilities to credit institutions	23	693.1	779.7
Deferred tax liability	15	1.8	-
Liabilities to Group companies		849.9	602.1
		1,544.8	1,381.8
Current liabilities			
Bank overdraft facilities	23	477.3	886.1
Liabilities to credit institutions	23	50.8	53.5
Trade accounts payable		9.7	8.3
Income tax liability		2.6	2.6
Liabilities to Group companies		11.6	10.2
Other liabilities		5.0	9.5
Accrued expenses and deferred income	24	20.8	13.6
		577.8	983.8
TOTAL EQUITY AND LIABILITIES		3,874.9	4,139.2

Changes in Equity – Parent Company

SEK m.	Share capital	Statutory reserve	Reserve for development expenditure	Non-restricted equity			Total equity
				Share premium reserve	Fair value reserve	Profit brought forward, incl. profit for the year	
Equity, 30 April 2019	52.0	10.0	5.7	35.2	-5.2	1,634.1	1,731.8
Dividend						-104.0	-104.0
Profit/loss for the year						144.3	144.3
Reserve for development expenditure			-1.3			1.3	-
Equity, 30 April 2020	52.0	10.0	4.4	35.2	-5.2	1,675.7	1,772.2
Profit/loss for the year						-20.5	-20.5
Reserve for development expenditure			-1.3			1.3	-
Equity, 30 April 2021	52.0	10.0	3.1	35.2	-5.2	1,656.5	1,751.6

No dividend was paid in 2020.

Parent Company Cash Flow Statement

SEK m., 1 May–30 April	Note	2020/21	2019/20
Operating activities			
Operating profit/loss		-88.7	-94.8
Interest received		29.9	36.7
Interest paid		-12.4	-21.1
Adjustment for non-cash items etc.	36	-5.0	33.7
Income tax paid		-3.5	0.3
Cash flow from operating activities before changes in working capital		-79.7	-45.2
Changes in working capital			
Current receivables		174.8	-166.9
Trade accounts payable		2.8	-5.5
Current liabilities		6.5	-2.0
Cash flow from operating activities		104.4	-219.6
Investing activities			
Acquisition of property, plant and equipment		-12.8	-13.0
Acquisitions/paid-in capital at subsidiaries		-24.4	-43.8
Sale of Group companies		-	2.7
Dividends on shares in subsidiaries		219.1	359.6
Group contributions received		-	87.5
Acquisition of intangible assets		-	-0.4
Acquisition of financial assets		-	-5.9
Cash flow from investing activities		181.9	386.7
Financing activities			
Dividend to shareholders		-	-104.0
Borrowings		247.8	106.3
Repayment of loans		-534.1	-169.4
Cash flow from financing activities		-286.3	-167.1
Increase/Decrease in cash and cash equivalents		0.0	0.0
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at end of year		-	-

Notes

Note 1 Accounting and valuation policies

Systemair AB's consolidated accounts for the year ended 30 April 2021 were approved on 1 July 2021 by the Board of Directors and the President for publication and will be submitted to the 2021 Annual General Meeting for adoption. The Parent Company is a Swedish limited liability company with its registered office at Skinnskatteberg, Sweden.

Basis of preparation

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

Parent Company's accounting policies

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

Amended and new accounting policies for the year

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.

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 is applicable to Systemair from 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 Group is affected by the benchmark interest rate reform mainly through exposure to IBOR in its external borrowings. The principles for modification of financial liabilities allow for an exception whereby modifications that are a direct effect of the benchmark interest rate

reform is recognised by updating the effective interest rate rather than restating the carrying amounts. All other modifications are accounted for in accordance with the existing principles for modifications and derecognition in IFRS 9. The switch to new benchmark interest rates is not expected to have any material impact on Systemair at this stage.

Other amendments

Other new or amended standards or interpretations implemented during 2020 did not have any, or had immaterial, impact on Systemair's financial statements.

Future amendments to accounting policies

The new standards and interpretations entering into force for financial years beginning after 1 May 2021 have not been applied in the preparation of this financial report. None of these new or amended standards are expected to have any significant impact on the Group's financial statements going forward.

Statement of compliance with applicable regulations

The consolidated accounts were prepared in compliance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. In addition, the consolidated accounts were prepared in compliance with Swedish law, by application of Recommendation RFR 1 (Supplementary Accounting Rules for Groups) of the Swedish Financial Accounting Standards Council. In preparing the financial statements for the Parent Company, the Council's Recommendation RFR 2 (Accounting for Legal Entities) has been applied.

Consolidated accounts

Basis of consolidation

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

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

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

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

A non-controlling interest is the share of profits and net assets of a partly owned company that accrues to other owners. A non-controlling interest in profit is included in the profit after tax recognised in the consolidated income statement. The non-controlling interest in net assets is included in equity on the consolidated balance sheet but is recognised separately from equity attributable to the shareholders in the Parent Company.

Investments in associated companies

An associated company is an entity in which the Group exercises a significant influence, but which is not a joint venture. A significant influence normally exists if the shareholding represents 20–50 percent of the votes. Holdings in associated companies are recognised in accordance with the equity method. In this, the carrying amount of the Group's shares in associated companies corresponds to the Group's participation in the equity of the associated companies, plus goodwill on consolidation and any other remaining value adjustments at the time of acquisition. Goodwill and other value adjustments at acquisition are calculated in the

>> Note 1 (cont.)

same way as in business combinations, as described above. In net financial items in the consolidated income statement, the Group's share of associated companies' recognised profit after tax, adjusted where appropriate for any depreciation, amortisation, impairment losses or reversals of value adjustments, is recognised under Participations in associated companies' profits. Dividends received from the associated company are deducted from the carrying amount of the investment. Holdings in associated companies are recognised on the Parent Company balance sheet using the cost method.

Translation of accounts of foreign operations

A foreign operation is one that is conducted in an economic environment with a functional currency other than the Group's reporting currency (SEK). Assets, including goodwill and other surplus values, as well as liabilities in such operations, are translated into the reporting currency at the closing day rate. The income statements of foreign operations are translated using a weighted average of exchange rates for the year. Any exchange rate differences arising from translation are recognised directly in other comprehensive income. Upon divestment of an independent foreign operation, the accumulated exchange rate differences are recognised in the income statement together with the capital gain or loss.

Translation of receivables and liabilities denominated in foreign currencies

Transactions denominated in foreign currencies are translated at the rate prevailing on the transaction date. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate prevailing on that date. All exchange rate differences are charged to the income statement except for those differences arising in loans in foreign currencies raised to hedge net investments in foreign operations and those arising in claims on subsidiaries that are not planned to be settled or are unlikely to be settled in the foreseeable future. Exchange rate differences in such loans or claims are recognised in other comprehensive income, under the headings Hedging of net assets in foreign operations and Translation differences, and are transferred to the income statement in the event of the divestment of the foreign operation in future. No exchange rate differences relating to loans regarded as net investments in subsidiaries have been recognised in comprehensive income for the financial year.

Net sales

Net sales are recognised at the fair value of the consideration received, or the consideration that will be received, for goods and services sold in the regular operations of the Group. Revenue is recognised at the point in time when control over the products or services supplied has passed to the counterparty as per agreement. Recognised revenue then reflects the consideration expected on satisfaction of contractual obligations towards the customer, and corresponds to the consideration that the Group is considered to be entitled to.

Revenue streams

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

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

Warranties

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

Segment reporting

The Group manufactures and sells ventilation products. System's highest executive decision-maker, the President of the Parent Company and CEO of the Group, oversees and manages operations per legal entity. The number of legal entities in Systemair is about 90, and so, according to the IFRS 8 standard, the Group has that number of segments. Because the presentation of 90 segments would entail excessively detailed information, the standard proposes aggregating them if there

are similar economic characteristics and the segments resemble one another, including with regards to other factors such type of product and type of customer. Systemair aggregates into the geographical regions Europe, as well as America, the 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 as well as Americas, Middle East, Asia, Australia and Africa presents a clearer picture. Net sales, Operating profit, Profit after net financial items, Assets, Investments and Depreciation/amortisation are recognised per aggregated segment. The subsidiaries are aggregated based on their legal domicile and consolidation takes place according to the same principles as for the Group as a whole.

Property, plant and equipment and intangible non-current assets

Property, plant, equipment and intangible non-current assets are recognised at historical cost, less accumulated depreciation/amortisation and any impairment losses. Depreciation/amortisation is charged on a straight-line basis over the useful life of the asset, to an estimated residual value. Land and goodwill are not depreciated or amortised.

The following depreciation/amortisation periods are applied:

Own-developed assets	3-5 years
Brands, customer relationships etc.	3-10 years
Buildings	25-50 years
Plant and machinery	5-15 years
Equipment and tools	3-5 years

In cases where decisions have not been taken as to phasing-out of brands, they are assumed to have an indefinite life.

Research and development

Development expenditure is recognised as an intangible asset but only if the following criteria are satisfied: The development project must be well defined and include concrete plans as to how and when the asset will be used in operations; it must be possible to calculate expenses reliably; the asset must be considered likely to create future economic benefits; it must be considered technically feasible to perform the project; and the Group must be deemed to have the resources required to conclude development. The historical cost of the intangible asset includes not only the cost of personnel and direct purchases but also the share of indirect costs attributable to the asset. Other development expenditure is expensed as incurred. The amortisation period is estimated to be 3-5 years.

Impairment losses

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

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

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

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

Calculation of the recoverable amount

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

Reversal of impairment losses

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

>> Note 1 (cont.)

Inventory

Inventory is measured at whichever is the lower of historical cost and net realisable value for raw materials and purchased finished products, and at production cost for goods produced. The historical cost is based on the latest purchase price and takes into account expenses arising at acquisition of the inventory assets and transport of such assets to their current location and condition. The historical cost for finished products and products in progress is made up of the cost of raw materials, direct salaries, other direct costs and attributable indirect manufacturing costs (based on normal manufacturing capacity). Net realisable value is the estimated selling price in normal circumstances, less the costs required to complete the sale. Deductions for obsolescence are applied as required. Deliveries between Group companies are priced in line with the market. Inter-company gains on the inventory of Group companies are eliminated in the consolidated accounts. These eliminations are charged to operating profit.

Financial instruments

Financial instruments recognised on the balance sheet include, on the assets side, cash and cash equivalents, trade accounts receivable, financial investments, long-term receivables, derivatives and other receivables. In Systemair's case, the derivatives are not classified as hedging instruments. The liabilities side includes trade accounts payable, loan liabilities, other liabilities, and options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkey, and the remaining 40 percent of the shares in Frico A/S, Denmark.

Purchases and sales of financial assets and liabilities are recognised on the transaction date. A financial asset or financial liability is recognised in the statement of financial position when the Company becomes party to the contractual conditions of the instrument. The financial asset is derecognised from the statement of financial position when the right to obtain cash flows from the asset expire or is transferred to another party because all risks and benefits associated with the assets have been transferred to the other party. A financial liability is derecognised from the statement of financial position when the obligation has been satisfied or cancelled or has expired. Accounts receivable-trade are recognised in the statement of financial position when the invoice has been dispatched. A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade accounts payable are recognised when an invoice has been received.

Financial instruments are recognised initially at a historical cost that corresponds to the instrument's fair value at the time of acquisition, plus transaction costs for all financial instruments except those that are classified in the category Financial asset recognised at fair value via income, which are recognised directly in the income statement. The following measurement for the instrument is based on its nature and classification.

Classification and categorisation of financial assets and liabilities

Financial assets are classified according to the intention behind the acquisition of the asset and its cash contractual flows. Financial assets are classified into the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through the income statement

Financial liabilities measured at amortised cost or fair value via income.

Amortised cost

Amortised cost is the amount at which the asset or liability was originally recognised, less amortisation and impairment but plus accruals of the initial difference between historical cost and the amount expected to be received at maturity.

Assets measured at amortised cost

Financial assets measured at amortised cost are instruments that are held with the intention of collecting/settling contractual cash flows, and where the contractual conditions state the point in time for the anticipated cash flow from the underlying instrument, and where the payments consist solely of principal and an interest component, if any. Such assets arise as part of a process when cash is paid to the counterparty, or as a result of the Group providing a customer with contractual goods or services within its operating activities. Payment flows that are fixed or may be fixed exist for such receivables; they are not traded in an active market and their purpose is to be held in order to collect cash flows.

Financial assets measured at fair value through the income statement

Assets not satisfying the requirements for recognition at amortised cost are measured at fair value via the income statement. At Systemair, these are mainly derivative assets that are not used for hedge accounting and are therefore recognised via the income statement at fair value.

Financial liabilities measured at fair value via the income statement

Financial assets measured at fair value via the income statement consist in the main of the liability for the options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkey, and the remaining 40 percent of the shares in Frico A/S, Denmark. The result from any change in fair value of financial instruments in this category is recognised in income in the period in which it arises, either in operating profit or via other comprehensive income, depending on the nature of the liability. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing on the balance sheet.

Impairment of financial assets

Provisions are made for expected losses on recognised financial assets, which reduces the value of the asset concerned. The provisions for losses are measured at every balance sheet date at an amount equal to the credit losses expected for the remaining lifetime of the assets. For more information on measurement of trade accounts receivable, see Note 21.

The purpose of measuring expected credit losses is to reflect an objective and probability-weighted amount, the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Systemair bases its calculation of expected credit losses principally on individual assessment of the receivable concerned, together with information on historic losses on similar assets and counterparties, as well as a forward-looking adjustment. The calculation criteria for credit losses are evaluated and adjusted regularly in order to reflect most accurately the current situation and the Group's expectations of future events.

Other financial liabilities

This category includes interest-bearing and non-interest-bearing financial liabilities not held for trading. They are measured at amortised cost.

Non-current liabilities have more than one year to maturity, while liabilities maturing before then are recognised as current liabilities. Trade accounts payable have a short-anticipated maturity and are therefore measured at their nominal amount, undiscounted.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, together with short-term, highly liquid deposits that are readily convertible into a known amount and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised on the balance sheet when the Group has an obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources associated with economic benefits will be required to settle the obligation, and the amount can be estimated reliably. If the Group anticipates receiving compensation corresponding to a provision that has been made, for example through an insurance agreement, the compensation is recognised as an asset in the balance sheet only when it is almost certain that the compensation will be received. If the effect of the time value of the future payment is deemed to be material, the value of the provision is determined by estimating the present value of the expected future payment using a discount factor, before tax, that reflects the market's current valuation of the time value and any risks associated with the obligation. The gradual increase in the amount of the provision resulting from this method is recognised as an interest expense in the income statement.

Employee benefits

Pensions and other post-employment benefit obligations

Systemair operates several different post-employment benefit plans. These are classified as either defined-benefit or defined-contribution plans. A defined-benefit pension plan is one that specifies an amount for the pension benefit that an employee will receive on retirement. A defined-contribution pension plan is one in which the Group pays fixed contributions to a separate legal entity. Defined-contribution plans are recognised as an expense in the period during which the employees perform the service to which the remuneration refers. Defined-benefit plans are measured separately for each plan, based on the benefits earned during prior and current periods. The liability recognised as Provisions for pensions, defined-benefit pension plans, is the present value of the defined-benefit obligation on the balance sheet date, less the fair value of plan assets.

The Group's obligations with regard to the other defined-benefit pension plans are calculated separately for each plan using the Projected Unit Credit Method. In this method, the obligation is calculated as the present value of estimated future pension payments. The obligation thus estimated is compared to the fair value of the plan assets that secure the obligation. The difference is recognised as a liability/asset. The estimation of future payments is based on actuarial assumptions, including assumptions as to life expectancy, future salary increases, personnel turnover and factors relevant to the selection of discount rate.

>> Note 1 (cont.)

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognised directly in other comprehensive income, with payroll tax and deferred tax having been taken into account.

Pension costs relating to service during the current and earlier periods are recognised directly in the income statement. In the case of defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a compulsory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The benefits are charged to income as they are earned.

Share-based remuneration

No agreements on share-based remuneration exist within the Group.

Leasing

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

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

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

Estimation of the amount of the lease liability and right-of-use is in the first instance based on the interest rate implicit in the lease. In cases where it cannot be determined, the marginal borrowing rate is instead used, which corresponds to the interest rate the company would have been offered if the acquisition had been financed by a loan from a financial institution. Systemair starts writing off its rights-of-use as of date of commencement of the lease and chooses as period of amortisation either the economic life or lease term, whichever is the shorter.

Systemair applies transitional rules for lease accounting, under which the balance sheet will not report short-term leases (less than 12 months) and leases in which the underlying asset is of low value (less than USD 5,000). Short-term leases and low-value leases are expensed as incurred.

Borrowing costs

Borrowing costs are charged to income in the period to which they pertain. Any costs incurred in raising loans are distributed over the term of the loan based on the liability recognised.

Income tax

Income tax consists of current tax and deferred tax. Income taxes are recognised in the income statement when referring to income statement items, and in other comprehensive income when the underlying transaction is recognised in other comprehensive income.

Current tax is tax to be paid or recovered for the current year, based on the tax rates enacted, or substantively enacted, by the balance sheet date. This includes any adjustments in current tax attributable to prior periods.

Deferred tax is recognised in accordance with the balance sheet method, in which deferred tax is calculated for all temporary differences – that is, between the taxable values of assets and liabilities and their carrying amounts – identified on the balance sheet date. Deferred tax assets for unused loss carry-forwards are also recognised in the balance sheet.

However, a deferred tax liability is not recognised in the balance sheet for taxable temporary differences relating to goodwill. Deferred tax is also not recognised if the temporary difference pertains to investments in subsidiaries or associated companies in which the Group has a controlling influence over when the temporary difference will be reversed and it is likely that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences or unutilised loss carry forwards can be applied. The carrying amounts of deferred tax assets are tested on each balance sheet date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply to the period when the assets are realised or the liabilities settled, based on the tax rate (and the tax legislation) enacted, or substantively enacted, on the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid on the net amount.

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, untaxed reserves are divided into two components: a deferred tax liability recognised as a provision, and a portion of equity.

Cash flow statement

The cash flow statement presents incoming and outgoing payments. The indirect method is used for operating activities. In addition to cash and bank balances, cash and cash equivalents consist of current ready assets with an original maturity less than three months.

Government subsidies

Government subsidies are recognised when there is reasonable assurance that the Company will meet the conditions attached to the grant and will receive the grant. In the past, the Group has received three types of government subsidy: government grants, loans for which repayment may be waived and grants based on assets.

Systemair has received various government subsidies related to Covid-19 in different countries where the Group operates. In the 2020/21 financial year, the subsidies totalled SEK 29.0 million (6.2). The grants are recognised under the heading of Other operating income.

In addition to Covid-19-related grants, Systemair received product development grants of SEK 0.7 million (1.4) in the Netherlands and SEK 0.3 million (0.4) in the Czech Republic. The grants are recognised under the heading of Other operating income.

In Lithuania, the Company received an investment grant. The subsidy consisted of a tax reduction totalling SEK 3.1 million (0.6).

In Turkey, the Company received a social insurance grant of SEK 1.4 million (1.7). The grant reduced the cost of goods sold.

In Spain, Systemair received an investment grant of SEK 0.1 million. The grant reduced the cost of goods sold.

Material estimates and assumptions

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

Impairment testing of goodwill

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

Provisions for pensions

Estimates and assessments play a major role in measuring provisions for pensions. The present-value calculation of this item is based on actuarial assumptions. Estimates and assessments are evaluated continuously, based on past experience and reasonable expectations for the future. In the case of pension obligations, the present-value calculation is based on assumptions described in Note 27.

Deferred tax assets

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

>> **Note 1 (cont.)**

Disputes

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

In our best judgement, neither the Parent Company nor any subsidiary is at present involved in any legal or arbitration proceedings that are anticipated to have any material impact on the business, the financial position or the results of operations.

Expected credit losses

Assessment of anticipated credit losses is performed locally at every company in line with a local credit policy which is implemented locally in accordance with a standard Group template. Outstanding trade accounts receivable are monitored and reported regularly at each company and at Group level. For more information on trade accounts receivable and expected credit losses, see Note 21 Trade accounts receivable.

Note 2 Risks and risk management

Systemair's business involves risks that to a varying extent may adversely affect the Group. These may be divided into operation-related risks, such as the market risk in the cyclical construction industry and changes in the competitive situation; and financial risks, chiefly currency exposure. Both operation-related and financial risks may in the short and the long term affect Systemair's ability to achieve its set objectives according to the Company's business plan. Systemair works continuously on updating the Group's risk situation via a documented, systematic process at Board level, in which risks are identified, assessed, monitored and reported. Priority is given to the risks that are judged to represent the potentially greatest negative effect, on the basis of the probability of their occurring and the possible impact on the business.

Like other global companies, Systemair is affected by pandemics, and in 2020/21 the Group was affected by Covid-19. During the year, the company took the necessary measures to mitigate the impact of the pandemic and has followed the recommendations of WHO. The early part of the 2021/22 financial year will continue to be dominated by the effects of Covid-19. Systemair is therefore monitoring the course of the pandemic and is ready to take the necessary measures to reduce its impact on the Group's results and position.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2020/21 operating profit. The calculations below are hypothetical and should not be interpreted as indicating that changes in certain factors are any more or less likely or, if any change takes place, the extent of such change. Actual changes and their effect may be greater or lesser than indicated in the table below. It is also likely that actual changes will affect several items. Thus, caution is called for when interpreting the sensitivity analysis, in that changes in various items may have a counteractive effect.

Sensitivity analysis: effects on operating profit in 2020/21

SEK m.	30/04/2021	30/04/2020
+/- 5% in selling prices	+/-426	+/-446
+/- 5% in material costs	+/-184	+/-192
+/- 5% in selling and administration expenses	+/-114	+/-121
+/- 5% in balance sheet rates, effect on net assets	+/-72	+/-56
+/- 5% in the SEK/EUR exchange rate	+/-38	+/-42
+/- 5% in the SEK/NOK exchange rate	+/-4	+/-2
+/- 5% in the SEK/RUB exchange rate	+/-2	+/-2
+/- 5% in the SEK/USD exchange rate	+/-3	+/-2

Of Systemair's total sales, 92 percent (92) are made in currencies other than SEK. As a result, fluctuations in the SEK exchange rate affect the Group's gross profit. Systemair's major foreign currencies are EUR, USD, RUB and NOK, as shown above. The table shows that a change of +/-5 percent in the SEK/EUR exchange rate would have an impact of approximately SEK 38 million (42) on operating profit for 2020/21. This effect is largely offset by the effects on net financial items of exchange gains and losses on borrowing denominated in EUR.

Systemair's net assets in foreign currencies total SEK 2,361 million (2,181), with the largest assets being denominated in EUR, CZK and DKK. A rise or fall of 5 percent would increase or decrease net assets by SEK 72 million (56).

Operation-related risks

Competition

Systemair's markets are fragmented and exposed to competition, so a large number of small, local businesses and a small number of major international corpora-

tions operate in Systemair's markets. Some of Systemair's current or future competitors may have greater resources than Systemair and may use such resources to expand their market shares through aggressive pricing strategies. This could force Systemair to reduce its prices to remain competitive and not lose market shares. If Systemair is exposed to increased price competition or loses market shares, the Company's operations, earnings and financial position may be adversely affected. The ventilation sector still consists largely of a number of relatively local actors. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, there is a risk of exclusion from the market. Systemair has addressed that risk by establishing factories in low-cost countries such as India and Lithuania, and by establishing new sales companies in new markets.

Market risks

Systemair's products are used in new construction as well as in renovations, conversions and additions (in Sweden referred to as the "ROT" sector). The construction industry normally follows a cyclical pattern, above all in new construction, while ROT projects often mitigate the cyclical effect. The industry's performance is considerably influenced by the state of the economy in general, which in turn is affected by interest rates, unemployment, inflation, political decisions, taxes, stock market trends and other factors. Changes in circumstances affecting the construction industry may be difficult to foresee, and a slowdown in the industry in Systemair's markets could reduce demand for the Company's products and/or could lead to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position. Systemair's sales are also vulnerable to seasonal fluctuations, with sales mostly being lower during July and December.

Suppliers

Ebm-papst and Ziehl-Abegg, two German manufacturers of fan motors, are major suppliers to Systemair. Some of Systemair's products have been developed in association with these suppliers, so to an extent Systemair depends on the ability of these manufacturers to continue supplying motors to the Company. Thus, supply problems at either of these suppliers could disrupt Systemair's production and have negative impact on Systemair's operations, earnings and financial position. Another important component in Systemair's products is steel, in the form of sheet steel, so the Company's operations are to a certain extent affected by fluctuations in the price of steel and any disruptions in deliveries of steel. Historically, it has been possible to spread price increases across the various actors, but there is no guarantee that this will continue in future. If future price increases cannot be distributed among actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

Brands

Systemair's brands are vital to the Company's operations. Systemair's major brands include Systemair, Frico, Fantech and Menerga. Systemair assesses the brand situation on an ongoing basis and registers each brand in the countries in which they are used to any significant extent. However, the Company cannot guarantee that these measures are sufficient to protect Systemair's brands. Neither can Systemair guarantee that the Company's competitors will not try to use its brands in the marketing of their products or otherwise infringe its intellectual property rights. If the Company's brands cannot be protected, for whatever reason, the Company's operations, earnings and financial position may be adversely affected.

Production plant and distribution centres

Systemair's operations are dependent on its production plant and distribution centres. If any of them is destroyed or closed or if the equipment at the plant suffers serious damage, production and distribution of Systemair's products could be disrupted or suspended for a certain period. An extensive and prolonged shutdown could have a huge impact on the Company's ability to produce or distribute the products affected. Systemair has contracted insurance against property damage and stoppages, in the amounts that the Company deems sufficient; however, there is no guarantee that the entire loss for the Company would be indemnified in the event of any damage. As a result, damage to production or distribution facilities may adversely affect the Company's operations, earnings and financial position.

As a result of the Covid-19 pandemic, Systemair experienced some business interruptions during the last quarter of the 2019/20 financial year and the first quarter of 2020/21, which resulted in the temporary shutdown of some of the Group's production units. These interruptions were not covered by the insurance policies taken out by Systemair. The shutdowns therefore had a negative impact on the Company's results. During the financial year, focus remained closely on managing the effects of the Covid-19 pandemic. By the end of the first quarter of 2020/21, all of the Group's production facilities were back in operation.

>> **Note 2 (cont.)****Business combinations**

For several consecutive years, Systemair has made a considerable number of business combinations. The companies acquired have been integrated into Systemair's other operations. In many cases, the companies acquired had operational and financial problems, which required substantial input by Systemair, not least in the form of management resources. Expansion through acquisition remains a Systemair ambition, and in future more companies that complement or augment the Company's operations may be acquired. The acquisition of companies may involve many different operational and financial risks. Along with well- or lesser-known company-specific risks, these risks include the possible departure of suppliers, customers or key personnel from the company acquired. In addition, integrating the companies acquired may turn out to be more costly or time-consuming than expected, and the anticipated synergistic benefits may not be achieved as expected, or at all. These and other acquisition-related risks may adversely affect the Company's operations, earnings and financial position.

IT infrastructure

Systemair has a highly developed IT infrastructure, the core of which is its enterprise resource planning (ERP) system. The ERP system is vital to Systemair's ability to deliver products to its customers at the time appointed and to manage trade accounts receivable and inventory levels. Problems in maintaining, upgrading and integrating these systems may adversely affect the Company's reputation among its customers, increase operating costs and reduce profitability. These systems are also vulnerable to power outages, system errors, computer viruses, network faults and other risks. In the event of a failure in the IT infrastructure, the Company's operations, earnings and financial position may be adversely affected.

Product liability

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

International business operations

Systemair conducts, via subsidiaries or representative offices, its own operations in 50 countries, several of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to risks associated with international business operations, such as trade policy decisions in the form of the introduction or extension of excise duties in the Company's markets, which could significantly and adversely affect the Company's operations. Other risks include differences in the regulatory frameworks of different countries, limited legal protection for intellectual property rights in certain countries, different accounting standards and systems of taxation, changing terms and conditions of payment between different countries and the possibility of political instability. Systemair has substantial sales to Russia, for example, which is one of Systemair's single largest export markets. Political tensions in the development of that society and uncertainty in its legal system, as well as uncertainty in trade policy, mean that conditions in the Russian market could change quickly and that Systemair's assets in the country could become uncertain. Each of the above-mentioned risks could adversely affect Systemair's operations, earnings and financial position.

Financial risks and other risks

The Systemair Group is exposed to financial risks through its international operations and its loan financing. Financial risk arises when interest and exchange rates fluctuate, which causes variations in the Group's cash flows, and when credit lines are to be renegotiated. Financial risk includes the risk of a counterparty failing to meet their obligations. The objective of risk management in the Group is to limit any possible adverse impact on the Group's earnings and cash flow. Risk is monitored and followed up on an ongoing basis by the Group treasury as well as by the major subsidiaries.

Foreign exchange risk – transaction exposure

In trading between Group companies and with suppliers and customers, a transaction risk arises if payment is made in a currency other than the local currency of the particular Group Company. Systemair's extensive international operations

represent substantial sales in various currencies and thus exposure to foreign exchange risk. This risk arises primarily vis-à-vis the EUR and USD and is partly hedged as per Systemair's foreign exchange policy. Systemair does not use hedge accounting.

The main foreign exchange exposure in the Group arises in the Swedish Group companies. In 2020/21, Group companies in Sweden invoiced 47 percent (43) of their business in SEK, 52 percent (56) in EUR and 1 percent (1) in other currencies. The Group also has foreign exchange exposure at Systemair HSK in Turkey, where 73 percent (80) of invoicing was in EUR and 21 percent (14) in USD.

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

Foreign exchange risk – translation exposure

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

On the balance sheet date, the value of foreign net assets totalled SEK 2,361 million (2,181). Major net assets consisted of SEK 1,284 million (1,232) in EUR, SEK 175 million (159) in CZK, SEK 162 million (148) in DKK, SEK 154 million (140) in USD, SEK 126 million (82) in CAD, SEK 115 million (65) in NOK, SEK 96 million (82) in RUB, SEK 72 million (76) in INR, SEK 66 million (68) in MYR and SEK 56 million (72) in TRY.

The impact of foreign currency on equity is recognised as a translation difference in the amount of SEK -174.2 million (-27.6).

Borrowing and interest rate risk

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

The interest rate risk is the risk of changes in current interest rates adversely affecting the Group. Systemair is a net borrower. Net indebtedness at year-end totalled SEK 1,540.4 million (1,980.7), and so the Group is adversely affected by rising interest rates. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,787.1 million (2,273.8). According to Systemair's financial policy, the fixed-interest term for 2020/21 was 3–12 months. A change of +/-1 percentage point in the interest rate on borrowing would have an impact of about SEK 18 million (23) on the Group's net financial items for the following 12-month period.

Credit and liquidity risk

Credit risk is the risk that one of Systemair's counterparties may be unable to meet their payment obligations, which may thus cause a loss to the Company. A credit appraisal is made based on knowledge the Company's management has of the customer and, if necessary, with the aid of credit rating companies. Every customer also has a credit limit, which may only be exceeded if a new credit appraisal is made. Liquidity risk is the risk that a lack of ready funds will prevent the Company from fulfilling its financial obligations or will reduce its capacity to conduct its operations in an effective manner. Liquidity is greatly affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment customs, credit periods have lengthened somewhat. This has increased the cost of tied-up capital as well as the risk of credit losses and consequently a greater risk of negative effects on the Company's ready cash and earnings. In recent years, Systemair has employed a focused strategy for increasing the portion of long-term loans, in order thereby to secure long-term liquidity in the Group.

Note 3 Segment reporting

The Group's operations consist for the most part of manufacture and sale of ventilation products. Internal follow-up of operations is performed per legal entity by Systemair's highest executive decision-maker. As a result, every legal entity constitutes an operating segment. If several countries and markets show similar economic characteristics, they may be aggregated in segment reporting. Systemair aggregates into the geographical segments of Europe, together with America, the 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 condition exist in the region, and so aggregation of the legal entities within the region is justified. Systemair further considers that accounting for the aggregated segments presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are aggregated based on their legal domicile and consolidation takes place according to the same principles as for the Group as a whole.

Group	Europe	America, the Middle East, Asia, Australia and Africa	Group-wide	Eliminations	Total
2020/21					
Net sales, external	6,639.4	1,879.8	-	-	8,519.2
Net sales, intra-Group	137.4	19.7	132.3	-289.4	-
Operating profit/loss	636.4	127.9	-87.6	-	676.7
Operating margin, %	9.6	6.8	-	-	7.9
Profit after net fin. items	797.6	74.5	-308.1	-	564.0
Profit margin, %	12.0	4.0	-	-	6.6
Assets	4,380.1	1,200.2	3,885.5	-2,510.3	6,955.5
Investments	329.5	84.2	34.6	-	448.3
Depreciation/amortisation and impairments	318.2	61.3	20.3	-	399.8
2019/20					
Net sales, external	7,037.8	1,877.1	-	-	8,914.9
Net sales, intra-Group	157.1	20.3	148.3	-325.7	-
Operating profit/loss	652.3	77.7	-104.3	-	625.7
Operating margin, %	9.3	4.1	-	-	7.0
Profit after net fin. items	719.2	54.6	-230.1	-	543.7
Profit margin, %	10.2	2.9	-	-	6.1
Assets	4,183.0	1,199.8	4,143.5	-2,426.4	7,099.9
Investments	147.5	16.5	71.4	-	235.4
Depreciation/amortisation and impairments	314.5	52.6	25.5	-	405.4

Note 4 Information on geographical regions

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

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

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

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

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

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

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

The table below shows external net sales in Systemair's 10 biggest markets based on the customer's domicile. Systemair has an extremely broad customer base, with nearly 100,000 customers. No individual customer normally represents more than around 1 percent of the Company's total sales. As a result, Systemair shows limited dependence on individual customers.

Geographical breakdown Group	Net sales		Non-current assets ¹⁾	
	2020/21	2019/20	2020/21	2019/20
Norway	692.9	714.2	74.3	73.8
Sweden	548.1	517.1	305.5	268.3
Denmark	292.6	309.0	132.1	154.4
Rest of Nordic region	192.6	223.2	6.7	3.3
Total Nordic region	1,726.2	1,763.5	518.6	499.8
Germany	1,157.2	1,120.2	424.3	492.5
France	590.9	603.3	109.6	117.9
Netherlands	362.5	410.5	121.0	130.9
United Kingdom	345.2	376.1	43.4	49.2
Spain	279.7	272.7	207.1	224.1
Rest of Western Europe	939.1	1,006.2	311.4	332.1
Total Western Europe	3,674.6	3,789.0	1,216.8	1,346.7
Russia	359.3	431.7	160.5	49.8
Rest of Eastern Europe and CIS	842.9	1,041.8	551.6	500.3
Total Eastern Europe and CIS	1,202.2	1,473.5	712.1	550.1
USA	543.2	545.9	71.0	86.7
Other North and South America	335.8	325.0	172.2	149.6
Total North and South America	879.0	870.9	243.2	236.3
Other Middle East, Asia, Australia and Africa	1,037.2	1,018.0	373.7	422.8
Total Middle East, Asia, Australia and Africa	1,037.2	1,018.0	373.7	422.8
	8,519.2	8,914.9	3,064.4	3,055.7

¹⁾ Non-current assets refers to intangible assets, property, plant and equipment and right-of-use assets.

>> Note 4 (cont.)

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

By geographical market	Parent Company	
	2020/21	2019/20
Net sales		
Nordic region	40.3	45.3
Western Europe	51.0	57.6
Eastern Europe and CIS	20.5	23.4
North and South America	9.1	9.8
Middle East, Asia, Australia and Africa	11.4	12.2
	132.3	148.3

Note 5 Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, as well as from the servicing of ventilation products. Total revenue for the financial year was SEK 8,519.2 million (8,914.9), of which servicing of ventilation products accounted for SEK 325.3 million (311.6). The table shows a breakdown of revenue per segment.

Group	Europe	America, Middle East, Asia, Australia and Africa	Total
2020/21			
Sales of ventilation and heating products, recognised at a certain point in time	6,164.6	1,670.6	7,835.2
Sales of ventilation and heating products, recognised over time	168.6	190.1	358.7
Servicing recognised at a certain point in time	154.9	1.0	155.9
Servicing recognised over time	151.3	18.1	169.4
	6,639.4	1,879.8	8,519.2
2019/20			
Sales of ventilation and heating products, recognised at a certain point in time	6,581.2	1,594.5	8,175.7
Sales of ventilation and heating products, recognised over time	161.5	266.1	427.6
Servicing recognised at a certain point in time	140.1	0.4	140.5
Servicing recognised over time	155.0	16.1	171.1
	7,037.8	1,877.1	8,914.9

Contractual balances	Group	
	2020/21	2019/20
Contractual assets	8.8	23.8
Contractual liabilities	0.5	0.8

Of contractual assets at the beginning of the year, SEK 23.8 million was recognised as income during the year. The major share of the Group's sales is made with payment terms of 30 to 60 days.

Note 6 Classification according to type of cost

	Cost of goods sold	Selling expenses	Administration expenses	Total
2020/21				
Costs of materials	-3,683.5	-	-	-3,683.5
Personnel costs	-1,351.9	-1,075.9	-260.6	-2,688.4
Depreciation/Amortisation costs	-168.8	-146.4	-33.8	-349.0
Other costs	-355.3	-639.0	-133.4	-1,127.7
	-5,559.5	-1,861.3	-427.8	-7,848.6
2019/20				
Costs of materials	-3,830.8	-	-	-3,830.8
Personnel costs	-1,462.8	-1,102.3	-253.6	-2,818.7
Depreciation/Amortisation costs	-166.0	-155.8	-10.5	-332.3
Other costs	-371.7	-729.4	-160.3	-1,261.4
	-5,831.3	-1,987.5	-424.4	-8,243.2

Product development costs totalled approximately SEK 225 million (225) in 2020/21. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

Note 7 Auditor's fees

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
EY				
Auditing services	-5.9	-6.2	-1.2	-1.1
Other additional auditing services	-0.3	-0.7	-0.1	-0.5
Other services	-	-0.3	-	-0.3
Total, EY	-6.2	-7.2	-1.3	-1.9
Others				
Auditing services	-3.8	-3.4	-	-
Other additional auditing services	-0.4	-1.1	-	-
Tax advice	-2.2	-1.9	-	-
Other services	-1.3	-1.0	-	-
Total, Other	-7.7	-7.4	-	-
Total	-13.9	-14.6	-1.3	-1.9

Note 8 Leases

Right-of-use assets

Group 2020/21	Group		
	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	264.1	101.2	17.6
Acquired leases	0.6	0.3	-
New leases	129.0	33.1	4.8
Lease cancellations/expired and terminated contracts	-38.0	-12.9	-8.3
Translation difference	-13.2	-4.5	-0.6
	342.5	117.2	13.5
Accumulated depreciation/amortisation			
At start of year	-73.8	-25.8	-7.1
Cancelled leases	29.1	9.5	7.8
Translation difference	5.3	2.0	0.2
Depreciation/amortisation for the year	-74.3	-33.1	-5.7
	-113.7	-47.4	-4.8
Carrying amount	228.8	69.8	8.7

Group 2019/20	Group		
	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	-	-	-
Change of accounting policy IFRS 16	248.2	52.2	13.7
New leases	23.1	50.0	4.6
Cancelled leases	-3.8	-1.5	-0.4
Translation difference	-3.4	0.5	-0.3
	264.1	101.2	17.6
Accumulated depreciation/amortisation			
At start of year	-	-	-
Cancelled leases	1.9	0.6	0.1
Translation difference	1.5	0.0	0.2
Depreciation/amortisation for the year	-77.2	-26.4	-7.4
	-73.8	-25.8	-7.1
Carrying amount	190.3	75.4	10.5

Amounts recognised in income statement	Group	
	2020/21	2019/20
Amortisation of right-of-use assets	-113.1	-109.5
Interest expense	-7.9	-8.4
Expenses related to short-term and low-value leases	-6.6	-4.7
Total	-127.6	-122.6

Cash flow	Group	
	2020/21	2019/20
Interest expense, lease liabilities	-7.9	-8.4
Amortisation of lease liabilities	-111.3	-107.9
Total cash flow	-119.2	-116.3

Contractual future lease fees, maturing leases	Group	
	2020/21	2019/20
Within a year	105.4	101.7
Within 1-2 years	82.3	68.4
Within 2-5 years	117.1	97.0
More than 5 years	13.3	19.2
Total	318.1	286.3

Maturity structure of lease liability	Group	
	2020/21	2019/20
Within a year	106.0	102.0
Within 1-2 years	81.2	67.4
Within 2-5 years	112.0	92.3
More than 5 years	12.4	17.8
Total	311.6	279.5

Operating leases, in accordance with RFR 2

Lease costs recognised	Parent Company	
	2020/21	2019/20
Within a year	2.4	1.7
Within 1-2 years	1.3	-
Within 2-5 years	0.7	-
Total	4.4	1.7

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

Note 9 Other operating income

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Exchange rate gains in operations	116.0	95.3	24.3	4.8
Gain on sale of property, plant and equipment	3.3	6.0	-	-
Other miscellaneous income	76.8	67.0	2.2	1.0
	196.1	168.3	26.5	5.8

The item Miscellaneous other operating income for 2020/21 includes Covid-19 related government subsidies of SEK 29.0 million (6.2) received by the Group.

Note 10 Other operating expenses

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Exchange rate losses in operations	-101.3	-117.9	-2.3	-2.1
Intra-Group expenses	-	-	-47.1	-53.7
Loss on sale of property, plant and equipment	-1.0	-0.5	-	-
Other miscellaneous expenses	-87.7	-95.9	-20.2	-15.3
	-190.0	-214.3	-69.6	-71.1

Miscellaneous other expenses include goodwill impairments of SEK -46.3 million (-37.8).

Note 11 Employees and personnel costs

	2020/21		2019/20	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	63	39	54	35
Subsidiaries in:				
Nordic region	877	781	911	761
Sweden	524	452	520	432
Denmark	177	162	211	188
Finland	18	11	18	11
Norway	158	156	162	130
Western Europe	2,094	1,703	2,140	1,724
Belgium	38	30	33	26
England	90	67	90	68
Greece	10	6	9	6
France	231	179	231	178
Netherlands	195	172	204	168
Ireland	8	7	8	7
Italy	116	81	163	118
Portugal	23	14	22	12
Switzerland	53	44	54	45
Spain	467	390	494	413
Germany	838	691	807	661
Austria	25	22	25	22
Eastern Europe and CIS	1,385	947	1,414	975
Azerbaijan	8	8	7	6
Estonia	12	8	13	8
Kazakhstan	6	3	-	-
Croatia	17	14	12	11
Latvia	8	7	7	6
Lithuania	277	177	276	177
Poland	56	34	56	43
Romania	8	7	7	6
Russia	287	172	285	167
Serbia	9	4	9	5
Slovakia	266	183	275	181
Slovenia	147	130	152	137
Czech Republic	269	193	301	222
Ukraine	3	1	3	1
Hungary	6	5	5	4
Belarus	6	1	6	1
North and South America	479	365	479	343
Brazil	79	63	78	71
Chile	4	3	4	3
Canada	249	196	247	161
Mexico	4	3	2	2
Peru	6	6	6	5
USA	137	94	142	101
Middle East, Asia, Australia and Africa	966	886	967	888
Australia	56	45	54	46
United Arab Emirates	14	12	14	12
India	395	412	399	390
China	4	3	5	4
Morocco	29	20	20	9
Malaysia	135	97	124	101
Saudi Arabia	7	6	-	-
Singapore	10	6	11	6
South Africa	85	70	77	60
Taiwan	1	1	1	1
Turkey	218	202	248	246
Qatar	12	12	14	13
	5,864	4,721	5,965	4,726

Percentage of women on boards and in management	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Board, excluding employee representatives			40%	40%
Group Management			29%	29%
Company managements	10%	9%		

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2020/21	2019/20	2020/21	2019/20
Board and President				
Parent Company	7.4	6.4	3.0	2.7
Subsidiaries in the Nordic region	12.4	13.3	4.9	5.1
Western Europe	41.4	47.2	8.9	9.1
Eastern Europe and CIS	19.1	18.8	5.7	5.6
North and South America	5.6	5.9	1.1	1.2
Middle East, Asia, Australia and Africa	10.6	11.9	0.5	0.8
Total, Board and President	97.3	103.5	24.2	24.5

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2020/21					
Gerald Engström – Chairman of the Board	1.0	-	-	-	1.0
Carina Andersson – Member	0.4	-	-	-	0.4
Svein Nilsen – Member	0.3	-	-	-	0.3
Patrik Nolåker – Member	0.3	-	-	-	0.3
Gunilla Spongh – Member	0.3	-	-	-	0.3
Roland Kasper – Chief Executive Officer	3.9	1.6	0.1	0.7	6.3
Other senior executives	10.8	2.7	0.5	3.7	17.7
Total	17.0	4.3	0.6	4.4	26.3

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2019/20					
Gerald Engström – Chairman of the Board	1.0	-	-	-	1.0
Carina Andersson – Member	0.4	-	-	-	0.4
Hans Peter Fuchs – Member ¹⁾	0.2	-	-	-	0.2
Svein Nilsen – Member	0.3	-	-	-	0.3
Patrik Nolåker – Member	0.3	-	-	-	0.3
Gunilla Spongh – Member ²⁾	0.2	-	-	-	0.2
Roland Kasper – Chief Executive Officer	3.9	0.8	0.1	0.7	5.5
Other senior executives	11.1	1.4	0.6	3.7	16.8
Total	17.4	2.2	0.7	4.4	24.7

¹⁾ Hans Peter Fuchs resigned from the Board on 29 August 2019.

²⁾ Gunilla Spongh was elected to the Board on 29 August 2019.

Fees to the Board of Directors total SEK 2,315 thousand (2,290); SEK 600 thousand (600) to the Chairman, SEK 300 thousand (300) to each of the other members elected by the AGM, and an extra fee of SEK 400 thousand (400) to the Chairman of the Board for work on the Company's acquisition and strategy matters. In addition, remuneration shall be paid to the audit committee in a total amount of SEK 90 thousand (90), with SEK 60 thousand (60) being paid to the committee chairman and SEK 30 thousand (30) to the other member. In addition, remuneration to the remuneration committee shall amount to SEK 25 thousand (-) to the chairman of the committee.

>> Note 11(cont.)

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2020/21	2019/20	2020/21	2019/20
Other employees				
Parent Company	43.2	38.3	25.1	22.2
Subsidiaries in the Nordic region	452.5	473.4	135.8	136.1
Western Europe	827.2	892.5	242.3	212.9
Eastern Europe and CIS	248.0	265.3	58.6	61.1
North and South America	143.7	165.0	28.7	31.5
Middle East, Asia, Australia and Africa	117.9	111.3	5.5	11.2
Total, other employees	1,836.4	1,945.8	503.0	475.0

Of social security expenses in the Parent Company, pension expenses accounted for SEK 10.9 million (10.6), including SEK 0.7 million (0.7) for the Board and the President. In other Group companies, pension expenses totalled SEK 65.4 million (68.2), including SEK 5.5 million (5.8) for boards and presidents.

Remuneration policy

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

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

Apart from President and CEO Roland Kasper, Other senior executives consist of Vice President Marketing Eastern Europe Fredrik Andersson, Vice President Sales and Marketing Olle Glassel, Vice President Business Development Taina Horgan, Vice President Marketing Products Kurt Maurer, Vice President Manufacturing Ulrika Molander and Chief Financial Officer Anders Ulff.

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

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

Variable remuneration shall be based on results judged according to personal, clearly defined and measurable qualitative and quantitative goals aimed at promoting the strategy, long-term value-creation and sustainability of the Company. The variable portion is paid as a proportion of the fixed salary and may amount to no more than 40 percent of the annual salary for the Chief Executive Officer and 25 percent for other senior executives.

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

Notice of termination and severance payments

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

Share-based and share-price-based incentive programmes

Share-based and share-price-based incentive programmes shall be submitted to the AGM for approval.

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

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Goodwill	–	–	–	–
Capitalised development costs	1.8	1.8	1.8	1.8
Brands, customer relationships	38.5	43.6	–	–
Other intangible non-current assets	20.4	20.1	11.6	8.8
Buildings and land improvements	47.1	51.3	–	–
Plant and machinery	83.0	79.0	2.3	2.3
Equipment and tools	48.1	50.8	2.4	2.7
Right-of-use assets	113.1	111.2	–	–
	352.0	357.8	18.1	15.6
Straight-line depreciation/amortisation, by function				
Cost of goods sold	168.8	166.0	–	–
Selling expenses	146.4	155.8	10.5	9.4
Administration expenses	33.8	29.5	7.2	5.8
Other operating expenses	3.0	6.5	0.4	0.4
	352.0	357.8	18.1	15.6

Note 13 Financial income

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Interest income, external	1.9	3.7	0.1	0.1
Interest income, related companies	–	–	29.8	36.6
	1.9	3.7	29.9	36.7

Note 14 Financial expenses

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Interest expenses, external	–19.1	–30.8	–12.4	–21.0
Interest expenses, related companies	–	–	–	–0.1
Interest expense, leases	–7.9	–8.4	–	–
Net changes in exchange rates, financial instruments	–84.8	–43.4	–36.0	12.7
Other financial expenses	–2.8	–3.1	–	–9.9
	–114.6	–85.7	–48.4	–18.3

Note 15 Tax on profit for the year

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Current tax	-151.4	-165.0	-	-
Deferred tax	-2.0	6.6	7.6	10.5
	-153.4	-158.4	7.6	10.5

The Group's tax expense represents 27.2 percent (29.1) of consolidated pre-tax profit. The high tax expense is attributable to non-capitalised tax loss carry-forwards in loss-making companies. The tax rate for the Parent Company in the financial year was 21.4 percent (21.4).

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 145.0 million (152.4) comprising loss carry-forwards. Deferred tax assets are recognised provided that it is probable that the loss carry-forwards can be used against future taxable surpluses based on assessments in each individual company. No time restrictions are applied to the loss carry-forwards that correspond to the deferred tax assets capitalised. The same applies to the deferred tax assets of SEK 215.2 million not taken into account.

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Pre-tax profit	564.0	543.7	-28.1	133.8
Tax at current tax rate for Parent Company	-120.7	-116.3	6.0	-27.7
Effect, foreign tax rates	-0.2	0.1	-	-
Effect, untaxed reserves	-	-	13.2	-
Non-deductible expenses	-18.7	-17.2	-	-0.3
Tax-exempt income	11.3	2.9	-	-
Tax effect of uncapitalised loss carry-forwards	-24.7	-32.7	-	-
Dividends from subsidiaries	-	-	46.9	77.0
Adjustment for previous years' taxes	-1.5	2.3	-	-
Tax effect of impairment of receivables in subsidiaries	-	-	-58.0	-35.3
Miscellaneous	1.1	2.5	-0.5	-3.2
	-153.4	-158.4	7.6	10.5

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Deferred tax assets				
Property, plant and equipment	2.5	2.0	-	-
Inventory	23.6	27.6	-	-
Current receivables	2.0	1.5	-	-
Pension provisions	13.2	15.5	-	-
Loss carry-forwards	145.0	152.4	26.8	12.9
Miscellaneous	9.1	10.6	-	1.0
	195.4	209.6	26.8	13.9
Deferred tax liabilities				
Intangible non-current assets	26.9	45.6	-	-
Property, plant and equipment	18.7	19.1	-	-
Untaxed reserves	23.3	17.1	-	-
Miscellaneous	7.7	3.6	1.8	-
	76.6	85.4	1.8	-

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

Group 2020/21	Opening balance, 1 May 2020	Recognised via income statement	Recognised via other comprehensive income	Acquisition/disposal of business	Translation difference	Closing balance, 30 April 2021
Non-current assets	-62.7	18.2	-	-0.8	2.2	-43.1
Current receivables and liabilities	29.1	-2.6	-	-	-0.9	25.6
Provisions and non-current liabilities	15.5	1.0	-2.9	-	-0.4	13.2
Untaxed reserves	-17.1	-7.8	-	-	1.6	-23.3
Loss carry-forwards	152.4	-4.9	-	-	-2.5	145.0
Miscellaneous	7.0	-5.4	-	-	-0.2	1.4
	124.2	-1.5	-2.9	-0.8	-0.2	118.8

Group 2019/20	Opening balance, 1 May 2019	Recognised via income statement	Recognised via other comprehensive income	Acquisition/disposal of business	Translation difference	Closing balance, 30 April 2020
Non-current assets	-70.1	7.6	-	-2.7	2.5	-62.7
Current receivables and liabilities	29.6	-0.6	-	-	0.1	29.1
Provisions and non-current liabilities	17.0	-2.4	1.9	-	-1.0	15.5
Untaxed reserves	-17.4	0.3	-	-	-	-17.1
Loss carry-forwards	152.3	-0.6	-	-	0.7	152.4
Miscellaneous	8.3	-0.8	-	-	-0.5	7.0
	119.7	3.5	1.9	-2.7	1.8	124.2

Note 16 Intangible assets and property, plant and equipment

Group 2020/21	Goodwill	Capitalised development costs	Brands, customer relationships	Other intangible assets	Buildings and land	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost								
At start of year	877.9	13.0	461.3	209.1	1,740.9	1,096.7	567.6	69.1
Acquired in business combinations	18.0	-	6.1	-	-	-	0.2	-
Acquisitions for the year	-	-	-	9.5	29.4	84.5	51.4	267.6
Sales/Disposals	-	-	-	-0.6	-4.2	-16.0	-13.1	-9.6
Reclassifications	-	-	-	18.3	113.9	12.5	1.6	-166.1
Translation difference	-58.3	-	-28.3	-8.2	-102.7	-52.0	-20.9	-1.4
	837.6	13.0	439.1	228.1	1,777.3	1,125.7	586.8	159.6
Accumulated depreciation/amortisation								
At start of year	-	-3.3	-283.3	-145.2	-623.3	-721.6	-414.7	-
Sales/Disposals	-	-	-	0.6	4.3	14.7	11.0	-
Reclassifications	-	-	-	-0.1	-	2.3	-2.2	-
Translation difference	-	-	19.4	7.0	25.7	32.5	15.1	-
Depreciation/amortisation for the year	-	-1.8	-38.5	-20.4	-47.1	-83.0	-48.1	-
	-	-5.1	-302.4	-158.1	-640.4	-755.1	-438.8	-
Accumulated impairments								
At start of year	-58.0	-3.9	-	-	-2.8	-	-	-
Translation difference	2.3	-	-	-	-	-	-	-
Impairment for the year	-46.3	-	-	-	-1.5	-	-	-
	-102.0	-3.9	-	-	-4.3	-	-	-
Carrying amount	735.6	4.0	136.7	70.0	1,132.6	370.6	148.0	159.6
Group 2019/20								
Accumulated historical cost								
At start of year	868.8	12.9	453.2	176.6	1,759.7	1,049.3	583.6	65.4
Acquired in business combinations	24.3	-	11.1	5.1	8.9	0.5	0.6	-
Acquisitions for the year	-	0.1	-	6.7	11.4	66.2	55.7	71.4
Sales/Disposals	-	-	-	-3.6	-29.1	-34.7	-70.1	-1.2
Reclassifications	-	-	-	24.5	9.9	23.4	7.1	-64.9
Translation difference	-15.2	-	-3.0	-0.2	-19.9	-8.0	-9.3	-1.6
	877.9	13.0	461.3	209.1	1,740.9	1,096.7	567.6	69.1
Accumulated depreciation/amortisation								
At start of year	-	-1.5	-243.5	-128.7	-592.4	-669.7	-420.5	-
Sales/Disposals	-	-	-	4.0	16.2	23.8	50.5	-
Translation difference	-	-	3.8	-0.4	4.2	3.3	6.1	-
Depreciation/amortisation for the year	-	-1.8	-43.6	-20.1	-51.3	-79.0	-50.8	-
	-	-3.3	-283.3	-145.2	-623.3	-721.6	-414.7	-
Accumulated impairments								
At start of year	-22.0	-3.9	-	-	-5.5	-0.5	-	-
Translation difference	1.8	-	-	-	0.2	-	-	-
Sales/Disposals	-	-	-	-	2.5	0.5	-	-
Impairment for the year	-37.8	-	-	-	-	-	-	-
	-58.0	-3.9	-	-	-2.8	-	-	-
Carrying amount	819.9	5.8	178.0	63.9	1,114.8	375.1	152.9	69.1

>> Note 16 (cont.)

Impairment testing for goodwill and brands with indefinite life

Goodwill has been allocated to cash-generating units, legal entities, and has been tested for impairment. The recoverable amount for the cash-generating units is based on their value in use. These calculations assume estimated cash flows based on financial plans approved by the Board and covering a five-year period. Management has established the financial plans based on previous results, experiences and anticipated developments in the market. The plans include for example assumptions of product launches, the trend of prices, sales volumes,

competing products and the trend of costs. The cash flow beyond the five-year period is assumed to show an annual growth corresponding to 2–4 percent annually. The discount rate before tax varies between 10 and 12 percent (9–14) for the various cash-generating units.

The table below shows a goodwill breakdown per cash-generating unit for the 10 single biggest goodwill items and brand with an indefinite life (Koolair), average estimated growth and gross margin over the forecast period, plus the discount rate before tax for each unit, as used for calculation of the values in use.

2020/21						
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimated gross margin	Discount rate before tax
Systemair B.V.	Netherlands	61.2	-	5%	24%	11%
Koolair Group	Spain	57.9	59.0	3%	24%	12%
Systemair India Pvt Ltd	India	49.6	-	10%	19%	12%
Menerga GmbH	Germany	35.5	-	4%	26%	10%
Systemair LLC	Russia	33.8	-	4%	31%	12%
Systemair Italy s.r.l.	Italy	29.9	-	10%	31%	12%
Recutech	Czech Republic	28.9	-	10%	25%	10%
Systemair Schweiz AG	Switzerland	26.2	-	7%	44%	10%
Systemair Inc.	Canada	24.2	-	1%	22%	10%
Systemair Mfg Inc.	USA	20.1	-	8%	33%	12%
Other companies		368.3	-			
		735.6	59.0			

2019/20						
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimated gross margin	Discount rate before tax
Menerga GmbH	Germany	74.9	-	4%	27%	10%
Systemair B.V.	Netherlands	64.6	-	8%	23%	9%
Koolair Group	Spain	61.1	62.2	4%	25%	12%
Systemair India Pvt Ltd	India	57.3	-	15%	20%	13%
Systemair Inc.	Canada	45.1	-	9%	21%	10%
OOO Systemair	Russia	40.8	-	0%	30%	13%
Systemair Italy s.r.l.	Italy	31.6	-	7%	29%	14%
Recutech s.r.l.o	Czech Republic	29.1	-	9%	26%	10%
Systemair Schweiz AG	Switzerland	28.7	-	11%	44%	10%
Systemair HSK	Turkey	26.2	-	15%	20%	15%
Other companies		360.6	-			
		819.9	62.2			

Impairment testing established that write-down of goodwill was justified in two of the Group's units. In Traydus, Brazil, a goodwill write-down of SEK 10.8 million was recognised. This represented the total value of the goodwill item. In Menerga, Germany, a goodwill write-down of SEK 35.5 million was recognised. This represented half of the value of the goodwill item in the company. The recoverable amount for other units tested exceeds their carrying amounts and as a result no

further impairments have been recognised. Sensitivity analyses have been performed for estimated gross margin, rate of growth and discount rate. These analyses are based on a change in one assumption while all other assumptions are maintained as constant. Systemair has concluded that good margins exist in the calculations for all other units.

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>> Note 16 (cont.)

Parent Company 2020/21	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	13.0	68.7	11.6	15.7	7.0
Acquisitions for the year	-	-	-	-	-	12.8
Reclassifications	-	-	7.8	-	0.4	-8.2
	0.7	13.0	76.5	11.6	16.1	11.6
Accumulated depreciation/amortisation						
At start of year	-0.7	-3.3	-30.8	-4.0	-9.8	-
Depreciation/amortisation for the year	-	-1.8	-11.6	-2.3	-2.4	-
	-0.7	-5.1	-42.4	-6.3	-12.2	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-	-	-	-
Carrying amount	-	4.0	34.1	5.3	3.9	11.6
Parent Company 2019/20	Goodwill	Capitalised development costs	Licences etc.	Plant and machinery	Equipment and tools	Construction in progress
Accumulated historical cost						
At start of year	0.7	12.9	43.9	11.6	9.8	24.4
Acquisitions for the year	-	0.1	0.3	-	1.4	11.6
Reclassifications	-	-	24.5	-	4.5	-29.0
	0.7	13.0	68.7	11.6	15.7	7.0
Accumulated depreciation/amortisation						
At start of year	-0.7	-1.5	-22.0	-1.7	-7.1	-
Depreciation/amortisation for the year	-	-1.8	-8.8	-2.3	-2.7	-
	-0.7	-3.3	-30.8	-4.0	-9.8	-
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	-3.9	-	-	-	-
Carrying amount	-	5.8	37.9	7.6	5.9	7.0

Note 17 Other securities held as non-current assets

This item consists for the most part of shares in Mechartes Researchers Pvt Ltd, India. The shares were measured at fair value, any adjustments being recognised in other comprehensive income.

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Opening balance	1.4	1.5	-	-
Translation difference	-0.2	-0.1	-	-
	1.2	1.4	-	-

Note 18 Other long-term receivables

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Opening balance	24.3	31.0	14.9	19.7
Additional receivables	0.7	4.1	-	3.2
Receivables settled	-4.1	-8.7	-2.1	-7.1
Impairment losses	-4.7	-2.1	-4.7	-2.1
Reclassifications	-0.7	-0.1	-	1.2
Translation differences	-0.4	0.1	-	-
Closing balance	15.1	24.3	8.1	14.9

The item mostly consists of a receivable of SEK 3.0 million (3.0) from Skanska, which falls due for payment in 2022, a long-term loan of SEK 0.7 million (1.7) to former subsidiary Reftec, Norway, and a long-term trade receivable of SEK 5.0 (7.1) million from a customer in Morocco.

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Prepaid rent	8.2	9.0	-	-
Prepaid insurance premiums	7.2	8.0	-	-
Servicing agreements and software licences	13.6	10.9	12.0	10.9
Miscellaneous	62.2	52.7	3.2	2.6
	91.2	80.6	15.2	13.5

Note 20 Inventory

The direct cost of materials during the year totalled SEK 3,683.5 million (3,830.8). The provision for obsolescence increased by SEK 2.4 million. In all, the provision for obsolescence amounts to SEK 84.5 million (82.1), corresponding to 5.3 percent of the inventory value before deductions for obsolescence.

Note 21 Trade accounts receivable

Age breakdown of trade accounts receivable, including reserve	Group	
	2020/21	2019/20
Not yet due	1,366.2	1,210.4
< 90 days	164.3	237.8
90-180 days	42.7	58.6
181-360 days	12.2	24.8
> 360 days	12.1	24.7
Total	1,597.5	1,556.3

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

The model of calculating credit losses expected is based on five different levels of maturity, from accounts receivable not yet due to more than 360 days overdue, as shown in the table above. Each level is assigned a degree of credit loss on which accounting loss provisions are made unless an assessment of the individual circumstances indicates otherwise. The grading of credit loss per level is based on historical patterns of losses over a five-year period, adjusted for provisions for losses, such as an individual forward-looking assessment of changes in payment structures based on state of the economy, knowledge of customer and market, for example. The degrees of credit losses in the different categories on 30 April 2021 were in the range of 0.1-89.3 percent (0.1-81.2). Systemair does not as a rule use credit insurance, but if by way of exception it does, a provision less the insured sum is accepted. An individual account receivable is written off at the point in time when there is no reasonable expectation of settlement by the counterparty.

In the 2020/21 financial year, profits were charged with SEK 18.0 million (26.2) in expected bad debts. Provisions for impairment of trade accounts receivable in the Group totalled 6.4 percent (7.5) of total trade accounts receivable. The Parent Company has no external trade accounts receivable.

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

Provision for estimated credit losses	Group	
	2020/21	2019/20
Opening balance	126.0	123.4
Provision for anticipated losses	18.5	27.0
Reversal of amount unused	-5.9	-7.2
Bad debts	-17.1	-17.0
Translation difference	-12.1	-0.2
Closing balance	109.4	126.0

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

Provision for estimated credit losses	Group	
	2020/21	2019/20
Not yet due	1.1	1.3
Due < 90 days	1.6	4.1
Due 90-180 days	1.8	7.3
Due 181-360 days	3.8	6.9
Due > 360 days	101.1	106.4
Provision for estimated credit losses, total	109.4	126.0

Group 2020/21	Gross amount, trade accounts receivable	Provision for losses	Expected loss rate, %
Not yet due	1,367.3	1.1	0.1%
Due < 90 days	165.9	1.6	1.0%
Due 90-180 days	44.5	1.8	4.1%
Due 181-360 days	16.0	3.8	23.6%
Due > 360 days	113.2	101.1	89.3%
	1,706.9	109.4	6.4%

Group 2019/20	Gross amount, trade accounts receivable	Provision for losses	Expected loss rate, %
Not yet due	1,211.7	1.2	0.1%
Due < 90 days	242.0	4.1	1.7%
Due 90-180 days	65.9	7.3	11.1%
Due 181-360 days	31.7	6.9	21.9%
Due > 360 days	131.0	106.4	81.2%
	1,682.3	126.0	7.5%

Note 22 Share capital and proposed dividend

Year	Action	Quotient value	Change in share capital, SEK m.	Share capital, SEK m.	Change in A shares	Change in B shares	Total no. of shares
Opening balances, May 2007		-	-	52.0	500,000	20,000	520,000
2007/08	100:1 split	1	-	52.0	50,000,000	2,000,000	52,000,000
2007/08	Reregistration of shares to one class ¹⁾	1	-	52.0	-50,000,000	-2,000,000	52,000,000
At year-end, April 2021		1	-	52.0	-	-	52,000,000

¹⁾ The Annual General Meeting (AGM) held on 25 June 2007 resolved that the Company should have one class of share only.

On 30 April 2021, the registered share capital totalled SEK 52,000,000, represented by 52,000,000 shares of one and the same class and each entitled to one vote. All shares are fully paid up.

Capital management

The Systemair Board has set a target of no less than 30 percent for its equity/assets ratio. In the 2020/21 financial year, an equity/assets ratio of 47.9 percent (43.4) was achieved.

Other financial covenants that are measured under the conditions of existing financing agreements with Nordea Bank AB and Svenska Handelsbanken AB are interest coverage ratio and net debt/equity ratio. The target for interest coverage ratio is no less than 3.50. Over the financial year, the ratio was measured at 9.56 (12.57). The target for net debt ratio is no more than 3.50. Over the 2020/21 financial year, the ratio was measured at 1.36 (1.84). All covenants were therefore satisfied during the financial year.

Translation reserve

The impact of foreign currency on equity is recognised as a translation difference. The translation difference arises during consolidation, when the net assets of the foreign subsidiaries are translated to Swedish kronor. Systemair applies the current method, in which assets, liabilities and equity are translated at the exchange rates prevailing on the balance sheet date, while the income statements are translated at average rates for the year. Any exchange differences resulting from the use of this method are recognised directly in other comprehensive income. For the 2020/21 financial year, the translation difference in equity was SEK -174.2 million (-27.6).

Reserve for development expenditure – Parent Company

On capitalisation of development expenditure, the corresponding amount shall be transferred from retained profit to a separate restricted reserve in equity, the reserve for development expenditure. The reserve is to be drawn down at depreciation/amortisation, impairment or disposal. The Parent Company recognises a reserve for development expenditure totalling SEK 4.0 million (5.8) in the 2020/21 financial year.

Proposed appropriation of profits

Available for distribution by the Annual General Meeting:

Share premium reserve	SEK 35,206,751
Fair value reserve	SEK -5,167,245
Profit brought forward	SEK 1,677,019,691
Net profit/loss for the year	SEK -20,525,571
	SEK 1,686,533,626

Systemair's Board of Directors has determined that dividend shall amount to approximately 40 percent of profit after tax. The Board proposes that the Annual General Meeting, to be held on 26 August 2021, approve a dividend of SEK 3.00 (-). As a result, dividend payments will amount to SEK 156.0 million (-). The remaining unappropriated amount is to be carried forward. The proposed dividend corresponds to 38 percent (-) of net consolidated profit. The number of shares with dividend entitlement is 52,000,000.

List of shareholders

Systemair's 10 largest shareholders according to Euroclear on 30 April 2021.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB ¹⁾	22,264,162	42.82%
ebm-papst AB	5,559,770	10.69%
Swedbank Robur Fonder	5,295,001	10.18%
Didner & Gerge Fonder Aktiebolag	2,536,070	4.88%
Nordea Investments Funds	2,088,534	4.02%
Alecta Pensionsförsäkring, Ömsesidigt	2,079,000	4.00%
Lannebo Fonder	2,069,677	3.98%
JP Morgan Bank Luxembourg S.A.	1,475,232	2.84%
Handelsbanken Fonder	1,154,441	2.22%
SEB Investment Management	785,661	1.51%
Others	6,692,452	12.87%
Total	52,000,000	100.00%

¹⁾ Färna Invest AB is a company owned by Systemair's CEO Gerald Engström.

Note 23 Borrowing and financial instruments

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Non-current liabilities				
Bank loans of one to five years	813.1	914.9	693.1	779.7
Bank loans longer than five years	34.0	27.4	-	-
	847.1	942.3	693.1	779.7
Current liabilities				
Bank overdraft facilities	505.6	930.4	477.3	886.1
Current portion of bank loans	122.8	121.6	50.8	53.5
	628.4	1,052.0	528.1	939.6
Total borrowing	1,475.5	1,994.3	1,221.2	1,719.3
Distribution among banks				
Nordea Bank AB	531.7	802.5	499.2	757.1
Svenska Handelsbanken AB	722.0	962.2	722.0	962.2
Other banks	221.8	229.6	-	-
	1,475.5	1,994.3	1,221.2	1,719.3

>> Note 23 (cont.)

Loans, by currency	SHB		Nordea		Others		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
EUR	423.4	552.6	151.1	310.3	151.9	179.2	726.4	1,042.1
SEK	304.9	410.8	313.9	358.3	-	-	618.8	769.1
USD	-	-	14.1	57.9	-	-	14.1	57.9
NOK	-	-	-58.6	-48.3	-	-	-58.6	-48.3
DKK	-	-	14.0	32.7	-	-	14.0	32.7
Other currencies	-6.3	-1.2	97.2	91.6	69.9	50.4	160.8	140.8
Total	722.0	962.2	531.7	802.5	221.8	229.6	1,475.5	1,994.3

	2020/21		2019/20	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
Long-term loans				
Group	847.1	0.78%	942.3	0.82%
Parent Company	693.1	0.58%	779.7	0.73%
Short-term loans				
Group	628.4	1.10%	1,052.0	1.14%
Parent Company	528.1	0.93%	939.6	1.07%

External facilities granted for bank overdrafts totalled SEK 1,281.2 million (1,290.9) for the Group and SEK 1,170.0 million (1,170.0) for the Parent Company. The Group had an unused overdraft facility of SEK 775.5 million (360.5). The overdraft facility carries a variable interest rate. The RCF granted to the Parent Company amounted to SEK 1,004.6 million (1,021.2). The unutilised amount in the Parent Company totalled SEK 463.8 million (455.6).

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

Change in liabilities in financing activities

	30/04/2020	Cash flow	New leases	Translation differences	30/04/2021
Group					
Non-current financial liabilities	942.3	-23.7	-	-71.5	847.1
Lease liability	279.5	-111.3	155.8	-12.4	311.6
Current financial liabilities	121.6	15.4	-	-14.2	122.8
Bank overdraft facilities	930.4	-364.7	-	-60.1	505.6
Total financial liabilities	2,273.8	-484.3	155.8	-158.2	1,787.1
Parent Company					
Non-current financial liabilities	779.7	-86.6	-	-	693.1
Current financial liabilities	53.5	-2.7	-	-	50.8
Bank overdraft facilities	886.1	-408.8	-	-	477.3
Total financial liabilities	1,719.3	-498.1	-	-	1,221.2

	30/04/2019	Change of accounting policy IFRS 16	Cash flow	Acquisitions/disposals	New leases	Translation differences	30/04/2020
Group							
Non-current financial liabilities	1,070.0	-	-90.8	-	-	-36.9	942.3
Lease liability	-	314.0	-107.9	-	74.7	-1.3	279.5
Current financial liabilities	216.4	-	-90.1	-	-	-4.7	121.6
Bank overdraft facilities	959.5	-	-79.5	40.4	-	10.0	930.4
Total financial liabilities	2,245.9	314.0	-368.3	40.4	74.7	-32.9	2,273.8
Parent Company							
Non-current financial liabilities	856.3	-	-76.6	-	-	-	779.7
Current financial liabilities	26.6	-	26.9	-	-	-	53.5
Bank overdraft facilities	948.5	-	-62.4	-	-	-	886.1
Total financial liabilities	1,831.4	-	-112.1	-	-	-	1,719.3

Maturity structure

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

	2021/22	2022/23	2023/24	2024/25	2025/26	Later
Interest payments on loans	7.8	5.3	2.3	1.4	1.2	3.4
Bank overdraft facilities	8.3	-	-	-	-	-
Total interest expense	16.1	5.3	2.3	1.4	1.2	3.4
Repayments						
Loans	122.8	539.1	237.2	25.8	11.0	34.0
Operating credit	505.6	-	-	-	-	-
Lease liabilities	107.2	80.4	53.5	35.7	22.1	12.7
Non-current liabilities	-	-	35.7	-	2.0	-
Other liabilities	835.9	-	-	-	-	-
Total undiscounted payments	1,587.6	624.8	328.7	62.9	36.3	50.1

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>> Note 23 (cont.)

Classification and categorisation of financial assets and liabilities in the Group

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

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

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

Level 3: Inputs not based on observable input data for the asset or liability. On this level, assumptions that market operators would apply in the pricing of the asset or liability, including risk assumptions, are taken into account. The calculation for the option to acquire the remaining 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

financial year, 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. During the financial year, the liability was revalued by the amount of SEK 2.3 million and is now valued at SEK 35.7 million. The calculation for the option to acquire the remaining 40 percent of the shares in Frico A/S, Denmark, is based on the anticipated operating profit (EBIT) for the 2023/24 and 2024/25 financial years. Any increase in anticipated profit after tax would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. No change in the option took place during the financial year, and it is valued at SEK 2.0 million. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing, on the balance sheet.

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

2020/21 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	946.3	946.3
Property, plant and equipment	-	-	-	-	1,810.8	1,810.8
Right-of-use assets	-	-	-	-	307.3	307.3
Participations in associated companies	-	-	-	-	25.8	25.8
Financial investments	-	-	1.2	1.2	-	1.2
Non-current receivables	-	8.1	-	8.1	7.0	15.1
Deferred tax assets	-	-	-	-	195.4	195.4
Inventory	-	-	-	-	1,436.9	1,436.9
Other receivables	9.7	1,655.4	-	1,665.1	232.5	1,897.6
Cash and cash equivalents	-	319.1	-	319.1	-	319.1
Total assets	9.7	1,982.6	1.2	1,993.5	4,962.0	6,955.5

Equity and liabilities	Financial assets measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	3,330.1	3,330.1
Provisions for pensions	-	-	-	74.9	74.9
Deferred tax liabilities	-	-	-	76.6	76.6
Other provisions	-	-	-	65.7	65.7
Other non-current liabilities	-	37.7	37.7	5.0	42.7
Interest-bearing liabilities	1,475.5	-	1,475.5	-	1,475.5
Lease liabilities	311.6	-	311.6	-	311.6
Other liabilities	835.9	-	835.9	742.5	1,578.4
Total equity and liabilities	2,623.0	37.7	2,660.7	4,294.8	6,955.5

The option to purchase the remaining 10 percent in Systemair HSK, Turkey, and Frico A/S, Denmark, is recognised under Other non-current liabilities in a total amount of SEK 37.7 million.

>> Note 23 (cont.)

2019/20 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,067.6	1,067.6
Property, plant and equipment	-	-	-	-	1,711.9	1,711.9
Right-of-use assets	-	-	-	-	276.2	276.2
Participations in associated companies	-	-	-	-	19.6	19.6
Financial investments	-	-	1.4	1.4	-	1.4
Non-current receivables	-	14.9	-	14.9	9.4	24.3
Deferred tax assets	-	-	-	-	209.6	209.6
Inventory	-	-	-	-	1,571.5	1,571.5
Other receivables	-3.9	1,618.7	-	1,614.8	224.8	1,839.6
Cash and cash equivalents	-	378.2	-	378.2	-	378.2
Total assets	-3.9	2,011.8	1.4	2,009.3	5,090.6	7,099.9

Equity and liabilities	Financial assets measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	3,084.7	3,084.7
Provisions for pensions	-	-	-	88.6	88.6
Deferred tax liabilities	-	-	-	85.4	85.4
Other provisions	-	-	-	66.8	66.8
Other non-current liabilities	-	21.8	21.8	9.3	31.1
Interest-bearing liabilities	1,994.3	-	1,994.3	-	1,994.3
Lease liabilities	279.5	-	279.5	-	279.5
Other liabilities	798.6	-	798.6	670.9	1,469.5
Total equity and liabilities	3,072.4	21.8	3,094.2	4,005.7	7,099.9

On the balance sheet date, the Group had outstanding EUR currency derivatives. The market value of the forward contracts was SEK 8.9 million (4.7) for the Parent Company and SEK -101.4 million (-5.8) for other companies in the Group. The total hedged value was EUR 17.8 million (62.6). Revaluation of the derivatives is charged to Other operating expenses.

Currency derivatives – hedged values	Group EUR/CZK EUR m.	Parent Com- pany EUR/SEK EUR m.
Maturity of forward contracts		
< 1 year	3.3	14.5
> 1 year	-	-
Total outstanding, EUR m.	3.3	14.5

In its Finance Policy, Systemair has stated that 50 percent of its EUR inflows may be hedged for a maximum of 18 months. As a result, the Company sells EUR during this period of time. At the financial year-end, 81.6 percent of forward contracts had been taken out by the Parent Company and 18.4 percent by subsidiaries. The forward contracts are measured at fair value. Hedge accounting is not applied. Changes in value are recognised via the income statement.

Selling currency on forward contracts requires a binding agreement in which a fixed redemption price (rate) is fixed to apply on a specific date.

Note 24 Accrued expenses and deferred income

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Salary and holiday pay liability	161.1	166.5	9.0	8.8
Employer's social security contribution liability	41.2	34.8	5.5	3.9
Commission payments and bonuses	31.8	29.6	4.3	-
Other ¹⁾	126.5	102.4	2.0	1.0
	360.7	333.4	20.8	13.6

¹⁾ Consists in the main of accrued expenses for customers bonuses, auditing fees and deferred income in the form of warranty/servicing work.

Note 25 Appropriations, other

	Parent Company	
	2020/21	2019/20
Group contributions received	61.2	-
Reversal of tax allocation reserve	-	4.8
Difference between depreciation and amortisation charged and according to plan	0.6	-0.2
	61.9	4.6

Note 26 Untaxed reserves

	Parent Company	
	2020/21	2019/20
Difference between depreciation and amortisation charged and according to plan	0.7	1.4
	0.7	1.4

Note 27 Provisions for pensions

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

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

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

Sweden

Some white-collar employees in Sweden are included in a defined-benefit pension plan, ITP 2. The plan is based on a final-salary scheme, in which full pension entitlement requires 30 years of earning. The ITP 2 plan's defined-benefit pension obligations for retirement and family pensions (or family pensions) are secured via insurance contracted with Alecta. According to a statement from the Swedish Financial Accounting Standards Council, UFR 10 Accounting for ITP Plan 2, financed via Insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. Regarding the 2020/21 financial year, the Company has not had access to information to be able to account for the Group's proportional share of the plan's obligations, plan assets and costs, and so has been unable to account for the plan as a defined-benefit plan. Consequently, the ITP 2 plan that is secured via insurance with Alecta is accounted for as a defined-contribution plan. Premiums for defined-benefit retirement and family pensions are individually calculated on the basis, for example, of salary, pension earned earlier and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 6.6 million (7.1). The contributions for 2021/22 are expected to be in line with those for 2020/21.

The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance obligations, based on Alecta's actuarial methods and assumptions, which do not correspond to those stated in IAS 19. Normally, the collective consolidation level is allowed to vary between 125 and 175 percent. If Alecta's collective consolidation level falls short of 125 percent or exceeds 175 percent, measures are to be taken to create conditions that will bring the consolidation level back within the normal range. In the event of low consolidation, one measure may be to increase the contractual price for new insurance and increase existing benefits. In the event of high consolidation, one measure may be to introduce premium reductions. At year-end 2020, Alecta's surplus in the form of the collective consolidation level was 160 percent (148).

Norway

In Norway, defined-benefit pension plans are governed by the Norwegian Company Pensions Act. The plan covers all employees; payments from the former national pension system and the defined-benefit system add up to around 66 percent of the employee's salary when the employee reaches retirement age (normally 67 years). As the benefits under the new defined-benefit system are lower than before, pension payments will be lower than 66 percent. The amount varies according to when the employee decides to retire, normally between the ages of 62 and 75 years. The pension is based on the period from the day of retirement divided by the number of years until the statistically calculated average life expectancy. Under Norwegian law, plan assets must always cover the pension entitlements earned by the employees covered by the pension plan. The plan assets must be kept separately from the company, but there are no provisions stating how the assets must be invested. A management committee is appointed to determine where and how the assets are to be invested, and it is a requirement that one member of the management committee must be a member of the defined-benefit plan. The company must contribute no less than 2 percent of the annual salary cost.

Switzerland

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

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

Italy

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

The pension liability on 30 April 2021 under defined-benefit pension plans is based on amounts earned in TFR as per 31 December 2006. This represents the amount that the company must pay out when an employee reaches retirement age or in the event the person's employment is terminated.

France

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

>> Note 27 (cont.)

Information per country, 30 April 2021

Amounts shown on the balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	148.5	38.7	18.3	19.6	2.9	228.0
Fair value of plan assets	-122.9	-30.2	-	-	-	-153.1
Pension provision, net	25.6	8.5	18.3	19.6	2.9	74.9
Expense recognised in income statement						
Expenses based on service	8.9	1.7	-	1.1	0.4	12.1
Income tax	1.4	-	-	-	-	1.4
Interest expense/(gain)	0.9	0.1	-	0.3	-	1.3
Administration expense	0.3	-	-	-	-	0.3
Net expense recognised in income statement	11.5	1.8	-	1.4	0.4	15.1
Maturity profile, defined-benefit obligations						
Weighted average duration, defined-benefit obligations	21	16	17	9	8	
Major actuarial assumptions, weighted average, %						
Discount rate	1.70	0.40	0.45	1.15	1.50	-
Anticipated return on assets	1.70	0.40	-	1.15	-	-
Anticipated rate of increase in salaries	2.25	0.50	2.00	1.50	0.50	-
Anticipated rate of inflation	2.00	0.50	2.00	1.50	0.50	-

Information per country, 30 April 2020

Amounts shown on the balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	139.6	46.9	19.4	21.4	2.6	229.9
Fair value of plan assets	-105.6	-35.7	-	-	-	-141.3
Pension provision, net	34.0	11.2	19.4	21.4	2.6	88.6
Expense recognised in income statement						
Expenses based on service	9.0	1.7	-	1.0	0.2	11.9
Interest expense/(gain)	0.8	0.1	0.3	0.5	-	1.7
Administration expense	0.3	-	-	-	-	0.3
Net expense recognised in income statement	10.1	1.8	0.3	1.5	0.2	13.9
Maturity profile, defined-benefit obligations						
Weighted average duration, defined-benefit obligations	22	17	17	9	8	
Major actuarial assumptions, weighted average, %						
Discount rate	1.70	0.60	1.63	1.50	2.00	-
Anticipated return on assets	1.70	0.60	0.00	0.00	0.00	-
Anticipated rate of increase in salaries	2.25	0.50	2.00	0.50	1.00	-
Anticipated rate of inflation	2.00	0.50	2.00	1.50	1.00	-

Effect of pension expenses on profit

	2020/21	2019/20
Operating expenses – defined-benefit plans	13.9	12.3
Operating expenses – defined-contribution plans	69.3	69.4
Total operating expenses	83.2	81.7
Interest expense – defined-benefit plans	1.2	1.7
Expense before tax	84.4	83.4

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

Defined-benefit obligations	2020/21	2019/20
Defined-benefit plans – obligation, 1 May	229.9	229.4
Current expense	13.6	12.0
Interest expense	3.2	4.0
Benefits paid	-10.9	-8.8
Actuarial gains/losses (financial assumptions)	-8.5	7.2
Actuarial gains/losses (demographic assumptions)	-1.5	-0.5
Actuarial gains/losses (experience-based adjustments)	-0.9	1.6
Deduction (others)	-0.3	-0.1
Exchange rate differences	3.4	-14.9
Defined-benefit plans, obligations as per 30 April	228.0	229.9

Changes in plan assets

	2020/21	2019/20
Fair value of plan assets as per 1 May	141.3	143.2
Funds invested by employers	11.1	11.0
Funds invested by employees	1.1	1.2
Benefits paid	-8.1	-2.7
Interest income	1.9	2.3
Actuarial gains/losses	1.6	-1.6
Deduction (others)	-0.1	-0.2
Exchange rate differences	4.3	-11.9
Fair value of plan assets as per 30 April	153.1	141.3

	2020/21	2019/20
Best estimate of contributions next year	13.9	12.4

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>> Note 27 (cont.)

Sensitivity analysis

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

	Change in assumption (%)	Effect, SEK m.	Change in assumption (%)	Effect, SEK m.
Discount rate	+1.0	-38.1	-1.0	48.6
Rate of inflation	+0.5	-5.0	-0.5	17.2
Future salary increases	+0.5	20.4	-0.5	-15.6
Estimated service life	+1.0	0.9	-1.0	-0.9
Personnel turnover	+0.5	0.0	-0.5	0.0

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

Fair value of plan assets

	2020/21	2019/20
Shares and similar financial instruments	20.8	26.5
Fixed-income securities, etc.	102.0	89.6
Real estate	22.4	17.0
Others	7.9	8.2
Total	153.1	141.3

Amounts recognised in other comprehensive income

	2020/21	2019/20
Actuarial gains/losses, gross	12.5	-9.9
Impact of tax	-2.9	1.9
Other comprehensive income, net	9.6	-8.0

Note 28 Other provisions

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Amount at beginning of year	66.8	66.2	-	-
Investments during the year	12.1	20.4	-	-
Provisions acquired	-	3.0	-	-
Utilisation during the year	-12.5	-11.6	-	-
Provisions reversed	-4.1	-8.3	-	-
Translation differences	3.4	-2.9	-	-
Amount at year-end	65.7	66.8	-	-

Provisions totalling SEK 38.0 million (39.9) relate to warranty costs, SEK 1.2 million (1.2) to restructuring costs, and SEK 16.5 million (16.1) to other personnel-related items.

Note 29 Result from participations in Group companies

	Parent Company	
	2020/21	2019/20
Dividends from subsidiaries	219.1	361.9
Write-down of shareholder contributions	-87.2	-74.4
Write-down on shares in subsidiaries	-114.6	-81.9
	17.3	205.6

Note 30 Participations in Group companies

Parent Company holdings of shares in Group companies

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Sverige AB	559000-1516	Skinnskatteberg, Sweden	100	1,000,000	1.0
Divid Holding AB	556714-7581	Jönköping, Sweden	60	1,000	15.5
Frico AB	556573-3812	Partille, Sweden	100	50,000	288.5
Kanalfäkt Design Alliuq AB	556823-9577	Ängelholm, Sweden	100	500	164.6
Kanalfäkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
KP Klimat AB	556772-1518	Eskilstuna, Sweden	100	1,000	6.0
Servicebolaget i Sverige AB	556601-0566	Hudiksvall, Sweden	100	1,000	7.4
VEAB Heat Tech AB	556138-3166	Hässleholm, Sweden	100	3,000	65.6
Pacific Ventilation Pty Ltd		Australia	100	-	0.0
Systemair LLC		Azerbaijan	100	-	0.1
Systemair NV		Belgium	100	-	27.7
Menerga NV		Belgium	100	-	8.6
Systemair Traydus		Brazil	75	-	0.0
Systemair EOOD		Bulgaria	100	-	0.1
Systemair SpA		Chile	100	-	7.2
Systemair A/S		Denmark	100	10,101	35.1
Frico A/S		Denmark	60	-	4.3
Systemair Trading LLC		Dubai, United Arab Emirates	100	-	0.0
Systemair Ltd		England	100	1,000,000	32.0
Systemair AS		Estonia	100	3,128	17.3
Systemair Oy		Finland	100	20	0.3
Systemair SAS		France	100	9,994	6.5
Systemair AC SAS		France	100	10,000	10.3
Systemair LLC		Georgia	100	-	0.2
Systemair Hellas S.A.		Greece	100	15,000	8.7
Systemair Hong Kong Ltd		Hong Kong	100	300	0.2
Systemair India Pvt Ltd		India	100	320,000	161.3
Systemair Ltd		Ireland	100	1	0.0

>> Note 30 (cont.)

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
Systemair Italy s.r.l.		Italy	100	-	55.2
Systemair s.r.l.		Italy	100	-	0.0
Systemair Inc.		Canada	100	44,600	29.6
Systemair TOO		Kazakhstan	100	-	1.5
Systemair (Suzhou) Co. Ltd		China	100	-	0.0
Systemair d.o.o.		Croatia	100	-	0.0
Poly-Rek d.o.o.		Croatia	100	-	3.2
Systemair SIA		Latvia	100	2,500	1.1
Systemair UAB		Lithuania	100	500	10.9
UAB Menerga		Lithuania	100	-	25.5
Systemair Sdn Bhd		Malaysia	100	1,500,000	20.6
Systemair Maroc SARL		Morocco	60	-	36.1
Systemair Mexico		Mexico	100	-	3.3
Systemair B.V.		Netherlands	100	-	119.2
Frico B.V.		Netherlands	100	40	11.0
Systemair AS		Norway	100	82,000	21.4
Menerga AS		Norway	100	50	20.8
Systemair Peru SAC		Peru	100	20,000	3.6
Systemair SA		Poland	100	200	0.9
Systemair SA		Portugal	100	200,000	26.0
Systemair Middle East LLC		Qatar	100	-	0.4
Systemair Rt		Romania	100	1,000	0.0
OOO Systemair		Russia	100	-	95.9
LCC Systemair Production		Russia	100	-	0.0
Systemair d.o.o. Beograd		Serbia	100	-	12.4
Systemair Suisse AG		Switzerland	100	250	47.0
Menerga GmbH		Switzerland	100	210	11.7
Systemair (SEA) Pte Ltd		Singapore	100	1,000,000	6.2
Systemair Production a.s.		Slovakia	100	-	68.2
Systemair AS		Slovakia	100	22	0.5
Systemair d.o.o.		Slovenia	100	-	42.9
Systemair HVAC S.L.U.		Spain	100	-	26.3
Koolair S.L.		Spain	100	-	41.9
Systemair (Pty) Ltd		South Africa	100	1,000	11.0
Systemair SA		Czech Republic	100	-	21.5
2VV s.r.o		Czech Republic	100	-	110.1
Recutech s.r.l.o		Czech Republic	10	-	4.8
Systemair Co. Ltd		Taiwan	100	-	0.0
Systemair HSK Hav. Ekip. San.ve Tic. Ltd		Turkey	90	2,150	173.4
Systemair GmbH		Germany	100	-	10.4
Lautner Energiesparttechnik GmbH		Germany	100	-	10.5
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	48.8
Tekadoor GmbH		Germany	100	-	30.3
TTL		Germany	100	-	0.2
Systemair TOV		Ukraine	100	-	0.0
Systemair Rt		Hungary	100	2,000	4.5
Systemair Mfg Inc.		USA	100	500	32.1
Systemair GmbH		Austria	100	-	39.8
					2,149.6

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>> Note 30 (cont.)

Subsidiaries indirectly controlled by Parent Company

Indirectly controlled	Parent Company	Registered office	% of capital
Divid AB	Divid Holding AB	Jönköping, Sweden	100
Divid Promaster AB	Divid Holding AB	Jönköping, Sweden	100
Kanalfläkt Tekniska AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Menerga AB	Kanalfläkt Industrial Service AB	Skinnskatteberg, Sweden	100
Frico SAS	Frico AB	France	100
Systemair OOO	UAB Menerga	Kaliningrad	100
Systemair Commercial AHU	Systemair Inc.	Canada	100
Frico AS	Frico AB	Norway	100
Menerga Polska	Systemair SA	Poland	100
Koolair Fabricacion S.L.U.	Koolair S.L.	Spain	100
Safeair S.L.	Koolair S.L.	Spain	100
Metalisteria Medular S.L.	Koolair S.L.	Spain	100
Recutech s.r.o	2VV s.r.o	Czech Republic	90
Frico GmbH	Frico AB	Germany	100
Systemair IOOO	UAB Menerga	Belarus	100
Frico GmbH AT	Frico AB	Austria	100
Frivent CZ s.r.o	Systemair GmbH	Austria	100

Change in Group companies

	Parent Company	
	2020/21	2019/20
At start of year	2,239.8	2,277.7
Acquisitions during the year	24.4	43.8
Disposals during the year	-	-2.7
New share issues during the year	87.2	77.3
Impairment for the year	-201.8	-156.3
	2,149.6	2,239.8

Note 31 Participations in associated companies

Group's participations in associated companies	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
At start of year	19.6	22.2	5.9	9.8
Acquisitions during the year	-	5.9	-	5.9
Impairment for the year	-	-9.8	-	-9.8
Share in profits of associated companies during the year	6.2	1.3	-	-
	25.8	19.6	5.9	5.9

Specification of values and ownership share

2020/21	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
Burda Worldwide Technologies GmbH	Germany	20.9	8.2	14.8	6.3	8.5	49.9
MR Studios	Czech Republic	6.1	1.9	6.8	1.9	4.9	40.0

2019/20	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
Burda Worldwide Technologies GmbH	Germany	28.5	2.1	19.4	9.4	10.0	49.9
MR Studios	Czech Republic	0.8	-0.3	3.1	0.5	2.6	40.0

The end of the reporting period for the associated company Burda Worldwide Technologies GmbH is 31 December. The company reports with a delay of one month. The company is owned by Frico AB.

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

No dividend was received from any of the companies during the financial year.

Note 32 Changes in Group structure – business combinations, new businesses and disposals

Companies acquired

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 is intended to strengthen Systemair's position in aftermarket sales on the Swedish market.

In February 2021, Systemair acquired a former distributor, T00 Almaty Ventilation Company in Kazakhstan. The company has been renamed T00 Systemair.

Net sales for the acquired companies between acquisition and the end of the financial year totalled SEK 20.4 million. The operating profit for the period concerned was SEK 5.2 million. If the companies acquired had been consolidated as of 1 May 2020, net sales for the financial year May 2020 through April 2021 would have totalled approximately SEK 8,541.5 million. Operating profit for that period would have totalled approximately SEK 680.2 million.

The purchase consideration paid for company acquisitions was made up as follows:

2020/21

SEK m.	Divid	Servicebolaget	Systemair T00	Total
Total historical cost, less costs of acquisition	15.3	7.3	1.5	24.1
Assets acquired				
Fair value of assets acquired, net	2.4	3.4	0.3	6.1
Goodwill	12.9	3.9	1.2	18.0
Identifiable net assets				
Goodwill	12.9	3.9	1.2	18.0
Customer relationships	4.0	1.7	0.4	6.1
Machinery and equipment	0.1	–	–	0.1
Inventory	–	0.9	0.2	1.1
Trade accounts receivable	3.5	1.1	–	4.6
Other current assets	4.0	0.5	–	4.5
Cash and cash equivalents	1.5	1.5	0.1	3.1
Minority interest	-1.3	–	–	-1.3
Deferred tax liability	-0.8	-0.8	–	-1.6
Other operating liabilities	-8.6	-1.5	-0.4	-10.5
	15.3	7.3	1.5	24.1

2019/20

SEK m.	Pacific Ventilation	Systemair Maroc	Poly-Rek	Frico A/S	Total
Total historical cost, less costs of acquisition	21.9	27.4	3.1	4.3	56.7
Assets acquired					
Fair value of assets acquired, net	12.9	19.8	-0.1	-0.3	32.3
Goodwill	9.0	7.6	3.2	4.6	24.4
Identifiable net assets					
Goodwill	9.0	7.6	3.2	4.6	24.4
Brands and customer relationships	–	8.3	1.1	1.7	11.1
Other intangible assets	4.4	0.2	0.5	–	5.1
Buildings and land	–	8.9	–	–	8.9
Machinery and equipment	–	0.3	0.5	0.3	1.1
Financial and other assets	–	–	–	0.1	0.1
Inventory	12.9	18.7	0.2	1.6	33.4
Trade accounts receivable	–	66.1	–	2.8	68.9
Other current assets	2.8	9.5	0.2	0.3	12.8
Cash and cash equivalents	–	0.8	–	0.3	1.1
Minority interest	–	-13.3	–	–	-13.3
Non-interest-bearing liabilities	–	-11.1	-0.4	–	-11.5
Deferred tax liability	–	-4.6	-0.2	-2.4	-7.2
Interest-bearing liabilities	–	-33.5	–	–	-33.5
Other operating liabilities	-7.2	-30.5	-2.0	-5.0	-44.7
	21.9	27.4	3.1	4.3	56.7

There is no difference between fair value and contractual value of assets acquired.

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>> Note 32 (cont.)

Impact of acquisitions on cash flow	2020/21	2019/20
Purchase considerations	-24.1	-56.7
Cash and cash equivalents in companies purchased	3.1	1.1
Transaction costs, acquisition of subsidiaries	-0.2	-0.1
Change in consolidated cash and cash equivalents after acquisitions	-21.2	-55.7

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. In cases where decisions have not been taken as to phasing-out of brands, they are assumed to have an indefinite life.

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

Companies divested

No companies were divested during the 2020/21 financial year.

2019/20

The disposal of the shares in Animac AB, Norway, may be calculated as follows:

Asset and liability disposals	Total
Buildings and land	10.4
Other current assets	0.1
Interest-bearing liabilities	-7.1
Other operating liabilities	-0.1
	3.4
Effect on cash flow of company disposals	
Purchase consideration	12.2
Assumption of internal liabilities	-7.3
Change in Group's cash and cash equivalents at sale	4.9

Note 33 Receivables from Group companies

Changes in receivables from Group companies	Parent Company	
	2020/21	2019/20
At start of year	542.8	345.5
Lending	113.2	212.6
Repayments	-46.2	-18.6
Reclassifications	-	1.7
Foreign exchange adjustments	-32.4	1.6
	577.4	542.8

Note 34 Pledged assets

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Assets pledged to credit institutions for own liabilities				
Chattel mortgages	127.6	129.5	-	-
Real estate mortgages	215.7	224.3	-	-
Pledged shares in subsidiaries	180.8	173.0	97.7	97.7
	524.1	526.8	97.7	97.7
Pledged assets, per bank				
Nordea Bank AB	287.2	279.6	97.7	97.7
Svenska Handelsbanken AB	28.1	48.0	-	-
Other banks	208.8	199.2	-	-
	524.1	526.8	97.7	97.7

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

Note 35 Contingent liabilities

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Guarantees on behalf of subsidiaries	-	-	535.7	497.9
Guarantees and other contingent liabilities ¹⁾	179.9	172.8	113.6	93.9
	179.9	172.8	649.3	591.8

¹⁾ Consists for the most part of intra-Group Parent Company guarantees and bank guarantees.

The Parent Company has issued external bank guarantees and internal guarantees of SEK 93.9 million on behalf of the subsidiaries. The subsidiaries have issued local bank guarantees for a total amount of SEK 66.2 million.

Note 36 Supplementary information on cash flow statement

	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
Adjustment for non-cash items etc.				
Depreciation/Amortisation of non-current assets	238.9	246.6	18.1	15.6
Amortisation of right-of-use assets	113.1	111.2	-	-
Impairment losses	47.8	47.6	-	-
Changes in provisions	1.2	2.6	-	-
Unrealised exchange gains and losses	-0.6	-48.2	-23.1	15.8
Provisions for pensions	-2.7	-1.9	-	-
Gain/Loss on divestment of non-current assets	-2.3	-6.6	-	2.3
Other items	-3.9	-1.4	-	-
	391.5	349.9	-5.0	33.7

Note 37 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnkatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnkatteberg, Sweden. The Company's organisation registration number is 556160-4108. The consolidated accounts for the 2020/21 financial year include the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 38 Earnings per share

Group	2020/21	2019/20
Basic earnings per share (SEK)	7.81	7.34
Diluted earnings per share (SEK)	7.81	7.34
Profit/loss for the period	410.6	385.3
Profit for the year attributable to Parent Company shareholders	406.2	381.5
Non-controlling interests	4.4	3.8
Weighted average number of shares in issue, basic	52,000,000	52,000,000
Weighted average number of shares in issue, diluted	52,000,000	52,000,000

There is no dilutive effect.

Note 39 Related party transactions

In June 2020, ebm-papst Aktiebolag reduced its shareholding in Systemair and thereafter is no longer considered a related party.

Systemair AB (publ.) purchased hotel and conference services for SEK 0.3 million (3.1) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström.

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

Parent Company purchases from other Group companies totalled SEK 55.5 million (63.5). Parent Company sales to Group companies are described in Note 4. For more information on Parent Company receivables from Group companies, see Note 33. Liabilities to Group companies total SEK 861.5 million (612.3).

Note 40 Events after the financial year-end

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

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

Skinnskatteberg, 1 July 2021

Roland Kasper
President and CEO

Gerald Engström
Chairman of the Board

Carina Andersson
Director

Patrik Nölåker
Director

Svein Nilsen
Director

Gunilla Spongh
Director

Ricky Sten
Employee Representative

Åke Henningsson
Employee Representative

Our Auditor's Report concerning this annual report was submitted on 8 July 2021.

Ernst & Young AB

Johan Holmberg
Authorised Public Accountant

Auditor's Report

To the annual meeting of the shareholders of Systemair AB (publ) 556160-4108

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

Opinions

We have conducted an audit of the annual report and the consolidated accounts of Systemair AB (publ) for the financial year from 1 May 2020–30 April 2021, with the exception of the corporate governance report on pages 47–55. The company's annual report and the consolidated accounts are included on pages 56–99 of this document.

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on 30 April 2021 and of its financial results and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the group's financial position on 30 April 2021 and of its financial results and cash flows for the year in accordance with International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. Our opinions do not refer to the corporate governance report on pages 47–55. The statutory administration report is consistent with the other parts of the annual report and the consolidated accounts.

We therefore recommend that the annual general meeting adopt the consolidated balance sheet and consolidated income statement and the parent company income statement and balance sheet.

Our opinions in this report on the annual report and consolidated accounts are consistent with the content of the supplementary report presented to the parent company's audit committee, in accordance with Article 11 of EU Audit Regulation 537/2014.

Basis of opinions

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

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Key audit matters

Matters of key importance in the audit are those that, in our professional judgement, were the most important in our audit of the annual report and the consolidated accounts in the period concerned. These matters were addressed in the context of the audit of, and in our opinion on, the annual report and the consolidated accounts as a whole, but we do not comment separately on these matters. The following description of how the audit was performed on these matters should be interpreted in that light.

We have also fulfilled, with regard to these matters, the obligations described in the section Auditor's responsibilities in our report on the annual report. Accordingly, we performed auditing procedures that were designed to respond to our assessment of the risks of material misstatement in the annual report and consolidated accounts. The results of our audit and the procedures performed to address the matters described in the following provide the basis of our auditor's opinion.

Measurement of goodwill and participations in Group companies

Description

Goodwill totals SEK 736 million on the consolidated balance sheet and participations in group companies are stated at SEK 2,150 million on the parent company balance sheet on the balance sheet date. As described in Note 1 and the section on impairments, the company tests, at least annually and where there is any indication of impairment, to determine that carrying amounts for goodwill do not exceed the recoverable amount. As regards participations in group companies, an assessment is made on an ongoing basis to determine whether there is any indication of impairment and, if so, the recoverable amount of the asset is calculated and compared to its book value. The recoverable amount is calculated via an estimate of the value in use for the cash-generating unit concerned, which in the company's case is the same as the subsidiary concerned, via a present value calculation of estimated future cash flows. As Note 16 indicates, the cash flows for the financial plans have been approved by management and extend to a five-year period. The plans include for example assumptions as to trend of prices, sales volumes and trend of costs. In addition, assumptions have been made as to discount rate and growth beyond the five-year period. In the group, goodwill has been written down by SEK 46 million during the financial year, as described in Note 16. In the parent company, participations in group companies have been written down by SEK 202 million in the financial year, as described in Note 30.

In view of the significant values of goodwill in the Group and participations in group companies in the parent company, and in view of the significant assumptions and estimates required to calculate the value in use, we considered the measurement of goodwill and participations in group companies to be a particularly significant area in our audit.

How we dealt with this matter in our audit

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

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

Information other than the annual report and the consolidated accounts

This document also contains information other than the annual report and consolidated accounts and is found on pages 1–46. The remuneration report for the financial year 2020/2021 also constitutes other information. The board of directors and the president are responsible for this other information.

Our opinion on the annual report and the consolidated accounts does not cover this other information and we do not express any form of assurance conclusion concerning this other information.

In connection with our audit of the annual report and the consolidated accounts, our responsibility is to read the information identified above, and consider whether the information is materially inconsistent with the annual report and the consolidated accounts. In this procedure, we also take into account the knowledge we have otherwise obtained during the audit and assess whether this information otherwise appears to contain material misstatements.

If, based on the work performed concerning this information, we conclude that this other information contains a material misstatement, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the board of directors and the president

The board of directors and the president are responsible for the preparation of the annual report and the consolidated accounts and for ensuring that they provide a true and fair view in accordance with the Swedish Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The board of directors and the president are also responsible for such internal control that they determine is necessary to enable the preparation of an annual report and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and consolidated accounts, the board of directors and the president are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, circumstances that may affect the ability to continue as a going concern and to apply the going concern basis of accounting. The going concern basis of accounting is however not applied if the board of directors and the president intend to liquidate the company, to cease operations or have no realistic alternative but to do so.

The board of directors' audit committee shall, without prejudice to the board of director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Responsibilities of the auditor

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

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER REQUIREMENTS UNDER LEGISLATION AND OTHER REGULATIONS

Opinions

In addition to our audit of the annual report, we have also conducted an audit of administration of the affairs of Systemair AB (publ) by the board of directors and the president in the financial year 1 May 2020–30 April 2021, as well of the proposed treatment of the company's profit or loss.

We recommend to the annual general meeting of shareholders that the profit be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the president be discharged from liability for the financial year.

Basis of opinions

We conducted our audit in accordance with generally accepted auditing practice in Sweden. Our responsibilities are described more fully in the section Auditor's responsibilities. We are independent in relation to the parent company and group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities according to these requirements.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Responsibilities of the board of directors and the president

The board of directors is responsible for the proposal for appropriations of the company's profit or loss. In considering the proposal of a dividend, the process includes an assessment of whether the dividend is justifiable in view of the requirements that the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The board of directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed such that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The president shall manage the ongoing administration according to the board of directors' guidelines and instructions and among other matters take measures that are necessary to ensure that the company's accounting is conducted in accordance with law that the management of assets is handled in a reassuring manner.

Responsibilities of the auditor

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

- Has undertaken any action or been guilty of any omission that may give rise to liability to the company, or
- In any other way has acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee, that an audit conducted in accordance with generally accepted auditing practices in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing practices in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement on the basis of risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material to the operations and where deviations and violations would have particular importance to the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the board's proposed appropriations of the company's profit or loss, we have examined the board's reasoned statement, as well as documents, on a test basis, in support of this statement, in order to be able to determine whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

Auditor's examination of the corporate governance report

The board of directors and the president are responsible for the corporate governance report on pages 47-55 and for verifying that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 Auditor's Examination of the Corporate Governance Report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. In our view, this examination provides us with sufficient grounds for our opinions.

A corporate governance report has been drawn up. Disclosures in accordance with Chapter 6, subsection 6, paragraphs 2–6 of the Swedish Annual Accounts Act and Chapter 7, subsection 31, paragraph 2 of the same Act are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Swedish Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, SE-111 47 Stockholm, Sweden, was appointed as Systemair AB's auditor, at the Company's Annual General Meeting on 26 August 2020 and has served as the Company's auditor since the 2005/2006 financial year. Systemair became a public-interest entity in the 2007/2008 financial year.

Stockholm, 8 July 2021
Ernst & Young AB

Johan Holmberg
Authorised Public Accountant

Key Performance Measures and Definitions

Alternative Performance Measures

In its interim reports and annual report, Systemair presents performance measures that supplement the financial measures defined in IFRS – 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 key performance measures as defined in IFRS. A number of definitions and calculation appear below, the majority of which are alternative performance measures.

Definitions of Key Performance Measures

	2020/21 May-Apr	2019/20 May-Apr	2018/19 May-Apr
Number of employees			
The number of employees at the end of the accounting period. New employees, appointments terminated, part-time employees and paid overtime are converted into full-time equivalents.	6,380	6,197	6,016
Return on equity			
Profit after tax before non-controlling interest, for the trailing 12 months (TTM), divided by average equity excluding non-controlling interest.			
Profit after tax, before non-controlling interests, TTM, SEK m.	410.6	385.3	321.2
Average equity, SEK m.	3,166.3	3,065.1	2,710.7
Return on equity	13.0%	12.6%	11.9%
Return on capital employed			
Profit after financial income, for the trailing 12 months (TTM), divided by average capital employed.			
Profit after financial items, TTM, SEK m.	673.7	639.8	557.4
Average capital employed, SEK m.	5,134.9	5,493.3	4,934.6
Return on capital employed	13.1%	11.6%	11.3%
EBITDA			
Operating profit before depreciation/amortisation and impairments			
Operating profit, SEK m.	676.7	625.7	528.1
Depreciation/amortisation and impairments, SEK m.	399.8	405.4	233.3
EBITDA, SEK m.	1,076.5	1,031.1	761.4
Equity per share			
Equity divided by the number of shares at the end of the period			
Equity excluding minority interests, SEK m.	3,305.0	3,064.8	2,839.2
Number of shares, millions	52.0	52.0	52.0
Equity per share, SEK	63.56	58.94	54.60
Cash generation			
Operating profit before depreciation/amortisation and impairments, TTM, SEK m.	1,076.5	1,031.1	761.4
Provisions in working capital not affecting cash flow, TTM, SEK m.	1.2	2.6	-8.0
Changes in working capital, TTM, SEK m.	135.9	56.7	-149.5
Investments in machinery and equipment, TTM, SEK m.	-432.9	-204.7	-226.3
Total	780.7	885.7	377.6
Operating profit, TTM, SEK m.	676.7	625.7	528.1
Cash generation	115.4%	141.6%	71.5%

	2020/21 May-Apr	2019/20 May-Apr	2018/19 May-Apr
Net indebtedness			
Interest-bearing liabilities + provision for pensions, less cash and cash equivalents and short-term investments.			
Interest-bearing liabilities, SEK m.	1,787.1	2,273.7	2,245.8
Provisions for pensions, SEK m.	74.9	88.6	86.2
Cash and cash equivalents, short-term investments, SEK m.	321.7	381.6	251.4
Net indebtedness, SEK m.	1,540.3	1,980.7	2,080.6
Operating cash flow per share			
Cash flow for the period from operating activities, divided by the average number of shares during the period.			
Cash flow for the period from operating activities, SEK m.	993.9	844.3	386.6
Number of shares, millions	52.0	52.0	52.0
Operating cash flow per share, SEK	19.11	16.24	7.43
Organic growth			
Changes in sales by like-for-like units, adjusted for acquisitions and foreign currency effects.			
Net sales for like-for-like units, SEK m.	9,101.0	8,428.3	7,853.1
Net sales for preceding year, SEK m.	8,914.9	8,326.5	7,301.2
Organic growth	2.1%	1.2%	7.6%
Earnings per share			
Profit for the period attributable to Parent Company shareholders, divided by the average number of shares during the period.			
Profit attributable to Parent Company shareholders, SEK m.	406.2	381.5	321.2
Number of shares, millions	52.0	52.0	52.0
Earnings per share	7.81	7.34	6.18
Operating margin			
Operating profit divided by net sales.			
Operating profit, SEK m.	676.7	625.7	528.1
Net sales, SEK m.	8,519.2	8,914.9	8,326.5
Operating margin	7.9%	7.0%	6.3%
Operating profit (EBIT)			
Earnings before financial items and tax, SEK m.	676.7	625.7	528.1
Equity/assets ratio			
Adjusted equity divided by total assets.			
Adjusted equity, SEK m.	3,330.1	3,084.7	2,839.2
Total assets, SEK m.	6,955.5	7,099.9	6,810.8
Equity/assets ratio	47.9%	43.4%	41.7%

KEY PERFORMANCE MEASURES AND DEFINITIONS

	2020/21 May-Apr	2019/20 May-Apr	2018/19 May-Apr
Capital employed			
Total assets less non-interest-bearing liabilities.			
Total assets, SEK m.	6,955.5	7,099.9	6,810.8
Non-interest-bearing liabilities, SEK m.	1,795.6	1,710.4	1,682.6
Capital employed	5,159.9	5,389.5	5,128.2
Growth			
Growth is defined as the change in net sales, relative to net sales for the preceding period.			
Net sales, SEK m.	8,519.2	8,914.9	8,326.5
Net sales for preceding year, SEK m.	8,914.9	8,326.5	7,301.2
Growth	-4.4%	7.1%	14.0%

	2020/21 May-Apr	2019/20 May-Apr	2018/19 May-Apr
Profit margin			
Profit after financial items divided by net sales.			
Profit/loss after financial items, SEK m.	564.0	543.7	458.0
Net sales, SEK m.	8,519.2	8,914.9	8,326.5
Profit margin	6.6%	6.1%	5.5%

Glossary

The Ecodesign Directive – Energy Related Products

The Ecodesign Directive lays down minimum requirements for energy performance in products and outlaws the most energy- and resource-intensive products in the EU market.

Eurovent and AMCA

Organisations that certify products in the ventilation industry in the markets in Europe, the Middle East, Asia and North America, on the basis of impartial third-party inspection.

Low-energy and passive houses

Low-energy or passive houses that are built airtight and are subject to strict demands for effective ventilation and low energy consumption.

Applications

Uses of products in different types of building. For example, single-family homes, apartment blocks, hospitals, industrial buildings and tunnels.

BMS (Building Management System)

In a building, the computerised system that controls and monitors functions such as those for the building's ventilation, lighting, electricity supply, fire safety and security.

ERP (Enterprise Resource Planning) system

An IT system that manages, for example, processes such as financial management, sales and service, logistics, distribution and production.

CRM (Customer Relations Management) system

An IT system that handles management, organisation and administration of customers and customer relations in a business.

About the Sustainability Report

Systemair's sustainability report is published annually as an integral part of the Company's annual report. The annual report presents a summary of the Company's accounts and administration, and describes how the Company has worked with the most important sustainability issues during the year. In deciding upon the content of the sustainability report, Systemair has applied the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Systemair's materiality analysis is described on page 106. The sustainability report also constitutes the Systemair's statutory sustainability report in accordance with the requirements of the Swedish Annual Accounts Act. The scope of the sustainability report is described in the GRI Index on page 106. The sustainability report has not been examined by Systemair's auditors. We continuously assess the need for that type of examination but have not yet taken any decision to change the method currently used. On page 110, it is confirmed that the auditors have noted that Systemair has drawn up a statutory sustainability report. The sustainability report accords with Systemair's financial year and thus covers the period 1 May 2020–30 April 2021. The previous report was published in August 2020.

CONDITIONS AND BOUNDARIES

The information presented in the sustainability report refers to all companies listed in Note 1 on pages 72–76; any organisational boundaries are mentioned alongside the information provided. Many of our sustainability aspects have an impact outside Systemair's legal frameworks, for example at our customers and suppliers and in local communities. We describe regularly, via our sustainability report, where each sustainability aspect has a direct impact, both in and outside the Company's boundaries.

MANAGEMENT OF SUSTAINABILITY WORK

Systemair's CEO is ultimately responsible for the Company's sustainability work, while responsibility for progress and follow-up is delegated to functions within Group Management. Each area of sustainability, with appropriate key performance measures, has nominated individuals or functions with defined overarching or operational responsibility for follow-up and reporting. In addition, a Global Sustainability Manager is responsible for driving forward the work of sustainability as a whole and for ensuring that it is developed.

Our work on sustainability is based on a Code of Conduct that expresses Systemair's standpoint on issues regarding social responsibility, business ethics, environment and health and safety. Several of Systemair's factories are certified in accordance with the environmental management system ISO 14001:2015. Our internal control environment for sustainability encompasses both financial follow-up and control by the Production Board, the Group's central production development organisation. Audits include health and safety, energy consumption with reference to our KPIs and analysis of any possible efficiency-enhancing process. Audits are performed in line with the Systemair Production Model and are structured using a concept based on lean processes. After every audit, a report is generated. This is then followed up in the Company's Business Board and finally by Group Management. A risk analysis of sustainability and climate work is also presented on page 46.

STAKEHOLDER DIALOGUE

Systemair's stakeholders consist primarily of owners, financiers, customers, employees, suppliers and society at large. There are many forums where we engage in dialogue with our stakeholders on sustainability issues. Shareholders have the opportunity to express viewpoints to Management and Board of Directors at the Annual General Meeting. Via our employee survey and our intranet, Systemair's employees can make comments and put questions to Management. Employees can also discuss and obtain information on work environment and Company-related issues via work environment committees and via consultation with their immediate superior. We also maintain ongoing dialogue with our customers on sustainability-related issues, an area that is becoming more and more important to many of our customers.

MATERIALITY ANALYSIS

At the end of 2019 and in early 2020, Systemair carried out a materiality analysis. The analysis was performed in four stages: an initial benchmark including review of the competition to identify relevant sustainability issues, a working session to decide how Systemair assesses the social, environmental and economic impact of the sustainability issues, interviews and a questionnaire-based survey, and a concluding working session with the Group Management.

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

In the concluding working session with Group Management, the respondents’ prioritisations in the sustainability issues were weighed against Systemair’s internal assessment of the economic, environmental and social impact of the sustainability issues.

BACKGROUND DATA FOR GRI INDICATORS

The following is a description of any assumptions and conversion factors used to obtain Systemair’s GRI indicators.

Labelling of products and services

Customer satisfaction is a fundamental requirement to Systemair’s continued expansion. On that basis, we have decided that labelling of products and services is a material sustainability aspect. We do not today have any Group-wide summary of data on customer satisfaction, but we are now looking into the possibilities for reporting such data in future.

Product liability

Taking responsibility for the products we sell and making sure that they comply with laws and regulation is a natural part of the Systemair process. As a result, we have decided that product liability is a material sustainability aspect. We do not have any way of reporting on any related indicator this year, but we are looking into the possibility of doing so in future.

Energy

We follow up energy consumption in our activities annually. We use the following conversion factors for the energy content of the various types of fuel.

Conversion factors	kWh/m ³
Oil	10,165
Diesel	10,165
Liquified natural gas	6,654
Natural gas	11

The table shows the energy content of the different fuels used in Systemair’s activities. To convert energy consumption from MWh to GJ, the conversion factor 3.6 is used. The conversion factors are obtained from SEAI (Sustainable Energy Authority of Ireland).

Direct and indirect emissions of greenhouse gases according to the GHG protocol

Scope 1

Includes emissions from purchased oil and gas. Emission factors: IPCC 2006.

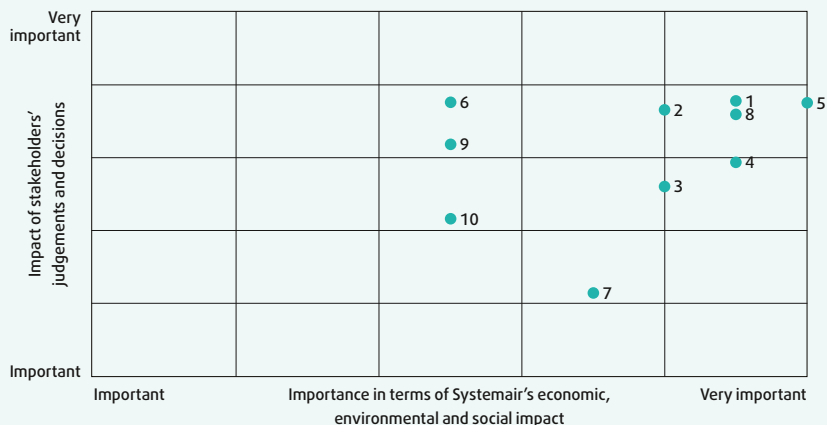
Scope 2

Includes electricity and district heating. Emission factors, electricity: Actual emissions from our energy suppliers. When emission factors were not available, country averages were used from Carbon Footprint – Country Specific Electricity Grid Greenhouse Gas Emission Factors 2020 and 2019; and Eco-metrica, Electricity-Specific Emission Factors for Grid Electricity 2011. Emission factors, district heating: Environmental Fact Book 2011.

Scope 3

Data for Scope 3 is not currently available. Preparations are under way to provide this information in the future.

Materiality analysis



1. Business ethics
2. Bribery and corruption
3. Supplier verification
4. Sustainable products
5. Improved indoor climate
6. Energy-efficient operations
7. Emissions from transport operations
8. Health and safety
9. Competence development
10. Diversity and equal opportunity

GRI Index

Systemair reports on its work on sustainability in accordance with the international guidelines in the Global Reporting Initiative (GRI) Standards: Core level.

GRI Standard / Disclosure	Section, page	Remarks
GRI 102: GENERAL STANDARD DISCLOSURES 2016		
Organisational profile		
102-1	Name of the organization	• Note 1, page 72
102-2	Activities, brands, products, and services	• Systemair in Brief, inside cover, page 1 • Better air where you are, pages 6-7 • How we create value, pages 14-15 • Our brands, backcover
102-3	Location of headquarters	• Directors' Report, pages 58-59 • Note 37, page 98
102-4	Location of operations	• Systemair's market regions, pages 18-19 • Modern and well-invested Production facilities, pages 24-25 • Directors' Report, pages 58-59 • Note 4, pages 78-79 • Note 30, pages 94-95
102-5	Ownership and legal form	• The share and shareholders, pages 44-45
102-6	Markets served	• Systemair's market regions, pages 18-19 • Note 4, pages 78-79
102-7	Scale of the organization, including total number of employees, operations, net sales, and capitalization	• Systemair in Brief, inside cover • The Year in Brief, pages 2-3 • How we create value, pages 14-15 • A global company, pages 20-21 • Information on employees, page 38 • Directors' Report, pages 58-59 • Note 11, pages 81 • Note 30, pages 94-95
102-8	Information on employees and other workers	• Information on employees, page 38
102-9	Supply chain	• How we create value, pages 14-15 • Sustainability framework, pages 32-33 • Responsible enterprise, pages 34-35
102-10	Significant changes to the organisation and its supply chain	• The Year in Brief, page 2 • Directors' Report, pages 58-59
102-11	Precautionary Principle or approach	Systemair complies with Swedish environmental legislation. In order to identify and prevent negative environmental impact, Systemair performs mandatory risk analyses based on the precautionary principle.
102-12	External initiatives	• New initiatives to boost product development, page 29 • Sustainability framework, pages 32-33 • Sustainable products, pages 42-43
102-13	Membership of associations	• Responsible enterprise, page 35 • New initiatives to boost product development, page 29
Strategy and analysis		
102-14	Statement from senior decision-maker	• CEO'S Statement, pages 4-5
102-15	Key impacts, risks, and opportunities	• Focus on efficiency and sustainability, pages 22-23 • Modern and well-invested Production facilities, pages 24-25 • New initiatives to boost product development, pages 28-29 • Constant focus on sustainability, page 30 • Our sustainability work, page 31 • Sustainability framework, pages 32-33 • Risk Management, page 46 • Note 2, pages 76-77
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	• Responsible enterprise, pages 34-35 See also Systemair's Code of Conduct, which is available at https://group.systemair.com/se/investerare/information/bolagsstyrning/
102-17	Mechanisms for advice and concerns about ethics	A whistle-blower function has been established through which matters can be reported anonymously
Governance		
102-18	Governance structure	• Corporate Governance Report, pages 47-50
102-19	Delegating authority	• About the Sustainability Report, pages 105-106 • Corporate Governance Report, pages 47-50
102-20	Executive-level responsibility for economic, environmental, and social topics	• About the Sustainability Report, pages 105-106

GRI Standard / Disclosure	Section, page	Remarks	
102-21	Consulting stakeholders on economic, environmental, and social topics	• About the Sustainability Report, pages 105–106	
102-22	Composition of the highest governance body and its committees	• Corporate Governance Report, pages 47–50	
102-23	Chair of the highest governance body	• Corporate Governance Report, pages 47–50	
102-24	Nominating and selecting the highest governance body	• Corporate Governance Report, pages 47–50	
102-25	Conflicts of interest	• Corporate Governance Report, pages 47–50	
102-26	Role of highest governance body in setting purpose, values, and strategy	• Corporate Governance Report, pages 47–50	
102-27	Collective knowledge of highest governance body	• Corporate Governance Report, pages 47–50 • Board of Directors, pages 52–53	
102-28	Evaluating the highest governance body's performance	• Corporate Governance Report, pages 47–50	
102-29	Identifying and managing economic, environmental, and social impacts	• About the Sustainability Report, pages 105–106 • Corporate Governance Report, pages 47–50	
102-30	Effectiveness of risk management processes	• Risk Management, page 46 • Corporate Governance Report, pages 47–50	
102-31	Review of economic, environmental, and social topics	• About the Sustainability Report, page 104 • Corporate Governance Report, pages 47–50	
102-32	Highest governance body's role in sustainability reporting	• Corporate Governance Report, pages 47–50 • Financial Statements, page 99	
102-33	Communicating critical concerns	• Corporate Governance Report, pages 47–50	
102-34	Nature and total number of critical concerns	• Incidents of corruption, page 35	
102-35	Remuneration policies	• Remuneration policy, sid 82	
102-36	Process for determining remuneration	• Corporate Governance Report, pages 47–50	
102-37	Stakeholders' involvement in remuneration	• Corporate Governance Report, pages 47–50	
102-38	Annual total compensation ratio	• Note 11, pages 81–82	Systemair has not fully determined the compensation ratio in the Group
102-39	Percentage increase in annual total compensation ratio		Systemair has not fully determined the compensation ratio in the Group
Stakeholder engagement			
102-40	List of stakeholder groups	• How we create value, pages 14–15	Systemair has identified customers, owners and investors, along with employees, as our most important stakeholders, on the basis of how much they are affected by, or affect, Systemair
102-41	Collective bargaining agreements	• Proportion of employees with collective bargaining agreements, page 38	
102-42	Identifying and selecting stakeholders	• About the Sustainability Report, pages 105–106	In the course of our work on producing a materiality analysis, a questionnaire-based survey of Systemair's stakeholders was conducted during the year. In addition to these specific questionnaires, there are many other forums where we engage in dialogue with our stakeholders on sustainability issues. Shareholders have the opportunity to express viewpoints to Management and Board of Directors at the Annual General Meeting. Via our employee survey and our intranet, Systemair's employees can make comments and put questions to Management. Employees can also discuss and obtain information on work environment and Company-related issues via work environment committees and consultation with their immediate superior. We also maintain ongoing dialogue with our customers on sustainability-related issues, an area that is becoming more and more important to many of our customers
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
Reporting methodology			
102-45	Entities included in the consolidated financial statement	• Note 1, pages 72–76	
102-46	Defining report content and topic boundaries	• Note 1, pages 72–76	
102-47	List of material topics	• About the Sustainability Report, pages 105–106	
102-48	Restatements of information	• Note 1, pages 72–76	Figures for energy consumption 2019/20 have been adjusted, page 41.
102-49	Changes in reporting	• Note 1, pages 72–76	
102-50	Reporting period	• About the Sustainability Report, pages 105–106	
102-51	Date of most recent report	• About the Sustainability Report, pages 105–106	
102-52	Reporting cycle	• About the Sustainability Report, pages 105–106	
102-53	Contact point for questions regarding the report		Lee Morgan, Global Sustainability Manager, lee.morgan@systemair.com
102-54	Claims of reporting in accordance with the GRI Standards	• About the Sustainability Report, pages 105–106	
102-55	GRI content index	• Pages 107–109	
102-56	External assurance	• About the Sustainability Report, pages 105–106	Systemair's sustainability report has not been externally audited.

GRI Standard / Disclosure	Section, page	Remarks
GRI 103: MANAGEMENT APPROACH 2016		
103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • Sustainability framework, pages 32-33 • About the Sustainability Report, pages 105-106
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability framework, pages 32-33 • About the Sustainability Report, pages 105-106
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Strategic goals, page 11 • Sustainability framework, pages 32-33 • About the Sustainability Report, pages 105-106
SPECIFIC DISCLOSURES – GRI 200: Economic		
GRI 201: Economic performance 2016		
201-1	Direct economic value generated and distributed	• Page 35
201-2	Financial implications and other risks and opportunities due to climate change	• Risk Management, page 46
201-3	Defined benefit plan obligations and other retirement plans	<ul style="list-style-type: none"> • Directors' Report, pages 58-59 • Note 1, page 74 • Note 11, pages 81-82 • Note 27, pages 92-94
201-4	Financial assistance received from government	• Note 1, page 75
GRI 205: Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	• Page 35
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	• Page 35
SPECIFIC DISCLOSURES – 300: Environmental		
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	• Page 41
302-4	Reduction of energy consumption	• Page 41
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	• Page 41
305-2	Indirect (Scope 2) GHG emissions	• Page 41
GRI 307: Environmental compliance 2016		
307-1	Non-compliance with environmental laws and regulations	• Page 35
GRI 308: Supplier environmental assessment 2016		
308-1	New suppliers that were screened using environmental criteria	• Page 35
SPECIFIC DISCLOSURES – 400: Social		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	• Page 38
GRI 403: Occupational Health and Safety 2018		
403-9	Work-related injuries	• Page 39
403-10	Work-related ill health	• Page 39
GRI 404: Training and education 2016		
404-1	Average hours of training per year per employee	• Page 39
404-3	Percentage of employees receiving regular performance and career development reviews	• Page 39
GRI 405: Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees	• Page 39
GRI 406 Incidents and discrimination and corrective actions taken 2016		
406-1	Incidents of discrimination and corrective actions taken	• Page 39
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	• Page 35
GRI 416: Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services have been reported during the year.
GRI 419: Socioeconomic compliance 2018		
419-1	Non-compliance with laws and regulations in the social and economic area	• Page 35

Auditor's Opinion regarding the Statutory Sustainability Report

To the annual general meeting of the shareholders of Systemair AB (publ)
org. reg. no. 556160-4108

Assignment and responsibilities

The Board of Directors is responsible for the sustainability report for the financial year 2020/2021, on pages 30–43, and for verifying that it has been prepared in accordance with the Swedish Annual Accounts Act.

Emphasis and scope of the examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 *Auditor's Opinion regarding the Statutory Sustainability Report*. This means that our statutory examination of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. In our view, this examination provides us with sufficient grounds for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm, 8 July 2021
Ernst & Young AB

Johan Holmberg
Authorised Public Accountant

Annual General Meeting

Systemair will hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 26 August 2021 in the Lecture Hall at Systemair Expo, Skinnskatteberg, Sweden.

A tour of the factory will take place prior the AGM. Those wishing to take part should assemble at 1.00 p.m. at Systemair Expo, at Näsvägen 3, Skinnskatteberg.

Right to attend the AGM and notification of intention to take part

Shareholders wishing to participate in the AGM must be entered in the share register maintained by Euroclear Sweden AB on the record date of Wednesday, 18 August 2021, and must notify the Company of their intention to participate at the meeting by no later than 3.00 p.m. on Wednesday, 18 August 2021.

Application shall be made either by completing the form at: group.systemair.com/se/registration/; by telephone on +46-(0)222 440 00; or by post to Systemair AB, Receptionen, SE-739 30 Skinnskatteberg, Sweden. Applications shall include details of name, civic registration number/corporate registration number, address, telephone number, any assistants (no more than two) and number of shares. It should also be observed that any wish to take part in the factory tour must be notified at the same time. Shareholders represented by a proxy must issue a dated power of attorney for the proxy. The maximum period of validity for the power of attorney shall be five years from the date of issue. Power of attorney forms are available on the Company's website group.systemair.com/se/ but may also be obtained by contacting reception. Anyone representing a legal entity must present a registration certificate, or equivalent document, confirming the person's authority to sign for the organisation. Powers of attorney, registration certificates and other authorization documents must be available at the AGM and should, in order to facilitate admission to the meeting, be received by the Company no later than on Wednesday, 18 August 2021. The original copy of the power of attorney document must be shown.

To be entitled to participate in the AGM, any shareholder who has had his/her shares registered in the name of a nominee must arrange for the nominee to re-register the shares in the shareholder's name so that the shareholder is entered in the share register on the record date, Wednesday, 18 August 2021. Any such re-registration may be temporary. This means that the shareholder must inform his/her nominee in good time prior to the said date.

Complete notice

A complete notice of the Annual General Meeting, together with financial and other information, are available on the Systemair website group.systemair.com.

Calendar

26 August 2021	Q1 Interim Report (May-July 2021/22)
9 December 2021	Q2 Interim Report (August-October 2021/22)
10 March 2022	Q3 Interim Report (November-January 2021/22)
8 June 2022	Q4 Interim Report (February-April 2021/22)
25 August 2022	Annual General Meeting, simultaneous publication of Q1 Interim Report 2022/23



The **Systemair** brand spans a wide range of high-quality ventilation products, including fans, air distribution products, air conditioning products and air handling units for both comfort and safety ventilation. Systemair holds a strong position as a leading maker of energy-efficient ventilation products.



Under the **Frico** brand, Systemair offers turnkey solutions based on products for airborne heating and we are market-leading in air curtains and airborne heating in Europe. Frico is represented in 70 countries via subsidiaries or distributors. The brand represents an accumulation of 80 years of experience in developing products that deliver a pleasant indoor climate to customers.



Under our **Fantech** brand, we develop, design and market ventilation solutions in North America. These products are sold to resellers in the USA and Canada by the Company's own salespeople and agents. We use the Fantech brand for the residential market, while the Systemair brand targets commercial projects where there is major demand for energy-efficient solutions.



Menerga is a market-leading brand in Europe for air handling units in the segments comprising swimming pools, precision ventilation and industrial application. The company was established in 1980 and its products are marketed throughout Europe, with Germany the largest market.

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