

## Systemair AB (publ) INTERIM REPORT Q1 1 May – 31 July 2021

### First quarter, May – July 2021

- Net sales increased by 9.1 percent to SEK 2,290 million (2,100).
- Organic growth was 13.3 percent (-4.4).
- Operating profit (EBIT) totalled SEK 210 million (182).
- The operating margin was 9.2 percent (8.7).
- Profit after tax amounted to SEK 157 million (82).
- Earnings per share totalled SEK 2.98 (1.57).
- Cash flow from operating activities amounted to SEK 159 million (235).

Net sales Q1

**SEK 2,290 m.**

EBIT Q1

**SEK 210 m.**

### Significant events during the period under review

- In July 2021, Systemair acquired the remaining 50.1 percent of the shares in Burda WTG, Germany. The company's head office is located in Eschborn, near Frankfurt am Main, Germany. Burda WTG is market leader in infrared heaters for outdoor applications.

	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
Net sales, SEK m.	2,290.5	2,100.0	8,519.2
Growth, %	9.1	-6.8	-4.4
Operating profit, SEK m.	209.6	182.1	676.7
Operating margin, %	9.2	8.7	7.9
Profit after tax, SEK m.	156.8	82.0	410.6
Earnings per share, SEK	2.98	1.57	7.81
Operating cash flow per share, SEK	3.05	4.53	19.11

## Continued strong growth

The first quarter shows continued strong growth and margin improvement. Organic growth was 13.3 percent (-4.4) and our operating margin was 9.2 percent (8.7). During the quarter, we recorded a strong order intake compared with the corresponding period last year. At the end of the quarter, we experienced component shortages that have delayed some deliveries.

### The market

Demand was firm in the first quarter, with organic growth of 13 percent and volume was also slightly above the same period two years ago. All regions show organic growth, with Eastern Europe in particular performing well. At the end of the period, component shortages led to difficulties in fulfilling deliveries, resulting in lower sales and profitability. Cash flow from operating activities has also been affected by this due to higher capital tied up.

### Acquisitions

The rate of acquisitions remains lower than normal due to the pandemic, but the number of attractive projects is increasing. In the quarter, the remaining 50.1 percent of the shares in Burda, Germany, were acquired. Burda operates in the sector of infrared radiant heating for outdoor environments, and its products make an excellent fit with the Frico range. The company has sales of around EUR 4 million and has maintained good profitability and strong growth during the pandemic.

### Investments

In Pardubice, Czech Republic, the new production plant for high-efficiency heat exchangers is in the process of completion. In Tillsonburg, Canada and in Moscow, Russia, machine installations are in progress and will be commissioned in the autumn. At the Skinnskatteberg plant, investments are under way to streamline production and increase capacity. The Group's financial position is strong and debt levels are low, providing scope for both investments and acquisitions.



### Sustainability

Energy saving and energy efficiency are, and have always been, a focus of product development at Systemair. In Europe, the energy conservation trend is being driven by EU directives that are imposing stricter requirements for both products and buildings. It is here that Systemair products are making a major difference from the viewpoint of sustainability. EU initiatives such as the "European Green Deal" and the announced investment programmes will drive up demand for energy-efficient ventilation products, particularly in the renovation market. Good ventilation reduces the risk of spreading infection.

### Outlook

We continue to have a good order intake and a high order backlog. The current shortage of components may continue to affect deliveries for a period of time, despite the fact that we have increased our safety stocks. Systemair enjoys a good spread of risk across countries, customers and product sectors. We operate via a decentralised organisation with local sales companies close to our customers, which makes us fast and efficient in our decision-making. With our investments and new products, we stand well prepared for continued profitable growth.

Roland Kasper  
President and CEO

## Sales and markets

Group sales for the first quarter of the 2021/22 financial year totalled SEK 2,290.5 million (2,100.0), up 9.1 percent from the same period last year.

Adjusted for the effects of foreign exchange and acquisitions, net sales rose by 13.3 percent. Growth in acquired operations was 0.5 percent, while foreign exchange effects reduced sales by 4.7 percent during the period.

## Geographical breakdown of Q1 sales

### Nordic region

During the first quarter, sales in the Nordic region were 10.3 percent higher than in the same period last year. The Swedish and Norwegian markets reported good growth in the quarter, while the markets in Denmark and Finland declined. Adjusted for foreign exchange effects and acquisitions, sales rose by 7.6 percent.

### Western Europe

Sales in the West European market during the quarter were 10.5 percent higher than in the corresponding period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 13.3 percent. Most countries in the region, including Italy, France and the UK, showed growth over the period, while Belgium, Austria and Switzerland saw sales decline.

### Eastern Europe and CIS

Sales in Eastern Europe and the CIS rose by 15.0 percent during the quarter. Adjusted for foreign exchange effects and acquisitions, sales rose by 23.9 percent. Sales in Russia, converted to Swedish kronor, were 14.4 percent higher than in the previous period. The Russian market accounts for 30.0 percent of sales in the region. Other major markets that showed growth in the region were the Czech Republic, Slovenia and Lithuania.

### North and South America

Sales in the North and South America region over the quarter were 1.8 percent higher than in the same period last year. Adjusted for foreign exchange effects and acquisitions, sales increased by 6.6 percent. The Canadian market in particular is showing good growth.

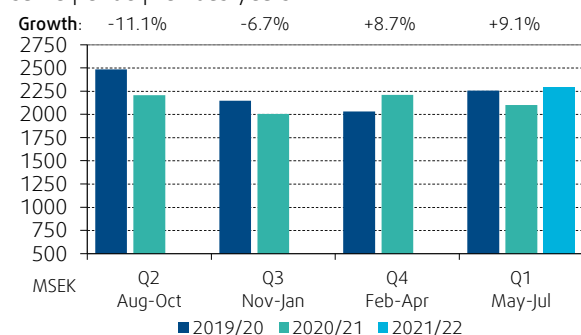
### Middle East, Asia, Australia and Africa

Sales in the Middle East, Asia, Australia and Africa rose by 2.4 percent compared with the same period last year. Adjusted for foreign exchange effects and acquisitions, sales rose by 15.3 percent. India, Morocco and South Africa showed good growth during the period, while Turkey and Australia saw sales decline.

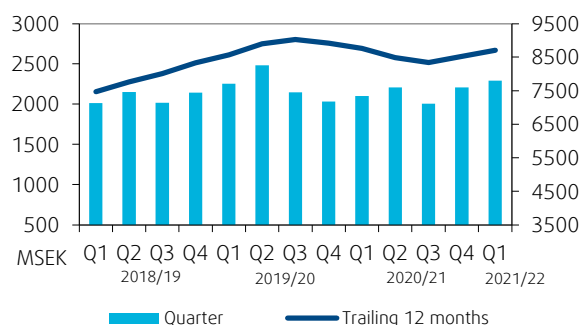
	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	Sales - change	Of which, organic
Nordic region	403.1	365.4	10.3%	7.6%
Western Europe	1,017.1	920.6	10.5%	13.3%
Eastern Europe & CIS	346.8	301.5	15.0%	23.9%
North and South America	254.7	250.1	1.8%	6.6%
Middle East, Asia, Australia and Africa	268.8	262.4	2.4%	15.3%
<b>Total</b>	<b>2,290.5</b>	<b>2,100.0</b>	<b>9.1%</b>	<b>13.3%</b>

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

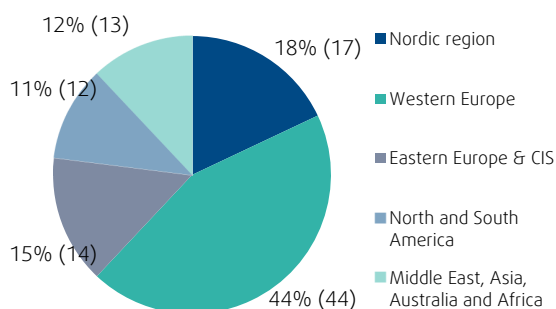
Net sales per quarter compared with same period previous years



Net sales



## Sales by market, 3 months 2021/22 (2020/21)



## Results for the first quarter

The gross profit for the first quarter amounted to SEK 796.8 million (706.6), an increase of 12.8 percent over the same period in the preceding year. The gross margin rose to 34.8 percent (33.6).

Operating profit for the first quarter totalled SEK 209.6 million (182.1), an increase of 15.1 percent over the same period last year. The operating margin rose to 9.2 percent (8.7) as a result of an improved gross margin due to good organic growth and lower proportion of selling and administration expenses. No significant Covid-19 related government support was received during the quarter.

Selling and administration expenses for the quarter totalled SEK 582.3 million (563.3), a rise of SEK 19.0 million, or 3.4 percent. Company acquisitions accounted for SEK 3.6 million of the quarter's costs. As a result, selling and administration expenses for like-for-like units rose by SEK 15.4 million, or 2.7 percent.

Selling expenses were charged with SEK 1.0 million (6.2) for anticipated bad debts. No material acquisition-related costs were charged during the quarter (-).

Net financial items for the first quarter totalled SEK -3.4 million (-66.6). The impact of foreign exchange on long-term receivables, loans and bank balances totalled

SEK +5.0 million (-58.1) net. Interest expenses for the quarter totalled SEK -6.5 million (-8.7).

## Tax expense

Estimated tax for the quarter totalled SEK -49.4 million (-33.5), corresponding to an effective tax rate of 24.0 percent based on profit after net financial items.

## Acquisitions and new businesses

In June 2021, Pacific Ventilation of Australia acquired the assets of Ravenscroft's fire damper business. The business is located in New Zealand.

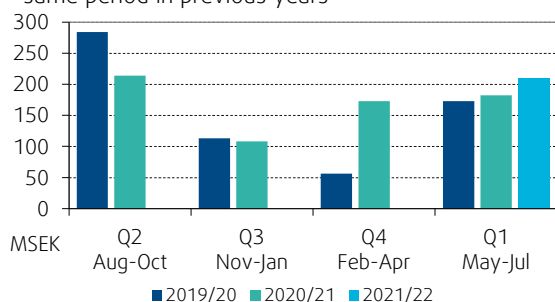
In July 2021, Frico AB acquired the remaining 50.1 percent of the shares in Burda WTG, Germany. Burda WTG develops, produces and supplies infrared radiant heaters and heating panels, plus associated control equipment, with several proprietary patents. The company's head office is located in Eschborn,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

If the companies acquired had been consolidated as of 1 May 2021, net sales for the period of May through July 2021 would have totalled approximately SEK 2,298.7 million. Operating profit for that period would have totalled approximately SEK 212.4 million. For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 3 in this interim report.

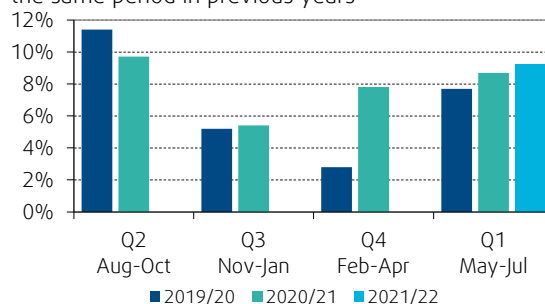
## Investments, depreciation and amortisation

Investments for the quarter, net of disposals, totalled SEK 108.9 million (97.0), including SEK 80.7 million (95.6) in new construction and machinery. The investments mainly relate to the production facilities in the Czech Republic and Canada. Acquisitions and formerly withheld purchase considerations totalled SEK 20.9 million (-). Depreciation, amortisation and impairment of non-current assets amounted to SEK 90.0 million (89.1).

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



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



## Personnel

The average number of employees in the Group was 5,995 (5,924). At the end of the period, Systemair had 6,523 employees (6,160), 363 more than one year previous. New hires were made in Canada (69), Spain (59), South Africa (52), India (41), Sweden (29), Germany (29), Slovenia (21) and the USA (18). Personnel cutbacks were made in Turkey (-33) and Malaysia (-11). The acquisition of Divid in Sweden, Servicebolaget in Sweden, Systemair in Kazakhstan and Burda WTG in Germany has added 46 employees.

## Cash flow and financial position

Cash flow from operating activities, before changes in working capital during the quarter, totalled SEK 249.8 million (197.5). Changes in working capital, mainly consisting of higher inventories, had an impact of SEK -91.2 million (+37.9) on cash flow. Cash flow from financing activities totalled SEK -24.6 million net (-181.2). At the end of the period, the Group's net indebtedness was SEK 1,524.9 million (1,836.7). The consolidated equity/assets ratio was 48.4 percent (44.7) at the end of the period.

## Financial targets

Systemair has the following financial targets.

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

## Events after the close of the period

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

## Material risks and uncertainty

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

## Related party transactions

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

## Parent Company

The Parent Company's net sales for the quarter totalled SEK 37.2 million (32.2). Operating profit was negative, at SEK -28.0 million (-10.4). The Parent Company had 63 employees (57). The core business of the Parent Company is that of intra-Group services.

## Systemair in brief

Systemair is a leading ventilation company with operations in 54 countries in Europe, North America, South America, the Middle East, Asia, Australia and Africa. The Company had sales of SEK 8.5 billion in the 2020/21 financial year and employs today approximately 6,500 people. Systemair has reported an operating profit every year since 1974, when the company was founded. Over the past 10 years, the Company's growth rate has averaged about 10 percent.

## Systemair delivers energy efficient SAVE residential air handling units to a new seaside city district in Norway

Kanalbyen («Canal city») is a new seaside district in the heart of Kristiansand. The project consists of 700 new apartments and has been under construction since 2018.

Systemair has delivered 250 energy efficient SAVE residential air handling units for all completed construction phases to date and are set to deliver for all remaining phases.



Systemair helps to improve the indoor climate with the help of energy-efficient and sustainable products that reduce carbon dioxide emissions.

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

## About Systemair

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

## Mission statement

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

## Business model

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

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

## Strategies

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

- Innovative product development and a broad product range focusing on energy-efficient air handling products.
- High product availability and fast delivery via an efficient production, logistics and IT

organisation.

- Development and expansion of Systemair's own sales organisation.
- Good relationships with ventilation contractors, distributors and consultants.
- A highly diversified customer base reduces our vulnerability to fluctuations in the economy.
- Early presence in growth markets.
- Strategy of acquisition and establishment to expand market shares.

## Miscellaneous

The information in this interim report is information which Systemair is required to disclose in accordance with the Swedish Securities Markets Act (lagen om värdepappersmarknaden) and/or the Swedish Financial Instruments Trading Act (lagen om handel med finansiella instrument). This information is to be submitted for publication at 1.00 p.m. on 26 August 2021.

The interim report has not been audited.

Skinnskatteberg, 26 August 2021

Systemair AB (publ)

Board of Directors

## Calendar

**Interim Report Q2 2021/22**

8.00 a.m., 9 December 2021

**Interim Report Q3 2021/22**

8.00 a.m., 10 March 2022

**Year-End Report Q4 2021/22**

8.00 a.m., 8 June 2022

**Interim report Q1 2022/23**

1.00 p.m., 25 August 2022

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## Summary income statement

	Group				Parent Company	
	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 Aug-Jul trl	2020/21 May-Apr 12 mths	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths
SEK m.						
Net sales	2,290.5	2,100.0	8,709.7	8,519.2	37.2	32.2
Cost of goods sold	-1,493.7	-1,393.4	-5,659.8	-5,559.5	-	-
<b>Gross profit</b>	<b>796.8</b>	<b>706.6</b>	<b>3,049.9</b>	<b>2,959.7</b>	<b>37.2</b>	<b>32.2</b>
Other operating income	26.6	75.9	146.8	196.1	0.8	19.4
Selling expenses	-483.1	-457.4	-1,887.0	-1,861.3	-20.9	-17.8
Administration expenses	-99.2	-105.9	-421.1	-427.8	-24.8	-27.0
Other operating expenses	-31.5	-37.1	-184.4	-190.0	-20.3	-17.2
<b>Operating profit/loss</b>	<b>209.6</b>	<b>182.1</b>	<b>704.2</b>	<b>676.7</b>	<b>-28.0</b>	<b>-10.4</b>
Net financial items	-3.4	-66.6	-49.5	-112.7	277.7	150.1
<b>Profit/loss after financial items</b>	<b>206.2</b>	<b>115.5</b>	<b>654.7</b>	<b>564.0</b>	<b>249.7</b>	<b>139.7</b>
Appropriations	-	-	-	-	0.4	0.0
Tax on profit for the period	-49.4	-33.5	-169.3	-153.4	4.0	6.6
<b>Profit/loss for the period</b>	<b>156.8</b>	<b>82.0</b>	<b>485.4</b>	<b>410.6</b>	<b>254.1</b>	<b>146.3</b>
<b>Attributable to:</b>						
Parent Company shareholders	155.1	81.7	479.6	406.2	-	-
Non-controlling interests	1.7	0.3	5.8	4.4	-	-
Earnings per share, SEK <sup>1</sup>	2.98	1.57	9.22	7.81	-	-

## Statement of comprehensive income

<b>Profit/loss for the period</b>	<b>156.8</b>	<b>82.0</b>	<b>485.4</b>	<b>410.6</b>	<b>254.1</b>	<b>146.3</b>
<b>Other comprehensive income</b>						
<i>Items that have been, or may later be, transferred to profit for the year:</i>						
Translation differences	16.0	-142.6	-15.6	-174.2	-	-
<i>Items that cannot be transferred to profit for the period:</i>						
Revaluation of defined-benefit pensions, net after tax	-	-	9.6	9.6	-	-
<b>Other comprehensive income</b>	<b>16.0</b>	<b>-142.6</b>	<b>-6.0</b>	<b>-164.6</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>172.8</b>	<b>-60.6</b>	<b>479.4</b>	<b>246.0</b>	<b>254.1</b>	<b>146.3</b>
<b>Attributable to:</b>						
Parent Company shareholders	171.1	-60.9	473.6	241.6	-	-
Non-controlling interests	1.7	0.3	5.8	4.4	-	-

1) No dilution effect.

## Summary balance sheet

SEK m.	Group			Parent Company	
	31/07/2021	31/07/2020	30/04/2021	31/07/2021	31/07/2020
<b>ASSETS</b>					
Goodwill	765.3	774.1	735.6	-	-
Other intangible non-current assets	209.7	225.3	210.7	34.9	40.4
Property, plant and equipment	2,164.8	1,949.6	2,118.1	22.5	22.1
Financial and other assets	221.2	257.9	237.5	2,797.5	2,815.7
<b>Total non-current assets</b>	<b>3,361.0</b>	<b>3,206.9</b>	<b>3,301.9</b>	<b>2,854.9</b>	<b>2,878.2</b>
Inventory	1,634.7	1,430.9	1,436.9	-	-
Current receivables	1,896.7	1,821.8	1,897.6	1,090.0	1,193.5
Cash and cash equivalents	348.0	307.9	319.1	-	-
<b>Total current assets</b>	<b>3,879.4</b>	<b>3,560.6</b>	<b>3,653.6</b>	<b>1,090.0</b>	<b>1,193.5</b>
<b>TOTAL ASSETS</b>	<b>7,240.4</b>	<b>6,767.5</b>	<b>6,955.5</b>	<b>3,944.9</b>	<b>4,071.7</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>3,501.1</b>	<b>3,024.1</b>	<b>3,330.1</b>	<b>2,005.8</b>	<b>1,918.4</b>
Untaxed reserves	-	-	-	0.3	1.4
Non-current liabilities, non-interest-bearing	256.3	257.8	259.9	1.1	-
Non-current liabilities, interest-bearing	1,053.4	1,062.9	1,051.5	1,337.4	1,290.4
<b>Total non-current liabilities</b>	<b>1,309.7</b>	<b>1,320.7</b>	<b>1,311.4</b>	<b>1,338.5</b>	<b>1,290.4</b>
Current liabilities, interest-bearing	747.6	998.4	735.6	531.3	792.7
Current liabilities, non-interest-bearing	1,682.0	1,424.3	1,578.4	69.0	68.8
<b>Total current liabilities</b>	<b>2,429.6</b>	<b>2,422.7</b>	<b>2,314.0</b>	<b>600.3</b>	<b>861.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,240.4</b>	<b>6,767.5</b>	<b>6,955.5</b>	<b>3,944.9</b>	<b>4,071.7</b>



## Summary consolidated cash flow statement

	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
SEK m.			
Operating profit/loss	209.6	182.1	676.7
Adjustment for non-cash items	88.7	71.4	391.5
Financial items	-8.0	-8.2	-27.5
Income tax paid	-40.5	-47.8	-182.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>249.8</b>	<b>197.5</b>	<b>858.0</b>
Changes in working capital	-91.2	37.9	135.9
<b>Cash flow from operating activities</b>	<b>158.6</b>	<b>235.4</b>	<b>993.9</b>
Cash flow from investing activities	-107.9	-93.0	-448.3
Cash flow from financing activities	-24.6	-181.2	-557.2
<b>Cash flow for the period</b>	<b>26.1</b>	<b>-38.8</b>	<b>-11.6</b>
Cash and cash equivalents at start of period	319.1	378.2	378.2
Translation differences, cash and cash equivalents	2.8	-31.5	-47.5
<b>Cash and cash equivalents at close of period</b>	<b>348.0</b>	<b>307.9</b>	<b>319.1</b>

## Statement of changes in equity – Group

SEK m.	2021/22 May-Jul			2020/21 May-Jul			2020/21 May-Apr		
	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity	Equity attributable to Parent Company shareholders	Non- controlling interests	Total equity
<b>Amount at beginning of year</b>	3,305.0	25.1	3,330.1	3,064.8	19.9	3,084.7	3,064.8	19.9	3,084.7
Dividend	-	-1.8	-1.8	-	-	-	-	-	-
Share of acquisitions attributable to non-controlling interests	-	-	-	-	-	-	-	1.7	1.7
Revaluation of acquisition option	0.1	-0.1	-	1.0	-1.0	-	-1.4	-0.9	-2.3
Comprehensive income	171.1	1.7	172.8	-60.9	0.3	-60.6	241.6	4.4	246.0
<b>Amount at end of period</b>	<b>3,476.2</b>	<b>24.9</b>	<b>3,501.1</b>	<b>3,004.9</b>	<b>19.2</b>	<b>3,024.1</b>	<b>3,305.0</b>	<b>25.1</b>	<b>3,330.1</b>

## Performance measures for the Group

		2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
Net sales	SEK m.	2,290.5	2,100.0	8,519.2
Growth	%	9.1	-6.8	-4.4
Operating profit/loss	SEK m.	209.6	182.1	676.7
Operating margin	%	9.2	8.7	7.9
Profit after net fin. items	SEK m.	206.2	115.5	564.0
Profit margin	%	9.0	5.5	6.6
Return on capital employed	%	14.3	11.2	13.1
Return on equity	%	14.8	11.0	13.0
Equity/assets ratio	%	48.4	44.7	47.9
Investments	SEK m.	107.9	93.0	448.3
Depreciation/amortisation and impairments	SEK m.	90.0	89.1	399.8
<b>Per share ratios</b>				
Earnings per share	SEK	2.98	1.57	7.81
Equity per share	SEK	66.85	57.79	63.56
Operating cash flow per share	SEK	3.05	4.53	19.11
No. of shares at end of period	No.	52,000,000	52,000,000	52,000,000

## Quarterly key ratios – Group

		2021/22		2020/21		2019/20				
		May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug-Oct	May-Jul
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	SEK m.	2,290.5	2,208.5	2,003.9	2,206.7	2,100.0	2,031.0	2,146.7	2,483.1	2,254.0
Growth	%	9.1	8.7	-6.7	-11.1	-6.8	-5.3	6.4	15.4	12.0
Gross margin	%	34.8	35.7	33.6	35.9	33.6	34.6	33.8	35.8	34.0
Operating profit/loss	SEK m.	209.6	173.1	108.0	213.5	182.1	56.3	112.6	283.9	173.0
Operating margin	%	9.2	7.8	5.4	9.7	8.7	2.8	5.2	11.4	7.7
Return on capital employed	%	14.3	13.1	10.2	10.1	11.2	11.6	12.6	12.6	11.1
Return on equity	%	14.8	13.0	9.4	9.2	11.0	12.6	15.5	15.4	13.5
Equity/assets ratio	%	48.4	47.9	47.7	46.3	44.7	43.4	44.0	41.1	41.1
Basic equity per share	SEK	66.85	63.56	61.20	61.02	57.79	58.94	60.20	59.20	57.44
Basic earnings per share	SEK	2.98	2.22	1.32	2.70	1.57	-0.02	1.20	3.72	2.44
Cash flow from operating activities per share	SEK	3.05	4.41	4.70	5.47	4.53	0.77	6.02	5.71	3.73

## Note 1 Accounting policies

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

### New or amended standards that entered into force in 2021

#### *The IBOR reform*

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

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

#### *Other amendments*

Other new or amended standards or interpretations implemented during 2021 did not have any, or had immaterial, impact on Systemair's financial statements.

## Note 2 Revenue analysis

The Group's revenue is generated in the main from the manufacture and sale of ventilation products, as well as from the servicing of ventilation products. Total revenue for the quarter amounted to SEK 2,290.5 million (2,100.0), of which servicing of ventilation products accounted for SEK 78.5 million (75.0).

	2021/22	2020/21	2020/21
SEK m.	May-Jul	May-Jul	May-Apr
	3 mths	3 mths	12 mths
<b>Europe</b>			
Sale of goods recognised at a specific point in time	1,669.6	1,511.4	6,164.6
Sale of goods recognised over time	32.7	35.7	168.6
Servicing recognised at a certain point in time	38.5	33.4	154.9
Servicing recognised over time	36.6	35.5	151.3
	1,777.4	1,616.0	6,639.4
<b>Americas, Middle East, Asia, Australia and Africa</b>			
Sale of goods recognised at a specific point in time	460.8	438.5	1,670.6
Sale of goods recognised over time	48.9	39.4	190.1
Servicing recognised at a certain point in time	0.4	0.7	1.0
Servicing recognised over time	3.0	5.4	18.1
	513.1	484.0	1,879.8

SEK m.	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
<b>Total</b>			
Sale of goods recognised at a specific point in time	2,130.4	1,949.9	7,835.2
Sale of goods recognised over time	81.6	75.1	358.7
Servicing recognised at a certain point in time	38.9	34.1	155.9
Servicing recognised over time	39.6	40.9	169.4
	2,290.5	2,100.0	8,519.2

### Note 3 Companies acquired

The purchase consideration for the assets of Ravenscroft and the remaining 50.1 percent of the shares in Burda WTG was made up as follows:

Total historical cost, less transaction costs      SEK 42.4 m.

Identifiable net assets	Ravenscroft NZ	Burda WTG	Total
Goodwill	0.6	24.3	24.9
Brands and customer relationships	-	5.1	5.1
Other intangible assets	0.2	0.1	0.3
Machinery and equipment	0.2	0.1	0.3
Inventory	0.6	7.8	8.4
Trade accounts receivable	-	4.2	4.2
Other current assets	-	0.7	0.7
Cash and cash equivalents	-	9.1	9.1
Non-interest-bearing liabilities	-	-0.3	-0.3
Deferred tax liability	-	-3.1	-3.1
Interest-bearing liabilities	-	-0.9	-0.9
Other operating liabilities	-	-6.3	-6.3
	<b>1.6</b>	<b>40.8</b>	<b>42.4</b>

The total cash flow impact from acquisitions is SEK -20.9 million. No material transaction costs in connection with the acquisitions have been charged to profit for the quarter.

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

The goodwill upon acquisition is attributable to the strong market position of the companies acquired, synergy effects expected to arise after the acquisition and the company's estimated future earning capacity.

Net sales for the acquired companies between acquisition and the end of the period totalled SEK 1.9 million. Operating profit/loss for the period concerned was SEK -0.2 million. If the companies acquired had been consolidated from 1 May 2021, net sales for the interim report period May to July 2021, inclusive, would have totalled SEK approximately SEK 2 298,7 million. Operating profit for that period would have totalled approximately SEK 212.4 million.

### Note 4 Financial instruments

Systemair's financial instruments comprise derivatives, trade accounts receivable, cash and cash equivalents, trade accounts payable, accrued supplier costs, interest-bearing liabilities, acquisition options and additional purchase considerations. Liabilities to credit institutions carry variable interest rates or, in certain cases, fixed rates for a short period. Derivatives are measured at fair value via the income statement on the basis of input data corresponding to level 2 as defined in IFRS 13.

Share purchase options and additional purchase considerations are measured on level 3 as defined in IFRS 13. The calculation for the option to acquire the remaining 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 quarter, 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. No change in the option took place during the quarter, and it is valued at SEK 35.7. 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. The liability for the purchase options is recognised under Non-current liabilities, non-interest-bearing, on the balance sheet.

Other financial assets and liabilities are short-term. For that reason, the fair values of all financial instruments are considered to equate approximately to the carrying amounts. Systemair has not recognised any financial assets and liabilities net.

## Note 5 Segment reporting

The Group's operations are classified geographically. Systemair aggregates into the geographical segments of Europe and of Americas, Middle East, Asia, Australia and Africa. The market segment Europe accounts for the major share of Systemair's business. The segment Europe consists of a large number of markets. The legal entities within Europe work with each other in manufacturing and sales. The Company also judges that in all material respect similar economic conditions exist in the region, and so the legal entities within the region have been aggregated. Systemair further considers that accounting for the merged segments of Europe and of Americas, Middle East, Asia, Australia and Africa presents a clearer picture. The Parent Company is accounted for via a separate segment, Group-wide. The subsidiaries are aggregated on the basis of their legal domicile and consolidation takes place according to the same principles as for the Group as a whole.

SEK m.	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
<b>Europe</b>			
Net sales, external	1,774.8	1,616.0	6,639.4
Net sales, intra-Group	51.9	24.9	137.4
Operating profit/loss	204.6	141.3	636.4
Operating margin, %	11.5	8.7	9.6
Profit after net fin. items	217.7	155.1	797.6
Profit margin, %	12.3	9.6	12.0
Assets	4,346.0	3,888.6	4,380.1
Investments	82.4	85.5	329.5
Depreciation/amortisation and impairments	72.5	71.5	318.2
<b>Americas, Middle East, Asia, Australia and Africa</b>			
Net sales, external	515.7	484.0	1,879.8
Net sales, intra-Group	3.7	6.9	19.7
Operating profit/loss	32.8	51.4	127.9
Operating margin, %	6.4	10.6	6.8
Profit after net fin. items	30.0	31.9	74.5
Profit margin, %	5.8	6.6	4.0
Assets	1,335.1	1,085.0	1,200.2
Investments	22.9	4.1	84.2
Depreciation/amortisation and impairments	12.5	12.6	61.3

SEK m.	2021/22 May-Jul 3 mths	2020/21 May-Jul 3 mths	2020/21 May-Apr 12 mths
<b>Group-wide</b>			
Net sales, intra-Group	37.2	32.2	132.3
Operating profit/loss	-27.8	-10.6	-87.6
Profit after net fin. items	-41.5	-71.5	-308.1
Assets	3,956.9	4,081.5	3,885.5
Investments	2.6	3.4	34.6
Depreciation/amortisation and impairments	5.0	5.0	20.3
<b>Eliminations</b>			
Net sales, intra-Group	-92.8	-64.0	-289.4
Assets	-2,397.6	-2,287.6	-2,510.3
<b>Total</b>			
Net sales, external	2,290.5	2,100.0	8,519.2
Operating profit/loss	209.6	182.1	676.7
Operating margin, %	9.2	8.7	7.9
Profit after net fin. items	206.2	115.5	564.0
Profit margin, %	9.0	5.5	6.6
Assets	7,240.4	6,767.5	6,955.5
Investments	107.9	93.0	448.3
Depreciation/amortisation and impairments	90.0	89.1	399.8

## Alternative Performance Measures

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

Because not all companies calculate key financial performance measures in the same way, these are not always comparable. As a result, they should not be regarded as substitutes for performance measures as defined in IFRS. A number of definitions appear below, the majority of which are alternative performance measures.

For more key performance measures and information on how they are calculated, see Systemair's website at: [group.systemair.com/se/investerare/-finansiella-data/](http://group.systemair.com/se/investerare/-finansiella-data/)

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## Definitions of key performance measures

### Operating profit (EBIT)

Earnings before financial items and tax.

### Growth

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

### Organic growth

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

### Adjusted operating profit

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

### Operating margin

Operating profit divided by net sales.

### Profit margin

Profit after financial items divided by net sales.

### Return on capital employed

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

### Capital employed

Total assets less non-interest-bearing liabilities.

### Return on equity

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

### Number of employees

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

### Earnings per share

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

### Operating cash flow per share

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

### Equity/assets ratio

Adjusted equity divided by total assets.

### Equity per share

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