2022 2023

Annual and Sustainability Report
1 May 2022 – 30 April 2023

systemair

Contents

01	The Year in Brief
02	CEO's Statement
04	Products and Solutions
06	Strategy and Value Creation
14	Market Review
18	Production and Logistics
20	Product Development
22	Production Facilities
24	Sustainability
38	The Systemair Share
40	Risk Management
42	Corporate Governance
52	Directors' Report
58	Financial Statements
98	Auditor's Report
101	Key Performance Measures and Definitions
103	Sustainability Report
114	GRI Index
116	EU Taxonomy
122	Auditor's Opinion regarding the Statutory Sustainability Report
123	Annual General Meeting

Clean and healthy indoor air – with lower energy consumption

Systemair develops, manufactures and markets energy-efficient, high-quality ventilation products. The Group has operations in more than 50 countries in Europe, North America, the Middle East, Asia, Australia and Africa.

The Company was founded in 1974 by Chairman of the Board Gerald Engström. Its shares were listed on the Stockholm Stock Exchange in 2007. Since January 2022, the Company has been listed in the Large Cap segment of Nasdaq Stockholm. The Company's registered office and headquarters are in Skinnskatteberg, Sweden.

What we do
Systemair offers the market's widest 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 energy-efficient, robust and simple to choose, install and use.

The Group consists of around 90 operating companies with 6,600 employees, who together work to ensure that Systemair is the leading actor in the global ventilation industry. Systemair has 26 modern, well-invested production facilities, all characterised by efficient, improvement-focused and sustainable production.

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

The purpose of ventilation
Systemair 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** Efficient ventilation systems create a healthy indoor climate by venting out unclean air and replacing it with fresh, clean air. This is especially important in view of the fact that we are spending a higher proportion of our time indoors – at home, work or school.
- **Environment** Energy-efficient ventilation systems use less energy resulting in lower carbon dioxide emissions.
- **Economics** Ventilation systems with smart technologies such as energy recovery reduce heating and cooling costs.
- **Productivity** Efficient ventilation systems help us perform better. The health and productivity benefits of a good indoor climate are now well established.
- **Safety** In many applications, efficient ventilation systems are a matter of safety. In road tunnels and garages, for example, efficient ventilation is needed to filter pollutants from vehicles. The extraction of smoke from buildings in the event of a fire is equally important.

The cover picture shows parts of a carbon filter for the Geniox VOClean air handling unit for kitchen environments.

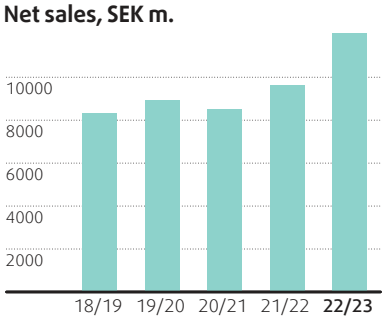
The Best Year Yet

As we sum up the year, it is clear that we delivered Systemair's best year yet from a financial perspective. The principal drivers were good growth and efficiency measures.

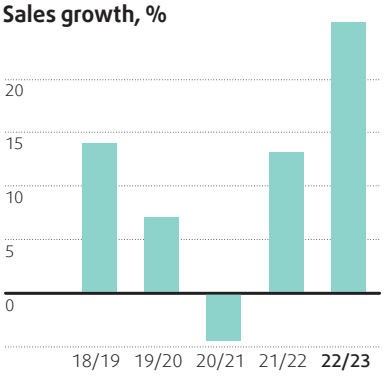
Key Performance Measures	2022/23	2021/22[2]	2020/21	2019/20	2018/19
Net sales, SEK m.	12,057.9	9,634.5	8,519.2	8,914.9	8,326.5
Growth, %	25.2	13.1	-4.4	7.1	14
Operating profit, SEK m.	1,401.4	769.8	676.7	625.7	528.1
Operating margin, %	11.6	8.0	7.9	7.0	6.3
Adjusted operating margin, %	9.2	8.5	8.5	7.4	6.3
Profit margin, %	10.7	7.7	6.6	6.1	5.5
Adjusted profit margin, %	8.3	8.2	7.2	6.4	5.5
Return on capital employed, %	20.1	14.5	13.1	11.6	11.3
Adjusted return on capital employed, %	16.2	15.4	13.2	11.6	11.3
Earnings per share, SEK	5.00	2.61	1.95	1.84	1.55
Adjusted earnings per share, SEK	3.58	2.86	2.18	1.99	1.55
Equity per share, SEK	25.32	18.34	15.89	14.83	13.65
Equity/assets ratio, %	54.7	45.5	47.9	43.4	41.7
Dividend per share, SEK	1.10	0.90	0.75	-	0.50
Number of employees at end of period	6,587	6,660	6,380	6,197	6,016

1) The Board of Directors proposes a dividend of SEK 1.10 (0.90) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 31 August 2023.
2) During the financial year 2021/22, a 4-for-1 share split was carried out. The figures for the preceding year, provided for comparison, have been adjusted.
3) Adjusted values of SEK 291.5 million in the financial year 2022/23 arise mainly through the divestment of the commercial air conditioning business to Panasonic and impairment of the Russian business.

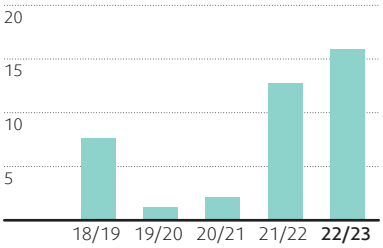
Net sales, SEK m.



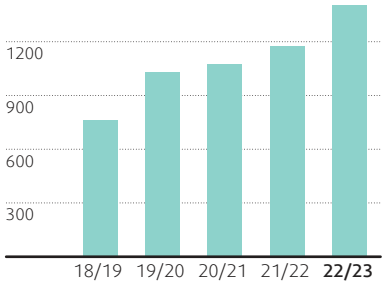
Sales growth, %



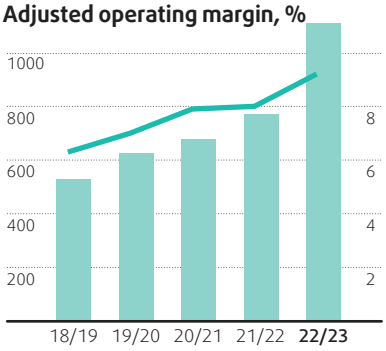
Organic growth, %



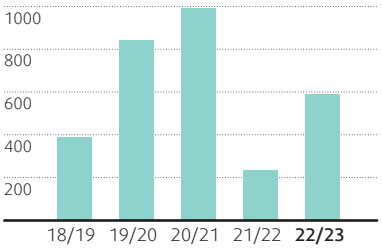
Adjusted EBITDA, SEK m.



Adjusted operating profit, SEK m.
Adjusted operating margin, %



Cash flow from operating activities, SEK m.



Continued growth

It has been a historic year in more ways than one. Anxiety has set the agenda in many areas, but the world has also reopened after the pandemic. For our part, it has meant that we have finally been able to meet our customers again and make new contacts. This is reflected in our results – despite component shortages and the Russian attack on Ukraine, we have managed to increase both our sales and our profits.

Focus on the customer
Being able to see our customers again and get to know new ones is one of the most significant developments of the year for us. Of course, in that context the return of the ISH fair in Germany – with its more than 150,000 visitors – takes on extra added importance. In parallel, we have worked hard on our service offering and now have eight active countries with their own service organisations.

Strategic decisions
Over the past year, we also updated our business strategy. As part of this strategy, we decided to divest our air conditioning factories and associated sales organisations in France and Italy. But we will still offer our customers the same range of products, including heat pumps, even though we no longer manufacture all products ourselves. Overall, these are strategic choices that have allowed us to focus more closely on our core business – ventilation.

Today, good air quality and sustainable ventilation solutions are taken for granted as requirements in both new and existing buildings. More than ever before, the links between well-being and efficient – and balanced – ventilation are being recognised. And heavyweight driving forces such as the EU Green Deal and various North American investment programmes are further indications of the importance of ventilation in the energy transition. Powerful trends have also emerged in the healthcare sector, where lessons learnt from the pandemic have permanently brought the importance of good ventilation into sharp relief.

A stronger and broader product offering
As a step towards our strategic objectives, we completed the acquisition of the international filtration and air distribution company SagiCofim during the year. The acquisition is an important piece of the puzzle in our offering to the healthcare and pharmaceutical sector.

In the spring, we also acquired the UK company Group SCS, a supplier of fire gas evacuation products for residential and commercial buildings. This segment is subject to legal and technical requirements, which is why Group SCS products give us an important foothold in the flue gas control system solutions and control systems that are available in the multi-family housing sector in the UK and European markets.

Sustainability from the ground up
We cannot summarise a year without mentioning sustainability. To us, sustainability is not just something to strive for, it is one of the very pillars of our business. It means developing, producing and selling sustainable products, and it also means taking responsibility at every stage of the value chain. Like whole-heartedly supporting the UN Global Compact initiative.

Ukraine
The Russian invasion of Ukraine is extremely tragic, with consequences that are still difficult to understand and make sense of. To us at Systemair, the war has meant that we have chosen to end our deliveries to Russia.

Confidence in the future
Despite challenges in the form of some continued component shortages and high inflation, in the long term we anticipate a strong market going forward. Stricter requirements and legislation for faster energy transition in many global markets will boost demand for our products, even if in the short term the trend is increasingly moving from new buildings to renovations.

The aftermath of the pandemic has also helped drive demand for a healthier indoor climate, and rising electricity prices have pushed the need for energy-efficient and smart ventilation solutions higher up the agenda. During the year, we recorded further strong growth with an increase in sales of 25.2 percent to SEK 12,058 million, and an operating profit that rose from SEK 770 million to SEK 1,401 million.

Although disruptions in the supply chain continue, we are confident that demand in the market is strong and that we can provide our customers with high-quality, energy-efficient products.

We are well-positioned and optimistic for the future and look forward to continuing our mission to improve indoor air quality and contribute to a more sustainable future.

Roland Kasper
President and CEO

"Fundamentally, our work is about creating better air quality with lower energy use."

Better air – everywhere

Systemair helps create a healthy, comfortable and safe indoor climate in most areas where people spend time day-to-day – 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 through our know-how and our products to help lower energy use and thus reduce carbon dioxide emissions.

Offices and Public Spaces
Clean air and comfortable temperatures are important in terms of well-being and the ability to perform. Our air handling units create a comfortable and energy-efficient indoor climate in small and large offices, shopping centres and other public spaces. Catering to specific customer requirements and wishes, we also offer fire-rated fans, exhaust fans and other customised system solutions.

Industrial and workshop premises
Since our air handling units are reliable and highly efficient, they perform well in harsh conditions. Good air quality and proper temperature control for different work areas and production processes contribute to a good and healthy working environment in industrial premises. This in turn boosts safety, well-being and productivity.

Infrastructure and transport
In these environments, good ventilation is essential to remove fumes and other pollutants. Effective smoke extraction is a basic safety requirement in tunnels. Systemair tunnel fans are reliable, safe to maintain and fulfil all fire safety and energy requirements. In car parks, our fire gas fans meet strict carbon dioxide control requirements and extract dangerous fumes during a fire, while providing energy savings in day-to-day operations.

Residential buildings
Systemair offers comprehensive solutions for residential ventilation, whether for single-family homes, multi-family buildings or major apartment complexes. Our air handling units, with balanced ventilation and heat exchangers, are ideal for homes as they take up little space and are quiet and efficient. All units are delivered as standard incorporating advanced and connectable controllers to control humidity and temperature in different rooms.

Hospitals
Hospitals are environments with particularly high demands as to air quality, temperature and hygiene. Our products and solutions ensure optimal indoor air quality through a combination of the right ventilation system, hygiene-certified units and high-efficiency filters.

Schools
In public spaces such as schools, the importance of efficient and reliable ventilation systems has become increasingly important. Here, our extensive product range helps create optimal solutions for a healthy indoor climate that benefits the performance and well-being of students and teachers.

The hotel and entertainment sector
Fresh air and a perfectly tempered climate enhance your guests' experience. Quiet, well-designed and energy-efficient ventilation solutions should not be seen or heard. They should simply provide guests with the best possible experience during their stay.

Data centres
The operating costs in data centres are largely made up of costs for continuous cooling and ventilation. As a result, energy- and cost-efficient cooling becomes crucial – exactly what our reliable air handling units and precision cooling systems deliver. Good product knowledge, a wide range of products and good customer understanding help us to provide each customer with an optimal and energy-efficient solution.

Trends and drivers are providing strong momentum to our business ...

Megatrends such as changing demographics, sustainability, digital transformation and geopolitical shifts are creating strong drivers for energy efficiency and improved indoor air quality through efficient ventilation solutions.

DRIVERS

Government climate incentives

Focus on indoor air quality

Growing demand for data storage

Conversion of fossil fuel-powered sources of heating

Demand for modern healthcare

Smart buildings

... and are shaping the future of our industry.

These megatrends are affecting the ventilation industry and giving rise to industry-specific trends that Systemair takes into account in strategic choices and that guide us in our strategic priorities.

INDUSTRY TRENDS

Circular economy
Industry players are expected to take greater responsibility for their offerings and activities, making circularity both a prerequisite and an opportunity for doing business.

Automation
Advanced control systems with interoperability in larger system landscapes are creating scope for further efficiency gains and extending the service life of products.

Transparency in the supply chain
Acting honestly and transparently and enabling full traceability throughout the supply chain is becoming a necessity to fulfil both customer demands and the requirements of legislation.

Regionalisation
The varying needs of customers require regionally customised offerings with a global presence for support and delivery.

Consolidation of the industry
Smart product solutions to achieve maximum energy efficiency, simple installation and reliable operation are drivers in the consolidation of the ventilation sector.

Systemair's mission is to create better air every day worldwide. Through energy-efficient and sustainable products, we reduce energy demand and thus also carbon dioxide emissions.

Strategic priorities

Develop people and strong relations

We will provide an attractive workplace with an inclusive culture that promotes employee development and entrepreneurship. Through this strength, we can build strong relationships, internally and externally, based on expertise and trust.

Attractive offer built on standardized platforms

We provide a wide range of quality products, based on standardised platforms, with energy efficiency and improved indoor air quality at their core. Our products are designed to make connected and smart solutions possible.

Efficient business setup with continuous improvement

We will improve our profitability by taking advantage of economies of scale, and via efficient product development focused on standardisation. We have a strong local presence where decision-making is both decentralised for agility and at the same time underpinned by common processes.

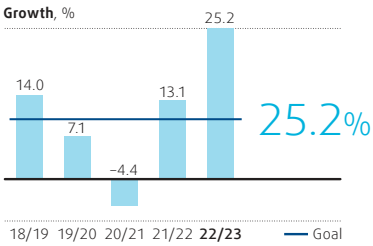
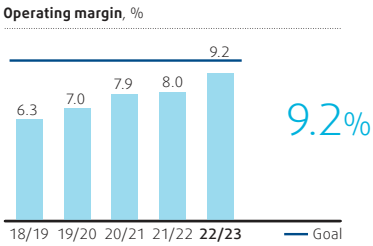
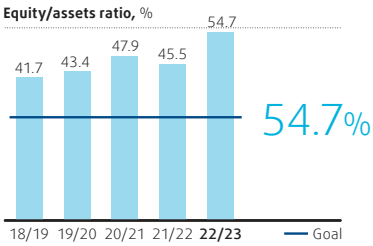
Sustainable and future-proof business

We are forward-looking so we can prepare for the demands that lie ahead. Sustainable products are part of this; we look at the whole life cycle of the product to enhance resource efficiency and improve our climate footprint. We will strengthen our servicing business, as it plays an important role in optimising the product in operation. Overall, Systemair stands for a long-term approach and will work to put this into practice through sustainable and responsible decisions.

Strong position benefiting from structural growth

We will continue to maintain a global and diversified customer base. This provides us with solid foundations for profitable growth via organic investments and an active acquisition agenda. Systemair is our main brand and other brands are only used when they offer a clear business benefit.

Financial targets

	Goal	Goal attainment 2022/23	Comment
Growth	10% Average annual growth in sales over a business cycle should be no less than 10 percent.		The goal is to be achieved through organic growth and acquisitions. Sales growth has averaged 10.5 percent annually over the past ten years. Growth is to be achieved via product development and increased market shares, as well as by expansion of the product range through acquisitions or start-ups.
Profitability	10% The average operating margin over a business cycle should be no less than 10 percent.		The operating margin has averaged 7.0 percent over the past ten years and 8.2 percent over the past five years. In the Company's view, the current restructuring measures, existing structure and product programme otherwise offer good prospects for attaining this goal.
Financial position	30% The Group's equity/assets ratio should be no less than 30 percent.		The Group's financial position is sound, with an equity/assets ratio on 30 April 2023 of 54.7 percent. The Company continually assesses opportunities for strategic acquisitions and our financial position allows scope for continued acquisitions and investments.
Share dividends	40% 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.	The Board of Directors proposes a dividend of SEK 1.10 (0.90) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 31 August 2023. This represents 38 (34) percent of the Group's net profit, adjusted for the capital gain of SEK +445.5 million from the sale of the air conditioning business.	

Sustainability goals

Goal	Goal attainment 2022/23	Comment
100% of our largest suppliers comply with our Code of Conduct for Suppliers	93 percent (94) of Systemair's largest suppliers have confirmed that they comply with Systemair's Code of Conduct for Suppliers. Every year, we review and adjust which are our largest suppliers.	Systemair strives for long-term, good relationships with our suppliers. Ensuring that our suppliers comply with Systemair's Code of Conduct for Suppliers is part of our procedures when entering into contracts. Where appropriate, Systemair also carries out on-site audits of suppliers.

0

incidents of bribery or corruption

Incidents of corruption (number)	2022/23	2021/22
Number of incidents of corruption	0	0
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

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 2022/23, no incidents of corruption were reported. All administrative personnel are required to undergo mandatory training in the area.

-15%

work-related injuries leading to sickness absence

Work-related injuries leading to sickness absence	2022/23	2021/22	2020/21
LTIFR	14.8	17.2	23.9
Decrease compared to previous year (%)	-14.2	-27.9	

Systemair maintains a zero vision for injuries and during the year set a clearer target for work-related injuries leading to sick leave. The goal is to reduce these more serious injuries by 15 percent each year, as measured by the Lost time injury frequency rate (LTIFR).

25%

female leaders by 2025/26

Female leaders (%)	2022/23	2021/22	2020/21
Total	24.4	23.5	20.8
Difference compared to previous year	0.9	2.7	

Diversity and equal opportunity help to make companies more successful and create a more dynamic and stimulating work environment. During the year, Systemair continued to improve the proportion of female leaders.

50%

Reduced emissions in Scopes 1 and 2 by 2030/31

Emission intensity	2022/23	2021/22	2020/21
Total emissions/COGS[1] (tons CO_2e/SEK m.)	2.70	2.81	3.16
Difference relative to base year (%)	-33	-13	-3

[1] Cost of goods sold

Systemair has set a target to reduce Scopes 1 and 2 emissions by 50 percent by 2030, relative to a base of our fiscal year 2019/2020. The target is based on emission intensity – total emissions divided by cost of goods sold (COGS).

25

TWh in 10 years

Reducing energy use in buildings by 2030/31

With the products and solutions we sold this year, energy use in buildings was reduced by 1.9 TWh, avoiding approximately 500,000 tons of CO_2 emissions. Taken with the result last year, this indicates a reduction of 3.8 TWh in energy use from buildings.

To Systemair, it is important to provide solutions that play a part in reducing energy use and greenhouse gas emissions from the world's building stock, for a more sustainable future. Our goal is to contribute 25 TWh by 2030/31, accumulated over a 10-year period.

Value creation at Systemair

Systemair operates a business model that is based on an end-to-end offering in ventilation, where high quality, sustainable products and solutions are at the centre, with an extra focus on standardisation, delivery reliability and availability. We put customer needs first and strive to be a long-term sustainable and responsible company throughout the value chain.

The building sector accounts for almost 40 percent of global carbon dioxide emissions. These are for the most part produced from the operations of buildings. At the same time, most studies show that the quality of indoor air affects our health and well-being, especially given that we spend an average of 90 percent of our time indoors. In this perspective, Systemair places great emphasis on providing energy-efficient products that reduce energy demand (kWh) in buildings while improving indoor air quality (IAQ) – creating value for both people and our planet!

Design and product development

Systemair products are developed with the focus on sustainability. This includes choosing the right materials, identifying energy-efficient solutions and creating conditions for easy maintenance.

Purchasing

We ensure sustainable purchasing by setting requirements and working closely with our suppliers.

Manufacturing

Safety is at the forefront in our manufacturing, and we are constantly striving to optimise our supply chain for efficiency and reliability.

Delivery

Installation

Operation

Our products are reliable and energy-efficient. They perform an important task in buildings in reducing energy demand while improving indoor air quality.

Servicing

Our products should be easy to maintain, upgrade and repair for longer service life and optimised operation.

Efficient use of resources

Systemair takes the entire product life cycle into account, striving to ensure that every stage of the product's life is as resource-efficient as possible.

Resources

Financial resources
- Assets of SEK 10 bn
- Production-related investments of SEK 325.7 m. during the year
- Development costs of SEK 240 m. during the year

Social resources
- Customers in >135 countries
- 6,600 employees
- 6,000 suppliers and sub-contract suppliers

Physical resources
- 26 production facilities
- 13 technology centres
- Subsidiaries in 51 countries
- Energy use, 78.3 GWh
- Purchased metal, 37,659 tons

Value created

For owners
- Profit for the year with net margin of 8.7 percent

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

For employees
- Good working conditions and a safe work environment
- 59,000 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 help to lower energy use and thus reduce carbon dioxide emissions equivalent to approximately 500,000 tons
- Products that help to improve well-being through a healthy indoor climate

Well positioned in the market

As Europe's leading supplier of ventilation products, with the market's widest product range and a strong local presence, Systemair is favourably positioned in the market. During the year, we continued to see strong demand for our products in most markets. Acquisitions and divestments were made to focus more closely on the core ventilation business, while the product programme was expanded with filters and fire gas evacuation products .

Most product sales are evenly split between commercial and residential buildings, as well as between new constructions and renovation of existing buildings. Looking ahead, we see signs of a slowdown in the new construction market, above all in Europe. However, we believe in and are prepared for a clear increase in the renovation market, which is strongly driven by higher demands for energy efficiency and sustainability.

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. We will be our customers' main product supplier. Priority is given to high availability and delivery reliability of our products. This will remain the case in the future, as we are maintaining high delivery reliability despite a limited global component shortage and increased transport costs.

Acquisitions and disposals

During the financial year, we finalised our acquisition of SagiCofim S.p.A., which makes air filters, diffusers and other products. SagiCofim's production of air filters provides an expansion to Systemair's product range. In a separate development, the Company's air conditioning business was divested to Panasonic. Since 2019, Systemair has worked with Panasonic in commercial air conditioning and the decision to divest is based on the desire to focus on the core business of ventilation. Systemair S.r.l. and Tecnair LV S.p.A., both of Italy, operate in the field of refrigeration products – precision cooling was sold in the deal with Panasonic. The air conditioning business (sales) of Systemair GmbH, Germany, and the air conditioning business (manufacturing) of Systemair AC SAS, France, were also included in the deal.

In March, Systemair announced the acquisition of the UK company Group SCS, a leading supplier of fire gas evacuation products for residential and commercial buildings in the UK. This complements the Company's range of fire safety offering and provides Systemair with access to flue gas control systems for multi-family buildings. It will further strengthen the Company's position in the housing segment, one of Systemair's strategic growth areas.

Five reasons for investing in Systemair

If you choose to invest in Systemair shares, you are investing in Europe's largest supplier of ventilation products, with the market's most comprehensive product range. We have a history of strong growth, and continue to invest on an ongoing basis for the future. Our market is strong, driven by trends such as energy efficiency, sustainability, digitalisation and urbanisation.

1 Strongly growing sector

As the demand for homes and other properties grows globally, so too does the need for effective ventilation. Energy efficiency and fresh air are becoming an increasingly important issue. In Europe, 30 million properties need to be renovated if global climate targets are to be achieved by 2030. The EU, the USA and Asia are launching wide-ranging programmes to improve ventilation and heating efficiency in an environmentally efficient way (read: new ventilation units and heat pumps) in homes and public buildings.

2 Rising sales and profits

Systemair has a well-proven business concept and business model, which is reflected in steadily increasing sales and profit. A significant portion of the profit is dedicated to forward-thinking initiatives, including investments in production development, sustainability measures, and strategic acquisitions.

3 Market leader in Europe

Systemair is Europe's largest supplier of ventilation products. This position has been achieved through both organic growth and strong product development, but also through acquisitions. The market is consolidating and Systemair is working to an explicit investment and acquisition strategy for continued growth.

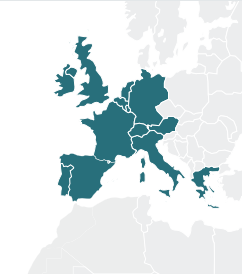
4 Sustainability driving development

Good ventilation improves indoor air quality, which not only benefits health and productivity, but is also energy- and cost-efficient and lowers carbon dioxide emissions. In addition to the important difference our products make, we operate a responsible and comprehensive sustainability programme. Systemair supports the Agenda 2030 and contributes actively to 10 of the 17 UN Sustainable Development Goals. The Company has also committed to setting science-based targets through the Science Based Targets initiative (SBTi).

5 Diversified risk

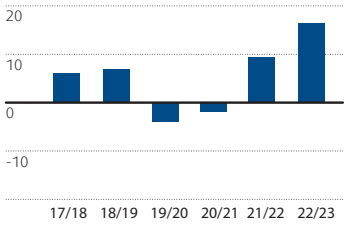
Systemair is a global company with sales subsidiaries in 51 countries, 26 production facilities and exports to more than 135 countries. This makes the Company less exposed to risks that may arise in specific locations or markets. The Group's governance and controls help to identify and manage risks and opportunities alike.

Systemair's market areas

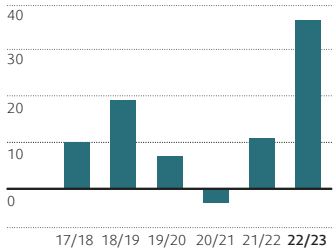
Area		Share of sales	Growth	Organic growth
Nordic region		18%	16.5%	13.1%
Western Europe		46%	36.3%	19.7%
Eastern Europe & CIS		12%	-3.1%	-11.6 %
North America		11%	27.9%	12.5%
Middle East, Asia, Australia and Africa		13%	31.8%	42.6%

Net sales, growth, %

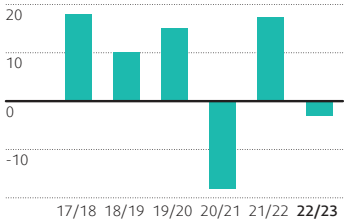
Comment



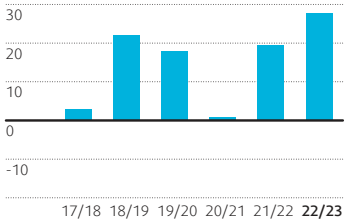
The Nordic countries continued to perform strongly this year with stable market conditions in Systemair's areas. In all the countries of the region – Denmark, Norway, Finland and Sweden – Systemair met stable demand. As in the rest of the world, the Nordic countries were affected by concerns about the economy, with the Finnish market most affected by Russia's war in Ukraine.



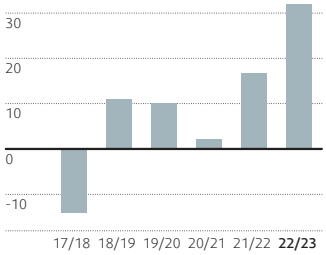
Western European countries performed well during the year, but were affected to varying degrees by pressure on the economy, with high energy prices, interest rates and inflation. The market is segmented, with southern Europe affected by economic turmoil, while the major markets of Germany and France continued to enjoy strong demand. Ireland reported very good growth and the UK performed well despite Brexit. The Netherlands under performed than its neighbours, with increasing concerns in the property market.



Eastern Europe and the CIS was of course the region where sales were hardest hit by Russia's invasion of Ukraine. All deliveries to Russia and Belarus were halted as early as in March 2022. Although neighbouring countries were not directly affected by the war, the economy and investors' willingness to invest in new construction projects were affected.



Developments in North America remained highly positive. The USA and Canadian markets boomed in all our product segments, partly thanks to government infrastructure investments. In particular, sales of air handling units for homes and schools performed well. The markets in Central America, of which Mexico is the largest, fared relatively well.



Despite the super-high inflation in Turkiye, Systemair was able to supply data centre cooling, among other products, to a large number of countries. In Asia, the market was generally stable. India stood out with several large orders and the Company is now investing in another factory. In South Africa, Systemair is the market leader in data centre cooling, which has enabled us to perform better in that country.

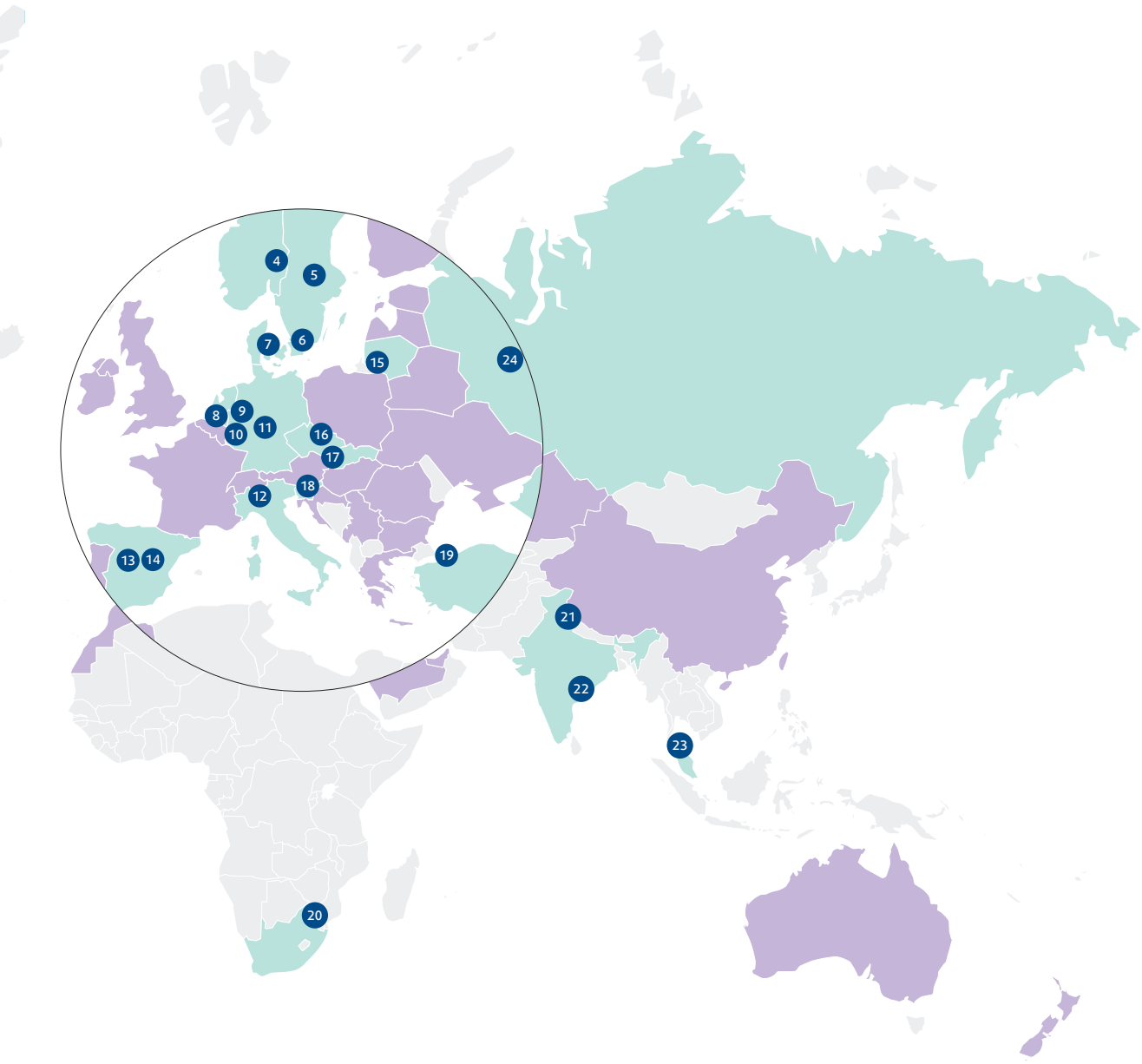
A global company

Production facilities

		Fans	Residential ventilation	Air handling units	Air conditioning	Air curtains and heating products	Products for air distribution	Fire safety	Garage and tunnel ventilation	Filters
1	Kansas City, USA	●		●					●	
2	Tillsonburg, Canada			●						
3	Bouctouche, Canada		●							
4	Eidsvoll, Norway			●						
5	Skinnskatteberg, Sweden	●		●		●				
6	Hässleholm, Sweden					●				
7	Århus, Denmark			●						
8	Waalwijk, Netherlands			●						
9	Mülheim an der Ruhr, Germany			●						
10	Langenfeld, Germany					●				
11	Windischbuch, Germany	●				●		●	●	
12	Milan, Italy (2 factories)						●			●
13	Fuenlabrada, Spain	●		●						
14	Móstoles, Spain						●	●		
15	Ukmerge, Lithuania		●	●						
16	Pardubice, Czech Republic (2 factories)		●	●		●				
17	Bratislava, Slovakia						●	●		
18	Maribor, Slovenia			●				●		
19	Dilovasi, Turkiye			●	●					
20	Johannesburg, South Africa	●		●	●			●		
21	New Delhi, India	●		●			●	●	●	
22	Hyderabad, India			●			●	●		
23	Kuala Lumpur, Malaysia	●						●	●	
24	Moscow, Russia			●						

Product areas

26 production facilities
13 technology centres in 10 countries
3 distribution centres
51 Countries with own sales organisation
Exports to more than 135 countries



Countries with production and sales companies

Countries with sales companies

High product availability despite challenges

One of Systemair's most important customer promises is high product availability. During the year, this competitive advantage was challenged by increased delivery costs, component shortages and extended delivery times, but we were still able to produce and deliver more products than ever before.

Systemair is a global company with customers in more than 130 countries, while also being a decentralised organisation that focuses on proximity to customers both geographically and in terms of availability. In order to meet the specific needs and conditions of the different markets in the best possible way, we not only have local sales companies but also a large number of Group-owned production facilities around the world. Customer-led production means that we can offer the right products for each market, with fast deliveries and the least possible environmental impact.

Good relations

The pandemic, Russia's attack on Ukraine and a general shortage of components have been factors in preventing several of our suppliers from being able to deliver certain products and components to us as before. However, thanks to higher production efficiency, flexible working methods and, not least, good co-operation throughout the supply chain with selected suppliers, ventilation contractors, distributors and consultants, we have been able to solve the delivery problems in the best possible way. These challenges have driven efficiency improvements, which have enabled us to meet customer demand for our products. During the year, we produced and delivered more products than ever before.

Standardisation, automation and development of our employees

The keys to production efficiency are standardisation and automation, where we operate according to our production system the Systemair Production Model (SPM). The model is based on the well-known Lean concept comprising of good organisation, standardised tasks, day-to-day control and continuous improvement.

Production at our facilities mainly consists of sheet metal forming and assembly, and cutting, shearing, punching and bending sheets are processes that are highly suited to automation. The formed sheet metal components are assembled, for example, in fans and units, and during the year a number of investments and projects to expand capacity and enhance efficiency were performed. However, the most important aspect of our work is to develop our employees throughout the organisation. We focus closely on recruitment, training and allowing both managers and staff considerable responsibility and authority.

Digital is more efficient

Assembly is also organised according to the SPM production model, with common, standardised, modular units produced in several different production facilities. The modern sheet metal forming machines and robot cells are digitally controlled so that a drawing can be transferred to the machine, which in turn produces a finished part.

We also use digital tools in production, including apps for scanning, production and quality monitoring and digital working instructions. Our factory in Skinnskatteberg uses digital noticeboards with functions including visualisation of production data in real time. This visualisation provides an image of the situation that invites improvement and follow-up. The current state of development projects, KPIs, deviations etc. are visualised. This fosters involvement and commitment among all employees.

Sustainable production and logistics

As mentioned earlier, component shortages and deliveries were a challenge during the year, but were also a driver for improvement. Investments for greater capacity and efficiency at our 26 production sites go hand in hand with our work on

"Component shortages and late deliveries have been a challenge, but also a driver for improvement."

sustainability. Investments in new machinery have to be energy-efficient, produce low material waste and be safe and ergonomic for operators.

The same applies to logistics. The process of change to optimise logistics flows from suppliers to factories and from factories to warehouses and customers has involved a higher level of planning and control. Closer cooperation with all stakeholders in the supply chain has resulted in shorter and fewer journeys, leading to lower costs, increased safety and lower emissions.

More and better products

For some time now, Systemair has been working according to a standardised and Group-wide product development process. During the year, we continued to implement and optimise our common project model SPMM (Systemair Project Management Model) in our Group-wide development projects. Through this product development model we have strengthened our organisation and expertise, enabling us to bring more and better products to the market faster.

Systemair has developed a Group-wide policy for sustainable products that clearly defines our transition towards a more circular approach in our product development process and then throughout the entire product life cycle, including the end phase. The policy centres on moving towards reducing the volume of materials, using more recycled materials, continuing our strong focus on energy efficiency, improving servicing and repair capabilities, and extending the lifetime of our products.

Product development is about creating products in line with market needs. But the market is not always the only driver, as the ventilation sector is subject to regulation. What are the requirements, values and metrics for energy efficiency, CO_2 footprint, etc. – and what applies to different markets? As a manufacturer and supplier to a global market, Systemair has chosen to take an active role in certification, standardisation and industry organisations. During the year, the Company was involved in restarting the advocacy organisations AMCA International and Eurovent Asia. Systemair also takes great responsibility for standardisation when it comes to Environmental Product Declarations (EPDs), important documents about the product's total CO_2 emissions that many customers are increasingly demanding.

Systemair also maintains good contacts with national and international research institutes and authorities, and during the financial year we started to certify Systemair's laboratories according to ISO 17025.

New technologies provide better solutions

New technologies make smarter, more adaptable and energy-efficient solutions possible, which is also what the market is demanding. An agile product development process is required in order to pick out the drivers that are influencing and driving the market, such as insights into customer needs, trends, regulatory requirements and the opportunities that are being created by new technologies.

The product development model that Systemair uses has helped to strengthen the co-operation around the Geniox, Topvex and Controls platforms. The Access project in Controls makes connected products, remote monitoring and control possible. Systemair Fusion is a product line where we integrate different products using the control unit to offer verified applications to our customers with a short time to market.

"We have started to certify our laboratories according to ISO 17025 to underpin our way of working."

Modules a smart solution
The modular Geniox unit is a good example of Systemair's product development. Geniox is a standardised, but at the same time modular, product so that the customer can obtain the best solution depending on which modules are added to the unit. The platform makes it possible, for example, to install larger heat exchangers for better performance, without having to increase the size of the entire unit.

Rikard Lindbom, Product Area Manager for Energy Recovery at Systemair: "In response to market demands, we have developed new Geniox models with larger ECO heat exchanger units."

"Instead of choosing a larger Geniox unit, ventilation contractors and consultants can simply choose a larger size of heat recovery section", explains Rikard. "The heat recovery section is the centrepiece of the unit and choosing a larger size has only marginal impact on the overall dimensions and footprint of the unit. All other components, such as fans and filters, remain the same".

Balanced ventilation with RAV Control
Another example of development and also a smart home solution is the balanced ventilation system with RAV Control (Room Air Volume Control), a collaboration between Systemair Germany and the company eQ-3. This uses a residential ventilation method where each room has individual exhaust air vents with sensors and dampers linked to a unit and control system. The supply air is introduced into the home via a centrally located room (such as a hallway, staircase or entrance).

A damper with several different sensors (for example, CO_2, temperature, humidity) in each room regulates the airflow according to the needs at the time. When someone is showering in the bathroom, the humidity increases, the damper opens up and the airflow increases in that particular bathroom to keep the humidity at the preset value. When the value is reached, the damper closes again. If several people get together in the living room and the CO_2 level rises, the airflow increases and the "used" air is extracted out. When the CO_2 content drops to the preset level, the airflow automatically reduces again.

This improves air quality while conserving energy, lowering carbon dioxide emissions and saving money. This ventilation technology can be applied to any kind of property, but in its initial stage is designed for residential use.

Own production facilities

Systemair prefers to own its production facilities. Owned facilities extend to a total area of 330,000 square metres and have a total book value of SEK 1.5 billion. Ownership means being able to ensure sustainable and efficient production. The following are descriptions of facilities in four countries.

Skinnskatteberg, Sweden

At Skinnskatteberg, we have two production facilities, a distribution centre and the Group's headquarters. The total area is 52,000 square metres. Here, fans, air curtains and heat pumps are produced, as well as air handling units, and the production processes span the entire value-added chain – sheet metal forming, painting, component handling and assembly. The facilities are well-invested and are highly advanced in terms of automation and work environment for employees. The production system is characterised by a development-led environment with highly-skilled employees. The 30,000 square metre building in Långviken heated by heat pumps that draw energy from lake water and the Klockargården facility is heated by waste products from the nearby sawmill. Systemair Sweden employs a total of 469 people.

Århus, Denmark

Aarhus has been manufacturing air handling units since the mid-1960s. At the factory, the company has a highly automated sheet metal production operation, as well as assembly and heat pump production. In 2022, sheet metal production was upgraded with a new state-of-the-art production line, increasing its efficiency while reducing electricity consumption by 30 percent. The production facility as a whole extends over 23,000 square metres. Systemair Denmark employs a total of 196 people.

New Delhi, India

In India, Systemair manufactures air handling units, air distribution products, fans and fire safety products. One production facility is in Hyderabad, and at present two in Greater Noida near New Delhi, which together extend to about 25,000 square metres. They are modern, well-invested facilities that focus closely on quality and flexibility. The main facility in Greater Noida is LEED Platinum certified and has an advanced ventilation system that significantly reduces energy consumption. Experienced and highly qualified personnel, including a local research and development unit, ensure a high level in the organisation. Systemair India employs a total of 591 people.

Maribor, Slovenia

Maribor has a production facility, distribution centre and offices extending to a total area of 16,700 square metres. The facility produces smoke extract fans, industrial air curtains and air handling units. The plant is highly automated and boasts a highly developed work environment for employees. Production is certified to ISO 9001:2015 with highly trained personnel committed to ensuring the highest quality standards. Systemair Slovenia employs a total of 191 people.

Properties, surface area, m^2

North America	
Bouctouche, Canada (owned)	12,500
Tillsonburg, Canada (owned)	11,800
Kansas City, USA (owned)	16,300
Nordic region	
Århus, Denmark (owned)	23,000
Eidsvoll, Norway (owned)	5,800
Hässleholm, Sweden (owned)	10,000
Skinnskatteberg, Sweden (owned)	52,000

Western Europe	
Milan, Italy (owned)	19,400
Waalwijk, Netherlands (owned)	10,000
Fuenlabrada, Madrid, Spain (leased)	7,000
Móstoles, Madrid, Spain (leased)	22,000
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)	16,700
Pardubice, Czech Republic (leased)	13,500
Pardubice, Czech Republic (owned)	18,000
Dilovasi, Turkiye (owned)	28,000
Middle East, Asia, Australia and Africa	
Hyderabad, India (leased)	3,200
New Delhi, India (owned)	24,800
Kuala Lumpur, Malaysia (owned)	16,000
Johannesburg, South Africa (leased)	7,200

Sustainability at Systemair

Systemair's commitment to sustainability embraces environmental, social and business ethics issues. Sustainability is an increasingly integral part of our business. We believe that real progress in sustainability is achieved by each function building knowledge and understanding of their key sustainability issues. We are proud that many of our energy-efficient products and solutions make a real difference in reducing energy use in buildings, thus helping to lower greenhouse gas emissions.

Our ventilation solutions also make an important difference to indoor air quality. People spend an average of 90 percent of their time indoors and breathe between 10 and 20 cubic metres of air per day. So, good indoor air quality is important to our health and well-being. This is evident in ever-increasing demands, supported by research demonstrating how important indoor air quality is to us. Ventilation solutions therefore need to meet the requirements for good air quality, at the same time as having to be energy-efficient.

Systemair also attaches great importance to focusing on environmental and climate issues in our own operations. For example, during the year we invested in three solar cell installations to reduce emissions from electricity generation and reduce the load on the local electricity grid. Systemair is also committed to setting science-based targets (SBTi).

With regards business ethics and social issues, our work involves taking responsibility both within our own operations and in relation to our customers, suppliers and society at large. For example, we have several local community commitments and are working actively to strengthen our practices to reduce the risk of being involved in any way in human rights abuses. We also view a sustainable and attractive workplace as a success factor. On that basis, we invest in our employees and promote a workplace based on diversity, equal opportunities and inclusion.

We take care of the whole value chain

Just as our ventilation solutions are part of a building, our company is part of a value chain in which we work to generate value in a sustainable way. We are constantly focusing on two horizons – with both short and long term perspectives. In the short term, we are customer-focused to provide what the customer wants in an efficient and sustainable way. In the long term, we are strengthening our business and developing our products to meet the demands and customer needs of tomorrow.

Resource efficiency is an important part of this work. Here, we challenge everything from choice of materials, production processes and modes of transport, to how the product is to be used, maintained and optimised in operation to minimise the resources that burden the environment and the climate. For example, during the year we developed clearer guidelines on how design and product development should contribute to this end. Sustainable product development and product design may affect up to 80 percent of the total climate footprint of a product.

At the same time, it is important to point out that in this context our products' own carbon footprint is often minor in relation to the difference they make to the building's total energy use, for example through heat and cold recovery.

10 global goals

Systemair supports Agenda 2030 and contributes to 10 of the 17 UN Sustainable Development Goals (SDGs). Sustainable development is a driving force for us and we contribute to it by focusing on our core business and engaging in initiatives aimed at providing a more sustainable future. The SDGs form part of our sustainability strategy and underpin Systemair's broad sustainability agenda.

Read more about each SDGs and how Systemair contributes at https://group.systemair.com/

				Link to sustainability strategy
3 GOOD HEALTH AND WELL-BEING	Target 3.9	Systemair contributes by delivering energy-efficient ventilation systems that provide clean, healthy and safe indoor air. Via modern technical solutions and high quality filters, Systemair products significantly reduce potential air pollution.	Poor air quality is a significant cause of premature death. Systemair is proud to contribute to better health and quality of life.	Sustainable products
5 GENDER EQUALITY	Target 5.1, 5.5	Systemair contributes by setting internal guide-lines and working actively to promote gender equality. We believe that equality and diversity in	general represent a key factor in ensuring our continued growth. One of Systemair's goals for 2025 is to achieve at least 25 percent female leaders.	Sustainable workplace
8 DECENT WORK AND ECONOMIC GROWTH	Target 8.5, 8.7, 8.8	Systemair contributes by ensuring human and labour rights via procedures and requirements for our own operations and for those of our suppliers and partners. Health and safety is a top priority for	Systemair and we maintain and continuously improve our systematic work to reduce accidents and injuries in our operations.	Responsible enterprise and Sustainable workplace
7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	Target 7.3, 9.4, 11.6	Systemair contributes by providing energy-efficient ventilation systems made from sustainable materials and designed with a life cycle perspective for increased resource efficiency. A significant proportion of carbon dioxide	emissions today are linked to the existing building stock, many of which have inefficient ventilation. Increasing our own energy efficiency is also part of our prioritised focus areas and contributes to decarbonisation.	Sustainable products and Sustainable operations
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Target 12.3, 12.4, 12.5	Systemair contributes in several ways, such as by providing solutions that protect the cold chain and reduce food waste. A systematic approach to reducing our spills and waste increases our material efficiency. We seek to recycle as much of our waste as possible. Hazardous waste and any air, soil and water pollution are managed responsibly.	Our products are designed with a life cycle perspective and circularity in mind. They are designed to be durable and easy to maintain for a long service life. We endeavour to use sustainable materials and components that can be recycled or reused.	Sustainable products and Sustainable operations
13 CLIMATE ACTION	Target 13.1, 13.2	Systemair contributes by working systematically to identify our direct and indirect carbon dioxide emissions, and strives to increase energy efficiency and reduce carbon dioxide emissions from our own operations and products.	We work on identifying climate risks that may affect our operations and how we can manage them to minimise their impact.	Sustainable products and Sustainable operations
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Target 16.5	Systemair contributes by operating a policy of zero tolerance of bribery and corruption. Systemair	works proactively to manage corruption risks through a clear policy and training in the subject.	Responsible enterprise
17 PARTNERSHIPS FOR THE GOALS	Target 17.16	Systemair contributes by engaging in global partnerships such as the UN Global Compact	and industry organisations to share knowledge and promote sustainable practices.	Responsible enterprise

28%

of our sales is classified as aligned according to the EU Taxonomy

WE SUPPORT UN GLOBAL COMPACT

Systemair supports the UN Global Compact

Systemair is committed to actively promoting and respecting the 10 principles of human rights, labour, environment and anti-corruption.

Sustainability strategy

Systemair's sustainability work is constantly evolving. At its core lies our sustainability framework, which defines our sustainability strategy for driving development and change. Governance, monitoring and reporting are other important elements. Our sustainability framework consists of four focus areas with selected core issues based on a materiality analysis.

For the purposes of governance and monitoring, each core issue has a development plan and KPIs that are reported on directly to the management function responsible. One important basis for our work on sustainability is our Code of Conduct, which sets out Systemair's position on issues regarding social responsibility, business ethics, environment and health and safety. This is accessible to all employees. In addition, all employees must undergo training on the Code of Conduct every year.

Changes in the world affecting Systemair
In recent years, the requirements for sustainability in businesses have increased. In the years ahead, increased demands are also expected regarding social issues and the responsibility companies need to take in their value chain.

As of the reporting year 2024/25, Systemair will have to report according to the EU's updated sustainability reporting framework, CSRD. Systemair is closely monitoring developments to enable it to meet the new requirements. We are also involved in the dialogue on how the stricter requirements and compliance will work, including through participation in industry associations. Systemair is continuously striving to raise awareness and disseminate information about the requirements and expectations that exist, to ensure maximum compliance in all parts of the organisation.

Responsible enterprise

Goal
- Zero incidents of corruption.
- All our largest suppliers have committed to comply with our Code of Conduct for Suppliers by 2025/26.

Core issues
- Systemair ensures that business decisions accord with applicable laws and in all cases are taken on an ethical and responsible basis.
- Systemair operates a policy of zero tolerance of bribery and corruption.
- Systemair applies sustainability requirements to suppliers to ensure a responsible and low-risk supply chain.

Sustainable workplace

Goal
- Serious injuries leading to sickness absence reduced by at least 15 percent per year.
- Employee turnover in line with the industry average.
- At least 25 percent female leaders by 2025/26.

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

Real difference in reducing emissions

It is estimated that products delivered during the year contributed to a **reduction of 1.9 TWh in energy use.**

This represents an annual reduction of around **500,000 tons** in carbon dioxide emissions, which is comparable to the emissions from **275,000 cars**.

Calculated on the basis of air handling units with energy recovery sold and average CO_2 emissions for electricity generation in the regions where the products were sold. Emission factors from Carbon Footprint (February 2023). Car emissions based on annual mileage of 15,000 km and 120g CO_2/km.

Sustainable operations

Goal

- 50 percent reduction in Scopes 1 and 2 emissions intensity by 2030/31, with 2019/20 as base year.
- All our production facilities will be ISO 14001 certified by no later than 2030/31.[1]

Core issues

- Systemair strives to reduce its emissions of greenhouse gases from our own operations and in the value chain.
- Systemair strives to improve the energy efficiency of our facilities and operations.
- Systemair cares about the environment and works to minimise our impact.

Sustainable products

Goal

- Reduction of 25 TWh in energy use in buildings, aggregated over a 10-year period.

Core issues

- Systemair provides energy-efficient solutions that help to reduce energy needs and lower greenhouse gas emissions from buildings.
- Systemair contributes to better public health by providing solutions that improve indoor air quality.
- Systemair strives to reduce the negative environmental impact of its products by using sustainable materials and by designing from a life cycle perspective.

[1]*Excludes acquisitions from 2027 onwards*

Responsible enterprise

Systemair has a long history of corporate responsibility and assumes its social responsibilities in the places where we operate. As a client and buyer of materials and components, we have a responsibility to monitor our supply chain, as well as to act responsibly in our own dealings with our customers and partners.

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.

Responsible business dealings
At Systemair, we conduct our business in an ethical and responsible manner. Systemair will always comply with the laws of the country concerned and our business decisions will always be made in the best interests of the Company and our employees. Where international rights take precedence over local ones, international rights must be respected. We review and update our Code of Conduct annually.

For example, this year we set out more clearly the link to the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the eight core conventions of the ILO.

Human rights due diligence has been strengthened in our own operations to minimise the risk of a right being violated. Further along the value chain, this work has been reinforced with a policy on sanctions and business with customers located in countries classified by the EU as high-risk countries.

The engineers of the future

Corporate responsibility can take many different forms. And it doesn't just have to be about customers, suppliers and employees. It can also be about the ventilation experts of the future. Systemair takes social responsibility through its involvement in two local initiatives, the Teknikspråget internship and co-operation at local level with the Klockarbergsskolan primary school in Skinnskatteberg.

Internship via Teknikspråget programme
Systemair has two partnerships with the school at different levels. Teknikspråget is an internship programme where young people aged 18 to 21 who have graduated from upper secondary school in science or technology subjects can try out the engineering profession through a four-month paid internship at a technology company. Many large, well-known technology companies, such as ABB, Volvo, Sandvik are involved – as is Systemair.

Sofia Rask, CEO of Systemair Sweden, notes that we have had many interns with us over the years. Some have stayed, while others have continued their studies. Specific internship positions include test lab assistant and assistant in our design department.

> "The trainees we've had have been good and appreciated", says Sofia. "It's good for us to get in touch with young people who are interested in technology, and we get good help from our internees. The work that the trainees do matters to us and we always try to give the trainees meaningful tasks so that they get the chance to really try out the technology profession".

Curiosity of Year 8 pupils
Systemair also works with Klockarbergsskolan in Skinnskatteberg and its Year 8 students.

> "We have two classes per term that spend one day a week on our premises for their technology and physics lessons", says Sofia. "Sometimes they have regular theory lessons with us, but the students also try their hand at computer modelling and printing on our 3D printer, which is very popular. It's all about arousing curiosity", says Sofia. "We want to show the available professions with us, what we do, and also what many of the students' parents do. Systemair means a lot to Skinnskatteberg, but I also say that Skinnskatteberg means a lot to Systemair. We want to be socially responsible where we operate, and our commitment contributes to a mentality and loyalty that builds and develops both the Company and society."

Picture: Elmin Ljeskovica, Ida Andersson, Sól Lija Aronsdottir and Atle Tougaard Benzler.

Employee initiative in support of victims of war and earthquake

Russia's war of aggression against Ukraine is in its second year, and in February 2023 powerful earthquakes hit southern Turkiye and parts of Syria. These tragic events have created a great need for aid and have prompted many Systemair employees to get involved.

In February 2022, Russia attacked Ukraine, which quickly created major flows of refugees and a great need for humanitarian aid. Many Ukrainians fled to neighbouring Poland without being able to take any possessions with them.

> "The need for help quickly became urgent", says Marcin Moczydlowski, CEO of Systemair Poland. "Many Systemair colleagues contacted us, asking to help. It wasn't long before aid shipments of supplies, food and clothing arrived from many countries. The first two trucks came from Sweden, organised by Systemair employees".

In a short time, Systemair Poland received more than 140 pallets of donations for Ukrainian refugees from colleagues in Sweden, England, Belgium, Germany, France, Ireland, Portugal, and other countries.

Earthquake in Turkiye

In February 2023, two major earthquakes hit southern Turkiye and parts of northern Syria. A large number of people were killed and many were also left homeless when buildings collapsed. Here, too, the need for help quickly became urgent. And again, fundraising efforts were made to help among Systemair employees in different countries.

Picture from Systemair Poland collection.

Systemair operates a specific anti-corruption policy with 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.

Supplier responsibility

Systemair uses around 6,000 suppliers. The majority are European or North American, which means that they are bound by national laws and regulations that ensure acceptable working conditions. Systemair's suppliers are evaluated and selected on the basis of their ability to deliver on a commercial basis, as well as on their ability to comply with Systemair's Code of Conduct for Suppliers with its guidelines on labour rights, health and safety in the workplace, environmental requirements and business ethics.

Both our largest suppliers and our new suppliers must complete a self-assessment form to be eligible to work with Systemair. The form includes questions on compliance with Systemair's Code of Conduct for Suppliers, financial stability, product insurance and environmental requirements for materials. Systemair also conducts on-site checks of suppliers, above all at the start of a new collaboration, at suppliers of critical equipment or materials and at suppliers where we identify a need for improvement. During the year, a start was made on implementing new processes and systems to focus even more systematically on supplier verification and follow-up. Part of this includes human rights due diligence, where all suppliers are categorised according to risk of violation – depending on the country they operate in – as well as the level of our purchasing costs from them.

We are involved and have an influence

As a leading actor in the ventilation industry, we embrace our responsibilities and play our part in driving important issues via multiple channels. We are engaged and well-positioned in industry associations around the world. We are also involved at national level in several countries and contribute to progress.

Responsibility to society

Good relationships with external partners are decisive 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 engage in local community activities that promote development in the community, benefit local business and support schools and educational organisations.

95%

of new suppliers have gone through our responsible sourcing screening process

93%

of our largest suppliers have confirmed that they fulfil our Supplier Code of Conduct

Sustainable workplace

To assure Systemair's long-term success, it is vital to be able to attract, develop and retain competent employees. We are constantly striving to be an attractive employer. Safety is the top priority in our workplaces, and we actively promote the importance of diversity and an inclusive culture.

Good working conditions and safe workplaces are important, both for our employees and for being an attractive employer. No-one should need to go to the workplace and worry about their physical or mental well-being. Violence, threats, harassment, bullying and similar abuses of employees are not tolerated.

As part of our endeavours to be an attractive employer, we have set a target to keep personnel turnover in line with the industry average. The outcome last year (15.3 percent) was slightly above the industry average and the outcome this year (16.0 percent) shows that we are still above, due to the fact that we are established geographically in several markets with a higher turnover of personnel in 2022/23.

A modern, safe work environment

To prevent risks in the work environment, knowledge is vital. By sharing knowledge about accidents, near-accidents and risks that have occurred, we can prevent new accidents from happening at other workplaces. Against that background, Systemair uses TiA, a web-based information system for reporting and analysing risk observations, near-accidents and occupational injuries. The system is based on a flow concept spanning the entire process, from reporting of incident via investigation with risk assessment and analysis of cause, to remedial action and follow-up.

Onboarding and training

As Systemair grows with more employees and more companies, so too does the need for employees to easily find and learn about the Company's culture, development opportunities, training programmes, rules and policies.

Because Systemair consists of many companies, it is important to be able to quickly find information, documents and people in the Group. Some of our local companies have their own onboarding programmes for new employees, which is good, but it is also necessary to include important elements that are common to the entire Group.

As a result, Systemair has over the past year started to develop a centralised onboarding process for new employees and for employees in acquired companies. The process comprises training on the Company's corporate profile, culture, tools, processes and basic technical knowledge. It will also provide those new to Systemair with an understanding of the Company's products and solutions, manufacturing facilities and the markets in which we operate. What used to be accomplished in various ways in different locations now occurs through a unified and structured process.

"We want new employees at Systemair to feel welcome and to be well-informed for a good start", says Kirsten Vreede, Process Leader Onboarding. Those of us who work on this area have developed a process that "takes new employees by the hand" during their first days and weeks.

The process also serves as a common thread complemented by function-based training. For this purpose, Systemair uses a training platform, the Systemair Academy.

"This will simplify things for the HR department or manager concerned, and ultimately existing employees will benefit", adds Kirsten Vreede.

Katja Klein is responsible for e-learning and the Systemair Academy.

"An onboarding process for new employees at Group level provides a major advantage for Systemair. Exploiting economies of scale is in our DNA, and that's exactly what we're doing here. It's also pleasing to me that this will further advance the use and acceptance of our digital learning platform – Systemair Academy – which everyone has been working on, so to speak, from the very first Systemair class".

Kirsten Vreede, Process Leader Onboarding

Katja Klein, Process Leader Academy and E-learning

Employee 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 the broad scope of our online platform, the Systemair Academy, we have made it easier for employees to acquire new knowledge wherever they work in the organisation. We are constantly striving to understand which values employees recognise as particularly important today and in the future. We see this work as playing an important part in developing the firm foundation that exists and is contributing to an attractive and healthy company. Our objective is that all employees should have one performance review per year. In all cases, the immediate manager and the employee are together responsible for ensuring that competence development is aligned with the Company's long-term strategy. For example, good career opportunities are open to employees looking for international experience and responsibilities in the Systemair Group.

Diversity and equal opportunity

Research shows that diversity and equal opportunity in the workplace play a part in making companies more successful. They also create a more dynamic and stimulating work environment. We see recruitment as an important part and strive to increase the chances of greater diversity and equality in that process. At Systemair, we want everyone to feel welcome, whatever their background. What counts is knowledge, experience and performance in the particular role, and no discrimination on the basis of sexual orientation, gender, age, ethnicity or religion is allowed. All employees will be treated with respect, and no employee will be subject to bullying or abusive treatment. To raise awareness among our staff, training programmes are planned on topics such as unconscious bias. 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 with diversity seen as an asset in our dealings and projects around the world.

Working at Systemair should be safe and secure

At Systemair, we are constantly looking for ways to improve our safety performance. We are working systematically on a common reporting system to strengthen our focus on safety. All manufacturing facilities have developed an occupational safety plan for 2023/24, with objectives and activities. We are also working on a number of focus areas, including the "Critical 6" where we identify the most hazardous risks, personal safety equipment, the 5S system, risk observations and cultural change. In all cases, with the aim of achieving zero accidents. For example, we have produced a new guide for visitors to our Danish manufacturing facility in Aarhus. It is helping to create a safer and successful tour of the facility.

-14%
reduction in the number injuries leading to sickness absence

59,000 h
education and training hours were provided last year

24.4%
of our leaders are women

Sustainable operations

Sustainability work is increasingly being integrated into our daily operations. We focus on continuous improvement to constantly challenge ourselves and become even better. Our aims include owning our production facilities, as, by doing so, we become better able, long term, to control both work environment and environmental performance.

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

In total, 43 percent of our facilities are certified under the ISO 14001 environmental management system, and we aim to continue to improve on this where we see the greatest benefit. By 2030 at the latest, all our manufacturing facilities will be certified, with the exception of those we acquire from 2027 onwards, as implementation takes time. Several of our manufacturing facilities are state-of-the-art, for example our facility in India is LEED Platinum certified and the one in Turkiye is LEED Gold certified. LEED is the most widely-used classification system globally for green buildings. The facilities have 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 piped water and rainwater; and energy-efficient production equipment.

Working to reduce emissions

Systemair continues to reduce emissions from its own operations (Scopes 1 and 2) and will strive for further reductions. Investments in solar panels during the year have contributed to this, along with energy efficiency improvements. Work to identify and understand the emissions arising outside our own operations in other parts of the value chain (Scope 3) is gradually being expanded to enable us to set science-based targets in both the short (around 2030) and the long term ("net-zero" targets).

Scope 3 comprises a total of 15 categories, 8 upstream and 7 downstream in the value chain. Not all are relevant to Systemair. The review has identified that the categories of *purchased materials* and *use of sold products* are the two categories that account for an overwhelming majority of Scope 3 emissions, and this is where we also aim to focus most closely on understanding our emissions better. Overall, our Scope 3 emissions are much higher than Scopes 1 and 2 combined. Setting targets for Scope 3 will, for example, lead us to set requirements for *purchased materials*, and so also for our suppliers, for a lower carbon footprint. In our Spanish manufacturing facility, this has already started through replacement of some of the steel we buy with one that has a carbon footprint that is around 70 percent lower.

The second Scope 3 category is the *use of products sold*. This is at all times central to our product development in order to reduce energy consumption by our products. Energy consumption in the products we have sold is considerable, as many are used around the clock, but that measure should always be viewed in the context of total energy use in the building. Energy recovery in our products makes a big difference and is clearly evident from any study of the total heating, cooling and ventilation of the building, and is therefore not evident in the energy consumption in the ventilation product itself. Emissions from electricity consumption are strongly dependent on how the electricity is generated. This also affects emissions from the *use of products sold*, depending on where in the world they are sold and the type of electricity generation available.

Science-based targets

Systemair has raised the level of ambition in its ongoing work to reduce carbon dioxide emissions, both from its own operations and throughout the value chain. This involves a commitment to setting targets based on the Science Based Targets initiative (SBTi).

"In order to be able to set science-based targets, we need to have an understanding of and data for Scopes 1, 2 and 3 emissions, if Scope 3 accounts for at least 40 percent of the total emissions. To us, this means that Scope 3 has to be included. We have good control of our Scopes 1 and 2 emissions, but most of our emissions are in Scope 3. So we have focused more on these and will continue to do so in order to understand the emissions well enough to be able to set goals and of course also reduce emissions. This is an ambitious task for a company with one of the widest product ranges in ventilation, as emissions from purchased goods and materials are one of our biggest Scope 3 categories. We're looking forward to understanding this data better in combination with the other most relevant Scope 3 categories".

Lee Morgan
Group Sustainability Director

33%

reduction of emission intensity in Scopes 1 and 2, compared to base year 2019/20

5.4%

lower absolute energy use in Scopes 1 and 2 compared to the previous year

Investments in solar cells reduce both carbon dioxide emissions and costs

Investing in solar panels not only demonstrates Systemair's commitment to sustainability, but rising energy prices have also made it increasingly beneficial in economic terms. Systemair companies in Turkiye, Germany and Slovakia, among others, have recently invested in solar energy.

2,200 solar panels in Turkiye

In Turkiye, Systemair recently completed the installation of 2,200 solar panels on the roof of its factory in Dilovasi.

"We're very proud of and pleased with this investment", says Ayşegül Eroğlu, Vice President of Systemair, Turkiye. "It's an investment in sustainability but also one in reducing costs. According to the accredited software and meteorological data in the region where the plant is located, the solar power installation will generate as much as 1,400–1,500 MWh per year".

"Because the factory's electricity consumption amounted to about 1,000 MWh last year, the investment will not only reduce electricity bills; Systemair will also be paid for the surplus electricity generated and fed into the grid. Depending on the cost of electricity, it will take about 2–3 years to get a return on investment".

628,000 kWh/year in Germany

A new solar cell system has been installed at the Systemair Windischbuch facility. The solar panels cover an area of 3,163 m^2, and it is estimated they will generate 628,000 kWh per year.

"Of these, about 414,000 will be used for our own consumption and the surplus will be sold to the grid", says Peter Dörzbacher, Senior Technical Advisor at Systemair, Germany. The total annual electricity consumption at Windischbuch is 1,200,000 kWh, which means that the solar panels will account for about one third of the consumption.

One important reason for installing solar panels is that solar energy reduces CO_2 emissions. It is estimated that the installation will reduce emissions by close to 377 tons.

"We also appreciate the financial savings that the investment will deliver", says Peter Dörzbacher. "We have calculated that the investment will pay for itself in about five years. The solar panels are not only beneficial to the environment, they will also have a positive impact on our economy and reduce our costs".

1,110 solar panels in Slovakia

In Slovakia, too, solar panels have been installed on the roof of the production facility in Kalinkovo, near Bratislava.

The roof has acquired 1,110 solar panels, 555 optimisers and 4 inverters. The annual capacity is around 486 MWh, corresponding to 26 percent of the electricity consumption of the production facility. It also represents a reduction of 54 tons in carbon dioxide emissions (or 2,950 trees planted). The return on investment is expected to be rapid.

"We made this investment for several reasons", says Maroš Chlebo of Systemair, Kalinkovo. "First of all, it clearly demonstrates our commitment to sustainability. We plan to present an overview of the entire system in the reception area of our office building, so that visitors can see that we are doing something to reduce our CO_2 footprint. If the actual price of energy does not fall too much, the entire investment will pay for itself in less than three years. This means that we will be able to make significant savings in a short period of time".

Sustainable products

We are proud that our energy-efficient products are helping to reduce carbon dioxide emissions from the world's buildings and in that way are mitigating climate change. These products are also contributing to better public health by being part of a ventilation system that promotes a good indoor climate. Systemair also strives actively to reduce the burden on the environment from our products.

Healthy indoor air
With our extensive product range, we can create an optimal solution that contributes to a healthy indoor climate in all environments. Filtered indoor air is important in helping us to feel well. Good air and a pleasant temperature at the office and in schools make us feel and perform better. On industrial sites, 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.

Energy-efficient products
Systemair invests in product development to ensure that new products contribute to better indoor air while keeping the energy requirement as low as possible. Several factors affect the energy efficiency of the product. The most important one is the way in which the product interacts with other ventilation, heating and cooling equipment.

Energy recovery

A significant proportion of total CO_2 emissions comes from buildings and the generation of electricity and heat supplied to them. Calculations show that as much as 40 percent of total emissions can be linked directly or indirectly to buildings. This means that if energy demand in buildings can be reduced, global CO_2 emissions will too, and cost-efficiency will increase.

In Europe, more than 30 million buildings need to be renovated for greater energy efficiency, in order to play a part in enabling global climate targets to be achieved. Systemair engineers work daily on the development of increasingly energy-efficient ventilation products and solutions. Many of these have an energy recovery function, where energy in the form of heat (or cold) is captured and reused in a cycle. This drastically reduces the need for additional heating or cooling, which often accounts for the major share of a building's energy use.

How it works
In a ventilation system, fresh air from outside is brought into a building while the heated exhaust air is extracted out of the building. The principle is to utilise or recover the heat in a building's exhaust air before it is released. Using a heat regenerator, the cold supply air is heated with the heat from the building's exhaust air as it is extracted. In winter, the building's heat is recovered to heat the supply air; in summer, the heat exchanger can be used to cool the supply air and the building in an energy-efficient way.

Systemair air handling units are available with rotary heat exchangers, counterflow or crossflow exchangers and also liquid-coupled heat recovery. Water heating coils or electric heating and/or cooling coils are available for supply air post-treatment of supply air. With an advanced control system, it is possible to monitor the indoor climate quickly and easily and further optimise the indoor climate. The control system can be used for what is known as demand-controlled ventilation. In such systems, the ventilation is automatically adapted to the demand; the air flow is reduced when no one is in the home or office, and is increased when needed. Not all energy in a ventilation system can be recovered, but Systemair has products capable of recovering up to 92 percent of the energy from the ventilation process.

That way, an energy-efficient, modern ventilation system with energy recovery and demand-controlled ventilation can drastically lower the energy demand and so also the carbon dioxide emissions from the world's buildings.

For example, we focus extra closely on regulation and control technology to ensure that our products achieve optimal performance in demand-controlled ventilation. Several of our products also feature high-efficiency energy recovery, which contributes to a significant reduction in the need for other heating or cooling, thereby reducing the overall energy use of the building.

New requirements are bringing an increasingly sharp focus to bear on the energy consumption of ventilation products. We are constantly seeking new solutions to reduce energy consumption by components and products, and are adapting our products to the rules in force in each market.

Product development with the focus on sustainability
Systemair strives to design products from a life cycle perspective and we closely monitor the evolution of the various requirements and recommendations that are emerging in the field of sustainable products. A life cycle approach means taking into account the whole life of the product through its value chain, including environmental and climate issues. For example, by simplifying maintenance of the product to enable a longer service life. During the year, we developed a specific policy on sustainable product development to reinforce the guidelines for achieving greater resource efficiency throughout the product's life.

Key in driving our product development are the expectations of the market, as well as the need to satisfy the requirements of directives and regulations. We are strongly committed to Ecodesign and focus on developing competence in issues such as circularity and future requirements as to a product's environmental and climate footprint from a life cycle perspective. In developing our products, we are careful to fulfil Ecodesign requirements, as well as relevant directives on material requirements such as REACH and RoHS.

>100,000,000 m³/h

healthy air from Systemair ventilation units delivered this year

1.9 TWh

reduced energy demand from buildings thanks to Systemair air handling units delivered this year

Low-carbon emissions steel in Geniox

Systemair in Spain, has agreed with its steel supplier to buy 'greener' steel. This steel has a 70 percent lower carbon footprint than regular steel, and in an initial step, Systemair in Spain has started ordering Magnelis-coated steel for our production of Geniox units. Systemair in Spain is already strongly committed to its climate work and our aim is to position ourselves as a manufacturer at the leading edge of developments. The steel in our products represents a major share of the weight of the finished product, and so steel with a lower carbon footprint has a relatively large impact on reducing the overall carbon footprint of the product.

"We believe this is the future", says Alberto Solar, Head of Production. "Sooner or later everyone will want this steel, and we want to be the first to establish a good relationship with our supplier and in our market. Our first order of steel of a particular thickness is just the first step. The 'greener' steel is more expensive than regular steel, but we believe that this kind of initiative not only aligns with our sustainability goals in terms of reducing carbon dioxide emissions, but is also needed if the requirements of the EU directive are to be fulfilled in the years ahead. Basically, steel producers are selling off all their stocks of this steel, so it's important that we get on board now".

During the year, we recruited new expertise and increased our investment in the development of LCA and EPDs for our products. LCA is a process for calculating the environmental impact of a product through the different stages of its life cycle. EPD is an externally verified declaration regarding these calculations. We are striving to ensure that this makes a real difference in the long run and so are actively engaged in developing of what form future market requirements should take to achieve the desired effect.

Our operations in Turkiye have extra focus on the development of cooling units for data centres and we have a collaboration with a university in Istanbul. As a result, this has allowed us to calculate the environmental footprint and perform an LCA for our cooling units used in data centres. The collaboration with the university was deepened during the year and led, for example, to a scientific article, published in Elsevier.

The article studied the difference between various production methods in terms of impact on the product's environmental footprint.

A product's environmental footprint is also affected by production waste. In several of our factories, we have invested in coil facilities, where we have transitioned from flat sheet to sheet on coils, reducing material consumption by an average of 12 percent. In addition to reducing waste, we also ensure the sorting and recycling of waste in production.

Systemair endeavours to reduce the climate impact of products with heat pump technology by choosing refrigerants with lower climate impact. Certain refrigerants are significant factors in global warming. These refrigerants have a high GWP (global warming potential). The aim is to be able to provide refrigerants with the lowest possible GWP, based on what the market is ready for.

Driving change and making a difference

Policies, legislation, certifications and standards are increasingly affecting our industry, our companies and our global operations. At Systemair, we have a dedicated Public Affairs department. It serves as a trusted partner for policy makers and industry organisations, driving regulatory developments and key issues.

The pandemic and ongoing geopolitical events have accelerated sustainability and air quality initiatives around the world, especially in the EU. As a result, legislation is evolving faster than ever, presenting both opportunities and challenges.

Opportunities thanks to stricter building codes, more stringent minimum standards for energy efficiency and indoor air quality, and tougher requirements for the environmental performance of products – ultimately increasing the demand for high-quality ventilation solutions. For example, the EU Ecodesign Directive will be transformed into the Ecodesign for Sustainable Products Regulation. While current legislation has mainly focused on energy efficiency, the forthcoming law will place further focus on the life cycle of products, covering issues such as material efficiency, recyclability and digital control. Similar measures are in progress in Systemair's markets in other parts of the world, although to a lesser extent.

While such initiatives ultimately aim to reduce the carbon footprint and energy use of buildings and help to bring about healthier indoor environments, they also present several challenges. To us manufacturers, they add to the bureaucratic burden, sometimes they make unrealistic demands and national systems can be contradictory. Ensuring harmonised standards, legislation and certification requirements around the world and reducing trade barriers is therefore fundamental to our Public Affairs activities. The same goes for ensuring that the industrial reality is reflected in all policies.

Many sustainability measures also require our end users to invest in new technologies, which drives up their financial commitments. To ease the transition, governments around the world are therefore launching extensive subsidy programmes. One of many initiatives is the Inflation Reduction Act in the USA. This allocated USD 50 billion to the construction sector alone, for projects that aim to improve energy use and indoor air quality and that use low-emission building materials or construction processes[1]. Germany, another of Systemair's main markets, provides strong support for energy-efficient building renovations. In Germany, more than 330,000 funding applications were received in 2021, with funding of EUR 5.3 billion being granted. In 2022, this figure increased to 776,000 applications totalling EUR 10.3 billion[2]. From an overall economic perspective, the renovation of buildings therefore has significant economic potential. Each euro of aid actually generated a further 30 euros of investment.[3]

Our global Public Affairs network works with stakeholders to ensure that the same requirements for ventilation and indoor air quality are specified in all subsidy schemes. We do this through active participation in more than 50 industry, certification and research organisations worldwide. In many of these, Systemair colleagues have taken on leadership roles, including the presidency of Eurovent, Europe's largest HVACR trade association, the Home Ventilating Institute of North America (HVI) and the Air Movement and Controls Association (AMCA), one of the most prestigious international organisations in the air movement and air control industry. These are some examples of what we are doing to drive change and make a difference.

Morten Schmelzer
Head of Group Public Affairs

[1] U.S. Green Building Council, 2022
[2] Federal Office for Economic Affairs and Export Control, 2022
[3] Adler, Mertz & Sperber, 2022

The share and shareholders

The Systemair share
Systemair shares have been quoted under the ticker code SYSR on the Nasdaq OMX Nordic Exchange in Stockholm since 12 October 2007. As of 3 January 2022, Systemair was moved from the Mid-Cap list to the Large Cap list. The initial offer price in 2007 was SEK 78 per share, indicating a market capitalisation of approximately SEK 4.1 billion. The market capitalisation on 30 April 2023 was approximately SEK 18.5 billion (13.0). On 17 January 2023, Systemair held its Capital Markets Day in Skinnskatteberg. There, Systemair presented its strategy for the future with the focus on sustainability, financial development, growth and profitability.

Share capital and voting rights
The Company's share capital totals SEK 52.0 million, represented by 208,000,000 shares with the same number of votes. The quotient value is SEK 0.25 per share.

Changes in share price
At the end of the 2022/23 financial year, the closing share price was SEK 88.90, a rise of 42.5 percent from the price at the start of the financial year. In the same period, the OMX Stockholm's PI Index rose by 1.5 percent. The number of Systemair shares traded on NASDAQ OMX Stockholm totalled 24,172,634 (14,750,312), corresponding to a turnover rate of 11.6 percent (7.1) during the financial year.

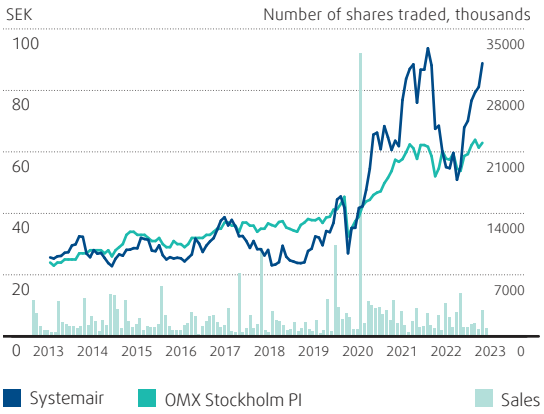
AGM's authorisation
In 2022, the AGM resolved to authorise the Board, on one or more occasions during the period until the next AGM, with or without disapplication of the preferential rights of the shareholders, to resolve to increase the Company's share capital by issuing new shares. On the basis of that authorisation, the Company may issue new shares equal to no more than 10 percent of the number of shares in the Company in issue at the time of the 2022 AGM. Any such issue shall be made on market conditions, with the right reserved to offer an issue discount where appropriate.

Shareholders
The two largest shareholders, Färna Invest AB, with a holding of 42.8 percent, and ebm-papst AB, with 10.7 percent, did not change their holdings during the financial year. Other major shareholders are Swedbank Robur Fonder with 9.4 percent (9.8), Alecta Tjänstepension, Ömsesidig with 6.8 percent (5.5) and Nordea Investment Funds with 5.0 percent (4.5). The number of shareholders at the end of the accounting period, 30 April 2023, was 6,887 (5,487).

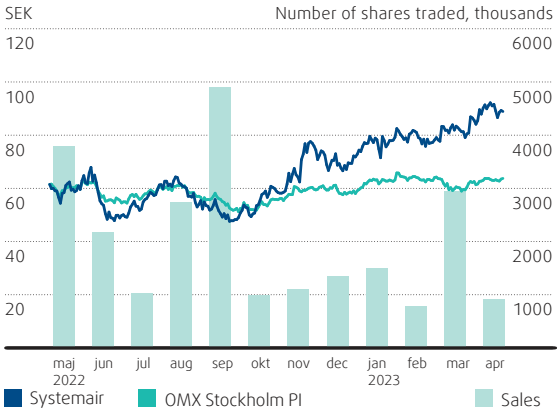
Warrants
On 25 August 2022, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2022 incentive programme. During the financial year, Systemair AB issued a total of 520,740 warrants for Systemair shares to senior executives of the Company. Transfer of the warrants to the participants will be effected at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). The programme runs for four years from 24 September 2022 and the last day for share subscription is 30 September 2026. In addition, 591,000 warrants were issued in 2021 to senior executives under the LTIP 2021 programme and the last day for share subscription in this programme is 30 September 2025.

Dividend policy and dividend
The Board proposes that the Annual General Meeting, to be held on 31 August 2023, approve a dividend of SEK 1.10 (0.90) per share. As a result, dividend payments will total SEK 228.8 million (187.2). The proposed dividend represents 38 percent (34) of the Group's net profit, adjusted for the capital gain of SEK +445.5 million from the sale of the air conditioning business.

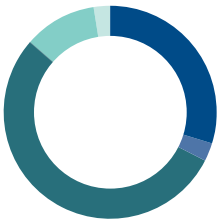
Trend of share price, 10-year overview



Trend of share price, 12-month overview



Shareholder categories



- Financial companies **29.97%**
- Social insurance funds **2.58%**
- Public sector **0.09%**
- Stakeholder organisations **0.09%**
- Other Swedish legal persons **53.84%**
- Non-categorised legal persons **0.01%**
- Foreign-domiciled shareholders **11.09%**
- Swedish natural persons **2.33%**

Shareholder information

Management participates actively in meetings with analysts, investors, other shareholders and the media. This is important in terms of 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 2010. Financial data has also been published on the website since 2007. Similarly, share data has been available there since the IPO in 2007.

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

Handelsbanken Capital Markets
Anna L. Widström, +46 (0)8-701 13 01

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

DNB Banks ASA
Douglas Lindahl, +46 (0)8-597 91 202

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

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

Jefferies
Adela Dashian, +46 (0)8 505 246 24

Aktiespararna
Philip Wendt, +46 (0)769 42 22 77

Kepler Cheuvreux
Anders Jafs, +46 (0)8 723 51 71

Shareholder structure

Size of holding	No. of shareholders	No. of shares	Share of total shares held, %	Market value, SEK thousand
1-500	5,054	678,530	0.33%	60,321
501-1,000	711	554,216	0.27%	49,270
1,001-5,000	810	1,793,105	0.86%	159,407
5,001-20,000	181	1,723,439	0.83%	153,214
20,001-	131	203,250,710	97.72%	18,068,988
Total	**6,887**	**208,000,000**	**100.00%**	**18,491,200**

10 biggest shareholders

	Proportion, %	No. of shares
Färna Invest AB[1]	42.82%	89,056,648
ebm-papst AB	10.69%	22,239,080
Swedbank Robur Fonder	9.44%	19,627,650
Alecta Pensionsförsäkring, Ömsesidig	6.85%	14,255,048
Nordea Investment Funds	4.98%	10,348,348
Didner & Gerge Fonder Aktiebolag	4.26%	8,870,977
Tredje AP-fonden	2.58%	5,371,736
The Bank of New York Mellon SA/NV, W8IMY	2.19%	4,546,128
Handelsbanken Fonder	1.93%	4,016,652
SEB Investment Management	1.52%	3,162,571
	87.26%	**181,494,838**
Others	12.74%	26,505,162
TOTAL	**100%**	**208,000,000**

Shareholders grouped according to Euroclear.
[1] Board Chairman Gerald Engström's wholly owned private company.
Source: Shareholders' register at Euroclear AB, 29 April 2023.

Share data

	2022/23	2021/22	2020/21[1]	2019/20[1]	2018/19[1]
No. of shares at 30/4	208,000,000	208,000,000	52,000,000	52,000,000	52,000,000
After tax earnings per share, SEK	5.00	2.61	1.95	1.84	1.55
Cash flow per share, SEK	2.83	1.13	4.78	4.06	1.86
Equity per share, SEK	25.32	18.34	15.89	14.83	13.65
Share price, end of accounting period	88.90	62.40	63.50	34.55	28.75
High during the year, SEK	93.20	105.50	73.63	47.50	30.20
Low during the year, SEK	46.35	59.63	31.95	25.13	21.03
Dividend per share, proposed, SEK	1.10	0.90	0.75	-	0.50
After tax P/E ratio	17.78	23.91	32.52	18.83	18.61
Direct yield, %	1.24	1.44	1.18	-	1.74
Payout ratio, %	18.00	34.48	38.41	-	32.36
Trading volume	24,172,634	14,750,312	15,388,069	7,331,989	3,771,714
Turnover rate, %	11.62	7.09	7.40	3.52	1.81

[1] On 7 September 2021, Systemair carried out a 4-for-1 share split. Following the share split, the total number of shares in Systemair has increased from 52,000,000 shares to 208,000,000 shares. The figures for earlier periods provided for comparison have been adjusted.
[2] The Board of Directors proposes a dividend of SEK 1.10 (0.90) per share, for approval by the Annual General Meeting to be held in Skinnskatteberg on 31 August 2023.

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-for-1 split	1	-	52,000,000	52,000,000
2007/08	Reregistration of shares to one type	1	-	52,000,000	52,000,000
2021/22	4-for-1 split	0.25	-	52,000,000	208,000,000

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. Systemair operates a risk management process that involves key functions and Group Management to ensure that risks are managed appropriately.

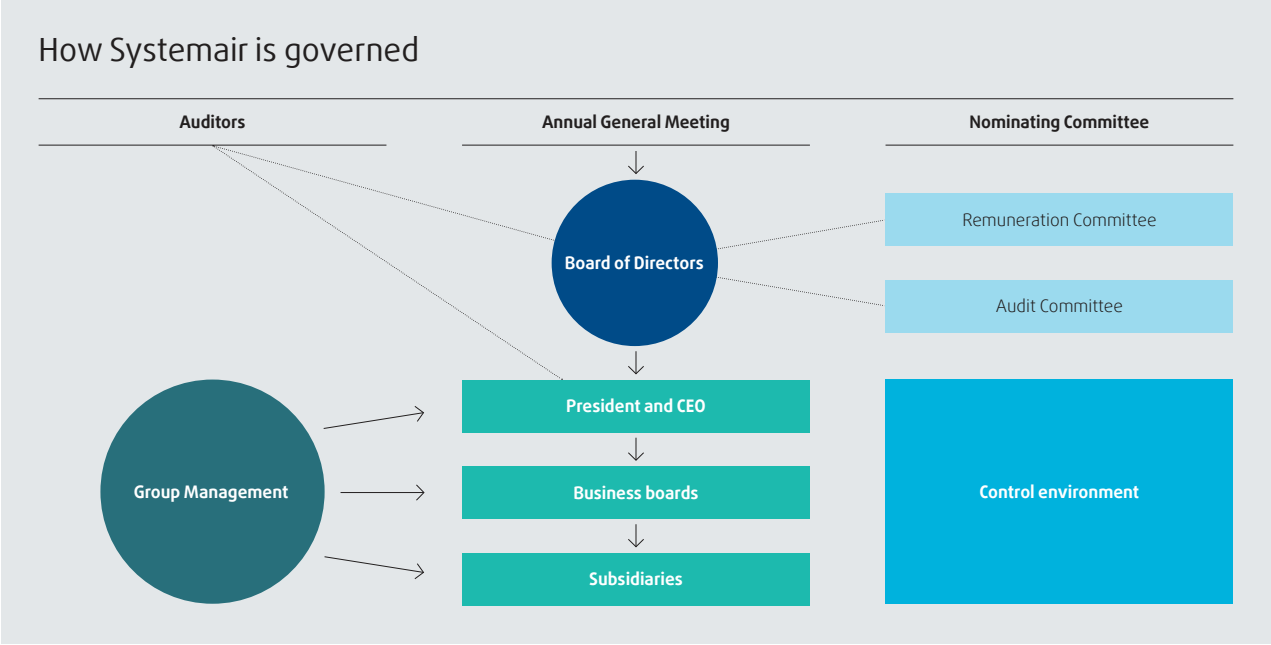
A summary of Systemair's risks is presented below, along with the risk control measures taken to mitigate these risks. The trend for each risk is based on an assessment of whether the risk level for Systemair is increasing, decreasing or unchanged. More information on our risks and risk management is provided in Note 2, on pages 73–75. Systemair also discloses its physical climate-related risks in the sustainability report on page 121, as part of our ongoing work to report according to TCFD (the Taskforce on Climate-related Financial Disclosure).

Risk category/Risk	Description	Risk trend	Risk control measures
Strategic and market risks			
Market and macroeconomic trends	The risk of decreased customer demand and negative macroeconomic developments, together with a decline in the general economy. For example, the risk of a contraction in new building due to higher interest rates, performance of stock market, political decisions and the like.	↗	Systemair's global positioning provides a broad spread of risk that minimises the impact of individual events. Given the macroeconomic situation, the risk has been assessed as rising in recent years and in the years ahead. Traditionally, the renovation market has increased when economic conditions deteriorate. In addition, major efforts are being made to improve the energy efficiency of buildings in several parts of the world, which reduces the risk of a major impact from a further deterioration of the macroeconomic situation. Processes are in place to minimise the risk arising from changes in the supply chain, such as price adjustments due to increases in sourcing and manufacturing costs.
Trade policy and geopolitics	The risk of negative trade policy decisions, customs duties and sanctions. Systemair operates in a global market where geopolitical risks can adversely affect its business.	↗	Existing sanctions, customs duties and the like are continuously monitored to ensure that they are handled correctly. In the case of sanctions specifically, a policy is in place to ensure that Systemair acts responsibly. Any impact from further trade restrictions due to geopolitical developments is regarded as low. In the longer term, Systemair takes an active role in most industry organisations in the areas where the Company is established, in order to obtain information early and influence future decisions.
Competition	The risk of reduced sales and margins due, for example, to increased price competition.	→	Systemair's sales and product strategy is based on a market position in the upper-middle segment, where products, solutions and local market support add value in the overall customer process. Products and solutions are constantly evolving to create value where they make a difference. In addition, as part of developing our sales organisations, a value-based sales strategy is being implemented.
Sustainability	The risk that Systemair's sustainability performance does not meet external expectations or current and future legal requirements.	→	Systemair's sustainability strategy and priorities have been developed on the basis of stakeholders' highest ranked sustainability issues and future expectations. Priorities are kept updated via continuous dialogue and business intelligence. Each core sustainability issue is embedded in Group Management in order to minimise the risk of the desired progress not being achieved.
Product liability	The risk that existing and newly developed products do not meet requirements and specified quality, performance and safety levels.	→	Systemair tests and quality assures all its products. The Company maintains global product liability insurance cover of SEK 200 million. Purchased materials are continuously subject to quality checks to ensure that our input materials are up to standard. Common information systems facilitate information sharing between companies and functions within the Group to ensure that the latest information is available where it is needed.
Communication and branding	The risk of brand damage caused by products not living up to the brand promise or other communications that may damage Systemair's brands.	→	The majority of Systemair's products are based on tried-and-tested technology that is continuously being refined, reducing the risk of products not living up to the brand promise. During the year, communication guidelines were updated to reduce the risk of communicating messages that are not attuned to the Company and our brands. Employees undergo continuous training in products and related communications, and new employees receive training on Systemair as a company and our values. In addition, Systemair works constantly to maintain a responsible business both in-house vis-à-vis employees and externally vis-à-vis customers and other key stakeholders including society at large.
Operational risks			
Product availability	The risk of material and component shortages reducing product availability.	↘	Overall, the risk is decreasing, as both the impact of the pandemic and supply chain challenges have been significantly reduced. Systemair has proven to have a robust structure in managing the risk and this has been reinforced in recent years through review of critical materials, components and products to ensure their availability, for example by having contracts with two suppliers for the same critical item. From a sales perspective, Systemair focuses actively on disseminating information about product availability and any delivery issues to our sales organisations to enable them to proactively offer the products that are available on time and at the same time meet the needs of our customers.

Risk category/ Risk	Description	Risk trend	Risk control measures
Operational risks			
Production facilities	The risk of serious disruption of production at Systemair's production facilities.	→	Several aspects may affect production, including IT systems, employee-related or events that are beyond our control, such as natural disasters. To reduce the risk of disruption of production, all three aspects are actively addressed. In addition, Systemair maintains insurance cover and disaster plans, including crisis management plan, drills and communication plans, which are updated annually. Fire protection is assessed and upgraded on an ongoing basis.
IT infrastructure	The risk of serious disruption to the Group's IT systems. Disruptions to critical systems may have a major impact on day-to-day operations.	↗	Continuous improvement in processes and systems for increased operating reliability. Systemair ensures that necessary investments are made in upgrading IT systems to keep them secure. IT Systems are regularly reviewed by in-house personnel and external auditors and consultants. In addition, a number of e-learning training programmes were carried out during the year in appropriate areas to reduce the risk of employees falling victim to attacks such as phishing.
Skills provision	The risk of not having the right skills in place and the effect this has on the organisation as a whole.	↗	Most of Systemair's manufacturing facilities are located outside the major cities where the bulk of the labour force is located. Over the past year, Systemair has invested, and will invest even more in HR-related activities going forward, in maintaining its attractiveness as an employer, as well as in delivering education and training in leadership as part of providing a workplace where employees thrive, can develop and want to stay.
Work environment	The risk of serious work-related injury in Systemair's operations.	→	In Systemair's manufacturing facilities and warehouses, accidents that lead to injuries do occur, and we are naturally striving to make a zero vision a reality. In our day-to-day operations, we focus systematically on safety and health to proactively prevent injury.
Financial risks			
Foreign exchange risk – transaction exposure	Major transactions take place in currencies such as EUR, which represents a currency exposure.	↗	Currency hedging is arranged at times for around 50 percent of the EUR/SEK exposure. An internal quarterly process is in place to analyse the need for price changes to customers to reflect changes in component prices and exchange rates. As an effect of the delivery disruptions of components in recent years and the trend of inflation, the periods for the tenders submitted and the scope for price adjustments in existing contracts have been reviewed and reduced.
Foreign exchange risk – translation exposure	Foreign assets and liabilities are translated to Swedish kronor on consolidation.	→	Major investments are normally financed by borrowing in the corresponding 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 within the Parent Company. The debt/equity ratio was reduced in the latter part of the year as a result of an improved cash flow and the divestment of the A/C business, which led to the amortisation of several outstanding loans.
Credit and liquidity risk	The risk that a customer will be unable to fulfil its 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 and payment. The sale of Systemair's A/C division reduced the risk during the year as the business was concentrated in larger projects in southern Europe with long credit periods.
Company acquisitions	In the case of acquisitions, a risk is attached to the valuation of the targets relative to the object selected. Integrating acquired businesses can be a complex and demanding process.	→	There is no guarantee that an acquisition will be successful, even if Systemair has long experience in the field. Annual impairment tests are applied to acquired goodwill. If the carrying amounts are not considered justified in such tests, an impairment loss may be recognised, which will affect the Group's results. Additional activities to reduce this risk were introduced during the year – discounted cash flow in the evaluation model and a comparative analysis based on previous acquisitions of similar companies. The acquisition process was also strengthened with a broader check of the sustainability work in acquisition target.
Regulatory and business ethics risks			
Corruption	The risk of corruption or bribery. Systemair operates in the construction industry in a global context where in some countries the risk of corruption is considered high.	→	Systemair focuses actively on its responsibility for ethical business via, for example, training and communicating its Code of Conduct. A specific anti-corruption policy has been established, as well as a specific e-learning anti-corruption programme that is mandatory for all officials.
Labour rights and human rights	The risk of violation of labour rights or human rights. In some countries where Systemair operates, there is a generally higher risk of violation of these rights.	→	Systemair focuses actively on its responsibility for ethical business via, for example, training and communicating its Code of Conduct. In countries where there is a generally higher risk of violation of rights, Systemair has developed a process to more deeply analyse conditions, in order to reduce the risk of violating rights.
Compliance with product requirements	The risk of Systemair losing important certifications or a lack of proper documentation, resulting in reduced sales.	→	For several years, Systemair has had a Public Affairs function tasked with informing the organisation in time regarding upcoming laws and regulations that affect our products. The function also actively strives to influence future legislation and regulations to the benefit of the industry as a whole and the actors in the value chain, drawing on Systemair's long experience and expertise. During the year, new processes and tools were implemented to manage requirements for product documentation and the information needed.

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. Systemair's Nominating Committee consists of representatives of three of the largest shareholders in terms of voting rights. Prior to the 2023 Annual General Meeting, ebm-papst AB has elected to relinquish its seat on the Nominating Committee. As a result, the fourth largest owner, Alecta, has been contacted. The following have been appointed members of the committee:

- Gerald Engström, Färna Invest AB
- Lennart Francke, Swedbank Robur Fonder
- William McKechnie, Alecta

Chairman of the Nominating Committee is Lennart Francke, representing Swedbank Robur Fonder, which owns 9.4 percent of the capital and votes. Gerald Engström, also Chairman of the Board, represents the wholly owned company Färna Invest, which owns 42.8 percent of the share capital and votes. Alecta Pensionsförsäkring ömsesidigt owns 6.8 percent of the capital and votes and is represented by William McKechnie.

Shareholders and share capital
Systemair AB (org. reg. no. 556160-4108) is headquartered at Skinnskatteberg in the County of Västmanland, central Sweden. The Company's shares have been quoted under ticker code "SYSR" on the Large Cap List of Nasdaq OMX Stock Exchange, Stockholm since 12 October 2007. The Company's trading symbol is SYSR. At the end of the accounting period, Systemair AB had 6,887 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 9.4 percent of the capital and votes. All shares have a quotient value of SEK 0.25.

Work of the Board during the year

Regular items on Board's agenda:

- State of the business and important events
- Internal financial follow-up – earnings, liquidity, currency situation and financing
- External financial reporting (quarterly reports)
- Investments of more than SEK 10 million
- Acquisitions
- Organisation and personnel
- Policies
- President's report on state of the business

Budget
In the spring, the Board addresses the Group's budget for the year ahead.

Annual Accounts
In June, the Board discusses the annual accounts for the past year; the meeting is also attended by the Company's auditor.

Strategy
During the autumn, the Board arranges an in-depth discussion of strategy.

Visit to subsidiaries
To gain a greater depth of understanding of the business.

At the financial year-end, 30 April 2023, the total number of shares outstanding was 208,000,000, all of the same class. For more information, see section "The Systemair Share", page 38.

Articles of Association

Systemair is a limited company, whose operations include manufacturing and sales of ventilation, cooling, 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/investor-relations/corporate-governance/articles-of-association/

Nominating Committee

The 2022 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 2023. Following consultation with the Company's three largest shareholders, ebm-papst AB decided to waive representation on the Nominating Committee. The fourth largest shareholder, Alecta, 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. The proposals shall be submitted to the Annual General Meeting for approval. The Nominating Committee held two minuted meetings in 2022/23. No remuneration was paid for work on the Nominating Committee. The proposals of the Nominating Committee to the 2023 AGM are shown in the Notice of AGM posted on the Systemair website at group.systemair.com.

Composition of the Nominating Committee prior to the 2023 AGM

Member	Representative of	Contact (e-mail)
Gerald Engström	Färna Invest AB, and Board Chairman	gerald.engström@systemair.se
Lennart Francke, Chairman of the Nominating Committee	Swedbank Robur Fonder	lennart.francke@swedbankrobur.se
William McKechnie	Alecta	william.mckechnie@alecta.se

Directors – attendance and dependence/independence

	Board of Directors	Remuneration Committee	Audit Committee	Year elected	Dependent/Independent Company	Dependent/Independent Shareholder
Number of meetings	9	1	5			
Gerald Engström	9	1	-	1974	Dep.	Dep.
Patrik Nolåker	9	1	-	2016	Indep.	Indep.
Carina Andersson	9	1	5	2015	Indep.	Indep.
Niklas Engström	9	-	-	2021	Dep.	Dep.
Svein Nilsen[2]	4	-	-	2016	Indep.	Indep.
Gunilla Spongh	8	-	5	2019	Indep.	Indep.
Åke Henningsson[1]	9	-	-	2015	–	–
Ricky Sten[1]	9	-	-	2014	–	–

[1] Employee representative.
[2] Svein Nilsen resigned from the Board on 25 August 2022. The term of office extends to 4 board meetings.

Shareholders wishing to submit proposals for 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 of time than to the end of the following AGM.

Board's composition during the financial year

In the period until the 2022 AGM, Systemair's Board of Directors comprised six members: Carina Andersson, Gerald Engström (Chairman), Niklas Engström, Patrik Nolåker, Svein Nilsen and Gunilla Spongh, all elected by the AGM. At the 2022 AGM, Carina Andersson, Gerald Engström, Niklas Engström, Patrik Nolåker and Gunilla Spongh were re-elected to the Board. Svein Nilsen declined re-election. Gerald Engström was elected as Chairman of the Board and Patrik Nolåker as Vice 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 48–49 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 and Niklas Engström, are independent of Systemair. Senior executives participate as needed in Board meetings in a reporting capacity.

Work of the Board

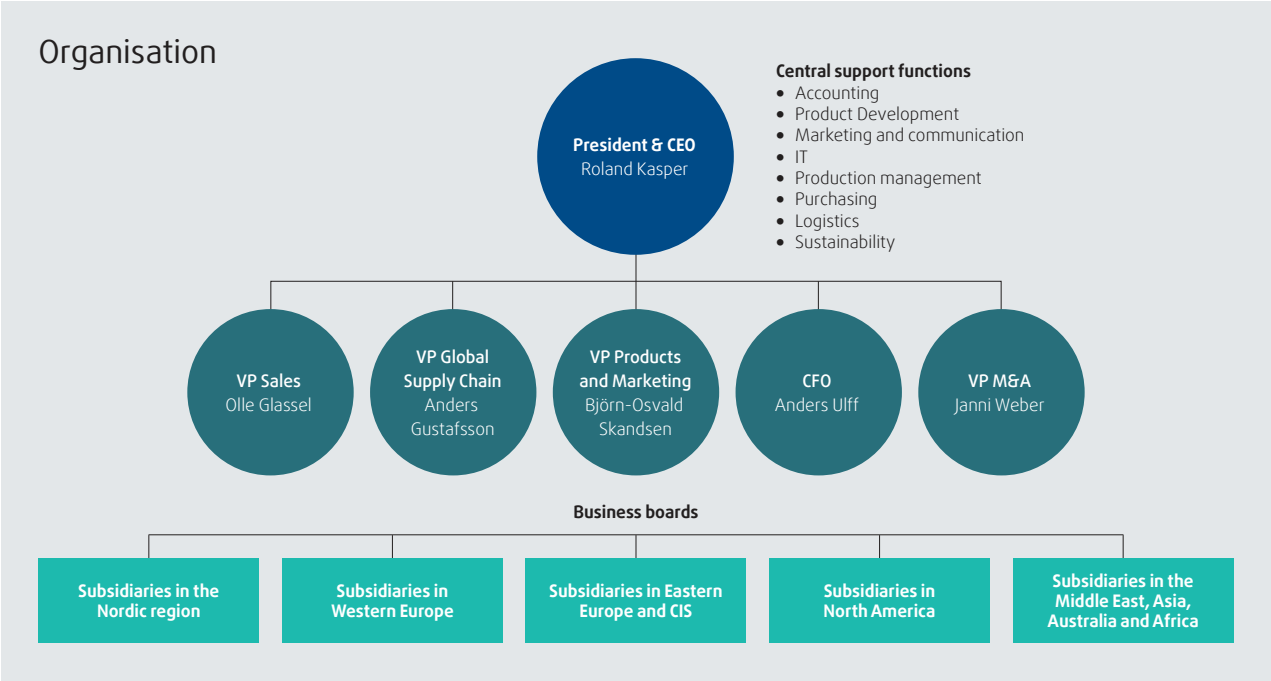
During the 2022/23 financial year, the Board held eight meetings and one statutory meeting. According to the Board's rules of procedure, the Board must meet at least six times during the financial year. All decisions taken by the Board were unanimous and placed on record. The work of the Board is governed by annually approved rules of procedure that regulate the work of the Board and its internal allocation of tasks, including committee work, the decision-making process within the Board and the Board's meeting procedures. The President also maintains regular contacts with the Chairman of the Board. During the year, 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 forms 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 for 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 and risk management
- 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 five minuted meetings, which were also attended by the Company's CFO, a Group controller and 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 checks performed. The findings of the meetings were minuted and presented at the next Board meeting.

Group Management
CEO Roland Kasper, who is also President of the Parent Company, is responsible for day-to-day control of the Group. He receives reports from Group Management, which at the end of the financial year consisted of: Vice President Sales Olle Glassel, Vice President Global Supply Chain Anders Gustafsson, Vice President Products and Marketing Björn-Osvald Skandsen, CFO Anders Ulff and Vice President M&A Janni Weber. CEO Roland Kasper oversees the work of the Group Management.

Group Management holds regular meetings during the year to review the results 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 meeting per year is wider-ranging, with more detailed planning and discussion of 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. Shorter review meetings are normally held on a weekly basis. To support the Management Team at Group level, an accounting department and an operational management team provide the functions of product development, purchasing, production, IT, logistics, sales, product management, business development, sustainability and communications.

Business boards and governance of subsidiaries
The Systemair Group consists of 86 operating companies. The Parent Company is Systemair AB (org. reg. no. 556160-4108), which owns most of the subsidiaries directly. All subsidiaries are 100 percent owned, apart from Divid AB of Jönköping, Sweden, which is 60 percent owned, Systemair-HSK of Turkiye, which is 90 percent owned and Frico A/S of 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 2022 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 a variable component 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 shall be determined individually based on the aforementioned criteria and the specific competence of the particular 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, 25 percent for other senior executives and 15 percent for other key individuals. 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 3.9 million in 2022/23.

Annual General Meeting 2022

- At the Annual General Meeting on 25 August 2022 in Skinnskatteberg, 104 voting shareholders were present – or had submitted valid postal votes – representing 90 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 2021/22 financial year. Johan Holmberg, 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, Niklas Engström, Patrik Nolåker and Gunilla Spongh as members of the Board. Svein Nilsen declined re-election.
- To elect Gerald Engström as Chairman of the Board and Patrik Nolåker as Vice Chairman of the Board.
- To pay a Board fee of SEK 800,000 to the Chairman, SEK 525,000 to the Vice-Chairman and SEK 330,000 to each of the other directors elected by the Annual General Meeting. Fees shall be paid to the Audit Committee in a total amount of SEK 150,000, with SEK 100,000 being paid to the committee chairman and SEK 50,000 to the other member. In addition, fees shall be paid to the Remuneration Committee in a total amount of SEK 50,000, with SEK 30,000 being paid to the committee chairman and SEK 20,000 to the other member.
- To pay a dividend of SEK 0.90 per share.
- That the Nominating Committee shall be made up of representatives of the three biggest shareholders, based on the ownership details on 31 January 2023.
- To issue warrants under the LTIP 2022 incentive programme to a number of persons holding senior positions within the company.
- To authorise the Board, during the period until the 2023 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 2022 AGM are available on the Company's website at: https://group.systemair.com/investor-relations/corporate-governance/agm/

Internal control related to financial reporting

Board of Directors' Report on internal control for the financial year 2022/23

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 Audit Committee thus plays an important role 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 good internal control. The control environment at Systemair is characterised by short pathways 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 relevant 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 controller organisation. An Audit Committee has been established within the Board of Directors. Its task is to ensure compliance with and development of policies adopted on financial reporting and internal control. The committee also maintains day-to-day relationships 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 the 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 serve as an important support. In addition, regular risk assessments are conducted in connection with strategic planning, budgeting, forecasting and acquisition activities.

Control activities
Important instructions and guidelines for financial reporting are prepared and updated continuously by the Group's central controller organisation and are readily accessible on the Group's intranet.

All companies in the Group report 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 detected quickly and corrected.

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.

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

For the majority of its subsidiaries, the Group has a common, wholly-integrated ERP system that serves as a highly efficient tool for management, control and follow-up. For major decisions on, for example, 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.

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 to meetings with analysts. 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 final accounts for each important subsidiary, as well as the consolidated accounts for the Group. Several key performance measures and benchmarks are also included; these enable the outcomes for the period to be compared with budget and the outcomes for preceding years.

The Board's rules of procedure govern which reports and which 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, Audit 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 boards 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 annually supervising internal control in the Group companies. The auditors maintain continuous contact with and report directly to the Board of Directors. During the year, the controller organisation performed a number of 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 under discussion by the Board.

Internal audit
Systemair has a simple operating structure with excellent facilities for internal control. Compliance with the systems of governance and internal control developed by the Company is regularly followed up by the Group's 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 in terms of ensuring 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 2023/24 financial year.

Board of Directors

Top row

Ricky Sten
Employee Representative
Current position: Materials Handler
Holding: –
Born: 1968
Year elected: 2014

Åke Henningsson
Employee Representative
Current position: Technical Consultant
Holding: 1,600 shares
Born: 1957
Year elected: 2015

Bottom row

Niklas Engström
Director
CEO and Director, RVM Systems
Education: Master of Business Administration IBA (International Business Academy), Stockholm University
Formerly: Head of Subsidiary and Vice President Business Development, Systemair
Holding: 6,484
Born: 1978
Year elected: 2021
Independent: No

Gunilla Spongh
Director
Chair, Bluefish Pharmaceuticals AB
Director, AQ group, Byggmax group, Consivo group, Meds Apotek, Momentum group, Lernia, ViaCon and OptiGroup
Education: M.Sc. Industrial Economics, Institute of Technology at Linköping University
Formerly: CFO Preem, Head of International Affairs and CFO Mekonomen Group
Holding: 2,616
Born: 1966
Elected to the Board: 2019
Independent: Yes

Top row

Carina Andersson
Director

Chair, Returpack AB and Carbomax AB
Director, Papershell AB and Detection Technology Oyj
Education: Mining Engineering degree from the Royal Institute of Technology Stockholm (KTH)
Formerly: Senior positions at Sandvik AB, CEO, Ramnäs Bruk AB and Scana Ramnäs AB
Holding: 4,000
Born: 1964
Year elected: 2015
Independent: Yes

Gerald Engström
Chairman of the Board

Director, Hanza Holding and Bluefish Pharmaceuticals
Education: Upper secondary school qualification in Engineering, Business Studies at Stockholm University
Formerly: Chief Executive Officer and President of Systemair AB and President of Ziehl-ebm AB etc.
Holding: 89,056,648 (shares owned by Färna Invest AB)
Born: 1948
Year elected: 1974
Independent: No

Bottom row

Patrik Nolåker
Vice-Chairman of the Board

Chairman, Saferoad AS, ViaCon AB and Fibo AS. Director, iMPREG and OptiGroup
Education: Upper secondary qualification in Engineering, M.Sc. 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 and ABB
Holding: 16,000
Born: 1963
Year elected: 2016
Independent: Yes

Group Management

Bjørn-Osvald Skandsen
Vice President Products and Marketing, Director Frico and MD Systemair AS, Norway

Education: M.Sc. 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: 3,301 shares and 40,000 warrants
Born: 1973
Employed since: 2018, 2000–2006

Janni Weber
Vice President M&A

Education: M.Sc., Vehicle Engineering, Royal Institute of Technology, Stockholm
Formerly: Vice President M&A, Head of Business Development and Acquisitions, Global Product Manager, Project Manager at AB Sandvik Coromant and Sandvik Machining Solutions
Holding: 6,000 warrants
Born: 1983
Employed since: 2022

Olle Glassel
Vice President Sales

Education: Qualified Ventilation Engineer, Diploma in Business Administration
Formerly: MD, Systemair Ltd, United Kingdom, Sales Director, Systemair, Sweden
Holding: 52,800 shares and 28,000 warrants
Born: 1966
Employed since: 2002

Roland Kasper
President and CEO

Education: Energy and Heating Technology Engineering Diploma, University of Applied Sciences, Giessen, Germany
Formerly: Marketing and Sales Manager Systemair AB, Product and Market responsibility at FläktWoods AB and ABB Ventilation Products GmbH
Holding: 92,800 shares and 40,000 warrants
Born: 1969
Employed since: 2007

Anders Ulff
CFO

Education: M.Sc. Business Administration, Uppsala University
Formerly: Auditor and consultant, Ernst & Young; Financial Director, Systemair
Holding: 158,000 shares and 28,000 warrants
Born: 1967
Employed since: 1999

Anders Gustafsson
Vice President Global Supply Chain

Education: M.Sc. Mechanical Engineering, Linköping University of Technology
Formerly: Production Director, Atlas Copco, Secoroc Division, SVP Supply Operations Konecranes PLC
Holding: 970 shares and 15,000 warrants
Born: 1964
Employed since: 2022

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 financial year 2022/23, the Company's 50th year of operations. Systemair AB (publ) has its registered office and headquarters 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 a brand used in North America. Its products include fans and other ventilation products, as well as heat recovery units for single-family homes.

Menerga's operations are based on air handling units for swimming pools, as well as comfort and extra high-efficiency process ventilation equipment. With production plants in 18 countries (Sweden, Denmark, Norway, Italy, the Netherlands, Spain, Germany, Lithuania, Russia, Slovakia, Slovenia, the Czech Republic, Canada, the USA, India, Malaysia, South Africa and Turkiye) with the total production and warehousing facilities extending to more than 350,000 m^2, Systemair is the key international player in its product areas. Systemair's products are marketed via the Group's own sales companies in 51 countries and via agents and distributors in a further approximately 80 countries. The Group's customers are primarily ventilation contractors and distributors of ventilation and electrical products.

The Systemair Share

At the financial year-end, the share capital was SEK 52.0 million, represented by 208,000,000 shares with equal voting rights. The quotient value is SEK 0.25 per share. Since 12 October 2007, Systemair shares have been quoted (ticker code: SYSR) on the Nasdaq OMX Nordic Exchange in Stockholm. As of 3 January 2022, Systemair was moved from the Mid-Cap list to the Large Cap segment. This was because the average market capitalisation for Systemair in November 2021 exceeded EUR 1 billion. The number of shareholders at the financial year-end was 6,887.

Changes to the Board of Directors

In the period until the 2022 AGM, Systemair's Board of Directors comprised six members: Carina Andersson, Gerald Engström (Chairman), Niklas Engström, Patrik Nolåker, Svein Nilsen and Gunilla Spongh, all elected by the AGM. At the 2022 AGM, Carina Andersson, Gerald Engström (Chairman), Niklas Engström, Patrik Nolåker and Gunilla Spongh were re-elected to the Board. Svein Nilsen declined re-election. Gerald Engström was re-elected as Chairman of the Board and Patrik Nolåker as Vice Chairman.

Group

Sales and profit

Consolidated sales totalled SEK 12,058 million (9,634), 25.2 percent higher than in the preceding financial year. Organic growth was 15.9 percent. Companies acquired contributed 4.1 percent, SEK 395 million. Exchange rate effects in the translation of foreign subsidiaries' accounts had a positive net effect of 5.2 percent on sales.

In the Nordic region, sales increased by 16.5 percent over the year. Adjusted for foreign exchange effects and acquisitions, the value of sales rose 13.1 percent. The Norwegian market is the biggest in the region, with sales of SEK 826 million. Sales in Norway grew by 7.1 percent over the year. Finland, Denmark and Sweden also grew during the year, with Finland up 21.8 percent, Denmark up 20.9 percent and Sweden up 17.4 percent.

In Western Europe, sales increased by 36.3 percent over the year. Adjusted for acquisitions and foreign exchange effects, sales rose 19.7 percent. The biggest market in the region, and overall for the whole Group, is Germany, which reported a sales increase of 32.3 percent. All major markets in Western Europe showed good growth during the year, especially France, Italy, the UK, the Netherlands and Spain.

The market in Eastern Europe & CIS showed a decrease of 3.1 percent over the year. Sales in the region totalled SEK 1,368.0 million (1,411.6). Adjusted for currency translation effects and acquisitions, sales in the region rose by 11.6 percent during the year. The main reason was the suspension of deliveries to Russia. Sales in Russia during the year accounted for 1.4 percent (4.3) of the Group's total sales. Excluding Russia, growth was 20.1 percent. Other major markets in the region showed good growth, including the Czech Republic, Poland and Slovenia.

Sales in the North American market increased 27.9 percent over the year. Sales totalled SEK 1,341.8 million (1,049.5), with increases in both Canada and the USA. Adjusted for currency translation effects and acquisitions, sales rose 12.5 percent.

Sales in the Middle East, Asia, Australia and Africa increased by 31.8 percent over the year. After adjustments for currency translation effects and acquisitions, sales increased by 42.6 percent. Systemair's major markets in the region are Turkiye, India and Morocco.

Profit

Operating profit for the financial year from May 2022 through April 2023, inclusive, totalled SEK 1,401.4 million (769.8). The operating margin was 11.6 percent (8.0). Adjusted operating profit was SEK 1,109.9 million (821.1). The adjusted operating margin was 9.2 percent (8.5). Operating profit includes a capital gain of SEK +445.5 million on the sale of the air conditioning business, adjustments totalling SEK -24.4 million after hyper-inflation calculations in Turkiye, write-downs of SEK -155.4 million relating above all to the business in Russia and income of SEK +25.8 million from a change in pension accounting in Norway. Selling and administration expenses totalled SEK 3,035.2 million (2,515.1), an increase of SEK 520.1 million. Acquisitions and disposals accounted for SEK 137.7 million of the quarter's costs. As a result, selling and administration expenses at comparable units rose SEK 382.4 million, or 15.2 percent. Selling expenses were charged with SEK 14.8 million (21.6) for anticipated bad debts. Financial income, consisting of interest income, totalled SEK 2.4 million (3.7). Financial expenses for the year totalled SEK -108.9 million (-31.8). Interest expenses accounted for SEK -66.1 million (-28.3). The tax expense for the year amounted to SEK -250.2 million (-197.4), corresponding to a tax charge of 25.0 percent (24.9), based on the profit after financial items.

Investments

Total investments for the financial year amounted to SEK 812.1 million (540.1), net of disposals. Gross investments in new construction and machinery totalled SEK 325.7 million (326.4), net of disposals. Acquisitions and formerly withheld purchase considerations totalled SEK 449.6 million (197.5). Depreciation, amortisation and impairments of non-current assets amounted to SEK 568.3 million (408.4), including impairment charges of SEK 155.4 million.

Acquisitions, divestments and new operations

On 14 June 2022, Systemair acquired all shares in the Italian company SagiCofim S.p.A. The company is a major supplier with extensive experience in filtration and air distribution. The company's wholly owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. At Sondrio, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The Italian market accounts for about 75 percent of the companies' sales, with the remainder being exported mainly within Europe. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have approximately 200 employees. The purchase consideration agreed is EUR 33.6 million on a debt-free basis.

On 28 February 2023, Systemair completed the divestment of the air conditioning business for an enterprise value of EUR 100 million on a cash- and debt free basis. The agreement comprises all shares in Systemair S.r.l. and Tecnair S.p.A. in Italy, Systemair AC SAS in France and employees of the air conditioning business of Systemair GmbH in Germany. Sales for the air conditioning business in the rolling twelve-month period of 1 August 2021 – 31 July 2022, amounted to EUR 69 million, with a profit margin below Systemair AB's average profit margin. Systemair's air conditioning business has approximately 400 full-time employees. The sale resulted in a capital gain of SEK 445.5 million for the Group. The capital gain is recognised under Other operating income in the Consolidated income statement.

	2022/23				2021/22	
Sales – Geographic breakdown	May–Apr	% of total	change	Of which, organic	May–Apr	% of total
Nordic region	2,199.6	18%	16.5%	13.1%	1,888.8	20%
Western Europe	5,552.1	46%	36.3%	19.7%	4,073.8	42%
Eastern Europe & CIS	1,368.0	12%	-3.1%	-11.6%	1,411.6	15%
North America	1,341.8	11%	27.9%	12.5%	1,049.5	11%
Middle East, Asia, Australia and Africa	1,596.4	13%	31.8%	42.6%	1,210.8	12%
Total	**12,057.9**	**100%**	**25.2%**	**15.9%**	**9,634.5**	**100%**

On 15 March 2023, Systemair acquired the UK-based SCS Engineering Ltd and its subsidiary Smoke Control Services Ltd, together trading as Group SCS. Group SCS is a leading supplier of fire gas evacuation products for residential and commercial buildings in the UK. Headquartered in Cardiff, with an assembly plant in Dorset and offices in London and Portsmouth, the group employs 57 FTEs and reported revenues of around GBP 12 million in 2022.

If the companies acquired had been consolidated and the divested companies had been divested as of 1 May 2022, net sales for the financial year May 2022 through April 2023 would have totalled approximately SEK 11,707.6 million. Operating profit for that period would have totalled approximately SEK 1,403.6 million, including non-recurring items. For more information regarding acquisitions and their impact on the Group's cash and cash equivalents, see Note 33.

Personnel

The average number of employees in the Group was 6,296 (6,358). At the end of the period, Systemair had 6,587 employees (6,660), 73 fewer than one year previous. Acquired companies added a total of 228 employees and divested companies reduced the number of employees by 364. New personnel were hired in the Czech Republic (61), India (45), Slovenia (29), Malaysia (25), Canada (21), the USA (20) and Lithuania (14). Personnel cutbacks were made in Russia (-73) and Menerga in Germany (-26).

Cash flow and financial position

Cash flow from operating activities before changes in working capital during the period totalled SEK 1,222.6 million (949.3). The increase from the year before was mainly attributable to a higher operating profit. As a result of increases in inventory, due to problems in the supply chain, and trade accounts receivable, working capital had a negative impact of SEK 634.9 million (-714.1) on cash flow. Net cash flow from financing activities was SEK -959.5 million (+274.9), as a result of loan amortisation. Interest-bearing liabilities on the balance sheet date, translated to Swedish kronor, totalled SEK 1,842.3 million (2,378.8). Net indebtedness at year-end was SEK 1,523.2 million (2,378.8). The proceeds from the sale of the air conditioning business were used to amortise debt. The consolidated equity/assets ratio was 54.7 percent (45.5) 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 well-established subsidiaries with operations in 51 countries and our own production facilities in 18 of them. Systemair products are sold in approximately 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 secured. 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, together with 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 also 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 2,105.8 million (1,886.0) on the balance sheet date.

Exposure to Russia, Ukraine and Belarus

At the end of the financial year, the number of employees in Russia, Ukraine and Belarus totalled 198. Systemair's sales in the region represent 1.4 percent of the Group's total sales over the financial year.

During the financial year, Systemair recognised an impairment charge totalling SEK 153.1 million on goodwill and property, plant and equipment relating to the operations in Russia. In Russia, we had 12 local sales offices with associated warehouses at year-end. In Moscow, the Group has a production plant with associated land, which after impairment has a book value of SEK 55.0 million. Goodwill and other non-current assets have been written down to zero. Working capital, mainly in inventories and cash, totals SEK 94.3 million. At present, it is not possible to take this money out of Russia. The Company's costs have been adjusted to the declining sales volume on an ongoing basis.

Risks and uncertainties

Systemair is exposed to strategic, operational, financial and compliance-related risks in its business. Strategic risks are mainly linked to reduced sales due to macroeconomic and

geopolitical developments. Operational risk factors include supply chain disruptions and IT-related risks. 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. Compliance related risks include low-probability but high-impact risks such as corruption and violations of human and labour rights. 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 10.5 percent annually. The average annual operating margin (EBIT) has been 7.0 percent over the same period, but with a positive trend. The average equity/assets ratio for the past ten years has been 45.6 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 figures and how they are calculated, see pages 101–102 and Systemair's website: https://group.systemair.com/investor-relations/financial-information/financial-data/

Outlook

Systemair has explicit financial targets for growth in sales and operating profit, both of at least 10 percent. Despite the recent years of pandemic, supply chain challenges and the suspension of deliveries to Russia, Systemair can report strong sales growth. Income has steadily improved through targeted measures and for the first time surpasses the milestone of SEK 1 billion after tax. Systemair has a clear strategy in energy-efficient ventilation that argues for good long-term growth and profitability.

Order intake is declining slightly, but Systemair still sees good opportunities for growth in several markets. With our 26 well-invested production facilities in 18 countries and the most comprehensive product range on the market, Systemair is well equipped for continued growth.

Seasonal factors

Systemair's business operations are influenced by seasonal variations. Usually, activity in the autumn is higher because a great deal of construction work is completed before winter. In addition, during the cold periods 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 records 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 2023 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.

Five-year summary	2022/23	2021/22	2020/21	2019/20	2018/19
Net sales	12,058	9,634	8,519	8,915	8,326
EBIT	1,401	770	677	626	528
Operating margin	11.6%	8.0%	7.9%	7.0%	6.3%
Equity/assets ratio	55%	46%	48%	43%	42%
Return on capital employed	20%	15%	13%	12%	11%
Average number of employees	6,299	6,358	5,864	5,965	5,672

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 pay is based on the Company's performance, with the aim of promoting the Company's strategy, long-term value creation and sustainability. 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, 25 percent for other senior executives and 15 percent for other key individuals.

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 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.

Share-based and share-price-based incentive programmes
On 25 August 2022, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2022 incentive programme. During the financial year, Systemair AB issued a total of 520,740 warrants for Systemair shares to senior executives of the Company. Transfer of the warrants to the participants will be effected at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). The programme runs for four years and the last day for share subscription is 30 September 2026. In addition, 591,000 warrants were issued in 2021 to senior executives under the LTIP 2021 programme. This programme also runs for four years and the last day for share subscription is 30 September 2025.

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 air handling 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 is staffed by 250 technicians with cutting-edge expertise in different areas. Over the past year, we have also continued to develop Group-wide processes and have further increased our capacity to develop products by bringing together the right skills in fewer geographical locations in cross-company teams for increased efficiency. Every year, Systemair invests approximately 455,000 hours in developing new or improved products and services via 22 technology teams in 18 countries, 15 of which have technology centres for advanced testing.

Product development costs totalled approximately SEK 240 million (220) in 2022/23. Personnel costs represent the major share of costs recognised under the heading of Cost of goods sold.

Sustainability work
Sustainability issues have long been a central and natural part of Systemair. The importance of good indoor air quality is increasing and society depends on healthy and good air through energy- and resource-efficient solutions for ventilation, heating and cooling. Our solutions play an important part in our commitment to contribute to a more sustainable planet. Sustainability is an important part of our strategy and an increasingly integral part of our business. Our sustainability framework focuses on four areas that contribute to progress in ten of the Sustainable Development Goals.

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. This is provided on pages 24–37, 40–41 and 103–122 of this Annual Report and at https://group.systemair.com/investor-relations/reports-and-presentations/. The scope of the full sustainability report is described in the GRI Index on pages 114–116.

Quality management system
Of the Group's 26 factories, 24 are certified to ISO 9001. Only the factory in Russia and one of the factories in Canada are not 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 24–37. Systemair's companies Systemair Sverige AB, VEAB Heat Tech AB i Hässleholm, Sweden, Systemair GmbH, Germany, Systemair HVAC, Spain, Systemair Production a.s., Slovakia, Recutech s.r.o, Czech Republic, Systemair UAB, Lithuania, Poly-REK, Croatia, 2VV, Czech Republic, Systemair HSK, Turkiye, Sagicofim S.p.A., Italy and Systemair Pvt Ltd, India are all ISO 14001-certified. In Systemair's view, the Company's manufacturing facilities and operations meet the requirements of all significant environmental laws and regulations that apply to the Company.

Parent Company
The Parent Company's net sales for the financial year totalled SEK 181.9 million (149.1). Operating profit was negative, at SEK -170.3 million (-118.1). The Parent Company's net financial income is affected by an impairment charges of SEK 95.9 million relating to the shares in Systemair, Russia. In addition, previous impairments on the shares in Systemair AC SAS in France and Systemair S.r.l. in Italy have been reversed in a total amount of SEK 424.9 million, together with an estimated capital gain of SEK +82.3 million. The Parent Company had 63 employees (68). The core business of the Parent Company consists of intra-Group services.

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

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 1,274,938,256
Net profit/loss for the year	SEK 686,755,351
	SEK 1,991,733,113

The Board proposes that the Annual General Meeting, to be held on 31 August 2023, approve a dividend of SEK 1.10 (0.90) per share. As a result, dividend payments will total SEK 228.8 million (187.2). The proposed dividend represents 38 percent (34) of the Group's net profit, adjusted for the capital gain of SEK +445.5 million from the sale of the air conditioning business.

Financial Statements

Contents

Consolidated Income Statement		59
Consolidated Statement of Comprehensive Income		59
Consolidated Balance Sheet		60
Statement of Changes in Equity – Group		62
Consolidated Cash Flow Statement		63
Parent Company Income Statement		64
Parent Company Statement of Comprehensive Income		64
Parent Company Balance Sheet		65
Changes in Equity – Parent Company		67
Parent Company Cash Flow Statement		68
Note 1	Accounting and valuation policies	69
Note 2	Risks and risk management	73
Note 3	Segment reporting	75
Note 4	Information on geographical regions	75
Note 5	Revenue analysis	76
Note 6	Classification according to type of cost	76
Note 7	Auditors' fees	76
Note 8	Leases	76
Note 9	Other operating income	77
Note 10	Other operating expenses	77
Note 11	Employees and personnel costs	78
Note 12	Amortisation and depreciation of intangible assets and property, plant and equipment	79
Note 13	Financial income	79
Note 14	Financial expenses	79
Note 15	Tax on profit for the year	80
Note 16	Intangible assets and property, plant and equipment	81
Note 17	Other long-term receivables	84
Note 18	Prepaid expenses and accrued income	84
Note 19	Inventory	84
Note 20	Trade accounts receivable	84
Note 21	Share capital and proposed dividend	85
Note 22	Borrowing and financial instruments	85
Note 23	Accrued expenses and deferred income	88
Note 24	Appropriations, other	88
Note 25	Untaxed reserves	88
Note 26	Provisions for pensions	89
Note 27	Other provisions	91
Note 28	Result from participations in Group companies	91
Note 29	Participations in Group companies	91
Note 30	Participations in associated companies	93
Note 31	Items affecting comparability – adjusted operating profit	93
Note 32	Inflation adjustment in Turkiye	93
Note 33	Changes in Group structure – business combinations, new businesses and disposals	94
Note 34	Receivables from Group companies	96
Note 35	Pledged assets	96
Note 36	Contingent liabilities	96
Note 37	Supplementary information on cash flow statement	96
Note 38	Information on the Parent Company	96
Note 39	Earnings per share	96
Note 40	Related party transactions	97
Note 41	Events after the financial year-end	97
Auditor's Report		98
Key Performance Measures and Definitions		101

Consolidated Income Statement

SEK m., 1 May – 30 April	Note	2022/23	2021/22
Net sales	4, 5	12,057.9	9,634.5
Cost of goods sold	6	-7,948.5	-6,315.6
Gross profit		**4,109.4**	**3,318.9**
Other operating income	9	704.8	233.5
Selling expenses	6	-2,459.8	-2,077.5
Administration expenses	6, 7	-575.4	-437.6
Other operating expenses	10	-419.1	-267.5
Net gain on monetary items	32	41.5	-
Operating profit/loss	6, 8, 11, 12	**1,401.4**	**769.8**
Financial income	13	2.4	3.7
Financial expenses	14	-108.9	-31.8
Profit/loss after financial items		**1,294.9**	**741.7**
Tax	15	-250.2	-197.4
Profit/loss for the year		**1,044.7**	**544.3**
Attributable to:			
Parent Company shareholders		1,039.6	543.9
Non-controlling interests		5.1	0.4
Earnings per share, basic[1]	39	5.00	2.61
Earnings per share, diluted[1]		5.00	2.61
Average number of shares during the financial year, basic[1]		208,000,000	208,000,000
Average number of shares in period, diluted[1]		208,063,000	208,000,000

[1] Systemair AB has issued 1,111,740 warrants to persons holding senior positions within the company.

Consolidated Statement of Comprehensive Income

SEK m., 1 May – 30 April	2022/23	2021/22
Profit/loss for the year	**1,044.7**	**544.3**
Other comprehensive income, net after tax		
Items that have been, or may later be, transferred to profit for the year		
Translation differences, foreign operations	606.0	119.1
Items that cannot be transferred to profit for the year		
Change in defined-benefit pensions, gross before tax	0.8	7.1
Tax on change in defined-benefit pensions	-0.5	-1.1
Other comprehensive income, net after tax	**606.3**	**125.1**
Total comprehensive income for the year	**1,651.0**	**669.4**
Attributable to:		
Parent Company shareholders	1,645.9	669.0
Non-controlling interests	5.1	0.4

Consolidated Balance Sheet

SEK m.	Note	30/04/2023	30/04/2022
ASSETS	22		
Non-current assets			
Intangible assets	4, 16		
Goodwill		988.6	888.9
Capitalised development costs		0.3	2.1
Brands, customer relationships		232.3	139.2
Other intangible assets		58.7	74.8
		1,279.9	**1,105.0**
Property, plant and equipment	4, 16		
Buildings and land		1,472.4	1,297.9
Plant and machinery		473.0	440.0
Equipment and tools		190.4	194.2
Construction in progress		136.1	125.6
		2,271.9	**2,057.7**
Right-of-use assets	8	254.1	267.9
Financial and other non-current assets			
Other securities held as non-current assets		1.4	1.4
Participations in associated companies	30	17.3	7.1
Deferred tax assets	15	146.8	172.0
Other long-term receivables	17	14.4	13.1
		179.9	**193.6**
Total non-current assets		**3,985.8**	**3,624.2**
Current assets			
Inventory	19		
Raw materials and consumables		1,224.4	1,219.5
Products in progress		188.3	167.0
Finished products		1,046.5	838.4
		2,459.2	**2,224.9**
Trade accounts receivable	20	2,417.0	1,975.4
Taxes recoverable		75.8	81.2
Other receivables		244.8	131.9
Prepaid expenses and accrued income	18	106.7	95.5
Other investments in securities etc.		3.9	3.4
		2,848.2	**2,287.4**
Cash and bank balances		339.9	335.9
Total current assets		**5,647.3**	**4,848.2**
TOTAL ASSETS		**9,633.1**	**8,472.4**

Consolidated Balance Sheet (cont.)

SEK m.	Note	30/04/2023	30/04/2022
EQUITY AND LIABILITIES	22		
Equity			
Share capital	21	52.0	52.0
Additional paid-in capital		10.4	7.0
Translation reserve		668.7	62.7
Profit brought forward, incl. profit for the year		4,534.6	3,693.4
Equity attributable to Parent Company shareholders		**5,265.7**	**3,815.1**
Attributable to non-controlling interests		6.8	38.4
Total equity		**5,272.5**	**3,853.5**
Non-current liabilities			
Non-current liabilities, interest-bearing	22	516.6	1,066.0
Lease liability	22	155.0	164.8
Provisions for pensions	26	24.7	78.7
Provisions for deferred tax liabilities	15	104.5	76.9
Other provisions	27	83.3	77.6
Other non-current liabilities	22	46.0	42.5
Total non-current liabilities		**930.1**	**1,506.5**
Current liabilities			
Current liabilities, interest-bearing	22	1,066.3	1,039.6
Lease liability	22	104.4	108.4
Trade accounts payable		1,024.8	983.4
Income tax liability		161.3	144.6
Other liabilities		580.7	445.9
Accrued expenses and deferred income	23	493.0	390.5
Total current liabilities		**3,430.5**	**3,112.4**
Total liabilities		**4,360.6**	**4,618.9**
TOTAL EQUITY AND LIABILITIES		**9,633.1**	**8,472.4**
Pledged assets	35		

Statement of Changes in Equity – Group

	Attributable to Parent Company shareholders					
SEK m.	Share capital	Additional paid-in capital	Translation reserve	Profit brought forward, incl. profit for the year	Non-controlling interests	Total equity
Equity, 30 April 2021	**52.0**	**2.2**	**-56.4**	**3,307.2**	**25.1**	**3,330.1**
Dividends				-156.0	-1.8	**-157.8**
Profit/loss for the year				543.9	0.4	**544.3**
Share of acquisitions attributable to non-controlling interests					12.3	**12.3**
Issue of warrants		4.8				**4.8**
Revaluation of purchase options				-7.7	2.4	**-5.3**
Other comprehensive income			119.1	6.0		**125.1**
Equity, 30 April 2022	**52.0**	**7.0**	**62.7**	**3,693.4**	**38.4**	**3,853.5**
Dividends				-187.2	-1.5	**-188.7**
Profit/loss for the year				1,039.6	5.1	**1,044.7**
Share of acquisitions attributable to non-controlling interests					-33.7	**-33.7**
Issue of warrants		3.4				**3.4**
Revaluation of purchase options				-11.5	-1.5	**-13.0**
Other comprehensive income			606.0	0.3		**606.3**
Equity, 30 April 2023	**52.0**	**10.4**	**668.7**	**4,534.6**	**6.8**	**5,272.5**

Consolidated Cash Flow Statement

SEK m., 1 May – 30 April	Note	2022/23	2021/22
Operating activities			
Operating profit/loss		1,401.4	769.8
Interest received		2.4	3.1
Interest paid		-80.1	-30.7
Adjustment for non-cash items etc.	37	113.4	354.5
Income tax paid		-214.5	-147.4
Cash flow from operating activities before changes in working capital		**1,222.6**	**949.3**
Changes in working capital			
Inventory		-308.4	-695.8
Current receivables		-481.8	-251.7
Trade accounts payable		94.7	238.0
Current liabilities		60.6	-4.6
Cash flow from operating activities		**587.7**	**235.2**
Investing activities			
Acquisition of subsidiaries	33	-449.6	-197.5
Disposals of subsidiaries	33	1,001.1	-1.5
Acquisition of intangible assets		-36.8	-16.3
Acquisition of property, plant and equipment		-325.7	-326.4
Sale of property, plant and equipment		129.6	25.8
Cash flow from investing activities		**318.6**	**-515.9**
Financing activities			
Borrowings	22	511.4	731.2
Repayment of loans	22	-1,166.7	-188.1
Amortisation of lease liability	22	-118.9	-115.2
Dividend to shareholders		-188.7	-157.8
Payment for warrants		3.4	4.8
Cash flow from financing activities		**-959.5**	**274.9**
Increase/Decrease in cash and cash equivalents		**-53.2**	**-5.8**
Cash and cash equivalents at start of year		**335.9**	**319.1**
Exchange rate difference in cash and cash equivalents		**57.2**	**22.6**
Cash and cash equivalents at end of year		**339.9**	**335.9**

Parent Company Income Statement

SEK m., 1 May – 30 April	Note	2022/23	2021/22
Net sales	4	181.9	149.1
Cost of goods sold		-	-
Gross profit		**181.9**	**149.1**
Other operating income	9	7.4	11.0
Selling expenses		-95.0	-88.2
Administration expenses	7, 8	-159.1	-109.2
Other operating expenses	10	-105.5	-80.8
Operating profit/loss	11, 12	**-170.3**	**-118.1**
Result from financial investments			
Result from participations in Group companies	28	648.9	-35.9
Other interest income and similar profit/loss items	13	95.7	59.3
Interest expense and similar profit/loss items	14	-57.9	-11.3
Profit/loss after financial items		**516.4**	**-106.0**
Appropriations	24	182.5	65.9
Pre-tax profit		**698.9**	**-40.1**
Tax on profit for the year	15	-12.1	-1.0
Profit/loss for the year		**686.8**	**-41.1**

Parent Company Statement of Comprehensive Income

SEK m., 1 May – 30 April	2022/23	2021/22
Profit/loss for the year	**686.8**	**-41.1**
Other comprehensive income, net after tax	**0.0**	**0.0**
Total comprehensive income for the year	**686.8**	**-41.1**

Parent Company Balance Sheet

SEK m.	Note	30/04/2023	30/04/2022
ASSETS			
Non-current assets			
Intangible assets	16		
Capitalised development costs		0.3	2.1
Licences and other intangible assets		23.8	33.4
		24.1	**35.5**
Property, plant and equipment	16		
Plant and machinery		0.6	2.9
Equipment and tools		3.5	2.1
Construction in progress		14.7	8.4
		18.8	**13.4**
Financial assets			
Participations in Group companies	29	2,412.8	2,194.4
Participations in associated companies	30	5.9	5.9
Receivables from Group companies	34	543.4	531.9
Deferred tax assets	15	15.0	26.8
Other long-term receivables	17	8.1	7.8
		2,985.2	**2,766.8**
Total non-current assets		**3,028.1**	**2,815.7**
Current assets			
Trade accounts receivable	20	-	4.3
Receivables from Group companies		1,562.4	1,354.1
Taxes recoverable		10.2	8.4
Other receivables		62.8	6.2
Prepaid expenses and accrued income	18	20.1	19.9
		1,655.5	**1,392.9**
Cash and bank balances		-	-
Total current assets		**1,655.5**	**1,392.9**
TOTAL ASSETS		**4,683.6**	**4,208.6**

Parent Company Balance Sheet (cont.)

SEK m.	Note	30/04/2023	30/04/2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	21	52.0	52.0
Statutory reserve		10.0	10.0
Reserve for development expenditure		0.3	1.7
		62.3	**63.7**
Non-restricted equity			
Share premium reserve		35.2	35.2
Fair value reserve		-5.2	-5.2
Profit brought forward		1,275.0	1,501.9
Profit/loss for the year		686.8	-41.1
		1,991.8	**1,490.8**
Total equity		**2,054.1**	**1,554.5**
Untaxed reserves	25	**0.7**	**-**
Non-current liabilities			
Liabilities to credit institutions	22	339.7	857.2
Deferred tax liability	15	-	1.0
Liabilities to Group companies		1,240.5	845.7
		1,580.2	**1,703.9**
Current liabilities			
Bank overdraft facilities	22	910.9	904.3
Trade accounts payable		6.5	7.5
Income tax liability		5.7	3.5
Liabilities to Group companies		21.3	13.8
Other liabilities		60.8	1.8
Accrued expenses and deferred income	23	43.4	19.3
		1,048.6	**950.2**
TOTAL EQUITY AND LIABILITIES		**4,683.6**	**4,208.6**

Changes in Equity – Parent Company

				Non-restricted equity			
SEK m.	Share capital	Statutory reserve	Reserve for development expenditure	Share premium reserve	Fair value reserve	Profit brought forward, incl. profit for the year	Total equity
Equity, 30 April 2021	**52.0**	**10.0**	**3.1**	**35.2**	**-5.2**	**1,656.5**	**1,751.6**
Dividend						-156.0	-156.0
Profit/loss for the year						-41.1	-41.1
Reserve for development expenditure			-1.4			1.4	-
Equity, 30 April 2022	**52.0**	**10.0**	**1.7**	**35.2**	**-5.2**	**1,460.8**	**1,554.5**
Dividend						-187.2	-187.2
Profit/loss for the year						686.8	686.8
Reserve for development expenditure			-1.4			1.4	-
Equity, 30 April 2023	**52.0**	**10.0**	**0.3**	**35.2**	**-5.2**	**1,961.8**	**2,054.1**

Dividend paid in 2022 totalled SEK 187.2 m., corresponding to SEK 0.90 per share.

Parent Company Cash Flow Statement

SEK m., 1 May – 30 April	Note	2022/23	2021/22
Operating activities			
Operating profit/loss		-170.3	-118.1
Interest received		69.0	30.5
Interest paid		-57.9	-11.3
Adjustment for non-cash items etc.	37	111.0	22.6
Income tax paid		1.0	-1.0
Cash flow from operating activities before changes in working capital		**-47.2**	**-77.3**
Changes in working capital			
Current receivables		-477.5	-414.1
Trade accounts payable		6.4	0.1
Current liabilities		24.5	-4.7
Cash flow from operating activities		**-493.8**	**-496.0**
Investing activities			
Acquisition of intangible assets		-3.6	-
Acquisition of property, plant and equipment		-9.8	-8.0
Acquisitions/paid-in capital at subsidiaries		-467.2	-194.7
Sale of Group companies		956.9	-
Dividends on shares in subsidiaries		311.5	299.2
Group contributions received		65.0	-
Cash flow from investing activities		**852.8**	**96.5**
Financing activities			
Dividend to shareholders		-187.2	-156.0
Borrowings		467.7	581.7
Repayment of loans		-639.5	-26.2
Cash flow from financing activities		**-359.0**	**399.5**
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 2023 were approved on 4 July 2023 by the Board of Directors and the President for publication and will be submitted to the 2023 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, considering the relationship between accounting and taxation. On the balance sheet date, monetary receivables and liabilities denominated in foreign currencies are translated at the rate prevailing on that date. Any exchange differences arising are charged to the income statement. In the Parent Company, untaxed reserves are recognised inclusive of deferred tax. In the consolidated accounts, this item is classified as deferred tax or 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
None of the new or revised standards, interpretations or improvements adopted by the EU for implementation in 2022 have affected the Group in any material way.

IAS 29 "Financial Reporting in Hyperinflationary Economies"
Since 30 June 2022, Turkiye's economy has been considered to be in hyperinflation. As a result, the financial statements of Systemair's subsidiary in Turkiye have been adjusted for the effects of inflation, in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", with retrospective application from 1 May 2022. This means that:

- The historical cost of non-monetary assets and liabilities has been adjusted to reflect changes in the purchasing power of the currency. The adjustment has been based on the Consumer Price Index published by the Turkish Statistical Institute.
- The various income statement items have been index-adjusted for inflation.
- All items in the subsidiary's financial statements in the consolidated accounts have been translated at the closing rate. Differences in translation to SEK have been taken to Other comprehensive income, in accordance with IAS 21.
- Figures for financial years beginning before 1 May 2022 have not been changed.

The aggregate impact on the Group's financial statements is shown in Note 32.

New or amended standards and new interpretations not yet enacted
No new or amended standards or interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) effective for financial periods beginning after 1 January 2023 have been applied in the preparation of this financial report. New or amended standards and new interpretations, which had not entered into effect by 31 December 2022, are not expected to have a material impact on the Group's financial statements based on known information.

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. Financial statements 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, a controlling influence over a subsidiary is obtained by owning more than 50 percent of shares with an entitlement 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 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.

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

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 any future divestment of the foreign operation. 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. The 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 equates 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 mainly 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 fulfilled.

Warranties
On the sale of products, warranties are provided, depending on the product's nature, condition and area of application. The terms and conditions in warranties for the most part cover only original product defects. Long warranty periods may occur in particular product categories, but depending 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, considering other factors such as type of product and type of customer. Systemair aggregates the geographical regions (i) Europe and (ii) 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 (i) Europe and (ii) 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 on the basis of their legal domicile and they are consolidated 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:

In-house 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 reduced in value. In such tests, the recoverable amount of the asset is calculated.

In the case of goodwill, brands with an indeterminate useful life and intangible assets not yet ready for use, the recoverable amount is also 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 by a rate based on the risk-free interest rate, adjusted to reflect the risk associated with the 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.

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 incurred 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 the options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkiye, and the remaining 40 percent of the shares in Frico A/S, Denmark.

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

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 expires 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. Trade accounts receivable 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, where the transaction costs are recognised directly in the income statement. The following measurement for the instrument is based on its nature and classification.

Classification of financial assets and liabilities
Financial assets are classified according to the purpose of the holding of the asset and its contractual cash flows. Financial assets are classified into the following categories:

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

Financial liabilities are 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 or cash equivalents are 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 via 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 consist mainly of 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 liabilities measured at fair value via the income statement consist in the main of the liabilities for the options to purchase the remaining 10 percent of the shares in Systemair HSK, Turkiye, and the remaining 40 percent of the shares in Frico A/S, Denmark. The change in fair value of the purchase options is recognised in equity, while the change in other financial liabilities in this category is recognised in the income statement. The liability for the purchase options is recognised under Other non-current liabilities 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 20.

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. 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, outstanding trade accounts receivable are always assessed according to individual circumstances. The model of calculating expected credit losses is based on five different levels of maturity, from trade accounts receivable not yet due to more than 360 days overdue. Each level is assigned a degree of expected credit loss, on which basis 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 knowledge of market.

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 when 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 contract, the compensation is recognised as an asset on the balance sheet only when it is for all intents and purposes 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 and individually 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 Group's obligations with regard to 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.

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.

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

Leasing
Systemair assesses all new contracts to determine whether they include leasing components. The factors deciding whether a contract exists are 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-lease components and lease components in contracts relating to buildings. Expenses relating to non-lease components are to be expensed. In the case of other asset classes, non-lease components are to be included in the basis of calculation of right-of-use and lease liability.

On a new lease contract being entered into, 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-ended, that is, there is no set end date, local laws and regulations may provide the right of possession to the lessee. This means that Systemair, as lessee, must itself determine which contract term 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 business activity, the lessee's own planned or executed investments in the leased property and the situation of the property 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 that 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 rules 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 pertaining 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 if 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 at 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 in the period when the assets are realised or the liabilities settled, based on the tax rate (and the tax legislation) enacted, or substantively enacted, at the balance sheet date. Accrued tax assets and tax liabilities are recognised net in the balance sheet provided that the tax will be paid in 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 of 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 received a government grant of SEK 0.3 million in Australia, relating to Covid-19. The grant is recognised under the heading of Other operating income.

Systemair received product development grants of SEK 0.8 million (0.8) in the Netherlands and of SEK 0.4 million (0.4) in the Czech Republic. The grants are recognised under the heading of Other operating income.

In Slovakia, energy subsidies of SEK 0.8 million were received. The subsidy is recognised under the heading of Other operating income.

Systemair received subsidies for training and other personnel initiatives in Singapore, the Czech Republic and Hong Kong, in each case in the amount of SEK 0.1 million. The subsidies are recognised as other operating income.

In Lithuania, the Company received an investment grant. The grant consisted of a tax concession totalling SEK 0.1 million.

Material estimates and assumptions
The preparation of financial statements requires complex estimates and assessments for accounting purposes. Management also makes various assessments 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 next financial year are described below.

Impairment testing of goodwill
Every year, Group Management tests goodwill for impairment in accordance with the accounting policy described above. Several 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 26.

Deferred tax assets
Systemair benefits from loss carry-forwards that have arisen mainly through the acquisition of companies that had made losses on previous operations, but also through 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.

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.

On 11 January 2021, Systemair was reported to the Swedish National Contact Point (NCP) by a Turkish trade union which alleged that Systemair's Turkish subsidiary was violating the labour right of freedom of association. The NCP is not a judicial body and so cannot impose measures; it can only mediate and make recommendations. Systemair has of course participated in the mediation and cooperated fully in the NCP process. Following the NCP's recommendations at the end of 2022, Systemair has implemented targeted measures. For example, independent due diligence has been performed and internal policies and processes for maintaining corporate responsibility have been strengthened. Systemair supports the UN Global Compact and its 10 principles and has always endeavoured to take human and labour rights very seriously, including the freedom of association. Following the NCP's recommendation, Systemair has clarified its Code of Conduct, for example by including a reference to the OECD Guidelines for Multinational Enterprises. In addition, the Company has taken measures to strengthen its internal due diligence process.

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

Anticipated credit losses
Anticipated credit losses are assessed locally at every company in line with a local credit policy based on a standard template. Outstanding trade accounts receivable are monitored and reported on regularly at each company and at Group level. For more information on trade accounts receivable and anticipated credit losses, see Note 20 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 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. Systemair operates a risk management process that involves Group Management and key functions to ensure that risks are properly managed by identifying, assessing, mitigating and monitoring them. The Group's risk situation is updated on an ongoing basis. Priority is given to the risks that are judged to represent the potentially greatest negative effect, based on the probability of their occurring and the possible impact on the business.

The table below illustrates the hypothetical effects of changes in certain factors on Systemair's 2022/23 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 2022/23

SEK m.	30/04/2023	30/04/2022
+/- 5% in selling prices	+/- 603	+/- 482
+/- 5% in material costs	+/- 266	+/- 201
+/- 5% in selling and administration expenses	+/- 152	+/- 126
+/- 5% in balance sheet rates, effect on net assets	+/- 130	+/- 98
+/- 5% in the SEK/EUR exchange rate	+/- 33	+/- 48
+/- 5% in the SEK/NOK exchange rate	+/- 6	+/- 4
+/- 5% in the SEK/RUB exchange rate	+/- 1	+/- 3
+/- 5% in the SEK/USD exchange rate	+/- 1	+/- 0

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 33 million (48) on operating profit for 2022/23. 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 3,825 million (2,943), with the largest assets being denominated in EUR, CZK and CAD. A rise or fall of 5 percent would increase or decrease net assets by SEK 130 million (98).

Strategic and market risks
Market and macroeconomic trends
Systemair's products are used not only in new construction but also in renovation and upgrading of buildings. The construction industry normally follows a cyclical pattern, above all in new construction, while renovation and extension 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 developments and other factors. Systemair's sales are also exposed to seasonal fluctuations, with sales mostly being lower during July and December. 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 to lower prices for the Company's products, which could adversely affect Systemair's operations, earnings and financial position.

Trade policy and geopolitics
The risk of negative trade policy decisions, customs duties and sanctions. Systemair operates in a global market where geopolitical risks can adversely affect its business. Systemair conducts, via subsidiaries or representative offices, its own operations in around 50 countries, some of which are in the process of rapid development and transformation into market economies. As a result, the Company is exposed to the risks that are 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 disrupt 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 risk of political instability. Each of the abovementioned risks could adversely affect Systemair's operations, earnings and financial position.

Competition
The risk of lower sales and narrower margins due to increased price competition from manufacturers in low-cost countries moving closer to Systemair's main market. Systemair's markets are fragmented and exposed to competition, so a large number of small, local businesses and a small number of major international corporations operate in Systemair's markets. Should rapid international consolidation take place in the ventilation sector, and should Systemair not be part of that consolidation, the Company risks being excluded from the market. 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.

Sustainability
Sustainability is an area that is increasingly growing in importance. Companies are expected and required by both laws and more specific market requirements in more and more areas of sustainability. This includes both social and environmental issues, as well as overall governance to ensure a responsible business. In its sustainability work, Systemair has a number of stakeholders that are affected by and can influence important issues. Because sustainability is an area with a wide general focus, and one that is still evolving, there is a risk that Systemair's sustainability work does not meet internal and external requirements and expectations, which may have negative impact on the Company's operations, earnings and financial position.

Product liability
Systemair's customers normally expect detailed information regarding the performance data of its ventilation products. Systemair thus provides detailed product specifications for marketing and sales, 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 products the Company has sold may not live up to their 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.

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

Branding and communication
Systemair has several brands, the main one being Systemair. Each brand has a brand strategy and communication guidelines to minimise the risk of brand damage. The possibility of brand damage cannot be excluded. This may result, for example, from products not living up to the brand promise or other communication relating to Systemair's brands and reputation. Any damage to Systemair's brands and reputation may negatively impact on the Company's earnings, operations and financial position.

Operational risks
Product availability
The risk of shortages of materials and components for the Company's products has increased in the past two years. The pandemic and geopolitical events have left their mark on the global supply chain and some components and materials have extended delivery times. Fan motors are important components and their suppliers are strategically important 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 these suppliers could disrupt Systemair's production and have negative impact on Systemair's operations, earnings and financial position.

Another important component of 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 the actors in the market, Systemair's operations, earnings and financial position may be adversely affected.

Production facilities and distribution centres
Systemair's operations are dependent on its production facilities and distribution centres. If any of them is destroyed, or closed, or if the equipment at the facilities suffers serious damage, production and distribution of Systemair's products may be disrupted or suspended for a certain period. An extensive and prolonged shutdown could have a major 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.

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, protecting, 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 faults, data intrusion, 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.

Skills provision
Like other companies, Systemair is dependent on the availability of appropriate and sufficient skills to fulfil the Company's short- and long-term expectations, as well as to achieve its strategy. Competition for certain skills is tough and this affects the pace of development at Systemair. Systemair focuses actively on being an attractive employer to enable it to hire and retain the appropriate and sufficient skills. It cannot be excluded that the right and sufficient expertise will always be available, and this may negatively impact on the Company's earnings, operations and financial position.

Financial risks
The Systemair Group is exposed to financial risks through its international operations and its borrowing. 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 Group Treasury, as well as at 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 2022/23, Group companies in Sweden invoiced 46 percent (46) of their business in SEK, 53 percent (53) in EUR and 1 percent (1) in other currencies. The Group also has foreign exchange exposure at Systemair HSK in Turkiye, where 74 percent (76) of invoicing was in EUR and 24 percent (20) in USD.

Each year, an estimate is made of the future net inflow of EUR, up to 50 percent of which can be 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 translates its assets, liabilities and equity at the exchange rates prevailing at the balance sheet date and its income statements at the average exchange rates for the year. Any exchange differences arising 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 3,825 million (2,943). Major net assets consisted of SEK 2,128 million (1,538) in EUR, SEK 320 million (220) in CZK, SEK 221 million (170) in CAD, SEK 189 million (187) in USD, SEK 138 million (173) in RUB, SEK 188 million (164) in DKK, SEK 138 million (127) in NOK, SEK 118 million (98) in INR, SEK 103 million (90) in MYR, SEK 152 million (83) in GBP and SEK 49 million (23) in TRY. The impact of foreign currency on equity is recognised as a translation difference and amounted to SEK +606.0 million (+119.1).

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 1,523.2 million (2,118.4), 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 1,842.3 million (2,378.8). According to Systemair's financial policy, the fixed-interest term for 2022/23 was 3–12 months. A change of +/-1 percentage point in the interest rate on borrowing would have an impact of about SEK 15 million (21) 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 and thus may cause a loss for 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 efficient manner. Liquidity is to a major extent affected by credit to customers and credit from suppliers. As Systemair's operations have expanded in new markets with different payment cultures, credit periods have lengthened somewhat. This has increased the cost of tied-up capital and the risk of credit losses, and consequently has resulted in a higher risk of negative impact 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.

Business combinations
The acquisition of companies may involve several operational and financial risks. For several consecutive years, Systemair has engaged in a considerable number of business combinations. The companies acquired have been integrated into Systemair's operations in general. Some of the acquisitions made have been companies with operational and financial problems. Expansion through acquisition remains a Systemair ambition, and in future more companies that complement or augment the Company's operations may be 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.

Regulatory and business ethics risks
Corruption
The risk of corruption or bribery in violation of international laws is a problem for many companies, especially international ones, where awareness of what constitutes corruption may be lacking among all parties involved, depending on knowledge as well as local culture and custom. Systemair operates in the construction industry in a global context where in some countries the risk of corruption is considered high. This risk may adversely affect the Company's operations, earnings and financial position.

Labour and human rights
The risk of violation of international labour or human rights generally varies among companies, depending on industry and geographical location. In some countries where Systemair operates, there is a generally higher risk of violation of such rights, according to a risk index that indicates, for example, the country's democratic status and other factors that indicate how well developed a country is in terms of these rights. These risks may adversely affect the Company's operations, earnings and financial position.

Compliance with product requirements
Systemair has a wide range of ventilation and related products that are provided in several markets worldwide. Various regulations, directives and certifications apply and Systemair continuously monitors the compliance requirements for each product. However, the risk cannot be ruled out that Systemair may lose important certifications, or may not have other necessary documentation, which may lead to reduced sales. This risk may adversely affect the Company's operations, earnings and financial position.

Note 3 Segment reporting

The Group's operations mainly consist 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 for segment reporting. Systemair aggregates into the geographical segments of (i) Europe and (ii) America, 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 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 they are consolidated according to the same principles as for the Group as a whole.

Group	Europe	Americas, Middle East, Asia, Australia and Africa	Group-wide	Eliminations	Total
2022/23					
Net sales, external	9,163.2	2,894.7	-	-	**12,057.9**
Net sales, intra-Group	225.4	36.8	181.9	-444.1	**-**
Operating profit/loss	1,384.7	186.0	-169.3	-	**1,401.4**
Operating margin, %	15.1	6.4	-	-	**11.6**
Profit after net fin. items	986.2	102.9	205.8	-	**1,294.9**
Profit margin, %	10.8	3.6	-	-	**10.7**
Assets	6,049.5	2,328.2	4,688.4	3,433.0	**9,633.1**
Investments	-146.7	-76.3	541.6	-	**318.6**
Depreciation/amortisation and impairments	479.3	58.3	30.7	-	**568.3**
2021/22					
Net sales, external	7,385.0	2,249.5	-	-	**9,634.5**
Net sales, intra-Group	209.3	13.7	149.1	-372.1	**-**
Operating profit/loss	773.9	114.2	-118.3	-	**769.8**
Operating margin, %	10.5	5.1	-	-	**8.0**
Profit after net fin. items	905.2	241.9	-405.4	-	**741.7**
Profit margin, %	12.3	10.8	-	-	**7.7**
Assets	5,387.1	1,694.6	4,218.8	-2,828.1	**8,472.4**
Investments	-294.5	-48.9	-172.5	-	**-515.9**
Depreciation/amortisation and impairments	335.4	52.3	20.7	-	**408.4**

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, Monaco, the Netherlands, Portugal, San Marino, Spain, Switzerland and the United Kingdom.

Region Eastern Europe and CIS consists of Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldavia, 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, Syria, Taiwan, Tajikistan, Tanzania, Thailand, Tunisia, Turkiye, the United Arab Emirates, Vietnam, Yemen, Zambia and Zimbabwe.

Sales income is allocated, as shown 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 largest 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 has limited dependence on individual customers.

>> Note 4 (cont.)

Geographical breakdown	Net sales		Non-current assets[1]	
Group	2022/23	2021/22	2022/23	2021/22
Norway	825.8	770.8	66.8	73.4
Sweden	727.2	616.1	285.1	295.8
Rest of Nordic region	646.6	501.9	416.4	135.4
Total Nordic region	**2,199.6**	**1,888.8**	**768.3**	**504.6**
Germany	1,592.0	1,206.4	415.3	401.8
France	835.4	666.1	31.3	125.7
Italy	707.3	310.2	366.7	280.6
United Kingdom	510.2	427.1	131.3	43.8
Netherlands	438.2	369.7	102.5	122.9
Spain	407.8	319.9	218.8	204.3
Rest of Western Europe	1,061.2	874.4	175.8	165.8
Total Western Europe	**5,552.1**	**4,073.8**	**1,441.7**	**1,344.9**
Rest of Eastern Europe and CIS	1,368.0	1,411.6	889.6	925.2
Total Eastern Europe and CIS	**1,368.0**	**1,411.6**	**889.6**	**925.2**
USA	785.8	570.8	113.2	82.2
Canada	495.4	400.0	197.1	207.0
Other North and South America	60.6	78.7	0.5	1.6
Total North and South America	**1,341.8**	**1,049.5**	**310.8**	**290.8**
Middle East, Asia, Australia and Africa	1,596.4	1,210.8	395.5	364.9
	12,057.9	**9,634.5**	**3,805.9**	**3,430.6**

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

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

By geographical market	Parent Company	
Net sales	2022/23	2021/22
Nordic region	49.5	42.1
Western Europe	69.1	58.4
Eastern Europe and CIS	30.4	23.6
North America	13.8	11.1
Middle East, Asia, Australia and Africa	19.1	13.9
	181.9	**149.1**

Note 5 Revenue analysis

The Group's revenue is generated mainly through the manufacture and sale of ventilation products, as well as from the servicing of ventilation products. Total revenue for the financial year was SEK 12,057.9 million (9,634.5), of which servicing of ventilation products accounted for SEK 475.2 million (362.9). The table shows a breakdown of revenue per segment.

Group	Europe	Americas, Middle East, Asia, Australia and Africa	Total
2022/23			
Sales of ventilation and heating products, recognised at a certain point in time	8,594.0	2,664.2	11,258.2
Sales of ventilation and heating products, recognised over time	124.2	200.3	324.5
Servicing recognised at a certain point in time	238.8	5.5	244.3
Servicing recognised over time	206.2	24.7	230.9
	9,163.2	**2,894.7**	**12,057.9**
2021/22			
Sales of ventilation and heating products, recognised at a certain point in time	6,883.8	2,024.2	8,908.0
Sales of ventilation and heating products, recognised over time	158.4	205.2	363.6
Servicing recognised at a certain point in time	179.2	3.1	182.3
Servicing recognised over time	163.6	17.0	180.6
	7,385.0	**2,249.5**	**9,634.5**

Contractual balances	Group	
	2022/23	2021/22
Contractual assets	11.3	3.0
Contractual liabilities	0.1	0.8

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
2022/23				
Costs of materials	-5,316.3			-5,316.3
Personnel costs	-1,801.1	-1,349.3	-343.0	-3,493.4
Depreciation/ Amortisation costs	-200.5	-163.7	-35.0	-399.2
Other costs	-630.6	-946.8	-197.4	-1,774.8
	-7,948.5	**-2,459.8**	**-575.4**	**-10,983.7**
2021/22				
Costs of materials	-4,028.5	-	-	-4,028.5
Personnel costs	-1,500.4	-1,196.1	-272.8	-2,969.3
Depreciation/ Amortisation costs	-176.5	-150.0	-32.2	-358.7
Other costs	-610.2	-731.4	-132.6	-1,474.2
	-6,315.6	**-2,077.5**	**-437.6**	**-8,830.7**

Product development costs totalled approximately SEK 240 million (220) in 2022/23. 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	
	2022/23	2021/22	2022/23	2021/22
EY				
Auditing services	-9.6	-7.4	-3.3	-2.0
Other additional auditing services	-0.3	-0.1	-0.3	-
Total, EY	**-9.9**	**-7.5**	**-3.6**	**-2.0**
Others				
Auditing services	-3.8	-3.9	–	–
Other additional auditing services	-0.4	-0.4	–	–
Tax advice	-3.0	-2.7	–	–
Other services	-3.1	-1.9	-1.2	–
Total, Other	**-10.3**	**-8.9**	**-1.2**	**–**
Total	**-20.2**	**-16.4**	**-4.8**	**-2.0**

Note 8 Leases

The Group's leases consist mainly of warehouse premises, machinery, equipment, vehicles and office buildings. In addition to the above, Systemair leases four of its manufacturing facilities around the world, which amounts to five factories. In general, the leases stipulate a fixed rental period. In addition, some specific leases include an option to extend a previously agreed lease period. Each lease is negotiated separately and includes various forms of terms and conditions, and contain several covenants. The leases includes both variable and a fixed payments, which are considered in the valuation of the lease liability and the right-of-use asset. The leases contain both lease and non-lease components and it is only the lease component that has been included in the calculation of the lease liability and the right-of-use asset.

Total interest expenses for the year, which is recognised in the financial expenses, amounted to SEK -7.8 million (-7.9). On a full-year basis, lease-related depreciation/amortisation totalling SEK -118.6 million (-114.6) were recognised. Short-term and low value assets were expensed in the amount of SEK 9.8 million (7.2).

Right-of-use assets

Group 2022/23	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	359.5	124.3	21.3
New leases	60.8	39.4	1.4
Lease cancellations/expired and terminated leases	-33.0	-49.3	-7.2
Translation difference	27.8	8.6	1.4
	415.1	**123.0**	**16.9**
Accumulated depreciation/amortisation			
At start of year	-170.0	-58.8	-8.4
Cancelled leases	29.8	43.8	4.9
Translation difference	-17.9	-5.2	-0.5
Depreciation/amortisation for the year	-79.8	-32.8	-6.0
	-237.9	**-53.0**	**-10.0**
Carrying amount	**177.2**	**70.0**	**6.9**

Group 2021/22	Buildings and land	Cars and other vehicles	Other right-of-use assets
Accumulated historical cost			
At start of year	342.5	117.2	13.5
New leases	42.8	35.6	10.7
Lease cancellations/expired and terminated leases	-39.3	-29.8	-3.3
Translation difference	13.5	1.3	0.4
	359.5	**124.3**	**21.3**
Accumulated depreciation/amortisation			
At start of year	-113.7	-47.4	-4.8
Cancelled leases	26.9	23.0	1.3
Translation difference	-6.9	-0.7	-0.3
Depreciation/amortisation for the year	-76.3	-33.7	-4.6
	-170.0	**-58.8**	**-8.4**
Carrying amount	**189.5**	**65.5**	**12.9**

	Group	
Contractual future lease fees, maturing leases	**2022/23**	**2021/22**
Within a year	106.7	108.5
Within 1–2 years	74.3	75.5
Within 2–5 years	86.8	97.6
More than 5 years	10.9	4.7
Total	**278.7**	**286.3**

	Group	
Maturity structure of lease liability	**2022/23**	**2021/22**
Within a year	106.2	108.2
Within 1–2 years	69.7	73.1
Within 2–5 years	75.4	87.7
More than 5 years	8.1	4.2
Total	**259.4**	**273.2**

Operating leases, in accordance with RFR 2

	Parent Company	
Lease costs recognised	**2022/23**	**2021/22**
Within a year	2.1	2.9
Within 1–2 years	1.1	0.9
Within 2–5 years	1.0	0.8
Total	**4.2**	**4.6**

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

Note 9 Other operating income

	Group		Parent Company	
	2022/23	**2021/22**	**2022/23**	**2021/22**
Exchange rate gains in operations	109.1	149.7	3.6	7.1
Gain on sale of subsidiaries	445.5	-	-	-
Gain on sale of property, plant and equipment	9.5	3.2	-	-
Government subsidies received	1.7	7.5	-	-
Change in pension accounting, Norway	25.8	-	-	-
Other miscellaneous income	113.2	73.1	3.8	3.9
	704.8	**233.5**	**7.4**	**11.0**

Note 10 Other operating expenses

	Group		Parent Company	
	2022/23	**2021/22**	**2022/23**	**2021/22**
Exchange rate losses in operations	-153.0	-127.8	-12.0	-1.6
Intra-Group expenses	-	-	-58.7	-49.1
Loss on sale of subsidiaries	-	-22.5	-	-
Loss on sale of property, plant and equipment	-0.4	-4.9	-	-
Impairment of non-current assets	-155.4	-38.6	-	-
Other miscellaneous expenses	-110.3	-73.7	-34.8	-30.1
	-419.1	**-267.5**	**-105.5**	**-80.8**

Note 11 Employees and personnel costs

	2022/23		2021/22	
	Average number of employees	Of whom, men	Average number of employees	Of whom, men
Parent Company	59	40	64	42
Subsidiaries in:				
Nordic region	**966**	**783**	**945**	**786**
Sweden	588	467	568	467
Denmark	195	174	195	177
Finland	19	12	19	11
Norway	164	130	163	131
Western Europe	**2,062**	**1,510**	**2,246**	**1,785**
Belgium	43	34	40	30
England	102	110	84	65
Greece	12	7	11	4
France	50	37	252	188
Netherlands	196	164	196	176
Ireland	13	12	11	10
Italy	212	136	171	124
Portugal	22	15	23	16
Switzerland	54	44	53	43
Spain	519	271	522	409
Germany	814	658	858	698
Austria	25	22	25	22
Eastern Europe and CIS	**1,502**	**1,017**	**1,517**	**1,042**
Azerbaijan	8	7	8	7
Belarus	4	-	6	1
Bulgaria	3	-	-	-
Estonia	40	8	52	41
Georgia	2	2	2	2
Kazakhstan	5	3	6	3
Croatia	18	16	19	15
Latvia	8	7	8	7
Lithuania	294	188	303	190
Poland	56	43	56	43
Romania	8	8	8	7
Russia	212	120	289	177
Serbia	9	5	9	5
Slovakia	268	172	269	168
Slovenia	196	170	173	151
Czech Republic	362	262	300	219
Ukraine	3	1	3	1
Hungary	6	5	6	5
North and South America	**526**	**339**	**487**	**315**
Chile	-	-	4	3
Canada	352	230	324	201
Mexico	9	4	4	2
Peru	6	6	6	6
USA	159	99	149	103
Middle East, Asia, Australia and Africa	**1,184**	**1,084**	**1,099**	**1,041**
Australia	58	55	55	47
United Arab Emirates	13	11	13	12
India	563	567	486	525
China	4	3	4	3
Morocco	32	29	30	31
Malaysia	136	106	107	83
Saudi Arabia	26	25	22	22
Singapore	11	6	11	6
South Africa	94	84	119	98
Turkiye	236	187	240	203
Qatar	11	11	12	11
	6,299	**4,773**	**6,358**	**5,011**

Percentage of women on boards and in management, %	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Board, excluding employee representatives			40%	33%
Group Management			0%	0%
Company managements	9%	10%		

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2022/23	2021/22	2022/23	2021/22
Board and President				
Parent Company	8.0	8.4	3.2	3.4
Subsidiaries in the Nordic region	17.3	14.4	5.8	5.5
Western Europe	56.1	46.1	11.6	9.2
Eastern Europe and CIS	24.6	20.3	6.4	4.9
North and South America	9.4	4.9	0.7	0.9
Rest of World	14.5	11.9	1.0	1.9
Total, Board and President	**129.9**	**106.0**	**28.7**	**25.8**

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2022/23					
Gerald Engström – Chairman of the Board	0.8				0.8
Patrik Nolåker – Vice Chairman of the Board	0.5				0.5
Carina Andersson – Member	0.4				0.4
Niklas Engström – Member	0.3				0.3
Svein Nilsen – Member	0.1				0.1
Gunilla Spongh – Member	0.4				0.4
Roland Kasper – Chief Executive Officer	4.5	1.5	0.1	0.8	6.9
Other senior executives[1]	10.4	2.0	0.4	3.1	15.9
Total	**17.4**	**3.5**	**0.5**	**3.9**	**25.3**

[1] Total of 5 persons

Senior executive remuneration recognised during the year	Basic salary/ Fee	Variable pay	Other benefits	Pension cost	Total
2021/22					
Gerald Engström – Chairman of the Board	0.8	-	-	-	0.8
Patrik Nolåker – Vice Chairman of the Board	0.5	-	-	-	0.5
Carina Andersson – Member	0.4	-	-	-	0.4
Niklas Engström – Member	0.3	-	-	-	0.3
Svein Nilsen – Member	0.3	-	-	-	0.3
Gunilla Spongh – Member	0.4	-	-	-	0.4
Roland Kasper – Chief Executive Officer	4.3	0.7	-	0.8	5.8
Other senior executives[1]	12.7	1.2	0.7	3.7	18.3
Total	**19.7**	**1.9**	**0.7**	**4.5**	**26.8**

[1] Total of 9 persons

Fees to the Board of Directors total SEK 2,515 thousand (2,710); SEK 800 thousand (750) to the Chairman, SEK 525 thousand (500) to the Vice Chairman and SEK 330 thousand (315) to each of the other members elected by the AGM. In addition, remuneration has been paid to the Audit Committee in a total amount of SEK 150 thousand (150), with SEK 100 thousand (100) being paid to the committee chairman and SEK 50 thousand (50) to the other member. Remuneration has also been paid to the Remuneration Committee in an amount of SEK 30 thousand (30) to the chairman of the committee and SEK 20 thousand (20) to the other member.

>> Note 11 (cont.)

Salaries, other remuneration and social security expenses	Salaries and remuneration		Social security expenses	
	2022/23	2021/22	2022/23	2021/22
Other employees				
Parent Company	49.3	47.9	27.4	26.6
Subsidiaries in the Nordic region	528.0	479.7	145.8	138.5
Western Europe	1,046.2	880.3	304.7	256.9
Eastern Europe and CIS	353.2	282.4	79.8	64.2
North and South America	249.1	166.2	38.5	40.8
Rest of World	166.2	131.6	16.6	10.0
Total, other employees	**2,392.0**	**1,988.1**	**612.8**	**537.0**

Of social security expenses in the Parent Company, pension expenses accounted for SEK 12.1 million (11.7), including SEK 0.8 million (0.8) for the Board and the President. In other Group companies, pension expenses totalled SEK 66.6 million (62.7), including SEK 6.9 million (7.1) 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 Remuneration Committee, consisting of Carina Andersson, Gerald Engström and Patrik Nolåker. Remuneration to other senior executives is determined by the President after consultation with the Remuneration Committee.

Senior executives consist of President and Chief Executive Officer Roland Kasper, Vice President Sales Olle Glassel, Vice President Global Supply Chain Anders Gustafsson, Vice President Products and Marketing Björn-Osvald Skandsen, CFO Anders Ulff and Vice President M&A Janni Weber.

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 pay is based on the Company's performance, with the aim of promoting the Company's strategy, long-term value creation and sustainability. 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, 25 percent for other senior executives and 15 percent for other key individuals.

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 specific 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
On 25 August 2022, the Annual General Meeting of Systemair AB approved the issue of warrants within the framework of the LTIP 2022 incentive programme. During the period under review, Systemair AB issued a total of 520,740 warrants for Systemair shares to senior executives of the Company. Transfer of the warrants to the participants will be effected at a price corresponding to their market value according to an external independent valuation via an accepted valuation model (Black-Scholes). In the first stage of the programme, each warrant entitles the holder to subscribe for one new share in the Company at a price of SEK 58.30. The programme runs for four years from 24 September 2022 and the last day for share subscription is 30 September 2026. In addition, 591,000 warrants were issued in 2021 to senior executives under the LTIP 2021 programme.

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

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Capitalised development costs	1.8	1.9	1.8	1.9
Brands, customer relationships	43.1	37.8	-	-
Other intangible non-current assets	30.1	22.8	14.1	11.9
Buildings and land improvements	60.7	50.5	-	-
Plant and machinery	98.7	89.9	2.3	2.4
Equipment and tools	59.9	52.2	1.2	1.8
Right-of-use assets	118.6	114.6	-	-
	412.9	**369.7**	**19.4**	**18.0**
Depreciation/amortisation, by function				
Cost of goods sold	203.8	179.1	-	-
Selling expenses	168.8	154.7	11.9	11.4
Administration expenses	35.9	32.9	7.2	6.3
Other operating expenses	4.4	3.0	0.3	0.3
	412.9	**369.7**	**19.4**	**18.0**

Note 13 Financial income

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Interest income, external	2.4	3.7	0.9	-
Interest income, related companies	-	-	68.1	30.5
Net changes in exchange rates, financial instruments	-	-	26.7	28.8
	2.4	**3.7**	**95.7**	**59.3**

Note 14 Financial expenses

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Interest expenses, external	-66.1	-20.4	-51.2	-11.3
Interest expenses, related companies	-	-	-6.7	-
Interest expense, leases	-7.8	-7.9	-	-
Net changes in exchange rates, financial instruments	-30.8	-0.9	-	-
Other financial expenses	-4.2	-2.6	-	-
	-108.9	**-31.8**	**-57.9**	**-11.3**

Note 15 Tax on profit for the year

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Current tax	-238.0	-180.2	-13.7	-1.9
Deferred tax	-12.2	-17.2	1.6	0.9
	-250.2	**-197.4**	**-12.1**	**-1.0**

The Group's tax expense represents 19.3 percent (26.6) of consolidated pre-tax profit. The lower tax charge is a result of the use of tax loss carry-forwards in previously loss-making entities. The tax rate for the Parent Company in the financial year was 20.6 percent (20.6).

At financial year-end, the Systemair Group had deferred tax assets totalling SEK 70.7 million (112.0) comprising loss carry-forwards. Deferred tax assets are recognised only if it is probable that the loss carry-forwards can be used against future taxable surpluses based on assessments in each individual company. No time limits 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 230.0 million not taken into account.

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Pre-tax profit	1,294.9	741.7	698.9	-40.1
Tax at current tax rate for Parent Company	-266.0	-152.8	-106.4	8.3
Effect, foreign tax rates	-	-1.1		
Non-deductible expenses	-93.4	-24.3	-0.5	-0.6
Tax-exempt income	110.8	8.5	17.0	-
Tax effect of uncapitalised loss carry-forwards	-31.1	-32.0	-	-
Dividends from subsidiaries	-	-	64.2	61.6
Adjustment for previous years' taxes	2.8	6.7	-	-
Tax effect of impairment loss on receivables in subsidiaries	-	-	-	-69.0
Miscellaneous	26.7	-2.4	13.6	-1.3
	-250.2	**-197.4**	**-12.1**	**-1.0**

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Deferred tax assets				
Property, plant and equipment	5.4	3.0	-	-
Inventory	34.5	26.6	-	-
Current receivables	8.3	3.2	-	-
Pension provisions	17.3	14.2	-	-
Loss carry-forwards	70.7	111.9	15.0	26.8
Miscellaneous	10.6	13.1	-	-
	146.8	**172.0**	**15.0**	**26.8**
Deferred tax liabilities				
Intangible assets	24.0	26.4	-	-
Property, plant and equipment	28.0	26.1	-	-
Untaxed reserves	46.1	19.8	-	-
Miscellaneous	6.4	4.6	-	1.0
	104.5	**76.9**	**-**	**1.0**

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

Group 2022/23	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehen-sive income	Acquisition/ disposal of business	Translation difference	Closing balance, 30 April
Non-current assets	-49.5	2.8	-	2.2	-2.1	-46.6
Current receivables and liabilities	29.8	9.7	-	3.0	0.3	42.8
Provisions and non-current liabilities	14.2	3.2	-0.5	-0.2	0.6	17.3
Untaxed reserves	-19.8	-26.3	-	-	-	-46.1
Loss carry-forwards	111.9	-44.7	-	-	3.5	70.7
Miscellaneous	8.5	-1.1	-	-2.0	-1.2	4.2
	95.1	**-56.4**	**-0.5**	**3.0**	**1.1**	**42.3**

Group 2021/22	Opening balance, 1 May	Recognised via income statement	Recognised via other comprehen-sive income	Acquisition/ disposal of business	Translation difference	Closing balance, 30 April
Non-current assets	-43.1	-3.4	-	-0.7	-2.3	-49.5
Current receivables and liabilities	25.6	3.5	-	-	0.7	29.8
Provisions and non-current liabilities	13.2	1.2	-1.1	-	0.9	14.2
Untaxed reserves	-23.3	4.2	-	-	-0.7	-19.8
Loss carry-forwards	145.0	-34.5	-	-	1.4	111.9
Miscellaneous	1.4	8.1	-	-	-1.0	8.5
	118.8	**-20.9**	**-1.1**	**-0.7**	**-1.0**	**95.1**

Note 16 Intangible assets and property, plant and equipment

Group 2022/23	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	1,021.3	13.0	492.2	249.2	2,005.1	1,278.9	669.3	125.6
Acquired in business combinations	133.2	-	140.4	-	66.6	7.2	3.7	
Acquisitions for the year	-	-	-	23.5	32.2	66.0	77.2	150.3
Sales/Disposals	-169.1	-	-32.2	-26.9	-147.7	-109.8	-141.0	-13.4
Reclassifications	-	-	-	1.2	77.0	53.9	17.8	-149.9
Translation difference	160.3	-	37.3	14.6	272.6	89.2	44.3	23.5
	1,145.7	**13.0**	**637.7**	**261.6**	**2,305.8**	**1,385.4**	**671.3**	**136.1**
Accumulated depreciation/amortisation								
At start of year	-	-7.0	-353.0	-174.4	-702.5	-838.9	-475.1	-
Sales/Disposals	-	-	15.8	12.9	28.9	94.6	82.5	-
Reclassifications	-	-	-	-	-	-	-	-
Translation difference	-	-	-25.1	-11.2	-37.8	-47.6	-24.9	-
Depreciation/amortisation for the year	-	-1.8	-43.1	-30.1	-60.7	-98.7	-59.9	-
	-	**-8.8**	**-405.4**	**-202.8**	**-772.1**	**-890.6**	**-477.4**	**-**
Accumulated impairments								
At start of year	-132.4	-3.9	-	-	-4.7	-	-	-
Translation difference	-0.3	-	-	-	15.7	6.1	0.8	-
Sales/Disposals	26.4	-	-	-	-	-	-	-
Impairment for the year	-50.8	-	-	-0.1	-72.3	-27.9	-4.3	-
	-157.1	**-3.9**	**-**	**-0.1**	**-61.3**	**-21.8**	**-3.5**	**-**
Carrying amount	**988.6**	**0.3**	**232.3**	**58.7**	**1,472.4**	**473.0**	**190.4**	**-**

Group 2021/22	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	837.6	13.0	439.1	228.1	1,777.3	1,125.7	586.8	159.6
Acquired in business combinations	160.2	-	37.1	-	40.1	21.8	68.0	-
Acquisitions for the year	-	-	-	16.3	7.5	84.0	0.7	234.2
Sales/Disposals	-12.2	-	-	-8.2	-17.6	-38.6	-27.5	-1.0
Reclassifications	-	-	-	11.3	145.2	62.2	29.1	-247.8
Translation difference	35.7	-	16.0	1.7	52.6	23.8	12.2	-19.4
	1,021.3	**13.0**	**492.2**	**249.2**	**2,005.1**	**1,278.9**	**669.3**	**125.6**
Accumulated depreciation/amortisation								
At start of year	-	-5.1	-302.4	-158.1	-640.4	-755.1	-438.8	-
Sales/Disposals	-	-	-	7.7	2.3	31.6	26.1	-
Reclassifications	-	-	-	0.6	-	-0.4	-0.2	-
Translation difference	-	-	-12.8	-1.8	-13.9	-25.1	-10.0	-
Depreciation/amortisation for the year	-	-1.9	-37.8	-22.8	-50.5	-89.9	-52.2	-
	-	**-7.0**	**-353.0**	**-174.4**	**-702.5**	**-838.9**	**-475.1**	**-**
Accumulated impairments								
At start of year	-102.0	-3.9	-	-	-4.3	-	-	-
Translation difference	-4.5	-	-	-	-0.4	-	-	-
Sales/Disposals	12.7	-	-	-	-	-	-	-
Impairment for the year	-38.6	-	-	-	-	-	-	-
	-132.4	**-3.9**	**-**	**-**	**-4.7**	**-**	**-**	**-**
Carrying amount	**888.9**	**2.1**	**139.2**	**74.8**	**1,297.9**	**440.0**	**194.2**	**125.6**

>> **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 its financial plans based on previous results, experiences and anticipated developments in the market. The plans include for example assumptions regarding 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 13 and 22 percent (9–30) 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 a brand with an indefinite life, 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. The figure for Systemair HSK in Turkiye has been adjusted for hyperinflation according to IAS 29.

		2022/23				
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimate gross margin	Discount rate before tax
Systemair HSK	Turkiye	104.2	-	15%	21%	22%
Sagicofim Group	Italy	86.7	32.4	11%	30%	18%
Systemair B.V.	Netherlands	68.3	-	3%	22%	13%
Koolair Group	Spain	64.6	67.8	0%	25%	16%
Systemair India Pvt Ltd	India	55.1	-	9%	18%	18%
Group SCS	United Kingdom	42.1	-	10%	25%	14%
Burda WTG	Germany	35.9	-	9%	45%	14%
Recutech	Czech Republic	35.5	-	9%	25%	13%
Systemair Italy s.r.l.	Italy	33.4	-	10%	31%	18%
Systemair Schweiz AG	Switzerland	32.6	-	5%	46%	13%
Other companies		430.2				
		988.6	**100.2**			

		2021/22				
Cash-generating unit	Country	Goodwill, 30 April	Brand subject to testing for impairment	Average estimated growth	Average estimate gross margin	Discount rate before tax
Tecnair S.p.A	Italy	113.2	–	10%	30%	13%
Systemair B.V.	Netherlands	62.2	–	5%	22%	9%
Koolair Group	Spain	58.8	59.9	0%	25%	12%
Systemair India Pvt Ltd	India	56.0	–	9%	17%	13%
LLC Systemair	Russia	40.5	–	6%	34%	30%
Burda WTG	Germany	32.7	–	7%	36%	10%
Recutech	Czech Republic	30.9	–	14%	25%	10%
Systemair Italy s.r.l.	Italy	30.4	–	6%	31%	13%
Systemair Schweiz AG	Switzerland	28.6	–	5%	45%	10%
Systemair Inc.	Canada	27.2	–	9%	22%	11%
Other companies		408.4				
		888.9	**59.9**			

The recoverable amount for the units tested exceeds their carrying amounts and as a result no impairments have been recognised. However, given the current macroeconomic situation in Turkiye, determining the discount rate is subject to certain difficulties. A change of approximately 2.5 percentage points in the discount rate would give rise to an impairment. 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 units.

>> **Note 16 (cont.)**

Parent Company 2022/23	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	87.7	11.6	16.1	8.4
Acquisitions for the year	-	-	3.6	-	0.3	9.5
Reclassifications	-	-	0.9	-	2.3	-3.2
	0.7	**13.0**	**92.2**	**11.6**	**18.7**	**14.7**
Accumulated depreciation/amortisation						
At start of year	-0.7	-7.0	-54.3	-8.7	-14.0	-
Depreciation/amortisation for the year	-	-1.8	-14.1	-2.3	-1.2	-
	-0.7	**-8.8**	**-68.4**	**-11.0**	**-15.2**	**-**
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	**-3.9**	**-**	**-**	**-**	**-**
Carrying amount	**-**	**0.3**	**23.8**	**0.6**	**3.5**	**14.7**

Parent Company 2021/22	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	76.5	11.6	16.1	11.6
Acquisitions for the year	-	-	-	-	-	8.0
Reclassifications	-	-	11.2	-	-	-11.2
	0.7	**13.0**	**87.7**	**11.6**	**16.1**	**8.4**
Accumulated depreciation/amortisation						
At start of year	-0.7	-5.1	-42.4	-6.3	-12.2	-
Depreciation/amortisation for the year	-	-1.9	-11.9	-2.4	-1.8	-
	-0.7	**-7.0**	**-54.3**	**-8.7**	**-14.0**	**-**
Accumulated impairments						
At start of year	-	-3.9	-	-	-	-
Impairment for the year	-	-	-	-	-	-
	-	**-3.9**	**-**	**-**	**-**	**-**
Carrying amount	**-**	**2.1**	**33.4**	**2.9**	**2.1**	**8.4**

Note 17 Other long-term receivables

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Opening balance	13.1	15.1	7.8	8.1
Additional receivables	4.9	2.1	-	-
Receivables settled	-3.7	-0.8	-	-0.8
Impairment losses	1.6	-2.4	-	0.5
Reclassifications	-1.9	-1.1	0.3	-
Translation differences	0.4	0.2	-	-
Closing balance	**14.4**	**13.1**	**8.1**	**7.8**

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Prepaid rent	11.3	8.1	-	-
Prepaid insurance premiums	11.2	8.5	-	-
Servicing agreements and software licences	21.5	17.5	14.2	12.4
Miscellaneous	62.7	61.4	5.9	7.5
	106.7	**95.5**	**20.1**	**19.9**

Note 19 Inventory

The direct cost of materials during the year totalled SEK 5,579.3 million (4,028.4). The provision for obsolescence increased by SEK 14.3 million. Provision for obsolescence amounts to SEK 106.7 million (92.4), corresponding to 4.0 percent (3.8) of the inventory value before deductions for obsolescence.

Note 20 Trade accounts receivable

Age breakdown of trade accounts receivable, including provisions	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Not yet due	1,921.9	1,596.3	-	4.3
< 90 days	383.1	286.6	-	-
90–180 days	55.1	48.8	-	-
181–360 days	28.3	25.0	-	-
> 360 days	28.6	18.7	-	-
Total	**2,417.0**	**1,975.4**	**-**	**4.3**

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 considered in calculation of the credit loss provision. However, when more appropriate, outstanding trade accounts receivable are always assessed according to individual circumstances.

The model of calculating expected credit losses is based on five different levels of maturity, from trade accounts receivable not yet due to more than 360 days overdue, as shown in the table above. Each level is assigned a degree of expected credit loss, on which basis 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, including an individual forward-looking assessment of changes in payment structures based, for example, on state of the economy, knowledge of customer and market. The degrees of credit loss in the different categories on 30 April 2023 were in the range of 0.1–71.2 percent (0.0–85.5). Systemair does not as a rule use credit insurance, but if it does by way of exception, a provision less the insured sum is accepted. An individual trade account receivable is written off at the point in time when there is no reasonable expectation of settlement by the counterparty.

In the 2022/23 financial year, profits were charged with SEK 14.8 million (21.6) in anticipated bad debts. Provisions for impairment of trade accounts receivable in the Group totalled 3.7 percent (5.9) of total trade accounts receivable.

Customer credit risk is managed at every subsidiary that has drawn up a credit policy in accordance with a standard template. Outstanding trade accounts receivable are monitored and reported on 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 has limited dependence on individual customers. Charges for anticipated bad debts and impairment losses on trade receivables are charged to the costs of selling.

Provision for expected credit losses	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Opening balance	124.7	109.4	0.8	-
Provision for anticipated losses	30.7	26.1	-	0.8
Reversal of amount unused	-34.7	-8.0	-	-
Bad debts	-48.6	-10.8	-	-
Provisions acquired	11.7	3.3	-	-
Translation difference	7.9	4.7	-	-
Closing balance	**91.7**	**124.7**	**0.8**	**0.8**

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

Provision for expected credit losses	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Not yet due	1.3	0.4	-	-
Due < 90 days	7.3	2.4	-	-
Due 90–180 days	3.5	3.2	-	-
Due 181–360 days	8.7	8.5	-	-
Due > 360 days	70.9	110.2	0.8	0.8
Provision for expected credit losses, total	**91.7**	**124.7**	**0.8**	**0.8**

Group 2022/23	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	1,923.2	1.3	0.1%
Due < 90 days	390.4	7.3	1.9%
Due 90–180 days	58.6	3.5	6.0%
Due 181–360 days	37.0	8.7	23.5%
Due > 360 days	99.6	70.9	71.2%
	2,508.8	**91.7**	**3.7%**

Group 2021/22	Gross amount, trade accounts receivable	Provision for losses	Expected risk of loss, %
Not yet due	1,596.7	0.4	0.0%
Due < 90 days	289.0	2.4	0.8%
Due 90–180 days	52.0	3.2	6.2%
Due 181–360 days	33.5	8.5	25.3%
Due > 360 days	128.9	110.2	85.5%
	2,100.1	**124.7**	**5.9%**

Note 21 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-for-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
2021/22	4-for-1 split	0.25	–	52.0	–	–	208,000,000
At year-end, April 2022		**0.25**	**–**	**52.0**	**–**	**–**	**208,000,000**

[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 2023, the registered share capital totalled SEK 52,000,000, represented by 208,000,000 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. On 30 April 2023, an equity/assets ratio of 54.7 percent (45.5) was recorded.

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 interest coverage ratio is no less than 3.50. Over the financial year, the ratio was measured at 18.51 (41.89). The target net debt ratio is no more than 3.50. Over the 2022/23 financial year, the ratio was measured at 0.76 (1.73). 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 translates its assets, liabilities and equity at the exchange rates prevailing at the balance sheet date and translates its income statements at the average exchange rates for the year. Any exchange differences arising from the use of this method are recognised directly in other comprehensive income. For the 2022/23 financial year, the translation difference in equity was SEK +606.0 million (+119.1).

Reserve for development expenditure – Parent Company
On capitalisation of development expenditure, a 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 reduced at depreciation/amortisation, impairment or disposal. The Parent Company recognises a reserve totalling SEK 0.3 million (2.1) for development expenditure in the 2022/23 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 1,274,938,256
Net profit/loss for the year	SEK 686,755,351
	SEK 1,991,733,113

The Board proposes that the Annual General Meeting, to be held on 31 August 2023, approve a dividend of SEK 1.10 (0.90) per share. As a result, dividend payments will total SEK 228.8 million (187.2). The proposed dividend represents 38 percent (34) of the Group's net profit, adjusted for the capital gain of SEK +445.5 million from the sale of the air conditioning business. The number of shares with dividend entitlement is 208,000,000.

List of shareholders
Systemair's 10 largest shareholders according to Euroclear on 30 April 2023.

Shareholder	No. of shares	% of capital and votes
Färna Invest AB[1]	89,056,648	42.82%
ebm-papst AB	22,239,080	10.69%
Swedbank Robur Fonder	19,627,650	9.44%
Alecta Tjanstepension Omsesidigt	14,255,048	6.85%
Nordea Investment Funds	10,348,348	4.98%
Didner & Gerge Fonder Aktiebolag	8,870,977	4.26%
Tredje AP-fonden	5,371,736	2.58%
The Bank of New York Mellon SA/NV, W8IMY	4,546,128	2.19%
Handelsbanken Fonder	4,016,652	1.93%
SEB Investment Management	3,162,571	1.52%
Others	26,505,162	12.74%
Total	**208,000,000**	**100.00%**

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

Note 22 Borrowing and financial instruments

	Group		Parent Company	
	2022/23	2021/22	**2022/23**	2021/22
Non-current liabilities				
Bank loans of one to five years	450.8	974.3	339.7	857.2
Bank loans longer than five years	65.8	91.7	-	-
	516.6	**1,066.0**	**339.7**	**857.2**
Current liabilities				
Bank overdraft facilities	952.7	961.7	910.9	904.3
Current portion of bank loans	113.6	77.9	-	-
	1,066.3	**1,039.6**	**910.9**	**904.3**
Total borrowing	**1,582.9**	**2,105.6**	**1,250.6**	**1,761.5**
Distribution among banks				
Nordea Bank AB	840.7	866.4	818.3	841.4
Svenska Handelsbanken AB	432.3	920.1	432.3	920.1
Other banks	309.9	319.1	-	-
	1,582.9	**2,105.6**	**1,250.6**	**1,761.5**

>> **Note 22 (cont.)**

	SHB		Nordea		Others		Total	
Loans, by currency	**2022/23**	2021/22	**2022/23**	2021/22	**2022/23**	2021/22	**2022/23**	2021/22
EUR	-16.7	452.0	433.6	297.2	97.7	116.3	514.6	865.5
SEK	436.3	474.8	28.2	339.9	-	-	464.5	814.7
USD	-	-	123.0	67.9	-	-	123.0	67.9
NOK	-	-	-43.5	-80.8	-	-	-43.5	-80.8
DKK	-	-	40.7	35.7	-	-	40.7	35.7
Other currencies	12.7	-6.7	258.7	206.5	212.2	202.8	483.6	402.6
Total	**432.3**	**920.1**	**840.7**	**866.4**	**309.9**	**319.1**	**1,582.9**	**2,105.6**

	2022/23		2021/22	
	Loan amount	Weighted interest rate	Loan amount	Weighted interest rate
Long-term loans				
Group	516.6	3.13%	1,066.0	1.03%
Parent Company	339.7	3.74%	857.2	0.76%
Short-term loans				
Group	1,066.3	4.93%	1,039.6	1.56%
Parent Company	910.9	4.75%	904.3	1.11%

External facilities granted for bank overdrafts totalled SEK 1,499.3 million (1,301.3) for the Group and SEK 1,320.0 million (1,170.0) for the Parent Company. The Group had an unused overdraft facility of SEK 546.6 million (339.6). The overdraft facility carries a variable interest rate. The RCF granted to the Parent Company amounts to SEK 1,039.7 million (1,009.3). The unutilised amount in the Parent Company totalled SEK 1 039.7 million (461.4).

The Group's financing agreements with Nordea Bank AB and Svenska Handelsbanken AB include financial covenants. During the year, new financial covenants were agreed with EBRD for borrowing at the subsidiary Systemair HSK, Turkiye. 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

	30/04/2022	Cash flow	Acquisitions/ Disposals	New leases	Translation differences	**30/04/2023**
Non-current financial liabilities	1,066.0	-562.0	-4.6	-	17.2	516.6
Lease liability	273.2	-118.9	10.2	86.9	8.0	259.4
Current financial liabilities	77.9	42.4	-6.2	-	-0.5	113.6
Bank overdraft facilities	961.7	-80.5	-	-	71.5	952.7
Total financial liabilities	**2,378.8**	**-719.0**	**-0.6**	**86.9**	**96.2**	**1,842.3**
Parent Company						
Non-current financial liabilities	857.2	-517.5	-	-	-	339.7
Bank overdraft facilities	904.3	6.6	-	-	-	910.9
Total financial liabilities	**1,761.5**	**-510.9**	**-**	**-**	**-**	**1,250.6**

	30/04/2021	Cash flow	New leases	Translation differences	30/04/2022
Group					
Non-current financial liabilities	847.1	195.6	-	23.3	1,066.0
Lease liability	311.6	-114.6	68.0	8.2	273.2
Current financial liabilities	122.8	-28.4	-	-16.5	77.9
Bank overdraft facilities	505.6	404.8	-	51.3	961.7
Total financial liabilities	**1,787.1**	**457.4**	**68.0**	**66.3**	**2,378.8**
Parent Company					
Non-current financial liabilities	693.1	164.1	-	-	857.2
Current financial liabilities	50.8	-50.8	-	-	-
Bank overdraft facilities	477.3	427.0	-	-	904.3
Total financial liabilities	**1,221.2**	**540.3**	**-**	**-**	**1,761.5**

Maturity structure

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

	2023/24	2024/25	2025/26	2026/27	2027/28	Later
Interest payments on loans	19.4	15.7	2.5	2.0	1.3	3.5
Bank overdraft facilities	47.0					
Total interest expense	**66.4**	**15.7**	**2.5**	**2.0**	**1.3**	**3.5**
Repayments						
Loans	113.6	383.9	23.5	23.7	19.6	65.8
Operating credit	952.7	-	-	-	-	-
Lease liabilities	104.4	68.4	44.2	22.5	5.5	14.4
Non-current liabilities	-	-	39.1	-	-	-
Other liabilities	1,220.0	-	-	-	-	-
Total undiscounted payments	**2,390.7**	**452.3**	**106.8**	**46.2**	**25.1**	**80.2**

>> **Note 22 (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 used in 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 10 percent of the shares in Systemair HSK, Turkiye, is based on the anticipated earnings before depreciation/amortisation and tax (EBITDA) for the financial years until 2024/25, plus the increase in value of the land on which the Turkish production facility is situated. Any increase in anticipated profit after tax and any increase in value of the land would result in an increase in the liability relating to the option. No upper limit for the anticipated liability is established in the agreement. Any change in estimated liability is transferred via the Group's equity. During the financial year, the liability was revalued by the amount of SEK 7.7 million and is now measured at SEK 27.5 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. During the financial year, the liability was revalued by the amount of SEK 5.5 million and is now measured at SEK 11.6 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.

Value change in purchase option 2022/23	Systemair HSK Turkiye	Frico A/S Denmark	Total
Opening balance	24.9	5.6	30.5
Change in value	7.7	5.5	13.2
Translation difference	-5.1	0.5	-4.6
Closing balance	**27.5**	**11.6**	**39.1**

Value change in purchase option 2021/22	Systemair HSK Turkiye	Frico A/S Denmark	Total
Opening balance	35.7	2.0	37.7
Change in value	1.7	3.6	5.3
Translation difference	-12.5	–	-12.5
Closing balance	**24.9**	**5.6**	**30.5**

2022/23 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,279.9	1,279.9
Property, plant and equipment	-	-	-	-	2,271.9	2,271.9
Right-of-use assets	-	-	-	-	254.1	254.1
Participations in associated companies	-	-	-	-	17.3	17.3
Financial investments	-	-	1.4	1.4	-	1.4
Non-current receivables	-	8.1	-	8.1	6.3	14.4
Deferred tax assets	-	-	-	-	146.8	146.8
Inventory	-	-	-	-	2,459.2	2,459.2
Other receivables	-2.9	2,495.7	-	2,492.8	355.4	2,848.2
Cash and cash equivalents	-	339.9	-	339.9	-	339.9
Total assets	**-2.9**	**2,843.7**	**1.4**	**2,842.2**	**6,790.9**	**9,633.1**

Equity and liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	5,272.5	5,272.5
Provisions for pensions	-	-	-	24.7	24.7
Deferred tax liabilities	-	-	-	104.5	104.5
Other provisions	-	-	-	83.3	83.3
Other non-current liabilities	-	39.1	39.1	6.9	46.0
Interest-bearing liabilities	1,528.9	-	1,582.9	-	1,582.9
Lease liabilities	259.4	-	259.4	-	259.4
Other liabilities	1,186.1	-	1,186.1	1,073.7	2,259.8
Total equity and liabilities	**3,028.4**	**39.1**	**3,067.5**	**6,565.6**	**9,633.1**

The options to purchase the remaining shares in Systemair HSK, Turkiye, and Frico A/S, Denmark, are recognised under Other non-current liabilities in a total amount of SEK 39.1 million.

>> **Note 22 (cont.)**

2021/22 Assets	Derivatives	Measured at amortised cost	Measured at fair value via income	Total financial assets	Non-financial assets	Total
Intangible assets	-	-	-	-	1,105.0	1,105.0
Property, plant and equipment	-	-	-	-	2,057.7	2,057.7
Right-of-use assets					267.9	267.9
Participations in associated companies	-	-	-	-	7.1	7.1
Financial investments	-	-	1.4	1.4	-	1.4
Non-current receivables	-	7.8	-	7.8	5.3	13.1
Deferred tax assets	-	-	-	-	172.0	172.0
Inventory	-	-	-	-	2,224.9	2,224.9
Other receivables	4.2	2,052.4	-	2,056.6	230.8	2,287.4
Cash and cash equivalents	-	335.9	-	335.9	-	335.9
Total assets	**4.2**	**2,396.1**	**1.4**	**2,401.7**	**6,070.7**	**8,472.4**

Equity and liabilities	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value via the income statement	Total financial liabilities	Non-financial liabilities	Total
Equity	-	-	-	3,853.5	3,853.5
Provisions for pensions	-	-	-	78.7	78.7
Deferred tax liabilities	-	-	-	76.9	76.9
Other provisions	-	-	-	77.6	77.6
Other non-current liabilities	-	30.5	30.5	12.0	42.5
Interest-bearing liabilities	2,105.6	-	2,105.6	-	2,105.6
Lease liabilities	273.2	-	273.2	-	273.2
Other liabilities	1,128.0	-	1,128.0	836.4	1,964.4
Total equity and liabilities	**3,506.8**	**30.5**	**3,537.3**	**4,935.2**	**8,472.4**

The options to purchase the remaining shares in Systemair HSK, Turkiye, and Frico A/S, Denmark, are recognised under Other non-current liabilities in a total amount of SEK 30.5 million.

On the balance sheet date, the Group had outstanding EUR currency derivatives. The market value of the contracts is SEK -2.9 million (4.7) in the Parent Company. The total hedged value was EUR 18.0 million (12.0). Revaluation of the derivatives is charged to Other operating expenses.

Currency derivatives – hedged values	Parent Company EUR/SEK EUR m.
Maturity of forward contracts	
< 1 year	18.0
> 1 year	-
Total outstanding, EUR m.	**18.0**

In its Finance Policy, Systemair has stated that up to 50 percent of its anticipated net inflows in EUR may be hedged. At present, the Board has decided that it will not undertake any regular hedging. Exchanges of surplus EUR are made on an ongoing basis.

At the financial year-end, 100 percent of forward contracts had been taken out by the Parent Company. The forward contracts are measured at fair value. Hedge accounting is not used. 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 23 Accrued expenses and deferred income

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Salary and holiday pay liability	193.8	168.4	9.8	9.9
Employer's social security contribution liability	47.5	42.3	6.1	5.0
Commission payments and bonuses	38.2	27.3	4.2	1.3
Customer bonuses	29.7	17.5	-	-
Warranty and servicing work	9.9	7.4	-	-
Audit fees	6.5	4.1	-	-
Miscellaneous	167.4	123.5	23.3	3.1
	493.0	**390.5**	**43.4**	**19.3**

Note 24 Appropriations, other

	Parent Company	
	2022/23	2021/22
Group contributions received	183.3	65.0
Difference between depreciation and amortisation charged and according to plan	-0.8	0.9
	182.5	**65.9**

Note 25 Untaxed reserves

	Parent Company	
	2022/23	2021/22
Difference between depreciation and amortisation charged and according to plan	0.7	-
	0.7	**-**

Note 26 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 and individually 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 recognised as an operating cost and 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, which is financed via insurance with Alecta, this consists of a defined-benefit plan encompassing several employers. Regarding the 2022/23 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 already earned and anticipated remaining period of service. Contributions during the year for defined-benefit pension insurance policies contracted with Alecta totalled approximately SEK 7.5 million (8.0). The contributions for 2023/24 are expected to be in line with those for 2022/23.

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 2022, Alecta's surplus in the form of the collective consolidation level was 172 percent (172).

Norway
During the financial year, the company changed its pension plan to a defined contribution plan. This resulted in a reversal of the previously allocated commitment of SEK 25.8 million, which is included in salary costs. No additional pension liability remains on the balance sheet at the end of the financial year.

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 TFR liability to a supplementary pension fund or to 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 2023 under defined-benefit pension plans is based on amounts earned in TFR as per 31 December 2006. This represents the amount that the Company has to 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 26 (cont.)**

Information per country, 30 April 2023

Amounts shown on the balance sheet – defined-benefit pension plans	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	30.6	10.7	5.9	3.3	50.5
Fair value of plan assets	-25.8	-	-	-	-25.8
Pension provision, net	**4.8**	**10.7**	**5.9**	**3.3**	**24.7**
Expense recognised in income statement					
Expenses based on service	3.0	-	0.1	0.3	3.4
Interest expense/(gain)	0.1	0.1	0.1	-	0.3
Net expense recognised in income statement	**3.1**	**0.1**	**0.2**	**0.3**	**3.7**
Weighted average duration, defined-benefit obligations, years	16	17	9	-	-
Major actuarial assumptions, weighted average, %					
Discount rate	2.20	2.99	3.60	-	-
Anticipated return on assets	2.20	-	-	-	-
Anticipated rate of increase in salaries	1.00	3.00	1.50	-	-
Anticipated rate of inflation	0.50	2.00	2.00	-	-

Information per country, 30 April 2022

Amounts shown on the balance sheet – defined-benefit pension plans	Norway	Switzerland	Italy	France	Others	Total
Present value of obligations, including payroll tax	159.0	28.8	24.2	19.7	3.1	**234.8**
Fair value of plan assets	-133.8	-22.3	–	–	–	**-156.1**
Pension provision, net	**25.2**	**6.5**	**24.2**	**19.7**	**3.1**	**78.7**
Expense recognised in income statement						
Expenses based on service	8.5	–1.1	–	1.3	0.4	**9.1**
Income tax	1.4	5.2	–	–	–	**6.6**
Interest expense/(gain)	0.7	–	0.3	0.3	–	**1.3**
Administration expense	0.3	–	–	–	–	**0.3**
Net expense recognised in income statement	**10.9**	**4.1**	**0.3**	**1.6**	**0.4**	**17.3**
Weighted average duration, defined-benefit obligations, years	21	16	17	9	8	
Major actuarial assumptions, weighted average, %						
Discount rate	1.90	1.30	2.02	1.50	0.75	–
Anticipated return on assets	1.90	1.30	–	–	–	–
Anticipated rate of increase in salaries	2.50	0.50	2.00	1.50	0.50	–
Anticipated rate of inflation	2.50	0.50	2.00	1.50	0.50	–

Effect of pension expenses on profit

	2022/23	2021/22
Operating expenses – defined-benefit plans	3.4	16.0
Operating expenses – defined-contribution plans	73.5	69.6
Total operating expenses	**76.9**	**85.6**
Interest expense – defined-benefit plans	0.4	1.3
Expense before tax	**77.3**	**86.9**

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

Defined-benefit obligations	2022/23	2021/22
Defined-benefit plans – obligation, 1 May	234.8	228.0
Current expense	3.5	15.7
Interest expense	0.8	3.3
Benefits paid	-2.9	-12.8
Actuarial gains/losses (financial assumptions)	-3.7	-4.5
Actuarial gains/losses (demographic assumptions)	0.3	-0.1
Actuarial gains/losses (experience-based adjustments)	-0.3	-3.7
Deduction (others)	-	-6.6
Changes in the pension plan	-146.3	-
Disposals	-37.6	-
Acquisitions	6.0	7.4
Exchange rate differences	-4.1	8.1
Defined-benefit plans, obligations as per 30 April	**50.5**	**234.8**

Changes in plan assets	2022/23	2021/22
Fair value of plan assets as per 1 May	156.1	153.1
Funds invested by employers	1.4	11.3
Funds invested by employees	1.4	1.2
Benefits paid	-2.2	-9.8
Interest income	0.3	2.0
Actuarial gains/losses	-0.5	-1.1
Deduction (others)	-	-6.6
Changes in the pension plan	-123.1	-
Exchange rate differences	-7.6	6.0
Fair value of plan assets as per 30 April	**25.8**	**156.1**

>> **Note 26 (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	-2.8	-1.0	2.7
Rate of inflation	+0.5	-0.8	-0.5	1.1
Future salary increases	+0.5	0.3	-0.5	-
Estimated service life	+1.0	1.1	-1.0	-1.2
Personnel turnover	+0.5	-0.2	-0.5	0.5

The sensitivity analysis is performed by changing one actuarial 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

	2022/23	2021/22
Shares and similar financial instruments	0.6	22.3
Fixed-income securities, etc.	17.3	112.7
Real estate	7.9	19.4
Others	-	1.7
Total	**25.8**	**156.1**

Amounts recognised in other comprehensive income

	2022/23	2021/22
Actuarial gains/losses, gross	0.8	7.1
Impact of tax	-0.5	-1.1
Net in equity	**0.3**	**6.0**

Note 27 Other provisions

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Amount at beginning of year	77.6	65.7	–	–
Investments during the year	29.0	14.7	–	–
Provisions acquired	22.5	9.0	–	–
Utilisation during the year	-14.1	-7.5	–	–
Provisions reversed	-25.3	-6.6	–	–
Translation differences	-6.4	2.3	–	–
Amount at year-end	**83.3**	**77.6**	**–**	**–**

Provisions totalling SEK 40.2 million (44.0) relate to warranty costs.

Note 28 Result from participations in Group companies

	Parent Company	
	2022/23	2021/22
Dividends from subsidiaries	311.5	299.2
Write-down of shareholder contributions	-66.7	-185.2
Write-down on shares in subsidiaries	-103.1	-149.9
Reversal of previous impairments	424.9	-
Capital gain on sale of subsidiaries	82.3	-
	648.9	**-35.9**

Note 29 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
Kanalfläkt Design Alliuq AB	556823-9577	Ängelholm, Sweden	100	500	164.6
Kanalfläkt Industrial Service AB	556063-2530	Skinnskatteberg, Sweden	100	5,000	1.2
Systemair Home AB	556772-1518	Skinnskatteberg, 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 AB MMC		Azerbaijan	100	-	0.1
Systemair NV		Belgium	100	-	27.7
Menerga NV		Belgium	100	-	8.6
Systemair EOOD		Bulgaria	100	-	0.1
Systemair A/S		Denmark	100	10,101	35.1
Frico A/S		Denmark	60	-	4.3
Systemair Trading LLC		Dubai, UAE	100	-	0.0
Systemair AS		Estonia	100	3,128	17.3
Well Technology OÜ		Estonia	100	-	20.4
Systemair Oy		Finland	100	20	0.3
Systemair SAS		France	100	9,994	6.5
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
Systemair Italy s.r.l.		Italy	100	-	55.2
SagiCofim Spa		Italy	100	200,000	387.2
Systemair Inc.		Canada	100	44,600	29.6
Systemair TOO		Kazakhstan	100	-	2.1

>> **Note 29 (cont.)**

Subsidiary	Org. reg. no.	Registered office	% equity	No. of shares	Carrying amount
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	100	-	65.8
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	-	0.0
LCC Systemair Production		Russia	100	-	0.0
Systemair KSA		Saudi Arabia	100	-	2.7
Systemair d.o.o. Belgrade		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 Ltd		United Kingdom	100	1,000,000	32.0
SCS Engineering Ltd		United Kingdom	100		85.8
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 HSK Hav. Ekip. San. Ve Tic. Ltd		Turkiye	90	2,150	82.9
Systemair GmbH		Germany	100	-	10.4
Lautner Energiespartechnik GmbH		Germany	100	-	0.0
LGB GmbH		Germany	100	-	38.9
Menerga GmbH		Germany	100	-	0.0
Tekadoor GmbH		Germany	100	-	30.5
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
					2,412.8

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
Smoke Control Service Ltd	SCS Engineering Ltd	England	100
Systemair WT End. Hav. Coz San. Ve Tic. A.S.	Well Technology OÜ	Estonia	30
Frico SAS	Frico AB	France	100

Indirectly controlled	Parent Company	Registered office	% of capital
Sagicofim SAS	Sagicofim Spa	France	69*)
ISC Italy	Divid Holding AB	Italy	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

>> **Note 29 (cont.)**

Indirectly controlled	Parent Company	Registered office	% of capital
Systemair WT End. Hav. Coz San. Ve Tic. A.S.	Systemair HSK Hav. Ekip. San. Ve Tic. Ltd	Turkiye	70
Frico GmbH	Frico AB	Germany	100
Systemair IOOO	UAB Menerga	Belarus	100
Frico GmbH AT	Frico AB	Austria	100

*The associated company Effebi Srl, Italy, has a further 20 percent holding in Sagicofim SAS, France.

Change in Group companies

	Parent Company	
	2022/23	2021/22
At start of year	2,194.4	2,149.6
Acquisitions during the year	505.8	194.7
Disposals during the year	-856.7	-
New share issues during the year	314.1	185.2
Impairments for the year	-169.7	-335.1
Reversal, previous impairments	424.9	-
	2,412.8	**2,194.4**

Note 30 Participations in associated companies

Group's participations in associated companies	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
At start of year	7.1	25.8	5.9	5.9
Acquired participations in associated companies	11.8	-	-	-
Reclassifications for the year	-	-18.5	-	-
Share in profits of associated companies for the year	-1.6	-0.2	-	-
	17.3	**7.1**	**5.9**	**5.9**

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.

The end of the reporting period for the associated company Effebi Srl is 31 December. The company reports with a delay of one month. The company is owned by Sagicofim Spa.

No dividend was received during the financial year.

Values and ownership shares

2022/23	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
MR Studios	Czech Republic	19.9	1.0	6.7	0.4	6.3	40.0
Effebi Srl	Italy	76.1	-3.2	99.6	42.5	57.1	50.0

2021/22	Country	Revenues	Comprehensive income	Assets	Liabilities	Equity	Ownership share, %
MR Studios	Czech Republic	9.8	2.1	5.8	0.2	5.6	40.0

Note 31 Items affecting comparability – adjusted operating profit

	Group	
	2022/23	2021/22
Net sales	-26.5	-
Cost of goods sold	-42.7	-
Other operating income	468.9	9.8
Selling expenses	2.5	-
Administration expenses	0.5	-
Other operating expenses	-152.7	-61.1
Net gain on monetary items	41.5	-
Total	**291.5**	**-51.3**
Operating profit/loss	**1,401.4**	**769.8**
Adjusted operating profit	**1,109.9**	**821.1**

Operating profit for the 2022/23 financial year includes a capital gain of SEK +445.5 million on the sale of the air conditioning business, adjustments totalling SEK -24.4 million after hyperinflation calculations in Turkiye, a write-down of SEK -155.4 million relating above all to the business in Russia and income of SEK +25.8 million from a change in pension accounting in Norway. The capital gain from the sale of the air conditioning business was recognised in Other operating income, along with the pension adjustment in Norway. The impairments of the non-current assets is recognised in Other operating expenses. For details of how the hyperinflation adjustment in Turkiye affected earnings, see Note 32 Inflation adjustment Turkiye.

Note 32 Inflation adjustment in Turkiye

Since 30 June 2022, Turkiye's economy has been considered to be in hyperinflation. As a result, the financial statements of Systemair's subsidiary in Turkiye have been restated to adjust for the effects of inflation, in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", with retrospective application from 1 May 2022. This means that:

- The historical cost of non-monetary assets and liabilities has been adjusted to reflect changes in the purchasing power of the currency. The adjustment has been based on the Consumer Price Index published by the Turkish Statistical Institute.
- The various income statement items have been index-adjusted for inflation.
- All items in the subsidiary's financial statements in the consolidated accounts have been translated at the closing rate. Differences in translation to SEK have been included in Other comprehensive income, in accordance with IAS 21.
- Figures for financial years beginning before 1 May 2022 have not been changed.

The aggregate impact on the Group's financial statements is shown in the table on the next page:

>> **Note 32 (cont.)**

	2022/23
Net sales	-26.5
Cost of goods sold	-42.7
Gross profit	**-69.2**
Other operating income	-2.4
Selling expenses	2.5
Administration expenses	0.5
Other operating expenses	2.7
Adjustment effect of hyperinflation calculation	41.5
Operating profit/loss	**-24.4**
Net financial items	1.9
Profit/loss after financial items	**-22.5**
Tax on profit for the period	-0.2
Profit/loss for the period	**-22.7**

	30/04/2023
ASSETS	
Goodwill	94.3
Other intangible non-current assets	1.9
Property, plant and equipment	176.9
Total non-current assets	**273.1**
Inventory	2.0
Current receivables	0.1
Total current assets	**2.1**
TOTAL ASSETS	**275.2**
EQUITY AND LIABILITIES	
Other comprehensive income, hyperinflation calculation	292.6
Equity	-21.8
Current liabilities, non-interest-bearing	4.4
Total current liabilities	**4.4**
TOTAL EQUITY AND LIABILITIES	**275.2**

Note 33 Changes in Group structure – business combinations, new businesses and disposals

Companies acquired

On 14 June 2022, Systemair acquired all shares in the Italian company SagiCofim S.p.A. The company is a major supplier with long experience in filtration and air distribution. The company's wholly owned production facility in Cernusco sul Naviglio, Milan, manufactures high-efficiency HEPA and ULPA class air filters. At Sondrio, the company owns 50 percent of EFFEBI SRL, which manufactures air distribution products. The Italian market accounts for about 75 percent of the companies' sales, with the remainder being exported mainly within Europe. The companies' consolidated sales in 2021 totalled approximately EUR 36 million with an EBITDA profit of EUR 4.0 million. The companies have about 200 employees. The purchase consideration agreed is EUR 33.6 million on a debt-free basis.

On 28 February 2023, Systemair entered into an agreement with Panasonic Corporation's Heating & Ventilation A/C Company to divest Systemair's air conditioning business for an enterprise value of EUR 100 million on a cash- and debt-free basis. The agreement comprises all shares in Systemair S.r.l. and Tecnair S.p.A. in Italy, Systemair AC SAS in France and employees of the air conditioning business of Systemair GmbH in Germany. Sales for the air conditioning business in the rolling twelve-month period of 1 August 2021 – 31 July 2022, amounted to EUR 69 million, with a profit margin below the average for Systemair AB. Systemair's air conditioning business has approximately 400 full-time employees. The sale resulted in a capital gain of SEK 445.5 million for the Group. The capital gain is recognised under Other operating income in the Consolidated income statement.

On 15 March 2023, Systemair acquired all shares in the UK company SCS Engineering Ltd and its subsidiary Smoke Control Services Ltd, together trading as Group SCS. Group SCS is a leading supplier of fire gas evacuation products for residential and commercial buildings in the UK. Headquartered in Cardiff, with an assembly plant in Dorset and offices in London and Portsmouth, the group employs 57 FTEs and reported revenues of around GBP 12 million in 2022.

If the companies acquired had been consolidated and the divested companies had been divested as of 1 May 2022, net sales for the financial year May 2022 through April 2023 would have totalled approximately SEK 11,707.6 million. Operating profit for that period would have totalled approximately SEK 1,403.6 million, including non-recurring items.

The purchase consideration for the acquisitions may provisionally be calculated as follows:

2022/23 SEK m.	Sagicofim	Group SCS	Miscellaneous acquisition-related
Total historical cost, less costs of acquisition	383.8	84.8	43.2
Assets acquired			
Fair value of assets acquired, net	303.8	42.4	38.8
Goodwill	80.0	42.4	4.4
Identifiable net assets			
Brands and customer relationships	121.0	10.3	-
Other intangible assets	2.1	-	-
Buildings and land	66.6	-	-
Machinery and equipment	10.6	0.3	-
Financial and other non-current assets	11.8	-	-
Inventory	58.7	5.4	-
Trade accounts receivable	133.1	59.5	-
Other current assets	15.8	2.2	13.6
Cash and cash equivalents	28.2	1.5	-
Minority interest	-1.5	-	36.0
Non-interest-bearing liabilities	-4.3	-1.1	-
Deferred tax liability	-33.6	-2.0	-
Interest-bearing liabilities	-4.3	-	-
Other operating liabilities	-100.4	-33.7	-
Impact on profit	-	-	10.8
	303.8	**42.4**	**38.8**

>> **Note 33 (cont.)**

2021/22 SEK m.	Ravenscroft NZ	Burda WTG	Well Technology	ISC Italy	Tecnair	Total
Total historical cost, less costs of acquisition	1.6	56.6	20.3	15.8	172.2	266.5
Assets acquired						
Fair value of assets acquired, net	1.0	24.5	18.6	3.9	55.3	103.6
Goodwill	0.6	32.1	1.7	11.6	116.9	162.9
Identifiable net assets						
Brands and customer relationships	–	15.3	–	5.2	17.0	37.5
Other intangible assets	0.2	0.1	–	–	10.3	10.6
Buildings and land	–	–	39.5	–	–	39.5
Machinery and equipment	0.2	0.1	20.3	0.1	1.7	22.4
Financial and other non-current assets	–	–	0.2	–	–	0.2
Deferred tax assets	–	–	–	–	2.1	2.1
Inventory	0.6	7.8	9.2	0.9	31.6	50.1
Trade accounts receivable	–	3.3	1.4	1.2	31.4	37.3
Other current assets	–	0.7	0.6	0.1	2.4	3.8
Cash and cash equivalents	–	9.1	7.5	1.2	23.0	40.8
Minority interest	–	–	-12.4	–	–	-12.4
Non-interest-bearing liabilities	–	-0.4	–	–	-8.7	-9.1
Deferred tax liability	–	-4.3	–	-1.5	-4.1	-9.9
Interest-bearing liabilities	–	-0.9	-21.7	–	–	-22.6
Other operating liabilities	–	-6.3	-26.0	-3.0	-51.4	-86.7
	1.0	**24.5**	**18.6**	**3.9**	**55.3**	**103.6**
Previous valuation of 49.9% of Burda	18.5					
Change in value	9.8					
Acquisition of remaining 50.1% Burda	28.3					
	56.6					

Impact of acquisitions on cash flow	2022/23	2021/22
Purchase considerations	-511.8	-266.5
Purchase consideration not paid	38.6	1.6
Revaluation effect Burda	-	28.1
Cash and cash equivalents in companies purchased	29.7	40.8
Purchase consideration paid for prior years' acquisitions	-1.6	-
Transaction costs, acquisition of subsidiaries	-4.5	-1.5
Change in consolidated cash and cash equivalents after acquisitions	**-449.6**	**-197.5**

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 arising 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.

Net sales for the acquired companies between acquisition and the financial year-end totalled SEK 418.4 million. Operating profit for the corresponding period was SEK 22.1 million.

Companies divested

2022/23

An analysis for the divestment of the air conditioning business is as follows:

Asset and liability disposals	Total
Goodwill	138.8
Other intangible assets	29.4
Buildings and land	115.3
Machinery and equipment	66.4
Financial assets	15.5
Inventory	229.9
Trade accounts receivable	196.8
Other current assets	78.6
Cash and cash equivalents	30.4
Non-interest-bearing liabilities	-52.6
Interest-bearing liabilities	-178.6
Other operating liabilities	-166.4
	503.5

Effect of company disposals on cash flow	
Purchase consideration	965.1
Costs of selling	-8.1
Cash and cash equivalents	-30.4
Internal receivables and liabilities taken over	129.6
Purchase consideration not received	-55.1
Change in Group's cash and cash equivalents at sale	**1,001.1**

2021/22

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

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

Effect of company disposals on cash flow	
Purchase consideration	0.0
Cash and cash equivalents	-1.5
Change in Group's cash and cash equivalents at sale	**-1.5**

Note 34 Receivables from Group companies

	Parent Company	
Changes in receivables from Group companies	2022/23	2021/22
At start of year	531.9	577.4
Lending	63.5	105.7
Repayments	-74.5	-79.7
Impairment losses	-7.5	-93.7
Reclassifications	-	1.3
Foreign exchange adjustments	30.0	20.9
	543.4	**531.9**

Note 35 Pledged assets

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Assets pledged for own liabilities to credit institutions				
Chattel mortgages	114.6	113.8	-	-
Real estate mortgages	308.7	305.0	-	-
Pledged shares in subsidiaries	187.3	191.2	32.1	32.1
	610.6	**610.0**	**32.1**	**32.1**
Pledged assets, per bank				
Nordea Bank AB	298.3	297.9	32.1	32.1
Svenska Handelsbanken AB	28.1	28.1	-	-
Other banks	284.2	284.0	-	-
	610.6	**610.0**	**32.1**	**32.1**

Pledged shares in subsidiaries consist of 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 36 Contingent liabilities

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Guarantees on behalf of subsidiaries	-	-	664.3	588.3
Guarantees and other contingent liabilities[1]	251.8	216.9	121.3	119.8
	251.8	**216.9**	**785.6**	**708.1**

[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 121.3 million on behalf of the subsidiaries. The subsidiaries have issued local bank guarantees for a total amount of SEK 130.5 million.

Note 37 Supplementary information on cash flow statement

	Group		Parent Company	
	2022/23	2021/22	2022/23	2021/22
Adjustment for non-cash items etc.				
Depreciation/Amortisation of non-current assets	294.3	255.2	19.4	18.0
Amortisation of right-of-use assets	118.6	114.6	-	-
Impairment losses	155.4	38.6	-	-
Changes in provisions	30.0	8.1	-	-
Unrealised exchange gains and losses	-36.7	-78.9	91.6	4.6
Provisions for pensions	-24.5	0.3	-	-
Gain/Loss on divestment of non-current assets	-454.1	24.8	-	-
Other items	30.4	-8.1	-	-
	113.4	**354.5**	**111.0**	**22.6**

Note 38 Information on the Parent Company

Systemair AB is a Swedish-registered limited liability company. Its registered office is in Skinnskatteberg. The address of the Company's head office is Industrivägen 3, SE-739 30 Skinnskatteberg, Sweden. The Company's organisation registration number is 556160-4108. The consolidated accounts for the 2022/23 financial year include the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 39 Earnings per share

Group	2022/23	2021/22
Earnings per share, basic (SEK)	5.00	2.61
Earnings per share, diluted (SEK)	5.00	2.61
Profit/loss for the period	1,044.7	544.3
Profit for the year attributable to Parent Company shareholders	1,039.6	543.9
Non-controlling interests	5.1	0.4
Weighted average number of shares in issue, basic	208,000,000	208,000,000
Weighted average number of shares in issue, diluted	208,063,000	208,000,000

Systemair AB has issued 1,111,740 warrants to persons holding senior positions within the company.

Note 40 Related party transactions

Systemair AB (publ.) purchased hotel and conference services for SEK 1.1 million (0.7) from WG Hotelldrift AB, which is owned by Gerald and Wenche Engström.

For more information on related party transactions with senior executives, see Note 11.

Parent Company purchases from other Group companies totalled SEK 104.0 million (67.3). Parent Company sales to Group companies are described in Note 4. For more information on Parent Company receivables from Group companies, see Note 34. Liabilities to Group companies totalled SEK 1,261.8 million (859.5).

Note 41 Events after the financial year-end

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

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 July 4, 2023

Roland Kasper

President and CEO

Gerald Engström

Chairman of the Board

Patrik Nolåker

Vice-Chairman of the Board

Carina Andersson

Director

Niklas Engström

Director

Gunilla Spongh

Director

Ricky Sten

Employee Representative

Åke Henningsson

Employee Representative

Our Auditor's Report concerning this annual report was submitted on the day shown in our electronic signature.

Ernst & Young AB

Johan Holmberg

Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Systemair AB, corporate identity number 556160-4108

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Systemair AB (publ) except for the corporate governance statement on pages 42-51 for the year financial year 1 May 2022 – 30 April 2023. The annual accounts and consolidated accounts of the company are included on pages 52-97 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 42-51. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of goodwill and participation in group companies

Description

Goodwill totals SEK 989 million on the consolidated balance sheet and participations in group companies are stated at SEK 2,413 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 when there is any indication of impairment, to determine that carrying amounts of 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 extended 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 51 million during the financial year, as described in Note 16. In the parent company, participations in group companies have been written down by SEK 170 million in the financial year, as described in Note 29.

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 our audit addressed this key audit matter

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.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41 and 101-124. The other information also includes the remuneration report and were obtained before the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also consider our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and use the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The 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.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts 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 ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can 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 these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those 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 Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts 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 and the group'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 accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts 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 and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 and timing of the audit. We must also inform 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts 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 LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ABC AB (publ) for year financial year 1 May 2022 – 30 April 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which 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 organization 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 organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
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 Managing Director in any material respect:
- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

>> **Auditor´s report, cont.**

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 standards 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 standards in Sweden, we exercise professional judgment and maintain professional skepticism 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 judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for 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 of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Systemair AB for the year financial year 1 May 2022 – 30 April 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Systemair AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Systemair AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 42-51 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Ernst & Young AB, Hamngatan 26, SE-111 47 Stockholm, was appointed auditor of Systemair AB by the general meeting of the shareholders on the 25 August 2022 and has been the company's auditor since the 2005/2006 financial year. Systemair became a public-interest entity in the 2007/2008 financial year.

Stockholm the day of our electronical signature

Ernst & Young AB

Johan Holmberg
Authorized Public Accountant

Key Performance Measures and Definitions

Alternative Performance Measures

In its interim reports and annual report, Systemair presents performance measures – alternative performance measures (APMs) – that supplement the financial measures defined in IFRS. 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 in that they reflect the Group's acquisition-intensive business model.

Because not all companies calculate key financial performance measures in the same way, these APMs 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 calculations are presented below, the majority of which are alternative performance measures.

Definitions of Key Performance Measures

	2022/23 May–Apr	2021/22 May–Apr	2020/21 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.	6,587	6,660	6,380
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 interest, TTM, SEK m.	1,044.7	544.3	410.6
Average equity, SEK m.	4,620.9	3,598.2	3,166.3
Return on equity	22.6%	15.1%	13.0%
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.	1,479.0	835.6	673.7
Average capital employed, SEK m.	7,355.1	5,754.5	5,134.9
Return on capital employed	20.1%	14.5%	13.1%
EBITDA			
Operating profit before depreciation/amortisation and impairments			
Operating profit, SEK m.	1,401.4	769.8	676.7
Depreciation/amortisation and impairments, SEK m.	568.3	408.4	399.8
EBITDA, SEK m.	1,969.7	1,178.2	1,076.5
Equity per share			
Equity divided by the number of shares at the end of the period			
Equity excluding minority interests, SEK m.	5,265.6	3,815.1	3,305.0
Number of shares, millions	208.0	208.0	208.0
Equity per share, SEK	25.32	18.34	15.89
Cash generation			
Operating profit before depreciation/amortisation and impairments, TTM, SEK m.	1,969.7	1,178.2	1,076.5
Provisions in working capital not affecting cash flow, TTM, SEK m.	30.0	8.1	1.2
Changes in working capital, TTM, SEK m.	-634.9	-714.1	135.9
Investments in machinery and equipment, TTM, SEK m.	-325.7	-326.4	-432.9
Total	**1,039.1**	**145.8**	**780.7**
Operating profit, TTM, SEK m.	1,401.4	769.8	676.7
Cash generation	74.1%	18.9%	115.4%

	2022/23 May–Apr	2021/22 May–Apr	2020/21 May–Apr
Net indebtedness			
Interest-bearing liabilities + provision for pensions, less cash and cash equivalents and short-term investments.			
Interest-bearing liabilities, SEK m.	1,842.2	2,378.9	1,787.1
Provisions for pensions, SEK m.	24.7	78.7	74.9
Cash and cash equivalents, short-term investments, SEK m.	343.7	339.3	321.7
Net indebtedness, SEK m.	1,523.2	2,118.4	1,540.3
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.	587.7	235.2	993.9
Number of shares, millions	208.0	208.0	208.0
Operating cash flow per share, SEK	2.83	1.13	4.78
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.	11,168.8	9,599.8	9,101.0
Net sales for preceding year, SEK m.	9,634.5	8,519.2	8,914.9
Organic growth	15.9%	12.7%	2.1%
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.	1,039.6	543.9	406.2
Number of shares, millions	208.0	208.0	208.0
Earnings per share	5.00	2.61	1.95
Operating margin			
Operating profit divided by net sales.			
Operating profit, SEK m.	1,401.4	769.8	676.7
Net sales, SEK m.	12,057.9	9,634.5	8,519.2
Operating margin	11.6%	8.0%	7.9%
Operating profit (EBIT)			
Earnings before financial items and tax, SEK m.	1,401.4	769.8	676.7
Equity/assets ratio			
Adjusted equity divided by total assets.			
Adjusted equity, SEK m.	5,272.5	3,853.5	3,330.1
Total assets, SEK m.	9,633.1	8,472.4	6,955.5
Equity/assets ratio	54.7%	45.5%	47.9%

	2022/23 May–Apr	2021/22 May–Apr	2020/21 May–Apr
Capital employed			
Total assets less non-interest-bearing liabilities.			
Total assets, SEK m.	9,633.1	8,472.4	6,955.5
Non-interest-bearing liabilities, SEK m.	2,472.3	2,197.5	1,795.6
Capital employed	7,160.8	6,274.9	5,159.9
Growth			
Growth is defined as the change in net sales, relative to net sales for the preceding period.			
Net sales, SEK m.	12,057.9	9,634.5	8,519.2
Net sales for preceding year, SEK m.	9,634.5	8,519.2	8,914.9
Growth	25.2%	13.1%	-4.4%
Profit margin			
Profit after financial items divided by net sales			
Profit/loss after financial items, SEK m.	1,294.9	741.7	564.0
Net sales, SEK m.	12,057.9	9,634.5	8,519.2
Profit margin	10.7%	7.7%	6.6%

Sustainability Report

Introduction

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 the Company's work on the most important sustainability issues during the year. In deciding upon the content of its sustainability report, Systemair has applied the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Systemair's materiality analysis is described on page 105. 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 as described in the GRI Index on pages 114–115. The Company's EU Taxonomy disclosure is provided on pages 116–121.

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 122, 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 2022 – 30 April 2023. The previous report was published in August 2022.

Sustainability Reporting Index as described in the Swedish Annual Accounts Act

The table below shows page references to the parts of Systemair's sustainability report that correspond to the requirements of the Swedish Annual Accounts Act.

Area	General	Environmental	Social and employees	Human rights	Anti-corruption
Business model	Inside cover, pp. 10-13				
Policy and its outcomes	pp. 24-27, 104, Code of Conduct	pp. 24-26, 32-37, 57 Code of Conduct, Environmental, Energy & Emissions Policy	pp. 24-31, 54, Code of Conduct	pp. 24-26, 28-31, Code of Conduct	pp. 25, 28, Code of Conduct, Anti-corruption policy
Risk and risk management	pp. 13, 30-31, 40-41, 73-75, 121	pp. 40-41, 73-75, 121	pp. 25, 30-31, 40-41, 73-75	pp. 25, 30-31, 40-41, 73-75	pp. 25, 30-31, 40-41, 73-75
Goals and outcomes	pp. 9, 11, 25-27, 29-31, 33, 106-113	pp. 9, 25-27, 106-113	pp. 9, 25-27, 29-31, 106-113	pp. 9, 25-27, 106-113	pp. 9, 25-27, 107

For more on Systemair's Code of Conduct and environmental, energy & emissions policy, see: https://group.systemair.com/sustainability/code-of-conduct-and-policies/

Governance of sustainability work
Group Management owns Systemair's sustainability strategy and is responsible for setting its priorities and its progress, to ensure that initiatives are aligned with Systemair's overall strategy and the material interests of its stakeholders. The Sustainability Director coordinates, supports and develops the Group's sustainability strategy, targets and plans.

The sustainability strategy consists of four focus areas, with three core issues each. All core issues have an owner in Group Management. The person most closely linked to the core issue is assigned as responsible to oversee development and progress.

The core issues have appropriate KPIs established and, in most cases, a set target to enable us to monitor where we stand. A development plan is updated annually to summarise the key activities needed for progress. This is monitored regularly, with data on multiple metrics collected quarterly from each subsidiary, creating a clear and frequent overview of progress. The quarterly and annual reporting is managed via dedicated software to ensure accurate data and ease of analysing and breaking down specific metrics. The quarterly and annual reported data are fed back in a report to the CEO of each subsidiary. Systemair's progress in our focus areas is reported to the Board at least once a year and each subsidiary's business board reviews the company's status and progress on the core issues 2–3 times a year.

The necessary policies and guidelines for each core issue are developed, reviewed and updated at least annually to ensure that our position on key sustainability issues is clear throughout the Group, and is then communicated via the necessary channels and made available in Systemair's global management system.

Our internal sustainability control environment includes follow-up by the Group's sustainability function and production-related core issues are followed up by our production board, the Group's central organisation for production development. Reviews cover health and safety, environmental issues and energy use. After each review, a report is generated and followed up by the company's management function. Systemair analyses its sustainability risks at least once a year and it is part of Systemair's overall risk management process to ensure that risks are identified, assessed and then managed responsibly.

Code of Conduct, policies and whistleblowing
At Systemair, policies are used as one of our tools in incorporating the Company's values into its operations around the world. In this work, Systemair's Code of Conduct is used as an overall policy, embracing social sustainability, the environment and climate, and business ethics. Our employees are required to act in accordance with the Code of Conduct in their professional role. The Code of Conduct is reviewed at least once a year and is subject to approval by the Company's Board of Directors. All employees must complete our online training and where this is not possible the content of the Code of Conduct must be communicated to them by other means.

In addition to the Company's Code of Conduct, several additional policies apply with more detailed guidance in specific areas. These are an anti-corruption policy, a tax policy, a sanctions policy and an environment, energy and emissions policy. The aim of these policies is to define clear guidelines and conduct to promote responsible behaviour and compliance with laws and regulations in each area. Through well-defined policies, we strive to ensure that our operations are conducted in an ethical and sustainable manner, while minimising the risk of irregularities and contributing to a positive impact on society and the environment.

Systemair operates a whistleblowing system that offers a means of anonymously reporting deviations and inappropriate behaviour. This system provides a channel for employees to make complaints without fear of reprisals. Reports are received and investigated by an external party to ensure objectivity and impartiality. This system is intended to promote a culture of transparency and accountability within the organisation.

Materiality analysis
Systemair has conducted a materiality analysis to identify relevant sustainability issues. The analysis consisted of four stages: setting a benchmark, including a review of the competition to identify relevant sustainability issues; a working session to assess Systemair's internal view of the social, environmental and economic impact of the sustainability issues; interviews and a questionnaire-based survey; and a concluding working session with Group Management.

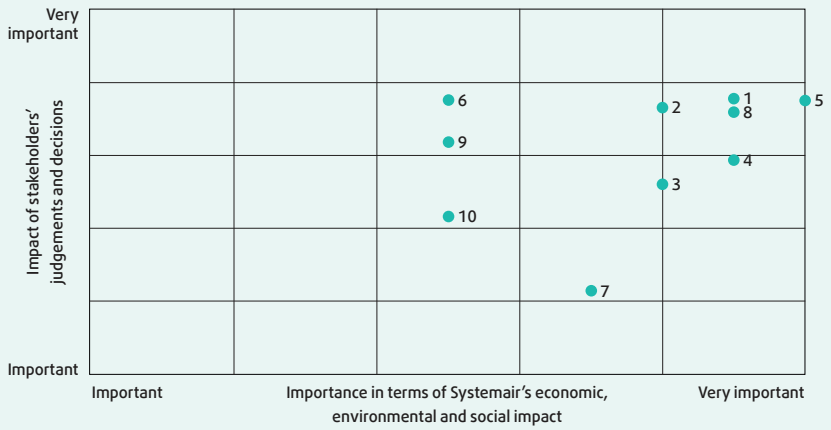
The first two stages were devoted to producing a questionnaire that was distributed to Systemair's stakeholders. Respondents were asked to rank the sustainability issues that they thought had the greatest impact on decisions and judgements that they make relating to Systemair. In all, 1,154 people participated – including 14 customers, 1,131 employees and ten investors – in the survey. In addition, three investors were interviewed. The replies of the stakeholders 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. The materiality analysis was conducted in 2020 and a review extended the scope of point *7. Emissions from transport* to *7. Emissions* and clarified point 4 to *4. Energy-efficient and sustainable products*.

Stakeholder dialogue
Systemair's stakeholders consist mainly of owners, investors, customers, employees, suppliers and society at large. We maintain continuous dialogue with our stakeholders on sustainability issues via several forums, and shareholders also have the opportunity to express their views to Management and the Board at general meetings. This dialogue supports the development of the Company's sustainability work and its priorities to ensure that the sustainability strategy is shaped to meet the expectations and requirements of our stakeholders.

Management system
As part of the Company's sustainability governance, Systemair uses the environmental management system ISO 14001:2015. 12 out of 26 production facilities are ISO 14001 certified. We aim to have all our production facilities certified to the ISO 14001 standard by no later than 2030 (except for manufacturing companies acquired after 1 January 2027). Systemair applies the TiA system to promote our commitment to a safe working environment in all our manufacturing units, with the exception of the most recent acquisitions. 24 out of 26 of our production facilities are also certified to the ISO 9001 quality management system.

Materiality analysis



1. Business ethics
2. Bribery and corruption
3. Supplier verification
4. Energy-efficient and sustainable products
5. Improved indoor climate
6. Energy-efficient operations
7. Emissions
8. Health and safety
9. Competence development
10. Diversity and equal opportunity

GRI Reporting

Systemair reports according to GRI (Global Reporting Initiative), partly by reporting specific data in this section and partly via page references in the GRI index on pages 114–115 of the Annual Report. Using the GRI framework allows us to measure and communicate our economic, environmental and social performance on a comprehensive basis. It enables us to be transparent, monitor targets and demonstrate progress towards sustainable development. GRI reporting also provides a standardised approach so that stakeholders can easily find the information they are looking for.

GRI reporting is linked to our sustainability strategy and the core issues that are prioritised to strengthen the metrics used for monitoring progress.

Over the past year, the GRI framework was updated to GRI 2021. General information is now reported under GRI 2 instead of GRI 100. Some disclosures have been combined into one GRI disclosure, while others may have been split into several disclosures compared to before. Any deviations and comments are presented in the GRI index on pages 114–115.

GENERAL DISCLOSURES

GRI 2-7, 2-8: Employees and workers who are not employees

The number of employees and workers who are not employees at Systemair is recognised as the actual number of employees and not as full-time equivalents (FTEs). This is reported as a snapshot at the end of the reporting period.

	Nordic region		Western Europe		North America		Eastern Europe and CIS		Others	
Number of employees, by region and type of employment	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Permanent employment (indefinite-term, part-time and probationary employment)	1,057	1,038	2,115	2,290	550	528	1,497	1,482	1,275	839
Fixed-term employment	39	50	43	77	0	4	31	29	0	322
Total	**1,096**	**1,088**	**2,158**	**2,367**	**550**	**532**	**1,528**	**1,511**	**1,275**	**1,161**

	Men		Women		Total	
Total number of employees, by gender* and region	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Nordic region	835	824	261	264	1,096	1,088
Western Europe	1,692	1,867	465	500	2,158	2,367
North America	328	321	222	211	550	532
Eastern Europe and CIS	1,048	1,021	480	490	1,528	1,511
Others	1,107	1,017	168	144	1,275	1,161
Total	**5,010**	**5,050**	**1,596**	**1,609**	**6,607**	**6,659**

*In the Western Europe region there is one employee who does not identify as specifically male or female. This person is included in the total number of employees.

	Men		Women		Total	
Number of employees, by gender* and type of employment	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Full time	4,524	4,522	1,422	1,400	5,947	5,922
Part time	397	105	150	150	547	255
Fixed-term employment	89	423	24	59	113	482
Total	**5,010**	**5,050**	**1,596**	**1,609**	**6,607**	**6,659**

*One employee who does not identify as specifically male or female is included in the total number of employees.

GRI 2-27: Compliance with laws and regulations

Systemair complies with current legislation in the countries where we operate. Information collected and reported covers both environmental and socio-economic compliance.

Deviations from laws and regulations	2022/23	2021/22
Number of cases	0	0
Total monetary value of fines (SEK)	0	0
Non-monetary sanctions	0	0
Total	**0**	**0**

GRI 2-30: Collective bargaining agreements

Systemair supports the third principle of the UN Global Compact:

Companies should protect freedom of association and the right to collective bargaining. In cases where collective bargaining agreements do not exist, Systemair complies with local legislation and the terms and conditions of employment are described in employees' employment contracts. Figures have been updated for the previous year due to an adjustment in reporting for one of our companies. The divested A/C operations had a high proportion of employees with collective bargaining agreements, explaining why the total figure has fallen compared to the previous year.

Proportion of employees with collective bargaining agreements	2022/23	2021/22
Proportion of employees covered by collective bargaining agreements (%)	38	40

ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT

GRI 201-1: Direct economic value generated and distributed (SEK m.)

For more detailed information, see the financial section of the Annual Report. Systemair endeavours to pay the right tax in the right country in accordance with the relevant laws and regulations of the country concerned. All cross-border transactions between Group entities shall be conducted in accordance with the arm's length principle as defined in the OECD Transfer Pricing Guidelines and in accordance with local transfer pricing rules and regulations. Systemair has a dedicated tax policy.

Direct economic value generated and distributed (SEK m.)	2022/23	2021/22
Direct economic value generated		
Revenues	12,763	9,868
Economic value distributed		
Operating costs	8,759	6,876
Employee wages and benefits	2,522	2,094
Payments to providers of capital	187	156
Tax	250	197
Total	**1,045**	**545**

GRI 205-1: Operations assessed for risks related to corruption

Systemair has 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. To prevent corruption in our operations, we have mandatory anti-corruption training for administrative personnel, and our Code of Conduct and separate anti-corruption policy describe and set out clearly what is inappropriate behaviour. The anti-corruption policy is subject to approval by the Company's President and is reviewed annually to maintain updated and relevant guidelines on the subject. A risk assessment is performed centrally as part of Systemair's annual overall risk management process, evaluating Systemair's activities on the basis country of operation, combined with a management judgement. Country risk is based on recognised corruption risk indices.

GRI 205-3: Incidents of corruption

	2022/23	2021/22
Number of incidents of corruption	0	0
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

GRI 206-1: Legal actions relating to anti-competitive behaviour, anti-trust, and monopoly practices

Systemair does not participate in price cartels or the like, and competes on equal terms. Systemair's Code of Conduct states that the laws of each country must always be complied with and that we do not participate in any anti-competitive activities.

	2022/23	2021/22
Number of cases	0	0

GRI 302-1 & 302-4: Energy consumption (MWh) within the organisation and reduction of energy consumption

Systemair strives to reduce its use of fossil energy sources and works actively to increase the energy efficiency of our operations. We are installing solar panels at a number of our facilities and are working strategically to source emission-free electricity wherever possible.

Energy consumption in MWh	2022/23	2021/22
Natural gas	18,837	21,554
Fuel oil	323	617
LPG	985	996
Vehicle fuels	17,088	16,633
Other	120	124
Electricity	35,607	36,869
District heating	4,642	5,195
Total	**77,602**	**81,988**

GRI 303-3: Water withdrawal

Little water is used in Systemair's production processes. The major share of the water used in our operations is for hygiene purposes such as toilets, showers, cleaning and drinking water. A process to map which companies are located in water-stressed regions is ongoing. As the information is incomplete Systemair does not report on water consumption for water-stressed regions. The process is expected to be completed before the next annual report, and Systemair will then be able to report on water consumption separately for water-stressed regions.

Water withdrawal (m^3)	2022/23	2021/22
Municipal water	62,346	56,332
Groundwater from own well	16,619	N/A*
Collected rainwater	20	N/A*
Total	**78,985**	**56,332**

*Data was not reported and is not known.

GRI 304-1: Biodiversity

Systemair is regarded as having little impact on biodiversity due to the type of manufacturing involved and has no production facilities in or near areas classified as environmentally sensitive according to, for example, Natura 2000. Systemair takes the issue of biodiversity conservation seriously and strives to further develop its internal approach in line with, for example, the EU Biodiversity Strategy 2030. Biodiversity is crucial to the health and well-being of our planet. One of the main reasons why biodiversity is important is its role in maintaining the functions of the ecosystems. A diverse ecosystem can provide us with a wide range of ecosystem services, such as clean air and water, pollination of crops, natural pest control and climate regulation.

Systemair operates a sustainable product policy that includes guidelines to reduce the release of any harmful substances into the environment. Our environment, energy and emissions policy includes guidelines that require all Systemair production companies to ensure that they do not harm local biodiversity. We encourage our companies to actively engage in local initiatives aimed at promoting biodiversity. The establishment of new buildings, areas or operations must be preceded by an assessment of risks to evaluate their potential impact on the environment and biodiversity. 46 percent of Systemair's production facilities are ISO 14001 certified and a target has been set for all production facilities to be ISO 14001 certified by no later than 2030 (with the exception of facilities acquired after 2027, as implementation takes time).

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

Systemair focuses continuously on reducing emissions, for example by sourcing emission-free electricity and reducing the use of fossil fuels for heating, as well as by investing in solar panels. Our emissions are reported as CO_2 equivalents. During the year, we have updated previous data for emissions arising from electricity purchased; we now report figures based on two different methods; location-based and market-based. The methods are described in the GHG Protocol.

	2022/23		2021/22		2020/21	
CO2e emissions, Scopes 1 and 2	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)	Emissions (tons CO2e)	Proportion of Scope (%)
Scope 1						
Natural gas	3,805	47%	4,564	51%	4,355	51%
Fuel oil	86	1%	165	2%	199	2%
LPG	223	3%	224	3%	152	2%
Vehicle fuels	4,016	49%	3,881	44%	3,833	45%
Other	51	1%	49	1%	55	1%
Total, Scope 1	**8,181**		**8,882**		**8,594**	
Scope 2						
Electricity (market-based)	9,177	95%	9,543	95%	9,926	93%
Electricity (location-based)	7,942	95%	8,199	95%	7,761	91%
District heating	443	5% (m); 5% (l)	452	5% (m); 5% (l)	752	7% (m); 9% (l)
Total Scope 2 (market-based)	**9,620**		**9,994**		**10,677**	
Total Scope 2 (location-based)	**8,385**		**8,651**		**8,513**	
Total Scopes 1 & 2 (market-based)	**17,801**		**18,877**		**19,271**	
Total Scopes 1 & 2 (location-based)	**16,566**		**17,534**		**17,107**	

	2022/23		2021/22		2020/21	
Emissions (market-based)	Emissions (tons CO2e)	Proportion of total Scope (%)	Emissions (tons CO2e)	Proportion of total Scope (%)	Emissions (tons CO2e)	Proportion of total Scope (%)
Scope 1	8,181	46%	8,882	47%	8,594	45%
Scope 2	9,620	54%	9,994	53%	10,677	55%
Total, Scopes 1 and 2	**17,801**		**18,877**		**19,271**	

	2022/23		2021/22		2020/21	
Emissions (location-based)	Emissions (tons CO2e)	Proportion of total Scope (%)	Emissions (tons CO2e)	Proportion of total Scope (%)	Emissions (tons CO2e)	Proportion of total Scope (%)
Scope 1	8,181	49%	8,882	51%	8,594	50%
Scope 2	8,385	51%	8,651	49%	8,513	50%
Total, Scopes 1 and 2	**16,566**		**17,534**		**17,107**	

Systemair has set a target for reducing its emission intensity, i.e. total Scopes 1 and 2 emissions relative to the cost of goods sold (COGS). In this metric, any businesses divested are omitted, in terms of both emissions and COGS. Similarly, any acquired businesses are added. This applies to all years reported. Previously, the target was not based on the market-based method and so figures have been updated for all years reported, compared to the previous year's reporting.

Emission intensity (market-based)	2022/23	2021/22	2020/21	2019/20
Total emissions/COGS (tons CO_2e/SEK m.)	2.17	2.81	3.16	3.25
Difference relative to base year (%)	-33%	-13%	-3%	0%

COGS = Cost of Goods Sold.

Sources of emission factors

Scope 1

Includes emissions from purchased natural gas, heating oil, LPG, vehicle fuel and other (<1%). Emission factors for 2021/22 and 2022/23: DEFRA (2021). Emission factors for 2020/21: IPCC (2006).

Scope 2

The emission factors for district heating (2020/21 and 2021/22) have been taken from DEFRA (2021), Energiföretagen (2020), Euroheat & Power (2015), Nis Bertelsen & Brian Vad Mathiesen (2020). For 2022/23, the emission factors for district heating have been taken from DEFRA (2022/2021).

The location-based emission factors for electricity have been taken from AIB (2020), Climate Transparency (2021), Dubai Electricity & Water Authority (2018), European Commission (2017), Hong Kong Electric Company (2019), IFI Dataset of Default Grid Factors v.2.0, Singapore Energy Market Authority (EMA, 2020), UNFCC (2019, 2021) and US Environmental Protection Agency eGrid (2018). For 2022/23, the emission factors are taken from the following sources: AIB (2021), Climate Transparency (2021), European Commission (2017), Hong Kong Electric Company, Department of Climate Change, Energy, the Environment and Water Australia (2022), IFI v2.0, Singapore Energy Market Authority, UNFCC (2021), US Environmental Protection Agency (2018).

Emission factors for electricity (market-based): Emission factors based on certificates or other evidence of emissions for electricity purchased from our energy suppliers if available; otherwise the following sources have been used for 2020/21 and 2021/22: AIB (2020), Climate Transparency (2021), IEA (2019), European Commission (2017), Hong Kong Electric Company (2019), IGES (2019), Singapore Energy Market Authority (2020), UNFCC (2021), WECC (2018) and MRO/WECC/NPCC (2018). For 2022/23, the emission factors have been taken from: AIB (2021), Climate Transparency (2021), Hong Kong Electric Company, Climate Active (2021), IFI v2.0, IGES (2019), Singapore Energy Market Authority, UNFCC (2021) and MRO/WECC/NPCC (2018).

GRI 305-3: Other indirect (Scope 3) GHG emissions

Scope 3 emissions are indicated below for Systemair's upstream and downstream activities. The calculations are based firstly on activity-based information where information was available, secondly on expenditure-based information and thirdly on estimates based on benchmarks and other relevant sources. Scope 3 emissions are highest in Use of sold products and Purchased goods and services. Systemair will continue to work on obtaining more detailed information to be more able to measure emissions and verify that improvements implemented make the desired difference.

	2022/23	
Emissions (Scope 3)	Emissions (tons CO2e)	Proportion of total
Upstream activities		
Purchased goods and services	470,375	34%
Capital goods	20,952	1%
Fuel and energy related activities	3,969	0%
Transport and distribution	17,250	1%
Waste generated in operations	1,553	0%
Business travel	4,331	0%
Employee commuting	6,077	0%
Leased assets	Not relevant*	0%
Downstream activities		
Use of sold products	858,706	61%
Other downstream activities	18,493	1%
Total	**1,401,706**	**100%**

*Emissions from leased assets are reported in Scopes 1 and 2.

Sources of emission factors

Scope 3

Quantis, nShift, DEFRA (2021), AIB (2021), Climate Transparency (2021), European Commission (2017), Hong Kong Electric Company, Department of Climate Change, Energy, the Environment and Water Australia (2022), IFI v2.0, Singapore Energy Market Authority, UNFCC (2021), US Environmental Protection Agency (2018).

GRI 306-3, 4 & 5 (2020) Waste management

Systemair has started reporting waste volumes as of this financial year. Data is not available for volumes of waste for previous years.

Systemair focuses continuously on reducing the volume of waste, which consists mainly of metal, plastic, cardboard and hazardous materials, that is generated in its operations. We are striving to reduce the volume of waste sent to landfill or incineration, in favour of reuse or recycling. All companies in the Group must ensure that both physical and administrative processes are in place for managing waste. Regarding hazardous waste, Systemair works to reduce the volume and use of materials that can give rise to hazardous waste, by replacing the material with more sustainable alternatives.

	2022/23	
Waste	Weight in tons	Proportion of total
Recycling	9,846	71%
Reuse	60	0%
Other waste disposal		
Other recycling operations (including energy recovery)	2,322	17%
Landfill	563	4%
Incineration without energy recovery	231	2%
Other	824	6%
Total	**13,845**	**100%**

	2022/23	
Hazardous waste	Weight in tons	Proportion of total
Recycling	14	6%
Reuse	34	14%
Other waste disposal		
Other recycling operations (including energy recovery)	38	15%
Landfill	7	3%
Incineration without energy recovery	38	15%
Other	115	47%
Total	**245**	**100%**

GRI 308-1 & 414-1: Proportion of new suppliers screened (%)

Systemair aims to screen all new suppliers to ensure that they live up to our Code of Conduct for Suppliers. The Code of Conduct for Suppliers addresses issues such as the environment, work environment and human rights.

	2022/23	2021/22
Environmental criteria	95%	93%
Social criteria	95%	93%

GRI 401-1: Personnel mobility

To ensure Systemair's long-term success, it is essential to attract, develop and retain competent employees. We continuously strive to be an attractive employer. Safety is our top priority in all our workplaces, and we actively promote diversity, equal treatment and an inclusive work culture in our workplaces. Systemair aims to maintain a level of employee turnover in line with the industry average. The outcome last year (15.3 percent) was slightly above the industry average and the outcome this year (16.0 percent) shows that we are still above, due to the fact that we are established geographically in several markets with a higher level of employee turnover in 2022/23.

	Men		Women		Total	
New recruitment and employee turnover per gender*	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Number of new employees	845	868	300	385	1,145	1,253
Recruitment turnover	12.8%	13.0%	4.5%	5.8%	17.3%	18.8%
Number of employees leaving the organisation	795	740	261	282	1,056	1,022
Employee turnover	12.0%	11.0%	4.0%	4.2%	16.0%	15.3%

*One employee does not identify as specifically male or female. This person is included in the total number of employees.

Recruitment turnover = new employees / number of employees
Employee turnover = employees leaving / number of employees

	Nordic region		Western Europe		North America		Eastern Europe and CIS		Others	
New employee hires and employee turnover by region	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Number of new employees	176	165	192	313	195	143	258	346	324	286
Recruitment turnover	2.7%	2.5%	2.9%	4.7%	3.0%	2.1%	3.9%	5.2%	4.9%	4.3%
Number of employees leaving the organisation	134	114	219	225	161	139	272	306	270	238
Employee turnover	2.0%	1.7%	3.3%	3.4%	2.4%	2.1%	4.1%	4.6%	4.1%	3.6%

Recruitment turnover = new employees / number of employees
Employee turnover = employees leaving / number of employees

GRI 403-9 & 10: Work-related injuries and ill health

At Systemair, maintaining good working conditions and safe workplaces is the top priority. No-one should need to worry about their health, either physical or mental, when going to their workplace. We aim to prevent accidents and minimise sickness absence. Violence, threat, harassment, bullying and any form of abuse of employees will not be tolerated. Systemair works to a zero vision for work-related injuries and has set an ongoing goal to reduce the number of work-related injuries that lead to sickness absence by 15 percent year-on-year, based on LTIFR. The outcome for this year was -14 percent. LTIFR is the acronym for "Lost time injury frequency rate" and Systemair apply a normalisation factor of 1,000,000 hours.

	2022/23		2021/22	
Employees	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)
Work-related injuries	182	14.8	197	17.2
Hours worked	12,300,000		11,423,000	
Fatalities due to work-related illness or injury	0		0	
Number of cases of work-related ill-health	5	0.4	8	0.7

	2022/23		2021/22	
Non-employees	Number	Frequency (LTIFR)	Number	Frequency (LTIFR)
Work-related injuries	6	18.4	7	23.8
Hours worked	326,000		294,000	
Fatalities due to work-related illness or injury	0		0	
Number of cases of work-related ill-health	0	0.0	0	0.0

Systemair has started reporting on average sickness absence as of this financial year to get a better indication of the health status and well-being of employees. Sickness absence is calculated by dividing the number of days of sickness absence by the number of available working days.

Sickness absence, percent	2022/23
Nordic region	5.2%
Western Europe	6.1%
North America	4.4%
Eastern Europe and CIS	5.3%
Others	1.0%
Total	**4.6%**

GRI 404: Training and education

Systemair regards employee development and competence development as an important focus area for more inspired, motivated and knowledgeable employees. To this end, the Company operates the Systemair Academy learning platform to provide training in several areas.

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

	Men		Women		Total	
Education by gender*	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
Total number of hours	45,039	38,710	14,009	14,659	59,064	53,369
Number of employees	5,010	5,050	1,596	1,609	6,607	6,659
Average number of hours	9.0	7.7	8.8	9.1	8.9	8.0

*One employee does not identify as specifically male or female. This person is included in the total number of employees.

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

Our ambition is to offer all employees at least one performance review per year to further promote the development of our employees.

Share in percent	2022/23	2021/22
Women	52%	51%
Men	53%	52%
All employees	52%	52%

GRI 405-1: Diversity of governance bodies and employees

In Systemair's recruitment processes, we actively strive to promote greater diversity and equality. At Systemair, it is important for us to make everyone feel welcome, regardless of their background. When recruiting, we focus on knowledge, experience and skills as decisive factors, and no form of discrimination is allowed based on sexual orientation, gender, age, ethnicity or religion. The Board also has a diversity policy, as described on page 43.

	2022/23		2021/22	
Employees	Number	% Women	Number	% Women
Board of Directors*				
30–50 years	1	0%	1	0%
Over 50 years	4	50%	5	40%
Group Management				
30–50 years	2	0%	2	0%
Over 50 years	4	0%	4	0%
Group Operational Management				
30–50 years	8	25%	7	29%
Over 50 years	8	25%	7	43%
All employees				
Under 30 years	1,206	22%	1,239	21%
30–50 years	3,459	24%	3,386	25%
Over 50 years	1,942	26%	2,034	25%

*Systemair's Board of Directors, as elected at the AGM, consists of 5 people, 3 men and 2 women. Employee representatives are 2 men.

GRI 406-1: Incidents of discrimination

Systemair has zero tolerance for discrimination within our organisation. Everyone should feel welcome and have the same opportunities regardless of their background. No victimisation based on the seven grounds for discrimination – gender, gender identity or expression, ethnicity, religion/belief, disability, sexual orientation and age – is permitted.

	2022/23	2021/22
Number of cases of discrimination	3	1

Three cases of discrimination were reported during the year. Two of the cases have been processed and are closed. The third case is ongoing and under investigation.

GRI Index

Systemair reports according to GRI 2021 presented in the index below.

GRI Standard / Disclosure		Section, page	Deviations and comments
GRI 2: GENERAL DISCLOSURES 2021			
2-1	Organizational details	14-17, 22-23, 38-39, 52, 69, 78, Note 30 - pp. 93	
2-2	Entities included in the organization's sustainability reporting	69	
2-3	Reporting period, frequency and contact point	103-104	Lee Morgan, Group Sustainability Director: lee.morgan@systemair.com
2-4	Restatements of information	107, 109-110	Emissions from electricity consumption have been further developed with data categorized by collection method (location-based and market-based). Data for energy consumption has been adjusted for natural gas in the previous year. Data for employees has been adjusted, as well as the percentage of collective bargaining employees.
2-5	External assurance	103	Systemairs sustainability report has not been externally audited.
2-6	Activities, value chain and other business relationships	Clean and healthy indoor air, inside cover, 2-5, 10-11, 14-17, 26-29, 52-57, 75, 78, 93, 106	
2-7	Employees	106	
2-8	Workers who are not employees	106	
2-9	Governance structure and composition	42-49	
2-10	Nomination and selection of the highest governance body	42-49	
2-11	Chair of the highest governance body	48-49	
2-12	Role of the highest governance body in overseeing the management of impacts	42-49, 104-105	
2-13	Delegation of responsibility for managing impacts	104-105	
2-14	Role of the highest governance governance body in sustainability reporting	42-49, 97, 104	
2-15	Conflicts of interest	42-49	
2-16	Communication of critical concerns	42-49	
2-17	Collective knowledge of the highest governance body	42-49	
2-18	Evaluation of the performance of the highest governance body	42-49	
2-19	Remuneration policies	Note 11 - pp. 79	
2-20	Process to determine remuneration	43-46	
2-21	Annual total compensation ratio	78-79	Systemair has not fully determined the compensation ratio in the Group
2-22	Statement on sustainable development strategy	2-3	
2-23	Policy commitments	104	Please see Systemairs Code of Conduct, that is available at https://group.systemair.com/sustainability/code-of-conduct-and-policies/
2-24	Embedding policy commitments	30, 104	
2-25	Processes to remediate negative impacts	103-105, 26-29	
2-26	Mechanisms for seeking advice and raising concerns	104	A whistle-blower function has been established through which matters can be reported anonymously.
2-27	Compliance with laws and regulations	107	
2-28	Membership associations	20	
2-29	Approach to stakeholder engagement	103-105	Systemair has identified customers, owners, investors, and employees as the key stakeholders based on how much they are affected by or impact Systemair.
2-30	Collective bargaining agreements	107	
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	26, 103-105	
3-2	List of material topics	26-27, 104-105	
3-3	Management of material topics	26-27, 103-105	
SPECIFIC DISCLOSURES – GRI 200: ECONOMIC			
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	107	
201-2	Financial implications and other risks and opportunities due to climate change	41, 121	Only risks presented. Systemair plans to report risks and opportunities according to TCFD.
201-3	Defined benefit plan obligations and other retirement plans	55-56, Note 1 - pp. 71-72, Note 11 - pp. 78-79, Note 26 - pp. 89-91	
201-4	Financial assistance received from government	72	

GRI Standard / Disclosure		Section, page	Deviations and comments
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	107	
205-3	Confirmed incidents of corruption and actions taken	107	
GRI 206: Anti-competetive Behavior 2016			
206-1	Legal actions for anti-competetive behavior, anti-trust, and monopoly practices	107	
SPECIFIC DISCLOSURES – GRI 300: ENVIRONMENTAL			
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	107	
302-4	Reduction of energy consumption	107	
GRI 303: Water and Effluents 2018			
303-3	Water withdrawal	108	Data regarding water withdrawals in water-stressed areas is unavailable, mapping of water-stressed areas is underway.
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside of protected areas	108	None of Systemair's production facilities are located in or near areas protected for biodiversity. Therefore, specific geographic locations for all of Systemair's operations, as well as other site-specific information, are not disclosed.
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	109-110	
305-2	Energy indirect (Scope 2) GHG emissions	109-110	
305-3	Other indirect (Scope 3) GHG emissions	110	
GRI 306: Waste 2020			
306-3	Waste generated	111	Systemair does not collect data regarding the composition of waste.
306-4	Waste diverted from disposal	111	Systemair does not collect data regarding the composition of waste.
306-5	Waste directed to disposal	111	Systemair does not collect data regarding the composition of waste.
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	111	
SPECIFIC DISCLOSURES – GRI 400: SOCIAL			
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	112	Systemair does not collect data on newly hired employees categorized by age group.
GRI 403: Occupational Health and Safety 2018			
403-9	Work-related injuries	112	
403-10	Work-related ill health	112	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	113	Systemair does not collect data categorized by occupational role.
404-3	Percentage of employees receiving regular performance and career development reviews	113	Systemair does not collect data categorized by occupational role.
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	113	Systemair does not collect data categorized by occupational role.
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	113	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	111	

EU Taxonomy

The EU Taxonomy Regulation to date consists of two environmental objectives. The first environmental objective aims to limit climate change. The second aims to adapt to climate change. Systemair reports all its Taxonomy-eligible activities within the first environmental objective. Any Taxonomy-eligible aspect of the second environmental objective would include the same products and therefore an overlap in reporting that is not allowed. The Taxonomy will play an important role in helping the EU to scale up sustainable investment as part of implementing the EU Green Deal. This will create clarity for investors to move capital where it is most needed.

Reporting consists of a number of key performance measures showing how much of the Company's activities are both eligible in the Taxonomy and fulfil the requirements of the Taxonomy – Taxonomy-aligned. These two measures are to be reported in relation to turnover, capital expenditure and operating expenditure. The key performance measures are based on a classification system comprising a list of environmentally sustainable economic activities. At Systemair, this applies mainly to the economic activity 3.5. Manufacture of energy efficiency equipment for buildings. Every economic activity is subject to technical screening criteria that define what is environmentally sustainable and what is not.

The efficiency of ventilation, heating and cooling plays an important role in a building's energy use. Fossil sources are widely used to meet this energy demand worldwide, so there is an urgent need to reduce energy demand. At present, the EU Taxonomy fails to specify criteria for Taxonomy-aligned technologies or the like for large and commercial buildings in particular. It only applies to smaller ventilation units designed for residential use and for units incorporating heat pump technology. As in other sectors and reporting enterprises, the Taxonomy's technical screening criteria are therefore subject to interpretations to obtain a fair picture of which products – in Systemair's case – make the most important difference in reducing the energy demand of buildings and thus contribute to climate change mitigation.

In order to identify turnover, capital expenditure and operating expenditure, a mapping has been carried out to determine at item level which products are both eligible – and in some cases aligned – depending on the technical screening criteria of the Taxonomy and the interpretations made. The interpretations made are as follows:

- For air handling units not covered by the EU energy labelling scheme, Eurovent Certita Certification is used. The Eurovent certification is a recognised industry standard and includes an energy rating system similar to the EU energy label. Energy classes A+ and A have been interpreted as meeting the technical screening criteria.

- In the North American market in particular – where Eurovent certification carries no weight or major market relevance – energy recovery technology has been used in interpreting whether the air handling unit meets the technical screening criteria. Energy recovery is one of the most important technologies in ventilation, in terms of significantly reducing the overall energy use for heating and cooling in buildings.

- Other parts of a ventilation system subject to airtightness classification, e.g. ventilation ducts. The technical screening criteria are interpreted as fulfilled if the airtightness classification meets the requirements of class C or D specified in the EN 1751 standard.

Systemair also sells energy recovery equipment as separate products and those with an EPD (Environmental Product Declaration) are reported under economic activity 3.6. Manufacture of other low carbon technologies. Under economic activity 7.3. Installation, maintenance and repair of energy efficiency equipment, Systemair has reported the part of its servicing activities that are covered by the Taxonomy and the relevant criteria.

To be Taxonomy-aligned, not only do the technical screening criteria have to be satisfied, but the Do No Significant Harm (DNSH) criteria also have to be met as well as the Minimum Safeguards.

Accounting policies

The accounts apply to all wholly- or majority-owned Systemair companies. For more information on Systemair's financial reporting, see Note 1 Statement of accounting and valuation policies on pages 69–73.

Turnover

The turnover reported is based on external net sales. In the case of sales within economic activities 3.5. and 3.6, only sales from products are included in the basis for reporting, meaning that spare parts and accessories, other than those subject to airtightness classification, are not included.

Products covered by the Taxonomy and those meeting the technical screening criteria have been analysed at item level in Systemair's central ERP system, as used by the majority of Systemair companies, representing approximately 70 percent of total external sales. In the remaining companies, products have been identified by experts within each company based on internal sales recorded in the central ERP system. Activities in 7.3. represent a minor share of total sales. In the absence of sufficiently detailed data the Taxonomy-eligible and -aligned share has been estimated based on the net external sales of servicing activities relative to the share of Taxonomy-eligible and -aligned net external sales in 3.5. for each company.

Turnover

				Criteria for substantial contribution						Criteria for "Do No Significant Harm" (DNSH)									
Economic activities (1)	Code(s) (2)	Absolute sales (3)	Share of sales (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned share of sales, year 2022/23 (18)	Category (enabling activity or) (20)	Category (transitional activities) (21)
		SEK m.	%	%	%	%	%	%	%	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	Enabling	Transi-tional
A. ACTIVITIES ELIGIBLE BY THE TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	3.5. 3.6. 7.3.	3,346	28	28	-					-	Yes	Yes*	Yes*	Yes	Yes*	Yes	28	Enabling	N/A
Sales for environmentally sustainable activities (Taxonomy-aligned) (A.1)		3,346	28	28	-												28		
A.2. Activities eligible by the Taxonomy but not environmentally sustainable																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	3.5. 3.6. 7.3.	1,865	15																
Sales for activities eligible by the Taxonomy but not environmentally sustainable (A.2)		1,865	15																
Total (A.1 + A.2)		5,211	43														28		
B. ACTIVITIES NOT ELIGIBLE BY THE TAXONOMY																			
Sales for activities not eligible by the Taxonomy (B)		6,846	57																
Total (A + B)		12,057	100																

*In category 7.3., (13), (14) and (16) are not applicable to the economic activity.

Capital expenditure

Systemair accounts for its capital expenditure under IFRS, and so in the categories of property, plant and equipment, intangible assets and leases. To assess Taxonomy-eligible and -aligned capital expenditure, investments made during the financial year are to be assessed on the basis of whether they can be related to Taxonomy-eligible and -aligned products or whether they are covered by economic activities 7.3. 7.4. 7.5. or 7.6.[1]

Based on this definition and adapted instructions, each company has first identified investments made during the year that fall into the categories 7.3., 7.4., 7.5. and 7.6., as they are not related to the products sold. After these capital expenditure items have been reported separately, the remaining investments have been assessed as to what extent they can be related to Taxonomy-eligible products and Taxonomy-aligned products. In the case of leasing, the breakdown of Taxonomy-eligible sales for each company has, for the purposes of simplification, been used as the calculation key. Account has also been taken of any Taxonomy-eligible additions to property, plant and equipment and intangible assets arising from business combinations. Systemair has made acquisitions during the year that have resulted in an increase in capital expenditure corresponding to 29 percent of the capital expenditure included in this report; these have not been assessed in the Taxonomy reporting, which lowers the proportion of reported Taxonomy-eligible and -aligned capital expenditure. Goodwill has not been included as it is not covered by IAS 38, which establishes the definition for intangible assets in the Taxonomy.

Capital expenditure

				Criteria for substantial contribution						Criteria for "Do No Significant Harm" (DNSH)									
Economic activities (1)	Code(s) (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of capital expenditure, year 2022/23 (18)	Category (enabling activity or) (20)	Category (transitional activities) (21)
		SEK m.	%	%	%	%	%	%	%	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	Enabling	Transi-tional
A. ACTIVITIES ELIGIBLE BY THE TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies	3.5. 3.6.	76	13	13	-					-	Yes	Yes	Yes	Yes	Yes	Yes	13	Enabling	N/A
Capital expenditure related to economic activities 7.3., 7.4., 7.5., 7.6.	7.3. 7.4. 7.5. 7.6.	20	3	3	-					-	Yes	N/A	N/A	Yes**	N/A	Yes	3	Enabling	N/A
Capital expenditure for environmentally sustainable (Taxonomy-aligned) activities (A.1)		96	16	16	-												16		
A.2. Activities eligible by the Taxonomy but not environmentally sustainable																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies	3.5. 3.6.	26	5																
Capital expenditure related to economic activities 7.3., 7.4., 7.5., 7.6.	7.3. 7.4. 7.5. 7.6.	7	1																
Capital expenditure for activities that are eligible by the Taxonomy but are not environmentally sustainable (A.2)		33	6																
Total (A.1 + A.2)		129	22														16		
B. ACTIVITIES NOT ELIGIBLE BY THE TAXONOMY																			
Capital expenditure for activities not eligible by the Taxonomy (B)		467	78																
Total (A + B)		596	100																

**Only applies to 7.3. which is assessed as "Yes", as no investment in the economic activity related to building insulation.

1 According to Annex 1 of the Taxonomy Regulation: 7.3. Installation, maintenance and repair of energy efficiency equipment
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces associated with buildings)
7.5. Installation, maintenance and repair of instruments and equipment for measuring, regulating and monitoring the energy performance of buildings
7.6. Installation, maintenance and repair of renewable energy technology.

Operating expenditure

According to the Taxonomy's definition of operating expenditure, it includes direct expenditure related to research and development, building renovation, short-term leases, maintenance and repair, as well as any other direct expenditure relating to the day-to-day maintenance of property, plant and equipment performed by the enterprise or a third party contracted for this purpose and necessary to ensure the continuous and efficient functioning of these assets. This definition represents the total basis for calculating the Taxonomy-eligible and -aligned operating expenditure. Each company has identified and reported its total operating expenditure base, on the basis of the Taxonomy definition and adapted instructions. In view of a lack of sufficiently detailed information to determine in detail the Taxonomy-eligible and -aligned operating expenses, the breakdown of Taxonomy-eligible and -aligned sales for each company has been used as a calculation key.

Operating expenditure

				Criteria for substantial contribution						Criteria for "Do No Significant Harm" (DNSH)									
Economic activities (1)	Code(s) (2)	Absolute operating expenditure (3)	Proportion of operating expenditure (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of operating expenditure, year 2022/23 (18)	Category (enabling activity or) (20)	Category (transitional activities) (21)
		SEK m.	%	%	%	%	%	%	%	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	%	Enabling	Transi-tional
A. ACTIVITIES ELIGIBLE BY THE TAXONOMY																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	3.5. 3.6. 7.3.	49	34	33	-					-	Yes	Yes*	Yes*	Yes	Yes*	Yes	34	Enabling	N/A
Operating expenditure for environmentally sustainable (Taxonomy-aligned) activities (A.1)		49	34	33	-												34		
A.2. Activities eligible by the Taxonomy but not environmentally sustainable																			
Manufacture of energy efficiency equipment for buildings and manufacture of other low carbon technologies, as well as Installation, maintenance and repair of energy efficiency equipment.	3.5. 3.6. 7.3.	18	13																
Operating expenditure of activities that are eligible by the Taxonomy but not environmentally sustainable (A.2)		18	13																
Total (A.1 + A.2)		67	47														34		
B. ACTIVITIES NOT ELIGIBLE BY THE TAXONOMY																			
Sales for activities not eligible by the Taxonomy (B)		77	53																
Total (A + B)		144	100																

*In category 7.3., (13), (14) and (16) are not applicable to the economic activity.

Criteria for "Do No Significant Harm" (DNSH)
To be classified as Taxonomy-aligned, not only does the economic activity have to meet the technical screening criteria, it must also not cause significant harm in the other environmental objectives included in the Taxonomy. Because Systemair only reports in environmental objective 1, objectives 2 to 6 are presented below.

2. Climate change adaptation (12)
In order not to cause any significant damage, the relevant organisation must perform an evaluation of physical climate risks. Systemair has conducted an analysis of climate-related risks in the operations concerned. See page 121 for more on Climate-related risks.

3. Water and marine resources (13)
Systemair's manufacturing mostly uses no water, and use is in very limited volumes, so it has no significant impact. In the areas with a higher risk of water scarcity where Systemair operates, the analysis of climate-related risks has identified where our business needs to implement measures to reduce risk.

4. Circular economy (14)
To enable the requirements of the circular economy to be met, the Taxonomy has broken it down into four parts.

- The first aims wherever possible to reuse materials, or to use materials made from recycled materials. In design and product development, Systemair has a policy to incrementally make our products more sustainable. This includes challenges in selecting materials for greater resource efficiency and a lower carbon footprint.

- Secondly, Systemair aims wherever possible to design for a longer service life, ease of recycling and ease of maintenance. Systemair's design and product development policy includes, for example, the aim that design should take into account the entire life cycle of the product, an increased service life and ease of maintenance; in addition, it should be possible for the product to be disposed of in the best possible way at the end of its life.

- The third aim is wherever possible to manage waste sustainably during the manufacturing process. Systemair has an environmental, energy and emissions policy that is mandatory for all manufacturing facilities. The policy states that waste should be handled responsibly and that what can be recycled should be recycled.

- The fourth aim is wherever possible to maintain information and traceability on harmful substances in the life cycle of manufactured products. Systemair works continuously on monitoring to minimise the risk of any harmful substance being present in our products.

5. Pollution (15)
Systemair has processes in place and works continuously on monitoring the substances that are harmful according to the EU directives and current regulations. Systemair does not consider that any economic activity interpreted as Taxonomy-aligned causes significant harm.

6. Biodiversity and ecosystems (16)
Systemair complies with the local environmental laws and regulations that apply, in order to utilise new land and obtain approval from government agencies, in order to establish activities on the land. None of our manufacturing facilities are located in or near a nature conservation area.

Minimum safeguards (17)
In order to be classified as Taxonomy-aligned, the economic activity must not only meet the technical screening criteria, it must also comply with the minimum safeguards. These are currently categorised into four areas, as described below:

- Human rights – Systemair supports the 10 principles of the UN Global Compact on human rights, labour rights, environment and anti-corruption. The 10 principles, along with the OECD Guidelines for Multinational Enterprises (MNE), the UN Guiding Principles on Business and Human Rights and the ILO's eight fundamental conventions, form an important basis for what Systemair commits to uphold through corporate responsibility. This is incorporated into the Systemair Code of Conduct.

- Corruption – Systemair operates a policy of zero tolerance of corruption. It also has a dedicated anti-corruption policy. For more on our anti-corruption work, see page 107.

- Tax – Systemair endeavours to pay the right tax in the right country in accordance with the relevant laws and regulations of the country concerned. All cross-border transactions between Group entities shall be conducted in accordance with the arm's length principle as defined in the OECD Transfer Pricing Guidelines and in accordance with local transfer pricing rules and regulations. Systemair has a dedicated tax policy.

- Anti-competitive activities – Systemair complies with each country's legislation on cartels and competition. Systemair does not engage in anti-competitive activities. This is incorporated into our Systemair Code of Conduct.

Climate-related risks

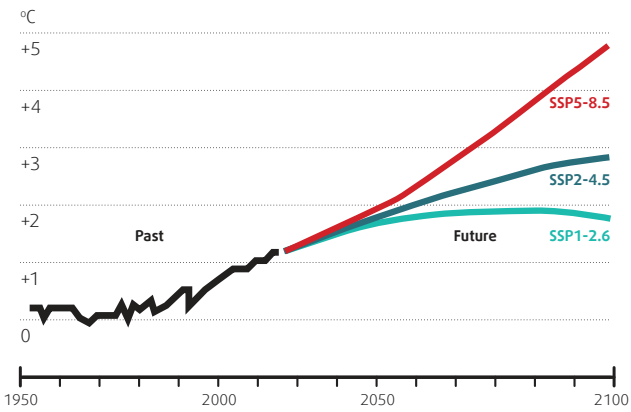
Climate change is an ongoing global challenge that is having a profound impact on our planet and humanity as a whole. The increase in greenhouse gases in the atmosphere, in particular due to carbon dioxide emissions from human activities, is amplifying the greenhouse effect and is raising the temperature of the Earth's climate. This warming is leading to a series of changes, such as melting polar ice caps, rising sea levels, extreme weather events and changes in ecosystems. It is also increasing the risk of natural disasters.

To prepare itself for the future, Systemair has analysed the climate-related risks that our business will face in the future. The climate risk analysis is currently limited to the manufacturing companies covered by the EU Taxonomy, as part of the satisfying the criteria of Do No Significant Harm (DNSH). In the future, a more detailed climate risk analysis will be conducted for all activities within the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

The analysis carried out was based on the IPCC's Shared Socioeconomic Pathway (SSP). Two different scenarios were used to project future developments, one optimistic, SSP 1–2.6, and one pessimistic, SSP 5–8.5. SSP 1–2.6 is based on the assumption that humanity moves to more sustainable form of development that respects the limits of the planet, resulting in decarbonisation from the 2020s and achieving net zero carbon dioxide emissions by 2100.

SSP 5–8.5 assumes that humanity will continue to use fossil fuels to promote economic growth and maintain a resource- and energy-intensive lifestyle. In this scenario, carbon dioxide emissions are expected to increase over the century. The risk analysis we have performed extends to 2060 and takes these different scenarios into account.

Global Surface Temperature Change



https://climatedata.ca/resource/understanding-shared-socio-economic-pathways-ssps/

We have conducted an extensive mapping exercise on how climate change will affect the companies selected. We based this analysis on the IPCC's WGI Interactive Atlas tool. Using this tool, we first mapped the expected climate developments in the short term (2020–2040) and medium term (2040–2060). We then used the same tool to assess how the risk of different physical hazards to the climate will be affected. Examples of physical risks investigated include droughts, floods and storms.

To complement the IPCC data, we also used the World Resources Institute's (WRI) Aqueduct tool. By using Aqueduct, we acquired more detailed mapping of the water-related risks that our organisations may face in the future. The tool enables specific water stress risks for different groundwater aquifer to be identified, as well as flood risks for rivers and coastal areas.

A risk matrix was then developed to categorise the risks based on a scale from very low to very high. When categorising the risks, Systemair took into account both the probability of the events occurring and their impact on the business if they were to occur. The risk analysis focused on assessing the impact on our own operations and did not include the assessment of how climate change may affect our value chain. This will be further investigated and analysed in the future.

The main risks to which Systemair is exposed are extreme temperatures and flooding. For the activities that involve risks classified as high, we are in the initial stages of developing plans to reduce the likelihood of these risks occurring and to reduce the potential impact they may have on the business. In line with the criteria for DNSH, we aim to ensure that our plans for transition do not have adversely affect on other stakeholders in the neighbourhood.

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Systemair AB, corporate identity number 556160-4108

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability statement for the financial year 1 May 2022 – 30 April 2023 on pages 24-37, 40-41, 103-105 and 116-121 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A statutory sustainability statement has been prepared.

Stockholm the day of our electronical signature.

Ernst & Young AB

Johan Holmberg

Authorized Public Accountant

Annual general meeting

Systemair is to hold its Annual General Meeting (AGM) at 3.00 p.m. on Thursday 31 August 2023 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 day, Wednesday, 23 August 2023, and must notify the Company of their intention to participate no later than 3.00 p.m. on Wednesday, 25 August 2023.

Application shall be made either by completing the form at: group.systemair.com/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/ 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 authorisation 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 Wednesday, 23 August 2023. 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 day, Wednesday, 23 August 2023. 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

31 August 2023	Q1 Interim Report (May–July 2023/24)
7 December 2023	Q2 Interim Report (August–October 2023/24)
5 March 2024	Q3 Interim Report (November–January 2023/24)
4 June 2024	Q4 Interim Report (February–April 2023/24)
29 August 2024	Annual General Meeting, simultaneous publication of Q1 Interim Report 2024/25

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.

Systemair AB
Industrivägen 3
SE-739 30 Skinnskatteberg,
Sweden

Tel: +46 (0)222-440 00
mailbox@systemair.se
www.systemair.com

Systemair AB June 2023 E8300. Production: Systemair in cooperation with Haus. Photographs: Andreas Lundberg, Systemair.