Munters

Q2 2023

Strong growth and margin improvement in all business areas

Net sales organic growth

+27%

Adj. EBITA margin

13.5%

Operating working capital/net sales

13.2%

April-June

- Order intake was flat organically, with good development in business areas FoodTech and Data Center Technologies (DCT), and a stable development in AirTech.
- Net sales increased +27% organically, mainly driven by a very strong growth in DCT and the battery sub-segment in AirTech. FoodTech had a strong development in Americas, in both Climate and Digital Solutions, that was offset by a weak development in EMEA and APAC.
- The strong improvement in the adj. EBITA margin was mainly related to increased net sales in DCT and AirTech, as well as efficiency improvements in all business areas. The significant margin improvement in DCT was driven mainly by the production ramp-up in the US.
- Earnings per share increased by +50% driven by the strong net sales and improved profitability.
- Cash flow from operating activities was negatively impacted by a build-up of operating working capital, mainly related to DCT where production continued to ramp-up for future deliveries in the quarter. Deliveries to customers are expected to increase throughout the second half year.

Events after the close of the period

- Munters announced that a strategic review of the equipment offering in FoodTech has been initiated. It includes exploring different options and may result in partial divestments, although no such decisions have yet been taken.

Financial summary	Q2			Jan-Jun			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Jul-Jun	2022
Order intake	3,427	3,200	7	5,972	7,333	-19	15,469	16,830
Net sales	3,536	2,610	35	6,711	4,731	42	12,365	10,386
Growth	35%	43%		42%	38%		43%	41%
of which organic growth	27%	25%		32%	21%		-	23%
of which acquisitions and divestments	1%	4%		2%	4%		-	4%
of which currency effects	7%	14%		8%	12%		-	15%
Operating profit (EBIT)	408	220	85	756	354	114	1,283	881
Operating margin	*11.5*	*8.4*		*11.3*	*7.5*		*10.4*	*8.5*
Adjusted EBITA	479	272	76	868	473	84	1,465	1,070
Adjusted EBITA margin, %	*13.5*	*10.4*		*12.9*	*10.0*		*11.8*	*10.3*
Net income	257	166	54	470	268	75	779	577
Earnings per share before dilution, SEK	1.40	0.93		2.58	1.51		4.25	3.18
Earnings per share after dilution, SEK	1.40	0.93		2.58	1.51		4.25	3.17
Cash flow from operating activities	10	105		-158	79		535	772
OWC/Net Sales	13.2%	13.3%		13.2%	13.3%		13.2%	12.7%
Net debt	4,833	3,241		4,833	3,241		4,833	3,825
Net debt/Adjusted EBITDA, LTM	2.7	2.9		2.7	2.9		2.7	2.9

CEO comments

Klas Forsström
President and CEO

"A quarter with strong progress on our strategic journey resulting in strong net sales growth and much improved margins."

A quarter with strong results and progress on the strategic journey

In the second quarter our strategic journey continued with strong net sales growth, improved margins in all business areas and very good operational excellence advances. We continuously evaluate the strategic direction as well as our offering as part of our journey to achieve long-term value creation. In the quarter, three acquisitions that strengthen our prioritized areas were closed, two in AirTech and one in Foodtech. We announced that a strategic review of the equipment offering in FoodTech has been initiated aiming at providing the best future opportunity both for the digital business as well as the for the equipment business, for the benefit of employees, customers, and shareholders.

We also continued to make very good progress on reducing our Scope 1 and 2 emissions towards our goal to have net zero emissions from our operations in 2030. Our efforts to help our customers reduce emissions are at the core of what we do every day. As a step to ensure we improve the energy-efficiency of our products we inaugurated a new lab in Kista, Sweden, focused on controls and modelling of the anticipated effect from our units in AirTech.

Major order received in Data Center Technologies

The second quarter showed good order intake in FoodTech and DCT, with a stable development in AirTech. DCT received a major order for chilled water air handlers from a US-based colocation data center company, highlighting our strong position as a trusted partner in the growing and transformative market of data center cooling.

For the remainder of the year, we expect a continued good market activity driven by digitization, electrification, and a strong focus on energy efficient solutions.

Operational excellence initiatives delivering result

Organic net sales increased strongly in AirTech and DCT, whereas FoodTech had a weaker development. Our service business continued to develop well, with an expanded service offering as well as an increased number of employees contributing to the growth.

Our adjusted EBITA grew 76% and the adjusted EBITA margin improved in all business areas. The increase was partly driven by higher net sales in DCT and AirTech. DCT continued to have an excellent development of the utilization rate in production. Also, all business areas experienced good results from operational excellence initiatives.

Operating cash flow was weaker in the quarter, mainly as a consequence of built-up working capital related to major orders received in DCT in 2022 and this year. As the pace of deliveries for these orders increases throughout the second half of the year working capital will decrease.

Our employees are the greatest asset for our business success

I am proud of our teams around the world who constantly drive change and improvements in our offering, contributing to our customer's success.

I would like to welcome all new employes to Munters and thank all employees for their hard work in making our journey a success.

Midterm financial targets

Net sales growth:	Annual organic growth of net sales of 10% Performance Q2 2023: 27% (25)
Adjusted EBITA margin:	An adjusted EBITA margin above 14%. Performance Q2 2023: 13.5% (10.4)
OWC/net sales:	Average (LTM) operating working capital in the range of 13-10 % of net sales. Performance Q2 2023: 13.2% (13.3)
Dividend policy:	Munters aim to pay an annual dividend corresponding to 30-50% of its consolidated income after tax for the period. For 2022 a dividend of SEK 0.95 (30% of income after tax) was paid in the second quarter, totaling MSEK 173.

See Munters Annual and Sustainability report (ASR) 2022, pages 48-80, for further information on goals and outcome or at www.munters.com. For full description of the dividend policy, see the ASR 2022, page 9 or at www.munters.com.

Sustainability targets*

Renewable electricity[1]:	80% by 2026 , eventually 100%, Performance Q2 2023: 81% (66)
TRIR[2]:	Eliminate accidents in production Performance Q2 2023: 1.5 (1.7)
Women in workforce:	30% by 2025 Performance Q2 2023: 23% (21)
Women leaders:	30% by 2025 Performance Q2 2023: 21% (22)
Service share:	Service share 30% of net sales in the long term Performance Q2 2023, LTM: 13.6% (15.6)

* Last 12 months

[1] In production plants

[2] Total Recordable Incident Rate (number of accidents where the employee had to seek medical assistance multiplied by 200,000/number of hours worked)

Financial performance

MSEK	Q2 2023	Q2 2022	Δ%	Jan-Jun 2023	Jan-Jun 2022	Δ%	LTM Jul-Jun	Full-year 2022
Order intake	3,427	3,200	7	5,972	7,333	-19	15,469	16,830
AirTech	1,726	1,727	-0	3,412	3,305	3	8,506	8,399
DCT	1,067	939	14	1,360	2,809	-52	4,796	6,245
FoodTech	646	554	17	1,227	1,252	-2	2,216	2,242
Corporate & elim.	-11	-20	-	-26	-33	-	-49	-56
Net sales	3,536	2,610	35	6,711	4,731	42	12,365	10,386
AirTech	2,088	1,723	21	4,111	3,133	31	7,808	6,830
DCT	878	303	190	1,530	523	193	2,408	1,401
FoodTech	583	599	-3	1,095	1,104	-1	2,203	2,211
Corporate & elim.	-13	-15	-	-26	-28	-	-54	-56
Adjusted EBITA	479	272	76	868	473	84	1,465	1,070
AirTech	346	242	43	668	442	51	1,240	1,014
DCT	133	18	641	215	24	799	275	84
FoodTech	58	50	15	82	72	14	138	128
Corporate & elim.	-57	-39	-	-97	-65	-	-189	-156
Adjusted EBITA margin, %	13.5	10.4		12.9	10.0		11.8	10.3
AirTech	16.6	14.1		16.3	14.1		15.9	14.8
DCT	15.2	5.9		14.1	4.6		11.4	6.0
FoodTech	9.9	8.4		7.5	6.5		6.3	5.8

Order intake

April-June 2023

Order intake amounted to MSEK 3,427 (3,200), (organic development of +1%, structural +1%, currency effects +5%), with good growth in FoodTech and DCT. The underlying demand in Munters prioritized growth areas remained solid. AirTech reported decreased order intake, with growth in the battery sub-segment in Americas but flat development in APAC and a weaker development in EMEA. Order intake increased in DCT, with good underlying demand and a strong long-term outlook driven by continued digitization and an increased focus on energy-efficient cooling solutions for data centers. Large orders in the second quarter included an order of MUSD 88 received in DCT from a leading Data Center colocation operator in the US for chilled water air handlers. FoodTech had a strong development of order intake driven by good growth in both Climate and Digital Solutions in the US.

For more information on the order intake, see the business area comments on pages 6, 7 and 8.

January-June 2023

Order intake during the first half of the year amounted to MSEK 5,972 (7,333), (organic decline of -25%, structural +1%, currency effects +5%).

The order backlog at the end of the period amounted to MSEK 11,153 compared to MSEK 7,515 million in the second quarter 2022, corresponding to a 48% increase. The majority of the backlog is attributable to large orders received in DCT and AirTech during 2022 to be delivered throughout 2025.

Net sales

April-June 2023

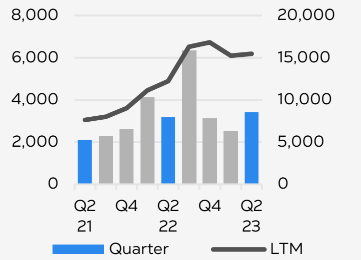
Net sales grew to MSEK 3,536 (2,610) (organic growth +27%, structural +1%, currency effects +7%). Growth was mainly driven by the battery sub-segment in AirTech and region Americas in DCT. FoodTech showed a flat development, with good growth in Americas offset by a weaker development in EMEA. Service net sales amounted to 11% (14) of total net sales with an organic growth of 5%.

For more information on the net sales, see the business area comments on pages 6, 7 and 8.

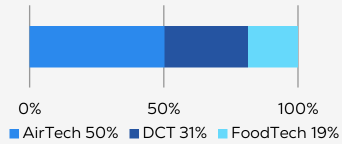
January-June 2023

Net sales grew to MSEK 6,711 (4,731) (organic growth +32%, structural +2%, currency effects +8%). AirTech and DCT reported strong sales growth driven by high activity in projects and deliveries, whereas FoodTech was flat. Service net sales for the year amounted to 12% (14) of total net sales with an organic growth of 12%.

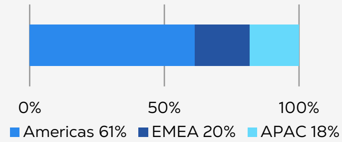
Quarterly order intake (MSEK)



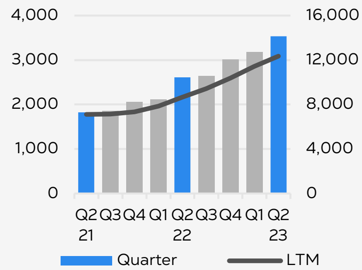
Order intake per Business Area Q2, 2023 (MSEK)



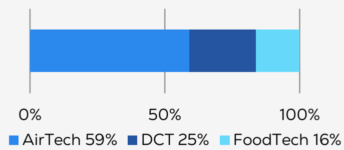
Order intake per region Q2, 2023 (MSEK)



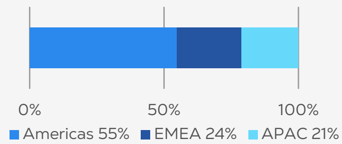
Quarterly net sales, (MSEK)



Net sales per Business Area Q2, 2023 (MSEK)



Net sales per region Q2, 2023 (MSEK)



Results

Adjusted EBITA excludes Items Affecting Comparability, IAC, see page 18 for disclosure of the IACs.

April-June 2023

The gross margin amounted to 31.7% (28.5). The margin improved mainly as a result of strong net sales growth in AirTech and DCT and positive effects from efficiency improvements.

Adjusted EBITDA amounted to MSEK 561 (332), corresponding to an adjusted EBITDA-margin of 15.9% (12.7). Depreciation of tangible assets amounted to MSEK -82 (-60), whereof depreciation of leased assets was MSEK -48 (-30).

Adjusted EBITA amounted to MSEK 479 (272), corresponding to an adjusted EBITA margin of 13.5% (10.4). The margin improved mainly because of net sales increases in AirTech and DCT as well as combined efficiency improvement efforts in all business areas.

Adjusted EBITA for Corporate amounted to MSEK -57 (-39). The main reason for increased costs is related to an expansion of the corporate functions.

Operating profit (EBIT) was MSEK 408 (220), corresponding to an operating margin of 11.5% (8.4). Amortization and write-downs of intangible assets were MSEK -37 (-24), where MSEK -13 (-9) related to amortization of intangible assets from acquisitions.

January-June 2023

The gross margin amounted to 31.1% (29.2).

Adjusted EBITDA amounted to MSEK 1,023 (592), corresponding to an adjusted EBITDA-margin of 15.2% (12.5). Depreciation of tangible assets amounted to MSEK -155 (-119), whereof depreciation of leased assets was MSEK -88 (-58).

Adjusted EBITA amounted to MSEK 868 (473), corresponding to an adjusted EBITA margin of 12.9% (10.0). The margin improved mainly because of net sales increases in AirTech and DCT as well as our combined efficiency improvement efforts in all business areas.

Adjusted EBITA for Corporate amounted to MSEK -97 (-65).

Operating profit (EBIT) was MSEK 756 (354), corresponding to an operating margin of 11.3% (7.5). Amortization and write-downs of intangible assets in the first half year were MSEK -72 (-47), where MSEK -25 (-18) related to amortization of intangible assets from acquisitions.

Items affecting comparability (IAC)

Items affecting comparability totaled MSEK -34 (-28) in the second quarter of which costs related to restructuring activities amounted to MSEK -8 (-16). Other IACs of MSEK -26 (-3) were recorded in the quarter and comprise costs related to M&A activities and costs related to the announced strategic review of the equipment offering in FoodTech.

For the 6 months period IACs totaled MSEK -40 (-72) including restructuring activities of MSEK -12 (-44) and other IACs of MSEK -28 (-1), in the first half of 2022 Munters incurred IACs related to the decision to close down business activities in Russia of MSEK -27.

Financial items

Financial income and expenses for the second quarter amounted to MSEK -66 (-14). Interest expenses increased due to increased interest rates combined with higher outstanding debt at the end of June 2023 as well as a negative effect from foreign exchange rate effects as the SEK weakened against several currencies. Interest expense on lease liabilities amounted to MSEK -11 (-4) in the second quarter.

Financial income and expenses for the first six months amounted to MSEK -139 (-37).

Taxes

Income taxes for the second quarter was MSEK -85 (-39). The effective tax rate in the second quarter was 25% (19). Income taxes for the first six months was MSEK -147 (-49). The effective tax rate for first six months was 24% (15).

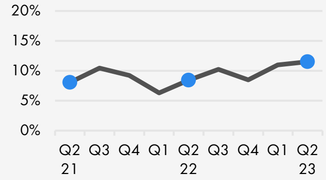
The low effective tax rate in 2022 was mainly driven by tax related to previous years and a revaluation effect on deferred taxes in Sweden.

Earnings per share

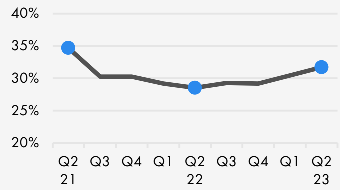
Net income attributable to Parent Company's ordinary shareholders amounted to MSEK 256 (169) in the second quarter. Earnings per share, before dilution, was SEK 1.40 (0.93). Earnings per share, after dilution, was SEK 1.40 (0.93).

The average number of outstanding ordinary shares in the second quarter, for the purpose of calculating earnings per share, was 182,123,383 before dilution and 182,395,834 after dilution.

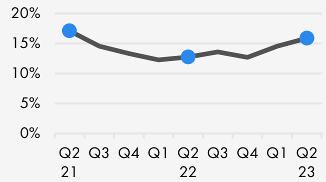
Quarterly EBIT margin, %



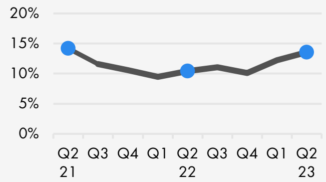
Quarterly gross margin, %



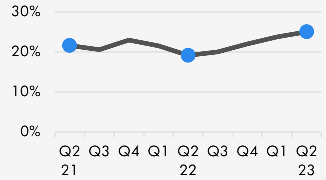
Quarterly adjusted EBITDA margin, %



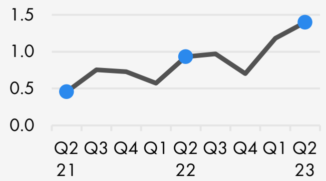
Quarterly adjusted EBITA margin, %



Tax rate LTM, %



Quarterly EPS, SEK



Financial position

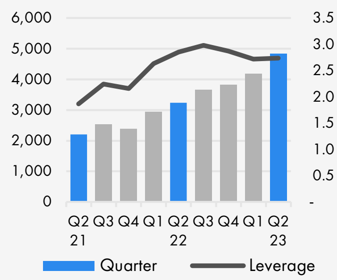
Interest-bearing liabilities, including lease liabilities, amounted to MSEK 5,319 (3,468) per end of June. The increase is mainly related to acquisitions made in the first half year financed by debt. Cash and cash equivalents amounted to MSEK 710 (459) as of June 30th.

Net debt as of June 30th amounted to MSEK 4,833 compared to MSEK 3,241 at the end of June 2022 and MSEK 4,175 at the end of March 2023.

Net debt in relation to adjusted EBITDA was 2.7x at end of June which is unchanged since end of March 2023. The Group's interest-bearing liabilities have an average maturity of 3 years.

Average capital employed for the last twelve months was MSEK 10,145 (7,699). Return on capital employed (ROCE) for last twelve months increased to 12.7% (9.6) due to improved operating profit.

Net debt per quarter



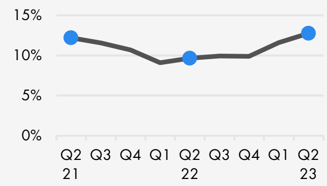
Cash flow

Cash flow from operating activities amounted to MSEK 10 (105) in the second quarter and MSEK -158 (79) for the first six months of 2023.

Cash flow from changes in working capital had a negative impact of MSEK -321 (-101) in the second quarter and a negative impact of MSEK -834 (-303) for the first six months of 2023. The negative impact is mainly driven by the strong order intake of large projects in DCT in 2022. In the first half year production continued to ramp-up and deliveries to customers increased with payments expected in the coming quarters. This led to increased operating working capital.

The total cash flow for the second quarter amounted to MSEK 90 (-115) and MSEK -205 (-235) for the first six months of 2023. The total cash flow for the first six months was impacted by acquisitions of MSEK -149, investments in tangible and intangible assets of MSEK -325, payment of dividend to external shareholders in May 2023 of MSEK -175 and net increased external borrowing of MSEK 675.

ROCE, %



Parent company

The parent company for the Group is Munters Group AB. The parent company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to MSEK 0 (-).

AirTech

Business area AirTech is a global leader in energy-efficient air treatment for industrial and commercial applications. We offer solutions for mission-critical processes that require exact control of moisture and temperature, with a focus on energy-efficiency and sustainable climate systems. Our climate systems also provide better indoor air quality and comfort, as well as increased production capacity.

	Q2			Jan-Jun			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Jul-Jun	2022
External order backlog	4,124	3,204	29	4,124	3,204	29	4,124	4,698
Order intake	1,726	1,727	-0	3,412	3,305	3	8,506	8,399
Growth	-0%	31%		3%	28%		30%	44%
Net sales	2,088	1,723	21	4,111	3,133	31	7,808	6,830
Growth	21%	58%		31%	49%		37%	46%
of which organic growth	13%	43%		22%	36%		-	31%
of which acq. and div.	2%	-		2%	-		-	0%
of which currency effects	6%	15%		7%	13%		-	15%
Operating profit (EBIT)	327	228	43	636	409	55	1,203	976
Operating margin, %	*15.7*	*13.3*		*15.5*	*13.1*		*15.4*	*14.3*
Amortization of intang. asset	-11	-6		-21	-11		-38	-29
Items affecting comparability	-8	-9		-12	-22		1	-9
Re-allocation of int. services	-	-		-	-1		1	-
Adjusted EBITA	346	242	43	668	442	51	1,240	1,014
Adjusted EBITA margin, %	*16.6*	*14.1*		*16.3*	*14.1*		*15.9*	*14.8*

April-June 2023

Order intake

Order intake decreased -7% organically, with flat development in APAC and Americas and a weaker development in EMEA.

- The battery sub-segment had good growth in Americas, however a weaker development in APAC and EMEA. The food sub-segments had a weak development in the US, partly offset by a positive development in APAC and EMEA.
- Clean Technologies (CT) declined slightly mainly due to a weaker market in EMEA and Americas in process industries. During the quarter a decision was taken to leave the marine market within the segment.
- Components had good growth, mainly in EMEA and Americas driven by the acquisition of Hygromedia and Rotorsource in 2022. Service had good growth in EMEA, offset by a weaker market in Americas.

Net sales

Net sales increased +13% organically, with strong growth in all regions mainly driven by the battery sub-segment and service. Service accounted for 18% (20) of net sales with an organic increase of +5%.

- The battery sub-segment was the main driver for strong growth in all regions. The food sub-segment had a flat development with growth in Americas, offset by a weaker development in EMEA.
- Clean Technologies had a weaker development in all regions.
- The Components segment showed good growth in all regions. Service had good growth in EMEA, and a flat development in Americas and APAC.

Adjusted EBITA

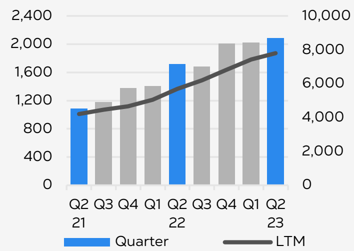
The adjusted EBITA margin improved significantly mainly because of increased net sales.

- Contributions from efficiency improvements had a positive impact on the margin.
- Net price increases contributed to strengthening the margin.

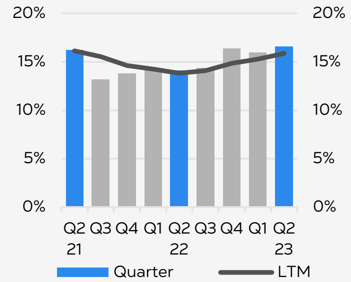
January-June 2023

- Order intake declined -4% organically, with growth in Components offset by a weaker development in Industrial.
- Net sales increased 22% organically, mainly because of a strong development in the Industrial segment in all regions. Components had good growth in all regions and service grew in Americas and EMEA with a flat development in APAC. Service accounted for 19% (20) of net sales with an organic growth of +14%.
- The adjusted EBITA margin improved as a result of volume increase combined with positive contributions from efficiency improvements and price increases.

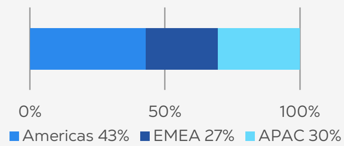
Quarterly net sales - AirTech, (MSEK)



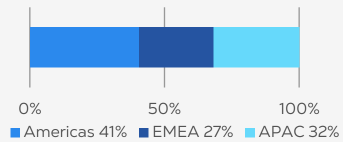
Quarterly adjusted EBITA margin % - AirTech



Order intake per region Q2, 2023 - AirTech (MSEK)



Net sales per region Q2, 2023 - AirTech (MSEK)



Data Center Technologies

Business area Data Center Technologies (DCT) is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies. Our solutions produce significant energy savings for data centers compared with traditional cooling solutions. With a diversified product portfolio and extensive application knowledge, we create sustainable climate solutions for data center operators worldwide. In 2022 Edpac was acquired, an Ireland-based manufacturer of data center cooling equipment and air handling systems. The acquisition strengthens the presence in Europe.

	Q2			Jan-Jun			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Jul-Jun	2022
External order backlog	6,037	3,369	79	6,037	3,369	79	6,037	5,937
Order intake	1,067	939	14	1,360	2,809	-52	4,796	6,245
Growth	14%	421%		-52%	621%		38%	494%
Net sales	878	303	190	1,530	523	193	2,408	1,401
Growth	190%	72%		193%	46%		178%	100%
of which organic growth	168%	10%		170%	-13%		-	35%
of which acq. and div.	-	39%		-	41%		-	35%
of which currency effects	22%	23%		23%	18%		-	30%
Operating profit (EBIT)	127	13	883	204	22	817	253	71
Operating margin, %	*14.5*	*4.3*		*13.3*	*4.3*		*10.5*	*5.1*
Amortization of intang. asset	-6	-5		-11	-10		-22	-20
Items affecting comparability	-	-0		-	8		0	8
Adjusted EBITA	133	18	641	215	24	799	275	84
Adjusted EBITA margin, %	*15.2*	*5.9*		*14.1*	*4.6*		*11.4*	*6.0*

April-June 2023

Order intake

Order intake increased +10% organically, with good underlying demand and a strong long-term outlook driven by continued digitization and an increased focus on energy-efficient cooling solutions for data centers.

- Large orders received during the quarter include an order of MUSD 88 (MSEK 955) from a leading data center colocation operator in the US for chilled water air handlers. It is to be deployed at multiple data centers in the US. Deliveries are estimated to begin in the fourth quarter of 2024 and to be finalized in the fourth quarter of 2025.

Net sales

Net sales increased +168% organically, driven by high activity in large projects and increased deliveries.

- Current increasing volumes are enabled mainly by a ramp-up in production in both the Virginia as well as the Texas factory in the US. Deliveries on the large orders announced during last year are proceeding according to plan.
- The production ramp-up in Europe of Munters products is progressing according to plan. In the quarter, production of the Oasis product started on Ireland. Preparations to introduce the SyCool split solution to the European market are ongoing.

Adjusted EBITA

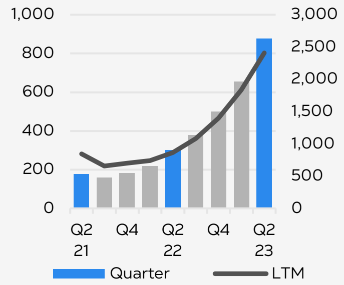
The adjusted EBITA margin increased mainly because of a strong volume increase.

- The ramp-up in production at the Virginia site, US, continued throughout the quarter resulting in higher net sales. Combined with increased production efficiency the margin significantly improved.
- Net price increases more than compensated for material and freight costs.
- Capex spending in relation to net sales was at a low level and is expected to ramp-up slightly during the remainder of the year.

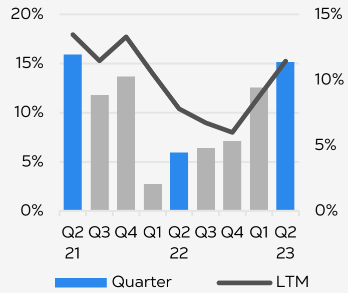
January-June 2023

- Order intake decreased -56% organically mainly as a consequence of customer having ordered solutions in advance in the second half of 2022 because of previous supply chain challenges.
- Net sales increased +170% organically, driven by high activity in large projects and a ramp-up of production.
- The adjusted EBITA margin improved strongly as a result of volume increase, price increases and efficiency improvements.

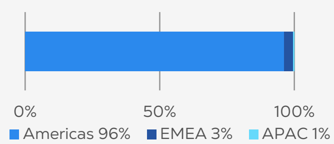
Quarterly net sales - DCT, (MSEK)



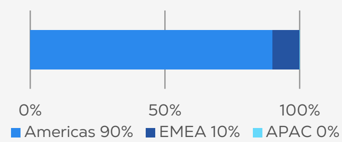
Quarterly adjusted EBITA margin % - DCT



Order intake per region Q2, 2023 – DCT (MSEK)



Net sales per region Q2, 2023 - DCT (MSEK)



FoodTech

Business area FoodTech is one of the world's leading suppliers of innovative, energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain. Our solutions increase productivity while contributing to sustainable food production, where strict requirements are placed on quality, animal health and food safety.

	Q2			Jan-Jun			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Jul-Jun	2022
External order backlog	992	942	5	992	942	5	992	828
Order intake	646	554	17	1,227	1,252	-2	2,216	2,242
Growth	17%	-13%		-2%	8%		-2%	4%
Net sales	583	599	-3	1,095	1,104	-1	2,203	2,211
of which SaaS	42	28	48	78	54	44	143	119
SaaS ARR	166	112	48	166	112	48	166	133
Growth	-3%	6%		-1%	11%		3%	9%
of which organic growth	-8%	-5%		-6%	2%		-	-2%
of which currency effects	5%	10%		6%	10%		-	11%
Operating profit (EBIT)	19	22	-14	25	-3	-960	33	5
Operating margin, %	*3.2*	*3.7*		*2.3*	*-0.3*		*1.5*	*0.2*
Amortization of intang. asset	-18	-12		-34	-24		-70	-59
Items affecting comparability	-21	-16		-23	-50		-36	-64
Adjusted EBITA	58	50	15	82	72	14	138	128
Adjusted EBITA margin, %	*9.9*	*8.4*		*7.5*	*6.5*		*6.3*	*5.8*

April-June 2023

Order intake

Order intake increased +11% organically, mainly driven by strong order intake in the US.

- The Americas region showed stable development within both Digital and Climate Solutions. Climate Solutions in the US showed good growth, mainly in the dairy, broiler and layer segments.
- In region EMEA, the market was weak as a consequence of a continued low level of investments, with growth in the greenhouse and dairy segments.
- In region APAC, the swine market in China was continued weak, whereas the layer, greenhouse and dairy segments showed positive development.

Net sales

Net sales declined -8% organically, mainly due to continued weak markets in APAC and EMEA.

- Climate Solutions in Americas showed growth, primarily in the broiler segment. Digital Solutions in Americas grew with increased software recurring revenues +48% to MSEK 42, with an ARR (Annualized Recurring software Revenue) of MSEK 166.
- EMEA declined due to the overall weak market demand in all segments except dairy that showed good growth.
- Climate Solutions in APAC declined mainly due to a continued weak swine market in China. The greenhouse and layer segment showed good growth.

Adjusted EBITA

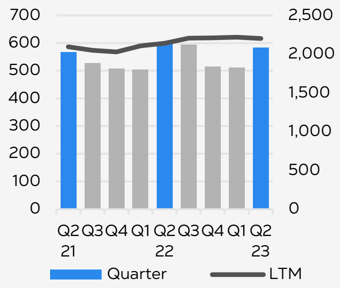
The adjusted EBITA margin improved despite declining net sales.

- Positive effects from operational excellence improvements with actions taken to mitigate negative effects from lower net sales in EMEA and APAC.
- Improved profitability in Digital Solutions despite continued high investments for growth.
- Commercial excellence initiatives, including net price increases contributed to strengthening margin.

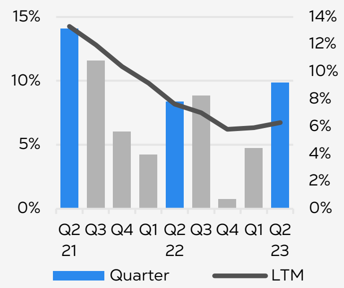
January-June 2023

- Order intake declined -8% organically, mainly due to a weak market in APAC and EMEA, partly offset by good development in Americas.
- Net sales declined -6% organically, mainly due to a weak market in APAC and EMEA, partly offset by a good development in Americas.
- The adjusted EBITA margin improved somewhat because of positive effects from net price increases and efficiency improvement initiatives.

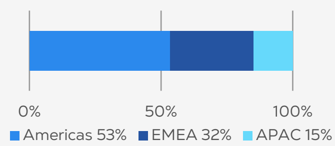
Quarterly net sales - FoodTech, (MSEK)



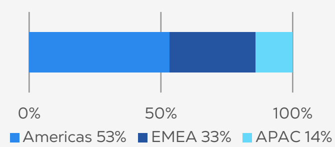
Quarterly adjusted EBITA margin % - FoodTech



Order intake per region Q2, 2023 – FoodTech (MSEK)



Net sales per region Q2, 2023 - FoodTech (MSEK)

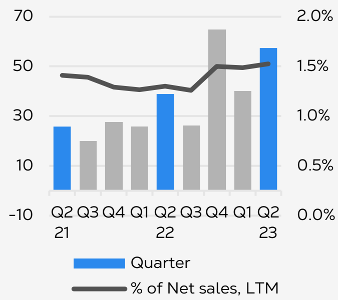


Corporate

The Corporate function reported an adjusted EBITA of MSEK -57 (-39) in the second quarter. Corporate staff functions as well as minority investments are accounted for within Corporate.

To further enhance Munters strategic journey Munters has started to make financial investments in start-ups with the aim to support innovation for the group within digitalization, technology, and sustainability. In 2022, five minority investments were made. No investments were made in the first half year 2023.

Quarterly Corporate cost (MSEK)



Other information

Employees

The number of permanent FTEs (Full Time Equivalents), at June 30, 2023 was 4,294 (3,654). The amount of FTEs at June 30, 2023 in business area AirTech was 2,690 (2,403), in DCT 562 (340), in FoodTech 917 (826) and at Group functions 125 (85).

Outstanding shares

As of June 30, 2023, Munters held 2,332,359 treasury shares of the total shares of 184,457,817. Thus, the number of outstanding shares as of the balance sheet date was 182,125,458.

Dividend

A dividend of SEK 0.95 (0.85) per share was paid in May 2023, in total MSEK 173 (154). This represented 30 per cent of the net income 2022. During the second quarter a dividend of MSEK 2 (2) was paid to non-controlling interests.

Other events during the quarter

Acquisition of Swedish Tobo Component – In May 2023 the Swedish manufacturer of components was acquired by AirTech. Tobo Components have manufactured components to us since 2005 and employ approximately 14 full-time employees. The acquisition follows the strategy to expand within our core business and gives us full process control, giving additional growth opportunities.

Annual general meeting 2023 - The annual general meeting was held at Munters headquarters in Kista, Stockholm, Sweden on Wednesday, May 17. More information around main resolutions made at the Annual General Meeting can be found on www.munters.com.

Acquisition of French SIFT – In June 2023 the French Service business, SIFT, was acquired by AirTech. SIFT operate within climate control & cold storage in northern France and employ approximately 17 full-time employees. The acquisition follows AirTech's strategy to increase market share within the service business in Europe.

Webinar focused on Clean Technologies – On June 16 Investor Relations hosted a webinar focused on Clean Technologies within AirTech. Clean Technologies is a prioritized growth area within Munters and the webinar provided an overview of the market as well as our strategy and operations. The event is available for viewing on-demand on Munters Investor Relations website.

Major order for colocation data center – On the last of June, Munters received an order at approximately MUSD 88 (about MSEK 955) from a US-based colocation data center company for chilled water air handlers, to be deployed at multiple data centers in the US. Deliveries are estimated to begin in the fourth quarter of 2024 and to be finalized in the fourth quarter of 2025.

Acquisition of InoBram receives approval - In June, the Brazilian authorities approved Munters agreement to acquire InoBram, which was announced in November 2022, and the transaction was closed in the end of June 2023. InoBram is a Brazilian manufacturer of controllers and complimentary accessories for the broiler and swine segments. With the help of innovative software, sensors and connected solutions, farmers and food producers get the tools they need to improve animal health and increase energy efficiency in their operations. The acquisition strengthens our presence in the Brazilian and South America markets.

Events after the close of the period

Strategic review of FoodTech equipment offering – On 18th July Munters announced that a strategic review of the equipment offering in FoodTech has been initiated. The company has decided to accelerate the focus on digital growth (software, IoT, sensors and controllers) and the strategic review includes exploring different options and may result in partial divestments, although no such decisions have yet been made. Munters net sales for 2022 amounted to approximately BSEK 10.4, of which the equipment sales within FoodTech accounted for approximately 16%.

Ten largest shareholders

As of 30 Jun	%
FAM AB	28.0
First Swedish National Pension Fund	7.2
ODIN Funds	6.7
Swedbank Robur Fund	6.4
Fourth Swedish National Pension Fund	5.4
Capital Group	3.3
Vanguard	2.0
Schroders	2.0
C WorldWide Asset Management	1.8
Columbia Threadneedle	1.8

Source: Modular Finance AB

About Munters

Munters is a global leader in energy-efficient and sustainable climate solutions. The solutions guarantee temperature and humidity control, which is mission-critical for customers. Munters offers solutions to many different industries where controlling temperature and humidity is mission critical. Our solutions reduce customers' climate and environmental impact through lower resource consumption, and in the process contribute to cleaner air, higher efficiency and reduced carbon emissions. Sustainability is an important part of Munters' business strategy and value creation.

Short facts

- ~4,294 employees (FTEs)
- >30 countries with sales and manufacturing
- 19 production units
- 21% women leaders
- Three business areas: AirTech, Data Center Technologies and FoodTech

In Q2, AirTech generated 59%, Data Center Technologies 25% and FoodTech 16% of the total net sales of Munters

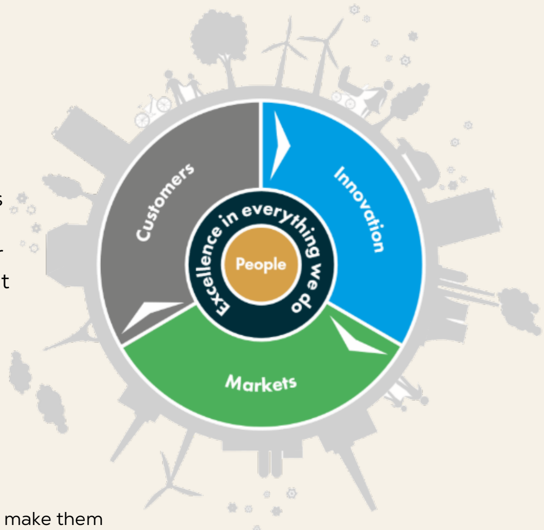
Purpose

For customer success and a healthier planet

Curiosity and a drive to create pioneering technologies are part of our DNA. Our climate solutions are mission-critical to our customers' success and contribute to a more sustainable planet.

The strategy of Munters

Munters has a strong position in most of our markets. We see great opportunities to improve and strengthen our market position and to achieve our mid-term financial targets and deliver on our strategy. The key to success is how we respond in working toward our goals. Our overarching strategic priorities show which areas we regard as important to our success. For each strategic priority we have clear action plans and ambitions what we want to achieve. Sustainability is a priority issue reflected in every strategic priority.



People: Employees are the hub of our business and their safety and health is a priority. Diversity and inclusion are important to us, since we are convinced that diversity leads to stronger innovation. Through collaboration and a passion for creating energy-efficient solutions for our customers and partners, we contribute to our customers' success and a better world.

Customers: We help our customers succeed by supplying high-quality climate solutions that make them more sustainable. Our success is built on close, long-term relationships and a deep understanding of the customer's business and future needs. Our strategy is to continue to build customer insight and utilize our broadbased expertise on applications, technology and components to supply attractive solutions and services.

Innovation: Curiosity and an ambition to create pioneering technologies are part of our DNA. We will stay at the forefront of the industry's development and contribute to sustainable development through our energy- and resource-efficient climate solutions. We continue to invest in our core technologies, solutions and digitization to optimize our product portfolio and our innovative production technology.

Markets: Munters is active around the world and climate change, digitization and population growth are the key markets drivers. Our resources are focused on strengthening our position in areas where we can be a market leader and growing the service business. With high-quality, resource-efficient solutions and a conscious effort to re-duce our own climate impact, we contribute to sustainable development.

Excellence in everything we do: Our aim is to increase efficiency and quality in everything we do and to reduce our climate impact. Munters' operations all share responsible business practices and high ethical standards with a respect for human rights, diversity, and health and safety in the workplace

Quarterly overview Group

Income Statement

	2023		2022				2021		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order backlog	11,153	10,783	11,463	11,866	7,515	6,367	4,198	3,525	3,018
Order intake	3,427	2,544	3,143	6,354	3,200	4,133	2,605	2,295	2,118
Net sales	3,536	3,175	3,011	2,644	2,610	2,121	2,057	1,857	1,822
Adjusted EBITDA	**561**	**462**	**381**	**359**	**332**	**260**	**274**	**270**	**311**
Depreciation tangible assets	-82	-73	-78	-66	-60	-59	-56	-55	-53
Adjusted EBITA	**479**	**389**	**304**	**293**	**272**	**201**	**217**	**215**	**259**
Amortization intangible assets from acq.	-13	-12	-8	-9	-9	-9	-8	-8	-7
Amortization other intangible assets	-25	-22	-30	-19	-15	-14	-10	-10	-14
Items affecting comparability (IAC)	-34	-6	-9	6	-28	-44	-9	-4	-91
Operating profit (EBIT)	**408**	**349**	**255**	**271**	**220**	**134**	**190**	**194**	**147**
Financial income and expenses	-66	-73	-64	-41	-14	-23	-14	-20	-25
Tax	-85	-62	-61	-53	-39	-10	-43	-35	-37
Net income	**257**	**214**	**131**	**178**	**166**	**102**	**133**	**138**	**84**
-attributable to Parent Comp. Shareholders	256	214	128	176	169	104	133	138	83

Key performance indicators

	2023		2022				2021		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Organic Growth, Net Sales	27%	38%	26%	22%	25%	16%	10%	3%	13%
Adjusted EBITA margin, %	13.5	12.3	10.1	11.1	10.4	9.5	10.6	11.6	14.2
Operating margin, %	11.5	11.0	8.5	10.3	8.4	6.3	9.2	10.5	8.0
Earnings per share before dilution, SEK	1.40	1.18	0.70	0.97	0.93	0.57	0.73	0.75	0.46
Earnings per share before after, SEK	1.40	1.18	0.70	0.97	0.93	0.57	0.73	0.75	0.45
OWC/Net Sales, %	13.2	12.7	12.7	13.1	13.3	13.4	13.1	12.5	12.1
Net Debt/Adjusted EBITDA, LTM	2.7	2.7	2.9	3.0	2.9	2.6	2.2	2.2	1.9

Net Debt

	2023		2022				2021		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Cash and cash equivalents	-710	-618	-914	-698	-459	-565	-674	-440	-680
Interest-bearing liabilities	4,518	3,772	3,721	3,424	3,101	2,830	2,374	2,324	2,263
Lease liabilities	801	781	774	731	367	370	376	369	366
Provisions for pensions	209	217	227	187	226	298	308	279	255
Accrued financial expenses	15	24	16	10	6	5	5	4	4
Net Debt	**4,833**	**4,175**	**3,825**	**3,654**	**3,241**	**2,938**	**2,389**	**2,536**	**2,209**

Condensed statement of comprehensive income

	Q2		Jan-Jun		LTM	Full-year
MSEK	2023	2022	2023	2022	Jul-Jun	2022
Net sales	3,536	2,610	6,711	4,731	12,365	10,386
Cost of goods sold	-2,414	-1,865	-4,622	-3,367	-8,623	-7,368
Gross profit	**1,122**	**745**	**2,088**	**1,364**	**3,742**	**3,017**
Selling expenses	-327	-263	-625	-501	-1,203	-1,079
Administrative costs	-284	-198	-527	-361	-966	-800
Research and development costs	-80	-52	-151	-110	-277	-236
Other operating income and expenses	-21	-12	-26	-37	-8	-19
Share of earnings in associates	-2	-	-2	-	-4	-2
Operating profit	**408**	**220**	**756**	**354**	**1,283**	**881**
Financial income and expenses	-66	-14	-139	-37	-244	-142
Profit/Loss after financial items	**342**	**205**	**617**	**317**	**1,039**	**739**
Tax	-85	-39	-147	-49	-260	-162
Net income for the period	**257**	**166**	**470**	**268**	**779**	**577**
Attributable to Parent Company shareholders	256	169	470	274	774	577
Attributable to non-controlling interests	1	-3	0	-5	6	-0
Average number of outstanding shares before dilution	182,123,383	181,619,912	182,106,082	181,613,506	181,998,343	181,752,465
Average number of outstanding shares after dilution	182,395,834	181,760,257	182,368,487	181,781,139	182,234,850	181,932,090
Earnings per share before dilution, SEK	1.40	0.93	2.58	1.51	4.25	3.18
Earnings per share after dilution, SEK	1.40	0.93	2.58	1.51	4.25	3.17
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange-rate differences on translation of foreign operations	238	292	238	354	367	483
Items that will not be reclassified to profit or loss:						
Actuarial gains/losses on defined-benefit pension obligations	10	74	23	87	27	91
Income tax effect not to be reclassified to profit or loss	-2	-15	-5	-18	-5	-18
Other comprehensive income, net after tax	**246**	**350**	**256**	**423**	**389**	**555**
Total comprehensive income for the period	**503**	**517**	**727**	**691**	**1,168**	**1,132**
Attributable to Parent Company shareholders	504	519	726	697	1,162	1,133
Attributable to non-controlling interests	-1	-3	1	-6	6	-1

Condensed statement of financial position

MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	5,756	4,855	5,359
Other intangible assets	2,198	1,889	2,027
Property, plant and equipment	953	736	825
Right-of-Use assets	768	350	751
Participations in associated companies	33	0	34
Other financial assets	82	21	83
Deferred tax assets	346	292	298
Total non-current assets	**10,136**	**8,143**	**9,376**
CURRENT ASSETS			
Inventory	2,153	1,521	1,956
Accounts receivable	2,379	1,526	2,235
Derivative instruments	8	3	2
Current tax assets	87	74	93
Other receivables	131	98	159
Prepaid expenses and accrued income	1,166	817	684
Cash and cash equivalents	710	459	914
Total current assets	**6,634**	**4,499**	**6,042**
TOTAL ASSETS	16,770	12,641	15,419
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	5,820	4,898	5,303
Non-controlling interests	1	2	3
Total equity	**5,821**	**4,901**	**5,307**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4,511	3,077	3,721
Lease liabilities	620	263	640
Provisions for pensions	209	226	227
Other provisions	63	69	65
Other non-current liabilities	347	157	223
Deferred tax liabilities	453	438	442
Total non-current liabilities	**6,204**	**4,230**	**5,318**
CURRENT LIABILITIES			
Interest-bearing liabilities	6	24	-
Lease liabilities	181	104	135
Other provisions	166	172	150
Accounts payable	1,277	910	1,288
Derivative instruments	3	1	-
Current tax liabilities	74	36	55
Advances from customers	1,592	1,105	1,715
Other current liabilities	118	119	257
Accrued expenses and deferred income	1,327	1,039	1,194
Total current liabilities	**4,745**	**3,511**	**4,794**
TOTAL EQUITY AND LIABILITIES	16,770	12,641	15,419

Condensed statement of changes in equity

MSEK	2023-06-30	2022-06-30	2022-12-31
Opening balance	**5,307**	**4,363**	**4,363**
Total comprehensive income for the period	727	691	1,132
Exercised share options	3	4	25
Put/call option related to non controlling interests	-41	-	-58
Dividends paid	-175	-156	-156
Share option plan incl. deferred tax	1	-1	0
Other	-	-	0
Closing balance	**5,821**	**4,901**	**5,307**
Total shareholders´ equity attributable to:			
The parent company's shareholders	5,820	4,898	5,303
Non-controlling interests	1	2	3

Condensed cash flow statement

	Q2		Jan-Jun		LTM	Full-year
MSEK	2023	2022	2023	2022	Jul-Jun	2022
OPERATING ACTIVITIES						
Operating profit	408	220	756	354	1,283	881
Reversal of non-cash items						
Depreciation, amortization and impairments	119	85	227	166	437	377
Other profit/loss items not affecting liquidity	8	-2	-0	-8	-16	-24
Change in provisions						
Provisions	19	-4	8	6	-22	-24
Cash flow before interest and tax	**553**	**298**	**991**	**519**	**1,682**	**1,210**
Paid financial items	-74	-11	-141	-30	-233	-121
Taxes paid	-148	-82	-173	-107	-299	-233
Cash flow from operating activites before changes in working capital	**331**	**206**	**676**	**382**	**1,150**	**856**
Change in accounts receivable	-25	-72	-38	-57	-616	-635
Change in inventory	43	-127	-77	-305	-478	-706
Change in accrued income	-295	-246	-338	-295	-279	-236
Change in accounts payable	60	65	-67	55	275	397
Change in advances from customers	-143	235	-281	369	326	977
Cashflow from changes in operating working capital	**-360**	**-144**	**-802**	**-233**	**-772**	**-203**
Change in other working capital	39	44	-32	-70	157	119
Cash flow from changes in working capital	**-321**	**-101**	**-834**	**-303**	**-615**	**-84**
Cash flow from operating activities	**10**	**105**	**-158**	**79**	**535**	**772**
INVESTING ACTIVITIES						
Business acquisitions	-147	-2	-149	-302	-569	-721
Investments in associated companies	-0	-	-0	-	-34	-34
Investments in participations and securities in other companies	0	0	0	-3	-59	-62
Sale of intangible assets and property, plant and equipment	-1	-0	-1	1	26	27
Investment in property, plant and equipment	-78	-49	-149	-89	-282	-222
Investment in intangible assets	-91	-74	-176	-149	-344	-317
Cash flow from investing activities	**-316**	**-125**	**-474**	**-542**	**-1,262**	**-1,330**
FINANCING ACTIVITIES						
Exercised share options	0	2	3	4	24	25
Loan raised	608	205	1,079	785	1,797	1,503
Amortization of loans	-0	-122	-404	-348	-559	-504
Repayment of lease liabilities	-39	-29	-76	-56	-141	-122
Dividends paid	-175	-156	-175	-156	-175	-156
Other changes to financing activities	3	4	1	-0	-5	-5
Cash flow from financing activities	**396**	**-95**	**427**	**228**	**941**	**743**
Cash flow for the period	**90**	**-115**	**-205**	**-235**	**214**	**184**
Cash and cash equivalents at period start	616	565	911	674	457	674
Exchange-rate differences in cash and cash equivalents	4	9	4	20	39	56
Cash and cash equivalents at period end	**710**	**459**	**710**	**459**	**710**	**914**

Parent company

Condensed income statement

	Q2		Jan-Jun		LTM	Full-year
MSEK	2023	2022	2023	2022	Jul-Jun	2022
Net sales	–	–	–	–	–	–
Gross profit/loss	**-0**	**0**	**0**	**0**	**0**	**–**
Administrative costs	-3	-2	-6	-4	-14	-8
Other operating expenses	0	0	2	1	10	8
Profit/Loss before interest and tax (EBIT)	**-3**	**-2**	**-4**	**-3**	**1**	**1**
Financial income and expenses	-4	-1	-6	-1	-10	-5
Profit/Loss after financial items	**-7**	**-2**	**-10**	**-4**	**-9**	**-4**
Group contributions	–	–	–	–	7	7
Profit/Loss before tax	**-7**	**-2**	**-10**	**-4**	**-3**	**3**
Tax	–	–	–	0	1	1
Net income for the period	**-7**	**-2**	**-10**	**-4**	**-2**	**4**

Condensed statement of comprehensive income

Profit/Loss for the period	-7	-2	-10	-4	-2	4
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**-7**	**-2**	**-10**	**-4**	**-2**	**4**

Condensed balance sheet

MSEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,098	4,096	4,098
Other financial assets	4	3	4
Total non-current assets	**4,103**	**4,099**	**4,103**
CURRENT ASSETS			
Prepaid expenses and accrued income	1	1	1
Current tax assets	1	1	1
Receivables from subsidiaries	27	18	14
Cash and cash equivalents	0	–	0
Total current assets	**29**	**20**	**15**
TOTAL ASSETS	**4,132**	**4,119**	**4,118**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	4,136	4,136	4,136
Profit brought forward	-412	-270	-246
Income for the period	-10	-4	4
Total equity	**3,719**	**3,867**	**3,899**
NON-CURRENT LIABILITIES			
Provisions for pensions and similar commitments	3	2	3
Total non-current liabilities	**3**	**2**	**3**
CURRENT LIABILITIES			
Accounts payable	13	7	1
Accrued expenses and deferred income	15	13	16
Liabilities to subsidiaries	372	224	192
Other liabilities	9	5	6
Total current liabilities	**409**	**250**	**215**
TOTAL EQUITY AND LIABILITIES	**4,132**	**4,119**	**4,118**

Other disclosures

Accounting policies

This report has been prepared, with regards to the Group, in accordance with IAS 34 *Interim Financial Reporting*, recommendation RFR 1 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act and, with regards to the Parent Company, in accordance with recommendation RFR 2 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles applied correspond to those presented in the Annual- and Sustainability report 2022 (Note 1).

Environmental impact and environmental policy

Munters' operations affect the external environment through air and water emissions, the handling of chemicals and waste, transport of input goods and finished products to and from Munters factories. Munters is committed to constant vigilance regarding the environmental impact of its operations. Munters is committed to complying with all laws and to continuously promoting improvements in all Environment, Health & Safety (EHS) aspects, wherever Munters conducts business. Munters constantly seeks opportunities to reduce risk and to create a safer, healthier, more diverse and more environmentally friendly workplace for our employees, customers, communities, and the overall environment. Munters' manufacturing facilities all over the world are committed to working according to an EHS Management Program. The purpose of the EHS Program is to ensure regulatory compliance, actively prevent injuries, and reduce the impact that our business has on the environment.

Risks and uncertainties

The Group's significant risks and uncertainties can be divided into four categories; strategic, operational, financial and regulatory risks. In these categories, there are both risks due to political and macroeconomic trends and specific risks directly linked to the business carried out by the Group. A risk assessment is carried out on an annual basis and the purpose is to identify and address the most important risks.

Munters' products are used in complex customer processes. Quality and contract obligations are critical and could result in claims for damages. The Group depends to some extent on key customers and key personnel. Considering that Munters is a company with geographically widespread operations and many small organizational units, there is a risk of failure to comply with relevant regulations in the business ethics area, e.g. anti-bribery rules.

Financial risks mainly consist of currency, interest and financing risks. Munters works actively with insurance solutions, and group-wide insurances are governed by central guidelines. This includes for example coverage for general liability and product liability, property, business interruption, transportation, the liability of Board members and the CEO and employment practices liabilities.

A more detailed description of the Group's risks and how they are managed can be found in the Annual- and Sustainability report 2022 on pages 91-96.

Transactions with related parties

There have been no significant transactions with related parties during the period.

Fair value of financial instruments

Financial assets measured at fair value through profit/loss relates to financial investments and derivatives. Financial investments amounted to MSEK 62 (3) and net derivatives to MSEK 5 (2) as of the balance sheet date.

The Group's put/call option, from the acquisition of MTech Systems in 2017, is recognized at fair value in the statement of financial position. The option is measured according to IFRS 9 and is categorized in level 3 in the fair value hierarchy. The exercise period is beginning on January 1, 2025 and ending on December 31, 2025. The fair value of the option amounts to MSEK 267 as of the balance sheet date.

In June, Munters closed the acquisition of InoBram. Munters has acquired 60% of the company but the agreement includes a put/call option for Munters to acquire the remining 40% of the company in 2027. The option was recognized at fair value as of the transaction date. The fair value of the option amounts to MSEK 63 as of the balance sheet date.

MSEK	2023-06-30	2022-06-30	2022-12-31
Opening balance	217	137	137
Valuation put/call option	63	-	-
Remeasurments	31	-	57
Discounting	10	-	-
Exchange-rate differences	9	18	23
Closing balance	**330**	**155**	**217**

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at June 30, 2023, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

Net Sales by business area and region

Net Sales by business area and region in Q2

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Americas	885	722	792	223	304	252	0	0	1,981	1,197
EMEA	702	561	89	79	233	285	-8	-6	1,017	920
APAC	669	583	1	2	86	105	-3	-7	753	683
Sales between regions	-168	-144	-4	-1	-41	-43	-2	-2	-215	-190
TOTAL	**2,088**	**1,723**	**878**	**303**	**583**	**599**	**-13**	**-15**	**3,536**	**2,610**

Net Sales by business area and region Jan-Jun

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Americas	1,721	1,258	1,374	353	544	465	-1	-3	3,639	2,074
EMEA	1,351	1,063	159	168	466	530	-13	-9	1,962	1,752
APAC	1,363	1,081	2	3	154	192	-7	-12	1,512	1,264
Sales between regions	-324	-269	-4	-1	-69	-84	-5	-4	-402	-358
TOTAL	**4,111**	**3,133**	**1,530**	**523**	**1,095**	**1,104**	**-26**	**-28**	**6,711**	**4,731**

Reconciliation of alternative performance measures and items affecting comparability

The Group presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The Group is of the opinion that these metrics provide valuable complementary information, in that they enable an evaluation of the Group's performance. The financial metrics are calculated in accordance with the definitions presented in this interim report. A reconciliation of Adjusted EBITDA and Adjusted EBITA is found in the quarterly overview on page 12. Items affecting comparability are events or transactions with significant financial effects, which are relevant for the understanding of the financial performance when comparing the current period to previous periods. Items included are for example, restructuring activities, capital gains and losses from business divestments and M&A related costs as well as costs for other events, such as the Covid-19 pandemic and war in Ukraine, having a significant impact on the comparability.

Below is a break-down of items affecting comparability by period.

	Q2		Jan-Jun		LTM	Full-year
MSEK	2023	2022	2023	2022	Jul-Jun	2022
Restructuring activities	-8	-16	-12	-44	-3	-35
Close down of business activities in Russia	-	-9	-	-27	-	-27
Other items affecting comparability	-26	-3	-28	-1	-40	-12
Total	**-34**	**-28**	**-40**	**-72**	**-43**	**-75**

Business combinations

Consolidated acquisitions in 2023

Company (Country)	Business area	Month acquired	Number of employees	Net sales	Share (%)
Tobo Component (SE)	AirTech	May	14	MSEK 76	100
SIFT (FR)	AirTech	June	17	MEUR 3	100
InoBram (BR)	FoodTech	June	~150	MBRL 53	60

The table shows number of full-time equivalent employees at the acquisition date. Revenue refers to estimated net sales in 2022.

In May, Munters acquired 100% of Tobo Component, a Swedish manufacturer of humidification components. The company is headquartered in Tobo and has been a contract manufacturer of pads, cassettes, and modules for Munters since several years.

In June, 100% of SIFT, a French service company within climate control and cold storage, active primarily in the northern France was acquired. The acquisition strengthen the market share for Munters within Service and builds a local service presence in strategic areas.

In June, the Brazilian authorities approved Munters agreement to acquire InoBram, which was announced in November 2022, and the transaction was closed in the end of June 2023. InoBram is a Brazilian manufacturer of controllers and complimentary accessories for the broiler and swine segments. With the help of innovative software, sensors and connected solutions, farmers and food producers get the tools they need to improve animal health and increase energy efficiency in their operations.

Munters has acquired 60% of InoBram and has an option to acquire the remaining 40% of the company in 2027. The acquisition supports Munters' strategy to grow its digital solutions for the food and agricultural industry and connects the entire food production value chain.

The table below presents an overview of paid purchase considerations and the fair value of acquired net assets for the business combinations in 2023.

MSEK	Jan-Jun 2023
Purchase price	
Cash purchase consideration paid	171
Holdback & deferred considerations	8
Put/call option	63
Total purchase consideration	**242**
Fair value of acquired net assets	-74
Goodwill	**168**
Cash flow	
Cash purchase consideration paid	171
Cash and cash equivalents in acquired companies	-22
Change in the Group's cash and cash equivalents	**149**

The Board of Directors and the President and CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes the significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 17 2023

Magnus Nicolin
Chairman of the Board

Klas Forsström
President & CEO

Anders Lindqvist
Board Member

Anna Westerberg
Board Member

Helen Fasth Gillstedt
Board Member

Kristian Sildeby
Board Member

Maria Håkansson
Board Member

Sabine Simeon-Aissaoui
Board Member

Robert Wahlgren
Board Member,
employee representative

Simon Henriksson
Board Member,
employee representative

This report has not been subject to review by the company's auditors.

Definition of key financial indicators

In this financial report, there are references to several performance measures. Some of the measures are defined in IFRS, others are alternative performance measures and are not disclosed in accordance with applicable financial reporting frameworks or other legislations. The performance measures are used by the Group to assist both investors and management in analyzing Munters' business. Below the performance measures found in this financial report are described and defined. The reason for the use of the performance measure is also disclosed.

Organic growth

Change in net sales compared to the previous period, excluding acquisitions and divestments and currency translation effects. The measure is used by Munters to monitor net sales growth driven by changes in volume and price between different periods.

Order backlog

Received and confirmed sales orders not yet delivered and accounted for as net sales. Order Backlog is a useful measure to indicate the efficiency of the conversion of received and confirmed sales orders into net sales in future periods. The measure is used by Munters to monitor business performance and customer demand and adjust operations if needed.

Order intake

Received and confirmed sales orders minus cancelled orders during the reporting period. The order intake is an indicator of future revenues and, consequently, an important KPI for the management of Munters' business.

Operating profit (EBIT)

Earnings before interest and tax. Munters believes that EBIT shows the profit generated by the operating activities.

Adjusted EBITA

Operating profit, adjusted for amortizations, write-downs of intangible assets and items affecting comparability. Munters believes that using adjusted EBITA is helpful in analyzing our performance as it removes the impact of items considered not to be of recurring character and therefore do not reflect our core operating performance.

Adjusted EBITA margin

Adjusted EBITA as a percentage of net sales. Munters believes that Adjusted EBITA margin is a useful measure for showing the Company's profit generated by the operating activities.

Adjusted EBITDA

Operating profit adjusted for items affecting comparability and depreciations, amortizations and write-downs of tangible and intangible assets as well as Right-of-Use assets.

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

Items affecting comparability (IAC)

Items affecting comparability are events or transactions with significant financial effects, which are relevant for the understanding of the financial performance when comparing the current period to previous periods. Items included are for example, restructuring activities, capital gains and losses from business divestments and M&A related costs.

Capital employed

Capital employed is calculated as the total equity plus interest bearing liabilities.

Return on capital employed (ROCE)

Average operating profit (EBIT) plus financial income, divided by the average capital employed, where capital employed is total equity plus interest-bearing liabilities. The average capital employed is calculated based on the last 12 months.

Cash and cash equivalents

Cash and bank balances plus investments in securities and the like with maturity periods not exceeding three months. This is a measure that highlights the short-term liquidity.

LTM

LTM (last twelve months) after any key indicator means that the KPI corresponds to an accumulation of previous twelve month reported numbers. The measure highlight trends in different KPIs, which is valuable in order to gain a deeper understanding of the development of the business.

Net debt

Net debt calculated as interest bearing debt and pension liabilities, reduced by cash and cash equivalents.

Number of employees

Number of employees is presented recalculated as full-time positions, if not otherwise stated. Average number of employees for the year is calculated as the sum of permanent employees at the end of each of the last 13 months divided by 13.

Operating working capital

Includes accounts receivable, inventory, accrued income, accounts payable and advances from customers.

Operating working capital/net sales

Average Operating Working Capital for the last twelve months as a percentage of Net sales for the same period.

Earnings per share

Net income divided by the weighted average number of outstanding shares.

SaaS recurring revenue

Total recurring revenue from SaaS contracts (Software-as-a-Service) recognized in the period. The KPI is also presented annualized and named SaaS ARR, which is calculated by multiplying SaaS Recurring Revenue in the last quarter by four.

Equity/assets ratio

Equity (including non-controlling interests) divided by total assets.

Americas

Refers to North-, Central and South America.

Information and reporting dates

You are welcome to join a webcast or telephone conference on July 18 at 9:00 AM CEST, when President and CEO Klas Forsström, will present the report.

Webcast

https://ir.financialhearings.com/munters-q2-2023

Conference call

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.
https://conference.financialhearings.com/teleconference/?id=5003138

This interim report, presentation material and a link to the webcast will be available on https://www.munters.com/en/investor-relations/

Every care has been taken in the translation of this interim report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the totals presented may result in minor rounding differences.

This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 AM CEST on July 18, 2023.

Munters Group AB, Corp. Reg. No. 556819-2321

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Financial calendar:

Third quarter report 2023	October 24, 2023
Full year report January-December 2023	February 1, 2024