Munters

Q2

”Solid underlying demand, supply chain challenging”

April-June 2021

- Solid demand in the quarter. Constraints in the supply chain related to the Covid-19 pandemic accelerated throughout the period leading to extended lead times and sourcing related production disturbances.
- Order intake increased +13%, currency adjusted strong growth of +23%, net sales increased +3%, currency adjusted +13%. Growth mainly driven by the battery sub-segments (part of the industrial segment) in business area AirTech and the swine segment in the US in business area FoodTech. Also, Services had good growth.
- The adjusted EBITA-margin at 14.2% (14.7), negatively impacted by constraints in the supply chain and business mix change.
- Leverage (net debt/adjusted EBITDA, LTM*) was at 1.9x, the same level at per end of March 2021.
- Net debt as of June 30 amounted to MSEK 2,209 compared to MSEK 2,208 at the end of March 2021. In the second quarter a 5-year re-financing was secured enabling execution of the long-term strategy.
- The strategy implementation with measures aiming at sharpening the customer offering and footprint optimization is progressing. A total of MSEK 89 was recorded as Items Affecting Comparability (IACs) in the quarter in business areas AirTech (MSEK 15) and FoodTech (MSEK 74). The main part of the cost was recorded as provisions related mainly to product rationalization in Europe as well as a phase out of a 1st generation IoT offering (severance, warranty claims, inventory, etc.). In addition, costs were recorded as incurred related to consultancy services for the execution of the strategy implementation.

January-June 2021

- Strong, solid demand in the period. In some area the Covid-19 pandemic led to increasing demand, whereas increasing shortages in the supply chain resulted in extended lead times and sourcing related production disturbances.
- Order intake increased +11%, currency adjusted strong growth of +22%, and net sales increased +3%, currency adjusted +13%. Growth was mainly driven by the battery and pharma sub-segments (part of the industrial segment) in business area AirTech and the swine segment in China and the US in business area FoodTech. Services had good growth.
- The adjusted EBITA-margin at 13.3% (11.7). The improvement was mainly driven by increased net sales and high utilization rates, partly offset by supply chain constraints.
- Leverage (net debt/adjusted EBITDA, LTM*) was at 1.9x, the same level at per end of December 2020 and lower than same period last year (2.7x).
- Net debt as of June 30 amounted to MSEK 2,209 compared to MSEK 2,116 at the end of December 2020.

Financial summary	Q2			Jan-Jun			LTM*	Full year
MSEK	**2021**	**2020**	**Δ%**	**2021**	**2020**	**Δ%**	**Jul-Jun**	**2020**
Order intake	2,118	1,870	13	4,113	3,719	11	7,643	7,249
Net sales	1,822	1,773	3	3,434	3,340	3	7,109	7,015
Operating profit (EBIT)	147	103	43	369	212	74	863	707
Adjusted EBITA	259	260	-1	457	390	17	972	906
Adjusted EBITA margin, %	14.2	14.7		13.3	11.7		13.7	12.9
Net income	84	39	113	244	96	153	579	432
Earnings per share before dilution, SEK	0.46	0.21		1.33	0.53		3.16	2.35
Earnings per share after dilution, SEK	0.45	0.21		1.33	0.53		3.15	2.35
Average number of outstanding shares before dilution	182,016,452	181,745,802		181,968,367	181,745,802		181,655,871	181,545,456
Average number of outstanding shares after dilution	182,798,778	181,745,802		182,701,021	181,745,802		182,257,343	181,557,708
The KPI´s below includes discontinued operations **								
Net income	84	38		244	95		575	426
Earnings per share before dilution, SEK	0.46	0.20		1.33	0.52		3.13	2.32
Earnings per share after dilution, SEK	0.45	0.20		1.33	0.52		3.12	2.32
Cash flow from operating activities	159	282		247	309		896	959
Net debt	2,209	2,895		2,209	2,895		2,209	2,116
Net debt/Adjusted EBITDA, LTM				1.9	2.7		1.9	1.9

* Last twelve months

** Discontinued operations is defined as the business connected to the Data Centers operations in Dison, Belgium, where the production ceased during fall 2019 but minor installation services reamained at customer sites during 2020. All income statement items in this report refers to Munters continuing operations, if not otherwise stated.

CEO comments

» **Solid and good demand, but constraints in the supply chain estimated to remain throughout the year.**

Continued good underlying demand driven by industrial segment

In the second quarter demand continued to be solid, mainly driven by the battery sub-segment in the industrial segment of business area AirTech. Increased constraints in the supply chain due to Covid-19 throughout the quarter leading to longer lead times and sourcing related production disturbances. Costs continued to increase for raw material and freights. We have implemented consecutive price increases in 2021. These will come into effect over the coming quarters with the majority effect next year due to extended lead times.

Margin impacted by constraints in supply chain

We achieved solid order intake and net sales in the second quarter, both reported and currency adjusted. Region APAC showed strong growth driven by the battery sub-segment in AirTech, offset by a weaker swine market in China for FoodTech. Americas had good growth mainly because of the battery sub-segment in AirTech as well as the broiler, swine, layer and dairy segments in FoodTech. Region EMEA grew driven mainly by the battery sub-segment and the components segment in AirTech as well as growth in the greenhouse segment in FoodTech.

The adjusted EBITA-margin was weaker in the quarter due to supply chain disturbances, increased raw material and freight costs. In addition, a changed business mix had a negative impact on the margin.

Continued implementation of strategy and FoodTech strategy launch

The execution of our long-term strategy continued in the quarter with business area AirTech making an acquisition of a patent with the purpose of strengthening their technology position in the US core business. A frame agreement with a large data center hyperscale player was secured that will result in increased recurring revenues to this segment. Services also is expanding the footprint by setting up operations in Norway and Ireland. Business area FoodTech launched an updated strategy aiming at accelerating the digital journey and strengthen the equipment position. Already in the second quarter actions to strengthen the organization was taken resulting in new leadership for the area of Connected farms. In addition, Munters secured a 5-year re-financing of the main existing term loan and revolving credit facility, strengthening our ability to execute on the long-term strategy.

Supply chain constraints predicted to remain

Market demand continued to be solid and at the same time, operations were impacted by the Covid-19 pandemic through constraints in the supply chain. Currently, constraints are predicted to remain in the second half of 2021.

I would like to extend my sincere appreciation to our employees for their dedication to our customers and Munters.

Klas Forsström, President and CEO

Klas Forsström, President and CEO

Mid-term financial targets

Net sales growth: Annual growth in currency adjusted net sales of 5%, as of 2019, supplemented with selected add-on acquisitions. *Performance Q2 2021*: +13% (-6%)

Adjusted EBITA-margin: An adjusted EBITA-margin of 14%. *Performance Q2 2021*: 14.2% (14.7%)

Capital structure: A ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e. g. as a result of acquisitions). *Performance Q2 2021*: 1.9x (1.9x)

Dividend policy: Munters aim to pay an annual dividend corresponding to 30-50% of its consolidated income after tax for the period.
Dividend 2020: 30% (SEK 0.70 per share, totaling MSEK 127)

For full description of the dividend policy, see the Annual and Sustainability report 2020, page 8.

Sustainability

Progress made in the second quarter 2021:

Quality: Decision taken on implementation of ISO certification 9001:2015; 14001:2015; 45001:2018 for all Munters production sites.

Environment: Target set for Net zero emissions, including Scope 1 and Scope 2* by 2030. All locations at Munters included.

Governance: Sustainability KPIs integrated in strategy framework. Sustainability training for top managers.

*As defined by the Greenhouse Gas Protocol

Please see the Munters Annual and Sustainability report 2020, page 38-49, for further information on goals and outcome.

Financial performance

	Q2			Jan-Jun			LTM	Full year
MSEK	2021	2020	∆%	2021	2020	∆%	Jul-Jun	2020
Order intake	2,118	1,870	13	4,113	3,719	11	7,643	7,249
AirTech	1,495	1,231	21	2,979	2,574	16	5,505	5,101
FoodTech	636	656	-3	1,156	1,172	-1	2,180	2,196
Other and eliminations	-14	-17	-22	-22	-27	-21	-42	-48
Net sales	1,822	1,773	3	3,434	3,340	3	7,109	7,015
AirTech	1,265	1,207	5	2,460	2,334	5	5,062	4,937
FoodTech	567	575	-1	992	1,023	-3	2,095	2,126
Other and eliminations	-10	-8	17	-17	-18	-2	-48	-48
Adjusted EBITA	259	260	-1	457	390	17	972	906
AirTech	205	181	13	385	281	37	794	689
FoodTech	80	98	-18	119	150	-21	279	310
Other and eliminations	-26	-19	38	-47	-41	17	-100	-94
Adjusted EBITA margin, %	14.2	14.7		13.3	11.7		13.7	12.9
AirTech	16.2	15.0		15.7	12.0		15.7	14.0
FoodTech	14.1	17.1		12.0	14.6		13.3	14.6

Order intake Q2, currency adjusted change

+23%

Net sales Q2, currency adjusted change

+13%

Adj. EBITA-margin Q2

14.2%

ORDER INTAKE

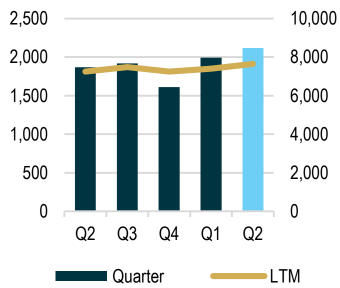
April-June 2021

Order intake increased by +13%, a currency adjusted increase of +23%, driven mainly by a strong growth in the battery sub-segment within business area AirTech. The order backlog increased +13% to MSEK 3,018 (2,660), currency adjusted +21%.

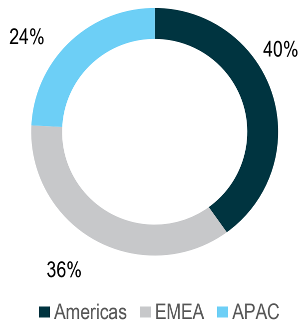
AirTech increased by +21%, a currency adjusted increase of +33%. Excluding the non-core commercial business US, exited in 2020, the increase was appr. +35% currency adjusted. The strong growth was driven mainly by the battery sub-segment in regions APAC and Americas. The Component segment had significant growth, driven by sales through OEMs (Original Equipment Manufacturers) to the Battery sub-segment and Data Centers. Mist Elimination will change name to Clean Technologies from January 1 2022, reflecting a strategic direction where they will increase the focus on renewables in both energy generation and fuels. Mist Elimination grew slightly in the quarter, driven by increased demand in process industries. Data Centers US had good underlying demand, with an increase of quotation activities. However, order intake was lower than in 2020. Services experienced growth in all regions, with strong growth in APAC and Americas.

FoodTech decreased by -3%, a currency adjusted increase of +5%. Region Americas and EMEA had good currency adjusted growth, offset by a decrease in region APAC. Americas grew because of continued growth in the broiler, swine, layer and dairy segments in the US. EMEA grew driven mainly by increased orders for controllers to the broiler segment in the US. APAC had order intake below previous year, on the back of a very strong order intake in the swine segment in China then. During the second quarter China has experienced pockets of outbreaks of the African Swine Fever (AFS) that had a negative impact on demand.

Quarterly order intake, 2021 (MSEK)



Order intake per region Q2, 2021 (MSEK)



January-June 2021

Order intake increased by +11%, a currency adjusted increase of +22%, driven mainly by strong growth in the battery and pharma sub-segment in business area AirTech. The order backlog increased +13% to MSEK 3,018 (2,660), currency adjusted +21%.

AirTech increased +16%, a currency adjusted increase of +28%. Excluding the non-core commercial business US, exited in 2020, the increase was appr. +31% currency adjusted. Growth was driven mainly by the battery sub-segment in Americas and APAC as well as the pharma sub-segment in the US. Components had good growth driven by the battery sub-segment. Mist Elimination had continued weak order intake and Data Centers US was flat. Services grew driven by a good development in Americas and APAC, whereas EMEA had a flat development.

FoodTech order intake decreased -1%, a currency adjusted increase of +8%. Region Americas experienced growth (currency adjusted) mainly driven growth in the swine, layer and dairy segments in the US. Region EMEA had growth as demand for controllers produced in EMEA and greenhouse solutions was good. In APAC order intake was lower, on the back of the strong growth seen in the swine segment in China in last year.

NET SALES

April-June 2021

Net sales increased +3%, a currency adjusted increase of +13%, driven mainly by an increase in the battery sub-segments and Services in business area AirTech. Services net sales amounted to 15% of total net sales.

AirTech increased +5%, a currency adjusted increase of +15%. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased appr. +23%. Growth was driven mainly by the battery sub-segment in APAC and Americas. The Components segment had good growth driven mainly by the battery end customers. Both Data Centers US and Mist Elimination grew slightly. Services grew in all regions.

FoodTech decreased -1%, a currency adjusted increase of +7%, driven by a stronger swine market in the US and the layer, broiler and greenhouse markets in region EMEA. The equipment business had good growth in region Americas driven by the layer, swine and dairy segments. Region EMEA grew mainly because of good development in the greenhouse segment. Sales declined in APAC on the back of a very strong swine market in China last year.

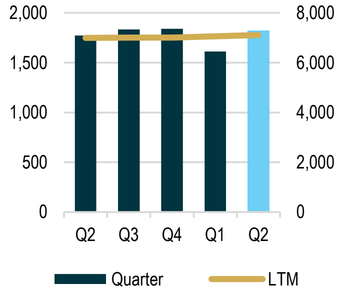
January-June 2021

Net sales increased +3%, a currency adjusted increase of +13%, driven by an increase in the battery and pharma sub-segments and Services in business area AirTech. In addition, business area FoodTech had good growth in several segment sin the US. Services net sales amounted to 14% of total net sales.

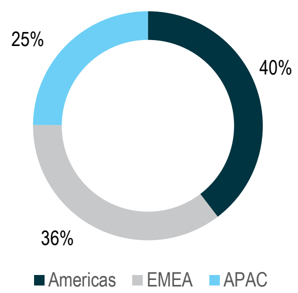
AirTech increased +5%, a currency adjusted increase of +16%. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased appr. +23%. Growth was driven mainly by the battery sub-segment in APAC and Americas. In addition, the pharma sub-segment grew in the US driven by Covid-19 relief efforts and production of test equipment. Data Centers US grew, while Mist Elimination declined as the marine and power market continued to be weak. Services grew in region Americas and APAC, whereas EMEA remained flat.

FoodTech decreased -3%, a currency adjusted an increase with +6%, driven by a good growth in the swine segment in China and the US. The equipment business in region Americas grew driven by the swine, layer and dairy segments. The software business in the subsidiary MTech Systems grew slightly over last year. Region EMEA grew slightly as the broiler and greenhouse market experienced good demand mainly in Southern Europe.

Quarterly net sales, 2021 (MSEK)



Net sales per region Q2, 2021 (MSEK)



RESULTS

Adjusted EBITA excludes Items Affecting Comparability, IAC, see page 5-6 for disclosure of the IACs.

April-June 2021

The gross margin for the second quarter at 34.7% (35.6), negatively impacted by constraints in the supply chain. Increased raw material and freight costs, resulted in longer lead times and sourcing related production disturbances.

Adjusted EBITDA at MSEK 311 (313), corresponding to an adjusted EBITDA-margin of 17.1% (17.7). Depreciation amounted to MSEK -53 (-53), whereof depreciation of leased assets was MSEK -26 (-25). Adjusted EBITA at MSEK 259 (260), corresponding to an adjusted EBITA-margin of 14.2% (14.7). The lower margin a result of a lower margin in business area FoodTech and investing in resources in the corporate staff functions.

Adjusted EBITA for business area AirTech at MSEK 205 (181) corresponding to an EBITA-margin of 16.2% (15.0). The margin increased because of increased net sales and high utilization rates, partly offset by constraints in the supply chain, increased freight costs and a changed business mix.

Adjusted EBITA in business area FoodTech at MSEK 80 (98), corresponding to an adjusted EBITA-margin of 14.1% (17.1). The margin was negatively impact by increased raw material, freights costs and a changed business mix. The margin in the second quarter 2020 was strong as a consequence of strong growth in the swine market in China.

Adjusted EBITA for Other amounted to MSEK -26 (-19). The increase is related to competence strengthening related costs for corporate staff functions.

Operating profit (EBIT) at MSEK 147 (103), corresponding to an operating margin of 8.1% (5.8). Amortization and write-downs on intangible assets in the second quarter was MSEK -21 (-20), where MSEK -7 (-10) was related to amortization of intangible assets from acquisitions.

January-June 2021

The gross margin for the first six months was at the same level as last year 34.1% (34.1).

Adjusted EBITDA at MSEK 561 (500), corresponding to an improved adjusted EBITDA-margin of 16.3% (15.0). Depreciation amounted to MSEK -105 (-110), whereof depreciation of leased assets was MSEK -52 (-56).

Adjusted EBITA at MSEK 457 (390), corresponding to an improved adjusted EBITA-margin of 13.3% (11.7). The margin improved because of a higher margin in business area AirTech.

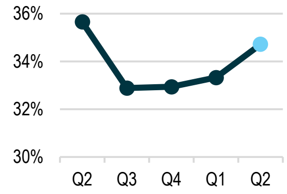
Adjusted EBITA for business area AirTech at MSEK 385 (281) corresponding to an adjusted EBITA-margin of 15.7% (12.0). The margin improved because of increased net sales and high utilization rates, partly offset by constraints in the supply chain and sourcing related production disturbances. A good focus on efficiency improvements initiatives across the organization as well as effects from the Covid-19 pandemic contributed to continued low indirect costs.

Adjusted EBITA in business area FoodTech at MSEK 119 (150), corresponding to an adjusted EBITA-margin of 12.0% (14.6). The margin was negatively impacted by increased raw material and freight costs due to supply chain constraints. The margin in 2020 was strong mainly because of growth in the swine market in China.

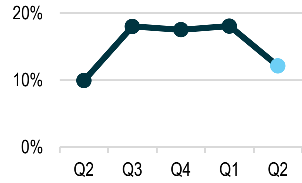
Adjusted EBITA for Other at MSEK -47 (-41). Other mainly includes costs for corporate staff functions.

Operating profit (EBIT) at MSEK 369 (212), corresponding to an operating margin of 10.7% (6.4). Amortization and write-downs on intangible assets for the first six months was MSEK -38 (-40), where MSEK -15 (-21) was related to amortization of intangible assets from acquisitions.

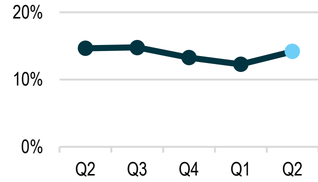
Quarterly gross margin, %



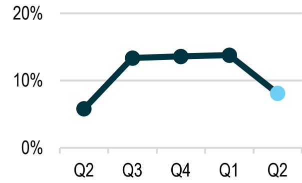
Quarterly adjusted EBITDA margin, %



Quarterly adjusted EBITA margin, %



Quarterly EBIT margin, %



ITEMS AFFECTING COMPARABILITY (IAC)

Items affecting comparability (IAC) on EBITA in the second quarter mainly related to activities connected with the strategy implementation within business area FoodTech of MSEK -74, with an aim to accelerate the digital journey and strengthen the equipment position. The major part of the costs were recorded as provisions relating to severance, warranty claims, inventory etc. Part of the costs relate to consultancy services for the execution of the strategy implementation received during the quarter. For business area AirTech the work with the strategy implementation launched last year has continued and MSEK -15 has been recorded as IACs for the second quarter, mainly related to consultancy services for the strategy implementation.

IACs for the first six months mainly relates to strategy implementation work within FoodTech of MSEK -74, within AirTech of MSEK -22 and within Other of MSEK -4. In addition, Munters has had IACs of MSEK 52, mainly comprising a net of a final settlement in regards to a customer claim (Hunters New England Health District), of

MSEK -9, and insurance compensation received linked to the previous exchange of specific components at a customer site within the European Data Center business of MSEK 61.

During the second quarter last year, Munters incurred IACs related to the implementation of a refined strategy of MSEK -136, mainly within business area AirTech. The major part of the cost was recorded as a restructuring provision and related to severance, warranty claims and winding down activities for the exit of the non-core part of the commercial business in the US. A part of the cost related to write-downs of inventory. As a consequence of Covid-19 a decision was taken in the second quarter 2021 to delay the implementation of some of the measures in AirTech. All measures are estimated to be implemented by the end of 2022 or start of 2023. Total savings from the measures in AirTech are estimated to MSEK 70.

In addition, and as previously communicated, a provision of MSEK -6 for regulatory fines and fees for a ten year old dispute regarding a potential liability under ISRA (*Industrial Site Recovery Act)* was recorded. Munters also incurred Covid-19-related IACs, in terms of a net of strictly Covid-19-related expenses and received government grants for e.g. social security contributions.

For further information, see the reconciliation of Munters alternative performance measures on page 22.

	Q2		Jan-Jun		LTM	2020
MSEK	2021	2020	2021	2020	Jul-Jun	Full year
Covid-19 related items	0	4	-0	4	2	7
Implementation refined strategy	-15	-123	-22	-123	-8	-109
Other items affecting comparability	-1	-6	61	-6	74	7
AirTech	**-15**	**-125**	**39**	**-125**	**69**	**-95**
Covid-19 related items	-0	-0	-1	-0	0	1
Implementation refined strategy	-74	-5	-74	-5	-75	-6
Other items affecting comparability	-1	-	-1	-	6	6
FoodTech	**-75**	**-6**	**-76**	**-6**	**-69**	**1**
Covid-19 related items	-	1	-	1	-0	1
Implementation refined strategy	-	-8	-4	-8	-6	-10
Other items affecting comparability	0	-	-9	-	-17	-8
Other	**0**	**-7**	**-12**	**-7**	**-23**	**-18**
Covid-19 related items	-0	4	-1	4	2	8
Implementation refined strategy	-89	-136	-101	-136	-89	-124
Other items affecting comparability	-1	-6	52	-6	63	5
Total	**-91**	**-138**	**-50**	**-138**	**-23**	**-111**

FINANCIAL ITEMS

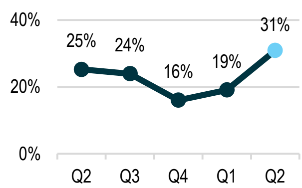
Financial income and expenses for the second quarter amounted to MSEK -25 (-50). The financial expenses were positively impacted by a lower USD interest rate and lower interest bearing debt compared to same quarter last year. Interest expense on lease liabilities amounts to MSEK -4 (-4) in the second quarter. The average weighted interest rate including fees per end of the quarter was 2.1% (3.2).

Financial income and expenses for the first six months amounted to MSEK -50 (-80).

TAXES

Income taxes for the second quarter was MSEK -37 (-13). The effective tax rate in the second quarter was 31% (25). The higher effective income tax rate was partly driven by increased withholding tax expense due to dividends in 2021 and a tax expense related to previous years in Mexico. Income taxes for the first six months was MSEK -75 (-35). The effective tax rate for the first six months was 24% (27).

Tax rate, 2021 %

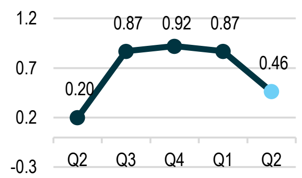


EARNINGS PER SHARE

Net income, including the discontinued operation, attributable to Parent Company's ordinary shareholders amounted to MSEK 83 (37) for the second quarter. Earnings per share, before dilution, in the second quarter 2021 was SEK 0.46 (0.20). Earnings per share, after dilution, in the second quarter 2021 was SEK 0.45 (0.20). Earnings per share, before dilution, for the first six months 2021 was SEK 1.33 (0.52). Earnings per share, after dilution, in the first six months 2021 was SEK 1.33 (0.52).

The average number of outstanding ordinary shares in the second quarter, for the purpose of calculating earnings per share, was 182,016,452 before dilution and 182,798,778 after dilution.

EPS, 2021 SEK



FINANCIAL POSITION

Interest-bearing liabilities amounted to MSEK 2,629 (3,440). Cash and cash equivalents amounted to MSEK 680 (827) as of June 30.

In the second quarter Munters refinanced primary financing facilities by establishing a new term loan of MUSD 165 and a Revolving Credit Facility (RCF) of MEUR 250 with final maturity date in June 2026. The facilities are granted by a group of six banks and have no mandatory amortization requirement. The bank group consist of six banks; Svenska Handelsbanken AB (publ), BNP Paribas SA Bankfilial Sverige, Danske bank A/S, Nordea Bank Abp filial Sverige, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ). The loan agreement has one financial covenant, consolidated net debt in relation to adjusted EBITDA, with some adjustments made in accordance with the loan agreement. The accounting standard for leases, IFRS 16, does not affect the covenant calculation according to the loan agreement definition and neither does the net pension liability.

Munters also has a backup facility of MSEK 750 maturing in 2023, which is secured by a guarantee from EKN (The Swedish Export Credit Agency). Refinancing fees activated in the balance sheet related to the 2021 refinancing event amounts to MSEK 21 which will be amortized over four years. For weighted interest cost see more information on page 6 under Financial Items.

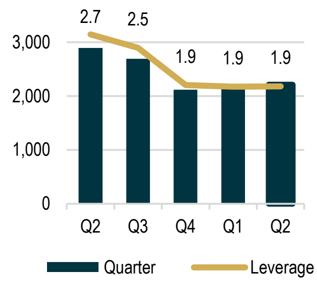
Net debt as of June 30 amounted to MSEK 2,209 compared to MSEK 2,208 at the end of March 2021 and MSEK 2,116 at the end of December 2020. The increase of net debt in the first six months was mainly related to changes in the exchange rate USD/SEK as well as dividend payment. For more information about reconciliation of net debt and leverage see page 23.

The leverage ratio per end of June was 1.9 which was the same ratio as per end of March 2021.

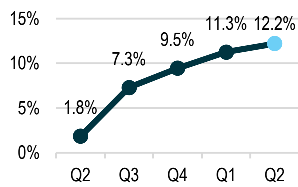
At quarter end the term loan of MUSD 165 was fully drawn. Of the revolving credit facility an amount of MEUR 86 (83) was utilized in EUR, SEK and USD. Available unutilized under the RCF MEUR 250 as of June 30 amounted to MEUR 164 (102) while the RCF MSEK 750 was entirely unutilized. Along with the main loan facility, an amount of MSEK 5 (26) in local debt is outstanding in i.a. India.

Average capital employed for the last twelve months was MSEK 7,042 (7,738). Return on capital employed, including the discontinued operation, (ROCE) for last twelve months was 12.2% (1.8). EBIT plus financial income was affected by a restructuring provision related to the closure of the Data Center operations in Dison, Belgium, in the third quarter of 2019, impacting the last year period return. Return on capital employed, where EBIT plus financial income is adjusted for items affecting comparability (IAC) and average capital employed adjusted for goodwill, for the last twelve months was 30.0% (22.5).

Net Debt per quarter



ROCE %, 2021



CASH FLOW

Cash flow from operating activities was MSEK 159 (282) in the second quarter and MSEK 247 (309) for the first six months of 2021.

Cash flow from changes in working capital had a positive impact on cash flow of MSEK 39 (85) in the second quarter and a negative impact of MSEK -99 (28) for the first six months of 2021. The positive effect on cash flow from working capital in the second quarter came from a mix of various items. For the first six months, the negative effect on cash flow from working capital mainly relates to increased inventory levels as lead times have increased.

Total cash flow for the second quarter amounted to MSEK -233 (-53) and MSEK -304 (115) for the first six months of 2021. Dividends of MSEK 129 was paid in May, whereof MSEK 2 to an external minority in one of the subsidiaries. In addition, a net amortization on external debt of MSEK 168 (251) was made in the second quarter. Net amortization for the first six months was MSEK 243 (33).

PARENT COMPANY AND OWNERSHIP

The parent company for the Group is Munters Group AB. All Group supporting functions within Munters is accounted for within Munters Group AB. The company holds shares in subsidiaries, cash and accounts payables. 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 2 (13).

EMPLOYEES

The number of permanent FTEs (Full Time Equivalents), at June 30, 2021 was 3,272 (3,149). The amount of FTEs at June 30, 2021 in business area AirTech was 2,375 (2,245), in FoodTech 813 (838) and at Group functions 84 (65).

Ten largest shareholders	30 Jun
%	Total
FAM AB	26.6
ODIN Funds	9.0
First Swedish National Pension	8.4
Swedbank Robur Funds	7.7
Fourth Swedish National Pensio	5.2
Handelsbanken Funds	4.1
Columbia Threadneedle	3.8
C WorldWide Asset Management	2.5
La Financière de l'Echiquier	2.2
Vanguard	1.8

OUTSTANDING SHARES

As of June 30, 2021, Munters held 1,963,163 treasury shares of the total outstanding shares of 184,457,817.

DIVIDEND

During 2020 Munters established a solid base with increased profitability and a strengthened capital structure. The leverage was at 1.9x at year-end, which is within the mid-term target range for net debt to adjusted EBITDA of 1.5x-2.5x. A dividend of SEK 0.70 (0.0) per share was paid in May 2021, in total MSEK 127. This represented 30 per cent of the net income 2020.

OTHER EVENTS

Munters collaborates with CTT to design more efficient humidifiers that create the perfect climate conditions inside aircraft – In February it was announced that Munters Group AB, has teamed up with CTT Systems AB (CTT), the market leader of aircraft humidity control system, to develop a new type of evaporative media that aims to improve efficiency and performance of CTT's aircraft humidifiers.

Peter Gisel-Ekdahl, former President of Business Area AirTech, has left Munters – In April it was announced that Peter Gisel-Ekdahl, President of Munters Business Area AirTech, has decided to pursue an opportunity outside Munters as CEO of a company based in the Nordic region. Peter has supported a successful transition and stayed within Munters during the second quarter of 2021. Klas Forsström, CEO and President of Munters has, in addition to his current role, taken on the responsibility for AirTech to ensure the future growth plans and continuous focus on strategy deployment.

Continued implementation of the strategy, taking the next steps in business area FoodTech – In May it was announced as part of the strategy implementation that business area FoodTech has completed a strategic review outlining measures to strengthen its digital offering and climate solutions part of the business. Implementation has started in the second quarter 2021. Costs are estimated to approximately MSEK 140, of which approximately MSEK 110 are estimated to have a cash flow impact. In addition, there will be capex investments made amounting to an estimated MSEK 20. The full-year positive impact on adjusted EBITA in 2023 is estimated to be approximately MSEK 70.

Annual General Meeting 2021 – The annual general meeting was held on Wednesday 19 May 2021. The general meeting resolved in accordance with the nomination committee's proposal and re-elected the board members Håkan Buskhe, Helen Fasth Gillstedt, Per Hallius, Magnus Lindquist, Lena Olving, Kristian Sildeby, Juan Vargues and Anna Westerberg, and the chairman of the board of directors Magnus Lindquist. An interview with the president and CEO Klas Forsström and the chairman of the board of directors Magnus Lindquist is available on Munters website, www.munters.com.

The Munters DSS Pro, the next level of dehumidification, an evolutionary leap forward from the market-leading DSS.

EVENTS AFTER THE CLOSE OF THE PERIOD

Launch of Munters DSS Pro: the next level of dehumidification – Munters announced in July the DSS Pro that is an evolutionary leap forward from the market-leading DSS. Suitable for indoor or outdoor installation, the DSS Pro is equipped with our new AirPro casing. This new enclosure offers significantly improved durability, reduced air leakage, and lower energy consumption.

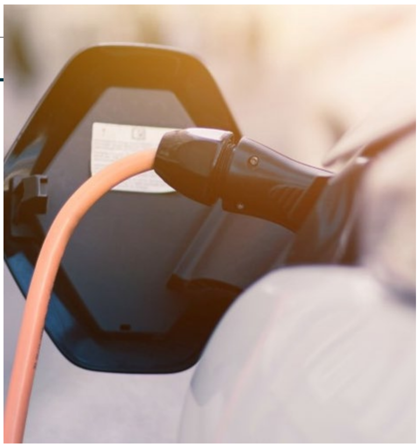
Sofia Gellar, GVP HR & Sustainability to leave Munters – in July Munters announced that Sofia Gellar, GVP HR & Sustainability, had decided to pursue an opportunity outside Munters as Chief Officer HR at H2 Green Steel. Sofia Gellar joined Munters in 2018 as GVP HR & Communication and took on the responsibility for Sustainability in 2019. Sofia will support a successful transition and stay within Munters throughout 2021.

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.

- Order intake increased in the second quarter mainly driven by the battery sub-segment in regions APAC and Americas. The Component segment had significant growth and Mist Elimination grew slightly. Data Centers US experienced good underlying demand, however had lower order intake than in 2020. Services experienced growth in all regions, with strong growth in APAC and Americas.
- Net sales increased driven mainly by strong growth in the battery sub-segment in region APAC and Americas. The Components segment had good growth driven mainly by the battery end customers. Both Data Centers US and Mist Elimination grew slightly. Services grew in all regions.
- The adjusted EBITA margin improved mainly as an effect of increased net sales and high utilization rates, partly offset by constraints in the supply chain, increased freight costs and a change business mix.

	Q2			Jan-Jun			LTM	Full year
MSEK	2021	2020	Δ%	2021	2020	Δ%	Jul-Jun	2020
Order intake	1,495	1,231	21	2,979	2,574	16	5,505	5,101
Growth	21%	-3%		16%	-5%		8%	-3%
Net sales	1,265	1,207	5	2,460	2,334	5	5,062	4,937
Growth	5%	-9%		5%	-6%		1%	-4%
of which organic growth	15%			16%				
of which currency effects	-11%			-11%				
Operating profit (EBIT)	185	51	262	416	146	186	835	565
Adjusted EBITA	205	181	13	385	281	37	794	689
Growth	13%	-9%		37%	-9%		25%	4%
Adjusted EBITA margin, %	16.2	15.0		15.7	12.0		15.7	14.0



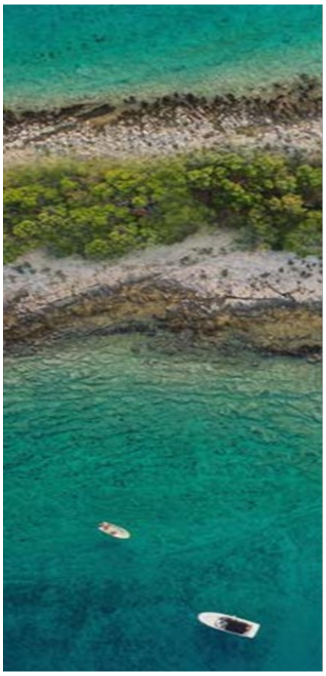
FoodTech

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.

- Currency adjusted order intake increased in the second quarter with good growth in region Americas and EMEA, offset by a decrease in region APAC. Americas grew because of continued growth in the broiler, swine, layer and dairy segments in the US. EMEA grew driven mainly by increased orders for controllers to the broiler segment in the US. APAC declined, on the back of a very strong order intake in the swine segment in China previous year.
- Currency adjusted net sales increased driven by a stronger swine market in the US and the layer, broiler and greenhouse markets in region EMEA. Sales declined in APAC on the back of a very strong swine market in China last year.
- The adjusted EBITA-margin declined impacted by increased raw material, freights costs and a changed business mix. The margin in the second quarter 2020 was strong as a consequence of strong growth in the swine market in China.

	Q2			Jan-Jun			LTM	Full year
MSEK	2021	2020	Δ%	2021	2020	Δ%	Jul-Jun	2020
Order intake	636	656	-3	1,156	1,172	-1	2,180	2,196
Growth	-3%	13%		-1%	8%		0%	5%
Net sales	567	575	-1	992	1,023	-3	2,095	2,126
Growth	-1%	2%		-3%	-1%		3%	5%
of which organic growth	7%			6%				
of which currency effects	-8%			-9%				
Operating profit (EBIT)	-6	87	-107	26	134	-81	183	291
Adjusted EBITA	80	98	-18	119	150	-21	279	310
Growth	-18%	15%		-21%	14%		-6%	12%
Adjusted EBITA margin, %	14.1	17.1		12.0	14.6		13.3	14.6

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

- 3,500 employees
- 30 countries with sales and manufacturing
- 17 production units
- 22% female leaders
- Two business areas: AirTech and FoodTech

In 2020 AirTech generated 70% of the total net sales of Munters and FoodTech 30%.

Purpose

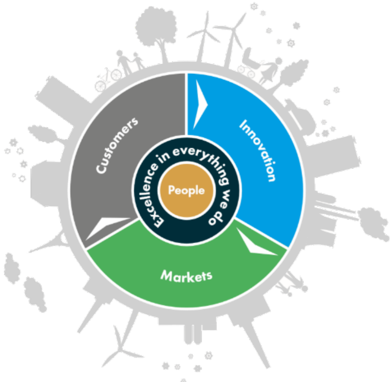
For customer success and a healthier planet

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 major 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 - The employees at Munters are the hub of our business. Through collaboration and a passion for creating sustainable solutions for our customers and partners, we contribute to our customers' success and a better world.



Customers - We closely cooperate our customers. We try not only to understand their needs today, but also in the future. Our expertise is built through unique insight into our customers' businesses and production processes. Munters works every day to deliver value over and above our customers' expectations.

Innovation - We at Munters work in a structured way to optimize innovation in the organization. We continually monitor technological developments in the market and work closely with our customers to understand their needs. We also work with other institutions that strengthen our competence and create value for customers. By continuously questioning and improving how we work, we create sustainable solutions, technologies and business models for the future.

Market - Munters is active around the world in a market driven by strong trends in sustainability and digitization. We focus resources on strengthening our position in areas where we can be a market leader. For Munters, a market leader not only has a leading position but also higher profitable growth than others in the industry.

Excellence in everything we do - We strive for quality and efficiency in everything we do. We work with continuous improvements in every area. We prioritize and focus on selected investments and areas of improvement. We follow up, learn, correct and improve.

Sustainability

Sustainability is one of the most important drivers for Munters' strategy today and in the future. Everything we do has to be sustainable for all our stakeholders and the environment. Our medium-term financial targets are important to create room for investments in the future. As we work toward these targets, we make various decisions and act in the best way to achieve our ambitions. These ambitions contain priorities on resource efficiency, responsible business practices and people & society. These three parts today constitute the framework for Munters' sustainability agenda.

Quarterly overview Group and Segments

Group	2021		2020				2019				2020	2019
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
Order backlog	3,018	2,769	2,253	2,664	2,660	2,808	2,307	2,440	2,496	2,554	2,253	2,307
Order intake	2,118	1,995	1,611	1,919	1,870	1,849	1,845	1,680	1,840	1,938	7,249	7,302
Net sales	1,822	1,612	1,841	1,833	1,773	1,566	1,842	1,813	1,877	1,620	7,015	7,153
Operating profit (EBIT)	147	222	250	245	103	110	159	174	185	38	707	556
Net income	84	160	172	163	39	57	76	100	104	3	432	283
Amortization and write-down	-21	-17	-17	-30	-20	-20	-29	-32	-41	-32	-87	-134
Items affecting comparability (IAC)	-91	41	22	4	-138	–	-42	-42	-36	-61	-111	-181
Adjusted EBITA	259	198	245	271	260	130	229	248	262	131	906	871
Adjusted EBITA margin, %	14.2	12.3	13.3	14.8	14.7	8.3	12.5	13.7	13.9	8.1	12.9	12.2

AirTech	2021		2020				2019				2020	2019
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
External order backlog	2,318	2,129	1,737	2,025	2,003	2,186	1,780	1,886	1,926	1,993	1,737	1,780
Order intake	1,495	1,483	1,172	1,354	1,231	1,343	1,361	1,179	1,264	1,449	5,101	5,253
External net sales	1,264	1,193	1,321	1,270	1,205	1,127	1,378	1,286	1,323	1,164	4,924	5,151
Transactions between segments	1	2	2	9	2	0	4	1	1	2	13	8
Operating profit (EBIT)	185	231	234	185	51	94	159	151	173	82	565	565
Amortization and write-down	-4	-4	-4	-16	-5	-5	-9	-5	-13	-5	-30	-31
Items affecting comparability (IAC)	-15	54	26	3	-125	–	-19	-11	-14	-23	-95	-67
Re-allocation of internal services	–	–	-0	–	–	–	-1	–	–	–	-0	-1
Adjusted EBITA	205	181	211	198	181	100	186	167	199	110	689	662
Adjusted EBITA margin, %	16.2	15.1	15.9	15.4	15.0	8.8	13.4	12.9	15.1	9.4	14.0	12.8

FoodTech	2021		2020				2019				2020	2019
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
External order backlog	700	640	516	640	656	622	526	554	570	561	516	526
Order intake	636	520	450	575	656	515	491	513	582	500	2,196	2,087
External net sales	558	419	520	563	568	440	464	527	554	456	2,091	2,002
Transactions between segments	9	6	11	9	7	9	5	7	8	9	35	31
Operating profit (EBIT)	-6	32	67	90	87	47	55	75	74	24	291	226
Amortization and write-down	-10	-6	-5	-5	-5	-5	-4	-4	-4	-4	-20	-15
Items affecting comparability (IAC)	-75	-1	6	0	-6	–	-3	-6	-8	-19	1	-36
Re-allocation of internal services	–	–	-0	–	–	–	–	–	–	–	-0	-
Adjusted EBITA	80	39	66	95	98	52	61	85	85	46	310	278
Adjusted EBITA margin, %	14.1	9.1	12.3	16.5	17.1	11.5	13.0	15.9	15.2	9.9	14.6	13.7

Other and eliminations	2021		2020				2019				2020	2019
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
Order intake	-14	-8	-11	-10	-17	-10	-8	-13	-7	-11	-48	-38
Transactions between segments	-10	-8	-12	-18	-8	-9	-9	-9	-9	-11	-48	-38
Operating profit (EBIT)	-33	-41	-50	-31	-36	-32	-55	-52	-62	-67	-149	-236
Amortization and write-down	-7	-7	-8	-10	-10	-10	-16	-24	-24	-23	-37	-88
Items affecting comparability (IAC)	0	-12	-10	-0	-7	–	-21	-24	-14	-18	-18	-78
Re-allocation of internal services	–	–	0	–	–	–	1	–	–	–	0	1
Adjusted EBITA	-26	-21	-32	-21	-19	-22	-17	-3	-23	-25	-94	-69

Discontinued operation

	2021		2020				2019				2020	2019
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
External order backlog	–	–	–	–	–	–	2	8	43	–	-	2
Order intake	–	–	–	-1	1	–	4	-3	3	11	-	15
External net sales	–	–	-0	13	3	-0	9	38	87	42	16	176
Operating profit (EBIT)	–	–	-2	-3	-1	0	-65	-341	-20	-24	-6	-450
Amortization and write-down	–	–	–	–	–	–	0	3	-0	0	-	3
Items affecting comparability (IAC)	–	–	–	–	–	–	-45	-325	-3	-0	-	-373
Adjusted EBITA	–	–	-2	-3	-1	0	-20	-19	-17	-24	-6	-80

Condensed income statement

	Q2		Jan-Jun		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Jul-Jun**	**2020**
Net sales	1,822	1,773	3,434	3,340	7,109	7,015
Cost of goods sold	-1,190	-1,141	-2,265	-2,199	-4,730	-4,665
Gross profit	**632**	**632**	**1,170**	**1,140**	**2,379**	**2,350**
Selling expenses	-217	-220	-408	-430	-796	-818
Administrative costs	-141	-135	-276	-276	-539	-538
Research and development costs	-40	-43	-77	-91	-172	-186
Other operating income and expenses	-88	-132	-40	-132	-10	-101
Operating profit	**147**	**103**	**369**	**212**	**863**	**707**
Financial income and expenses	-25	-50	-50	-80	-125	-156
Profit/Loss after financial items	**121**	**53**	**319**	**132**	**738**	**552**
Tax	-37	-13	-75	-35	-159	-120
Net income for the period from continuing operations	**84**	**39**	**244**	**96**	**579**	**432**
Net income from discontinued operations	-	-1	-	-1	-5	-6
Net income for the period	**84**	**38**	**244**	**95**	**575**	**426**
Attributable to Parent Company shareholders	83	37	243	94	569	420
Attributable to non-controlling interests	1	1	1	1	6	6
Average number of outstanding shares before dilution*	182,016,452	181,745,802	181,968,367	181,745,802	181,655,871	181,545,456
Average number of outstanding shares after dilution*	182,798,778	181,745,802	182,701,021	181,745,802	182,257,343	181,557,708
Earnings per share for net income for the period from continuing operations attributable to the ordinary equity holders of the company:						
Earnings per share before dilution, SEK	0.46	0.21	1.33	0.53	3.16	2.35
Earnings per share after dilution, SEK	0.45	0.21	1.33	0.53	3.15	2.35
Earnings per share for net income for the period attributable to the ordinary equity holders of the company:						
Earnings per share before dilution, SEK	0.46	0.20	1.33	0.52	3.13	2.32
Earnings per share after dilution, SEK	0.45	0.20	1.33	0.52	3.12	2.32
Other comprehensive income						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange-rate differences on translation of foreign operations	-62	-226	99	-16	-210	-325
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
incl. payroll tax	8	-4	44	11	26	-7
Income tax effect not to be reclassified to profit or loss	-1	0	-9	-3	-5	1
Other comprehensive income, net after tax	**-55**	**-230**	**134**	**-8**	**-189**	**-331**
Total comprehensive income for the period	**29**	**-192**	**378**	**87**	**386**	**95**
Attributable to Parent Company shareholders	28	-192	377	87	381	91
Attributable to non-controlling interests	1	-	0	-	5	4

*Excluding shares held in own custody.

Condensed balance sheet

MSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,063	4,366	3,952
Patents, licenses, brands, and similar rights	1,457	1,471	1,356
Buildings and land	238	239	209
Plant and machinery	469	545	467
Equipment, tools, fixtures and fittings	164	153	161
Construction in progress	60	45	41
Financial assets	19	18	19
Deferred tax assets	263	251	246
Total non-current assets	**6,733**	**7,088**	**6,451**
CURRENT ASSETS			
Raw materials and consumables	435	386	350
Products in process	165	143	118
Finished products and goods for resale	284	300	215
Projects in progress	13	8	3
Advances to suppliers	9	24	5
Accounts receivable	1,028	1,021	935
Prepaid expenses and accrued income	473	387	376
Derivative instruments	0	0	–
Current tax assets	39	40	55
Other receivables	64	99	96
Cash and cash equivalents	680	827	970
Total current assets	**3,189**	**3,234**	**3,123**
TOTAL ASSETS	**9,922**	**10,323**	**9,574**

Condensed balance sheet

MSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	4,029	3,715	3,746
Non-controlling interests	4	0	5
Total equity	**4,034**	**3,715**	**3,751**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	2,532	3,323	2,690
Provisions for pensions and similar commitments	266	279	299
Other provisions	47	38	33
Other liabilities	139	138	132
Deferred tax liabilities	381	406	371
Total non-current liabilities	**3,365**	**4,184**	**3,525**
CURRENT LIABILITIES			
Interest-bearing liabilities	97	117	96
Advances from customers	623	536	509
Accounts payable	662	550	529
Accrued expenses and deferred income	767	745	742
Derivative instruments	–	1	2
Current tax liabilities	40	37	52
Other liabilities	93	144	111
Provisions for pensions and similar commitments	9	9	10
Other provisions	232	283	248
Total current liabilities	**2,523**	**2,423**	**2,299**
TOTAL EQUITY AND LIABILITIES	**9,922**	**10,323**	**9,574**

CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2021-06-30	2020-06-30	2020-12-31
Opening balance	**3,751**	**3,627**	**3,627**
Total comprehensive income for the period	378	87	95
Exercised share options	32	–	–
New share issue	–	–	61
Change in non-controlling interest	–	0	0
Put/call option related to non controlling interests	-2	-2	-4
Dividends paid	-129	–	–
Repurchase of shares	–	–	-43
Share option plan inc deferred tax	4	2	14
Closing balance	**4,034**	**3,715**	**3,751**
Total shareholders´equity attributable to:			
The parent company's shareholders	4,029	3,715	3,746
Non-controlling interests	4	0	5

Condensed cash flow statement

	Q2		Jan-Jun		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Jul-Jun**	**2020**
OPERATING ACTIVITIES						
Operating profit	**147**	**102**	**369**	**211**	**859**	**701**
Reversal of non-cash items						
Depreciation, amortization and impairments	74	73	143	151	301	308
Other profit/loss items not affecting liquidity	8	6	2	2	20	20
Change in provisions						
Provisions	-2	82	-8	22	-31	-1
Cash flow before interest and tax	**227**	**263**	**506**	**386**	**1,149**	**1,029**
Paid financial items	-50	-52	-70	-80	-141	-151
Taxes paid	-58	-13	-91	-25	-168	-102
Cash flow from operating activites before changes in working capital	**119**	**197**	**345**	**281**	**840**	**776**
Cash flow from changes in working capital	**39**	**85**	**-99**	**28**	**56**	**183**
Cash flow from operating activities	**159**	**282**	**247**	**309**	**896**	**959**
INVESTING ACTIVITIES						
Business acquisitions	-	1	-	-7	-2	-9
Sale of tangible fixed assets	0	0	1	1	14	14
Sale of intangible fixed assets	-	-	-	-	2	2
Investment in tangible assets	-36	-34	-58	-62	-111	-114
Investment in intangible assets	-67	-24	-103	-39	-167	-103
Cash flow from investing activities	**-102**	**-56**	**-160**	**-106**	**-263**	**-209**
FINANCING ACTIVITIES						
New share issue	-	-	-	-	61	61
Exercised share options	32	-	32	-	32	-
Loan raised	574	29	598	321	605	329
Amortization of loans	-742	-280	-841	-354	-1,185	-698
Repayment of lease liabilities	-24	-29	-50	-55	-107	-112
Repurchase of shares	-	-	-	-	-43	-43
Dividends paid	-129	0	-129	0	-129	-
Cash flow from financing activities	**-289**	**-280**	**-391**	**-89**	**-765**	**-463**
Cash flow for the period	**-233**	**-53**	**-304**	**115**	**-132**	**287**
Cash and cash equivalents at period start	916	900	970	722	826	722
Exchange-rate differences in cash and cash equivalents	-3	-20	14	-10	-14	-38
Cash and cash equivalents at period end	**680**	**827**	**680**	**827**	**680**	**970**

Operating profit in prior period includes the discontinued operation. Isolated cash flow from the discontinued operations is disclosed in a separate note, see page 22.

Parent company

CONDENSED INCOME STATEMENT

	Q2		Jan-Jun		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Jul-Jun**	**2020**
Net sales	–	–	–	–	–	–
Gross profit/loss	**–**	**–**	**–**	**–**	**–**	**–**
Administrative costs	-4	-3	-4	-14	-12	-22
Other operating expenses	0	-3	-1	-3	-3	-5
Profit/Loss before interest and tax (EBIT)	**-4**	**-6**	**-6**	**-17**	**-16**	**-27**
Financial income and expenses	-0	-0	0	0	-0	-0
Profit/Loss after financial items	**-4**	**-6**	**-6**	**-17**	**-16**	**-28**
Group contributions	–	–	–	–	23	23
Profit/Loss before tax	**-4**	**-6**	**-6**	**-17**	**7**	**-5**
Tax	-0	–	–	–	2	2
Net income for the period	**-4**	**-6**	**-6**	**-17**	**9**	**-3**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q2		Jan-Jun		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Jul-Jun**	**2020**
Profit/Loss for the period	-4	-6	-6	-17	9	-3
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**-4**	**-6**	**-6**	**-17**	**9**	**-3**

Parent company

CONDENSED BALANCE SHEET

MSEK	2021-06-30	2020-06-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,103	4,093	4,099
Other financial assets	4	0	4
Total non-current assets	**4,108**	**4,093**	**4,104**
CURRENT ASSETS			
Other current receivables	0	–	–
Prepaid expenses and accrued income	1	1	0
Current tax assets	1	0	1
Receivables from subsidiaries	33	47	27
Cash and cash equivalents	2	13	62
Total current assets	**37**	**61**	**90**
TOTAL ASSETS	**4,144**	**4,154**	**4,194**

MSEK	2021-06-30	2020-06-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	4,135	4,074	4,135
Profit brought forward	-61	67	33
Income for the period	-6	-17	-3
Total equity	**4,074**	**4,129**	**4,171**
NON-CURRENT LIABILITIES			
Provisions for pensions and similar commitments	2	0	1
Total non-current liabilities	**2**	**0**	**1**
CURRENT LIABILITIES			
Accounts payable	7	4	1
Accrued expenses and deferred income	16	14	21
Liabilities to subsidiaries	43	0	–
Other liabilities	3	3	–
Other provisions	–	3	–
Total current liabilities	**68**	**25**	**22**
TOTAL EQUITY AND LIABILITIES	**4,144**	**4,154**	**4,194**

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 2020 (Note 1). As from the first quarter 2021, the cash flow statement has been changed in regards to interest paid on leased liabilities (prior periods restated). Previously the item "Repayment of leasing liabilities" included paid interest. The correction has resulted in that “Cash flow from operating activities” has decreased and “Financing operations” are improved compared with previous reporting, impacting second quarter last year with MSEK 4.

DEFINITION OF KEY FINANCIAL INDICATORS

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 on page 125 of the Annual- and Sustainability report 2020.

TRANSACTIONS WITH RELATED PARTIES

At the annual general meeting in May 2021 it was resolved in accordance with the Board’s proposal on the implementation of a performance based long-term incentive programme (“LTIP 2021” or the “Programme”). Previous years long-term incentive programs have been share based, (stock options), however the LTIP 2021 is a cash based program vesting over a three-year period. The participants are expected to invest the net payout in Munters shares until reaching a defined level of investment. The Board of Directors nominates the CEO and Munters Group Management, and a total of 62 additional participants will be nominated by the respective management member. Each group will have max opportunity based on the participant’s percentage of the current (2021) gross annual base salary.

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.

During 2021 the Covid-19 pandemic continued to have an impact on our business, albeit in a mixed way. In some areas it led to increased demand at the same time as constraints in the supply chain increased throughout the second quarter leading to longer lead times and sourcing related production disturbances. Costs continued to increase for raw material and freights. We implemented consecutive price increases in 2021. These will come into effect over the coming quarters with the majority effect next year due to extended lead times. We expect constraints in the supply chain to remain throughout the year.

A more detailed description of the Group’s risks and how they are managed can be found in the Annual- and Sustainability report 2020 on pages 50-55.

ALLOCATION OF NET SALES

The majority of customer contracts within Munters business segments AirTech and FoodTech fulfill the requirements to recognize net sales at a point in time, however there are a number of customer contracts within the segments that requires to recognize net sales over time, especially in AirTech sub-segment Data Centers, which is reflected in the below matrix. In addition to unit/equipment sales, Munters provides different kinds of services to customers such as installation, commissioning, startup and maintenance. Net sales from services are recognized over time as these services are performed. The services transferred over time in the matrix below is not equivalent to the net sales from Services mentioned on the business segment pages earlier in this interim report. This is due to the fact that part of the net sales within Services are recognized at a point in time, such as spare parts. Net sales from the discontinued operation is all recognized over time.

	Q2 2021			Jan-Jun 2021		
MSEK	AirTech	FoodTech	Total	AirTech	FoodTech	Total
Goods transferred at a point in time	822	487	1,309	1,602	859	2,461
Goods transferred over time	329	32	361	653	46	699
Services transferred over time	113	39	153	202	72	274
Total	**1,264**	**558**	**1,822**	**2,457**	**977**	**3,434**
whereof related to the discontinued operation	–	–	–	–	–	–
Total net sales from continuing operations	**1,264**	**558**	**1,822**	**2,457**	**977**	**3,434**

	Q2 2020			Jan-Jun 2020		
SEKm	AirTech	FoodTech	Total	AirTech	FoodTech	FoodTech
Goods transferred at a point in time	742	522	1,264	1,513	904	2,418
Goods transferred over time	388	15	403	674	35	709
Services transferred over time	78	31	110	148	68	216
Total	**1,209**	**569**	**1,777**	**2,335**	**1,008**	**3,343**
whereof related to the discontinued operation	3	–	3	3	–	3
Total net sales from continuing operations	**1,205**	**569**	**1,774**	**2,332**	**1,008**	**3,340**

FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2021-06-30	2020-06-30	2020-12-31
Opening balance	121	142	142
Payments	–	-9	-9
Discounting	2	2	4
Exchange-rate differences for the period	5	0	-16
Closing balance	**127**	**136**	**121**

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 9 and are categorized in level 2 in the fair value hierarchy. The derivatives amounted to MSEK 0 (0) in financial assets and to MSEK 0 (1) in financial liabilities.

The Group's put/call acquisition option, recognized at fair value in the statement of financial position, are measured according to IFRS 9 and are categorized in level 3 in the fair value hierarchy. The opening balance for the period relates to the put/call option from the acquisition of MTech Systems in 2017, which is based on EBITDA for the 12 months prior to execution and matures in January 2023. The change in the period relates to a discounting effect and currency translations on the put/call option.

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at June 30, 2021, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

DISCONTINUED OPERATIONS

On September 9, 2019 Munters decided to close its European Data Center factory in Dison, Belgium, following the finalization of negotiations with the unions. The production ceased in 2019 but minor installation services remained at customer sites during 2020. The table below shows the income statement for the discontinued operation as well as the cash flow from operating activities.

MSEK	Q2 2021	Q2 2020	Jan-Jun 2021	Jan-Jun 2020	LTM Jul-Jun	Full year 2020
Net sales	–	3	–	3	13	16
Cost of goods sold	–	-5	–	-5	-6	-11
Gross profit	**–**	**-2**	**–**	**-1**	**7**	**6**
Selling expenses	–	0	–	0	-8	-8
Administrative costs	–	0	–	0	-2	-2
Research and development costs	–	0	–	0	0	0
Other operating income and expenses	–	-0	–	–	-2	-2
Operating profit	**–**	**-1**	**–**	**-1**	**-5**	**-6**
Financial income and expenses	–	-0	–	-1	0	-0
Profit/Loss after financial items	**–**	**-1**	**–**	**-1**	**-5**	**-6**
Tax	–	–	–	–	0	0
Net income for the period from discontinued operations	**–**	**-1**	**–**	**-1**	**-5**	**-6**
Cash flow from operating activities	-19	62	20	4	-133	-149

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Below is a reconciliation of Munters adjusted performance measures from items affecting comparability. In the second quarter of 2021, these items mainly originated from the activities connected with the strategy implementation within business area FoodTech, communicated through a press release in May, 2021, as well as from implementation activities related to the refined strategy within AirTech communicated during last year.

For the first six months, in addition to the above, Munters incurred costs related to a legal case outside the ordinary business operation connected with a previous customer claim that was finally settled in February 2021, and received an insurance compensation linked to an exchange of specific components at a customer site within the European Data Center business (where costs for the exchange amounted to MSEK 116, reported during the third quarter of 2019). In addition to this Munters had minor Covid-19 related expenses and government grants that were adjusted for comparability.

During the second quarter as well as the first six months last year Munters mainly incurred IACs related to the implementation of the refined strategy within AirTech.

The reconciliation below does not include the discontinued operation.

MSEK	Q2 2021-06-30	Q2 2020-06-30	Jan-Jun 2021-06-30	Jan-Jun 2020-06-30	Full year LTM	Full year Jan-Dec
Adjusted EBITDA	**311**	**313**	**561**	**500**	**1,187**	**1,126**
Amortizations and write-downs of tangible assets	-53	-53	-105	-110	-215	-221
Adjusted EBITA	**259**	**260**	**457**	**390**	**972**	**906**
Amortizations and write-downs of intangible assets	-17	-20	-34	-40	-81	-87
Adjusted operating profit (EBIT)	**242**	**240**	**423**	**350**	**891**	**818**
Restructuring activities	-94	-136	-106	-136	-94	-124
Gains/losses from sale of fixed assets	0	0	0	0	6	6
Legal cases outside the ordinary business operation	0	-6	-7	-6	-15	-14
Proceeds insurance reimbursements from legal cases	0	0	61	0	61	0
Received government grants/government assistance	1	9	1	9	12	20
Corona related expenses	-1	-5	-2	-5	-10	-12
Earned refund of sales tax in Brazil	0	0	0	0	13	13
Other	-1	0	-1	0	-1	0
Operating profit (EBIT)	**147**	**103**	**369**	**212**	**863**	**707**

RECONCILIATION OF NET DEBT AND LEVERAGE

The reconciliation of net debt and leverage below includes the discontinued operation.

MSEK	2021-06-30	2020-06-30	2020-12-31
CURRENT ASSETS			
Cash and cash equivalents	-680	-827	-970
NON-CURRENT LIABILITIES			
Interest-bearing liabilities, excluding leases	2,258	3,037	2,440
Interest-bearing lease liabilities	274	286	250
Provisions for pensions	250	263	285
CURRENT LIABILITIES			
Interest-bearing liabilities, excluding leases	5	26	14
Interest-bearing lease liabilities	93	92	82
Accrued expenses	4	12	9
Provisions for pensions	6	6	6
Total Net debt	**2,209**	**2,895**	**2,116**
Operating profit (EBIT)	859	138	701
Depreciations	-215	-275	-221
Amortization and write-down	-86	-99	-87
EBITDA	1,160	512	1,010
Items affecting comparability	-23	-563	-111
Adjusted EBITDA, LTM	**1,183**	**1,075**	**1,121**
Net debt/Adjusted EBITDA, LTM	1.9	2.7	1.9

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 16 2021

Magnus Lindquist
Chairman of the Board

Klas Forsström
President & CEO

Håkan Buskhe
Board Member

Helen Fasth Gillstedt
Board Member

Per Hallius
Board Member

Lena Olving
Board Member

Kristian Sildeby
Board Member

Juan Vargues
Board Member

Anna Westerberg
Board Member

Simon Henriksson
Board Member,
employee representative

Robert Wahlgren
Board Member,
employee representative

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

INFORMATION AND REPORTING DATES

Contact person:

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You are welcome to join a webcast or telephone conference on July 16, at 9:00, when the President and CEO, Klas Forsström, together with the Group Vice President and CFO, Annette Kumlien will present the report.

Webcast:
https://tv.streamfabriken.com/munters-q2-2021

Dial-in number for the telephone conference:

SE: +46 8 505 58375
UK: +44 3333009271
US: +16467224956

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

Financial calendar:

October 22, 2021, Interim report January-September 2021

February 4, 2022, Full year report, January-December 2021

This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CET on July 16, 2021.

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

About Munters Group
Munters is a global leader in energy efficient air treatment and climate solutions. Using innovative technologies, Munters creates the perfect climate for customers in a wide range of industries. Munters has been defining the future of air treatment since 1955. Today, around 3,500 employees carry out manufacturing and sales in more than 30 countries. Munters Group AB reported annual net sales of more than SEK 7 billion in 2020 and is listed on Nasdaq Stockholm. For more information, please visit www.munters.com.

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.