Munters

Q3 2023

Strong net sales growth and profitability improvement

July-September

- Order intake declined in business areas AirTech and Data Center Technologies (DCT), with a good development in business area FoodTech.
- Net sales increased +28% organically, mainly driven by a very strong growth in DCT and the battery sub-segment in AirTech. FoodTech had a strong development in the US, in both Climate and Digital solutions, offset by a weak development in EMEA and APAC.
- The adj. EBITA margin showed strong improvement mainly related to increased net sales in AirTech and DCT, net price increases, as well as efficiency improvements in all business areas.
- Earnings per share increased by +47% driven by the strong net sales and improved profitability.
- Cash flow from operating activities improved both compared to Q3 last year and Q2 this year mainly because of improved earnings and a reduction in operating working capital.

Events after the close of the period

- On 16 October the acquisition of the Indian manufacturer of air treatment solutions, ZECO was finalised.

Net sales organic growth

+28%

Adj. EBITA margin

14.1%

Operating working capital/net sales

13.7%

Financial summary	Q3			Jan-Sep			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Oct-Sep	2022
Order intake	2,494	6,354	-61	8,465	13,688	-38	11,608	16,830
Net sales	3,560	2,644	35	10,271	7,375	39	13,281	10,386
Growth	35%	42%		39%	39%		41%	41%
of which organic growth	28%	22%		31%	21%		-	23%
of which acquisitions and divestments	3%	3%		2%	4%		-	15%
of which currency effects	4%	18%		7%	14%		-	4%
Operating profit (EBIT)	454	271	68	1,211	626	94	1,466	881
Operating margin	*12.8*	*10.3*		*11.8*	*8.5*		*11.0*	*8.5*
Adjusted EBITA	503	293	72	1,371	766	79	1,675	1,070
Adjusted EBITA margin, %	*14.1*	*11.1*		*13.3*	*10.4*		*12.6*	*10.3*
Net income	264	178	48	734	446	65	865	577
Earnings per share before dilution, SEK	1.42	0.97		4.00	2.47		4.71	3.18
Earnings per share after dilution, SEK	1.42	0.97		4.00	2.47		4.71	3.17
Cash flow from operating activities	554	266		396	345		823	772
OWC/Net Sales	13.7%	13.1%		13.7%	13.1%		13.7%	12.7%
Net debt	4,399	3,654		4,399	3,654		4,399	3,825
Net debt/Adjusted EBITDA, LTM	2.2	3.0		2.2	3.0		2.2	2.9

Klas Forsström
President and CEO

"We deliver strong net sales, good margins and a reduction of leverage. "

CEO comments

Strong net sales growth and margin contributions from all business areas

As a summary of our achievements in the third quarter I would firstly like to highlight the strong net sales growth, driven by very good execution on large orders in Data Center Technologies as well as a good development in the battery sub-segment in AirTech. FoodTech had a very strong net sales development in the US driven both by Climate and Digital solutions, whereas APAC and EMEA continued to be weak. Secondly, I am happy to see that through good contributions from all business areas we reached our financial target for adjusted EBITA-margin of 14% in the quarter. Thirdly, through great efforts throughout the organization we generated strong operating cash flow reducing net debt to adjusted EBITDA to 2.2x.

We continued to expand our market presence through the acquisition of ZECO, an Indian manufacturer of air treatment solutions. ZECO constitutes an important step in developing our dehumidification business in India and positions us to grow with market leading products and complete solution sales.

Stable long-term growth trends and good market activity

The underlying long-term growth drivers for our main markets are strong and we have seen continued good market activity in the quarter. In the short-term customers are placing orders closer to delivery, ie lead times are shortening, partly driven by the more unstable macroenvironment.

Market activity in Airtech's end markets was good, but order intake lower than last year mainly as the order intake did not comprise of any larger orders in the quarter compared to last year when we received a larger order for a battery production facility of MUSD 65. In Asia, the development in China was weak mainly due to a continued consolidation of the battery market.

Data Center Technologies continued to see a very strong demand in North Americas, however, did not receive any large orders in the quarter. Last year in the same period two large orders were received with a combined value of MUSD 239. They had a good development in Europe, for example with an order for the product Oasis, that has enjoyed a good position in the US market since several years.

Order intake in FoodTech was positive with strong development in both Climate- and Digital solutions in the US. The strong growth journey in Digital solutions is continuing and our SaaS business grew above 50 per cent. A slight recovery of the markets in APAC and EMEA led to a stable order intake in these regions.

Focus on customer success through sustainable solutions

Our adjusted EBITA grew more than 70% and the EBITA-margin improved compared to the third quarter last year in all business areas. The improvement is a result of the good volume increase, continued good pricing management, our continuous improvement initiatives as well as well-executed projects that led to high utilization of our production.

Operating cash flow was positive in the quarter mainly because of reduced working capital levels from solutions being delivered to customers in Data Center Technologies.

AirTech announced the first implementation of a virtually moisture- and carbon-free process air system in a production facility, in partnership with GreenCap solutions. The technology will improve the quality and lifetime of customers' products, thereby making them more sustainable.

Our employees are the core of our business. In recent times with increasing geopolitical instability, we are now focusing even more on safety first for all our employees. I want to 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 Q3 2023: 28% (22)
Adjusted EBITA margin:	An adjusted EBITA margin above 14%. Performance Q3 2023: 14.1% (11.1)
OWC/net sales:	Average (LTM) operating working capital in the range of 13-10 % of net sales. Performance Q3 2023: 13.7% (13.1)
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 Q3 2023: 80% (71)
TRIR[2]:	Eliminate accidents in production Performance Q3 2023: 1.2 (1.6)
Women in workforce:	30% by 2025 Performance Q3 2023: 24% (22)
Women leaders:	30% by 2025 Performance Q3 2023: 21% (22)
Service share:	Service share 30% of net sales in the long term Performance Q3 2023, LTM: 13.4% (15.2)

* 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

	Q3			Jan-Sep			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Oct-Sep	2022
Order intake	2,494	6,354	-61	8,465	13,688	-38	11,608	16,830
AirTech	1,463	2,453	-40	4,875	5,757	-15	7,517	8,399
DCT	404	3,406	-88	1,764	6,216	-72	1,793	6,245
FoodTech	651	507	28	1,878	1,759	7	2,360	2,242
Corporate & elim.	-24	-11	-	-50	-44	-	-62	-56
Net sales	3,560	2,644	35	10,271	7,375	39	13,281	10,386
AirTech	1,978	1,684	17	6,090	4,817	26	8,103	6,830
DCT	953	378	152	2,483	901	176	2,983	1,401
FoodTech	650	594	10	1,745	1,697	3	2,259	2,211
Corporate & elim.	-21	-12	-	-48	-40	-	-64	-56
Adjusted EBITA	503	293	72	1,371	766	79	1,675	1,070
AirTech	305	242	26	974	684	42	1,303	1,014
DCT	160	24	560	375	48	679	411	84
FoodTech	80	53	53	162	124	31	166	128
Corporate & elim.	-42	-26	-	-140	-91	-	-205	-156
Adjusted EBITA margin, %	14.1	11.1		13.3	10.4		12.6	10.3
AirTech	15.4	14.4		16.0	14.2		16.1	14.8
DCT	16.8	6.4		15.1	5.3		13.8	6.0
FoodTech	12.4	8.8		9.3	7.3		7.4	5.8

Order intake

July-September 2023

Order intake amounted to MSEK 2,494 (6,354), (organic development of -64%, structural +1%, currency effects +2%), with good growth in FoodTech while the two other business areas experienced lower growth than last year. In the short-term customers are placing orders closer to delivery, partly driven by the more unstable macroenvironment. In the long-term underlying growth drivers for our main markets remain strong.

Market activity in Airtech's end markets was good, however order intake was lower than last year mainly as the order intake did not comprise of any larger orders in the quarter compared to last year. DCT continued to see strong demand in North Americas, however, did not receive any large orders in the quarter. Last year in the same period two large orders were received with a combined value of MUSD 239. Order intake in FoodTech was positive with strong development in both Climate- and Digital solutions in the US. A slight recovery of the markets in APAC and EMEA led to a stable order intake in these regions.

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

January-September 2023

Order intake during the first nine months of the year amounted to MSEK 8,465 (13,688), (organic development of -43%, structural +1%, currency effects +3%).

The order backlog at the end of the period amounted to MSEK 10,025 compared to MSEK 11,866 in the third quarter 2022, corresponding to a -16% decrease. The majority of the backlog is attributable to large orders received in DCT and AirTech during 2022 to be delivered throughout 2025.

Net sales

July-September 2023

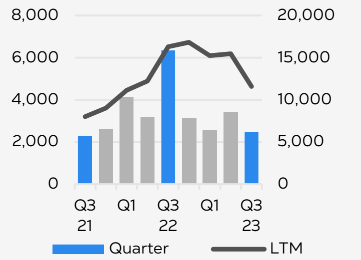
Net sales grew to MSEK 3,560 (2,644) (organic growth +28%, structural +3%, currency effects +4%). Growth was mainly driven by good execution on large orders in DCT as well as a good development in the battery sub-segment in AirTech. Both Climate and Digital solutions within FoodTech showed strong development in the US, whereas APAC and EMEA continued to be weak. Service net sales amounted to MSEK 479 (382) representing 13% (14) of total net sales with an organic growth of 7%.

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

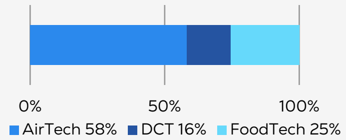
January-September 2023

Net sales grew to MSEK 10,271 (7,375) (organic growth +31%, structural +2%, currency effects +7%). Strong net sales growth was reported in AirTech and DCT driven by high activity in projects deliveries, whereas FoodTech showed flat development. Service net sales for the year amounted to MSEK 1,282 (1,056) representing 12% (14) of total net sales with an organic growth of 10%.

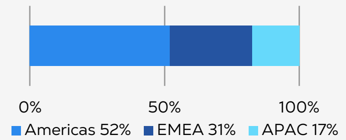
Quarterly order intake (MSEK)



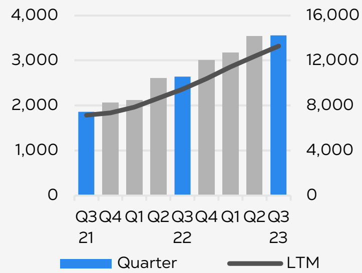
Order intake per Business Area Q3, 2023 (MSEK)



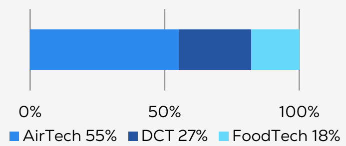
Order intake per region Q3, 2023 (MSEK)



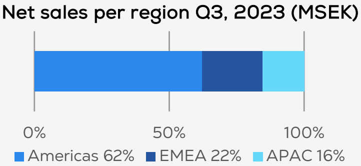
Quarterly net sales, (MSEK)



Net sales per Business Area Q3, 2023 (MSEK)



Net sales per region Q3, 2023 (MSEK)



Results

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

July-September 2023

The gross margin amounted to 32.1% (29.3). The margin improved mainly as a result of strong net sales growth in AirTech and DCT, net price increases and positive effects from efficiency improvements.

Adjusted EBITDA amounted to MSEK 587 (359), corresponding to an adjusted EBITDA-margin of 16.5% (13.6). Depreciation of tangible assets amounted to MSEK -84 (-66), whereof depreciation of leased assets was MSEK -48 (-34).

Adjusted EBITA amounted to MSEK 503 (293), corresponding to an adjusted EBITA-margin of 14.1% (11.1). The margin improved mainly because of net sales increases in AirTech and DCT as well as a high utilization rate of production, efficiency improvement efforts in all business areas as well as contributions from net price adjustments.

Adjusted EBITA for Corporate amounted to MSEK -42 (-26). An expansion of the corporate functions is the main driver of the increased cost level.

Operating profit (EBIT) was MSEK 454 (271), corresponding to an operating margin of 12.8% (10.3). Amortization and write-downs of intangible assets were MSEK -41 (-28), where MSEK -13 (-9) related to amortization of intangible assets from acquisitions.

January-September 2023

The gross margin amounted to 31.5% (29.0).

Adjusted EBITDA amounted to MSEK 1,610 (951), corresponding to an adjusted EBITDA-margin of 15.7% (12.9). Depreciation of tangible assets amounted to MSEK -239 (-186), whereof depreciation of leased assets was MSEK -136 (-92).

Adjusted EBITA amounted to MSEK 1,371 (766), corresponding to an adjusted EBITA-margin of 13.3% (10.4). The margin improved mainly because of net sales increases in AirTech and DCT, net price increase as well as efficiency improvement efforts in all business areas.

Adjusted EBITA for Corporate amounted to MSEK -140 (-91).

Operating profit (EBIT) was MSEK 1,211 (626), corresponding to an operating margin of 11.8% (8.5). Amortization and write-downs of intangible assets in the first nine months of the year were MSEK -113 (-75), where MSEK -38 (-27) related to amortization of intangible assets from acquisitions.

Items affecting comparability (IAC)

Items affecting comparability totaled MSEK -7 (6) in the third quarter including restructuring activities of MSEK 0 (8). A reversal of restructuring costs of MSEK 3 was recorded in the period, explaining the low cost from restructuring activities in the quarter. Other IACs totaled MSEK -7 (-2) and relate to costs for M&A activities.

For the 9 months period IACs totaled MSEK -47 (-65) including restructuring activities of MSEK -12 (-36). Other IACs of MSEK -35 (-29) were recorded in the period and comprise costs for M&A activities and costs related to the announced strategic review of the equipment offering in FoodTech. In the same period last year 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 third quarter amounted to MSEK -93 (-41). Compared to the same period last year interest expenses have increased due to higher interest rates in combination with increased outstanding debt. Interest expense on lease liabilities amounts to MSEK -11 (-5) in the third quarter.

Financial income and expenses for the first nine months amounted to MSEK -232 (-78).

Taxes

Income taxes for the third quarter was MSEK -98 (-53). The effective tax rate in the third quarter was 27% (23). Income taxes for the first nine months was MSEK -245 (-102). The effective tax rate for first nine months was 25% (19).

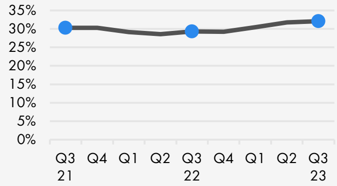
The low effective tax rate in the first nine months of 2022 was mainly driven by tax related to previous years and a revaluation effect on deferred taxes in Sweden.

Earnings per share

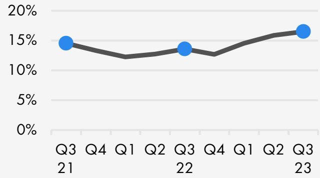
Net income attributable to Parent Company's ordinary shareholders amounted to MSEK 260 (176) in the third quarter. Earnings per share, before dilution, was SEK 1.42 (0.97). Earnings per share, after dilution, was SEK 1.42 (0.97).

The average number of outstanding ordinary shares in the third quarter, for the purpose of calculating earnings per share, was 182,371,664 before dilution and 182,405,896 after dilution.

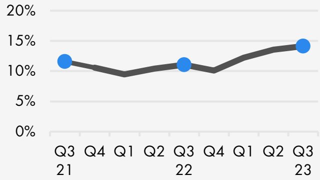
Quarterly gross margin, %



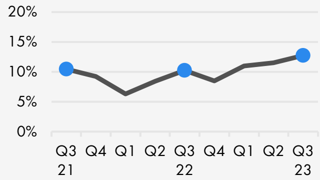
Quarterly adjusted EBITDA margin, %



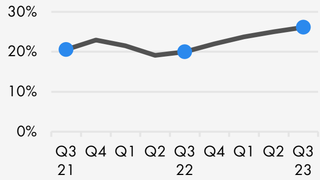
Quarterly adjusted EBITA margin, %



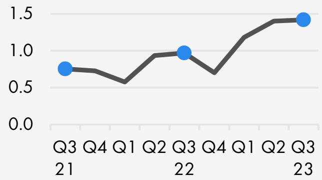
Quarterly EBIT margin, %



Tax rate LTM, %



Quarterly EPS, SEK



Financial position

Net debt as of September 30 amounted to MSEK 4,399 compared to 3,654 at the end of September 2022, 3,825 at the end of December 2022 and 4,833 at the end of June 2023. In the third quarter net debt was reduced because of improved operating earnings as well as a reduction in operating working capital. Net debt in relation to adjusted EBITDA was 2.2x compared to 2.7x at end of June 2023.

Interest-bearing liabilities, including lease liabilities, increased by MSEK 1,190 compared to end of September 2022 and amounted to MSEK 5,345 (4,155). The increase is driven mainly by acquisitions financed through debt executed during the recent year as well as increased operating working capital in the recent twelve months. In the first nine months of 2023 Munters closed the acquisition of the Swedish manufacturer of components, Tobo components, the French service business SIFT and the acquisition of a majority share in the Brazilian manufacturer of controllers and complimentary accessories for the broiler and swine segments, InoBram. On the 16th of October, after the end of the Q3, it was announced that the acquisition of the Indian air handling equipment company ZECO had been finalized.

The Group's interest-bearing liabilities have an average maturity of 3.3 years.

Average capital employed for the last twelve months was MSEK 10,733 (8,255). Return on capital employed (ROCE) for the last twelve months increased to 13.8% (9.9) because of improved operating earnings.

Cash flow

Cash flow from operating activities amounted to MSEK 554 (266) in the third quarter and MSEK 396 (345) for the first nine months of 2023.

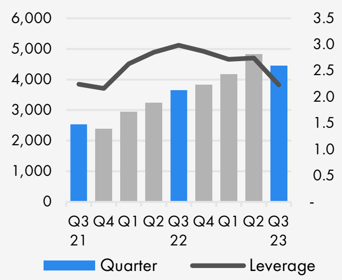
Cash flow from changes in working capital had a positive impact of MSEK 110 (30) in the third quarter and a negative impact of MSEK -724 (-273) for the first nine months of 2023. The positive impact in the third quarter is mainly related to the positive contribution from DCT as their deliveries to customers increased. The negative impact during the first nine months 2023 is mainly related to build-up of operating working capital in large orders within battery in AirTech.

Total cash flow for the third quarter amounted to MSEK 458 (225) and MSEK 253 (-9) for the first nine months of 2023. The total cash flow for the first nine months was impacted by acquisitions of MSEK -148, investments in tangible and intangible assets of MSEK -455, payment of dividend to external shareholders in May 2023 of MSEK -175 and net increased external borrowing of MSEK 742.

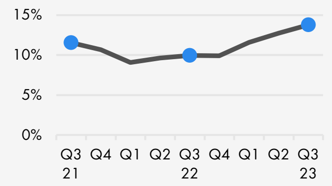
Parent company

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 3 (0).

Net debt per quarter



ROCE, %



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.

	Q3			Jan-Sep			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Oct-Sep	2022
External order backlog	3,572	4,219	-15	3,572	4,219	-15	3,572	4,698
Order intake	1,463	2,453	-40	4,875	5,757	-15	7,517	8,399
Growth	-40%	63%		-15%	41%		0%	44%
Net sales	1,978	1,684	17	6,090	4,817	26	8,103	6,830
Growth	17%	43%		26%	47%		31%	46%
of which organic growth	12%	25%		19%	32%		-	31%
of which acq. and div.	3%	-		2%	-		-	0%
of which currency effects	3%	17%		5%	14%		-	15%
Operating profit (EBIT)	290	247	17	926	657	41	1,245	976
Operating margin, %	*14.7*	*14.7*		*15.2*	*13.6*		*15.4*	*14.3*
Amortization of intang. asset	-14	-7		-35	-17		-46	-29
Items affecting comparability	-1	14		-13	-8		-14	-9
Re-allocation of int. services	-	-2		-	-3		3	-
Adjusted EBITA	305	242	26	974	684	42	1,303	1,014
Adjusted EBITA margin, %	*15.4*	*14.4*		*16.0*	*14.2*		*16.1*	*14.8*

July-September 2023

Order intake

Order intake decreased -45% organically, with negative development in all regions. No large orders were received in the quarter. Last year a large order for a battery production facility of MUSD 65 was received in the third quarter, excluding this order Airtech's order intake declined -17%.

- Within the Industrial segment the battery sub-segment had a weaker development, as customers in all regions are ordering closer to delivery. In APAC the weaker development was mainly related to China where the consolidation of the battery market continues. The market in EMEA and Americas was weaker mainly as customers are placing orders closer to delivery, ie lead times are shortening, partly driven by the more unstable macroenvironment.
- Clean Technologies (CT) declined mainly due to delays in customer decisions related to major investments.
- Components showed good growth in all regions, mainly driven by strong growth in Americas where the acquisition of Hygromedia and Rotorsource in 2022 had good contribution. Service showed growth in EMEA, offset by weaker markets in APAC and Americas.

Net sales

Net sales increased +12% organically, showing positive development in all segments and especially the battery sub-segment in Americas. Regions Americas and EMEA grew strongly, slightly offset by a weaker development in APAC. Service accounted for 19% (23) of net sales with an organic increase of +8%.

- The Industrial segment showed growth in all regions, driven mainly by the battery subsegment in Americas. EMEA also showed good growth in the battery sub-segment, whereas APAC had weaker development. The pharmaceutical sub-segment in EMEA and the food sub-segment in Americas and APAC also contributed to growth.
- Clean Technologies had a stable development in all regions.
- The Components segment showed good growth in Americas and a flat development in APAC and EMEA. Service had good growth in EMEA, and flat development in the other regions.

Adjusted EBITA

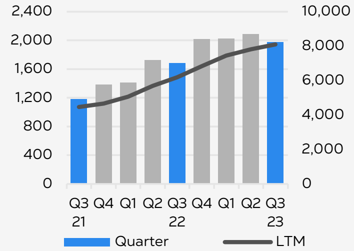
The adjusted EBITA margin improved mainly because of increased net sales.

- Efficiency improvements continued to have a positive impact on the margin.
- Contributions from net price increases strengthened the margin.

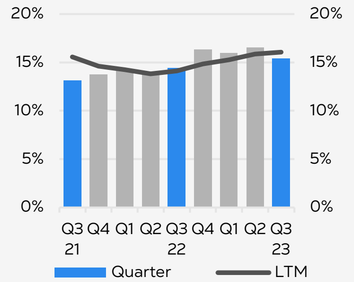
January-September 2023

- Order intake declined -21% organically. Components segment had good growth, offset by a weaker development in the Industrial segment. The Service segment showed a stable development.
- Net sales increased +19% organically, mainly because of a strong development in the Industrial segment in all regions. Components showed good growth in all regions and Service grew in Americas and EMEA with a flat development in APAC. Service accounted for 19% (14) of net sales with an organic growth of +11%.
- The adjusted EBITA margin improved because of volume increase combined with positive contributions from efficiency improvements and net price increases.

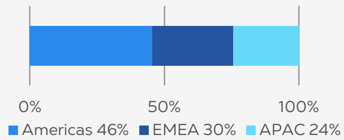
Quarterly net sales - AirTech, (MSEK)



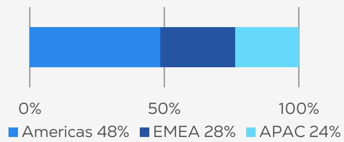
Quarterly adjusted EBITA margin % - AirTech



Order intake per region Q3, 2023 - AirTech (MSEK)



Net sales per region Q3, 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. DCT has operations in Virginia and Texas in the US, as well as in Ireland.

	Q3			Jan-Sep			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Oct-Sep	2022
External order backlog	5,453	6,739	-19	5,453	6,739	-19	5,453	5,937
Order intake	404	3,406	-88	1,764	6,216	-72	1,793	6,245
Growth	-88%	1034%		-72%	801%		-73%	494%
Net sales	953	378	152	2,483	901	176	2,983	1,401
Growth	152%	134%		176%	74%		175%	100%
of which organic growth	140%	66%		157%	11%		-	35%
of which acq. and div.	-	32%		-	38%		-	35%
of which currency effects	13%	36%		18%	25%		-	30%
Operating profit (EBIT)	154	19	716	358	41	771	389	71
Operating margin, %	*16.2*	*5.0*		*14.4*	*4.6*		*13.0*	*5.1*
Amortization of intang. asset	-6	-5		-17	-15		-22	-20
Items affecting comparability	-	0		-	8		0	8
Adjusted EBITA	160	24	560	375	48	679	411	84
Adjusted EBITA margin, %	*16.8*	*6.4*		*15.1*	*5.3*		*13.8*	*6.0*

July-September 2023

Order intake

Order intake decreased -89% organically, excluding the two large orders of MUSD 239 received in the third quarter 2022 order intake decreased -49% organically.

- The lower order intake compared to last year is partly due to a changed ordering pattern among customers, where orders last year were placed well ahead due to the supply chain constraints in the market.
- The underlying demand is continued good with a strong long-term trend driven by continued digitization and an increased focus on energy-efficient cooling solutions for data centers.
- Good development in Europe, for example with an order for the product Oasis.

Net sales

Net sales increased +140% organically, driven by good execution on large projects and increased deliveries.

- Deliveries of 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. Preparations to introduce the SyCool split solution to the European market are ongoing.

Adjusted EBITA

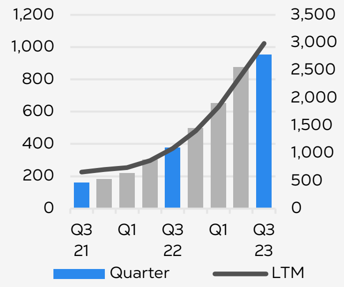
The adjusted EBITA margin improved significantly primarily because of strong volume growth, combined with a high utilization rate in production.

- Indirect costs in relation to net sales are expected to increase as investments in resources and competence are planned to accelerate over the coming quarters in order to capture growth opportunities.

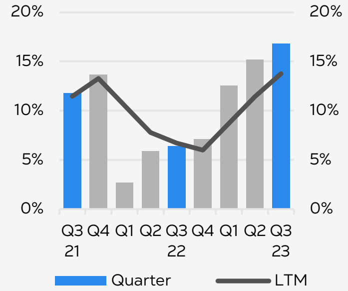
January-September 2023

- Order intake decreased -73% organically mainly because of customers having ordered solutions in advance last year because of previous supply chain challenges.
- Net sales increased +157% organically, driven by high activity in large projects and a ramp-up of production.
- The adjusted EBITA margin improved strongly because of volume increase, net price increases and efficiency improvements.

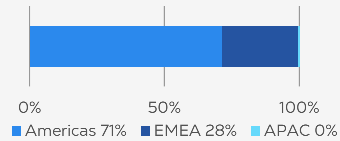
Quarterly net sales - DCT, (MSEK)



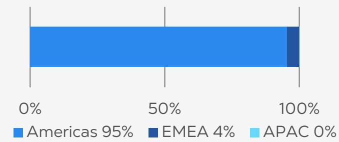
Quarterly adjusted EBITA margin % - DCT



Order intake per region Q3, 2023 – DCT (MSEK)



Net sales per region Q3, 2023 - DCT (MSEK)

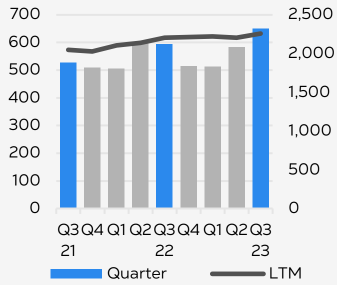


FoodTech

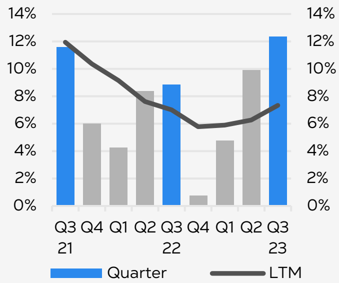
Business area FoodTech is one of the world's leading suppliers of innovative, energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain. Our solutions increase productivity while contributing to sustainable food production, where strict requirements are placed on quality, animal health and food safety. In July 2023 Munters announced an initiation of a strategic review of FoodTech's equipment business.

	Q3			Jan-Sep			LTM	Full-year
MSEK	2023	2022	Δ%	2023	2022	Δ%	Oct-Sep	2022
External order backlog	999	908	10	999	908	10	999	828
Order intake	651	507	28	1,878	1,759	7	2,360	2,242
Growth	28%	1%		7%	6%		4%	4%
Net sales	650	594	10	1,745	1,697	3	2,259	2,211
of which SaaS	48	32	53	126	86	47	160	119
SaaS ARR	194	127	53	194	127	53	194	133
Growth	10%	13%		3%	12%		2%	9%
of which organic growth	1%	-1%		-4%	1%		-	-2%
of which acq. and div.	5%	-		2%	-		-	-
of which currency effects	3%	13%		5%	11%		-	11%
Operating profit (EBIT)	61	30	99	86	28	210	63	5
Operating margin, %	*9.3*	*5.1*		*4.9*	*1.6*		*2.8*	*0.2*
Amortization of intang. asset	-19	-15		-53	-39		-73	-59
Items affecting comparability	-1	-6		-24	-57		-31	-64
Re-allocation of int. services	-	-1		-	-1		1	-
Adjusted EBITA	80	53	53	162	124	31	166	128
Adjusted EBITA margin, %	*12.4*	*8.8*		*9.3*	*7.3*		*7.4*	*5.8*

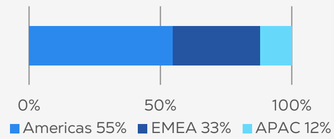
Quarterly net sales - FoodTech, (MSEK)



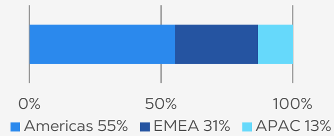
Quarterly adjusted EBITA margin % - FoodTech



Order intake per region Q3, 2023 – FoodTech (MSEK)



Net sales per region Q3, 2023 - FoodTech (MSEK)



July-September 2023

Order intake

Order intake increased +22% organically, mainly driven by strong order intake in the US and a slight recovery in EMEA and APAC.

- Both Climate and Digital solutions showed strong growth in the Americas region. Climate solutions in the US had a good development in the broiler and layer segments. Digital solutions continued to show very strong growth in the US.
- In region EMEA the underlying market was continued weak as a consequence of lower investment levels. Positively, the layer segment showed good growth.
- Region APAC showed stable development, with growth in both the broiler and layer segments. In China the swine market showed continued weak development.

Net sales

Net sales increased +1% organically, mainly due to continued weak markets in APAC and EMEA.

- Climate solutions in Americas showed strong growth, primarily in the broiler and layer segments. Digital solutions in the US grew with increased software recurring revenues +53% to MSEK 48, with an ARR (Annualized Recurring software Revenue) of MSEK 194.
- Region EMEA declined due to the overall weak market demand in all segments except layer which showed good growth.
- The APAC region declined, mainly due to a continued weak swine market in China whereas the layer segment showed good growth.

Adjusted EBITA

The adjusted EBITA margin increased, mainly driven by positive effects from commercial excellence initiatives, including net price increases.

- Increased net sales combined with positive effects from operational excellence improvements led to an improved margin, with recent years actions to mitigate negative effects from lower net sales in both EMEA and APAC providing a major positive contribution.
- Positive effects from improved profitability in Digital solutions, despite continued high investments for growth.

January-September 2023

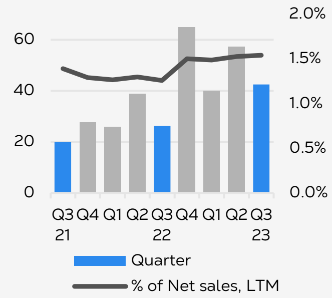
- Order intake was flat organically, with a good development in Americas, offset by weak markets in APAC and EMEA.
- Net sales declined -4% organically, mainly due to weak markets in APAC and EMEA, partly offset by a good development in Americas.
- The adjusted EBITA margin improved significantly as a result of positive effects from net price increases and efficiency improvement initiatives.

Corporate

The Corporate function reported an adjusted EBITA of MSEK -42 (-26) in the third 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. In the third quarter 2023 Munters participated in the capital increase of one of the investments.

Quarterly Corporate cost (MSEK)



Other information

Employees

The number of permanent FTEs (Full Time Equivalents), at September 30, 2023 was 4,370 (3,755). The amount of FTEs at September 30, 2023 in business area AirTech was 2,720 (2,536), in DCT 619 (341), in FoodTech 892 (785) and at Group functions 139 (93).

Outstanding shares

As of September 30, 2023, Munters held 1,966,345 treasury shares of the total shares of 184,457,817. Thus, the number of outstanding shares as of the balance sheet date was 182,491,472.

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

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%.

Agreement signed to acquire ZECO – In September 2023 it was announced that an agreement had been signed to acquire ZECO, an Indian manufacturer of air treatment solutions for an estimated enterprise value of MSEK 790. ZECO will provide Munters with a strong platform to expand its dehumidification offering in the Indian market. ZECO reported net sales of about MSEK 510 for FY 2022/2023, ending on the 31st of March 2023. The reported EBITA-margin is accretive to the Munters Group. The acquisition will be fully financed through existing credit facilities.

ZECO
We breathe air into your life

Nomination committee for the 2024 Annual General Meeting – In September Munters announced the Nomination committee for the 2024 Annual General Meeting. It comprises the following members: Magnus Fernström, FAM, Chairman of the Nomination Committee, Celia Grip, Swedbank Robur Funds, Mats Larsson, First Swedish National pension fund, Philip Mesch, ODIN Fund Management.

Events after the close of the period

Acquisition of ZECO - On 16th October the acquisition of the Indian manufacturer of air treatment solutions, ZECO was finalised.

Ten largest shareholders

As of 30 Sep	%
FAM AB	28.0
First Swedish National Pension Fund	6.2
ODIN Funds	6.2
Swedbank Robur Fund	6.1
Fourth Swedish National Pension Fund	5.1
Capital Group	3.3
Vanguard	2.1
Columbia Threadneedle	1.9
Schroders	1.8
Janus Henderson Investors	1.7

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

- ~4,370 employees (FTEs)
- >30 countries with sales and manufacturing
- 19 production units
- 21% women leaders
- Three business areas: AirTech, Data Center Technologies and FoodTech

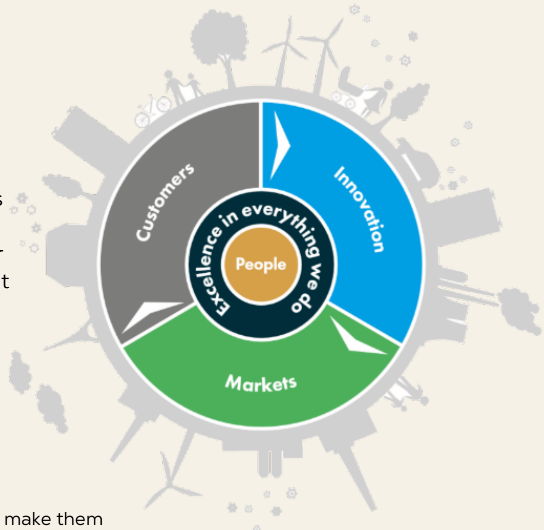
In Q3, AirTech generated 55%, Data Center Technologies 27% and FoodTech 18% of the total net sales of Munters

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	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Order backlog	10,025	11,153	10,783	11,463	11,866	7,515	6,367	4,198	3,525
Order intake	2,494	3,427	2,544	3,143	6,354	3,200	4,133	2,605	2,295
Net sales	3,560	3,536	3,175	3,011	2,644	2,610	2,121	2,057	1,857
Adjusted EBITDA	**587**	**561**	**462**	**381**	**359**	**332**	**260**	**274**	**270**
Depreciation tangible assets	-84	-82	-73	-78	-66	-60	-59	-56	-55
Adjusted EBITA	**503**	**479**	**389**	**304**	**293**	**272**	**201**	**217**	**215**
Amortization intangible assets from acq.	-13	-13	-12	-8	-9	-9	-9	-8	-8
Amortization other intangible assets	-29	-25	-22	-30	-19	-15	-14	-10	-10
Items affecting comparability (IAC)	-7	-34	-6	-9	6	-28	-44	-9	-4
Operating profit (EBIT)	**454**	**408**	**349**	**255**	**271**	**220**	**134**	**190**	**194**
Financial income and expenses	-93	-66	-73	-64	-41	-14	-23	-14	-20
Tax	-98	-85	-62	-61	-53	-39	-10	-43	-35
Net income	**264**	**257**	**214**	**131**	**178**	**166**	**102**	**133**	**138**
-attributable to Parent Comp. Shareholders	260	256	214	128	176	169	104	133	138

Key performance indicators

	2023			2022				2021	
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Organic Growth, Net Sales	28%	27%	38%	26%	22%	25%	16%	10%	3%
Adjusted EBITA margin, %	14.1	13.5	12.3	10.1	11.1	10.4	9.5	10.6	11.6
Operating margin, %	12.8	11.5	11.0	8.5	10.3	8.4	6.3	9.2	10.5
Earnings per share before dilution, SEK	1.42	1.40	1.18	0.70	0.97	0.93	0.57	0.73	0.75
Earnings per share before after, SEK	1.42	1.40	1.18	0.70	0.97	0.93	0.57	0.73	0.75
OWC/Net Sales, %	13.7	13.2	12.7	12.7	13.1	13.3	13.4	13.1	12.5
Net Debt/Adjusted EBITDA, LTM	2.2	2.7	2.7	2.9	3.0	2.9	2.6	2.2	2.2

Net Debt

	2023			2022				2021	
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Cash and cash equivalents	-1,165	-710	-618	-914	-698	-459	-565	-674	-440
Interest-bearing liabilities	4,575	4,518	3,772	3,721	3,424	3,101	2,830	2,374	2,324
Lease liabilities	770	801	781	774	731	367	370	376	369
Provisions for pensions	197	209	217	227	187	226	298	308	279
Accrued financial expenses	21	15	24	16	10	6	5	5	4
Net Debt	**4,399**	**4,833**	**4,175**	**3,825**	**3,654**	**3,241**	**2,938**	**2,389**	**2,536**

Condensed statement of comprehensive income

	Q3		Jan-Sep		LTM	Full-year
MSEK	2023	2022	2023	2022	Oct-Sep	2022
Net sales	3,560	2,644	10,271	7,375	13,281	10,386
Cost of goods sold	-2,418	-1,870	-7,040	-5,237	-9,172	-7,368
Gross profit	**1,142**	**774**	**3,230**	**2,138**	**4,110**	**3,017**
Selling expenses	-313	-271	-939	-772	-1,246	-1,079
Administrative costs	-278	-204	-805	-566	-1,040	-800
Research and development costs	-94	-58	-245	-168	-313	-236
Other operating income and expenses	0	30	-26	-7	-38	-19
Share of earnings in associates	-3	-	-5	-	-7	-2
Operating profit	**454**	**271**	**1,211**	**626**	**1,466**	**881**
Financial income and expenses	-93	-41	-232	-78	-296	-142
Profit/Loss after financial items	**362**	**230**	**979**	**548**	**1,171**	**739**
Tax	-98	-53	-245	-102	-305	-162
Net income for the period	**264**	**178**	**734**	**446**	**865**	**577**
Attributable to Parent Company shareholders	260	176	730	449	857	577
Attributable to non-controlling interests	4	2	5	-3	8	-0
Average number of outstanding shares before dilution	182,371,664	181,795,436	182,194,023	181,671,444	182,143,744	181,752,465
Average number of outstanding shares after dilution	182,405,896	182,049,874	182,225,460	181,862,239	182,174,003	181,932,090
Earnings per share before dilution, SEK	1.42	0.97	4.00	2.47	4.71	3.18
Earnings per share after dilution, SEK	1.42	0.97	4.00	2.47	4.71	3.17
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange-rate differences on translation of foreign operations	-87	289	151	643	-9	483
Items that will not be reclassified to profit or loss:						
Actuarial gains/losses on defined-benefit pension obligations	12	44	35	131	-5	91
Income tax effect not to be reclassified to profit or loss	-3	-9	-7	-27	1	-18
Other comprehensive income, net after tax	**-78**	**324**	**178**	**747**	**-13**	**555**
Total comprehensive income for the period	**186**	**502**	**912**	**1,193**	**852**	**1,132**
Attributable to Parent Company shareholders	182	500	908	1,197	845	1,133
Attributable to non-controlling interests	3	2	4	-4	7	-1

Condensed statement of financial position

MSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	5,694	5,172	5,359
Other intangible assets	2,207	2,041	2,027
Property, plant and equipment	972	781	825
Right-of-Use assets	729	713	751
Participations in associated companies	30	38	34
Other financial assets	86	53	83
Deferred tax assets	382	298	298
Total non-current assets	**10,098**	**9,096**	**9,376**
CURRENT ASSETS			
Inventory	1,965	1,765	1,956
Accounts receivable	2,486	1,899	2,235
Derivative instruments	2	-	2
Current tax assets	89	89	93
Other receivables	131	126	159
Prepaid expenses and accrued income	1,069	785	684
Cash and cash equivalents	1,165	698	914
Total current assets	**6,907**	**5,362**	**6,042**
TOTAL ASSETS	**17,005**	**14,459**	**15,419**
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	5,976	5,413	5,303
Non-controlling interests	1	3	3
Total equity	**5,978**	**5,416**	**5,307**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	4,568	3,386	3,721
Lease liabilities	594	610	640
Provisions for pensions	197	187	227
Other provisions	66	66	65
Other non-current liabilities	378	174	223
Deferred tax liabilities	443	459	442
Total non-current liabilities	**6,246**	**4,882**	**5,318**
CURRENT LIABILITIES			
Interest-bearing liabilities	7	37	-
Lease liabilities	176	121	135
Other provisions	165	159	150
Accounts payable	1,156	932	1,288
Derivative instruments	11	3	-
Current tax liabilities	108	48	55
Advances from customers	1,725	1,428	1,715
Other current liabilities	97	163	257
Accrued expenses and deferred income	1,335	1,270	1,194
Total current liabilities	**4,781**	**4,160**	**4,794**
TOTAL EQUITY AND LIABILITIES	**17,005**	**14,459**	**15,419**

Condensed statement of changes in equity

MSEK	2023-09-30	2022-09-30	2022-12-31
Opening balance	**5,307**	**4,363**	**4,363**
Total comprehensive income for the period	912	1,193	1,132
Exercised share options	14	15	25
Put/call option related to non controlling interests	-81	-	-58
Dividends paid	-175	-156	-156
Share option plan incl. deferred tax	1	2	0
Other	-	-	0
Closing balance	**5,978**	**5,416**	**5,307**
Total shareholders´ equity attributable to:			
The parent company's shareholders	5,976	5,413	5,303
Non-controlling interests	1	3	3

Condensed cash flow statement

	Q3		Jan-Sep		LTM	Full-year
MSEK	2023	2022	2023	2022	Oct-Sep	2022
OPERATING ACTIVITIES						
Operating profit	**454**	**271**	**1,211**	**626**	**1,466**	**881**
Reversal of non-cash items						
Depreciation, amortization and impairments	125	94	352	260	468	377
Other profit/loss items not affecting liquidity	15	-6	15	-14	5	-24
Change in provisions						
Provisions	3	-26	11	-20	7	-24
Cash flow before interest and tax	**598**	**334**	**1,588**	**852**	**1,946**	**1,210**
Paid financial items	-73	-34	-214	-64	-272	-121
Taxes paid	-81	-64	-254	-171	-316	-233
Cash flow from operating activites before changes in working capital	**444**	**235**	**1,120**	**617**	**1,359**	**856**
Change in accounts receivable	-119	-94	-157	-151	-641	-635
Change in inventory	161	-149	83	-454	-168	-706
Change in accrued income	60	62	-278	-233	-281	-236
Change in accounts payable	-104	-22	-172	33	192	397
Change in advances from customers	109	204	-173	573	230	977
Cashflow from changes in operating working capital	**106**	**1**	**-696**	**-233**	**-667**	**-203**
Change in other working capital	4	30	-28	-40	132	119
Cash flow from changes in working capital	**110**	**30**	**-724**	**-273**	**-535**	**-84**
Cash flow from operating activities	**554**	**266**	**396**	**345**	**823**	**772**
INVESTING ACTIVITIES						
Business acquisitions	1	-	-148	-302	-568	-721
Investments in associated companies	-	-34	-0	-34	-1	-34
Investments in participations and securities in other companies	-4	-36	-3	-39	-27	-62
Sale of intangible assets and property, plant and equipment	0	18	-1	19	7	27
Investment in property, plant and equipment	-65	-44	-214	-133	-303	-222
Investment in intangible assets	-66	-74	-242	-223	-337	-317
Cash flow from investing activities	**-134**	**-169**	**-608**	**-710**	**-1,227**	**-1,330**
FINANCING ACTIVITIES						
Exercised share options	11	10	14	15	25	25
Loan raised	376	267	1,454	1,052	1,904	1,503
Amortization of loans	-308	-117	-712	-466	-749	-504
Repayment of lease liabilities	-40	-32	-117	-88	-150	-122
Dividends paid	-	-	-175	-156	-175	-156
Other changes to financing activities	-1	-	-0	-	-6	-5
Cash flow from financing activities	**38**	**128**	**465**	**357**	**850**	**743**
Cash flow for the period	**458**	**225**	**253**	**-9**	**446**	**184**
Cash and cash equivalents at period start	713	459	914	674	698	674
Exchange-rate differences in cash and cash equivalents	-6	14	-2	34	20	56
Cash and cash equivalents at period end	**1,165**	**698**	**1,165**	**698**	**1,165**	**914**

Parent company

Condensed income statement

MSEK	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	LTM Oct-Sep	Full-year 2022
Net sales	–	–	–	–	–	–
Gross profit/loss	**0**	**0**	**0**	**0**	**0**	**–**
Administrative costs	-4	0	-11	-3	-15	-8
Other operating income and expenses	26	4	29	5	32	8
Operating profit	**22**	**5**	**18**	**2**	**18**	**1**
Financial income and expenses	-6	-2	-12	-3	-14	-5
Profit/Loss after financial items	**16**	**3**	**6**	**-1**	**4**	**-4**
Group contributions	–	–	–	–	7	7
Profit/Loss before tax	**16**	**3**	**6**	**-1**	**10**	**3**
Tax	–	0	–	0	1	1
Net income for the period	**16**	**3**	**6**	**-1**	**11**	**4**

Condensed statement of comprehensive income

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	LTM Oct-Sep	Full-year 2022
Profit/Loss for the period	16	3	6	-1	11	4
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**16**	**3**	**6**	**-1**	**11**	**4**

Condensed balance sheet

MSEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,098	4,097	4,098
Other financial assets	4	4	4
Total non-current assets	**4,103**	**4,101**	**4,103**
CURRENT ASSETS			
Prepaid expenses and accrued income	–	1	1
Current tax assets	1	1	1
Receivables from subsidiaries	27	18	14
Cash and cash equivalents	3	0	0
Total current assets	**31**	**20**	**15**
TOTAL ASSETS	**4,134**	**4,122**	**4,118**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	4,136	4,136	4,136
Profit brought forward	-401	-257	-246
Income for the period	6	-1	4
Total equity	**3,747**	**3,883**	**3,899**
NON-CURRENT LIABILITIES			
Provisions for pensions and similar commitments	4	3	3
Total non-current liabilities	**4**	**3**	**3**
CURRENT LIABILITIES			
Accounts payable	1	2	1
Accrued expenses and deferred income	29	12	16
Liabilities to subsidiaries	348	217	192
Other liabilities	4	5	6
Total current liabilities	**383**	**236**	**215**
TOTAL EQUITY AND LIABILITIES	**4,134**	**4,122**	**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.

In the beginning of October, 2023 Israel declared it was at war. Within the business area FoodTech, Munters has manufacturing of controllers in Israel located south of Tel Aviv with about 140 employees. Munters monitors the situation in Israel closely in order to be able to quickly respond to any disturbances. 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 65 (39) and net derivatives to MSEK -9 (-3) 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 begins on January 1, 2025, and ending on December 31, 2025. The fair value of the option amounts to MSEK 304 as of the balance sheet date.

In June, Munters closed the acquisition of a majority share in InoBram. Munters has acquired 60% of the company but the agreement includes a put/call option for Munters to acquire the remaining 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	2023-09-30	2022-09-30	2022-12-31
Opening balance	217	137	137
Valuation put/call option	73	-	-
Remeasurements	62	-	57
Discounting	18	-	-
Exchange-rate differences	8	32	23
Closing balance	**377**	**169**	**217**

Munters deems that the interest rate on interest-bearing liabilities is in line with market terms on September 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 Q3

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Americas	979	727	913	315	353	258	0	0	2,245	1,301
EMEA	619	499	88	60	239	268	-13	-4	932	822
APAC	472	576	1	3	95	111	-6	-5	562	684
Sales between regions	-92	-118	-49	-1	-36	-43	-2	-2	-180	-163
TOTAL	1,978	1,684	953	378	650	594	-21	-12	3,560	2,644

Net Sales by business area and region Jan-Sep

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Americas	2,700	1,985	2,288	669	897	724	-1	-3	5,884	3,374
EMEA	1,970	1,562	246	227	705	798	-26	-13	2,895	2,574
APAC	1,835	1,656	3	6	249	303	-13	-18	2,074	1,948
Sales between regions	-416	-387	-54	-2	-105	-127	-7	-6	-582	-521
TOTAL	6,090	4,817	2,483	901	1,745	1,697	-48	-40	10,271	7,375

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.

	Q3		Jan-Sep		LTM	Full-year
MSEK	2023	2022	2023	2022	Oct-Sep	2022
Restructuring activities	0	8	-12	-36	-11	-35
Other items affecting comparability	-7	-2	-35	-29	-45	-40
Total	-7	6	-47	-65	-57	-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 for 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 strengthens the market share for Munters within Service and builds a local service presence in strategic areas.

In June, the acquisition of a majority share in InoBram was finalized. 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. At the balance sheet date the purchase considerations and the fair value of acquired net assets are based on preliminary purchase price allocations.

MSEK	Jan-Sep 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	-87
Goodwill	157
Cash flow	
Cash purchase consideration paid	171
Cash and cash equivalents in acquired companies	23
Change in the Group's cash and cash equivalents	148

The acquisition of the Indian air handling equipment company ZECO was closed on October 16th. For more information related to the acquisition, see page 10.

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Munters Group AB (publ.), corporate identity number 556819-2321

Introduction

We have reviewed the condensed interim report for Munters Group AB (publ.) as per September 30, 2023 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm

Ernst & Young AB

Andreas Troberg

Authorized Public Accountant

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 liabilities, lease liabilities, provisions for pension and accrued financial expenses, 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 October 24 at 9:00 AM CEST, when President and CEO Klas Forsström together with the Group Vice President and CFO, Katharina Fischer, will present the report.

Webcast

https://ir.financialhearings.com/munters-q3-report-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=5009867

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. The information was submitted for publication, through the agency of the contact person set out above, at 07.30 AM CEST on October 24, 2023.

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

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Financial calendar:

Full year report January-December 2023	February 1, 2024
Release of Annual & Sustainability report 2023	Week starting February 19, 2024
Annual General Meeting	March 21, 2024