

The background of the slide is a teal color with various geometric patterns. On the left, there are vertical lines and a curved grey band. On the right, there are diagonal lines and a pattern of small white dots in the bottom right corner.

# Annual and Sustainability Report 2023

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The audited annual report for Munters Group AB (publ), corp. reg. no. 556819-2321, refers to pages 115–150.

Munters has prepared the sustainability report in accordance with disclosure requirements set out in the Swedish Annual Accounts Act chapter 6 paragraph 11. This report is also Munters Communication on Progress (CoP) report in accordance with the Global Compact. The report is presented on pages 3–4, 11, 14–25 and 61–94.

Munters' Remuneration Report is available online at [www.munters.com](http://www.munters.com)

Every care has been taken in the translation of this annual and sustainability report. In the event of discrepancies, the Swedish original will supersede the English translation. The addition of the total amounts reported can lead to rounding differences.



“Curiosity and a commitment to creating groundbreaking technologies have been integral to our DNA since our establishment in 1955.”



## 01 Introduction

# World leader in energy-efficient climate solutions

Munters was founded in 1955 and is a global leader in climate solutions. Through innovative technologies, we create the most optimal climate for demanding industrial applications.



13,930

Sales 2023, MSEK

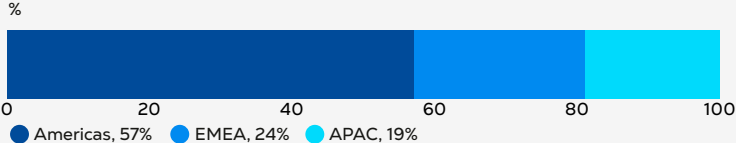
22

Production plants

4,981

Employees

REGIONS, PERCENT OF NET SALES 2023





# How Munters creates value in society

Munters collaborates with customers in sectors where control of humidity, temperature, and energy efficiency is critical to operations. By offering innovative, efficient, and sustainable climate systems, we assist our customers in securing their operations and production quality, as well as limiting the use of energy and water.

### Battery production

Lithium batteries for the automotive industry are often produced in facilities using Munters climate solutions, as battery manufacturing requires stable temperature and ultra-dry air.

### Food

Munters controls climate conditions and oversees processes from 'farm to fork', ensuring hygiene and product quality in food products.

### Pharmaceuticals

Medicines in the form of tablets, capsules, granules, and powders retain quality and longevity through proper control and monitoring of humidity in the production process.

### Infrastructure

The lifespan of structures such as bridges, water treatment plants, and wind turbines is extended with Munters climate systems, which ensure low humidity in the constructions.

### Process industry

By separating droplets from gas flows, substances and particles are removed from the air improving customer productivity and reducing emissions.

### Carbon capture

Munters equipment are used in the core process of carbon capture where the aim is to limit CO<sub>2</sub> emissions to the atmosphere by capturing it for sequestration or utilization.

### Data centers

Data centers require advanced cooling systems, which are crucial for operational reliability and to limit energy usage.

### Integrators

Large-scale food conglomerates can use AI solutions to control large parts of food production, which contributes to better animal health and reduced waste.

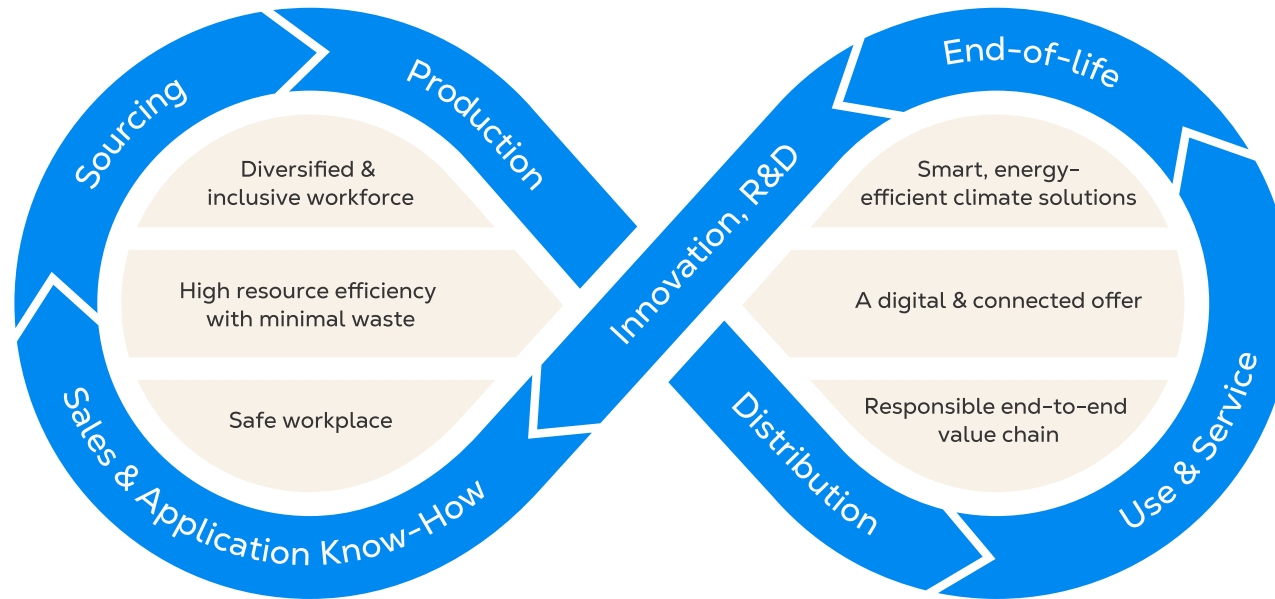
### Agriculture

Our systems play a key role in agriculture and greenhouse cultivation. They promote animal health and food safety while ensuring optimal conditions in greenhouses through advanced solutions.



# Value Chain

Munters offers smart, energy-efficient climate solutions and a digital, connected offering. We have integrated sustainability into every aspect of our business strategy and illustrate its impact on sustainability in the value chain from an internal and external perspective.



## Innovation, R&D

- Design for lower energy/ water usage during the product lifecycle
- Lifecycle analysis to calculate environmental impact
- Avoid hazardous waste
- Standardization of components/material needs
- Automation and digitization
- Focus on circularity through the application of eco-design principles in design and procurement whenever possible

## Sales & application know-how

- Offer high-quality, resource-efficient climate solutions
- Have insight into the customer's production processes and an understanding of current and future needs
- Offer extensive knowledge of specific applications

## Sourcing

- Select suppliers who provide quality standards and sustainable solutions
- Use materials from recycled and responsible sources
- Ensure that our largest suppliers follow our Code of Conduct

## Production

- Health and safety are our highest priority
- Use renewable energy sources
- Reduce water usage in production
- Minimize waste
- Reuse and recycle material

## Distribution

- Responsible distribution:
- Optimize the supply chain
  - Reduce emissions from transports

## Use & service

- Offer unique expertise to optimize our customers' operations and performance for as long as needed
- Monitor and maintain to prolong product lifetime and ensure resource efficiency throughout the product lifetime
- Continuously develop solutions to upgrade existing units.

## End-Of-Life

- Monitor and maintain to prolong product lifetime
- Collect, reuse and recycle

# The year in brief

During the year, we achieved very strong growth in net sales, improved profitability, and significantly strengthened our market position in all business areas. The achievements in 2023 position us for continued success in the coming years.

## Order intake

During the year order intake decreased, mainly because customers in the previous year placed orders further in advance of delivery due to disruptions in the supply chain. Organic development was -21 percent, acquisitions and divestitures +2 percent and currency effects +3 percent.

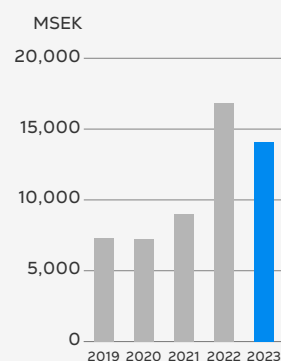
## Net sales

Net sales increased during the year, primarily driven by high activity in project deliveries within DCT. AirTech also showed good growth, while FoodTech remained at the level of the previous year. The organic growth was +27 percent, acquisitions and divestitures +3 percent and currency effects +5 percent.

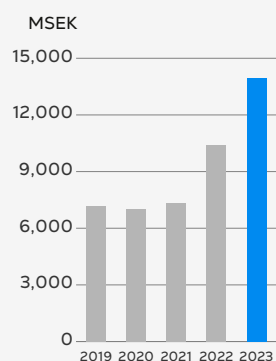
## Adjusted EBITA

Adjusted EBITA increased +71 percent during the year. The significant improvement is primarily linked to increased net sales in AirTech and DCT, net price increases, as well as efficiency improvement efforts in all business areas.

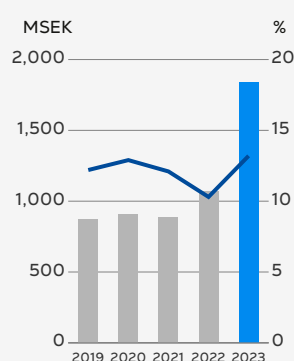
### ORDER INTAKE



### NET SALES



### ADJUSTED EBITA/ EBITA-MARGIN



### KEY FIGURES

MSEK if nothing else is specified	2023	2022	2021	2020	2019
Order intake	14,116	16,830	9,013	7,249	7,302
Net sales	13,930	10,386	7,348	7,015	7,153
Adjusted EBITA	1,839	1,070	889	906	871
Adjusted EBITA margin, %	13.2	10.3	12.1	12.9	12.2
Operating profit (EBIT)	1,586	881	753	707	556
EBIT Margin, %	11.4	8.5	10.2	10.1	7.8
Net income	792	577	515	432	283
Earnings per share after dilution, SEK	4.3	3.17	2.81	2.32	-0.91
Net debt	4,620	3,825	2,389	2,116	3,062
Number of employees at the end of the year	4,981	3,940	3,315	3,214	3,088



# Events during the year

**Multiple large orders won in DCT** for data center cooling. Including an order of SyCool Split for approximately SEK 1.5 billion and two large cooling system orders totaling approximately SEK 1.7 billion. These orders underscore Munters' strong position and reflect the deep trust we have built by building lasting customer relationships.

**Several acquisitions within AirTech were completed during the year.** Zeco, an Indian manufacturer of air treatment solutions, was acquired. This acquisition strengthens Munters dehumidification solutions in the Indian market. In the area of humidification, **Tobo Components**, a Swedish manufacturer of humidification components, was acquired. Tobo Component has been a subcontractor to

Munters since 2005. AirTech also expanded during the year through the acquisition of SIFT, which offers service in the European market.

**The completion of the acquisition of InoBram** within FoodTech was carried out in July after official approval. InoBram is a Brazilian manufacturer of advanced climate controllers for food production. InoBram is now fully integrated into Munters.

**A strategic review of the product offering within FoodTech was initiated.** Munters accelerates its focus on digital growth in FoodTech through a strategic review of the equipment offering. Evaluation of various options is underway, which may result in partial divestments. No decisions have yet been taken.

**Katharina Fischer is appointed as the new Chief Financial Officer** and a member of the management team. She has extensive international experience in Finance and Risk Management, and most recently comes from Electrolux, where she held several leading positions, the latest being Head of Group Accounting and Global Finance Shared Services.

**The construction of the 40,000 m<sup>2</sup> facility in Amesbury, US**, for the manufacturing and servicing of industrial dehumidification for the North American market has now begun. It is planned to be fully operational by the beginning of 2025 and will support Munters goal to achieve NetZero from our own operations by 2030 through the use of electrified processes and renewable energy.

**Our innovation work is driven by sustainability**, and we see an increased interest from customers to work in partnership with us to reduce their climate footprint. Examples of sustainability innovation during the year:

- Low Dew Point (LDP) dehumidification system within AirTech, specially developed for battery manufacturers in the US.
- A carbon accounting module in Amino, our innovative software solution for agriculture, is another example of innovation within FoodTech. The module is designed to help food producers understand where the majority of their emissions occur and support them in their efforts towards a more responsible operation.



Opening ceremony at Zeco in India



Staff from InoBram in Pato Branco, Brazil



The first shovel was put in the ground in Amesbury, USA



# Munters strongest year ever!

In 2023, Munters experienced its strongest year ever, despite a turbulent market marked by geopolitical tensions. Our strategic actions over the past years, focusing on growth in priority areas, optimization of our global presence, and improved efficiency, resulted in significant progress. During the year we delivered according to our strategy, and all business areas achieved substantial growth and improved margins, thereby strengthening our position. We stand stronger than ever and continue to make clear progress in our strategic priorities.

Our key success factors in 2023:

- Positioned ourselves in line with strong long-term trends - we continue to see increased demand for our products, driven by several powerful drivers such as digitalization, electrification, and sustainability.
- High focus on innovation and digitalization - we continue to drive innovation across all areas of our business. This enables us to meet changing customer expectations and stay ahead of industry trends. We have a long tradition of using AI to optimize our own processes and are now also actively incorporating AI for customer purposes. An example is Calvin, a generative AI-powered virtual assistant within FoodTechs software offering that will serve various purposes both internally and for our customers, from Q&A chatbot to document generation and code generation/review.
- Acquisitions and expansion - we made several acquisitions during the year and successfully integrated previous acquisitions into our operations, which strengthens our position in our priority markets.
- Sustainability - we are committed to contributing to a more sustainable future, including developing new solutions like an add-on

module within our cloud-based platform Amino, which helps food producers track their carbon footprint.

## **Increasing our ambition in sustainability**

Our purpose is “for customer success and a healthier planet,” and our key contribution to this development lies in creating resource- and energy-efficient solutions that reduce our customers’ environmental and climate impact as well as being a responsible company with ethical business practices. Our sustainability initiatives are not only in line with global best practices but they also help our customers increase productivity and reduce emissions. We are continuously raising our ambition and initiatives in this area, which reflects our commitment to contributing responsibly to society. We have set the goal to be climate neutral in our own operations by 2030 and took several steps towards this goal during the year. Among other things, achieving our target of 80 percent renewable electricity by 2026 and we now aim to achieve 100 percent by 2030.

## **Continued successful growth in our strategically prioritized markets**

Expanding our market presence remained a key

focus in 2023, both organically and inorganically. We successfully entered new markets and formed strategic partnerships and alliances that broaden our reach. Our expansion efforts are supported by a deep understanding of our customers and a commitment to adapting our products and services to meet diverse customer needs.

We have successfully identified key market trends and grown strongly organically by positioning ourselves correctly against these strong trends. By developing products and services that meet long-term customer needs, such as sustainability and digitalization, our customer offering is perfectly in line with the times.

During the year, we acquired Zeco, an Indian manufacturer of air treatment solutions, to expand our market presence in India. We also acquired companies that strengthen our position in digital solutions for food producers, service business, and components.

## **We have built close partnerships with our customers since our founding**

Building strong, long-lasting relationships with our customers is a top priority for us. This has yielded good results during the year in the



form of several large orders from our customers, within DCT, battery manufacturers within AirTech, and digital solutions within FoodTech. We are dedicated to understanding our customers' needs and challenges by working together to develop optimal solutions.

Collaborations with other companies and organizations to share knowledge is an essential part of our continued success. Through these collaborations, we develop new products and services, reach new markets, and improve our competitiveness, for example, through the collaboration with GreenCap, where we combine dehumidification with carbon capture technology to lay the groundwork for a production process without moisture or carbon emissions.

#### **Our commitment to innovation positions us well for the future**

Munters has a strong culture of innovation, and we are convinced that innovation is crucial for continued success. Our strong focus on innovation allows us to meet changing customer expectations and stay ahead of industry trends.

In 2023, we increased our investments in innovation, resulting in a larger share of our sales now coming from products younger than five years, a vitality index of approx. 23 percent. We hired more engineers and researchers and invested in new technology and equipment. These investments have already started to yield results. We have launched several new, innovative products that have received positive customer reviews, such as our SyCool system, which helps the data center industry prepare for liquid cooling of data centers due to the massive AI expansion. I am very pleased that this year we received our first order for a cooling system based on liquid cooling from a data center operator in North America. The customer can easily switch from air cooling to liquid cooling through SyCool when they need it.

#### **Constant efficiency improvements and strong delivery capability**

Continuous efficiency improvements are one of our top priorities to remain competitive and meet our customers' expectations.

During the year, we have worked on improving our efficiency in several areas within Munters:

- Strong focus on Lean Manufacturing, where we continuously work to identify and eliminate unnecessary steps in our processes.
- Use of digital resources to collect and analyze data to help us make better decisions and identify areas for improvement.
- Develop digital tools to increase the efficiency of our ways of working and processes, improve our delivery capability, and reduce our costs.
- Collaborate with our suppliers to improve the entire supply chain, which helps us reduce costs, environmental impact, and improve our delivery precision.

Having a strong delivery capability is essential to deliver our products and services to customers on time and as agreed. To ensure optimal production, we began expanding our factories in Amesbury, US and Ireland this year.

During the past year, we have taken strategic actions to strengthen our position within Clean Technologies. We focus increasingly on advanced techniques in carbon capture and purification of volatile organic compounds. The initiative has enabled us to concentrate on areas where we see the greatest potential, which has already resulted in several successful customer projects. The strategic review of the product offering within FoodTech, announced in the second quarter of 2023, is ongoing, and I expect it to be completed during the first half of 2024.

#### **An inclusive and diverse workplace is a stronger workplace**

Motivated and skilled employees are crucial for our continued success. Employees are key



Group management in Hodonin, Czech Republic.

to developing new products and services, improving our customer service, and achieving our goals. In 2023, we continued to invest in the well-being of our employees by promoting a culture of inclusion, diversity, and personal development. We want our employees to have the tools and resources they need to succeed in their careers and offer training, mentorship, and other opportunities for them to develop.

#### **Well positioned for future value creation**

The outlook for 2024 indicates continued stable long-term demand for our products, driven by strong growth trends. Our strategic journey continues and includes further expansion to strengthen our offering, continued investments in R&D, and our unwavering commitment to energy-efficient solutions for our customers and the planet. We have a well-diversified

portfolio across multiple markets, like-minded partners, a balanced business model, and a unique corporate culture. We will continue to need to demonstrate our adaptability and work with innovation and sustainability to navigate global trends. Achievements in previous years now position us for a continued successful journey in the coming years.

I would like to thank all our employees, shareholders, customers, and partners for their contribution to our success in 2023. With joint efforts, we will continue to create value for our stakeholders in the future.

Stockholm in February

**Klas Forsström**  
President and CEO



# Munters strategic journey continues

2019 marked a turning point for Munters, when a three-step program was launched to unlock Munters full potential. Primarily, stability would be created through a variety of measures. Step two was to improve profitability and step three to increase growth. With increased financial strength, we are now continuing our growth journey

## Stability

- Began a journey to strengthen the platform and refine our strategic vision for the future
- Leadership change, with a new CEO appointed
- New strategic framework and priorities established
- Introduction of two business areas: AirTech & FoodTech.
- Reorganization initiated to decentralize the entire value chain to the respective business areas
- Discontinuation of Data Center Europe and Commercial within AirTech
- Review of the product portfolio

1.

## Profitability

- Efficiency initiatives across the entire value chain
- Focus on working capital
- Revised Strategy for AirTech & FoodTech
- Enhanced pricing models
- Sustainability fully integrated into the business strategy
- Strategic review of FoodTech's product offerings initiated

2.

## Growth

- Increased focus on prioritized customer segments and markets
- Investments in innovation, particularly in digitalization, automation, and improved resource utilization yielding new products
- DCT established as a separate business area
- New financial targets set
- Acquisitions across all business areas
- Deeper focus on offering energy efficient solutions
- Actions to strengthen position in Clean Technologies

3.

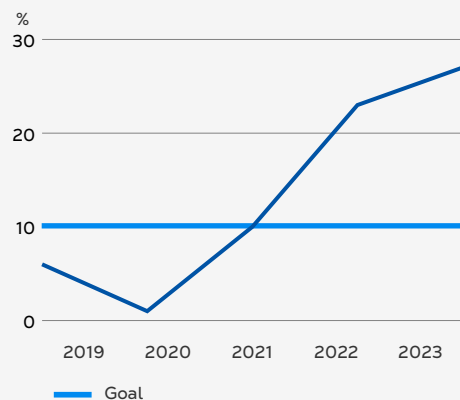


# Targets for long-term growth

A responsible business with stable finances and efficient resource utilization, along with a minimal climate footprint, is fundamental for Munters to successfully implement its strategy. With clear objectives, we steer operations and set priorities that contribute to achieving our overarching targets.

## Financial targets

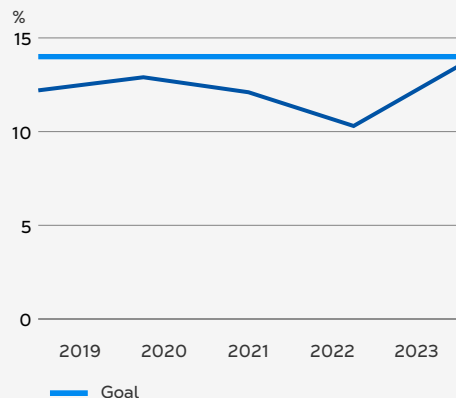
### NET SALES GROWTH



**Goal**  
Annual organic net sales growth of 10 percent.

**Comment outcome 2023**  
This year's organic net sales increased by 27 (23) percent. DCT and the battery sub-segment within AirTech accounted for the largest increase.

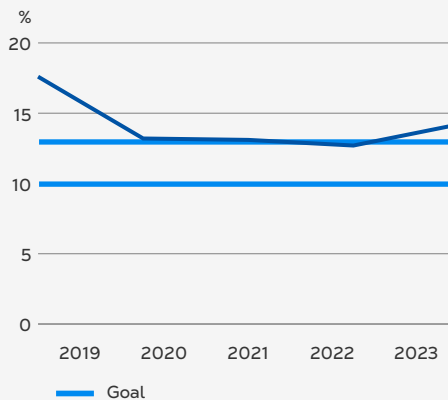
### PROFITABILITY



**Goal**  
An adjusted EBITA margin above 14 percent.

**Comment outcome 2023**  
The adjusted EBITA margin amounted to 13.2 (10.3) percent. The strong improvement was mainly due to increased net sales within AirTech and DCT, net price increases, and efficiency improvements across all business areas.

### OPERATING WORKING CAPITAL



**Goal**  
Average (LTM) operating working capital (OWC) in the range of 13–10 percent of net sales.

**Comment outcome 2023**  
OWC as a percentage of net sales amounted to 14.2 percent (12.7) at the end of the year.

### PAYOUT RATIO

# 30%

(2022: 30)

**Dividend policy**  
According to Munters dividend policy the aim is to pay an annual dividend corresponding to 30–50 percent of net income for the year. The pay-out decision will take into consideration the company's financial position, investment needs, acquisitions and liquidity position. There can be no assurance whether a dividend will be proposed or declared in any given year. For historic development see page 158.

→ The Board proposes a dividend for 2023 of 1.30 SEK (0.95) per share, which represents 30 percent (30) of the year's net income.

# Sustainability targets

Munters contributes to sustainable development through our offering of energy efficient climate solutions and our own operations. To maintain a sustainable and profitable business, sustainability is integrated in every aspect of the business strategy.

## Our main sustainability ambitions

- Resource efficiency and environment, read more on page 62.
- People and society, read more on page 68.
- Responsible business practices, read more on page 71.

Sustainability targets	Description of target	Target year	Trend to achieve target based on 2023 results
<b>ENVIRONMENTAL TARGETS</b>			
Carbon emissions	Net zero emissions from our operations (Scope 1–2)	Latest 2030	✓
	Measure Scope 3 emissions	Mapping in progress	
Energy efficiency	100 percent of the electricity used in our production facilities comes from renewable sources	2030	✓
	Reduce electricity usage in production facilities relative to production value	Recurring	✓
Recycling	Reduce electricity usage in office and other non-production space (KwH in relation to m <sup>2</sup> )	Recurring	✓
	Raise the recycling rate continuously	Recurring	⚠
Service	Service will account for 30% of net sales	Date not set	⚠
<b>SOCIAL TARGETS</b>			
Inclusion & Diversity	30% women leaders	2025	⚠
	30% women in workforce	2025	⚠
Safety	Zero workplace accidents in production	Recurring	⚠
<b>GOVERNANCE TARGETS</b>			
Environmental fines	No environmental fines	Recurring	✓
Training in Code of Conduct	100% of employees should undergo training at least every other year. New employees should be trained when employment begins.	Recurring	⚠
Code of Conduct for suppliers	100% of larger suppliers to sign	Recurring	✓

✓ Well aligned with target  
 ⚠ Progress made towards target  
 ⚠ Not aligned with target

## OUR CLIMATE TARGET

# 0

Emissions, net, from our operations by 2030.



Adam Košťurík, at our plant in Hodonin, Czech Republic.

## RESULT – EU TAXONOMY

# 35%

of the net sales are aligned with the taxonomy regulation



# Munters as an investment



Munters CELdek™ an evaporative humidification and cooling pad made of high-absorbent cellulose paper.

## 1.

### World-leading supplier of energy-efficient climate solutions

- We are a leading global supplier with a local presence.
- We offer ground-breaking technology that we continuously develop to create increased customer value.
- Our business model generates a strong and stable cash flow that funds innovations and acquisitions.

## 2.

### Well positioned to meet megatrends

- Higher demands in production environments, such as battery factories and livestock farming, place great demands on climate solutions, which we offer.
- We enable higher productivity in food production with our products for agriculture and the food industry, which is required to meet the world's growing population.
- Scalable and flexible data centers are strengthened through AI-based automation, with an increased focus on advanced security solutions and energy efficiency.
- Through our software as a service (SaaS) product, among other things, we contribute to a more efficient digitized business for our customers.

## 3.

### The sustainable option

- Our solutions make our customers more climate neutral and reduce their electricity and water usage.
- We have a clear and integrated sustainability strategy where our actions and priorities enable long-term profitable growth and an increasingly sustainable business
- Our strong position gives us the opportunity to influence and take an active role for a more sustainable value chain
- We are part of the solution to a more sustainable world, in part, through our clear focus on service.

"Our purpose- for customer success  
and a healthier planet"



02 Strategy

# Creating sustainable growth

## Customers

We closely collaborate with our customers to ensure optimal climate and resource usage in their mission-critical applications.

Our expertise is built on unique insight into our customers' operations and an understanding of their needs today and in the future. We strive to be an ambitious, driven partner for climate solutions.

## Markets

We are focused on strengthening our position in priority areas where we can be a market leader and grow our service business. With high-quality, resource-efficient solutions, we contribute to sustainable development.

## Innovation

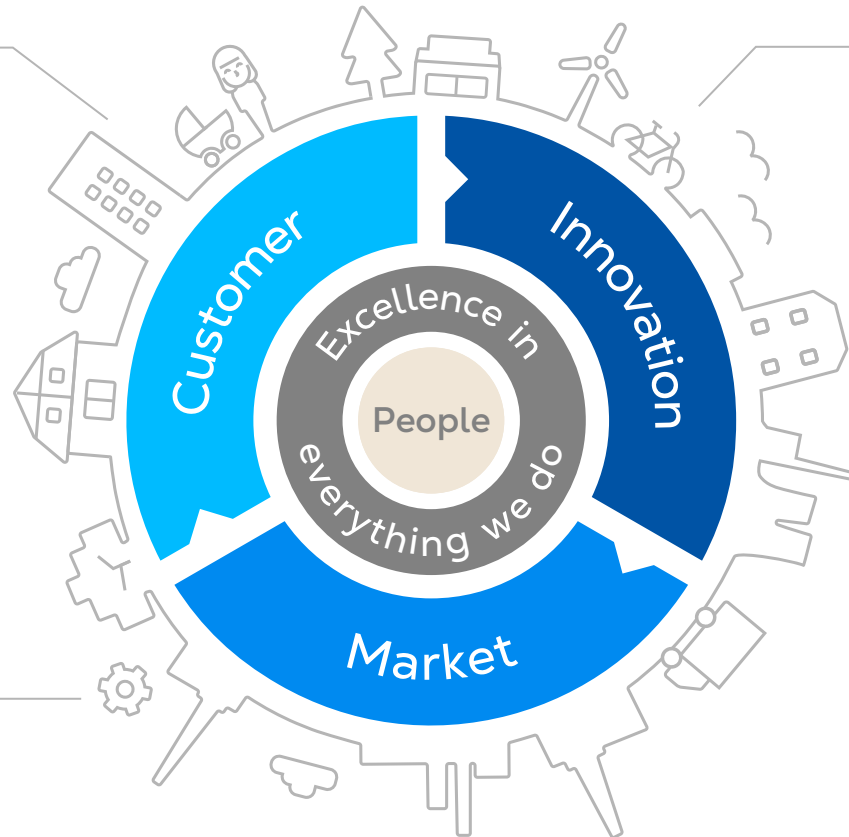
Curiosity and an ambition to create ground-breaking technologies is in our DNA. To stay at the forefront, we continuously evaluate and improve our offering.

## People

Our employees are the hub of our business. Their safety and health are our highest priority and we develop our leaders. We always strive to be an employer of choice.

## Excellence in everything we do

We monitor, learn, adapt and improve in order to achieve excellence in everything we do. We work diligently to reduce our carbon footprint in the entire value chain.



# Megatrends

Strong megatrends are driving and impacting our market both in terms of demand for climate solutions and our strategic priorities. The strong global drivers and trends support the use of climate solutions. We are well-positioned to capitalize on these trends and be part of the solution for a more sustainable world.



## Climate change and resource scarcity

Climate change and scarcity of fresh water and other resources are placing greater demands on sustainability and resource usage. Adapting to this will be necessary for companies in every industry. Those companies that can help customers to become more energy efficient will clearly have a competitive advantage. In parallel with this, investors and customers are demanding greater transparency from companies, as are other stakeholders through a growing number of standards.



## Urbanization and an aging and growing population

The Earth's population is growing, which requires more infrastructure, agricultural output and food production. Through further urbanization, demand is increasing for processed and prepared foods. At the same time, an aging population will raise the need for health and wellness, but also more pharmaceuticals. A growing middle class has traditionally led to increased meat usage.



## Accelerating digitization and use of AI

Increasing digitization is impacting all businesses, both internally and in their relationships with customers and partners in the value chain. Integrated solutions, advanced connectivity, and high cybersecurity are becoming increasingly important. This is leading to a transformation of traditional business models, where data-driven insights and automated processes are becoming essential to remain competitive and secure in an increasingly connected marketplace



## Globalization

Navigating a complex world of globalization, increased protectionism and geopolitical instability will be a challenge for many companies. In the face of growing competition, companies have to be flexible in adapting to changes in the market, both locally and globally, such as the emergence of low-cost alternatives and copycats that "mimic" the original product. The importance of a recognized global brand is growing.



# Strategy Market

Munters is a global leader in energy-efficient and sustainable climate solutions. We benefit from a number of global trends that create good growth potential in areas where we operate, e.g., increased digitization and electrification.

## Priority growth segments are

- Battery industry
- Food industry
- Data center cooling
- Software used in food production
- Service and components
- Clean Technologies

## How we do it

- Continuously evaluate and improve our offering with the aim of staying at the forefront of development.
- Several of our products and solutions are adapted to meet local demand.
- Acquisitions and partnerships are important for our future and are part of our growth strategy.
- Focus on increasing the share of data-driven products and solutions.
- Continuous work with the EU taxonomy regulation.
- Continued mapping of carbon emissions in our value chain.
- Applying Ecodesign principles and LCA in the new product development process.

## STRATEGY

We aim to be a market leader in prioritized markets and in prioritized segments

For us, market leadership means being one of the three leading suppliers

Eliana Quijanes at our production plant in Tobo, Sweden.



## SUSTAINABILITY FOCUS

Munters offers energy-efficient climate control systems that reduce our customers' usage of electricity and water. We optimize design and operating conditions for each specific market and application.

By maintaining a sustainably profitable business, Munters creates job opportunities in many different parts of the world. It is essential that we provide an inclusive workplace with decent work conditions for everyone in the markets where we operate.

## UN:S GLOBAL GOALS



SALES IN NUMBER OF COUNTRIES

>45

# Well positioned in attractive markets

## AMERICAS

### North, Central, and South America

All three business areas operate in the Americas region, Munters' largest region in terms of order intake and net sales. In the Americas, our largest markets are the US, Mexico and Brazil.

Share of the group's sales

# 57%

## EMEA

### Europe, Middle East and Africa

All three business areas are active in the region. An expansive sales network enables us to offer our services and products to large parts of the region. The largest markets in EMEA are Germany, Sweden and the UK.

Share of the group's sales

# 24%

## APAC

### Asia Pacific

The business areas AirTech and FoodTech are active in the area. Currently, sales to the entire region are managed from many sales offices, all of which cover key markets. China, India and Japan are the largest markets.

Share of the group's sales

# 19%



## Strong position through competitive offering

Through our long history and innovative solutions, we have established a strong position in prioritized areas. There is no company that competes globally in every market, segment or application where Munters operates. We compete mainly with local and regional firms that are often specialists in a particular niche. The barriers to entry are usually high due to the complexity of our systems and our unique application expertise.

## Acquisitions are an important part of the strategy

Munters has acquired several companies over the years, and it is an important part of our strategy for growth. Growth is both organic and through acquisitions.

## We have four strategic focus areas in our acquisitions:

- Core/Consolidation – major acquisitions to increase market presence and/or broaden product offering
- Technology/Digital – companies with a technology that strengthens our global or regional offering
- Services/String of pearls – local companies that provide a stronger local market presence, e.g., to expand our service business
- New growth areas

During the year, we made several acquisitions, including Zeco, an Indian manufacturer of air treatment solutions; the component manufacturer Tobo Components in Tobo, Sweden; and the service provider SIFT in Calais, France.

FoodTech finalized the acquisition of InoBram in Pato Branco, Brazil, which manufactures climate controllers for farms and food producers.

## Minority investments to strengthen innovation

To further strengthen Munters strategic journey, we make financial investments in start-ups with the goal of supporting innovation for the Group in the areas of digitization, technology and sustainability. Our portfolio currently consists of five companies. In early 2023, an investment was made, among others, in the heat pump and energy system company Qvantom, with modular heat pumps and complete energy networks for fossil free heating.

## → Accomplishments in 2023

- Met a large demand
- Significant orders in data center cooling, battery technology and software.
- Continued growth through several acquisitions.
- Partnerships with universities and companies for innovation.
- Investments in CleanTechnologies within AirTech.
- Further investments in digital software within FoodTech.

# Strategy

## Customers

We have worked closely with customers ever since Munters was founded. Over the years, we have built up unique application know-how in our niche that enables us to customize climate solutions for many customers and industries.

### Our starting point

Our success is built on close, long-term relationships and a deep understanding of the customer's businesses and future needs. We will continue to gather customer insight and utilize our broad-based expertise in applications, technology and components to offer attractive solutions and services.

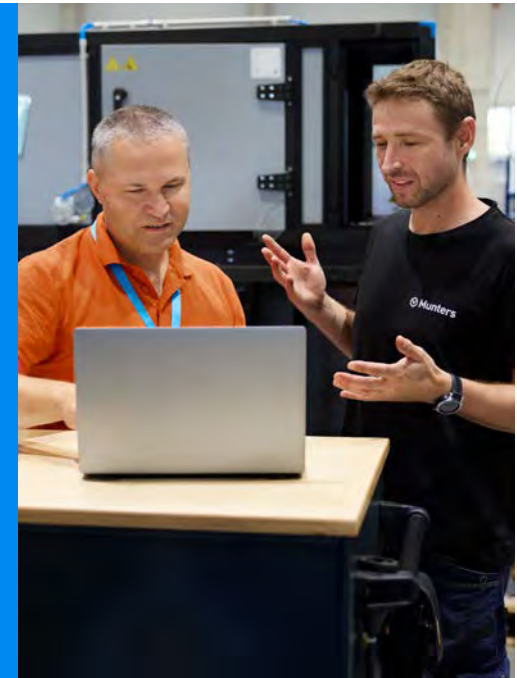
### How we do it

- Help our customers succeed through climate solutions that make their businesses more sustainable.
- Develop close, long-term relationships to understand our customers' businesses and future needs.
- Customize solutions for specific application requirements and criteria.
- Maintain a local presence close to our customers. This reduces lead times and shortens logistics flows, which is important also from a sustainability perspective.
- Develop and expand our service business so that customers can make optimal use of their equipment for as long as possible.
- Ensure high ethical standards and professionalism.

### OUR OBJECTIVE

We aim to be our customers' first-hand choice of partner

Tomas Nemeč and Petr Bílek from our production plant in Hodonin, Czech Republic.



### SUSTAINABILITY FOCUS

Collaboration with our customers is central to us, and we place great emphasis on contributing to our customers' sustainability goals through efficient use of resources such as freshwater and energy, as well as by taking into account animal health in food production.

Our Code of Conduct for suppliers represents a commitment to the ten principles of the UN Global Compact and describes our view on aspects such as the environment, social responsibility, business ethics and human rights.

### UN:S GLOBAL GOALS



### DISTRIBUTION PER CUSTOMER SEGMENT

Industry	34%
Colocator	23%
Service & Components	20%
Climate Solutions	14%
Clean Technologies	4%
Digital Solutions	2%
Hyperscaler	1%



**WOUTER  
CLAASSENS,**  
Vice President  
FoodTech Americas

*What does sustainable innovation mean to you?*

Munters' overarching and most important strength is our application know-how. We help large and small companies to find the right solution for their needs and to understand how our installations can impact their businesses. By helping them to be more effective and profitable, we also made their businesses more sustainable. With the help of AI and intuitive software, every farmer and food producer can make better decisions.

### Customers want sustainable solutions

Both existing and potential customers want products and services that make their businesses more productive and sustainable. Our solutions are used in many mission-critical applications and processes where precise control of humidity, temperature and other environmental parameters has a critical impact on production safety and quality as well as energy usage. At the same time, these solutions often represent a small share of the total investment in a customer's project, e.g., a production facility or a farm.

### Customer trust

For our customers to trust us, we have to maintain high ethical standards and professionalism. Our Code of Conduct sets the minimum levels for how we act on a daily basis. We have zero tolerance for bribes and other questionable incentives to influence a business

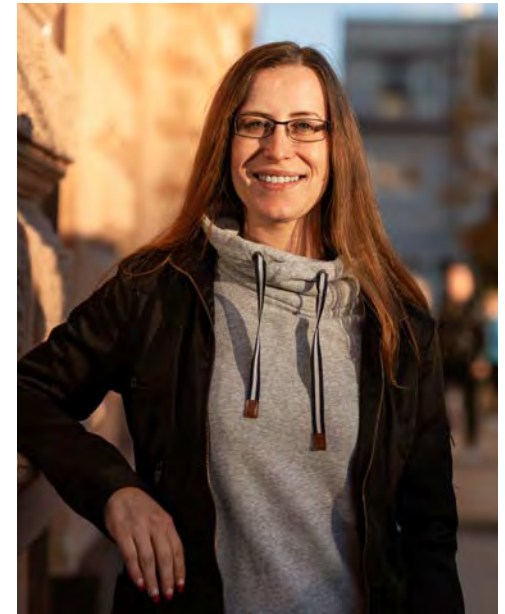
transaction. Our values guide us in all our relationships and are the foundation on which we have successfully built close, longterm customer relationships.

### Close collaborations with customers

Through close collaboration between our sales teams and the customer's production engineers and R&D departments, we ensure that our solutions meet their specific criteria and application requirements and deliver high energy efficiency. We strive for a deep understanding of each customer's needs and processes and in that way deliver value beyond their expectations. The insight we gain into their needs through these collaborations benefits the entire customer base in a cost-effective way. Continuous development of new applications and upskilling also provide opportunities to update the offering in order to remain competitive.

### Service gives customers more value

Service, which includes maintenance, upgrades, component replacements and phaseouts, offers growth potential with good profitability. Thanks to a local presence in many countries and close relationships with customers, we can offer a high standard of service and support. Service is a recurring business and is growing in pace with our installed base. The service offering is important to customers, not least from a sustainability perspective, since service extends the life of the products and optimizes installed solutions. The longterm goal is to increase services to 30 percent of net sales.



Lucie Oplová from our production plant in Hodonin, Czech Republic.

### → Accomplishments in 2023

- Development of sustainable and energy-efficient solutions for increased customer value
- Value-based sales and pricing strategies in all business areas
- Expansion and improvement of service offerings
- Continued improvement of customer relationships through ethical business practices

**IN THE LONG TERM,  
SERVICE SHALL ACCOUNT FOR**

**30%**

of net sales.



# Strategy Innovation

Munters strategy for innovation is to offer innovative technology that provides great value to customers. Through our energy- and resource-optimizing climate solutions we will stay at the forefront of the industry's development. Creating groundbreaking products sets Munters apart, but just as important is to enhance our existing technologies.

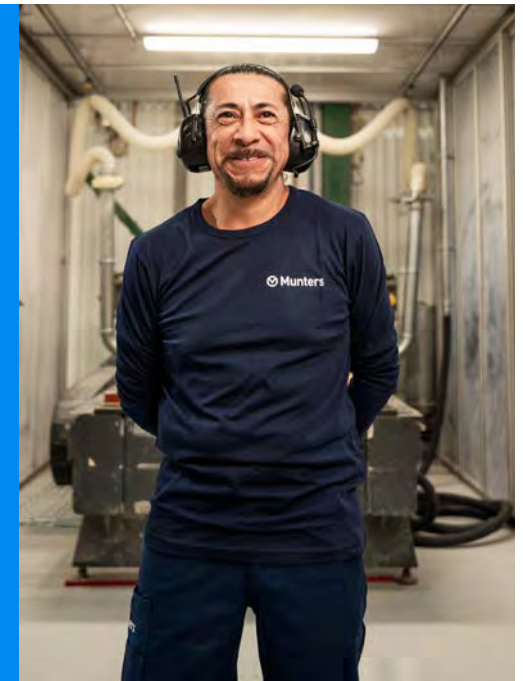
## How we do it

- Investments in prioritized technologies and digitization for production and product optimization
- Innovative approach and unique technology for optimal customer solutions
- Customer collaborations to optimize solutions and innovations
- Minority investments in start-ups to support innovation in digitization and sustainability
- Use of Munters Product Development Model (MPD) for sustainability-oriented product development
- Development of software to rapidly configure optimal solutions
- Innovation in application know-how, business models, marketing, services and production.
- Working with life cycle assessments (LCAs) to map our products' carbon footprint throughout their lifecycle

## OUR OBJECTIVE

We will offer groundbreaking technology that provides the customer with significant value

Ignacio Gonzales Silva at our production plant in Tobo, Sweden.



## SUSTAINABILITY FOCUS

Through our leading technology, we are in a strong position to not only work sustainably as a company, but also play a role in helping customers use less resources through our products and solutions.

The energy usage of our products accounts for the majority of the carbon emissions during their life cycle. We work continuously to reduce the resources that our climate systems use, helping customers to reach their resource and environmental targets.

## UN:S GLOBAL GOALS



## INVESTMENTS IN R&D

# 3.9%

(2022: 3,8)

Research and development investment measured in relation to net sales

### Strengthened partnerships

The focus of our innovation is on securing the place as the leading strategic partner for smart, energy-efficient climate and dehumidification solutions and offering the highest possible quality for future connected industries.

We work closely with customers to develop our operations and have maintained a strong focus on collecting market information to meet specific needs. At the same time, we harmonize our offering to various markets and develop modularized products in order to improve efficiency and flexibility.

### Strong growth in R&D

Munters' investments in innovation have increased significantly in recent years. New R&D centers have been built and existing centers have developed. We now have around 500 employees around the world who are focused on R&D within their respective product areas.

### Patents and employee initiatives

Increased investments and a high level of R&D activity led to a 60 percent increase in the number of patent applications in 2023.

Some of the patent applications are based on direct suggestions from employees, who are encouraged to document their ideas on new designs, processes or products, for example. The suggestions are evaluated by Munters' internal patent committee and can then serve as the basis for patent applications.

### Our product development model

Within Munters MPD, it is an important starting point that sustainability factors are taken into account early in the process. Then, customer value, technical possibilities, and economic conditions are defined.

In 2023, a project was conducted within the framework of the internal leadership program MovE, which resulted in a process that will ensure that sustainability principles are taken into account and have high priority in the design of

products. It also ensures competence in terms of material selection, production, and service aspects for optimal eco-design.

### Long tradition in AI

We have a long tradition of using AI to optimize calculations, and are now evaluating ways to utilize generative AI to benefit customers. There are opportunities for a wide spectrum of applications, such as digitizing application know-how, optimizing products and developing customer service.

### Work with life cycle analysis continues

We are continuing the intensive work begun in 2022 to determine the carbon footprint of our products through their entire life cycle. The analyses provide us with the knowledge we need to make our products more sustainable.



JAN STEIN,  
Head of Patents

#### *What does sustainable innovation mean to you?*

Innovation characterized Carl Munters' life and led to many patented inventions. Munters has, in recent years further invested in innovation through sustainable product development, new production methods, and the use of modern technologies such as artificial intelligence. This commitment has resulted in a very large flow of innovation reports, many of which have led to patent applications. All in Carl Munters' spirit!

LCA is now included in the model we use to develop standardized products. Through a proprietary digital tool, the information can also easily be shared with customers. An automatic LCA tool is being developed for customer-centric application development.

### Industry standard initiated

On Munters' initiative an industry standard for life cycle analyses is being developed for dehumidification solutions. The work on this "product category rule" began in 2023. The standard enables comparisons of products of the same type from different manufacturers in terms of environmental consequences.

### Several sustainable product launches

Our innovation work is steeped in sustainability and we are seeing an increased interest from customers to work in partnership to reduce their climate footprint.

One current innovation in sustainability is the LDP dehumidification system, which was launched within AirTech in 2023 with US battery manufacturers in mind. The product has a compact design, which reduces the material used and saves time during installation.

### Digitization and connection

Digitization provides opportunities at every level of innovation: to create new, groundbreaking technology, to upgrade and improve the existing offering, and to modularize and improve the offering. We generally aim for connected solutions and many products are prepared with that in mind.

### External partnerships

We collaborate with external partners, often start-up companies, which provide expertise and technology in specific areas. We actively seek out this type of partner, e.g., through the start-up alliance Combient Foundry, that connects start-ups with leading companies.

## OUR R&D AREAS

Munters' research and development is focused on the following:

- Sustainability
- Materials for dehumidification and cooling
- Digitization: optimization of software and hardware for connected solutions
- Artificial intelligence
- Carbon capture
- Design



AirC Wireless is a group of devices that act as a single integrated control system.

### → Accomplishments in 2023

- Major increase in patent applications
- Investments in carbon capture and artificial intelligence
- Continued work with life cycle analyses
- The focus on industrial design has resulted in increased customer-centric innovation
- Initiated industry standard for life cycle analyses
- Launch of a new compact dehumidification system
- Collaborations with external partners to increase expertise

## Strategy

# Excellence in everything we do

Munters strives to increase efficiency and productivity in everything we do while reducing our carbon footprint. We drive continuous improvements, including automation and digitization.

### How we do it

- Our own production system MPS (Munters Production System) creates increased productivity and scalability
- Development is underway widely within automation and digitization
- We apply artificial intelligence
- By introducing a Group-wide enterprise system, we create new opportunities to develop the business
- We responsibly follow accepted business practices with high ethical standards
- We are evaluating our supply chain to cut the number of suppliers in half and to ensure deliveries of critical components
- We work continuously to optimize working capital and a strong cash flow

### OUR OBJECTIVE

We constantly strive to increase efficiency and productivity in everything we do while reducing our carbon footprint

Drahomíra Andrášik from our production plant in Hodonin, Czech Republic.



### SUSTAINABILITY FOCUS

We work continuously to increase efficiency and quality in everything we do as well as reduce our environmental impact. A sustainability perspective is applied at every stage of our operations. Priority aspects include responsible business practices, increased diversity, health & safety, reduced carbon emissions and contributing positively to the communities where we operate.

### UN:S GLOBAL GOALS



### PERCENTAGE OF RENEWABLE ELECTRICITY

# 80%

(2022: 72)

Target:

We aim for 100 percent of our electricity to come from renewable sources at our production facilities

### Group-wide enterprise system

The work to increase efficiency through interconnected processes and information flow continued during 2023. The ambition is to develop and strengthen the workflow by implementing updated corporate-wide practices, supported by a new enterprise system. With the same system logic for production, sales, service, and other functions, metrics can be generated and processes fine-tuned.

The new enterprise system was implemented in some administrative units during the year. In the production environment, the launch of the enterprise system is planned in Hodinin, Czech Republic, in the spring of 2024. The work to implement the corporate-wide practices supported by the enterprise system will be completed within a few years.

### Continuous improvements

To maximize the customer benefit and minimize the resources used, Munters applies the MPS production system, which is based on the principles of Lean Production and World Class Manufacturing (WCM).

The foundation of MPS is continuous improvement in the form of optimized processes, rationalization, and elimination of activities that do not add customer value. A key factor is to develop standards that are scalable and can be used in multiple production plants. That all employees have the same approach is also a critical success factor.

The centralized, Group-wide MPS team that has been in place since 2020 were dissolved in 2023 and responsibility was transferred to the business areas. The goal is that all factories will achieve “bronze status” by 2026 (acquisitions after 2021 are not included). Five of our facilities have reached the “bronze level” and significant improvements have been made within five additional facilities during the year.

We are also developing our production units in line with the requirements of the ISO standards for quality management, environ-

mental management, and occupational health and safety management; see also page 72.

### Production time for SyCool cut in half

Continuous improvements according to MPS primarily mean implementing many small measures on an ongoing basis, but at the same time taking bigger steps. One example is the production of the SyCool cooling system in Roanoke, Virginia, where production time was cut substantially by pre-assembling components. The process is now also used in production in Selma, Texas, and will be implemented in the production unit in Ireland.

### Automation and digitization

A large part of the work within the framework of MPS involves automation and digitization. For example, computers and scanners are being installed to an increasing degree in our facilities, improving control of the production flow.

We are also introducing machine learning, i.e., artificial intelligence, in the design of the chassis for desiccant rotors in Tobo, Sweden. By identifying defects in the chassis early on, wasted material is limited. Cameras register defects in the flow and the information is stored for use in data simulations.

### QR codes for connected service

In a separate effort, we are designing ways to digitally connect the installed base through among other things technical specifications, imbedded in QR codes attached to the products during manufacturing. By accessing the information remotely, our service technicians can better prepare their visits and also improve the relationship with the customer. This is an important step to optimize the service business.

### Responsible sourcing

Responsible sourcing requires a strong supply chain. To improve sourcing, the goal is to reduce the number of suppliers.

We continue at the same time to ensure that we have a sufficient number of suppliers of

critical components. Through the regionalization in recent years we have secured a supplier network in each region and reduced vulnerability. In total, we buy goods from around 1,800 suppliers in 35 countries. The 25 largest suppliers by volume represented 41 percent (40) of total sourcing volume in 2023.

### Climate theme days for suppliers

During the year, Munters held theme days in Stockholm for the company’s 50 largest suppliers to strengthen relationships and draw attention to the issue of climate reporting. We work actively to help our suppliers report their climate impacts. Read more on sustainable sourcing on page 72–73.

### More efficient flow

To optimize flows, Munters has been developing an integrated process between sales and production planning for three years. Through data on both placed orders and sales forecasts, a larger part of the future production can be foreseen. The system is being implemented gradually and results in shorter lead times and lower inventory levels.

One factor that affects the procurement process is the choice of materials. We involve suppliers already at the design stage in the selection of the right material or component, taking into account delivery times, among other things. For climate reasons, recycled materials should be chosen over virgin materials, where there are no specific customer requirements.

### Capital management

Munters strives for optimal use of working capital and a strong cash flow. Project business should be as cash flow neutral as possible with a good throughput process throughout the project’s duration. During the year, a Supply Chain Financing (SCF) program has been introduced for our largest suppliers. SCF reduces the risk of disruptions in the supply chain and enables more efficient capital management for both us and our suppliers.



### → Accomplishments in 2023

- The MPS team’s project to integrate Munters’ production system was completed and responsibility transferred to the business areas
- The production time for SyCool was cut in half
- Introduction of machine learning in rotor production in Tobo
- QR codes on products to facilitate service technicians work to connect the installed base
- Implementation of global enterprise system launched
- Ongoing development of system to improve production planning

### DISTRIBUTION OF RAW MATERIALS

Polystyrene & Polypropylene	3%
Aluminium	5%
Paper	7%
Copper	21%
Steel	30%
Other	34%

Acquisitions during the year not included



# Strategy

## People

Employee engagement is the foundation for good customer relationships, a well-functioning organization and innovation. We create employee engagement by offering an inclusive culture marked by diversity, collaboration and opportunities for personal development.

### Our starting point

- Our values permeate everything we do, and together with our code of conduct, they guide our approach, both towards each other and in relation to customers and other stakeholders
- We strive to be an inclusive, modern, and attractive workplace where everyone is welcome
- Good leadership is the foundation of engaged and high-performing teams
- We are committed to improving the representation of women in our workforce, and are working deliberately to increase the number of qualified women in all roles

### How we do it

- Work pro-actively to hire more employees and managers who are women
- A corporate culture characterized by inclusivity, openness, and transparency, which is followed up through regular surveys
- Leadership and mentoring programs to promote development, cross-functional collaboration, team spirit and support employees in their career
- Maintain an occupational health and safety program to create a safe and healthy work environment.
- Offer a sound culture with a healthy work-life balance as well as flexibility where and when the work is done
- A compensation system for senior executives and key employees aligned with both financial and sustainability targets

### OUR OBJECTIVE

We shall be  
the employees  
first-hand choice

Zuzana Rosotová from our production plant in Hodonin, Czech Republic.



### SUSTAINABILITY FOCUS

The health and well-being of our employees is always a priority and we have zero tolerance for discrimination, harassment and workplace accidents. We are convinced that diversity is the key to greater innovation potential.

Munters provides an external, independent, whistleblower channel to report potential breaches of our Code of Conduct.

### FN:S GLOBALA MÅL



### OUR VALUES

- Sustainable value creation
- Passion for results
- There is always a better way
- Team spirit

### Code of Conduct (CoC)

The e-training on the CoC was updated during the year. It now consists of an introduction and scenarios that employees may run into on the job. The aim of our anti-discrimination and harassment training is to create a culture where every employee feels appreciated, safe and respected. This not only means zero tolerance for discrimination and harassment, but also creating a work environment grounded in respect for and understanding of our differences.

### Diversity and inclusion

Employee diversity, with unique perspectives and backgrounds, offers valuable insights and creates a dynamism that leads to innovative solutions and new ways of working.

We are working towards greater gender parity. The share of salary-setting managers who were women was 21 percent in 2023, negatively affected by acquisitions of companies with a low percentage of women in management roles. The Group management team consists of 43 percent women. Our goal is that the share of female employees and leaders will reach 30 percent by 2025.

### A modern, attractive workplace

This year Workday was launched, a global Human Capital Management system with functionality supporting the entire employment life cycle: recruitment, onboarding, training, performance enablement and reviews, development planning, compensation, organi-

zational and employee data, etc. Furthermore, we continue to create attractive workplaces. During the construction of the new US factory in Amesbury, for example, close attention has been paid to the design of workplaces and the local environment. Implementation of Peakon, a tool for employee feedback to increase engagement and well-being, was also started.

### Development and career paths

We support individual career paths for our employees and encourage them to challenge themselves by taking on new responsibilities. During 2023, a new digital Performance & Talent management process (PDA - Performance, Development and Appraisal) was launched with increased focus on supporting personal development in the short and long term. New internal programs on coaching and other topics as well as mentorships have been initiated.

### Leadership

Large focus during the year was put on the global rollout of I ACT leadership principles. I ACT - Innovation, Accountability, Collaboration and Trust - guide our leaders according to the philosophy Munters stands for. Workshops were held in every region focusing on creating trust-based, inclusive leadership.

In addition, the internal management training for new managers has continued, along with training on change leadership for managers and specialists.

MovE (Munters orchestra of visionary

Explorers) is an internal leadership program based on action-learning principles to promote development, cross-functional collaboration, teamwork and support employees in their careers. The annual program consists of twelve projects important to the implementation of our strategy. Each project is led by an employee who receives support from a sponsor in a senior executive role and the other participants. MovE is an annual program where participants meet six times a year in workshops.

### Sustainability-based incentive program

Through the Long-Term Incentive Program (LTIP), we evaluate not only whether we are meeting our financial targets, but also how well we as a company are: increasing the share of renewable electricity in our factories, the share of women leaders and service growth.

### Health and well-being

Our occupational health and safety program minimizes the risk of hazards, injuries and negative environmental impacts, while also ensuring that local and regional regulations are met. The program comprises all processes and positions, including subcontractors and visitors to our production facilities. It includes analysis, prevention and training.

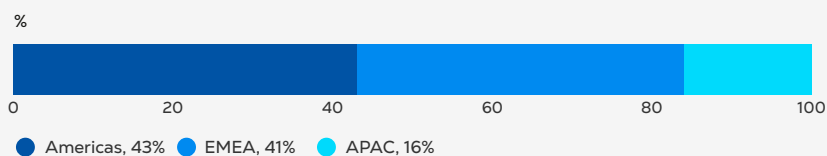
The rollout of STOP, which was introduced in 2020, continued in 2023. The aim of the program is to improve safety at our production site and it includes local safety training.

### → Accomplishments in 2023

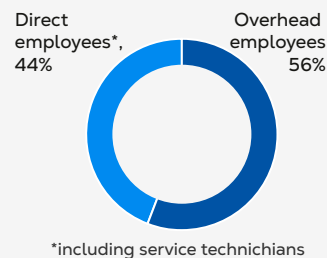
- Implemented a global HCM (Human Capital Management) system with functionalities covering the entire employment cycle.
- Leadership program focused on central strategic projects
- Internal mentoring program for cross-functional collaboration and professional development
- Continued rollout of STOP (Safety Observation Program) aimed at changing behaviors and improving safety
- Interactive leadership workshops in all regions to build support for leadership principles, I ACT
- Onboarding training for new managers as well as change management training for managers and specialists
- Rollout of new e-training on anti-discrimination and harassment as well as updated code of conduct training
- Launched new process for performance reviews with increased focus on development and continuous learning
- Launched e-training on feedback, including feedback on cultural differences, to support global collaboration

Statistics regarding the number of employees, equivalent to full-time positions (FTE), are sourced from the group's financial consolidation system. All other employee data (age, gender, staff turnover, number of new hires, part-time or full-time employees, etc.) are gathered from the group's common HCM (Human Capital Management) system and cover 85 percent of Munters' employees. The common HCM system was implemented in the spring of 2023, and therefore, the data in the graphs is based on figures for the second half of 2023.

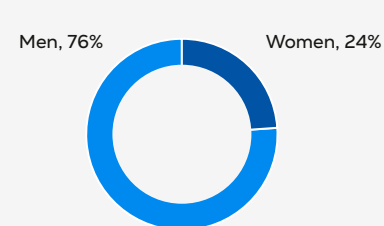
### EMPLOYEES PER REGION



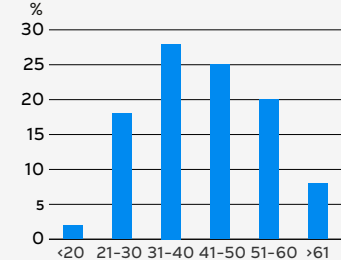
### CATEGORY



### GENDER DISTRIBUTION



### AGE DISTRIBUTION



"Energy-efficient products with high quality and long lifespan"

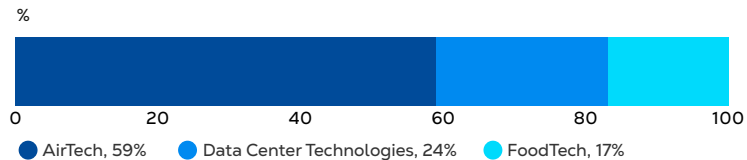
03 Operations



# Our business areas

Munters operates within three different business areas. Common to these is the ability to deliver products of high quality and long durability and thereby create long, strong customer relationships.

## BUSINESS AREAS, PER CENT OF NET SALES 2023



### AirTech

AirTech is a global leader in energy-efficient air treatment for industrial applications. This is delivered through climate solutions, components, and services for business-critical processes that require precise control of humidity and temperature.

Read more on page 29, [click here →](#)



### Data Center Technologies

Data Center Technologies is a market-leading provider of advanced climate solutions for cooling data centers. With a diversified product portfolio and extensive application knowledge, we create sustainable climate solutions for data center operators around the world.

Read more on page 40, [click here →](#)



### FoodTech

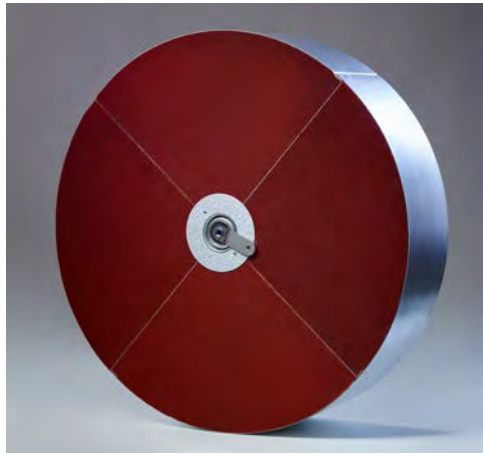
FoodTech is one of the world's leading suppliers of energy-efficient climate systems for livestock farming and greenhouses. In addition to this, software for controlling and optimizing the entire food production value chain is offered.

Read more on page 50, [click here →](#)



# The foundation on which we build our business

Munters dehumidification system is based on the patented absorption rotor - Munters Desiccant Rotor. It was invented by Carl Munters in 1948 and became the foundation of the company. The evaporative humidifying and cooling pads, also known as pads, are the second fundamental technology.



## How does the absorption rotor work?

The rotor is cut from a block of corrugated non-metallic, ceramic composite material. It consists of a large number of air channels whose surface is impregnated with Munters' special moisture-absorbing agent that captures the water molecules in the humid air. The air channels are shaped like a honeycomb. When the rotor becomes saturated with moisture, it is dried out with the help of a heater. Warm air is blown through the rotor, the water molecules evaporate, and the moisture is blown out of the dehumidifier in the form of water vapor from the space that is to be dehumidified. The air used in the customer's process is dehumidified as it leaves the rotor. The dry rotor material is then rotated back to the process air to reabsorb moisture.

## What is the absorption rotor used for?

The rotor attracts and retains moisture, and makes it possible to precisely control humidity levels to uniquely low values. The moisture can be removed up to as much as 99.9 percent, and the conditions can be kept constant. Rotors and other components are selected and adapted based on the conditions that the customer's application should meet with respect to, for example, heating, ventilation, air conditioning, or drying.

## Where is the absorption rotor manufactured?

In Tobo, Sweden, as well as in Amesbury, Massachusetts, and Baton Rouge, Louisiana, US Research and development of the rotor is continuous, and Munters has several hundred patents related to this product.



## How do pads work?

Evaporative humidification and cooling is an efficient method that involves adding water to the air through a process of evaporation. This occurs over specially designed, passive humidifying and cooling pads. The method is popular in larger installations that require extensive cooling and humidity control, such as in server halls and data centers. One of the main advantages of natural evaporative humidification is its relatively low operating cost. This can be attributed to the simple, but effective design of the system. Another important benefit is that the system allows for simultaneous humidification and cooling, making it an economical and energy-efficient solution.

GLASdek™ is made of inorganic, non-combustible material, which means it meets fire safety requirements. This allows for the use of tap water directly without the need for water treatment.

CELdek™ is manufactured from highly absorbent cellulose paper that has been impregnated to resist water degradation, which improves indoor air quality for people and animals.

## Where are pads manufactured?

GLASdek™ is manufactured in Mexico, and CELdek™ in Mexico, Italy, Brazil, and China.

## AirTech

# World leader in industrial air treatment

The 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 precise control of moisture and temperature, with a focus on sustainable climate systems. Our systems provide better indoor air quality and comfort as well as increased production capacity.

### Strategic priorities

- Strengthen our core business by focusing on markets where we are or can be a leader
- Develop our core business through digital services, new technology and a harmonized, modular product portfolio
- Expand the core business through, e.g., increased attention to carbon capture and humidification
- Provide best in class sustainable solutions across our customers' value chain

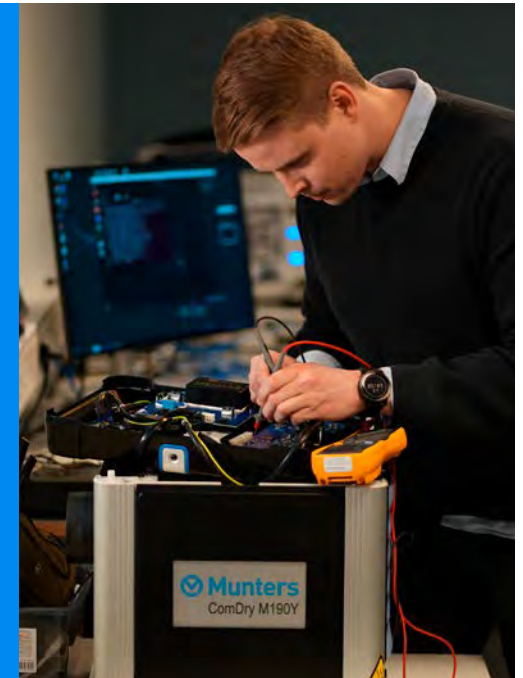
### Important events in 2023

- Began the construction of a new production facility in Amesbury, US
- Strengthened growth journey through several acquisitions in core areas
- Development of an industry standard for life cycle analyses in dehumidification solutions
- Sustainability innovation through the launch of the Low Dew Point (LDP) dehumidification system in the American market
- Strategic measures taken to strengthen our position within Clean Technologies (CT) by increasingly focusing the business on advanced techniques in carbon capture and abatement of volatile organic compounds (VOC)
- Development of a Net Zero Roadmap for our production sites

### MISSION

Undisputed leader in humidity, climate and air quality control for mission-critical applications

Martin Ogeborg, at our lab in Kista, Sweden.



### → Growth areas

- Food industry
- Battery production
- Service
- Components
- Clean technologies
- Carbon capture & utilization

SHARE OF THE GROUP'S SALES

59%

(2022: 62)

# Megatrends for growth

Megatrends, see page 15, create drivers

Munters solution



## Climate change and sustainability

Climate change is driving the transition to fossil-free solutions and increasing demand on industries such as batteries and wind power. Battery production, especially in the automotive industry, requires ultra-dry air at critical points. In the long term, there are growth opportunities in the after-sales market for batteries.

- Continued innovation and development of energy- and water-efficient products to limit climate change within every customer group
- Increased focus on service components to extend product life
- Focus on products for battery production and eventually also the battery after-market
- Further development of products for wind power expansion, where Munters' dehumidification systems and mist elimination technology ensure efficient operation over an extended service life



## Urbanization and an aging and growing population

Urbanization and a growing population create the need for among other things more processed foods and expanded infrastructure. Regulatory requirements governing the manufacture, storage and packaging of foods and pharmaceuticals are evolving.

- Contribute to more efficient food production through better production environments
- Further development of climate control systems that ensure low humidity in the designs of bridges and other infrastructure, which can extend service life and secure the operations
- Through products that comply with indoor climate regulations regarding the manufacture and storing of foods and pharmaceuticals enable us to contribute to increased food and pharmaceuticals safety



## Accelerated digitization and use of AI

Digitization is reshaping the entire business, both internally and in relation to customers and partners in the value chain. There is a growing need for integrated solutions, efficiency and advanced connections, at the same time that cyber security must be prioritized.

- Develop AI-technology and digitization to benefit customers
- Increased process automation and optimization internally
- Increased number of connected products with the option of remote services
- Focus on cyber security



## Globalization

Companies are being challenged by globalization, increased protectionism and geopolitical instability. In the face of greater competition, they must be flexible and protect their brands.

- Quality products with a continued focus on the Munters brand
- Greater regional focus in sales, production and service
- Regional supply chains with a greater number of partnerships to develop new solutions and increase the focus on sustainability



## STRATEGY

### Market

Several global trends are impacting the market for the largest business area, AirTech, and thereby the strategic priorities. All in all, demand for energy-efficient air handling continues to grow.

The consolidation into fewer, larger companies is continuing, and Munters is taking part through its acquisitions.

### Acquisitions expand the core business

In line with its strategy, AirTech made several strategic acquisitions in 2023. The largest was Zeco, an Indian manufacturer of air handling solutions with its headquarters in New Delhi, three production units and a large number of sales offices. The Indian market has experienced solid growth in the prioritized industrial areas: batteries, food and pharmaceuticals. The combined offering of products and solutions from the earlier establishment in India and the new acquisition positions Munters for favorable development. On March 31, 2023, Zeco reported net sales of approximately MSEK 510 for the full-year 2022/2023.

During the year, Tobo Components was acquired. The company, which has its headquarters in Tobo, Sweden, adjacent to Munters existing production plant, has a full-time staff of around 15 and has manufactured dehumidification components for Munters since 2005.

In services, Munters acquired SIFT in Calais, France, with around 16 employees.

### Strengthening our position within CT

During the year, Munters has taken strategic measures to strengthen our position within CT by increasingly focusing the business on advanced techniques in carbon capture and abatement of volatile organic substances. We have identified these as crucial for combating emissions and contributing to climate-positive development. This strategic change has enabled us to concentrate our resources and skills in the areas where we see the greatest potential and need, which has already resulted in several successful customer projects.

### AirTech's offering



### AirTech's key competitive advantages

- Product quality and performance with a long service life
- Long-term customer relationships
- Ability to understand our customers' needs
- Our extensive expertise
- Energy-efficient solutions
- Global service offering and local service organization



# The semiconductor industry use Munters to clean their exhaust air

When a manufacturer of semiconductors in the US aimed to boost its production capacity, it turned to its trusted partner, Munters, for support. Increased production results in a higher volume of exhaust air requiring cleaning before release, and Munters provides one of the most effective systems on the market.



The semiconductor industry generates significant amounts of exhaust air during chip manufacturing. Because most fabrication plants, also known as fabs, are in, or near, residential areas, there are strict requirements on how much polluted air they can emit.

## **Munters has long experience from VOC**

Munters has been helping the semiconductor industry clean air polluted by VOCs since the 1980s, establishing ourselves as an expert in the field.

VOCs are found in everyday products such as perfumes and household cleaning agents and normally can be discerned by an odor. Some VOCs occur naturally, while others are manmade. When industrial processes, such as chip production, exhaust large amounts of polluted air, untreated VOCs react with nitrogen oxides and sunlight, creating low-level ozone or smog, which can lead to various health and respiratory problems.

The conventional approach to VOC removal involves burning a large volume of air in a large thermal oxidizer at temperatures as high as 700° Celsius. This requires significant energy

usage, which becomes a large cost considering that industrial processes operate continuously, 24/7 throughout the year.

## **Large capacity and low energy usage**

What sets Munters apart from competition is its ability to remove and concentrate VOCs from a large exhaust airstream into a smaller slipstream of air, thanks to its unique Zeolite Rotor System. The concentrated slipstream is sent to a thermal oxidizer, which is 20 to 30 times smaller than the conventional oxidizer, for post-treatment. This results in a significant reduction in energy usage.

Scott Gagliostro, Sales Manager for Clean Technologies, illustrates the advantage of the technology by giving an example of a recent installation at a customer's factory in the US "At their site, we take 34,000 standard cubic feet per minute (SCFM) of VOC laden exhaust air and concentrate it down to 2,000 SCFM, which we treat with a small oxidizer. In other words, we only incinerate a fraction of the air compared to alternative technologies."

This not only leaves the manufacturer

with 95 percent cleaner exhaust air. It also drastically reduces their production costs. In total, each fab saves 66 percent per year by using Munters' system compared to alternative technologies.

## **High reliability**

Another advantage of Munters' system is its reliability. "Our system is designed for one or two days of downtime per year for routine maintenance," Gagliostro notes. "It exhibits minimal pressure fluctuations, a crucial aspect to semiconductor manufacturers, whose tooling is highly sensitive to pressure changes."

## **Our service commitment makes a difference**

The advantages of Munters' system have resulted in many contracts over the years, particularly in the US "The semiconductor industry know our technology well," says Gagliostro. "We have many installations at different fabs, and, besides our high-performing products, much of our success can be attributed to our commitment to service. We provide what our customers need and offer support even after the units are installed, and that holds significant value for them."



### **FACTS ABOUT CLEAN TECHNOLOGIES WITHIN MUNTERS**

Munters provides ways to separate liquids and gases for use in power plants and shipping, for example. Our CT solutions make it possible to separate various substances in order to clean the air and capture hazardous substances. Further development is now focused on the energy sector and processing industry, including the manufacture of semiconductors, batteries, pharmaceuticals and building material. Semiconductor manufacturers are an especially interesting customer category, where our technology cleans the exhaust air.



## STRATEGY

### Customers

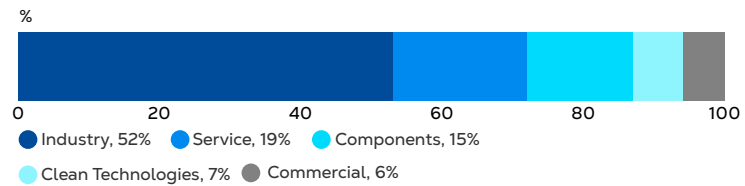
AirTech has its own sales staff with 22 local and regional sales offices. In addition, the business area has an extensive network of resellers and distributors in certain markets, for example in the US and in some other regions, as well as for the sale of components to other system suppliers for dehumidification and direct-acting evaporative cooling.

The business area is primarily focused on four customer segments: industry, clean technologies, components and service.

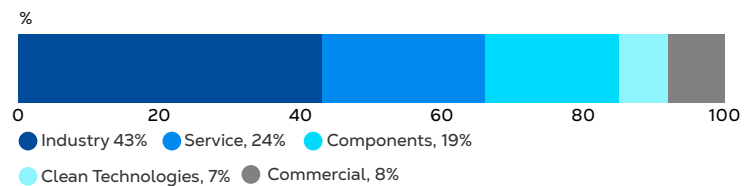
### Industry

Within the industrial segment, AirTech's offering is sought after for climate control in industrial processes, mainly in dehumidification applications. Industry is the largest segment, with battery manufacturers as the fastest-growing and dominant customer group. Food and pharmaceutical companies are also important customers. For customers involved in infrastructure, AirTech offers opportunities to extend the life of their physical assets and thereby limit resource usage. The business area offers a wide range of proprietary products, from small portable dehumidifiers to large, complex and customized systems.

### AIRTECH, NET SALES 2023



### AIRTECH, ORDER INTAKE 2023



### Clean Technologies (CT)

CT is a prioritized segment, mainly driven by the global climate transition. Our CT solutions make it possible to separate various substances in order to clean the exhaust air and capture hazardous substances. CT is well-positioned in their field and is developing through expanded research, product development, strategic partnerships and greater geographic coverage. There is a special focus on carbon capture and VOC abatement.

#### Technology areas within CT are:

- **Mist elimination** – liquids and gases are separated, enabling the collection and storage of specific compounds.
- **VOC abatement** – VOCs are captured with the help of Munters' proven rotor technology, custom designed for the purpose.
- **Mass transfer** – equipment which allows various chemical compounds to be separated from each other.

### Components

Some customers use AirTech's products as components, i.e., as inputs in their own solutions. Most of the components are units to control moisture and cooling. A common feature is the dehumidification rotor, which is sold in large volumes globally. Testing and verification of components are conducted at the R&D lab in Kista, outside Stockholm.

### Service

With many successful years in the market, AirTech has delivered very large volumes of components, products and systems around the world. Services, such as maintenance and upgrades, are therefore an important part of the offering. We have an extensive global network of service centers around the world. Through a strong local presence, we have close relations with our customers and can offer prompt service.

# New controller conversion kit extends the lifetime of dehumidifiers

Sligro Food Group's branch in Drachten, the Netherlands, has recently doubled the lifetime of its dehumidifier thanks to a new controller conversion kit developed for installation by Munters service technicians.

The new conversion kit makes it possible to upgrade all ML3 dehumidifiers manufactured between 2005 and 2015 to the new Climatix controller.

"The old controllers were twenty years old and outdated, so it was time for an upgrade," says Theo Bentvelzen, Service Product Manager for the EMEA region, who is behind the conversion kit. "With the new conversion kit, old units in the field can be converted to Climatix and function more optimally."

The conversion kit contains everything a service technician needs, from new panels to cables. With a quick and efficient conversion process, it takes a day to complete the transition without major disruptions.

"The conversion kit is not free, but compared to installing a new unit, it is only about

20 percent of the cost", says Bentvelzen. The upgrade is particularly attractive for process industries such as food and pharmaceuticals that do not want any unplanned production downtime.

Among the satisfied customers is Sligro Food Group, which has a wide range of food and food-related goods and services in the wholesale market. Thanks to the dehumidifier from Munters, ice formation on the locks of the company's freezers is prevented.

"We are pleased that Munters not only sells new units but also takes care of existing ones," says Johan van Boxmeer, technical facility specialist at Sligro. "They quickly replaced the control system, and now our facility is ready for many years to come."



## FACTS ABOUT SERVICES

Munters invests heavily in innovation and further development of existing products. We develop new service and upgrade solutions that support our vision of being a sustainable company delivering products with a very long lifespan. Regardless of what phase of the life cycle the equipment is in, our service solutions and products ensure optimal operation and performance as long as needed.

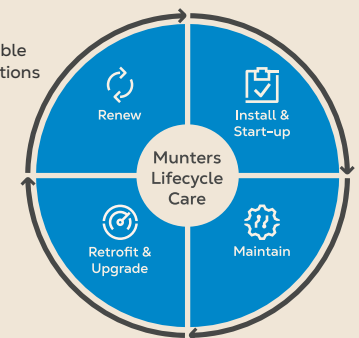
### Our four service phases:

**Install & start-up** - Services to ensure that the equipment is functioning correctly, such as during installation, preventative maintenance, and training.

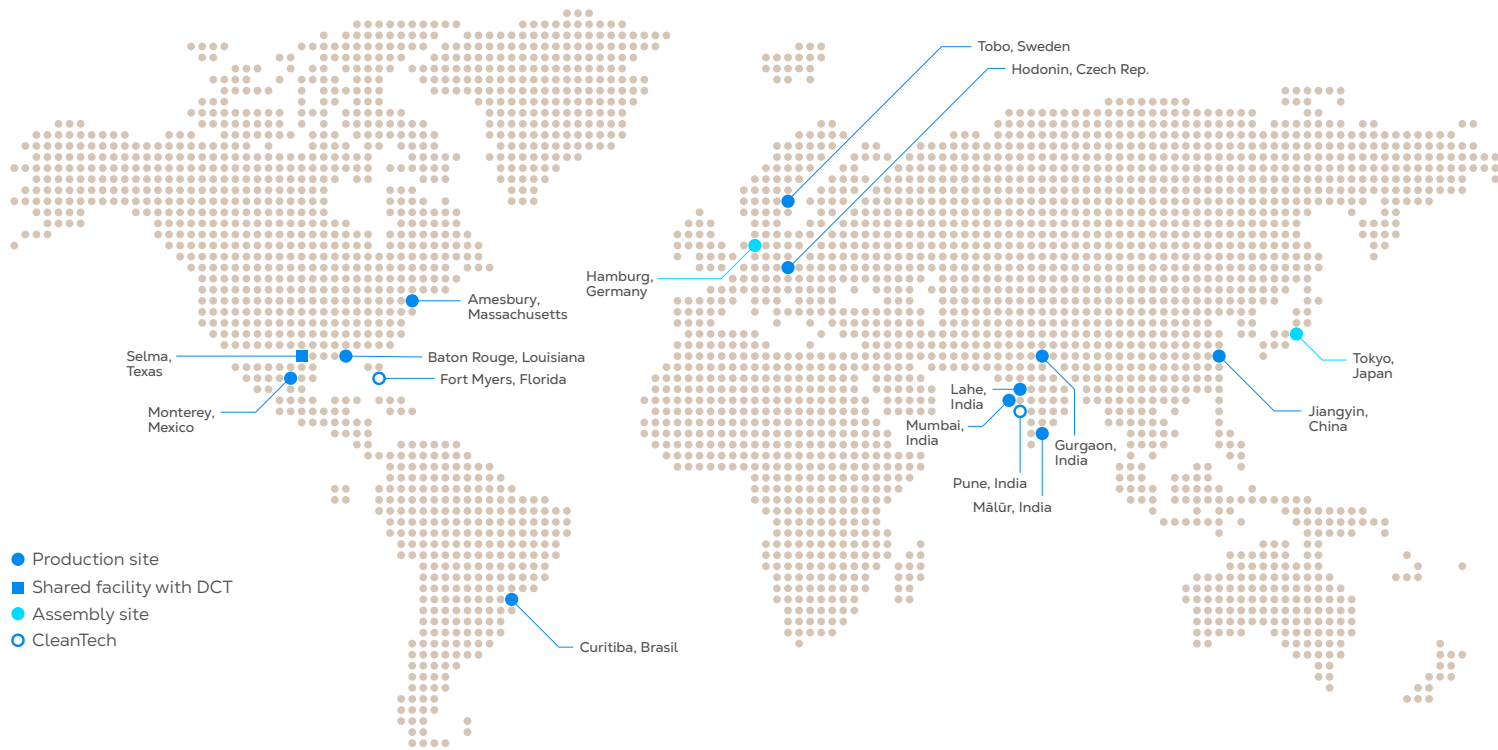
**Maintain** - Keeps the equipment running and like new, through performance checks of the rotor, repairs, and spare parts.

**Retrofit & upgrade** - Increases energy efficiency and capacity with retrofit solutions for equipment already in operation. Examples include control unit upgrades, rotor replacement, and remote assistance.

**Renew** - Sustainable replacement solutions when equipment is worn out.







**STRATEGY**

**Excellence in everything we do**

AirTech continued in 2023 to regionalize its operations, i.e., build up the capacity to create strong regions that can work independently. The purpose of local units is to create deepened customer relationships and strengthened supply chains. At the same time, we collaborate globally with a holistic view of customer needs.

The strategy of increased regionalization was decided in 2022 after delivery disruptions in connection with the COVID-19 pandemic and changes in the geopolitical situation. Commitments to sustainability, with high ambitions for climate neutrality, have also contributed to the decision.

**Better production efficiency**

AirTech makes continuous improvements by applying Munters' lean production system MPS. An important tool is our digitization and automation solutions, which are continuously evaluated and introduced in facilities when justified, taking into account the size of the investments and local access to expertise.

**New site in the US**

In the US, AirTech already has a production facility in Amesbury, Massachusetts. Due to increased demand for the company's climate solutions, the current facility is now being replaced with a new, larger one in the same location. The new plant will expand the offering of dehumidification products, solutions and services in the Americas region through significantly higher production capacity, better workflows and a modern work environment.

Munters has operated in Amesbury for 60 years and is the largest employer in the area.

In line with our ambition to become climate neutral by 2030, we intend to provide the new factory with electrified processes and equipment that are independent of fossil fuels. The operation of the building will be powered by renewable energy. In the design of the facility, experience will be drawn from units in Tobo, Sweden, and Baton Rouge, Louisiana, which also have rotor manufacturing. The goal is for the factory to be fully operational in early 2025.

**Efficiency improvements in China**

A new factory is also being built in Shanghai, China, to replace an existing facility in the same area. Construction is underway in Jiang Yin, in line with the strategy of strengthening the regions. The new factory will be primari-



**ALISON MCDUGALL,**  
Program Manager  
AirTech  
Amesbury, US

*What does sustainable innovation mean to you?*

Sustainable innovation embodies two of our core values. Our team has incorporated this in every aspect of the design of the new factory in Amesbury. These values are important not only to how we as a company choose to run our facilities, but also so that our employees will want to stay with us and remain engaged, and at an overarching level of course for our customers and the planet.

ly focused on meeting demand in China and parts of Asia. The move from the current production unit to the new one will take place in 2024.

**Integration of Indian acquisition**

During the year, the Indian company Zeco was acquired to develop the dehumidification business in the region. Zeco has three manufacturing facilities and a large number of sales offices, which are now being integrated into Munters according to the group's integration

**NUMBER OF EMPLOYEES**

**3,345**

(2022: 2,693)



process, including anchoring the core values. The process also involves a review of production technology with regard to sustainability. Zeco offers various types of ventilation solutions for commercial and industrial customers, primarily in India.

### Focus on safety and sustainability

Employee safety is a priority at Munters. The AirTech business area has conducted extensive safety training at its production facilities during the year, with a particular focus on proactively identifying risks to prevent accidents and injuries.

Intensive work has also been underway to develop plans for how the production facilities will achieve the goal of net zero carbon emissions by 2030. The plans include the necessary investments, payback periods, and prioritization of actions. It is important to ensure access to renewable energy, for example by installing solar panels, electrifying processes to move away from using fossil fuels, and efficiency measures to reduce energy usage.

### Our global Centers of Excellence

Through our global Centers of Excellence (CoE), we have teams of experts who focus on specific markets. They work with complex, customized solutions for mission-critical applications in battery production, food and pharmaceuticals, for example. With extensive application know-how, they maximize customer value and performance.

The CoE team has experience in project management and ensures that the requirements are integrated correctly in a practical, cost-effective and purposeful solution. They also manage and integrate collaborations with various partners and others.

## STRATEGY

### Innovation

AirTech's application experts collaborate with customers' process managers to develop optimal, customized solutions. At the same time, the offering is being harmonized for different markets and modularized products are being developed where relevant. Own technology and components are developed to a large extent within our R&D organization with several regional development centers. During the year, a new R&D lab was inaugurated in Kista for AI and Connectivity, and further development of a new lab for verification testing of products and components. Sustainability, product modularization, and digitalization are overarching focus areas. As a complement to our internal R&D, part of the strategy is to collaborate with external parties.

### AI and carbon capture

Methods for separating carbon dioxide, carbon capture and AI are important technology areas where we strategically invest in R&D. We analyze and identify technologies that are deemed to have great future potential.

### Industrial design

A special focus on industrial design has resulted in increased customer-centered innovation and a strengthened brand identity through the visual design of our products. The new ComDry NX and upcoming product launches have been designed for significantly improved usability, interaction, and user experience – and this will be further enhanced with the upcoming digital service AirC Connect. We are committed to continuous improvement and innovation with the customer at the center.

### Sustainable innovation

During the year, we launched the Low Dew Point dehumidification system for the battery market in the US. The product is a good example of sustainable innovation. It reduces energy usage during use and has a compact format, which has led to lower material usage. In addition, it has a design that simplifies installation.

### Heat pump collaboration

During 2023, an investment was made in the heat pump and energy systems company Quantum Industries, which is expanding into next-generation modular heat pumps and complete energy networks for fossil-free heating. The ambition is to find forms for a joint research collaboration.

### Industry standard initiated

Munters is driving the development of an industry standard for life cycle assessments for dehumidification solutions. Work on this Product category rule (PCR) began in 2023. The standard will create the possibility to compare products of the same type from different manufacturers with regard to environmental impact. By driving this, Munters is setting the standard for our industry.



JENNIE TÅQVIST,  
Vice President R&D,  
Product Management and Marketing,  
AirTech

### What does sustainable innovation mean to you?

Carl Munters was a true visionary and ahead of his time in many ways. Our goal is to nurture his legacy of innovation and be clearly dedicated to continued technological excellence. At Munters, we conduct in-house research and development to improve our products' unique capabilities while actively collaborating with external partners. This ensures that we stay ahead of the curve in our industry, pushing boundaries and redefining standards.

One guiding star for innovation is sustainability. My commitment to sustainability was a key factor in my decision to start working at Munters earlier this year. Our commitment is not just about creating innovative products; it is about shaping a future that is in line with our founder's visionary spirit and our collective responsibility to the planet.

# Panasonic gets help from Munters to scale up its battery production

When Panasonic was preparing to build a pilot facility in Japan for mass battery production, they were looking for a supplier with a global presence that could be flexible to their needs. They found their match in Munters!

Building a battery production facility is no small feat. The air inside the facility must be super dry and clean to ensure optimal product quality. We are talking about low dew points of  $-40$  to  $-60$  °CDP, or even lower which is equivalent to less than 100 ppm (parts per million) of moisture.

## A challenging project

Another challenge was to minimize the energy usage and carbon footprint of the production space. This is a tough project that requires the coordination from the very best. Panasonic has collaborated with Munters on several projects and knows its dehumidification technology well.

## Efficiency and quality were crucial

According to Konishi-san who heads the Panasonic Environmental Systems & Engineering department in Japan, several things make Munters a preferred supplier.

"The efficiency and quality of Munters' products made them stand out from the rest," he says.

Munters designs their low dew point dehumidifiers with sustainability in mind. Designs

are optimized to meet customer performance while also minimizing energy usage.

## Our collaboration with Munters is a long-term investment

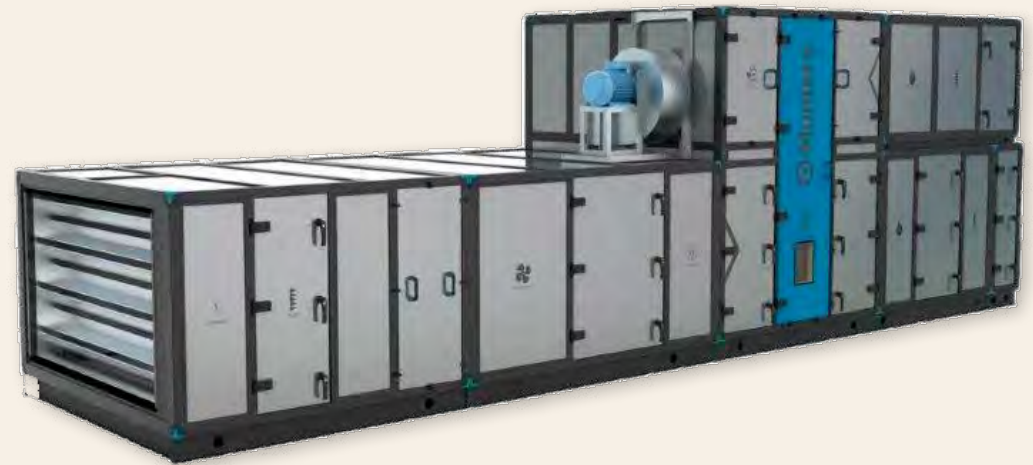
Munters' global presence, along with its flexibility and commitment to meet specific requirements, reinforced Konishi-san's decision.

"I really enjoy working with Munters' salesperson and discussing and solving our issues. I appreciated his input and application knowledge."

Munters has supplied dehumidification units to the facility in Wakayama Prefecture in Japan, which will be up and running in 2024.

## Climate change leads to new challenges

"With climate change, the weather conditions in South-East Asia is going to change and become a lot wetter which will put a lot more pressure on our equipment," Konishi-san says. "I look forward to seeing how Munters develop their products to tackle the challenge and meet our future needs."



Dehumidification system Munters DSS Pro, launched in 2021.



## FACTS ABOUT REQUIREMENTS IN THE MANUFACTURE OF LITHIUM-ION BATTERIES

Lithium-ion battery manufacturing require controlled low dew point moisture levels and stable, year-round performance to ensure optimal product quality.

Munters dehumidifiers provide high uptime and extreme reliability at dew points of  $-40$  °C to  $-60$  °CDP and even lower. They are designed to maintain the optimal climate with long-lasting performance while reducing energy usage by 30 percent.

# We help our customers become more sustainable



## *Pharmaceuticals*

Supplying solutions that make it possible to manufacture pharmaceuticals of the quality required with the lowest possible environmental impact.



## *Infrastructure and wind power*

Climate control systems ensure low humidity in the designs of bridges, wind turbines and other infrastructure, which can extend their service life. In this way, we contribute to improved resource efficiency and support the world's transition to renewable energy.



## *Food*

Offers techniques that contribute to ensuring a hygienic and optimal production environment for food.



## *Process industries, energy sector and other industry*

Clean Technologies improves process productivity for companies while reducing their emissions and carbon footprint.



## *Battery*

Enabling a large share of the world's production of batteries for electric cars by supplying ultra-dry air. We also reduce electricity usage in production and create battery solutions with a lower climate footprint.



## *Service*

Through the service offering we extend the life of the products, improve efficiency and reduce energy usage, while ensuring quality and environmental performance.

# Market development and financial results 2023

## Order intake

Order intake decreased by -24 percent organically during the year, mainly driven by the battery sub-segment which had a weaker development during the end of the year. In APAC this mainly related to a consolidation of the battery market in China. EMEA and Americas were weaker mainly as customers placed orders closer to delivery, partly driven by a more unstable macroeconomic environment. The

component segment showed good growth, especially in Americas, and the service segment showed stable development. The long-term underlying growth drivers for AirTech's main markets remain strong.

## Net sales

Net sales increased by +13 percent organically, mainly through strong development in the Industrial segment in all regions, especially

within the battery sub-segment. Components had good growth in all regions. Service grew in EMEA and APAC, while Americas showed stable development.

## Results

The adjusted EBITA margin improved due to increased volume combined with positive contributions from efficiency improvements and net price increases.

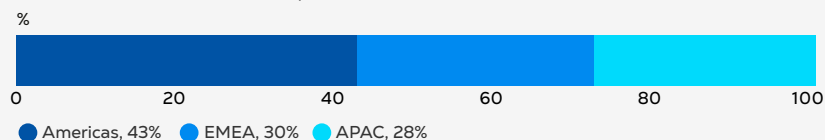
# 6,796

Order intake 2023, MSEK

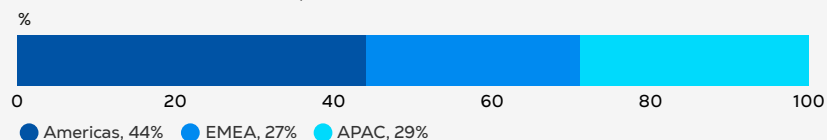
# 8,226

Net sales 2023, MSEK

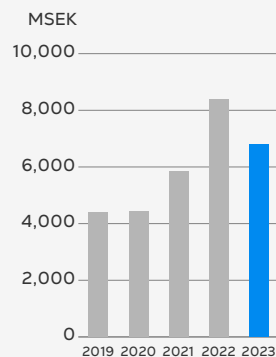
## REGIONAL DISTRIBUTION, SHARE OF ORDER INTAKE 2023



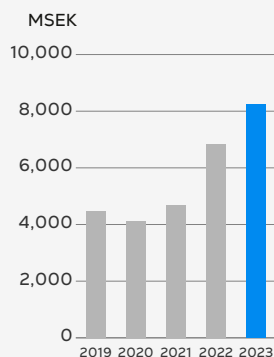
## REGIONAL DISTRIBUTION, SHARE OF NET SALES 2023



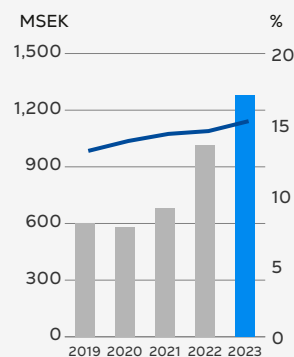
## ORDER INTAKE



## NET SALES



## ADJUSTED EBITA/EBITA-MARGIN



## KEY FIGURES

MSEK if nothing else is specified	2023	2022	2021	2020	2019
External order book	3,250	4,698	2,796	1,442	1,276
Order intake	6,796	8,399	5,842	4,444	4,398
Net sales	8,226	6,830	4,664	4,116	4,474
Adjusted EBITA	1,278	1,014	682	580	599
Adjusted EBITA margin	15.5	14.8	14.6	14.1	13.4
Operating profit (EBIT)	1,190	976	635	446	515



# Data Center Technologies

## Efficient, flexible, scalable - the future of data center cooling

DCT is a technology market leader that provides state-of-the-art cooling solutions for data centers. DCT has evolved from historical niche excellence to global leadership, and through an expanded technology base, scalable solutions, and long-term partnerships, we are transforming that vision into reality - one data center at a time.

### Strategic priorities

- Continue to expand our product portfolio, both organically and through acquisitions
- Expand our geographic reach, short-term within existing regions and long-term outside existing regions
- Increase production capacity in Europe
- Continue to drive the market towards sustainable solutions where our differentiation can drive critical change

### Important events in 2023

- Secured significant orders, including an order of SyCool Split for approximately SEK 1.5 billion and two large cooling system orders for a total of approximately SEK 1.7 billion
- Expanded the R&D team and opened a new lab in Virginia, US
- Developed a European version of SyCool and SyCool Liquid Cooling Evaporator (LCE)
- Established lifecycle analyses on 90 percent of products

### MISSION

With a diversified product portfolio and leading application knowledge, we create sustainable climate solutions for data centers around the world

### DCT growth areas

- Continued growth in Europe through a broader offering and increased production capacity.
- Geographic expansion to new regions such as Latin America and Asia.
- Development of the offering to smaller and more urban data centers, so-called Edge Data Centers.
- Continued development of close collaborations with leading customers as well as industry collaborations for increased reach and products complementary to the own offering, for example, liquid cooling.

### SHARE OF GROUP'S SALES

# 24%

(2022: 13)



# Megatrends for growth

Megatrends, see page 15, create drivers

Munters solutions



## Climate change and sustainability

Data centers use enormous amounts of energy, which can account for between 1-7 percent of a country's total electricity usage. Cooling a data center can represent up to 50 percent of its electricity usage, and the technology and efficiency of the cooling solution therefore plays a crucial role in customers' sustainability ambitions.

Many data centers also use large amounts of water, up to millions of litres per day.

- Has been a pioneer in energy-efficient solutions by first establishing the industry standard for evaporative cooling and recently strengthening its position through the development of SyCool Split, one of the world's most energy-efficient cooling systems (which also does not use water).
- With our technology and deep application knowledge, we continue to develop climate solutions that deliver significant energy savings and contribute to reducing carbon emissions.
- Has developed an offering to always enable the most energy-efficient and sustainable solution based on the customer's and the current project's requirements, from heat recovery to various forms of air- or water-cooled solutions.



## Urbanization and an aging and growing population

The global population of internet users is growing. Increased internet use and digitization lead to greater growth in connectivity and data usage. Autonomous vehicles and other services that require or will require fast response times, so-called low latency, drive the need for more and typically smaller data centers in more urban environments closer to the user, so-called edge data centers.

- Data centers are the essential infrastructure required to store, process, and distribute data to an ever-increasing number of the world's population.
- By developing smaller sizes of SyCool, we offer attractive solutions for a variety of smaller edge data centers.



## Accelerated digitization and use of AI

Digitization and global data traffic are increasing, and more and more data centers are being built. AI creates exponential demands and leads to significant planned investments.

- Munters has chosen to focus on this customer group by forming the DCT business area in 2022 and quickly positioning itself well for future growth in the area.
- AI and so-called high performance computing (HPC) require more powerful processors, which also increases heat generation. Densification, more kw and heat per square meter used, leads to the need for cooling to be done closer to the server itself in some cases in order to avoid overheating. With some technologies as close as inside the server itself, directly on the processors (CPU/GPU). Through a broad portfolio of technical platforms, complemented by strong industry partnerships, we offer leading solutions regardless of the customer's requirements and needs - from demanding AI to broader cloud solutions.



## Globalization

The data center industry is dominated by the US, where the majority of the digital giants have their headquarters (so-called hyperscalers). The US also have the highest number of colocation actors, through which these global giants and others can rent digital infrastructure. However, the need for data centers is global and they are expanding aggressively into other regions.

- Through long-term partnerships and high customer satisfaction, DCT has created a good foundation for future geographical expansion by following customers on their growth journeys outside the US, to new regions such as Latin America and Asia.



## STRATEGY

### Market

The ongoing global digitalization and the accelerated integration of artificial intelligence are driving the continuous high demand for basic infrastructure for data centers. This trend highlights the essential role that data centers play in supporting the rapidly developing digital environment. Cooling and heat rejection account for up to 50 percent of a data center's total energy usage, which makes these factors a focus for both operational efficiency and sustainability aspects. The need for increased computing power and storage space drives heat development and energy usage, result-

ing in increasing energy costs and growing environmental impact. Therefore, resource efficiency and sustainability are becoming increasingly important aspects, which is increasing the demand for innovative cooling technologies.

The future is set for further progress with a focus on reducing carbon emissions and integrating smart technologies. This developing landscape presents a dynamic market opportunity for DCT, perfectly in line with global sustainability goals.

### Well-positioned for growth

DCT has a strong position in the US today, where we have been operating for the past decade. In recent years, the business has also grown in Europe through the acquisition of Edpac in 2022, an Irish manufacturer of cooling equipment and air handling systems for data centers. During the year, we launched a broadened offering in Europe, including the development of a European version of SyCool Split and SyCool LCE.

### → DCT's key competitive advantages

- Broad technology portfolio with patented, leading solutions
- Extensive application expertise in optimizing and customizing solutions
- Strong customer relationships and partnerships with several of the world's leading data center operators
- A customer-centric and project-based business to support customers

# Munters helps data center industry prepare for liquid cooling

Munters has made it easy for data center operators to switch from air to liquid cooling, which is attractive to the industry as it prepares for the rise of artificial intelligence (AI).

During the year, Munters received its first order for a liquid cooling system from a data center operator in North America.

## Liquid cooling is required with increased load

Sales Manager Mike Herwald, who works with data center operators in North America, believes that this is just the beginning as the industry starts to prepare for the future.

“Data center operators are now being contacted by their customers to discuss the transition to liquid cooling,” he says. “They want to know that the operator can easily make the switch in the near future.”

The main reason for the transition to liquid cooling can be summed up in two letters – AI. Market analyses predict that the workload will increase from 4.3 GW today to anywhere from 13.5 to 20 GW by 2028. This naturally places greater demands on data center operators and cooling equipment suppliers.

Historically, most data centers have used air to cool their servers. But as the power

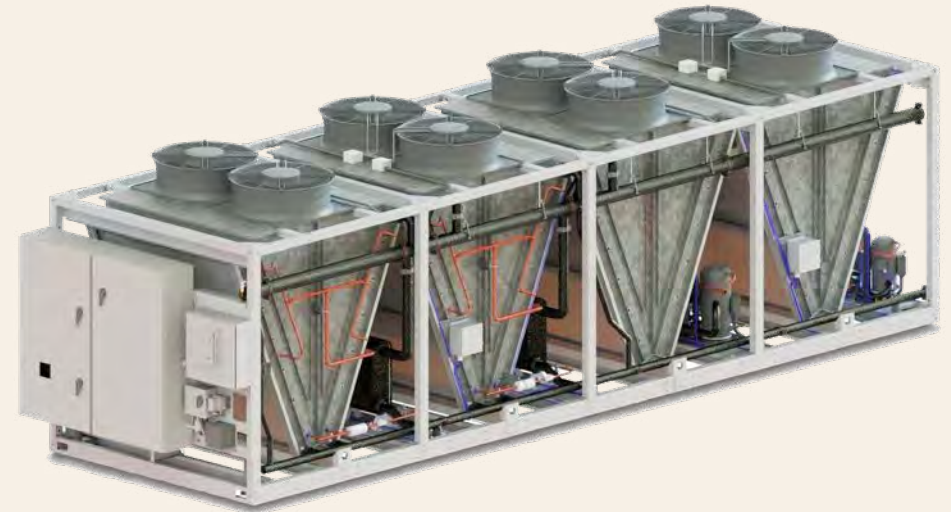
density of GPUs (graphics processors) for AI and machine learning increases, liquid cooling becomes important because it can handle much more heat in a given space.

## Easy switch to liquid cooling with SyCool

This is why Munters’ SyCool system is needed. This award-winning technology can easily switch from air cooling to liquid cooling without the need for much extra equipment. Herwald explains how it works: ‘Instead of air cooling evaporators, liquid cooling evaporators can be connected to our standard condenser, which makes the system generate chilled liquid instead of cold air. The liquid cooling evaporator is a heat exchanger that absorbs heat from liquid or dielectric and rejects the same heat through the SyCool’s thermosiphon technology.’

## The system is very flexible

One of the advantages of the SyCool system is its flexibility. “Data center operators need to be compatible and adaptable for an unknown



Munters SyCool Split provides an efficient cooling solution where access to water supply may be limited, expensive or unreliable.

amount of liquid cooling and an unknown scope of operations,” Herwald says. “SyCool’s cooling infrastructure consists of smaller blocks that can individually be converted to liquid cooling and function optimally to encompass multiple operations. Without the ability to separate air cooling and liquid cool-

ing systems smoothly, the perceived efficiency potential associated with liquid cooling is difficult to achieve. Higher liquid cooling temperatures enable the extension of economizer hours over a year, known as free cooling, and SyCool technology is the most efficient economizer on the market.”

## FACTS

### SyCool® Split

Munters’ award-winning SyCool Split provides an efficient dry and scalable cooling solution for new and retrofitted installations with multi-story and high-density designs.

The system is available in 250 kW, 400 kW, and 500 kW blocks of cooling capacity and with evaporators for both air-cooled and liquid-cooled solutions.

SyCool’s thermal efficiency is nominally 60-70 percent, which significantly exceeds that of competing refrigerant-based economizer systems.

### Key advantages:

- Shared system eliminates duct penetrations
- No water usage
- Compatible with liquid cooling (day one or future conversion)

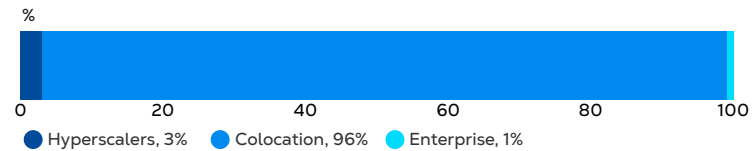
- Highly efficient economization
- Factory-optimized controls
- Winner of Mission Critical magazine’s 2021 Top Tier Product Award for Thermal Management Solutions



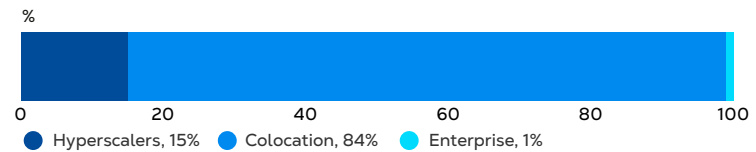


Shane Humbree at our production plant in Selma, US.

#### DATA CENTER TECHNOLOGIES, NET SALES 2023



#### DATA CENTER TECHNOLOGIES, ORDER INTAKE 2023



## STRATEGY

### Customers

No matter what type of data center is being built or upgraded, reliable, energy-efficient cooling is required to optimize for the specific conditions. The choice of solution depends on a number of factors, such as the environment, the facility size and design, the type and power density of the data center, the area around the building, local laws and regulations, access to water, and the customer's investment horizon and operating costs. These and other parameters determine which cooling method and equipment best matches the circumstances and preferences.

There are three main categories of customers, and their cooling preferences are shaped by their operational scale and nature:

### → Data Center Technologies customer segments

**Hyperscalers:** Large-scale operators such as cloud providers and large technology companies operate enormous data centers and support extensive cloud services and applications. While there is increasing interest in advanced cooling technologies such as liquid cooling for high-performance computing and AI, most hyperscale data centers currently primarily use air-based cooling systems due to its scalability, proven reliability, and adequacy for most applications. Liquid-/hybrid cooling is becoming a must for high-density deployments, something that will become increasingly common through the rapid growth of AI. Hyperscalers emphasize energy efficiency and sustainability, given the scale of their operations.

**Colocators:** Offer space, equipment, and bandwidth to multiple tenants. These facilities must offer diverse and flexible cooling solutions to meet the needs of different customers, varying IT loads, and stringent service agreements with their tenants. Colocation providers often prefer modular cooling systems that can be easily scaled or adjusted to meet the tenants' requirements, balancing energy efficiency with the ability to offer customized cooling solutions for different clients. Hyperscalers are increasingly using colocation providers to complement their own data centers.

**Enterprise:** Handles smaller data centers that are specifically designed for internal use. These facilities prioritize high reliability and cost efficiency, while also being designed for maintainability. Each data center is carefully tailored to meet the unique and specific requirements of their own business operations.

# A better-tailored service offering

Data Center Technologies have since its inception as a business area in 2022 developed a better-tailored service offering designed with data center customers specific needs.

Traditional service within Munters has four to five steps of service – from commissioning and routine maintenance work to spare parts upgrades and end-of-life. DCT's service offering looks a little different.

"Installation and Commissioning are included," says Frank Pellegrino Vice President Strategy & Finance at DCT. "The second part, which normally includes maintenance and optimization, will focus primarily on optimization. The reason for this is that our customers typically perform maintenance work themselves. The optimization part can be done either remotely or at the customer-site. Here we can, with our strong product and application knowledge, ensure that the equipment maintains its original factory performance."

## Components should not be replaced

The last part of DCT's new service model is upgrades and rebuilds, which will focus on

improving the efficiency or lifespan of products or doing upgrades. The main reason for focusing on just three parts is that the components in DCT's systems are not designed to be interchangeable.

"The EPX module remains in an Oasis unit until the entire unit needs to be replaced in 20 or 30 years. The same can be said of our SyCool technology. The customer does not need to upgrade or replace the copper pipes. The components are designed to have the same lifespan as the entire unit," says Pellegrino.

## A new control system

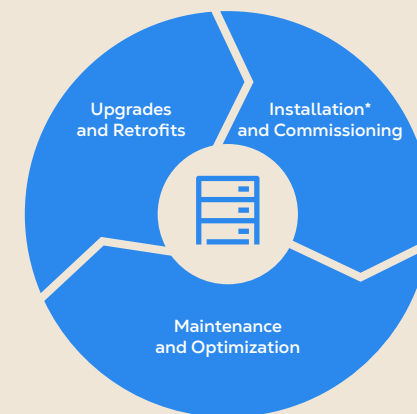
However, there is a lot Munters can do for customers during the operating time. DCT is currently developing a control system, Munters Virtual Master (MVM), which ensures that all units in the server room exchange information with each other. "We want to make it possible

to manage all our systems with one control unit. This way, we can provide better service and also give the customer better insight into the operation of their systems," says Pellegrino.

## Upgrade for increased sustainability

Such a control system will also improve energy efficiency in the server room. "If we can monitor the entire data center, the units can be adjusted individually instead of all running at full volume 24/7," says Pellegrino. "This becomes an exciting upgrade option for our customers." In terms of sustainability, DCT has also developed the possibility to upgrade Oasis units for lower water usage. It's also possible to replace older refrigerants with new ones to comply with new laws and regulations.

"In summary, we are developing many exciting service offerings," says Pellegrino.



## FAKTA

Service offering in DCT differs somewhat from the other business areas and is designed entirely to meet customer needs. We are continuously developing new service and upgrade solutions that help our customers get the most out of their products.

Three service phases within DCT:  
**Installation & Commissioning** – Service to ensure that the equipment is functioning properly, e.g. commissioning, start-up, and training.

**Maintenance & Optimization** – Keeps the equipment running smoothly and as new through extended warranty packages and general maintenance services.

**Upgrades & Rebuilds** – Increases energy efficiency and capacity with retrofit solutions for equipment that is already in operation. For example, fan upgrades.

\*) Limited to installation supervision in the US.



- Production site
- Shared facility with AirTech

NUMBER OF EMPLOYEES  
**615**  
 (2022: 355)

**STRATEGY**

**Excellence in everything we do**

DCT is one of the most specialized providers on the market, with climate solutions for data centers as its sole focus, which strongly contributes to our position as a leader in knowledge and technology. Our team includes several employees with over 30 years of experience in technical air handling solutions, and the team is a dynamic mix of business and industry experts with extensive application knowledge and experience that constitutes an important part of our differentiation and competitive advantage. Investments in organization and employees are essential to maintain and develop our position with satisfied customers and profitable growth. In 2023, in addition to the extensive increase in production personnel, we made significant invest-

ments in R&D, hired more project managers, service technicians, and other customer-facing functions to develop in line with our increased presence and footprint on the market.

**Cross-functional project teams**

DCT has a project-based approach where customers have access to a dedicated project team consisting of a project manager, application engineers, and service specialists who drive and oversee each project. All members of the cross-functional project teams are experts in data center applications and are committed to project success from concept to implementation. Project success is measured and evaluated from the customer's perspective, and their success is the defining, overarching goal rather than partial deliveries along the way. This

method with customer-centered teams that have the attitude, experience, and expertise required to understand the customer's needs and perspective, creates trust, long-term relationships, and customer value.

Through the service organization, customers always have access to knowledge, maintenance, and further optimization long after the project has been delivered.

**Lean work**

During the year, we have developed Lean work in all factories and achieved significant benefits through concepts such as "one piece flow", which has contributed significantly to the strong margin development during the year.

We have further increased the modular approach and limited variations while maintaining customer flexibility, which has been

value-creating. We have also increased digitization for operational excellence and to build a scalable platform for further growth.

**Focus on safety and sustainability**

Employee safety is of the highest priority at DCT. Throughout the year, DCT has conducted extensive safety training at its production facilities, with a special focus on proactive risk identification to prevent accidents and injuries. Action plans have been developed to achieve net zero carbon emissions at the production facilities by 2030 at the latest. DCT's production facilities already use electricity from renewable sources to a large extent, but additional measures are needed in the form of electrification or renewable energy sources for heating, for example.



Munters Oasis - Indirect Evaporative Cooling



Munters Modular ChilledWall

## STRATEGY Innovation

The increasing use of high-performance computing and powerful processes that support AI leads to higher heat generation and power density, which requires more efficient and innovative cooling solutions. These often include a mix of air- and liquid-cooling systems, tailored to handle the increased thermal load.

DCT has developed SyCool Split during the year to support this development by being fully compatible with both air- and liquid-based infrastructures for heat dissipation.

### Versatile, efficient and future-proof

SyCool's infrastructure provides strategic flexibility for our customers and is compatible with both air-cooled and liquid-cooled designs, which is a critical feature given the rapid development of technology, options and requirements within the data center industry.

### SyCool Split offers high efficiency and flexibility.

So-called split systems, such as SyCool Split, are increasing in popularity in data center cooling due to their efficiency and flexibility. These systems separate the cooling process into indoor and outdoor units, which allows for more precise temperature control and better heat dissipation. This split design is particularly effective for handling the high heat loads that modern data centers generate and offers scalability to meet varying cooling needs.

In addition, their modular design facilitates maintenance and phased expansion, making them a preferred choice for data centers that prioritize adaptability and energy efficiency.

With the SyCool Split series, which does not use water, a highly efficient climate solution is provided where access to a suitable water supply may be limited. In a world where conserving both energy and water is essential,

## → SyCool's thermosiphon technology

### What is a thermosiphon?

A thermosiphon is a passive heat transfer technology that uses natural convection (the process by which heated liquid or gas moves upwards while colder, heavier material sinks, creating a circulating motion) to circulate a liquid without mechanical pumps.

### How it works:

**Heat absorption and phase change:** The thermosiphon absorbs heat inside the data center, causing the liquid to boil and turn into vapor, which is lighter and rises upwards.

**Condensation and circulation:** When the vapor reaches a cooler area, on the roof outdoors, it condenses back to liquid form, releases heat, becomes heavier, and sinks back down into the data center.

**Continuous loop:** This phase change cycle creates a continuous, energyefficient loop for heat transfer.

### Key benefits:

- Energy efficiency
- Flexibility and adaptability
- Low maintenance
- Lower installation cost
- An "end-to-end" system from a single supplier, rather than different parts from a variety of suppliers, which is common with many other solutions

and the market demands easily scalable and adaptable systems, SyCool is a very attractive option.

SyCool's product offering will continue to expand with additional configurations, sizes and applications.

### Broad technology platform

Through a range of leading solutions, DCT has the ability to deliver efficient cooling to high, mixed and varying power densities of all types of data centers, solutions that are compatible with different cooling infrastructures, which is important to meet both current and future needs.

DCT's offering includes solutions for direct and indirect evaporative cooling as well as various products for air cooling for both water and refrigerant-based systems. In addition, DCT has developed solutions, such as SyCool LCE, which are required to complement

and enable cooling closest to or in the server, at so-called on-chip cooling or immersion cooling. All electricity that is distributed to microprocessors and other electronics on the servers becomes heat when the processing is complete. The heat is then transferred from the microprocessors to the room the server is in, or heat-exchanging equipment in the room, through air or liquid. Then further to the facility's wall or roof and finally to the outdoor air or heat recovery. The first step in the heat flow chain, from the microprocessor, is an area that DCT does not address itself but through partners, while all parts from when the heat leaves or has been absorbed at server level are steps in the heat rejection/cooling process that DCT is leading experts in.



# Irish Government goes for Oasis

When the 'Office of Public Works' (OPW) in Ireland built its data center, funded by the Irish Government and the EU under the NRRP program, they were looking for the most energy-efficient cooling solution on the market. The choice fell on 'Oasis', an indirect evaporative cooling system from Munters.

Since the beginning, Ireland has been an attractive location for the data center industry. Many hyperscalers from the United States have established themselves there, and several of them rely on various cooling solutions from Munters.

Craig MacFadyen, Director of Offer Strategy and Portfolio Management at Munters DCT, explains the attraction of both Ireland and Munters' portfolio of cooling solutions

## Why Ireland?

"Ireland is the closest port of call in Europe from the US, which means that the communication speed back to the US is faster from there," he says. "The country also has a very favorable climate for cooling. It is rarely above 30° Celsius. There is access to renewable energy and language is not a barrier. In fact, Irish contractors are responsible for building the majority of data centers in Europe."

## Why Munters?

Munters has a good reputation in the market, not only as a provider of energy-efficient solutions but also as a reliable partner.

"As a company, we have always been at the forefront of developing new technology," says MacFadyen. "We were first with evaporative cooling. We were first with the thermosiphon system. We are always working to create the perfect environment for the processes we deliver to, and to do it as efficiently as possible."

MacFadyen says that Munters is particularly known for its close customer relationships. "If there are problems, we fix them. We don't disappear but make sure that our customers are 100% satisfied with what they get and that everything is working as it should."

## Few moving components mean lower risk

Another thing that distinguishes Munters' cooling solutions is that our systems have few moving components, which is a major advantage



for an industry that invests a lot of time and effort in minimizing risk.

"The data industry is risk-averse and one of the best ways to minimize risk is to use simple and straightforward systems," says MacFadyen. "That's why Oasis and SyCool are attractive. In addition to being incredibly energy-efficient, both are designed to reduce the amount of mechanical cooling that often causes system failures."

## Oasis – the best solution for OPW

At OPW, Munters has installed 14 Oasis units in a 2.4 megawatt facility. Here, the Irish authority will store all data to support the implementation of policy.

"We never actively propose one solution over another before we have all the facts," says MacFadyen. "We always ask our customers what their needs are and under what conditions the cooling should be. Based on that, we propose the most optimal cooling solution."



## FACTS

Munters Oasis® system offers energy-efficient cooling for data centers with an Indirect Air-Side Economizer and Indirect Evaporative Cooling

The system uses evaporation to remove heat without increasing indoor humidity. It significantly reduces energy usage, sometimes by as much as 20 percent compared to traditional systems.

Oasis works by transferring heat to outdoor air through a heat exchanger, without mixing indoor and outdoor air, which ensures efficient cooling in a variety of climate conditions.

# Market development and financial results 2023

## Order intake

The order intake declined organically by -24 percent, mainly as customers in 2022 ordered solutions longer in advance because of previous supply chain challenges, ie lead times have shortened in 2023.

## Net sales

Net sales increased significantly during the year with an organic growth of +131 percent. The increase was driven by good deliveries on large projects and ramp-up in production.

## Results

A strong improvement in adjusted EBITA was realized during the year through significant volume growth, net price increases and efficiency improvements.

# 4,948

Order intake 2023, MSEK

# 3,408

Net sales 2023, MSEK

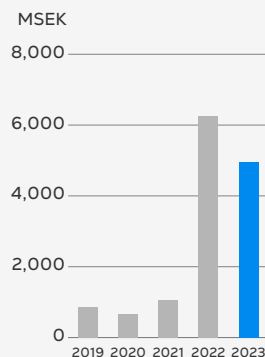
## REGIONAL DISTRIBUTION, SHARE OF ORDER INTAKE 2023



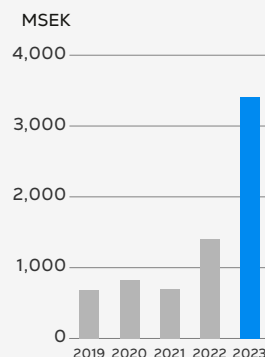
## REGIONAL DISTRIBUTION, SHARE OF NET SALES 2023



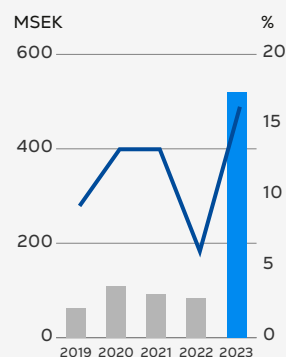
## ORDER INTAKE



## NET SALES



## ADJUSTED EBITA/ EBITA-MARGIN



## KEY FIGURES

MSEK if nothing else is specified	2023	2022	2021	2020	2019
External order book	7,206	5,937	703	295	504
Order intake	4,948	6,245	1,051	657	859
Net sales	3,408	1,401	702	823	688
Adjusted EBITA	519	84	92	109	63
Adjusted EBITA margin	15.2	6.0	13.2	13.2	9.2
Operating profit (EBIT)	497	71	148	99	51

## FoodTech

# Climate control systems which improves food production

The business area FoodTech's solutions increase productivity while contributing to sustainable food production, where high demands are placed on quality, animal health and food safety. FoodTech is of the world's leading suppliers of innovative and energy-efficient climate control systems, as well as software to control manage and optimize the entire food production value chain.

### Strategic priorities

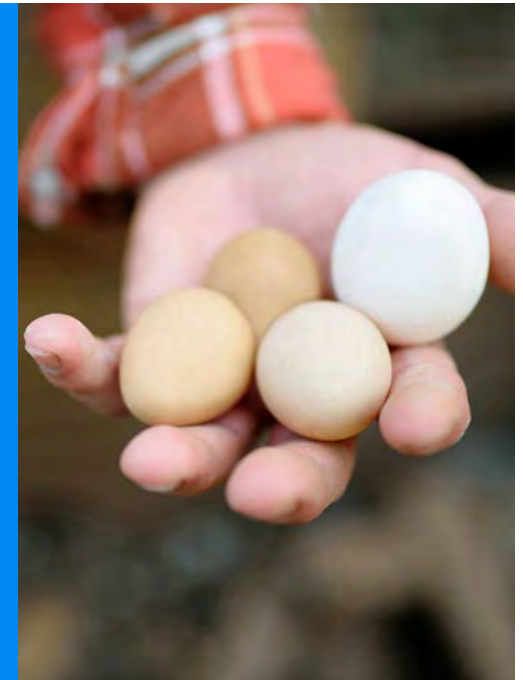
- Create a unique connected offering for the entire food production value chain.
- Further strengthen our position in climate control and data analysis for the poultry and swine segments.
- Grow in software solutions, continuing the shift to a SaaS business model.

### Important events in 2023

- Greater investments in digital solutions through increased resources to strengthen technological capacity and efficiency.
- Acquisition of InoBram, a Brazilian manufacturer of climate controllers, marking an expansion of the digital product portfolio.
- Launch of a strategic review of FoodTech's equipment offering with a focus on accelerating digital growth.
- Implementation of extensive efficiency improvements in production, warehousing, material handling and collaborations with suppliers.
- Clearer focus on innovation, e.g., the development of the Lavamatic drum washer.

### MISSION

We help feed the world by changing the way we cultivate and produce food



### FOODTECH'S OFFERING

- Climate control equipment
- Digital controllers
- Software solutions

### SHARE OF GROUP'S SALES

17%

(2022: 21)

# Megatrends for growth

Megatrends, see page 15, create drivers

Munters solution



## Climate change and sustainability

The issue of climate change is critical to food production, creating higher costs, resource scarcity and greater awareness of the environment and shifting weather patterns. More frequent extreme events are likely to increase the need for controlled indoor climates.

The indoor environment affects the animal's health and good livestock farming is a sustainability issue. Demands to reduce the use of antibiotics are also contributing to a stronger focus on the indoor climate.

- We continue to develop products that offer better control of the indoor environment for plants and animals. This contributes to higher energy efficiency, more efficient use of resources, lower emissions and cleaner transports.
- Our software solutions provide transparency around resource usage and CO<sub>2</sub> emissions, enabling our customers to measure and improve their climate footprint.
- We are also developing new products that support regulatory requirements on emissions from farms and indoor climate for improved animal health.



## Urbanization and an aging and growing population

The world population is growing, which means more people who must eat. A growing urban middle class use more animal and plant protein, but also more processed food. An aging population is increasing the focus on health and well-being. All in all, the growing demand for food is also driving the need for energy- and resource-efficient food production, including less waste.

- We can contribute to more efficient and higher food production under the right climate conditions.
- With our systems, data collection and analysis are facilitated the whole way from feed production to finished product in the store.



## Accelerated digitization and AI

Increased demand for technology and systems to control, optimize and forecast the entire food production supply chain. The players are becoming larger and increasingly demanding digital tools.

- By developing technology in AI and digitization, we help farmers to plan, control, optimize and standardize their work.
- A product portfolio with autonomous systems that will have a big impact on the food industry with improved efficiency and higher quality.
- Technology that enables customers to better measure and evaluate their operations, leading to less waste, for example.
- Increased automation and optimization of processes internally within FoodTech.
- Increased number of connected products and the option of remote-controlled service



## Globalization

A large share of the population is seeking healthy food alternatives. Due to stricter regulatory requirements and clearer demands from consumers, traceability and local production of food are growing in importance.

- Our digital solutions improve traceability.
- Increased food safety through data collection and analysis the whole way from feed production to finished product in the store.
- Stronger regional focus in sales, production and service.



# Recurring, profitable growth through our SaaS offering

In 2021, we set an ambitious strategy to accelerate Digital solutions within FoodTech. We are proud to say that the journey has been a great success. Our digital business has grown significantly during the last years, both organically and through acquisitions. We now have a leading position in the market and look forward to continue growing this part of the business.

In 2017 Munters acquired MTech Systems in the US who offer software solutions for the food production industry. Through the subsidiary we create poultry and swine management software that delivers real-time data to the entire supply chain. The software allows producers to get better insight into what is happening on their farms and what they can do to responsibly improve production and animal welfare.

The comprehensive software solutions offered can control and forecast the entire supply chain for food production with integrated systems managing farms, feed mills, hatcheries and processing facilities.

## The Amino software

The innovative Amino software is a cloud-based AI tool for accurate yield forecasts, production planning and real-time analysis through the entire food production chain. The software is sold to customers through subscription agreements creating opportunities to:

- Lower feed costs and reduce waste
- Increase yield
- Enhance flock uniformity
- Reduce administrative costs
- Achieve proactive decision making
- Ensure animal health and welfare
- Improve traceability of food, ie help customers understand where the food originates from
- Increase profitability



## FACTS

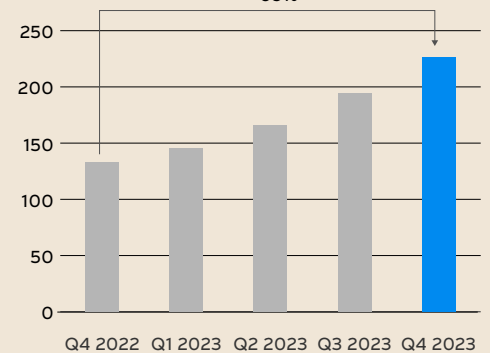
### What is ARR?

ARR (Annualized Recurring software Revenue) is a measure of predictable and recurring revenue expected to recur annually from customer subscriptions. This metric is fundamental to understanding Munters aims to increase ARR, as it represents a stable and reliable source of revenues. FoodTech increased software recurring revenues (SaaS) by 69 percent during the year to an ARR of MSEK 226.

By leveraging cutting-edge technology solutions, we have not only improved our existing software offerings but also expanded into new markets. Our growth in ARR is a reflection of our commitment to innovation and customer-centric solutions.

### ARR\*

MSEK



## Foodtech's different offering to end-customers

		Creates value for	Ex. of products	End-customers
Digital solutions	Cloud based software solution	Optimization of the entire food supply chain	AMINO software	Integrators
Climate solutions	Controllers and sensors	Optimization of indoor climate across the entire farm	TRIO controller	Growers/Farmers
	Equipment for controll of indoor climate	Climate optimization in an individual building	SATURN fan	Growers/Farmers

### STRATEGY

#### Market

Efficient climate control is one of the most important factors for sustainable and profitable food production. This applies not least to the parts of the chain where living animals and plants have to be nurtured in the best way possible. FoodTech sees opportunities in the form of generally higher demand for food, the focus on climate change, more stringent regulatory requirements and digitization.

#### Cyclicity

FoodTech is affected more than the other business areas by economic developments globally, regionally and locally. The sale of climate control equipment for farms is especially cyclical.

Activity in the Chinese market remained low with growing competition from low-price alternatives. During the end of the year China saw a slight recovery and there are signs of positive development in other Asian countries.

The European market remained slow during the first half of the year, affected by the Russia-Ukraine war (two of the largest grain producers in the world). During the second half of the year the market showed a recovery.

In the generally strong Americas market, higher interest rates forced some farmers during the year to avoid major investments. Nevertheless, the US accounted for strong growth in both equipment and software.

#### Structural changes and review

FoodTech's offering is shifting towards a greater share of digital solutions for various parts of the production chain, while demand for climate control equipment has decreased in some geographical markets. A strategic review of the equipment offering was therefore initiated in FoodTech in 2023 and is expected to be concluded in 2024.

#### Acquisition of InoBram finalized

The acquisition of InoBram in Pato Branco, Brazil, was finalized in 2023 after approval by the Brazilian competition authority.

InoBram manufactures controllers for climate solutions for farmers and food producers, which is a strategic growth area. Following the acquisition, Munters owns 60 percent of the company.

### → Foodtech's offering

FoodTech's offering comprises three categories:

- Climate control equipment for farms and greenhouses.
- Digital controllers and sensors to optimize indoor environments and climate impacts.
- Digital solutions to optimize the entire food chain.

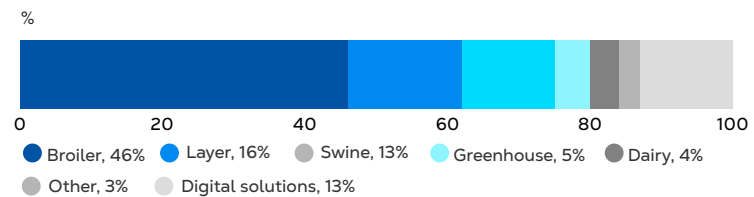
**In climate control equipment**, FoodTech offers complete systems to control and optimize the indoor climate in greenhouses and swine and poultry stables, including equipment for ventilation, heating and cooling, e.g., fans.

**Digital controllers and sensors** are increasingly used to remotely monitor climate parameters in facilities for livestock farm-

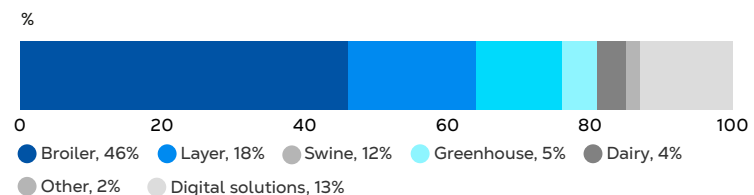
ing and crop cultivation. This simplifies cooling and dehumidification control, for example.

In **digital solutions**, FoodTech offers technologies and systems to manage and forecast food production. They are offered by the subsidiary MTech Systems, which has developed Amino, a cloud-based AI-powered tool to process data collected with the help of connected controllers and sensors. Amino makes it possible to control the entire production chain by among other things optimizing the weight and quality of the animal. The system is sold on a subscription basis. Munters has a strong market position with Amino and significant potential to expand, including through add-on sales of more system modules to existing customers.

### FOODTECH, NET SALES 2023



### FOODTECH, ORDERINTAKE 2023





## STRATEGY

### Customers

FoodTech has a broad base of expertise in managing the climate in greenhouses and farms with living animals. We closely partner with customers to develop applications adapted to specific needs.

Our customers span a wide range of companies around the world, from large international food producers to individual growers and farmers. The sale of equipment is primarily through distributors with local presence, while the sale of digital solutions is made directly to the end customer. Key customers include food producers, chicken farms, swine breeders, and egg producers.

The combination of FoodTech's software, controllers and equipment for climate control

enable the food industry to improve animal welfare and increase capacity while reducing their carbon footprint.

### → FoodTech's customer segments and products

#### Integrators

- Software through MTech

#### Farmers and growers

- Controllers and sensors
- Climate control equipment for indoor environments

### → FoodTech's key competitive advantages

- Quality products and solutions with high availability and low cost of ownership
- Optimization of the entire value chain through our digital offering
- Long-term customer relationships
- Ability to understand our customers' business and supply solutions that meet their future needs
- Leading software that is tailored to the industry's challenges



**PADMINI PERSAUD,**  
Data Scientist & Head  
of Sustainability  
MTech

#### *What does sustainable innovation mean to you ?*

At MTech Systems, we always strive to add new analyses and perspectives to food production in a way that engages everyone involved. I believe that the industry has great potential as the economic and social pillars of sustainability are linked with environmental aspects. As responsible for initiating our sustainability offerings, I find it exciting to continue adding this dimension of innovation into Amino.

The integrators in turn have very large customers, including restaurant chains, which place far-reaching demands on their deliveries.

Integrators have complex operations and handle large amounts of information. Amino software enables them to optimize production and control livestock farming. The solutions help the customer to analyze and control day-to-day operations, facilitate traceability from farm to table, forecast and plan for future production, being able to leverage artificial intelligence for that purpose. Amino is also integrated with the customer's production and financial systems. The information processed by the software is collected through controllers and sensors.

#### Farmers and growers

Many farmers and growers use Munters' equipment for climate control, including fans, in their facilities. To an increasing degree, they also want controllers and sensors to remotely monitor temperature and humidity. The information that is collected can also be processed and analyzed by our software, provided there are agreements in place.

#### Multinational integrators

An important and expansive customer group is integrators: large-scale and often multinational food groups that have a wide range of products and at the same time span several different levels of the value chain in many parts of the world, especially the US, Latin America and Southeast Asia.



# Smart solutions for cleaning air benefit European farms

Starting January 2026, farms in Germany housing chickens must install air filtering systems to comply with new regulations. With its range of air systems, FoodTech is ready to assist farmers with what lies ahead.

Previously, European farms faced no restrictions on emitted air. However, new laws banning ammonia and fine dust emissions are prompting farms in several countries to adopt responsible practices.

Munters Lavamatic solution, functioning like a giant washing machine for air, offers an environmentally friendly approach by neutralizing harmful substances.

## Lavamatic is very easy to use

Roland Russo, Head of R&D for FoodTech in Horstmar, Germany, explains how it works: "We take the airflow and wash it in a combination of water and sulfide acid. This neutralizes the polluted air."

"The system is fully automated" he adds. "No one has to do anything except replace the water after four to six weeks."

Designed for ease, over 30 Lavamatic units are already earning positive feedback for their convenience and straightforward installation. The modular system allows customization based on farm needs, with low energy costs and high efficiency in cleaning up to 80 percent of ammonia and fine dust.

"I would say it's one of the most convenient systems out there. It's both easy to use and install. The only thing the customer needs is a concrete platform and an access point to the building. The rest is delivered by us", says Carsten Landmann, Business Unit Manager & Managing Director at FoodTechs unit in Germany.

## Complete offering in air purification for animal husbandry

Alongside Lavamatic, our range includes products like Air Protect, which provides high-quality air filtration into the facility to protect animals against various viruses and financial losses for the breeder. In addition, there's the heat exchanger, Heat-X Rotate, with an integrated filtration system that ensures cleaner air inside the animal barns.

"We are a one-stop-shop for farmers looking to meet air cleaning requirements in terms of ventilation, heating, and filtration," concludes Landmann".



## FAKTA

**Lavamatic**  
Lavamatic is a completely new concept and the only solution of its kind. It is a drum wash system designed for poultry and swine farms, delivered as a complete, ready-to-use module. The system reduces the emission of ammonia, dust, and bacteria into the surrounding environment. Lavamatic can be easily mounted on a wall and has a cleaning capacity of 50,000 m<sup>3</sup> air/hour. Additionally, there is an option to add biological odor reduction. The drum technology uses less electricity than average for similar products and offers up to 50 percent lower operating costs compared to conventional exhaust air purifiers.

## Main benefits

- 90 percent reduction in ammonia and dust emissions
- 95 percent reduction in bacteria/mold
- Unique rotating self-cleaning washing drum
- Very low energy usage as no large pump technology is required
- Low installation space, designed for new construction or retrofitting
- Low maintenance
- Easy to clean
- High operational reliability







NUMBER OF EMPLOYEES  
**870**  
 (2022: 791)

**STRATEGY**

**Excellence in everything we do**

Extensive improvements have been made to climate control equipment to meet the downturn in demand in the European and Asian markets.

Overarching measures to improve production efficiency and reduce energy usage have had a significant impact. A strong focus on material costs has led to more active collaborations with suppliers as well as changes in production to reduce usage and replace materials.

Previous component shortages led to the build-up of large inventories at certain facilities, which are now gradually being

eliminated. Inventory management and transportation solutions have both been improved.

In China, operations have been adapted to new conditions through consolidation of two production units.

**Focus on safety and sustainability**

Employee safety is a priority at Munters, and FoodTech has intensified its training efforts in safety over the year. The trainings aim to proactively identify and reduce risks, contributing to the prevention of accidents and injuries in the workplace.

Significant progress was made in the ongoing effort to reduce the use of fossil fuels in

the factories; in Italy, the use of propane gas was cut by a third with the help of minor technological changes, and in FoodTech's production facility in Germany, the use of natural gas was halved primarily through various optimization measures.

During the year, FoodTech sent out a survey on environmental sustainability in six languages to customers around the world. The survey covered topics from water and energy supply to agriculture, global warming, and recycling. Customers were asked to rank important aspects for their operations and provide feedback on how Munters can improve its environmental efforts and products.

**STRATEGY**

**Innovation**

A strong driver for product development and customization is digitization. We are seeing great interest in real-time data collection and analysis from our customers, and we are a world leader in software used by food producers for the entire production chain from feed to finished product.

**Innovative solutions**

Through the subsidiary MTech Systems, we offer the cloud-based AI tool Amino to manage data collected via controllers. Amino is continuously evolving, and in December 2023 a new module was introduced to monitor carbon emissions (see article on page 67).

Generative AI and machine learning are future areas where innovation is actively underway. For example, the AI virtual assistant Calvin was implemented within the organization during the year.

In 2023, Lavamatic, the new resource-efficient, high-capacity drum washer that reduces ammonia vapors and dust, was launched (see article on page 55).

The collaboration continues with end customers and resellers to customize solutions for managing humidity, temperature, emissions and energy usage. This includes digital solutions to optimize production, improve energy efficiency, increase integration between actors and strengthen the food production value chain.

# Air quality is crucial in a poultry farm

When a large American food producer recently set up operations in Colombia, they had a special request. They asked for the Munters controller to be installed in their poultry farm in the country.

Munters Rotem Trio controllers are well-known in the industry. They are used by farmers and food producers across the world to create perfect indoor conditions for animals.

It can turn fans and lights on and off, open and close windows and adjust the supply of feed and water to the chickens.

## We enable precision farming

Jorge Flores, who is FoodTechs' Business Unit Manager in Mexico, calls it precision farming. The Rotem Trio adjusts the temperature inside the farmhouse depending on how cold or hot it is outside, he says. "Compared to other controllers on the market, we can adjust the number of fans or cooling pads the farm has running at any given time. This way they waste neither energy nor feed."

## Chicken have high demands on indoor climate

At the new farm currently under construction in Colombia, the ability to control air quality is crucial, especially since its four facilities will each house 53,000 chickens.

"Chickens require the perfect indoor climate," explains Flores. "If it's too cold, they eat too much, and if it's too hot, they drink a

lot more water and don't grow as they should. With precise temperature control, we create the most optimal climate for the animals."

Munters' controller is preferred among farmers and food producers worldwide. To illustrate the solution's appeal, Flores asserts that "of all the farms the food producer has in Latin America, those with our control units perform the best."

## Collaboration with Alphex

In collaboration with Alphex, Munters has provided all the additional equipment for the farms in Colombia, beyond the control units. They have constructed a state-of-the-art facility.

"Our distributor Alphex is recognized in Colombia for building farms of the highest quality," says Flores. "Together, we are setting the new standard for what poultry farms should look like in the country."

Juan Sebastian Flores Fuentes, General Manager at Alphex, adds: "With Rotem Trio, we have built a modern farm with the best and most efficient control unit available on the market."



Juan Sebastian Flores Fuentes, General Manager at Alphex.

## ? FACTS

### Rotem Trio

Rotem Trio takes chicken farming to a new level. With Munters Smart Dynamic climate control, clear growth and animal welfare are achieved, contributing to sustainable operations.

Advanced management and security are attained through Munters Remote Farm Management, which enhances

user experience by allowing settings, users, and preferences to be adjusted anytime and anywhere.

The system is ready for the Internet of Things (IoT), offers cloud services, is easy to use, and includes the real-time app TrioAir as well as a personal Munters ID account, marking the next step in precision agriculture.



# We help our customers become more sustainable



## *Less feed use*

Provides a better indoor climate for animals, which reduces the amount of feed needed for optimal production.



## *Animal welfare*

Improve the animal's well-being by tracking its health and condition with our sensors.



## *Increased traceability*

Increase traceability and bio-safety by making it possible to collect data through the entire value chain.



## *Better indoor climate*

Minimize the use of antibiotics by creating better indoor climates for poultry and swine. The wrong temperature makes it easier for contagions to spread and increases the need for antibiotics.



## *Lower energy usage*

Reduce energy usage through better designed ventilation systems and more efficient equipment.



## *Reduce environmental impacts*

Reduce waste and transports by predicting output from farms in real time.

# Market development and financial Results 2023

## Order intake

Order intake increased slightly with positive development in all regions, primarily in Americas. APAC and EMEA saw a slight recovery during the second half of the year. Digital solutions showed stable development.

## Net sales

The organic net sales developed in line with the previous year, mainly driven by strong performance in Americas. This was offset by weaker markets in APAC and EMEA, primarily during the first half of the year. Digital solutions grew with an ARR of MSEK 226.

## Results

The adjusted EBITA margin improved significantly due to positive effects from net price increases and efficiency improvement initiatives. Digital solutions showed good profitability improvements mainly as ARR had a good growth, at the same time as investments remained at a high level.

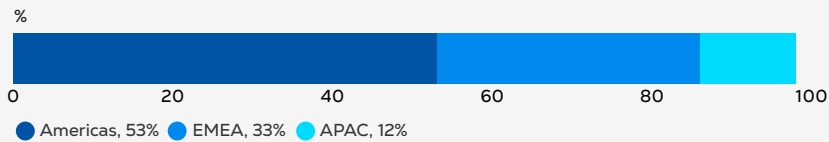
# 2,433

Order intake 2023, MSEK

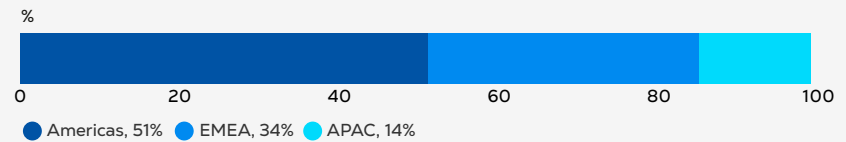
# 2,363

Net sales 2023, MSEK

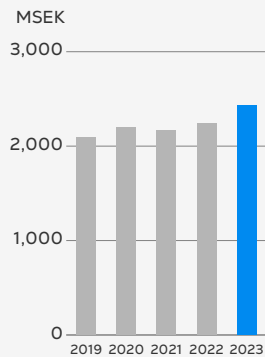
## REGIONAL DISTRIBUTION, SHARE OF ORDER INTAKE 2023



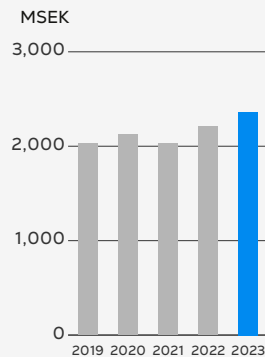
## REGIONAL DISTRIBUTION, SHARE OF NET SALES 2023



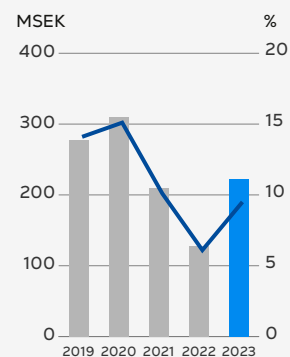
## ORDER INTAKE



## NET SALES



## ADJUSTED EBITA/ EBITA-MARGIN



## KEY FIGURES

MSEK if nothing else is specified	2023	2022	2021	2020	2019
External order book	877	828	700	516	526
Order intake	2,433	2,242	2,166	2,196	2,087
Net sales	2,363	2,211	2,028	2,126	2,032
of which SaaS	183	119			
of which SaaS ARR	226	133			
Adjusted EBITA	222	128	210	310	278
Adjusted EBITA margin	9.4	5.8	10.4	14.6	13.7
Operating profit (EBIT)	107	5	71	277	226



"Sustainable value creation in everything we do"

04 Sustainability

# Sustainability

Sustainability is at the heart of our operations. We contribute to sustainable development through our offering of energy-efficient climate solutions. We ensure the sustainability of our business by setting ambitious goals, not only financial but also regarding emissions reduction, resource efficiency, diversity, safety, and ethical business practices.

## Our key sustainability areas

The following three parts constitute the framework for Munters' sustainability agenda. We integrate these into our strategy and strategic priorities:



### 1. Resource efficiency and environment

Munters aims to offer sustainable products, solutions, and services that enable our customers to improve their resource and energy efficiency. We strive for reduced emissions and a smaller climate footprint throughout our value chain.

[Read more on page 62](#)



### 2. People and society

Operations at Munters are conducted in a fair and inclusive manner to continuously foster engagement. We prioritize the well-being and safety of our employees, leading to increased productivity and creativity. In our areas of operation, we aim to collaborate with others and demonstrate community engagement.

[Read more on page 68](#)



### 3. Responsible business

Munters' operations are to be sustainable and profitable to create value for our stakeholders. We seek to be trustworthy and strengthen relationships with all stakeholders by acting ethically and responsibly. We require our collaborators to adhere to the same business ethics guidelines that we follow.

[Read more on page 71](#)

# 1. Resource efficiency & environment

## Resource & energy efficient offerings

We commit to providing our customers with energy and resource-efficient products and solutions that help them reduce their environmental impact and carbon footprint. Our service offerings can extend the life span of products.

## Responsible production

Through responsible production and work process optimization, we aim for efficient resource use, emission reduction, increased recycling rates, and limited water usage.

## Reduced environmental impact and emissions

Our goal is to reduce carbon dioxide emissions across our entire value chain. In addition to focusing on reducing emissions from our operations, we are actively working to reduce the total carbon footprint of our products through continuous innovation and development, efficient transportation, and responsible choices of materials and suppliers.

## OUR CLIMATE TARGET

0

Net emissions from our operations by 2030

## Water usage

We separate chemicals and particles in wastewater from our facilities. However, most of our production activities consists of assembly where water is primarily used for sanitation needs, resulting in low water usage relative to our total turnover. We are primarily focused on reducing water usage in the production of rotor blocks, which accounts for the majority of our water usage.



### Outcome\*

0.01 (2022: 0.01)

### Goal

Gradually reduce water usage and treat wastewater in our production facilities and processes.

### Comment on 2023 outcome

In 2023, water usage relative to turnover decreased. Absolute water usage in cubic meters was reduced by 7 percent, adjusted for newly acquired facilities\* included in the reporting for 2023.

\* m<sup>3</sup>/1 000 net sales swedish crown

## Recycling rate

We strive to reduce waste from our production facilities and increasing the proportion of waste that is recycled or reused through systematic quality work. Each production facility pro-actively works to reduce its waste through increased productivity, better material utilization, and by exploring new reuse areas or local recycling opportunities.

The functions of innovation and product development increasingly consider material selection in the design of new products and redesign of existing products.

\* Rotor Source and Hygromedia in the US, Tobo Component in Sweden and InoBram in Brazil

### Outcome

55% (2022: 52)

### Goal

Continuously increase the recycling rate.

### Comment on 2023 outcome

The total amount of waste decreased over the year despite a significant increase in production volume and additions from acquisitions\*. The proportion of waste recycled or reused rose to 55 percent. Adjusted for acquisitions, the amount of waste decreased by 7 percent and the recycling rate reached 57 percent. Facilities with rotor manufacturing and units in China are below average. In some locations, recycling is limited by the lack of local recycling opportunities.



## Energy efficiency in our production facilities

Climate impact from our production primarily comes from the use of electricity and fossil fuels in production processes, heating, ventilation, and cooling. The goal is to continuously reduce energy usage and make the facilities and processes more energy efficient. This is an important step in the pursuit of net-zero emissions from our own operations by 2030.

### Outcome\*

**0.52** (2022: 0.62)

### Goal

Continuously reduce the use of electricity in relation to the production value in our factories.

### Comment on 2023 outcome

Energy efficiency improved through continued actions to optimize processes and equipment. Adjusted for acquisitions, the absolute amount of electricity usage decreased despite a significant increase in production volume.



\* MWh electricity usage / 1,000 SEK production value

## Proportion of electricity from renewable sources in production facilities

One of the most effective ways to reduce the climate impact from our factories is to progressively switch to using energy from renewable sources. The action plans developed during the year to achieve net-zero emissions by 2030 include further steps towards 100 percent renewable electricity in the facilities. The new factory being constructed in Amesbury, US, will be entirely powered by renewable electricity and will have electrified processes and equipment, independent of fossil fuels.

### Outcome

**80%** (2022: 72)

### Goal

In the long term, we aim for 100 percent of our electricity to come from renewable sources, with an interim goal of achieving at least 80 percent by 2026 in our production facilities.

### Comment on 2023 outcome

During the year, 80 percent renewable electricity was achieved, thereby meeting the target of 80 percent by 2026. The new goal is 100 percent by 2030. The acquisitions integrated in 2023\*\* had a negative impact on the proportion of electricity from renewable sources. Adjusted for these acquisitions, the proportion of electricity from renewable sources amounted to 83 percent. As part of the integration process, the possibilities of increasing the acquired companies' share of electricity from renewable sources are being explored.

\*\*Rotorsource and Hygromedia in the US, Tobo Component in Sweden and InoBram in Brazil

## Proportion of electricity from renewable sources in non-production facilities

In 2022, the energy use and sources for office spaces and other properties not used in production were mapped. Although energy use is relatively small compared to that used in production, there is potential to increase the proportion of electricity from renewable sources, especially in properties where we have control over the choice of supplier. In many of the smaller leased properties, electricity and heating are included in the rent, making dialogue with the landlords important.

### Outcome

**35%** (2022: 30)

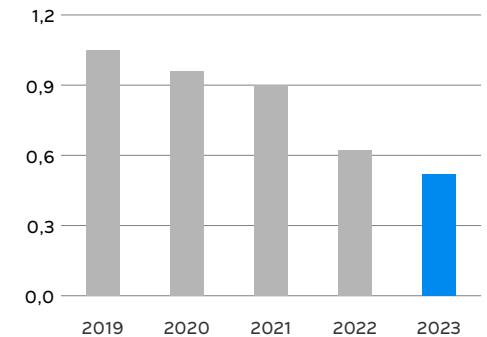
### Goal

In the long term, we aim, in collaboration with our landlords, to strive for 100 percent of our electricity to come from renewable sources.

### Comment on 2023 outcome

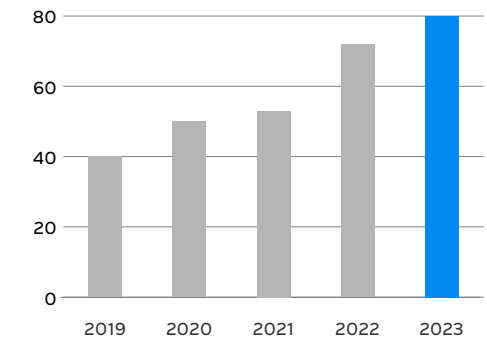
The proportion of electricity from renewable sources increased during 2023, and electricity usage increased primarily due to expanded areas. In Beijing, the property was reclassified from a production facility to a non-production space following the relocation of production, and in France, the acquisition of the service company SIFT was added. Work is underway to gradually transition to electricity from renewable sources. Among other things, we are exploring the possibility of installing solar panels at a leased property in Tokyo, Japan.

ENERGY EFFICIENCY IN OUR PRODUCTION FACILITIES\*  
Mwh



\* MWh electricity usage / 1,000 SEK production value

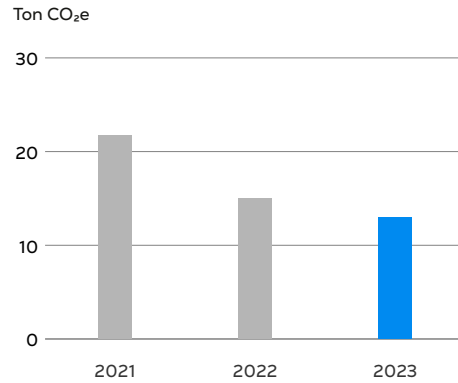
SHARE OF ELECTRICITY FROM RENEWABLE SOURCES IN OUR PRODUCTION PLANTS  
Mwh







### SCOPE 1 & 2 CO<sub>2</sub>e TOTAL EMISSIONS market based



#### Emissions from operations (Scope 1 and 2)

During 2021, sustainability aspects were integrated into the business strategy, and we set the goal of achieving net-zero emissions from our operations by 2030. Since then, we have worked diligently to improve energy efficiency, increase the proportion of electricity from renewable sources, and electrify processes to reduce the use of fossil fuels in our production facilities. This effort has been successful, and we have moved from a situation where most of the scope 1 and 2 emissions were market-based scope 2 to a point where these are now lower than the scope 1 emissions.

#### Production facilities

The increased proportion of electricity from renewable sources contributed most to this year's reduction in scope 1 and 2 emissions. However, work on process efficiency and electrification also meant that scope 1 emissions in the factories were reduced during the year, despite a significant increase in production volume and the addition of new acquisitions in Louisiana, US, Tobo, Sweden, and InoBram in Brazil. During the year, a major effort was

made to develop action plans to achieve net-zero emissions by 2030 for most factories. The plans identify activities and investments alongside payback time and will form the basis for the continued journey and priorities.

#### Other facilities

The scope 1 and 2 emissions from other properties, such as offices, storage spaces, and smaller assembly facilities, increased in absolute terms over the year due to growth and because we prioritized actions in the production facilities, which account for larger emissions. In offices and other properties, emissions primarily come from electricity and heating, and the transition can be expected to occur more slowly due to limited influence over leased premises. However, work has been initiated to increase the proportion of renewable electricity where possible.

#### Transport

Our goal for the company's vehicle fleet is to gradually transition to more vehicles with a lower emission factor, which we measure by monitoring the average emission factor in the

#### Scope 1 & 2 emissions CO<sub>2</sub>e in ton<sup>1</sup>

	2023	2022	Change
Scope 1 direct emissions	7,198	7,795	-8%
Scope 2 indirect emissions - location based	13,743	13,325	3%
Scope 2 indirect emissions - market based <sup>2,3</sup>	5,782	7,187	-20%
Scope 1-2 Total emissions <sup>3</sup>	12,980	14,982	-13%
Scope 1-2 in ton CO <sub>2</sub> e/1,000 net sales Swedish crowns <sup>2</sup>	0.0009	0.0014	-35%
Scope 1-2 i ton CO <sub>2</sub> e/ per employee <sup>3</sup>	2.96	3.73	-20%

1) Includes emissions from factory operations, offices, and other non-production spaces, as well as corporate vehicles, excluding office spaces with fewer than 10 employees. The acquisition of ZECO will be included in the reporting starting from 2024.

2) Market-based emissions are partly based on the purchase of wind power through RECs and CELs in the Americas region.

3) Total emissions and emissions related to revenue kronor and the number of employees refer to market-based emissions.

Emission factors source: IEA Emission Factors 2022. Reporting is in accordance with the GHG Protocol.

fleet. A lower emission factor is key to reducing emissions from the vehicle fleet as the number of vehicles increases with growth, especially within Service. By the end of 2023, the average emission factor had been reduced by 23 percent compared to December 2020, when the monitoring began. The goal was to achieve a 30 percent reduction within three years, which was not fully achieved, primarily due to strong growth within Service in the USA, where the lack of infrastructure for electric vehicles does not meet the needs of the extensive service operations.

#### Climate impact according to the GHG Protocol

Scope 1 - emissions decreased in absolute terms despite strong volume increases. The reduction was mainly achieved through reduced use of natural gas.

Scope 2 - Market-based indirect emissions decreased significantly with increased use of renewable electricity and improved energy efficiency.

Total scope 1- and 2- emissions were significantly reduced in relation to turnover.

#### Change 2023 total Scope 1- and 2- emissions

# -13%

#### Goal

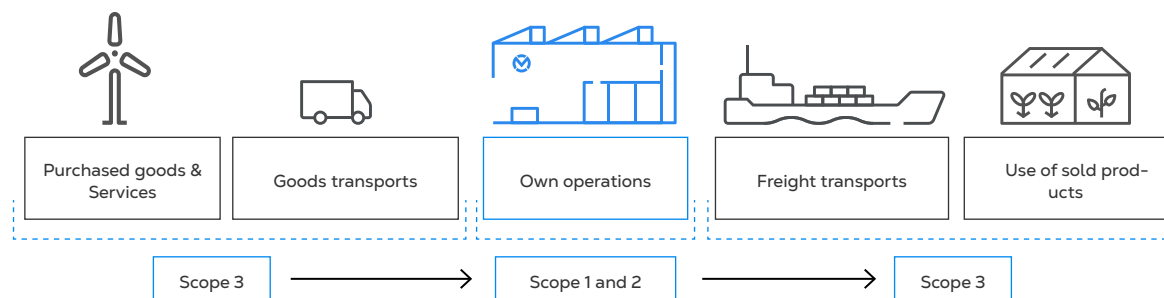
We are working towards the goal of net-zero emissions from our own operations by 2030.

#### Comment on 2023 outcome

Scope 1- and market-based scope 2- emissions were significantly reduced during the year, mainly due to reduced usage of natural gas and an increased share of electricity from renewable sources.

# Mapping of our emissions

Continuous reporting on energy efficiency and renewable energy in production facilities is conducted. Scope 1 and 2 emissions have been continuously mapped since 2021, and mapping of scope 3 emissions began in 2020. The mapping of the most significant scope 3 categories is expected to be completed in 2024, followed by an evaluation of the Science Based Targets initiative.



## Emissions from the upstream and downstream value chain (Scope 3)

In 2020, we began the monitoring of scope 3 emissions from category 5, waste management in factory operations, and from category 6, air travel, which generate small emissions among upstream and downstream activities. In 2021, a project was established to map emissions from the most relevant scope 3 categories. The work has since continued, and already in 2022, it was clear that category 11, the use of sold products, accounts for the overwhelming majority of emissions in Munters value chain; we estimate that this category may account for 95 percent of all scope 3 emissions when the mapping is complete.

## Complex to measure the usage of sold goods

Mapping the emissions from the use of sold products is complex due to the diversity of product variants, customizations for individual customers, and a large number of different applications and wide geographic distribution. Climate conditions and the need for operating hours also affect energy use and the product's lifespan. Furthermore, we strive for as accurate an estimation of the emissions as possible. For example, within DCT, calculations are largely based on each individual customer order, as the projects are extensive, we are closely involved, and know the exact parameters such as operating hours, load, and specific conditions at the installation site. Within DCT, emissions

from about two-thirds of product sales were reported by the end of 2023. In FoodTech, a more general calculation is made based on the type and number of sold products and the emission factors in the countries where the products are sold. In FoodTech, about 95 percent of emissions from the use of sold products have already been mapped. AirTech has also made progress in mapping during the year and has allocated resources to complete the mapping work in 2024.

## Engage and Educate

Intensive preparation has been underway during the year to engage and educate the supply chain in 2024 about the importance of sustainability and how suppliers can contribute

to reduced carbon emissions. A project was carried out within the framework of the 2023 leadership training program MovE to automate the processes for collecting and monitoring suppliers' carbon data, to efficiently evaluate these category 1 emissions and work to reduce them. Read more about this on page 73.

## Concrete Goals for 2024

With a mapped carbon footprint as a starting point, we are in a good position in 2024 to set more concrete goals for upstream and downstream emissions. A natural extension of this work is to explore the possibilities of following the Science Based Targets initiative.



Emily Zambrano Esis at our production plant in Selma, U.S.

**Scope 1, 2, 3 CO<sub>2</sub>e emissions in tons**

	2023	2022	Change
Scope 1, 2, 3 as measured*	6,492,948	4,538,181	43%
Scope 3 CO <sub>2</sub> e tons/1,000 revenue SEK	0.47	0.44	

**Comment on 2023 outcome**

The amount of emissions increased in 2023 as a greater number of products within AirTech were included in the mapping, and sales of already mapped products increased during the year. Product, customer, and country mix affect the amount of emissions in relation to net sales.

Emission factors source: IEA Emission Factors 2022. Reporting in accordance with the GHG Protocol.

**\*Explanations**

**Category 1 Purchased goods and services.** Includes emissions from about 90 percent of direct materials for production, based on purchase value, excluding material purchases in the facilities acquired in 2022–2023, which have not yet been integrated into the calculations. The emissions have been partly calculated based on the spend method, while emissions from purchased metals are material specific.

**Category 4 and 9 Transportation.** Includes emissions from about 20 percent of contracted transportation. Emissions are based on CO<sub>2</sub>e reports from suppliers.

**Category 5 Waste from production facilities.** Emissions are calculated based on the amount of reported waste in kg that is not recycled, applying an average CO<sub>2</sub>e factor per kg of waste.

**Category 6 Air travel.** Emissions are 95 percent based on emission reports from travel agencies complemented with our own monitoring. Calculations have been made in accordance with the ICAO methodology.

**Category 11 Use of sold products.** Includes emissions from an estimated one-third of sold products, excluding Service and spare parts and acquisitions made in 2022–2023. The emissions are calculated based on the energy usage of sold products, in line with values and assumptions that can be considered typical and reasonably reflect the average for sold products. The calculations assume that the product's final destination is the country where the customer is located, and the emissions are in accordance with the country's average emission factor according to IEA 2022.

**Increase the share of service**  
Service, which includes maintenance, upgrades, and component replacement, has good growth prospects with strong profitability. Our service business is of a recurring nature and grows as our installed base of products increases. Acquisitions are an important part of our growth strategy, and during the year, we acquired SIFT, a French service company. Our service offering is important to customers, particularly from a sustainability perspective, as service extends the products' lifespan and increases the efficiency of the installed solutions.

**Outcome**

**13%** (2022: 15)

**Goal**

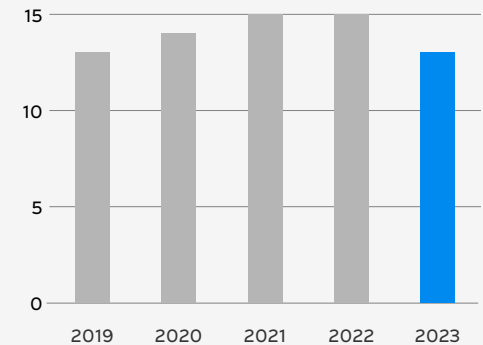
In the long term, the goal is for the service share to constitute 30 percent of net sales.

**Comment on 2023 outcome**

The sales of service grew during the year but constituted a smaller percentage of net sales due to very strong growth in product sales in both AirTech and DCT. Service net sales for the year amounted to MSEK 1,821 representing 13 percent of total net sales with an organic growth of 4 percent. The majority of our service business is within the AirTech business area, where service accounted for 19 percent with an organic growth of 3 percent. Service is offered within DCT, but it represents only a smaller part, less than 5 percent of net sales. Within FoodTech, the SaaS offering is being developed and offered, but it is not included in the service outcome for 2023.



**SERVICE %**



The service share of total net sales.

# Amino offers food producers the opportunity to track carbon dioxide

Amino, our cloud-based platform developed by MTech Systems to help food producers optimize their value chain, is about to get even better. Soon, customers will be able to track their carbon footprint.



The person responsible for the new module is 28-year-old MTech data engineer and Head of Sustainability Padmini Persaud. Throughout the project, Padmini has delved into understanding how agriculture works and endeavored to comprehend the industry's sometimes complex needs. This work has both fascinated and inspired her. "I don't think people realize that agriculture can be extremely sustainable," she says. "It generates a lot of emissions, but within its commitment to maximizing efficiency lies the potential to reduce emissions and waste, and to preserve vital habitats."

The carbon accounting module in Amino will assist food producers in understanding

where the majority of their emissions originate and support them in their pursuit of more responsible operations. In the future, Padmini plans to expand the module to include other critical aspects to achieve an even more holistic approach to agriculture.

As the module will soon be available, Padmini is eagerly anticipating real-world tests and third-party verification. "Close collaboration with farmers and food producers in 2024 will enable us to fine-tune the module and help us reach a significant milestone," she adds.

## FACTS

### Amino, our innovative software solution for agriculture

MTech Systems, a Munters company, develops world-leading smart digital tools for farmers and the food industry. These tools enable food producers to manage complexity by analyzing and optimizing every link in the value chain – from breeding to feeding. MTech's innovative Amino software is a cloud-based AI tool for precise farm

projections, production planning, and real-time analysis throughout the entire supply chain.

### Three immediate benefits of Amino:

1. Improved data management and reduced risk of costly mistakes
2. Faster data analysis and problem-solving
3. Next-level planning to drive business results



# 2. People & society

## Fair & inclusive operations

A fair and inclusive work environment is important for our employees to remain engaged, enjoy their work, and develop professionally. Diversity gives us different perspectives and valuable insights that improve our company and our offering.

## Health and safety at the workplace

For us, it is a high priority that all employees feel well and are not at risk of being harmed in their work. We have zero tolerance for workplace accidents, promoting a good balance between work and leisure for physical and mental health. We see that people who feel healthy and well bring both increased productivity and creativity.

## Community engagement

We want to contribute to a better society and environment. Through collaboration with customers, suppliers, and other actors in the communities where we operate, we can increase our positive impact. Joint projects create pride and engagement among our employees, which in turn creates value for Munters.



## Safety and well-being at the workplace

Munters has a zero-tolerance policy against workplace accidents, and all incidents requiring medical attention are followed up and reported monthly to management. We perform systematic risk assessments of the production facilities to pro-actively increase focus on health and safety. Areas covered include fire protection, waste and chemical handling, and review of electrical installations. All units are assessed in a rolling three-year schedule. We support wellness programs for our employees.

Munters does not allow child labor, and individuals under 18 are not allowed to work night shifts or perform hazardous work. Forced labor is strictly prohibited. We respect the freedom of association and the right to negotiate collectively. Employees must not be subjected to corporal punishment, physical, sexual, psychological, or verbal harassment or abuse.

### Outcome – workplace accidents

**1.2** (2022: 1.8)

### Goal

No accidents should occur in production.

### Comment on 2023 outcome

During 2023, the number of workplace accidents decreased while the number of worked hours increased. Measures that contributed to this improvement included the continued global rollout of the established STOP training (Safety Observation Program). STOP aims to enhance safety in the factories. Also, in the spring of 2023, an internal safety conference was also organized with participants from all factories.

### Outcome – deaths due to workplace accidents

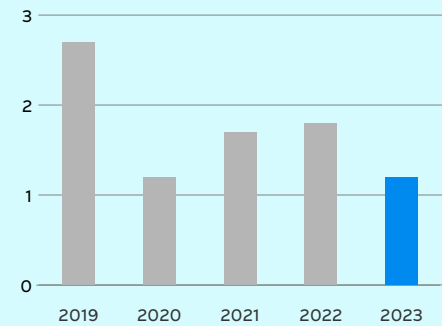
**0** (2022: 0)

### Goal

We had no deaths due to workplace accidents.



### TOTAL RECORDABLE INCIDENT RATE



The Total Recordable Incident Rate (TRIR) is the number of accidents where the employee had to seek medical assistance multiplied by 200,000/number of hours worked.

Munters wall with patents in Roanoke, Virginia.

# Our community engagement

Munters has supported several important initiatives for children in Steinfurt, Germany. This includes an anti-violence campaign, where money was donated to finance educational materials. Another initiative, initiated by the International Police Association, was to provide small children with coloring books to make them aware of challenges they may encounter, from dangers in road traffic to child abuse. The books tell children what to do in such situations and are meant to be a support for educators and parents to talk to their children about important topics.



Munters China won the prestigious "Best Company to Work for in Asia" award, given by HR (Human Resource) Asia, our first recognition in this category. The award, announced on November 3, 2023, identifies organizations in Asia that, based on employee feedback, are a preferred employer. Highlighted are exemplary HR practices that promote high levels of engagement and a positive workplace culture.



During the groundbreaking ceremony to celebrate the start of constructing our new flagship facility, Munters announced that together with Marcus Partners, they will award two scholarships of \$5,000 each to students who live or study in Amesbury. The scholarships will be distributed annually during 10 years and are aimed towards students studying STEM (science, technology, engineering, and mathematics) or HVAC (heating, ventilation, and air conditioning).

Munters employees in Fort Myers, Florida, USA, demonstrated their community engagement through a volunteer initiative at the Harry Chapin Food Bank in Southwest Florida on June 13, 2023. The food bank, playing a crucial role in supporting vulnerable families, distributed about 29 million meals in 2022. Motivated by the organization's impactful work, Munters employees joined forces with 15 other companies and organized 800 boxes of food, sufficient for 13,333 meals.



Munters Selma in Texas made a significant effort by organizing a blood donation campaign in cooperation with South Texas Blood & Tissue on July 11, when there was an acute shortage of blood. The generous efforts of the employees resulted in 36 units of blood, enough to save 109 lives.

In a commendable demonstration of cooperation and rapid response, Munters Italy played a crucial role in helping local fire-fighters combat a fire that broke out in the Chiusavecchia area in August 2023. The mayor asked Munters for help when he realized the seriousness and at the same time understood that Munters has a fire-fighting system with two robust 300m<sup>3</sup> water tanks in a region with water scarcity. Munters maintenance staff, who were alerted around 10 pm, quickly inspected the premises where the fire spread, and made a joint effort with the fire-fighters.

The city of Lansing in Michigan has encouraged manufacturing companies to seek community. Munters joined the Capital Area Manufacturing Council (CAMC) Member Tour, for networking among local manufacturing companies. A number of activities have been carried out: The Sixteen HS Mentorship Program informed senior highschool students about opportunities post-graduation and Manufacturing day included site visits for students. Our local engagement included a donation of 8 3D printing filaments to a robotics club.



In Araucaria, Brazil, Munters employees annually creates a Christmas tree from CELdek evaporative cooling pads and hang ornaments with pictures of elderly people from a nursing home. Employees choose an ornament that contains a pensioner's age and clothing size, and buy a Christmas gift based on the information. All gifts are delivered by a group of volunteer employees.

## Share of Women

During the year, Munters continued to focus on hiring more qualified women and female leaders. We strive to always have at least one qualified female final candidate for managerial positions. It's also important that we offer a healthy culture with a good work-life balance and flexibility in where and when work is performed.

### During 2023

- Continued to increase awareness and responsibility within business areas through more detailed review, reporting structure, and measures to increase the proportion of female employees and managers.
- Continued internal training for HR and recruiting managers in Gender Balanced Recruitment.
- In previous years, our efforts have been particularly focused on gender diversity. We are also focusing on other critical dimensions of diversity, including disabilities, generational differences, LGBTQ+ identities, ethnicity, and more.
- Launched a campaign against discrimination and harassment that includes updating the policy, an internal digital training program, and distribution of posters to raise awareness among all employees.
- Updated the policy for a flexible workplace, for example, added flexible working schedules that managers and employees can use.
- Created guidelines to help employees, managers, and HR if an employee decides to undergo gender transition.
- Launched a pilot project Business Resource Group (BRG), focused on women in the workplace. The group of 15 members will design activities to support our gender diversity strategy. The pilot project will be implemented at our facility in Selma, Texas.
- In 2021, we joined the UN's Gender Equality Program. It's a program for companies

participating in the UN Global Compact that aims to set and achieve ambitious goals for women's representation and leadership, starting at board and management levels. We continued our participation in the program during 2023.

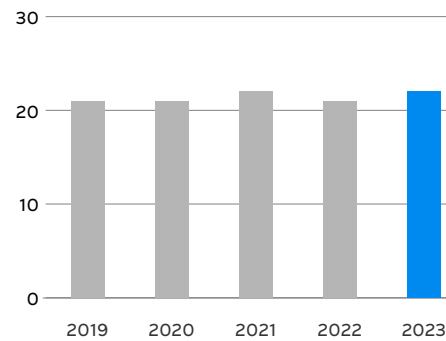
- Business areas conducted "What Will It Take?", an initiative to drive local actions to increase the proportion of qualified women in our workforce and in leadership positions. Workshops were held with management to increase support for more effective measures to increase the number of female employees and leaders.
- In 2023, we participated in a part of the UN Global Compact - Business & Human Rights Accelerator Program, joining hundreds of global companies in this six-month initiative. The program aims to accelerate the transition from commitment to concrete actions in the field of human rights and labor rights.

### Looking ahead to 2024

- We recognize the importance of mental well-being for overall productivity and job satisfaction. We plan to explore and implement more ways to support and improve mental health among our employees.
- Follow up and continue our efforts for one of three appointments in senior positions to be a woman. The goal was set during 2023 for senior executives, those who report directly to them, and managers at the next level.
- We will continue to follow up and expand the measures to improve our understanding at the local level of what is needed to attract and retain qualified women. This could include access to childcare in the vicinity or increased flexibility in working hours. Through various global and local measures, we continue to work for a safe, inclusive, respectful working environment, free from harassment for all our employees.

- Within the framework of the UN Global Compact program, we will work on the activities committed to in the project plan Business & Human Rights in 2024.

PROPORTION OF FEMALE EMPLOYEES %



Outcome - proportion of female employees

**22%** (2022: 21)

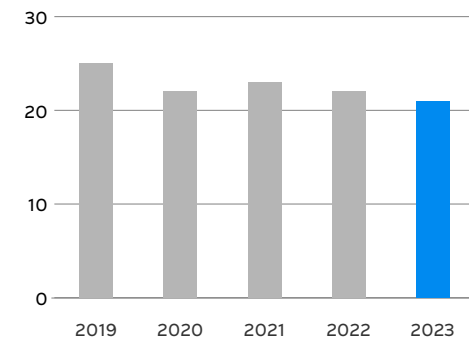
#### Goal

Increase the proportion of employees who are women to 30 percent by 2025.

#### Comment on 2023 outcome

In 2023, we saw an increase in the number of women in both manufacturing and white-collar roles. However, the proportion of employees who are women was negatively impacted by acquisitions made during the year, which had a lower proportion of women in their workforce. Adjusted for acquisitions, the proportion was 24 percent.

PROPORTION OF FEMALE MANAGERS %



Outcome- proportion of female managers\*

**21%** (2022: 22)

#### Goal:

Increase the proportion of salary-setting managers who are women to 30 percent by 2025.

#### Comment on 2023 outcome

The result in 2023 was partly affected by acquisitions of companies with a low proportion of women in managerial roles. Adjusted for acquisitions, the proportion was 22 percent. The implementation of a global HCM system resulted in the harmonization of the definition of salary-setting manager, leading to some adjustments and better quality in the data for 2023 and beyond.

\*with salary-setting responsibility

# 3. Responsible business

## Sustainable and profitable operations

We create value for our stakeholders by conducting a sustainable and profitable business. Responsible business with effective risk management and paying taxes and fees in the countries where we operate is an important base for our continued profitability development and access to financing.

## Business ethics

The foundation of an ethical and sustainable business is compliance with laws and regulations. By acting ethically and with respect for human rights, we create credibility and strong relationships.

## Collaboration

We require our partners to adhere to the same business ethics guidelines to which we have committed ourselves. By jointly striving to uphold the Ten Principles of the UN's Global Compact, we create conditions for long-term success.



## Business ethics

We do not tolerate corruption, bribes, or unethical business practices in any form. It is not allowed in any part of the operation to offer, give, request, or receive bribes or other inappropriate benefits. This applies to the whole of Munters including our subsidiaries, agents, distributors, and other representatives, and all joint ventures where Munters participates.

## Code of Conduct

The Code of Conduct and the specific Code of Conduct for suppliers are based on the UN Global Compact's ten principles around human rights, working conditions, environment, and anti-corruption. Compliance with the Code of Conduct is followed up every year and reported to the board.

## Training in Code of Conduct

To ensure that all employees are aware of the principles we follow, regular training is conducted for all employees in our Code of Conduct.



Elizabeth Lee at our production plant in Selma, US.

## Outcome

# 71%

### Goal

All employees are to undergo training in the Code of Conduct at least every other year. Newly hired employees are to be trained when employment begins.

### Comment on 2023 outcome

For 2023, the goal was set that 100 percent of white-collar employees would undergo training in the Code of Conduct. During the year, this goal was re-evaluated to train all employees, including those in production and service, which meant increased focus on these target groups. The launch of the training in the HCM system Workday during 2023 made it easier to reach all employees. At the same time, the opportunity was taken to improve eLearning and increase the

number of translations to 13 languages. Special campaigns were held in the USA and Mexico around the launch of the new training. In total, 51 percent of all employees were trained during the year, and 71 percent have completed the training measured over a 2-year period.

### Looking ahead to 2024

The launch of the training in Workday means better digital tracking which will help ensure that all employees are trained in accordance with our goal. In 2024, we will continue to work to ensure access to eLearning for production employees who do not have their own computers at the workplace, and to ensure that newly hired employees are trained when they start their employment.





Jiří Chalupa and Radim Hadač at our production plant in Hodonin, Czech Republic.

### Code of conduct for Suppliers

Our ambition is for our major suppliers to follow and sign our Code of Conduct for suppliers. We regularly review our direct suppliers and their compliance with our Code of Conduct.

We are taking steps to automate compliance in the supply chain by using third-party AI tools to review companies' finances, ESG ratings, and any previous regulatory or legal violations. This helps eliminate human error when critical business decisions are to be made and allows facts to be summarized in a more scalable way. Internal training on sustainability in the supply chain will be offered to everyone in purchasing over the coming year. If the supplier does not meet the requirements, an action plan will be established, and if the timeline is not followed, the relationship will be terminated.

### Outcome

**100%** (2022: 100)

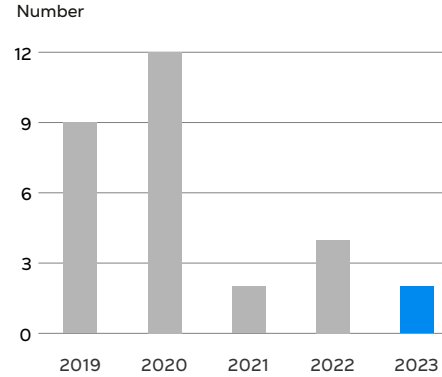
### Goal

100 percent of our major suppliers sign the Code of Conduct.

### Comment on 2023 outcome

Munters met the goal of having all major suppliers sign the Code of Conduct. The company also encourages employees, suppliers, and customers to report suspected unethical behavior, such as forced labor, child labor, or human trafficking. Munters has an external whistleblower service that allows for anonymous reporting.

### WHISTLEBLOWER CASES



### Whistleblower cases

Munters has a web-based whistleblower function managed by an independent external party where reporters are guaranteed anonymity. During 2023, 2 (4) cases were received and handled. One case has been investigated and handled, the other is still being investigated. During the year, local whistleblower channels were established for our EU units with more than 50 employees, in accordance with the EU directive.

### Environmental management & environmental fines

We place great emphasis on reducing our impact on the environment from our business activities. Using fewer resources is good for the environment and for Munters' long-term profitability.

Our environmental commitment is described, among other things, in our Code of Conduct and our Sustainability Policy.

Munters' goal is to receive no environmental fines due to non-compliance with environmental laws and regulations.

During 2023, we were not subject to any environmental fines.

### ISO Certifications

Compliance with central policies in our facilities is checked through internal and external audits. Our goal is for all logistics, manufacturing, and R&D operations to be third-party

certified according to ISO 9001, ISO 14001, and ISO 45001 by 2026. The intention is that newly acquired companies will also be certified as part of the integration.

### ISO-certifications

	2020	2021	2022	2023	Planned number 2024
Number of certificates for production facilities					
ISO 9001:2015 quality management, number of certifications	14	14	14	16	18
ISO 14001 environmental management, number of certifications	5	8	8	10	12
ISO 45001 occupational health and safety management, number of certifications	3	7	7	7	7

# For a sustainable value chain

In our pursuit to reduce scope 3 emissions, Munters will roll out a training program for suppliers. The program will include workshops and guidance on best sustainable practices. The intention is to give suppliers knowledge and tools required to implement meaningful changes.

## Melanie Strong, Director of Supplier Sustainability

explains why the initiative is so important: “When we look at the baseline for our scope 3 upstream emissions, we see that the overwhelming majority comes from our suppliers. As a responsible and forward-thinking business, we recognize the importance of reducing carbon emissions throughout our supply chain. We believe it is a collective effort that requires active participation from both us and all our partners and suppliers.”

## Joint environmental action plans

As part of the initiative, Munters will implement environmental action plans with suppliers to reconsider products and services. These environmental action plans may involve changes in packaging, raw materials, modes of transportation, and more.

## Reporting of data

“We will ask suppliers to report carbon data, including scope 1-2-3 emissions, to improve our lifecycle analysis,” says Strong. “This will help us to develop concrete steps and goals to reduce total carbon emissions, minimize waste, and promote responsible purchasing.”

## Code of conduct for suppliers

An important part of this work is Munters’ Code of Conduct for suppliers. The required ethical business practices include people, society, and the environment. “As part of our collaboration, we expect all our suppliers to join and follow our code of conduct, which includes having an environmental management system to reduce waste and energy,” she says. “This ensures that our values align and that we are working together towards a common goal of environmental sustainability.

We have introduced new tools to continuously monitor our suppliers’ environmental compliance. If any company violates our Code of Conduct for suppliers, we will follow up with appropriate measures to prevent and correct any deviations.”

## We are also taking significant steps internally

Parallel to the various initiatives with suppliers, Munters is taking significant steps internally to reduce waste and increase energy efficiency within its operation. LEAN within production, which includes energy efficiency processes, strategies for waste reduction, and a continu-



Stefan Mähl, Group Vice President of Business Excellence, participates at the supplier days in Stockholm.

ous improvement culture, remain key actions and continue to be the core of the company’s sustainability strategy.

## Together we can create a sustainable future

“We are convinced that by taking these steps together, we can create a more sustainable,

resilient, and forward-looking industry,” says Strong. “It is only by working together that we can create a sustainable future.”

# Sustainability rankings and commitments

Sustainability rankings and commitments are becoming increasingly important factors for investors as well as customers and other stakeholders. For us, external assessment of our sustainability work is very important, and we continuously work to improve and clarify our transparency and results.



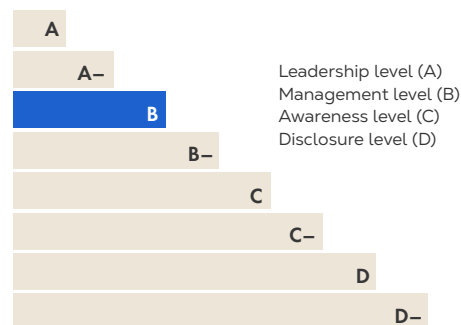
**MSCI**  
In 2023, Munters received an AAA rating (on a scale from AAA-CCC) in the MSCI ESG Ratings assessment, an improvement from the previous AA rating.



**Allbright – One of Sweden’s Most Gender-Equitable Companies**  
Since 2012, the Allbright Foundation has annually reviewed the top tier of the stock market in terms of representation. They rank stock market companies based on gender equality in the management team. Companies with an equal proportion of men and women are marked green, those not fully meeting the criteria are yellow, and companies completely lacking women in the management team are red-listed. We have achieved an even gender distribution in the management team and have placed ourselves on Allbright’s green stock market list.



**CDP – B**  
We are proud to once again have been recognized for our performance in terms of climate change by the global environmental organization CDP. We maintained our “B” grade during the year. Munters joined the CDP in 2018 and since 2019 has reported the work we are doing to reduce our environment impacts.



**UN Global Compact**  
We remain committed to the UN Global Compact’s ten principles in human rights, labor law, environment and anti-corruption, demonstrated by the implementation of the improved questionnaire for communication on progress.



# Sustainability information according to the Annual Accounts Act

Area	Disclosure Requirements	Environmental & Climate Impact	Social, Labor, and Human Rights	Anti-Corruption & Business Ethics
<b>Business Model</b>	The sustainability report should describe the company's business model.	Munters' business model is described on pages 3-4.		
<b>Policy</b>	The sustainability report should describe the policy the company applies in the issues, including the audit procedures that have been carried out.	Munters' policies, procedures, and guidelines in the sustainability area are described on page 76.		
<b>Policy Outcome</b>	The sustainability report should describe the outcome of the policy.	Outcome is described on pages 62-66	Outcome is described on pages 68 & 70	Outcome is described on pages 71-72
<b>Significant Risks</b>	The sustainability report should describe the significant risks related to the issues and are linked to the company's operations, including, where relevant, the company's business relations, products, or services that are likely to have negative consequences.	Munters' sustainability risks and risk management are described on pages 108-112		
<b>Significant Risks</b>	The sustainability report should describe how the company manages the risks.	Munters' risk management is described on pages 108-112		
<b>Performance Indicators</b>	The sustainability report should describe key performance indicators relevant to the business.	Munters' performance indicators can be found on pages 62-72		





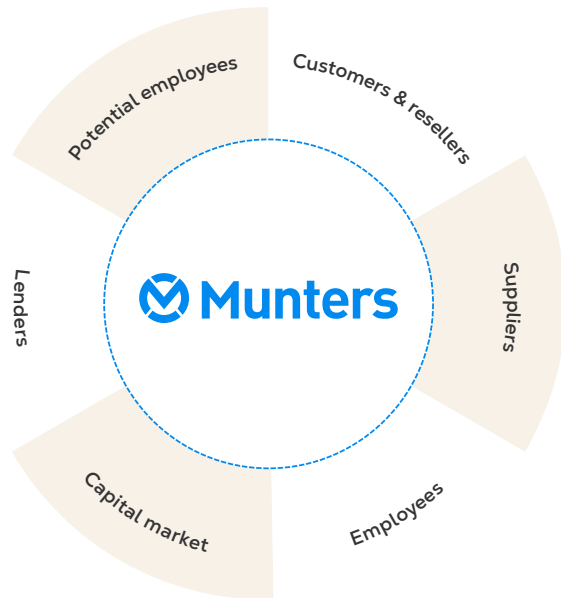
# Governance documents

Sustainability area	Environmental and climate impact	Social, labor, and human rights	Anti-corruption and business ethics
<b>Policies, Procedures, and Guidelines</b>	<ul style="list-style-type: none"> <li>• Sustainability Policy incl. Energy &amp; Water Conservation Strategy (procedure) and Air Transport Guidelines</li> <li>• Code of Conduct (policy)</li> <li>• Purchasing Policy incl. Code of Conduct for Suppliers (procedure)</li> <li>• Risk Management Policy</li> <li>• HR Policy incl. Company Car Guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Code of Conduct (policy) incl. Whistleblower Procedure, Anti-Bribery Procedure, Gifts, Corporate Hospitality &amp; Marketing Expenses Procedure, and Sanctions &amp; Trade Restrictions Procedure</li> <li>• Purchasing Policy incl. Code of Conduct for Suppliers (procedure)</li> <li>• HR Policy</li> <li>• Workplace Safety Policy incl. Anti-Discrimination &amp; Harassment (Procedure), Physical Security (Procedure), and Flexible Workplace (Procedure)</li> <li>• Data Protection Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Code of Conduct (policy) incl. Whistleblower Procedure, Anti-Bribery Procedure, Gifts, Corporate Hospitality &amp; Marketing Expenses Procedure, and Sanctions &amp; Trade Restrictions Procedure</li> <li>• Purchasing Policy incl. Code of Conduct for Suppliers (procedure)</li> <li>• Risk Management Policy</li> <li>• Fraud Policy</li> <li>• Data Protection Policy</li> <li>• IT Policy</li> <li>• HR Policy</li> <li>• Insider Policy</li> <li>• Competition and Compliance Policy</li> <li>• Communications Policy</li> <li>• AI Policy</li> <li>• Financial Policy incl. Tax Procedure</li> </ul>
<b>Key Topics</b>	<ul style="list-style-type: none"> <li>• The main focus is to minimize carbon emissions and increase resource efficiency by offering energy and resource efficient products and solutions that reduce customers' environmental impact. Munters' environmental impact is reduced through energy and resource-efficient production units and services that extend the product's life cycle. Munters limits environmental impact by choosing low-emission transport methods and smart logistics.</li> <li>• Munters and its partners must follow environmental laws and regulations. Methods that minimize environmental impact are encouraged, and caution is taken with environmentally sensitive substances and processes. Air transport is only used when alternative transport methods are excluded due to lead times or quality assurance. Munters' vehicle fleet will be transitioned to cars with a lower emission factor.</li> <li>• Munters' production facilities will continuously increase their energy efficiency and the proportion of electricity from renewable sources. We are working to continuously reduce water usage in our processes relative to production value.</li> </ul>	<ul style="list-style-type: none"> <li>• Munters respects human rights and works for good working conditions. The company prioritizes creating an inclusive and safe work environment. Munters does not accept discrimination based on ethnic origin, national origin, religion, disability, gender, sexual orientation, union membership, political opinion, parenthood, family situation or age. Munters does not allow child labor, and individuals under 18 are not allowed to work night shifts or perform hazardous work. Forced labor is strictly prohibited. Munters respects the freedom of association and the right to negotiate collectively. Employees must not be subjected to corporal punishment, physical, sexual, psychological, or verbal harassment or abuse.</li> <li>• Munters expects suppliers and partners to acknowledge and actively work to follow the standards and principles set in the Code of Conduct. Suppliers are encouraged to develop requirements and systems similar to Munters' and communicate these to their suppliers and subcontractors.</li> <li>• Munters conducts active data security work and only collects personal data for specified, explicit, and legitimate purposes.</li> </ul>	<ul style="list-style-type: none"> <li>• Munters advocates for good business ethics and does not accept illegal payments, bribes, or other dubious incentives to influence any business transaction. Employees and agents are prohibited from giving, offering, or promising a bribe or other benefit to exert undue influence over a person's decision-making. Employees and distributors are also prohibited from receiving, requesting, or accepting a promise of a bribe or other improper benefit designed to unduly influence their own decision-making.</li> <li>• Gifts and the like exceeding a value of 400 EUR or exceeding 2,000 EUR per calendar year from the same company should be registered.</li> <li>• All gifts to or from official officials must be approved in advance by the immediate supervisor and registered.</li> </ul>
<b>Goals and Indicators</b>	<ul style="list-style-type: none"> <li>• Energy efficiency, in production facilities, is reported on page 63.</li> <li>• The proportion of electricity from renewable sources in production facilities, is reported on page 63.</li> <li>• The proportion of electricity from renewable sources in our offices and other non-production spaces, is reported on page 63.</li> <li>• Recycling rate, is reported on page 62.</li> <li>• Service as a share of sales, is reported on page 66.</li> <li>• Emissions according to the GHG Protocol, are reported on pages 64-66.</li> <li>• Carbon Disclosure Rating (CDP), is reported on page 74.</li> <li>• Water usage in factories, is reported on page 62.</li> </ul>	<ul style="list-style-type: none"> <li>• Allbright rating, is reported on page 74.</li> <li>• The proportion of employees and managers who are women, is reported on page 70.</li> <li>• Workplace accidents and fatalities in our production facilities, are reported on page 68.</li> </ul>	<ul style="list-style-type: none"> <li>• The proportion of the largest suppliers that have signed the Code of Conduct for suppliers, is reported on page 72.</li> <li>• The proportion of our employees who have completed training in our Code of Conduct, is reported on page 71.</li> <li>• The number of whistleblower cases, is reported on page 72.</li> <li>• Environmental fines received due to non-compliance with laws and regulations in the environmental area, are reported on page 72.</li> <li>• ISO certifications, are reported on page 72.</li> </ul>

# Stakeholder dialogue

Munters operates worldwide and collaborates with many stakeholders. Employees, customers, owners, distributors, suppliers, partners, and people who work in environments where Munters climate control solutions are installed, are examples of important stakeholders. To create long-term shareholder value, we must ensure value creation for all stakeholders. We have frequent dialogues and close cooperation with our stakeholders. This creates an understanding of how and what we can improve in our work and which issues our stakeholders prioritize.

## Key stakeholders



The overview shows dialogue opportunities and the most important issues for the main stakeholders

Stakeholders	Channels for Dialogue	Significant Aspects	Activities, Examples in 2023
<b>Customers &amp; Resellers</b>	<ul style="list-style-type: none"> <li>Continuous business talks with customers and resellers</li> <li>Regular customer surveys</li> <li>Meetings, conferences, and participation at fairs</li> <li>Website &amp; social media</li> </ul>	<ul style="list-style-type: none"> <li>Delivery reliability, quality, and improvement suggestions.</li> <li>Munters' offering and contribution to reduced carbon emissions and increased resource efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Participation in industry fairs around the world</li> <li>Performed a customer survey on environmental sustainability in Foodtech</li> <li>Support customers in Europe in applying for grants for energy efficiency within the service organization in AirTech</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Regular suppliers customer surveys</li> <li>Meetings and conferences with suppliers</li> <li>Website &amp; social media</li> </ul>	<ul style="list-style-type: none"> <li>Delivery reliability, quality, carbon emissions and improvement suggestions</li> <li>Compliance with environmental, business ethics and social issues, such as labor law and human rights</li> </ul>	<ul style="list-style-type: none"> <li>Several meetings with suppliers specifically related to sustainability</li> <li>Supplier Day in Stockholm with more than 40 global suppliers</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Performance reviews and employee surveys</li> <li>Conferences and employee gatherings</li> <li>Internal training, for example, Munters Academy</li> <li>Leadership days and programs, for example Munters MovE and Manager at Munters.</li> <li>Various workshops, for example around reducing climate impact</li> <li>Union cooperation</li> <li>Intranet Munters World</li> <li>Website munters.com &amp; social media</li> </ul>	<ul style="list-style-type: none"> <li>Inclusion and diversity</li> <li>Health and safety</li> <li>Discrimination and harassment</li> <li>Development opportunities</li> <li>Compensation issues</li> <li>Sustainability issues and climate impact</li> <li>Work-life balance</li> <li>Compliance with social issues, such as labor law and human rights</li> </ul>	<ul style="list-style-type: none"> <li>Manager training: for new managers Manager @Munters and further education</li> <li>In ACT offered globally</li> <li>Compass Change management training, MovE action learning program</li> <li>Manager-Employee career and development conversations &amp; year-end review</li> <li>Sustainability purchasing training for 142 purchasers via e-learning</li> <li>Unconscious Bias Workshop</li> <li>A first business resource group: Women + Allies Business Resource Group</li> <li>Started network for female engineers through EngineerGirl, Female Tech Engineer &amp; CoGig</li> </ul>
<b>Capital Market (Shareholders, potential shareholders, stock analysts)</b>	<ul style="list-style-type: none"> <li>Board meetings</li> <li>Annual General Meeting and report presentations</li> <li>Individual meetings and continuous dialogue with shareholders and potential shareholders.</li> <li>Participation in investor conferences</li> <li>Continuous dialogue with the stock analysts who follow Munters</li> <li>Website munters.com, social media &amp; investor relations webinars</li> </ul>	<ul style="list-style-type: none"> <li>Munters' overall strategy and financial and sustainability-related goals</li> <li>Sustainability issues and climate impact</li> <li>Compliance with social issues, such as labor law and human rights</li> <li>Innovation with a focus on strategically prioritized areas like digital solutions and modular platforms</li> </ul>	<ul style="list-style-type: none"> <li>Several webinars on various focus areas</li> <li>Ongoing meetings with investors and analysts</li> <li>Annual General Meeting performed as a hybrid event</li> <li>Factory visits with investors and analysts</li> <li>Presentations in the Stockholm area at, for example, Aktiespararna</li> <li>Participated in several conferences and investor meetings around the world</li> </ul>
<b>Lenders</b>	<ul style="list-style-type: none"> <li>Individual meetings and continuous dialogue</li> <li>Website munters.com &amp; social media</li> </ul>	<ul style="list-style-type: none"> <li>Munters' overall strategy and financial and sustainability-related results and goals</li> <li>Ongoing dialogue with lenders</li> <li>Structured reporting through compliance certificate delivered every quarter</li> </ul>	<ul style="list-style-type: none"> <li>Recurring dialogue with lenders</li> <li>Structured reporting to lenders through compliance certificates delivered every quarter</li> </ul>
<b>Potential employees</b>	<ul style="list-style-type: none"> <li>Employment interviews</li> <li>Munters.com &amp; social media</li> <li>Participation in job fairs at various universities and business associations</li> <li>Partner in various projects that promote collaboration between business and academia</li> </ul>	<ul style="list-style-type: none"> <li>Munters position and offering</li> <li>Development opportunities and compensation topics</li> <li>Munters sustainability work</li> </ul>	<ul style="list-style-type: none"> <li>Hosted a sustainability session for graduating students at the University of Massachusetts Boston</li> </ul>

# Updated materiality analysis

Munters conducted an update of the materiality analysis in 2023. It provides insights into focus areas where we, according to stakeholders, have the greatest impact and the greatest opportunity to make a difference. Sustainability aspects were ranked according to importance. The analysis was based on stakeholder dialogues as well as the Group's environmental analysis and strategic priorities. The results from the materiality analysis are in line with the current sustainability policy, strategies, business plans, and priorities.

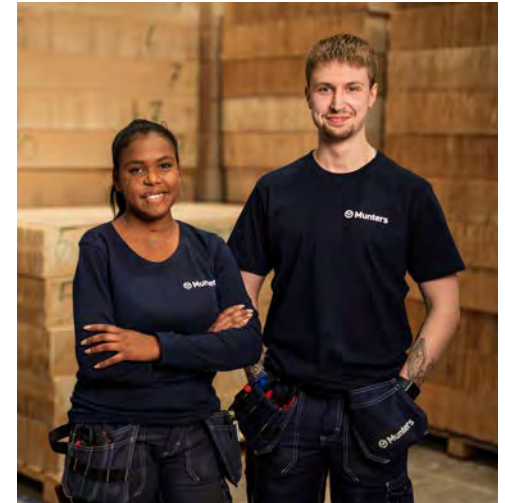
## Updated materiality analysis on the way to the requirements of the CSRD

In anticipation of the upcoming requirements of the European Corporate Sustainability Reporting Directive (CSRD), which is in effect for Munters from 2024 reporting, Munters has updated the materiality analysis. The materiality analysis involves assessing sustainability topics from both an internal and external impact perspective.

Munters strives to establish a long-term and transparent engagement with our stakeholders and conducted dialogues with relevant stakeholders for an updated review of the sustainability aspects in 2023. We built on previous materiality analyses and mapped the current situation and what has changed. Anonymous ranking led to prioritized areas evaluated by internal and external stakeholders through online surveys complemented with follow-up. Stakeholders also had the opportunity to add areas and leave comments in open questions.

The results were compiled and calibrated and presented to the executive management which decided on final prioritization in July. The result of the updated materiality analysis forms the basis for Munters' strategy and highlights focus areas within sustainability going forward and is well in line with the decided sustainability policy.

To see how we work with the prioritized sustainability aspects as well as related goals and indicators see the sections Strategy and Our Business Areas.

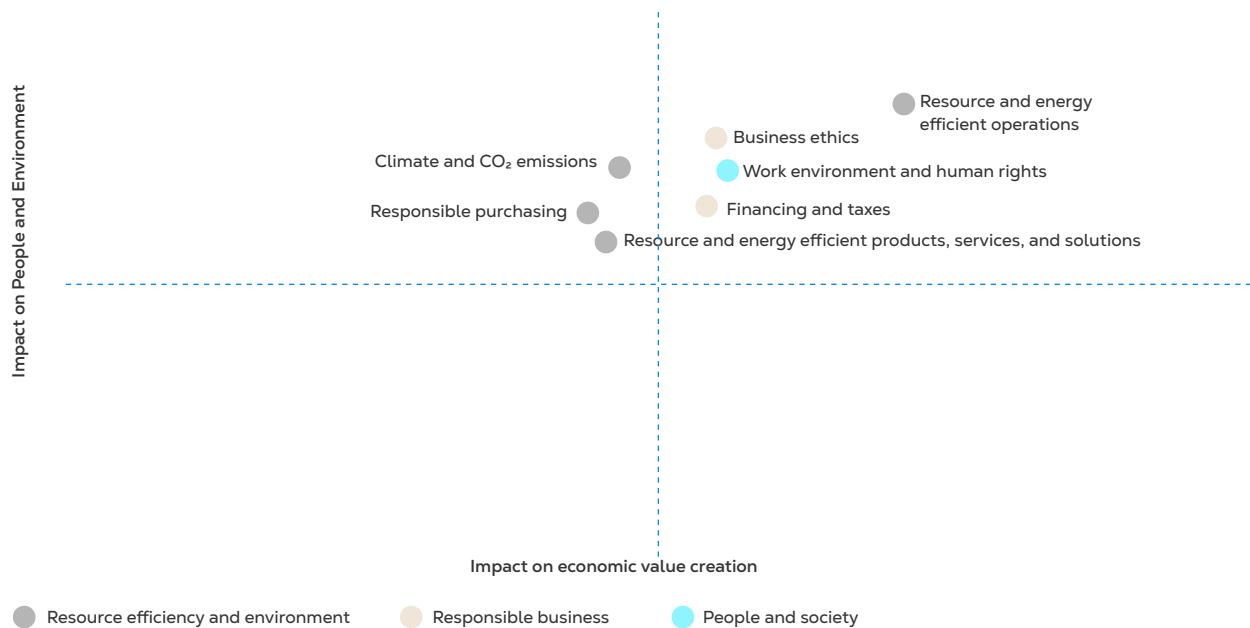


Bianca Westergren and Lucas Lagman at our production plant in Tobo, Sweden.

## Based on the updated materiality analysis we prioritize the following sustainability aspects:

- Resource and energy-efficient products, services, and solutions
- Business Ethics
- Working Environment & Human Rights
- Financing & Taxes
- Climate & CO<sub>2</sub>e Emissions
- Responsible Purchasing
- Resource and energy-efficiency in our own operations

# Updated Materiality Analysis Conducted in 2023



The materiality analysis shows good alignment with Munters' current sustainability priorities\* in the following areas:

- Products and offerings
- Production
- Transport
- Operations
- Business ethics
- Partnerships
- An Equal and inclusive work environment
- Community engagement

\*Source: Sustainability Policy

Focus Area	How Munters handles this
Resource and energy efficient operations	We set goals and measure energy usage, CO <sub>2</sub> e emissions, water usage, waste, and scrap, with a constant ambition to reduce emissions and resource use through efficient processes and production.
Business ethics	Compliance with laws and regulations is the foundation of Munters' operations. Ethical conduct provides credibility and strong relationships, creating opportunities for rewarding collaborations and profitable business. The foundation of Munters' operations lies in the code of conduct, encompassing both employees and major suppliers.
Work environment and human rights	We have zero tolerance for workplace accidents and demand our suppliers follow our code of conduct. Read more on p. 68 and 72.
Financing and taxes	Compliance with laws and regulations is the foundation of Munters' operations. Responsible business practices, including managing risks effectively and paying taxes and fees in the countries we operate in, form a vital foundation for continued profitability and access to capital.
Climate and CO <sub>2</sub> emissions	We have mapped our scope 1 & 2 emissions and are developing road maps to systematically reach net-zero emissions from our own operations by 2030 through more resource-efficient production and an increasing share of renewable electricity. Read more on p. 63. In 2023, our mapping of Scope 3 emissions has progressed, revealing that a significant portion is generated at the customer usage stage. Read more on p. 65. Our goal is to increase the service proportion in our business, generating higher efficiency, lower energy usage, and extended lifespan in our products.
Responsible purchasing	In addition to a strong focus on reducing emissions from our own operations, we are dedicated to reducing the carbon footprint of our products through continuous innovation and development, efficient transport, and responsible material and supplier choices.
Resource and energy efficient products, services, and solutions	We offer our customers energy and resource-efficient products and solutions that can help them reduce their environmental impact and carbon footprint. Our service offerings can help optimize energy use and extend the lifespan of our products.



# Munters' contribution to the Sustainable development goals

The UN's goals for sustainable development call for actions to promote prosperity while protecting the planet. Munters supports all 17 sustainability goals and has identified the following goals where we believe we have a greater impact and thus the opportunity to make a difference. In some areas, Munters can also have a negative impact, which we account for below.

**2 ZERO HUNGER** **SDG 2 Zero Hunger**  
 We offer energy-efficient climate control systems for agriculture and the food industry, with a wide range from livestock and egg production to dairy farms and greenhouses, as well as software solutions that help food producers optimize animal husbandry and the logistics chain while minimizing resource use.

**Our Key Actions**

- Developing and offering products and solutions that provide optimal product quality while saving energy and increasing productivity.

**Negative Impact**

Increased food production can lead to increased meat usage, which can cause negative climate impact.

**6 CLEAN WATER AND SANITATION** **SDG 6 Clean Water and Sanitation**  
 Our products can make a significant difference as they use less or no water in the processes where they are installed, an important competitive factor, especially in the agricultural and data center segments. We also provide products and solutions necessary for the operation of waterworks and treatment plants.

**Our Key Actions**

- Offer water-efficient products
- Offer products required for the operation of waterworks and treatment plants
- Improve water efficiency and treat wastewater in our own operations.

**Negative Impact**

We use water in some of our production processes and strive to reduce water usage in these.

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** **16 PEACE, JUSTICE AND STRONG INSTITUTIONS** **Other Relevant SDGs:**  
 SDG 9 Sustainable Industry, Innovations, and Infrastructure  
 SDG 16 Peaceful and Inclusive Societies

**5 GENDER EQUALITY** **10 REDUCED INEQUALITIES** **SDG 5 Gender Equality and SDG 10 Reduced Inequality**  
 We believe diversity leads to greater innovation and higher profitability. We aim to have a corporate culture characterized by equal treatment and opportunities for all and fair compensation. Therefore, we also strive to increase the proportion of employees and leaders who are women at Munters.

**Our Key Actions**

- Policy and work against discrimination
- Actively promote diversity and inclusion
- Joined and actively working according to the UN's Target Gender Equality initiative
- Regular surveys on employee engagement and experiences
- External independent whistleblower function for reporting
- Protecting the right to collective bargaining and unionization

**7 AFFORDABLE AND CLEAN ENERGY** **13 CLIMATE ACTION** **SDG 7 Sustainable Energy and SDG 13 Climate Action**  
 We can make a significant contribution through our business offerings and our operations. Our products are energy-efficient and support customers' efforts to reduce their energy use in all segments.

**Our Key Actions**

- Offer innovative products and solutions that contribute to our customers' increased energy efficiency with high quality and thus long lifespan
- Continuously reduce our electricity usage and increase the share of electricity from renewable sources.
- Gradually lower the average emission factor in our vehicle fleet

**Negative Impact**

Upstream in the value chain where we don't control the use of, for example, transportation from suppliers and subcontractors. We also negatively contribute to the goal both directly and indirectly through the usage of non-renewable energy in various parts of the value chain.

**8 DECENT WORK AND ECONOMIC GROWTH** **SDG 8 Decent Work and Economic Growth**  
 Munters aims to be an attractive employer. To ensure high motivation among employees, their safety and well-being are our highest priorities. We also want our major suppliers to have the same view of their employees as we do.

**Our Key Actions**

- Proactively work to increase risk awareness and continuously improve routines and processes
- Requirement for our major suppliers to commit to the ten principles of the UN Global Compact through our code of conduct and compliance with our policies
- We have signed the UN Global Compact
- Rollout of STOP to improve safety at our production facilities

**Negative Impact**

Through our global operations, we create jobs in many parts of the world, including less developed countries. We are aware of the risks of operating in some parts of the world. Therefore, working against trafficking and modern slavery is a priority for us, and we also work on the issue together with suppliers and subcontractors.

In some countries, there is also a risk that workplace safety is not sufficiently considered due to lower safety awareness.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION** **SDG 12 Responsible Consumption and Production**  
 We provide and develop products and solutions that positively impact our customers' and our use of natural resources. Within the group, we continuously strive to minimize negative environmental impact through systematic quality work.

**Our Key Actions**

- Proactively choosing products and solutions with a smaller environmental impact when innovating.
- Efficient material use and waste management
- Service offerings that extend the efficiency and lifespan of our products.

# Organization and governance

As a global actor and partner for climate solutions, we demonstrate responsible leadership by developing our products and services to be energy and resource-efficient. By promoting collaborations, exploring new ideas, and reducing our climate impact throughout the value chain, we contribute to a more sustainable planet and create value for society. Sustainability work is integrated into all parts of the business strategy.

## Sustainable Business Model

Munters has a business model aimed at offering innovative, high-quality, and energy-efficient solutions for air treatment and indoor climate to businesses that need precise air and climate control.

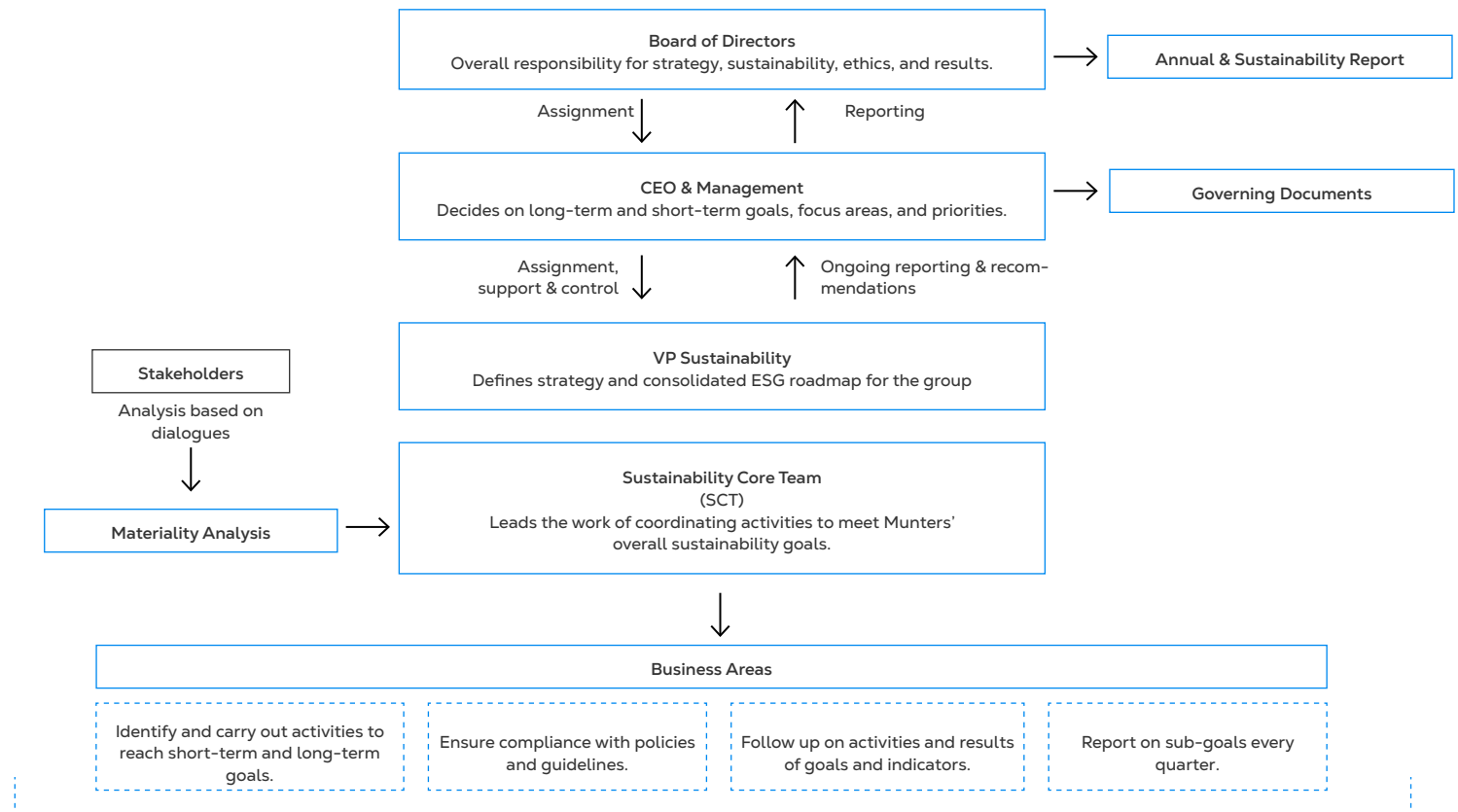
To deliver long-term sustainable value growth towards a carbon-neutral economy, Munters works with purpose-driven innovation and process and method optimization. This is how we maintain our leading position in the industry.

A prerequisite for conducting a successful operation is good relationships with customers and suppliers, motivated employees, and high business ethics.

## Sustainability Strategy

Munters has three overarching directions for its sustainability work: Resource Efficiency & Environment, People & Society, and Responsible Business. For goals and outcomes for the company's sustainability indicators, see pages 62-72.

Munters' Sustainability Governance Model



## Sustainable Organization and Governance Board & Management

The Board is ultimately responsible for Munters' business strategy and sustainability work. The CEO and Group President is responsible for implementing strategic priorities and sustainability work, goal setting, and monitoring of goals and indicators. The Group's HR, Communications, and Sustainability Manager is part of the management team and reports directly to the CEO. Management is responsible for ensuring that the business strategy and sustainability work are implemented and for monitoring established goals and regularly communicating results and outcomes to the Board and relevant parts of the organization. Strategy and policy documents are reviewed by the Board and CEO once a year and are available on the company's intranet. Read more about policies on page 76.

### Sustainability Core Team

To ensure the implementation of overarching sustainability goals and reporting and monitoring of key figures, there is a steering committee, the Sustainability Core Team. The core team is led by the sustainability manager at the group level. The core team leads the work of proposing objectives, coordinating activities within the sustainability area, coordinating plans, monitoring and evaluating activities and results of goals. To be able to conduct a long-term sustainable and profitable operation, Munters' sustainability work is integrated into all parts of the business strategy.

The sustainability core team consists of ten people, including representatives from group functions and the three business areas. The purpose is to spread knowledge and responsibility for sustainability at all levels and regions within the organization.

### Sustainability Core Team's Work in 2023

The core team meets frequently and had 19 meetings this year. In addition to these, meetings have been held between individual members of the core team and, among others, Munters' management team and local employees. The following were included in the core team's work during the year:

- Anchoring the ambition level for sustainability work ahead of the 2023–2027 strategy period
- Meetings and workshops with R&D, innovation, and the sales force to accelerate sustainability and innovation and share progress
- Updated materiality analysis and dialogues with stakeholders
- Monitoring of activities, plans, and KPIs related to set sustainability goals
- Annual CDP reporting, participation in other surveys and studies
- Measuring and reporting on scope 1 & 2 and actions to reduce CO<sub>2</sub>e emissions. Conducted climate risk analyses.
- Conducted GAP analysis against requirements according to CSRD/ESRS
- Led the work on mapping scope 3.
- Worked to increase clarity and transparency in the company's internal and external sustainability reporting
- Developed and launched diversity training
- Updated supplier code of conduct and training
- Developed introductory training in sustainability for all for increased engagement
- Internal training regarding anti-corruption policy

### Sustainability Core Team for 2024

A large part of the core team's work during 2024 will focus on continued support for compliance with the requirements of the European Corporate Sustainability Reporting Directive

(CSRD), as well as support for the development of EU taxonomy reporting. The core team will continue its review and management of the work to map indirect emissions in the value chain according to scope 3 of the GHG protocol followed by actions for planned reductions and evaluation of the SBTi commitment. In connection with this, internal training of various target groups is planned, among other things, to increase understanding of the entire value chain's emissions and how we, through energy-efficient solutions, can help our customers achieve their emission goals, and continued dialogue with our partners both upstream and downstream.

The core team continuously works to increase information about and internal engagement for the company's sustainability work and plans a series of meetings with different groups and employees during the coming year.

### Review & Monitoring

Compliance with the policies is reviewed annually and reported to the Board. Management is responsible for implementing and monitoring policies and governing documents.

All employees are informed about the code of conduct, and leaders are also trained on the guidelines in relevant areas. Munters trains key employees in national and international legislation regarding forced labor and human trafficking. These employees also receive guidance in identifying signs of abuse of persons working for or providing services on behalf of Munters. Employees who violate policies and governing documents can receive penalties related to the significance of the violation.

Major suppliers must commit in writing to follow Munters' code of conduct for suppliers. Munters conducts regular audits of suppliers and their compliance with the supplier code of conduct. The audit results are followed up with



ANDRÉA HAAG,  
Vice President  
Sustainability

### What does sustainable innovation mean to you in your role at Munters?

As a newcomer to Munters, I see that we really live by our values and try new things to make a difference, even when it's difficult. Right now, we are mapping emissions across the entire value chain and having dialogues with both suppliers, customers, and partners to find new solutions in design, material choices, and energy and water use. For the future, sustainable innovation also includes business models and solutions for circularity of materials, spare parts, and products. All this is part of our commitment to being sustainable and innovative in everything we do.

the respective supplier. Munters has initiated a certification process for major suppliers, which must certify that the production of incoming materials is carried out in accordance with applicable laws against slavery, child labor, and human trafficking. Suppliers who violate Munters' code of conduct may face penalties, and in serious breaches, cooperation may be terminated.

Munters also encourages employees, suppliers, and customers to report unethical observations such as forced labor, child labor, or human trafficking. Munters has an external, anonymous whistleblower service, where people who report suspected violations of the code of conduct are guaranteed anonymity and no reprisals.

# EU taxonomy report

Munters has analyzed its business in accordance with the EU Taxonomy Regulation. The following pages present an account of which economic activities in the company Munters believes are classified according to the taxonomy and eligible according to the taxonomy as well as aligned with the taxonomy for 2023.

In order to achieve the EU's climate and energy targets for 2030 and to achieve the objectives of the European Green Deal, the EU has established the Taxonomy Regulation. As a publicly listed company, Munters must provide disclosures in accordance with the Taxonomy Regulation on the proportion of revenues, capital expenditures and operating expenses that are associated with the activities that are considered to be eligible and/or aligned with the taxonomy for 2023.

The taxonomy states that economic activities qualify as sustainable if they

- a. Make a substantial contribution to one or more of the following six environmental objectives:
  1. Climate change mitigation
  2. Climate change adaptation
  3. Sustainable use and protection of water and marine resources
  4. Circular economy
  5. Pollution prevention and control
  6. Protection and restoration of biodiversity and ecosystems
- b. do no significant harm ('DNSH') to the other environmental objectives
- c. meet minimum safeguards set out in the Article 18 of the Taxonomy Regulation, and
- d. comply with the technical screening criteria established by the commission in delegated acts.

For 2023 companies must report on their contribution to the above objectives as well as on whether the economic activities comply with the criteria set out in b, c and d.

## Munters analysis 2021, 2022 och 2023

During 2021, Munters performed an analysis in several steps to identify taxonomy-eligible economic activities. In 2022 the analysis was expanded beyond the taxonomy-eligible economic activities in 2021 to include also points b-d above.

	2021	2022	2023
Share of revenues reported as taxonomy-aligned activities	n.a.	37%	35%
Share of revenues reported as eligible but not taxonomy-aligned activities	35%	7%	25%

## Included economic activities in 2023

ENVIRONMENTAL OBJECTIVE	Economic activity	Munters	Business area
Climate change mitigation (CCM)	3.5 Manufacture of energy efficiency equipment for buildings	Controllers	FoodTech
Climate change mitigation (CCM)	3.6 Manufacture of low carbon technologies	Dehumidification – Industrial segment and Component segment, Cooling of data center, SyCool Split product	AirTech and Data Center Technologies
Climate change mitigation (CCM)	8.2 Data-driven solutions for GHG emissions reductions	Software	FoodTech
CLIMATE CHANGE OBJECTIVE			
Circular economy (CE)	5.1 Repair, refurbishment and remanufacturing	Services	AirTech

In 2023 the analysis was expanded and Munters also conducted an analysis according to objectives 3-6. As a result, 61% of revenues, 67% of capital expenditure and 80% of operational expenditure was reported as taxonomy-eligible for 2023. The included business in 2023 spans four economic activities as defined by the taxonomy and includes parts of Munters' three business areas. The reported KPIs related to business where required performance data is available and of good quality.

Munters is of the opinion that a majority of its products and services contribute to sustainable business by enabling customers to reduce their energy usage and waste. However, Munters provides expert solutions and services in an industry which is not well defined in the current version of the taxonomy and thus significant parts of our business do not have matching dedicated economic activities with substantial contribution criteria.

## Changes in included economic activities compared to 2022

In 2023 the analysis was expanded to include objective 3-6. As a result the activity that previously was classified according to the environmental objective "Climate change mitigation", economic activity "7.3 Installation, maintenance and repair of energy-efficient equipment" was re-classified according to the climate change objective "Circular economy", economic activity "5.1 Repair, refurbishment and remanufacturing". The re-classification was done as the activity 5.1 was assessed to be more appropriate for the service operations Munters has as the criteria was more detailed and in line with how the service is done.

Munters does not operate or have exposure to (lending to or investments in) energy companies that produce energy using nuclear power or natural gas.



**Methods to define and calculate key metrics for the taxonomy**

**Revenue**

The revenue is calculated based on the revenues reported in the consolidated accounts for the period 1 January to 31 December 2023 (the denominator), which for the financial year 2023 was MSEK 13,930. The revenue covered by the taxonomy amounted to MSEK 8,460 of this total, corresponding to 61 percent of the revenue. This primarily includes revenue from sales from manufacture of low carbon technologies, CCM, 3.6., within the business areas AirTech and Data Center Technologies.

**Capital Expenditure (CAPEX)**

Capital expenditure (CAPEX) is based on new acquisitions of intangible fixed assets, tangible fixed assets, leased assets and business acquisitions that are included in the consolidated accounts as of December 31, 2023, and amounted to MSEK 1,696. Newly added goodwill is not included in the denominator. Capital expenditures covered by the taxonomy's economic activities amounted to MSEK 997, corresponding to 59 percent of total capital expenditures. This includes capital expenditure directly linked to turnover activities covered by the taxonomy as well as allocated capital expenditure according to table "allocation keys". No capital expenditure included in a capital expenditure plan according to the taxonomy has been included.

In accordance with the taxonomy, the taxonomy-compliant capital expenditures for the current year refer to capital expenditures attributable to assets or processes that are already linked to environmentally sustainable economic activity.

**Operating expenses (OPEX)**

Operating expenses are based on non-capitalized costs for research and development according to the consolidated accounts as of December 31, 2023 and consist of research and development costs minus capitalized development costs and depreciation. In addition to this, the key figure's denominator includes the following:

- maintenance expenses for owned or leased properties and other assets as well as
- expenses for short-term leasing (up to 12 months) that are not included as right-of-use assets in the balance sheet.

Munter's total operating costs according to the taxonomy amounted to MSEK 329 for the year 2023. Operating costs covered by the economic activities of the taxonomy amounted to MSEK 205, corresponding to 62 percent of the group's total operating costs. Just as for capital expenditure, only operating costs directly linked to turnover activities covered by the taxonomy and allocated capital expenditure according to table "allocation keys" are included here.

**Description of allocation key, if such has been use**

Code	Turnover	Capex	OPEX
CCM, 3.5	No allocation key used.	N/A	N/A
CCM, 3.6	Sales of products for which LCA's have been performed.	Allocated based on percentage of net sales related to products for which LCA's have been performed	Allocated based on percentage of net sales related to products for which LCA's have been performed
CE, 5.1	Share of services sales related to products for which LCA's have been performed.	N/A	Allocated based on percentage of service net sales related to products for which LCA's have been performed
CCM, 8.2	No allocation key used.	N/A	N/A

## Turnover

Economic activities	Code	Substantial contribution criteria								Do No Significant Harm criteria (DNSH)								Taxonomy aligned proportion of turnover 2022 (%)	Category (enabling activity or) (E)	Category (transitional activity) (T)		
		Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Biodiversity and ecosystem	Pollution	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Biodiversity and ecosystem	Minimum safeguards							
		(MSEK)	(%)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)						
<b>(Unit)</b>																						
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																						
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	318	2%	Y	N	N	N	N	N									1%	E			
Manufacture of low carbon technologies	CCM, 3.6	4,591	33%	Y	N	N	N	N	N									28%	E			
Installation, maintenance and repair of energy-efficient equipment	7.3			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8%	E			
<b>Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		4,909	35%																	37%		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy aligned activities)</b>																						
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	59	0%	Y	N	N	N	N	N													
Manufacture of low carbon technologies	CCM, 3.6	2,284	16%	Y	N	N	N	N	N													
Repair, refurbishment and remanufacturing	CE, 5.1	912	7%	N	N	N	Y	N	N													
Data-driven solutions for GHG emissions reductions	CCM, 8.2	296	2%	Y	N	N	N	N	N													
<b>Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)</b>		3,551	25%																			
<b>Total A.1. + A.2.</b>		8,460	61%																	43%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																						
<b>Turnover of non-eligible activities (B)</b>		5,470	39%																			
<b>Total A+B</b>		13,930	100%																			

## Turnover, cont.

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	35%	19%
CCA		
WTR		
CE		7%
PPC		
BIO		

### Specification of disclosure – revenue Accounting policy

Revenue is defined as net turnover derived from products or services associated with taxonomy aligned or eligible economic activities.

When determining and allocating the taxonomy aligned and/or -eligible revenue, businesses have been grouped according to economic activities based on fulfillment of required criteria per economic activ-

ity. See more information under the section "Methods to define and calculate key metrics for the taxonomy".

The reported taxonomy-aligned and eligible revenue are related to the environmental objective climate change mitigation and the climate change objective circular economy.

### Change in reported revenue compared to the previous year

The revenue for the taxonomy-eligible economic activities in 2023 compared to 2022 increased mainly as additional business within Data Center Technologies is taxonomy-eligible in 2023. This is reported under the business segment "Manufacturing of low carbon technology", CCM 3.6.

### Assessment of compliance with regulation (eu) 2020/852

#### Business area AirTech

Two economic activities within business area AirTech have been included as eligible and aligned with the taxonomy.

### Manufacture of low carbon technologies, CM 3.6

The first economic activity relates to the manufacture of other low carbon technologies. The taxonomy states that the manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered elsewhere in the taxonomy, substantially contribute to climate mitigation. Furthermore, the technical screening criteria specify that such technologies must demonstrate substantial lifecycle GHG emission savings compared to the best performing alternative technology available on the market.

### Technical screening criteria

Munters' products within AirTech utilize desiccant dehumidification solutions. This technology is significantly more energy efficient than alternative technology under certain circumstances, i.e., when the installation environment has certain characteristics. These circumstances include, but are not limited to, air temperature and humidity level in the installation environment.

In 2022, Munters performed life cycle analyses of 10 product groups within AirTech. Through these analyses, Munters could determine that these products meet the technical screening criteria.

The product groups we performed life cycle analyses of are: IDS, HCD, ICA, GreenDry, DSS PRO, MX2, MX2 Plus, ML, ML Plus and Rotor components.

Revenue from sales of these product groups has been included in the reported revenue. For AirTech the products are reported within segments Industrial and Components.

Munters estimates that a larger portion of sales than those reported operate under circumstances where alternative technology is less energy efficient and expects the included portion to grow as data accessibility and quality improve.

## DNSH – Manufacture of low carbon technologies within AirTech, CM 3.6

Do No Significant Harm analysis:	Which means	Assessment	Analysis
2) Climate change adaptation - The activity complies with the criteria set out in Appendix A	Munters shall conduct a climate risk analysis of physical risks.	Compliant	A climate risk analysis of the assets considered material are being made. The material assets review in 2023 were factory locations. This resulted in an analysis that no location is exposed to an acute natural hazard risk that is not mitigated. The long-term view for each location still needs to be assessed. In addition to this analysis, Munters group has conducted a TCFD analysis, see more information on page 110.
3) Sustainable use and protection of water and marine resources – The activity complies with the criteria set out in Appendix B	Munters should identify and address risks related to water quality and should aim to prevent water stress.	Compliant	Munters aim to gradually reduce water consumption and treat wastewater in our production plants and processes. For more information about Munters' water consumption see page 62. The largest part of Munters operations has no material impact on water. Munters has operations in for example Israel where water is scarce.
4) Transition to a circular economy - The activity assesses the availability of and, where feasible, adopts techniques that support:		Compliant	
(a) reuse and use of secondary raw materials and reused components in products manufactured;	Munters ambition should be to secure a high level of recycling and use of secondary material and components in produced products.	Compliant	<p>We use a common development model in Munters: MPDM, Munters Product Development Model, based on insight into customers' need. We weigh in various sustainability factors early in the process, such as choice of materials, recycling options and energy consumption.</p> <p>For raw materials purchased, such as steel, we support our suppliers who offer recycled content material. However, in many other cases, the content of recyclability of the component or even the ability to purchase used/reused components is highly unlikely due to many factors such as our custom design requirements. For many of our products it is not possible to source reused or secondary material, for example, steel. In those cases we are seeking to work with suppliers that can prove they are working to lower their emissions and reduce their entire carbon footprint.</p>

## DNSH – Manufacture of low carbon technologies within AirTech, CM 3.6 continuing

Do No Significant Harm analysis:	Which means	Assessment	Analysis
(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;	Munters ambition should be that every product shall have an optimized design for high durability, recyclability, ease of disassembly and adaptability.	Compliant	Munters has a life-cycle approach towards all product development. This means that we have a product development stage-to-gate process including a sustainability assessment. The new product needs to be assessed compared to its predecessor, to assess whether it is more or less sustainable. The assessment focuses on each of the 4 stages of the life cycle of the product: raw materials, production, use phase and end-of-life. The criteria to score high on Sustainability are for example reduction of size, light weighting, use of recycled material, minimization of packaging, ease of disassembly and other eco-design principles that aim to minimize the negative impact of the product already at its design phase. It is our goal that each new generation of all products should be more energy-efficient than the previous one.
(c) waste management that prioritises recycling over disposal, in the manufacturing process;	Munters should have a policy that prioritises recycling over disposal in the manufacturing process.	Compliant	We are working to reduce waste and increase recycling rates in our production facilities, through systematic quality improvements. The recycling rate is measured and followed-up every quarter. For more information see page 52.
(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.	When substances of concern are used in manufactured products information and traceability about these should be secured.	Compliant	Munters does not use substances of concern in the manufactured products.
5) Pollution prevention and control – The activity complies with the criteria set out in Appendix C to this Annex.	The company needs to be RoHS-compliant, REACH compliant, Mercury directive compliant, Persistent organic pollutants directive compliant, Ozone depleting substances as well as being able to confirm that the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions.	Compliant	Munters is compliant with all relevant directives. Munters does not use substances of concern in the manufactured products.
6) Protection and restoration of biodiversity and ecosystems – The activity complies with the criteria set out in Appendix D to this Annex.	EIAs needed to be carried out in accordance with Directive 2011/92/EU334.	Compliant	Munters is following the Directive 2011/92/EU334. In 2022 one EIA was conducted in the US as a consequence of the plans of moving to a new production facility in Amesbury in 2024. In 2023 no EIAs were conducted.

### Repair, refurbishment and remanufacturing, CE 5.1

The second economic activity has a significant contribution to the climate change objective and is defined as repair, refurbishment and remanufacturing. This is defined in the taxonomy as repair, refurbishment and remanufacturing of goods that have been used for their intended purpose by a customer (natural or legal person). Munters provides services that are in line with the definition of both repair and refurbishment, where repair of goods means that defects or damage are repaired on the goods so that they regain their full function or that the goods are upgraded or modernized so that they once again meet or exceed the original specifications.

A share of the revenues from the segment Services has been included in the reported value. The reported share represents services related to the equipment included in other economic activities for the AirTech business area, i.e. taxonomy-covered products and solutions within the Industry and Components segments. The included revenue for services is calculated using the same share as taxonomy-covered equipment sales is of total equipment sales within the Industry and Components segments.

#### Technical screening criteria

The part of Munters' repair, refurbishment and remanufacturing business that is covered by the taxonomy is the part that is related to the sale of Munters

products that are considered to be compatible with the taxonomy. By carrying out repair, refurbishment or remanufacturing, Munters extends the product's lifespan and/or ensures high energy efficiency. This is in line with point 1 of the technical screening criteria.

#### Changes in 2022 compared to the reporting in 2021

In 2021, the portion of the Industrial segment within AirTech that sells solutions to customers that manufacture batteries was classified under 3.4, Manufacture of batteries. Here the taxonomy states that the manufacture of batteries or components substantially contributes to climate mitigation.

In 2022, this part was reclassified to 3.6. when life cycle analysis were made of the products sold to the

battery segment. Thus, the products that Munters sells to the battery segment met the technical screening criteria under 3.6.

#### Changes in 2023 compared to the reporting in 2022

In 2023, the service business was reclassified from the environmental objective Installation, maintenance and repair of energy-efficient equipment, CM 7.3 of energy-efficient equipment to climate objective repair, refurbishment and remanufacturing, CE 5.1. The reclassification was made because the economic activity 5.1 was considered to better fit the service business that Munters operates, as the criteria are more detailed and in line with how the business is conducted.



*Business area Data Center Technologies*

**Manufacture of low carbon technologies, CM 3.6**

Within the business area, the products Delta Cube, Oasis and SyCool Split have been included in the manufacturing of other low-carbon technology.

The taxonomy establishes that the manufacture of technology that contributes to significantly reducing greenhouse gas emissions in sectors of the econo-

my that are not included elsewhere in the taxonomy contributes significantly to climate change mitigation. Furthermore, the technical screening criteria specify that such technology must demonstrate significantly lower greenhouse gas emissions over the life cycle compared to commercially available alternative technology.

**Technical screening criteria**

In 2022, Munters performed life cycle analyses of one product within Data Center Technologies, SyCool Split. Through this analysis, Munters was able to determine that this product meets the technical screening criteria. In 2023 further life cycle analysis were conducted of the products DeltaCube and Oasis.

The revenue from sales of SyCool Split has been included in the reported revenues aligned with the

taxonomy. Revenues from sales of the products DeltaCube and Oasis has been included in the reported revenues that are taxonomy-eligible. In 2024 the analysis of Data Center Technologies will be expanded and include an assessment of the products DeltaCube and Oasis related to the technical screening criteria and minimum safeguards with the aim that this share will be taxonomy aligned.

**DNSH – manufacture of low carbon technologies, CM 3.6 Data Center Technologies, CM 3.6**

Do No Significant Harm analysis:	Which means	Assessment	Analysis
<b>2) Climate change adaptation - The activity complies with the criteria set out in Appendix A</b>	Munters shall conduct a climate risk analysis of physical risks.	Compliant	A climate risk analysis of the assets considered material are being made. The material assets review in 2023 were factory locations. This resulted in an analysis that no location is exposed to an acute natural hazard risk that is not mitigated. The long-term view for each location still needs to be assessed. In addition to this analysis, Munters group has conducted a TCFD analysis, see more information on page 110.
<b>3) Sustainable use and protection of water and marine resources - The activity complies with the criteria set out in Appendix B</b>	Munters should identify and address risks related to water quality and should aim to prevent water stress.	Compliant	Munters has a good view of the water usage and we are continuously measuring the water usage from all our factories. We follow local requirements for water preservation in each country where we operate. Within DCT water usage is only for potable and sanitary processes. There are no manufacturing processes that use water.
<b>4) Transition to a circular economy - The activity assesses the availability of and, where feasible, adopts techniques that support:</b>		Compliant	In 2023, DCT added a full Service department for the business area. This department will offer maintenance and upgrades of all installed equipment to ensure installed equipment is run energy efficiency as well as extending the lifetime of the product.
<b>(a) reuse and use of secondary raw materials and reused components in products manufactured;</b>	Munters ambition should be to secure a high level of recycling and use of secondary material and components in produced products.	Compliant	At Munters we have a product development process for the Group that is focused on the life-cycle of the product. This entails looking at and designing with the thought process of the afterlife of our products and the possibilities of reusing or recycling various components.  For raw materials purchased, such as steel, we strongly support our suppliers who offer recycled content material. However, in many other cases, the content of recyclability of the component or even the ability to purchase used/reused components is highly unlikely due to many factors such as our custom design requirements. For many of our products it is not possible to source reused or secondary material, for example, steel. In those cases we are seeking to work with suppliers that can prove they are working to lower their emissions and reduce their entire carbon footprint. DCT R&D and Sourcing are participating in Munters Group projects within these areas. For example, DCT has redesigned the product SyCool Split for EU usage using a lower GWP refrigerant as required in the EU. This will also become mandatory in the US in 2025.
<b>(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;</b>	Munters ambition should be that every product shall have an optimized design for high durability, recyclability, ease of disassembly and adaptability.	Compliant	Munters has a life-cycle approach towards all product development. This means that we have a product development stage-to-gate process including a sustainability assessment. The new product needs to be assessed compared to its predecessor, to assess whether it is more or less sustainable. The assessment focuses on each of the 4 stages of the life cycle of the product: raw materials, production, use phase and end-of-life. The criteria to score high on Sustainability are for example reduction of size, light weighting, use of recycled material, minimization of packaging, ease of disassembly and other eco-design principles that aim to minimize the negative impact of the product already at its design phase. It is our goal that each new generation of all products should be more energy-efficient than the previous one.
<b>(c) waste management that prioritises recycling over disposal, in the manufacturing process;</b>	Munters should have a policy that prioritises recycling over disposal in the manufacturing process.	Compliant	Munters operations is measuring and reporting recycling on a quarterly basis. The reporting is followed-up locally as well as centrally.

## DNSH – manufacture of low carbon technologies, CM 3.6 Data Center Technologies, CM 3.6, continuing

Do No Significant Harm analysis:	Which means	Assessment	Analysis
(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.	When substances of concern are used in manufactured products information and traceability about these should be secured.	Compliant	Munters does not use substances of concern in the manufactured products. Munters Ireland completed their ISO 14001 certification in 2023. Texas will complete their ISO 14001 certification in 2024.
5) Pollution prevention and control – The activity complies with the criteria set out in Appendix C to this Annex.	The company needs to be RoHS-compliant, REACH compliant, Mercury directive compliant, Persistent organic pollutants directive compliant, Ozone depleting substances as well as being able to confirm that the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions.	Compliant	Munters is compliant with all relevant directives. Munters does not use substances of concern in the manufactured products.
6) Protection and restoration of biodiversity and ecosystems – The activity complies with the criteria set out in Appendix D to this Annex.	EIAs needed to be carried out in accordance with Directive 2011/92/EU334	Compliant	Munters is following the Directive 2011/92/EU334. In 2023, Munters Ireland has selected a new site for facility expansion. The industrial park and site selected completed all required environmental impact studies.

### Business area FoodTech

Within business area FoodTech, two economic activities have been included. One economic activity is reported as taxonomy eligible and one economic activity is reported as taxonomy aligned.

#### Manufacture of energy efficiency equipment for buildings, CM 3.5

The first activity relates to the manufacture of energy efficient equipment buildings where the revenue originates from sale of controllers, sensors and

related accessories has been included. The taxonomy states that energy efficient buildings automation and control systems for residential and non-residential buildings substantially contribute to climate change mitigation. FoodTechs controllers, sensors and related accessories are energy efficient products for monitoring and controlling the climate, primarily in livestock farming buildings. Besides being energy efficient in themselves, the products enable customers to increase the overall energy efficiency in their facilities.

This activity includes the acquisition of a 60 per cent share of the company Inobram, a Brazilian based manufacturer of controllers to climate solutions for farms and food-producers. This activity has been included as taxonomy-eligible. It includes controllers and related accessories for the broiler- and swine-segment. They utilize innovative software, sensors and connected solutions in order to provide farmers and food producers the tools needed to improve animal welfare as well as increasing the energy efficiency in their operations.

#### Technical screening criteria

Munters view that FoodTechs range of controllers, sensors and accessories meets the technical screening criteria since besides being energy efficient in themselves, they enable customers to increase the overall energy efficiency in their facilities.

## DNSH – Manufacture of energy efficiency equipment for buildings, CM 3.5

Do No Significant Harm analysis:	Which means	Assessment	Analysis
2) Climate change adaptation – The activity complies with the criteria set out in Appendix A	Munters shall conduct a climate risk analysis of physical risks.	Compliant	A climate risk analysis of the assets considered material are being made. The material assets review in 2023 were factory locations. This resulted in an analysis that no location is exposed to an acute natural hazard risk that is not mitigated. The long-term view for each location still needs to be assessed. In addition to this analysis, Munters group has conducted a TCFD analysis, see more information on page 110.
3) Sustainable use and protection of water and marine resources – The activity complies with the criteria set out in Appendix B	Munters should identify and address risks related to water quality and should aim to prevent water stress.	Compliant	Israel, Tel Aviv, is located in an area where water is scarce. As a consequence, Munters has identified that a special focus on water is needed in this area. In the manufacturing process Munters does not use any water in Tel Aviv. The water consumption in Israel is used for sanitation purposes. Munters aim at gradually reducing water consumption and treat wastewater in our production plants and processes. For more information about our water consumption see page 62.

## DNSH – Manufacture of energy efficiency equipment for buildings, CM 3.5

Do No Significant Harm analysis:	Which means	Assessment	Analysis
4) Transition to a circular economy - The activity assesses the availability of and, where feasible, adopts techniques that support:		Compliant	In Israel we only do assembly of purchased components.
(a) reuse and use of secondary raw materials and reused components in products manufactured;	Munters ambition should be to secure a high level of recycling and use of secondary material and components in produced products.	Compliant	We use a common development model in Munters: MPDM, Munters Product Development Model, based on insight into customers' need. We weigh in various sustainability factors early in the process, such as choice of materials, recycling options and energy consumption. For more information about the MPDM see page 21. The production facility in Tel Aviv is certified according to the ISO standard 14001."
(b) design for high durability, recyclability, easy disassembly and adaptability of products manufactured;	Munters ambition should be that every product shall have an optimized design for high durability, recyclability, ease of disassembly and adaptability.	Compliant	Munters has a life-cycle approach towards all product development. This means that we have a product development stage-to-gate process including a sustainability assessment. The new product needs to be assessed compared to its predecessor, to assess whether it is more or less sustainable. The assessment focuses on each of the 4 stages of the life cycle of the product: raw materials, production, use phase and end-of-life. The criteria to score high on Sustainability are for example reduction of size, light weighting, use of recycled material, minimization of packaging, ease of disassembly and other eco-design principles that aim to minimize the negative impact of the product already at its design phase. It is our goal that each new generation of all products should be more energy-efficient than the previous one.
(c) waste management that prioritises recycling over disposal, in the manufacturing process;	Munters should have a policy that prioritises recycling over disposal in the manufacturing process.	Compliant	We are working to reduce waste and increase recycling rates in our production facilities, through systematic quality improvements. The recycling rate is measured and followed-up every quarter. For more information see page 62.
(d) information on and traceability of substances of concern throughout the life cycle of the manufactured products.	When substances of concern are used in manufactured products information and traceability about these should be secured.	Compliant	Munters does not use substances of concern in the manufactured products.
5) Pollution prevention and control - The activity complies with the criteria set out in Appendix C to this Annex.	The company needs to be RoHS-compliant, REACH compliant, Mercury directive compliant, Persistent organic pollutants directive compliant, Ozone depleting substances as well as being able to confirm that the activity does not lead to the manufacture, presence in the final product or output, or placing on the market, of other substances, whether on their own, or in mixtures or in an article, in a concentration above 0,1% weight by weight (w/w), that meet the criteria of Regulation (EC) No 1272/2008 for one of the hazard classes or hazard categories mentioned in Article 57 of Regulation (EC) No 1907/2006, except if it is assessed and documented by the operators that no other suitable alternative substances or technologies are available on the market, and that they are used under controlled conditions.	Compliant	Munters is compliant with all relevant directives. Munters does not use substances of concern in the manufactured products.
6) Protection and restoration of biodiversity and ecosystems - The activity complies with the criteria set out in Appendix D to this Annex.	EIAs needed to be carried out in accordance with Directive 2011/92/EU334	Compliant	This economic activity only has operations in Israel and operations are not located in a nature conservation area. Munters has not made any amendments to the site during the last year.

### Data-driven solutions for GHG emission reductions, 8.2

The second economic activity related to data-driven solutions for GHG emission reductions where Mtech Systems software solutions have been included. The taxonomy states that software solutions primarily aimed at provision of data and analytics enabling

GHG emission reductions substantially contribute to climate change mitigation. MTech Systems provides solutions for planning and monitoring operations in livestock farming facilities and enables optimizing on a range of parameters, including water and feed usage and waste produced, all of which are drivers of GHG emissions.

### Technical screening criteria

Munters view that Mtech Systems software solutions meet the technical screening criteria since they clearly help customers to reduce their GHG emissions by providing data on the underlying parameters for controlling them.

Revenues from sale of software has been reported as taxonomy-eligible. It is our ambition to expand the analysis to be able to classify this revenue as taxonomy-aligned in the future.

## Capital expenditure

Economic activities	Code	Substantial contribution criteria								Do No Significant Harm criteria (DNSH)						Taxonomy aligned proportion of Capex 2022	Category (enabling activity or)	Category (transitional activity)		
		Absolute Capex	Proportion of Capex	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem				Minimum safeguards	
		(MSEK)	(%)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)				(Yes/No)	(%)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																				
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	135	8%	Y	N	N	N	N	N										3%	E
Manufacture of low carbon technologies	CCM, 3.6	682	40%	Y	N	N	N	N	N										32%	E
Installation, maintenance and repair of energy-efficient equipment	7.3				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	E
<b>Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>817</b>	<b>48%</b>																<b>35%</b>	
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy aligned activities) (A.2)</b>																				
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	49	3%	Y	N	N	N	N	N											
Manufacture of low carbon technologies	CCM, 3.6	76	4%	Y	N	N	N	N	N											
Repair, refurbishment and remanufacturing	CE, 5.1			N	N	N	Y	N	N											
Data-driven solutions for GHG emissions reductions	CCM, 8.2	56	3%	Y	N	N	N	N	N											
<b>Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>181</b>	<b>11%</b>																	
<b>Total A.1. + A.2.</b>		<b>997</b>	<b>59%</b>																<b>51%</b>	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																				
<b>Capex of non-eligible activities</b>		<b>698</b>	<b>41%</b>																	
<b>TOTAL A+B</b>		<b>1,696</b>	<b>100%</b>																	



## Capital expenditure, cont.

Proportion of CAPEX/Total CAPEX		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	48%	11%
CCA		
WTR		
CE		
PPC		
BIO		

### Specification of disclosure – capital expenditure Accounting policy

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

Change in capital expenditures compared to the previous year

Capital expenditures for the taxonomy-eligible business in 2023 compared to 2022 increased mainly as more businesses in Data Center Technologies have been classified as taxonomy-eligible. This is reported in "Manufacture of low carbon technology" (CCM 3.6). Capital expenditures for taxonomy-aligned businesses decreased compared to 2022, as AirTech had higher capital expenditures in 2022 related to the expansion of a production facility in Sweden and the leasing of a new production facility in the Czech Republic.

### Assessment of compliance with Regulation (EU) 2020/852

All reported capital expenditure relates to the same economic activities identified in the turnover section; no further capital expenditure has been added concerning further environmental objectives pursued.

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Business area AirTech

In business area AirTech capital expenditures related to economic activities in 3.6 that are aligned with the taxonomy has been accounted for.

### Manufacture of low carbon technologies, CM 3.6

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Business area Data Center Technologies

In business area Data Center Technologies capital expenditures related to economic activities in 3.6 has been accounted for. The activities are assessed to be partly taxonomy-aligned as well as partly taxonomy-eligible.

### Manufacture of low carbon technologies, CM 3.6

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Business area FoodTech

In business area FoodTech capital expenditures related to economic activities in 3.5 and 8.2 been accounted for. The activities in 3.5 are assessed to be aligned with the taxonomy and the activities in 8.2 are assessed to be eligible with the taxonomy.

### Manufacture of energy efficient equipment for buildings, CCM 3.5

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Data-driven solutions for GHG emission reductions, CCM 8.2

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

## Operational expenditure

Economic activities	Code	Absolute Proportion of Opex		Substantial contribution criteria						Do No Significant Harm criteria (DNSH)						Taxonomy aligned proportion of Opex 2022 (%)	Category (enabling activity or)	Category (transitional activity)	
		(MSEK)	(%)	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem	Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystem				Minimum safeguards
(Unit)				(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(%)	(E)	(T)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (taxonomy-aligned)</b>																			
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	23	7%	Y	N	N	N	N	N								9%	E	
Manufacture of low carbon technologies	CCM, 3.6	100	30%	Y	N	N	N	N	N								25%	E	
Installation, maintenance and repair of energy-efficient equipment	7.3			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8%	E	
<b>Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>123</b>	<b>37%</b>														<b>42%</b>		
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy aligned activities) (A.2)</b>																			
Manufacture of energy efficiency equipment for buildings	CCM, 3.5	6	2%	Y	N	N	N	N	N										
Manufacture of low carbon technologies	CCM, 3.6	24	7%	Y	N	N	N	N	N										
Repair, refurbishment and remanufacturing	CE, 5.1	23	7%	N	N	N	Y	N	N										
Data-driven solutions for GHG emissions reductions	CCM, 8.2	29	9%	Y	N	N	N	N	N										
<b>Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>83</b>	<b>25%</b>																
<b>Total A.1. + A.2.</b>		<b>205</b>	<b>62%</b>														<b>61%</b>		
<b>B. NON-ELIGIBLE ACTIVITIES</b>																			
<b>Opex of non-eligible activities</b>		<b>124</b>	<b>38%</b>																
<b>TOTAL A+B</b>		<b>329</b>	<b>100%</b>																

## Opex, continuing

Proportion of OPEX/Total OPEX		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	37%	18%
CCA		
WTR		
CE		7%
PPC		
BIO		

### Specification of disclosure – operating expenditure Accounting policy

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Change in operating expenses compared to the previous year

Operating expenses for taxonomy-eligible business in 2023 increased compared to 2022. This is mainly due to the fact that additional business in Data Center Technologies were taxonomy-eligible in 2023 compared to 2022. This business is reported in the "Manufacturing of low carbon technology" (CCM 3.6).

### Assessment of compliance with Regulation (EU) 2020/852

All reported operating expenditures are related to the same economic activities reported as reported in turnover; no additional operating expenditure concerning other objectives has been reported.

### Business area AirTech

All reported operating expenditure relates to the economic activities in 3.6 assessed to be aligned with the taxonomy and in 5.1 assessed to be taxonomy-eligible.

### Manufacture of low carbon technologies, CCM 3.6

In this area operating expenditures related to research and development has been reported.

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Repair, refurbishment and remanufacturing, CE 5.1

Within this area, operating expenses related to repair, refurbishment and remanufacturing have been included. This has been determined using the share of compliant revenues identified within relevant areas.

For more information, see: Methods for defining and calculating taxonomy metrics

### Business area Data Center Technologies

The reported operating expenditures are related to economic activities in 3.6 that are assessed to be eligible as well as aligned with the taxonomy.

### Manufacture of low carbon technologies, CCM 3.6

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Business area FoodTech

In business area FoodTech operating expenditures related to economic activities in 3.5 and 8.2 has been accounted for. The activities in 3.5 are assessed to be aligned with the taxonomy and the activities in 8.2 as taxonomy-eligible.

### Manufacture of energy efficient equipment for building, CCM 3.5

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

### Data-driven solutions for GHG emission reductions, CCM 8.2

For more information see the section "Methods to define and calculate key metrics for the taxonomy".

## Minimum safeguards for all activities that are taxonomy-aligned and/or taxonomy-eligible

Munters offers innovative, high-quality and energy-efficient climate solutions to businesses that need a controlled indoor environment.

The framework for Munters' sustainability agenda consists of three parts: Resource efficiency & environment, people & society and responsible business practices. Sustainability is fully integrated into our strategy. During 2023, Munters has had an active dialogue with stakeholders and, among other things, a materiality analysis has been carried out that forms the basis for Munters' sustainability strategy and highlights focus areas going forward and is well aligned with the adopted sustainability policy.

Within resource efficiency & environment, Munters is actively working to reduce water consumption, increase our recycling rate and energy efficiency, and the proportion of electricity from renewable sources. For several years, we have reported on energy efficiency and the share of electricity from renewable sources in production facilities. In 2020, we started monitoring carbon dioxide emissions from our own operations, scope 1 & 2. Since 2021, we have been actively working to map the scope 3 categories that have so far been assessed as the most significant. The scope 3 emissions reported for the year thus do not yet represent 100 percent of the transactions in the selected scope 3 categories. The work on mapping scope 3 will continue in 2024. In our efforts to reduce scope 3 emissions,

Munters will roll out a training program to suppliers in 2024. The program will include workshops and guidance on best sustainable practices. The intention is to give suppliers the knowledge and tools they need to make meaningful changes.

As part of the initiative, Munters will implement environmental action plans together with suppliers to drive them to rethink products and services. These environmental action plans may involve changing packaging, raw materials, modes of transport and more. For more information on how Munters works with resource efficiency & environment, see page 62-67.

Within people & society, we actively work to ensure workplace safety, our community engagement and to increase diversity at Munters. For several years, we have been working purposefully to increase the proportion of employees and leaders who are women. During 2023, we have worked to increase awareness and responsibility among the business areas through more detailed follow-up, reporting structure and measures to increase the proportion of employees and leaders who are women. Among other things, we have continued to educate in Gender Balanced Recruitment, defined and implemented a process to follow up the proportion of female candidates in the recruitment process and appointed a Head of Diversity, Equity & Inclusion (DEI) who leads the development of our initiatives for diversity, equity, inclusion and belonging.

Within responsible business practices, we continuously work to strengthen and educate on business ethics. In the area of human rights, Munters has committed itself to actively working for the right to freedom of association & collective bargaining, prohibition of child labor, forced labor & human trafficking and discrimination & violations. We regularly carry out a risk analysis of our value chain and human rights. In this analysis, we have previously determined that the work with our suppliers is where we have the highest risk and therefore we regularly conduct audits of our direct suppliers and their compliance with our code of conduct. More information on this can be found on page 72. In 2023, a deeper analysis of the value chain and human rights was carried out. An external supplier with expertise in the area conducted a review of different parts of the value chain. The analysis involved a large number of interviews with representatives from different parts of the company together with workshops to better understand the risk picture. Through this analysis, we now have a deeper and clearer picture of the risk picture. This analysis confirmed that the biggest risks are linked to the supplier part of the value chain but also showed that we need to work more actively with customers on human rights. For suppliers, Munters has for several years established processes for evaluating them and a Supplier Code of Conduct that all suppliers

must follow in order to do business with Munters. A plan has been developed to strengthen the work in the coming years, including the development of a Customer Code of Conduct in 2024, in addition to the existing Supplier Code of Conduct and Munters Code of Conduct.

We are actively working with anti-corruption and have various governing documents in place in this area as well as plans for preventing corruption and follow-up. In 2023, the recruitment of a Global Compliance and Risk Specialist, Anti-bribery and corruption was started in order to strengthen the global focus on issues related to responsible business practices. We do not tolerate corruption, bribes or unethical business practices in any form. Munters follows the OECD Transfer Pricing Guidelines for Multinational Enterprises. For these, we have plans to ensure that we comply with the guidelines and follow-up.

Munters complies with several guidelines and principles related to our sustainability work. More information about these governing documents can be found on page 76.

In view of Munters' overall work on sustainability, Munters considers that its operations are aligned with the taxonomy's minimum safeguards.

"A good foundation for continued profitable growth"

## 05 Corporate governance



# Comments from the Chairman of the Board

Dear Fellow Shareholders,

It is with great satisfaction that I address you this year, reflecting on a year marked by significant progress, strong results and on the work to build a foundation for sustainable, long-term growth for Munters. I am incredibly proud of the dedication and resilience demonstrated by our management team and employees across the globe.

We operate in a very dynamic or even turbulent environment and 2024 promises to be exceptionally difficult to navigate with multiple warzones, increasing regional conflicts, accelerating technical developments and global trade challenges. Furthermore, half the world population will vote this year offering yet another dimension of uncertainty. Despite these challenges and in view of the many opportunities available to us, we are confident in Munters continued growth journey.

Between 2017 and 2020 a new ownership structure, with a longer-term focus, came into place, a new management team was appointed and a modified strategy was set. Since then, the company has delivered on many of the key priorities such as; profitable growth of the Data center business, improved innovation capability, better customer focus, expanded capabilities in among other things the rapidly growing food-tech software business and increased production capacities as well as developing stronger and deeper management teams worldwide. This has allowed us to accelerate growth and improve profitability in prioritized areas. Furthermore, our renewed focus on

more sustainable solutions has resulted in significantly reduced Scope 1 and 2 emissions as well as a strong focus and commitment from the whole organization to making Munters a truly sustainable company.

Throughout the year the Board of Directors engaged in many discussions around how to secure a consistently higher level of profitable growth. This included investments in selected areas to create a solid platform for long-term growth, many acquisitions as well as portfolio optimization and capital allocation decisions. Examples include the significant expansion of production capacities in Virginia, Massachusetts and the Czech Republic as well as acquisitions in the US, Europe, South America and not least in India. We have also committed significant investments to improve our CO<sub>2</sub> footprint with green energy and more energy efficient machines and manufacturing facilities.

In 2023 artificial intelligence (AI) has been a strategic focus for the Board of Directors, we have actively challenged and supported management in harnessing the power of AI to optimize processes, reduce cost, enhance decision-making, and drive innovation while

minimizing the inherent risk with these technologies. The initiatives undertaken here will expand further in 2024.

Beyond boardroom discussions, we believe in experiencing our operations firsthand. During the year we visited key facilities to foster a deeper understanding of Munters challenges and successes as well as in getting to know our employees. Also, employees from various parts of the company have been invited to board meetings to present and connect with board members individually. This connection allows us to make informed decisions on succession, to develop our talented people further and ultimately in ensuring that they can drive execution of our overall strategy. We have supported management to invest in robust training programs, succession planning processes and talent acquisition initiatives, ensuring our workforce possesses the skills and knowledge required to navigate the rapidly evolving global landscape. One example of initiatives from the year is the partnership with the recruitment company CoGig, which has a special program developed for young female engineers. With this focus on talent development, we are

seeking to create leadership teams that are more globally inclusive and with a wide range of international and cultural perspectives and experiences that reflect the diversity of our workforce and customer base.

Munters is exposed to very strong underlying market trends, such as digitalization and electrification, which will continue to support rapid growth. We are certain that Munters strong focus on sustainability will lead to a more resilient, responsible, and profitable business that is prepared for and embraces the future in for example Data Center Technologies, Digital Solutions in FoodTech and our Airtech solutions in battery production.

On behalf of the Board of Directors, I want to thank our passionate employees, our customers, and other stakeholders for their support. I also want to thank our board for their engagement and energy.

We are excited about the year ahead.

**Magnus Nicolin**  
Chairman of the Board

# Corporate governance at Munters Group

## Shareholders

The right of the shareholders to decide on Munters' affairs is exercised at the Annual General Meeting (AGM). Shareholders who are recorded in the share register on the record date and have registered for the AGM within the time indicated in the notice to attend have the right to participate in the AGM, in person or by proxy.

## Nomination Committee

The Nomination Committee is charged with preparing and submitting proposals before the AGM on behalf of the shareholders for the election of the Chairman of the AGM, election of the Chairman of the Board and other Board members, election of the auditors, and fees to the auditors and to the Board. In addition, the Nomination Committee assesses the independence of Board members in relation to the company and major shareholders. The company's Audit Committee assists the Nomination Committee with the proposal for the election of the auditors, and the Nomination Committee's proposals to the General Meeting for auditors' elections contain the Audit Committee's recommendation.

## Board of Directors

The Board is responsible for Munters' organization and management of Munters' affairs. Under the company's Articles of Association, Munter's Board of Directors shall consist of at least three and no more than ten members elected by the AGM. The Board members are elected annually by the AGM for the period until the conclusion of the next AGM.

The Chairman of the Board of Directors leads and oversees the work of the Board, ensuring that activities are conducted efficiently. The Chairman also ensures that the Swedish Companies Act and other applicable laws and

regulations are observed, and that the Board receives the training it needs to improve its knowledge of Munters. The Chairman monitors operations in close dialogue with the CEO, conveys opinions from shareholders to other Board members, and serves as spokesperson for the Board. The Chairman of the Board is responsible for other Board members receiving sufficient information to perform their work effectively, and for ensuring that the Board's decisions are implemented. The Chairman of the Board is also responsible for the Board's annual evaluation of its work.

## Board committees

The Board of Directors currently has three committees: the Audit Committee, the Remuneration Committee and the Investment Committee. The members of the committees are appointed from among the Board of Directors for a period of one year. Reports to the Board on issues addressed at committee meetings are submitted either in writing or verbally.

The work of each committee is performed in accordance with the instruction from the Board. Minutes of committee meetings are provided to all Board members.

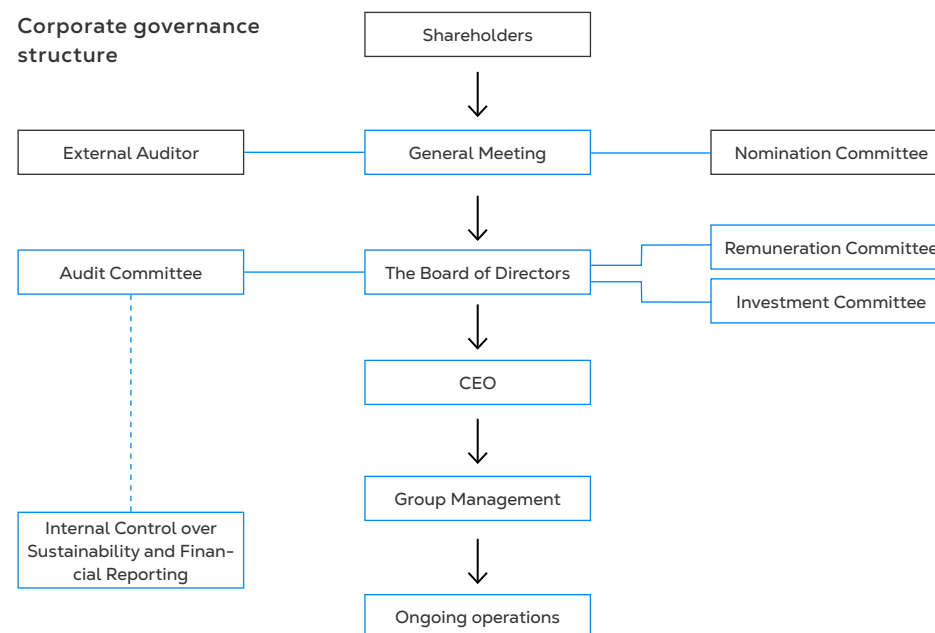
### The Audit Committee

The main tasks of the Audit Committee are to ensure that the Board of Directors fulfills its supervisory duty in relation to internal control, auditing, financial risk management, financial and sustainability reporting, to prepare matters concerning the procurement of auditing and other services from the auditor; and to prepare certain accounting and auditing matters to be resolved by the Board.

### The Remuneration Committee

The Remuneration Committee prepares the Board's decisions on proposals for guidelines

## Corporate governance structure



for remuneration to senior executives. The committee represents the Board in managerial and succession planning as well as leadership development.

### The Investment Committee

The Investment Committee assists the Board of Directors by monitoring material strategic initiatives that are important to the Group's value creation. In addition, the Investment Committee approves and supports the Board and the company's management in material contractual processes.

### CEO and Group Management

The Board of Directors appoints the President and CEO. The CEO is responsible for day-to-day management according to the Board's instructions as well as for taking all necessary measures to ensure that the organization and

the control of the company's accounts comply with current rules and regulations. The CEO also prepares all necessary information and supporting documentation for Board meetings and, if requested by the Chairman of the Board, summons the meeting.

The CEO reports at Board meetings and submits motivated proposals for resolution by the Board. The CEO is assisted by a Group Management comprised of the heads of the business areas and staffs.

### Auditors

The AGM appoints the auditors, who review the annual report, accounts, consolidated financial statements, the Board's and the CEO's management, and the annual reports and accounts for subsidiaries, in addition to issuing the Audit Report.

# Corporate Governance Report 2023

Munters Group AB is a Swedish public limited liability company listed on Nasdaq Stockholm's Large Cap list. The corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code ("the Code"). Munters did not breach any of the rules of the Code in 2023. The auditors have reviewed the report, and the statement from the auditors can be found on page 154.

## 2023 Annual General Meeting

The Annual General Meeting (AGM) for 2023 was held on May 17, 2023 at Munters' headquarters. According to the voting list, approximately 78.7% of the votes were represented. The meeting was held in Swedish. Complete information on the 2023 AGM and the minutes can be found on the Munters website, [www.munters.com](http://www.munters.com).

The issues resolved by the AGM included the following:

- Dividend in accordance with the Board's proposal of SEK 0.95 per share.
- Discharge of the Board members and the CEO from personal liability for the administration of the company in 2022.
- Remuneration to the Board of Directors.
- Re-election of Board members Magnus Nicolin, Helen Fasth Gillstedt, Maria Håkansson, Kristian Sildeby, Anders Lindqvist and Anna Westerberg.
- Election of Sabine Simeon-Aissaoui as a new Board member.
- Re-election of Magnus Nicolin as the Chairman of the Board.
- Remuneration to the auditors according to approved invoices.

- Compensation guidelines for senior executives.
- Approval of the Board's remuneration report.

## 2024 Annual General Meeting

The 2024 Annual General Meeting will be held on March 21, 2024. For further information on the 2024 AGM, refer to page 162 and the Munters website, [www.munters.com](http://www.munters.com).

## Nomination Committee for the 2024 AGM

The Nomination Committee for the AGM shall be composed of representatives of the four largest shareholders by votes as listed in the share register maintained by Euroclear Sweden AB as of August 31 of each year.

The Chairman of the Board shall serve as a co-opted member of the Nomination Committee and also convene its first meeting. The member representing the largest shareholder by votes shall be appointed Chairman of the Nomination Committee. The Chairman of the Nomination Committee shall have the deciding vote in a tie.

The composition of the Nomination Committee shall be announced no later than six months prior to the meeting. Changes in the composition of the Nomination Committee

shall be made public immediately. No remuneration shall be paid to the members of the Nomination Committee. Any necessary expenses for the Nomination Committee's work shall be paid by the company. The Nomination Committee's term extends until the composition of the next Nomination Committee has been announced.

The reasoned statement of the Nomination Committee for the 2023 AGM states that in preparing its proposal for the Board of Directors, the Nomination Committee has applied Rule 4.1 of the Code as a diversity policy. The goal of the policy is that the Board, given the company's operations, stage of development and conditions in general, shall have an appropriate composition marked by diversity and breadth in terms of the competence, experience and background of the members elected by the AGM, and shall promote gender parity. The 2023 AGM resolved to elect the Board members proposed by the Nomination Committee.

From the time it was constituted up until the submission of the Annual Report, the Nomination Committee has held eight recorded meetings.

## Nomination Committee for the 2024 AGM

Name	Elected by	Holding per 16 February 2024
Magnus Fernström	FAM AB	28.0%
Cecilia Grip	Swedbank Robur Fonder	6.3%
Mats Larsson	First Swedish National Pension Fund	5.8%
Philip Mesch	ODIN Fonder	5.6%

## Board of Directors 2023

Munter's articles of association were adopted at the AGM on May 17, 2023 and contain no special provisions on the appointment and dismissal of Board members or on revisions to the articles of association. For the complete articles of association, refer to the Munters website.

At the 2023 AGM, seven Board members were elected, four of whom are women and three men. Under Swedish law, the trade unions have the right to representation on the Board and they were represented in 2023 by two members and one deputy.

The CEO and the CFO and Group Vice

President of Munters report at the Board meetings. Other members of Group Management present at the Board's meetings on specific issues.

### Board activities

The duties of the Board of Directors are set forth primarily in the Swedish Companies Act and the Code. Board activities are also governed by the rules of procedure adopted annually by the Board. The rules of procedure govern the delegation of work and responsibility between the members of the Board, the Board's committees, the Chairman of the Board and the CEO. The instructions for the CEO also contain instructions for financial reporting.

The tasks of the Board include adopting strategies, business plans and targets; issuing interim reports and year-end financial statements; managing risks; and setting policies

and guidelines. For a complete list of adopted policies, see page 76. The Board also monitors economic developments, ensures the quality of financial reporting and the internal controls, and evaluates the Group's operations based on the targets and guidelines set by the Board. Moreover, the Board is responsible for appointing the CEO. The Board also decides on major investments as well as organizational and operational changes.

The CEO gives a presentation on business development at ordinary Board meetings. The auditor briefs the Board, including on the auditor's report. The auditor also meets with the Board without management present. The company meets the requirements of the Code in that a majority of the members elected by the AGM are independent of the company and company management, and that at least two of them are independent of the company's largest shareholders. An evaluation is con-

ducted each year to ensure the quality of the Board's work and to identify any need for additional competence or experience. The Chairman of the Board is responsible for conducting the evaluation and that it is provided to the Nomination Committee. At the request of the Nomination Committee, the Board members shall take part in interviews with the Nomination Committee to facilitate the evaluation. In 2023, a traditional external evaluation of the Board's work was conducted. The results of the interviews and the Board evaluation have been reported to the Board and the Nomination Committee.

### Audit committee

The recurring items on the agenda of the Audit Committee's meetings are accounting issues, quarterly reports, the annual report and consolidated financial statements, sustainability report as well as ongoing reporting from the Group

function Internal Control, legal requirements, risk management and reports from the auditor. In addition, the Audit Committee monitors the impartiality and independence of the auditor, evaluates the audit work, and discusses the collaboration between the auditor and the company's internal control function. The Audit Committee also assists the Nomination Committee in preparing nominations for auditor and proposals in respect of audit fees by submitting recommendations to the Nomination Committee. During the period between two consecutive AGMs, the Audit Committee is required to hold at least five meetings, normally in conjunction with the ordinary meetings of the Board of Directors.

### Remuneration committee

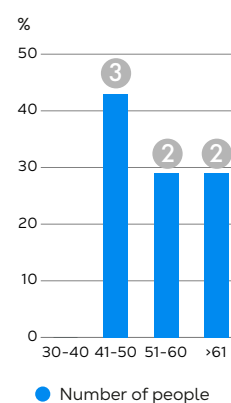
The task of the Remuneration Committee is to prepare issues relating to compensation for the CEO and Munters' other senior executives.

## Composition of the Board of Directors

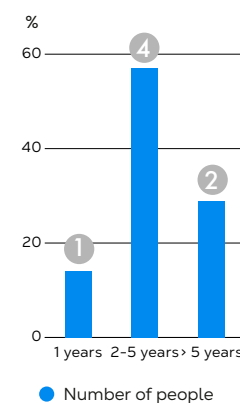
Name	Attendance			
	Board meetings	Audit Committee	Remuneration Committee	Investment Committee
Magnus Nicolin, Chairman of the Board	13/13		6/6	7/7
Kristian Sildeby	13/13	5/5	6/6	7/7
Håkan Buskhe <sup>(1)</sup>	5/5			
Anna Westerberg	12/13			7/7
Helen Fasth Gillstedt	12/13	5/5		
Maria Håkansson	12/13	5/5		
Sabine Simeon Aissaoui <sup>(2)</sup>	7/8			5/5
Anders Lindqvist	13/13		6/6	
Robert Wahlgren <sup>(3)</sup>	13/13			
Simon Henriksson <sup>(3)</sup>	13/13			
Tor Jansson <sup>(1,3)</sup>				
Linus Morell <sup>(2,3)</sup>	8/8			

1. Resigned at the Annual General Meeting 2023
2. Elected at the Annual General Meeting 2023
3. Employee Representatives

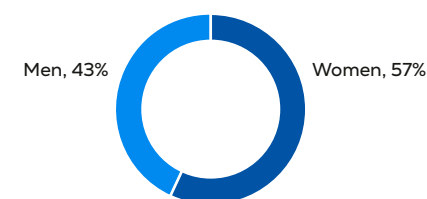
### AGE DISTRIBUTION



### TIME ON THE BOARD



### GENDER DISTRIBUTION



Footnote: Based on board members elected at the Annual General Meeting as of the measurement date, December 31, 2023.



## Board meetings 2023

During 2023, the board held 13 meetings. Below is an overview of the most important issues addressed at these meetings.

	January	February	March	April	May	June	July	August	September	October	November	December
<b>Board meetings</b>	<ul style="list-style-type: none"> <li>Report from the board's committees</li> <li>Board evaluation</li> <li>Evaluation of CEO</li> </ul>	<ul style="list-style-type: none"> <li>Decision on dividend proposal for the fiscal year 2022</li> <li>Approval and publication - year-end report (Q4 report)</li> <li>Report from the board's committees</li> </ul>	<ul style="list-style-type: none"> <li>Deep dive - DCT's strategic agenda</li> <li>Review - strategic agenda service</li> <li>Report from the board's committees</li> <li>Approval of the annual and sustainability report 2022</li> </ul>	<ul style="list-style-type: none"> <li>Decision on the summons and proposal for the AGM</li> <li>Approval and publication - Q1 report</li> <li>Report from the board's committees</li> </ul>	<ul style="list-style-type: none"> <li>AGM</li> <li>Approval of revised policies</li> <li>Election of members to the board's committees</li> <li>Decision on the board's working procedures and the committees' working orders</li> <li>Deep dive - AirTech's strategic agenda</li> <li>Report from the board's committees</li> </ul>		<ul style="list-style-type: none"> <li>Approval and publication - Q2 report</li> <li>Report from the board's committees</li> <li>Decision on strategic review in FoodTech</li> </ul>	<ul style="list-style-type: none"> <li>Review of employee issues and succession plans</li> <li>FoodTech update delivery on strategic agenda</li> <li>Report from the board's committees</li> </ul>	<ul style="list-style-type: none"> <li>Factory visit to Hodonin, Czech Republic. Deep dive into AirTech and EMEA</li> </ul>	<ul style="list-style-type: none"> <li>Approval and publication - Q3 report</li> <li>Report from the board's committees</li> </ul>	<ul style="list-style-type: none"> <li>Business plan review</li> <li>Report from the board's committees</li> </ul>	
<b>Audit committee</b>		<ul style="list-style-type: none"> <li>Whistleblower cases</li> <li>Year-end report</li> <li>Annual report</li> </ul>		<ul style="list-style-type: none"> <li>Whistleblower cases</li> <li>Q1 report</li> <li>Audit plan 2023</li> <li>ESG</li> <li>Financing and liquidity</li> <li>Tax update</li> </ul>			<ul style="list-style-type: none"> <li>Whistleblower cases</li> <li>Q2 report</li> <li>EU Taxonomy</li> <li>Digital projects</li> <li>Insurance update</li> </ul>		<ul style="list-style-type: none"> <li>Whistleblower cases</li> <li>Q3 report</li> <li>ESG, risk &amp; compliance</li> <li>Statutory audit follow-up</li> <li>AI governance</li> </ul>		<ul style="list-style-type: none"> <li>Whistleblower cases</li> <li>Annual Report, IAC, ERM, Internal Control</li> <li>Recommendations to the Nomination Committee</li> <li>Financial manual</li> <li>Review of policies and instructions</li> <li>Evaluation of the committee's work</li> </ul>	
<b>Investment committee</b>			<ul style="list-style-type: none"> <li>M&amp;A financing</li> <li>M&amp;A pipeline</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;A projects</li> </ul>		<ul style="list-style-type: none"> <li>M&amp;A projects</li> <li>Strategic review Food-Tech</li> </ul>		<ul style="list-style-type: none"> <li>M&amp;A projects</li> </ul>		<ul style="list-style-type: none"> <li>Initiation of the expansion in Amesbury, USA</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;A projects</li> </ul>	
<b>Compensation Committee</b>	<ul style="list-style-type: none"> <li>Performance and executive remuneration reviews</li> </ul>	<ul style="list-style-type: none"> <li>Status on active LTI-programs</li> <li>Remuneration report</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration guidelines 2023</li> <li>Remuneration report 2022</li> </ul>					<ul style="list-style-type: none"> <li>Generative AI impact on people strategy</li> </ul>		<ul style="list-style-type: none"> <li>LTIP &amp; STI/PP</li> <li>Program &amp; target setting 2024</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration guidelines 2024</li> <li>Executive performance review MGM &amp; CEO</li> </ul>	

The Remuneration Committee proposes guidelines for, among other things, the breakdown between fixed and variable compensation and the relationship between results and compensation, the principal conditions for bonuses and incentive schemes, conditions for other benefits, pensions, termination, and severance pay. The Committee also prepares proposals for individual compensation packages for the CEO and decides on individual compensation packages for other senior executives. Furthermore, the Remuneration Committee monitors and evaluates the outcome of variable compensation schemes and Munters' compliance with the compensation guidelines adopted by the Annual General Meeting, in addition to preparing the report that the Board signs off on and submits to the AGM for approval. See also "Remuneration guidelines for senior executives."

#### Investment Committee

The Investment Committee assists the Board of Directors by monitoring and steering material strategic initiatives that are important to the Group's value creation and by supporting the company's management in this respect, as well as drafting proposals for material strategic initiatives and projects for the Group. Additionally, the Investment Committee approves, as well as supports the Board and management in, the process for control and review of the company's contracts. The Investment Committee's work can largely be divided into:

- Large customer contacts
- Mergers and acquisitions in general as well as strategic alliances; and
- Other strategic initiatives of a material strategic nature where capex exceeds the CEO's authorization limit.

The Investment Committee is convened as needed to fulfill its duties.

#### External auditor

Ernst & Young AB has been Munters' auditor since 2010, and Andreas Troberg, authorized public accountant and member of FAR (the professional institute for authorized public accountants in Sweden), has been auditor-in-charge since 2023. Prior to Munters' 2021 AGM, a call for tenders was issued and Ernst & Young AB was re-elected at the AGM as auditor for a term of four years, through the AGM 2025.

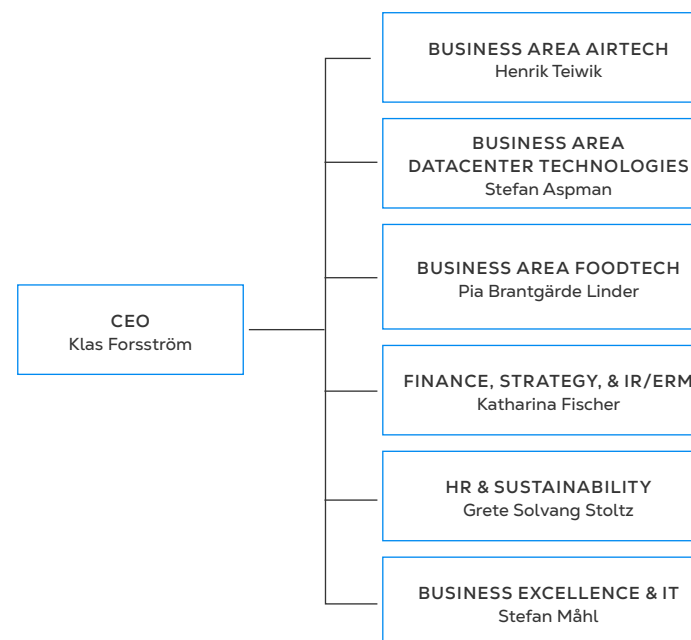
#### CEO and Group Management

Group Management consisted in 2023 of the CEO, CFO and Group Vice President, three business area Presidents and two Group Vice Presidents responsible for the central functions Business Excellence and HR & Sustainability. Group Management holds monthly meetings focusing mainly on the Group's strategic and operational development and performance. A number of reviews and progress reports on business development were also presented, covering major orders, potential acquisitions, risk management, etc. Munters' organization is distinguished by a decentralized approach where a large share of responsibility and authority is delegated to each business area and subsidiary. Every legal entity, which does not necessarily reflect the operating activities, has a board of directors focusing on compliance, among other things.

#### Changes to Group Management in 2023

On November 9, 2022, Munters announced that Annette Kumlien, CFO and Group Vice President, would leave Munters in Q2 2023 and that the recruitment of a new CFO had been initiated. Katharina Fischer took over the position of CFO and Group Vice President on September 5, 2023.

## Group Structure



# Internal control over financial reporting

Internal control ensures clarity and consistency, and that what has to be done is done as intended. Internal control is the collective term for the organization and the systems, processes and routines that contribute to this. Munters has an internal control function whose purpose is to support management so that it can continuously ensure good internal control over financial reporting. The work conducted through this function is primarily focused on ensuring compliance with directives and guidelines and creating good conditions for control activities in key processes related to the financial reporting. The Audit Committee is regularly informed of the results of the work performed by the internal control function within Munters with regard to risks, control activities and monitoring of the financial reporting. The Audit Committee reports to the Board on a regular basis. In addition, the internal control function maintains good communication with the external auditors.

Munters' internal control over financial reporting is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework covers five main areas: control environment, risk assessment, control activities, information and communication, and monitoring.

## Control environment

Internal control is shaped by the overall control environment. The Board of Directors is responsible for establishing an effective system of internal control and supervising the work through the CEO. Group Management sets the tone for the business and influences employees' awareness with respect to control. One condition for a strong control environment is that there are clearly defined values in terms of ethics and integrity, and that they are communicated through governing documents such as policies, guidelines, manuals and codes.

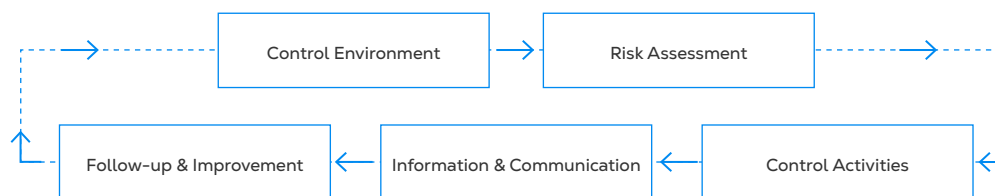
The Group staff function Internal Control serves as the Group's internal audit function and debriefs the Audit Committee. The function works on developing, improving and safeguarding the internal control over financial reporting in the Group. Partly this is done proactively with a focus on the internal control environment and partly it is done by reviewing how well the internal control is working.

## Risk assessment

A risk assessment is conducted on a yearly basis pursuant to the Group's risk management policy. The purpose is to identify, document and quantify the consequences and probability of events that would prevent Munters from achieving its objectives.

The Enterprise Risk Management (ERM) framework is an integral part of Munters' overarching management system consisting

## Munters control environment



of various policies. The purpose of the ERM framework is to strengthen governance by integrating risk management with the design and implementation of Munters' strategy. The ERM framework is designed to identify and manage existing risks in order to reach the company's strategic goals. The framework provides methods to identify and evaluate risks. In addition, the ERM process ensures that Group Management and the Board share a common understanding of Munters' risk tolerance in relation to the company's goals.

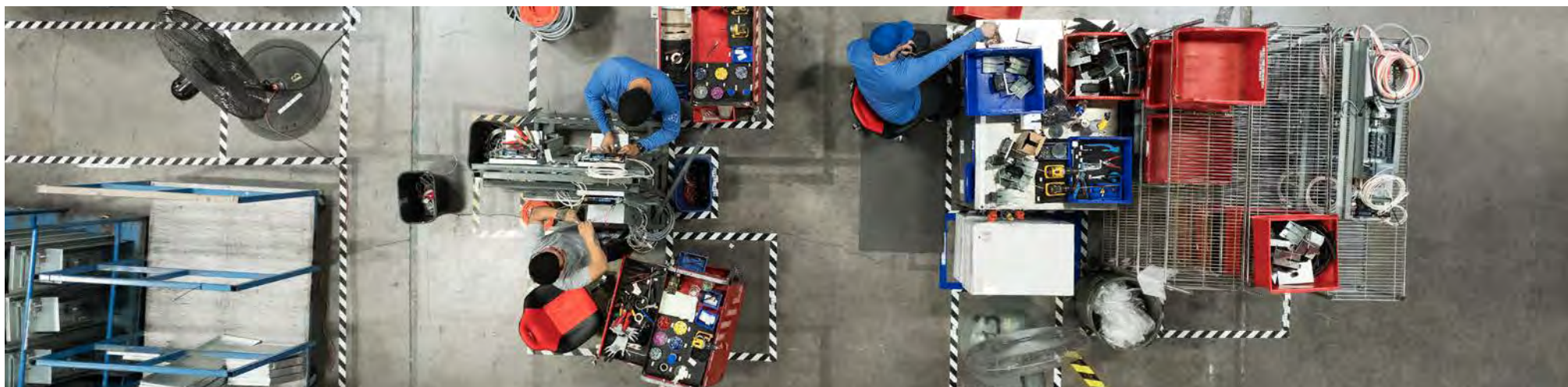
## Risk responsibility

The ERM function is responsible for implementation of the ERM strategy and ERM activities at the Group level. Responsibility for the company's primary risks is delegated among members of Group Management, and each line manager is responsible for managing the risks that arise within their respective area of responsibility. Those responsible for each

Group function and business area appoint one or more risk owners to implement the risk work within the unit. The CFO and Group Vice President is responsible for oversight of the ERM, and the Board of Directors and the Audit Committee are responsible for monitoring the effectiveness and appropriateness of the ERM. For more information on Munters' risk work, refer to pages 108–112 and Note 3.

## Control activities

Controls have been designed based on identified risks to prevent, detect and correct errors and discrepancies. Controls take place partly at the transaction level, partly as Group controls and partly as general IT controls. Control activities are carried out throughout the organization, at every level and for every function. Transaction-based controls, which can be either manual or automated, are performed to manage the risk of errors in the financial reporting. Examples of such controls include



reconciliations and analyses. Company-wide controls are intended to, among other things, ensure that payment approval instructions, authorizations and responsibilities in connection with credit financing are followed. Examples of general IT controls include change management, back-up routines and authorizations. The company's CFO and Group Vice President is responsible for ensuring that identified risks relating to the financial reporting at the Group level are addressed. In each reporting entity, the accounting staff is responsible for putting the necessary control activities in place and ensuring that the accounting records and financial statements are correct and accurate. Global controllers and finance directors in each legal entity update forecasts and conduct performance analyses. All business areas present their financial results in written monthly reports to the CEO and the CFO and Group Vice President, who in turn present them to Group Management.

Since 2019, the internal control function conducts and coordinates evaluation activities through Munters' internal control system, where the subsidiaries on a quarterly basis

report back on whether key controls have been performed in accordance with Munters' risk and control framework.

After preparations in 2019, a project was launched in 2020 to increase efficiency through linked processes and information flows. This project continued in 2023. The ambition is to develop and strengthen the practices necessary to build a leading value chain and processes.

#### Information and communication

Munters has information and communications channels to ensure that information is identified, collected and communicated in a way and within a time frame that enables employees and managers to perform their tasks. Reporting instructions and accounting guidelines are conveyed to affected employees through monthly newsletters and quarterly teleconferences. The Group uses a common system for reporting and consolidation of financial information.

Governing documents – in the form of policies, guidelines and manuals for the financial reporting – are communicated primarily via the

intranet and the Group's financial handbook, and updated as needed. Information for external parties is communicated on the Munters website together with other news and press releases. Quarterly reports are published and complemented by presentations and investor meetings. The Annual Report is provided to shareholders and other stakeholders through publication on the Munters website and in a printed version upon request.

#### Monitoring

Control activities are routinely monitored and tested throughout the year to ensure that the risk has been taken into account and is satisfactorily managed. The testing is conducted by employees who are not involved in performing the controls and have the competence to evaluate the controls. Failed controls must be addressed, which means that actions must be taken and implemented to correct deficiencies. Reports are presented to the Audit Committee twice a year, and the Audit Committee in turn reports regularly to the Board.

The Board of Directors has ultimate responsibility for all decisions regarding com-

pliance within Munters. The Board reviews and approves internal control policies on a yearly basis. If needed, reviews and approvals are more frequent.

Each division manager is ultimately responsible for the financial information for their division. The information is followed up at the business area level by Group Management and, lastly, by the Board of Directors. Munters' financial position, strategies and investments are discussed at every Board meeting. The Board is also responsible for monitoring the internal control. This work includes ensuring that measures are taken to address any deficiencies, as well as following up on proposed measures that are pointed out in conjunction with the external audit.

#### Assessment of the need for a separate internal audit function

Munters has no internal audit function, as it is the Board's opinion that the company's internal organization and monitoring processes fill this function in a satisfactory manner. For certain special audits, outside expertise can also be utilized.



# Board



## MAGNUS NICOLIN

*Chairman of the Board since May 2022.  
Chairman of the Remuneration Committee.  
Member of the Investment Committee.*

**Born** 1956

**Education:** MBA, Wharton – University of Pennsylvania, BSc, Stockholm School of Economics

**Current assignments/positions:** Board member of FAM AB and Billerud AB.

**Selected previous assignments:** CEO of Ansell Limited, 2010–2021 – Ansell is an Australia-listed company and the global no. 1 provider of personal protective equipment (PPE), President, Europe, Middle East, Africa, and Asia Pacific of Newell Rubbermaid Inc. 2006–2010, CEO of Esselte Business Systems Inc 2002 – 2006 following a leveraged buy-out which he led together with a Boston based PE company, Senior positions in Bayer AG, Pitney Bowes Inc., and McKinsey & Company. Advisor to several PE firms and Board assignments on multiple global boards, such as Ansell, Esselte, Isaberg–Rapid, and Primix.

**Holding in Munters Group AB:** 20,000 shares, call options corresponding to 267 522 shares

**Independent** in relation to the Company's major shareholders: No

**Independent** in relation to the Company and Group Management: Yes



## HELEN FASTH GILLSTEDT

*Board member since 2017.  
Chairman of the Audit Committee.*

**Born** 1962

**Education and professional experience:** M.Sc. in Finance & Control and International Business, Stockholm School of Economics. Studies in Sustainable Development, Stockholm Resilience Center at Stockholm University and KTH Royal Institute of Technology. Over twenty years of experience in senior positions at Statoil and SAS Group.

**Other current assignments/positions:** Board member of Handelsbanken Fonder AB and its representative on nomination committees, PowerCell Group AB, Sortera AB.

**Selected previous assignments:** Board member of Storytel AB, Viva Wine Group AB, Samhall AB, Humana AB, AcadeMedia AB, Lindorff Group AS, Swedesurvey AB, Svefa Holding AB, Intrum AB.

**Holding in Munters Group AB:** 5,000 shares.

**Independent** in relation to the Company and Group management as well as the company's major shareholders.



## MARIA HÅKANSSON

*Board member since 2022.  
Member of the Audit Committee.*

**Born** 1970

**Education and professional experience:** Master of Economics and Business Administration, Stockholm University. CEO Swedfund International. Extensive experience within sustainable investments and from a variety of global senior positions at Ericsson, with solid knowledge of digitalisation, business models, finance, and the sale of systems and services.

**Other current assignments/ positions:** CEO Swedfund International, board member Global Impact Investing Network, USA (GIIN), board member European Development Finance Institutions (EDFI).

**Selected previous assignments:** Vice President Internet of Things (IoT) Ericsson; Vice President Ericsson Commercial Management Northern Europe & Central Asia Ericsson; CFO Ericsson Nordics & Baltics, Business Unit Controller Ericsson Global Services; board member Lindholmen Science Park.

**Holding in Munters Group AB:** 3,000 shares

**Independent** in relation to the Company and Group management as well as the company's major shareholders.



## ANDERS LINDQVIST

*Board member since 2022.  
Member of the Remuneration Committee.*

**Born** 1967

**Education and professional experience:** Mechanical engineer and university-level studies in marketing; Marine Officer. President and CEO of Piab Group AB 2013 – 2019, Divisions Director for Atlas Copco 2007 – 2013, President of Atlas Copco China 2006 – 2007, President of Atlas Copco Nordic 2004 – 2006, different positions, Atlas Copco 1989–2004.

**Other current assignments/positions:** President and CEO, Mycronic AB (publ), chairman of the board of Dafo Vehicle Fire Protection AB, board member of Gunnebo Holding AB.

**Selected previous assignments:** Board member of Norican A/S.

**Holding in Munters Group AB:** 3,000 shares

**Independent** in relation to the Company and Group management as well as the company's major shareholders.



**KRISTIAN SILDEBY**

*Board member since 2017.*  
*Member of the Audit Committee, Remuneration Committee, and Investment Committee.*

**Born 1976**

**Education and professional experience:** MSc in Business Administration, Stockholm School of Economics. Former Investment Manager at FAM AB, Vice President, and Head of Finance and Risk Management at Investor AB.

**Other current assignments/positions:** Investment Director & Deputy CEO at FAM AB, Chairman of 82an Invest AB, Board member of Höganäs AB, Kivra AB, Nefab Holding AB, and Spendrups Bryggeri AB.

**Selected previous assignments:** Board member of Peltarion AB.

**Holding in Munters Group AB:** 12,000 Shares.

**Independent** in relation to the Company and the company management, but not to the Company's major shareholders.



**SABINE SIMEON-AISSAOUI**

*Board member since 2023.*  
*Member of the Investment Committee.*

**Born 1973**

**Education and professional experience:** Master of Science in Mechanics and Industry from Université de Strasbourg; extensive experience from different markets and senior positions in Schindler Group and Sematic Group.

**Latest assignments/positions:** Executive Vice President & Head of Global Product Line Management and Global Escalator for TK Elevator GmbH.

**Selected previous assignments:** Head of Supply Chain Europe and Deputy President Global Supply Chain – Elevator and Escalator Business for Schindler Group; Chief Operating Officer – Elevator Components Business, Asia-Pacific for Sematic Group; Vice President, Operations – Elevator Components Business, Asia-Pacific for Sematic Group.

**Holding in Munters Group AB:** -

**Independent** in relation to the Company and Group management as well as the company's major shareholders.



**ANNA WESTERBERG**

*Board member since 2020.*  
*Chairwoman of the Investment Committee.*

**Born 1975**

**Education and professional experience:** MSc, Industrial Engineering and Management, Chalmers University of Technology, Göteborg. Several years of experience in leading positions in the global industrial company AB Volvo. Solid knowledge of digitalization and innovation as well as sales and development of services and products in a global environment.

**Other current assignments/positions:** President Volvo Buses. Board member of Volvo Group Venture Capital and Stena AB.

**Selected previous assignments:** Senior Vice President for Volvo Group Connected Solutions; President for Volvo Group Venture Capital; Vice President of Product Management Industrial for Volvo Penta; Managing Director for Infocandy Group Ltd; Management Consultant at Applied Value LLC and Applied Value AB.

**Holding in Munters Group AB:** -

**Independent** in relation to the Company and Group management as well as the company's major shareholders.



**SIMON HENRIKSSON**

*Board member since 2017.*  
*Employee representative appointed by IF Metall.*

**Born 1984**

**Position at Munters:** Metrology technician, Tobo plant

**Holding in Munters Group AB:** 350 shares.



**LINUS MORELL**

*Deputy member since 2023.*  
*Employee representative appointed by IF Metall.*

**Born 1988**

**Position at Munters:** Laboratory technician for RnD Material Science at Tobo plant.

**Holding in Munters Group AB:** 43 shares



**ROBERT WAHLGREN**

*Board member since 2010.*  
*Employee representative appointed by Unionen.*

**Born 1969**

**Position at Munters:** Customized Project Engineering Coordinator, Munters Europe AB.

**Holding in Munters Group AB:** -

# Group Management



## **KLAS FORSSTRÖM**

*President and CEO since 2019*

**Born** 1967

**Principal education:** Master of Science in Materials Physics and Master in Business Administration from Uppsala University as well as advanced management studies at INSEAD.

**Professional experience:** Previously President of Sandvik Machining Solutions Business area. Prior to that, more than 20 years of different senior management positions at Sandvik, including positions such as President of Sandvik Hard Materials and Sandvik Coromant.

**Other current assignments:** Board member, IPCO AB.

**Holding in Munters Group AB:** 157,550 shares



## **KATHARINA FISCHER**

*CFO and Group Vice President since 2023*

**Born** 1971

**Principal education:** Bachelor of Science in Business Administration and Economics with a major in Business Administration from University of Stockholm.

**Professional experience:** Katharina Fischer has extensive international experience in Finance and Risk Management. She joins Munters after several years at Electrolux where she held a number of senior positions, most recently as Head of Group Accounting and Global Finance Shared Services.

**Other current assignments:** –

**Holding in Munters Group AB:** 1,500 shares



## **PIA BRANTGÄRDE LINDER**

*Group Vice President and President of FoodTech since 2020*

**Born** 1973

**Principal education:** Master of Science in Mechanical Engineering from Chalmers University of Technology and Executive Master of Business Administration (EMBA) from Stockholm School of Economics.

**Professional experience:** Previously Business Area Manager for HV Products North Europe at ABB. Prior to that more than 20 years at ABB in various senior management positions globally, including General Manager for HV Breakers, Head of Operations for a global product group, Technology Manager, Project Manager and Area Sales Manager.

**Other current assignments:** Board member, Roxtec Group.

**Holding in Munters Group AB:** 4,660 shares



## **STEFAN MÄHL**

*Group Vice President och Head of Business Excellence since 2020.*

**Born** 1967

**Principal education:** Bachelor of Science in Mechanical Engineering with focus on Automation Technologies.

**Professional experience:** Various management positions at Munters, such as Vice President Global Sourcing and Interim Director of Operations AirTreatment Division Europe. Global Director Strategic Purchasing and Quality Assurance at LPG Allgon/Powerware Technologies and Vice President Strategic Purchasing and Component Engineering at Siemens-Elema AB Medical Solutions.

**Other current assignments:** –

**Holding in Munters Group AB:** 26,500 shares.



**HENRIK TEIWIK**

*Group Vice President and President of AirTech since 2022*

**Born** 1980

**Principal education:** Master of Science in Business and Economics from Stockholm School of Economics, major in finance.

**Professional experience:** Previously CEO of Handicare Group. Prior to that various senior managerial positions in Alimak Group, including business area manager for Construction and Rental and business development. Also experience from strategy consulting as Associate Principal at McKinsey & Company.

**Other current assignments:** –

**Holding in Munters Group AB:** 7,900 shares



**GRETE SOLVANG STOLTZ**

*Group Vice President HR & Sustainability since 2022*

**Born** 1970

**Principal education:** Master in Business Administration from Luleå University of Technology.

**Professional experience:** Previously Senior Vice President HR and Sustainability LKAB group. Prior to that 12 years within SCA in various management positions including Logistic manager, HR manager and CFO for SCA Packaging Munksund.

**Other current assignments:** Board member, AFA Försäkringar.

**Holding in Munters Group AB:** 740 shares



**STEFAN ASPMAN**

*Group Vice President and President of Data Center Technologies since 2022*

**Born** 1981

**Principal education:** Master of Science in Business and Economics with a Major in Business Administration and Management, studies at Dalarna University and Uppsala University and Beijing Jiatong University, China.

**Professional experience:** Group Vice President Commercial Excellence at Munters Group 2021-2022, in parallel also global owner of the group functions Marketing and Communications and Brand. Prior to that more than 10 years in several strategic key positions within Sandvik, including Head of Business Control and Performance Management at Sandvik Coromant and Global Head of Commercial Pricing and Profitability Management for the Sandvik Machining Solutions business area. Also experience as a business strategy consultant.

**Holding in Munters Group AB:** 4,000 shares



# Risks and risk management

Munters' operations cater to customers across various industries and market segments. With production and assembly facilities, combined with sales and sales offices in approximately 30 countries, Munters benefits from a robust underlying risk diversification. However, our global presence also brings challenges related to cultural, legislative, and political differences.

## **Risk identification and management**

Assessing and managing risks is a critical part of the company's strategic planning process. Munters conducts annual risk assessments, and as needed, to identify the primary risks threatening our goals within the strategic period. Our Enterprise Risk Management (ERM) focus shifts based on changes in strategic priorities. The ERM function supports the identification, evaluation, and management of potential risks during workshops with various business areas and corporate functions. These risks are then collectively discussed and consolidated in the management team. Subsequently, the ERM function coordinates and monitors the company's risk management efforts.

All risks are evaluated based on their potential impact on Munters, the likelihood of occurrence, and how well they are managed. The impact of an identified risk is estimated from three perspectives: financial, strategic, and operational.

Munters' primary risks are presented on page 112. Each such risk is assigned to a member of the management team. Risk assessments are gathered from business areas and group functions that identify and evaluate risks based on likelihood and potential operational impact. Significant risks and uncertainties, along with the management of these, are regularly reported to the executive management, audit committee, and the board.

## **Crisis and continuity**

To handle crisis situations, where normal operational activities are insufficient, Munters has developed crisis management capabilities. In 2023, a new process was developed, including corresponding policy documents and tools, with the majority of the rollout scheduled for 2024. Additionally, Munters has annual continuity plans at each facility to enhance understanding of the most critical parts of the operation.

## **Preventive work**

Munters pro-actively works to minimize risks related to our facilities, such as those pertaining to fire and safety. Munters Loss Prevention Standard (MLPS) represents our risk appetite. It is based on the Group's guidelines and regulations, local laws, and other rules, as well as insurance requirements. The goal is for all facilities to undergo physical evaluation within a three-year cycle, where deviations are documented and actions followed up.

MLPS is also used for evaluations in corporate acquisitions, investments, and new constructions.

## **Risk management process**

Munters' risk framework is an integral part of the company's overall management system, consisting of policies, guidelines, and instructions. The framework's purpose is to develop capabilities and tools within the group to manage uncertainties the company is exposed to. Concurrently, the risk management efforts aim to strengthen risk awareness within the group,

convey the group's risk appetite, and contribute to risk-based business decisions to achieve strategic goals.

Operational risk management at Munters is integrated into the strategic planning process and various business processes and controls, such as approval requirements for certain decisions. Some cross-process risks are centrally coordinated, including those related to information security, IT security, responsible corporate behavior, and anti-corruption and bribery.

Financial risk management is governed by a group-level policy and executed by the treasury function. Additional information on the management of financial risks can be found in Note 3.

## **Risk management organization**

The Board holds the ultimate responsibility for the group's risk management and approves the company's risk management policy. The ERM function is responsible for implementing the risk framework and risk-related activities at the

group level. Subsequently, each business area and group function within Munters is responsible for identifying and managing risks within their respective organizations, in accordance with Munters' common risk process and applicable policies and guidelines. The GVP, CFO is responsible for reviewing the risk framework and compiling reports for the audit committee and the board.

### Risk Communication and Reporting

Munters has established a Munters Risk Council, consisting of the management team, to facilitate coordination within the company, improvements to the framework, and management of critical risks.

The ERM function coordinates regular reporting on the status of the most significant risks to the Munters Risk Council. Any risks identified outside the reporting cycle, and which could potentially be significant at the group level, are escalated to the ERM function.

The ERM function reports on the status of the company's risks to the audit committee twice a year. These reports include an overview risk map and follow-up on the management of the risks. The primary risks are continually monitored by the ERM function regarding the status of the implementation of mitigation plans or the development of such plans.

### Insurable Risks

Munters actively works with insurance solutions, and group-wide insurances are regulated by central guidelines.

This includes all commonly occurring corporate insurances, including general liability, product liability, and damage prevention work, whose main purpose is to prevent potential property damage and interruptions in operations. Additionally, insurances for embezzlement, CEO and board liability, and liability insurances for employment-related claims are included.

The procurement of insurances is carried out in both the Swedish and international insurance markets. In addition, Munters' internal control function is responsible for independently reviewing the effectiveness of a selection of internal control processes each year.

### Risks and Opportunities Related to Climate Change

In 2023, Munters continued to broaden and deepen the analysis and evaluation of risks and opportunities related to climate change. Climate change risks are part of the risk analysis conducted during factory visits in conjunction with insurance inspections.

Tools and processes are intended to continue developing during 2024.

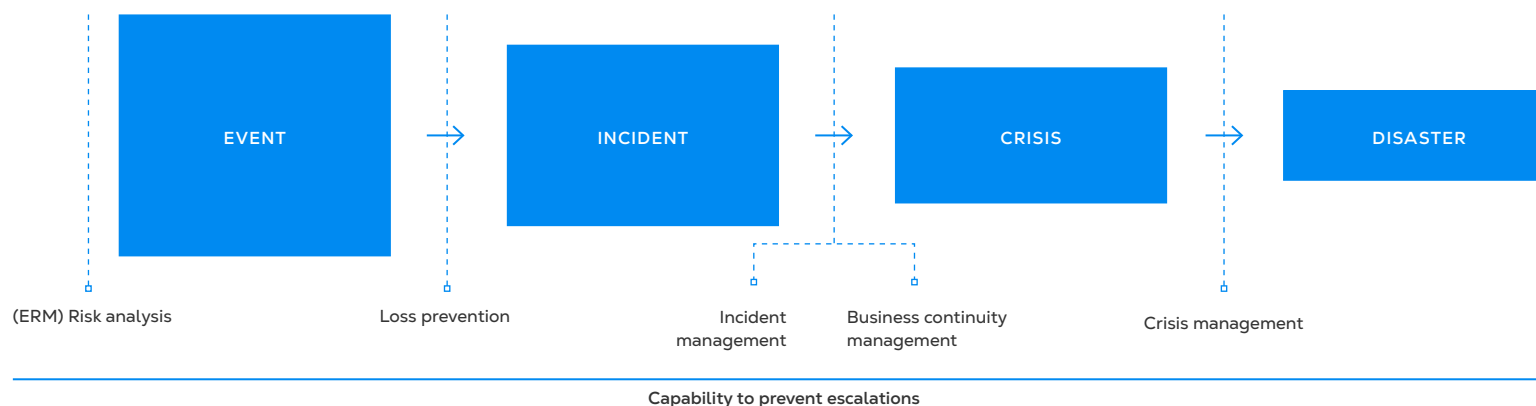
Furthermore, Munters undertook efforts to report in accordance with the Taskforce on Climate-Related Financial Disclosure (TCFD). In the autumn, the management team discussed

updated business risks and opportunities in two different climate scenarios based on data from the International Panel on Climate Change (IPCC) and the International Energy Agency (IEA). We chose to conduct the analysis according to a 2°C scenario (IEA) and a 4°C scenario (IPCC).

A number of risks, opportunities, and their impact on Munters were evaluated for the different scenarios.

See page 110 for a more detailed description.

**We proactively work to minimize the impact of unforeseen events and respond reactively to manage incidents and crises swiftly and efficiently.**



## International Energy Agency (IEA) Sustainable Development Scenario

### SCENARIO 1 – WELL BELOW 2° SCENARIO

This scenario is an integrated scenario specifying a pathway aiming at: ensuring universal access to affordable, reliable, sustainable and modern energy services by 2030 (SDG 7); substantially reducing air pollution (SDG 3.9); and taking effective action to combat climate change (SDG 13).

This scenario was selected to assess Munters physical and transition risks operating in an economy and society that must make significant changes to shift to a low carbon world, where temperature rise is limited to well below 2°C.

#### Scenario assumptions:

- Policies to support circular economies through increased recycling of aluminum, steel, paper and plastics, and material efficiency strategies are in place.
- Enhanced minimum energy performance standards by 2025, in particular for electric motors; incentives for the introduction of variable speed drives in variable load systems and implementation of system-wide efficiency measures.
- Mandatory energy management systems or energy audits.

### ASSESSED TIME-FRAME 2030-2040

#### Expected impact on Munters:

- Stricter regulations and disclosures requiring more resources from Munters to monitor.
- Increased input, shipping, sourcing and materials costs due to introduction of CO<sub>2</sub> prices.
- Need to invest in R&D and product management due to increased demand from customers and legislator regarding quality in extreme weather situations, energy efficiency and clean technologies.
- Loss or shift of customer groups, such as lithium, coal, and datacenters, if these are phased out due to changes in the market.
- Higher demands on data usage and data storage as storage capacity might not be able to grow with the growth in data usage.
- Potential to become market leader in energy efficient products and solutions.

#### Primary risks for Munters:

- Unexpectedly high expenses in input, shipping, logistics, sourcing, and materials triggered by extreme weather conditions.
- A shift in stakeholder demands for energy efficiency and clean technologies necessitates higher investment in research and development as well as product management.
- With the increasing prevalence of extreme weather conditions and the heightened risk of diseases, there may be a requirement to provide an alternative working environment for our employees, ensuring both security and adaptability.
- Insufficient energy may lead to disruptions in our operations.

#### Primary opportunities for Munters:

- Continue to develop and introduce energy efficient products and solutions.
- Water scarcity can be a competitive advantage for Data Center Technologies and their cooling solutions that do not use any water.
- Service and maintenance requirements will increase, which will benefit Munters.

## Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCP) 8.5 Scenario

### SCENARIO 2 – HIGH EMISSIONS 4° SCENARIO

This scenario has the highest emissions of all developed scenarios in combination with the absence of climate policy. It is often referred to as “business as usual” and suggests the outcome if society does not make concerted efforts to cut greenhouse gas emissions. This scenario was selected to assess Munters physical and transition risks connected to increased emissions and temperature levels.

#### Scenario assumptions:

- CO<sub>2</sub> emissions will be x3 today's by the year 2100 and CH<sub>4</sub> emissions will increase sharply
- The world's population increases to 12 billion, which leads to increased demands on grazing and cultivation land for agricultural production
- Technology development towards increased energy efficiency continues, but slowly
- Heavy dependence on fossil fuels
- High energy intensity
- Total lack of additional climate policy

### ASSESSED TIME-FRAME 2040-2050

#### Expected impact on Munters:

- Supply chain disruptions due to extreme weather events leading to increase in costs, lead times, and availability of materials
- Local workforce disruptions resulting from worsened working conditions (such as high temperatures in factories, ability to get to work due to weather etc.)
- Safety disruptions resulting from increasing pandemics.
- Local and global disruptions resulting from power, phone and internet outages.
- Loss of biodiversity having a snowball effect on the Earth's climate and weather patterns indirectly affecting Munters' operations.
- Increased demand for Munters products including cooling and drying equipment.

#### Primary risks for Munters:

- Supply chain disruptions due to extreme weather events leading to increase in costs, lead times, and availability of materials
- Local workforce disruptions resulting from worsened working conditions (such as high temperatures in factories, ability to get to work due to weather etc.)
- Operational disruptions at both local and global levels arise from an unreliable infrastructure.
- Relocation of production sites triggered by severe weather conditions.

#### Primary opportunities for Munters:

- Increased demand for Munters products including carbon capture, cooling and dehumidification equipment (energy efficient products).

# Risk categories

Munters groups its risks into five different categories. These risk categories serve as inspiration and support for identifying risks and ensuring that the company's risk register covers all applicable risk areas.

## Market risks

Market risks are related to market developments and include risks from macro trends, climate change, and political risks.

## Strategic risks

Strategic risks are those that could prevent Munters from implementing its planned strategy. This includes risks associated with brand and strategic direction, organizational culture, allocation of resources, major investments, and acquisitions. Risks related to internal and external communication also fall within this category.

## Operational risks

Operational risks are linked to the company's internal resources, such as systems, processes, and employees. These may include environmental risks or the risk of operational disruptions due to data breaches, fire, machinery breakdown, or extreme weather. Examples of operational risks related to personnel include risks associated with health and safety, succession planning, the ability to retain core competencies, and relations with trade unions.

## Regulatory risks

Regulatory risks include, for example, the risk of lost reputation and costs due to violations of laws and regulations, and bribery and corruption. This category also covers risks resulting from violations of human rights, stipulations in agreements with employees, customers, and other business partners.

## Financial risks

The Group's financial risks mainly consist of currency, interest rate, and financing risks. A description of these financial risks, as well as how they are managed, can be found in note 3.










**ELIN FINNPERS,**  
Director Risk  
Management

*What does sustainable innovation mean to you in your role at Munters?*

Sustainable innovation in my role means integrating risk management strategies that not only protect our business against potential threats but also promote resilience and adaptability in the face of growing global instability and complexity. This involves actively seeking and implementing solutions that both strengthen our business model and contribute to a more sustainable future, which is crucial for long-term success and relevance in our industry.

# Risk management

In 2023, Munters continued to enhance its risk management at both local and group levels. A brief description of some of the identified risks with significant impact follows.

RISK CATEGORY/RISK	Description	Management	Trend (risk level) compared to the previous year
<b>MARKET RISKS</b>			
<b>Macroeconomic development</b>	In the event of a severe downturn in macroeconomic development, Munters strives for a nimble and adaptable operation. An inability to adapt the organization and operations to new conditions may result in Munters losing sales and market shares.	Munters continuously monitors global developments and strives for a flexible organizational structure throughout the group.	
<b>Climate change</b>	Climate change could lead to global warming, causing a melting of glaciers, rising sea levels, more frequent and intense extreme weather events such as periods of extreme heat, drought, heavy rainfall, and storms, which in turn increases the risk of consequences like wildfires and floods. A lack of management measures increases the risk of disruptions in Munters' operations.	For more information see p. 108-109.	
<b>Geopolitical developments</b>	Munters' operations, being spread across various continents, can be quickly impacted directly or indirectly by geopolitical developments and their effects on the operations and supply chains.	Munters' business areas are constantly evaluating the markets where Munters operates. Geopolitical risks are part of this evaluation.	
<b>STRATEGIC RISKS</b>			
<b>IT-related risks</b>	Munters' operations depend on a well-functioning and secure IT environment. Moreover, increased digitalization leads to heightened vulnerability that could result in interruptions and disturbances in our operations and for our customers. Failures in information management and IT breaches could have devastating consequences for the group in the form of reduced trust and costs.	Munters has continued to train its staff throughout the year. Annual penetration tests are conducted as planned to ensure that the security requirements for IT infrastructure have been met and that preventive updates and improvements have been made.	
<b>OPERATIONAL RISKS</b>			
<b>Business interruptions</b>	Munters relies on components, access to critical facilities, and a functioning supply chain. A disruption in a critical process would have a significant impact on operations.	Munters continually works to analyze and take actions to strengthen its market presence and value chain. This work includes the evaluation of suppliers, dependence on individual product components, and customers. The facilities work locally to update existing continuity plans.	
<b>Climate impact</b>	The risk that we do not live up to the climate impact our products are supposed to achieve, for example through energy savings for customers or that we do not deliver a reduced climate impact in line with our ambition in our operations. This risk could lead to lost trust among customers and other groups and potentially reduced sales.	Munters continuously works to analyze and improve our products and their management from a climate perspective. For more information on how we work to minimize our impact on the environment, see p. 62-66.	
<b>REGULATORY RISKS</b>			
<b>Regulatory compliance</b>	Munters' operations are subject to increased regulation with stricter compliance and reporting requirements in several areas. An inability to comply with laws or regulations, as well as changes concerning the application and interpretation of existing laws and regulations, could lead to changes in products, lower sales, and reduced trust among customers and other stakeholders	Munters follows regulatory development at both central and local levels through its analyses and with the help of external advice. By mapping different regulations' impact on Munters, adjustments can be made to ensure that Munters follows the changes made.	



A server rack with copper-colored pipes is shown in a close-up, slightly blurred perspective. A glowing blue wave graphic, composed of many small dots, is overlaid on the image, moving from left to right across the center. The background is dark, and the lighting highlights the metallic texture of the pipes.

"Strong growth and profitability improvement"

06 Financial information

# Content financial information

## Financial information

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# Board of Directors' report

The Board of Directors and the CEO of Munters Group AB (publ), corp.reg.no 556819-2321 with its registered office in Stockholm, Sweden, hereby submits the consolidated accounts and annual report for the fiscal year January 1 to December 31 2023.

The address of the headquarter is Munters Group AB, Box 1188, SE-164 40 Kista, Sweden, visiting address Borgarfjordsgatan 16 in Kista.

"Munters Group AB" or "the Parent Company" refer to Munters Group AB (publ), and "Munters" or "the Group" refer to the Munters Group, which comprises Munters Group AB and its Group companies.

The Board of Directors approved the annual accounts for publication February 22, 2024. The Group and Parent Company statement of comprehensive income and financial position will be submitted for approval at the Annual General Meeting on March 21, 2024.

## OPERATIONS

The Munters Group is a world-leading supplier of energy efficient dehumidification and air treatment solutions. Using innovative technology, Munters' experts create the perfect climate for customers in a variety of business segments. Munters has been a pioneer in the field of air treatment since the company was founded in 1955. As of now production and sales occur in over 30 countries by about 5,000 co-workers. Munters Group AB has been listed on Nasdaq Stockholm since 2017 and is organized into three business areas: AirTech, Data Center Technologies and FoodTech.

Financial information by segment is presented in Note 5, Operating segments. Five-years summary is to be found on page 155.

## NET SALES AND RESULT Order intake and net sales

Order intake during the year amounted to MSEK 14,116 (16,830), mainly as customers in 2022 ordered in advance because of previous supply chain challenges.

Net sales increased by 34% to MSEK 13,930 (10,386). Organic growth was 27%. Strong net sales growth was reported especially in Data Center Technologies driven by high activity in project deliveries. AirTech also showed good growth whereas FoodTech showed flat development.

Service net sales for the year amounted to MSEK 1,821 (1,548) representing 13% (15) of total net sales with an organic growth of 4%.

## Operating profit

Adjusted EBITA amounted to MSEK 1,839 (1,070), corresponding to an adjusted EBITA margin of 13.2% (10.3). The strong improvement in adjusted EBITA was mainly related to net sales increases in AirTech and DCT, net price increases as well as efficiency improvement efforts in all business areas.

Operating profit amounted to MSEK 1,586 (881), corresponding to an operating profit margin of 11.4% (8.5). All business areas showed improved operating margin. Central costs during the year was MSEK -208 (-171).

Amortization and write-downs of intangible assets for the year was MSEK -156 (-114), where MSEK -45 (-36) related to amortization of intangible assets from acquisitions.

Operating profit includes items affecting comparability of MSEK -96 (-75), attributable to restructuring and M&A costs and costs related to the strategic review of the product offering within FoodTech, as communicated during the year.

## Financial items

Financial income and expenses amounted to MSEK -331 (-142), whereof interest expense on lease liabilities amounted to MSEK -45 (-23). Compared to last year interest expenses have increased due to higher interest rates in combination with increased outstanding debt.

## Taxes

Income taxes for the year was MSEK -463 (-162). The effective tax rate in 2023 was 37% (22).

During the year, a deferred tax expense of MSEK 80 was recognized as a result of impairment of deferred tax assets related to loss carry-forwards, explaining the high effective the tax rate compared to the previous year. The impairment loss has no cash flow impact.

## Investments and leases

Investments in property, plant and equipment amounted to MSEK 323 (222). Investments in intangible assets amounted to MSEK 347 (317) and was primarily related to capitalized R&D expenses in Sweden, Israel, and US but also to capitalization of expenses related to a new global ERP system that have not yet been taken into use.

The Group entered into new lease contracts amounting to MSEK 128 (482).

## Goodwill

Goodwill at December 31, 2023, amounted to MSEK 5,822 (5,359). Business combinations made up MSEK 679 of the increase while currency exchange-rate differences explained the remaining part.

## Financial position and liquidity

Interest-bearing liabilities, including lease liabilities, increased by MSEK 1,355 compared to last year and amounted to MSEK 5,850 (4,495). The increase is mainly explained by debt financed acquisitions and an increase in working capital in the last twelve months. The interest-bearing liabilities in the Group has a weighted average maturity of 2.7 years.

Cash and cash equivalents amounted to MSEK 1,532 (914) as of year-end, which is an increase of MSEK 618.

Net debt as of December 31 amounted to MSEK 4,620 compared to MSEK 3,825 at the end of December 2022. Net debt in relation to Adjusted EBITDA was 2.1x at the end of December 2023 compared to 2.9x at the end of December 2022. The lower leverage ratio is explained by a significantly improved EBITDA during the year.

## FINANCIAL INSTRUMENTS

The existence of financial instruments in the group, in addition to those that have arisen in the current operations, is constituted of interest-bearing bank loans as well as currency derivatives. Additional information about financial instruments can be found in Note 3, 23 and 24.

## RESEARCH AND DEVELOPMENT

The costs of research and development amounted to MSEK 360 (236), equivalent 2.6% (2.3) of net sales. Internally generated intangibles assets amounted to MSEK 189 (159). The activities in the area include technical and product development and product ownership. To ensure a persistent and long-term value creation Munters balanced activities around innovation, development and product launches. There has been a lot of focus on digitization.

Sustainability and energy efficiency are something Munters considers very important and a large part of the research resources are used for the development of new technologies in these areas.

## EMPLOYEES

The number of permanent full time employees were by year-end 2023 4,981 (3,940). The increase is mainly explained by acquisitions.

For remuneration to senior executives as well as adopted remuneration guidelines for this remuneration, see Note 33.

## SIGNIFICANT EVENTS DURING THE YEAR

### Large orders

During the year Munters has seen continuous high demand for the company's products and signed a number of large orders.

In the end of June Munters received an order of approximately MUSD 88 from an US-based colocation data center company for chilled water air handlers. Deliveries are expected to begin in the fourth quarter of 2024 and be completed in the fourth quarter 2025.

In October, Munters received an order with a value of MUSD 137 from a leading data center colocation operator in the US. The order includes Munters SyCool Split systems as well as field service work and will be delivered during 2025.

In December, Munters received an order of MUSD 65 from a leading data center colocation operator in the US. The deliveries will be carried out in the first half of 2025.

## Acquisitions

In May Munters acquired 100% of the shares in Tobo Component, a Swedish manufacturer of humidification components. The company is based in Tobo, Sweden, and has been a subcontractor to Munters for several years, delivering pads, cassettes and modules.

In June Munters acquired 100% of the shares in SIFT, a French service company within the industry of climate control and cold storage, mainly active in north of France. The acquisition strengthen Munters market share within service, and builds a local presence in strategic areas.

In June a majority share in InoBram was acquired. InoBram is a Brazilian manufacturer of control components and accessories for the broiler- and swine segments. With help of innovative software, sensors and connected solutions, farmers and food producers get the tools that they need to improve animal health and increase energy efficiency in their operation.

Munters has acquired 60% of the shares in InoBram and has an option to acquire the remaining 40% of the shares in 2027. The exercise period for the sellers put option begin on 1 January 2026. The acquisition supports Munters' strategy to grow within digital solutions for the food and agriculture industry, and connects the entire food production value chain.

In October Munters acquired ZECO, an Indian manufacturer of air handling solutions. ZECO will provide Munters with a strong platform to expand its dehumidification offering in the Indian market.

## Strategic review of equipment offering in FoodTech

In July, Munters announced that a strategic review of equipment offering in FoodTech was initiated. The company has decided to accelerate the focus on digital growth (software, IoT, sensors and controllers) and to initiate a strategic review of the company's equipment offering in FoodTech. The strategic review includes exploring different options and may result in partial divestments, although no such decisions have yet been made.

## Munters builds new facility in the US

In October it was announced that Munters will build a new state-of-the-art facility in the US, starting during the year. The new facility of approximately 40,000 m<sup>2</sup> will house dehumidification products and services for the North American market and will be workplace to the all Munters employees in Amesbury. The aim is to be fully operational at the new site in early 2025.

## Changes to the management team

During the year, Katharina Fischer was appointed new CFO for the group and member of group management after Anette Kumlien who announced her resignation in November 2022. Katharina has extensive international experience in Finance and Risk Management and joins after several years at Electrolux where she held a number of senior positions.

## ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Munters Group AB was held on Wednesday, May 17, 2023. The AGM resolved in accordance with the Nomination Committee's proposal and re-elected board members Helen Fasth Gillstedt, Maria Håkansson, Anders Lindqvist, Magnus Nicolin, Kristian Sildeby och Anna Westerberg, and elected Sabine Simeon-Aissaoui.

## Nomination Committee for the Annual General Meeting 2024

In September, the Nomination Committee of Munters Group AB was appointed. The Nomination Committee comprises the following members: Magnus Fernström, FAM AB, Chairman of the Nomination Committee, Celia Grip, Swedbank Robur Funds, Mats Larsson, First Swedish National Pension Fund, Philip Mesch, Odin Fund Management.

The Nomination Committee shall prepare proposals for the 2024 Annual General Meeting regarding Chairman at the General Meeting, Board of Directors, Chairman of the Board, auditor, remuneration to the Board divided between the Chairman and the other

Board members as well as remuneration for committee work, remuneration to the company's auditor and, if necessary, proposal for changes to the instruction for the Nomination Committee.

## SIGNIFICANT RISKS & 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 from 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.

A risk assessment is performed annually for the purpose of identifying and remedying the most important risks. Munters' primary risks are defined as the company's most important identified risks and are presented on the pages 107-111 of this report.

The Group's financial risks mainly consist of currency, interest and financing. Munters works actively with insurance solutions, and Group-wide policies are governed by central guidelines. These include general liability and product liability, property, business interruptions, transportation, director and officer liability insurance and employment practice liability, the main purpose of which is to prevent property damage and business interruptions. A more extensive description of financial risks and how these are managed can be found in Note 3.

## PARENT COMPANY

The parent company has no sales of goods and services to external customers. Cash and cash equivalents at the end of the year amounted to MSEK 3 (0).

## SHARE CAPITAL AND OWNERSHIP IN MUNTERS GROUP AB

The share capital of 5,533,735 SEK comprises of 184,457,817 shares with a par value of SEK 0.03 per share, whereof 1,933,033 are treasury shares, which corresponds to 1.0% of the shares. The shares in Munters Group AB are listed on Nasdaq Stockholm under the name MTRS. The ten largest owners in Munters Group AB hold a total of 60.7% (64.9) of outstanding shares. Of these, FAM AB holds 28.0% (28.0). No other shareholder holds more than ten percent of the shares, either directly or indirectly, in Munters Group AB.

## PROPOSAL ON DISTRIBUTION OF DIVIDEND

At the disposal of the Annual General Meeting are the following earnings; KSEK 3,744,836. The Board of Directors of Munters Group AB proposes that the Annual General Meeting 2024 resolves that a dividend of SEK 1.30 be paid for 2023, in total MSEK 237, and that other retained earnings amounting to MSEK 3,508 be carried forward.

## PROVISIONS IN ARTICLES OF ASSOCIATION

The Annual General Meeting is charged with appointing and dismissing Board members. The Annual General Meeting also decides on changes to the Articles of Association.

## GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The guidelines for remuneration to senior executives that has applied in 2023 are shown in Note 33. The company's auditors have reviewed that the guidelines decided by the Annual General Meeting have been followed.

The Board of Directors proposes that the 2024 Annual General Meeting resolve on guidelines for the remuneration of senior executives to be in force until further notice, pursuant to the following.

The group of executives encompassed by the guidelines comprises the CEO and other members of the group management. The guidelines also encompass any remuneration to Board members, other than Board fees. The guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2024 Annual General Meeting. The guidelines do not apply to any remuneration resolved by the Annual General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Munters business strategy is to be a global leader in energy-efficient and sustainable climate solutions. Our solutions enable energy efficient production processes with reduced carbon dioxide emissions for our customers. Using innovative technologies, Munters creates the perfect climate for demanding and sophisticated industrial applications and processes, of which the largest segments are food, pharmaceuticals, and agriculture.

### Munters conducts operations in three business areas:

**AirTech** is a global leader in energy-efficient air treatment for industrial and commercial fields of application.

**Data Center Technologies** is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies that create sustainable climate solutions for data center operators worldwide.

**FoodTech** is one of the world's leading suppliers of innovative and energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimising the entire food production value chain.

For further information regarding Munters business strategy, see Munters website (<https://www.munters.com/en/about-us/munters-in-short/>).

A prerequisite for the successful implementation of Munters business strategy and safeguarding of the company's long-term interests, including its sustainability, as well as delivery on the ambitions the company has, is that the company is able to recruit and retain qualified personnel. In order to do so, Munters must be able to offer a competitive total remuneration based on market terms, which these guidelines enable.

Munters has implemented long-term share-related incentive programs in 2017–2020, in which some senior executives have had the opportunity to participate. These programs have been resolved by each Annual General Meeting and are therefore excluded from these guidelines. For information regarding performance criteria, terms and conditions, and costs for these programs, see the Board of Directors' complete proposal for each general meeting on Munters website and in Munters Annual Report.

Variable cash remuneration covered by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

### Types of remuneration

The remuneration shall be on market terms and may consist of the following components: fixed annual cash salary, variable cash salary, pension and other benefits. Additionally, the Annual General Meeting may – irrespective of these guidelines – resolve on, for example, share and share price-related remuneration.

### Fixed cash salary

The fixed cash salary shall reflect the demands and responsibility that the position entails as well as individual performance. The fixed cash salary shall be revised annually.

### Variable cash salary

Variable cash salary may consist of annual variable cash salary and/or long-term variable cash salary.

The annual variable cash salary shall be maximized to 50 percent of the fixed annual cash salary for the CEO and other senior executives. The satisfaction of criteria for awarding variable cash salary shall be measured over a period of one year.

The annual variable cash salary shall be linked to predetermined and measurable financial criteria, such as operating result and working capital. By linking the remuneration of the senior executives to the company's earnings and financing of its operating activities, the criteria promote the implementation of the company's business strategy and long-term interests, including its sustainability. Furthermore, the criteria for variable cash salary shall be designed so that they do not encourage excessive risk taking.

The long-term variable cash salary shall be awarded after one, two, and three years, respectively, and shall be maximized to a total of 150 percent of the annual fixed cash salary for the CEO, and 55 percent of the annual fixed cash salary for other members of Group Management, distributed pro-rata over the three years. The satisfaction of criteria for pay out of long-term variable cash salary shall be measured during a one-, two- and three-year period, respectively, before pay out.

The long-term variable cash salary shall be linked to predetermined and measurable financial criteria (weighting 70 percent) and non-financial criteria (weighting 30 percent). The financial criteria may consist of, for example, adjusted EBITA and Operating Working Capital and the non-financial criteria may consist of, for example, weighted sustainability goals (such as the annual increase in the share of electricity from renewable sources in our production facilities,



the annual share of female managers who have been appointed within the group, as well as the annual service growth within the group). By linking the remuneration of the senior executives to the company's earnings, financing of day-to-day operations, and sustainability, the criteria promote the implementation of the company's business strategy and long-term interests, including its sustainability. The criteria for long-term variable cash salary shall be designed so that they do not encourage excessive risk-taking.

A certain part of the net amount after tax of paid out as long-term variable cash salary is expected to be invested in Munters shares, according to the share ownership policy which the Board has adopted. The entire net amount after tax is expected to be invested in Munters shares until the holding in value corresponds to 200 percent of the gross annual fixed cash salary for the CEO and 100 percent of the gross annual fixed cash salary for other members of Group Management. When such a holding has been achieved, half of the net amount after tax is expected to be invested in Munters shares.

To which extent the criteria for awarding variable cash salary have been satisfied shall be evaluated when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable cash salary to the CEO. The Remuneration Committee is responsible for the evaluation so far as it concerns variable cash salary to other members of the Group Management. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Terms and conditions for both annual variable cash salary and long-term variable cash salary shall be designed so that the Board of Directors, if exceptional economic circumstances prevail, has the option of limiting or refraining from payment if such a measure is considered reasonable.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as

remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. Resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

#### **Pension**

For the CEO, pension benefits, including health insurance, shall be defined contribution. Variable cash salary shall not qualify for pension benefits. Pension contributions for defined contribution pension shall amount to not more than 35 percent of the fixed annual cash salary.

For other members of the group management, pension benefits, including health insurance, shall be defined contribution unless the executive concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash salary shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive. Pension contributions for defined contribution pension shall amount to not more than 35 percent of the fixed annual cash salary.

#### **Other benefits and compensation**

Other compensation may consist of other benefits that are customary and in line with market terms, such as medical insurance, life insurance and company cars, which shall not constitute a significant part of the total remuneration. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Consultancy fee to Board members**

In specific cases, and for a limited time, Munters Board members elected by the Annual General Meeting may be able to be remunerated for services within their respective areas of expertise, which does not constitute board work. For these services (including services performed by a Board member wholly-owned company), a fee on market terms can be paid, provided that such services contribute to the implementation of Munters business strategy and safeguarding of Munters long-term interests, including its sustainability. Such consultancy fee may, for each Board member, in no case exceed one year's Board fee.

#### **Termination of employment**

Fixed cash salary during the notice period and severance pay, as well as remuneration for any non-compete restrictions, shall in total not exceed an amount corresponding to the fixed cash salary for two years for the CEO and 18 months for other members of the group management. Severance pay shall not be paid if notice of termination of employment is made by the CEO and other members of the group management. The notice period between the company and the CEO, and other members of the group management, shall not exceed six months.

Remuneration for any non-compete restrictions shall compensate for any loss of income and shall only be paid for such period as the former executive does not have the right to severance pay. The remuneration shall amount to not more than 60 percent of the fixed annual cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and shall be payable during the period subject to the non-compete restriction, which shall not exceed 12 months after termination of employment.

#### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company and the group's Swedish operation have been taken into account by including information on the employees' total remuneration, the components of the

remuneration and increase and growth rate over time, in the Compensation Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. In the company, i.e. in Munters Group AB, there are only seven employees (all are senior executives).

#### **Preparation and decision-making process**

The Board of Directors has established a Compensation Committee. The committee's tasks include, among other things, preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit the proposal to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the group management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Remuneration to the CEO is prepared by the Compensation Committee and decided by the Board of Directors. Remuneration to other members of the group management is prepared by the CEO and decided by the Compensation Committee.

#### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines resolved by the Annual General Meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Compensation Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes preparing any resolutions to derogate from the guidelines.

#### **SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**

On January 22, Munters released preliminary fourth quarter and full year results 2023 in advance due to a ransom-ware attack at a hosting provider, Tietoevry, as it could not be ensured, that the information had remained confidential. Munters estimates that the event will have no impact in 2024.

#### **CORPORATE GOVERNANCE REPORT AND SUSTAINABILITY REPORT**

Munters Group AB has chosen to prepare the Corporate Governance Report and Sustainability Report as a separate document from the Annual Report.

The Corporate Governance Report is outlined on Pages 97-106 and the Sustainability Report on Pages 3-4, 11, 14-15 and 61-93. The Sustainability Report now also includes Munters taxonomy report. For descriptions of risks and controls in conjunction with preparation of the consolidated accounts, refer to the Corporate Governance Report.

#### **FINANCIAL STATEMENTS AND NOTES**

The Group's income and financial position in other respects are presented in the following statements of comprehensive income, financial position, cash flows and changes in equity, as well as in the Notes. The Parent Company's income and financial position in other respects are presented in the following income statement and balance sheet, statement of changes in equity, cash flow statement and notes. All amounts are in millions of Swedish kronor (MSEK) unless otherwise specified.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source and rounding differences may therefore arise.

# Consolidated statement of comprehensive income

MSEK	Note	2023	2022
Net sales	4, 5	13,930	10,386
Cost of goods sold		-9,508	-7,368
<b>Gross profit</b>		<b>4,422</b>	<b>3,017</b>
Selling expenses		-1,281	-1,079
Administrative expenses		-1,106	-800
Research and development costs		-360	-236
Other operating income and expenses	9	-82	-19
Share of earnings in associates	17	-8	-2
<b>Operating profit</b>	5, 6, 7, 8	<b>1,586</b>	<b>881</b>
Financial income	10	26	7
Financial expenses	10	-357	-150
<b>Profit after financial items</b>		<b>1,255</b>	<b>739</b>
Tax	11	-463	-162
<b>Net income</b>		<b>792</b>	<b>577</b>
Attributable to Parent Company shareholders		784	577
Attributable to non-controlling interests		8	-0
<b>Earnings per share attributable to Parent Company shareholders</b>			
Earnings per share before dilution, SEK	12	4.30	3.18
Earnings per share after dilution, SEK	12	4.30	3.17

MSEK	Note	2023	2022
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange-rate differences on transaltion of foreign operations	21	-274	483
<i>Items that will not be reclassified to profit and loss:</i>			
Actuarial gains and losses on defined-benefit pension obligations inc. payroll tax	25	-46	91
Income tax effect not to be reclassified to profit and loss	11	9	-18
<b>Other comprehensive income</b>		<b>-311</b>	<b>555</b>
<b>Total comprehensive income</b>		<b>481</b>	<b>1,132</b>
Attributable to Parent Company shareholders		478	1,133
Attribute to non-controlling interests		4	-1

# Consolidated statement of financial position

MSEK	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8, 13	8,081	7,386
Property, plant and equipment	8, 14	1,097	825
Right-of-Use assets	8, 15	672	751
Participations in associated companies	17	25	34
Other financial assets	23	95	83
Deferred tax assets	11	292	298
<b>Total non-current assets</b>		<b>10,262</b>	<b>9,376</b>
<b>Current assets</b>			
Inventory	18	1,726	1,956
Accounts receivable	3,19,23	2,038	2,020
Derivate instruments	23	0	2
Current tax assets		84	93
Other receivables	23	135	159
Prepaid expenses and accrued income	20	954	684
Cash and cash equivalents	23	1,532	914
<b>Total current assets</b>		<b>6,469</b>	<b>5,828</b>
<b>TOTAL ASSETS</b>		<b>16,731</b>	<b>15,204</b>

MSEK	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Attributable to Parent Company shareholders	21		
Share capital		6	6
Other capital contributions		5,144	5,144
Reserves		822	1,096
Profit brought forward		-715	-943
<b>Equity attributable to Parent Company shareholders</b>		<b>5,257</b>	<b>5,303</b>
Non-controlling interests		1	3
<b>Total equity</b>		<b>5,258</b>	<b>5,307</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	23, 24	4,151	3,721
Lease liabilities	23, 24	553	640
Provisions for pensions	25	280	227
Other provisions	26	62	65
Other non-current liabilities	23	636	223
Deferred tax liabilities	11	455	442
<b>Total non-current liabilities</b>		<b>6,135</b>	<b>5,318</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	23, 24	980	-
Lease liabilities	23, 24	167	135
Other provisions	26	145	150
Accounts payable	23	1,294	1,288
Derivate instruments	23	33	-
Current tax liabilities		78	55
Advances from customers	4	1,355	1,715
Other current liabilities	23	92	257
Accrued expenses and deferred income	27	1,193	980
<b>Total current liabilities</b>		<b>5,337</b>	<b>4,580</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,731</b>	<b>15,204</b>

# Consolidated statement of changes in equity

MSEK	Attributable to Parent Company shareholder					Non-controlling interest	Total equity
	Share capital	Other capital contributed	Reserves	Profit brought forward	Total		
<b>Opening balance, January 1, 2023</b>	<b>6</b>	<b>5,144</b>	<b>1,096</b>	<b>-943</b>	<b>5,303</b>	<b>3</b>	<b>5,307</b>
Net income	-	-	-	784	784	8	792
Other comprehensive income	-	-	-269	-37	-306	-4	-311
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-269</b>	<b>747</b>	<b>478</b>	<b>4</b>	<b>481</b>
<b>Transactions with owners in their capacity as owners:</b>							
Exercised share options	-	-	-	21	21	-	21
Change in non-controlling interests	-	-	-4	8	4	-4	-
Put/call option related to non-controlling interests	-	-	-	-377	-377	-	-377
Dividends paid	-	-	-	-173	-173	-2	-175
Share option plan incl. deferred tax	-	-	-	1	1	-	1
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-4</b>	<b>-520</b>	<b>-524</b>	<b>-6</b>	<b>-530</b>
<b>Closing balance, December 31, 2023</b>	<b>6</b>	<b>5,144</b>	<b>822</b>	<b>-715</b>	<b>5,257</b>	<b>1</b>	<b>5,258</b>
<b>Opening balance, January 1, 2022</b>	<b>6</b>	<b>5,144</b>	<b>610</b>	<b>-1,401</b>	<b>4,360</b>	<b>3</b>	<b>4,363</b>
Net income	-	-	-	577	577	-0	577
Other comprehensive income	-	-	484	72	556	-1	555
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>484</b>	<b>649</b>	<b>1,133</b>	<b>-1</b>	<b>1,132</b>
<b>Transactions with owners in their capacity as owners:</b>							
Exercised share options	-	-	-	25	25	0	25
Change in non-controlling interests	-	-	-	-3	-3	3	-
Put/call option related to non-controlling interests	-	-	-	-58	-58	-	-58
Dividends paid	-	-	-	-154	-154	-2	-156
Share option plan incl. deferred tax	-	-	-	0	0	-	0
Other	-	-	1	-1	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-191</b>	<b>-190</b>	<b>1</b>	<b>-189</b>
<b>Closing balance, December 31, 2022</b>	<b>6</b>	<b>5,144</b>	<b>1,096</b>	<b>-943</b>	<b>5,303</b>	<b>3</b>	<b>5,307</b>



# Consolidated cash flow statement

MSEK	Note	2023	2022
<b>Operating activities</b>			
Operating profit		1,586	881
<i>Reversal of non-cash items:</i>			
Depreciation, amortization and impairments		484	377
Other profit/loss items not affecting liquidity		43	-24
Change in provisions		-11	-24
<b>Cash flow before interest and tax:</b>		<b>2,102</b>	<b>1,210</b>
Paid financial items		-312	-121
Taxes paid		-390	-233
<b>Cash flow from operating activities before changes in working capital</b>		<b>1,400</b>	<b>856</b>
<b>Cash flow from changes in working capital:</b>			
Change in accounts receivable		-11	-635
Change in inventory		271	-706
Change in accrued income		-267	-236
Change in accounts payable		-60	397
Change in advances from customers		-299	977
<b>Cashflow from changes in operating working capital</b>		<b>-366</b>	<b>-203</b>
Change in other working capital		31	119
<b>Cash flow from changes in working capital</b>		<b>-335</b>	<b>-84</b>
<b>Cash flow from operating activities</b>		<b>1,066</b>	<b>772</b>

MSEK	Note	2023	2022
<b>Investing activities</b>			
Business acquisitions	30	-744	-721
Investments in associated companies		-	-34
Investments in participations and securities in other companies		-4	-62
Sale of property, plant and equipment		0	27
Sale of intangible assets		-	0
Investments in property, plant and equipment	14	-323	-222
Investments in intangible assets	13	-347	-317
<b>Cash flow from investing activities</b>		<b>-1,418</b>	<b>-1,330</b>
<b>Financing activities</b>			
Exercised share options		21	25
Loans raised	24	2,268	1,503
Amortization of loans	24	-887	-504
Repayment of lease liabilities	24	-156	-122
Dividends paid	21	-173	-154
Dividends paid to non-controlling interests		-2	-2
Other changes to financing activities		-60	-5
<b>Cash flow from financing activities</b>		<b>1,011</b>	<b>743</b>
Cash flow for the period		658	184
Cash and cash equivalents at January 1		914	674
Exchange-rate difference in cash and cash equivalents		-40	56
<b>Cash and cash equivalents at December 31</b>	23	<b>1,532</b>	<b>914</b>

## Parent company income statement

MSEK	Note	2023	2022
Net sales		-	-
<b>Gross profit</b>		-	-
Administrative costs		-11	-8
Other operating income and expenses	9	32	8
<b>Operating profit</b>		<b>21</b>	<b>1</b>
Financial expenses	10	-18	-5
<b>Profit after financial items</b>		<b>3</b>	<b>-4</b>
Group contributions		-	7
<b>Profit before tax</b>		<b>3</b>	<b>3</b>
Tax	11	-0	1
<b>Net income</b>		<b>3</b>	<b>4</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Net income		3	4
Other comprehensive income, net after tax		-	-
<b>Total comprehensive income</b>		<b>3</b>	<b>4</b>

## Parent company balance sheet

MSEK	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Participations in subsidiaries	16	4,098	4,098
Deferred tax assets		4	4
<b>Total non-current assets</b>		<b>4,102</b>	<b>4,103</b>
<b>Current assets</b>			
Other receivables		1	-
Prepaid expenses and accrued income	20	1	1
Current tax assets		1	1
Receivables from subsidiaries		10	14
Cash and cash equivalents		3	0
<b>Total current assets</b>		<b>15</b>	<b>15</b>
<b>TOTAL ASSETS</b>		<b>4,117</b>	<b>4,118</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	21		
Share capital		6	6
Share premium reserve		4,136	4,136
Other capital contributions		18	18
Profit brought forward		-413	-265
Net income		3	4
<b>Total equity</b>		<b>3,750</b>	<b>3,899</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar commitments		1	3
<b>Total non-current liabilities</b>		<b>1</b>	<b>3</b>
<b>Current liabilities</b>			
Accounts payable		3	1
Accrued expenses and deferred income	27	32	16
Liabilities to subsidiaries		327	192
Other liabilities		4	6
<b>Total current liabilities</b>		<b>366</b>	<b>215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,117</b>	<b>4,118</b>

# Parent company change in equity

MSEK	Restricted equity	Unrestricted equity			Net income	Total equity
	Share capital	Share premium reserve	Other capital contributions	Profit brought forward		
<b>Opening balance, 1 January, 2023</b>	<b>6</b>	<b>4,136</b>	<b>18</b>	<b>-265</b>	<b>4</b>	<b>3,899</b>
Net income	-	-	-	-	3	3
<b>Transactions with owners in their capacity as owners:</b>						
Exercised share options	-	-	-	21	-	21
To be carried forward	-	-	-	4	-4	0
Dividends paid	-	-	-	-173	-	-173
Share option plan incl. deferred tax	-	-	-	1	-	1
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-147</b>	<b>-1</b>	<b>-148</b>
<b>Closing balance, December 31, 2023</b>	<b>6</b>	<b>4,136</b>	<b>18</b>	<b>-413</b>	<b>3</b>	<b>3,750</b>
<b>Opening balance, January 1, 2022</b>	<b>6</b>	<b>4,136</b>	<b>18</b>	<b>-146</b>	<b>8</b>	<b>4,022</b>
Net income	-	-	-	-	4	4
<b>Transactions with owners in their capacity as owners:</b>						
Exercised share options	-	-	-	25	-	25
To be carried forward	-	-	-	8	-8	-
Dividends paid	-	-	-	-154	-	-154
Share option plan incl. deferred tax	-	-	-	2	-	2
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-119</b>	<b>-4</b>	<b>-123</b>
<b>Closing balance, December 31, 2022</b>	<b>6</b>	<b>4,136</b>	<b>18</b>	<b>-265</b>	<b>4</b>	<b>3,899</b>

# Parent company cash flow statement

MSEK	Note	2023	2022
<b>Operating activities</b>			
Profit after financial items		3	-4
Profit/loss items not affecting liquidity		-2	2
Taxes paid		-0	0
<b>Cash flow from operating activities before changes in working capital</b>		<b>2</b>	<b>-2</b>
Cash flow from changes in working capital		15	-3
<b>Cashflow from operating activities</b>		<b>16</b>	<b>-5</b>
<b>Financing activities</b>			
Exercised share options		21	25
Group contributions		-	8
Loans raised from subsidiaries		139	126
Dividends paid	21	-173	-154
<b>Cash flow from financing activities</b>		<b>-13</b>	<b>5</b>
Cash flow of the year		3	0
Cash and cash equivalents at January 1		0	0
<b>Cash and cash equivalents at December 31</b>		<b>3</b>	<b>0</b>

# Notes

## NOTE 1 Company information and general accounting principles

Munters Group AB, corp. reg. no. 556819-2321, is a Swedish public limited company registered in Sweden with registered office in Stockholm, Sweden.

This Annual Report and Consolidated Accounts were signed by the Board of Directors for Munters Group AB on February 22, 2024, and approved for release by the Board on the same date. The income statements and balance sheets for the Parent Company and the Group published in the Annual Report and Consolidated Accounts is to be adopted by the Annual General Meeting on March 21, 2024.

The most material accounting policies applied in preparing the financial reports are reported below. In general, the same principles applies for both the Parent Company as for the Group. To the extent which the Parent Company's accounting policies differ from those of the Group, or to which it was deemed important to explain the principle applied in the Parent Company, is indicated under a separate heading at the end of this Note.

### Basis of preparation

The Consolidated Accounts were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 – Supplementary Accounting Rules for Corporate Groups. The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act and with the application of the Swedish Financial Reporting Board's recommendation RFR 2 – Accounting for Legal Entities. IFRS rules for measurement and disclosure are thus applied, with the exception of the deviations indicated in the section titled Accounting Policies of the Parent Company.

### New and amended IFRS applied by the Group

A number of new and amended accounting standards are effective from January 1, 2023 following endorsement by the EU and has been applied by Munters since that date. The most essential changes are described briefly below. The amendments has no impact on the financial statements of the Group.

#### IAS 1 Presentation of Financial statements

As of 2023 Munters apply the amendment in IAS 1, which means that companies must disclosure of material accounting policies, rather than their significant accounting policies. The amendment defines the material accounting policies, and how the material accounting policies are identified. The amendment results in a shorter Note regarding the accounting policies of the Group, in comparison with previous years.

#### IAS 12 Income Taxes

Deferred tax is recognized on all temporary differences arising between the carrying amount on assets and liabilities and their recognized tax base in the Consolidated Accounts, except for temporary differences arising from initial recognition of an asset or a liability, given that certain conditions are met. An amendment to IAS 12 effective from 2023 clarifies that this exception is not applicable when reporting transactions that simultaneously give rise to both an asset and a liability, i.e. when recognizing a right-of-use asset and a corresponding lease liability. The amendment has no impact on the financial statements of Munters, but implies a certain increase of disclosures in Note 11 Income taxes.

In May 2023, additional amendments to IAS 12 Income Taxes were published. The amendments were effective retroactively from January 1, 2023 and clarify that IAS 12 should be applied to income taxes based on the OECD's model rules under the second pillar. At the same time, a temporary, mandatory exception from the deferred tax accounting rules regarding such taxes was introduced. The implication is that a company is neither allowed to disclose nor provide information about deferred tax assets and deferred tax liabilities under the second pillar.

Munters currently assesses that none of its group companies are subject to tax legislation based on the OECD's model rules that have come into effect or are decided, or practically decided.

### New and amended IFRS that have not started being applied

A number of new standards and interpretations enter into force for the financial year beginning after 1 January 2023 and have not been applied to the preparation of this financial report. None of these new IFRS or IFRIC changes are expected to have a significant impact on the Group's financial statements.

### Amended accounting principles

During the year principles for recognizing prepayments from customers, that has been invoiced but not yet paid, was changed. In the Consolidated statement of financial position these amounts were previously reported gross as asset in Accounts receivable respectively as liability in Accrued expenses and deferred income. From 2023 these transactions are being netted in the Consolidated statement of financial position, resulting that Accounts receivable and Accrued expenses and deferred income both decrease. The amended accounting principle has been applied retroactively and the comparative year's figures have been restated.

### Basis of consolidation

The Consolidated Accounts encompass Munters Group AB and its subsidiaries. Subsidiaries are all companies over which the Group has a controlling influence.

The financial statements for the Parent Company and its subsidiaries included in the Consolidated Accounts refer to the same period and have been prepared in accordance with the accounting policies that apply to the Group. All intra-group transactions, revenues, costs, gains, or losses that arise in transactions between companies included in the Consolidated Accounts have been wholly eliminated.

The Consolidated Accounts are prepared in SEK, which is the operational and reporting currency of the Parent Company. Results of operations and financial condition for all Group companies that have a functional currency other than the reporting currency are translated into the Group's reporting currency.

Transactions in foreign currencies are translated to the functional currency using the currency rates on the transaction date. Exchange rate differences on operating receivables and operating liabilities are recognized in Operating profit, while exchange rate differences attributable to financial assets and liabilities are recognized as financial income or financial expense. Realized and unrealized exchange rate differences are thus recognized in income for the year.

### The following significant foreign exchange rates have been used in translating accounts:

Currency	Country	Average rate		Closing rate	
		2023	2022	2023	2022
AUD	Austratia	7.05	7.01	6.82	7.09
CAD	Canada	7.86	7.77	7.58	7.71
CNY	China	1.50	1.50	1.41	1.50
DKK	Denmark	1.54	1.43	1.49	1.50
EUR	Euro zone	11.48	10.63	11.10	11.13
GBP	United Kingdom	13.20	12.47	12.77	12.58
INR	India	0.13	0.13	0.12	0.13
JPY	Japan	0.08	0.08	0.07	0.08
NOK	Norway	1.01	1.05	0.99	1.06
SGD	Singapore	7.90	7.34	7.60	7.78
THB	Thailand	0.30	0.29	0.29	0.30
USD	US	10.61	10.12	10.04	10.44
ZAR	South Afrika	0.58	0.62	0.55	0.61



## NOTE 1 Company information and general accounting principles, cont.

### ACCOUNTING PRINCIPLES OF THE PARENT COMPANY

The Parent Company's Annual Report has been prepared in accordance with the Annual Accounts Act and with the application of the Swedish Financial Reporting Board's recommendation RFR 2 – Accounting for Legal Entities. This means that IFRS are applied with the deviations and additions presented below.

#### Statutory sustainability report

Munters Group AB has prepared a sustainability report in accordance with the Sixth Chapter of the Annual Accounts Act, paragraph 11. The report relates to the Group and also constitutes Munters Communication on Progress (CoP) report according to the Global Compact. The report consist of pages 3–4, 11, 14–15 and 61–93.

#### Financial statements

Under the requirements in RFR 2, the Parent Company's financial statements deviate from those presented for the Group. This means that the Parent Company has the following five statements in the Annual Report: income statement, other comprehensive income, balance sheet, statement of cash flow and statement of changes in equity.

#### Financial instruments: Recognition and measurement

The Parent Company does not apply IFRS 9 Financial Instruments. Instead, measurements are based on the acquisition costs of assets and liabilities.

#### Ownership of subsidiaries

Holdings in subsidiaries are recognized in the Parent Company using the cost method. If there are indications of a decline in value, the value is tested and, if required, the holdings are impaired.

#### Group contributions

The Parent Company recognized all Group contributions, paid and received, as appropriations.

#### Shareholders' contributions

Shareholders' contributions from the Parent Company are recognized directly in the receiver's equity and capitalized in the shares and participations of the Parent Company, to the extent impairment is not required.

#### Leasing

In the event that the Parent Company has any leases, these are not recognized in the balance sheet but are expensed linearly over the contract period of the lease.

## NOTE 2 Significant estimates and assessments

In preparing the financial statements, Group Management and the Board of Directors makes assessments and assumptions that affect the final accounts and disclosures. These assessments are based on experience and the various assumptions that management and the Board consider reasonable under the prevailing circumstances. The conclusions thus drawn form the basis for determinations concerning carrying amounts of assets and liabilities in cases where they cannot be readily determined using information from other sources. Actual outcomes may differ from these assessments, if other assumptions are made or other conditions applied. The estimates and assessments that are considered to have the greatest impact on Munters earnings and financial position are outlined below.

#### Measurement of goodwill

The Group tests for impairment of goodwill each year. This test requires an estimation of parameters affecting future cash flows and a determination of a discount rate. Then the recoverable amount of each individual cash-generating unit is established by calculating the value in use. Note 13 presents the significant assumptions made to test goodwill and describes the effects of reasonable and possible changes to the assumptions on which the calculations were based. At the end of 2023 the Group recognized goodwill to a value of MSEK 5,822 (5,359).

#### Acquired intangible assets and establishing useful lives

When businesses are acquired, the intangible assets acquired are measured at fair value. In cases where there is an active market for the acquired assets, the fair value is determined based on prices in that market. Because active markets are often lacking for these assets, valuation models have been developed to estimate fair values. One example of a valuation model is discounted future cash flows. These assets are amortized based on established useful lives. Company management makes assumptions and judgements regarding how long each asset will generate financial benefits for the Group. At the end of 2023 the Group recognized Technology, Customer relationships and Brands to a value of MSEK 1,367 (1,366).

#### Development expenses

Determining whether an intangible asset resulting from development should be recognized as an asset requires an assessment of the extent to which certain specific conditions are satisfied. With regard to capitalized development projects, management's assessment is that their technical and financial feasibility are confirmed. At the end of 2023 the Group recognized intangible assets regarding product development to a value of MSEK 482 (392).

#### Deferred tax assets on loss carry-forwards

The Group recognizes deferred tax assets on loss carry-forwards to the extent that it is probable such losses can be deducted from future profits. The actual outcome may deviate from the assessments made because of factors such as changes in the business climate or to tax regulations.

At the end of 2023 the Group's total tax loss carry-forward was MSEK 1,586 (1,284). In the consolidated balance sheet, a value of tax purposes of capitalized loss carry-forward was recognized in the amount of MSEK 22 (101).

#### Put/call options

Munters has call options to acquire outstanding shares in the partly owned companies MTech Systems and InoBram. The Sellers have the equivalent call options to sell their shares. The purchase price for outstanding shares at exercise of the options is determined based on EBITDA the year before exercise. The options are measured at fair value in the consolidated balance sheet of the Group, based on Management's best assessment of the future EBITDA. Actual results may differ from these assumptions and impact the final purchase price.

#### Contingent purchase considerations

A contingent purchase consideration in connection with acquisitions is often dependent on future financial performance related to the acquired unit. Actual results may differ from these assumptions, which involve changing a previously recognized contingent consideration.

#### Warranty provision

Munters warranty provision is based upon management's best estimates of amounts necessary to settle future and existing claims. The provision is based on historical trends of units sold and payment amounts, combined with current understanding of the status of existing claims. Regular evaluations are made of the adequacy of these provisions, and they are adjusted when appropriate. However, the future realized outcome for settling the warranty claims can differ materially from the provision recorded.

#### Revenue recognition

A number of customer contracts fulfill the requirement to be recognized over time based on the degree of completion. The forecasts for each contract constitute an estimate of final revenue and expenses.

#### Leasing

When defining the lease period, management takes into account all available information that provides a financial incentive to exercise an extension option, or not to exercise an option to terminate a contract. Opportunities to extend a contract are included only in the lease period if it is reasonable certain to extend the contract (or not terminate the contract). The majority of the extension options in lease agreements of office premises and vehicles have not been included in the reported lease liability as the Group can compensate the assets without significant costs or interruptions in the business.

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## NOTE 3 Financial risk management

Through its operations in a global environment, Munters is exposed to several different financial risks, such as currency risk, interest rate risk, credit risk, and liquidity risk. The financial risks are controlled and managed based on a financial policy approved by the Board of Directors. The policy covers the entire Group and is updated on an annual basis. The purpose of the policy is to create a framework for managing the various financial risks. Risk management and financing activities are handled centrally by CFO and the Group Treasury function, monitored and controlled by the Board of Directors, Audit Committee and CEO. The overall objective is to limit the volatility attributable to financial factors in the income statement and balance sheet, protect financial assets and future cash flows, as well as optimize the Group's financing and meet financial covenants in banking agreements. The Treasury function, which acts as the Group's internal bank, identifies, evaluates, and hedges financial risks in close cooperation with the Group's operational units.

Currency	Percentage of revenue		Percentage of costs	
	2023	2022	2023	2022
USD	52.8%	44.2%	47.3%	37.5%
EUR	18.8%	21.9%	18.7%	22.9%
CNY	12.7%	19.2%	11.1%	15.6%
SEK	2.8%	2.2%	8.9%	8.3%
GBP	2.8%	1.7%	2.1%	1.8%
JPY	1.6%	1.4%	1.8%	1.6%
BRL	1.5%	1.3%	1.7%	1.5%
INR	1.4%	1.5%	1.7%	1.5%
SGD	0.8%	0.9%	0.5%	0.4%
DKK	0.8%	0.9%	0.4%	0.4%
AUD	0.8%	1.1%	0.5%	0.8%
KRW	0.6%	1.0%	0.5%	0.5%
THB	0.4%	0.5%	0.4%	0.5%
Other	2.3%	3.7%	4.6%	5.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Currency risk

Due to Munters' global presence, the Group is exposed to transaction exposure by transactions in foreign currency and through translation exposure when translating income statements and balance sheets into SEK.

### Transaction exposure

Group internal sales in foreign currency primarily occur through the Group's production companies, which invoice the Group's sales companies in their functional currency. By doing so, transaction exposure and hedging operations are concentrated to a few companies in the Group. The hedging of transaction exposure shall primarily occur through

so-called natural hedges, whereby incoming and outgoing cash flows in foreign currencies are matched in order to minimize the net exposure. For example, Munters has decided to have a major part of its external loans in USD to get a natural hedge towards the large inflows of USD presented in the table above. Otherwise, hedging shall primarily occur through forward selling of currency.

The value of forward contracts at year-end was MSEK -33.4 (1.5), see Note 23. Munters does not apply hedge accounting for these financial instruments.

A significant proportion of Munters' income and expense is generated in foreign currencies, of which the most significant are presented in the table above. The geographic distribution of Munters' production plants results in a matching of revenues and expenses in local currencies, which limits the currency exposure.

Munters' sensitivity to variations in exchange rates is presented in the table below. The analysis includes transaction exposure and is based on EBIT for 2023. All other factors influencing earnings are assumed unchanged in the calculation.

SEK +10% compared with	Estimated effect on EBIT MSEK
USD	-184.9
CNY	-48.5
EUR	-38.4
GBP	-15.0
KRW	-7.3
SGD	-6.9
AUD	-5.4
DKK	-2.0
INR	-1.7
ILS	10.0
MXN	12.1
CZK	18.1
Other currencies	-10.9
<b>Total</b>	<b>-280.8</b>

### Translation exposure

A large proportion of Munters' subsidiaries have net assets in their functional currency, which is different from the Group's reporting currency. When these are translated into SEK, translation differences arise which are recognized in other comprehensive income. Translation differences attributable to net investments in foreign currency are not hedged. However, pursuant to the financial policy, this is monitored and calculated regularly in order to determine its impact on earnings and financial position. The effect on other comprehensive income of the translation of foreign subsidiaries' net assets into SEK totaled MSEK -274 (483). This refers mainly to subsidiaries that have USD, EUR, and CNY as functional currency.

### Interest rate risk

Interest rate risk refers to the risk of the value of financial instruments and interest-bearing assets and liabilities changing due to changes in interest rate levels. To ensure efficiency and risk control according to policy, the majority of the borrowings are managed by the Group Treasury function.

Munters is exposed to interest rate risk through interest-bearing borrowings, which are one of the Group's sources of financing in addition to equity and cash flow from operating activities. Interest-bearing borrowings consist primarily of long-term bank loans with a variable interest rate. In addition, few subsidiaries are permitted to keep individual third party bank debt. The Group has no significant interest-bearing assets besides bank balances, so revenues and cash flow from operating activities are largely independent of changes in market interest rates.

The Group had at the end of 2023 no outstanding interest rate derivatives.

### Interest exposure

The average fixed interest term for the Group's external loans was 2.6 months (1.7) at year-end 2023. If the interest rate increases by one percentage in all countries where Munters has loans or investments, the impact on net financial income and expense would be approximately MSEK -40 (-32). This sensitivity analysis assumes that all other factors, such as exchange rates, remain unchanged.

### Credit risk

Credit risk is the risk of Munters incurring losses due to a counterparty failing to pay.

### Credit exposure

For Munters, the predominant portion of credit risk relates to accounts receivable. Munters works actively to limit this risk. An approved credit rating is required for a counterparty to be approved. Advance payment is generally encouraged, and a partial advance payment is a requirement when the value of the order is a significant amount and delivery extends over a long period of time. Accounts receivable are also mainly spread among many customers, primarily companies in different industries and with wide geographical distribution, which limits concentration of the credit risk.

To ensure that the Group's accounts receivables are paid, the management of receivables is regulated in a special policy. According to this policy, each business unit must have established and documented processes for handling unpaid receivables. The documented processes include specifications of time limits for taking various actions, including legal action, as well as who is responsible at various stages of the process. Documentation of actions taken ensures that follow-up is possible. The measures are matched to amounts and to different groups of customers and business areas in a manner that will result in efficient handling of overdue accounts receivable.

### Counterparty exposure

A list of approved counterparties and maximum exposure to each approved counterparty is established in the financial policy. Approved counterparties should be characterized by high ethical values and have

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## NOTE 3 Financial riskmanagement, cont.

a credit rating of at least A-/A2 according to Standard & Poor's/Moody's credit assessments. Exceptions may sometimes be made for local banks, but such cases must have the advance approval of the CFO.

### Liquidity risk

Liquidity risk refers to the risk of Munters, at a given point in time, not having sufficient liquidity to cover expected or unforeseen expenses.

The liquidity reserve is defined as bank balances or invested funds that can be released within two banking days without any additional or minor cost, plus any unutilized credit facilities, committed for minimum 12 months, less any outstanding uncommitted debt. Management continually monitors forecasts of Group cash flows and liquidity reserves to ensure that the Group has sufficient funds to satisfy the needs of operating activities and to cover interest payments and loan repayments. According to the financial policy, the long-term liquidity reserve shall exceed an amount equivalent to 10% of the rolling twelve months Net Sales with an annual review. A risk to go below the permitted threshold level requires immediate actions. At the end of 2023, the Group had unutilized credit facilities of MSEK 1,317 (2,228). The Group's total liquidity reserve less restricted cash per end of 2023 amounted to MSEK 2,464 (2,944).

Group Treasury works actively to ensure an effective cash management structure within the Group by centralizing the liquidity to the parent company through cash pools and other form of sweeping mechanisms. Cash surplus shall primarily be used to repay external debt. The Group's cash and cash equivalents shall be deposited in bank accounts or high-liquidity interest-bearing instruments. Any surplus liquidity in subsidiaries shall be deposited with Group Treasury. By securing accessibility to guaranteed long-term credit facilities, spreading maturities and sources of financing for borrowings, the Group will avoid expensive financing and refinancing difficulties. For more information about the Group's borrowings, see Note 24.

### Capital structure

Munters aims to have a capital structure that ensures long-term stability in operations, satisfies various investment requirements and safeguards the value of the Group. Munters endeavors to ensure that Group's subsidiaries shall have an optimal capital structure relating to financing requirements, foreign exchange and tax regulations in each jurisdiction. Subsidiary financing shall mainly be done by internal loans or capital contributions. Requirements in the Groups external loan agreement and common praxis following the type of business of the individual subsidiary and country shall be taken into consideration when deciding form of financing. An analysis of the subsidiaries' capital structure is done on a yearly basis to secure that the different requirements are met.

## NOTE 4 Net sales

### Satisfaction of performance obligations and payment terms

Munters overall supply consists of goods, such as equipment, components and spare parts, and services, such as installation, startup commissioning and maintenance services.

Customer contracts range from pure component deliveries, mainly within FoodTech and in segment Clean Technologies within AirTech, to contracts comprising equipment, installation, start-up and commissioning services, within other parts of AirTech and Data Center Technologies.

The performance obligation to deliver goods within AirTech and FoodTech is in the majority of contracts satisfied when Munters delivers the goods according to the delivery terms in the contract, however there are contracts within AirTech that are satisfied over time as Munters produces the goods. The performance obligation to deliver goods in Data Center Technologies is satisfied over time as Munters produces the goods. This because the Data Centers customer contracts are customer-specific deliveries without alternative use for Munters and with the right to recover cost incurred with a reasonable profit margin if the customer should decide to terminate the contract.

Installation, startup and commissioning services are services satisfied over time as Munters performs. The same relates to aftermarket services, such as maintenance services and extended warranties, and services and subscription contracts within Munters software delivery.

Allocation of the transaction price in a customer contract with several performance obligations is based on standalone selling prices.

### Allocation of Net sales

2023, MSEK	Data Center			Total
	AirTech	Technologies	FoodTech	
Goods transferred at a point in time	5,457	641	1,672	7,770
Goods transferred over time	2,106	2,682	335	5,123
Services transferred over time	647	85	305	1,037
<b>Total</b>	<b>8,210</b>	<b>3,407</b>	<b>2,313</b>	<b>13,930</b>

2022, MSEK	Data Center			Total
	AirTech	Technologies	FoodTech	
Goods transferred at a point in time	5,097	180	1,842	7,119
Goods transferred over time	1,156	1,192	120	2,468
Services transferred over time	564	28	207	799
<b>Total</b>	<b>6,816</b>	<b>1,400</b>	<b>2,170</b>	<b>10,386</b>

### Contract balances

Accounts receivables are non-interest bearing receivables with a general payment term of 30–90 days. Within FoodTech and segment Clean Technologies within AirTech revenue recognition and billing in general aligns. However, within FoodTech there are contracts with billing annual-ly in advance. These contracts qualifies for revenue recognition over time and therefore deferred revenue balances arises.

Within AirTech it is common with advanced billings, which creates advances from customers. Within AirTech the great majority of customer contracts qualifies for at a point in time revenue recognition meaning that once equipment are delivered, revenue is recognized fully for that performance obligation and any advances in the balance sheet is netted off and remaining balance is recognized as an accounts receivable.

Within segment Data Center Technologies the great majority if the customer contracts qualifies for over time revenue recognition meaning that as soon as the measurement of progress of a performance obligation exceeds any advanced billings contract assets are recognized due to the fact that billing terms does not allow for further billing until further milestones have been reached.

### Contract balances

MSEK	2023	2022
<b>Contract assets</b>		
Accounts receivables (Note 19)	2,038	2,020
Accrued income (Note 20)	732	497
<b>Contract liabilities</b>		
Advances from customers	1,355	1,715
Deferred revenue (Note 27)	92	79

### Transaction price allocated to remaining performance obligations

The aggregate transaction price allocated to remaining performance obligations at the balance sheet date amounts to MSEK 11,333 whereof MSEK 6,811 is expected to be recognized as revenue during 2024 and MSEK 4,523 is expected to be recognized as revenue during 2025 or later.

Per December 31, 2022 the aggregate transaction price allocated to remaining performance obligations amounted to MSEK 11 463.

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## NOTE 5 Operating segments

### REPORTABLE OPERATING SEGMENTS

The Group's reportable operating segments have been identified from a management perspective. Thus, the segment information disclosed is based on internal reporting to the chief operating decision maker, which at Munters has been equated with Group Management. The Group's operations are managed and reported by three business segments, AirTech, Data Center Technologies and FoodTech.

AirTech manufactures and markets products and holistic solutions for controlling humidity and improving the indoor climate. Customers' manufacturing processes and warehousing are becoming more efficient and product quality, shelf life, and hygiene are improving. Data Center Tech-

nologies is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies. FoodTech manufactures and markets energy-efficient products and systems to create the right indoor climate for the animal husbandry and horticultural industries.

Business segment consolidation is performed applying the same policies as for the Group as a whole. Transactions between business segments are conducted on market terms. Key control and reporting concepts are order intake, net sales, EBIT, and operating working capital.

No individual external customer represents 10% or more of Munters sales.

	AirTech		Data Center Technologies		FoodTech		Other and elimination		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
MSEK										
Order intake	6,796	8,399	4,948	6,245	2,433	2,242	-61	-56	14,166	16,830
Order backlog	3,250	4,698	7,206	5,937	877	828	-	-	11,333	11,463
Net sales, external	8,210	6,816	3,407	1,400	2,313	2,170	-	-	13,930	10,386
Net sales, internal	16	14	1	0	50	42	-67	-56	-	-
<b>Net sales</b>	<b>8,226</b>	<b>6,830</b>	<b>3,408</b>	<b>1,401</b>	<b>2,363</b>	<b>2,211</b>	<b>-67</b>	<b>-56</b>	<b>13,930</b>	<b>10,386</b>
<b>Adjusted EBITA</b>	<b>1,278</b>	<b>1,014</b>	<b>519</b>	<b>84</b>	<b>222</b>	<b>128</b>	<b>-181</b>	<b>-156</b>	<b>1,839</b>	<b>1,070</b>
Amort. intangible assets	-39	-29	-22	-20	-80	-59	-15	-6	-157	-114
Items affecting comparability	-49	-9	-	8	-35	-64	-12	-10	-96	-75
<b>Operating profit (EBIT)</b>	<b>1,190</b>	<b>976</b>	<b>497</b>	<b>71</b>	<b>107</b>	<b>5</b>	<b>-208</b>	<b>-171</b>	<b>1,586</b>	<b>881</b>
Changes in acc. receivable	195	-702	-182	-4	-30	73	7	1	-11	-635
Changes in inventory	147	-384	39	-316	85	-6	-	-	271	-706
Changes in accrued income	-100	-86	-165	-152	-2	2	-	-	-267	-236
Changes in acc. payable	-105	302	36	119	2	-44	7	21	-60	397
Changes in adv. from customers	-537	570	256	406	-19	1	-	-	-299	977
<b>Cash flow from operating working capital</b>	<b>-400</b>	<b>-304</b>	<b>-16</b>	<b>53</b>	<b>37</b>	<b>25</b>	<b>13</b>	<b>22</b>	<b>-366</b>	<b>-203</b>
<b>Other disclosures</b>										
Investments	286	204	93	44	137	168	155	123	670	539
Number of employees	3,345	2,693	615	355	870	791	150	99	4,981	3,940

### GEOGRAPHIC INFORMATION

The information below is based on where customers have their registered head office.

#### External net sales

MSEK	2023	2022	
US	7,104	4,317	
China	1,835	1,878	
Germany	495	521	
United Kingdom	443	198	NOTE 1
Canada	386	137	NOTE 2
Sweden	273	295	NOTE 3
Japan	245	170	NOTE 4
Mexico	231	226	NOTE 5
India	226	188	NOTE 6
Brazil	207	190	NOTE 7
France	204	165	NOTE 8
Belgium	173	152	NOTE 9
Italy	173	197	NOTE 10
Ireland	170	163	NOTE 11
Netherlands	151	163	NOTE 12
Poland	140	129	NOTE 13
Australia	140	111	NOTE 14
South Korea	138	130	NOTE 15
Other countries	1,195	1,127	NOTE 16
<b>Total</b>	<b>13,930</b>	<b>10,386</b>	NOTE 17
<b>Non-current assets</b>			NOTE 18
MSEK	<b>2023</b>	<b>2022</b>	NOTE 19
US	1,062	923	NOTE 20
Sweden	757	545	NOTE 21
Israel	164	164	NOTE 22
India	140	50	NOTE 23
Czech Republic	137	136	NOTE 24
Other countries	578	504	NOTE 25
<b>Total</b>	<b>2,838</b>	<b>2,383</b>	NOTE 26

The information presented in the table above regarding non-current assets is grouped according to assets location, i.e. where the entity carries on its production of goods and services. Non-current assets consist of tangible assets, right-of-use assets and intangible assets excluding goodwill and brands with an indefinite useful life.

## NOTE 6 Cost by nature

	Group	
	2023	2022
MSEK		
Material costs	-6,007	-4,592
Personnel costs (Note 32)	-3,638	-2,786
Depreciation	-484	-377
Other purchase costs etc	-2,125	-1,728
<b>Total</b>	<b>12,254</b>	<b>-9,483</b>

## NOTE 7 Fees to auditors

Fees and remuneration recognized as an expense to the Group's auditors during the period are shown below. Audit engagement refers to the statutory audit of the annual report and accounts, as well as the administration of the Board of Directors and the President, other tasks which the Company's auditors are responsible for performing, and advice or other assistance occasioned by observations in such audits or the performance of other similar tasks. Tax advice is consulting on fiscal issues. Other services are advice that cannot be attributed to any of the above-mentioned categories.

	Group		Parent Company	
	2023	2022	2023	2022
KSEK				
<b>Ernst &amp; Young</b>				
Audit engagements	13,970	11,398	715	681
Audit business beyond audit engagements	700	523	84	163
Tax advice	1,496	1,576	138	-
Other services	1,289	760	865	-
<b>Other auditors</b>				
Audit engagements	1,009	560	-	-
Tax advice	461	36	-	-
Other services	325	88	-	-
<b>Total</b>	<b>19,250</b>	<b>14,932</b>	<b>1,802</b>	<b>845</b>

## NOTE 8 Depreciation, amortization and impairment losses

Amortization of intangible assets and depreciation of property, plant, and equipment are based on the historical acquisition cost and the estimated useful life of different groups of assets. For assets acquired during the period, depreciation or amortization is calculated from the acquisition date. Depreciation and amortization are charged primarily on a straight-line basis over the following useful lives.

Research and development work	3-5 years
Patent, licenses, brands (with definitive useful life)	3-10 years
Customer relationships	7-12 years
Technology	6-10 years
Brands (with indefinite useful life)	Not amortized
Machinery and equipment	3-10 years
Buildings	20-33 years

Depreciation, amortization, and impairment losses on non-current assets were charged to income for the year as shown below:

	Group	
	2023	2022
MSEK		
Cost of sales	-249	-187
Selling expenses	-89	-88
Administrative expenses	-55	-40
Research and development costs	-91	-62
<b>Total</b>	<b>-484</b>	<b>-377</b>

## NOTE 9 Other operating income and expenses

	Group		Parent Company	
	2023	2022	2023	2022
MSEK				
Capital gains on sale of tangible assets	0	24	-	-
Internal operating income	-	-	32	8
Government grants related to R&D	12	15	-	-
Restructuring costs	-34	-58	-	-
Exchange rate differences	-29	11	-0	-0
Other	-31	-10	-	-
<b>Total</b>	<b>-82</b>	<b>-19</b>	<b>32</b>	<b>8</b>

Restructuring expenses are mainly related to on-going strategy implementation initiatives within AirTech and FoodTech.

## NOTE 10 Financial income and expenses

	Group		Parent Company	
	2023	2022	2023	2022
MSEK				
<b>Financial income</b>				
Interest income, other	26	7	0	-
Other financial income	-	0	-	-
<b>Total</b>	<b>26</b>	<b>7</b>	<b>0</b>	<b>-</b>
<b>Financial expenses</b>				
Interest expenses, subsidiaries	-	-	-17	-5
Interest expenses, loans	-275	-101	-	-
Interest expenses, leases	-42	-23	-	-
Financing fees	-25	-28	-	-
Exchange-rate differences	4	10	-0	-
Other financial expenses	-18	-7	-	-
<b>Total</b>	<b>-357</b>	<b>-150</b>	<b>-18</b>	<b>-5</b>
<b>Net financial items</b>	<b>-331</b>	<b>-142</b>	<b>-18</b>	<b>-5</b>



## NOTE 11 Income taxes

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-428	-206	0	-
Deferred tax	-35	43	-0	1
<b>Income tax for the year</b>	<b>-463</b>	<b>-162</b>	<b>-0</b>	<b>1</b>
<b>Reconciliation of effective tax</b>				
<b>Profit/loss before tax</b>	<b>1,255</b>	<b>739</b>	<b>3</b>	<b>3</b>
Tax according to prevailing tax rate for the Parent Company	-259	-152	-1	-0
<b>Tax effect of:</b>				
Differences attributable to foreign tax rates	-69	-13	-	-
Non-deductible expenses	-12	-9	-0	-0
Non-taxable income	29	15	1	2
Utilization of losses not recognized	6	8	-	-
Tax losses not recognized	-70	-4	-	-
Impairment of deferred tax assets on loss carry-forward	-80	-	-	-
Remeasurement of deferred tax due to changes in tax rates	17	-	-	-
Tax attributable to prior years	-10	6	-	-
Withholding tax	-8	-8	-	-
Other	-8	-5	-	-
<b>Tax recognized in income statement</b>	<b>-463</b>	<b>-162</b>	<b>-0</b>	<b>1</b>

### Tax attribute to components of OCI

MSEK	Group	
	2023	2022
Deferred tax attributable to:		
Actuarial gains and losses on defined benefit pension obligations	9	-18
Exchange rate differences recognized in OCI	10	-
<b>Total</b>	<b>19</b>	<b>-18</b>

### Deferred tax assets

MSEK	Group	
	2023	2022
Intangible assets	3	3
Property, plant and equipment	11	11
Inventory	56	48
Provisions for pensions	20	15
Lease liabilities	174	-
Loss carry-forward	22	101
Other deferred tax assets	169	120
Netting of deferred tax assets	-162	-
<b>Closing balance</b>	<b>292</b>	<b>298</b>

### Deferred tax liabilities

MSEK	Group	
	2023	2022
Intangible assets	404	405
Property, plant and equipment	52	36
Right-of-use assets	159	-
Other deferred tax liabilities	1	1
Netting of deferred tax liabilities	-162	-
<b>Closing balance</b>	<b>455</b>	<b>442</b>

Reconciliation of net change in deferred tax assets from the beginning of the year to the end of year:

### Change in deferred taxes

MSEK	Group	
	2023	2022
Opening balance	-144	-127
Changes recorded in this year's profit	-35	43
Tax on amounts recorded in OCI	19	-18
Tax on amounts recorded in equity	-	-
Acquisition of subsidiaries	-5	-9
Exchange-rate differences	3	-34
<b>Closing balance</b>	<b>163</b>	<b>-144</b>

Deferred tax assets for pension provisions refer to the difference between the calculation of defined benefit pension obligations based on local tax legislation and IAS 19 Employee Benefits.

Deferred tax assets relating to loss carry-forwards are recognized to the extent that it is deemed likely that the losses will be used to offset taxable income.

At year-end, there were tax loss-carry forwards in the group companies amounting to MSEK 1,586 (1,284), whereof the majority maybe carried for an unlimited period of time.

Loss carry-forwards for which deferred tax assets are not recognized totaled MSEK 1,498 (850). Consequently, deferred tax assets on loss carry-forwards totaling MSEK 88 (433) were recognized. These losses mainly relate to subsidiaries in Belgium. In all countries, losses may be carried forward for an unlimited period of time.

Deferred tax liabilities are mainly attributable to the surplus values identified in connection with the acquisition of Munters AB in 2010.

## NOTE 12 Earnings per share

KSEK	2023	2022
Net income	792,078	576,918
Attributable to Parent Company shareholders	783,965	577,114
Attributable to non-controlling interests	8,113	-196
<b>Average number of outstanding shares</b>		
Before dilution	182,274,370	181,752,465
After dilution	182,284,750	181,932,090
Whereof treasury shares	1,933,033	2,389,358
Earnings per share before dilution, SEK	4.30	3.18
Earnings per share after dilution, SEK	4.30	3.17

Computing earnings per share, basic and diluted, is based on the net income attributable to the Parent Company's ordinary shareholders. The number of shares used in the calculation consists of a weighted average of outstanding ordinary shares during the year. The average share price during the year exceeded the exercise price for the two employee stock option programs outstanding, implying a minor dilution effect on the number of average outstanding shares for the year.

## NOTE 13 Intangible assets

2023 Group, MSEK	Goodwill	Brands	Technology	Customer relationships	Internally generated intangible assets	Other intangible assets	Total
<b>Acquisition cost</b>							
Opening balance	5,753	1,230	737	1,107	612	436	9,877
Capital expenditure	-	1	-	-	189	157	347
Acquisition of subsidiaries	679	-	6	76	-	12	773
Sold/scrapped	-	-	-2	-	-2	-5	-9
Exchange-rate differences	-218	-33	-20	-28	-26	-4	-328
<b>Closing balance</b>	<b>6,214</b>	<b>1,199</b>	<b>721</b>	<b>1,156</b>	<b>772</b>	<b>597</b>	<b>10,660</b>
<b>Accumulated amortization and impairment</b>							
Opening balance	-394	-11	-654	-1,044	-220	-167	-2,491
Sold/scrapped	-	-	2	-	2	5	9
Amortization for the year	-	-	-19	-27	-83	-27	-157
Exchange-rate differences	2	0	19	26	10	2	60
<b>Closing balance</b>	<b>-392</b>	<b>-10</b>	<b>-653</b>	<b>-1,046</b>	<b>-291</b>	<b>-187</b>	<b>-2,579</b>
<b>Closing carrying amount</b>	<b>5,822</b>	<b>1,189</b>	<b>68</b>	<b>110</b>	<b>482</b>	<b>410</b>	<b>8,081</b>

2022 Group, MSEK	Goodwill	Brands	Technology	Customer relationships	Internally generated intangible assets	Other intangible assets	Total
<b>Acquisition cost</b>							
Opening balance	4,599	1,090	635	940	415	284	7,963
Capital expenditure	-	-	26	-	159	132	317
Acquisition of subsidiaries	598	-	-	55	-	11	665
Exchange-rate differences	556	140	77	112	38	8	931
<b>Closing balance</b>	<b>5,753</b>	<b>1,230</b>	<b>737</b>	<b>1,107</b>	<b>612</b>	<b>436</b>	<b>9,877</b>
<b>Accumulated amortization and impairment</b>							
Opening balance	-351	-6	-565	-919	-147	-141	-2,129
Amortization for the year	-	-	-20	-18	-54	-17	-109
Impairment	-	-	-	-	-	-5	-5
Exchange-rate differences	-43	-5	-70	-108	-19	-3	-248
<b>Closing balance</b>	<b>-394</b>	<b>-11</b>	<b>-654</b>	<b>-1,044</b>	<b>-220</b>	<b>-167</b>	<b>-2,491</b>
<b>Closing carrying amount</b>	<b>5,359</b>	<b>1,220</b>	<b>83</b>	<b>63</b>	<b>392</b>	<b>269</b>	<b>7,386</b>

### INTANGIBLE ASSETS

#### Goodwill

In the year, Goodwill has increased by MSEK 679 as a result of business acquisitions. Further information about the acquisitions is found in Note 30.

#### Technology

The item mainly consists of technology identified in conjunction with the acquisition of MTech Systems during 2017.

#### Customer relationships

The item consists of customer relationships identified in conjunction with the acquisition of subsidiaries. During the year customer relationships of 76 MSEK related to the acquisition of Zeco and InoBram has been identified.

#### Internally generated intangible assets

Internally generated intangible assets relates to recognized development costs.

#### Other intangible assets

Other intangible assets mainly include patents, tradenames, licenses, and similar rights in Sweden, Germany, the United States, the Netherlands and China.

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## NOTE 13 Intangible assets, cont.

### IMPAIRMENT TESTING OF GOODWILL AND BRANDS

The values of goodwill and brands are tested annually, or more frequently if necessary, to ensure that the value does not deviate negatively from book value. The carrying amounts for goodwill and brands were tested in November, since then, no impairment indication has occurred.

Goodwill and brands with an indefinite useful life are allocated to the Group's cash-generating units, which are the smallest identifiable groups of assets that, as part of continual usage, generate cash inflows that are substantially independent of other assets or groups of assets. The Group's cash-generating units consists of the Groups three business areas: AirTech, Data Center Technologies and FoodTech.

#### Recognized goodwill per cash-generating unit

MSEK	2023	2022
AirTech	4,078	3,777
Data Center Technologies	213	214
FoodTech	1,532	1,368
<b>Closing carrying amount</b>	<b>5,822</b>	<b>5,359</b>

#### Recognized brands per cash-generating unit

MSEK	2023	2022
AirTech	1,043	1,071
FoodTech	145	149
<b>Closing carrying amount</b>	<b>1,189</b>	<b>1,220</b>

Goodwill as of December 31, 2023, amounted to MSEK 5,822 (5,359). The increase is explained by acquisitions and exchange-rate effects, mainly as a result of a weaker SEK against USD compared to prior year.

Management estimates that brands have an indefinite useful life because there is no predictable limit for the period of time during which the brand is expected to generate net payments for the company.

Impairment testing of recognized goodwill and brands has been based on recoverable amounts for cash-generating units established through calculating future value in use. Future cash flows for the first five years are mainly based on the strategic plan for 2024–2026 approved by the Board and Group Management, and projections thereof. The growth rate in the terminal period after the first five years has been determined as 2.5% (2).

Significant assumptions used to calculate values in use are sales growth and the EBITA margin, utilization of operating capital employed, other capital employed and the discount rate. Management has established the growth rate forecast based on previous results and expectations about future market trends by operating segment based on the adopted strategic plan. These assessments take into account various economic indicators and internal and external analyses thereof. Also taken into account are important aspects of financial performance described in the Group's strategic plan.

This year's impairment test did not result in any impairment, nor did the previous year's test.

The calculations for 2023 used a nominal discount rate (average weighted cost of capital before tax) of 12.4% (11.7).

A sensitivity analysis for the parameters discount rate, sales growth and EBIT margin has been performed for each cash-generating unit, as below. The effects refer to a change in the individual parameter, all else being equal.

### SENSITIVITY ANALYSIS

#### Discount rate

An increase in the discount rate of one percent would reduce the recoverable amount of each cash-generating unit as follows: AirTech –14%, Data Center Technologies –13% and FoodTech –14%. The change would not result in an impairment being required for any of the cash-generating units.

#### Net sales growth

A decrease in the net sales growth in the terminal period of one percentage would reduce the recoverable amount of each cash-generating unit as follows: AirTech –11%, Data Center Technologies –11% and FoodTech –11%. The change would not result in an impairment being required for any of the cash-generating units.

#### EBITA margin

A decrease in the EBITA margin in the terminal period of one percentage would reduce the recoverable amount of each cash-generating unit as follows: AirTech –8%, Data Center Technologies –8% and FoodTech –8%. The change would not result in an impairment being required for any of the cash-generating units.

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## NOTE 14 Property, plant and equipment

2023 Group, MSEK	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
<b>Acquisition cost</b>					
Opening balance	499	1,080	720	176	2,475
Capital expenditure	40	72	90	121	323
Acquisition of subsidiaries	94	26	14	1	134
Sold/scrapped	-	-8	-21	-	-30
Reclassifications	-	13	5	-19	0
Exchange-rate differences	-23	-33	-24	-8	-87
<b>Closing balance</b>	<b>611</b>	<b>1,150</b>	<b>784</b>	<b>271</b>	<b>2,815</b>
<b>Accumulated depreciations and impairment</b>					
Opening balance	-315	-794	-542	-	-1,650
Depreciation for the year	-13	-67	-65	-	-145
Sold/scrapped	-	7	20	-	27
Exchange-rate differences	9	22	18	-	50
<b>Closing balance</b>	<b>-318</b>	<b>-832</b>	<b>-569</b>	<b>-</b>	<b>-1,718</b>
<b>Closing carrying amount</b>	<b>293</b>	<b>318</b>	<b>215</b>	<b>271</b>	<b>1,097</b>
<b>2022 Group, MSEK</b>					
<b>Acquisition cost</b>					
Opening balance	431	928	577	78	2,014
Capital expenditure	3	47	53	118	222
Acquisition of subsidiaries	50	4	6	-	61
Sold/scrapped	-9	-11	-34	-	-54
Reclassifications	-18	14	59	-28	27
Exchange-rate differences	41	97	59	9	207
<b>Closing balance</b>	<b>499</b>	<b>1,080</b>	<b>720</b>	<b>176</b>	<b>2,475</b>
<b>Accumulated depreciations and impairment</b>					
Opening balance	-2,945	-669	-441	-	-1,404
Depreciation for the year	-11	-58	-57	-	-127
Sold/scrapped	7	10	33	-	49
Reclassifications	13	-7	-32	-	-27
Exchange-rate differences	-29	-69	-45	-	-143
<b>Closing balance</b>	<b>-315</b>	<b>-794</b>	<b>-542</b>	<b>-</b>	<b>-1,650</b>
<b>Closing carrying amount</b>	<b>185</b>	<b>287</b>	<b>178</b>	<b>176</b>	<b>825</b>

### PROPERTY, PLANT AND EQUIPMENT

Depreciation is based on acquisition cost of the assets and applied estimated useful lives are presented in Note 8.

#### Buildings and land

The carrying amount of Buildings and land amount to MSEK 293 (185). During the year the value has increased by MSEK 94 due to acquisitions (see Note 30). The carrying amount for land amounts to MSEK 57 (41).

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## NOTE 15 Right-of-use assets

2023 Group, MSEK	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Total
<b>Acquisition cost</b>				
Opening balance	636	342	102	1,078
New contracts	88	4	37	128
Sold/scrapped	-18	-13	-29	-60
Exchange-rate differences	-25	-11	-2	-39
<b>Closing balance</b>	<b>680</b>	<b>321</b>	<b>107</b>	<b>1,107</b>
<b>Accumulated depreciation and impairment</b>				
Opening balance	-114	-163	-51	-327
Depreciation for the year	-105	-45	-32	-183
Sold/scrapped	17	12	29	58
Exchange-rate differences	9	6	1	16
<b>Closing balance</b>	<b>-193</b>	<b>-189</b>	<b>-54</b>	<b>-435</b>
<b>Closing carrying amount</b>	<b>487</b>	<b>131</b>	<b>54</b>	<b>672</b>
<b>2022 Group, MSEK</b>				
<b>Acquisition cost</b>				
Opening balance	198	339	91	628
New contracts	451	2	29	482
Sold/scrapped	-46	-35	-25	-106
Exchange-rate differences	34	34	7	75
<b>Closing balances</b>	<b>636</b>	<b>342</b>	<b>102</b>	<b>1,078</b>
<b>Accumulates depreciation and impairment</b>				
Opening balance	-96	-129	-42	-268
Depreciation for the year	-53	-54	-30	-136
Sold/scrapped	45	35	24	104
Exchange-rate differences	-10	-14	-3	-28
<b>Closing balance</b>	<b>-114</b>	<b>-163</b>	<b>-51</b>	<b>-327</b>
<b>Closing carrying amount</b>	<b>522</b>	<b>178</b>	<b>51</b>	<b>751</b>

### RIGHT-OF-USE ASSETS

Munters leases various offices, warehouses, equipment and vehicles. In addition, Munters leases half of its manufacturing facilities around the world, which amounts to around ten factories. The leases are normally signed for fixed periods, but with the option to extend some contracts. The terms are negotiated separately for each lease and contain a number of covenants.

The leases only include variable payments that are based on an index, which is taken into account in the valuation of the lease liability and the right-of-use asset on the day the index is remeasured. The leases contain both lease and non-lease components and it is only the lease component that has been included in the calculation of the lease liability and the right-of-use asset.

Options to extend or terminate a lease are included in a number of the Group's leases. The terms are used to maximize flexibility in the management of the assets used in operations. The overwhelming share of the options to extend or terminate leases can only be exercised by the Group and not by the lessor.

Note 24 discloses the lease liabilities associated with the leased assets.

Total interest expenses, which are included in financial expenses, amounted to MSEK -45 (-21) during the year. Depreciation and write downs for the year amounted to MSEK -183 (-136).

Short-term leases and leases of low-value assets were expensed for MSEK 9 (9). These leases will entail payments of MSEK 11 (8) during the years 2024-2028 and MSEK 2 (1) for 2029 and beyond.

The total cash flow from leases recognized in the balance sheet in 2023 was MSEK -198 (-144) and is presented partly under financing activities as repayment of lease liabilities and partly under the operating activities as paid interest, see Note 24.

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## NOTE 16 Participations in subsidiaries

Direct shareholding, 100%	Country	Carrying amount
Munters Holding AB (CRN 556818-9749)	Sweden	4,098
Registered office: Stockholm		
		<b>4,098</b>
Material indirect shareholdings	Country	Share, %
AB Carl Munters (CRN 556035-1198)	Sweden	100
Munters AB (CRN 556041-0606)	Sweden	100
Munters Europe AB (CRN 556380-3039)	Sweden	100
Munters Frontier Invest AB (CRN 556904-0891)	Sweden	100
Proflute AB (CRN 556558-3415)	Sweden	100
Tobo Component AB (CRN 556695-4532)	Sweden	100
Munters Pty Ltd	Australia	100
Munters Belgium SA	Belgium	100
Munters Brasil Industria e Comércio Ltda	Brazil	100
MTech Systems America Latina Ltda	Brazil	66
Inobram Assessoria e Serviços Ltda	Brazil	60
Munters A/S	Denmark	100
Munters Finland OY	Finland	100
Munters France S.A.S.	France	100
Societ� D'Installation Frigorifiques et Thermiques de Nord	France	100
Munters India Humidity Control Private Ltd	India	100
ZECO Aircon Ltd	India	100
EDPAC Holdings Ltd	Ireland	100
Munters Corp Ireland	Ireland	100
Munters Ireland Limited	Ireland	100
Munters Israel Ltd	Israel	100
Munters Italy SpA	Italy	100
Munters K.K.	Japan	100
Munters Canada Inc	Canada	100
Jiangyin SAT Air Treatment Equipment Co Ltd	China	100
Munters Air Treatment Equipment (Beijing) Co., Ltd	China	100
Munters Air Treatment Equipment (Jiangsu) Co., Ltd	China	100
Munters de Mexico S de RL de CV	Mexico	100
Munters Netherlands BV	Netherlands	100
Munters AS	Norway	100
Munters Pte Ltd	Singapore	100
Munters Spain S.A.U.	Spain	100
Munters Ltd	UK	100
Munters (Pty) Ltd	South Africa	100
Munters Korea Co., Ltd	South Korea	100

Material indirect shareholdings	Country	Share, %
Munters Company Ltd	Thailand	100
Munters (Thailand) Co., Ltd	Thailand	100
Munters Czech s.r.o.	Czech Republic	100
Munters-Form End�stri Sistemleri Sanayie Ticaret A.Ő.	Turkey	80
EDPAC International GmbH	Germany	100
Munters Beteiligungs GmbH	Germany	100
Munters Euroform GmbH	Germany	100
Munters GmbH	Germany	100
Munters Reventa GmbH	Germany	100
Hygromedia, LLC	US	100
Munters Corporation	US	100
Munters Frontier US Holdco Inc.	US	100
RotorSource Inc	US	100
MTech Systems USA, LLC	US	66
Munters (Vietnam) Co., Ltd	Vietnam	100

### Parent company participation in subsidiaries

MSEK	2023	2022
Acquisition cost at January 1	4,098	4,094
Share option program	-	4
Accumulated acquisition cost at December 31	4,098	4,098

No restrictions exist regarding Group's access to the subsidiaries assets, as a result of regulations or minorities.

## NOTE 17 Participations in associated companies

Associate company/ Corp. reg. no / Registered office	Ownership, %	2023	2022
BarrnTools LLC, 622795, US	25.0	24	32
Combiest Catalyst AB, 556345-6578, Sweden	49.9	1	1
Carrying amount		25	34

During the year a share of earnings in associates of MSEK -8 (-2) regarding BarnTools LLC has been recognized in profit and loss.

## NOTE 18 Inventory

MSEK	2023	2022
Raw materials and consumables	998	893
Products in process	301	541
Finished products and goods for resale	405	460
Projects in progress	8	8
Advances to suppliers	14	54
<b>Total</b>	<b>1,726</b>	<b>1,956</b>

Impairment losses on inventories are based on the age of the items and the turnover rate. Most of the write-downs and reversal of write-downs are related to the obsolescence that is made at each period end. No significant part of the inventory is valued at the net realizable value.

### Inventory provision

MSEK	2023	2022
Opening balance	-159	-119
Acquisition of subsidiaries	-3	-0
Write down current year	-63	-39
Reversal of previous year write-down	45	11
Exchange-rate differences	7	-11
<b>Closing balance</b>	<b>-173</b>	<b>-159</b>

## NOTE 19 Accounts receivables

### Time analysis of accounts receivable, net after provision for expected credit loss.

MSEK	2023	2022
Current	1,183	1,430
< 30 days	421	339
30-90 days	245	189
91-180 days	123	47
> 180 days	67	14
<b>Closing balance</b>	<b>2,038</b>	<b>2,020</b>

Provision for expected credit losses corresponded to 3% (2) of total receivables and changed as follows:

## NOTE 19 Accounts receivables, cont.

### Provision for expected credit losses

MSEK	2023	2022
Opening balance	-42	-37
Provision for anticipated losses	-31	-17
Acquisition of subsidiaries	-19	-
Realized losses	12	1
Reversals of unutilized amounts	9	16
Exchange-rate differences	3	-3
<b>Closing balance</b>	<b>-68</b>	<b>-42</b>

The group applies the simplified approach under IFRS 9 Financial Instruments to measure expected credit losses. This "expected credit loss model" uses a lifetime expected loss allowance for all trade receivables. The model is based on historical default rates over the expected life of the trade receivables adjusted for forward looking estimates. Based on Munters historical statistic from confirmed credit losses the historical default rate has an insignificant effect on the credit loss provision and therefore the provision for bad debt is built on individual forward-looking estimates.

## NOTE 20 Prepaid expenses and accrued income

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Prepaid leases	10	11	-	-
Prepaid insurance premiums	37	28	0	1
Accrued income	732	497	-	-
Prepaid expenses for goods and services	6	16	1	0
Exchange-rate differences	168	131	-	-
<b>Closing balance</b>	<b>954</b>	<b>684</b>	<b>1</b>	<b>1</b>

## NOTE 21 Equity

### Share capital

The share capital of 5,533,735 (5,533,735) SEK comprises of 184,457,817 (184,457,817) shares with a par value of SEK 0.03 (0.03) per share. The shares in Munters Group AB are listed on Nasdaq Stockholm under the symbol MTRS. The ten largest owners in Munters Group AB hold a total of 60.7% (64.9) of outstanding shares. Of these, FAM AB holds 28.0% (28.0). No other shareholder holds more than ten percent of the shares, either directly or indirectly,

### Holding of treasury shares

As of 31 december 2023, Munters Group AB hold 1,933,033 treasury shares (2,389,358 at December 31, 2022), equal to 1.0% of the registered share capital. The shares have a par value of SEK 0.03 per share. The share have been repurchased during in prior years following a decision by the Board of Directors in Munters Group AB ("Munters") pursuant to authorization granted by the Annual General Meeting. The purpose of the repurchase was to ensure delivery of shares to the participants in the incentive programs that the Annual General Meetings 2018-2020 decided to establish and to hedge costs related to the programs.

During 2023 a total of 480,188 stock options related to the employee stock option programs from 2019 and 2020, "LTIP 2019" and "LTIP 2020" respectively, have been exercised. Per December 31, 2023, Munters holds a total of 1,933,033 treasury shares.

The number of outstanding shares at December 31, 2023, amounts to 182,524,784.

### Dividend during the period

A dividend has been paid during the year in accordance with the Board of Directors' proposal to the Annual General Meeting for 2023, implying 30% of 2022 earnings, a total of 173 MSEK and a dividend per share of SEK 0.95. No dividend is paid on treasury shares.

### Reserves - Translation reserve

The reserve for exchange rate differences consists of differences that arise when the income statements and balance sheets of foreign subsidiaries are translated into SEK.

### Reserve for exchange-rate differences

<b>Opening balance January 1, 2022</b>	<b>610</b>
Exchange-rate differences	483
<b>Closing balance December 31, 2022</b>	<b>1,096</b>
Exchange-rate differences	-284
Tax attributable to reserves	10
<b>Closing balance December 31, 2023</b>	<b>822</b>

## NOTE 22 Proposed distribution of earnings

The following earnings (in KSEK) are at the disposal of the Annual General Meeting:

### Unrestricted equity in parent company:

KSEK	2023
<b>Unrestricted equity at the start of the year:</b>	<b>3,893,879</b>
Dividend	-173,019
Exercise of share options	20,769
Income of the year	3,207
<b>Total</b>	<b>3,744,836</b>
<b>The board proposes that earnings be distributed as follows:</b>	
Dividend	237,282
To be carried forward	3,507,553
<b>Total</b>	<b>3,744,836</b>

According to the dividend policy adopted by Munters' Board of Directors, Munters shall aim to pay an annual dividend corresponding to 30-50 percent of the profit for the year. Decisions on any dividend proposals are made by the Board, taking into account Company's financial position, investment needs, acquisitions and liquidity.

During 2023, Munters showed continued strong growth as well as solid profitability and capital structure. The Board therefore proposes a dividend of SEK 1.30 (0.95) per share for 2023, totaling MSEK 237 (175) which corresponds to 30 percent of the profit for the year 2023.

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## NOTE 23 Financial instruments by category

### Book value of financial assets and liability by category

MSEK	2023	2022
<b>Financial assets measured at amortized cost</b>		
Other non-current financial assets	29	21
Accounts receivable	2,038	2,020
Other current receivables	135	159
Cash and cash equivalents	1,532	914
<b>Closing balance</b>	<b>3,734</b>	<b>3,114</b>
<b>Financial assets measured at fair value through profit/loss</b>		
Financial investments	66	62
Currency derivatives whose cash flows are not subject to hedge accounting	0	2
<b>Closing balance</b>	<b>66</b>	<b>64</b>
<b>Total</b>	<b>3,801</b>	<b>3,178</b>

MSEK	2023	2022
<b>Financial liabilities measured at amortized cost</b>		
Non-current interest bearing liabilities	4,151	3,721
Non-current interest bearing leasing liabilities	553	640
Current interest-bearing liabilities	980	-
Current interest-bearing leasing liabilities	167	135
Accounts payable	1,294	1,288
Accrued expenses	22	16
Other non-current liabilities	4	6
Other current liabilities	92	257
<b>Closing balance</b>	<b>7,262</b>	<b>6,063</b>
<b>Financial liabilities measured at fair value through profit/loss</b>		
Currency derivatives whose cash flows are not subject to hedge accounting	33	-
Acquisition option	632	217
<b>Closing balance</b>	<b>665</b>	<b>217</b>
<b>Total</b>	<b>7,927</b>	<b>6,280</b>

### Fair value of assets and liabilities

The carrying amounts of interest-bearing assets and liabilities in the statement of financial position may deviate from their fair value for reasons such as changes in market interest rates. Munters deems that the interest rate on interest-bearing liabilities is in line with market terms at December 31, 2023, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

The fair value of financial instruments such as accounts receivable, accounts payable, and other non-interest-bearing financial assets and liabilities, which are recognized at amortized cost less any impairment, is deemed equal to the carrying amount because of the short maturities of these instruments.

### Derivative instruments

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 9 categorized in level 2 according to the fair value hierarchy to IFRS 13. This means that fair value is based on data for the asset or liability other than quoted prices on an active market for identical assets or liabilities that are observable either directly (as quoted prices) or indirectly (derived from quoted prices).

At year-end, there were forward currency contracts in the Group as follows below:

	2023		2022	
	Nominal amount in local currency	Carrying amount	Nominal amount in local currency	Carrying amount
AUD/SEK	-	-	6	-0.7
DKK/SEK	-	-	5	0.1
EUR/SEK	56	-34.6	29	2.0
JPY/SEK	300	-0.3	60	3.1
USD/CAD	21	-1.9	-	-
USD/SEK	-	-	-30	-2.7
ZAR/SEK	-	-	-14	-0.4
Other	-	3.3	-	0.0
<b>Total</b>		<b>-33.4</b>		<b>1.5</b>

Positive nominal net amount in local currency refers to purchases and negative nominal net amount in local currency refers to sales. The forward contracts fall due during 2024.

### Financial assets and liabilities that are offset, or which are covered by a legal binding master netting arrangement or similar agreement

Financial assets and liabilities that can be offset against each other consist of foreign exchange derivatives covered by a legally binding master netting arrangement. In the year 2023 these items are offset in the balance sheet. The carrying amounts of such assets and liabilities are listed in the table above.

### Contingent purchase price considerations and put/call options

Contingent purchase price considerations are classified as financial liabilities and remeasured at fair value each month. Remeasurement gains and losses are recognized in the income statement.

Munters holds call options and has issued put options regarding non-controlling interests, which were agreed on in conjunction with the business combinations. The Group recognizes non-controlling interest initially and allocates this part of the income. The difference between liabilities for the options and the non-controlling participations to which the options refer is recognized directly in equity and disclosed separately from other changes in equity.

The groups contingent purchase price considerations and put/call options, recognized at fair value in the statement of financial position, are measured in accordance with IFRS 9 and is categorized as level 3 in the fair value hierarchy. The opening balance in the period is related to the put/call option from the acquisition of MTech Systems in 2017. The option can be exercised from 1 January, 2025, until 31 December, 2025. The value is based on EBITDA in the last 12 months before exercise of the option. During the year, the option has been remeasured by MSEK 352 due to an improved profit in MTech Systems.

Munters also holds a call option in relation to the outstanding shares in InoBram. The option is measured at MSEK 37 and can be exercised in 2027. The sellers has a put option to be exercised at the earliest in 2026.

### Holdbacks and contingent purchase price considerations

MSEK	2023	2022
Opening balance	217	137
Valuation put/call options	37	-
Holdbacks	37	-
Remeasurements	352	57
Discounting	25	-
Exchange-rate differences	-35	23
<b>Closing balance</b>	<b>632</b>	<b>217</b>

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## NOTE 24 Interest-bearing liabilities

### Interest-bearing liabilities, non-current

Munters has several borrowing arrangements both in form of loan facilities from a group of banks and bilateral loan arrangements. The total loan facilities portfolio, including unutilized loan facilities, amounts to approximately MSEK 6,300 with a weighted average maturity for outstanding loans of 2.7 years.

The loan agreements have 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.

As of December 31, the total Interest-bearing liabilities amounted to MSEK 5,131 (3,721). The table outlines the long- and short term debt on Group level together with local bank debt in group companies in e.g India, Brazil and Turkey. Munters' financial policy regulates the management of external borrowings. The Group's forecasted performance in relation to the limits stipulated by the covenant is closely monitored.

This ensures that the Group fulfills its commitments to external lenders and minimizes the liquidity and financing risk. At December 31, 2023, the covenant was met.

Total amount of unutilized credit facilities is showed in Note 3 under header Liquidity Risk.

The total average weighted interest rate including both long- and short term financing at the end of the year was 6.3% (5.5) and 6.8% (6.0) including financing cost. Refinancing fees capitalized in the balance sheet amounts to MSEK 12 and will be allocated to the income statement over the lifetime of the respective loans.

Term Loan is deducted by financing cost capitalized in balance sheet. Drawings under the revolving credit facility are listed among non-current loans below.

### Interest-bearing loans

2023-12-31	Interest rate	Book value						Total	Whereof non-current
		2024	2025	2026	2027	2028	2029		
Term loan	Variable	-	-	1,645	-	-	-	1,645	1,645
RCF	Variable	950	-	1,669	187	187	373	3,365	2,415
Other loans	Fixed / variable	30	17	2	25	18	28	121	91
<b>Total</b>		<b>980</b>	<b>17</b>	<b>3,316</b>	<b>212</b>	<b>205</b>	<b>401</b>	<b>5,131</b>	<b>4,151</b>

### Changes in interest-bearing liabilities

Munters has during the year net increased borrowings in EUR and SEK mainly for the purpose of financing acquisitions during the year. A smaller part of changes in debt is also caused by currency effects originating from fluctuations in EUR and USD exchange rate.

MSEK	2023	2022
Opening balance	3,721	2,373
Acquisition of subsidiaries	138	50
Loans raised	2,268	1,503
Amortization of loans	-877	-504
Non-cash movements	3	7
Exchange-rate differences	-112	292
<b>Closing balance</b>	<b>5,131</b>	<b>3,721</b>
Whereof non-current interest-bearing liabilities	4,151	3,721
Whereof current-interest-bearing liabilities	980	-

### Changes in lease liabilities

Munters had during the year the following changes related to lease liabilities, involving signing of new lease agreements, amortization of current agreements and interest and currency effects.

MSEK	2023	2022
Opening balance	774	377
New and updated contracts	126	481
Cancelled contracts	-4	-9
Capitalized interest	45	23
Amortization of leasing contracts	-198	-144
Exchange-rate differences	-25	47
<b>Closing balance</b>	<b>719</b>	<b>774</b>
Whereof non-current lease liabilities	553	640
Whereof current lease liabilities	167	135

### Maturity analysis of lease liabilities

The remaining undiscounted lease payments have the following due date:

### Undiscounted leasing liabilities

MSEK	2023	2022
Remaining term 1 year or less	178	168
Remaining time 1 to 5 years	416	410
Remaining time over 5 years	362	390
<b>Total</b>	<b>956</b>	<b>968</b>

## NOTE 25 Provisions for pensions

2023 Group, MSEK	Present value of DBO	Plan assets	Net pension provision
<b>Opening balance</b>	<b>246</b>	<b>-19</b>	<b>227</b>
<b>Recognized in profit/loss</b>			
Current service cost	6	-	6
Interest cost/income	8	-	8
	<b>15</b>	<b>-</b>	<b>15</b>
<b>Recognized in other comprehensive income</b>			
Actuarial changes arising from changes in financial assumptions	21	-	21
Experience adjustments	24	-	24
	<b>44</b>	<b>-</b>	<b>44</b>
<b>Transactions</b>			
Benefits paid to employer	-7	0	-7
Benefits paid by to plan assets	-	0	-
Transfers	-16	16	-
	<b>-23</b>	<b>16</b>	<b>-7</b>
Exchange-rate differences	0	0	0
<b>Closing balance</b>	<b>283</b>	<b>-3</b>	<b>280</b>
2022 Group, MSEK	Present value of DBO	Plan assets	Net pension provision
<b>Opening balance</b>	<b>327</b>	<b>-19</b>	<b>308</b>
<b>Recognized in profit/loss</b>			
Current service cost	9	-	9
Interest cost/income	6	-	6
	<b>15</b>	<b>-</b>	<b>15</b>
<b>Recognized in other comprehensive income</b>			
Actuarial changes arising from changes in financial assumptions	-104	-	-104
Experience adjustments	13	-	13
	<b>-91</b>	<b>-</b>	<b>-91</b>
<b>Transactions</b>			
Benefits paid to employer	-6	0	-6
Benefits paid by to plan assets	-	0	0
	<b>-6</b>	<b>0</b>	<b>-6</b>
Exchange-rate differences	1	0	1
<b>Closing balance</b>	<b>246</b>	<b>-19</b>	<b>227</b>

The Group finances pension plans for its employees in several countries. These plans mainly follow practice in the country in question and may be defined-contribution or defined-benefit plans or a combination of both. The most important defined-benefit pension plans cover employees in Sweden, Belgium, Italy and France. In France and Italy, provisions are made for mandatory remuneration when employment ceases. For senior executives of the Group, there are guidelines regarding pension rights and pension plans described in Note 33.

Provisions for pensions amount to MSEK 280 (227) at the balance sheet date, whereof the defined-benefit plans in Sweden constitute MSEK 267 (216) representing 95% of the Groups provisions recognized under IAS 19. The calculations are primarily based on final salary and the plans are unfunded. The pension plans in Italy and France, which constitute 2% respectively 1% of total pension provisions, are also unfunded.

The Swedish pension plans (known as ITP plans) supplement the country's social insurance system, and result from agreements between employer and employee organizations. ITP plans mainly comprise retirement pensions, disability pensions and survivor's pensions. The ITP plan has two parts, firstly, ITP1, which is a defined-contribution pension plan applying to employees born in 1979 or later, and secondly, ITP2, which is a defined-benefit pension plan applying to employees born before 1979. White-collar employees within the Group in Sweden were covered by both these parts. The ITP2 plan is managed within Munters in the FPG/PRI system. Financing occurs through provisions to an account in the balance sheet, safeguarded by credit insurance from the mutual insurance company Försäkringsbolaget PRI Pensionsgaranti.

Defined-benefit pension plans subjects the Group to different kinds of risk attributable to increases in life expectancy, inflation and salary.

In the Group, there are also defined-contribution plans that mainly comprise retirement pensions, disability pensions and survivor's pensions. The premiums are paid continuously during the year by each Group company to separate legal entities, such as insurance companies. The size of the premium is based on salary. The cost of these defined-contribution plans for the period totaled MSEK 122 (78).

Plan assets comprise insurance contracts signed with independent insurance companies. No portion of plan assets in 2023 or 2022 was invested in the Company's equity instruments, debt instruments, real estate, or other assets used by the Company. The Group only has a minor share of funded plans.

### Significant actuarial assumptions

Weighted values, %	Sweden	
	2023	2022
Discount rate	3.25	3.60
Future inflation	2.00	2.00
Future wage and salary increases	2.75	2.75
Pension increases	2.00	2.00
Social security increases	2.75	2.75

At the end of the reporting period, the discount rate is derived from a functioning market based on investment-grade corporate bonds adjusted for the duration of the commitment.

Assumptions about life span are based on public statistics and experience from mortality surveys in each country, and are set in consultation with actuarial experts. As of this year, for Swedish pension plans, the most current life span investigation DUS23. Munters budgeted fees for defined-benefit obligations ("DBO") equal MSEK 12 (8) for 2023.

### Sensitivity analysis - effect of a 0.5% change

MSEK	Sweden	
	-0,5%	+0,5%
Discount rate	29	-26
Future inflation	-20	22

The table shows the effect on the liability of a 0.5% change in discount rate and future inflation. The sensitivity analysis is performed by changing one actuarial assumption while the other remain constant. This is a simplified method as actuarial assumptions are usually correlated.

### Age analysis - expected payments

MSEK	2023	2022
Within the next 12 months	7	6
Between 1-2 years	7	6
Between 2-5 years	24	19
<b>Total</b>	<b>38</b>	<b>32</b>

The table shows expected payments related to pension benefits in Sweden over the coming five years (undiscounted). The weighted average duration of the defined-benefit obligations in Sweden is 18 (18) years.

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## NOTE 26 Other provisions

2023 Group, MSEK	Warranty provisions	Restructuring	Other provisions	Total
<b>Opening balance</b>	<b>94</b>	<b>54</b>	<b>67</b>	<b>216</b>
Acquisition of subsidiaries	-	-	9	9
Additional provisions	50	22	5	77
Utilized during the year	-11	-35	-3	-49
Reversal of unutilized provisions	-22	-7	-9	-38
Exchange-rate differences	-4	-1	-2	-7
<b>Closing balance</b>	<b>107</b>	<b>33</b>	<b>67</b>	<b>207</b>

2022 Group, MSEK	Warranty provisions	Restructuring	Other provisions	Total
<b>Opening balance</b>	<b>69</b>	<b>84</b>	<b>65</b>	<b>219</b>
Acquisition of subsidiaries	2	-	-	2
Additional provisions	33	2	12	48
Utilized during the year	-6	-29	-10	-46
Reversal of unutilized provisions	-13	-9	-2	-24
Exchange-rate differences	8	7	2	16
<b>Closing balance</b>	<b>94</b>	<b>54</b>	<b>67</b>	<b>216</b>

### Provisions consist of:

MSEK	2023	2022
Non-current portion	62	65
Current portion	145	150
<b>Closing balance</b>	<b>207</b>	<b>216</b>

During the year, provisions for warranties amounting to MSEK 50 (33) was recognized, an increase compared to last year, which is due to the cost for actual warranty commitments having increased which affected the provision factor.

Calculation of the provision for warranty costs takes place on a standard basis with an amount equal to the average cost of warranty costs in relation to turnover during the most recent 24-month period, adjusted by amounts for known warranty claims exceeding the standard provision. Provision for warranty commitments is related to the given warranty period. Warranty costs are classified as cost for goods sold.

In 2023, additional provisions for restructuring of MSEK 22 related to the restructuring program in AirTech was recognized. The restructuring program was communicated 2020. The program is expected in all material aspects to be completed in 2024.

## NOTE 27 Accrued expenses and deferred income

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Personnel related expenses	625	457	32	15
Goods received not yet invoiced	123	193	-	-
Commissions	86	70	-	-
Interest expenses	22	16	-	-
Deferred income	92	79	-	-
Audit and lawyers fees	19	14	0	0
Other	224	150	-	0
<b>Closing balance</b>	<b>1,193</b>	<b>980</b>	<b>32</b>	<b>16</b>

Deferred revenue mainly refers to subscription agreements within Munters software business.

## NOTE 28 Pledged assets, contingent assets and contingent liabilities

### Contingent liabilities

MSEK	Group		Parent Company	
	2023	2022	2023	2022
PRI guarantees	-	-	3	3
Guarantees from banks and insurance companies	208	209	433	486
<b>Closing balance</b>	<b>208</b>	<b>209</b>	<b>436</b>	<b>489</b>

PRI guarantees refers to pension liabilities in Sweden. Guarantees from banks and insurance companies are operational guarantees, such as advances and completion guarantees. Within Munters there are no pledged assets.

### Litigation

Munters is involved in a small number of commercial disputes. It is the management's assessment that none of these disputes, where there has not been a provision recorded, will involve an outflow of resources.

Munters subsidiary in the United States, Munters Corporation is, and has historically been, named as co-respondent in asbestos-related cases. In the past few years, Munters Corporation has won a number of cases through summary judgments, and these are no longer in progress. Munters Corporation is of the firm opinion that the remaining claims are unfounded. Munters Corporation has coverage for the asbestos-related

## NOTE 28 Pledged assets, contingent assets and contingent liabilities, cont.

claims through several insurance policies subject to certain reservations, the insurance companies have confirmed that, until further notice, they will pay a significant portion of the expenses for legal defence. The company is currently also party to a dispute in New Jersey, US, regarding environmental damage to a property that had previously been leased by a company acquired by Munters and later merged with one of Munters subsidiaries in the US. An investigation of the cause and extent of the environmental damage is ongoing and is under supervision by New Jersey Department of Environmental Protection ("NJDEP"). Although a potential environmental liability is difficult to estimate, the company assesses that there is insurance cover for any environmental liability.

## NOTE 29 Transactions with related parties

The shares in Munters Group AB are held by FAM AB by 28.0% (28.0). Other related parties to Munters include other portfolio companies managed by FAM AB and Munters Board of Directors and Group Management. During the year no significant transactions with related companies occurred.

The Parent Company has a related party relationship with its subsidiaries. Information about participations in subsidiaries is provided in Note 16. Transactions between Munters Group AB and its subsidiaries have been carried out on market terms.

Remuneration for individual members of the Board and senior executives is presented in Note 33. Munters has not provided guarantees or securities to or on behalf of Board members or senior executives.

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## NOTE 30 Business combinations

### Consolidated acquisitions 2023 and 2022

Company (Country)	Business area	Month acquires	Number of employees	Net sales
<b>2023</b>				
Tobo Component (SE)	AirTech	May	14	MSEK 76
SIFT (FR)	AirTech	Jun	17	MEUR 3
InoBram (BR)	FoodTech	Jun	150	MBRL 53
ZECO (IN)	AirTech	Oct	600	MSEK 510
<b>2022</b>				
EDPAC (IR)	DCT	Jan	150	MEUR 17
Hygromedia (US)	AirTech	Nov	30	USD 12
Rotor Source (US)	AirTech	Nov	see above	see above

The table shows approximate number of permanent full time employees at the acquisition date. Net sales refer to estimated sales in the year prior to the acquisition. The amounts presented for Hygromedia reflect Hygromedia and Rotor Source combined.

#### 2023

In May Munters acquired 100% of the shares in Tobo Component, a Swedish manufacturer of humidification components. The company is based in Tobo, Sweden, and has been a subcontractor to Munters for several years, delivering pads, cassettes and modules.

In June Munters acquired 100% of the shares in SIFT, a French service-company within the industry of climate control and cold storage, mainly active in north of France. The acquisition strengthen Munters market share within service, and builds a local presence in strategic areas.

In June the acquisition of a majority share in InoBram was completed. InoBram is a Brazilian manufacturer of control components and accessories for the broiler- and swine segments. Through innovative software, sensors and online solutions, the farmers and food producers get tools that helps improve animal health and increase energy efficiency in their operations.

Munters has acquired 60% of the shares in InoBram and has an option to acquire the remaining 40% of the shares in 2027. The sellers have an option to sell the outstanding shares in 2026 or 2027. The acquisition supports Munters' strategy to grow within digital solutions for agriculture- and food producing industry, and connect the complete value chain of the food production.

In October Munters acquired ZECO, an Indian manufacturer of air handling solutions. The acquisition strengthens Munters' offer of dehumidification to the Indian market.

As per the balance sheet date, the purchase price allocation is preliminary regarding valuation of intangible assets.

Net sales of acquired companies from the date of acquisition amounted to MSEK 162. Operating profit amounted to MSEK 10 and net income to MSEK 3. Acquired entities net sales in 2023 amounted to 658 MSEK and operating profit was MSEK 66. Acquisition related costs in 2023 amounted to MSEK 29.

#### 2022

During 2022 three acquisitions have been completed. In January 2022 Munters acquired 100% of the shares of EDPAC, an Irish manufacturer of cooling equipment for Data Centers and air handling systems. The acquisition is a part of Munters strategy to growth in the prioritized Data Center segment. The acquisition strengthens Munters presence in Europe. In the purchase price allocation intangible assets in the form of technology, brands and customer relationships have been identified. Remaining goodwill is mainly related to synergy effect and other intangible assets that do not meet the criteria for separate recognition.

In November 2022 Munters acquired 100% of the shares in Hygromedia LLC and Rotor Source Inc. Hygromedia LLC specializes in components, supplying desiccant rotor manufacturers in the United States, Europe and Asia. Rotor Source Inc. provides desiccant dehumidification and energy recovery products to OEMs, mainly for heating, ventilation, and air conditioning (HVAC) systems. Customer segments include lithium-ion battery, pharmaceuticals, electronics, food processing, aerospace, among others. Through the acquisition Munters strengthen its position as a leading supplier of systems for dehumidification of multiple industrial processes. The acquisition provides Munters an additional distribution channel and opportunities to improve service delivery to the market. Both companies are based in Baton Rouge, Louisiana, USA and together they employ about 30 employees.

The net sales of acquired companies from the date of acquisition amounted to MSEK 308. Operating profit from the date of acquisition amounted to MSEK 7 and net income amounted to MSEK 3. Acquired entities net sales in 2022 amounted to 434 MSEK and operating profit amounted to MSEK 29. Acquisition related costs in 2022 amounted to MSEK 19.

The table below presents an overview of paid purchase considerations and acquired net assets for the business combinations closed in 2023 and 2022.

### Purchase price

MSEK	2023	of which ZECO	2022
Cash purchase consideration paid	901	730	774
Holdback and deferred considerations	37	44	-
Put/call option	37	-	-
<b>Total purchase consideration</b>	<b>974</b>	<b>774</b>	<b>774</b>
Fair value of acquired net assets	-295	-148	-177
<b>Goodwill</b>	<b>679</b>	<b>626</b>	<b>598</b>

### Fair value of acquired net assets

MSEK	2023	of which ZECO	2022
Intangible assets	95	1	67
Property, plant and equipment	134	108	61
Other non-current assets	14	11	-
Inventory	116	71	49
Current receivables	115	77	94
Cash and cash equivalents	156	134	53
<b>Total assets</b>	<b>629</b>	<b>400</b>	<b>324</b>
Non-current interest-bearing liabilities	101	84	2
Deferred tax liabilities	16	6	9
Other non-current liabilities	4	4	-
Current interest-bearing liabilities	38	28	50
Accounts payable	120	98	47
Other current liabilities	56	31	39
<b>Total liabilities</b>	<b>334</b>	<b>252</b>	<b>147</b>
<b>Net identifiable assets and liabilities</b>	<b>295</b>	<b>148</b>	<b>177</b>
<b>Goodwill from acquisitions</b>	<b>679</b>	<b>626</b>	<b>598</b>
Cash purchase consideration paid	-901	-730	-774
Cash and cash equivalents in acquired companies	156	134	53
<b>Change in Group's cash and cash equivalents</b>	<b>-744</b>	<b>-596</b>	<b>-721</b>

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## NOTE 31 Average number of employees and gender

### Average number of employees anställda

Group	2023		2022	
	Number	of which men, %	Number	of which men, %
US	1,404	79	1,221	81
Sweden	523	66	469	69
China	341	77	406	80
Mexico	332	68	290	70
India	291	91	166	90
Germany	238	79	246	79
Brazil	229	76	162	80
Czech Republic	220	80	147	83
Israel	136	76	137	77
Italy	134	75	133	78
Ireland	132	90	139	91
United Kingdom	100	74	94	78
Japan	67	82	62	84
France	50	84	36	83
Netherlands	49	78	47	77
Belgium	39	79	38	82
Australia	32	81	32	78
Singapore	25	72	25	72
South Africa	23	69	21	75
South Korea	21	62	22	64
Thailand	20	70	22	68
Denmark	19	78	16	81
Vietnam	16	75	7	43
Turkey	15	67	13	69
Spain	14	79	12	83
Finland	11	82	11	82
Other countries	36	86	40	81
<b>Total</b>	<b>4,516</b>	<b>77</b>	<b>4,013</b>	<b>79</b>

### Gender distribution - Board of Directors and Group Management

At year-end, the Board of Directors consisted of three men and four women. Group Management, including the CEO, consisted of four men and three women.

## NOTE 32 Salaries, other remuneration and social security expenses

MSEK	Group		Parent Company	
	2023	2022	2023	2022
Salaries and remuneration	2,870	2,188	42	27
Social security expenses	639	512	16	11
Pension expenses	130	87	9	8
<b>Total</b>	<b>3,639</b>	<b>2,786</b>	<b>68</b>	<b>45</b>

## NOTE 33 Remuneration to the Board and Senior Executives

### Guidelines

The group of executives encompassed by the guidelines comprises the CEO and other members of the group management. The guidelines also encompass any remuneration to board members, other than board fees. The guidelines shall apply to remuneration agreed, and amendments to remuneration previously agreed, after adoption of the guidelines by the 2023 annual general meeting. The guidelines do not apply to any remuneration resolved on by the Annual General Meeting.

### The guidelines' promotion of the company's business strategy, long term interests and sustainability

Munters business strategy is to be a global leader in energy-efficient and sustainable climate solutions. Our solutions enable energy efficient production processes with reduced carbon dioxide emissions for our customers. Using innovative technologies, Munters creates the perfect climate for demanding and sophisticated industrial applications and processes, of which the largest segments are food, pharmaceuticals, and agriculture.

Munters conduct operations in three business areas:

- AirTech is a global leader in energy-efficient air treatment for industrial and commercial fields of application.
- Data Center Technologies is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies that create sustainable climate solutions for data center operators worldwide.
- FoodTech is one of the world's leading suppliers of innovative and energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimising the entire food production value chain.

A prerequisite for the successful implementation of Munters business strategy and safeguarding of the company's long-term interests, including its sustainability, as well as delivery on the ambitions the company has, is that the company is able to recruit and retain qualified personnel. In order to do so, Munters must be able to offer a competitive total remuneration based on market terms, which these guidelines enable.

## NOTE 33 Remuneration to the Board and Senior Executives, cont.

Munters has implemented long-term share-related incentive programs in 2017–2020, in which some senior executives have had the opportunity to participate. These programs have been resolved by each general meeting and are therefore excluded from these guidelines. For information regarding performance criteria, terms and conditions, and costs for these programs, see the Board of Directors' complete proposal for each Annual General Meeting on Munters website and in Munters Annual Report.

Variable cash remuneration covered by these guidelines shall aim to promote the company's business strategy and long-term interests, including its sustainability.

### Types of remuneration

The remuneration shall be on market terms and may consist of the following components: fixed annual cash salary, variable cash salary, pension and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, for example, share and share price-related remuneration.

### Fixed cash salary

The fixed cash salary shall reflect the demands and responsibility that the position entails as well as individual performance. The fixed cash salary shall be revised annually.

### Variable cash salary

Variable cash salary may consist of annual variable cash salary and/or long-term variable cash salary.

The annual variable cash salary shall be maximized to 50 percent of the fixed annual cash salary for the CEO and other senior executives. The satisfaction of criteria for awarding variable cash salary shall be measured over a period of one year.

The annual variable cash salary shall be linked to predetermined and measurable financial criteria, such as operating result and working capital. By linking the remuneration of the senior executives to the company's earnings and financing of its operating activities, the criteria promote the implementation of the company's business strategy and long-term interests, including its sustainability. Furthermore, the criteria for variable cash salary shall be designed so that they do not encourage excessive risk taking.

The long-term variable cash salary shall be awarded after one, two, and three years, respectively, and shall be maximized to a total of 150 percent of the annual fixed cash salary for the CEO, and 55 percent of the annual fixed cash salary for other members of Group Management, distributed pro-rata over the three years. The satisfaction of criteria for pay out of long-term variable cash salary shall be measured during a one-, two- and three-year period, respectively, before pay out.

The long-term variable cash salary shall be linked to predetermined and measurable financial criteria (weighting 70 percent) and non financial criteria (weighting 30 percent). The financial criteria may consist of, for example adjusted EBITA and Operating Working Capital and the non-financial criteria may consist of, for example, weighted sustainability goals

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## NOTE 33 Remuneration to the Board and Senior Executives, cont.

(such as the annual increase in the share of electricity from renewable sources in our production facilities, the annual share of female managers who have been appointed within the group, as well as the annual service growth within the group). By linking the remuneration of the senior executives to the company's earnings, financing of day-to-day operations, and sustainability, the criteria promote the implementation of the company's business strategy and long-term interests, including its sustainability. The criteria for long-term variable cash salary shall be designed so that they do not encourage excessive risk-taking.

A certain part of the net amount after tax of paid out as long-term variable cash salary is expected to be invested in Munters shares, according to the share ownership policy which the Board has adopted. The entire net amount after tax is expected to be invested in Munters shares until the holding in value corresponds to 200 percent of the gross annual fixed cash salary for the CEO and 100 percent of the gross annual fixed cash salary for other members of Group Management. When such a holding has been achieved, half of the net amount after tax is expected to be invested in Munters shares.

To which extent the criteria for awarding variable cash salary have been satisfied shall be evaluated when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable cash salary to the CEO. The Remuneration Committee is responsible for the evaluation so far as it concerns variable cash salary to other members of the Group Management. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Terms and conditions for both annual variable cash salary and long-term variable cash salary shall be designed so that the Board of Directors, if exceptional economic circumstances prevail, has the option of limiting or refraining from payment if such a measure is considered reasonable.

Additional variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and shall not be paid more than once per year and per individual. Resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

### Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution. Variable cash salary shall not qualify for pension benefits. Pension contributions for defined contribution pension shall amount to not more than 35 percent of the fixed annual cash salary.

For other members of the group management, pension benefits, including health insurance, shall be defined contribution unless the executive concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash salary shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the executive. Pension contributions for defined contribution pension shall amount to not more than 35 percent of the fixed annual cash salary.

### Other benefits and compensation

Other compensation may consist of other benefits that are customary and in line with market terms, such as medical insurance, life insurance and company cars, which shall not constitute a significant part of the total remuneration. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

### Consultancy fee to Board members

In specific cases, and for a limited time, Munters Board members elected by the general meeting may be able to be remunerated for services within their respective areas of expertise, which does not constitute board work. For these services (including services performed by a Board member wholly-owned company), a fee on market terms can be paid, provided that such services contribute to the implementation of Munters business strategy and safeguarding of Munters long-term interests, including its sustainability. Such consultancy fee may, for each Board member, in no case exceed one year's Board fee.

### Termination of employment

Fixed cash salary during the notice period and severance pay, as well as remuneration for any non-compete restrictions, shall in total not exceed an amount corresponding to the fixed cash salary for two years for the CEO and 18 months for other members of the group management. Severance pay shall not be paid if notice of termination of employment is made by the CEO and other members of the group management. The notice period between the company and the CEO, and other members of the group management, shall not exceed six months.

Remuneration for any non-compete restrictions shall compensate for any loss of income and shall only be paid for such period as the former executive does not have the right to severance pay. The remuneration shall amount to not more than 60 percent of the fixed annual cash salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and shall be payable during the period subject to the non-compete restriction, which shall not exceed 12 months after termination of employment.

### Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company and the group's Swedish operation have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable in the company, i.e. in Munters Group AB, there are only seven employees (all are senior executives).

### Preparation and decision-making process

The Board of Directors has established a Compensation Committee. The committee's tasks include, among other things, preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit the proposal to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The Compensation Committee shall also monitor and evaluate programs for variable remuneration for the group management, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the group management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Remuneration to the CEO is prepared by the Compensation Committee and decided by the Board of Directors. Remuneration to other members of the group management is prepared by the CEO and decided by the Compensation Committee.

### Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines resolved by the Annual General Meeting, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Compensation Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes preparing any resolutions to derogate from the guidelines.

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## NOTE 33 Remuneration to the Board and Senior Executives, cont.

2023, KSEK	Board fee/ Base salary	Variable remuneration	Other benefits	Pension expenses	Share based payments	Total
<b>Members of the Board</b> (4 women and 3 men)						
Magnus Nicolin, chairman of the Board	1,414					1,414
Helen Fasth Gillstedt, board member and chairman of the audit committee	717					717
Anna Westerberg, board member and chairman of the investment committee	585					585
Maria Håkansson, board member	545					545
Anders Lindqvist, board member	523					523
Kristian Sildeby, board member	739					739
Sabine Simeon-Aïssaoui, board member since the AGM May 17, 2023	329					329
Håkan Buskhe, board member until the AGM May 17, 2023	281					281
CEO Klas Forsström	8,137	8,337	385	2,578	243	19,680
<b>Other Senior Executives</b> (3 women och 3 men)	15,666	9,583	1,112	5,532	203	32,095
<b>Total</b>	<b>28,935</b>	<b>17,919</b>	<b>1,497</b>	<b>8,110</b>	<b>445</b>	<b>56,907</b>
<b>2022, KSEK</b>						
<b>Members of the Board:</b> (3 women and 4 men)						
Magnus Nicolin, chairman of the Board since the AGM May 18, 2022	1,035					1,035
Magnus Lindquist, chairman until the AGM May 18, 2022 and chairman of the remuneration committee	527					527
Helen Fasth Gillstedt, board member and chairman of the audit committee	680					680
Anna Westerberg, board member and chairman of the investment committee	546					546
Håkan Buskhe, board member	443					443
Maria Håkansson, board member since the AGM May 18, 2022	450					450
Anders Lindqvist, board member since the AGM May 18, 2022	383					383
Kristian Sildeby, ledamot	704					704
Per Hallius, board member until the AGM May 18, 2022	221					221
Lena Olving, board member until the AGM May 18, 2022	227					227
Juan Vargues, board member until the AGM May 18, 2022	198					198
CEO Klas Forsström	7,900	4,054	192	2,526	492	15,164
<b>Other Senior Executives</b> , (3 women and 4 men)	15,854	5,240	768	3,903	498	26,263
<b>Total</b>	<b>29,167</b>	<b>9,294</b>	<b>960</b>	<b>6,429</b>	<b>990</b>	<b>46,840</b>

### Board of Directors

Fees to the Chairman of the Board and other external Board members are paid in accordance with the decision of the Annual General Meet-

ing. No board fees are paid to the company's CEO or to the employee representatives.

Salaries and other remuneration paid to the Board for the year 2023 amounted to KSEK 5,133 (5,413) excluding social security contributions. In

accordance with the resolution of the 2023 Annual General Meeting, the fee for external board members elected at the AGM amounted to KSEK 1,236 to the Chairman of the Board and KSEK 464 each to other external members of the Board.

### The Committees

In addition to these amounts, the AGM has decided to pay a fee for committee work shall be paid to board members elected at the meeting, with a total amount of KSEK 258 to the chairman of the audit committee, and with KSEK 155 to each of the other members of the audit committee, a total amount of KSEK 126 to the chairman of the remuneration committee and KSEK 63 to the other members of the remuneration committee and KSEK 126 to the chairman of the investment committee, and KSEK 63 to each of the other members of the investment committee.

### President and CEO

According to the agreement, Munters President and CEO, Klas Forsström, has a fixed annual salary of KSEK 8,137. In addition, there is a variable cash salary linked to Munters annual incentive program, which amounts to a maximum of 50 percent of the fixed salary.

The variable remuneration also includes the cost from the first measurement period in the long-term cash program launched in 2023 (LTIP 2023), as well as the cost for the second measurement period in the long-term cash program launched in 2022 (LTIP 2022), and the cost for the third measurement period in the long-term cash program launched in 2021 (LTIP 2021).

The total variable salary for the financial year 2023 thus amounted to a total of KSEK 8,337 (4,054).

### Other Senior Executives

Salaries and other remuneration to other senior executives for the year 2023 amounted to KSEK 32,095 (26,263) excluding social security contributions.

### Munters annual incentive program

Munters annual incentive program (Performance Pay) for senior executives and other managers within the Group, is based on predetermined and measurable financial criteria, measured during the financial year. All senior executives except the business area managers are measured 100 percent on the Group's result.

The business area managers are measured 70 percent on the business area's result, and a share of 30 percent on the Group's result. In 2023, the criteria were related to Munters operating profit (adjusted EBITA) and operating working capital, with a strong connection to Munters medium-term goals and the needs the company sees as essential to pursue during the year.

During the year the Board of Directors implemented a cash based long term incentive program (LTIP 2023) for senior executives and key personnel within the group, see Note 34 and guidelines for remuneration of senior executives in this note for further information regarding the program.

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## NOTE 34 Long term incentive programs

### Long-term cash-based incentive programs 2021, 2022 and 2023

On behalf of the Board, the Company has introduced a long-term cash-based incentive program for senior executives and key personnel within the Group in 2021, 2022 and 2023. The programs link the participants' compensation to the company's earnings, financing of the current operations, and sustainability. In that way they promote the implementation of the company's business strategy and long-term interests, including its sustainability. The programs have a three-year earning period, and the outcome is paid out after one, two, and three years, respectively, distributed pro rata over the three years. Fulfillment of criteria for the payment of long-term variable cash salary must be measured over a one-, two- or three-year period before the payment. Participants in the program are expected to invest the net payout in Munters shares until they reach a defined investment level. The board nominates the CEO and Munters group management; each member of the group management has nominated additional participants. A total of 72 employees were nominated for the program in 2021, 74 employees for the program in 2022 and 82 employees for the program 2023. Each category has a maximum opportunity based on the participant's current annual base salary percentage. For senior executives, the program is regulated in the remuneration guidelines approved by the Annual General Meeting, and for other participants, the outcome amounts to a maximum of 30 percent of the gross annual base salary. The performance criteria in the program are linked to predetermined and measurable financial criteria (weighting 70 percent) and non-financial criteria (weighting 30 percent). The financial criteria can consist of, for example, adjusted EBITA and operational working capital, and the non-financial criteria can consist of, for example, weighted sustainability goals, such as share of renewable electricity in the Group's production facilities, the share of female leaders within the Group, and service growth.

### Employee stock option program 2020

At the Annual General Meeting in May 2020, it was resolved in accordance with the Board's proposal to introduce a performance based long-term employee stock option program to members of Group Management and certain other key employees ("LTIP 2020"). The program should comprise no more than 1,699,000 employee stock options to be granted to members of Group Management and certain other key employees, approximately 74 employees in total. A total of 70 employees accepted the offer, resulting in 1,580,000 employee stock options, whereof 90,000 cash settled.

Each employee stock option that is not cash settled shall entitle the holder to acquire one share in the company at an exercise price of SEK 45.82. Each cash settled employee stock option shall entitle the holder to a cash amount equivalent to the value of one share in the company, calculated as the volume-weighted average price paid for the company's shares on Nasdaq Stockholm during a period of ten business days immediately prior to the exercise of the option, with a deduction of the exercise price described above.

The share options are vested over a three-year period and the participants shall be able to exercise the employee stock options during a one-year period as of the last date of the vesting period.

Exercise of the employee stock options shall, as a rule, be conditional upon the program participant still being employed by the Group at time of exercise and during the full vesting period.

The options are divided into three series. Exercise of the employee stock options for all series are dependent on the extent to which performance targets are satisfied related to the compounded annual growth rate of the adjusted EBITA, the compounded annual growth rate of net sales and a composite sustainability target consisting of three sub-components, are met during 2020-2022.

The assessed fair value on the grant date, June 30, 2020, was SEK 14.43 per option. The fair value on the grant date is independently determined using an adjusted form of the Black-Scholes model, see more information on the data to the model further below. During the year, the program entailed a cost, excluding social security contributions, of MSEK 0.8.

### Employee stock option program 2019

At the Annual General Meeting in May 2019, it was resolved in accordance with the Board's proposal to introduce a performance based long-term employee stock option program to members of Group Management and certain other key employees ("LTIP 2019"), totaling approximately 72 employees. The program should comprise no more than 1,595,000 employee stock options divided in three series. No more than 100,000 of these employee stock options was to be cash settled (also called synthetic options) and the remainder shall entitle the right to acquire one share in the company. A total of 68 employees accepted the offer, totaling 1,498,000 employee stock options, whereof 80,000 cash settled. The employee stock options were allotted for no consideration.

Exercise of the employee stock options of Series A and Series B is dependent on the extent to which certain performance targets are satisfied during the fiscal years 2019-2021 (the "performance period"). The performance conditions determine the extent to which (if any) the employee stock options in each series may be exercised to acquire shares or receive a cash amount at the conclusion of the three-year period from the grant date of the employee stock options (the "vesting period"). Each employee stock option that is not cash settled shall entitle the holder to acquire one share in the company at an exercise price of SEK 50.27. Each cash settled employee stock option shall entitle the holder to a cash amount equivalent to the value of one share in the company, calculated as the volume-weighted average price paid for the company's shares on Nasdaq Stockholm during a period of ten business days immediately prior to the exercise of the option, with a deduction of the exercise price of SEK 50.27.

The participants shall be able to exercise the employee stock options during a one-year period as of the last date of the vesting period.

The assessed fair value on the grant date, July 19, 2019, was SEK 8.62 per option. The fair value on the grant date is independently determined using an adjusted form of the Black-Scholes model, see more information on the data to the model further below. The program ended in June 2023. The program has not resulted in any expense during the year

Below is a summary of allotted and outstanding options (including synthetic) in the plans.

Change in stock options	2023	2022
Opening balance	1,317,288	2,582,490
Exercised during the year	-480,188	-524,899
Forfeited during the year	-820,444	-740,303
<b>Closing balance</b>	<b>16,656</b>	<b>1,317,288</b>
Outstanding share options	2023-12-31	2022-12-31
LTIP 2019	-	66,288
LTIP 2020	16,656	1,251,000
<b>Total</b>	<b>16,656</b>	<b>1,317,288</b>

### Fair value of allotted option

The estimated fair value on the grant date for LTIP 2020 was SEK 14.43 per option and for LTIP 2019 SEK 8.62. The fair value on the grant date is estimated using an adjusted form of the Black-Scholes model, which includes a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price on the grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of peer group companies. The inputs in the model for options allotted has been:

- The options are allotted for no consideration and vested over a three-year period. Vested options can be exercised within one year after vesting.
- exercise price: LTIP 2020: SEK 45.82, LTIP 2019: SEK 50.27
- allotment date: LTIP 2020: June 30 2020, LTIP 2019: July 19, 2019
- maturity date: LTIP 2020: June 30, 2023, LTIP 2019: July 19, 2022
- share price on the grant date: LTIP 2020: SEK 49, LTIP 2019: SEK 42
- expected price volatility of the share: LTIP 2020: 40%, LTIP 2019: 36%
- expected dividend yield: LTIP 2020: 0, LTIP 2019: 0;
- risk-free interest rate: LTIP 2020: -0.41%, LTIP 2019: -0.36%

## NOTE 35 Reconciliation of alternative performance measures

In this Annual Report as well as in the quarterly interim reports, there are references to a number of 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. In the section "Definitions of key performance indicators" the performance measures found in this Annual Report are described, defined and the reason for use disclosed.

Below is a reconciliation of the most important alternative key performance indicators used by Munters.

	2023	2022
<b>Adjusted EBITA and EBITDA</b>		
Operating profit	1,586	881
<i>Adjusted for:</i>		
Items affecting comparability (IAC)	96	75
Amortization intangible assets from acquisitions	45	36
Amortization other intangible assets	111	78
<b>Adjusted EBITA</b>	<b>1,839</b>	<b>1,070</b>
Depreciation of tangible assets	327	263
<b>Adjusted EBITDA</b>	<b>2,166</b>	<b>1,333</b>
<b>Items affecting comparability (IAC)</b>		
Restructuring costs	34	35
Acquisition costs	29	19
Other items affecting comparability	32	21
<b>Sum</b>	<b>96</b>	<b>75</b>
<b>Net debt</b>		
Cash and cash equivalents	-1,532	-914
Interest-bearing liabilities	5,131	3,721
Leasing liabilities	719	774
Provisions for pensions	280	227
Accrued financial expenses	22	16
<b>Net debt</b>	<b>4,620</b>	<b>3,825</b>
Adjusted EBITDA	2,166	1,333
<b>Net debt/EBITDA</b>	<b>2,1</b>	<b>2,9</b>

	2023	2022
<b>Operating working capital (OWC)</b>		
Inventory	1,726	1,956
Accounts receivable	2,038	2,020
Accounts payable	-1,294	-1,288
Advances from customers	-1,355	-1,715
Accrued income	732	497
Deferred income	-92	-79
<b>Operating working capital</b>	<b>1,755</b>	<b>1,390</b>
<b>Operating working capital/Net sales</b>		
Average operating working capital last 12 months	1,974	1,319
Net sales	13,930	10,386
<b>Operating working capital/Net sales</b>	<b>14.2%</b>	<b>12.7%</b>

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# Assurance 2023

The undersigned assures that the Annual Report has been prepared in accordance with generally accepted accounting principles, and that the consolidated accounts have been prepared in accordance with international accounting standards as referred to in Regulation EC 1606/2002 of the European Parliament and of the Council of July 19, 2002, on the application of international accounting standards, provide a true and fair view of the Company's and the Group's financial position and earnings, and that the Board of Directors' report and the Board of Directors' report for the Group provide a fair view of the development of the Company's and the Group's operations, financial position, and earnings and describe material risks and uncertainties to which the Company and the companies in the Group are exposed.

Stockholm, February 22, 2024

**Magnus Nicolin**  
*Chairman of the Board*

**Klas Forsström**  
*President and CEO*

**Sabine Simeon-Aissaoui**  
*Board member*

**Helen Fasth Gillstedt**  
*Board member*

**Maria Håkansson**  
*Board member*

**Anders Lindqvist**  
*Board member*

**Kristian Sildeby**  
*Board member*

**Anna Westerberg**  
*Board member*

**Simon Henriksson**  
*Board member,  
employee representative*

**Robert Wahlgren**  
*Board member,  
employee representative*

Our Auditor's report was submitted on  
February 22, 2024

Ernst & Young AB

**Andreas Troberg**  
*Authorized Public Accountant*

# Auditor's report

To the general meeting of the shareholders of Munters Group AB, corporate identity number 556819-2321

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Munters Group AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 113-150 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section.

We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

### Key Audit Matters

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

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

### TIMING OF REVENUE RECOGNITION

#### Description

As described in note 3, revenues from sale of goods are recognized at a point in time when risks and rewards are transferred to the buyer in accordance with the delivery terms. Revenues from larger project assignments are recognized over time in proportion to progress of completion at the reporting date.

The company's customer agreements contain several different performance obligations, as described in note 2 and 4. To allocate revenue to different performance obligations, and to determine the progress of completion of performance obligations within project assignments, certain estimates must be made which affects the timing of revenue recognition. As a result of the above, we have assessed that the timing of revenue recognition is a key audit matter.

#### How our audit addressed this key audit matter

In our audit of the fiscal year 2023, we have evaluated the company's principles of revenue recognition in accordance with applicable GAAP. We have reviewed the company's processes for revenue recognition and evaluated the internal control within these processes.

Also, we have audited revenue transactions close to the yearend by reviewing customer agreements and delivery notes to verify that revenue is recognized in the correct period. Where applicable, we have evaluated the company's estimates for determining percentage of completion and revenue recognition related to material project assignments.

Lastly, we have reviewed the disclosures regarding revenue in the annual accounts and consolidated accounts.

### VALUATION OF GOODWILL AND TRADEMARKS

#### Description

Goodwill and trademarks amount to SEK 7 011 (6 579) in the consolidated statement of financial position. Goodwill and trademarks account for 42% (43%) of the group's total assets. As described in note 13 and note 2 the company annually, or when indicators of impairment are identified, performs an impairment test to verify that the carrying values do not exceed the calculated recoverable amounts. Recoverable amounts are determined by calculating the value in use for the respective cash generating unit using a discounted cash flow model. As also described in note 13, forecasts of future cash flows for the next five years are based on financial plans approved by the board of directors. The financial plans include assumptions of future sales growth and operating margin, as well as utilization of operating capital employed. Furthermore, assumptions of discount rates and growth beyond the five-year period are required.

The impairment tests of the fiscal year did result in any impairment. In note 13, the effects on carrying amounts from changes in significant assumptions and estimates are disclosed. Due to the assumptions and estimates made in conjunction with these impairment tests, and due to the total amount of the carrying value, we have considered valuation of goodwill and trademarks as a key audit matter.

#### How our audit addressed this key audit matter

In our audit of the fiscal year 2023, we have evaluated the company's process for preparing impairment tests. We have audited the cash flow models used for the impairment tests and evaluated how cash generating units are identified. We have also evaluated the significant assumptions related to future cash flows and forecasts used in the impairment test by comparing to historical outcome, as well as performing sensitivity analyzes. Furthermore, we have assessed the discount rate used and the assumptions of long-term growth rate after the forecast period by comparisons to peers and external sources. With support from our internal valuation specialists, we have evaluated the valuation methods used.

We have reviewed the disclosures regarding goodwill and trademarks provided in the annual accounts and consolidated accounts.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-112. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

### Responsibilities of the Board of Directors and the Managing Director

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

free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstate-

ment of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may

cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.



## Report on other legal and regulatory requirements

### REPORT ON THE AUDIT OF THE ADMINISTRATION AND THE PROPOSED APPROPRIATIONS OF THE COMPANY'S PROFIT OR LOSS

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Munters Group AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

#### Basis for opinions

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

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

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and

among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

#### Opinion

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

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

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

#### Basis for opinion

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

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

#### Responsibilities of the Board of Directors and the Managing Director

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

#### Auditor's responsibility

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted au-

ditng standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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

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

Ernst & Young AB, Box 7850, 203 99 Stockholm, was appointed auditor of Munters Group AB by the general meeting of the shareholders on the 17 May 2023 and has been the company's auditor since the 2010.

Stockholm 22 February 2024

Ernst & Young AB

**Andreas Troberg**  
Authorized Public Accountant

# Auditor's report on the corporate governance statement

To the Annual General Meeting of the shareholders of Munters Group AB (publ), corporate identify number 556819-2321

## ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the corporate governance statement for the year 2023 on page 97-107 and that it has been prepared in accordance with the Annual Accounts Act.

## THE SCOPE OF THE AUDIT

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

## OPINIONS

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

Stockholm 22 February 2024

Ernst & Young AB

**Andreas Troberg**  
*Authorized Public Accountant*

# Auditor's report on the statutory sustainability statement

To the Annual General Meeting of the shareholders of Munters Group AB (publ), corporate identify number 556819-2321

## ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2023 on pages 3-4, 11, 14-25 och 61-94 and that it has been prepared in accordance with the Annual Accounts Act.

## THE SCOPE OF THE AUDIT

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

## OPINIONS

A statutory sustainability statement has been prepared.

Stockholm 22 February 2024

Ernst & Young AB

**Andreas Troberg**  
*Authorized Public Accountant*

# Five-year summary

INCOME STATEMENT	2023	2022	2021	2020	2019
Net sales	13,930	10,386	7,348	7,015	7,153
<b>Adjusted EBITA</b>	<b>1,839</b>	<b>1,070</b>	<b>889</b>	<b>906</b>	<b>871</b>
Amortization on intangible assets from acq.	-45	-35	-30	-39	-89
Amortization on other intangible assets	-111	-78	-44	-48	-42
Items affecting comparability (IAC)	-96	-75	-62	-111	181
<b>Operating profit (EBIT)</b>	<b>1,586</b>	<b>881</b>	<b>753</b>	<b>707</b>	<b>556</b>
Financial income and expenses	-331	-142	-84	-156	-189
<b>Net income</b>	<b>792</b>	<b>577</b>	<b>515</b>	<b>432</b>	<b>283</b>
<b>BALANCE SHEET</b>					
Non-current assets	10,262	9,376	7,103	6,451	7,103
Inventory	1,762	1,956	1,073	691	772
Other operating receivables	3,211	2,958	1,893	1,462	1,495
Cash and cash equivalents	1,532	914	674	970	722
<b>Total assets</b>	<b>16,731</b>	<b>15,204</b>	<b>10,742</b>	<b>9,574</b>	<b>10,093</b>
<b>Equity</b>	<b>5,257</b>	<b>5,303</b>	<b>4,360</b>	<b>3,746</b>	<b>3,628</b>
Non-controlling interest	1	3	3	5	0
Interest-bearing liabilities	5,851	4,496	2,749	2,787	3,497
Other operating liabilities	5,621	5,401	3,630	3,037	2,968
<b>Total equity and liabilities</b>	<b>16,731</b>	<b>15,204</b>	<b>10,742</b>	<b>9,574</b>	<b>10,093</b>
<b>CASH FLOW</b>					
Cash flow from operating activities	1,066	772	519	959	669
Cash flow from investing activities	-1,418	-1,330	-341	-209	-174
Cash flow from financing activities	1,011	743	-503	-463	-185
<b>DATA PER SHARE</b>					
Earnings per share, SEK	4.30	3.17	2.81	2.32	-0.91
Dividend per share, SEK	1.30*	0.95	0.85	0.70	-
Closing price at year end, SEK	163.50	102.90	69.95	83.00	49.06
<b>KEY RATIOS</b>					
Organic growth, %	27	23	14	-2	6
Adjusted EBITA-margin, %	13.2	10.3	12.1	12.9	12.2
Operating margin, %	11.4	8.5	10.2	10.1	7.8
Net margin, %	5.7	5.6	7.0	6.2	4.0
OWC/Net sales, %	14.2	12.7	13.1	13.7	17.2
Return on capital employed, %	14.4	9.9	10.7	9.5	1.5
Net debt/EBITDA	2.1	2.9	2.0	1.8	3.1
Average number of employees	4,516	4,013	3,350	3,282	3,406

\*As proposed by the Board, to be paid out in two rounds.

# Definitions of key financial indicators

In this Annual Report as well as in the quarterly interim reports, there are references to a number of 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 are the performance measures found in this annual report described, defined and the reason for use 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.

## **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 depreciations and amortizations, write-downs of tangible and intangible assets and items affecting comparability.

## **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 12 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 pensions and accrued financial liabilities reduced by cash and cash equivalents.

## **NUMBER OF EMPLOYEES**

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

## **OPERATING WORKING CAPITAL (OWC)**

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

## **OPERATING WORKING CAPITAL / NET SALES**

Average Operating Working Capital last 12 months as a percentage of Net sales for the same period.

## **EARNINGS PER SHARE**

Net income adjusted for the right of preferential shares to dividend, divided by the weighted average number of ordinary 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.

"Carl Munters applied for over 1,000 patents  
in dehumidification and  
evaporative cooling during its time"

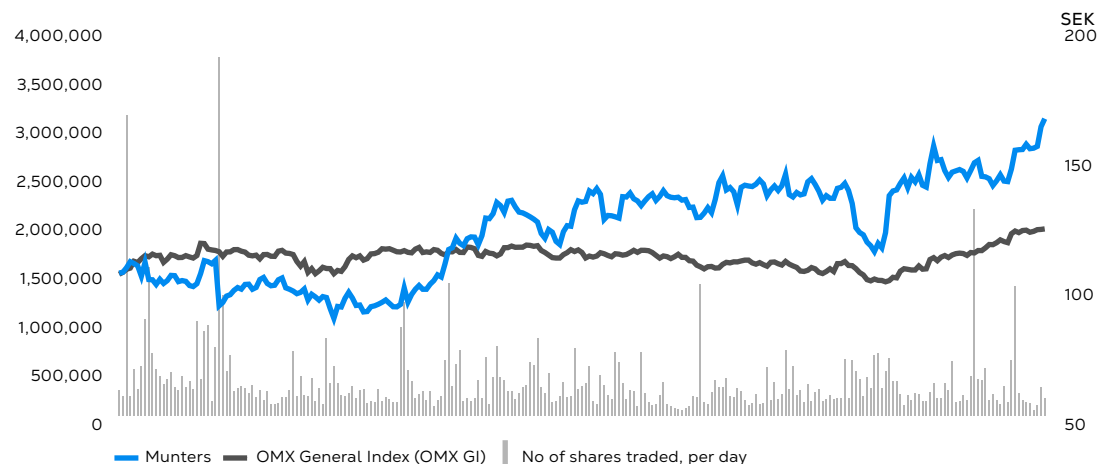


## 07 Other Information



# The share and shareholders

THE SHARE MUTERS 2023



The performance of Munters' stock was positive during the year. In 2023, the stock price increased by 55 percent, while the Stockholm Stock Exchange OMXS30 index rose by 17 percent during the same period. The closing price on the last trading day of the year was 163.50 SEK (102.9), which corresponds to a market value of 30.16 billion SEK (18.9). The highest price paid during 2023 was 164.60 SEK (108.40) and the lowest was 87.35 SEK (51.90).

## Trading in Munters Shares

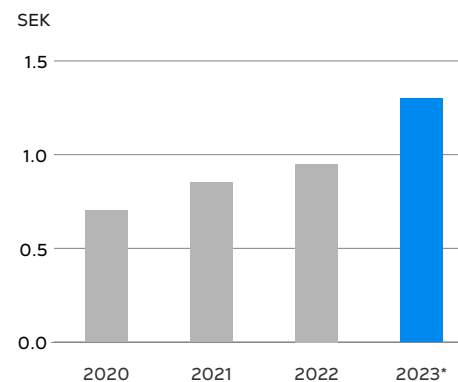
Munters' share is listed on Nasdaq Stockholm. During 2023, a total of 237.2 million shares (142.1) were traded. The average daily turnover during the year was 945,207 shares (561,544). Trading in Munters' share was conducted to 37 (42) percent on Nasdaq Stockholm and to 63 (58) percent on other marketplaces.

## Dividend

According to the dividend policy adopted by Munters' board, Munters aims to pay an annual dividend corresponding to 30–50 percent of the year's profit. The board proposes a dividend for 2023 of 1.30 SEK (0.95) per share. This represents 30 percent of the year's profit in 2023.

The dividend proposal is divided into two equal parts, where the first occasion has a record date for dividend on March 25 and payment date on March 28. The second occasion has a record date on September 25 and payment date on September 30.

## DIVIDEND PER SHARE



\*Dividend proposed by the Board

## Share Capital

As of December 31, 2023, there were a total of 184,457,817 shares and voting rights in Munters. Each share has a nominal value of 0.03 kronor and the share capital amounts to 5,533,735 SEK. Munters' share capital consists of one class of shares where each share has the same voting value and gives the same right to dividends. According to the articles of association, the number of shares must not be less than 150,000,000 and not exceed 600,000,000. The company's share capital must not be less than 4,500,000 kronor and not exceed 18,000,000 SEK. The company's shares are registered with Euroclear Sweden AB, which administers the company's share register and registers the shares for individual persons. Munters Group AB has its own holding of shares related to the Incentive program for employees amounting to 1,933,033 shares.

## Owners

The number of known shareholders as of December 31, 2023, was 12,599, and the share of known shareholders outside Sweden was 41.1 percent at the end of the year. The ten largest individual shareholders owned 60.7 percent of the share capital at this time. FAM AB was the largest shareholder with 28.0 percent of the share capital.

## The ten largest shareholders 31 december 2023

	Ägare	MTRS	Capital	Votes
1	FAM AB	51,701,057	28.0%	28.0%
2	Swedbank Robur Funds	11,248,000	6.1%	6.1%
3	First Swedish National Pension Fund	10,468,995	5.7%	5.7%
4	ODIN Funds	10,394,326	5.6%	5.6%
5	Fourth Swedish National Pension Fund	9,338,126	5.1%	5.1%
6	Capital Group	5,990,533	3.2%	3.2%
7	Vanguard	3,892,510	2.1%	2.1%
8	Columbia Threadneedle	3,201,058	1.7%	1.7%
9	Janus Henderson Investors	2,898,050	1.6%	1.6%
10	Norges Bank	2,794,617	1.5%	1.5%
<b>Total ten largest</b>		<b>111,927,272</b>	<b>60.7%</b>	<b>60.7%</b>
<b>Other</b>		<b>70,614,168</b>	<b>39.3%</b>	<b>39.3%</b>
<b>Total</b>		<b>184,457,817</b>	<b>100.0%</b>	<b>100.0%</b>

Number of shareholders as of 31 december 2023: 12 599

### Shareholding by size

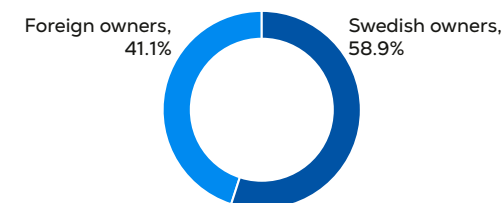
Size	Number of shares	Capital	Votes	Number of known shareholders	Share of known shareholders
1 - 1 000	1,946,843	1.1%	1.1%	11,445	90.8%
1 001 - 10 000	2,762,384	1.5%	1.5%	928	7.4%
10 001 - 50 000	2,383,926	1.3%	1.3%	108	0.9%
50 001 - 500 000	13,285,180	7.2%	7.2%	74	0.6%
500 001 - 1 000 000	15,470,832	8.4%	8.4%	22	0.2%
1 000 001 - 10 000 000	50,403,350	27.3%	27.3%	18	0.1%
10 000 001 - 20 000 000	32,111,321	17.4%	17.4%	3	0.0%
20 000 001 -	51,701,057	28.0%	28.0%	1	0.0%
Unknown shareholder size	14,392,924	7.8%	7.8%	0	0.0%
<b>Total</b>	<b>184,457,817</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12,599</b>	<b>100.0%</b>

### Owner distribution

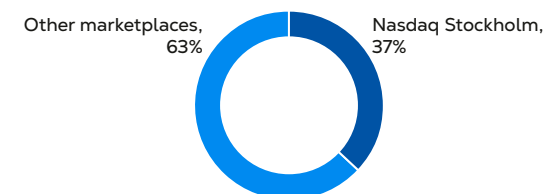
Owner type	Number of shares	Capital	Votes	Number of known owners	Share of known owners
Other	4,364,459	2.4%	2.4%	619	4.9%
Swedish institutional owners	98,231,844	53.3%	53.3%	66	0.5%
Foreign institutional owners	60,505,540	32.8%	32.8%	106	0.8%
Swedish private individuals	6,963,050	3.8%	3.8%	11,808	93.7%
Unknown owner type	14,392,924	7.8%	7.8%	0	0.0%
<b>Total</b>	<b>184,457,817</b>	<b>100.0%</b>	<b>100.0%</b>	<b>12,599</b>	<b>100.0%</b>

Source: Modular Finance AB. Compiled and processed data from, among others, Euroclear, Morningstar, and the Financial Supervisory Authority.

## OWNER DISTRIBUTION



## MARKETPLACES

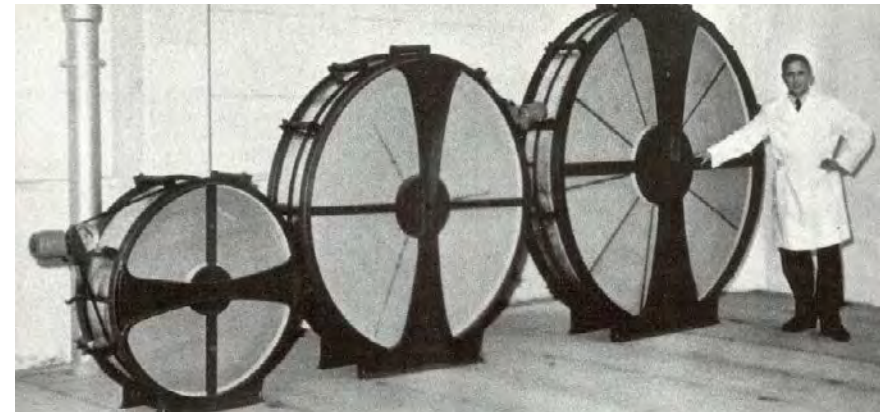


## Analysts

Karl Bokvist	ABG Sundal Collier
Karl-Oskar Vikström	Berenberg
Carl Deijenberg	Carnegie
Adela Dashian	Jefferies
Mats Liss	Kepler Cheuvreux
Gustav Berneblad	Nordea
Anders Roslund	Pareto Securities
Julia Utbult	SEB

# History – Innovation and expansion

Carl Munters applied for over 1,000 patents in dehumidification and evaporative cooling to control temperature, humidity, and airborne contaminants. His creativity and commitment continue to inspire us at Munters.



## 1950s – The founding

- 1955, Munters is founded by the Swedish inventor Carl Munters, together with entrepreneurs including Marcus Wallenberg.
- 1958, the first groundbreaking dehumidifiers were launched. The Swedish Armed Forces were among the first major customers.

## 1990s – Continued expansion

- Munters is now an international group with operations in 25+ countries and manufacturing in 14 countries. Munters positioned itself as “The Humidity Expert”. Environmental issues became increasingly important and laid the foundation for new products.
- 1997 – Munters was listed on the Stockholm Stock Exchange.



## 1960s – The American market

- Munters expanded in Sweden and abroad. An office and manufacturing facility opened in Florida, Texas and Massachusetts in US.
- In 1964 – launch of M100, the best-selling dehumidifier of all time.

## 2000s – Climate systems for agriculture

- Munters invests in operations in Asia and several acquisitions consolidate the position.
- 2005 – A new organizational structure with global divisions is introduced.

## 1970s – The oil crisis

- The product range, customer segments, and application areas are expanded. An international distribution network is established. The oil crisis of 1973, with its focus on energy savings, gives Munters significant market potential. In 1974, Munters is acquired by Incentive AB

## 2010s – Focus on core business

- 2010 – Munters focus on its core business. Nordic Capital Fund VII acquire Munters, and delists it from the stock exchange.
- 2011 – The Israeli company Rotem, which specializes in control and management systems for agricultural applications, is acquired. During 2016, the remaining shares are purchased for full ownership.
- 2017 – Munters buys the majority of the shares in the software company MTech Systems, based in Atlanta, USA. Munters is listed on Nasdaq Stockholm with FAM as the main investor. Carl Munters receives the ASHRAE Pioneers of Industry Award for his groundbreaking inventions.
- 2019 – Klas Forsström becomes CEO and Group President, and a new strategic plan for stability, profitability, and growth is launched.

## 1980s – Broad international expansion

- A more modern Munters developed with a network of distribution agents. Expansion into several new countries.
- 1989 – A new manufacturing facility in Tobo, Sweden was inaugurated for the production of cost-effective rotors with unique properties. Carl Munters passed away at the age of 86.

## 2020s – Climate-smart solutions

- The strategic plan is updated, and two business areas are formed: AirTech and FoodTech. Several acquisitions are made in all business areas.
- 2022 – A new business area, DCT, is established. New production facilities open in Virginia, USA, and Hodonín in the Czech Republic.
- 2023 – The growth journey continues, and the market position is significantly strengthened in all business areas, both through organic growth and several acquisitions. A strategic review of the product offering within FoodTech is initiated. Indian Zeco is acquired to strengthen the position in Asia.

# Information to shareholders

## Financial information

Munters uses several channels to inform about the company's operations and financial development. The website – [www.munters.com](http://www.munters.com) – is continuously updated with annual reports, quarterly reports, press releases, presentations, and webinars. Annual reports and interim reports can be ordered on the website, via email: [info@munters.se](mailto:info@munters.se), or at the address: Munters Group AB, Box 1188, 164 26 KISTA if desired.

Web presentations and teleconferences are arranged for analysts, investors, and the press in connection with the publication of the company's quarterly reports. About once a year, a capital market day is organized where representatives of the financial market are offered in-depth information about the company's operations. Several times a year, webinars focusing on various growth areas for Munters are also organized. In addition, representatives of the Group management meet analysts, investors, and journalists regularly to ensure they have correct and current information. In accordance with the agreement with Nasdaq OMX Stockholm, price-sensitive information, not already publicly known, is never provided during these types of meetings or contacts. Munters applies a quiet period that begins on the first day of a month when financial reporting occurs and continues until the report is published. During this period, no meetings are held with investors or financial analysts. Before the annual report, the quiet period begins on January 1.

This report contains forward-looking statements that reflect Munters' current expectations on future events and Munters' financial and operational development. Although Munters believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such expectations prove to have been correct, as forward-looking statements are subject to both known and unknown risks and uncertainties and a variety of factors that could cause actual results or outcomes to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to, changes in economic, market, competitive and/or regulatory conditions. Forward-looking statements speak only as of the date they were made and, other than as required by applicable law, Munters undertakes no obligation to update any of them in light of new information arising or future events.

## Annual General Meeting

The Annual General Meeting of Munters Group AB will take place on Wednesday, March 21, 2024, in Kista.

### Right to participate in the meeting

Shareholders who wish to participate in the annual general meeting must:

- be entered in the share register maintained by Euroclear Sweden AB on Wednesday, March 13, 2024,
- have notified their participation in accordance with what is stated in the invitation to the annual general meeting.

The invitation was published in February. To have the right to participate in the meeting, a shareholder who has registered their shares through a nominee must re-register the shares in their own name so that the shareholder is included in the presentation of the share register as of March 13, 2024. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee according to the nominee's procedures in such time in advance as the nominee determines. Voting rights registrations made by the nominee no later than March 15, 2024, will be taken into account in the preparation of the share register.

Further instructions were provided in the invitation to the annual general meeting, which was published in February.

## Financial calendar

Annual General Meeting, Stockholm	21 March, 2024
Record date for dividend	25 March, 2024
Payment date for dividend	28 March, 2024
Interim Report Q1 2024	24 April 2024
Capital Markets Day, Stockholm	21 May, 2024
Interim Report Q2 2024	17 July 2024
Record date for dividend	25 September, 2024
Payment date for dividend	30 September, 2024
Interim Report Q3 2024	22 October 2024

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