

Q4

# "Significant progress on our strategy with record high order intake"

## October-December 2021

- Order intake was very strong and increased by +62%, a currency adjusted increase of +59%, and net sales increased +12%, currency adjusted +10%, mainly driven by strong growth in business area AirTech, in Battery and Data Centers as well as Services. Business area FoodTech had good growth in Americas and EMEA.
- The adjusted EBITA-margin was 10.6% (13.3), negatively impacted by supply chain constraints, higher raw material prices and freight costs and the time lag of our own price increases. Also, a changed business mix in Airtech, production inefficiencies in a facility in the US as well as lower FoodTech volumes in China had an impact.
- Leverage (net debt/adjusted EBITDA, LTM\*) was 2.2x, in line with the level at the end of September 2021. In the quarter sustainability targets were linked to the primary financing facilities (SLL).
- Net debt as of year-end amounted to MSEK 2,389 compared to MSEK 2,536 at the end of September 2021.

### Events after the period close:

- The Board of Directors propose a dividend of 0.85 (0.70) SEK per share for 2021 totaling a dividend of MSEK 157 (129).
- Munters announced the acquisition of EDPAC, an Ireland-based manufacturer of data center cooling equipment and air handling systems for a purchase price of MEUR 29.
- FoodTech, through MTech Systems, signed a contract to deliver its Software-as-a-Service (SaaS) solution..

### Financial summary

MSEK	Q4			Jan-Dec		
	2021	2020	Δ%	2021	2020	Δ%
Order intake	2,605	1,611	62	9,013	7,249	24
Net sales	2,057	1,841	12	7,348	7,015	5
Operating profit (EBIT)	190	250	-24	753	707	6
Adjusted EBITA	217	245	-11	889	906	-2
Adjusted EBITA margin, %	10.6	13.3		12.1	12.9	
Net income	133	172	-23	515	432	19
Earnings per share before dilution, SEK	0.73	0.93		2.81	2.35	
Earnings per share after dilution, SEK	0.73	0.93		2.81	2.35	
Average number of outstanding shares before dilution	182,266,053	181,423,919		182,207,520	181,545,456	
Average number of outstanding shares after dilution	182,513,822	182,151,560		182,548,017	181,557,708	
<b>The KPI's below includes discontinued operations **</b>						
Net income	133	171		515	426	
Earnings per share before dilution, SEK	0.73	0.92		2.81	2.32	
Earnings per share after dilution, SEK	0.73	0.92		2.81	2.32	
Cash flow from operating activities	416	408		519	959	
Net debt	2,389	2,116		2,389	2,116	
Net debt/Adjusted EBITDA, LTM				2.2	1.9	

\* Last twelve months

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

## January-December 2021

- Strong demand with impact of supply chain constraints from the second quarter and forward.
- Order intake increased by +24%, currency adjusted +30% and net sales increased +5%, currency adjusted +10%, mainly driven by strong growth in Battery, Data Centers and Services in business area AirTech. FoodTech experienced growth in Americas and EMEA, offset by a weak swine market in China.
- The adjusted EBITA-margin was 12.1% (12.9), negatively impacted by supply chain constraints, higher raw material prices and freight costs as well as the time lag of the impact of our own price increases and production inefficiencies in a facility in the US in the fourth quarter. The AirTech margin was positively impacted by increased net sales, high utilization rates and efficiency improvements while the FoodTech margin was negatively impacted by lower volumes in China.
- Leverage (net debt/adjusted EBITDA, LTM\*) was 2.2x, slightly higher than 1.9x per end of December 2020.
- Net debt as of December 31 amounted to MSEK 2,389 compared to MSEK 2,116 at year-end 2020. In the second quarter a 5-year re-financing was secured enabling execution of the long-term strategy.

# CEO comments

» **“Significant progress on our strategy with record high order intake”**

## Record high order intake driven by demand for battery-driven vehicles and increased data traffic

The strong order intake in the AirTech business area continued and was record high in the quarter and for the full year 2021. Demand for our energy-efficient climate solutions is especially high in the battery and data center segments. The robust order intake is driven by the transition to battery-powered vehicles and increased data traffic. To further take advantage of the strong market trends, we recently acquired Edpac, an Irish data center equipment manufacturer. Through Edpac, we get access to well-established production capacity and a prioritized customer base in the attractive, quickly growing European data center market. Last year decisions were also taken to expand capacity in order to meet demand, for example within the battery segment by building a new facility in the Czech Republic. These initiatives strengthen our solid base for continued growth in prioritized market segments. In the FoodTech business area, development was good in Americas in the quarter and in 2021, while demand in the swine segment in China was weak during the second half of the year. The swine segment in China was negatively impacted by overcapacity and the African Swine Fever. Through focus on value-based selling and product rationalization as well as investments in digital customer solutions, FoodTech strengthen its leading position and creates a stable foundation for profitable growth. This year, MTech Systems, a Munters company within FoodTech, also signed an important contract to deliver its SaaS solution. It is a recognition of our strategy to grow Digital Solutions.

## Supply chain challenges impacted profitability

As expected, we were affected in the quarter by continued challenges in the supply chain. In the quarter, we saw positive effects from our price increases and continued to raise prices to mitigate higher raw material prices and freight costs. As earlier communicated, most of the price increases will take effect during 2022 due to longer lead times. The difficulties with anticipating timing of deliveries of input goods and components, combined with effects of the pandemic, has especially affected a production unit in the industrial sub-segment in the US. This, along with a changed business mix in AirTech with more larger projects and lower volumes for FoodTech in China, affected profitability negatively. We continue to anticipate that the challenges in the supply chain will remain throughout the first half of 2022.

## Investments create further growth opportunities

Munters' has a clear growth strategy and targets markets characterized by solid longer-term growth. These markets are to a large extent driven by the strong sustainability and digitalization trends. Our leading climate solutions are often mission-critical for our customers' success and meet their needs to improve efficiency and reduce energy consumption. By our investments in selected competences and digitalization of our ways of working, we create further opportunities to grow and increase profitability.

## Significant progress in 2021

In 2021, we strengthened our leading market position and exceeded our customers' expectations in several areas. I would like to highlight three areas where we have made particular progress. One is sustainability where we set the target to have zero net emissions from our operations by 2030. Secondly, the continued strong cash generation in 2021 and the third one our employees' ability to manage the challenges in the supply chain. In conclusion, I would like to thank all the employees who, with professionalism and perseverance, contributed to Munters' success in 2021.

Klas Forsström, CEO and President



Klas Forsström, President and CEO

## Mid-term financial targets

**Net sales growth:** Annual organic growth of net sales of 5%, supplemented with selected add-on acquisitions. *Performance Q4 2021: +10% (8)*

**Adjusted EBITA-margin:** An adjusted EBITA-margin of 14%. *Performance Q4 2021: 10.6% (13.3)*

**Capital structure:** A ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e. g. as a result of acquisitions). *Performance Q4 2021: 2.2x (2.5x)*

**Dividend policy:** Munters aim to pay an annual dividend corresponding to 30-50% of its consolidated income after tax for the period.

*Dividend proposal 2021: 30% (SEK 0.85 per share, totaling MSEK 157)*

For full description of the dividend policy, see the Annual and Sustainability report 2020, page 8 or at [www.munters.com](http://www.munters.com).

## Sustainability

Progress during 2021:

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

**Social:** Joined UN Global Compact, Gender Equality initiative.

**Governance:** Sustainability KPIs integrated in strategy framework and added sustainability targets to the loan facilities

Examples of key sustainability ratios FY 2021:

• Total Recordable Incident Rate	1.7 (1.2)
• Code of Conduct for suppliers	100% (100)
• Electricity from renewable sources	53% (50)
• Proportion of women in management positions	23% (22)

Please see the Munters Annual and Sustainability report 2020, pages 38-49, for further information on goals and outcome or at [www.munters.com](http://www.munters.com).

# Financial performance

MSEK	Q4			Jan-Dec		
	2021	2020	Δ%	2021	2020	Δ%
Order intake	2,605	1,611	62	9,013	7,249	24
AirTech	2,110	1,172	80	6,890	5,101	35
FoodTech	508	450	13	2,166	2,196	-1
Other and eliminations	-13	-11	19	-43	-48	-9
Net sales	2,057	1,841	12	7,348	7,015	5
AirTech	1,562	1,323	18	5,362	4,937	9
FoodTech	509	531	-4	2,028	2,126	-5
Other and eliminations	-14	-12	15	-42	-48	-13
Adjusted EBITA	217	245	-11	889	906	-2
AirTech	214	211	2	774	689	12
FoodTech	31	66	-53	210	310	-32
Other and eliminations	-28	-32	-14	-95	-94	1
Adjusted EBITA margin, %	10.6	13.3		12.1	12.9	
AirTech	13.7	15.9		14.4	14.0	
FoodTech	6.0	12.3		10.4	14.6	

**Order intake Q4, currency adjusted change**

**+59%**

**Net sales Q4, currency adjusted change**

**+10%**

**Adj. EBITA-margin Q4**

**10.6%**

## ORDER INTAKE

### October-December 2021

Order intake increased by +62%, a currency adjusted increase of 59%, mainly driven by strong growth in the Battery sub-segment, Data Centers and Services in AirTech. FoodTech grew in Americas and EMEA. The order backlog increased +86% to MSEK 4,198 (2,253), currency adjusted +72%.

Order intake in AirTech increased by +80%, a currency adjusted increase of +77%. The strong growth was mainly driven by the Industrial segment in Humidity Control Technologies (HCT) and especially the Battery sub-segment with good development in both Americas and APAC. We also saw good growth in the Food sub-segment. In Data Centers order intake was strong. Clean Technologies (former Mist Elimination) grew slightly, driven by increased demand from the Process sub-segment. Services experienced growth in all regions, with especially strong growth in Americas. The good development in Services is partly due to a growing installed base and increased demand for upgrades of installed climate systems to more energy efficient solutions.

FoodTech increased by +13%, a currency adjusted increase of +11%. Regions Americas and EMEA showed good growth, offset by a decline in region APAC. Both Climate solutions and Digital solutions experienced growth in Americas. EMEA grew driven mainly by increased orders for Climate Solutions to the Greenhouses sub-segment and to the Broiler sub-segment. Demand in APAC declined, negatively impacted by a weak market in China with a lower level of new constructions due to increasing capex prices. In addition, overcapacity in the swine market and outbreaks of the African Swine Fever (ASF) had a negative impact on demand.

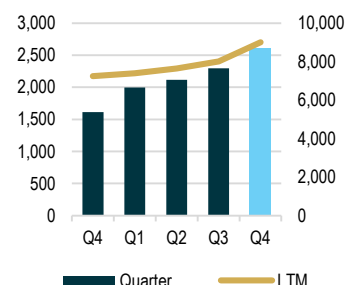
### January-December 2021

Order intake increased by +24%, a currency adjusted increase of +30%, mainly driven by strong growth in the Battery sub-segment and Data Centers in business area AirTech. FoodTech grew in Americas and EMEA.

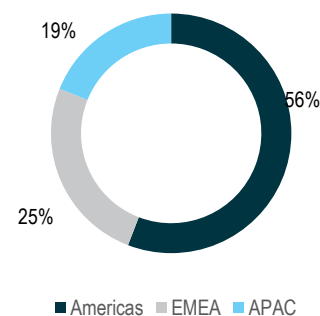
AirTech increased +35%, a currency adjusted increase of +42%. Excluding the non-core commercial business US, exited in 2020, the increase was appr. +44% currency adjusted. Growth was mainly driven by the Industrial segment in HCT and especially the Battery sub-segment in APAC and the Food sub-segment. Also Data Centers had strong growth. Components showed good growth driven by strong demand in the market segment Batteries and Data Centers. Clean Technologies experienced growth, especially in the Process sub-segment. Services grew driven by good development in APAC and Americas.

FoodTech order intake decreased -1%, a currency adjusted increase of +3%. Region Americas experienced growth in all Climate Solutions sub-segments, mainly driven by the Broiler sub-segment in the US. EMEA grew driven mainly by increased orders for controllers to the Broiler sub-segment in the US as well as good demand for Greenhouse solutions. In APAC order intake was weak, negatively impacted by the weak swine market in China due to overcapacity

**Quarterly order intake, 2021 (MSEK)**



**Order intake per region Q4, 2021 (MSEK)**



and outbreak of the ASF and also on the back of the strong growth in the Swine segment in China in the same period last year.

**NET SALES**

**October-December 2021**

Net sales increased +12%, a currency adjusted increase of +10%, driven mainly by an increase in the Battery sub-segment, Data Centers and Services in business area AirTech. FoodTech had good growth in Americas and EMEA. Services net sales amounted to 18% of total net sales.

AirTech increased +18%, a currency adjusted increase of +17%, with growth in all areas HCT, Data Centers and Clean Technologies. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased appr. +18%. Growth was driven mainly by the Industrial segment in HCT and especially the Battery sub-segment, offset by a weaker development in the Pharma sub-segment. Services grew overall, especially in Americas and APAC. Services amounted to 23% of total net sales.

FoodTech decreased -4%, a currency adjusted decrease of -6% with a decline in APAC negatively impacted by the weak swine market in China due to overcapacity and outbreaks of the ASF and also on the back of the strong growth in the Swine sub-segment in China in the same period last year. Americas showed good development in all sub-segments, with very strong development in the US Broiler sub-segment. Region EMEA showed good growth because of higher net sales to the Broiler, Layer and Greenhouse sub-segment.

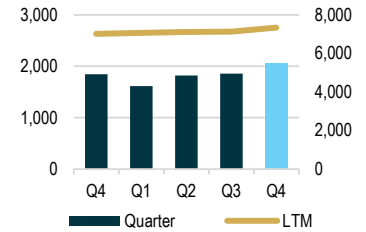
**January-December 2021**

Net sales increased +5%, a currency adjusted increase of +10%, driven by an increase in the Battery sub-segment and Services in business area AirTech. Business area FoodTech had good growth in Americas. Services net sales amounted to 15% of total net sales.

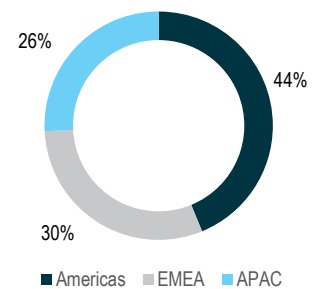
AirTech increased +9%, a currency adjusted increase of +14% with good growth in HCT and Battery subsegment. In addition, the Pharma sub-segment grew in all regions, largely driven by Covid-19 relief efforts and production of test equipment in the US. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased app. +19%. Services grew in region Americas and APAC, whereas EMEA remained flat. Services amounted to 21% of net sales.

FoodTech decreased -5%, a currency adjusted decrease with -1%, with a decline in APAC offsetting a good growth in all sub-segments in Americas both in the Climate solutions and Digital solutions businesses. Region EMEA grew slightly as the Broiler, Layer and Greenhouse sub-segments experienced good demand mainly in the Middle East and Southern Europe.

**Quarterly net sales, 2021 (MSEK)**



**Net sales per region Q4, 2021 (MSEK)**



## RESULTS

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

### October-December 2021

The gross margin for the fourth quarter amounted to 30.3% (32.9). Supply chain constraints, higher raw material prices and freight costs continued to weigh on the margin. We saw positive effects from our price increases and continued to raise prices to mitigate higher costs. The difficulties with anticipating timing of deliveries of input goods and components, combined with effects of the pandemic, has especially affected a facility in the US in AirTech. Also, a changed business mix in AirTech with more larger projects and lower net sales in China for FoodTech had a negative impact on the margin.

Adjusted EBITDA was MSEK 274 (300), corresponding to an adjusted EBITDA-margin of 13.3% (16.3). Depreciation amounted to MSEK -56 (-55), whereof depreciation of leased assets was MSEK -28 (-29).

Adjusted EBITA was MSEK 217 (245), corresponding to an adjusted EBITA-margin of 10.6% (13.3).

Adjusted EBITA for business area AirTech amounted to MSEK 214 (211), corresponding to an EBITA-margin of 13.7% (15.9). The margin decreased due to constraints in the supply chain, increased raw material prices and freight costs as well as a changed business mix with more large projects. The difficulties with anticipating timing of deliveries of input goods and components, combined with effects of the pandemic, has especially affected a production unit in the industrial sub-segment in the US.

Adjusted EBITA in business area FoodTech was MSEK 31 (66), corresponding to an adjusted EBITA-margin of 6.0% (12.3). The margin decreased due to lower volumes in China. In addition, constraints in the supply chain, increased raw material prices and freight costs had a negative impact on the margin.

Adjusted EBITA for Other amounted to MSEK -28 (-32). Other mainly includes costs for corporate staff functions.

Operating profit (EBIT) was MSEK 190 (250), corresponding to an operating margin of 9.2% (13.6). Amortization and write-downs on intangible assets in the fourth quarter was MSEK -18 (-17), where MSEK -8 (-8) related to amortization of intangible assets from acquisitions.

### January-December 2021

The gross margin for the full year was 32.0% (33.5). Supply chain constraints, higher raw material prices and freight costs as well as the time lag of the impact of our own price increases had a negative impact on the margin. In the fourth quarter production inefficiencies due to the pandemic affected a facility in the US in AirTech that impacted the margin negatively. The margin was also negatively impacted by lower net sales to the swine market in China, on the back of very strong net sales in 2020.

Adjusted EBITDA was MSEK 1,105 (1,126), corresponding to an adjusted EBITDA-margin of 15.0% (16.1). Depreciation amounted to MSEK -228 (-221), whereof depreciation of leased assets was MSEK -106 (-113).

Adjusted EBITA amounted to MSEK 889 (906), corresponding to an adjusted EBITA-margin of 12.1% (12.9).

Adjusted EBITA for business area AirTech was MSEK 774 (689) corresponding to an adjusted EBITA-margin of 14.4% (14.0). The margin improved slightly because of increased net sales, high utilization rates and efficiency improvements, partly offset by a change in business mix with more large projects, constraints in the supply chain, higher raw material prices and freight costs. Also, the time lag of the effect from our own price increases together with production inefficiencies due to the pandemic affected a facility in the US negatively.

Adjusted EBITA in business area FoodTech amounted to MSEK 210 (310), corresponding to an adjusted EBITA-margin of 10.4% (14.6). The margin was negatively impacted by lower volumes in China compared to 2020. Also, constraints in the supply chain, increased raw material prices and freight costs and the time lag of the effect from our own price increases had a negative impact. The margin in 2020 was strong mainly because of strong growth in the swine market in China.

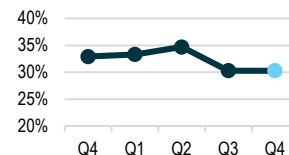
Adjusted EBITA for Other was MSEK -95 (-94).

Operating profit (EBIT) was MSEK 753 (707), corresponding to an operating margin of 10.2% (10.1). Amortization and write-downs on intangible assets for the full year was MSEK -74 (-87), where MSEK -30 (-39) was related to amortization of intangible assets from acquisitions.

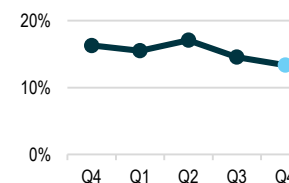
## ITEMS AFFECTING COMPARABILITY (IAC)

Items affecting comparability (IAC) in the fourth quarter were mainly related to activities connected with the strategy implementation. Business area FoodTech incurred MSEK -16, and business area AirTech MSEK -3. In addition to IACs related to the strategy implementation, Munters incurred other IACs of MSEK +12, which is a net of released

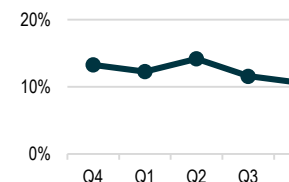
Quarterly gross margin, %



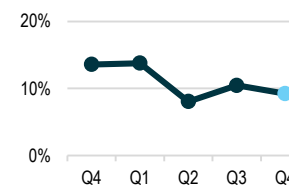
Quarterly adjusted EBITDA margin, %



Quarterly adjusted EBITA margin, %



Quarterly EBIT margin, %



provisions associated with the discontinued operation in Dison of MSEK +16 and MSEK -4 related to M&A activities. Since operations has ceased in Dison and Munters is no longer reporting any discontinued operation, the released provisions have been adjusted for comparability. Covid-19-related IACs affected the fourth quarter with MSEK -1.

IACs for the full year related to the strategy implementation within business area FoodTech was MSEK -95. The major part of the costs were recorded as provisions in the second quarter with the launch of the strategy implementation for FoodTech with the aim to accelerate the digital journey and strengthen the equipment position. Provisions related to severance, warranty claims, inventory, etc. For business area AirTech the work with the strategy implementation launched in 2020 has continued and MSEK -25 has been recorded as IACs for the full year, mainly related to consultancy services for the strategy implementation. Other incurred IACs of MSEK -4 are related to strategy implementation.

In addition, Munters has had IACs of MSEK +63, mainly comprising a net of a final settlement in regard to a customer claim (Hunters New England Health District), of MSEK -9, insurance compensation received linked to the previous exchange of specific components at a customer site within the European Data Center business of MSEK +61 and release of provisions within the discontinued operation in Dison of MSEK +16. Covid-19-related IACs affected the full year with MSEK -2.

During last year, Munters foremost incurred IACs related to the implementation of the strategy, mainly within business area AirTech.

For further information, see the reconciliation of Munters alternative performance measures on page 23.

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
Covid-19 related items	-1	1	-1	7
Implementation refined strategy	-3	13	-25	-109
Other items affecting comparability	15	13	76	7
<b>AirTech</b>	<b>10</b>	<b>26</b>	<b>50</b>	<b>-95</b>
Covid-19 related items	-0	1	-1	1
Implementation refined strategy	-16	-1	-95	-6
Other items affecting comparability	-	6	-1	6
<b>FoodTech</b>	<b>-16</b>	<b>6</b>	<b>-97</b>	<b>1</b>
Covid-19 related items	-	-	-	1
Implementation refined strategy	-	-2	-4	-10
Other items affecting comparability	-3	-8	-12	-8
<b>Other</b>	<b>-3</b>	<b>-10</b>	<b>-16</b>	<b>-18</b>
Covid-19 related items	-1	1	-2	8
Implementation refined strategy	-20	10	-124	-124
Other items affecting comparability	12	11	63	5
<b>Total</b>	<b>-9</b>	<b>22</b>	<b>-62</b>	<b>-111</b>

## FINANCIAL ITEMS

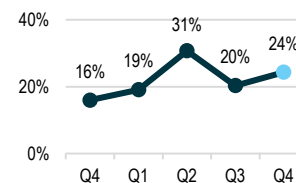
Financial income and expenses for the fourth quarter amounted to MSEK -14 (-45). The financial expenses are positively impacted by a lower USD interest rate and lower interest bearing debt compared to same quarter last year. Interest expense on lease liabilities amounts to MSEK -4 (-4) in the fourth quarter. The average weighted interest rate including fees per end of the quarter was 2.2% (3.0).

Financial income and expenses for the full year amounted to MSEK -84 (-156). The financial net was at a lower level mainly as a consequence of lower interest rate paid.

## TAXES

Income taxes for the fourth quarter was MSEK -43 (-33). The effective tax rate in the fourth quarter was 24% (16). In Q4 2020 there were positive one-off effects related to a tax refund received in Brazil and increased tax credits in the US due to the CARES Act. Income taxes for the full year was MSEK -153 (-120). The effective tax rate for the full year was 23% (22).

**Tax rate, 2021 %**

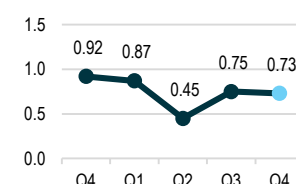


## EARNINGS PER SHARE

Net income, including the discontinued operation, attributable to Parent Company's ordinary shareholders amounted to MSEK 133 (168) for the fourth quarter. Earnings per share, before and after dilution, in the fourth quarter 2021 was SEK 0.73 (0.92). Net income, including the discontinued operation, attributable to Parent Company's ordinary shareholders amounted to MSEK 513 (420) for the full year. Earnings per share before and after dilution for the full year 2021 was SEK 2.81 (2.32).

The average number of outstanding ordinary shares in the fourth quarter, for the purpose of calculating earnings per share, was 182,266,053 before dilution and 182,513,822 after dilution.

**EPS, 2021 SEK**



## FINANCIAL POSITION

Interest-bearing liabilities amounted to MSEK 2,750 (2,786). Cash and cash equivalents amounted to MSEK 674 (970) as of December 31.

In the second quarter 2021 Munters refinanced primary financing facilities by establishing a new term loan of MUSD 165 and a Revolving Credit Facility (RCF) of MEUR 250 with final maturity date in June 2026. Previously the facilities were an RCF of MEUR 185 and a term loan of MUSD 250. The new facilities are granted by a group of six banks and have no mandatory amortization requirement. In November Munters added on sustainability targets to the loan facilities assisted by Nordea as Sustainability Coordinator. This will support Munters' strive for an environmentally and socially sustainable growth. The primary financing facilities 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.

Munters also has a backup facility of MSEK 750 maturing in 2023 which is secured by a guarantee from EKN (The Swedish Export Credit Agency).

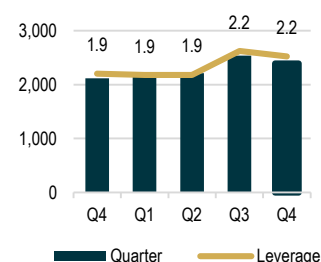
Net debt as of December 31 amounted to MSEK 2,389 compared to MSEK 2,536 at the end of September 2021 and MSEK 2,116 at the end of December 2020. For more information about reconciliation of net debt and leverage see page 24.

Net debt in relation to Adjusted EBITDA was 2.2x which is same level as at end of September 2021. The leverage ratio has been positively affected by good cash flow from working capital but offset by negative currency effect on outstanding debt.

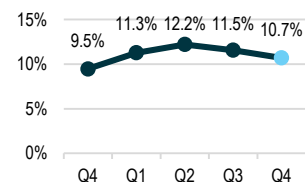
At quarter end the term loan of MUSD 165 was fully drawn. Of the RCF of MEUR 250 an amount of MEUR 87 (40) was utilized in EUR, SEK and USD. Unutilized of the RCF as of December 31 amounted to MEUR 163 (129). Along with the primary loan facilities, an amount of MSEK 13 (15) in local debt is outstanding in i.a. India. The backup facility with EKN was entirely unutilized.

Average capital employed for the last twelve months was MSEK 7,070 (7,433). Return on capital employed, including the discontinued operation, (ROCE) for last twelve months was 10.7% (9.5). Return on capital employed, where EBIT plus financial income is adjusted for items affecting comparability (IAC) and average capital employed adjusted for goodwill, for the last twelve months was 27.6% (26.0).

**Net Debt per quarter**



**ROCE %, 2021**



## CASH FLOW

Cash flow from operating activities was MSEK 416 (408) in the fourth quarter and for full year 2021 MSEK 519 (959).

Cash flow from changes in working capital had a positive impact on cash flow of MSEK 232 (161) in the fourth quarter but a negative impact of MSEK -175 (183) for the full year. The positive effect on cash flow from working capital in the quarter mainly relates to increased accounts payables and an increased level of advances from customers, partly offset by negative impact from accounts receivables and inventory. For the full year, the negative effect on cash flow from working capital mainly relates to increased inventory levels but is also affected by increased accounts

receivables outstanding. On the other hand, increased accounts payable and advances from customers partly offset the negative effect.

Total cash flow for the fourth quarter amounted to MSEK 224 (201) and MSEK -324 (287) for the full year. The total cash flow for the year is affected by a payment of dividend to external shareholders of MSEK -129 (whereof MSEK -2 to an external minority to one of the subsidiaries), a net amortization on external debt of MSEK -239, repurchasing of shares of MSEK -69 and exercised employee share options of MSEK 40.

## PARENT COMPANY AND OWNERSHIP

The parent company for the Group is Munters Group AB. Corporate staff functions within Munters are accounted for within Munters Group AB. The company holds shares in subsidiaries, internal receivables and liabilities, cash and accounts payables. The Parent Company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to MSEK 0 (62).

## EMPLOYEES

The number of permanent FTEs (Full Time Equivalents), at December 31, 2021 was 3,315 (3,214). The amount of FTEs at December 31, 2021 in business area AirTech was 2,432 (2,286), in FoodTech 796 (861) and at Group functions 87 (68). The number of permanent FTEs in FoodTech has been impacted by a re-classification of 70 FTEs to temporary employees.

## OUTSTANDING SHARES AND REPURCHASES

In December Munters announced it had pursuant to the authorization granted by the Annual General Meeting 2021 during the period 22 November until 10 December repurchased a total number of 1,071,550 shares. The purpose of the repurchase was to secure the delivery of shares to the participants in the incentive programs that the 2018–2020 annual general meetings resolved to implement and to cover costs related to the programs. As of December 31, 2021, Munters held 2,883,300 treasury shares of the total outstanding shares of 184,457,817.

The average number of outstanding ordinary shares in the fourth quarter, for the purpose of calculating earnings per share, was 182,266,053 before dilution and 182,513,822 after dilution.

## DIVIDEND PROPOSAL

During 2021 Munters had strong growth as well as a solid profitability and capital structure. The leverage was at 2.2x at year-end, which is within the mid-term target range for net debt to adjusted EBITDA of 1.5x-2.5x. The Board of Directors therefore proposes a dividend of SEK 0.85 (0.70) per share for 2021, in total MSEK 157 (129). This represents 30 per cent of the net income 2021.

### Ten largest shareholders

As of 31 Dec	Total (%)
Wallenberg Investments	27,8
ODIN Funds	9,0
First Swedish National Pension Fund	8,4
Swedbank Robur Funds	7,4
Fourth Swedish National Pension Fund	6,4
Columbia Threadneedle	3,7
Handelsbanken Funds	3,3
C WorldWide Asset Management	2,6
La Financière de l'Echiquier	2,3
Vanguard	1,5



## OTHER EVENTS

**Peter Gisel-Ekdahl pursued opportunity outside Munters and Klas Forsström, CEO and President of Munters, interim President Business Area AirTech** – In April Munters communicated that Peter Gisel-Ekdahl, President Business Area AirTech, had decided to pursue an opportunity outside Munters as CEO of a company based in the Nordic region. Klas Forsström, CEO and President of Munters will, in addition to his current role, take on the responsibility as interim President for AirTech to ensure the future growth plans and continuous focus on strategy deployment.

**Continued implementation of the strategy, taking the next steps in business area FoodTech** – In May it was announced as part of the strategy implementation that business area FoodTech had completed a strategic review outlining measures to strengthen its digital offering and climate solutions part of the business. Implementation started in the second quarter 2021.

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

**Munters signed strategic turnkey project to design and build Scandinavian lithium battery laboratory** – In September, Munters signed a strategic turnkey project to design and build a lithium battery laboratory in Scandinavia. This is yet another confirmation of Munters' position as a leading supplier to manufacturers of lithium batteries. The agreement entails that Munters will design and build a full-scale laboratory for lithium batteries in Scandinavia. A key requirement for the client was Munters' capabilities to design the facilities along with competences to secure an efficient construction execution.

**New Group Vice President HR and Sustainability** – In October, it was announced that Grete Solvang Stoltz, at the time Senior Vice President Human Resources and Sustainability at LKAB, will join the Munters' management team as Group Vice President HR and Sustainability as of February 1<sup>st</sup> 2022. Grete Solvang Stoltz has extensive experience in running global strategic programs with a focus on corporate culture as well as organizational and sustainable development. She has previously held a number of highly qualified HR positions at LKAB and SCA.

**Nomination Committee of Munters Group AB appointed** – In October the Nomination Committee of Munters Group AB was appointed. It comprises the following members: Magnus Fernström, FAM AB, Chairman of the Nomination Committee, Jan Dworsky, Swedbank Robur Funds, Mats Larsson, First Swedish National Pension Fund and Jonathan Schönback, Odin Fund Management. The Nomination Committee shall prepare proposals for the 2022 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. The date of the Munters Annual General Meeting 2022 is 18 May.

**Munters part of Nasdaq Stockholm's Large Cap segment** – In December Munters announced it will be moved to Nasdaq Stockholm's Large Cap segment. The Large Cap segment includes companies with a market capitalization of more than EUR 1 billion.



## EVENTS AFTER THE CLOSE OF THE PERIOD

**Acquisition of EDPAC** – In January, Munters announced it has acquired EDPAC, an Ireland-based manufacturer of data center cooling equipment and air handling systems for a purchase price of MEUR 29. The acquisition is part of Munters strategy to grow in the prioritized data center segment and strengthens its presence in Europe through the acquisition. EDPAC reported net sales of MEUR 17 and an adjusted EBITDA of MEUR 1.7 in the financial year ending April 2021.

In January, Munters announced the acquisition of Edpac, an Ireland based manufacturer of data center cooling equipment and air handling systems.

**FoodTech secures important SaaS contract** – In February, Munters announced that MTech Systems, a Munters company within business area FoodTech, has signed an important contract to deliver its SaaS solution. The contract is a recognition of FoodTech's strategy with a clear direction to connect the entire food production value chain with innovative software and precision farming equipment.

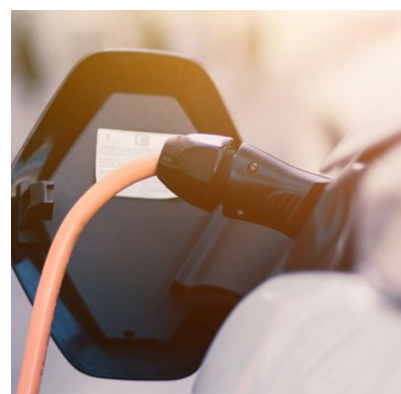
## AirTech



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

- Order intake in AirTech increased driven by the Battery sub-segment with good development in both Americas and APAC. Strong demand in Data Centers and good growth in the Food and Components sub-segments. Clean Technologies grew slightly and Services experienced growth in all regions.
- Net sales increased driven by strong growth in the Battery sub-segment in APAC and Americas. The Pharma sub-segment showed good growth in the US for the full year, with a weaker development in the fourth quarter. Both Data Centers and Clean Technologies grew in the fourth quarter. Services grew overall, especially in Americas and APAC.
- The adjusted EBITA-margin was lower in the fourth quarter due to a change in business mix, constraints in the supply chain, higher raw material prices and freight costs. Also, the time lag of our price increases together with production inefficiencies at a facility in the US had a negative impact on the margin. For the full year it improved because of increased net sales, high utilization rates and efficiency improvements.

MSEK	Q4			Jan-Dec		
	2021	2020	Δ%	2021	2020	Δ%
Order intake	2,110	1,172	80	6,890	5,101	35
Growth	80%	-14%		35%	-3%	
Net sales	1,562	1,323	18	5,362	4,937	9
Growth	18%	-4%		9%	-4%	
of which organic growth	17%			14%		
of which currency effects	1%			-5%		
Operating profit (EBIT)	219	234	-6	797	565	41
Adjusted EBITA	214	211	2	774	689	12
Growth	2%	14%		12%	4%	
Adjusted EBITA margin, %	13.7	15.9		14.4	14.0	



## FoodTech



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

- Order intake in regions Americas and EMEA showed good growth both in the fourth quarter and for the full-year, offset by a decline in region APAC. Both Climate solutions and Digital solutions experienced growth in Americas. EMEA grew driven mainly by increased orders for Climate Solutions to the Greenhouses sub-segment and to the Broiler sub-segment. Demand in APAC declined, negatively impacted by a weak market in China.
- Net sales decreased both in the fourth quarter and for the full-year with a decline in APAC offsetting a good growth in all sub-segments in Americas both in the Climate solutions and Digital solutions businesses. Region EMEA grew slightly as the Broiler, Layer and Greenhouse sub-segments experienced good demand mainly in the Middle East and Southern Europe.
- The adjusted EBITA-margin declined due to lower volumes in China both in the fourth quarter and for the full-year. In addition, constraints in the supply chain, increased raw material prices and freight costs had a negative impact on the margin.

MSEK	Q4			Jan-Dec		
	2021	2020	Δ%	2021	2020	Δ%
Order intake	508	450	13	2,166	2,196	-1
Growth	13%	-8%		-1%	5%	
Net sales	509	531	-4	2,028	2,126	-5
Growth	-4%	13%		-5%	5%	
of which organic growth	-6%			-1%		
of which currency effects	2%			-4%		
Operating profit (EBIT)	10	67	-85	81	291	-72
Adjusted EBITA	31	66	-53	210	310	-32
Growth	-53%	7%		-32%	12%	
Adjusted EBITA margin, %	6.0	12.3		10.4	14.6	



# About Munters

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

## Short facts

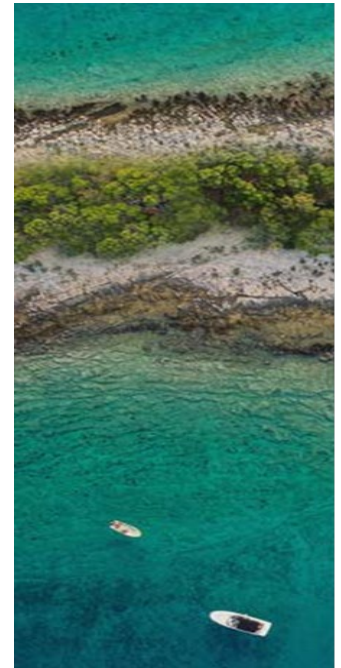
- 3,300 employees (FTEs)
- 30 countries with sales and manufacturing
- 17 production units
- 23% women in management
- Two business areas: AirTech and FoodTech

In 2021 AirTech generated 73% of the total net sales of Munters and FoodTech 27%.

## Purpose

For customer success and a healthier planet

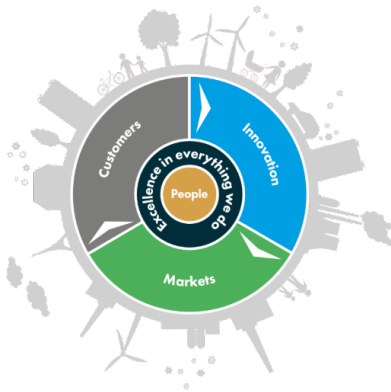
*Curiosity and a drive to create pioneering technologies are part of our DNA. Our climate solutions are mission-critical to our customers' success and contribute to a more sustainable planet.*



## The strategy of Munters

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

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



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

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

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

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

## Sustainability

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



# Quarterly overview Group and Segments

Group	2021				2020				2021	2020	
	MSEK	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
Order backlog	4,198	3,525	3,018	2,769	2,253	2,664	2,660	2,808	4,198	2,253	
Order intake	2,605	2,295	2,118	1,995	1,611	1,919	1,870	1,849	9,013	7,249	
Net sales	2,057	1,857	1,822	1,612	1,841	1,833	1,773	1,566	7,348	7,015	
Operating profit (EBIT)	190	194	147	222	250	245	103	110	753	707	
Net income	133	138	84	160	172	163	39	57	515	432	
Amortization and write-down	-18	-18	-21	-17	-17	-30	-20	-20	-74	-87	
Items affecting comparability (IAC)	-9	-3	-91	41	22	4	-138	-	-62	-111	
Adjusted EBITA	217	215	259	198	245	271	260	130	889	906	
Adjusted EBITA margin, %	10.6	11.6	14.2	12.3	13.3	14.8	14.7	8.3	12.1	12.9	
<b>AirTech</b>											
MSEK	2021				2020				2021	2020	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year	
External order backlog	3,498	2,837	2,318	2,129	1,737	2,025	2,003	2,186	3,498	1,737	
Order intake	2,110	1,802	1,495	1,483	1,172	1,354	1,231	1,343	6,890	5,101	
External net sales	1,560	1,338	1,264	1,193	1,321	1,270	1,205	1,127	5,355	4,924	
Transactions between segments	2	3	1	2	2	9	2	0	7	13	
Operating profit (EBIT)	219	161	185	231	234	185	51	94	797	565	
Amortization and write-down	-5	-4	-4	-4	-4	-16	-5	-5	-16	-30	
Items affecting comparability (IAC)	10	1	-15	54	26	3	-125	-	50	-95	
Re-allocation of internal services	-1	-10	-	-	0	-	-	-	-11	0	
Adjusted EBITA	214	174	205	181	211	198	181	100	774	689	
Adjusted EBITA margin, %	13.7	13.0	16.2	15.1	15.9	15.4	15.0	8.8	14.4	14.0	
<b>FoodTech</b>											
MSEK	2021				2020				2021	2020	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year	
External order backlog	700	687	700	640	516	640	656	622	700	516	
Order intake	508	502	636	520	450	575	656	515	2,166	2,196	
External net sales	496	519	558	419	520	563	568	440	1,993	2,091	
Transactions between segments	12	8	9	6	11	9	7	9	35	35	
Operating profit (EBIT)	10	46	-6	32	67	90	87	47	81	291	
Amortization and write-down	-6	-6	-10	-6	-5	-5	-5	-5	-29	-20	
Items affecting comparability (IAC)	-16	-5	-75	-1	6	0	-6	-	-97	1	
Re-allocation of internal services	2	-4	-	-	0	-	-	-	-2	0	
Adjusted EBITA	31	61	80	39	66	95	98	52	210	310	
Adjusted EBITA margin, %	6.0	11.6	14.1	9.1	12.3	16.5	17.1	11.5	10.4	14.6	
<b>Other and eliminations</b>											
MSEK	2021				2020				2021	2020	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year	
Order intake	-13	-9	-14	-8	-11	-10	-17	-10	-43	-48	
Transactions between segments	-14	-11	-10	-8	-12	-18	-8	-9	-42	-48	
Operating profit (EBIT)	-39	-13	-33	-41	-50	-31	-36	-32	-126	-149	
Amortization and write-down	-7	-7	-7	-7	-8	-10	-10	-10	-29	-37	
Items affecting comparability (IAC)	-3	0	0	-12	-10	0	-7	-	-16	-18	
Re-allocation of internal services	-1	14	-	-	0	-	-	-	13	0	
Adjusted EBITA	-28	-20	-26	-21	-32	-21	-19	-22	-95	-94	

## Discontinued operation

MSEK	2021				2020				2021	2020
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full year	Full year
External order backlog	-	-	-	-	-	-	-	-	-	-
Order intake	-	-	-	-	-	-1	1	-	-	-
External net sales	-	-	-	-	-0	13	3	-0	-	16
Operating profit (EBIT)	-	-	-	-	-2	-3	-1	0	-	-6
Amortization and write-down	-	-	-	-	-	-	-	-	-	-
Items affecting comparability (IAC)	-	-	-	-	-	-	-	-	-	-
Adjusted EBITA	-	-	-	-	-2	-3	-1	0	-	-6

# Condensed income statement

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
Net sales	2,057	1,841	7,348	7,015
Cost of goods sold	-1,434	-1,235	-4,994	-4,665
<b>Gross profit</b>	<b>622</b>	<b>606</b>	<b>2,354</b>	<b>2,350</b>
Selling expenses	-222	-195	-844	-818
Administrative costs	-150	-144	-556	-538
Research and development costs	-45	-41	-162	-186
Other operating income and expenses	-14	24	-39	-101
<b>Operating profit</b>	<b>190</b>	<b>250</b>	<b>753</b>	<b>707</b>
Financial income and expenses	-14	-45	-84	-156
<b>Profit/Loss after financial items</b>	<b>176</b>	<b>205</b>	<b>668</b>	<b>552</b>
Tax	-43	-33	-153	-120
<b>Net income for the period from continuing operations</b>	<b>133</b>	<b>172</b>	<b>515</b>	<b>432</b>
Net income from discontinued operations	-	-2	-	-6
<b>Net income for the period</b>	<b>133</b>	<b>171</b>	<b>515</b>	<b>426</b>
<b>Attributable to Parent Company shareholders</b>	133	168	513	420
Attributable to non-controlling interests	1	3	3	6
Average number of outstanding shares before dilution*	182,266,053	181,423,919	182,207,520	181,545,456
Average number of outstanding shares after dilution*	182,513,822	182,151,560	182,548,017	181,557,708
<b>Earnings per share for net income for the period from continuing operations attributable to the ordinary equity holders of the company:</b>				
Earnings per share before dilution, SEK	0.73	0.93	2.81	2.35
Earnings per share after dilution, SEK	0.73	0.93	2.81	2.35
<b>Earnings per share for net income for the period attributable to the ordinary equity holders of the company:</b>				
Earnings per share before dilution, SEK	0.73	0.92	2.81	2.32
Earnings per share after dilution, SEK	0.73	0.92	2.81	2.32
<b>Other comprehensive income</b>				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange-rate differences on translation of foreign operations	86	-232	268	-325
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains and losses on defined-benefit pension obligations, incl. payroll tax	-26	-2	-3	-7
Income tax effect not to be reclassified to profit or loss	10	-0	-0	1
<b>Other comprehensive income, net after tax</b>	<b>69</b>	<b>-234</b>	<b>264</b>	<b>-331</b>
<b>Total comprehensive income for the period</b>	<b>203</b>	<b>-64</b>	<b>779</b>	<b>95</b>
Attributable to Parent Company shareholders	203	-64	779	91
Attributable to non-controlling interests	-0	0	1	4

\*Excluding shares held in own custody.

# Condensed balance sheet

MSEK	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Goodwill	4,248	3,952
Patents, licenses, brands, and similar rights	1,586	1,356
Buildings and land	239	209
Plant and machinery	469	467
Equipment, tools, fixtures and fittings	185	161
Construction in progress	78	41
Financial assets	20	19
Deferred tax assets	278	246
<b>Total non-current assets</b>	<b>7,103</b>	<b>6,451</b>
<b>CURRENT ASSETS</b>		
Raw materials and consumables	532	350
Products in process	170	118
Finished products and goods for resale	347	215
Projects in progress	11	3
Advances to suppliers	12	5
Accounts receivable	1,394	935
Prepaid expenses and accrued income	368	376
Derivative instruments	1	-
Current tax assets	52	55
Other receivables	78	96
Cash and cash equivalents	674	970
<b>Total current assets</b>	<b>3,639</b>	<b>3,123</b>
<b>TOTAL ASSETS</b>	<b>10,742</b>	<b>9,574</b>



# Condensed balance sheet

MSEK	2021-12-31	2020-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Shareholders' equity	4,360	3,746
Non-controlling interests	3	5
<b>Total equity</b>	<b>4,363</b>	<b>3,751</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	2,636	2,690
Provisions for pensions and similar commitments	324	299
Other provisions	41	33
Other liabilities	140	132
Deferred tax liabilities	405	371
<b>Total non-current liabilities</b>	<b>3,546</b>	<b>3,525</b>
<b>CURRENT LIABILITIES</b>		
Interest-bearing liabilities	114	96
Advances from customers	648	509
Accounts payable	771	529
Accrued expenses and deferred income	998	742
Derivative instruments	-	2
Current tax liabilities	40	52
Other liabilities	100	111
Provisions for pensions and similar commitments	9	10
Other provisions	153	248
<b>Total current liabilities</b>	<b>2,833</b>	<b>2,299</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,742</b>	<b>9,574</b>

## CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2021-12-31	2020-12-31
<b>Opening balance</b>	<b>3,751</b>	<b>3,627</b>
Total comprehensive income for the period	779	95
Exercised share options	40	-
New share issue	-	61
Change in non-controlling interest	-1	0
Put/call option related to non controlling interests	-4	-4
Dividends paid	-129	-
Repurchase of shares	-69	-43
Share option plan inc deferred tax	-5	14
Other	1	-
<b>Closing balance</b>	<b>4,363</b>	<b>3,751</b>
<b>Total shareholders' equity attributable to:</b>		
The parent company's shareholders	4,360	3,746
Non-controlling interests	3	5

# Condensed cash flow statement

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
<b>OPERATING ACTIVITIES</b>				
Operating profit	190	248	753	701
<b>Reversal of non-cash items</b>				
Depreciation, amortization and impairments	74	72	303	308
Other profit/loss items not affecting liquidity	6	-13	16	20
<b>Change in provisions</b>				
Provisions	-35	14	-97	-1
<b>Cash flow before interest and tax</b>	<b>235</b>	<b>322</b>	<b>974</b>	<b>1,029</b>
Paid financial items	-11	-37	-99	-151
Taxes paid	-41	-37	-181	-102
<b>Cash flow from operating activities before changes in working capital</b>	<b>184</b>	<b>248</b>	<b>694</b>	<b>776</b>
<b>Cash flow from changes in working capital</b>	<b>232</b>	<b>161</b>	<b>-175</b>	<b>183</b>
<b>Cash flow from operating activities</b>	<b>416</b>	<b>408</b>	<b>519</b>	<b>959</b>
<b>INVESTING ACTIVITIES</b>				
Business acquisitions	-	0	-	-9
Sale of tangible fixed assets	-0	14	2	14
Sale of intangible fixed assets	-	2	-	2
Investment in tangible assets	-45	-28	-138	-114
Investment in intangible assets	-57	-43	-204	-103
<b>Cash flow from investing activities</b>	<b>-101</b>	<b>-56</b>	<b>-341</b>	<b>-209</b>
<b>FINANCING ACTIVITIES</b>				
New share issue	-0	61	-0	61
Exercised share options	-	-	40	-
Loan raised	13	3	2,311	329
Amortization of loans	-6	-188	-2,550	-698
Repayment of lease liabilities	-29	-29	-105	-112
Repurchase of shares	-69	-	-69	-43
Dividends paid	0	-0	-129	-
<b>Cash flow from financing activities</b>	<b>-91</b>	<b>-152</b>	<b>-503</b>	<b>-463</b>
<b>Cash flow for the period</b>	<b>224</b>	<b>201</b>	<b>-324</b>	<b>287</b>
Cash and cash equivalents at period start	440	790	970	722
Exchange-rate differences in cash and cash equivalents	10	-21	28	-38
<b>Cash and cash equivalents at period end</b>	<b>674</b>	<b>970</b>	<b>674</b>	<b>970</b>

Operating profit in prior period includes the discontinued operation. Isolated cash flow from the discontinued operations is disclosed in a separate note, see page 24.

# Parent company

## CONDENSED INCOME STATEMENT

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
Net sales	-	-	-	-
<b>Gross profit/loss</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
Administrative costs	-3	-5	-12	-22
Other operating expenses	-0	-3	11	-5
<b>Profit/Loss before interest and tax (EBIT)</b>	<b>-3</b>	<b>-8</b>	<b>0</b>	<b>-27</b>
Financial income and expenses	-0	-0	-1	0
<b>Profit/Loss after financial items</b>	<b>-4</b>	<b>-8</b>	<b>-1</b>	<b>-28</b>
Group contributions	8	23	8	23
<b>Profit/Loss before tax</b>	<b>5</b>	<b>15</b>	<b>7</b>	<b>-5</b>
Tax	-2	2	1	2
<b>Net income for the period</b>	<b>3</b>	<b>17</b>	<b>8</b>	<b>-3</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
Profit/Loss for the period	3	17	8	-3
Other comprehensive income, net after tax	-	-	-	-
<b>Comprehensive income for the period</b>	<b>3</b>	<b>17</b>	<b>8</b>	<b>-3</b>

# Parent company

## CONDENSED BALANCE SHEET

MSEK	2021-12-31	2020-12-31
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Participations in subsidiaries	4,094	4,099
Other financial assets	5	4
<b>Total non-current assets</b>	<b>4,100</b>	<b>4,104</b>
<b>CURRENT ASSETS</b>		
Prepaid expenses and accrued income	1	0
Current tax assets	1	1
Receivables from subsidiaries	13	27
Cash and cash equivalents	0	62
<b>Total current assets</b>	<b>15</b>	<b>90</b>
<b>TOTAL ASSETS</b>	<b>4,115</b>	<b>4,194</b>

MSEK	2021-12-31	2020-12-31
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	6	6
Share premium reserve	4,136	4,136
Profit brought forward	-128	32
Income for the period	8	-3
<b>Total equity</b>	<b>4,022</b>	<b>4,171</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions for pensions and similar commitments	2	1
<b>Total non-current liabilities</b>	<b>2</b>	<b>1</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	3	1
Accrued expenses and deferred income	18	21
Liabilities to subsidiaries	65	-
Other liabilities	4	-
<b>Total current liabilities</b>	<b>91</b>	<b>22</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,115</b>	<b>4,194</b>

# Other disclosures

## ACCOUNTING POLICIES

This report has been prepared, with regards to the Group, in accordance with IAS 34 *Interim Financial Reporting*, recommendation RFR 1 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act and, with regards to the Parent Company, in accordance with recommendation RFR 2 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles applied correspond to those presented in the Annual- and Sustainability report 2020 (Note 1). As from the first quarter 2021, the cash flow statement has been changed in regards to interest paid on leased liabilities (prior periods restated). Previously the item "Repayment of leasing liabilities" included paid interest. The correction has resulted in that "Cash flow from operating activities" has decreased and "Financing operations" are improved compared with previous reporting, impacting fourth quarter last year with MSEK 4.

## DEFINITION OF KEY FINANCIAL INDICATORS

The Group presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The Group is of the opinion that these metrics provide valuable complementary information, in that they enable an evaluation of the Group's performance. The financial metrics are calculated in accordance with the definitions presented on page 125 in the Annual and Sustainability Report 2020.

## TRANSACTIONS WITH RELATED PARTIES

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

## ENVIRONMENTAL IMPACT AND ENVIRONMENTAL POLICY

Munters' operations affect the external environment through air and water emissions, the handling of chemicals and waste, transport of input goods and finished products to and from Munters factories. Munters is committed to constant vigilance regarding the environmental impact of its operations. Munters is committed to complying with all laws and to continuously promoting improvements in all Environment, Health & Safety (EHS) aspects, wherever Munters conducts business. Munters constantly seeks opportunities to reduce risk and to create a safer, healthier, more diverse and more environmentally friendly workplace for

our employees, customers, communities, and the overall environment. Munters' manufacturing facilities all over the world are committed to working according to an EHS Management Program. The purpose of the EHS Program is to ensure regulatory compliance, actively prevent injuries, and reduce the impact that our business has on the environment.

## RISKS AND UNCERTAINTIES

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

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

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

During 2021 the Covid-19 pandemic continued to have an impact on our business, albeit in a mixed way. In some areas it led to increased demand at the same time as constraints in the supply chain caused longer lead times. Costs increased for raw material and freights as a consequence of increased demand and the pandemic. We implemented consecutive price increases in 2021 that will come into effect in 2022 due to extended lead times. We expect the supply chain challenges to remain throughout the first half of 2022.

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

## ALLOCATION OF NET SALES

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

MSEK	Q4 2021			Jan-Dec 2021		
	AirTech	FoodTech	Total	AirTech	FoodTech	Total
Goods transferred at a point in time	1,103	92	1,195	3,610	1,403	5,013
Goods transferred over time	328	366	693	1,298	439	1,737
Services transferred over time	130	38	168	447	150	598
<b>Total</b>	<b>1,560</b>	<b>496</b>	<b>2,057</b>	<b>5,355</b>	<b>1,993</b>	<b>7,348</b>
whereof related to the discontinued operation	-	-	-	-	-	-
<b>Total net sales from continuing operations</b>	<b>1,560</b>	<b>496</b>	<b>2,057</b>	<b>5,355</b>	<b>1,993</b>	<b>7,348</b>

SEKm	Q4 2020			Jan-Dec 2020		
	AirTech	FoodTech	Total	AirTech	FoodTech	FoodTech
Goods transferred at a point in time	906	473	1,379	3,136	1,883	5,019
Goods transferred over time	264	7	271	1,408	59	1,466
Services transferred over time	151	40	191	397	150	546
<b>Total</b>	<b>1,321</b>	<b>520</b>	<b>1,841</b>	<b>4,940</b>	<b>2,091</b>	<b>7,031</b>
whereof related to the discontinued operation	0	-	0	16	-	16
<b>Total net sales from continuing operations</b>	<b>1,321</b>	<b>520</b>	<b>1,841</b>	<b>4,924</b>	<b>2,091</b>	<b>7,015</b>

## FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2021-12-31	2020-12-31
Opening balance	121	142
Payments	-	-9
Discounting	4	4
Exchange-rate differences for the period	13	-16
<b>Closing balance</b>	<b>137</b>	<b>121</b>

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

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

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at December 31, 2021, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

## DISCONTINUED OPERATIONS

On September 9, 2019 Munters decided to close its European Data Center factory in Dison, Belgium, following the finalization of negotia-

tions with the unions. The production ceased in 2019 but minor installation services remained at customer sites during 2020. The table below shows the income statement for the discontinued operation as well as the cash flow from operating activities.

MSEK	Q4		Jan-Dec	
	2021	2020	2021	2020
Net sales	-	-0	-	16
Cost of goods sold	-	-1	-	-11
<b>Gross profit</b>	-	<b>-1</b>	-	<b>6</b>
Selling expenses	-	2	-	-8
Administrative costs	-	-1	-	-2
Research and development costs	-	0	-	0
Other operating income and expenses	-	-2	-	-2
<b>Operating profit</b>	-	<b>-2</b>	-	<b>-6</b>
Financial income and expenses	-	0	-	-0
<b>Profit/Loss after financial items</b>	-	<b>-2</b>	-	<b>-6</b>
Tax	-	0	-	0
<b>Net income for the period from discontinued operations</b>	-	<b>-2</b>	-	<b>-6</b>
Cash flow from operating activities	4	-40	39	-75

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Below is a reconciliation of Munters adjusted performance measures from items affecting comparability. In the fourth quarter 2021, these items mainly originated from the activities connected with the strategy implementation within business area FoodTech, communicated through a press release in May 2021, as well as from implementation activities related to the refined strategy within AirTech communicated during last year. In addition, Munters discontinued operation from previous years related to the Data Center business in Dison has released provisions of MSEK 16 confirmed no longer required. The operations in Dison has ceased and Munters is no longer reporting any discontinued operation, hence why these released provisions are adjusted for comparability. Munters has also incurred M&A activities of MSEK -4. Corona-related IACs affected the fourth quarter with MSEK -1.

For the full year, in addition to the above, Munters incurred costs related to a legal case outside the ordinary business operation connected with a previous customer claim that was finally settled in February 2021, and received an insurance compensation linked to an exchange of specific components at a customer site within the European Data Center business (where costs for the exchange amounted to MSEK 116, reported during the third quarter of 2019).

During the fourth quarter as well as the full year last year Munters mainly incurred IACs related to the implementation of the refined strategy within AirTech and Corona-related IACs.

The reconciliation below does not include the discontinued operation.

MSEK	Q4		Jan-Dec	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
<b>Adjusted EBITDA</b>	<b>274</b>	<b>300</b>	<b>1,105</b>	<b>1,126</b>
Amortizations and write-downs of tangible assets	-56	-55	-216	-221
<b>Adjusted EBITA</b>	<b>217</b>	<b>245</b>	<b>889</b>	<b>906</b>
Amortizations and write-downs of intangible assets	-18	-17	-70	-87
<b>Adjusted operating profit (EBIT)</b>	<b>199</b>	<b>228</b>	<b>819</b>	<b>818</b>
Restructuring activities	-20	10	-128	-124
Gains/losses from sale of fixed assets	0	6	0	6
Acquisition-related costs in a business acquisition	-4	0	-6	0
Legal cases outside the ordinary business operation	0	-8	-7	-14
Proceeds insurance reimbursements from legal cases	0	0	61	0
Received government grants/government assistance	1	6	3	20
Corona related expenses	-2	-4	-5	-12
Earned refund of sales tax in Brazil	0	13	0	13
Other	16	0	16	0
<b>Operating profit (EBIT)</b>	<b>190</b>	<b>250</b>	<b>753</b>	<b>707</b>

## RECONCILIATION OF NET DEBT AND LEVERAGE

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

MSEK	2021-12-31	2020-12-31
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	-674	-970
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities, excluding leases	2,362	2,440
Interest-bearing lease liabilities	274	250
Provisions for pensions	303	285
<b>CURRENT LIABILITIES</b>		
Interest-bearing liabilities, excluding leases	11	14
Interest-bearing lease liabilities	102	82
Accrued expenses	5	9
Provisions for pensions	6	6
<b>Total Net debt</b>	<b>2,389</b>	<b>2,116</b>
Operating profit (EBIT)	753	701
Depreciations	-228	-221
Amortization and write-down	-74	-87
EBITDA	1,056	1,010
Items affecting comparability	-49	-111
<b>Adjusted EBITDA, LTM</b>	<b>1,105</b>	<b>1,121</b>
<b>Net debt/Adjusted EBITDA, LTM</b>	<b>2.2</b>	<b>1.9</b>



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

## INFORMATION AND REPORTING DATES

### Contact person:

**Ann-Sofi Jönsson, Head of Investor Relations and Enterprise Risk Management**

**Phone: +46 (0)730 251 005**

**Email: [ann-sofi.jonsson@munters.com](mailto:ann-sofi.jonsson@munters.com)**

You are welcome to join a webcast or telephone conference on February 4, at 9:00am CEST, when President and CEO Klas Forsström, together with Group Vice President and CFO Annette Kumlien, will present the report.

### Webcast:

<https://tv.streamfabriken.com/munters-q4-2021>

Dial-in number for the telephone conference:

SE: +46 8 50558350

UK: +44 3333009262

US: +1 6319131422

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

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### Financial calendar:

The week that begins 28 February 2022: Posting of Annual Report 2021

April 22, 2022: Interim report January-March 2022

May 18, 2022: Annual General Meeting 2022

July 15, 2022: Interim report January-June 2022

October 21, 2022: Interim report January-September 2022

February 9, 2023: Full year report January-December 2022

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This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.30am CEST on February 4, 2022.

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

### About Munters Group

Munters is a global leader in energy efficient air treatment and climate solutions. Using innovative technologies, Munters creates the perfect climate for customers in a wide range of industries. Munters has been defining the future of air treatment since 1955. Today, around 3,300 employees carry out manufacturing and sales in more than 30 countries. Munters Group AB reported annual net sales of more than SEK 7 billion in 2020 and is listed on Nasdaq Stockholm. For more information, please visit [www.munters.com](http://www.munters.com).

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

