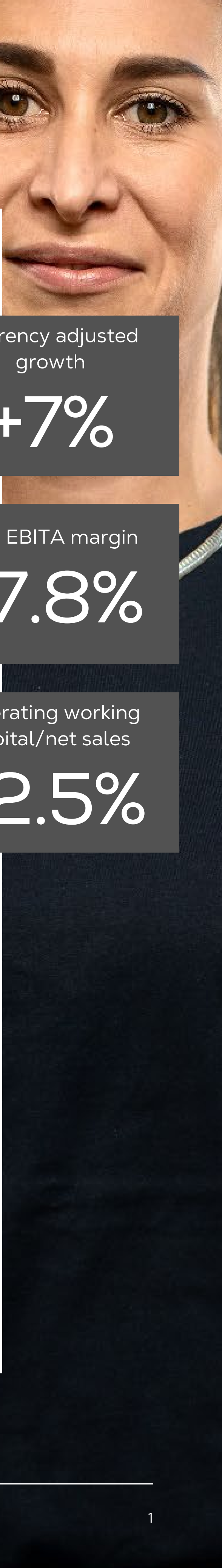
Munters

Q2 2024



A strong second quarter with an all-time high profitability

April-June

- Order intake increased +3% (-2% organic) with good growth in FoodTech offset by AirTech and Data Center Technologies (DCT). In AirTech order intake was flat, mainly due to the weaker battery sub-segment in APAC. Order intake in DCT was flat, with a good level of smaller and mid-sized orders. Order intake in FoodTech increased, primarily driven by good growth in Americas and EMEA. Digital solutions within FoodTech continued to show strong growth.
- Net sales increased +7% (+2% organic). In AirTech net sales declined, primarily due to the weaker battery sub-segment in APAC. In DCT successful execution on deliveries of large orders announced last year continued to contribute to strong growth. FoodTech grew strongly, with contributions mainly from the EMEA and Americas regions.
- The adj. EBITA margin improved driven by strong net sales growth in DCT and FoodTech, a positive effect from product mix in AirTech as deliveries on major orders were finalized, combined with positive effects from lean practices and other efficiency improvements initiatives.
- Earnings per share, before and after dilution, was SEK 1.81 (1.40) in the second quarter.
- Cash flow from operating activities improved mainly because of an increase of operating earnings and a positive development of working capital. The positive impact on working capital in the quarter was primarily driven by customer advances related to DCT in Americas. OWC/net sales amounted to 12.5%, within our target range of 13-10%.
- Leverage decreased for the fourth consecutive quarter, from 2.0x at the end of March to 1.8x mainly because of increased operating earnings and lower net debt.

Currency adjusted growth

+7%

Adj. EBITA margin

17.8%

Operating working capital/net sales

12.5%

Events after the close of the period

- The strategic review initiated last year, of the Equipment business within FoodTech, has now been completed. The conclusion of this review is our intention to divest this business.
- In July, Munters announced the acquisition of the majority share in Automated Environments (AEI), a US-based company specializing in automated control systems for the layer industry.
- In July, Munters announced an agreement has been signed to acquire Geoclima, an Italian manufacturer of air- and water-cooled chillers. Geoclima's product offering completes Munters DCT cooling portfolio enhancing the company's ability to offer full solutions to the total data center cooling market.

Financial summary	Q2			Jan-Jun			LTM	Full-year
MSEK	2024	2023	Δ%	2024	2023	Δ%	Jul-Jun	2023
Order intake	3,536	3,427	3	6,904	5,972	16	15,048	14,116
Net sales	3,791	3,536	7	7,329	6,711	9	14,548	13,930
Growth	7%	35%		9%	42%		18%	34%
of which organic growth	2%	27%		5%	32%		-	27%
of which acquisitions and divestments	4%	1%		5%	2%		-	3%
of which currency effects	0%	7%		-1%	8%		-	5%
Operating profit (EBIT)	578	408	42	990	756	31	1,820	1,586
Operating margin, %	*15.3*	*11.5*		*13.5*	*11.3*		*12.5*	*11.4*
Adjusted EBITA	673	479	41	1,171	868	35	2,142	1,839
Adjusted EBITA margin, %	*17.8*	*13.5*		*16.0*	*12.9*		*14.7*	*13.2*
Net income	342	257	33	569	470	21	890	792
Earnings per share before dilution, SEK	1.81	1.40		3.00	2.58		4.72	4.30
Earnings per share after dilution, SEK	1.81	1.40		3.00	2.58		4.72	4.30
Cash flow from operating activities	662	10		1,215	-158		2,439	1,066
OWC/Net Sales	12.5%	13.2%		12.5%	13.2%		12.5%	14.2%
Net debt	4,447	4,833		4,447	4,833		4,447	4,620
Net debt/Adjusted EBITDA, LTM	1.8	2.7		1.8	2.7		1.8	2.1

CEO comments

Klas Forsström

President and CEO

"Munters reports a strong quarter with an all-time high profitability. We are well positioned for future growth."

A strong second quarter with an all-time high profitability
Munters reports a strong second quarter performance with robust order intake and net sales. The adjusted EBITA-margin was at an all-time high in the second quarter, reflecting all the work done in recent years to improve efficiency. We are well positioned for future growth..

Strong underlying market trends, continued good growth
In AirTech, climate change as well as the industry's need for precise humidity control and advancements in energy-efficient desiccant models continue to fuel growth in the market long-term. Some market segments have seen a slower development in the short-term, which in this quarter was particularly noted by delayed investments in battery production across all regions. Order intake in AirTech developed flat in the quarter. As digitalization continues and AI becomes more widely used across various sectors, demand for effective and adaptable cooling solutions remains high. This presents strong mid-to-long-term growth opportunities for DCT as we offer a range of cooling technologies that enable customers to address heat generation challenges. In the quarter order intake for DCT was flat, and as previously communicated, this market is uneven, meaning that order intake can fluctuate significantly between quarters. In FoodTech, order intake increased as demand for both indoor climate solutions and digital solutions was strong. We continue to see an increasing demand for controllers, automation tools and optimization software platforms as food producers increasingly use real-time data to make accurate changes for improved animal welfare, maximize production and reduce waste and CO_2 emissions.

Net sales increased, driven by a very strong growth in DCT and FoodTech. AirTech had a weaker development. Munters has an ambition to increase service* and components revenues in the long term to reach more than one third of net sales, and in the quarter this amounted to 25% of net sales.

A quarter with an all-time high profitability, improved cash-flow and strengthened financial position
All business areas improved their profitability in the second quarter. In AirTech this was driven by a favorable product mix, good level of deliveries on earlier announced orders combined with a high capacity utilization. DCT continued to improve its margin mainly driven by effects from diligent lean practices and good level of deliveries on orders previously announced. Both Digital and Climate solutions in FoodTech increased profitability levels because of higher volumes and significant efficiency gains. At the same time, Munters continued to invest in digitalizing, ways-of-working, our manufacturing footprint and innovation across all business areas.

Operating cash flow increased in the quarter because of increased earnings and a very good improvement in operating working capital (OWC), resulting in OWC/net sales of 12.5% within our target range of 13-10%. This led to a lower leverage for the fourth consecutive quarter.

Progress on strategic ambitions and conclusion reached in strategic review of FoodTech equipment
In May, we updated our mid-term growth target to include growth generated by M&A. In the second quarter, AirTech closed the acquisition of Airprotech. It broadens our offering in Clean Technologies and emission abatement to better help customers reduce their carbon footprint. After the close of the quarter, we announced the acquisition of a majority share in Automated Environments (AEI), which accelerates our digital journey in FoodTech as we now add a control system for the layer industry to our offering. We also announced the acquisition of Geoclima, an Italian manufacturer of air- and water-cooled chillers. It completes DCTs cooling portfolio by enhancing our ability to offer full solutions to the total data center cooling market.

Last year, we initiated a strategic review of the Equipment business within FoodTech, which has now been completed. The conclusion of this review is our intention to divest this business.

I am very pleased that we took a step to align Munters with the Paris agreement in the second quarter by committing to the Science Based Targets initiative (SBTi). By setting ambitious climate goals, we not only strengthen our own commitment but also hope to inspire the rest of the industry to move towards a more sustainable future.

I want to express my sincere gratitude to all our dedicated employees for their hard work.

*Service is defined as after-market service and SaaS revenues.

Midterm financial targets

Net sales growth:	Annual currency adjusted net sales growth above 14%. Performance Q2 2024: 7% (28)
Adjusted EBITA margin:	An adjusted EBITA margin above 14%. Performance Q2 2024: 17.8% (13.5)
OWC/net sales:	Average (LTM) operating working capital in the range of 13-10 % of net sales. Performance Q2 2024: 12.5% (13.2)
Dividend policy:	Aim to pay an annual dividend corresponding to 30-50% of net income for the year Dividend 2024: 30% (SEK 1.30 per share, totaling MSEK 237) paid in two instalments.

Sustainability targets for 2030

Environment	**Target: Reduce CO_2e emissions** Scope 1&2, Net zero; Scope 3, reduction in line with the Paris agreement 1.5 °C:
Social	**Target: Gender equity** Women in Workforce to reach 30%; and Women leaders to reach 30%:
Governance	**Target: Code of Conduct compliance** Employee CoC, to reach 100%; Supplier CoC, to reach 100%; Customer CoC, continuous increase.
Service & Components ambition:	Revenues in the long term of › 1/3 of net sales Performance Q2 2024: 25%

See Munters Annual and Sustainability report (ASR) 2023, pages 61-94, for further information on goals and outcome or at www.munters.com.
For full description of the dividend policy, see the ASR 2023, page 10 or at www.munters.com.

Financial performance

	Q2			Jan-Jun			LTM	Full-year
MSEK	2024	2023	Δ%	2024	2023	Δ%	Jul-Jun	2023
Order intake	3,536	3,427	3	6,904	5,972	16	15,048	14,116
AirTech	1,760	1,726	2	4,016	3,412	18	7,400	6,796
DCT	1,060	1,067	-1	1,403	1,360	3	4,991	4,948
FoodTech	741	646	15	1,528	1,227	25	2,734	2,433
Corporate & elim.	-26	-11	-	-42	-26	-	-77	-61
Net sales	3,791	3,536	7	7,329	6,711	9	14,548	13,930
AirTech	1,938	2,088	-7	3,933	4,111	-4	8,048	8,226
DCT	1,109	878	26	2,065	1,530	35	3,943	3,408
FoodTech	763	583	31	1,359	1,095	24	2,627	2,363
Corporate & elim.	-19	-13	-	-29	-26	-	-70	-67
Adjusted EBITA	673	479	41	1,171	868	35	2,142	1,839
AirTech	341	346	-1	637	668	-5	1,247	1,278
DCT	243	133	82	424	215	97	728	519
FoodTech	135	58	135	205	82	150	345	222
Corporate & elim.	-45	-57	-	-95	-97	-	-178	-181
Adjusted EBITA margin, %	17.8	13.5		16.0	12.9		14.7	13.2
AirTech	17.6	16.6		16.2	16.3		15.5	15.5
DCT	21.9	15.2		20.5	14.1		18.5	15.2
FoodTech	17.7	9.9		15.1	7.5		13.1	9.4

Order intake

April-June 2024

Order intake amounted to MSEK 3,536 (3.427), (organic development of -2%, structural +5%, currency effects 0%), with good growth in FoodTech offset by AirTech and DCT.

In AirTech order intake developed flat, mainly due to the weaker battery sub-segment in APAC. The EMEA region showed growth whereas Americas had a flat development. Order intake in DCT was flat, with a good level of smaller and mid-sized orders. Order intake in FoodTech increased, primarily driven by good growth in Americas and EMEA. Digital solutions within FoodTech continued to show strong growth.

January-June 2024

Order intake during the first half of the year amounted to MSEK 6,904 (5,972), (organic development of +11%, structural +5%, currency effects -1%), with strong growth in all business areas, especially AirTech and FoodTech.

The order backlog at the end of the period amounted to MSEK 11,834 compared to MSEK 11,153 in the second quarter 2023, corresponding to a 6% increase.

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

Net sales

April-June 2024

Net sales grew to MSEK 3,791 (3,536) (organic growth +2%, structural +4%, currency effects 0%). In DCT successful execution on deliveries of large orders announced last year continued to contribute to strong growth. FoodTech grew strongly, with contributions mainly from the EMEA and Americas regions. In AirTech net sales declined, primarily due to the weaker battery sub-segment in APAC. The Americas region showed growth, whereas EMEA developed flat.

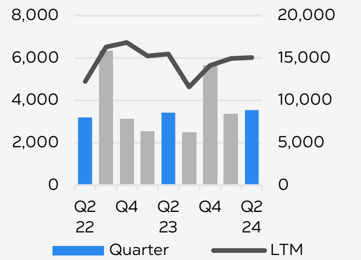
Munters has an ambition to reach a service and components level of more than one third of net sales in the long-term. Service is defined as after-market service plus Software-as-a-Service (Saas) revenues. Service and components amounted to 25% of net sales. Service accounted for 17% of total net sales.

January-June 2024

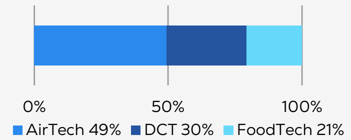
Net sales grew to MSEK 7,329 (6,711) (organic growth +5%, structural +5%, currency effects -1%).

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

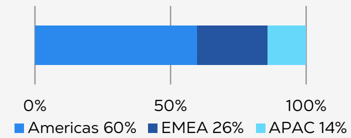
Quarterly order intake (MSEK)



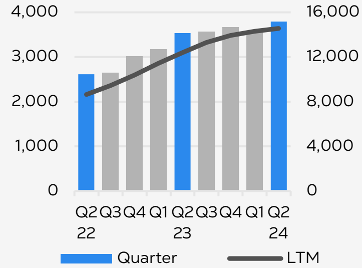
Order intake per Business Area Q2, 2024



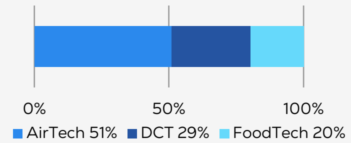
Order intake per region Q2, 2024



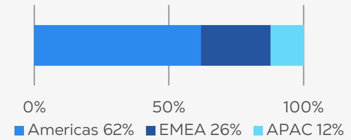
Quarterly net sales, (MSEK)



Net sales per Business Area Q2, 2024



Net sales per region Q2, 2024



Results

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

April-June 2024

The gross margin amounted to 37.2% (31.7).

Adjusted EBITDA amounted to MSEK 771 (561), corresponding to an adjusted EBITDA margin of 20.3% (15.9). Depreciation of tangible assets amounted to MSEK -98 (-82), whereof depreciation of leased assets was MSEK -49 (-48).

Adjusted EBITA amounted to MSEK 673 (479), corresponding to an adjusted EBITA margin of 17.8% (13.5). The margin improved due to strong net sales growth in DCT and FoodTech, a positive effect from product mix in AirTech as deliveries on major orders were finalized. All business areas had positive effects from lean practices and other efficiency improvements initiatives.

Operating profit (EBIT) was MSEK 578 (408), corresponding to an operating margin of 15.3% (11.5). Amortization of intangible assets were MSEK -54 (-37), where MSEK -14 (-13) related to amortization of intangible assets from acquisitions.

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

January-June 2024

The gross margin amounted to 35.5% (31.1).

Adjusted EBITDA amounted to MSEK 1,353 (1,023), corresponding to an adjusted EBITDA-margin of 18.5% (15.2). Depreciation of tangible assets amounted to MSEK -182 (-155), whereof depreciation of leased assets was MSEK -93 (-88).

Adjusted EBITA amounted to MSEK 1,171 (868), corresponding to an adjusted EBITA margin of 16.0% (12.9). The margin improved due to strong net sales growth in DCT and FoodTech and a positive effect from product mix in AirTech as deliveries on major orders were finalized. Also, all business areas had positive effects from lean practices and other efficiency improvements initiatives.

Operating profit (EBIT) was MSEK 990 (756), corresponding to an operating margin of 13.5% (11.3). Amortization of intangible assets were MSEK -95 (-72), where MSEK -27 (-25) related to amortization of intangible assets from acquisitions

Items affecting comparability (IAC)

Items affecting comparability totaled MSEK -41 (-34) in the second quarter, including costs for restructuring activities of MSEK -13 (-8) and costs for M&A activities of MSEK -7 (-6). Other IACs totaled MSEK -20 (-20) and relate mainly to costs for the strategic review of the equipment offering in FoodTech.

For the 6 months period, IACs totaled MSEK -85 (-40) including restructuring activities of MSEK -24 (-12) and costs for M&A activities of MSEK -16 (-7). Other IACs, mainly related to the strategic review, amounted to MSEK -45 (-20).

Financial items

Financial income and expenses for the second quarter amounted to MSEK -91 (-66). Compared to the same period last year interest expenses have increased mainly due to increased outstanding debt. Interest expense on lease liabilities amounts to MSEK -10 (-11) in the second quarter.

Financial income and expenses for the first six months amounted to MSEK -178 (-139).

Taxes

Income taxes for the second quarter were MSEK -146 (-85) with an effective tax rate of 30% (25). Income taxes for the first six months were MSEK -244 (-147) with an effective tax rate of 30% (24).

The tax rate for the second quarter and the first six months are negatively impacted by tax losses not recognized in Sweden and Germany.

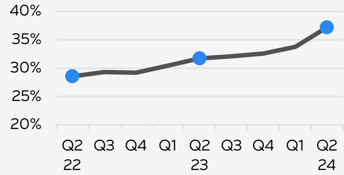
Earnings per share

Net income attributable to Parent Company's shareholders amounted to MSEK 330 (256) in the second quarter.

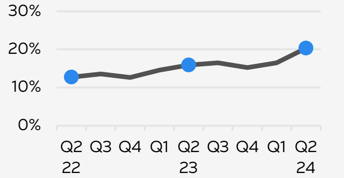
Earnings per share, before and after dilution, was SEK 1.81 (1.40) in the second quarter and SEK 3.00 (2.58) for the 6 months period.

The average number of outstanding ordinary shares in the second quarter, for the purpose of calculating earnings per share, was 182,538,820 before dilution and after dilution.

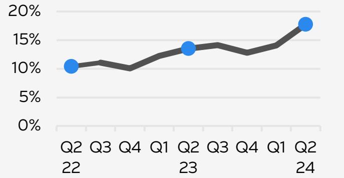
Quarterly gross margin, %



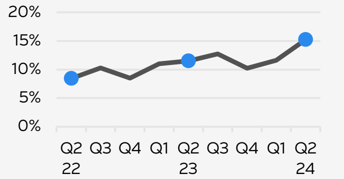
Quarterly adjusted EBITDA margin, %



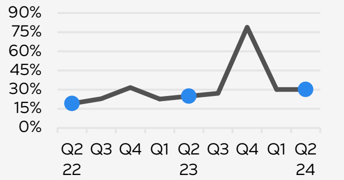
Quarterly adjusted EBITA margin, %



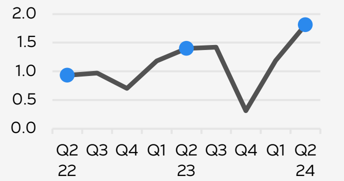
Quarterly EBIT margin, %



Tax rate per quarter, %



Quarterly EPS, SEK



Financial position

Net debt as of June 30 amounted to MSEK 4,447 compared to MSEK 4,557 at the end of March 2024 and MSEK 4,833 at the end of June 2023. Net debt in relation to adjusted EBITDA was 1.8x compared to 2.0x at end of March 2024 and 2.7x at the end of June 2023.

Interest-bearing liabilities, including lease liabilities, increased by MSEK 617 compared to same period last year and amounted to MSEK 5,936 (5,319). The increase is driven mainly from acquisitions financed through debt executed during the recent year.

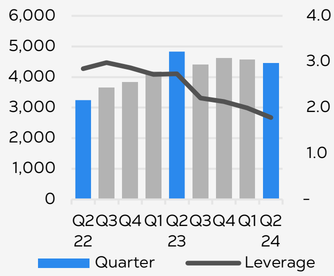
The Group's interest-bearing liabilities have an average maturity of 2.4 years. The financing agreement of MEUR 100 Revolving Credit Facility designated for M&A purposes has been renegotiated with an extended maturity to Q4 2025.

During the last 12 months Munters has closed acquisitions of the Indian air handling equipment company ZECO and Airprotech, an Italian manufacturer of Volatile Organic Compounds (VOC) abatement systems. In addition, Munters participated in capital increases in three minority investments and made two new minority investments.

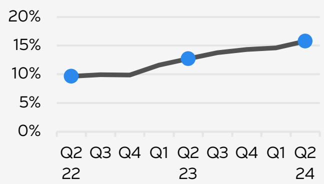
Cash and cash equivalents amounted to MSEK 1,775 (710) as of June 30 which is an increase of MSEK 1,065.

Average capital employed for the last twelve months was MSEK 11,819 (10,145). Return on capital employed (ROCE) for the last twelve months increased to 15.8% (12.7) mainly due to an increase in operating earnings.

Net debt per quarter



ROCE, %



Cash flow

Cash flow from operating activities amounted to MSEK 662 (10) in the second quarter and MSEK 1 215 (-158) for the first six months of 2024. The positive cash flow is related to an increase of operating earnings and a positive development of working capital compared to last year.

Cash flow from changes in working capital had a positive impact of MSEK 172 (-321) in the second quarter and MSEK 388 (-834) for the first six months of 2024. The positive development in working capital in the first six months is mainly driven by DCT in the US through increased customer advances and decreased accrued income.

Total cash flow for the second quarter amounted to MSEK 205 (90) and MSEK 225 (-205) for the first six months of 2024. The total cash flow for the first six months was impacted mainly by investments in tangible and intangible assets of MSEK -353 acquisitions and investments in associated companies of MSEK -247 and payment of the first of two installments of dividend in 2024 to external shareholders in March of MSEK -119. Driven by the strong cash flow in the first six months, external debt has decreased by MSEK -226.

Parent company

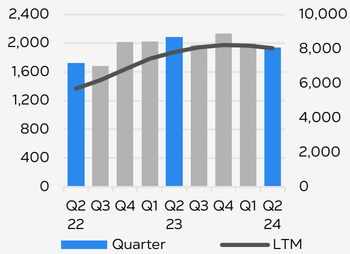
The parent company for the Group is Munters Group AB. The parent company does not engage in sales of goods and services to external customers. Cash and cash equivalents at the end of the period amounted to MSEK 0 (0).

AirTech

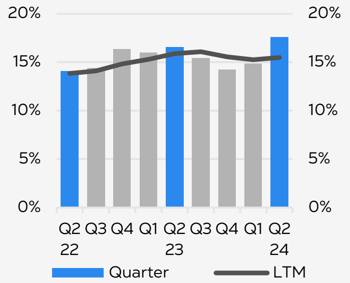
Business area AirTech is a global leader in energy-efficient air treatment for industrial and commercial applications. We offer solutions for mission-critical processes that require exact control of moisture and temperature, with a focus on energy-efficiency and sustainable climate systems. Our climate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

	Q2			Jan-Jun			LTM	Full-year
MSEK	2024	2023	Δ%	2024	2023	Δ%	Jul-Jun	2023
External order backlog	3,850	4,124	-7	3,850	4,124	-7	3,850	3,250
Order intake	1,760	1,726	2	4,016	3,412	18	7,400	6,796
Growth	2%	-0%		18%	3%		-13%	-19%
Net sales	1,938	2,088	-7	3,933	4,111	-4	8,048	8,226
Growth	-7%	21%		-4%	31%		3%	20%
of which organic growth	-13%	13%		-10%	22%		-	13%
of which acq. and div.	6%	2%		7%	2%		-	3%
of which currency effects	0%	6%		-1%	7%		-	4%
Operating profit (EBIT)	313	327	-4	587	636	-8	1,142	1,190
Operating margin, %	*16.2*	*15.7*		*14.9*	*15.5*		*14.2*	*14.5*
Amortization of intang. asset	-11	-11		-22	-21		-41	-39
Items affecting comparability	-16	-8		-28	-12		-64	-49
Adjusted EBITA	341	346	-1	637	668	-5	1,247	1,278
Adjusted EBITA margin, %	*17.6*	*16.6*		*16.2*	*16.3*		*15.5*	*15.5*

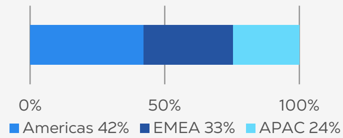
Quarterly net sales - AirTech, (MSEK)



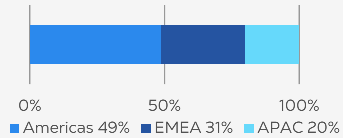
Quarterly adjusted EBITA margin % - AirTech



Order intake per region Q2, 2024 - AirTech



Net sales per region Q2, 2024 - AirTech



April-June 2024

Order intake

Order intake was flat (-5% organically), mainly due to the weaker battery sub-segment in APAC. The EMEA region showed growth whereas Americas had a flat development.

- The Industrial segment (excl. battery) showed good development in EMEA and Americas, slightly offset by APAC. Within the battery sub-segment, Americas and the APAC region showed weak development. We continue to see delays in greenfield investments as well as customers placing orders closer to delivery. At the same time the competitive environment is increasing as several new players have entered the market in recent years.
- The Commercial segment in Americas showed strong development, slightly offset by APAC.
- Clean Technologies (CT) increased mainly because of the acquisition of Airprotech in EMEA which closed during the quarter.
- Components showed strong growth in Americas as well as good growth in EMEA. Development in APAC was weaker, impacted by lower component replacements in the Chinese battery market.
- Service decreased primarily due to lower demand in Americas.

Net sales

Net sales decreased -13% organically, primarily due to the weaker battery sub-segment in APAC. The Americas region showed growth, whereas EMEA developed flat. Service accounted for 21% of AirTechs net sales.

- The Industrial segment (excl. battery) declined due to weaker development in Americas whereas the food sub-segment in EMEA and APAC showed good growth. The battery sub-segment showed growth in Americas as deliveries on a major order were finalized, offset by weak development in EMEA and APAC.
- The Commercial segment showed good development in all regions.
- CT grew driven by the recent acquisition of Airprotech in EMEA, offset by weaker development in the other regions.
- The Components segment grew in Americas and EMEA, whereas APAC was weaker. The growth was mainly driven by increased sales of evaporative pads to the data center market.
- The Service segment grew, driven by the EMEA region whereas the other regions were flat.

Adjusted EBITA

The adjusted EBITA margin increased, mainly driven by efficiency improvements and a positive effect from product mix in Americas as deliveries on major orders were finalized.

- Efficiency improvements continued to have a positive impact on the margin, slightly offset by a lower production utilization rate in EMEA and APAC.
- Investments in operational efficiency and innovation increased in the quarter and are foreseen to continue to increase driven by for example capabilities to reach our net-zero target.

January-June 2024

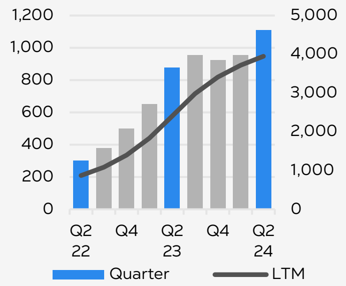
- Order intake increased 12% organically, with growth in all segments except for CT. Especially, the battery sub-segment in EMEA has shown good growth.
- Net sales decreased -10% organically, mainly due to the weaker battery sub-segment in APAC and EMEA. In Americas the battery sub-segment has shown growth as well as Components and Service in EMEA & Americas.
- The adjusted EBITA margin remained flat. Positively impacted by finalization of deliveries on major orders, offset by lower volumes.

Data Center Technologies

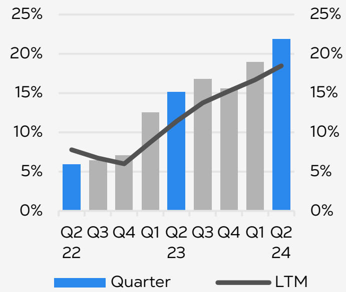
Business area Data Center Technologies (DCT) is a leading supplier of advanced climate cooling solutions using a wide range of heat rejection technologies. Our solutions produce significant energy savings for data centers compared with traditional cooling solutions. With a diversified product portfolio and extensive application knowledge, we create sustainable climate solutions for data center operators worldwide. DCT has operations in Virginia and Texas in the US, as well as in Ireland.

	Q2			Jan-Jun			LTM	Full-year
MSEK	2024	2023	Δ%	2024	2023	Δ%	Jul-Jun	2023
External order backlog	6,903	6,037	14	6,903	6,037	14	6,903	7,206
Order intake	1,060	1,067	-1	1,403	1,360	3	4,991	4,948
Growth	-1%	14%		3%	-52%		4%	-21%
Net sales	1,109	878	26	2,065	1,530	35	3,943	3,408
Growth	26%	190%		35%	193%		64%	143%
of which organic growth	24%	168%		34%	170%		-	131%
of which acq. and div.	-	-		-	-		-	-
of which currency effects	2%	22%		1%	23%		-	12%
Operating profit (EBIT)	238	127	86	414	204	103	707	497
Operating margin, %	*21.4*	*14.5*		*20.0*	*13.3*		*17.9*	*14.6*
Amortization of intang. asset	-5	-6		-10	-11		-21	-22
Items affecting comparability	0	-		0	-		0	-
Adjusted EBITA	243	133	82	424	215	97	728	519
Adjusted EBITA margin, %	*21.9*	*15.2*		*20.5*	*14.1*		*18.5*	*15.2*

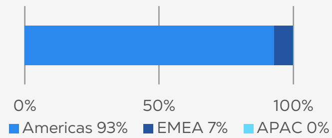
Quarterly net sales - DCT, (MSEK)



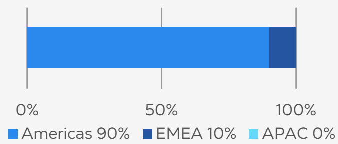
Quarterly adjusted EBITA margin % - DCT



Order intake per region Q2, 2024 – DCT



Net sales per region Q2, 2024 - DCT



April-June 2024

Order intake

Order intake was flat (-2% organically), with a good level of smaller and mid-sized orders, primarily driven by the colocation market in Americas as they are hosting hyperscalers that currently need massive amounts of server space and rely on colocation providers to grow rapidly.

- The underlying demand remains strong, in the short-term and long-term driven by factors such as digitization and the growing demand for energy-efficient cooling solutions.

Net sales

Net sales increased +24% organically, driven by successful execution on deliveries of large orders announced last year. Deliveries of these orders are proceeding according to plan. Service accounted for 8% of DCTs net sales.

- Region EMEA continued to show stable growth compared to the previous year.

Adjusted EBITA

The adjusted EBITA margin continued to improve significantly as a result of a combination of positive contributions in the quarter from strong volume growth, good effect from lean practices, positive product mix and a high capacity utilization.

- The build of the new production site in Cork, Ireland is expected to be completed during the year.

January-June 2024

- Order intake increased +3% organically mainly driven by the colocator market in Americas. Which in turn is driven by increased market activity from hyperscalers, as they lease space from colocators.
- Net sales increased +34% organically, driven by good deliveries on large orders announced during previous years and a ramp-up of production.
- The adjusted EBITA margin improved strongly as a result of volume increase, high capacity utilization, positive product mix and positive effects from lean practices.

FoodTech

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

	Q2			Jan-Jun			LTM	Full-year
MSEK	2024	2023	Δ%	2024	2023	Δ%	Jul-Jun	2023
External order backlog	1,081	992	9	1,081	992	9	1,081	877
Order intake	741	646	15	1,528	1,227	25	2,734	2,433
Growth	15%	17%		25%	-2%		23%	9%
Net sales	763	583	31	1,359	1,095	24	2,627	2,363
of which SaaS	71	42	71	132	78	70	237	183
SaaS ARR	284	166	71	284	166	71	284	226
Growth	31%	-3%		24%	-1%		19%	7%
of which organic growth	26%	-8%		18%	-6%		-	1%
of which acq. and div.	6%	-		7%	-		-	3%
of which currency effects	-1%	5%		-1%	6%		-	4%
Operating profit (EBIT)	79	19	320	104	25	317	186	107
Operating margin, %	*10.4*	*3.2*		*7.6*	*2.3*		*7.1*	*4.5*
Amortization of intang. asset	-21	-18		-42	-34		-87	-80
Items affecting comparability	-35	-21		-59	-23		-72	-35
Adjusted EBITA	135	58	135	205	82	150	345	222
Adjusted EBITA margin, %	*17.7*	*9.9*		*15.1*	*7.5*		*13.1*	*9.4*

April-June 2024

Order intake

Order intake increased +9% organically, primarily driven by good growth in Americas and EMEA while the APAC region showed weaker development.

- Climate solutions in Americas showed good growth, primarily driven by the swine and dairy segments. Digital solutions in Americas continued to show strong growth, mainly related to the broiler segment.
- The EMEA region showed very strong growth in the layer segment as well as good growth in the swine and broiler segments, driven by Climate solutions where order intake of both equipment and controllers saw a good development.
- In the APAC region the layer segment showed good growth coming from Climate solutions, offset by a weaker market in other segments.

Net sales

Net sales increased +26% organically, with contributions mainly from the EMEA and Americas regions. Service accounted for 18% of FoodTechs net sales.

- In Americas, Climate solutions showed strong growth of equipment sales across all segments. Digital solutions in the US increased in both software implementation and software recurring revenues (SaaS), where the latter grew +71% to MSEK 71 (42). Growth in Digital solutions was mainly seen in the broiler segment, as well as an increased growth in the swine segment.
- Region EMEA showed good growth, primarily through sales of Climate solutions including both Equipment and Controllers in the broiler, greenhouse and layer segments.
- The APAC region declined slightly, with good growth of Climate solutions including both equipment and controllers in the layer segment whereas the other segments showed weaker development.

Adjusted EBITA

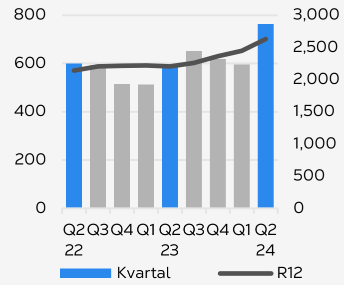
The adjusted EBITA margin increased significantly with contributions from all regions, especially EMEA and Americas.

- Strong sales growth in both Climate and Digital solutions positively affected margins.
- Profitability levels in Digital solutions remain good, driven by an increasing level of software implementations and accelerating ARR growth.
- Excellent effects from operational improvements such as high focus on inventory management as well as synergies from the integration of Brazilian InoBram acquired in 2023 combined with net price increases.

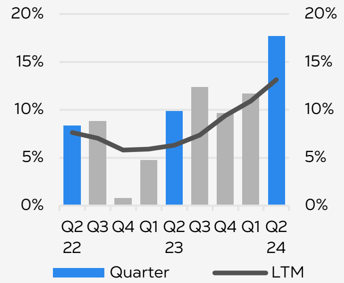
January-June 2024

- Order intake increased +20% organically, mainly due to good growth in Americas and EMEA, partly offset by continued weak development in APAC.
- Net sales increased +18% organically, driven by a continued strong development in Americas, as well as a recovery in EMEA whilst the APAC region showed softer development.
- The adjusted EBITA margin improved significantly related to positive effects from increased volumes, net price increases and operational improvement initiatives.

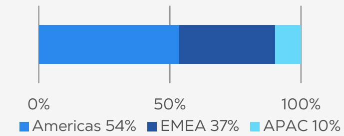
Quarterly net sales - FoodTech, (MSEK)



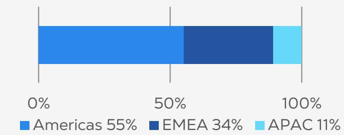
Quarterly adjusted EBITA margin % - FoodTech



Order intake per region Q2, 2024 – FoodTech



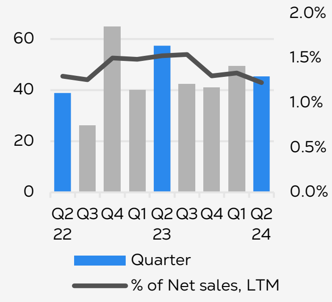
Net sales per region Q2, 2024 - FoodTech



Corporate

The Corporate function reported an adjusted EBITA of MSEK -45 (-57) in the second quarter and MSEK -95 (-97) in the first half year. The reduction in costs is related to services that previously were sourced by Corporate functions that as of the second quarter is sourced by the business areas.

Quarterly Corporate cost (MSEK)



Other information

Employees

The number of permanent FTEs (Full Time Equivalents), at June 30, 2024 was 5,011 (4,294). The amount of FTEs at June 30, 2024 in business area AirTech was 3,343 (2,690), in DCT 668 (562), in FoodTech 855 (917) and at Group functions 145 (125).

Outstanding shares

As of June 30, 2024, Munters held 1,916,377 treasury shares of the total shares of 184,457,817. Thus, the number of outstanding shares as of the balance sheet date was 182,541,440.

Dividend

The AGM in March resolved to pay a total dividend of 1.30 SEK (0.95), a total of MSEK 237 (173) to be paid in two equal instalments. This represented 30% of net income in 2023. A first instalment of the dividend was paid out in March. The second part is to be paid in September. This represents 30 (30) per cent of the net income 2023.

Other events during the quarter

Munters Capital Markets Day 2024 with updated financial & sustainability targets - In May, Munters organized a Capital Markets Day in Stockholm, offering a deep dive into the company's strategic direction and future goals. The event highlighted Munters positioning for the next growth wave, leading to the announcement of an increased financial mid-term target for net sales growth and updated strategic sustainability targets. Attendees had the chance to engage with our product displays and consult with specialists both before and after the presentations.

Munters expands its Group Executive Management Team with two new members – In June, Munters announced that Kaspar Kirchmann had been appointed Group Vice President Legal and Group Counsel and a new member of the Group Executive Management Team as of July 1, 2024. Also, Susann Johnsson had been appointed Group Vice President, Communications and Brand and a new member of the Group Executive Management Team as of July 1, 2024.

Events after the close of the period

Completed strategic review of the Equipment business in FoodTech – Last year, we initiated a strategic review of the Equipment business within FoodTech, which has now been completed. The conclusion of this review is our intention to divest this business.

Munters acquires majority share in Automated Environments – In July, Munters announced the acquisition of the majority share in Automated Environments (AEI), a US-based company specializing in automated control systems for the layer industry. The acquisition is part of the FoodTech strategy to serve food producers with an extensive portfolio of digital solutions. AEI's technology is engineered for commercial laying hen operations. Its intelligent controllers and software monitors for example, the environment in the barn and manages feed and water distribution, which improves both animal welfare and reduces egg production costs. AEI, based in Minnesota, reported net sales of MSEK 102 (MUSD 9.8) in 2023. The deal is fully financed through existing credit facilities.

Munters signs an agreement to acquire Geoclima - In July, Munters announced an agreement has been signed to acquire Geoclima, an Italian manufacturer of air- and water-cooled chillers. Geoclima's product offering completes Munters DCT cooling portfolio enhancing the company's ability to offer full solutions to the total data center cooling market. Net sales for FY 2023 amounted to approximately MSEK 455 (MEUR 40.1). The company employees 165 people, with its headquarters in northeastern Italy. Geoclima has sales offices in Italy, Spain, Great Britain, Australia and US as well as production sites in Italy and Thailand.

Ten largest shareholders

As of 30 Jun 2024	%
FAM AB	28.0
Swedbank Robur Fund	6.3
First Swedish National Pension Fund	5.0
Capital Group	5.0
ODIN Funds	4.0
Fourth Swedish National Pension Fund	3.9
Vanguard	2.7
Nordea Funds	1.9
Norges Bank	1.7
Columbia Threadneedle	1.7

Source: Modular Finance AB

About Munters

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

Short facts

- ~ 5,000 employees (FTEs)
- ›45 countries with sales and manufacturing
- 23 production units
- 22% women leaders
- Three business areas: AirTech, Data Center Technologies and FoodTech

In Q2, AirTech generated 51%, Data Center Technologies 29% and FoodTech 20% of the total net sales of Munters

Purpose

For customer success and a healthier planet

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

The strategy of Munters

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

People:	Employees are the hub of our business and their safety and health is a priority. Diversity and inclusion are important to us, since we are convinced that diversity leads to stronger innovation. Through collaboration and a passion for creating energy-efficient solutions for our customers and partners, we contribute to our customers’ success and a better world.
Customers:	We help our customers succeed by supplying high-quality climate solutions that make them more sustainable. Our success is built on close, long-term relationships and a deep understanding of the customer’s business and future needs. Our strategy is to continue to build customer insight and utilize our broadbased expertise on applications, technology and components to supply attractive solutions and services.
Innovation:	Curiosity and an ambition to create pioneering technologies are part of our DNA. We will stay at the forefront of the industry’s development and contribute to sustainable development through our energy- and resource-efficient climate solutions. We continue to invest in our core technologies, solutions and digitization to optimize our product portfolio and our innovative production technology.
Markets:	Munters is active around the world and climate change, digitization and population growth are the key markets drivers. Our resources are focused on strengthening our position in areas where we can be a market leader and growing the service business. With high-quality, resource-efficient solutions and a conscious effort to re-duce our own climate impact, we contribute to sustainable development.
Excellence in everything we do:	Our aim is to increase efficiency and quality in everything we do and to reduce our climate impact. Munters’ operations all share responsible business practices and high ethical standards with a respect for human rights, diversity, and health and safety in the workplace

Quarterly overview Group

Income Statement

	2024		2023				2022		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Order backlog	11,834	11,812	11,333	10,025	11,153	10,783	11,463	11,866	7,515
Order intake	3,536	3,368	5,651	2,494	3,427	2,544	3,143	6,354	3,200
Net sales	3,791	3,538	3,659	3,560	3,536	3,175	3,011	2,644	2,610
Adjusted EBITDA	**771**	**582**	**556**	**587**	**561**	**462**	**381**	**359**	**332**
Depreciation tangible assets	-98	-84	-88	-84	-82	-73	-78	-66	-60
Adjusted EBITA	**673**	**498**	**467**	**503**	**479**	**389**	**304**	**293**	**272**
Amortization intangible assets from acq.	-14	-13	-7	-13	-13	-12	-8	-9	-9
Amortization other intangible assets	-40	-28	-36	-29	-25	-22	-30	-19	-15
Items affecting comparability (IAC)	-41	-44	-49	-7	-34	-6	-9	6	-28
Operating profit (EBIT)	**578**	**412**	**375**	**454**	**408**	**349**	**255**	**271**	**220**
Financial income and expenses	-91	-87	-99	-93	-66	-73	-64	-41	-14
Tax	-146	-97	-218	-98	-85	-62	-61	-53	-39
Net income	**342**	**227**	**58**	**264**	**257**	**214**	**131**	**178**	**166**
-attributable to Parent Comp. Shareholders	330	218	54	260	256	214	128	176	169

Key performance indicators

	2024		2023				2022		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Organic Growth, Net Sales	2%	7%	16%	28%	27%	38%	26%	22%	25%
Currency adjusted Growth, Net Sales	7%	13%	20%	31%	28%	40%	30%	25%	29%
Adjusted EBITA margin, %	17.8	14.1	12.8	14.1	13.5	12.3	10.1	11.1	10.4
Operating margin, %	15.3	11.6	10.3	12.8	11.5	11.0	8.5	10.3	8.4
Earnings per share before dilution, SEK	1.81	1.19	0.30	1.42	1.40	1.18	0.70	0.97	0.93
Earnings per share after dilution, SEK	1.81	1.19	0.30	1.42	1.40	1.18	0.70	0.97	0.93
OWC/Net Sales, %	12.5	13.6	14.2	13.7	13.2	12.7	12.7	13.1	13.3
Net Debt/Adjusted EBITDA, LTM	1.8	2.0	2.1	2.2	2.7	2.7	2.9	3.0	2.9

Net Debt

	2024		2023				2022		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Cash and cash equivalents	-1,775	-1,581	-1,532	-1,165	-710	-618	-914	-698	-459
Interest-bearing liabilities	5,045	5,089	5,131	4,575	4,518	3,772	3,721	3,424	3,101
Lease liabilities	892	757	719	770	801	781	774	731	367
Provisions for pensions	283	262	280	197	209	217	227	187	226
Accrued financial expenses	3	29	22	21	15	24	16	10	6
Net Debt	**4,447**	**4,557**	**4,620**	**4,399**	**4,833**	**4,175**	**3,825**	**3,654**	**3,241**

Operating Working Capital

	2024		2023				2022		
MSEK	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Inventory	2,108	1,902	1,726	1,965	2,153	2,071	1,956	1,765	1,521
Accounts receivable	2,275	2,306	2,038	2,245	2,167	2,035	2,020	1,570	1,407
Accounts payable	-1,362	-1,349	-1,294	-1,156	-1,277	-1,159	-1,288	-932	-910
Advances from customers	-2,160	-1,879	-1,355	-1,725	-1,592	-1,576	-1,715	-1,428	-1,105
Accrued/deferred income, net	555	583	640	741	782	466	418	484	493
Operating Working Capital	**1,417**	**1,563**	**1,755**	**2,071**	**2,233**	**1,837**	**1,390**	**1,460**	**1,407**

Condensed statement of comprehensive income

	Q2		Jan-Jun		LTM	Full-year
MSEK	2024	2023	2024	2023	Jul-Jun	2023
Net sales	3,791	3,536	7,329	6,711	14,548	13,930
Cost of goods sold	-2,382	-2,414	-4,726	-4,622	-9,612	-9,508
Gross profit	**1,409**	**1,122**	**2,602**	**2,088**	**4,936**	**4,422**
Selling expenses	-354	-327	-680	-625	-1,336	-1,281
Administrative costs	-367	-284	-716	-527	-1,294	-1,106
Research and development costs	-110	-80	-209	-151	-418	-360
Other operating income and expenses	5	-21	-0	-26	-56	-82
Share of earnings in associates	-4	-2	-7	-2	-12	-8
Operating profit	**578**	**408**	**990**	**756**	**1,820**	**1,586**
Financial income and expenses	-91	-66	-178	-139	-370	-331
Profit/Loss after financial items	**488**	**342**	**812**	**617**	**1,450**	**1,255**
Tax	-146	-85	-244	-147	-560	-463
Net income for the period	**342**	**257**	**569**	**470**	**890**	**792**
Attributable to Parent Company shareholders	330	256	548	470	862	784
Attributable to non-controlling interests	11	1	21	0	29	8
Average number of outstanding shares before dilution	182,538,820	182,123,383	182,533,903	182,106,082	182,488,100	182,274,370
Average number of outstanding shares after dilution	182,538,820	182,395,834	182,533,903	182,368,487	182,488,100	182,284,750
Earnings per share before dilution, SEK	1.81	1.40	3.00	2.58	4.72	4.30
Earnings per share after dilution, SEK	1.81	1.40	3.00	2.58	4.72	4.30
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Exchange-rate differences on translation of foreign operations	-82	238	260	238	-252	-274
Items that will not be reclassified to profit or loss:						
Actuarial gains/losses on defined-benefit pension obligations	-10	10	5	23	-64	-46
Income tax effect not to be reclassified to profit or loss	2	-2	-1	-5	13	9
Other comprehensive income, net after tax	**-90**	**246**	**264**	**256**	**-303**	**-311**
Total comprehensive income for the period	**252**	**503**	**833**	**727**	**588**	**481**
Attributable to Parent Company shareholders	244	504	811	726	564	478
Attributable to non-controlling interests	8	-1	22	1	24	4

Condensed statement of financial position

MSEK	2024/06/30	2023/06/30	2023/12/31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	6,289	5,756	5,822
Other intangible assets	2,823	2,198	2,259
Property, plant and equipment	1,246	953	1,097
Right-of-Use assets	828	768	672
Participations in associated companies	57	33	25
Other financial assets	149	82	95
Deferred tax assets	347	346	292
Total non-current assets	**11,739**	**10,136**	**10,262**
CURRENT ASSETS			
Inventory	2,108	2,153	1,726
Accounts receivable	2,275	2,167	2,038
Derivative instruments	11	8	0
Current tax assets	79	87	84
Other receivables	166	131	135
Prepaid expenses and accrued income	838	1,166	954
Cash and cash equivalents	1,775	710	1,532
Total current assets	**7,251**	**6,422**	**6,469**
TOTAL ASSETS	**18,990**	**16,558**	**16,731**
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	5,581	5,820	5,257
Non-controlling interests	3	1	1
Total equity	**5,584**	**5,821**	**5,258**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	5,024	4,511	4,151
Lease liabilities	685	620	553
Provisions for pensions	283	209	280
Other provisions	68	63	62
Other non-current liabilities	673	347	636
Deferred tax liabilities	471	453	455
Total non-current liabilities	**7,204**	**6,204**	**6,135**
CURRENT LIABILITIES			
Interest-bearing liabilities	21	6	980
Lease liabilities	207	181	167
Other provisions	196	166	145
Accounts payable	1,362	1,277	1,294
Derivative instruments	–	3	33
Current tax liabilities	91	74	78
Advances from customers	2,160	1,592	1,355
Other current liabilities	898	118	92
Accrued expenses and deferred income	1,268	1,116	1,193
Total current liabilities	**6,202**	**4,533**	**5,337**
TOTAL EQUITY AND LIABILITIES	**18,990**	**16,558**	**16,731**

Condensed statement of changes in equity items

MSEK	2024/06/30	2023/06/30	2023/12/31
Opening balance	**5,258**	**5,307**	**5,307**
Total comprehensive income for the period	833	727	481
Exercised share options	1	3	21
Put/call option related to non controlling interests	-271	-41	-377
Dividends	-237	-175	-175
Share option plan incl. deferred tax	–	1	1
Closing balance	**5,584**	**5,821**	**5,258**
Total shareholders´ equity attributable to:			
The parent company's shareholders	5,581	5,820	5,257
Non-controlling interests	3	1	1

Condensed cash flow statement

MSEK	Q2 2024	Q2 2023	Jan-Jun 2024	Jan-Jun 2023	LTM Jul-Jun	Full-year 2023
OPERATING ACTIVITIES						
Operating profit	578	408	990	756	1,820	1,586
Adjustment for:						
Depreciation, amortization and impairment losses	152	119	278	227	535	484
Other non-cash items	37	8	-10	-0	33	43
Changes in provisions	7	19	32	8	13	-11
Cash flow before interest and tax	774	553	1,290	991	2,401	2,102
Net financial items paid	-111	-74	-186	-141	-356	-312
Taxes paid	-173	-148	-276	-173	-493	-390
Cash flow before changes in working capital	490	331	827	676	1,552	1,400
Change in accounts receivable	52	-22	-115	-41	-85	-11
Change in inventory	-110	43	-199	-77	150	271
Change in accrued income	41	-295	157	-338	228	-267
Change in accounts payable	-5	60	-7	-67	0	-60
Change in advances from customers	124	-143	530	-281	512	-299
Cashflow from changes in operating working capital	102	-357	366	-805	805	-366
Change in other working capital	70	37	22	-29	81	31
Cash flow from changes in working capital	172	-321	388	-834	887	-335
Cash flow from operating activities	662	10	1,215	-158	2,439	1,066
INVESTING ACTIVITIES						
Business acquisitions	-152	-147	-152	-149	-747	-744
Investments in associated companies	0	-	-37	-0	-37	-
Investments in participations and securities in other companies	-36	0	-58	0	-63	-4
Sale of intangible assets and property, plant and equipment	0	-1	0	-1	1	0
Investment in property, plant and equipment	-104	-78	-203	-149	-376	-323
Investment in intangible assets	-75	-91	-150	-176	-322	-347
Cash flow from investing activities	-366	-316	-599	-474	-1,543	-1,418
FINANCING ACTIVITIES						
Exercised share options	0	0	1	3	19	21
Loan raised	174	608	609	1,079	1,798	2,268
Amortization of loans	-236	-0	-835	-404	-1,319	-887
Repayment of lease liabilities	-44	-39	-81	-76	-161	-156
Dividends paid	-	-175	-119	-175	-118	-175
Other changes to financing activities	16	3	34	1	-27	-60
Cash flow from financing activities	-91	396	-391	427	192	1,011
Cash flow for the period	205	90	225	-205	1,088	658
Cash and cash equivalents at period start	1,581	616	1,532	911	710	914
Exchange-rate differences in cash and cash equivalents	-11	4	18	4	-22	-40
Cash and cash equivalents at period end	1,775	710	1,775	710	1,775	1,532

Parent company

Condensed income statement

	Q2		Jan-Jun		LTM	Full-year
MSEK	2024	2023	2024	2023	Jul-Jun	2023
Net sales	–	–	–	–	–	–
Gross profit/loss	**–**	**0**	**–**	**0**	**–**	**–**
Administrative costs	-3	-3	-7	-6	-11	-11
Other operating income and expenses	1	0	2	2	32	32
Operating profit	**-2**	**-3**	**-4**	**-4**	**20**	**21**
Financial income and expenses	-7	-4	-13	-6	-24	-18
Profit/Loss after financial items	**-9**	**-7**	**-17**	**-10**	**-4**	**3**
Group contributions	–	–	–	–	–	–
Profit/Loss before tax	**-9**	**-7**	**-17**	**-10**	**-4**	**3**
Tax	–	–	–	–	-0	-0
Net income for the period	**-9**	**-7**	**-17**	**-10**	**-4**	**3**

Condensed statement of comprehensive income

Profit/Loss for the period	-9	-7	-17	-10	-4	3
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**-9**	**-7**	**-17**	**-10**	**-4**	**3**

Condensed balance sheet

MSEK	2024/06/30	2023/06/30	2023/12/31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,098	4,098	4,098
Other financial assets	4	4	4
Total non-current assets	**4,102**	**4,103**	**4,102**
CURRENT ASSETS			
Other current receivables	0	0	1
Prepaid expenses and accrued income	1	1	1
Current tax assets	1	1	1
Receivables from subsidiaries	12	27	10
Cash and cash equivalents	0	0	3
Total current assets	**14**	**29**	**15**
TOTAL ASSETS	4,117	4,132	4,118
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	4,136	4,136	4,136
Profit brought forward	-627	-412	-394
Income for the period	-17	-10	3
Total equity	**3,497**	**3,719**	**3,750**
NON-CURRENT LIABILITIES			
Provisions for pensions and similar commitments	5	3	1
Total non-current liabilities	**5**	**3**	**1**
CURRENT LIABILITIES			
Accounts payable	1	13	3
Accrued expenses and deferred income	31	15	32
Liabilities to subsidiaries	460	372	327
Other liabilities	124	9	4
Total current liabilities	**615**	**409**	**366**
TOTAL EQUITY AND LIABILITIES	4,117	4,132	4,118

Other disclosures

Accounting policies

This report has been prepared, with regards to the Group, in accordance with IAS 34 *Interim Financial Reporting*, recommendation RFR 1 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act and, with regards to the Parent Company, in accordance with recommendation RFR 2 of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act. The accounting principles applied correspond to those presented in the Annual- and Sustainability report 2023 (Note 1).

No new and revised standards and interpretations effective from January 1, 2024, are considered to have any material impact on the financial statements.

Environmental impact and environmental policy

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

Risks and uncertainties

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

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

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

In the beginning of October, 2023 Israel declared it was at war with Hamas. Within the business area FoodTech, Munters has manufacturing of controllers in Israel located south of Tel Aviv with about 140 employees. Munters operations has so far not been impacted by the situation and we continue to monitor the situation closely in order to be able to quickly respond to any disturbances.

A more detailed description of the Group's risks and how they are managed can be found in the Annual- and Sustainability report 2023 on pages 108-112.

Transactions with related parties

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

Fair value of financial instruments

Financial assets measured at fair value through profit/loss relate to financial investments and derivatives. Financial investments amounted to MSEK 124 (62) and net derivatives to MSEK 11 (5) as of the balance sheet date.

The Group's put/call option, from the acquisition of MTech Systems, is recognized at fair value in the statement of financial position. The option is measured according to IFRS 9 and is categorized in level 3 in the fair value hierarchy. The exercise period begins on January 1, 2025, and ends on December 31, 2025. The fair value of the option amounts to MSEK 848 (MSEK 562 as of 31 Dec, 2023) as of the balance sheet date.

The put/call option from the acquisition of a majority share in InoBram is recognized at fair value. Munters acquired 60 per cent of the company but the agreement includes a put/call option for Munters to acquire the remaining 40 per cent of the company in 2027. The exercise period for the sellers put option begins in 2026. The fair value of the option amounts to MSEK 52 (MSEK 37 as of 31 Dec, 2023) as of the balance sheet date.

MSEK	2024/06/30	2023/06/30	2023/12/31
Opening balance	632	217	217
Valuation put/call options	-	63	37
Holdbacks	23	31	37
Remeasurements	265	-	352
Discounting	6	10	25
Exchange-rate differences	32	9	-35
Closing balance	**958**	**330**	**632**

Munters deems that the interest rate on interest-bearing liabilities is in line with market terms on June 30, 2024, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

Net Sales by business area and region

Net Sales by business area and region in Q2

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Americas	973	885	1,000	792	413	304	0	0	2,386	1,981
EMEA	696	702	111	89	301	233	-10	-8	1,097	1,017
APAC	388	669	1	1	107	86	-6	-3	490	753
Sales between regions	-119	-168	-2	-4	-57	-41	-3	-2	-182	-215
TOTAL	**1,938**	**2,088**	**1,109**	**878**	**763**	**583**	**-19**	**-13**	**3,791**	**3,536**

Net sales by business area and region Jan-Jun

	AirTech		DCT		FoodTech		Eliminations		Group	
MSEK	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Americas	2,087	1,721	1,866	1,374	760	544	0	-1	4,713	3,639
EMEA	1,241	1,351	201	159	535	466	-15	-13	1,961	1,962
APAC	836	1,363	1	2	162	154	-9	-7	990	1,512
Sales between regions	-230	-324	-3	-4	-97	-69	-5	-5	-335	-402
TOTAL	**3,933**	**4,111**	**2,065**	**1,530**	**1,359**	**1,095**	**-29**	**-26**	**7,329**	**6,711**

Reconciliation of alternative performance measures and items affecting comparability

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

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

	Q2		Jan-Jun		LTM	Full-year
MSEK	2024	2023	2024	2023	Apr-Mar	2023
Restructuring activities	-13	-8	-24	-12	-46	-34
M&A activities	-7	-6	-16	-7	-38	-29
Other items	-20	-20	-45	-20	-57	-32
Total	**-41**	**-34**	**-85**	**-40**	**-141**	**-96**

Business combinations

Consolidated acquisitions in 2024

Company (Count	Business area	Month acquired	Number of employees	Net sales	Share (%)
Airprotech (IT)	AirTech	May	52	MSEK 330	100

In May, Munters closed the acquisition of Airprotech, an Italian company within VOC abatement systems. The acquisition enhances Munters Clean Technology portfolio and supports cleaner production for European industries.

MSEK	Jan-Jun 2024	Jan-Jun 2023
Purchase price		
Cash purchase consideration paid	232	171
Holdback & deferred considerations	23	8
Put/call option	-	63
Total purchase consideration	**255**	**242**
Fair value of acquired net assets	-36	-74
Goodwill	**219**	**168**
Cash flow		
Cash purchase consideration paid	232	171
Cash and cash equivalents in acquired companies	-80	-22
Change in the Group's cash and cash equivalents	**152**	**149**

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

Stockholm, July 17 2024

Magnus Nicolin Chairman of the Board	**Klas Forsström** President & CEO	**Anders Lindqvist** Board Member

Elizabeth Carey Nugent Board Member	**Helen Fasth Gillstedt** Board Member	**Kristian Sildeby** Board Member	**Maria Håkansson** Board Member

Sabine Simeon-Aissaoui Board Member	**Robert Wahlgren** Board Member, employee representative	**Simon Henriksson** Board Member, employee representative

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

Definition of key financial indicators

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

Organic growth

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

Currency-adjusted growth

Change in net sales compared to the previous period, adjusted for currency translation effects. The measure is used by Munters to monitor changes in net sales from both organic and inorganic growth between different periods.

Order backlog

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

Order intake

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

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.

Operating profit (EBIT)

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

Adjusted EBITA

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

Adjusted EBITA margin

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

Adjusted EBITDA

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

Adjusted EBITDA margin

Adjusted EBITDA as a percentage of net sales.

Items affecting comparability (IAC)

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

Earnings per share

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

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.

Operating working capital

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

Operating working capital/net sales

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

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.

Net debt

Net debt calculated as interest bearing liabilities, lease liabilities, provisions for pension and accrued financial expenses, reduced by cash and cash equivalents.

Equity/assets ratio

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

LTM

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

Number of employees

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

Americas

Refers to North-, Central and South America.

Service

After-market service and software-as-a-service (SaaS) revenues.

After-market service

After-market service is defined as sales of spare parts, commissioning and installation, inspections and audits, repairs and other billable services.

Information and reporting dates

Welcome to join a webcast or telephone conference on July 17, at 9:00 CEST, when President and CEO Klas Forsström together with the Group Vice President and CFO, Katharina Fischer, will present the report.

Webcast

https://ir.financialhearings.com/munters-q2-report-2024

Conference call

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID to access the conference. You can ask questions verbally via the teleconference.
https://conference.financialhearings.com/teleconference/?id=50049060

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

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

This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07.30 CEST on July 17, 2024.

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.

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

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Financial calendar:

Payment date for dividend	September 30, 2024
Third quarter report 2024	October 22, 2024
Fourth quarter & Full year report 2024	February 5, 2025