

## **Statement by the Board of Directors pursuant to Chapter 19, Section 22 of the Swedish Companies Act**

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The Board of Directors of Munters Group AB has proposed that the Annual General Meeting 2019 resolves to authorise the Board of Directors to resolve on repurchase of shares in the company in relation to the proposed long-term incentive programme for members of the group management and certain other key employees (the “**Programme**”). By reason thereof, the Board of Directors hereby makes the following statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act (2005:551).

The Board of Directors believes that the implementation of the Programme will be beneficial for both the company and its shareholders. The repurchase of the shares constitutes a step in the implementation of the Programme. The intention is that the repurchased shares shall be transferred to programme participants on the terms and conditions of the Programme as well as transferred on a regulated market in order to cover cash-flow effects associated with the Programme, primarily social security charges and cash-settled employee stock options. The shares are thereby intended to secure the company’s obligations under the Programme.

As of 31 December 2018, the group’s restricted equity totalled SEK 6 million and its non-restricted equity totalled SEK 3,710 million whereof 2018 year’s loss amounts to SEK -94 million.

Provided that the Annual General Meeting 2019 approves the Board of Directors’ proposed allocation of profits, an amount of SEK 3,710 million will be carried forward.

The company’s and the group’s restricted equity will be fully covered if the authorisation for acquisition of own shares is fully utilised.

It is the Board of Directors’ assessment that the shareholders’ equity of the company and the group, after full exercise of the proposed authorisation will be sufficient in relation to the nature, scope and risks of the business. In this context, the Board of Directors has considered factors such as the company’s and group’s historical development, budgeted development and the cyclical situation.

The Board of Directors has also considered the company’s and the group’s financial position and the company’s and the group’s prospects of fulfilling their commitments in the short and long term.

The company’s and the group’s equity/assets ratio will amount to approximately 100 per cent and 40 per cent, respectively. The company’s and the group’s equity ratio would be insignificantly reduced if the proposed authorisation to resolve on acquisition of own shares is fully exercised. Accordingly, the equity/assets ratio of the company and the group is satisfactory by comparison with the industrial sector. The Board of Directors is of the opinion that the company and the group will be able to assume future business risks and to withstand potential losses. The proposed authorisation to repurchase own shares will not have a negative impact on the company’s or the group’s capacity to make further investments pursuant to the plans of the Board of Directors.

The acquisition of own shares pursuant to the proposed authorisation will not negatively affect the company’s and the group’s ability to fulfil their payment obligations. The company and the

group have ready access to short- as well as long-term credits that can be drawn down at short notice. Accordingly, the Board of Directors considers the company and the group well prepared to respond to any changes in liquidity as well as unexpected events.

In addition to the above, the Board of Directors has considered other known circumstances that may be significant to the company's and the group's financial position. In this context, no circumstance has arisen implying that the proposed authorisation for acquisition of own shares would not appear justifiable.

With reference to the above, the Board of Directors is of the opinion that the proposed authorisation is justifiable considering the requirements that the nature, extent and risks of the operations impose on the company's and the group's equity as well as the company's and the group's consolidation requirements, liquidity and position in general.

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Stockholm, April 2019

**Munters Group AB**

*The Board of Directors*