

Remuneration Report 2024 (Munters Group AB)

Introduction

This remuneration report provides an overview of how Munters' guidelines for remuneration of senior executives, adopted by the annual general meeting 2024, were implemented in 2024. The report also provides specific information on the remuneration to Munters' CEO, Klas Forsström, as well as a summary of Munters' during the year completed share-related and share price-related incentive programs. The report has been prepared in accordance with the Swedish Companies Act and the Rules on Remuneration of the Board and Executive Management and on Incentive Programmes of the Swedish Stock Market Self-Regulation Committee.

This report does not cover remuneration to the board of directors resolved by the annual general meeting. Such remuneration is reported in note 33 on page 143 of Munters' annual and sustainability report 2024 (the "Annual and sustainability report 2024").

Information required by Chapter 5, sections 40 – 44 of the Swedish Annual Accounts Act is available in note 33 on pages 141 – 143 in the Annual and sustainability report 2024.

For information on the remuneration committee's work during 2024, see the corporate governance report on pages 45 – 48 in the Annual and sustainability report 2024.

Munters' development in 2024

CEO Klas Forsström and Chairman of the Board Magnus Nicolin summarize the past year and Munters' overall performance in their statement on pages 6 - 8 in the Annual and sustainability report 2024.

Munters' remuneration guidelines: Area of application, purpose, and deviations

Munters' business strategy is to be a global leader in energy-efficient and sustainable climate solutions. Our solutions enable energy-efficient production processes with reduced carbon dioxide emissions for our customers. Using innovative technologies, Munters creates the perfect climate for demanding and sophisticated industrial applications and processes.

For further information regarding Munters' business strategy, see the company's website, www.munters.com.

A prerequisite for the successful implementation of Munters' business strategy and safeguarding of the company's long-term interests, including its sustainability, as well as delivery on the ambitions the company has, is that the company is able to recruit and retain qualified personnel. In order to do so, Munters must be able to offer a competitive total remuneration based on market terms, which Munters' remuneration guidelines enable.

The remuneration shall be on market terms and may consist of the following components: fixed annual cash salary, variable cash remuneration, pension, and other benefits. Additionally, the general meeting

may – irrespective of Munters’ guidelines for remuneration – resolve on, for example, share and share price-related remuneration.

The annual variable cash remuneration shall be linked to predetermined and measurable financial criteria, such as operating result and working capital. The long-term variable cash remuneration shall be linked to predetermined and measurable financial criteria (for example, adjusted EBITA and operating working capital) and non-financial criteria (for example, weighted sustainability goals). By linking the remuneration of the senior executives to the company’s earnings and financing of its operating activities, as well as sustainability, the criteria promote the implementation of the company’s business strategy and long-term interests, including its sustainability. Furthermore, the criteria for variable cash remuneration shall be designed so as not to encourage excessive risk-taking.

The guidelines in full are found on pages 141 – 142 in the Annual and sustainability report 2024. During 2024, Munters complied with the applicable guidelines adopted by the general meeting. No deviations from the guidelines have been made, and no derogations from the procedure which should be applied according to the guidelines to determine the remuneration have been made. The auditor’s report regarding Munters’ compliance with the guidelines is available on the company’s website, www.munters.com. No remuneration has been reclaimed.

In addition to the remuneration covered by the guidelines, the company’s annual general meeting 2020 resolved to implement a long-term share-related incentive program. This program is summarized in this report and are reported in detail in note 34 on page 144 in the Annual and sustainability report 2024.

Total remuneration to CEO Klas Forsström in 2024 (kSEK)¹

Table 1

Name, position		Fixed Remuneration		Variable Remuneration				Pension ⁴	Total remuneration	Portion of fixed and variable part of Total remuneration
		Fixed annual salary	Other Benefits ²	Annual Cash	Long-Term Cash ³	Share-related ³	Extra-ordinary items			
Klas Forsström CEO	kSEK	8,625	395	4,313	7,957	0	0	3,072	24,362	49.6% / 50.4%
	Portion of Total remuneration	35.4%	1.6%	17.7%	32.7%	0.0%	0.0%	12.6%	100.0%	

1. Includes paid and earned remuneration in 2024.
2. Includes car allowance, health and life insurance, as well as holiday pay of kSEK 144.
3. Long-term cash variable remuneration is reported in the table to the extent that it has been subject to so-called vesting in 2024, and in that sense, earned. This remuneration is reported in accordance with IFRS in note 33 in the Annual and sustainability report 2024.
4. The pension is defined contribution with a fixed contribution amounting to 35% of the base salary (excluding holiday pay), and has thus been reported entirely as fixed remuneration.

Share-based remuneration: During the year completed share-related and share price-related incentive programs

The company's annual general meeting 2020 resolved to implement a long-term share-related incentive program, in the form of an employee stock option program (LTIP 2020), in which the group management and the CEO have participated. The employee stock options were granted free of charge, were subject to three-year vesting periods, and could be exercised for a period of one year after the end of the vesting period.

The employee stock options in LTIP 2020 were divided into three series. Exercise of all employee stock option series presupposed, as a general rule, that the participant had been employed by the Munters group during the three-year vesting period. Exercise of employee stock options of series A (relative weighting 50%) and series B (relative weighting 20%) was also dependent on the extent to which performance targets linked to the average annual growth in adjusted EBITA for Munters and the average annual growth in Munters' net sales, respectively, were met during the financial years 2020-2022, while the exercise of employee stock options of series C (relative weighting 30%) was dependent on the fulfilment of a weighted sustainability goal consisting of three sub-components; (i) the portion of green electricity (from solar, water or wind energy) that was consumed by the group's production units in relation to the total electricity consumption of these units during the financial year 2022; (ii) the portion of female leaders (salary setting managers) within the Munters group at the expiry of the three-year performance period and (iii) the portion of the group's suppliers that complied with Munters' supplier code of conduct at the end of the financial year 2022. The exercise price for exercising the employee stock options amounted to 110% of the volume-weighted average price paid for the company's share on Nasdaq Stockholm during a period of ten trading days immediately after the annual general meeting 2020 (i.e. SEK 45.82). During 2023, the employee stock option program LTIP 2020 vested in its entirety and the performance conditions determined the extent to which the employee stock options could be exercised. The employee stock option program was completed during 2024 and Munters therefore has no outstanding share-related or share price-related incentive programs.

The CEO's performance during the reported financial year: Share-related remuneration

The CEO participated in the employee stock option program LTIP 2020 and held in total 150,000 employee stock options. All employee stock options were subject to performance requirements, and exercise of the employee stock options also presupposed continued employment in the Munters group during the three-year vesting period and up to the time of exercising the employee stock options. During 2023, the employee stock option program LTIP 2020 vested in its entirety and the CEO chose to exercise all vested employee stock options (62,460) in LTIP 2020. The employee stock option program LTIP 2020 is presented in more detail in the remuneration report for 2023.

Application of performance criteria

The performance criteria for the CEO's variable remuneration have been selected to implement Munters' strategy and to encourage actions that serve the long-term interests of the company. In the selection of performance criteria, the strategic objectives and short-term and long-term business priorities have been taken into account.

Performance of the CEO during the reported financial year: Variable cash remuneration

Annual variable cash remuneration

Munters' annual program for variable cash remuneration (Performance Pay) is based on the principle "reward for performance" and is aimed at senior executives, as well as other managers within the group. The program is based on predetermined and measurable financial criteria that are measured during the financial year.

The CEO has participated in the program during 2024, which has included measurable financial criteria linked to the group's earnings and performance for the 2024 financial year.

In 2024, the measurable financial criteria for Performance Pay have been related to the group's adjusted EBITA (relative weighting 80%) and to operating working capital as a percentage of net sales (relative weighting 20%). The criteria have been strongly linked to Munters' medium-term goals and the needs that the company believes are essential to pursue during the year.

The outcome of Performance Pay for 2024 was accumulated to a total of kSEK 4,313 for the CEO.

Table 2

Performance Pay	Description of the criteria linked to the remuneration component	Relative weighting of Performance Criteria	Measured performance ²	Remuneration-outcome (kSEK)
Klas Forsström CEO	The group's EBITA (adjusted for items affecting comparability and exchange rate effects)	80%	2,330 ¹ MSEK	3,450
	Operating working capital (as a percentage of net sales)	20%	10.2 %	863

1. Includes adjustment for non-recurring costs, acquisitions, and divestitures.
2. Measured performance is based on the exchange rate when the target was set and is thus neither negatively nor positively affected by exchange rate effects.

Long-term variable cash remuneration

As instructed by the board of directors, Munters has during 2021, 2022, 2023 and 2024 (LTIP 2021-2024) for each year implemented a program for long-term variable cash remuneration in which the CEO, the other executives in the group management and approximately 80 additional employees within the group participate. A certain part of the net amount after tax of the paid long-term variable cash remuneration is expected to be invested in Munters shares, according to the share ownership policy that the board of directors has adopted. For the CEO, the entire net amount after tax is expected to be invested in Munters shares until the holding in value corresponds to 200 percent of the gross annual fixed cash salary.

The respective program has a three-year vesting period and includes measurable financial criteria linked to adjusted EBITA and operating working capital (total weighting 70%), and non-financial criteria linked to weighted sustainability goals (weighting 30%). The criteria are strongly linked to Munters' long-term goals and the needs that the company believes are essential to pursue during the term of the program.

During 2024, the first part of three in LTIP 2023 and the second part of three in LTIP 2022 vested. During 2024, the third and last part in LTIP 2021 also vested, and LTIP 2021 was thereby completed. The outcomes are presented in the tables below based on the respective performance targets for the respective measurement period of 12, 24 and 36 months. A total of 7,957 kSEK vested for the CEO. In light of the ongoing strategic review of the FoodTech business area, the CEO has during 2024 been granted an exemption from the share ownership policy, which stipulates that a certain part of the net amount after tax of paid out long-term variable cash salary is expected to be invested in Munters shares.

Table 3 (LTIP 2021)

Name, position	Description of the criteria linked to the remuneration component	Relative weighting of the performance criteria	Achieved Performance	Remuneration-outcome (kSEK)
Klas Forsström CEO	The group's EBITA ¹ (average annual growth)	40%	20.2%	742
	Operating working capital ¹ (as a percentage of net sales)	30%	13.2%	153
	Weighted sustainability goals (total)	30%	22.0%	408
	Description of sustainability goals:			
	Green electricity of the group's total electricity consumption (from sun, water, wind, geothermal heat and biomass)	10%	81.2%	223
	Share of leaders within the group who are women	10%	22.3%	0
	Share of the group's suppliers that comply with Munters' supplier code of conduct	10%	100.0%	185

1. Includes adjustment for non-recurring costs, acquisitions, and divestitures.

Table 4 (LTIP 2022)

Name, position	Description of the criteria linked to the remuneration component	Relative weighting of the performance criteria	Achieved Performance	Remuneration-outcome (kSEK)
Klas Forsström CEO	The group's EBITA ¹ (average annual growth)	40%	29.0%	2,537
	Operating working capital ¹ (as a percentage of net sales)	30%	13.9%	337
	Weighted sustainability goals (total)	30%	24.0%	1,522
	Description of sustainability goals:			
	Share of renewable electricity in the group's production facilities	10%	79.7%	761
	Share of leaders within the group who are women	10%	22.0%	0
	Service growth within business area AirTech	10%	12.5%	761

1. Includes adjustment for non-recurring costs, acquisitions, and divestitures.

Table 5 (LTIP 2023)

Name, position	Description of the criteria linked to the remuneration component	Relative weighting of the performance criteria	Achieved Performance	Remuneration-outcome (kSEK)
Klas Forsström CEO	The group's EBITA ¹ (average annual growth)	40%	60.4%	1,627
	Operating working capital ¹ (as a percentage of net sales)	30%	14.2%	0
	Weighted sustainability goals (total)	30%	15.5%	631
	Description of sustainability goals:			
	Annual increase in the share of electricity from renewable sources in our production facilities	10%	9.0%	223
	Annual share of appointed leaders within the group who are women	10%	26.0%	0
	Annual service growth within the Munters group	10%	9.4%	65

1. Includes adjustment for non-recurring costs, acquisitions, and divestitures.

Comparative information on changes in remuneration and the company's performance

Changes in remuneration and the company's performance over the last five reported financial years (RR) (kSEK if nothing else is stated)

The change in total remuneration of the CEO Klas Forsström is primarily attributable to an increase in his annual variable cash remuneration and to that one additional program for long-term variable cash remuneration, in which he has participated since before, began vesting during the year.

Table 6

	RR 2020	RR 2021	RR 2022	RR 2023	RR 2024	RR 2023/RR 2024
Klas Forsström, CEO	16,927	14,820	14,678	22,361	24,362	8.9%
Adjusted EBITA as regards the group (MSEK)	906	909	949	1,859	2,330	25.3%
Average remuneration based on the number of full-time equivalents employed in the group ^{2, 3}	568	596	628	748	761	1.7%

1. Since Munters Group AB (the parent company) only had nine employees in 2024, including the CEO, and all were senior executives, the calculation includes all Swedish companies with salaried employees, both white and blue-collar employees (i.e. Munters Europe AB, Munters AB, ProFlute AB and Tobo Component AB). Remuneration to senior executives is excluded.
2. The change in remuneration to other employees refers to the change in the sum of the corresponding remuneration components as for the CEO in Table 1.