Munters

Q3

”Continued strong order intake while margin negatively impacted by remaining supply chain challenges”

July-September 2021

- Demand was strong in the quarter. Constraints in the supply chain remained.
- Order intake increased by +20%, a currency adjusted increase of +21%, and net sales increased +1%, currency adjusted +3%, mainly driven by strong growth in business area AirTech within mainly the sub-segment Battery and Data Centers.
- The adjusted EBITA-margin was 11.6% (14.8), negatively impacted by the supply chain constraints, higher raw material prices and freight costs, changed business mix, lower FoodTech volumes in China and the time lag of the impact of our own price increases.
- Leverage (net debt/adjusted EBITDA, LTM*) was 2.2x, slightly higher than 1.9x at the end of June 2021, due to supply chain challenges.
- Net debt as of September 30 amounted to MSEK 2,536 compared to MSEK 2,209 at the end of June 2021.
- During the quarter, AirTech successfully continued its strategy execution with focus on core market segments which resulted in strong growth in prioritized areas. FoodTech has during the quarter continued to invest in its digital journey with the aim to establish a connected offering throughout the value chain. We continue to invest in innovation, competence and projects to increase capacity, efficiency improvements and ways of working in order to enhance our offering and further strengthen our market position.

January-September 2021

- Strong demand in the period with impact of supply chain constraints from the second quarter and forward.
- Order intake increased by +14%, a currency adjusted increase of +21% and net sales increased +2%, currency adjusted +10%, mainly driven by strong growth in the Battery sub-segment in business area AirTech.
- The adjusted EBITA-margin was 12.7% (12.8), negatively impacted during the second and third quarters by the supply chain constraints, higher raw material prices and freight costs as well as the time lag of the impact of our own price increases. The AirTech margin was positively impacted by increased net sales, high utilization rates and efficiency improvements while the FoodTech margin was negatively impacted by lower volumes in China.
- Leverage (net debt/adjusted EBITDA, LTM*) was 2.2x, higher than 1.9x per end of December 2020 and lower than same period last year (2.5x).
- Net debt as of September 30 amounted to MSEK 2,536 compared to MSEK 2,116 at the end of December 2020. In the second quarter a 5-year re-financing was secured enabling execution of the long-term strategy.

Financial summary	Q3			Jan-Sep			LTM*	Full year
MSEK	**2021**	**2020**	**Δ%**	**2021**	**2020**	**Δ%**	**Oct-Sep**	**2020**
Order intake	2,295	1,919	20	6,407	5,638	14	8,019	7,249
Net sales	1,857	1,833	1	5,291	5,173	2	7,133	7,015
Operating profit (EBIT)	194	245	-21	563	457	23	813	707
Adjusted EBITA	215	271	-21	672	661	2	917	906
Adjusted EBITA margin, %	11.6	14.8		12.7	12.8		12.9	12.9
Net income	138	163	-15	382	260	47	554	432
Earnings per share before dilution, SEK	0.75	0.89		2.09	1.41		3.02	2.35
Earnings per share after dilution, SEK	0.75	0.89		2.08	1.41		3.01	2.35
Average number of outstanding shares before dilution	182,758,253	181,292,993		182,221,307	181,595,988		181,916,112	181,545,456
Average number of outstanding shares after dilution	183,223,716	181,524,860		182,685,905	181,595,988		182,363,251	181,557,708
The KPI´s below includes discontinued operations **								
Net income	138	161		382	256		553	426
Earnings per share before dilution, SEK	0.75	0.87		2.09	1.39		3.01	2.32
Earnings per share after dilution, SEK	0.75	0.87		2.08	1.39		3.01	2.32
Cash flow from operating activities	-142	237		105	548		516	959
Net debt	2,536	2,694		2,536	2,694		2,536	2,116
Net debt/Adjusted EBITDA, LTM				2.2	2.5		2.2	1.9

* Last twelve months

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

CEO comments

“Strong growth in prioritized market segments such as battery and data centers”

Klas Forsström, President and CEO

Strong demand – supply chain constraints remain, impacting margin

During the third quarter demand was strong, while the adjusted EBITA margin was still impacted by the supply chain constraints and higher raw material prices as well as the time lag of the impact of our price increases, which is in line with the communication in the second quarter report.

It is encouraging to see the particularly strong growth in prioritized market segments such as battery and data centers. This is key to us since our business wins in these segments ensure a robust market and technology position, and increase our potential aftermarket services sales. One of our most recent wins is the strategic turnkey project to design and build a lithium battery laboratory in Scandinavia, which confirms Munters' position as a leading supplier to manufacturers of lithium batteries. Another of our key strategic priorities is to grow the services business where it is gratifying to see the accelerating development.

The constraints in the supply chain along with higher raw material prices and freight cost increases seen throughout the second quarter, continued to impact our business during the third quarter. The margin was also negatively impacted by a changed business mix in AirTech with more larger projects and lower FoodTech volumes in China. During the quarter, we have continued to implement price increases although, as communicated in the second quarter report, most of our consecutive price increases implemented 2021 will come into effect next year due to the order backlog and extended lead times. Because of these effects, the adjusted EBITA margin was weaker in the quarter. In the second quarter report, we anticipated the supply chain challenges to remain in the second half of 2021 and we now expect these challenges to continue throughout the first half of 2022.

Continued focus on the execution of our strategy

Munters has strong, leading market positions and we work constantly to further strengthen our offering and to deliver on our strategy. The investments in new innovative solutions such as improved systems for the battery industry and data centers, and the Amino software for the poultry industry are key factors for our success in these segments. We also notice a growing interest in our more long-term technology solutions in areas such a carbon capture technology, next generation rotor media as well as AI driven software for the growing food industry. In addition, I'm pleased to see that we have successfully managed to reduce our number of product variations by 40% over the past two years. This, in combination with continued investments in competence and ongoing projects to increase capacity, efficiency improvements and ways of working in our operations, give us a solid foundation for sustained profitable growth.

We make our customers more sustainable

We see strong interest in Munters leading innovative and energy efficient climate solutions. Munters climate solutions are often mission-critical for our customers' success and contribute to make their businesses more sustainable. This is a strong motivation for us in our daily work and I want to express my sincere thanks to all employees for your dedicated work and contribution to our customers' success.

Klas Forsström, President and CEO

Mid-term financial targets

Net sales growth: Annual growth in currency adjusted net sales of 5%, as of 2019, supplemented with selected add-on acquisitions. *Performance Q3 2021*: +3% (8)

Adjusted EBITA-margin: An adjusted EBITA-margin of 14%. *Performance Q3 2021*: 11.6% (14.8)

Capital structure: A ratio of net debt to adjusted EBITDA of 1.5x to 2.5x, and may temporarily exceed this level (e. g. as a result of acquisitions). *Performance Q3 2021*: 2.2x (2.5x)

Dividend policy: Munters aim to pay an annual dividend corresponding to 30-50% of its consolidated income after tax for the period.
Dividend 2020: 30% (SEK 0.70 per share, totaling MSEK 127)

For full description of the dividend policy, see the Annual and Sustainability report 2020, page 8.

Sustainability

Progress in the third quarter 2021:

People: Joined the UN Global Compact on Gender Equality initiative. New leadership program launched.

Environment: Sustainability training on Scope 1, Scope 2 and Scope 3 CO_2 emissions for top 50 managers. Additional initiative launched to reduce CO_2 emissions in factories.

Governance: Sustainability objectives and activities continuously integrated in strategy framework. Preparation for EU Taxonomy reporting in progress.

Please see the Munters Annual and Sustainability report 2020, pages 38-49, for further information on goals and outcome.

Financial performance

	Q3			Jan-Sep			LTM	Full year
MSEK	2021	2020	Δ%	2021	2020	Δ%	Oct-Sep	2020
Order intake	2,295	1,919	20	6,407	5,638	14	8,019	7,249
AirTech	1,802	1,354	33	4,781	3,928	22	5,953	5,101
FoodTech	502	575	-13	1,657	1,746	-5	2,107	2,196
Other and eliminations	-9	-10	-5	-31	-37	-17	-41	-48
Net sales	1,857	1,833	1	5,291	5,173	2	7,133	7,015
AirTech	1,341	1,280	5	3,800	3,614	5	5,123	4,937
FoodTech	527	572	-8	1,519	1,595	-5	2,050	2,126
Other and eliminations	-11	-18	-41	-28	-36	-22	-40	-48
Adjusted EBITA	215	271	-21	672	661	2	917	906
AirTech	174	198	-12	560	478	17	771	689
FoodTech	61	95	-35	180	244	-26	245	310
Other and eliminations	-20	-21	-5	-67	-62	9	-99	-94
Adjusted EBITA margin, %	11.6	14.8		12.7	12.8		12.9	12.9
AirTech	13.0	15.4		14.7	13.2		15.0	14.0
FoodTech	11.6	16.5		11.8	15.3		12.0	14.6

Order intake Q3,
currency adjusted change

+21%

Net sales Q3,
currency adjusted change

+3%

Adj. EBITA-margin Q3

11.6%

ORDER INTAKE

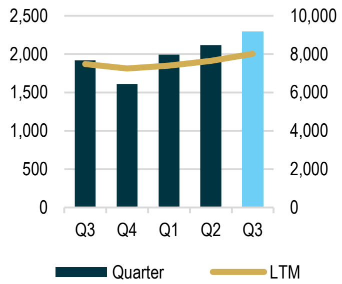
July-September 2021

Order intake increased by +20%, a currency adjusted increase of +21%, mainly driven by strong growth in the Battery sub-segment within business area AirTech. The order backlog increased +32% to MSEK 3.525 (2,664), currency adjusted +34%.

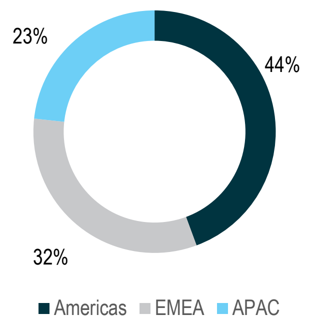
Order intake in AirTech increased by +33%, a currency adjusted increase of +36%. The strong growth was mainly driven by the Battery sub-segment with good development in both EMEA and APAC. In Data Centers we saw strong demand from co-location operators in Americas. We also saw good growth in the Food sub-segment. The Components segment showed significant growth, driven by strong demand in the market segments data centers and batteries through OEMs (Original Equipment Manufacturers). Mist Elimination grew slightly, driven by increased demand from the Power sub-segment, while other sub-segments remained weak. Services experienced growth in all regions, with especially strong growth in APAC. The good development in Services is partly due to a growing installed base and increased demand for upgrades of installed climate systems to more energy efficient solutions.

FoodTech decreased by -13%, a currency adjusted decrease of -13%. Regions Americas and EMEA showed good growth, offset by a decline in region APAC. Americas grew in the Dairy, Greenhouse and Swine sub-segments. EMEA grew driven mainly by increased orders for controllers to the Broiler sub-segment in the US. Germany had good growth mainly because of sales to CIS-countries (Commonwealth of Independent States). Demand in APAC declined, negatively impacted by the weak swine market in China due to overcapacity and outbreak of the African Swine Fever (ASF). The Korean and Japanese markets showed growth.

Quarterly order intake, 2021 (MSEK)



Order intake per region Q3, 2021 (MSEK)



January-September 2021

Order intake increased by +14%, a currency adjusted increase of +21%, mainly driven by strong growth in the Battery sub-segment in business area AirTech.

AirTech increased +22%, a currency adjusted increase of +31%. Excluding the non-core commercial business US, exited in 2020, the increase was appr. +33% currency adjusted. Growth was mainly driven by the Battery sub-segment in APAC and EMEA, as well as Data Centers in the US and Food sub-segment. Components showed good growth driven by strong demand in the market segment Batteries and Data Centers. Mist Elimination had flat order intake, with growth within the Process sub-segment. Services grew driven by good development in APAC and Americas.

FoodTech order intake decreased -5%, a currency adjusted increase of +1%. Region Americas experienced growth in all segments, mainly driven by the Broiler, Layer and Dairy sub-segments in the US. EMEA grew driven mainly by increased orders for controllers to the Broiler sub-segment in the US as well as good demand for Greenhouse solutions. In APAC order intake was weak, negatively impacted by the weak swine market in China due to overcapacity and outbreak of the ASF and also on the back of the strong growth in the Swine segment in China in the same period last year.

NET SALES

July-September 2021

Net sales increased +1%, a currency adjusted increase of +3%, driven mainly by an increase in the Battery sub-segments and Services in business area AirTech. Services net sales amounted to 15% of total net sales.

AirTech increased +5%, a currency adjusted increase of +7%. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased appr. +12%. Growth was driven mainly by the Battery sub-segment in APAC and Americas. The Pharma sub-segment showed good growth in the US. The Components segment had good growth driven mainly by the Battery and Data Center end customers. Both Data Centers US and Mist Elimination declined. Services grew overall, especially in Americas and APAC.

FoodTech decreased -8%, a currency adjusted decrease of -8%. Americas showed strong development in all sub-segments. Sales declined in APAC negatively impacted by the weak swine market in China due to overcapacity and outbreak of the ASF and also on the back of the strong growth in the Swine segment in China in the same period last year. Region EMEA declined as a consequence of weaker sales to China. Excluding this effect EMEA was in line with previous year.

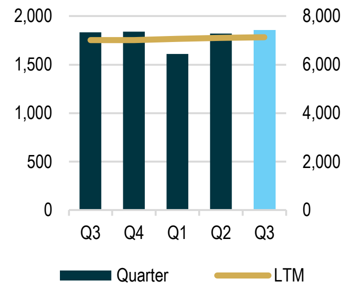
January-September 2021

Net sales increased +2%, a currency adjusted increase of +10%, driven by an increase in the Battery and Pharma sub-segments and Services in business area AirTech. In addition, business area FoodTech had good growth in all segments in the US. Services net sales amounted to 14% of total net sales.

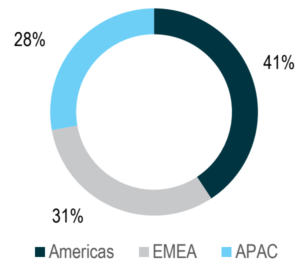
AirTech increased +5%, a currency adjusted increase of +13%. Excluding net sales to the non-core commercial business US, exited in 2020, currency adjusted net sales increased appr. +19%. Growth within the Battery sub-segment in all regions, especially in APAC and Americas. In addition, the Pharma sub-segment grew in all regions, largely driven by Covid-19 relief efforts and production of test equipment in the US. Data Centers US declined and Mist Elimination declined as the Power and Marine market continued to be weak. Services grew in region Americas and APAC, whereas EMEA remained flat.

FoodTech decreased -5%, a currency adjusted increase with +1%, driven by good growth from all segments in Americas both in the digital and equipment businesses, offset by a decline in APAC. Excluding sales to China, region EMEA grew slightly as the layer and greenhouse market experienced good demand mainly in Southern Europe.

Quarterly net sales, 2021 (MSEK)



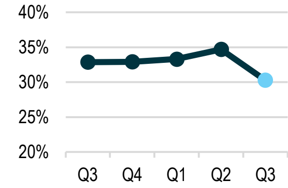
Net sales per region Q3, 2021 (MSEK)



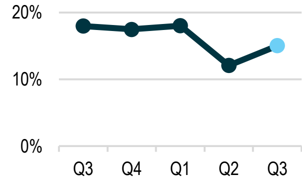
RESULTS

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

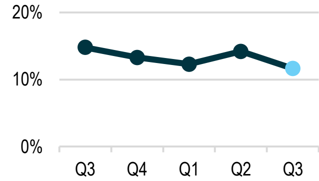
Quarterly gross margin, %



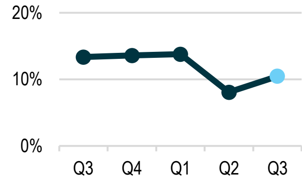
Quarterly adjusted EBITDA margin, %



Quarterly adjusted EBITA margin, %



Quarterly EBIT margin, %



July-September 2021

The gross margin for the third quarter amounted to 30.3% (32.9), negatively impacted by the supply chain constraints, higher raw material prices and freight costs, changed business mix as well as the time lag of the impact of our own price increases.

Adjusted EBITDA was MSEK 270 (326), corresponding to an adjusted EBITDA-margin of 14.6% (17.8). Depreciation amounted to MSEK -55 (-55), whereof depreciation of leased assets was MSEK -27 (-28).

Adjusted EBITA was MSEK 215 (271), corresponding to an adjusted EBITA-margin of 11.6% (14.8).

Adjusted EBITA for business area AirTech amounted to MSEK 174 (198), corresponding to an EBITA-margin of 13.0% (15.4). The margin decreased due to constraints in the supply chain, increased raw material prices and freight costs as well as a changed business mix with more large projects.

Adjusted EBITA in business area FoodTech was MSEK 61 (95), corresponding to an adjusted EBITA-margin of 11.6% (16.5). The margin decreased due to constraints in the supply chain, increased raw material prices and freight costs as well as lower volumes in China. The margin in the third quarter 2020 was strong as a consequence of strong growth in the swine market in China.

Adjusted EBITA for Other amounted to MSEK -20 (-21). Other mainly includes costs for corporate staff functions.

Operating profit (EBIT) was MSEK 194 (245), corresponding to an operating margin of 10.4% (13.3). Amortization and write-downs on intangible assets in the third quarter was MSEK -18 (-30), where MSEK -8 (-10) related to amortization of intangible assets from acquisitions.

January-September 2021

The gross margin for the first nine months was 32.7% (33.7), negatively impacted during the second and third quarters by the supply chain constraints, higher raw material prices and freight costs as well as the time lag of the impact of our own price increases.

Adjusted EBITDA was MSEK 831 (827), corresponding to an adjusted EBITDA-margin of 15.7% (16.0). Depreciation amounted to MSEK -159 (-165), whereof depreciation of leased assets was MSEK -79 (-84).

Adjusted EBITA amounted to MSEK 672 (661), corresponding to an adjusted EBITA-margin of 12.7% (12.8).

Adjusted EBITA for business area AirTech was MSEK 560 (478) corresponding to an adjusted EBITA-margin of 14.7% (13.2). The margin improved because of increased net sales, high utilization rates and efficiency improvements, partly offset by constraints in the supply chain, higher raw material prices, freight costs as well as the time lag of our own price increases.

Adjusted EBITA in business area FoodTech amounted to MSEK 180 (244), corresponding to an adjusted EBITA-margin of 11.8% (15.3). The margin was negatively impacted by constraints in the supply chain, increased raw material prices and freight costs as well as lower volumes in China. The margin in 2020 was strong mainly because of strong growth in the swine market in China.

Adjusted EBITA for Other was MSEK -67 (-62). The increase in cost is related to strengthening of the corporate staff functions.

Operating profit (EBIT) was MSEK 563 (457), corresponding to an operating margin of 10.6% (8.8). Amortization and write-downs on intangible assets for the first nine months was MSEK -56 (-70), where MSEK -23 (-31) was related to amortization of intangible assets from acquisitions.

ITEMS AFFECTING COMPARABILITY (IAC)

Items affecting comparability (IAC) on EBITA in the third quarter mainly related to activities for consultancy services connected with the strategy implementation within business area FoodTech of MSEK -4, with an aim to accelerate the digital journey and strengthen the equipment position. Business area AirTech incurred MSEK 1 in the third quarter related to strategy implementation, which is a net of incurred consultancy services and depreciation during the period and a release of an earlier provision for legal claims related to the exiting of the non-core commercial business in US back in 2020, no longer required.

Corona-related IACs had no impact in the third quarter on total level and other IACs of MSEK -1.

IACs for the first nine months related to strategy implementation work within FoodTech of MSEK -79. The major part of the costs was recorded as provisions in the second quarter for severance, warranty claims, inventory etc. Part of the costs related to consultancy services for the execution of the strategy implementation received during the period. For business area AirTech the work with the strategy implementation launched last year has continued and MSEK -21 has been recorded as IACs during the first nine months, mainly related to consultancy services for the strategy implementation. Other incurred IACs of MSEK -4 related to strategy implementation.

In addition, Munters has had IACs of MSEK +52, mainly comprising a net of a final settlement in regard to a customer claim (Hunters New England Health District), of MSEK -9, and insurance compensation received linked to the previous exchange of specific components at a customer site within the European Data Center business of MSEK +61.

During the first nine months last year, Munters incurred IACs related to the implementation of a refined strategy of MSEK -135, mainly within business area AirTech.

For further information, see the reconciliation of Munters alternative performance measures on page 22.

	Q3		Jan-Sep		LTM	2020
MSEK	2021	2020	2021	2020	Oct-Sep	Full year
Covid-19 related items	1	2	1	6	1	7
Implementation refined strategy	1	2	-21	-122	-8	-109
Other items affecting comparability	-1	0	61	-6	73	7
AirTech	**1**	**3**	**40**	**-121**	**67**	**-95**
Covid-19 related items	-0	0	-1	-0	-1	1
Implementation refined strategy	-4	0	-79	-5	-79	-6
Other items affecting comparability	-	-	-1	-	6	6
FoodTech	**-5**	**0**	**-81**	**-5**	**-74**	**1**
Covid-19 related items	-	-0	-	1	-	1
Implementation refined strategy	-	-	-4	-8	-6	-10
Other items affecting comparability	0	-	-9	-	-17	-8
Other	**0**	**-0**	**-12**	**-7**	**-23**	**-18**
Covid-19 related items	0	2	-1	6	1	8
Implementation refined strategy	-3	2	-104	-135	-94	-124
Other items affecting comparability	-1	0	52	-6	62	5
Total	**-3**	**4**	**-53**	**-134**	**-31**	**-111**

FINANCIAL ITEMS

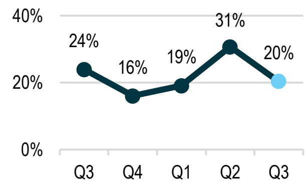
Financial income and expenses for the third quarter amounted to MSEK -20 (-30). The financial expenses are positively impacted by a lower USD interest rate and lower interest-bearing debt compared to same quarter last year. Interest expense on lease liabilities amounts to MSEK -4 (-4) in the third quarter. The average weighted interest rate including fees per end of the quarter was 2.1% (3.0).

Financial income and expenses for the first nine months amounted to MSEK -70 (-110).

TAXES

Income taxes for the third quarter was MSEK -35 (-51). The effective tax rate in the third quarter was 20% (24). Income taxes for the first nine months was MSEK -110 (-87). The effective tax rate for the first nine months was 22% (25).

Tax rate, 2021 %

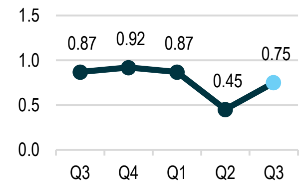


EARNINGS PER SHARE

Net income, including the discontinued operation, attributable to Parent Company's ordinary shareholders amounted to MSEK 138 (159) for the third quarter. Earnings per share, before and after dilution, in the third quarter 2021 was SEK 0.75 (0.87). Earnings per share before dilution for the first nine months 2021 was SEK 2.09 (1.39). Earnings per share after dilution for the first nine months 2021 was SEK 2.08 (1.39).

The average number of outstanding ordinary shares in the third quarter, for the purpose of calculating earnings per share, was 182,758,253 before dilution and 183,223,716 after dilution.

EPS, 2021 SEK



FINANCIAL POSITION

Interest-bearing liabilities amounted to MSEK 2,693 (3,188). Cash and cash equivalents amounted to MSEK 440 (790) as of September 30.

Munters refinanced the primary financing facilities during the second quarter of 2021 by establishing a new term loan of MUSD 165 and a Revolving Credit Facility (RCF) of MEUR 250, with final maturity date in June 2026. The facilities are granted by a group of six banks and have no mandatory amortization requirement. The bank group consists of six banks; Svenska Handelsbanken AB (publ), BNP Paribas SA Bankfilial Sverige, Danske bank A/S, Nordea Bank Abp filial Sverige, Skandinaviska Enskilda Banken AB (publ) och Swedbank AB (publ). The loan agreement has one financial covenant, consolidated net debt in relation to adjusted EBITDA, with some adjustments made in accordance with the loan agreement. The accounting standard for leases, IFRS 16, does not affect the covenant calculation according to the loan agreement definition and neither does the net pension liability. Munters also has a backup facility of MSEK 750 maturing in 2023, which is secured by a guarantee from EKN (The Swedish Export Credit Agency). The facility has the same financial covenant as primary financing facilities. Refinancing fees activated in the balance sheet related to the 2021 refinancing event amounts to MSEK 23, which will be allocated to P&L over four years. For weighted interest cost see under Financial Items.

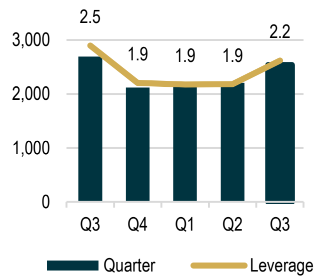
Net debt as of September 30 amounted to MSEK 2,536 compared to MSEK 2,209 at the end of June 2021. The increase in the period relates to decreased cash flow from working capital as well as a negative FX-effect. For more information about reconciliation of net debt and leverage see page 23.

The leverage ratio per end of September was 2.2x compared to 1.9x at the end of June 2021, increase mainly due to lower cash balance from working capital and a higher gross debt due to FX rate.

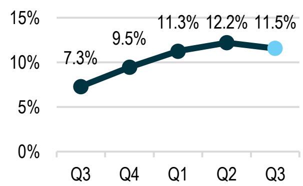
At quarter end the term loan of MUSD 165 was fully drawn. Of the revolving credit facility an amount of MEUR 87 (70) was utilized in EUR, SEK and USD. Available unutilized under the RCF MEUR 250 as of September 30 amounted to MEUR 163 (115) while the RCF MSEK 750 was entirely unutilized. Along with the main loan facility, an amount of MSEK 12 (23) in local debt is outstanding in i.a. India.

Average capital employed for the last twelve months was MSEK 7,030 (7,557). Return on capital employed, including the discontinued operation, (ROCE) for last twelve months was 11.5% (7.3). Return on capital employed, where EBIT plus financial income is adjusted for items affecting comparability (IAC) and average capital employed adjusted for goodwill, for the last twelve months was 28.6% (24.4).

Net Debt per quarter



ROCE %, 2021



CASH FLOW

Cash flow from operating activities was MSEK -142 (237) in the third quarter and MSEK 105 (548) for the first 9 months of 2021.

Changes in working capital had a negative impact on cash flow of MSEK -308 (-6) in the third quarter and a negative impact of MSEK -407 (22) for the first nine months. The negative effect on cash flow from working capital in the third quarter mainly relates to less advances from customers, lower accounts payables and increased inventory. For the first nine months the negative effect on cash flow from working capital mainly relates to increased inventory levels but is also affected by increased accounts receivables and a decrease in advances from customers.

Total cash flow for the third quarter amounted to MSEK -244 (-28) and MSEK -548 (86) for the first nine months 2021. The total cash flow for the first nine months is affected by a payment of dividend to external shareholders in May 2021 of MSEK -129, whereof MSEK -2 to an external minority to one of the subsidiaries, and a net amortization on external debt of MSEK -246.

PARENT COMPANY AND OWNERSHIP

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

Ten largest shareholders

As of 30 Sep	Total (%)
Wallenberg Investments	27.2
ODIN Funds	9.0
Pension Fund	8.4
Swedbank Robur Funds	7.6
Pension Fund	5.3
Columbia Threadneedle	3.7
Handelsbanken Funds	3.3
C WorldWide Asset Management	2.7
La Financière de l'Echiquier	2.2
Vanguard	1.8

EMPLOYEES

The number of permanent FTEs (Full Time Equivalents), at September 30, 2021 was 3,299 (3,202). The amount of FTEs at September 30, 2021 in business area AirTech was 2,415 (2,281), in FoodTech 799 (850) and at Group functions 85 (70). The number of permanent FTEs in FoodTech has been impacted by a re-classification of 70 FTEs to temporary employees.

OUTSTANDING SHARES

As of September 30, 2021, Munters held 1,811,750 treasury shares of the total outstanding shares of 184,457,817.

DIVIDEND

During 2020 Munters established a solid base with increased profitability and a strengthened capital structure. The leverage was at 1.9x at year-end, which is within the mid-term target range for net debt to adjusted EBITDA of 1.5x-2.5x. A dividend of SEK 0.70 (0.0) per share was paid in May 2021, in total MSEK 127. This represented 30 per cent of the net income 2020.

OTHER EVENTS

Continued implementation of the strategy, taking the next steps in business area FoodTech – In May it was announced as part of the strategy implementation that business area FoodTech has completed a strategic review outlining measures to strengthen its digital offering and climate solutions part of the business. Implementation has started in the second quarter 2021. Costs are estimated to approximately MSEK 140, of which approximately MSEK 110 are estimated to have a cash flow impact. In addition, there will be capex investments made amounting to an estimated MSEK 20. The full-year positive impact on adjusted EBITA in 2023 is estimated to be approximately MSEK 70.

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

Munters signs strategic turnkey project to design and build Scandinavian lithium battery laboratory – In September, Munters signed a strategic turnkey project to design and build a lithium battery laboratory in Scandinavia. This is yet another confirmation of Munters' position as a leading supplier to manufacturers of lithium batteries. The agreement entails that Munters will design and build a full-scale laboratory for lithium batteries in Scandinavia. A key requirement for the client was Munters' capabilities to design the facilities along with competences to secure an efficient construction execution. This project will be delivered over the coming six months and the order value is estimated to MSEK 83.5.

Munters signs strategic turnkey project to design and build Scandinavian lithium battery laboratory

EVENTS AFTER THE CLOSE OF THE PERIOD

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

AirTech

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

- Order intake in AirTech increased mainly driven by the Battery sub-segment with good development in both EMEA and APAC. Strong demand in Data Centers in Americas and good growth in the Food and Components sub-segments. Mist Elimination grew slightly and Services experienced growth in all regions.
- Net sales increased driven mainly by strong growth in the Battery sub-segment in APAC and Americas. The Pharma sub-segment showed good growth in the US. The Components segment had good growth driven mainly by the Battery and Data Center end customers. Both Data Centers US and Mist Elimination declined. Services grew overall, especially in Americas and APAC.
- The adjusted EBITA-margin decreased due to constraints in the supply chain, increased raw material prices and freight costs as well as a changed business mix with more large projects.

	Q3			Jan-Sep			LTM	Full year
MSEK	2021	2020	Δ%	2021	2020	Δ%	Oct-Sep	2020
Order intake	1,802	1,354	33	4,781	3,928	22	5,953	5,101
Growth	33%	15%		22%	1%		13%	-3%
Net sales	1,341	1,280	5	3,800	3,614	5	5,123	4,937
Growth	5%	-1%		5%	-4%		3%	-4%
of which organic growth	7%			13%				
of which currency effects	-2%			-8%				
Operating profit (EBIT)	161	185	-13	578	331	75	812	565
Adjusted EBITA	174	198	-12	560	478	17	771	689
Growth	-12%	19%		17%	0%		16%	4%
Adjusted EBITA margin, %	13.0	15.4		14.7	13.2		15.0	14.0

FoodTech

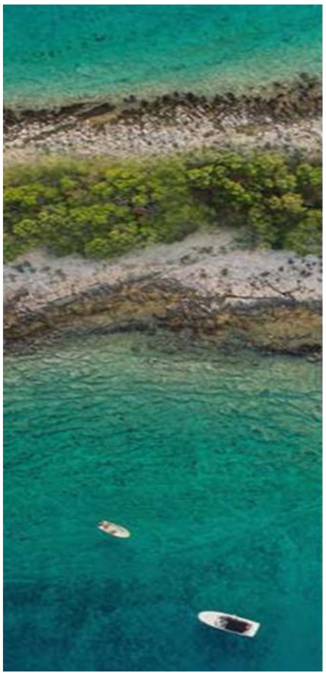
Business area FoodTech is one of the world's leading suppliers of innovative, energy-efficient climate systems for livestock farming and greenhouses, as well as software for controlling and optimizing the entire food production value chain. Our solutions increase productivity while contributing to sustainable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

- Order intake in regions Americas and EMEA showed good growth, offset by a decline in region APAC. Americas grew in the Dairy, Greenhouse and Swine sub-segments. EMEA grew driven mainly by increased orders for controllers to the Broiler sub-segment in the US. Demand in APAC was negatively impacted by the weak swine market in China.
- Net sales decreased in the quarter. Americas showed strong development in all sub-segments. Sales declined in APAC on the back of ASF and a strong swine market in China last year. Region EMEA declined as a consequence of weaker sales to China. Sales to European markets were in line with previous year.
- Adjusted EBITA-margin declined due to constraints in the supply chain, increased raw material prices and freight costs as well as lower volumes in China. The margin in the third quarter 2020 was strong as a consequence of strong growth in the swine market in China.

	Q3			Jan-Sep			LTM	Full year
MSEK	2021	2020	Δ%	2021	2020	Δ%	Oct-Sep	2020
Order intake	502	575	-13	1,657	1,746	-5	2,107	2,196
Growth	-13%	12%		-5%	9%		-6%	5%
Net sales	527	572	-8	1,519	1,595	-5	2,050	2,126
Growth	-8%	7%		-5%	2%		-1%	5%
of which organic growth	-8%			1%				
of which currency effects	-0%			-6%				
Operating profit (EBIT)	46	90	-49	72	224	-68	138	291
Adjusted EBITA	61	95	-35	180	244	-26	245	310
Growth	-35%	11%		-26%	13%		-20%	12%
Adjusted EBITA margin, %	11.6	16.5		11.8	15.3		12.0	14.6

About Munters

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



Short facts

- 3,300 employees
- 30 countries with sales and manufacturing
- 17 production units
- 22% female leaders
- Two business areas: AirTech and FoodTech

In 2020 AirTech generated 70% of the total net sales of Munters and FoodTech 30%.

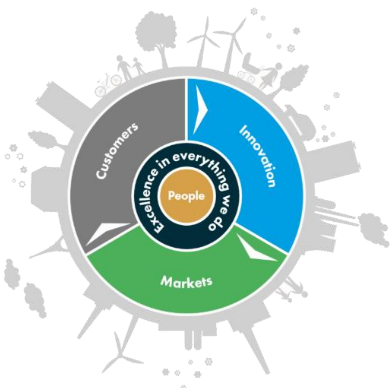
Purpose

For customer success and a healthier planet

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

The strategy of Munters

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



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

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

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

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

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

Sustainability

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

Quarterly overview Group and Segments

Group	2021			2020				2019			2020
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Full year
Order backlog	3,525	3,018	2,769	2,253	2,664	2,660	2,808	2,307	2,440	2,496	2,253
Order intake	2,295	2,118	1,995	1,611	1,919	1,870	1,849	1,845	1,680	1,840	7,249
Net sales	1,857	1,822	1,612	1,841	1,833	1,773	1,566	1,842	1,813	1,877	7,015
Operating profit (EBIT)	194	147	222	250	245	103	110	159	174	185	707
Net income	138	84	160	172	163	39	57	76	100	104	432
Amortization and write-down	-18	-21	-17	-17	-30	-20	-20	-29	-32	-41	-87
Items affecting comparability (IAC)	-3	-91	41	22	4	-138	–	-42	-42	-36	-111
Adjusted EBITA	215	259	198	245	271	260	130	229	248	262	906
Adjusted EBITA margin, %	11.6	14.2	12.3	13.3	14.8	14.7	8.3	12.5	13.7	13.9	12.9

AirTech	2021			2020				2019			2020
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Full year
External order backlog	2,837	2,318	2,129	1,737	2,025	2,003	2,186	1,780	1,886	1,926	1,737
Order intake	1,802	1,495	1,483	1,172	1,354	1,231	1,343	1,361	1,179	1,264	5,101
External net sales	1,338	1,264	1,193	1,321	1,270	1,205	1,127	1,378	1,286	1,323	4,924
Transactions between segments	3	1	2	2	9	2	0	4	1	1	13
Operating profit (EBIT)	161	185	231	234	185	51	94	159	151	173	565
Amortization and write-down	-4	-4	-4	-4	-16	-5	-5	-9	-5	-13	-30
Items affecting comparability (IAC)	1	-15	54	26	3	-125	–	-19	-11	-14	-95
Re-allocation of internal services	-10	–	–	0	–	–	–	1	–	–	0
Adjusted EBITA	174	205	181	211	198	181	100	186	167	199	689
Adjusted EBITA margin, %	13.0	16.2	15.1	15.9	15.4	15.0	8.8	13.4	12.9	15.1	14.0

FoodTech	2021			2020				2019			2020
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Full year
External order backlog	687	700	640	516	640	656	622	526	554	570	516
Order intake	502	636	520	450	575	656	515	491	513	582	2,196
External net sales	519	558	419	520	563	568	440	464	527	554	2,091
Transactions between segments	8	9	6	11	9	7	9	5	7	8	35
Operating profit (EBIT)	46	-6	32	67	90	87	47	55	75	74	291
Amortization and write-down	-6	-10	-6	-5	-5	-5	-5	-4	-4	-4	-20
Items affecting comparability (IAC)	-5	-75	-1	6	0	-6	–	-3	-6	-8	1
Re-allocation of internal services	-4	–	–	0	–	–	–	–	–	–	0
Adjusted EBITA	61	80	39	66	95	98	52	61	85	85	310
Adjusted EBITA margin, %	11.6	14.1	9.1	12.3	16.5	17.1	11.5	13.0	15.9	15.2	14.6

Other and eliminations	2021			2020				2019			2020
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Full year
Order intake	-9	-14	-8	-11	-10	-17	-10	-8	-13	-7	-48
Transactions between segments	-11	-10	-8	-12	-18	-8	-9	-9	-9	-9	-48
Operating profit (EBIT)	-13	-33	-41	-50	-31	-36	-32	-55	-52	-62	-149
Amortization and write-down	-7	-7	-7	-8	-10	-10	-10	-16	-24	-24	-37
Items affecting comparability (IAC)	0	0	-12	-10	-0	-7	–	-21	-24	-14	-18
Re-allocation of internal services	14	–	–	-0	–	–	–	-1	–	–	-0
Adjusted EBITA	-20	-26	-21	-32	-21	-19	-22	-17	-3	-23	-94

Discontinued operation

	2021			2020				2019			2020
MSEK	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Full year
External order backlog	–	–	–	–	–	–	–	2	8	–	–
Order intake	–	–	–	–	-1	1	–	4	-3	3	-
External net sales	–	–	–	-0	13	3	-0	9	38	87	16
Operating profit (EBIT)	–	–	–	-2	-3	-1	0	-65	-341	-20	-6
Amortization and write-down	–	–	–	–	–	–	–	0	3	-0	-
Items affecting comparability (IAC)	–	–	–	–	–	–	–	-45	-325	-3	-
Adjusted EBITA	–	–	–	-2	-3	-1	0	-20	-19	-17	-6

Condensed income statement

	Q3		Jan-Sep		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Oct-Sep**	**2020**
Net sales	1,857	1,833	5,291	5,173	7,133	7,015
Cost of goods sold	-1,295	-1,231	-3,559	-3,430	-4,794	-4,665
Gross profit	**562**	**603**	**1,732**	**1,743**	**2,338**	**2,350**
Selling expenses	-214	-193	-622	-622	-817	-818
Administrative costs	-129	-118	-405	-394	-550	-538
Research and development costs	-40	-54	-117	-145	-157	-186
Other operating income and expenses	15	7	-25	-125	-1	-101
Operating profit	**194**	**245**	**563**	**457**	**813**	**707**
Financial income and expenses	-20	-30	-70	-110	-116	-156
Profit/Loss after financial items	**174**	**215**	**492**	**347**	**697**	**552**
Tax	-35	-51	-110	-87	-143	-120
Net income for the period from continuing operations	**138**	**163**	**382**	**260**	**554**	**432**
Net income from discontinued operations	-	-3	-	-4	-2	-6
Net income for the period	**138**	**161**	**382**	**256**	**552**	**426**
Attributable to Parent Company shareholders	138	159	380	253	548	420
Attributable to non-controlling interests	1	2	2	3	5	6
Average number of outstanding shares before dilution*	182,758,253	181,292,993	182,221,307	181,595,988	181,916,112	181,545,456
Average number of outstanding shares after dilution*	183,223,716	181,524,860	182,685,905	181,595,988	182,363,251	181,557,708
Earnings per share for net income for the period from continuing operations attributable to the ordinary equity holders of the company:						
Earnings per share before dilution, SEK	0.75	0.89	2.09	1.41	3.02	2.35
Earnings per share after dilution, SEK	0.75	0.89	2.08	1.41	3.01	2.35
Earnings per share for net income for the period attributable to the ordinary equity holders of the company:						
Earnings per share before dilution, SEK	0.75	0.87	2.09	1.39	3.01	2.32
Earnings per share after dilution, SEK	0.75	0.87	2.08	1.39	3.01	2.32
Other comprehensive income						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange-rate differences on translation of foreign operations	83	-77	182	-93	-50	-325
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:						
Actuarial gains and losses on defined-benefit pension obligations,	-21	-15	23	-5	21	-7
Income tax effect not to be reclassified to profit or loss	-1	4	-10	1	-10	1
Other comprehensive income, net after tax	**61**	**-88**	**195**	**-96**	**-39**	**-331**
Total comprehensive income for the period	**199**	**72**	**577**	**159**	**513**	**95**
Attributable to Parent Company shareholders	198	72	576	157	509	91
Attributable to non-controlling interests	1	0	1	2	4	4

*Excluding shares held in own custody.

Condensed balance sheet

MSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Goodwill	4,162	4,258	3,952
Patents, licenses, brands, and similar rights	1,517	1,427	1,356
Buildings and land	225	239	209
Plant and machinery	471	515	467
Equipment, tools, fixtures and fittings	169	158	161
Construction in progress	74	43	41
Financial assets	19	19	19
Deferred tax assets	252	242	246
Total non-current assets	**6,889**	**6,902**	**6,451**
CURRENT ASSETS			
Raw materials and consumables	506	389	350
Products in process	164	154	118
Finished products and goods for resale	304	264	215
Projects in progress	11	7	3
Advances to suppliers	15	14	5
Accounts receivable	1,087	1,044	935
Prepaid expenses and accrued income	437	403	376
Derivative instruments	-1	–	–
Current tax assets	67	48	55
Other receivables	83	92	96
Cash and cash equivalents	440	790	970
Total current assets	**3,113**	**3,206**	**3,123**
TOTAL ASSETS	**10,002**	**10,107**	**9,574**

Condensed balance sheet

MSEK	2021-09-30	2020-09-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity	4,235	3,744	3,746
Non-controlling interests	3	0	5
Total equity	**4,237**	**3,744**	**3,751**
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	2,583	3,076	2,690
Provisions for pensions and similar commitments	293	298	299
Other provisions	50	35	33
Other liabilities	137	138	132
Deferred tax liabilities	389	397	371
Total non-current liabilities	**3,452**	**3,944**	**3,525**
CURRENT LIABILITIES			
Interest-bearing liabilities	110	112	96
Advances from customers	503	550	509
Accounts payable	589	605	529
Accrued expenses and deferred income	780	694	742
Derivative instruments	2	6	2
Current tax liabilities	42	45	52
Other liabilities	102	151	111
Provisions for pensions and similar commitments	9	9	10
Other provisions	176	246	248
Total current liabilities	**2,312**	**2,419**	**2,299**
TOTAL EQUITY AND LIABILITIES	**10,002**	**10,107**	**9,574**

CONDENSED STATEMENT OF CHANGES IN EQUITY

MSEK	2021-09-30	2020-09-30	2020-12-31
Opening balance	**3,751**	**3,627**	**3,627**
Total comprehensive income for the period	577	159	95
Exercised share options	40	–	–
New share issue	–	–	61
Change in non-controlling interest	-1	0	0
Put/call option related to non controlling interests	-3	-3	-4
Dividends paid	-129	–	–
Repurchase of shares	–	-43	-43
Share option plan inc deferred tax	2	4	14
Other	1	–	–
Closing balance	**4,237**	**3,744**	**3,751**
Total shareholders´equity attributable to:			
The parent company's shareholders	4,235	3,744	3,746
Non-controlling interests	3	0	5

Condensed cash flow statement

	Q3		Jan-Sep		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Oct-Sep**	**2020**
OPERATING ACTIVITIES						
Operating profit	**194**	**242**	**563**	**453**	**811**	**701**
Reversal of non-cash items						
Depreciation, amortization and impairments	86	85	228	236	301	308
Other profit/loss items not affecting liquidity	9	27	12	31	2	20
Change in provisions						
Provisions	-55	-37	-62	-15	-48	-1
Cash flow before interest and tax	**234**	**317**	**740**	**704**	**1,065**	**1,029**
Paid financial items	-18	-34	-88	-114	-126	-151
Taxes paid	-49	-41	-140	-65	-177	-102
Cash flow from operating activites before changes in working capital	**166**	**243**	**511**	**525**	**763**	**776**
Cash flow from changes in working capital	**-308**	**-6**	**-407**	**22**	**-246**	**183**
Cash flow from operating activities	**-142**	**237**	**105**	**548**	**516**	**959**
INVESTING ACTIVITIES						
Business acquisitions	-	1	-	-6	-3	-9
Sale of tangible fixed assets	1	0	2	0	15	14
Sale of intangible fixed assets	-	0	-	0	2	2
Investment in tangible assets	-36	-24	-94	-85	-122	-114
Investment in intangible assets	-45	-21	-147	-60	-191	-103
Cash flow from investing activities	**-79**	**-43**	**-239**	**-150**	**-298**	**-209**
FINANCING ACTIVITIES						
New share issue	-	-	-	-	61	61
Exercised share options	8	-	40	-	40	-
Loan raised	10	4	2,298	326	2,301	329
Amortization of loans	-13	-156	-2,545	-511	-2,733	-698
Repayment of lease liabilities	-27	-28	-78	-83	-106	-112
Repurchase of shares	-	-43	-	-43	-	-43
Dividends paid	0	-0	-129	0	-129	-
Cash flow from financing activities	**-23**	**-223**	**-413**	**-311**	**-565**	**-463**
Cash flow for the period	**-244**	**-28**	**-548**	**86**	**-347**	**287**
Cash and cash equivalents at period start	680	826	970	722	790	722
Exchange-rate differences in cash and cash equivalents	4	-8	18	-17	-3	-38
Cash and cash equivalents at period end	**440**	**790**	**440**	**790**	**440**	**970**

Operating profit in prior period includes the discontinued operation. Isolated cash flow from the discontinued operations is disclosed in a separate note, see page 22.

Parent company

CONDENSED INCOME STATEMENT

	Q3		Jan-Sep		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Oct-Sep**	**2020**
Net sales	–	–	–	–	–	–
Gross profit/loss	**-0**	**–**	**0**	**–**	**0**	**–**
Administrative costs	-4	-3	-8	-17	-14	-22
Other operating expenses	13	1	11	-3	9	-5
Profit/Loss before interest and tax (EBIT)	**9**	**-2**	**3**	**-20**	**-5**	**-27**
Financial income and expenses	-0	-0	0	0	-0	-0
Profit/Loss after financial items	**8**	**-2**	**2**	**-20**	**-5**	**-28**
Group contributions	–	–	–	–	23	23
Profit/Loss before tax	**8**	**-2**	**2**	**-20**	**18**	**-5**
Tax	3	–	3	–	5	2
Net income for the period	**11**	**-2**	**5**	**-20**	**22**	**-3**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Q3		Jan-Sep		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Oct-Sep**	**2020**
Profit/Loss for the period	11	-2	5	-20	22	-3
Other comprehensive income, net after tax	–	–	–	–	–	–
Comprehensive income for the period	**11**	**-2**	**5**	**-20**	**22**	**-3**

Parent company

CONDENSED BALANCE SHEET

MSEK	2021-09-30	2020-09-30	2020-12-31
ASSETS			
NON-CURRENT ASSETS			
Participations in subsidiaries	4,096	4,096	4,099
Other financial assets	7	0	4
Total non-current assets	**4,103**	**4,096**	**4,104**
CURRENT ASSETS			
Other current receivables	0	–	–
Prepaid expenses and accrued income	1	0	0
Current tax assets	1	0	1
Receivables from subsidiaries	29	47	27
Cash and cash equivalents	0	0	62
Total current assets	**31**	**48**	**90**
TOTAL ASSETS	**4,133**	**4,144**	**4,194**

MSEK	2021-09-30	2020-09-30	2020-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6	6	6
Share premium reserve	4,135	4,074	4,135
Profit brought forward	-56	26	33
Income for the period	5	-20	-3
Total equity	**4,090**	**4,086**	**4,171**
NON-CURRENT LIABILITIES			
Provisions for pensions and similar commitments	2	1	1
Total non-current liabilities	**2**	**1**	**1**
CURRENT LIABILITIES			
Accounts payable	2	0	1
Accrued expenses and deferred income	16	15	21
Liabilities to subsidiaries	18	39	–
Other liabilities	5	3	–
Other provisions	–	–	–
Total current liabilities	**41**	**57**	**22**
TOTAL EQUITY AND LIABILITIES	**4,133**	**4,144**	**4,194**

Other disclosures

ACCOUNTING POLICIES

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

DEFINITION OF KEY FINANCIAL INDICATORS

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

TRANSACTIONS WITH RELATED PARTIES

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

ENVIRONMENTAL IMPACT AND ENVIRONMENTAL POLICY

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

RISKS AND UNCERTAINTIES

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

Munters’ products are used in complex customer processes. Quality and contract obligations are critical and could result in claims for damages. The Group depends to some extent on key customers and key personnel. Considering that Munters is a company with geographically 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.

During 2021 the Covid-19 pandemic continued to have an impact on our business, albeit in a mixed way. In some areas it led to increased demand at the same time as constraints in the supply chain during the second and third quarters caused longer lead times and sourcing related production disturbances. Costs increased for raw material and freights. We implemented consecutive price increases in 2021. These will come into effect over the coming quarters with the majority effect next year due to extended lead times. In the second quarter report, we predicted the supply chain challenges to remain in the second half of 2021 and we now expect these challenges to continue throughout the first half of 2022.

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

ALLOCATION OF NET SALES

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

MSEK	Q3 2021 AirTech	Q3 2021 FoodTech	Q3 2021 Total	Jan-Sep 2021 AirTech	Jan-Sep 2021 FoodTech	Jan-Sep 2021 Total
Goods transferred at a point in time	905	452	1,357	2,507	1,311	3,818
Goods transferred over time	317	28	344	970	74	1,044
Services transferred over time	116	40	155	317	112	429
Total	**1,338**	**519**	**1,857**	**3,795**	**1,496**	**5,291**
whereof related to the discontinued operation	–	–	–	–	–	–
Total net sales from continuing operations	**1,338**	**519**	**1,857**	**3,795**	**1,496**	**5,291**

SEKm	Q3 2020 AirTech	Q3 2020 FoodTech	Q3 2020 Total	Jan-Sep 2020 AirTech	Jan-Sep 2020 FoodTech	Jan-Sep 2020 FoodTech
Goods transferred at a point in time	716	505	1,221	2,229	1,410	3,639
Goods transferred over time	470	17	486	1,143	52	1,195
Services transferred over time	98	41	139	246	109	355
Total	**1,283**	**563**	**1,846**	**3,619**	**1,571**	**5,190**
whereof related to the discontinued operation	13	–	13	16	–	16
Total net sales from continuing operations	**1,270**	**563**	**1,833**	**3,602**	**1,571**	**5,173**

FAIR VALUE OF FINANCIAL INSTRUMENTS

MSEK	2021-09-30	2020-09-30	2020-12-31
Opening balance	121	142	142
Payments	–	-9	-9
Discounting	3	3	4
Exchange-rate differences for the period	9	-5	-16
Closing balance	**132**	**131**	**121**

The Group's derivatives, recognized at fair value in the statement of financial position, are measured according to IFRS 9 and are categorized in level 2 in the fair value hierarchy. The derivatives amounted to MSEK -1 (0) in financial assets and to MSEK 2 (6) in financial liabilities.

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

Munters deems that the interest rate on interest-bearing liabilities are in line with market terms at September 30, 2021, and the fair value at the end of the reporting period therefore in all material aspects corresponds to the carrying amount.

DISCONTINUED OPERATIONS

On September 9, 2019 Munters decided to close its European Data Center factory in Dison, Belgium, following the finalization of negotiations with the unions. The production ceased in 2019 but minor installation services remained at customer sites during 2020. The table below shows the income statement for the discontinued operation as well as the cash flow from operating activities.

	Q3		Jan-Sep		LTM	Full year
MSEK	**2021**	**2020**	**2021**	**2020**	**Oct-Sep**	**2020**
Net sales	–	13	–	16	-0	16
Cost of goods sold	–	-5	–	-9	-1	-11
Gross profit	**–**	**8**	**–**	**7**	**-1**	**6**
Selling expenses	–	-9	–	-9	2	-8
Administrative costs	–	-1	–	-1	-1	-2
Research and development costs	–	0	–	0	0	0
Other operating income and expenses	–	–	–	–	-2	-2
Operating profit	**–**	**-3**	**–**	**-4**	**-2**	**-6**
Financial income and expenses	–	-0	–	-1	0	-0
Profit/Loss after financial items	**–**	**-3**	**–**	**-4**	**-2**	**-6**
Tax	–	–	–	–	0	0
Net income for the period from discontinued operations	**–**	**-3**	**–**	**-4**	**-2**	**-6**
Cash flow from operating activities	-1	-33	35	-35	-5	-75

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Below is a reconciliation of Munters adjusted performance measures from items affecting comparability. In the third quarter of 2021, these items mainly originated from the activities connected with the strategy implementation within business area FoodTech, communicated through a press release in May, 2021, as well as from implementation activities related to the refined strategy within AirTech communicated during last year.

For the first nine months, in addition to the above, Munters incurred costs related to a legal case outside the ordinary business operation connected with a previous customer claim that was finally settled in February 2021, and received an insurance compensation linked to an exchange of specific components at a customer site within the European Data Center business (where costs for the exchange amounted to MSEK 116, reported during the third quarter of 2019). In addition to this Munters had minor Covid-19 related expenses and government grants that were adjusted for comparability.

During the third quarter as well as the first nine months last year Munters mainly incurred IACs related to the implementation of the refined strategy within AirTech and Corona-related IACs.

The reconciliation below does not include the discontinued operation.

	Q3		Jan-Sep		Full year	
MSEK	**2021-09-30**	**2020-09-30**	**2021-09-30**	**2020-09-30**	**LTM**	**Jan-Dec**
Adjusted EBITDA	**270**	**326**	**831**	**827**	**1,131**	**1,126**
Amortizations and write-downs of tangible assets	-55	-55	-159	-165	-215	-221
Adjusted EBITA	**215**	**271**	**672**	**661**	**917**	**906**
Amortizations and write-downs of intangible assets	-18	-30	-52	-70	-69	-87
Adjusted operating profit (EBIT)	**198**	**241**	**620**	**591**	**848**	**818**
Restructuring activities	-3	2	-109	-135	-98	-124
Gains/losses from sale of fixed assets	0	0	0	0	6	6
Legal cases outside the ordinary business operation	1	0	-8	-6	-16	-14
Proceeds insurance reimbursements from legal cases	0	0	61	0	61	0
Received government grants/government assistance	2	5	3	15	8	20
Corona related expenses	-1	-3	-3	-8	-8	-12
Earned refund of sales tax in Brazil	0	0	0	0	13	13
Other	-1	0	-1	0	-1	0
Operating profit (EBIT)	**194**	**245**	**563**	**457**	**813**	**707**

RECONCILIATION OF NET DEBT AND LEVERAGE

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

MSEK	2021-09-30	2020-09-30	2020-12-31
CURRENT ASSETS			
Cash and cash equivalents	-440	-790	-970
NON-CURRENT LIABILITIES			
Interest-bearing liabilities, excluding leases	2,313	2,799	2,440
Interest-bearing lease liabilities	270	277	250
Provisions for pensions	273	281	285
CURRENT LIABILITIES			
Interest-bearing liabilities, excluding leases	11	23	14
Interest-bearing lease liabilities	98	89	82
Accrued expenses	4	9	9
Provisions for pensions	6	6	6
Total Net debt	**2,536**	**2,694**	**2,116**
Operating profit (EBIT)	811	547	701
Depreciations	-228	-219	-221
Amortization and write-down	-73	-99	-87
EBITDA	1,112	865	1,010
Items affecting comparability	-18	-219	-111
Adjusted EBITDA, LTM	**1,129**	**1,085**	**1,121**
Net debt/Adjusted EBITDA, LTM	2.2	2.5	1.9

This is a translation from the original review report in Swedish.

REVIEW REPORT

Munters Group AB (publ.), corporate identity number 556819-2321

Introduction

We have reviewed the condensed interim report for Munters Group AB (publ.) as per September 30, 2021 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 ***Review of Interim Financial Statements Performed by the Independent Auditor of the Entity***. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

INFORMATION AND REPORTING DATES

Contact person:

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You are welcome to join a webcast or telephone conference on October 22, at 9:00am CEST, when President and CEO Klas Forsström, together with Group Vice President and CFO Annette Kumlien, will present the report.

Webcast:
https://tv.streamfabriken.com/munters-Q3-2021

Dial-in number for the telephone conference:

SE: +46850558358
UK: +443333009034
US: +16467224904

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

Financial calendar:

February 4, 2022: Full year report January-December 2021

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

April 22, 2022: Interim report January-March 2022

July 15, 2022: Interim report January-June 2022

October 21, 2022: Interim report January-September 2022

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

This information is information that Munters Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.30am CEST on October 22, 2021.

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

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

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.