

Interim report Q3 2023

Building a platform for sustainable growth

Robert Dackeskog, President and CEO
Magnus Carlsson, CFO

DUNI
GROUP



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Highlights

- Sales continued to increase with strong market resilience, although somewhat weaker demand at the end of the quarter
- Operating margin came in with a trend shift and are back on levels before the pandemic
- Operating income had a significant improvement compared to the same period previous year, which was also a historically very strong quarter
- Good cost control and reduced inflation rates are the main drivers behind the result





Agenda

Market outlook

Q3 summary

Business areas

Innovations

Sustainability

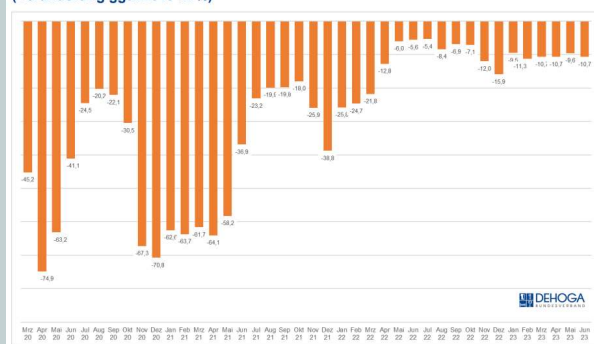
Financials

Q&A

Market outlook

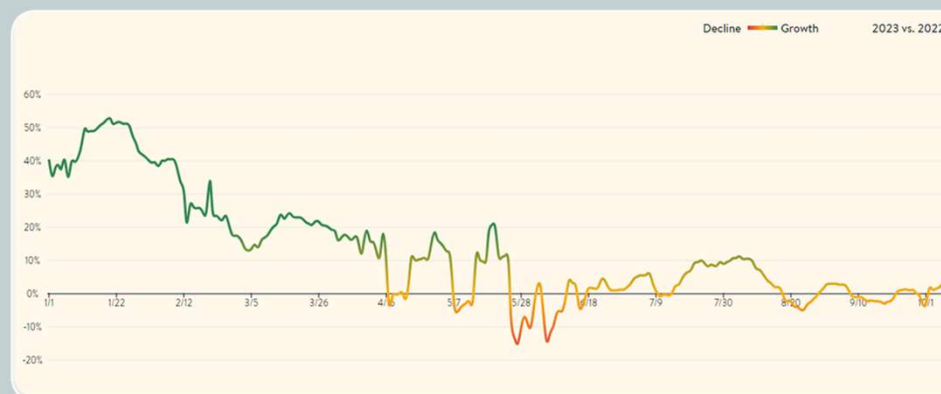
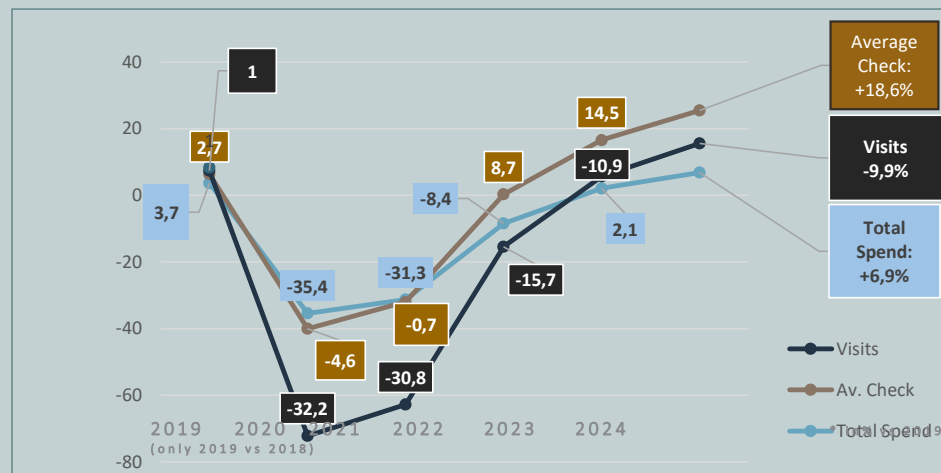
- The HoReCa market will continue to have a volatile recovery short-term and a stabile recovery long-term
- Duni Group's complementary business areas with a diversified product portfolio provides resilience
- The Group's good financial position enables addressing profitable long-term growth opportunities

Reale Umsatzentwicklung März 2020 bis Juni 2023
(Veränderung ggü. 2019 in %)



Source: <https://www.dehoga-bundesverband.de/> *Germany vs. 2019

Source: NPD, part of Crest



Source: <https://www.opentable.com/state-of-industry>

*Data for Germany

Q3 2023 key financials

Net sales

+5.5%

Net sales amounted to
SEK 1,935 m (1,834)

Operating income

SEK **225** m

Operating income amounted to
SEK 225 m (154)

Operating margin

11.6%

Operating margin was
11.6% (8.4)

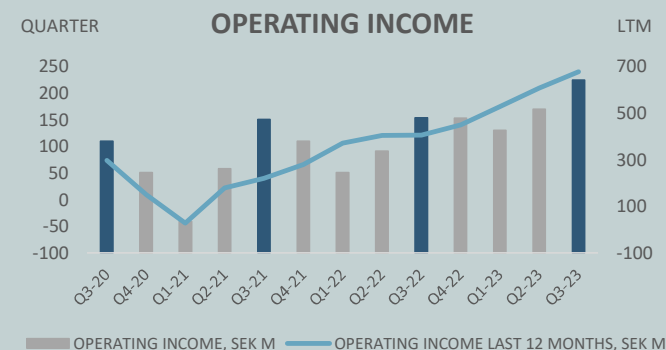
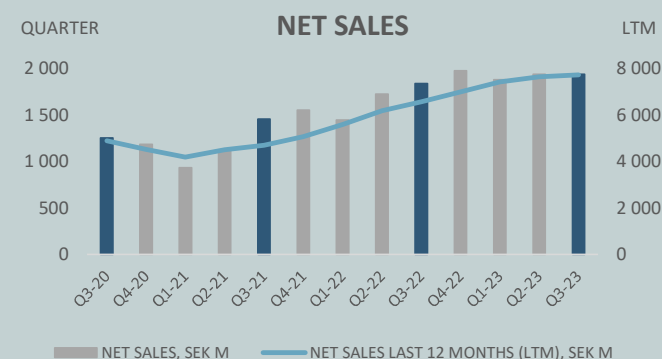
Q3 comments

Net sales +5.5%

- Net sales are record high in absolute terms
- Turnover increases from currency and price adjustments, while volumes decrease
- Negative growth in fixed currencies mainly due to high comparison numbers

Operating income +46.3%

- Operating income at all time high
- Operating margin back to historical levels
- Balance between cost increases and cost compensations main driver for improved result



BA Duni Dining solutions

Net sales

1,189 (1,043)

SEK m

Operating income

170 (115)

SEK m

Operating margin

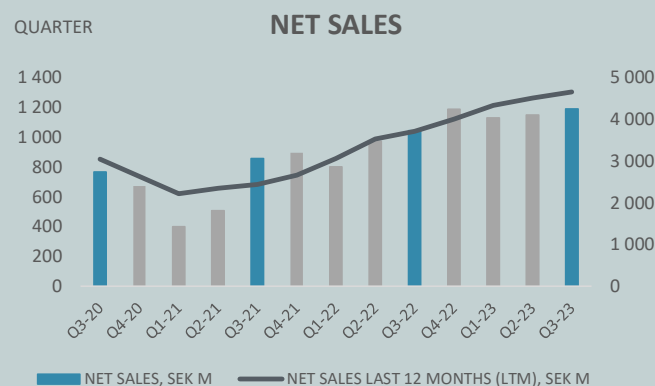
14.3 (11.0)

%



Business area Duni Q3, 2023

- Sales to restaurant and hotel segment continue to reach close to historical levels despite challenging macro environment.
- Retail volumes decreases in the quarter but grows compared to pre-pandemic levels.
- Cost compensating price adjustments, implemented last year and in the first quarter, supports both sales growth and margin recovery.
- Waning inflationary pressure and favorable energy costs in the quarter further strengthens the result.
- Continuous efficiency improvements in production and strategic procurement contracts has significant positive impact on the operating income.



BA BioPak Food packaging solutions

Net sales

746 (791)
SEK m

Operating income

55 (39)
SEK m

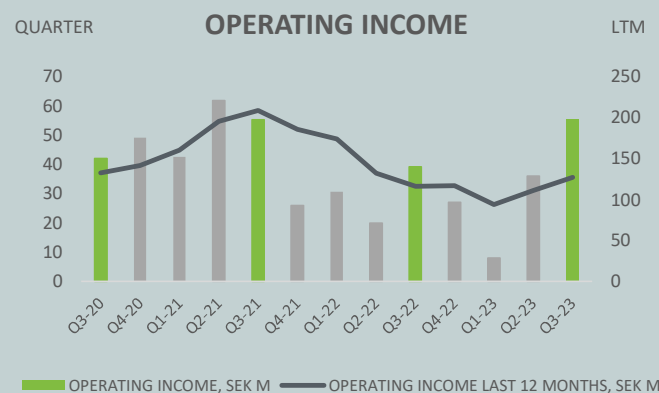
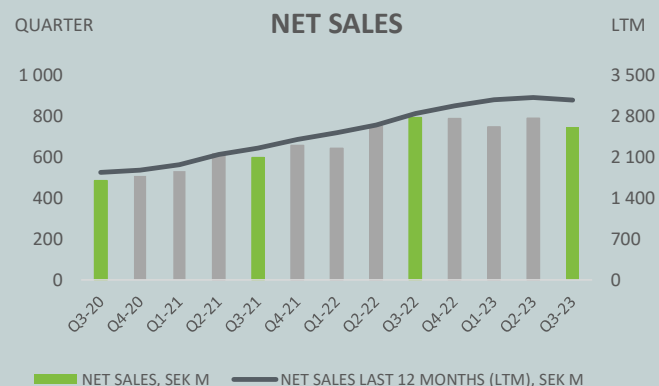
Operating margin

7.4 (5.0)
%



Business area BioPak Q3, 2023

- Turnover decrease slightly in the quarter, mainly due to very high comparison numbers.
- Decreased demand on take-away coupled with decreasing sales of basic single-use plastic article impacts turnover in Europe negatively.
- Lower cost for container freight and decreased costs for stock keeping strengthens the result.
- Cost compensating price adjustments implemented mainly last year supports both turnover and margin.



Trusted sustainability leader in our industry

Engaging in sustainable innovations predominantly within **Circularity** :

Lab

Bio Dunisoft®

Bio Dunicel®

Cooperations

OrganoClick

&Repeat

Bower

BicyCompost

Partnerships (minority investments)

Bûmerang

Relevo

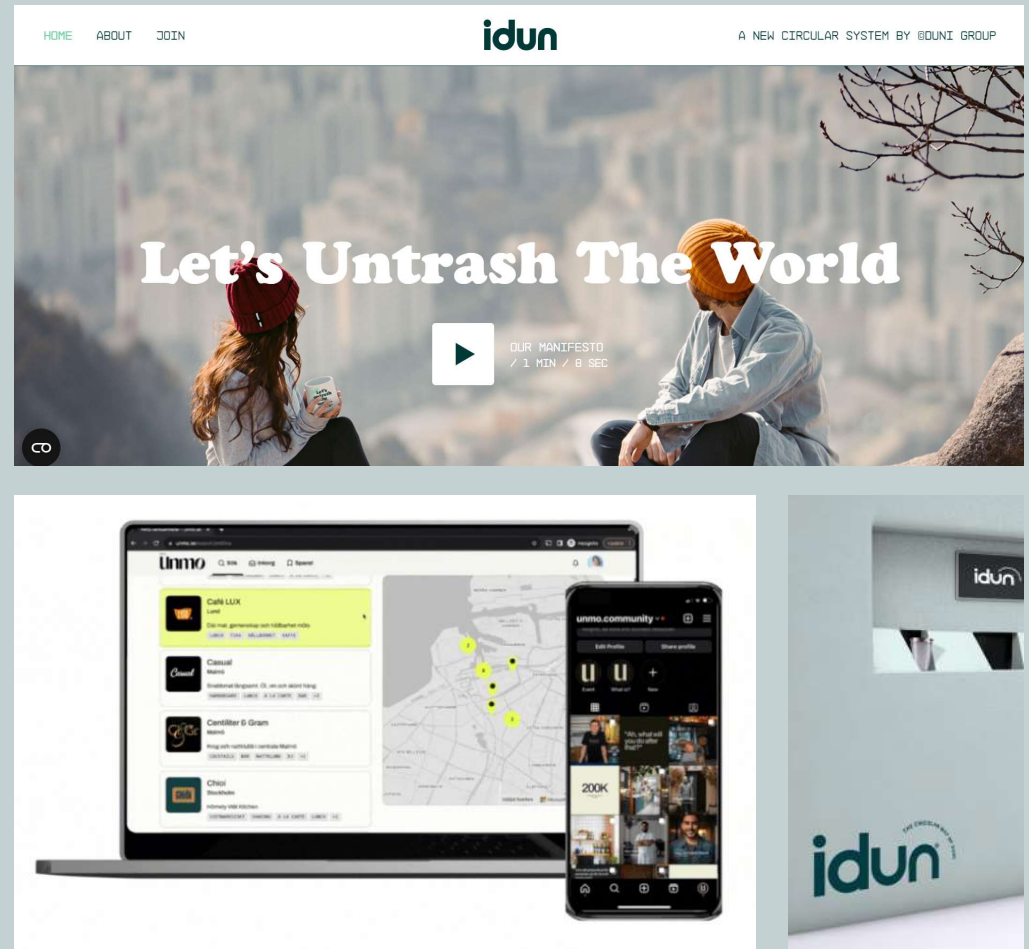
Startup projects

Idun

Unmo

Innovation projects

- Duni Group's innovation projects progressed positively during the quarter.
- The Idun system, tapping restaurants into the circular economy, launched several pilots in Sweden and Denmark during the quarter and welcomed new customers.
- Using the Idun solution, restaurant will comply to legislation requiring reuse at the table – also for fast food chains.
- The Unmo project increased its digital community of restaurant owners and potential employees a socially sustainable HoReCa market.



Our Decade of Action

Our sustainability initiatives

Becoming circular at scale

Fully circular

100%

Going Net Zero

Net Zero carbon emissions for Scope 1 and 2

0 CO₂

Living the change

A trusted sustainability leader

#1



Becoming circular at scale

Activities in the quarter:

- Pilot tests of Idun, Duni Group's circular solution for restaurants
- Participation in "World Cleanup Day" in Germany
- Idun.co website launched

Use of virgin fossil plastic for single-use items

KPI: Reduction of single-use virgin fossil plastic use by 50% by 2025 compared with 2019 as a base year.
Progress: Use of virgin fossil index at 71 for Q3 2023 (reduction by 29%)



Going net zero

Activities in the quarter:

- New lighting system in Poznan
- Initial upgrade of drying unit enables energy efficiency and improvements
- Start of approval of Science Based Targets

Scope 1+2 intensity

KPI : Reach index 37 by end of 2023 (tons of CO₂e per ton self-produced product).
Progress: Carbon intensity reached 37 by the end of Q3 2023



Living the change

Activities in the quarter:

- New e-learning courses for all employees
- Local "Green Teams" created

Ecovadis score:

KPI: Ecovadis Platinum rating by 2025 (full-year).
Progress: Ecovadis score 73 for 2022 (Gold rating)



Financials

Income statement

SEK m	Q3 2023	Q2 2022	YTD 2023	YTD 2022	LTM 22/23	FY 2022
Net sales	1,935	1,834	5,747	5,002	7,721	6,976
Gross profit	492	364	1,323	918	1,724	1,318
Gross margin	25.5%	19.8%	23.0%	18.3%	22.3%	18.9%
Selling expenses	-177	-147	-509	-441	-677	-609
Administrative expenses	-89	-78	-303	-252	-432	-381
R & D expenses	-9	-1	-24	-1	-27	-4
Other operating net	-7	-6	-11	2	-12	1
EBIT	211	132	476	226	577	326
Adjustments	-14	-21	-49	-71	-102	-124
Operating income ¹⁾	225	154	525	296	678	450
Operating margin	11.6%	8.4%	9.1%	5.9%	8.8%	6.4%
Financial net	-20	-12	-48	-33	-57	-43
Taxes	-41	-33	-68	-50	-100	-82
Net income	150	87	360	142	419	201
Earnings per share, attributable to equity holders of the Parent Company	2.80	1.84	6.65	2.97	7.93	4.25

¹⁾ Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs.

Business area financials

SEK m		Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM 22/23	FY 2022
Duni	Net sales	1,189	1,043	3,467	2,817	4,654	4 004
	Operating income ¹⁾	170	115	425	206	552	333
	Operating margin	14.3%	11.0%	12.3%	7.3%	11.9%	8.3%
BioPak	Net sales	746	791	2,280	2,185	3,068	2 972
	Operating income ¹⁾	55	39	100	90	127	117
	Operating margin	7.4%	5.0%	4.4%	4.1%	4.1%	3.9%
Duni Group	Net sales	1,935	1,834	5,747	5,002	7,721	6 976
	Operating income ¹⁾	225	154	525	296	678	450
	Operating margin	11.6%	8.4%	9.1%	5.9%	8.8%	6.4%

¹⁾ Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs.

Operating cash flow

SEK m	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM 22/23	FY 2022
Operating EBITDA ¹⁾	260	188	632	399	815	581
Capital expenditure ¹⁾	-62	-15	-99	-53	-110	-65
Change in;						
Inventory	103	-156	419	-333	372	-379
Accounts receivable	-6	-68	-75	-247	-43	-215
Accounts payable	-16	71	-276	-89	-111	75
Other operating working capital	70	60	123	149	78	104
Change in working capital	151	-94	191	-520	296	-414
Operating cash flow ²⁾	349	79	724	-174	1,001	103

¹⁾ Operating EBITDA is EBITDA less restructuring costs and fair value allocations and effects from IFRS 16 Leases.

²⁾ Operating cash flow excludes changes in right-of-use assets and changes in leasing debts.

Financial position

SEK m	September 2023	December 2022	September 2022
Goodwill	2,137	2,136	2,080
Tangible and intangible fixed assets	1,521	1,474	1,440
Net financial assets ¹⁾	-9	-44	3
Inventories	1,337	1,727	1,669
Accounts receivable	1,234	1,137	1,162
Accounts payable	-577	-840	-668
Other operating assets and liabilities ³⁾	-723	-531	-956
Net assets	4,920	5,059	4,730
Net debt	959	1,317	1,745
Equity	3,962	3,742	2,985
Equity and net debt	4,920	5,059	4,730
ROCE ²⁾	15%	9%	9%
ROCE ²⁾ w/o Goodwill	27%	17%	16%
Net debt / Equity	24%	35%	58%
Net debt / EBITDA ²⁾	1.08	1.98	2.81

¹⁾ Deferred tax assets and liabilities + Income tax receivables and payables.

²⁾ Operating income adjusted for fair value allocations and amortization of intangible assets identified in connection with business acquisitions and for restructuring costs. Calculated based on the last twelve months.

³⁾ Including restructuring provision and derivatives.

Financial targets

Sales growth

> 5%

**Organic growth of 5%
over a business cycle**

Consider acquisitions to reach new markets or to strengthen current market positions.

LTM 22/23

11.1%

at fixed exchange rates

Operating margin

> 10%

**Top line growth
– premium focus**

Improvements in manufacturing,
sourcing and logistics.

LTM 22/23

8.8%

Dividend payout ratio

40+%

**Target at least 40%
of net profit**

2022

3.00 SEK (70%)

Summary Q3, 2023

- Strong quarter in a volatile environment
- Operating margins are back to pre-pandemic levels
- Uncertainty in consumer confidence is balanced by a basic need to socialize

Thank you!

