

# Interim report Q2 2023

Building a platform for sustainable growth

Robert Dackeskog, President and CEO  
Magnus Carlsson, CFO

**DUNI**  
GROUP



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# Highlights

- Sales continue to increase and market show resilience with healthy demand.
- Price compensation measures taken in 2022 and beginning of 2023, together with high efficiency in production, strengthen gross margin.
- Historical strong Q2, operating income 170 MSEK, an increase of 87% vs Q2 2022.
- Operating cash flow of 354 MSEK derived from inventory reduction and result.





# Agenda

Market outlook

Q2 summary

Business areas

Innovations

Sustainability

Financials

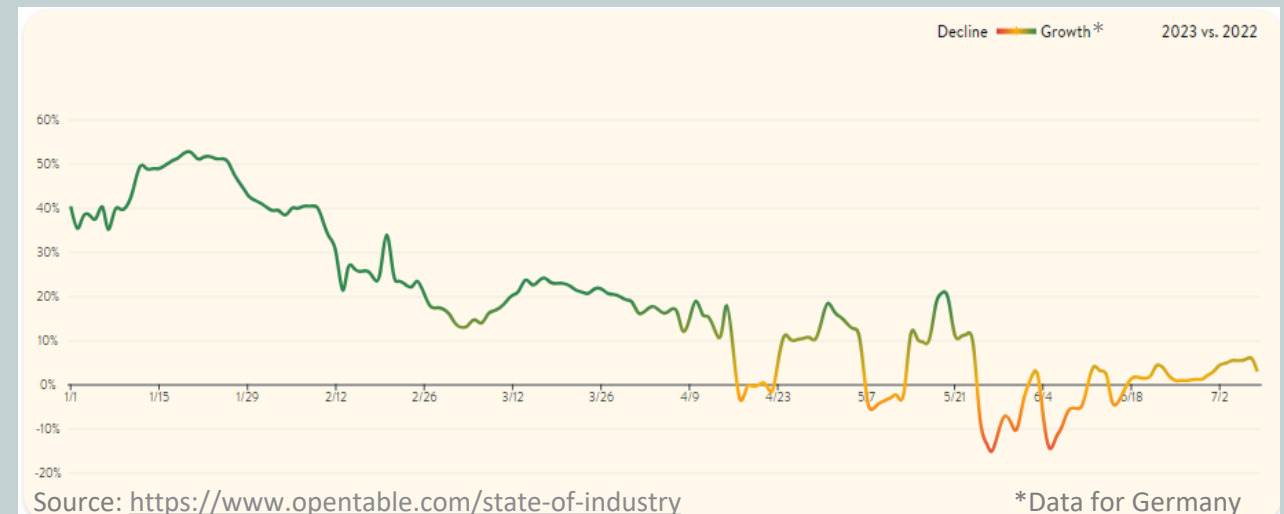
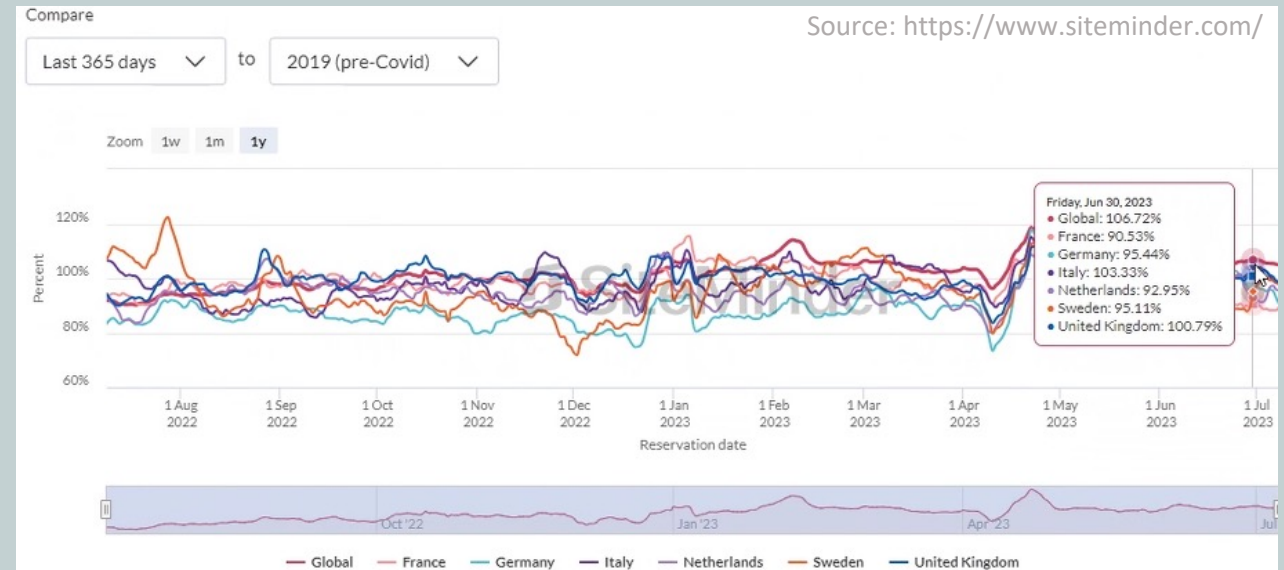
Q&A

# Market data

| Betriebsart   | 1. Quartal 2023* |               | Jahr 2022*  |               |
|---|------------------|---------------|-------------|---------------|
|   | nominal          | real          | nominal     | real          |
| Hotellerie<br>(Hotels, Hotels garnis,<br>Gasthöfe, Pensionen) | 5,9%             | -9,1%         | 1,3%        | -9,2%         |
| <b>Beherbergungsgewerbe<br/>insgesamt</b>                     | <b>5,5%</b>      | <b>-9,7%</b>  | <b>1,5%</b> | <b>-8,9%</b>  |
| speisengeprägte Gastronomie                                   | 8,4%             | -12,8%        | 4,6%        | -9,8%         |
| getränkegeprägte Gastronomie                                  | -12,3%           | -34,1%        | -15,9%      | -31,1%        |
| <b>Gaststättengewerbe</b>                                     | <b>6,5%</b>      | <b>-14,8%</b> | <b>2,7%</b> | <b>-11,8%</b> |
| Caterer und sonstige<br>Verpflegungsdienstleistungen          | 11,2%            | -10,3%        | -1,8%       | -12,9%        |
| <b>Gastgewerbe</b>  | <b>7,1%</b>      | <b>-12,5%</b> | <b>0,2%</b> | <b>-12,3%</b> |

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

- Market data lagging and uncertainty in outlook, although consumer resilience during H1.
- In the first quarter of 2023, the market was still in recovery in terms of volumes compared to 2019.
- Hotel reservations still slightly below 2019 for most European markets.
- As Q2 last year was the first full restriction free quarter since the pandemic started, growth rates for the seated table has slowed down in Q2 this year.





## Q2 2023 key financials

Net sales

+12.3%

Net sales amounted to  
SEK 1 936 m (1 724)

Operating income

SEK 170 m

Operating income amounted to  
SEK 170 m (91)

Operating margin

8.8%

Operating margin was  
8.8% (5.3)

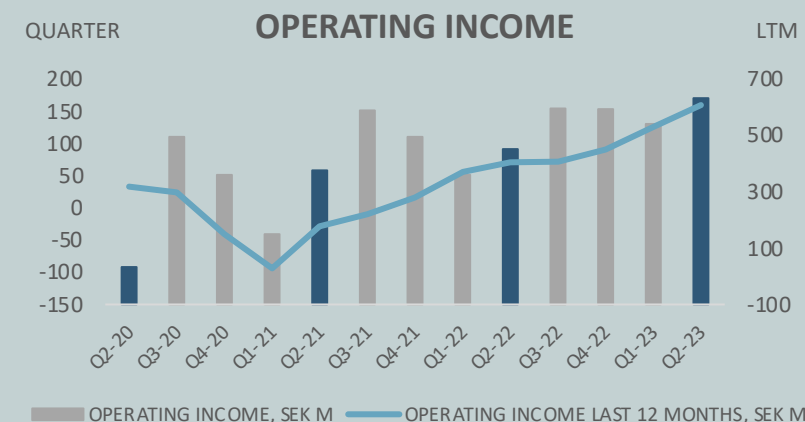
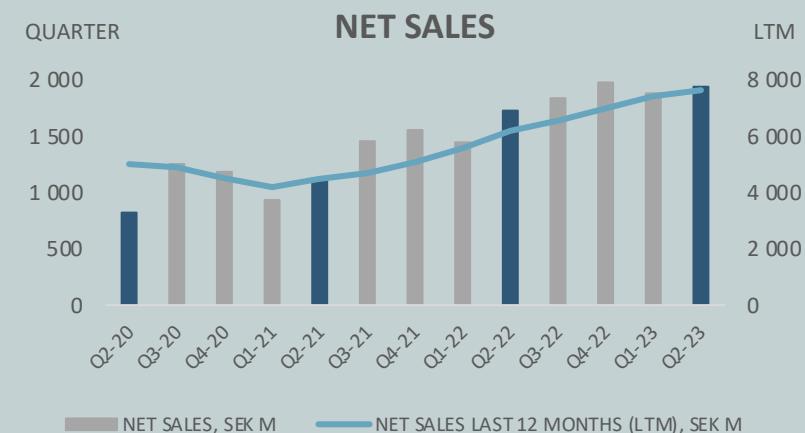
# Q2 comments

## Net sales +12.3%

- Significant growth in absolute terms.
- Currency and price adjustments main drivers of growth.
- Solid underlying business with normalized sales to the restaurant segment.
- Damped demand for take-away in Europe while growth outside of Europe continues.

## Operating income +87.1%

- Historically high operating income in absolute terms.
- Normalized margins for a second quarter.
- Balance between cost increases and cost compensations main driver for improved result.



# BA Duni Dining solutions

Net sales

**1,148** (973)

SEK m

Operating income

**134** (71)

SEK m

Operating margin

**11.6** (7.3)

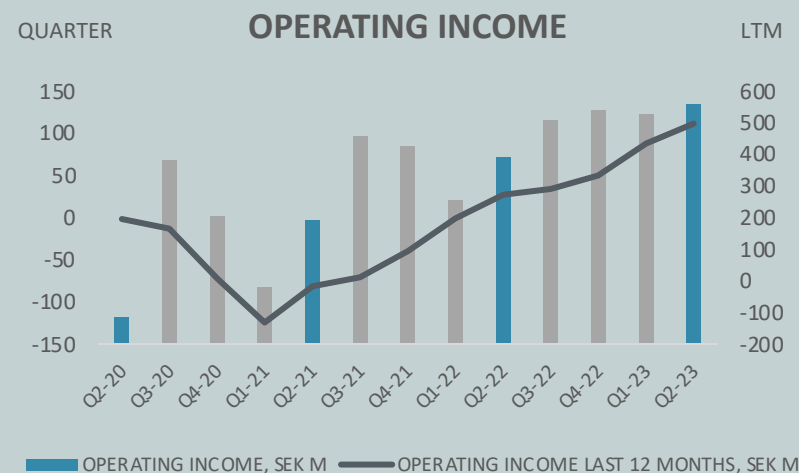
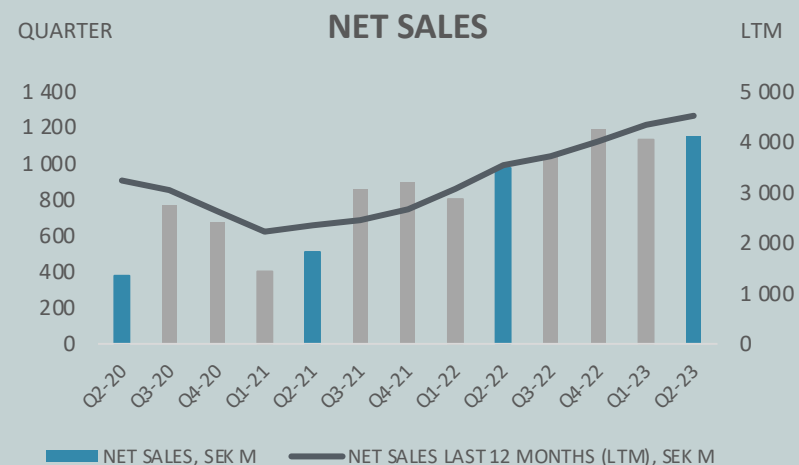
%





# Business area Duni Q2, 2023

- Sales to restaurant and hotel segment close to historical levels despite challenging macro environment.
- Retail volumes decreases in the quarter but grows compared to pre-pandemic levels.
- Newly launched BioDunisoft® very well received in the market with growing sales.
- Cost compensating price adjustments, implemented last year and last quarter, strongly supports both sales growth and margin recovery.
- Slow down in inflationary pressure where a few input materials even show a slight decrease.
- Continuous efficiency improvements in production and government energy support further strengthens the operating income improvements.



# BA BioPak Food packaging solutions

Net sales

**788** (751)  
SEK m

Operating income

**36** (20)  
SEK m

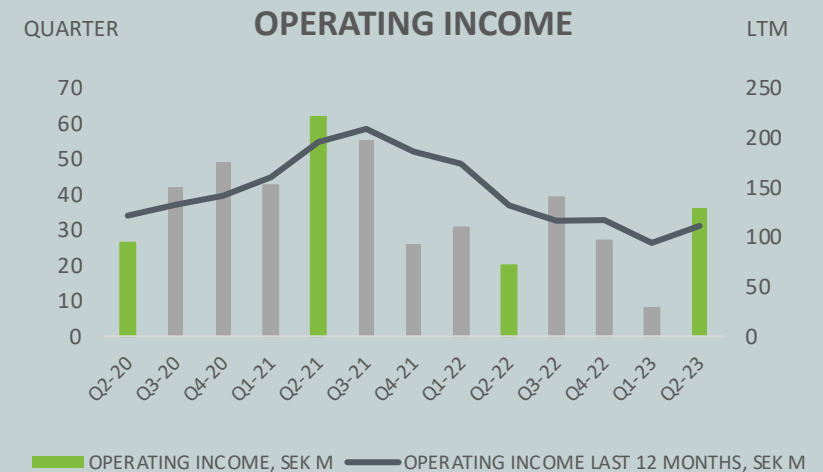
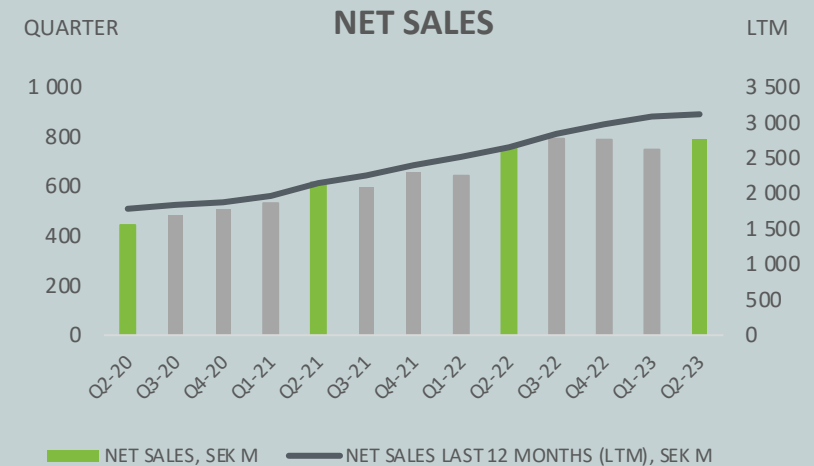
Operating margin

**4.6** (2.7)  
%



# Business area BioPak Q2, 2023

- Sales improve in the quarter, but at a slower pace than previous quarters.
- Main explanations for the lower growth is less demand on take-away in Europe and high comparison numbers in Australia.
- Cost compensating price adjustments implemented mainly last year supports both turnover and margin.
- The work to further develop the business areas offering to meet the market demand for sustainable packaging includes launch of paper cups with water-based barriers.
- Volatile demand and decreasing spot prices for container freight has led to high stock levels, partially purchased with container freight prices much higher than current levels.
- A stock value write down on articles with low stock turnover was done in the quarter in order to better meet market prices.



# Becoming the trusted sustainability leader in our industry

Engaging in sustainable innovations:

Lab

BioDunisoft®

BioDunicel®

Cooperations

Organo Click

BicyCompost

Partnerships

Bûmerang

Relevo

Startups

Idun

Unmo



# Innovation projects

- Duni Group's innovation projects progressed positively during the quarter.
- The Idun project, tapping restaurants into the circular economy, launched a pilot at the political event Almedalen in Visby with great interest from the industry.
- Using the Idun solution, restaurant will comply to legislation requiring reuse at the table – also for fast food chains.
- The Unmo project, providing a digital community for restaurant owners and potential employees, was launched in Malmö during the second quarter, being the first city in Sweden.



Om

Logga in

Registrera

Unmo

Först ut: Malmö

Vår vision är att lansera Unmo globalt, men vi måste börja någonstans. Så, vilken plats vore en bättre start än den gastronomiska hot-spoten Malmö? Första versionen av Unmo lanseras tillsammans med utvalda restauranger i Malmö. Driver du restaurang i Malmöområdet eller är du en driven medarbetare som vill bidra till en socialt hållbar bransch? Hör av dig till: [hello@unmo.se](mailto:hello@unmo.se)

DUNI  
GROUP

# *Our Decade of Action*

## **Our sustainability initiatives**

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### **Becoming circular at scale**

Fully circular

**100%**

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### **Going Net Zero**

Net Zero carbon emissions for  
Scope 1 and 2

**0 CO<sub>2</sub>**

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### **Living the change**

A trusted sustainability leader

**#1**



## Becoming circular at scale

### Activities in the quarter:

- Pilot tests of Idun, the Group's circular solution for restaurants
- Participation in "World Cleanup Day" in Germany

### 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 65 for Q2 2023 (reduction by 35%)



## Going net zero

### Activities in the quarter:

- Installation of charging posts in Bramsche
- Implementation of external knowledge platform "Climate Fresk"
- "Energy heroes" campaign in Bramsche

### Scope 1+2 intensity

**KPI :** Reach index 37 by end of 2023 (tons of CO<sub>2</sub>e per ton self-produced product).  
**Progress:** Carbon intensity reached 38 by the end of Q2 2023



## Living the change

### Activities in the quarter:

- Idun launched as a pilot during Almedalen, with seminars and round-table discussions
- Start of step 1 in a five-step sustainability training for employees
- Launch of Sustainability Playbook – tools for the sales force

### Ecovadis score:

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



# Financials



# Income statement

| SEK m  | Q2<br>2023 | Q2<br>2022 | YTD<br>2023 | YTD<br>2022 | LTM<br>22/23 | FY<br>2022 |
|--|------------|------------|-------------|-------------|--------------|------------|
| Net sales  | 1 936      | 1 724      | 3 813       | 3 167       | 7 621        | 6 976      |
| Gross profit   | 440        | 283        | 831         | 554         | 1 595        | 1 318      |
| Gross margin   | 22.7%      | 16.4%      | 21.8%       | 17.5%       | 20.9%        | 18.9%      |
| Selling expenses   | -171       | -145       | -332        | -294        | -647         | -609       |
| Administrative expenses  | -119       | -97        | -214        | -175        | -421         | -381       |
| R & D expenses   | -9         | 0          | -15         | 0           | -18          | -4         |
| Other operating net  | 13         | 26         | -5          | 8           | -11          | 1          |
| <b>EBIT</b>  | <b>154</b> | <b>67</b>  | <b>265</b>  | <b>93</b>   | <b>498</b>   | <b>326</b> |
| Adjustments  | -16        | -24        | -35         | -49         | -109         | -124       |
| <b>Operating income <sup>1)</sup></b>                                    | <b>170</b> | <b>91</b>  | <b>300</b>  | <b>142</b>  | <b>607</b>   | <b>450</b> |
| Operating margin   | 8.8%       | 5.3%       | 7.9%        | 4.5%        | 8.0%         | 6.4%       |
| Financial net  | -10        | -7         | -28         | -21         | -49          | -43        |
| Taxes  | -24        | -11        | -27         | -17         | -92          | -82        |
| <b>Net income</b>  | <b>120</b> | <b>49</b>  | <b>211</b>  | <b>55</b>   | <b>357</b>   | <b>201</b> |
| Earnings per share, attributable to equity holders of the Parent Company | 2.20       | 1.02       | 3.86        | 1.13        | 6.97         | 4.25       |

<sup>1)</sup> 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      |                                | Q2<br>2023   | Q2<br>2022   | YTD<br>2023  | YTD<br>2022  | LTM<br>22/23 | FY<br>2022   |
|------------|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Duni       | Net sales                      | 1 148        | 973          | 2 278        | 1 774        | 4 508        | 4 004        |
|            | Operating income <sup>1)</sup> | 134          | 71           | 255          | 91           | 497          | 333          |
|            | Operating margin               | 11.6%        | 7.3%         | 11.2%        | 5.2%         | 11.0%        | 8.3%         |
| BioPak     | Net sales                      | 788          | 751          | 1 535        | 1 393        | 3 113        | 2 972        |
|            | Operating income <sup>1)</sup> | 36           | 20           | 45           | 51           | 111          | 117          |
|            | Operating margin               | 4.6%         | 2.7%         | 2.9%         | 3.7%         | 3.6%         | 3.9%         |
| Duni Group | Net sales                      | <b>1 936</b> | <b>1 724</b> | <b>3 813</b> | <b>3 167</b> | <b>7 621</b> | <b>6 976</b> |
|            | Operating income <sup>1)</sup> | <b>170</b>   | <b>91</b>    | <b>300</b>   | <b>142</b>   | <b>607</b>   | <b>450</b>   |
|            | Operating margin               | <b>8.8%</b>  | <b>5.3%</b>  | <b>7.9%</b>  | <b>4.5%</b>  | <b>8.0%</b>  | <b>6.4%</b>  |

<sup>1)</sup> 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                             | Q2<br>2023 | Q2<br>2022 | YTD<br>2023 | YTD<br>2022 | LTM<br>22/23 | FY<br>2022 |
|-----------------------------------|------------|------------|-------------|-------------|--------------|------------|
| Operating EBITDA <sup>1)</sup>    | 210        | 126        | 372         | 212         | 743          | 581        |
| Capital expenditure <sup>1)</sup> | -18        | -19        | -37         | -39         | -63          | -65        |
| Change in;                        |            |            |             |             |              |            |
| Inventory                         | 163        | 10         | 316         | -177        | 113          | -379       |
| Accounts receivable               | -15        | -138       | -69         | -179        | -105         | -215       |
| Accounts payable                  | -41        | -14        | -260        | -160        | -25          | 75         |
| Other operating working capital   | 56         | 70         | 54          | 90          | 68           | 104        |
| Change in working capital         | 163        | -72        | 40          | -426        | 52           | -414       |
| Operating cash flow <sup>2)</sup> | 354        | 35         | 375         | -253        | 731          | 103        |

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

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

# Financial position

| SEK m  | June 2023    | December 2022 | June 2022    |
|--|--------------|---------------|--------------|
| Goodwill   | 2 160        | 2 136         | 2 060        |
| Tangible and intangible fixed assets                 | 1 548        | 1 474         | 1 472        |
| Net financial assets <sup>1)</sup>                   | 4            | -44           | 20           |
| Inventories  | 1 469        | 1 727         | 1 483        |
| Accounts receivable                                  | 1 259        | 1 137         | 1 074        |
| Accounts payable                                     | -601         | -840          | -586         |
| Other operating assets and liabilities <sup>3)</sup> | -699         | -531          | -910         |
| <b>Net assets</b>                                    | <b>5 142</b> | <b>5 059</b>  | <b>4 613</b> |
| Net debt   | 1 274        | 1 317         | 1 750        |
| Equity   | 3 868        | 3 742         | 2 863        |
| <b>Equity and net debt</b>                           | <b>5 142</b> | <b>5 059</b>  | <b>4 613</b> |
| ROCE <sup>2)</sup>                                   | 12%          | 9%            | 9%           |
| ROCE <sup>2)</sup> w/o Goodwill                      | 22%          | 17%           | 17%          |
| Net debt / Equity                                    | 33%          | 35%           | 61%          |
| Net debt / EBITDA <sup>2)</sup>                      | 1.56         | 1.98          | 2.84         |

<sup>1)</sup> Deferred tax assets and liabilities + Income tax receivables and payables.

<sup>2)</sup> 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.

<sup>3)</sup> 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**

**16.6%**

at fixed exchange rates

## Operating margin

> 10%

**Top line growth  
– premium focus**

Improvements in manufacturing, sourcing and logistics.

**LTM 22/23**

**8.0%**

## Dividend payout ratio

40+%

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

**2022**

**3.00 SEK (70%)**

# Thank you!

