

A man and a woman are walking on a wooden deck at dusk. The woman is on the left, wearing a light blue t-shirt and light-colored trousers, carrying a wooden crate. The man is on the right, wearing a light blue t-shirt and light-colored trousers. They are surrounded by outdoor furniture, including tables, chairs, and umbrellas. The scene is dimly lit, with warm lights from the furniture and umbrellas creating a cozy atmosphere. In the background, there is a white building with a tiled roof and some greenery.

Interim report Q3 2022

Building a platform for sustainable growth

Robert Dackeskog, President and CEO
Magnus Carlsson, CFO

DUNI
GROUP

Highlights

- All-time high operating income for the third quarter
- Market consumption normalized and a swift comeback for BA Duni
- Inflation and high electricity prices continue to be a challenge
- Duni Group committed to setting Science Based Targets (SBT)





Agenda

Market outlook

Q3 summary

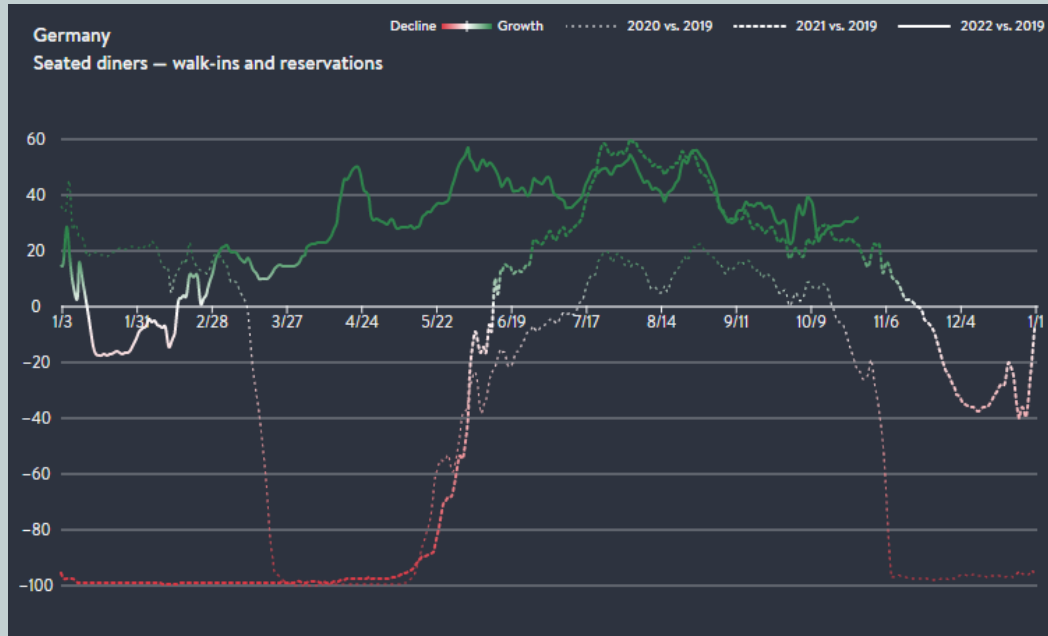
Business areas

Sustainability

Financials

Q&A

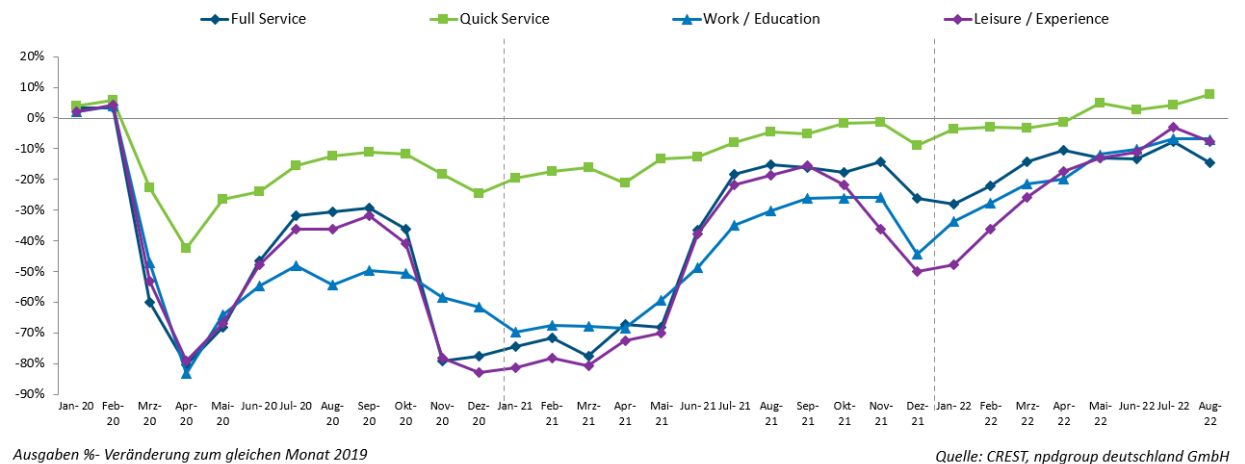
Market outlook – Adequate consumer demand, but with higher uncertainty



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

Development main segments (Germany; value vs. 2019)

Quick service restaurants are already above 2019 - especially full service and leisure/experience could recover faster than canteens after the second lockdown.



Source: NPD Group Germany / CREST Foodservice Market Germany 2023/2024

- Q3 reach pre-pandemic levels. Latest statistics from open table mid October indicate levels still above 2019 levels for seated diners.
- Inflation will impact consumer demand, but number of future visits could be mitigated with a trading down behavior. Need to socialize still strong.

Q3 2022 key financials

Net sales

+26.2%

Net sales amounted to
SEK 1 834 m (1 453)

Operating income

SEK 154 m

Operating income amounted to
SEK 154 m (151)

Operating margin

8.4%

Operating margin was
8.4% (10.4)

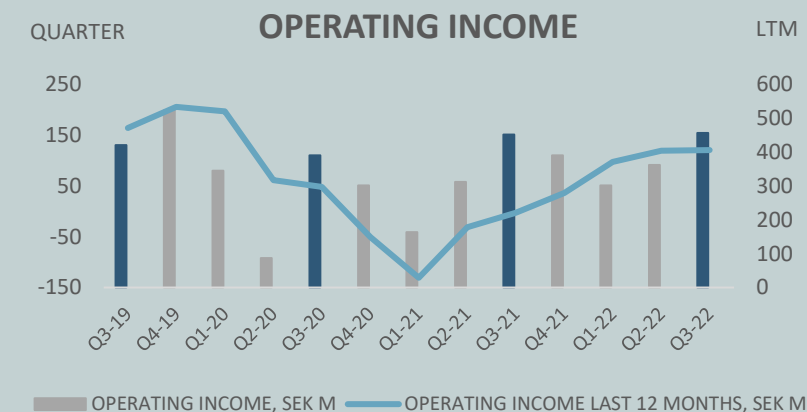
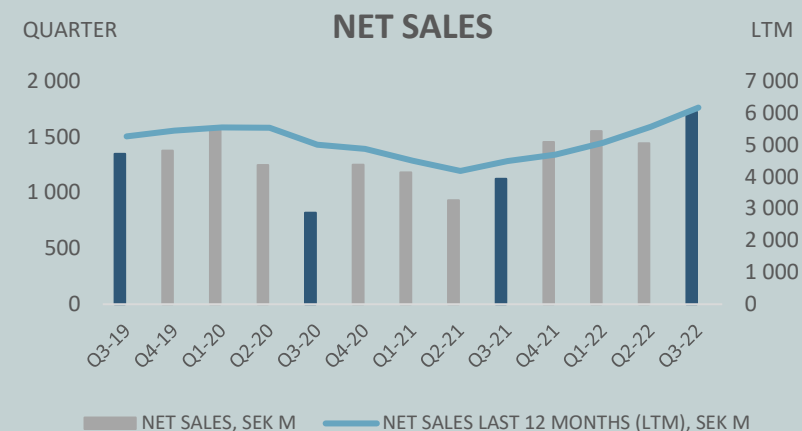
Q3 comments

Net sales +26.2%

- Continued strong recovery in the HoReCa market as the full quarter is without restrictions
- Consumption behavior in line with pre-pandemic patterns
- Growth in all regions with significant growth in RoW
- Price increases strong growth driver for both business areas
- Further price increases are announced as inflationary pressure continues

Operating Income +1.5%

- Historically best operating income reported for the third quarter
- Normalized volumes in business area Duni improves fixed cost coverage
- Very high inflation pressures margin while price increases compensate
- Indirect cost increases as market activities come back to normal
- High warehousing costs as consequence of volatile demand



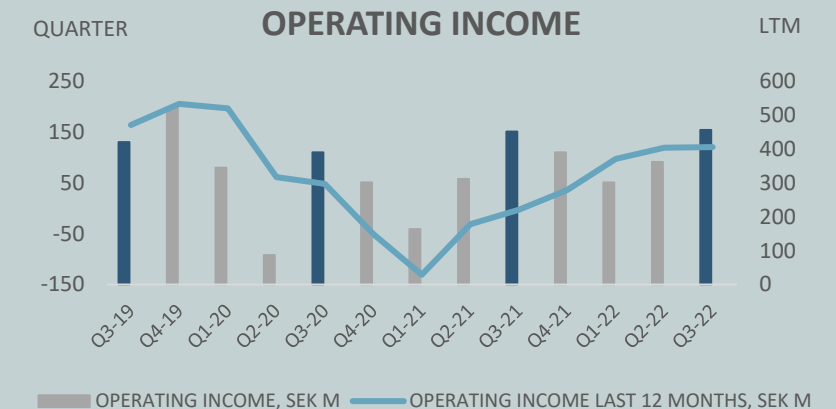
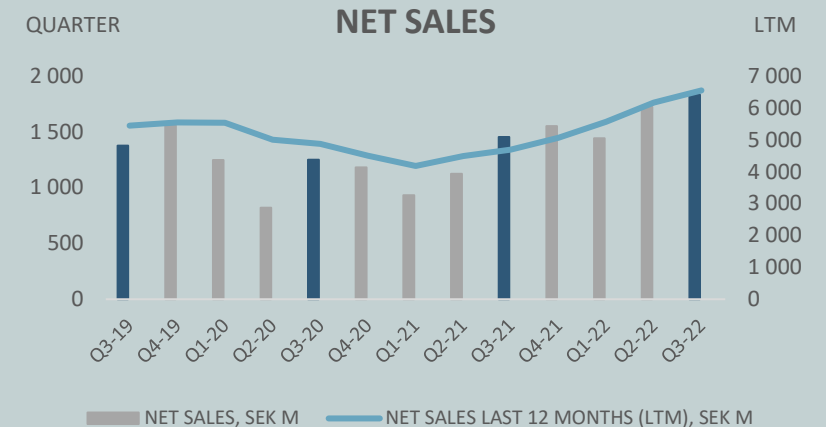
YTD comments

Net sales +42.5%

- Beginning of the year still characterized by restrictions linked to the Covid-19 pandemic, but at a lesser extent than in 2021
- Restrictions eased during the first half of the year and were fully removed during the second quarter
- Significant sales recovery in the hotel, restaurant and event segments while demand for take-away decreased as restriction eased
- Sales through the retail channel and in the Australian market has been strong during the full period
- Price increases vital to protect margins

Operating Income +75.1%

- BA Duni is the strongest contributor to the improved operating income as sales gradually normalized during the period
- Strong inflationary pressure for raw material, energy and logistic services puts pressure on the margin while trailing price increases to compensate
- Government support of SEK 39 m is included compared to SEK 104 m in 2021





Net sales

1,043

Net sales
amounted to SEK 1,043 m
(857)

Operating income

115

Operating income
amounted to SEK 115 m (96)

Operating margin

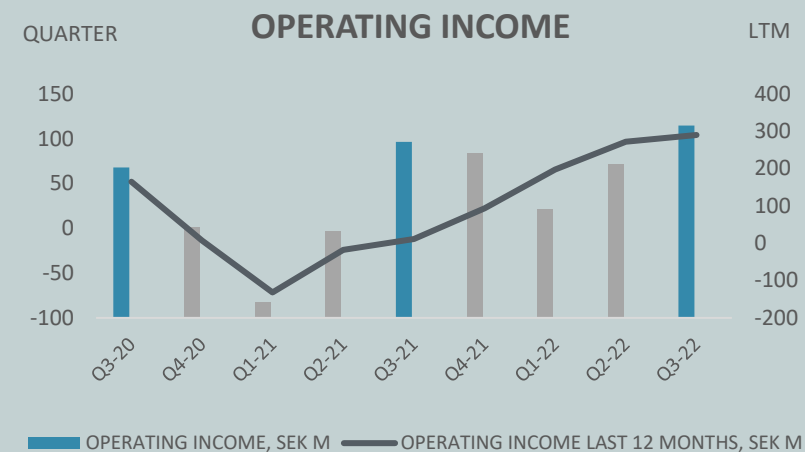
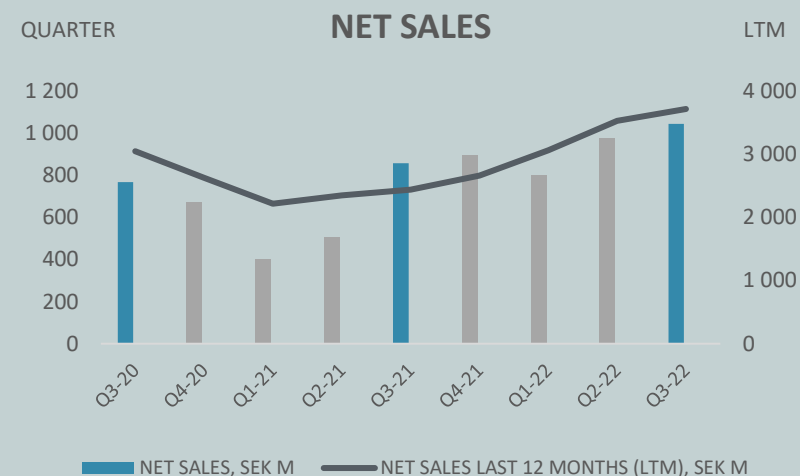
11.0%

Operating margin was
11.0% (11.2%)



Business area Duni Q3, 2022

- Restrictions to curb the pandemic have had a major impact in the past two years
- Very strong sales recovery throughout the period with volumes in line with pre-pandemic levels at the end of Q2 and during Q3
- Economies of scale recover as volumes return, strengthening the result
- Inflation on raw material, energy and logistic services pressures the margin while compensating price increases are being implemented
- Rapid market recovery coupled with high sick leave in production has resulted in operational strains and lower stock levels
- Emission rights at the Skåpafors paper mill sold off at approx. SEK 5 m





Net sales

791

Net sales
amounted to SEK 791 m (596)

Operating income

39

Operating income
amounted to SEK 39 m (55)

Operating margin

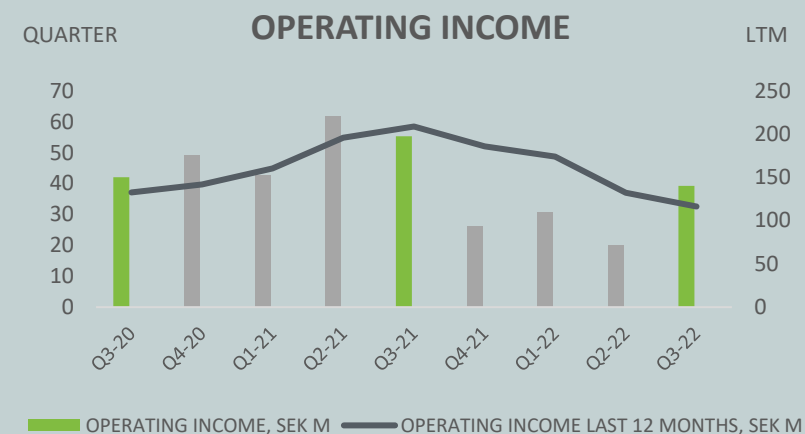
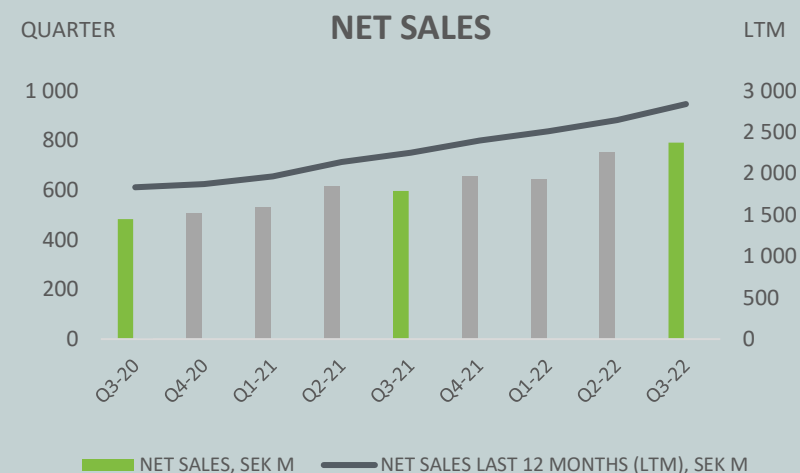
5.0%

Operating margin
was 5.0% (9.3%)



Business area BioPak Q3, 2022

- Continuous strong growth in the third quarter, primarily explained by price increases and on the Australian market
- The demand for take-away has decreased compared to last year as restrictions eased, negatively impacting mainly the European market
- As events and social gatherings normalize, demand for serving products has increased and demand for sustainable packaging continues to drive volume growth
- High stock build up generates clear improvement in delivery capacity, but also higher cost through stock management
- Container freight, energy and logistic services in mainly the European business continuous to drive up costs
- Price increases strengthens the result and further price increases are announced



Our Decade of Action

Our sustainability initiatives

Carbon intensity index Scope 1 & 2 (tons CO₂ per ton self-produced product)

39

Outcome Jan-Sep 2022

40

Goal 2025

100

Base year 2019

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

Goal 2030: fully circular operations

- Environmentally smart materials and suppliers
- Efficient operations
- Relevant solutions for reuse, recycling, and composting
- No virgin fossil-based plastic for single-use products

Interim target 2025:

- Reduction of virgin fossil-based plastic in single-use products by 50% compared with 2019 as a base year
- A large number of end-of-life solutions
- FSC®-certified products: 100% for Duni and 75% for BioPak Europe.

Activities:

- Partnerships in multi-use solutions including BioInnovation
- Participation in projects for circular business development and circular e-commerce deliveries for retailers
- Engagement in “Cleanup Week” at several locations across Europe



Going net zero

Goal 2030: zero vision for GHGs under the GHG Protocol Scope 1 and Scope 2

- Science Based Targets approved, measured and communicated quarterly, including GHG-protocol Scope 3
- We will measure impact across our value chain
- Transparent reporting of results

Interim target 2025:

- Activities in accordance with the approved science-based targets of the international collaboration Science Based Targets initiative, SBTi
- 60% reduction in carbon intensity with 2019 as the base year

Activities:

- Committed to set Science Based Targets
- Evaluation of future energy solutions for Rexcell
- Standardization of reporting of production waste in Scope 3 work



Living the change

Goal 2030: a trusted sustainability leader

- We will be a committed partner for our key stakeholders
- We will be the trusted expert - with the best recognized eco-smart solutions
- Our communication should have a high degree of transparency, integrity, and openness

Interim target 2025:

- Key stakeholders see us as a leading sustainability company
- Achieve 75 points in the EcoVadis system
- All employees trained in sustainability

Activities:

- Round table discussions about disposable and multi-use solutions at Almedalen
- New and updated policies for better governance
- E-learning platform for sustainability launched
- Facilitators for climate workshops trained

An aerial photograph of a dense forest of evergreen trees. In the center of the image, a single tree stands out with bright yellow foliage, contrasting sharply with the surrounding dark green canopy. The word "Financials" is overlaid in white text on the lower half of the image.

Financials

Income Statement

SEK m	Q3 2022	Q3 2021	YTD 2022	YTD 2021	LTM 21/22	FY 2021
Net sales	1 834	1 453	5 002	3 509	6 553	5 061
Gross profit	364	337	918	635	1 212	928
Gross margin	19.8%	23.2%	18.3%	18.1%	18.5%	18.3%
Selling expenses	-147	-125	-441	-369	-576	-505
Administrative expenses	-78	-64	-252	-190	-333	-271
R & D expenses	-1	0	-1	0	-2	-1
Other operating net	-6	-12	2	47	-24	21
EBIT	132	135	226	122	276	173
Adjustments	-21	-16	-71	-47	-130	-106
Operating income ¹⁾	154	151	296	169	406	279
Operating margin	8.4%	10.4%	5.9%	4.8%	6.2%	5.5%
Financial net	-12	-7	-33	-32	-41	-39
Taxes	-33	-27	-50	-22	-84	-56
Net income	87	102	142	68	151	77
Earnings per share	1.84	2.16	2.97	1.43	3.16	1.62

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 2022	Q3 2021	YTD 2022	YTD 2021	LTM 21/22	FY 2021
Duni	Net sales	1 043	857	2 817	1766	3 713	2 662
	Operating income ¹⁾	115	96	206	9	290	93
	Operating margin	11.0%	11.2%	7.3%	0.5%	7.8%	3.5%
BioPak	Net sales	791	596	2 185	1 744	2 840	2 399
	Operating income ¹⁾	39	55	90	160	116	186
	Operating margin	5.0%	9.3%	4.1%	9.2%	4.1%	7.7%
Duni Group	Net sales	1 834	1 453	5 002	3 509	6 553	5 061
	Operating income ¹⁾	154	151	296	169	406	279
	Operating margin	8.4%	10.4%	5.9%	4.8%	6.2%	5.5%

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 2022	Q3 2021	YTD 2022	YTD 2021	LTM 21/22	FY 2021
Operating EBITDA ¹⁾	188	187	399	276	545	421
Capital expenditure ¹⁾	-15	-11	-53	-35	-76	-57
Change in;						
Inventory	-156	-110	-333	-160	-540	-367
Accounts receivable	-68	-172	-247	-281	-206	-239
Accounts payable	71	104	-89	76	121	287
Other operating working capital	60	120	149	131	102	84
Change in working capital	-94	-57	-520	-234	-523	-237
Operating cash flow ²⁾	79	119	-174	7	-54	127

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 2022	December 2021	September 2021
Goodwill	2 080	2 010	2 016
Tangible and intangible fixed assets	1 440	1 494	1 521
Net financial assets ¹⁾	3	15	37
Inventories	1 669	1 253	1 033
Accounts receivable	1 162	860	891
Accounts payable	-668	-723	-506
Other operating assets and liabilities ³⁾	-956	-818	-829
Net assets	4 730	4 090	4 163
Net debt	1 745	1 375	1 466
Equity	2 985	2 714	2 697
Equity and net debt	4 730	4 090	4 163
ROCE ²⁾	9%	7%	5%
ROCE ²⁾ w/o Goodwill	16%	14%	11%
Net debt / Equity	58%	51%	54%
Net debt / EBITDA ²⁾	2.81	2.83	3.39

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 21/22

35.0%

at fixed exchange rates

Operating margin

> 10%

**Top line growth
– premium focus**

Improvements in manufacturing, sourcing and logistics.

LTM 21/22

6.2%

Dividend payout ratio

40+%

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

2021

0 SEK



Thank you!