

Year-End report 2023

Building a platform for sustainable growth

Robert Dackeskog, President and CEO
Magnus Carlsson, CFO

DUNI
GROUP



Disclaimer

- This presentation has been prepared by Duni AB (the “Company”) solely for use at this investor presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- The Information has been prepared solely for information purposes. The information does not constitute investment advice and does not form part of, and should not be construed as, an offer or the solicitation of an offer to subscribe for or purchase securities of the Company. Nothing contained therein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice, except as required by applicable law, the Company does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

Highlights

- Strengthened margins and improved operating income versus last year
- Strong operating cash flow and low net debt provides increased room for maneuver
- Board propose a dividend of 5.00 SEK per share
- Business Areas change names to be more descriptive





Agenda

Market outlook

Q4 summary

Business areas

Innovations

Sustainability

Financials

Q&A

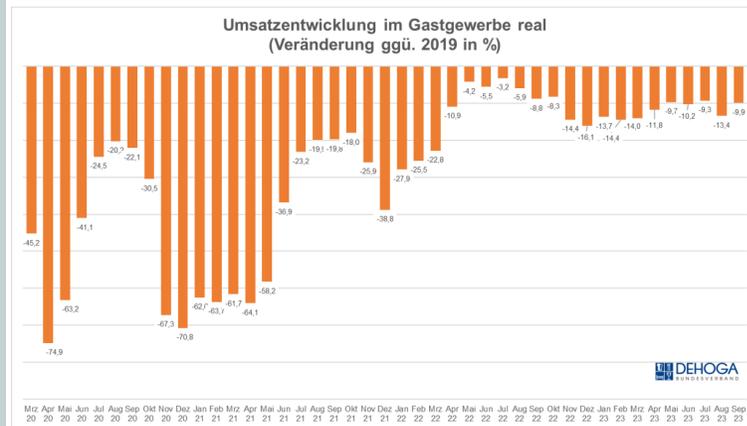
Market outlook

- The HoReCa market will continue to have a gradual and potentially volatile recovery short-term and a stable recovery long-term. Mixed signals and uncertainty for the coming quarters.
- 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.

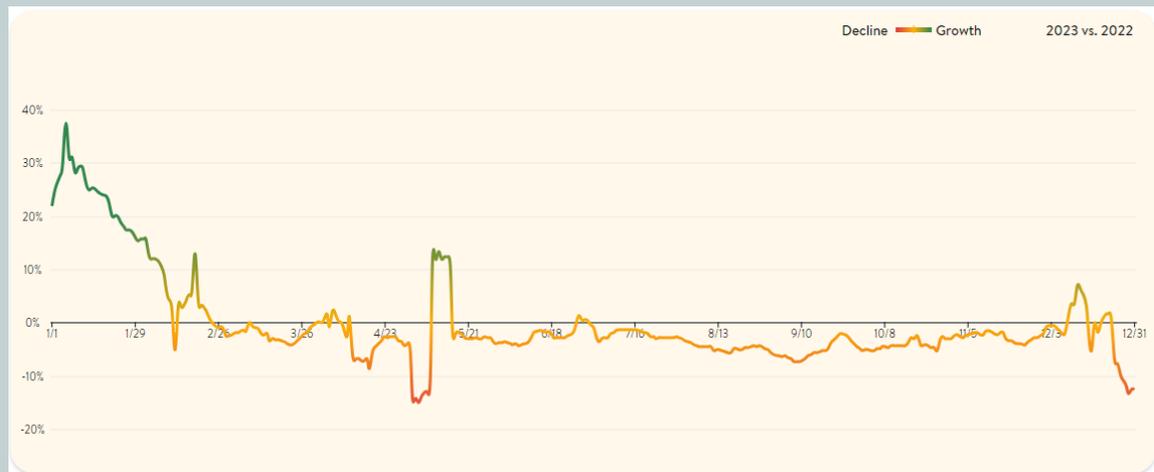
Source: NPD, part of Crest



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



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



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

*Data for Germany

Q4 2023 key financials

Net sales

-0.2%

Net sales amounted to
SEK 1,971 m (1,974)

Operating income

SEK **191** m

Operating income amounted to
SEK 191 m (153)

Operating margin

9.7%

Operating margin was
9.7% (7.8)

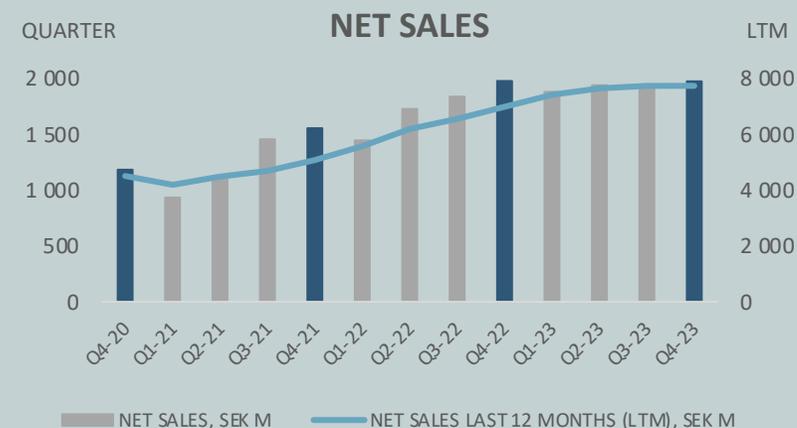
Q4 comments

Net sales -0.2%

- Historically high sales in line with last years record Q4
- Currency and price increases drive top line
- Sales through retail channel decline versus last year
- Market is more stable but not yet back at pre-pandemic levels
- Especially Christmas sales has room for further recovery in Q4 and still below pre-pandemic levels

Operating income +24.7%

- Significant growth in operating income
- Balance between cost and price adjustments main drivers for improved result
- Efficiencies in production and procurement further strengthens the result
- One off costs, such acquisition costs, included in Q4



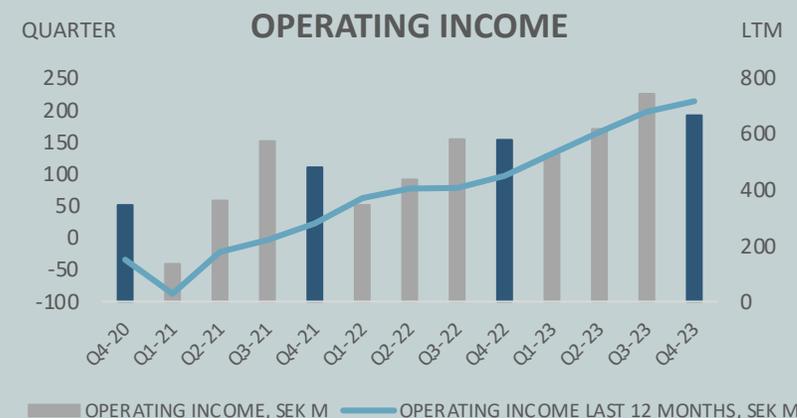
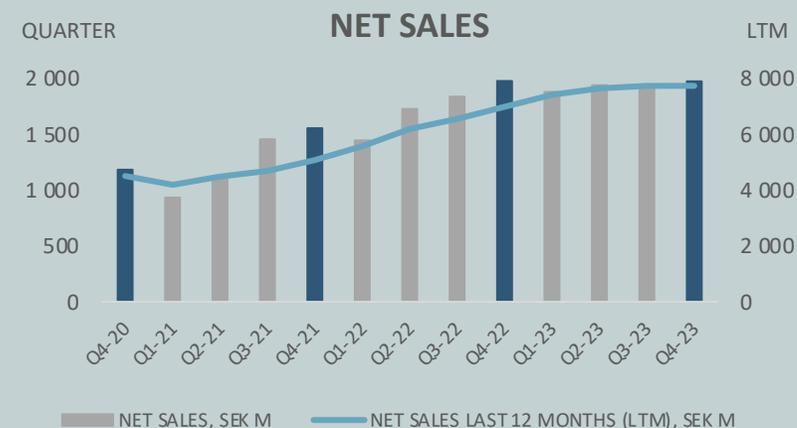
YTD comments

Net sales +10.6%

- Positive turnover development during the year, with main growth coming from first half of the year
- Cost compensating price adjustments implemented mainly during 2022 and Q1 2023 significantly strengthens top line
- Sales towards the hotel and restaurant industry increase in volume while volumes for take-away and through the retail channels decrease

Operating income +59,4%

- Operating income improve significantly versus last year and is record high
- Balance between cost increases and price adjustments towards the market main driver for the improvement
- High stock levels for BA Food packaging solutions resulting in stock write downs has been a challenge during the year, but a decreasing challenge as stocks gradually normalize
- Continuous efficiency gains in manufacturing and securing strategic contracts within sourcing further supports the result



BA Dining solutions

Net sales

1,214 (1,187)

SEK m

Operating income

175 (127)

SEK m

Operating margin

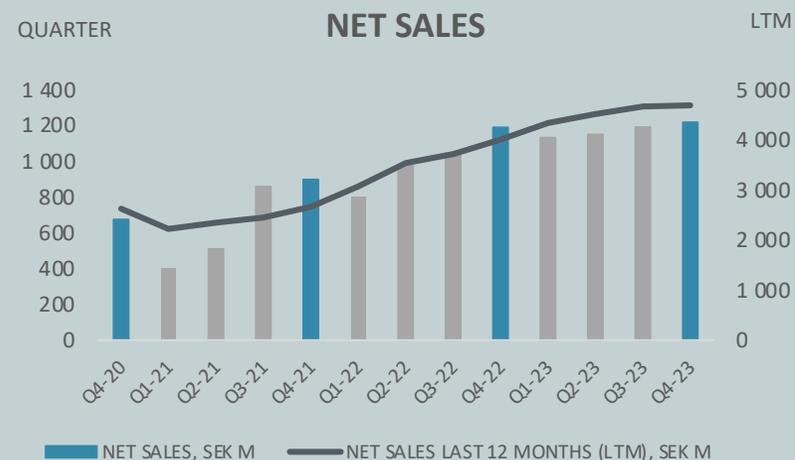
14.4 (10.7)

%



Dining solutions Q4, 2023

- Sales increase slightly in absolute terms due to currency price adjustments, while volumes decrease.
- Volumes through the Retail segment is above pre-pandemic levels, but compared to last year decrease.
- Cost compensating price adjustments, implemented mainly last year, strengthens both turnover and margin.
- The margin is further strengthened by general slow down in inflationary pressure. Pulp and freight costs up in the quarter.
- Continuous efficiency improvements in production with improved utilization degree contributed to improved operating margin.



BA Food packaging solutions

Net sales

757 (787)

SEK m

Operating income

17 (27)

SEK m

Operating margin

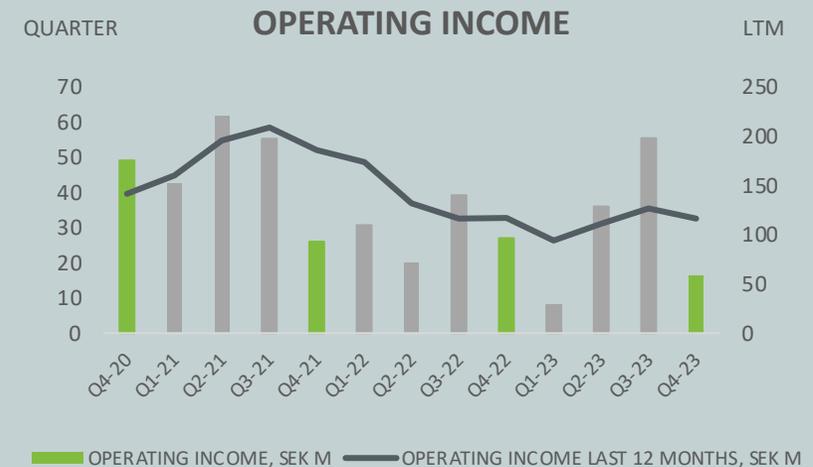
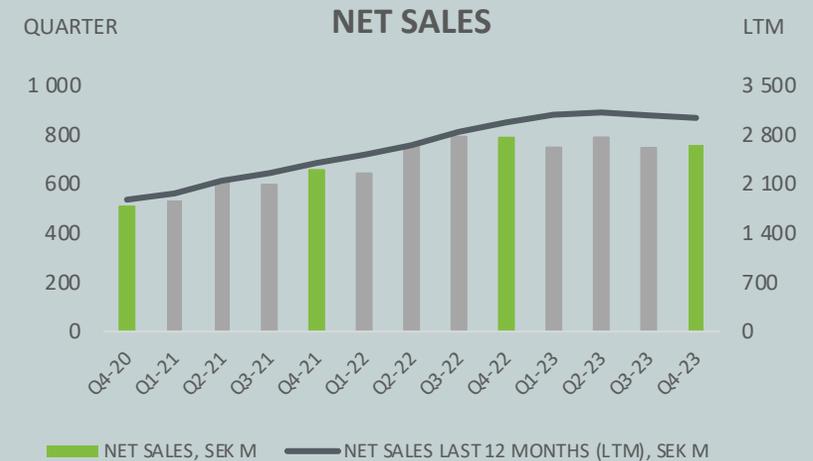
2.2 (3.4)

%



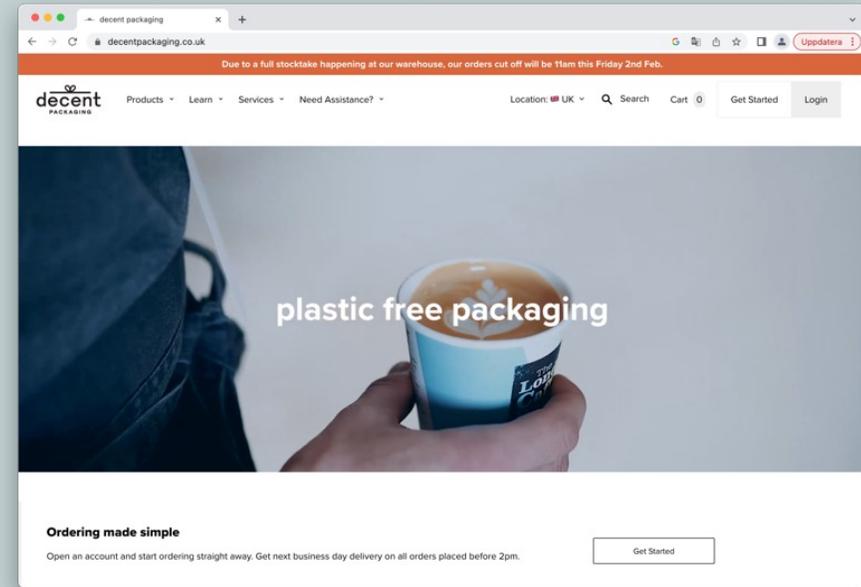
Food packaging solutions Q4, 2023

- Turnover decreases in the quarter after long period of high growth rates.
- Main reason for lower sales is mainly price reductions and high comparison numbers.
- Cost of sea freight increased again end of the year after a period of normalized levels lower levels. Price/cost relation important for the coming quarter.
- Stock levels continue to decrease from peak levels at end of 2022 lowering cost of storage and improved cash flow.
- The work to further develop the business areas offering to meet the market demand for sustainable packaging continues. Latest launches includes a PFAS free assortment and costs connected to phase out and campaigns burdened the margins in the quarter.



Acquisition

- Duni Group expands further into sustainable packaging by BioPak Group's acquisition of New Zealand-based Decent Packaging with net sales of approximately SEK 150 m and profitability in par with Duni Group.
- Strong synergies in innovative and sustainable packaging.
- The global market for sustainable packaging is expected to have an annual growth rate of 5-15 percent.
- The acquisition is financed within BioPak Group's loan facility and by BioPak Pty Ltd shares.
- Decent Packaging will be consolidated within BioPak Group and Duni Group's business area Food packaging solutions.



Trusted sustainability leader in our industry

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

Lab

Bio Dunisoft®

Bio Dunicel®

Cooperations

OrganoClick

Bower

BicyCompost

Partnerships (minority investments)

Bûmerang

Relevo

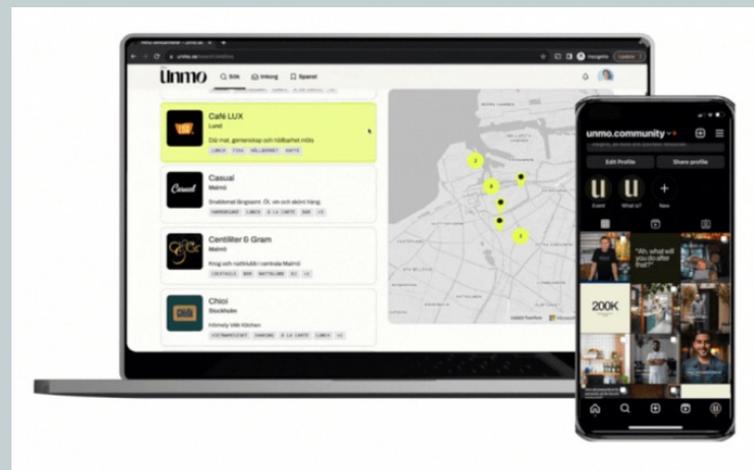
Startup projects

Idun

Unmo

Innovation projects

- Duni Group's innovation projects progressed positively during the quarter.
- The Unmo project, a digital platform for job seekers and restaurant owners with the aim of creating a socially sustainable restaurant industry, expanded from Malmö to Gothenburg and Stockholm as well as to some skiing destinations.
- The Idun system, tapping restaurants into the circular economy, piloted several events, for example the amusement park Liseberg wanting to enable circular food & beverage habits at their food court.



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:

- Idun, the system for reusable serving items, was tested as a pilot at the Liseberg amusement park
- Launch of take-away range with no added PFASs or fossil plastics

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 Q4 2023 (reduction by 35%)



Going net zero

Activities in the quarter:

- Science Based Targets approved
- Introduction of logistics solution with e-trucks in Germany to reduce CO2 emissions

Scope 1+2 intensity

KPI : Reach index 39 by end of 2023 (tons of CO₂e per ton self-produced product).
Progress: Carbon intensity reached 39 by the end of Q4 2023



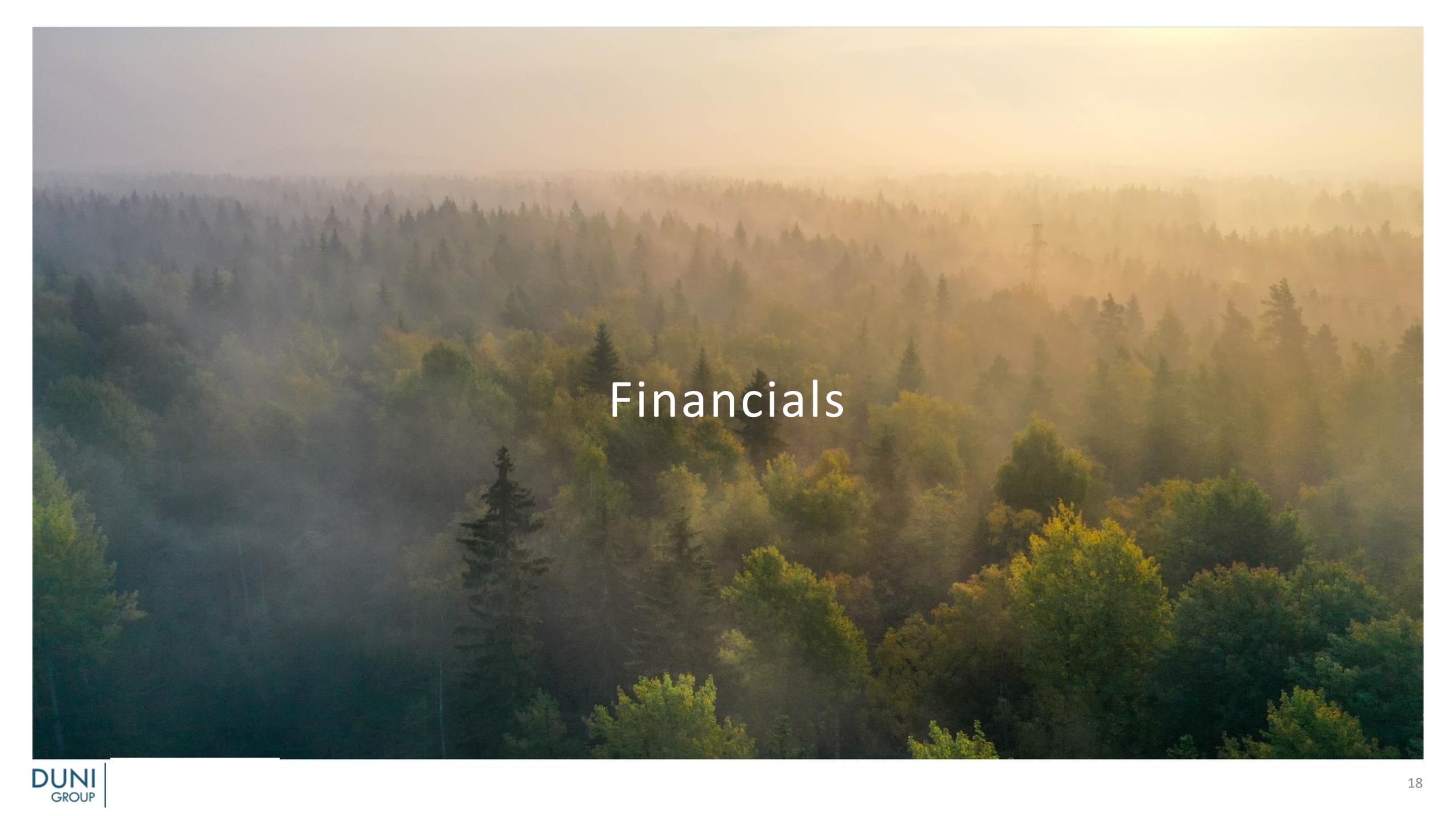
Living the change

Activities in the quarter:

- E-learning platform for sustainability launched

Ecovadis score:

KPI: Ecovadis Platinum rating by 2025 (full-year).
Progress: Ecovadis score 73 for 2023 (Gold rating)



Financials

Income statement

SEK m	Q4 2023	Q4 2022	FY 2023	FY 2022
Net sales	1,971	1,974	7,718	6,976
Gross profit	523	401	1,846	1,318
Gross margin	26.5%	20.3%	23.9%	18.9%
Selling expenses	-190	-168	-699	-609
Administrative expenses	-117	-129	-421	-381
R & D expenses	-13	-3	-36	-4
Other operating net	-31	0	-42	1
EBIT	172	100	648	326
Adjustments	-20	-53	-68	-124
Operating income ¹⁾	191	153	716	450
Operating margin	9.7%	7.8%	9.3%	6.4%
Financial net	-8	-9	-56	-43
Taxes	-81	-32	-150	-82
Net income	83	59	443	201
Earnings per share, attributable to equity holders of the Parent Company	1.65	1.28	8.30	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		Q4 2023	Q4 2022	FY 2023	FY 2022
Dining solutions	Net sales	1,214	1,187	4,681	4,004
	Operating income ¹⁾	175	127	600	333
	Operating margin	14.4%	10.7%	12.8%	8.3%
Food packaging solutions	Net sales	757	787	3,037	2,972
	Operating income ¹⁾	17	27	117	117
	Operating margin	2.2%	3.4%	3.8%	3.9%
Duni Group	Net sales	1,971	1,974	7,718	6,976
	Operating income ¹⁾	191	153	716	450
	Operating margin	9.7%	7.8%	9.3%	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	Q4 2023	Q4 2022	FY 2023	FY 2022
Operating EBITDA ¹⁾	228	183	860	582
Capital expenditure ¹⁾	-56	-11	-157	-65
Change in;				
Inventory	51	-46	469	-379
Accounts receivable	79	32	5	-215
Accounts payable	158	165	-120	75
Other operating working capital	-23	-45	101	104
Change in working capital	264	105	456	-414
Operating cash flow ²⁾	436	277	1,158	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	December 2023	December 2022
Goodwill	2,110	2,136
Tangible and intangible fixed assets	1,500	1,474
Net financial assets ¹⁾	-36	-44
Inventories	1,251	1,727
Accounts receivable	1,125	1,137
Accounts payable	-719	-840
Other operating assets and liabilities ³⁾	-651	-531
Net assets	4,580	5,059
Net debt	598	1,317
Equity	3,982	3,742
Equity and net debt	4,580	5,059
ROCE ²⁾	16%	9%
ROCE ²⁾ w/o Goodwill	32%	17%
Net debt / Equity	15%	35%
Net debt / EBITDA ²⁾	0.65	1.98

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.

FY 2023

5.2%

at fixed exchange rates

Operating margin

> 10%

**Top line growth
– premium focus**

Improvements in manufacturing, sourcing and logistics.

FY 2023

9.3%

Dividend payout ratio

40+%

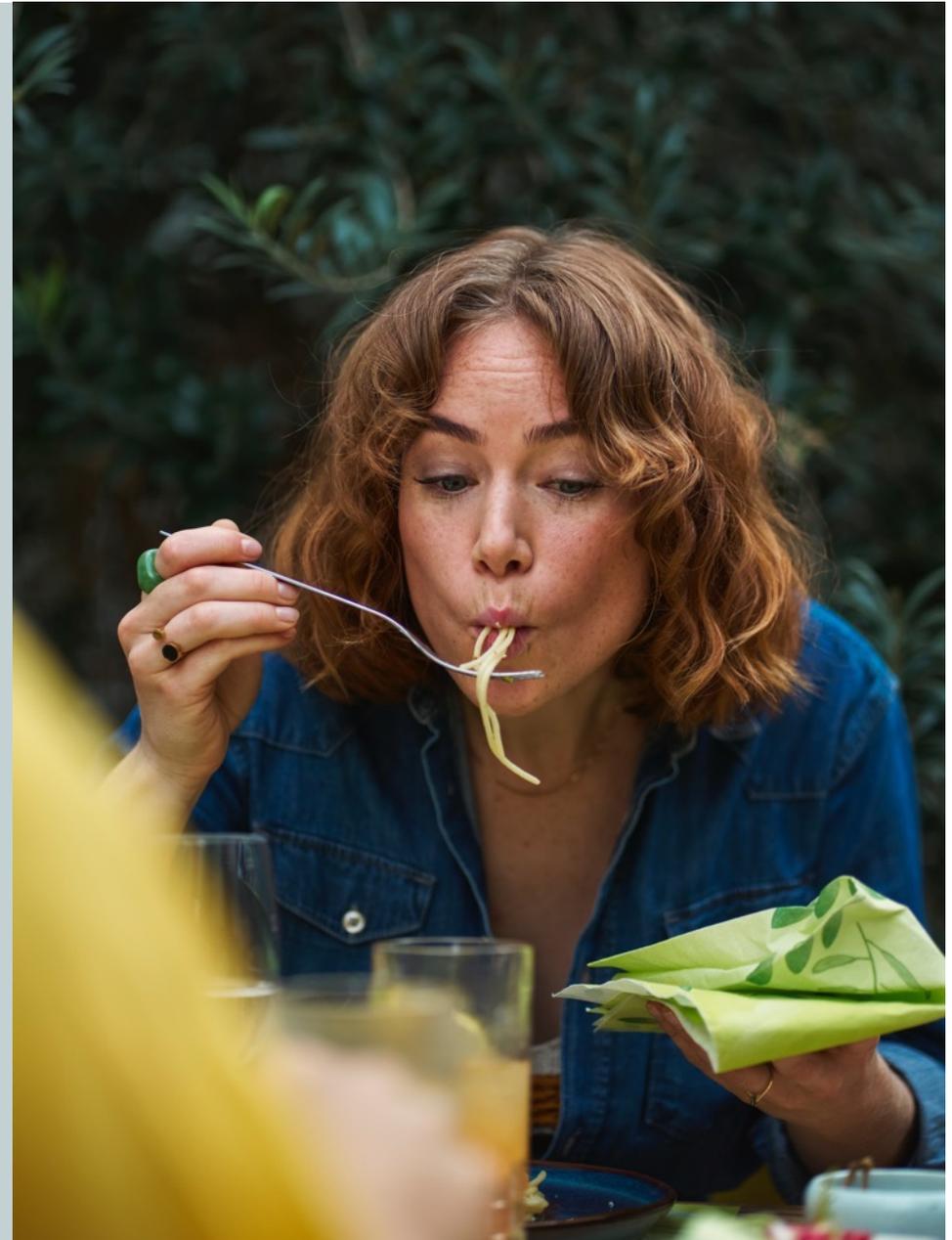
**Target at least 40%
of net profit**

2023

5.00 SEK (60%)

Summary, 2023

- Strengthened margins and improved operating income versus last year.
- Strong operating cash flow and low net debt provides increased room for maneuver.
- Board propose a dividend of 5.00 SEK per share.



Thank you!

