

A photograph of two young women standing outdoors on a city street. The woman on the left has dark curly hair and is wearing a green quilted jacket and a tan scarf. She is holding a tray of pastries and a brown paper bag. The woman on the right has long red hair and is wearing a tan coat and a knit beanie. She is holding two coffee cups on a tray. In the background, there are blurred city lights and trees.

# Year-end report Q4 2022

Building a platform for sustainable growth

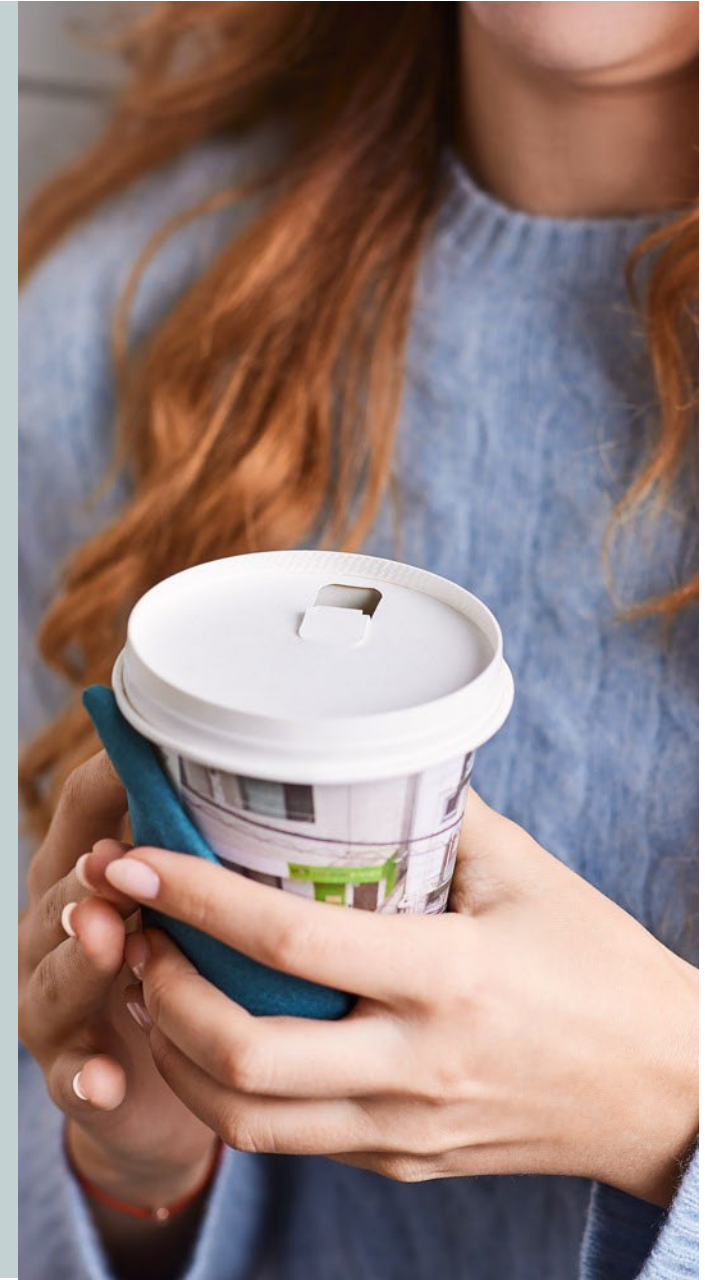
Robert Dackeskog, President and CEO  
Magnus Carlsson, CFO

**DUNI**  
GROUP



# Highlights

- Growth of 27% for the quarter, derived from both Business areas.
- Operating income strengthened by 40% in the fourth quarter vs same period last year.
- The Board of Directors proposes a dividend of SEK 3.00 per share, to be split into 2 payments.
- For the fourth consecutive year, Duni Group improved the score from 69 to 73 in Ecovadis. This puts us among the top 3% of all companies in the paper and paperboard industry.
- 25% of the shares in BioPak Pty Ltd divested to Australian based private equity firm Five V Capital in order to facilitate next phase of growth.





# Agenda

Market outlook

Q4 summary

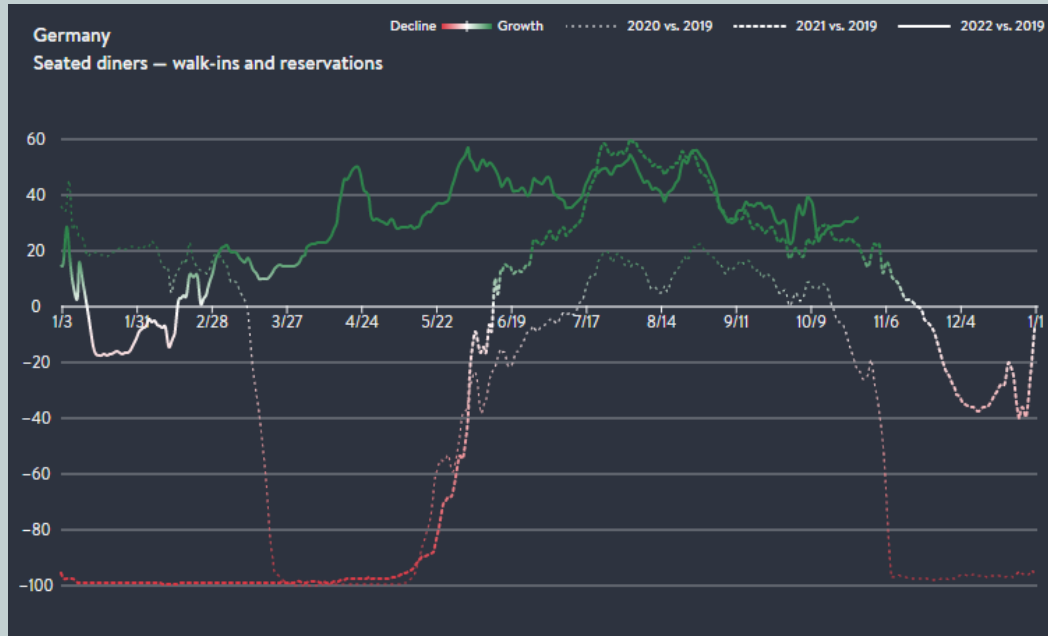
Business areas

Sustainability

Financials

Q&A

# Market outlook – Albeit lower purchase power, demand holding up



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

Name	2/9	2/8	2/7	2/6	2/5	2/4	2/3	2/2	2/1
Global	-5%	5%	3%	6%	19%	10%	6%	7%	2%
Australia	82%	100%	92%	93%	138%	113%	99%	102%	96%
Canada	-1%	16%	12%	8%	24%	19%	17%	24%	18%
Germany	29%	33%	36%	33%	44%	41%	36%	25%	27%
Ireland	53%	52%	59%	361%	222%	88%	65%	69%	74%
Mexico	29%	34%	28%	131%	74%	55%	41%	41%	49%
United Kingdom	11%	14%	16%	13%	54%	27%	7%	5%	-5%
United States	-13%	-3%	-5%	-7%	8%	2%	-1%	-1%	-6%

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

- Q4 indicated healthy growth in table reservations and improved from previous year, which was impacted by restrictions.
- Data from open table is a selection and show healthy recovery and a high interest in seated diners.

## Q4 2022 key financials

Net sales

+27.2%

Net sales amounted to  
SEK 1 974 m (1 552)

Operating income

SEK 153 m

Operating income amounted to  
SEK 153 m (110)

Operating margin

7.8%

Operating margin was  
7.8% (7.1)

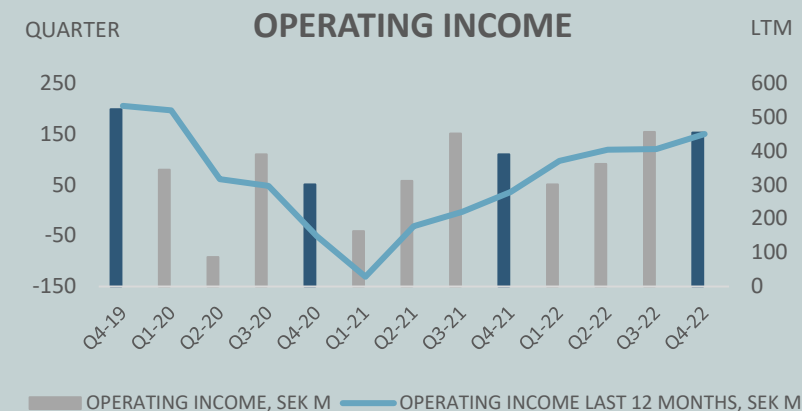
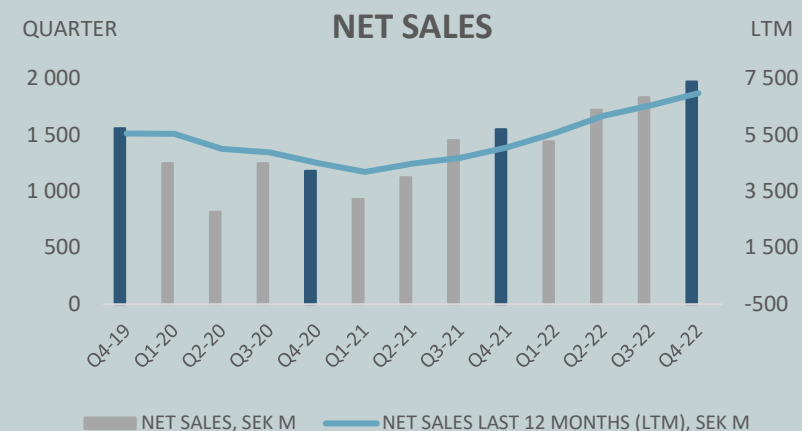
# Q4 comments

## Net sales +27.2%

- Broad and strong recovery in Business area Duni.
- BioPak Australia with continuous strong demand, while Europe slightly behind vs same period last year.
- Consumer demand holding up well, although high inflation.
- Price increases initiated Q3 will have effect from Q1 2023.

## Operating income +39.6%

- Profit improvement in the quarter derived from improved sales.
- Gross margin strengthened, but still under pressure from a general high inflation, energy and gas prices.
- Although historical high inflation, weaker USD and container cost, show signs of easing cost pressure going forward.





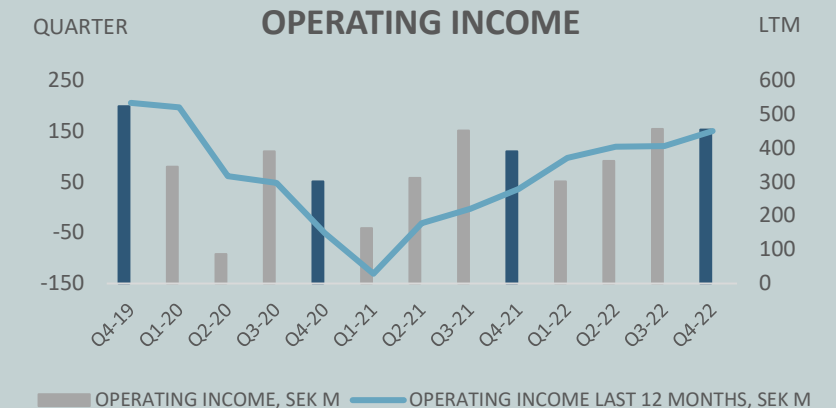
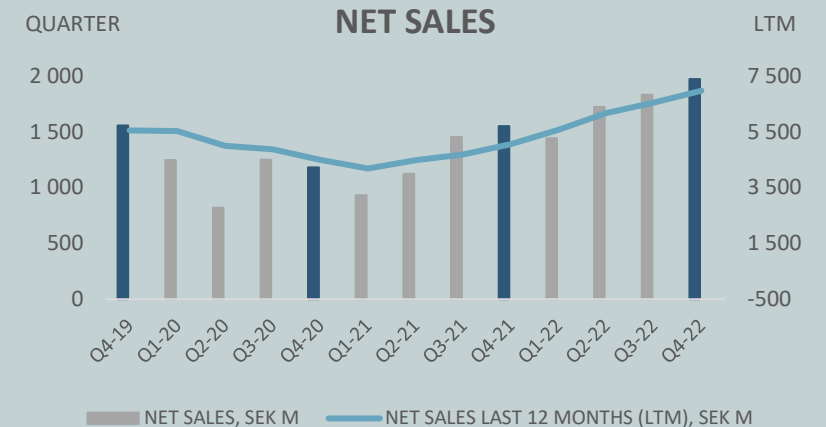
# YTD comments

## Net sales +37.8%

- Stable and accelerating growth throughout the year.
- Price increases initiated already in 2021 and progressing in 2022 compensating for the accelerating inflation.
- Sales in Australia and recently also Business area Duni in Europe with strong momentum.

## Operating income +61.1%

- Profit back close to pre-pandemic levels. Business area Duni with strong recovery.
- Continuous and accelerating cost increases puts pressure on margin throughout the year.
- BioPak Europe challenged through disturbances in supply chain causing high inventory levels.





Net sales

**1,187**

Net sales  
amounted to SEK 1,187 m  
(896)

Operating income

**127**

Operating income  
amounted to SEK 127 m (84)

Operating margin

**10.7%**

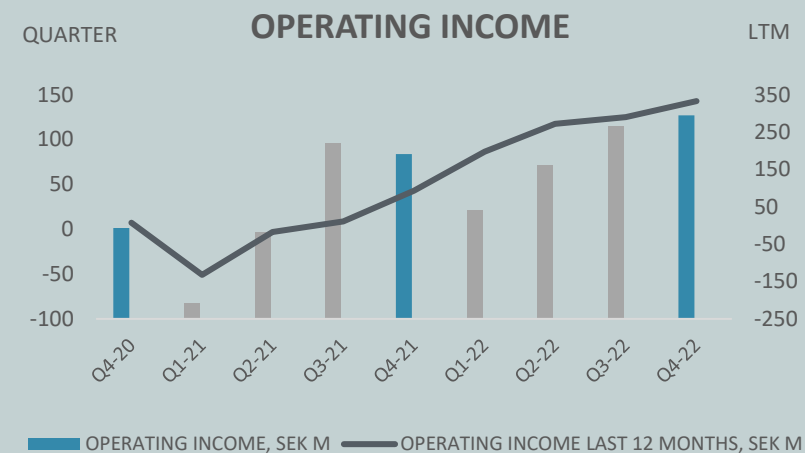
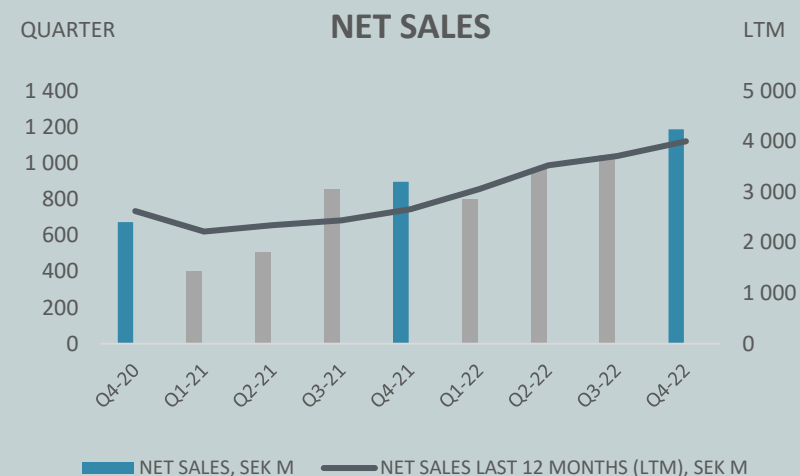
Operating margin was  
10.7% (9.4%)





# Business area Duni Q4, 2022

- Second half of 2022 experienced strong rebound in business and especially professional segment like Hotels and Restaurants experienced healthy demand.
- Higher efficiency and cost absorption explains the margin improvement. Price increases on par with third quarter. Full effect expected in the first quarter 2023.
- Electricity cost and gas prices continue to be on high levels, also for the fourth quarter.
- Dampening effect on certain input materials from weakening USD vs third quarter, but expected to contribute first beginning of 2023 for contractual reason and inventory.
- New products developed to secure leadership in offering customers the markets best sustainable alternatives like Duni BioSoft. Fully compostable and fossil-free.





Net sales

**787**

Net sales  
amounted to SEK 787 m (656)

Operating income

**27**

Operating income  
amounted to SEK 27 m (26)

Operating margin

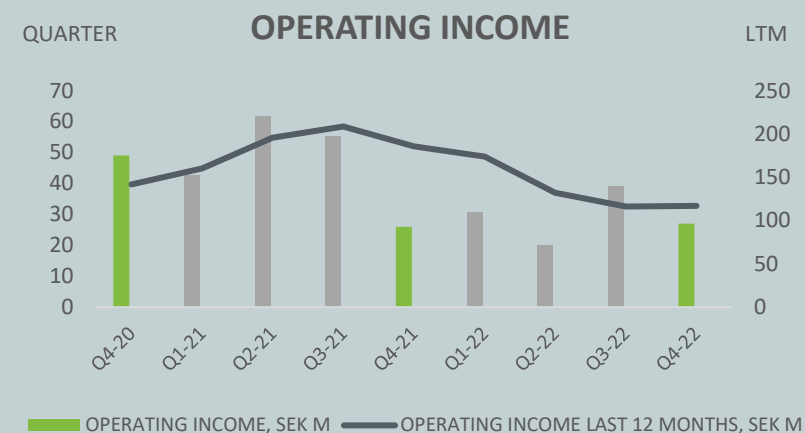
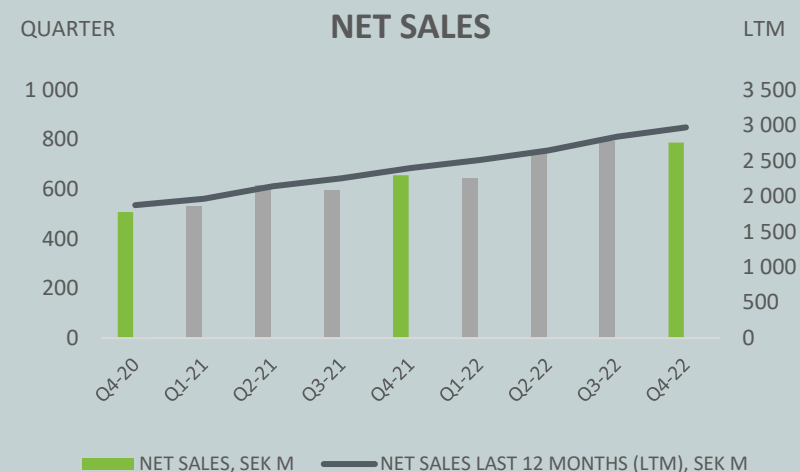
**3.4%**

Operating margin  
was 3.4% (4.0%)



# Business area BioPak Q4, 2022

- Sales continues with growth in Nordic areas and particularly outside Europe including Australia.
- Product mix in Europe more weighted towards take-away products. Consequently, the pandemic effect not fully repeated in the fourth quarter.
- Deliveries from Asia stabilized, although still with disruptions, and container prices decreasing.
- Lead time in supplier contracts and high inventory levels with higher average prices from containers puts a difficult, but temporary challenge in Europe.
- Legislation creates different conditions in different markets. Composting and reusable products represent main solutions for different markets.





# Our Decade of Action

## Our sustainability initiatives

Carbon intensity index Scope 1 & 2 (tons CO<sub>2</sub> per ton self-produced product)

**37**

Outcome Jan-Dec 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 CO<sub>2</sub>**

### 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:

- Use of virgin fossil plastic at index 75 (2019 base year = 100)
- Agreement with Bower on recycling of BioPak's products in the Nordic region
- Cooperation with our minority investments working for re-usable options in Germany/Spain leverage on legal requirements



### 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:

- Carbon intensity index ended at 37 for the full year 2022, below the target for 2025 of index 40 (2019 base year = 100)
- Solar panels installed in our sales office in Breda, Netherlands



### 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:

- EcoVadis 2022 results from score 69 to 73, gold level
- Duni Group named Career Company for third consecutive year
- New, updated structure for the Duni Group's policies in accordance with ESG
- E-learning courses launched on the code of conduct and human rights



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	Q4 2022	Q4 2021	FY 2022	FY 2021
Net sales	1 974	1 552	6 976	5 061
Gross profit	401	294	1 318	928
Gross margin	20.3%	18.9%	18.9%	18.3%
Selling expenses	-168	-136	-609	-505
Administrative expenses	-129	-80	-381	-271
R & D expenses	-3	-1	-4	-1
Other operating net	0	-26	1	21
<b>EBIT</b>	<b>100</b>	<b>51</b>	<b>326</b>	<b>173</b>
Adjustments	-53	-59	-124	-106
<b>Operating income <sup>1)</sup></b>	<b>153</b>	<b>110</b>	<b>450</b>	<b>279</b>
Operating margin	7.8%	7.1%	6.4%	5.5%
Financial net	-9	-8	-43	-39
Taxes	-32	-34	-82	-56
<b>Net income</b>	<b>59</b>	<b>9</b>	<b>201</b>	<b>77</b>
Earnings per share, attributable to equity holders of the Parent Company	1.28	0.18	4.25	1.62

<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		Q4 2022	Q4 2021	FY 2022	FY 2021
Duni	Net sales	1 187	896	4 004	2 662
	Operating income <sup>1)</sup>	127	84	333	93
	Operating margin	10.7%	9.4%	8.3%	3.5%
BioPak	Net sales	787	656	2 972	2 399
	Operating income <sup>1)</sup>	27	26	117	186
	Operating margin	3.4%	4.0%	3.9%	7.7%
Duni Group	Net sales	<b>1 974</b>	<b>1 552</b>	<b>6 976</b>	<b>5 061</b>
	Operating income <sup>1)</sup>	<b>153</b>	<b>110</b>	<b>450</b>	<b>279</b>
	Operating margin	<b>7.8%</b>	<b>7.1%</b>	<b>6.4%</b>	<b>5.5%</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	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Operating EBITDA <sup>1)</sup></b>	<b>183</b>	<b>145</b>	<b>581</b>	<b>420</b>
<b>Capital expenditure <sup>1)</sup></b>	<b>-11</b>	<b>-22</b>	<b>-65</b>	<b>-57</b>
Change in;				
Inventory	-46	-207	-379	-367
Accounts receivable	32	41	-215	-239
Accounts payable	165	210	75	287
Other operating working capital	-45	-47	104	84
<b>Change in working capital</b>	<b>105</b>	<b>-3</b>	<b>-414</b>	<b>-237</b>
<b>Operating cash flow <sup>2)</sup></b>	<b>277</b>	<b>120</b>	<b>103</b>	<b>127</b>

<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	December 2022	December 2021
Goodwill	2 136	2 010
Tangible and intangible fixed assets	1 474	1 494
Net financial assets <sup>1)</sup>	-44	15
Inventories	1 727	1 253
Accounts receivable	1 137	860
Accounts payable	-840	-723
Other operating assets and liabilities <sup>3)</sup>	-531	-818
<b>Net assets</b>	<b>5 059</b>	<b>4 090</b>
Net debt	1 317	1 375
Equity	3 742	2 714
<b>Equity and net debt</b>	<b>5 059</b>	<b>4 090</b>
ROCE <sup>2)</sup>	9%	7%
ROCE <sup>2)</sup> w/o Goodwill	17%	14%
Net debt / Equity	35%	51%
Net debt / EBITDA <sup>2)</sup>	1.98	2.83

<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.

**FY 2022**

**30.9%**

at fixed exchange rates

### Operating margin

> 10%

**Top line growth  
– premium focus**

Improvements in manufacturing, sourcing and logistics.

**FY 2022**

**6.4%**

### Dividend payout ratio

40+%

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

**2022 proposal**

**3.00 SEK**





Thank you!