

INTERIM REPORT FOR DUNI AB (PUBL) JANUARY 1–MARCH 31, 2020

(compared to the same period previous year)

April 24, 2020

Decreased volumes and lower income due to the Covid-19 pandemic

January 1–March 31

- Net sales amounted to SEK 1,249 m (1,264), corresponding to a 1.2% decrease in sales. Adjusted for exchange rate movements, net sales decreased by 2.9%.
- Earnings per share after dilution amounted to SEK 0.43 (1.08).
- Stable start to the quarter but volumes fell as various countries' Covid-19 restrictions went into effect starting in mid-March.
- New segment reporting as of January 1: two segments, Duni and BioPak, instead of the previous four business areas.
- In March, the Board resolved to withdraw its previously announced proposed dividend for the 2019 financial year.

KEY FINANCIALS

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
Net sales	1,249	1,264	5,533	5,547
Organic growth	-4.2%	0.3%	-2.1%	-0.5%
Organic pro forma growth ¹⁾	-4.0%	3.2%	0.3%	2.4%
Operating income ²⁾	80	93	520	533
Operating margin ²⁾	6.4%	7.3%	9.4%	9.6%
Income after financial items	29	67	339	377
Income after tax	22	52	243	273

¹⁾ Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

²⁾ For key financials, definitions and reconciliation of alternative key financials, see pages 25-26.



Stable start to the year – slowdown in March due to Covid-19 pandemic

Following a stable January and February, the Duni Group experienced a slowdown in March. In the second quarter we expect sales to be reduced by more than half and a loss in terms of operating income. We will still be financially strong and expect a gradual recovery in the second half of the year.

Stable start to the year slowed down in March

In 2019, the Duni Group improved its income, balance sheet and cash flow, a trend that continued into January and February 2020. However, the lower sales at the end of March impacted the sales for the quarter as a whole, which decreased by 2.9% at fixed exchange rates. The negative volume performance also brought down operating income to SEK 80 m (93).

Boosting the sales and marketing organization and investing in two brands

A new sales and marketing organization was implemented during the quarter, in purpose to modernize and boost innovation, marketing and sales capabilities for the long term. In the short term, during this Covid-19 pandemic, the new sales organization enabled us to implement our cost-cutting program quickly and effectively. The reorganization announced in January also leads to cost savings during the year.

As a part of this change, the BioPak brand was introduced globally in the Group, which resulted in our previous focus on four business areas instead giving way to two segments that are naturally aligned with the Duni and BioPak brands. As a result, the Duni Group's income will be reported for these two segments as of January 1, 2020.

Covid-19 has negative impact on sales

In March, the shutdown of Europe's economies began in order to slow down the spread of Covid-19. The primary impact is on the Duni segment's customer groups hotel and full-service restaurants, where many units basically shut down during the end of March. As a result, the Duni segment's sales fell by 11.1% in the quarter and operating income decreased to SEK 56 m (76). Conversely, many restaurants began successfully offering take-away solutions, which contributed to a 16.5% increase in sales and a boost in operating income to SEK 24 m (17) for the BioPak segment during the quarter.

Powerful cost-cutting program

A cost-cutting program was introduced in March to adapt production capacity and spending to lower demand. The program will basically be effective immediately in April and is estimated to save about SEK 150 m in costs during the second quarter, mainly through introduced working time reductions. This cost-cutting program do not result in any restructuring costs and the previously announced saving program regarding organizational changes is not included in this saving.

As an additional measure, the Board withdrew its already announced proposed dividend of SEK 5 per share for the 2019 financial year. The Duni Group has a strong financial position going into the crisis and we do not see any need for additional liquidity beyond our current financing.

With the help of our amazing staff, we are, despite shortened working hours, fully operational with continuing high customer service and a strong customer focus. As a result of our stricter health and hygiene procedures along with the great care and consideration we show for one another, we do not have any confirmed Covid-19 cases among our staff at the time this was written, which is very good news.

Expected loss in Q2 followed by gradual recovery

Although several countries are now announcing gradual easing of the restrictions put in place, our operational planning is based on the assumption of continuing restrictions and that the hotel and full-service restaurant segments will remain closed for much of the second quarter. Such a situation will cut our sales in more than half compared to normal level for the quarter and, even counting the cost-cutting program, result in a loss for the quarter for the Duni Group. However, it is reasonable to assume that there will be a relatively fast market recovery once the restrictions are eased as there is a pent-up social need among restaurant consumers.

A strong Duni Group both before and after the Covid-19

Duni Group went into the Covid-19 with a strong balance sheet, cost-cutting programs implemented, and a historically high sales rate measured on a rolling 12-month basis. With the cost-cutting program in place, we have begun planning activities to come out stronger once the restrictions start being eased. We have a great offering to support restaurants and hotels in making a quick comeback with a focus on good hygiene and take-away. Therefore, the Duni Group is well-positioned for strong performance even after this challenging period.

“We have a great offering to support restaurants and hotels in making a quick comeback with a focus on good hygiene and take-away. Therefore, the Duni Group is well-positioned for strong performance even after this challenging period,” says Johan Sundelin, President and CEO, Duni Group.



Net sales

January 1–March 31

Compared to the same period of the previous year, net sales decreased by SEK 15 m to SEK 1,249 m (1,264). At fixed exchange rates, this corresponds to a 2.9% decrease. Both segments started off the quarter positively with stable sales. However, starting in the second half of March, sales fell sharply for the Duni segment as a result of the Covid-19 restrictions imposed. The largest declines in the quarter were in Southern and Central Europe while Northern Europe's sales were in line with the previous year. For only March, a major decline was seen in all regions. The decline is mainly related to full-service restaurant and hotel customers, while retail sales were in line with the previous year. Given that the restrictions led to most restaurants adding or increasing take-away sales, BioPak's sales increases continued into March in all regions, except for Southern Europe. In the Rest of World region, Horizons, the company acquired in October 2019, contributed to the sales increase.

NET SALES, CURRENCY EFFECT

	3 months Jan-Mar 2020	3 months Jan-Mar 2020 ¹⁾ recalculated	3 months Jan-Mar 2019	Change in fixed exchange rates	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
SEK m						
Duni	811	790	889	-11.1%	3,737	3,815
BioPak	439	437	375	16.5%	1,796	1,733
Duni Group	1,249	1,228	1,264	-2.9%	5,533	5,547

NET SALES PER REGION

	3 months Jan-Mar 2020	3 months Jan-Mar 2020 ¹⁾ recalculated	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
SEK m					
NorthEast	232	231	230	1,074	1,071
Central	446	432	465	1,881	1,900
West	169	164	185	829	845
South	99	97	116	534	550
Rest of World	277	278	243	1,125	1,091
Other Sales	25	25	25	90	90
Duni Group	1,249	1,228	1,264	5,533	5,547

¹⁾ Reported net sales for 2020 recalculated at 2019 exchange rates.

Net income

January 1–March 31

Operating income amounted to SEK 80 m (93), with an operating margin of 6.4% (7.3%). The gross margin was 23.3% (23.8%). Adjusted for translation effects due to exchange rate movements, operating income was SEK 16 m lower than last year. The first two months of the year exhibited stable income while income in March decreased in comparison to the previous year. The lower sales in the second half of March in the Duni segment were the main reason for the decrease in income. The lower volumes cut the contribution margin for fixed costs and make efficient plant operations difficult. The costs of input materials are significantly lower than the previous year, which made a positive contribution to income, but this was limited to a certain extent due to lower purchased volumes. The BioPak segment, which focuses on take-away and sustainable packaging solutions, boosted its income as a result of increased sales for the quarter.

The Duni Group has a new global functional organization as of January 1, 2020. In place of the previous sales and marketing organization per business area for Table Top, Meal Service, Consumer and New Markets, segment reporting has now been changed to two segments, Duni and BioPak, with a joint sales force and a central marketing organization. The restructuring expenses for this reorganization amounted to approximately SEK 40 m, with SEK 25 m of this amount charged to the first quarter. This leads to annual savings of SEK 20 m with full effect from the second half of 2020. Restructuring costs are not included in operating income. Instead, these are recognized as one-off expenses along with non-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisitions. For the bridge between net income and operating income, please see page 26.

Income after financial items totaled SEK 29 m (67). Income after tax was SEK 22 m (52).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

	3 months Jan-Mar 2020	3 months Jan-Mar 2020 ¹⁾ recalculated	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
SEK m					
Duni	56	53	76	397	416
BioPak	24	24	17	123	116
Duni Group	80	77	93	520	533

¹⁾ Reported net sales for 2020 recalculated at 2019 exchange rates.

Two different brands make our offering clearer

The Duni Group's business is divided into two segments, Duni and BioPak.

The Duni Group sells its products via a consolidated commercial organization divided into six regions. Each region is responsible for local sales and marketing of both brands, Duni and BioPak, to all customers.

The regions are NorthEast: Northern and Eastern Europe including Russia, Central: Germany, Austria and Switzerland, West: the Netherlands, Belgium, Luxembourg, the UK and Ireland, South: France, Spain and Italy, Rest of World: All sales outside Europe with Australia accounting for over 50%, New Zealand and Thailand each at 10–15% and Singapore at just over 5% in this region. External sales of tissue and airlaid materials from the Skåpafors factory and external sales of finance and accounting services from the finance function in Poznan are included in the Duni segment, in the Other sales region.

The Duni Group also has a central marketing department responsible for branding strategy, marketing communications, product development and innovation. Group-wide functions are largely shared by the segments and the expenses for these are allocated by the percentage of sales of each segment, Duni and BioPak.

Group Management, which is the highest executive and decision-making body in the Duni Group, decides on the allocation of resources within the Duni Group and evaluates the results of operations. Group Management manages the performance of the business through the segments on the basis of sales and operating income after shared costs have been allocated to each segment.

The Duni Group has a vertically integrated business model for its paper-based products, napkins and table covers, which means that the entire production and delivery chain is owned and controlled by Duni, from material production and concept development to conversion and distribution. Because in-house-produced napkins and table covers fall under the Duni segment, this segment is responsible for all expenses for production and conversion within the Duni Group. By contrast, the BioPak segment's products are largely produced by external production units. Here the procurement organization is large and a major part of the business.

For further information about segment reporting, see Note 3.



The Duni brand stands for design, color, shape, and high quality that creates a pleasant atmosphere on every meal occasion.

The segment has products and services that add value everywhere where people cook, serve and enjoy food and drink. Sustainability is naturally front and center, and all products and services offered by Duni aim to help create a *Sustainable Goodfood-mood*[®]. Duni stands for long-standing experience and cutting-edge expertise in wood fiber-based solutions. This reflects many years of specialization in materials and design with very clear eco-profiling.



The BioPak brand was created by the idealists of Australian company BioPak Pty Ltd, which has been a part of the Duni Group since 2018. The BioPak brand was launched in Europe in 2019 with an aim to be the hands-down best choice for environmentally-sound meal packaging. BioPak is synonymous with sustainability and works on both products and circular solutions. The brand stands for cutting-edge expertise as well as transparency and authenticity. Products with the BioPak brand are eco-profiled meal packaging made of renewable plant-based raw materials or recycled materials.



Segment Duni

The Duni segment stands for what the Group is traditionally associated with – innovative solutions for the set table, primarily napkins, table covers and candles. The segment's products and services are sold under the Duni brand. Its customers are primarily hotels and restaurants, the HoReCa market, with sales largely made via wholesalers, but grocery retail chains are also a key customer group along with other channels such as various types of specialty stores. The Duni brand is a European market leader in the premium segment for napkins and table covers. The Duni segment accounted for approximately 65% (30%) of the Group's net sales during the period from January 1 to March 31, 2020.

JANUARY 1–MARCH 31

Net sales

811

Net sales amounted to SEK 811 m (889).

Operating income

56

Operating income was SEK 56 m (76).

Operating margin

6.9%

The operating margin was 6.9% (8.5%).

Segment Duni

January 1–March 31

Net sales amounted to SEK 811 m (889). At fixed exchange rates, this corresponds to a sales decrease of 11.1%. The effects of the restrictions limited restaurant and hotel business at an early stage, which impacted sales in all regions but to different extents. The relative decline is clearest in Italy, Spain and Finland, but the decrease in the key market Germany had the greatest impact on sales. Wholesalers serving the restaurant and hotel market accounted for the majority of the decline, whereas retail sales were up year-on-year because of a change in the consumption pattern in the market. Products for the set table were down broadly but primarily in the premium napkin and table cover product range.

Operating income was SEK 56 m (76) and the operating margin was 6.9% (8.5%). The quarter started strong with stable sales and a positive contribution from input materials, but starting in March, the effects of the sudden decrease in demand put pressure on the gross margins via a decreased contribution margin for fixed costs and lower production efficiency, which led to income lower than the previous year.

NET SALES PER REGION, DUNI

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2020 ¹⁾ recalculated	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
NorthEast	128	127	136	641	648
Central	391	379	415	1,659	1,683
West	136	133	157	698	719
South	70	68	87	394	411
Rest of World	61	59	70	255	264
Other Sales	25	25	25	90	90
Duni	811	790	889	3,737	3,815

¹⁾ Reported net sales for 2020 recalculated at 2019 exchange rates.



Segment BioPak

The BioPak segment offers environmentally-sound concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering. The segment's customers are various types of restaurants with take-away concepts and companies that are active in the healthcare and care sectors. Stores and other food producers are also a major customer group. The segment's products and services are currently sold under both the Duni and BioPak brands, but the goal is for the segment to primarily represent the BioPak brand. The BioPak brand is a market leader in Australia, and the launch of BioPak in Europe is underway. The BioPak segment accounted for approximately 35% (30%) of the Group's net sales during the period from January 1 to March 31, 2020.

JANUARY 1–MARCH 31

Net sales

439

Net sales amounted to SEK 439 m (375).

Operating income

24

Operating income was SEK 24 m (17).

Operating margin

5.5%

The operating margin was 5.5% (4.5%).

Segment BioPak

January 1–March 31

Net sales amounted to SEK 439 m (375). At fixed exchange rates, this corresponds to a sales increase of 16.5%. In contrast to the Duni segment, the BioPak segment increased its sales somewhat as a result of the Covid-19 restrictions. Demand for take-away products and sealable packaging solutions increased during the quarter in almost every country, now at a higher rate than in the previous quarter. The increase is in line with earlier trends with the greatest demand for environmentally-sound products, primarily take-away boxes, but the segment also saw growth during the quarter across almost all of its portfolio.

Operating income was SEK 24 m (17) and the operating margin was 5.5% (4.5%). The year-on-year improvement in income was a result of the higher sales volumes. The increase was held back to a certain extent by a weaker Australian dollar, a key currency for the segment, and because the strong increase in demand has been challenging to meet in full.

NET SALES PER REGION, BIOPAK

	3 months Jan-Mar 2020	3 months Jan-Mar 2020 ¹⁾ recalculated	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
SEK m					
NorthEast	104	104	94	433	423
Central	56	54	51	222	217
West	32	32	28	131	126
South	30	29	30	139	139
Rest of World	217	219	173	871	827
Other Sales	0	0	0	0	0
BioPak	439	437	375	1,796	1,733

¹⁾ Reported net sales for 2020 recalculated at 2019 exchange rates.

Cash flow

The Group's cash flow from operating activities was SEK -17 m (-26) for the period from January 1 to March 31. Accounts receivable amounted to SEK 836 m (861), and accounts payable to SEK 416 m (367), while inventory was valued at SEK 864 m (863).

Cash flow including investing activities amounted to SEK -62 m (-53). Net investments for the period amounted to SEK 42 m (27). Depreciation and amortization for the period was SEK 74 m (67).

Given the current circumstances, Duni Group has chosen to have more cash in hand than normal by utilizing more of the existing credit facility during the quarter. The Group's interest-bearing net debt as of March 31, 2020 was SEK 1,664 m. The Group's interest-bearing net debt at March 31, 2019 was SEK 1,809 m.

Net financial items

Net financial items for the January 1– March 31 period were SEK -10 m (-10).

Taxes

The total reported tax expense for the January 1– March 31 period amounted to SEK 7 m (15), yielding an effective tax rate of 24.6% (22.1%). The tax expense for the year includes adjustments and one-off effects from the preceding year of SEK 1.8 m (-0.1).

Earnings per share

The year's earnings per share before and after dilution amounted to SEK 0.43 (1.08).

Duni Group's shares

At March 31, 2019, the share capital amounted to SEK 58,748,790 divided into 46,999,032 outstanding ordinary shares. The quotient value of the shares was SEK 1.25 per share.

Shareholders

Duni AB (publ) is listed on NASDAQ Stockholm under the ticker name "DUNI". The Group's three largest shareholders are Mellby Gård Investering AB (29.99%), Polaris Capital Management, LLC (9.89%) and Carnegie fonder (9.04%).

Personnel

On March 31, 2020 there were 2,365 (2,446) employees. 1,025 (1,064) of the employees were engaged in production. Duni's production plants are located in Bramsche and Wolkenstein, Germany, in Poznan, Poland, in Bengtsfors, Sweden, in Bangkok, Thailand and in Auckland, New Zealand.

Acquisitions

In early February 2020, a partial payment was made on the remaining consideration for Horizons Supply Pty Ltd, which was acquired on October 1, 2019. On October 1, 2020, the final consideration will be paid, which is approximately SEK 7.6 m.

New establishment

No new establishment was carried out during the period.

Risk factors for the Duni Group

A number of risk factors may affect Duni's operations in terms of both operational and financial risks. Operational risks are normally handled by each operating unit and financial risks are managed by the Group's Treasury department, which is a unit within the Parent Company.

Sustainability is an integral part of the Group's operations and of the annual report as of 2019. The sustainability report provides information about the Duni Group's corporate social responsibility (CSR) program, which describes the Duni Group's work in identified risk areas and reports on results and goals for its business.

Operational risks

Duni Group is exposed to a number of operational risks that are important to manage. The development of attractive product ranges, particularly the Christmas collection, is very important in order for the Group to achieve sound sales and income growth. Duni Group addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to existing trends and to shape new trends. A weaker economic climate, or other unforeseen events such as a pandemic, over an extended period of time in Europe could lead to a reduction in the number of restaurant visits. Reduced market demand and increased price competition could impact volumes and gross margins through factors such as increased discounts and customer bonuses. Fluctuations in prices of raw materials and energy constitute an operational risk that could have a material impact on the Group's EBIT. In addition, Brexit may impact Duni Group's operations in the UK.

Financial risks

The Group's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing risks and liquidity risks. These risks are controlled in an overall risk management policy that focuses on unforeseen events in the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are also related to the Parent Company in all essential respects. Duni Group's management of financial risks is described in greater detail in the Annual Report for the year ended on December 31, 2019.

The Group's contingent liabilities have risen since the start of the year by SEK 3 m to SEK 61 m (58).

Operational and financial risks associated with Covid-19 and action taken

During the first quarter, world economic conditions changed due to the outbreak of the Covid-19. In principle, all countries have taken strong measures, including social restrictions, in order to slow down the spread of infection. These measures result in significantly lower demand from the hotel and restaurant sector, which are two important customer groups for the Duni Group.

Several actions have been implemented with almost immediate effect throughout the Group in order to limit the effect from lost sales and lower plant efficiency. Continuous working hours reductions for both white and blue colors, postponed investments and a freeze on new hires and consultants are examples of the actions taken. Overall, this reduces costs by approximately SEK 150 m, with a positive contribution to cash flow in the second quarter.

Covid-19 had a limited effect in the first quarter. Stable sales in January and February were followed by a significant decline in the last weeks of March, as restrictions levels also increased. The estimate is that sales will fall by more than half in the second quarter compared to the previous year, and that operating income will be negative in the second quarter despite the cost-cutting program.

The operations in Duni Group's logistics and production units has been changed and adapted to the current circumstances. Less shifts and closed production days have been implemented to ensure that costs and inventory levels are kept under control, but also to be able to quickly start up production as the restrictions ease.

As an additional measure, the Board withdrew its already proposed announced dividend of SEK 5 per share for the 2019 financial year to ensure as strong a financial position as possible. The Duni Group started the year with a strong financial position, and the Duni Group's financial position remained strong at the end of March.

Transactions with related parties

No significant transactions with related parties took place during the first quarter of 2020.

Major events during the period

The Duni Group announced on January 16, 2020 to initiate negotiations to change its sales and marketing organization and focus on two brands: Duni and BioPak. The segment reporting in four business areas was ended on January 1, 2020, instead becoming two segments aligned with the Duni and BioPak brands. The reorganization resulted in restructuring costs estimated at approximately SEK 40 m, the majority of which are estimated to be charged to the first quarter of 2020. Annual savings of SEK 20 m are expected as a result of this reorganization. For more information, see the press release.

The Duni Group announced on March 20, 2020, that the company is taking action, including a cost-cutting program, to deal with the effects of the Covid-19 pandemic. At the same time, the Board of Directors of Duni AB also announced that the proposed dividend of SEK 5 per share has been withdrawn and unrestricted earnings will be carried forward.

Major events since March 31

No significant events have occurred since the balance sheet date.

Interim reports

Quarter II	July 15, 2020
Quarter III	October 22, 2020

2020 Annual General Meeting

The Annual General Meeting of Duni AB will be held in Malmö at 3 PM on May 12, 2020 at Radisson Blu Hotel, Östergatan 10. For more information, please see Duni Group's website, www.duni.com.

Composition of Nomination Committee

The Nomination Committee is a shareholder committee responsible for nominating the persons proposed at the Annual General Meeting for election to Duni's Board of Directors. The Nomination Committee presents proposals regarding a Chairman of the Board and other board directors. It also presents proposals regarding Board fees, including the allocation of such fees between the Chairman and other board directors, as well as any compensation for committee work.

Duni's Nomination Committee for the 2020 Annual General Meeting comprises four members: Magnus Yngen (Chairman of Duni AB), Johan Andersson (Mellby Gård Investerings AB), John Strömgren (Carnegie fonder) and Bernard R. Horn, Jr. (Polaris Capital Management, LLC).

Board composition changes

For the 2020 AGM, the Nomination Committee proposes the re-election of Thomas Gustafsson, Alex Meyers and Pauline Lindwall. The committee proposes that Thomas Gustafsson be elected the new chairman of the board. Magnus Yngen and Pia Rudengren have declined re-election. The committee proposes that Morten Falkenberg, Sven Knutsson and Pia Marions be elected as new directors. Bios of the new directors can be found in the meeting notice and on the website.

Parent Company

Net sales for the January 1– March 31 period amounted to SEK 273 m (272). Income after financial items totaled SEK 3 m (-3). The interest-bearing net debt was SEK -395 m (-274), of which a net asset of SEK 1,780 m (1,767) relates to subsidiaries. Net investments amounted to SEK 4 m (5) and depreciation & amortization was SEK 4 m (5).

Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Accounting principles have been applied as reported in the Annual Report for the year ended on December 31, 2019.

Information in the report

Duni AB (publ) publishes this information in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on April 24 at 07.45.

At 10:00 am on Friday, April 24, the report will be presented at a telephone conference, which can also be followed online. To participate in the telephone conference, call +46 (0)8 566 426 51 and enter 95133609# as the pin code. To follow the presentation online, please visit this link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=BBCCFB32-C367-48CB-A240-6B32E0635E19>

Both a Swedish and an English version of this report have been prepared. In the event of any discrepancy between the two, the Swedish version will apply. This report has not been audited by the Company's auditors.

Malmö, April 23, 2020

Johan Sundelin, President and CEO

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CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
Net sales	1,249	1,264	5,533	5,547
Cost of goods sold	-958	-963	-4,139	-4,145
Gross profit	291	301	1,393	1,403
Selling expenses	-163	-152	-603	-592
Administrative expenses	-72	-61	-296	-285
Research and development expenses	-2	-2	-4	-3
Other operating income	4	10	18	24
Other operating expenses	-20	-20	-137	-137
EBIT (Note 4)	39	76	371	408
Financial income	1	0	3	2
Financial expenses	-11	-10	-35	-34
Net financial items	-10	-10	-32	-32
Income after financial items	29	67	339	377
Income tax	-7	-15	-96	-103
Net income	22	52	243	273
Net income attributable to:				
- Equity holders of the Parent Company	20	51	239	269
- Non-controlling interests	2	1	5	4
Earnings per share attributable to equity holders of the Parent Company:				
Before and after dilution (SEK)	0.43	1.08	5.08	5.73
Average number of shares before and after dilution ('000)	46,999	46,999	46,999	46,999

STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
Net income	22	52	243	273
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of net pension obligation*	19	-4	4	-20
Total	19	-4	4	-20
Items that may be reclassified subsequently to profit or loss:				
Exchange rate differences – translation of subsidiaries	-25	38	-20	43
Cash flow hedge	0	-5	6	2
Total	-25	33	-14	44
Other comprehensive income for the period, net of tax:	-6	29	-11	24
Total comprehensive income for the period	16	81	233	298
- Of which non-controlling interests	1	6	5	11

*Post-employment benefit obligations are recalculated each quarter since interest rates vary depending on market circumstances; a lower rate of interest gives rise to a higher cost in comprehensive income and a higher pension debt, while a higher rate of interest gives rise to a lower cost in comprehensive income and a lower pension debt than in the preceding quarter.

CONSOLIDATED QUARTERLY INCOME STATEMENTS IN BRIEF

SEK m	2020	2019				2018		
Quarter	Jan- Mar	Oct- Dec	Jul- Sep	Apr- Jun	Jan- Mar	Oct- Dec	Jul- Sep	Apr- Jun
Net sales	1,249	1,558	1,377	1,348	1,264	1,460	1,190	1,197
Cost of goods sold	-958	-1,116	-1,038	-1,028	-963	-1,098	-882	-884
Gross profit	291	442	339	320	301	363	308	313
Selling expenses	-163	-151	-140	-149	-152	-157	-131	-135
Administrative expenses	-72	-89	-68	-68	-61	-80	-67	-70
Research and development expenses	-2	0	0	-1	-2	-2	-2	-3
Other operating income	4	2	4	10	10	1	0	0
Other operating expenses	-20	-78	-22	-19	-20	-38	-12	-18
EBIT	39	126	113	93	76	87	96	87
Financial income	1	1	1	1	0	0	0	0
Financial expenses	-11	-8	-8	-8	-10	-13	-7	0
Net financial items	-10	-7	-7	-7	-10	-13	-7	0
Income after financial items	29	118	106	86	67	74	90	87
Income tax	-7	-46	-25	-18	-15	-16	-23	-21
Net income	22	73	81	67	52	58	66	66
Income attributable to:								
- Equity holders of the Parent Company	20	72	80	66	51	57	65	65
- Non-controlling interests	2	1	1	1	1	1	1	1

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK m	March 31 2020	December 31 2019	March 31 2019
ASSETS			
Goodwill	2,047	2,053	2,148
Other intangible assets	485	503	543
Tangible assets	1,338	1,317	1,342
Financial assets	87	85	71
Total fixed assets	3,956	3,958	4,104
Inventory	864	781	863
Accounts receivable	836	915	861
Other receivables	267	280	227
Cash and cash equivalents	513	311	174
Total current assets	2,480	2,287	2,125
TOTAL ASSETS	6,436	6,245	6,229
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	2,684	2,664	2,697
Long-term loans	1,700	1,371	1,511
Other long-term liabilities	712	757	824
Total long-term liabilities	2,412	2,128	2,335
Accounts payable	416	505	367
Short-term financial liabilities	233	220	217
Other short-term liabilities	691	728	612
Total short-term liabilities	1,340	1,453	1,197
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	6,436	6,245	6,229

CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Parent Company						Non- control- ling interests	TOTAL EQUITY
	Share capital	Other contrib- uted capital	Reserves	Cash flow reserve	Fair value reserve ¹⁾	Profit carried forward incl. net income for the period		
SEK m								
Opening balance								
January 1, 2019	59	1,681	76	0	13	697	91	2,616
Total comprehensive income for the period	-	-	33	-5	-	47	6	81
Closing balance								
March 31, 2019	59	1,681	109	-5	13	743	97	2,697
Total comprehensive income for the period	-	-	3	7	-	202	5	217
Remeasurement of liability to minority shareholders	-	-	-	-	-	-15	-	-15
Dividend paid to shareholders	-	-	-	-	-	-235	-	-235
Closing balance								
December 31, 2019	59	1,681	112	2	13	696	101	2,664
Total comprehensive income for the period	-	-	-25	0	-	40	1	15
Remeasurement of liability to minority shareholders	-	-	-	-	-	5	-	5
Closing balance								
March 31, 2020	59	1,681	87	1	13	740	102	2,684

¹⁾ The fair value reserve concerns a reappraisal of land in accordance with earlier accounting principles. The reappraised value is adopted as the acquisition value in accordance with the transition rules in IFRS 1.

CONSOLIDATED CASH FLOW STATEMENT

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019
Operating activities		
Reported EBIT	39	76
Adjusted for items not included in cash flow, etc.	74	79
Paid interest and tax	0	-29
Change in working capital	-130	-153
Cash flow from operating activities	-17	-26
Investing activities		
Acquisitions of fixed assets	-27	-25
Sales of fixed assets	3	1
Net change in right-of-use assets	-18	-3
Acquisition of subsidiaries	-2	-
Cash flow from investing activities	-45	-27
Financing activities		
Loans raised ¹⁾	313	1
Repayment of debt ¹⁾	-53	-
Net change, overdraft facilities and other financial liabilities	4	-22
Net change in lease liability	0	-13
Cash flow from financing activities	264	-34
Cash flow for the period	203	-87
Cash and cash equivalents, opening balance	311	260
Exchange difference, cash and cash equivalents	-1	0
Cash and cash equivalents, closing balance	513	174

¹⁾ Loans raised and repayments on loans within the adopted credit facility are recognized at their gross amounts for loans with maturities exceeding 3 months, in accordance with IAS 7.

KEY RATIOS IN BRIEF

	3 months Jan-Mar 2020	3 months Jan-Mar 2019
Net sales, SEK m	1,249	1,264
Gross profit, SEK m	291	301
Operating income, SEK m	80	93
Operating EBITDA, SEK m	138	150
EBIT, SEK m	39	76
EBITDA, SEK m	113	150
Interest-bearing net debt	1,664	1,809
Number of employees	2,365	2,446
Sales growth	-1.2%	17.0%
Organic growth	-4.2%	0.3%
Organic pro forma growth	-4.0%	3.2%
Gross margin	23.3%	23.8%
Operating margin	6.4%	7.3%
Operating EBITDA margin	11.0%	11.8%
EBIT margin	3.1%	6.0%
EBITDA margin	9.0%	11.8%
Return on capital employed ¹⁾	12.2%	9.7%
Interest-bearing net debt/shareholders' equity	62.0%	67.1%
Interest-bearing net debt/operating EBITDA ¹⁾	2.22	2.99

¹⁾ Calculated on the basis of the last twelve months and operating income.

Alternative key financials are described in definitions.

PARENT COMPANY INCOME STATEMENTS IN BRIEF

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019
(Note 1)		
Net sales	273	272
Cost of goods sold	-249	-255
Gross profit	24	17
Selling expenses	-33	-36
Administrative expenses	-48	-39
Research and development expenses	-1	-2
Other operating income	70	66
Other operating expenses	-10	-10
EBIT	2	-4
Revenue from participation in Group companies	-	-
Financial income	7	7
Financial expenses	-6	-6
Net financial items	1	1
Income after financial items	3	-3
Income tax	-1	0
Net income	2	-2

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019
Net income	2	-2
Other comprehensive income¹⁾:		
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences – translation of subsidiaries	-	-
Cash flow hedge	6	-5
Total	6	-5
Other comprehensive income for the period, net after tax	6	-5
Total comprehensive income for the period	8	-7
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company	8	-7

¹⁾ The parent company does not have any items that “will not be reclassified to profit or loss”.

PARENT COMPANY BALANCE SHEET IN BRIEF

SEK m	March 31 2020	December 31 2019	March 31 2019
Goodwill	0	0	0
Other intangible assets	66	65	54
Total intangible assets	66	65	54
Tangible assets	22	23	24
Financial assets	3,337	3,175	3,173
Total fixed assets	3,359	3,263	3,251
Inventory	114	103	112
Accounts receivable	107	113	112
Other receivables	200	200	297
Cash and bank balances	419	212	102
Total current assets	840	628	623
TOTAL ASSETS	4,265	3,891	3,874
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	95	95	87
Unrestricted equity	1,778	1,770	1,725
Total equity	1,873	1,865	1,812
Provisions	104	105	105
Long-term loans	1,499	1,165	1,300
Other long-term liabilities	3	1	0
Total long-term liabilities	1,502	1,165	1,300
Accounts payable	54	69	46
Short-term financial liabilities	222	209	208
Other short-term liabilities	510	478	402
Total short-term liabilities	786	756	657
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	4,265	3,891	3,874

Glossary

Airlaid: A material known for its wetness allocation, absorption capability and softness. The process is based on using air to divide the fibers in the material, instead of water as in traditional tissue production. Airlaid is used for table covers, placemats and napkins.

Bagass: Bagasse is a waste product from cane sugar processing after the sugar has been extracted. The material is 100% biodegradable. Bagasse is used primarily in the BioPak segment's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

Converting: The production phase in which tissue and airlaid in large rolls are cut, pressed, embossed and folded into finished napkins and table covers.

Currency adjusted/currency impact translation effects: Figures adjusted for changes in exchange rates related to consolidation. Figures for 2020 are calculated at exchange rates for 2019. Effects of translation of balance sheet items are not included.

Designs for Duni®: A unique concept within the Duni segment, whereby Duni develops specially designed products in collaboration with well-known designers.

Ecoecho®: Ecoecho is a product range of serving and meal solutions with sound environmental characteristics. This range uses the best available materials with the aim of limiting the use of non-renewable resources, thereby reducing our carbon footprint. The products have been developed with the environment in mind and have been selected on the grounds that they possess one or more environmentally approved characteristics.

Goodfoodmood®: Duni Group's brand platform to create a cozy atmosphere and positive mood on all occasions when food and beverages are prepared and served – a Goodfoodmood.

Our Blue Mission: Duni Group's Corporate Social Responsibility (CSR) efforts are governed by the Our Blue Mission program. It describes Duni's approach to sustainability in a number of areas such as the environment, product safety, social responsibility, social rights and business ethics. Until 2018, this was a separate report. As from 2019, it is a part of the Annual Report.

Private label: Products marketed under the customer's own label.

Source reference: HoReCa statistics refer to the European Commission website, Key Indicators for the Euro Area. DEHOGA refers to HoReCa statistics for Germany at DEHOGA Zahlenspiegel.

Definitions of key financials

Duni uses financial metrics that not defined by the IFRSs in some cases but instead are alternative key financials. The purpose is to give the reader further information which contributes to a better and more specific comparison of the company's performance from year to year. One alternative key financial used by Duni is Operating income. Duni manages its activities and measures its business areas on this basis. Another key financial used by Duni is organic pro forma growth. In recent years, Duni has acquired companies with very high growth rates, and it began using the term organic pro forma growth to show the contributions of these companies to growth. This means that the year-on-year increase in sales they contribute is already reported from the first day they are included in the Duni Group as the organic pro forma growth is calculated using pro forma figures from the previous year. Duni defines its key financials as stated below:

Capital employed: Non-interest bearing fixed and current assets, excluding deferred tax assets, less non-interest bearing liabilities.

Cost of goods sold: Cost of goods sold, including production and logistics costs.

Earnings per share: Net income divided by the average number of shares.

EBIT: Earnings before interest and taxes.

EBIT margin: EBIT as a percentage of net sales.

EBITA: Earnings before interest, taxes and amortization.

EBITDA: Earnings before interest, taxes, depreciation and amortization (including impairment).

EBITDA margin: EBITDA as a percentage of net sales.

Gross margin: Gross profit as a percentage of net sales.

Interest-bearing net debt: Interest-bearing liabilities and pensions less cash and cash equivalents and interest-bearing receivables.

Number of employees: The number of active full-time employees at the end of the period.

Operating EBITDA: EBITDA less restructuring costs and fair value allocations.

Operating EBITDA margin: Operating EBITDA as a percentage of net sales.

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

Operating margin: Operating income as a percentage of sales.

Organic growth: Sales growth adjusted for currencies and acquisitions. Acquired companies are included in organic growth when they have comparable quarters. For 2018 and previous years, organic growth has been calculated when acquired companies have been a part of the Duni Group for eight quarters.

Organic pro forma growth: Currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

Return on capital employed: Operating EBIT as a percentage of capital employed.

Return on shareholders' equity: Net income as a percentage of shareholders' equity.

BRIDGE BETWEEN OPERATING INCOME AND EBIT

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
Operating income excluding IFRS 16 Leases	79	91	515	527
Effects of IFRS 16 Leases	1	1	5	5
Operating income	80	93	520	533
Restructuring costs	-25	0	-27	-2
Amortization of intangible assets identified in business combinations	-16	-16	-121	-121
Fair value allocation in connection with acquisitions	0	0	-1	-1
EBIT	39	76	371	408

BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
Operating EBITDA excluding IFRS 16 Leases	119	132	677	691
Effects of IFRS 16 Leases	19	18	73	71
Operating EBITDA	138	150	750	762
Restructuring costs	-25	0	-27	-2
Fair value allocation in connection with acquisitions	0	0	-1	-1
EBITDA	113	150	722	759
Amortization of intangible assets identified in business combinations	-16	-16	-121	-121
Amortization of right-of-use assets	-17	-16	-68	-66
Other amortization/depreciation included in EBIT	-40	-41	-162	-164
EBIT	39	76	371	408

Notes

Note 1 • Accounting and valuation principles

As of January 1, 2005, Duni applies the International Financial Reporting Standards (IFRS) as adopted by the European Union.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with the IFRS as adopted by the EU and with the related reference to Chapter 9 of the Swedish Annual Accounts Act. The parent company's financial statements are prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. The accounting principles are the same as in the Annual Report for the year ended on December 31, 2019.

Note 2 • Financial assets and liabilities

Duni has derivative instruments measured at fair value and held for hedging purposes that are classified at level 2. Level 2 derivative instruments consist of currency forward contracts and interest rate swaps, and are used for hedging purposes. Measurement of currency forward contracts at fair value is based on published forward prices on an active market. The measurement of interest rate swaps is based on forward interest rates produced from observable yield curves. The discounting has no material impact on the measurement of level 2 derivative instruments. The put option issued to the minority owners of Biopac UK Ltd and BioPak Pty Ltd at the time of acquisition is classified at level 3 and its measurement is largely based on unobservable market data such as the discount rate and future cash flows. No financial assets or liabilities have been moved between the valuation categories. The valuation techniques are unchanged during the year. As described in greater detail in the Annual Report for the year ended on December 31, 2019, the financial assets and liabilities comprise items with short terms to maturity. The fair value is therefore in all essential respects considered to correspond to the carrying amount.

Note 3 • Segment reporting

SEK m	Jan-Mar 2020			Jan-Mar 2019		
	Duni	BioPak	Duni Group	Duni	BioPak	Duni Group
Total net sales	811	440	1,250	889	377	1,267
Net sales from other segments	0	1	1	0	2	3
Net sales from external customers	811	439	1,249	889	375	1,264
Operating income	56	24	80	76	17	93
EBIT			39			76
Net financial items			-10			-10
Income after financial items			29			67

Quarterly overview of net sales and operating income by segment according to new segment reporting as of January 1, 2020:

Net sales	2020	2019			
SEK m	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Duni	811	1,083	958	885	889
BioPak	439	475	419	463	375
Duni Group	1,249	1,558	1,377	1,348	1,264
Operating income					
SEK m	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Duni	56	158	100	83	76
BioPak	24	41	30	28	17
Duni Group	80	199	130	111	93

Quarterly overview of net sales and operating income by segment according to old segment reporting that was discontinued on December 31, 2019:

Net sales	2019				2018			
SEK m	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Table Top	702	652	664	580	683	625	645	534
Meal Service	226	231	250	203	218	218	231	178
Consumer	331	241	193	249	328	247	221	265
New Markets	278	231	215	208	210	78	79	81
Other	20	22	25	25	22	21	21	22
Duni Group	1,558	1,377	1,348	1,264	1,460	1,190	1,197	1,080
Operating income								
SEK m	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar
Table Top	131	95	90	63	97	84	87	62
Meal Service	12	19	19	8	9	14	14	6
Consumer	38	4	-10	9	23	10	-9	18
New Markets	18	12	11	13	9	-3	3	4
Other	0	1	1	0	0	2	1	2
Duni Group	199	130	111	93	137	107	96	90

DIVISION OF REVENUE FROM CUSTOMER CONTRACTS, JANUARY-MARCH 2020

SEK m	Duni	BioPak	Duni Group
<i>Primary geographic regions</i>			
NorthEast	128	104	232
Central	391	56	446
West	136	32	169
South	70	30	99
Rest of World	61	217	277
Other sales	25	0	25
Total	811	439	1,249
<i>Time of revenue recognition</i>			
Goods/services transferred at once	811	439	1,249
Goods/services transferred over time	-	-	0
Total	811	439	1,249
<i>Product groups</i>			
Napkins			553
Table covers			164
Candles			44
Packaging solutions			191
Serving products			201
Other			96
Total			1,249

Note 4 • Reporting of restructuring costs

Presented below is a specification of the lines on which restructuring costs are reported in the income statement.

Restructuring costs	3 months Jan-Mar 2020	3 months Jan-Mar 2019	12 months Apr-Mar 2019/2020	12 months Jan-Dec 2019
SEK m				
Cost of goods sold	-	-	-	0
Selling expenses	-22	0	-24	-2
Administrative expenses	-3	-	-3	0
Other operating expenses/income	-	-	-	-
Total	-25	0	-27	-2

This is Duni Group

The Duni Group is one of Europe's leading suppliers of inspiring concepts for the set table and creative, environmentally-sound take-away products. This includes high-quality napkins, table covers, candles and other table top accessories, along with packaging and packaging systems for the growing market for ready-to-eat food and take-away. All of the company's concepts are aimed at creating a Sustainable Goodfoodmood® – an elevated meal experience – in environments where people get together to enjoy food and drink.



THE DUNI GROUP'S PRESENCE

The products are sold in more than 40 markets and Duni is the market leader in Central and Northern Europe. The Group has approximately 2,400 employees in 24 countries. The Group's headquarters are located in Malmö, Sweden, and production units are located in Sweden, Germany, Poland, New Zealand and Thailand. We have sales offices in Australia, Austria, Czechia, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the UK and the US.



NET SALES*

SEK 5,533 m

SALES GROWTH *

-2.1%

Duni's target is to achieve an average organic growth in sales in excess of 5% per year over a business cycle. In addition, Duni regularly assesses acquisition opportunities in order to access new growth markets or strengthen its position in existing markets.

OPERATING MARGIN *

9.4%

Duni's target is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products and continued improvements within purchasing and production.

PROPOSED DIVIDEND FOR 2019

No dividend

It is the Board of Directors' long-term intention for dividends to amount to at least 40% of income after tax. As a result of market turbulence caused by the Covid-19 pandemic, the Board of Directors opted not to propose any dividend for 2019.

* Rolling 12 months, Apr-Mar 2019/2020