
# YEAR-END REPORT FOR DUNI AB (PUBL)
# JANUARY 1 – DECEMBER 31, 2020

(compared to the same period of the previous year)

February 12, 2021

## Recovery stopped by new restrictions

### October 1 - December 31

- Net sales amounted to SEK 1,181 m (1,558), corresponding to a 24.2% decrease in sales. Adjusted for exchange rate movements, net sales decreased by 21.8%.
- Earnings per share after dilution amounted to SEK 0.73 (1.52).
- New restrictions in Europe reversed the positive trend from the third quarter and led to a sharp decrease in volumes.
- Lower capacity utilization and worse contribution margin for fixed costs.
- Positive operating income at SEK 51 m but far below the previous year's SEK 199 m.
- Growth in the BioPak segment and cost-cutting program made a positive contribution to income.

### January 1 – December 31

- Net sales amounted to SEK 4,501 m (5,547), corresponding to an 18.9% decrease in sales. Adjusted for exchange rate movements, net sales decreased by 17.7%.
- Earnings per share after dilution amounted to SEK 0.05 (5.73).
- Sales and operating income are strongly correlated with restrictions due to Covid-19.
- The board proposes that no dividend be paid for the 2020 financial year.

## KEY FINANCIALS

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| Net sales | 1,181 | 1,558 | 4,501 | 5,547 |
| Organic growth | -21.3% | -0.5% | -18.7% | -0.5% |
| Organic pro forma growth [1)] | -21.3% | 1.8% | -18.4% | 2.4% |
| Operating income [2)] | 51 | 199 | 149 | 533 |
| Operating margin [2)] | 4.3% | 12.8% | 3.3% | 9.6% |
| Income after financial items | 47 | 118 | 7 | 377 |
| Income after tax | 35 | 73 | 4 | 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 27-28.

The Duni Group is a market leader in attractive, environmentally-sound and functional products for table setting and takeaway. The Group markets and sells two brands, Duni and BioPak, which are represented in more than 40 markets. Duni has around 2,300 employees in 24 countries, its headquarters in Malmö and production units in Sweden, Germany, Poland, New Zealand and Thailand. Duni is listed on the NASDAQ Stockholm under the ticker name "DUNI". Its ISIN code is SE0000616716. This information is information that Duni AB is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 AM CET on February 12, 2021.

As previously announced, the Duni Group's sales and operating income were heavily impacted by stricter restrictions to slow down the spread of Covid-19. Sales decreased in the quarter by 21.8% at fixed exchange rates, and operating income amounted to SEK 51 m (199).

## Continued heavy impact from Covid-19 restrictions in the quarter

At the start of the fourth quarter, the global Covid-19 infection rate accelerated and the pandemic entered a second wave. The restrictions in our key European markets increased rapidly, and Duni's primary sectors, hotels and restaurants, were almost all completely closed or running very limited operations during the quarter.

Sales for the quarter decreased overall by 21.8%, totaling SEK 1,181 m (1,558). This decline impacted Duni Group's business differently. The Duni segment, which focuses on the set table in sectors including hotels and restaurants, lost 36.4% of its sales from the year before. The BioPak segment, which focuses on take-away solutions, increased it sales by 12.3% year-on-year. The lower sales have a direct impact on operating income, which amounted to SEK 51 m (199) for the quarter.

Sales for the full year 2020 were down 17.7% at fixed exchange rates, totaling SEK 4,501 m (5,547), with the Duni segment losing 30.5% of its annual revenue and the BioPak segment increasing its annual sales by 10.5%.

## Strong cost controls and risk minimization led to decrease in net debt

Back in the early spring, the Duni Group launched a Covid-19-related cost-cutting program to adapt production capacity and costs to lower demand. Overall, we cut costs, including government assistance, by approximately SEK 270 m. The program also included risk controls for items associated with volatility in demand, inventories and accounts receivable. As a result, these activities helped lower net debt, which decreased during the year to SEK 1,324 m (1,546).

## Stronger demand for take-away

As a result of the restrictions, restaurants have had to transition from table service to take-away solutions. This transition is the reason why global demand for take-away products is on the rise. The shortage of container capacity from Asia has been a challenge in the latter part of the year. This has resulted in both longer delivery times and higher logistics costs for the Asia-produced part of our take-away product range, for both Europe and Australia.

In addition to take-away items, we see, in general, a clear increase in demand for environmentally-sound products and products that create a more hygienic restaurant experience. We also see demand in the grocery sector, which offers serving products for home use, remaining relatively stable.

## Looking forward with confidence

At the start of 2020, we completed a reorganization process in which Duni and BioPak formed two market segments. In the fourth quarter, we took another step by rationalizing Duni and BioPak into Business Areas with responsibility for their entire value chains effective January 1, 2021. The reason for this change is to strengthen both ownership and strategic growth in each customer segment.

Although uncertainty regarding the pandemic is high and it's difficult to predict when we will return to a more normal situation at this time, I look to the future with great confidence. What we have learned during the year is that we still have a need to spend time together, eat good food and travel, and the Duni Group's readiness to meet an increase in demand once the restrictions are eased is better than ever. For now, cost controls, risk minimization and, most of all, focus on helping our customers are at the top of our agenda.

Being back with the Duni Group and getting to lead this company that is so dear to me is both inspiring and gratifying but also a challenge. The past year has put pressure on our customers, placed high demands on our employees and forced us to make many difficult decisions. Uncertainty remains very high as the restrictions, intended to slow down Covid-19 infection rates, are still significant in most of our key markets. I now hope to see a normalization that will allow me to help to continue Duni Group's historically solid growth," says Robert Dackeskog, President and CEO, Duni Group.

"What we have learned during the year is that we still have a need to spend time together, eat good food and travel, and the Duni Group's readiness to meet an increase in demand once the restrictions are eased is better than ever," says Robert Dackeskog, President and CEO, Duni Group.

# Net sales

## October 1 - December 31

Compared to the same period of the previous year, net sales decreased by SEK 377 m to SEK 1,181 m (1,558). At fixed exchange rates, this corresponds to a 21.8% decrease. In the fourth quarter, social restrictions across Europe increased to slow down the spread of Covid-19. The restrictions had a particularly heavy impact on Duni's largest customer segment, restaurants. In most markets, opening hours and the number of guests allowed were limited, and in several key markets such as Germany and the Netherlands, only take-away food service was allowed. As a result of the restrictions, demand for the BioPak segment's take-away portfolio increased substantially while demand for the Duni segment's products, primarily targeting seated table service, decreased significantly.

## January 1 – December 31

Compared to the same period of the previous year, net sales decreased by SEK 1,046 m to SEK 4,501 m (5,547). At fixed exchange rates, this corresponds to a 17.7% decrease. The year started off with stable sales at par with the previous year for both segments. Starting in the second half of March, the Duni segment's sales decreased sharply when extensive restrictions were imposed on socializing and group gatherings in almost every market. This was followed by a gradual recovery in sales as the restrictions were eased in the second quarter. This recovery then accelerated in the third quarter, approaching volumes at par with the previous year for a time, only to fall again when new restrictions were imposed in the fourth quarter. Demand for the BioPak segment's products was high for the take-away part of the portfolio in all the year's quarters, which led to growth in the first, third and fourth quarters. At the same time, demand for catering products in BioPak decreased. This together with long lead times from suppliers resulted in sales for the second quarter staying at par with the previous year.

### NET SALES, CURRENCY EFFECT

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2020 [1] recalculated | 3 months Oct-Dec 2019 | Change at fixed exchange rates | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2020 [1] recalculated | 12 months Jan-Dec 2019 | Change at fixed exchange rates |
|---|---|---|---|---|---|---|---|---|
| Duni | 673 | 693 | 1,090 | -36.4% | 2,628 | 2,653 | 3,816 | -30.5% |
| BioPak | 508 | 526 | 468 | 12.3% | 1,874 | 1,914 | 1,732 | 10.5% |
| **Duni Group** | **1,181** | **1,218** | **1,558** | **-21.8%** | **4,501** | **4,567** | **5,547** | **-17.7%** |

### NET SALES PER REGION

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2020 [1] recalculated | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2020 [1] recalculated | 12 months Jan-Dec 2019 |
|---|---|---|---|---|---|---|
| NorthEast | 213 | 217 | 295 | 856 | 865 | 1,071 |
| Central | 330 | 338 | 524 | 1,358 | 1,363 | 1,887 |
| West | 173 | 178 | 269 | 582 | 590 | 844 |
| South | 63 | 65 | 133 | 349 | 352 | 550 |
| Rest of World | 335 | 351 | 313 | 1,138 | 1,177 | 1,091 |
| Other sales | 68 | 68 | 23 | 218 | 219 | 104 |
| **Duni Group** | **1,181** | **1,218** | **1,558** | **4,501** | **4,567** | **5,547** |

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

# Income

## October 1 – December 31

Operating income amounted to SEK 51 m (199), with an operating margin of 4.3% (12.8%). The gross margin was 18.0% (28.4%). Income for the fourth quarter was impacted by increased restrictions, leading to significantly lower volumes for the Duni segment, whose vertically integrated business model results in a large share of fixed costs that are not absorbed. Growth in the BioPak segment had a positive effect on income, although this was not proportional to the Duni segment's decline. The reason is that BioPak is the smaller segment and that the segment does not have a vertically integrated business model, giving it a different type of margin structure. During the quarter, the Group continued implementing the cost-cutting program put in place earlier in the year, which boosted income by approximately SEK 60 m.

Income after financial items totaled SEK 47 m (118). Income after tax was SEK 35 m (73).

## January 1 – December 31

Operating income decreased by SEK 384 m to SEK 149 m (533), with an operating margin of 3.3% (9.6%). The gross margin was 18.1% (25.3%). Social restrictions following the outbreak of the pandemic already began impacting the Duni segment's volumes and income at the end of the first quarter. Following this point, income largely reflected the level of restrictions in Europe, with strict restrictions lowering income in the second and fourth quarters while eased restrictions in the third quarter led to a clear and rapid recovery. During the year, the BioPak segment's growth and income performance, lower raw material costs, and the Group's Covid-19 cost-cutting program made a positive contribution to the Group's income. However, cost efficiency in logistics was a challenge, partially due to lower volumes.

Total restructuring costs amounted to SEK 48 m (2) for the year and SEK 9 m (0) for the quarter. Restructuring costs are not included in operating income. Instead, these are recognized as a one-off expense along with non-realized valuation effects of currency derivatives, fair value allocations and amortization of intangible assets identified in connection with business acquisitions. In addition to the above, SEK 33 m in one-off revenue was included in the figure for the quarter in relation to a curtailment gain in the Dutch pension plan. For the bridge between net income and operating income, please see page 28. For a more detailed disclosure on restructuring costs, please see note 4.

Income after financial items totaled SEK 7 m (377). Income after tax was SEK 4 m (273).

## OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2020 [1] recalculated | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2020 [1] recalculated | 12 months Jan-Dec 2019 |
|---|---|---|---|---|---|---|
| Duni | 1 | 2 | 160 | 7 | 7 | 416 |
| BioPak | 49 | 51 | 40 | 142 | 145 | 116 |
| **Duni Group** | **51** | **53** | **199** | **149** | **151** | **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. As of January 1, 2021, the two brand segments will form two Business Areas: Duni and BioPak. Each Business Area will have full responsibility for its respective value chain. External segment reporting will not change as this is considered fine-tuning of the organization launched in the beginning of the year.

The Duni Group sells 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, Luxemburg, 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%. 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 small paper-based products such as napkins and table covers. This means that the entire production and delivery chain is owned and controlled by the Duni Group, from material manufacture and concept development to converting 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, please see Note 3.

DUNI

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 Goodfoodmood®*. 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.

BioPak
It doesn't cost the earth

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.

# Duni Segment

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 58% (69%) of the Group's net sales during the period from January 1 to December 31, 2020.

## OCTOBER 1 - DECEMBER 31

**Net sales**

673

Net sales amounted to SEK 673 m (1,090).

**Operating income**

1

Operating income was SEK 1 m (160).

**Operating margin**

0.2%

The operating margin was 0.2% (14.7%).

## JANUARY 1 – DECEMBER 31

**Net sales**

2,628

Net sales amounted to SEK 2,628 m (3,816).

**Operating income**

7

Operating income was SEK 7 m (416).

**Operating margin**

0.3%

The operating margin was 0.3% (10.9%).

# Duni Segment

## October 1 - December 31

Net sales amounted to SEK 673 m (1,090). At fixed exchange rates, this corresponds to a sales decrease of 36.4%. The recovery that began in the second quarter and accelerated in the third was stopped in October when market after market across Europe instituted stricter restrictions. The restrictions in the restaurant industry varied from a limited number of guests and limited opening hours to only being allowed to provide take-away service. In the key market of Germany, this resulted in a year-on-year decrease in seated table service by around 98% in November and December. Additionally, Christmas product range sales to both retail and the hotel & restaurant industry fell sharply, although retail did not see as steep a decline.

Operating income was SEK 1 m (160) and the operating margin was 0.2% (14.7%). With lower volumes, the leverage and coverage of fixed costs in the factories have deteriorated, which reduced income. The Group once again focused on adapting production capacity and the cost base, which includes temporarily closed plants, short-time work, and government support.

## January 1 – December 31

Net sales amounted to SEK 2,628 m (3,816). At fixed exchange rates, this corresponds to a sales decrease of 30.5%. Except in January and February, the restrictions on restaurants, hotels and events had a substantial negative impact on the Duni segment's sales. Sales to the retail sector were not as heavily impacted but still saw a decline as home gatherings and celebrations were also limited during the year. This decrease impacted all markets, but, in terms of percentages, southern Europe was hit the hardest with sales nearly cut in half. The high volatility of volumes during the year necessitated significant effort to adapt production without compromising on efficiency in the parts of the business that were still in operation.

Operating income was SEK 7 m (416) and the operating margin was 0.3% (10.9%). Net income for the year mirrored the significant changes in volumes, which in turn reflected the degree of restrictions during the year. Positive contributions that softened the blow on income included lower growth bonuses for wholesalers, lower input material costs and cost cuts in production and indirect expenses.

## NET SALES PER REGION, DUNI

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2020 [1] recalculated | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2020 [1] recalculated | 12 months Jan-Dec 2019 |
|---|---|---|---|---|---|---|
| NorthEast | 107 | 110 | 188 | 423 | 429 | 648 |
| Central | 267 | 274 | 474 | 1,126 | 1,130 | 1,671 |
| West | 131 | 136 | 235 | 443 | 449 | 719 |
| South | 31 | 33 | 101 | 221 | 223 | 411 |
| Rest of World | 69 | 72 | 68 | 196 | 202 | 264 |
| Other sales | 68 | 68 | 23 | 219 | 220 | 104 |
| **Duni** | **673** | **693** | **1,090** | **2,628** | **2,653** | **3,816** |

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

# BioPak Segment

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 42% (31%) of the Group's net sales during the period from January 1 to December 31, 2020.

## OCTOBER 1 - DECEMBER 31

**Net sales**

508

Net sales amounted to SEK 508 m (468).

**Operating income**

49

Operating income was SEK 49 m (40).

**Operating margin**

9.7%

The operating margin was 9.7% (8.5%).

## JANUARY 1 – DECEMBER 31

**Net sales**

1,874

Net sales amounted to SEK 1,874 m (1,732).

**Operating income**

142

Operating income was SEK 142 m (116).

**Operating margin**

7.6%

The operating margin was 7.6% (6.7%).

# BioPak Segment

### October 1 - December 31

Net sales amounted to SEK 508 m (468). At fixed exchange rates, this corresponds to a sales increase of 12.3%. Demand for take-away products and sealable packaging remained high even in the fourth quarter, driven by the same restrictions that decreased seated table service. The strongest growth was seen in the countries with stricter restrictions for the restaurant industry such as Germany and the Netherlands. Environmentally-sound sealable packaging and a broader range of wooden cutlery were launched during the quarter.

Operating income was SEK 49 m (40) and the operating margin was 9.7% (8.5%). The improvement in income was primarily driven by higher sales but also by cost savings in the form of less traveling and fewer marketing activities. In addition, it has been an ongoing challenge to secure cost-effective deliveries in order to meet the high demand at the same time as the shipping market for containers from Asia is suffering from a major shortage in supply. This led to both longer delivery times and higher logistics costs for products from Asia, impacting the business in both Europe and Australia.

### January 1 – December 31

Net sales amounted to SEK 1,874 m (1,732). At fixed exchange rates, this corresponds to a sales increase of 10.5%. The social restrictions implemented at various degrees during the year largely had the opposite effect for the BioPak segment as for the Duni segment. Demand for take-away from restaurants and sealable packaging solutions from restaurants and municipal bodies emerged and stayed strong throughout the year. In the second quarter, growth was limited by challenges in meeting the rapid emergence of demand for take-away solutions.

Operating income was SEK 142 m (116) and the operating margin was 7.6% (6.7%). The reason income increased from the previous year is primarily because of the positive performance of sales and lower indirect costs such as travel and marketing activities. The improvement in income was held back to a certain degree by cost increases in logistics resulting from lower delivery efficiency when the Duni segment's volumes declined.

### NET SALES PER REGION, BIOPAK

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2020 [1) recalculated] | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2020 [1) recalculated] | 12 months Jan-Dec 2019 |
|---|---|---|---|---|---|---|
| NorthEast | 105 | 107 | 106 | 434 | 436 | 423 |
| Central | 63 | 65 | 50 | 232 | 233 | 216 |
| West | 41 | 42 | 34 | 140 | 141 | 126 |
| South | 32 | 32 | 32 | 128 | 129 | 139 |
| Rest of World | 266 | 279 | 245 | 941 | 975 | 827 |
| Other Sales | 0 | 0 | 0 | -1 | -1 | 0 |
| **BioPak** | **508** | **526** | **468** | **1,874** | **1,914** | **1,732** |

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

## Cash flow and funding

The Group's cash flow from operating activities was SEK 282 m (665) for the period from January 1 to December 31. Accounts receivable amounted to SEK 599 m (915) and accounts payable to SEK 422 m (505), while inventory was valued at SEK 861 m (781). Changed demand and high growth in the BioPak segment is the main reason for higher inventory. The lower EBIT for the year, SEK 70 m (408), has a direct impact on the poorer cash flow.

Cash flow including investing activities amounted to SEK 178 m (445). Net investments for the period amounted to SEK 79 m (183). Depreciation and amortization for the period totaled SEK 289 m (293), with amortization of right-of-use assets accounting for SEK 65 m (66) of this item.

The Group's interest-bearing net debt at December 31, 2020 was SEK 1,324 m. The Group's interest-bearing net debt at December 31, 2019 was SEK 1,546 m. The lower financial debt is a result of the canceled dividend in May and lower investments for the year. Activities in inventories and accounts receivable have also made a positive contribution.

The Duni Group's liquidity remains healthy. The impact of Covid-19 prompted the renegotiation of the covenants in the loan agreement during the second quarter in order to temporarily adapt to the current market situation. The total credit facility, maturity and volume remain unchanged. At present, there is no need for further liquidity. The renegotiated covenants apply from April 2020 to March 2021 and result in an increase in financial expenses totaling SEK 21 m. Because it is a modification of existing loans, not a new loan facility, IFRS 9 stipulates that this expense be recognized as a non-recurring item when the renegotiation took place, in the second quarter. The terms of the original loans are then reflected in net financial items. The SEK 21 m expense was not recognized in the Q2 interim report but this was adjusted back to Q2 in the Q3 interim report. The assessment is that the loan terms will be complied with. Due to the uncertain situation driven by the pandemic, this situation is reviewed on an ongoing basis.

## Net financial items

Net financial items for the period from January 1 to December 31 amounted to SEK -63 m (-32). As described above in relation to the renegotiation of the covenants, SEK 21 m has been charged to the period from April to June 2020.

## Taxes

The total reported tax expense for the period from January 1 to December 31 amounted to SEK 3 m (103). This results in an effective tax rate of 47.7% (27.5%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK 1.9 m (-0.8).

## Earnings per share

The year's earnings per share before and after dilution amounted to SEK 0.05 (5.73).

## The Duni Group's shares

At December 31, 2020, 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 AB (29.99%), Polaris Capital Management LLC (10.22%) and Carnegie fonder (8.51%).

## Personnel

On December 31, 2020 there were 2,269 (2,398) employees. 953 (1,034) of the employees were engaged in production. The Duni Group'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

As stipulated by contract, a partial payment was made in February and a final payment in October 2020 for the remaining purchase price for Horizons Supply Pty Ltd. In total, SEK 10.3 m was paid during the year.

The put option was exercised in October, and the remaining 25% of the shares in Kindtoo Ltd, which owns BioPak UK Ltd, were bought out. The payout was SEK 14.5 m. The company was already 100% consolidated from the start and the purchase only had a minor impact on financial net debt.

## New establishment

No new establishment was carried out during the period.

## Risk factors for the Duni Group

A number of risk factors may affect the Group'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 also of the annual report as of 2019. This 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

The 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. The 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 impacts 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.

The Duni Group and primarily its operations in the UK are impacted by Brexit. The transition period for Brexit is now over. The Duni Group’s business has been impacted in the form of increased administration as well as delayed deliveries to a certain extent. New processes are in place, which should stabilize the situation in the second quarter of 2021. There will also be an increase in guarantee commitments to UK government agencies.

### 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. The 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 fallen since the start of the year by SEK 3 m to SEK 55 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 Covid-19. Almost every country has taken strong measures including social restrictions to slow down the spread of the pandemic. These measures lead to substantially lower demand from the hotel and restaurant sector, which are two key customer groups for the Duni Group.

Covid-19 had a limited impact on the first quarter and a significant negative impact on the second quarter. In the third quarter, the market recovered as social restrictions were eased. In the fourth quarter, Europe was hit with a second wave of infection, and many markets that are important to Duni shut down again to prevent the spread of infection. The restrictions had a particularly heavy impact on the Duni Group in the fourth quarter because the Duni segment normally sees seasonally strong sales in conjunction with Christmas and New Year’s celebrations. Some countries allowed take-away operations from restaurants while others did not allow this at all. The decrease in sales amounted to 54% in April, recovered to 7% in June and totaled 7% for the third quarter. For the fourth quarter, sales decreased in total by 25%. Social restrictions that limit hotel and restaurant business have a major impact on the Duni Group’s sales. Therefore, the level of uncertainty is still high heading into the first quarter of 2021 as the restriction levels in January have been at about the same level as in the fourth quarter. Sales performance is strongly impacted by how and when the restrictions in Duni’s key markets are eased, especially for the Duni segment.

Temporary, strong and immediate actions were implemented to limit the impact of lost sales and lower efficiency in the Group's plants. Comprehensive shortening of working hours for both white collar and blue collar employees, deferred investments and a freeze on hiring new employees and consultants are examples of the actions taken. Overall, these actions cut costs by more than SEK 150 m in the second quarter and approximately SEK 60 m in both the third quarter and fourth quarters, making a positive contribution to income. Great focus on increased control of working capital is also a part of this cost-cutting program.

Operation of the Duni Group’s logistics and production units has been realigned and is continuously adapted to the current situation. Fewer shifts and production days have been implemented to ensure that cost and inventory levels are kept under control as well as to enable the rapid upscaling of production when the restrictions are eased. Capacity utilization in our plants increased somewhat in the second half of the second quarter, reaching an almost normalized level in the third quarter, only to fall again in the fourth quarter as both the paper mills and parts of the conversion machines were shut down for certain periods of time.

Throughout the period, the Duni Group has dedicated extra focus to the performance of accounts receivable and bad debt losses with several multiple parts of the organization involved. During certain periods of time, weekly follow-up meetings were held between the treasury function and the sales function for each market. So far, bad debt losses and payments from customers have not deviated significantly from the norm, but uncertainty remains high as most restaurants are still subject to restrictions, and the risk of bankruptcy increases as these restrictions are prolonged.

In the second quarter, the Duni Group negotiated with its banks and agreed on temporary new covenants to adapt to the current market situation. The total credit facility, maturity and volume remain unchanged. An extended financial expense for this totaled SEK 21 m. The renegotiated covenants apply from April 2020 to March 2021. Due to the uncertain situation driven by the pandemic, this situation is reviewed on an ongoing basis.

As an additional measure, the board withdrew the dividend for the 2019 financial year and proposes to the AGM in May 2021 that no dividend be paid for the 2020 financial year. The Duni Group started the year with a strong financial position, and the Duni Group’s financial position is still good at the end of the year.

## Transactions with related parties

No significant transactions with related parties took place during Q4 2020.

## Major events during the period

On November 16, the Duni Group launched an additional measure to strengthen its new organizational structure by moving from two brand segments to two business areas: Duni and BioPak. Each business area will have full responsibility for its respective value chain. External segment reporting will not change as this is considered fine-tuning of the organization launched in the beginning of the year. The new organization will be effective on January 1, 2021. Its restructuring costs amounted to SEK 9 m and were charged to the fourth quarter. This is estimated to result in annual savings totaling SEK 10 m, which creates scope for reinvestment in key areas such as sustainability and digitalization.

## Major events since December 31

On January 22, the Duni Group announced its sales performance and preliminary income for the fourth quarter.

## Interim reports

| | |
|---|---|
| Quarter I | April 22, 2021 |
| Quarter II | July 15, 2021 |
| Quarter III | October 21, 2021 |

## 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 the 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.

The Nomination Committee for the 2021 Annual General Meeting comprises four members: Thomas Gustafsson (Chairman of Duni AB), Johan Andersson (Mellby Gård AB), John Strömgren (Carnegie fonder) and Bernard R. Horn, Jr. (Polaris Capital Management, LLC).

## Proposed dividend

The board proposes to the Annual General Meeting that no dividend be paid for the 2020 financial year. The dividend for the 2019 financial year was also canceled due to Covid-19. The Board considers that Duni Group has a good financial position and future competitiveness, but that in the uncertainty that prevails in the market in the ongoing pandemic and taking into account the profit for the year of SEK 2 m (269), no dividend should be paid, in order to further strengthen the financial position.

## 2021 Annual General Meeting

In consideration of the current government regulations and Pandemic Act, the Annual General Meeting of Duni AB will be held as a mandatory postal voting meeting. This will take place on May 4, 2021. On the same day, a video on the CEO's speech will be posted on Duni Group's website. Shareholders will have the opportunity to ask written questions before the meeting. Further information will be available shortly on Duni Group's website. The Annual Report will be available on the Group's website during the week beginning on Monday, April 12 (week 15).

Shareholders who wish to present proposals to the Nomination Committee or wish to have a matter addressed at the Annual General Meeting may do so by email to valberedning@duni.com or bolagsstamma@duni.com, or by letter to: Duni AB, Attn: Nomination Committee or AGM, Box 237, SE-201 22 Malmö, by no later than March 23, 2021.

## Parent Company

Net sales for the period from January 1 to December 31 amounted to SEK 966 m (1,214). Income after financial items totaled SEK 87 m (346). The interest-bearing net debt was SEK -483 m (-417), of which a net asset of SEK 1,554 m (1,663) relates to subsidiaries. Net investments amounted to SEK 13 m (30) and depreciation & amortization was SEK 22 m (19).

## Accounting principles

The Year-End 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 February 12 at 07:45 am.

At 10:00 am on Friday, February 12, the report will be presented at a telephone conference, which can also be followed on the web. To participate in the telephone conference, call +46 (0)8-566 426 51, PIN: 12075824#. To follow the presentation online, please visit this link:

https://onlinexperiences.com/Launch/QReg/ShowUUID=BFD69F90-7A06-4DD0-9241-670DBCDD2CF7

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 auditor.

## Report from Board of Directors and CEO

The Board of Directors and CEO affirm that this report provides a true and fair view of the group's financial position and performance and describes the substantial risks and uncertainties to which the group and the companies that are part of the group are subject.

*Malmö, February 11, 2021*

Thomas Gustafsson, Chairman of the Board

Morten Falkenberg, Director

Sven Knutsson, Director

Pauline Lindwall, Director

Pia Marions, Director

Alex Myers, Director

Per-Åke Halvordsson, Employee Representative, PTK

David Green, Employee Representative, LO

Robert Dackeskog, President and CEO

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Duni AB (publ)
Box 237
SE-201 22 Malmö
Phone: +46 (0)40 10 62 00
www.duni.se
Company registration number: 556536-7488

## CONSOLIDATED INCOME STATEMENTS

| SEK m (Note 1) | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| **Net sales** | 1,181 | 1,558 | 4,501 | 5,547 |
| Cost of goods sold | -968 | -1,116 | -3,687 | -4,145 |
| **Gross profit** | **213** | **442** | **814** | **1,403** |
| Selling expenses | -118 | -151 | -514 | -592 |
| Administrative expenses | -65 | -89 | -265 | -285 |
| Research and development expenses | -2 | 0 | -5 | -3 |
| Other operating income | 54 | 2 | 121 | 24 |
| Other operating expenses | -22 | -78 | -80 | -137 |
| **EBIT** (Note 4) | **59** | **126** | **70** | **408** |
| Financial income | 0 | 1 | 2 | 2 |
| Financial expenses | -13 | -8 | -65 | -34 |
| **Net financial items** | **-12** | **-7** | **-63** | **-32** |
| **Income after financial items** | **47** | **118** | **7** | **377** |
| Income tax | -12 | -46 | -3 | -103 |
| **Net income** | **35** | **73** | **4** | **273** |
| Net income attributable to: | | | | |
| - Equity holders of the Parent Company | 35 | 72 | 2 | 269 |
| - Non-controlling interests | 0 | 1 | 1 | 4 |
| **Earnings per share attributable to equity holders of the Parent Company:** | | | | |
| Before and after dilution (SEK) | 0.73 | 1.52 | 0.05 | 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 Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| **Net income** | **35** | **73** | **4** | **273** |
| **Other comprehensive income:** | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Remeasurement of net pension obligation* | 21 | 21 | 11 | -20 |
| **Total** | **21** | **21** | **11** | **-20** |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange rate differences – translation of subsidiaries | -13 | -15 | -59 | 43 |
| Cash flow hedge | 0 | 6 | -1 | 2 |
| **Total** | **-13** | **-9** | **-60** | **44** |
| **Other comprehensive income for the period, net of tax:** | **8** | **12** | **-49** | **24** |
| **Total comprehensive income for the period** | **43** | **85** | **-45** | **298** |
| - Of which non-controlling interests | -3 | -2 | -15 | 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 | | | |
|---|---|---|---|---|---|---|---|---|
| Quarter | Oct-Dec | Jul-Sep | Apr-June | Jan-Mar | Oct-Dec | Jul-Sep | Apr-June | Jan-Mar |
| **Net sales** | **1,181** | **1,251** | **820** | **1,249** | **1,558** | **1,377** | **1,348** | **1,264** |
| Cost of goods sold | -968 | -973 | -788 | -958 | -1,116 | -1,038 | -1,028 | -963 |
| **Gross profit** | **213** | **278** | **32** | **291** | **442** | **339** | **320** | **301** |
| Selling expenses | -118 | -121 | -112 | -163 | -151 | -140 | -149 | -152 |
| Administrative expenses | -65 | -68 | -60 | -72 | -89 | -68 | -68 | -61 |
| Research and development expenses | -2 | 0 | 0 | -2 | 0 | 0 | -1 | -2 |
| Other operating income | 54 | 12 | 54 | 4 | 2 | 4 | 10 | 10 |
| Other operating expenses | -22 | -19 | -24 | -20 | -78 | -22 | -19 | -20 |
| **EBIT** | **59** | **82** | **-110** | **39** | **126** | **113** | **93** | **76** |
| Financial income | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 |
| Financial expenses | -13 | -13 | -28 | -11 | -8 | -8 | -8 | -10 |
| **Net financial items** | **-12** | **-13** | **-28** | **-10** | **-7** | **-7** | **-7** | **-10** |
| **Income after financial items** | **47** | **69** | **-138** | **29** | **118** | **106** | **86** | **67** |
| Income tax | -12 | -21 | 37 | -7 | -46 | -25 | -18 | -15 |
| **Net income** | **35** | **48** | **-101** | **22** | **73** | **81** | **67** | **52** |
| **Income attributable to:** | | | | | | | | |
| - Equity holders of the Parent Company | 35 | 48 | -100 | 20 | 72 | 80 | 66 | 51 |
| - Non-controlling interests | 0 | 0 | 0 | 2 | 1 | 1 | 1 | 1 |

## CONSOLIDATED BALANCE SHEET IN BRIEF

| SEK m | December 31, 2020 | December 31, 2019 |
|---|---|---|
| **ASSETS** | | |
| Goodwill | 2,011 | 2,053 |
| Other intangible assets | 408 | 503 |
| Tangible assets | 1,206 | 1,317 |
| Financial assets | 131 | 85 |
| **Total fixed assets** | **3,756** | **3,958** |
| Inventory | 861 | 781 |
| Accounts receivable | 599 | 915 |
| Other receivables | 200 | 280 |
| Cash and cash equivalents | 364 | 311 |
| **Total current assets** | **2,024** | **2,287** |
| | | |
| **TOTAL ASSETS** | **5,780** | **6,245** |
| | | |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | |
| **Equity** | **2,628** | **2,664** |
| | | |
| Long-term loans | 1,216 | 1,371 |
| Other long-term liabilities | 638 | 757 |
| **Total long-term liabilities** | **1,854** | **2,128** |
| | | |
| Accounts payable | 422 | 505 |
| Short-term financial liabilities | 270 | 220 |
| Other short-term liabilities | 606 | 728 |
| **Total short-term liabilities** | **1,299** | **1,453** |
| | | |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **5,780** | **6,245** |

## CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY

| | Attributable to equity holders of the Parent Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| SEK m | Share capital | Other contributed capital | Reserves | Cash flow reserve | Fair value reserve[1)] | Retained earnings including net income | Non-controlling interests | TOTAL EQUITY |
| **Opening balance January 1, 2019** | **59** | **1,681** | **76** | **0** | **13** | **697** | **91** | **2,616** |
| Total comprehensive income for the period | - | - | 36 | 2 | - | 249 | 11 | 298 |
| 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 | - | - | -43 | -1 | - | 14 | -15 | -45 |
| Remeasurement of liability to minority shareholders | - | - | - | - | - | 8 | - | 8 |
| **Closing balance December 31, 2020** | **59** | **1,681** | **69** | **1** | **13** | **719** | **87** | **2,628** |

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 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|
| **Operating activities** | | |
| Reported EBIT | 70 | 408 |
| Adjusted for items not included in cash flow, etc. | 249 | 326 |
| Paid interest and tax | -63 | -152 |
| Change in working capital | 26 | 83 |
| **Cash flow from operating activities** | **282** | **665** |
| **Investing activities** | | |
| Acquisitions of fixed assets | -83 | -183 |
| Sales of fixed assets | 4 | - |
| Acquisition of subsidiaries | -25 | -36 |
| **Cash flow from investing activities** | **-104** | **-220** |
| **Financing activities** | | |
| Loans raised[1)] | 313 | 55 |
| Repayment of debt[1)] | -362 | -186 |
| Dividend paid to shareholders | 0 | -235 |
| Net change, overdraft facilities and other financial liabilities | 7 | -6 |
| Net change in lease liability | -69 | -24 |
| **Cash flow from financing activities** | **-111** | **-396** |
| **Cash flow for the period** | **67** | **48** |
| Cash and cash equivalents, opening balance | 311 | 260 |
| Exchange difference, cash and cash equivalents | -14 | 2 |
| **Cash and cash equivalents, closing balance** | **364** | **311** |

[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

| | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|
| Net sales, SEK m | 4,501 | 5,547 |
| Gross profit, SEK m | 814 | 1,403 |
| Operating income, SEK m | 149 | 533 |
| Operating EBITDA, SEK m | 374 | 762 |
| EBIT, SEK m | 70 | 408 |
| EBITDA, SEK m | 359 | 759 |
| | | |
| Interest-bearing net debt | 1,324 | 1,546 |
| Number of employees | 2,269 | 2,398 |
| | | |
| Sales growth | -18.9% | 12.6% |
| Organic growth | -18.7% | -0.5% |
| Organic pro forma growth | -18.4% | 2.4% |
| | | |
| Gross margin | 18.1% | 25.3% |
| Operating margin | 3.3% | 9.6% |
| Operating EBITDA margin | 8.3% | 13.7% |
| EBIT margin | 1.6% | 7.4% |
| EBITDA margin | 8.0% | 13.7% |
| | | |
| Return on capital employed[1)] | 3.9% | 12.9% |
| Interest-bearing net debt/shareholders' equity | 50.4% | 58.0% |
| Interest-bearing net debt/operating EBITDA[1)] | 3.54 | 2.03 |

[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<br>(Note 1) | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| **Net sales** | **242** | 345 | **966** | **1,214** |
| Cost of goods sold | -225 | -303 | -905 | -1,107 |
| **Gross profit** | **17** | **41** | **61** | **108** |
| | | | | |
| Selling expenses | -27 | -35 | -117 | -138 |
| Administrative expenses | -47 | -64 | -185 | -188 |
| Research and development expenses | -5 | -1 | -6 | -5 |
| Other operating income | 65 | 103 | 259 | 300 |
| Other operating expenses | -15 | -11 | -44 | -40 |
| **EBIT** | **-11** | **32** | **-31** | **36** |
| | | | | |
| Revenue from participation in Group companies | 115 | 276 | 141 | 323 |
| Financial income | 6 | 7 | 27 | 29 |
| Financial expenses | -9 | -25 | -50 | -42 |
| **Net financial items** | **112** | **258** | **118** | **310** |
| | | | | |
| **Income after financial items** | **101** | **290** | **87** | **346** |
| | | | | |
| Income tax | -18 | -60 | -10 | -63 |
| **Net income** | **83** | **230** | **78** | **284** |

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| **Net income** | **83** | **230** | **78** | **284** |
| **Other comprehensive income[1]:** | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange rate differences – translation of subsidiaries | 0 | 0 | 0 | 0 |
| Cash flow hedge | 3 | 2 | 4 | -2 |
| **Total** | **3** | **2** | **4** | **-2** |
| | | | | |
| Other comprehensive income for the period, net after tax | 3 | 2 | 4 | -2 |
| **Total comprehensive income for the period** | **86** | **232** | **82** | **281** |
| **Total comprehensive income for the period attributable to:** | | | | |
| Equity holders of the Parent Company | 86 | 232 | 82 | 281 |

[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 | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Goodwill | 0 | 0 |
| Other intangible assets | 58 | 65 |
| **Total intangible assets** | **58** | **65** |
| Tangible assets | 24 | 23 |
| Financial assets | 3,195 | 3,176 |
| **Total fixed assets** | **3,276** | **3,264** |
| Inventory | 84 | 103 |
| Accounts receivable | 74 | 113 |
| Other receivables | 198 | 200 |
| Cash and bank balances | 272 | 212 |
| **Total current assets** | **628** | **628** |
| **TOTAL ASSETS** | **3,904** | **3,892** |
| **SHAREHOLDERS’ EQUITY, PROVISIONS AND LIABILITIES** | | |
| Restricted equity | 95 | 83 |
| Unrestricted equity | 1,852 | 1,782 |
| **Total equity** | **1,947** | **1,866** |
| **Provisions** | **99** | **105** |
| Long-term loans | 1,002 | 1,159 |
| Other long-term liabilities | 1 | 1 |
| **Total long-term liabilities** | **1,003** | **1,160** |
| Accounts payable | 56 | 69 |
| Short-term financial liabilities | 261 | 215 |
| Other short-term liabilities | 538 | 478 |
| **Total short-term liabilities** | **855** | **762** |
| **TOTAL SHAREHOLDERS’ EQUITY, PROVISIONS AND LIABILITIES** | **3,904** | **3,892** |

# 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.

**Sources/statistics:** HoReCa statistics refer to the European Commission website, Key Indicators for the Euro Area. DEHOGA refers to HoReCa statistics for Germany at DEHOGA Zahlenspiegel. For statistics on travel and hotel bookings, see the World Hotel Index on Siteminder.com, and for statistics on restaurant visits and table reservations, see State of industry on Opentable.com.

# Definitions of key financials

Duni Group 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 segments 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 Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| Operating income excluding IFRS 16 Leases | 50 | 198 | 144 | 527 |
| Effects of IFRS 16 Leases | 1 | 1 | 5 | 5 |
| **Operating income** | **51** | **199** | **149** | **533** |
| Restructuring costs | -9 | 0 | -48 | -2 |
| Amortization of intangible assets identified in business combinations | -16 | -72 | -64 | -121 |
| Fair value allocation in connection with acquisitions | 0 | -1 | 0 | -1 |
| Curtailment gain related to pension plan | 33 | - | 33 | - |
| **EBIT** | **59** | **126** | **70** | **408** |

## BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

| SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| Operating EBITDA excluding IFRS 16 Leases | 90 | 238 | 305 | 691 |
| Effects of IFRS 16 Leases | 17 | 17 | 70 | 71 |
| **Operating EBITDA** | **106** | **255** | **374** | **762** |
| Restructuring costs | -9 | 0 | -48 | -2 |
| Fair value allocation in connection with acquisitions | 0 | -1 | 0 | -1 |
| Curtailment gain related to pension plan | 33 | - | 33 | - |
| **EBITDA** | **130** | **254** | **359** | **759** |
| Amortization of intangible assets identified in business combinations | -16 | -72 | -64 | -121 |
| Amortization of right-of-use assets | -15 | -17 | -65 | -66 |
| Other amortization/depreciation included in EBIT | -40 | -39 | -160 | -164 |
| **EBIT** | **59** | **126** | **70** | **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.

The Duni Group has received government assistance for short-time work. This assistance has been recognized as revenue under the Other operating income line item.

## 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 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 | Oct-Dec 2020 | | | Oct-Dec 2019 | | |
|---|---|---|---|---|---|---|
| | Duni | BioPak | Duni Group | Duni | BioPak | Duni Group |
| Total net sales | 679 | 509 | 1,188 | 1,115 | 471 | 1,586 |
| Net sales from other segments | 6 | 1 | 7 | 26 | 3 | 28 |
| **Net sales from external customers** | **673** | **508** | 1,181 | **1,090** | **468** | 1,558 |
| **Operating income** | | | 51 | | | 199 |
| EBIT | | | 59 | | | 126 |
| Net financial items | | | -12 | | | -7 |
| Income after financial items | | | 47 | | | 118 |

| SEK m | Jan-Dec 2020 | | | Jan-Dec 2019 | | |
|---|---|---|---|---|---|---|
| | Duni | BioPak | Duni Group | Duni | BioPak | Duni Group |
| Total net sales | 2,647 | 1,881 | 4,528 | 3,876 | 1,743 | 5,618 |
| Net sales from other segments | 19 | 8 | 27 | 60 | 11 | 71 |
| **Net sales from external customers** | **2,628** | **1,874** | 4,501 | **3,816** | **1,732** | 5,547 |
| **Operating income** | | | 149 | | | 533 |
| EBIT | | | 70 | | | 408 |
| Net financial items | | | -63 | | | -32 |
| Income after financial items | | | 7 | | | 377 |

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

*Note that the sales figures for 2019 between the segments have been corrected after Duni released its Q1 report.*

| Net sales | 2020 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| SEK m | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar |
| Duni | 673 | 767 | 377 | 811 | 1,090 | 946 | 890 | 890 |
| BioPak | 508 | 484 | 443 | 439 | 468 | 431 | 458 | 374 |
| **Duni Group** | **1,181** | **1,251** | **820** | **1,249** | **1,558** | **1,377** | **1,348** | **1,264** |
| **Operating income** | | | | | | | | |
| SEK m | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-Jun | Jan-Mar |
| Duni | 1 | 68 | -118 | 56 | 159 | 99 | 83 | 75 |
| BioPak | 49 | 42 | 26 | 24 | 40 | 31 | 28 | 17 |
| **Duni Group** | **51** | **110** | **-92** | **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–DECEMBER 2020

| SEK m | Duni | BioPak | Duni Group |
|---|---|---|---|
| *Primary geographic regions* | | | |
| NorthEast | 423 | 434 | 856 |
| Central | 1,126 | 232 | 1,358 |
| West | 443 | 140 | 582 |
| South | 221 | 128 | 349 |
| Rest of World | 196 | 941 | 1,138 |
| Other sales | 219 | -1 | 218 |
| **Total** | **2,628** | **1,874** | **4,501** |
| | | | |
| *Time of revenue recognition* | | | |
| Goods/services transferred at once | 2,628 | 1,874 | 4,501 |
| Goods/services transferred over time | - | - | - |
| **Total** | **2,628** | **1,874** | **4,501** |
| | | | |
| *Product groups* | | | |
| Napkins | | | 1,583 |
| Table covers | | | 621 |
| Candles | | | 164 |
| Packaging solutions | | | 817 |
| Serving products | | | 872 |
| Other | | | 444 |
| **Total** | | | **4,501** |

## Note 4 • Reporting and disclosures on restructuring costs

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

| Restructuring costs<br>SEK m | 3 months Oct-Dec 2020 | 3 months Oct-Dec 2019 | 12 months Jan-Dec 2020 | 12 months Jan-Dec 2019 |
|---|---|---|---|---|
| Cost of goods sold | -2 | 0 | -2 | 0 |
| Selling expenses | -4 | 0 | -31 | -2 |
| Administrative expenses | 0 | 0 | -13 | 0 |
| Other operating expenses/income | -2 | - | -2 | - |
| **Total** | **-9** | **0** | **-48** | **-2** |

The Duni Group has a new global functional organization as of January 1, 2020. In place of a sales and marketing organization per business area, segment reporting was changed to two segments, Duni and BioPak, with a joint sales force and a central marketing organization. The restructuring costs totaled SEK 30 m. The program leads to annual savings of SEK 20 m with full effect from the second half of 2020. In addition, a restructuring cost for severance compensation to the outgoing CEO was charged in the amount of SEK 9 m. In the fourth quarter, the Duni Group launched an additional measure to strengthen its new organizational structure by moving from two brand segments to two business areas: Duni and BioPak. Each business area will have full responsibility for its respective value chain. External segment reporting will not change as this is considered fine-tuning of the organization launched in the beginning of the year. The new organization will be effective on January 1, 2021. Its restructuring costs amounted to SEK 9 m, were charged to the fourth quarter and results in annual savings totaling approximately SEK 10 m, which creates scope for reinvestment in key areas such as sustainability and digitalization. Consequently, total restructuring costs for the year were SEK 48 m.

# 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

Duni's products are sold in more than 40 markets and Duni is the market leader in Central and Northern Europe. The Group has approximately 2,300 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 4,501 m

## SALES GROWTH

18.7%

Duni's target is to achieve 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

3.3%

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 2020

0

It is the Board of Directors' long-term intention for dividends to amount to at least 40% of income after tax.