
# INTERIM REPORT FOR DUNI AB (PUBL) JANUARY 1– JUNE 30, 2021

(compared to the same period of the previous year)

July 15, 2021

## Easing of restrictions contributes to improved income

### April 1–June 30

- Net sales amounted to SEK 1,124 m (820), corresponding to a 37.1% increase in sales. Adjusted for exchange rate movements, net sales increased by 41.3%.
- Earnings per share after dilution amounted to SEK 0.38 (-2.15).
- The increase in sales combined with government support for fixed costs resulted in improved income during the quarter.
- The easing of restrictions has resulted in an improved situation for the Duni business area.
- The positive growth trend in the BioPak business area continues, despite disruption in the freight market.

### January 1–June 30

- Net sales amounted to SEK 2,056 m (2,069), corresponding to a 0.6% decrease in sales. Adjusted for exchange rate movements, net sales increased by 2.4%.
- Earnings per share after dilution amounted to SEK -0.70 (-1.65).
- Net sales and earnings for the half-year are linked directly to the social restrictions.
- A high focus on innovation and partnerships to offer the most sustainable solutions and contribute to a more sustainable society.

### KEY FINANCIALS

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| Net sales | 1,124 | 820 | 2,056 | 2,069 | 4,488 | 4,501 |
| Organic growth | 40.7% | -40.1% | 2.4% | -22.6% | -8.1% | -18.7% |
| Operating income [1)] | 58 | -92 | 18 | -12 | 178 | 149 |
| Operating margin [1)] | 5.2% | -11.2% | 0.9% | -0.6% | 4.0% | 3.3% |
| Income after financial items | 34 | -138 | -38 | -109 | 78 | 7 |
| Income after tax | 18 | -101 | -33 | -79 | 49 | 4 |

[1)] For key financials, definitions and reconciliation of alternative key financials, see pages 26-27.

The Duni Group is a market leader in attractive, eco-conscious 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 2,200 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 and the Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 am CET on July 15, 2021.

The easing of restrictions for restaurants, primarily as from June, is contributing to the Group's strong recovery during the quarter.

## Europe is opening up

The second quarter saw a gradual easing of restrictions in our main markets. This has resulted in increased guest flows and hours of opening for restaurants, even though continued restrictions on serving indoors have had a moderate effect.

The easing of restrictions is contributing to the Group's recovery during the quarter. Looking ahead there are still uncertainty about the long-term effects of the pandemic with regards to, among other things, business travel, events, and catering, as well as other market conditions.

## Sales and income increase when restrictions are eased

Group sales amounted to SEK 1,124 m (820). At fixed exchange rates, this corresponds to a sales increase of 41.3%. Eased restrictions have had a positive impact on the Duni business area, which has grown by 41.4% compared with the previous year. The BioPak business area increased its sales by 41.1% in relation to the previous year.

The higher sales figure combined with government support has a direct impact on operating income, which amounted to SEK 58 m (-92) for the quarter. Government support for fixed costs of SEK 46 m was reported during the quarter for the German companies. This relates to the period from November 2020 until March 2021. An application for the period from April to June 2021 will be submitted, although this is expected to have a much lower impact, as the negative effect of the pandemic on the Group has been reduced during the quarter.

## Cost pressure on raw materials and sea freight

The shortage of container capacity from Asia has increased, causing extended delivery times and significant increases in freight costs for containers. We continue to work to mitigate these by maintaining a strict cost focus, but also through price adjustments, which were announced during the quarter. But there is, as always, some delay when compensating for cost increases in the short term.

## Partnerships for sustainable solutions and circularity

The Group's goals are to offer the most sustainable packaging solutions for all consumption occasions and to contribute to a sustainable future through partnerships and innovation. Important steps towards full circularity are the recently announced partnership agreement with &Repeat and a minority acquisition and partnership with German company Relevo GmbH.

Furthermore, the Duni business area, through its own innovation and partnership with OrganoClick AB, has launched new, fossil-free product materials for premium napkins and table covers. This supplements the most recent innovation with fiber-based external packaging for napkins, which was communicated during the first quarter.

After a long time spent in a tough market situation, we are optimistic about the months ahead, with eased restrictions and an increased vaccination rate creating the conditions for a return to a more normal existence, says Robert Dackeskog, President and CEO, Duni Group.

“After a long time spent in a tough market situation, we are optimistic about the months ahead, with eased restrictions and an increased vaccination rate creating the conditions for a return to a more normal existence,” says Robert Dackeskog, President and CEO, Duni Group.

# Net sales

## April 1–June 30

Compared to the same period of the previous year, net sales increased by SEK 304 m to SEK 1,124 m (820). At fixed exchange rates, this corresponds to a 41.3% increase. The markets gradually opened up during the second quarter, resulting in increased mobility in society. With falling infection rates and an increased proportion of people being vaccinated, restrictions have gradually been eased, which has primarily benefited the Group's biggest customer segment, restaurants. The Duni business area has been well prepared to meet the increased demand. Delivery capacity has been good, and net sales have recovered, especially during the second half of the quarter. Demand in the BioPak business area's portfolio, especially the eco-profiled range, remained high during the second quarter. Net sales increased significantly, despite challenges in the supply chain as in the same period last year, this time due to disruption in the freight market.

## January 1–June 30

Compared to the same period of the previous year, net sales decreased by SEK 13 m to SEK 2,056 m (2,069). At fixed exchange rates, this corresponds to a 2.4% increase. As a consequence of both a second and a third wave of Covid-19, most of the first half of the year was characterized by social restrictions. Until the end of May, this involved the almost total closure of hotel and restaurant operations in most European markets. In the corresponding period of the previous year, restrictions were not introduced until the end of March, which explains the lower net sales for the Duni business area. The fact that the Group's total net sales end in line with the previous year is due to strong sales in the BioPak business area, partly driven by increased demand for take-away, partly by strong demand for eco-profiled products.

## NET SALES, CURRENCY EFFECT

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2021[1] recalculated | 3 months Apr-Jun 2020 | Change in fixed exchange rates | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2021[1] recalculated | 6 months Jan-Jun 2020 | Change in fixed exchange rates |
|---|---|---|---|---|---|---|---|---|
| Duni | 508 | 533 | 377 | 41.4% | 909 | 952 | 1,187 | -19.8% |
| BioPak | 616 | 626 | 443 | 41.1% | 1,147 | 1,167 | 882 | 32.3% |
| **Duni Group** | **1,124** | **1,159** | **820** | **41.3%** | **2,056** | **2,119** | **2,069** | **2.4%** |

## NET SALES PER REGION

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2021[1] recalculated | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2021[1] recalculated | 6 months Jan-Jun 2020 |
|---|---|---|---|---|---|---|
| NorthEast | 245 | 250 | 167 | 413 | 421 | 399 |
| Central | 246 | 260 | 202 | 488 | 516 | 642 |
| West | 177 | 185 | 105 | 299 | 314 | 298 |
| South | 94 | 99 | 63 | 153 | 161 | 168 |
| Rest of World | 328 | 330 | 203 | 616 | 619 | 459 |
| Other sales | 34 | 35 | 80 | 86 | 87 | 104 |
| **Duni Group** | **1,124** | **1,159** | **820** | **2,056** | **2,119** | **2,069** |

[1] Reported net sales for 2021 recalculated at 2020 exchange rates.

# Income

## April 1–June 30

Operating income amounted to SEK 58 m (-92), with an operating margin of 5.2% (-11.2%). The gross margin was 17.2% (3.9%). The clear improvement in income compared with the same period the previous year is explained primarily by higher sales and by the government support reported from the German state. The higher volumes cover the contribution margin for fixed costs and enable more efficient operation of the factories in the Duni business area. The BioPak business area is displaying strong operational leverage, boosting profitability.

As previously communicated, government support for fixed costs of SEK 46 m in the German companies was reported. This relates to the period November 2020–March 2021 and has been allocated in full to the Duni business area. The German companies will also apply for the period April–June 2021, although support for this period will be significantly lower, as the negative impact, primarily from the end of May and during June, has not been as noticeable.

Inflationary pressure has increased and there have been significant cost increases for many raw materials and services. For the Group, these primarily involve cost increases for input materials for products and costs of container freight from Asia, which have a negative impact on income. Cost increases took place gradually during the first half of the year, and price increases were announced during the quarter. The saving program that was put into place in spring 2020 has made a positive contribution to income. The program will be closed as the situation normalizes. As a first step, external sales of semi-finished products from the paper mill were reduced during the quarter, to instead increase production for internal converting.

Income after financial items totaled SEK 34 m (-138). Income after tax was SEK 18 m (-101).

## January 1 – June 30

Operating income amounted to SEK 18 m (-12), with an operating margin of 0.9% (-0.6%). The gross margin was 14.5% (15.6%). With strong growth in the BioPak business area, the start of normalization in the Duni business area and increased government support, the income is stronger compared with the previous year. There was, however, a negative impact in income due to high costs of raw material and logistics. Excluding support for shortening working hours and support for fixed costs, operating income is at the same level as in the previous year.

Income after financial items totaled SEK -38 m (-109). Income after tax was SEK -33 m (-79).

### OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2021[1] recalculated | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2021[1] recalculated | 6 months Jan-Jun 2020 |
|---|---|---|---|---|---|---|
| Duni | -3 | -2 | -118 | -87 | -88 | -62 |
| BioPak | 62 | 63 | 26 | 104 | 107 | 50 |
| **Duni Group** | **58** | **61** | **-92** | **18** | **19** | **-12** |

[1] Reported net sales for 2021 recalculated at 2020 exchange rates.

# Two business areas – two brands

The Group's business is divided into two business areas, Duni and BioPak. Both business areas have full responsibility for its respective value chain. Products are sold via a shared sales force.

All sales are made via a consolidated commercial organization divided into six regions. Each region is responsible for local sales and marketing of both Duni and BioPak products 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%.
*Other sales*: 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. Sales in the Other sales category are a part of the Duni business area.

Group management, which is the highest executive and decision-making body, decides on the allocation of resources within the Group and evaluates the results of operations. Group Management manages the performance of the business through the business areas on the basis of sales and operating income.

Group-wide functions such as accounting, HR, communications, CSR & sustainability, and IT are largely shared by the business areas and the expenses for these are allocated by the percentage of sales of each business area, Duni and BioPak.

Each business area is responsible for its respective branding strategy, marketing communications, product development and innovation.

The Duni business area 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 business area, from material manufacture and concept development to conversion and distribution.

The BioPak business area does not have in-house production. Here the procurement organization is large and a major part of the business.

For further information, see Note 3, Segment reporting.

DUNI

The Duni brand stands for design, color, shape, and high quality that create a pleasant atmosphere on every meal occasion. The business area 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 2020 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 business area

The Duni business area stands for what the Group is traditionally associated with – innovative solutions for the set table, primarily napkins, table covers and candles. The business area'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 business area is a European market leader in the premium segment for napkins and table covers. The business area accounted for approximately 44% (57%) of the Group's net sales during the period from January 1 to June 30, 2021.

## APRIL 1 – JUNE 30

| Net sales | Operating income | Operating margin |
|---|---|---|
| 508 | -3 | -0.7% |
| Net sales amounted to SEK 508 m (377). | Operating income was SEK -3 m (-118). | The operating margin was -0.7% (-31.4%). |

## JANUARY 1–JUNE 30

| Net sales | Operating income | Operating margin |
|---|---|---|
| 909 | -87 | -9.5% |
| Net sales amounted to SEK 909 m (1,187). | Operating income was SEK -87 m (-62). | The operating margin was -9.5% (-5.2%). |

# Duni business area

## Net sales

Net sales for the quarter amounted to SEK 508 m (377). At fixed exchange rates, this corresponds to a sales increase of 41.4%. Net sales for the half year amounted to SEK 909 m (1,187), corresponding to a 19.8% decrease in sales at fixed exchange rates. Net sales for the first half of the year were lower compared with the previous year, as social restrictions were not introduced until March in the previous year.

Sales to the restaurant and hotel market were very low during the first quarter, as a consequence of the strict social restrictions, which continued during large parts of the second quarter. The easing of restrictions started all around Europe in mid-May. The clearest sales increase was seen in the UK, which opened society late last summer, but was one of the first of Duni's key markets to open up this year. In June, most markets had allowed restaurants to open, albeit limited to outdoors in many places and with a limited number of guests in some cases.

Sales through grocery retail were also affected by the restrictions to some extent in the first quarter, but increased significantly during the second quarter. Here too, the trend was clearest in the UK, where net sales almost doubled in the second quarter compared with the same quarter in the previous year. In general, net sales in the Duni business area reflect the opening of society, with significantly increased sales in June, for which the business area was well prepared and therefore managed to maintain a high level of delivery performance.

## Income

Operating income in the quarter was SEK -3 m (-118) and the operating margin was -0.7% (-31.4%). For the half year, operating income was SEK -87 m (-62) and the operating margin was -9.5% (-5.2%). In the first quarter, net sales were about half their level in the same period of the previous year, which resulted in a significant negative income, despite the saving program and government support. Vertical integration means that a large proportion of fixed costs cannot be absorbed.

The sales recovery in the second quarter, combined with continued cost control and more government support, boosted income compared with the corresponding period in the previous year. The cost of input material increased gradually throughout the first half of the year for both pulp prices and other input materials, causing an increasingly negative impact on income as volumes increased. Price increases for the market have been announced to balance out the cost increased which are expected to have impact during the latter part of the year.

### NET SALES PER REGION, DUNI BUSINESS AREA

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2021[1] recalculated | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2021[1] recalculated | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|---|---|
| NorthEast | 110 | 114 | 50 | 173 | 178 | 179 | 407 | 413 |
| Central | 169 | 179 | 142 | 334 | 353 | 527 | 916 | 1,109 |
| West | 98 | 102 | 47 | 151 | 158 | 185 | 414 | 448 |
| South | 49 | 52 | 30 | 71 | 74 | 105 | 209 | 243 |
| Rest of World | 49 | 53 | 27 | 96 | 102 | 88 | 206 | 198 |
| Other sales | 33 | 34 | 81 | 85 | 86 | 105 | 197 | 216 |
| **Duni** | **508** | **533** | **377** | **909** | **952** | **1,187** | **2,349** | **2,628** |

[1] Reported net sales for 2021 recalculated at 2020 exchange rates.

# BioPak business area

The BioPak business area 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 business area'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 business area's products and services are currently sold under both the Duni and BioPak brands, but the goal is for the business area to primarily represent the BioPak brand. The business area is a market leader in Australia, and the launch of BioPak in Europe is under way. The business area accounted for approximately 56% (43%) of the Group's net sales during the period from January 1 to June 30, 2021.

## APRIL 1 – JUNE 30

**Net sales**

616

Net sales amounted to SEK 616 m (443).

**Operating income**

62

Operating income was SEK 62 m (26).

**Operating margin**

10.0%

The operating margin was 10.0% (5.9%).

## JANUARY 1 – JUNE 30

**Net sales**

1,147

Net sales amounted to SEK 1,147 m (882).

**Operating income**

104

Operating income was SEK 104 m (50).

**Operating margin**

9.1%

The operating margin was 9.1% (5.7%).

# BioPak business area

## Net sales

Net sales for the quarter amounted to SEK 616 m (443). At fixed exchange rates, this corresponds to a sales increase of 41.1%. Net sales for the half year amounted to SEK 1,147 m (882), corresponding to a sales increase of 32.3% at fixed exchange rates. Due to the Covid-19 restrictions, which limit the possibility of serving at tables, demand has increased significantly for both take-away from restaurants and sealable packaging solutions from municipal bodies and similar organizations. This, combined with an underlying strong demand for environmentally-sound products, explains the significant growth in the BioPak business area.

Growth continued throughout the period in virtually all markets, with key markets such as Australia and Germany reporting the strongest growth. Disruption in the sea freight market, long lead times from suppliers and high demand posed challenges to delivery performance during the second quarter. Continuous work is under way to secure inbound deliveries to meet the market's needs. In order to further strengthen its position and its offering to the market, and to meet demand for environmentally-conscious take-away products, the business area launched a number for compostable take-away boxes during the second quarter.

## Income

Operating income in the quarter was SEK 62 m (26) and the operating margin was 10.0% (5.9%). For the half year, operating income was SEK 104 m (50) and the operating margin was 9.1% (5.7%). Income increased primarily through the high growth in sales, which was boosted by increased demand during the pandemic.

With limited travel and fewer marketing activities than usual, indirect costs were relatively low in relation to net sales. This creates strong operational leverage, which contributes to the strong income. Raw material prices and freight costs in the BioPak business area increased gradually during the first half of the year, reaching historically very high levels in many areas during the second quarter. Price increases have been announced to compensate for the cost increases.

### NET SALES PER REGION, BIOPAK BUSINESS AREA

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2021[1] recalculated | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2021[1] recalculated | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|---|---|
| NorthEast | 134 | 136 | 116 | 241 | 243 | 221 | 453 | 433 |
| Central | 77 | 81 | 60 | 154 | 163 | 115 | 270 | 232 |
| West | 80 | 83 | 58 | 149 | 156 | 113 | 277 | 241 |
| South | 45 | 47 | 33 | 82 | 87 | 63 | 147 | 128 |
| Rest of World | 279 | 277 | 176 | 521 | 517 | 371 | 991 | 842 |
| Other sales | 1 | 1 | -1 | 1 | 1 | -1 | 1 | -1 |
| **BioPak** | **616** | **626** | **443** | **1,147** | **1,167** | **882** | **2,139** | **1,874** |

[1] Reported net sales for 2021 recalculated at 2020 exchange rates.

## Cash flow and funding

The Group’s cash flow from operating activities was SEK -175 m (97) for the period from January 1 to June 30. Accounts receivable amounted to SEK 717 m (583) and accounts payable to SEK 400 m (352), while inventory was valued at SEK 920 m (878). Despite an improved income, cash flow is negative compared with the previous year. Increased sales increases accounts receivables which affect working capital negatively, reversing the effect compared with the same period of the previous year.

Cash flow including investing activities amounted to SEK -199 m (48). Net investments for the period amounted to SEK 38 m (59). Depreciation and amortization for the period totaled SEK 135 m (146), with amortization of right-of-use assets accounting for SEK 31 m (33) of this item.

The Group’s interest-bearing net debt as of June 30, 2021 was SEK 1,516 m. The Group’s interest-bearing net debt on June 30, 2020 was SEK 1,537 m.

The Group’s liquidity remains solid, and at present, there is no need for further liquidity. The impact of Covid-19 prompted the renegotiation of the covenants in the loan agreement during the second quarter of 2020 in order to temporarily adapt to the current market situation. The total credit facility, maturity and volume remained unchanged. The renegotiated covenants applied from April 2020 to March 2021. During the first quarter of 2021, the situation and risk profile were evaluated again, discussions were conducted with the banks, resulting in the temporary loan agreement being extended by two quarters until September 2021. The total cost of this extension was SEK 9 m and was reported in the first quarter of 2021. The assessment is that the covenants will be met when the term of the temporary loan agreement expires. This conclusion is based on different scenarios of market development, which encompass both negative and positive assumptions. Even in the most pessimistic scenario, with continued negative effects from the pandemic, the assessment is that the Group will meet its financial commitments.

## Net financial items

Net financial items for the period from January 1–June 30 totaled SEK -24 m (-38). The temporary loan agreement was extended in March and remains valid until September 2021. This caused a cost of SEK 9 m to be charged to net financial items in the first quarter.

## Taxes

The total tax income reported for the period January 1–June 30 period was SEK 5 m. Tax income of SEK 30 m was reported for the same period of the previous year. This produces an effective tax rate of 12.1% (27.5%). The tax for the year includes adjustments and non-recurring effects from the previous year of SEK 1.2 m (2.5).

## Earnings per share

The year’s earnings per share before and after dilution amounted to SEK -0.70 (-1.65).

## The share

At June 30, 2021, the share capital amounted to SEK 58,748,790 divided into 46,999,032 outstanding ordinary shares. The quotient value of the shares is 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 (10.34%) and Carnegie fonder (9.81%).

## Personnel
On June 30, 2021 there were 2,195 (2,293) employees. 896 (984) 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
No acquisitions were made during the period. After the end of the period, the Parent Company acquired 20% of the shares in Relevo GmbH, in Germany. The purchase price was EUR 2 m, and the acquisition will be reported as non- controlling interests. For more information about the acquisition and the partnership with Relevo, see the press release dated July 14, 2021.

## 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 of the annual report. This report provides information about the Group’s corporate social responsibility (CSR) program, which describes the 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.

### 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, 2020.

The Group’s contingent liabilities have risen since the start of the year by SEK 2 m to SEK 56 m (59).

### Operational and financial risks associated with Covid-19 and action taken
The ongoing pandemic has had a substantial impact on the Group. The social restrictions in place to prevent the spread of infection have resulted in the authorities restricting people’s mobility. The Duni business area sells its products primarily in the HoReCa sector. Hotel, restaurant and catering businesses are all significantly affected because they have had to operate under very heavy restrictions, if they have even been allowed to stay open at all. This has impacted the Group's sales significantly, which decreased in 2020 by 18.9% from SEK 5,547 m to SEK

4,501 m. During the first half of 2021, the Group's sales continued to be significantly affected by restrictions in many countries. During the first quarter, many of the Duni business area's markets were closed, and this continued into the second quarter. The easing of restrictions 2021 started all around Europe in mid-May 2021.

The decrease in sales had a direct impact on the weak income. The Duni business area is vertically integrated and owns its own paper mill and converting plants that produce napkins and table covers. As a result of the decrease in volumes, fixed costs were not fully absorbed, which impacted income even more negatively. The BioPak business area offers environmentally-sound concepts for meal packaging and serving products for applications including take-away. The business area does not have in-house production, instead purchasing its products primarily from China and Europe. Many restaurants have had to transition their business and offer more take-away than before. Despite strong growth and improved income in the BioPak business area, this does not fully compensate for the negative income in the Duni business area. One consequence of the pandemic has been a shortage of containers in Asia, which has resulted in a significant increase in freight costs for goods from Asia. Looking ahead, there is some uncertainty about the long-term effects, such as behavioral patterns regarding business travel, events and catering, as well as other market conditions.

Temporary, strong and immediate actions were implemented to limit the impact of lost sales and lower efficiency in the Group's plants. Operation of the Group's logistics and production units 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. 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, this reduced costs by approximately SEK 270 m in 2020, of which approximately SEK 82 m was in connection with government support. The action program will be closed down as the situation normalizes. As a first step, external sales of semi-finished products from the paper mill were reduced during the second quarter of 2021, increasing production instead for internal conversion. For the first half year of 2021, cost savings were approximately SEK 139 m, of which government support accounted for SEK 97 m.

The reason why government support during the quarter is much higher than previously is that the Group's German companies submitted an application during the second quarter for support for fixed costs for the period November 2020 until March 2021. SEK 46 m was therefore reported as government support during the quarter under Other operating income in the income statement. The companies have so far only received SEK 5 m of this money, and the German state is still issuing new clarifications about what may be included in fixed costs, which represents a degree of risk. Management still considers it possible to apply for the second quarter of 2021, although this is expected to have a significantly lower effect, as the negative impact of the pandemic on the Group was reduced during the quarter. The Group will report the income when a sufficiently accurate estimate can be calculated and it has been confirmed that all requirements for receiving the support are met.

A strong focus on increased control of working capital is also a part of this cost-cutting program, and the Group tracks the performance of accounts receivable and payments from customers on a weekly basis. 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 some kinds of restrictions, and the risk of bankruptcy increases as these restrictions are prolonged.

The dividends for the financial years 2019 and 2020 were canceled. Despite poorer cash flow due to the deterioration of income, the Group's interest-bearing net debt did not increase and its financial position remains solid. A temporary loan agreement was negotiated to adapt to the current market situation. This agreement exclusively involves new covenants. The total credit facility, maturity and volume remain unchanged. The cost of this totaled SEK 21 m in 2020. In the first quarter of 2021, the temporary loan agreement was extended to September 2021. This expense was recognized in the first quarter and amounted to SEK 9 m. It is considered that the covenants will be met when the term of the temporary loan agreement expires. This conclusion is based on different scenarios of market development, which encompass both negative and positive assumptions. Even in the most pessimistic scenario, with continued negative effects from the pandemic, the assessment is that Duni will meet its financial commitments.

## Transactions with related parties

No significant transactions with related parties took place during the second quarter of 2021.

## Major events during the period

No significant events have occurred during the period.

## Major events since June 30

No significant events have occurred since the balance sheet date.

## Interim reports

| | |
|---|---|
| Q3 | October 21, 2021 |
| Q4 | February 17, 2022 |

## Board of Directors

At the Annual General Meeting on May 4, 2021, Morten Falkenberg, Thomas Gustafsson, Sven Knutsson, Pauline Lindwall, Pia Marions and Alex Myers were re-elected as members of the Board. The AGM elected Thomas Gustafsson as Chairman of the Board.

## Parent Company

Net sales for the period January 1– June 30 amounted to SEK 449 m (458). Income after financial items totaled SEK -7 m (5). The interest-bearing net debt was SEK -381 m (-420), of which a net asset of SEK 1,692 m (1,674) relates to subsidiaries. Net investments amounted to SEK 10 m (9) and depreciation & amortization was SEK 10 m (11). In the period, government support totaling SEK 11 m, whereof SEK 1 m and SEK 10 m support for fixed costs. This is reported under Other operating income in the Parent Company's income statement.

## 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, 2020.

## 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 is provided for publication on July at 07.45 am.

At 10:00 am on Thursday, July 15, the report will be presented at a telephone conference, which can also be followed online. To participate in the telephone conference, call +46 (0)8-505 583 54. To follow the presentation online, please visit this link:

https://onlinexperiences.com/Launch/QReg/ShowUUID=D80A1089-9415-4BF6-891A-0BFC238AA737

Both a Swedish and an English version of this report have been prepared. In the event of any discrepancy betwe en 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, July 14, 2021*

Thomas Gustafsson, Chairman of the Board

Morten Falkenberg, Director

Sven Knutsson, Director

Pauline Lindwall, Director

Pia Marions, Director

Alex Myers, Director

Kerstin Hake, Employee Representative, PTK

David Green, Employee Representative, LO

Robert Dackeskog, President and CEO

**For additional information please contact:**

Robert Dackeskog, President and CEO, +46 (0)40 10 62 00
Magnus Carlsson, CFO, +46 (0)40 10 62 00
Helena Haglund, Group Accounting Manager, +46 (0)734 19 63 04

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

## CONSOLIDATED INCOME STATEMENTS

| SEK m (Note 1) | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| **Net sales** | **1,124** | **820** | **2,056** | **2,069** | **4,488** | **4,501** |
| Cost of goods sold | -930 | -788 | -1,758 | -1,746 | -3,700 | -3,687 |
| **Gross profit** | **194** | **32** | **298** | **324** | **788** | **814** |
| Selling expenses | -127 | -112 | -244 | -275 | -483 | -514 |
| Administrative expenses | -67 | -60 | -126 | -132 | -260 | -265 |
| Research and development expenses | 0 | 0 | 0 | -3 | -3 | -5 |
| Other operating income | 64 | 54 | 97 | 55 | 163 | 121 |
| Other operating expenses | -21 | -24 | -39 | -40 | -79 | -80 |
| **EBIT (Note 4)** | **43** | **-110** | **-14** | **-71** | **127** | **70** |
| Financial income | 1 | 0 | 1 | 1 | 2 | 2 |
| Financial expenses | -9 | -28 | -25 | -39 | -51 | -65 |
| **Net financial items** | **-8** | **-28** | **-24** | **-38** | **-49** | **-63** |
| **Income after financial items** | **34** | **-138** | **-38** | **-109** | **78** | **7** |
| Income tax | -16 | 37 | 5 | 30 | -29 | -3 |
| **Net income** | **18** | **-101** | **-33** | **-79** | **49** | **4** |
| Net income attributable to: | | | | | | |
| - Equity holders of the Parent Company | 18 | -101 | -33 | -77 | 48 | 3 |
| - Non-controlling interests | 0 | 0 | -1 | -1 | 1 | 1 |
| **Earnings per share attributable to equity holders of the Parent Company:** | | | | | | |
| Before and after dilution (SEK) | 0.38 | -2.15 | -0.70 | -1.65 | 1.03 | 0.05 |
| Average number of shares before and after dilution ('000) | 46,999 | 46,999 | 46,999 | 46,999 | 46,999 | 46,999 |

## STATEMENT OF COMPREHENSIVE INCOME

| SEK m (Note 1) | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| **Net income** | **18** | **-101** | **-33** | **-79** | **49** | **4** |
| | | | | | | |
| **Other comprehensive income:** | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | |
| Actuarial loss on post-employment benefit obligations* | -3 | -28 | 18 | -9 | 38 | 11 |
| **Total** | **-3** | **-28** | **18** | **-9** | **38** | **11** |
| Items that may be reclassified subsequently to profit or loss: | | | | | | |
| Exchange rate differences – translation of subsidiaries | -19 | -2 | 2 | -28 | -30 | -59 |
| Cash flow hedge | 1 | -1 | 2 | -1 | 2 | -1 |
| **Total** | **-18** | **-2** | **4** | **-29** | **-28** | **-60** |
| **Other comprehensive income for the period, net after tax:** | **-21** | **-31** | **21** | **-38** | **10** | **-49** |
| **Sum of comprehensive income for the period** | **-3** | **-131** | **-12** | **-116** | **59** | **-45** |
| - Of which non-controlling interests | -6 | -6 | -4 | -6 | -13 | -15 |

*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 | 2021 | | 2020 | | | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| Quarter | Apr-Jun | Jan-Mar | Oct-Dec | Jul-Sep | Apr-June | Jan-Mar | Oct-Dec | Jul-Sep |
| **Net sales** | **1,124** | **932** | **1,181** | **1,251** | **820** | **1,249** | **1,558** | **1,377** |
| Cost of goods sold | -930 | -828 | -968 | -973 | -788 | -958 | -1,116 | -1,038 |
| **Gross profit** | **194** | **104** | **213** | **278** | **32** | **291** | **442** | **339** |
| Selling expenses | -127 | -117 | -118 | -121 | -112 | -163 | -151 | -140 |
| Administrative expenses | -67 | -59 | -65 | -68 | -60 | -72 | -89 | -68 |
| Research and development expenses | 0 | 0 | -2 | 0 | 0 | -2 | 0 | 0 |
| Other operating income | 64 | 35 | 54 | 12 | 54 | 4 | 2 | 4 |
| Other operating expenses | -21 | -19 | -22 | -19 | -24 | -20 | -78 | -22 |
| **EBIT** | **43** | **-56** | **59** | **82** | **-110** | **39** | **126** | **113** |
| Financial income | 1 | 0 | 0 | 0 | 0 | 1 | 1 | 1 |
| Financial expenses | -9 | -16 | -13 | -13 | -28 | -11 | -8 | -8 |
| **Net financial items** | **-8** | **-16** | **-12** | **-13** | **-28** | **-10** | **-7** | **-7** |
| **Income after financial items** | **34** | **-72** | **47** | **69** | **-138** | **29** | **118** | **106** |
| Income tax | -16 | 21 | -12 | -21 | 37 | -7 | -46 | -25 |
| **Net income** | **18** | **-51** | **35** | **48** | **-101** | **22** | **73** | **81** |
| **Income attributable to:** | | | | | | | | |
| - Equity holders of the Parent Company | 18 | -52 | 35 | 48 | -100 | 20 | 72 | 80 |
| - Non-controlling interests | 0 | 1 | 0 | 0 | 0 | 2 | 1 | 1 |

## CONSOLIDATED BALANCE SHEET IN BRIEF

| SEK m | June 30 2021 | December 31 2020 | June 30 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 2,020 | 2,011 | 2,042 |
| Other intangible assets | 381 | 408 | 462 |
| Tangible assets | 1,150 | 1,206 | 1,258 |
| Financial assets | 131 | 131 | 100 |
| **Total fixed assets** | **3,682** | **3,756** | **3,863** |
| Inventory | 920 | 861 | 878 |
| Accounts receivable | 717 | 599 | 583 |
| Other receivables | 308 | 200 | 255 |
| Cash and cash equivalents | 360 | 364 | 360 |
| **Total current assets** | **2,305** | **2,024** | **2,076** |
| | | | |
| **TOTAL ASSETS** | **5,987** | **5,780** | **5,938** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | **2,615** | **2,628** | **2,554** |
| | | | |
| Long-term loans | 1,279 | 1,216 | 1,337 |
| Other long-term liabilities | 629 | 638 | 749 |
| **Total long-term liabilities** | **1,908** | **1,854** | **2,086** |
| | | | |
| Accounts payable | 400 | 422 | 352 |
| Short-term financial liabilities | 417 | 270 | 288 |
| Other short-term liabilities | 646 | 606 | 658 |
| **Total short-term liabilities** | **1,464** | **1,299** | **1,298** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **5,987** | **5,780** | **5,938** |

## 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, 2020** | **59** | **1,681** | **112** | **2** | **13** | **696** | **101** | **2,664** |
| Sum of comprehensive income for the period | - | - | -21 | -1 | - | -75 | -6 | -103 |
| Remeasurement of liability to minority shareholders | - | - | - | - | - | 6 | - | 6 |
| **Closing balance June 30, 2020** | **59** | **1,681** | **91** | **1** | **13** | **627** | **96** | **2,568** |
| Sum of comprehensive income for the period | - | - | -22 | - | - | 89 | -9 | 58 |
| Remeasurement of liability to minority shareholders | - | - | - | - | - | 2 | - | 2 |
| **Closing balance December 31, 2020** | **59** | **1,681** | **69** | **1** | **13** | **719** | **87** | **2,628** |
| Sum of comprehensive income for the period | - | - | 6 | 2 | - | -16 | -4 | -12 |
| Remeasurement of liability to minority shareholders | - | - | - | - | - | 0 | - | 0 |
| **Closing balance June 30, 2021** | **59** | **1,681** | **75** | **2** | **13** | **702** | **83** | **2,615** |

[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 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 |
|---|---|---|
| **Current operation** | | |
| Reported EBIT | -14 | -71 |
| Adjusted for items not included in cash flow, etc. | 103 | 153 |
| Paid interest and tax | -88 | -3 |
| Change in working capital | -177 | 18 |
| **Cash flow from operating activities** | **-175** | **97** |
| **Investments** | | |
| Acquisitions of fixed assets | -24 | -48 |
| Sales of fixed assets | 0 | 1 |
| Acquisition of subsidiaries | 0 | -2 |
| **Cash flow from investments** | **-24** | **-49** |
| **Financing** | | |
| Loans raised[1)] | 223 | 313 |
| Repayment of debt[1)] | - | -251 |
| Net change, overdraft facilities and other financial liabilities | 4 | -22 |
| Net change in lease liability | -33 | -36 |
| **Cash flow from financing** | **194** | **4** |
| **Cash flow from the period** | **-5** | **51** |
| Cash and cash equivalents, opening balance | 364 | 311 |
| Exchange difference, cash and cash equivalents | 0 | -2 |
| **Cash and cash equivalents, closing balance** | **360** | **360** |

[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 FINANCIALS IN BRIEF

| | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 |
|---|---|---|
| Net sales, SEK m | 2,056 | 2,069 |
| Gross profit, SEK m | 298 | 324 |
| Operating income, SEK m | 18 | -12 |
| Operating EBITDA, SEK m | 122 | 103 |
| EBIT, SEK m | -14 | -71 |
| EBITDA, SEK m | 122 | 76 |
| | | |
| Interest-bearing net debt | 1,516 | 1,537 |
| Number of employees | 2,195 | 2,293 |
| | | |
| Sales growth | -0.6% | -20.8% |
| Organic growth | 2.4% | -22.6% |
| | | |
| Gross margin | 14.5% | 15.6% |
| Operating margin | 0.9% | -0.6% |
| Operating EBITDA margin | 5.9% | 5.0% |
| EBIT margin | -0.7% | -3.4% |
| EBITDA margin | 5.9% | 3.7% |
| | | |
| Return on equity | -1.3% | -3.1% |
| Return on capital employed[1)] | 4.4% | 7.9% |
| Interest-bearing net debt/shareholders' equity | 58.0% | 60.2% |
| Interest-bearing net debt/operating EBITDA[1)] | 3.86 | 2.82 |

[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 (Note 1) | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 |
|---|---|---|---|---|
| **Net sales** | **248** | **186** | **449** | **458** |
| Cost of goods sold | -216 | -171 | -407 | -420 |
| **Gross profit** | **32** | **15** | **42** | **38** |
| | | | | |
| Selling expenses | -29 | -26 | -53 | -59 |
| Administrative expenses | -45 | -41 | -86 | -90 |
| Research and development expenses | 0 | -1 | -1 | -1 |
| Other operating income | 60 | 66 | 115 | 135 |
| Other operating expenses | -9 | -11 | -17 | -20 |
| **EBIT** | **8** | **1** | **0** | **3** |
| | | | | |
| Revenue from participation in Group Companies | 3 | 22 | 3 | 22 |
| Financial income | 6 | 7 | 12 | 14 |
| Financial expenses | -7 | -28 | -22 | -34 |
| **Net financial items** | **2** | **1** | **-7** | **2** |
| | | | | |
| **Income after financial items** | **10** | **2** | **-7** | **5** |
| | | | | |
| Income tax | -2 | 5 | 1 | 4 |
| **Net income** | **8** | **7** | **-6** | **9** |

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 |
|---|---|---|---|---|
| **Net income** | **8** | **7** | **-6** | **9** |
| **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 | 6 | -5 | -1 | 1 |
| **Total** | **6** | **-5** | **-1** | **1** |
| | | | | |
| Other comprehensive income for the period. net after tax | | | | |
| **Sum of comprehensive income for the period** | **6** | **-5** | **-1** | **1** |
| **Sum of comprehensive income for the period attributable to:** | **14** | **2** | **-7** | **10** |
| Equity holders of the Parent Company | 14 | 2 | -7 | 10 |

[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 | June 30 2021 | December 31 2020 | June 30 2020 |
|---|---|---|---|
| Goodwill | 0 | 0 | 0 |
| Other intangible assets | 58 | 58 | 65 |
| **Total intangible fixed assets** | **58** | **58** | **65** |
| Tangible assets | 24 | 24 | 21 |
| Financial assets | 3,285 | 3,195 | 3,210 |
| **Total fixed assets** | **3,367** | **3,276** | **3,295** |
| Inventory | 91 | 84 | 110 |
| Accounts receivable | 114 | 74 | 87 |
| Other receivables | 276 | 198 | 176 |
| Cash and bank balances | 263 | 272 | 283 |
| **Total current assets** | **744** | **628** | **656** |
| **TOTAL ASSETS** | **4,111** | **3,904** | **3,951** |
| **EQUITY, PROVISIONS AND LIABILITIES** | | | |
| Restricted equity | 85 | 95 | 85 |
| Unrestricted equity | 1,855 | 1,852 | 1,791 |
| **Total equity** | **1,940** | **1,947** | **1,876** |
| **Provisions** | **97** | **99** | **103** |
| Long-term loans | 1,113 | 1,002 | 1,181 |
| Other long-term liabilities | 0 | 1 | 8 |
| **Total long-term liabilities** | **1,113** | **1,003** | **1,189** |
| Accounts payable | 56 | 56 | 49 |
| Short-term financial liabilities | 385 | 261 | 272 |
| Other short-term liabilities | 521 | 538 | 462 |
| **Total short-term liabilities** | **961** | **855** | **783** |
| **TOTAL EQUITY, PROVISIONS AND LIABILITIES** | **4,111** | **3,904** | **3,951** |

# 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.

**Bagasse**: 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 business area's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

**Circularity:** An integrated holistic approach to the sustainability-related challenges faced by the Group. It encompasses the whole life cycle – from material selection and impact on the life cycle, to ultimate solutions.

**Conversion:** 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 2021 are calculated at exchange rates for 2020. Effects of translation of balance sheet items are not included.

**Designs for Duni®:** A unique concept in the Duni business area 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®**: The 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.

**OurBlue Mission:** The Group's Corporate Social Responsibility (CSR) efforts are governed by the Our Blue Mission program. It describes the Group'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 of 2019, it's 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

The Group uses financial measures that in some cases are not defined by IFRS, but 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 is Operating income. The management team manages its activities and the business areas are measured using this metric. The key financials are defined as follows:

**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 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 end of period.

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

**Operating EBITDA margin**: 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.

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

**Return on shareholders' equity:** Net income for the period as a percentage of shareholders' equity.

## BRIDGE BETWEEN OPERATING INCOME AND EBIT

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| Operating income excluding IFRS 16 Leases | 57 | -93 | 15 | -14 | 172 | 143 |
| Effects of IFRS 16 Leases | 1 | 1 | 3 | 3 | 6 | 5 |
| **Operating income** | **58** | **-92** | **18** | **-12** | **178** | **149** |
| Restructuring costs | 0 | -2 | 0 | -27 | -21 | -48 |
| Amortization of intangible assets identified in business combinations | -16 | -16 | -31 | -32 | -63 | -64 |
| Fair value allocation in connection with acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Gain on restatement of pension terms | - | - | - | - | 33 | 33 |
| **EBIT** | **43** | **-110** | **-14** | **-71** | **127** | **70** |

## BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| Operating EBITDA excluding IFRS 16 Leases | 93 | -52 | 88 | 67 | 325 | 304 |
| Effects of IFRS 16 Leases | 17 | 17 | 34 | 36 | 68 | 70 |
| **Operating EBITDA** | **110** | **-35** | **122** | **103** | **393** | **374** |
| Restructuring costs | 0 | -2 | 0 | -27 | -21 | -48 |
| Fair value allocation in connection with acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Gain on restatement of pension terms | - | - | - | - | 33 | 33 |
| **EBITDA** | **110** | **-37** | **122** | **76** | **404** | **359** |
| Amortization of intangible assets identified in business combinations | -16 | -16 | -31 | -32 | -63 | -64 |
| Amortization of right-of-use assets | -16 | -16 | -31 | -33 | -62 | -65 |
| Other amortization/depreciation included in EBIT | -36 | -41 | -73 | -81 | -152 | -160 |
| **EBIT** | **43** | **-110** | **-14** | **-71** | **127** | **70** |

## BRIDGE BETWEEN REPORTED NET SALES AND ORGANIC GROWTH

| SEK m | 3 months Apr-Jun 2021 | 3 months Apr-Jun 2020 | 6 months Jan-Jun 2021 | 6 months Jan-Jun 2020 | 12 months Jul-Jun 2020/2021 | 12 months Jan-Dec 2020 |
|---|---|---|---|---|---|---|
| **Net sales** | **1,124** | **820** | **2,056** | **2,069** | **4,488** | **4,501** |
| Currency effect[1)] | 34 | 1 | 63 | -12 | 126 | 65 |
| **Currency-adjusted net sales** | **1 159** | **821** | **2 119** | **2 058** | **4 614** | **4,567** |
| Less acquisitions | - | -19 | - | -35 | -23 | -59 |
| **Net sales for organic growth** | **1 159** | **802** | 2 119 | 2 022 | **4 591** | **4,508** |
| **Organic growth** | **40.7%** | **-40.1** | **2.4%** | **-22.6%** | **-8.1%** | **-18.7%** |

[1)] Reported net sales for 2021 recalculated at 2020 exchange rates.

# 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, 2020.
The Group has received government support in respect of short-time work and support for fixed costs. This assistance has been recognized as revenue under the Other operating income line item.

## Note 2 • Financial assets and liabilities

The Group 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, 2020, 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 | Apr-Jun 2021 | | | Apr-Jun 2020 | | |
|---|---|---|---|---|---|---|
| | Duni | BioPak | Duni Group | Duni | BioPak | Duni Group |
| Total net sales | 514 | 616 | 1,130 | 385 | 448 | 833 |
| Revenue from other segments | 6 | 0 | 6 | 8 | 4 | 13 |
| **Net sales from external customers** | **508** | **616** | **1,124** | **377** | **443** | **820** |
| **Operating income** | **-3** | **62** | **58** | **-118** | **26** | **-92** |
| EBIT | | | 43 | | | -110 |
| Net financial items | | | -8 | | | -28 |
| Income after financial items | | | 34 | | | -138 |

| SEK m | Jan-Jun 2021 | | | Jan-Jun 2020 | | |
|---|---|---|---|---|---|---|
| | Duni | BioPak | Duni Group | Duni | BioPak | Duni Group |
| Total net sales | 921 | 1,149 | 2,069 | 1,196 | 888 | 2,084 |
| Revenue from other segments | 12 | 1 | 13 | 9 | 6 | 14 |
| **Net sales from external customers** | **909** | **1,147** | **2,056** | **1,187** | **882** | **2,069** |
| **Operating income** | **-87** | **104** | **18** | **-62** | **50** | **-12** |
| EBIT | | | -14 | | | -71 |
| Net financial items | | | -24 | | | -38 |
| Income after financial items | | | -38 | | | -109 |

Quarterly overview of net sales and operating income by segment:

| Net sales | 2021 | | 2020 | | | | 2019 | |
|---|---|---|---|---|---|---|---|---|
| SEK m | Apr-Jun | Jan-Mar | Oct-Dec | July-Sept | Apr-Jun | Jan-Mar | Oct-Dec | July-Sept |
| Duni | 508 | 401 | 673 | 767 | 377 | 811 | 1,090 | 946 |
| BioPak | 616 | 531 | 508 | 484 | 443 | 439 | 468 | 431 |
| **Duni Group** | **1,124** | **932** | **1,181** | **1,251** | **820** | **1,249** | **1,558** | **1,377** |
| **Operating income** | | | | | | | | |
| SEK m | Apr-Jun | Jan-Mar | Oct-Dec | July-Sept | Apr-Jun | Jan-Mar | Oct-Dec | July-Sept |
| Duni | -3 | -83 | 1 | 68 | -118 | 56 | 159 | 99 |
| BioPak | 62 | 43 | 49 | 42 | 26 | 24 | 40 | 31 |
| **Duni Group** | **58** | **-41** | **51** | **110** | **-92** | **80** | **199** | **130** |

## DIVISION OF REVENUE FROM CUSTOMER CONTRACTS, JANUARY-JUNE 2021

| SEK m | Duni | BioPak | Duni Group |
|---|---|---|---|
| *Primary geographic regions* | | | |
| NorthEast | 173 | 241 | 413 |
| Central | 334 | 154 | 488 |
| West | 151 | 149 | 299 |
| South | 71 | 82 | 153 |
| Rest of World | 96 | 521 | 616 |
| Other Sales | 85 | 1 | 86 |
| **Total** | **909** | **1,147** | **2,056** |
| | | | |
| *Time of income recognition* | | | |
| Goods/services transferred at once | 909 | 1,147 | 2,056 |
| Goods/services transferred over time | - | - | - |
| **Total** | **909** | **1,147** | **2,056** |
| | | | |
| *Product groups* | | | |
| Napkins | 595 | 26 | 633 |
| Table covers | 123 | 0 | 126 |
| Candles | 37 | 0 | 38 |
| Packaging solutions | 1 | 503 | 494 |
| Serving products | 0 | 572 | 561 |
| Other | 154 | 46 | 204 |
| **Total** | **909** | **1,147** | **2,056** |

During 2020 and Q1 2021, regional sales were reported incorrectly on the basis of in which country the sales originated, instead of to which market sales were made. The figures for 2020 have been corrected in reports as of Q2 2021.

## 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<br>Apr-Jun<br>2021 | 3 months<br>Apr-Jun<br>2020 | 6 months<br>Jan-Jun<br>2021 | 6 months<br>Jan-Jun<br>2020 | 12 months<br>Jul-Jun<br>2020/2021 | 12 months<br>Jan-Dec<br>2020 |
|---|---|---|---|---|---|---|
| Cost of goods sold | - | - | - | - | -2 | -2 |
| Selling expenses | 0 | -2 | 0 | -24 | -7 | -31 |
| Administrative expenses | - | - | - | -3 | -10 | -13 |
| Other operating expenses/income | - | - | - | - | -2 | -2 |
| Total | 0 | -2 | 0 | -27 | -21 | -48 |

On January 1, 2020, a completely new global organization was launched, comprising two segments, Duni and BioPak, with a shared sales force and a central marketing organization. In the fourth quarter of 2020, an additional measure was launched to strengthen the new organizational structure by moving from brand segments to two full-scale business areas with the same names. The new organization was launched on January 1, 2021, and does not impact external segment reporting. Restructuring costs in 2020 totaled SEK 48 m and are divided between SEK 39 m for organizational structure changes and SEK 9 m for severance compensation to the outgoing CEO.

# 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 SustainableGoodfoodmood® – 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 2,200 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 4,488 m

## SALES GROWTH*

-8.1%

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*

4.0%

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.

## 2020 DIVIDEND

0

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

*Rolling 12 months, July-June 2020/2021