YEAR-END REPORT FOR DUNI AB (PUBL)
JANUARY 1 – DECEMBER 31 2019

(compared to the same period of the previous year)

February 7, 2020

Historically strong operating income

OCTOBER 1 – DECEMBER 31

- Net sales amounted to SEK 1,558 m (1,460), corresponding to a 6.7% increase in sales. Adjusted for exchange rate movements, net sales increased by 3.4%.
- A non-recurring cost in the form of goodwill impairment for Duni Song Seng and Sharp Serviettes was incurred in the quarter totaling SEK 58 m.
- Earnings per share after dilution amounted to SEK 1.52 (1.21). Adjusted for goodwill impairment, earnings per share after dilution amounted to SEK 2.77 (1.21).
- Duni acquired Horizons Supply Pty in Australia and was consolidated in New Markets as of October 1, 2019.

JANUARY 1 – DECEMBER 31

- Net sales amounted to SEK 5,547 m (4,927), corresponding to a 12.6% increase in sales. Adjusted for exchange rate movements, net sales increased by 9.3%.
- Earnings per share after dilution amounted to SEK 5.73 (5.22). Adjusted for goodwill impairment, earnings per share after dilution amounted to SEK 6.97 (5.22).
- Operating cash flow was very strong during the year, amounting to SEK 665 m (343).
- The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share to be divided into two partial payments.

EVENTS SINCE DECEMBER 31

- Duni Group announced in a press release on January 16, 2020 that trade union negotiations will be initiated to change the sales and marketing organization and focus on two global brands; Duni and BioPak. This results in changes to the management team and changed segment reporting as of January 1, 2020. The current four business areas will instead become two segments aligned with the Duni and BioPak brands.
- The change results in restructuring costs estimated at approximately SEK 40 m and the majority of these are estimated to be charged to the first quarter of 2020. The program is expected to cut annual expenses by approximately SEK 20 m.

KEY FINANCIALS

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net sales	1,558	1,460	5,547	4,927
Organic growth	-0.5%	1.5%	-0.5%	1.5%
Organic pro forma growth [1]	1.8%	4.0%	2.4%	2.5%
Operating income [2,3]	199	137	533	430
Operating margin [2,3]	12.8%	9.4%	9.6%	8.7%
Income after financial items	118	74	377	328
Income after tax	73	58	273	249

[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 27-32.

[3] For the impact of IFRS 16 Leases as of January 1, 2019, see Note 1.

CEO'S COMMENTS

2019 operating income improved by SEK 103 m
"The Group's new strategy, margin program and falling pulp prices have been three of the greatest positive factors driving the gradual improvement in operating income over each quarter in 2019. The single biggest negative impact on earnings has been increased logistics costs. When summarizing the year, operating income improved by SEK 103 m. We also exhibited pro forma growth of over 2.4% driven by the strong sales performance of sustainable packaging. We are now entering 2020 with a strong confidence in our strategy and our business plans.

Strong increase in operating income for Q4
Operating income for Q4 increased by SEK 62 m to SEK 199 m (137). This resulted in an operating margin of 12.8% (9.4%). The main reasons for this improved income are cost-cutting activities and the continuing decline of pulp prices. In addition, income was impacted negatively by rising logistics costs and weak income in Singapore and New Zealand.

Operating cash flow was record-high for both the full year and the quarter, totaling SEK 665 m and SEK 369 m respectively. The reasons for this strong cash flow are the improvement in EBIT, limited investments and activities to improve inventories and working capital. This cash flow improved the Group's financial position during the year with the net debt (excluding lease liability) decreasing from SEK 1,490 m in December 2018 to SEK 1,354 m in December 2019.

Sustainable packaging now growing at over 30%
Organic pro forma growth for the quarter amounted to 1.8%. Sustainable packaging solutions in the take-away market remains the largest growth driver with growth at over 30%. This product segment now accounts for approximately SEK 1 000 m in net sales. The acquisitions of BioPak in Australia/New Zealand, Biopac in the UK and Horizons Supply continued to perform well in this segment. Sales of plastic articles and table covers continue to decline.

Change in income reporting for 2020
This final report of income by business area in the current reporting structure shows that all four business areas saw improved income in the quarter. Sales development varies more. New Markets is experiencing strong growth, Meal Service is growing, Table Top is exhibiting stable sales growth while Consumer is on the decline.

As previously announced, we decided to build two global brands, Duni and BioPak, and change our organization in line with this. Our current organizational structure of four business areas is now being transformed into one global sales and one global marketing function. In line with this, the Duni Group will report income for the Duni and BioPak segments as of the first quarter of 2020.

Goodwill impairment
Given the weak income performance of Duni Song Seng in Singapore and Sharp Serviettes in New Zealand since the second half of 2018, an impairment loss on goodwill totaling SEK 58 m was incurred in the quarter. Extensive improvement programs are underway in both companies.

Stable prices
Pulp prices stabilized during the quarter but are expected to rise again in 2020," says Johan Sundelin, President and CEO, Duni Group.

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

NET SALES

OCTOBER 1 – DECEMBER 31

Compared to the same period of the previous year, net sales increased by SEK 98 m to SEK 1,558 m (1,460). At fixed exchange rates, this is a 3.4% increase, which primarily comes from the continuing strong performance of the acquired companies. Organic pro forma growth[1)] totaled 1.8% while organic growth was -0.5%. Sales of environmentally-conscious products for the take-away market continue to exhibit strong growth in both Meal Service and New Markets, where the sales growth is largely attributable to BioPak, which was acquired in October 2018. Sales were stable in the Table Top business area while sales fell in Consumer, albeit at a lower rate in Q4 then earlier in the year. Plastic articles in the Meal Service business area continue to decline, which had a major impact on the sales performance of the business area.

JANUARY 1 – DECEMBER 31

Compared to the same period of the previous year, net sales increased by SEK 620 m to SEK 5,547 m (4,927). Organic pro forma growth[1)] totaled 2.4% while organic growth was -0.5%. Sales for 2019 were relatively stable compared to 2018 in most European markets except especially the UK and Germany where sales decreased during the year due to reduced contracts with several major customers. Outside of Europe, sales increased significantly, both organically and through acquisitions, as a result of the BioPak acquisition. Sales in Australia and New Zealand now account for a substantial share of the Group's total sales. In the Consumer business area, sales during the year were impacted by heavy market competition for private labels. Sales of environmentally-conscious products experienced strong growth throughout 2019.

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

NET SALES, CURRENCY EFFECT

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2019 [1)] recalculated	3 months Oct-Dec 2018	Change in fixed exchange rates	12 months Jan-Dec 2019	12 months Jan-Dec 2019 [1)] recalculated	12 months Jan-Dec 2018	Change in fixed exchange rates
Table Top	702	680	683	-3	2,598	2,520	2,486	34
Meal Service	226	220	218	2	910	890	846	45
Consumer	331	321	328	-7	1,014	983	1,061	-78
New Markets	278	269	210	59	933	901	448	452
Other	20	20	22	-2	92	92	86	6
Duni Group	**1,558**	**1,510**	**1,460**	**49**	**5,547**	**5,386**	**4,927**	**458**

[1)] Reported net sales for 2019 recalculated at 2018 exchange rates.

NET INCOME

OCTOBER 1 – DECEMBER 31

Operating income amounted to SEK 199 m (137), with an operating margin of 12.8% (9.4%). The gross margin was 28.4% (24.8%). Adjusted for translation effects due to exchange rate movements, operating income was up SEK 53 m from the previous year. All business areas increased income in the fourth quarter. This is mainly a result of the previous implementation of price increases, cost efficiency program and the during the year decrease in raw material costs. The income impact was limited, as in previous quarters, by inventory revaluation effects. Nevertheless, these effects are lower than in previous quarters given the stabilization of pulp prices in November and December. The income impact of BioPak, which was acquired in October 2018, was limited in Q4 2018 as a result of acquisition costs. As a result, the contribution to the income increase from BioPak and the smaller Horizons Supply acquisition (from October 2019) continued to be substantial in the fourth quarter.

Income was impacted by a non-recurring cost in the form of an SEK 58 m impairment loss on goodwill, which impacts EBIT but not operating income. Income after financial items totaled SEK 118 m (74). Income after tax was SEK 73 m (58).

JANUARY 1 – DECEMBER 31

Operating income amounted to SEK 533 m (430), with an operating margin of 9.6% (8.7%). The gross margin was 25.3% (25.9%). Adjusted for translation effects due to exchange rate movements, operating income was up SEK 80 m from the previous year. Operating income for the year was up significantly from 2018. The actions taken including price adjustments and cost efficiency program along with acquisitions contributed to the increase in income. Raw material costs remained higher than 2018 in the first half of the year, but these costs were lower in the second half of the year than in the previous year. All in all, raw material costs were somewhat lower than in 2018. Higher prices for logistics and transportation and lower capacity utilization in the factories due to lower sales to some major customers primarily in Consumer had a negative impact on income during the year.

Income was impacted by a non-recurring cost in the form of an SEK 58 m impairment loss on goodwill, which impacts EBIT but not operating income. Income after financial items totaled SEK 377 m (328). Income after tax was SEK 273 m (249).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

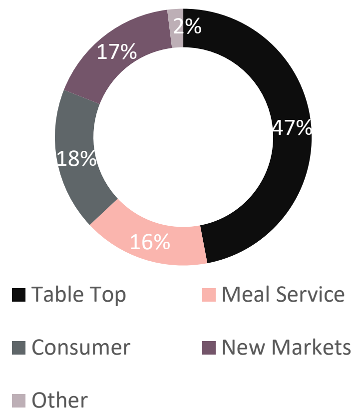
SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2019 [1] recalculated	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2019 [1] recalculated	12 months Jan-Dec 2018
Table Top	131	125	97	378	362	330
Meal Service	12	11	9	58	56	41
Consumer	38	37	23	40	38	42
New Markets	18	17	9	54	51	13
Other	0	0	0	2	2	4
Duni Group	**199**	**190**	**137**	**533**	**510**	**430**

[1] Operating income for 2019 recalculated at 2018 exchange rates.

BUSINESS AREAS

The Duni Group's operations are divided into four operating segments, which are referred to by the Group as business areas. As of January 1, 2020 Duni Group will change the segment reporting and will report in two segments; Duni and BioPak, instead of four business areas

SPLIT OF NET SALES BETWEEN BUSINESS AREAS



The **Table Top** business area offers concepts and products primarily to hotels, restaurants and catering, and to companies in the healthcare and care sectors. Table Top mainly markets napkins, table covers and candles for the set table. The Duni Group is a market leader within the premium segment in Europe. The business area accounted for approximately 47% (51%) of the Group's net sales during the period from January 1 to December 31, 2019.

The **Meal Service** business area offers concepts for meal packaging and serving products for applications including takeaway, ready-to-eat meals, and various types of catering. The business area's customers are mainly take-away-driven restaurants, food producers, and companies that are active in the healthcare and care sectors. As a niche player in this area, the Duni Group enjoys a leading position in the Nordic region and has a clear growth agenda on identified markets in Europe. The business area accounted for approximately 16% (17%) of the Group's net sales during the period. Biopac UK Ltd in the UK is included in the business area as of February 2018.

The **Consumer** business area offers consumer products, primarily to the retail sector in Europe. The business area's customers comprise grocery retail chains, but also other channels such as different types of specialty stores, including garden centers, home furnishing stores, and DIY stores. The business area accounted for approximately 18% (22%) of the Group's net sales during the period.

The **New Markets** business area offers attractive quality product concepts, table top concepts and packaging to markets outside Europe. In addition to customer segments such as hotels, restaurants and catering, the business area also aims its offering at the retail sector. The business area accounted for approximately 17% (9%) of the Group's net sales during the period. Terinex Siam has been included in the business area since August 2016 and Sharp Serviettes, with the legal trading name of United Corporation Limited, has been included in the business area since May 2017. BioPak Pty Ltd in Australia and New Zealand has been included in the business area since October 2018. Horizons Supply Pty in Australia was acquired and is a part of the business area as of October 1, 2019.

The business areas generally share the same product range. However, design and packaging solutions are adapted to match the different sales channels. Production and support functions are shared by these business areas to a great degree. Group management, which is the highest executive and decision-making body in the Duni Group, decides on the allocation of resources within Duni and evaluates the results of the operations. The business areas are managed on the basis of operating income after shared costs have been allocated between them. For further information, see Note 3.

Unallocated income and expenses, which are also designated as Other in all tables, concern external sales of tissue and airlaid materials from the Skåpafors factory, as well as external sales of finance and accounting services from the finance function in Poznan.

TABLE TOP BUSINESS AREA

Table Top focuses on full-service restaurants, hotels and the catering industry, and primarily markets napkins, table covers and candle for the set table.

OCTOBER 1 – DECEMBER 31

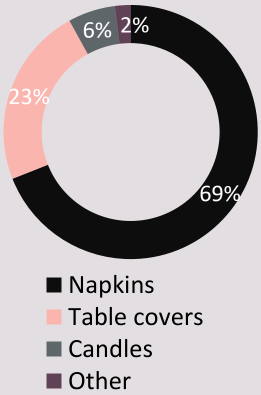
- Net sales amounted to SEK 702 m (683).
- Operating income was SEK 131 m (97) and the operating margin was 18.6% (14.2%).

JANUARY 1 – DECEMBER 31

- Net sales amounted to SEK 2,598 m (2,486).
- Operating income was SEK 378 m (330) and the operating margin was 14.6% (13.3%).

SHARE OF CONSOLIDATED NET SALES DURING THE PERIOD, 47%

NET SALES BY PRODUCT GROUP, %



OCTOBER 1 – DECEMBER 31

Net sales amounted to SEK 702 m (683). At fixed exchange rates, this corresponds to a sales decrease of 0.4%. As earlier in the year, sales for the quarter were stable in most markets except the UK, which had lower volumes to several major customers. The trend of declining sales of table covers and increasing premium napkin volumes continued during the quarter.

Operating income was SEK 131 m (97) and the operating margin was 18.6% (14.2%). The price increases implemented in 2018 had a positive year-on-year impact on income for Q4 but to a somewhat lesser extent than in previous quarters. The lower raw material prices made a positive contribution to income. Inventory revaluation effects continue to impact income in a negative direction, but the revaluation effects are lower than in previous quarters.

JANUARY 1 – DECEMBER 31

Net sales amounted to SEK 2,598 m (2,486). At fixed exchange rates, this corresponds to a sales increase of 1.4%. Sales for the year increased in several markets, including the key German and Dutch markets, while UK sales fell. Reporting of the smaller Russian and North American markets were moved from New Markets to Table Top as of January 2019. Several products were launched in recent years in the candle’s product group, which made a positive contribution to the business area's sales performance.

Operating income was SEK 378 m (330) and the operating margin was 14.6% (13.3%). All in all, raw material costs were somewhat lower than in 2018. Higher prices for logistics and transportation due to distribution capacity shortages in several markets had a negative impact on income during the year.

NET SALES, TABLE TOP

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2019 [1) recalculated	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2019 [1) recalculated	12 months Jan-Dec 2018
Nordic region	110	109	111	366	366	367
Central Europe	460	442	451	1,696	1,635	1,641
Southern & Eastern Europe	131	127	121	528	511	478
Rest of the world	2	2	0	9	8	0
Total	**702**	**680**	**683**	**2,598**	**2,520**	**2,486**

[1)] Reported net sales for 2019 recalculated at 2018 exchange rates.

MEAL SERVICE BUSINESS AREA

The Meal Service business area offers concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering.

OCTOBER 1 – DECEMBER 31

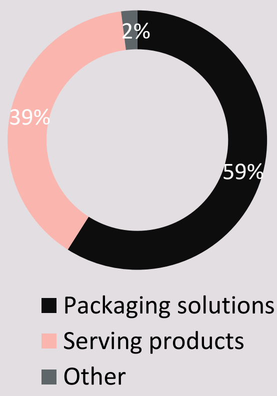
- Net sales amounted to SEK 226 m (218).
- Operating income was SEK 12 m (9) and the operating margin was 5.1% (3.9%).

JANUARY 1 – DECEMBER 31

- Net sales amounted to SEK 910 m (846).
- Operating income was SEK 58 m (41) and the operating margin was 6.3% (4.9%).

SHARE OF CONSOLIDATED NET SALES DURING THE PERIOD, 16%

NET SALES BY PRODUCT GROUP, %



OCTOBER 1 – DECEMBER 31

Net sales amounted to SEK 226 m (218). Organic pro forma growth[1)] amounted to 1.0%. The strong increase in demand for environmentally-conscious packaging remains the greatest growth driver in Meal Service. At the same time, demand for single-use products made from plastic is heavily and increasingly falling, which impacts the business area, especially in countries where plastic products account for a large share of the product portfolio. Take-away boxes in environmentally-sound materials grew significantly while simple glasses and cutlery saw significantly lower demand.

Operating income was SEK 12 m (9) and the operating margin was 5.1% (3.9%). Income continued to improve in Meal Service during the quarter due to efficiency improvements in both procurement and indirect expenses.

JANUARY 1 – DECEMBER 31

Net sales amounted to SEK 910 m (846). Organic pro forma growth[1)] amounted to 4.8%. 2019 was characterized by very strong growth in the environmentally-conscious product range while several plastic products saw declining sales. Many of these plastic products will eventually be retired from the product range. However, the net effect is that Meal Service and several of its markets are growing. Great focus is on coordination effects and synergies with BioPak's product range development in Australia and New Zealand, with the completed launch of BioPak's premium concept for cups, Art Series, in Europe serving as a case in point.

Operating income was SEK 58 m (41) and the operating margin was 6.3% (4.9%). The business area's income for the full year was up significantly from the previous year as a result of growth but also because of cost efficiency in procurement and sales.

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

NET SALES, MEAL SERVICE

SEK M	3 months Oct-Dec 2019	3 months Oct-Dec 2019 [1)] recalculated	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2019 [1)] recalculated	12 months Jan-Dec 2018
Nordic region	86	86	85	340	340	328
Central Europe	95	91	91	382	368	349
Southern & Eastern Europe	45	43	41	188	182	168
Rest of the world	0	0	-	0	0	0
Total	**226**	**220**	**218**	**910**	**890**	**846**

[1)] Reported net sales for 2019 recalculated at 2018 exchange rates.

CONSUMER BUSINESS AREA

The Consumer business area offers consumer products, primarily to the retail sector in Europe.

OCTOBER 1 – DECEMBER 31

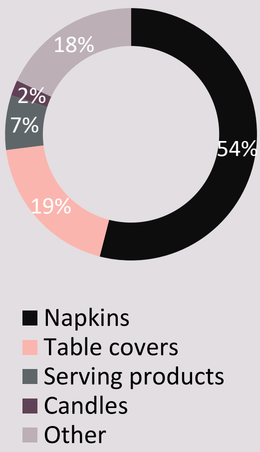
- Net sales amounted to SEK 331 m (328).
- Operating income was SEK 38 m (23) and the operating margin was 11.6% (7.1%).

JANUARY 1 – DECEMBER 31

- Net sales amounted to SEK 1,014 m (1,061).
- Operating income was SEK 40 m (42) and the operating margin was 4.0% (4.0%).

SHARE OF CONSOLIDATED NET SALES DURING THE PERIOD, 18%

NET SALES BY PRODUCT GROUP, %



OCTOBER 1 – DECEMBER 31

Net sales amounted to SEK 331 m (328). At fixed exchange rates, this corresponds to a sales decrease of 2.2%. Sales decreased somewhat in the quarter but sales performance was much better than earlier in the year. Several successful campaigns in markets such as Germany contributed to the improvement. Decreased volumes compared with the previous year for several major customers continued to have a negative impact on sales performance in the quarter. Q4 is by far the best quarter for the business area in terms of sales.

Operating income was SEK 38 m (23) and the operating margin was 11.6% (7.1%). The improved sales performance combined with lower raw material costs contributed to significantly better income for Consumer in the quarter compared with the same quarter of the previous year.

JANUARY 1 – DECEMBER 31

Net sales amounted to SEK 1,014 m (1,061). At fixed exchange rates, this corresponds to a sales decrease of 7.4%. The decrease in sales for the business area is primarily attributable to decreased sales contracts with several major customers, among others in Germany. Standard napkins for retail private labels have been subject to very heavy competition for a while now, and this is the segment in which Consumer primarily lost sales volumes.

Operating income was SEK 40 m (42) and the operating margin was 4.0% (4.0%). The stronger fourth quarter in terms of sales and income makes the income decline for the full year relatively marginal for Consumer. Earlier in the year, the volume decreases and the accompanying cost absorption effects in production plants had a clear negative impact on the business area's income.

NET SALES, CONSUMER

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2019 [1)] recalculated	3 months Oct-Dec 2018	12mån Jan-Dec 2019	12 months Jan-Dec 2019 [1)] recalculated	12 months Jan-Dec 2018
Nordic region	42	42	40	160	158	149
Central Europe	252	243	254	733	708	782
Southern & Eastern Europe	25	24	23	65	63	71
Rest of the world	12	12	10	55	54	59
Total	**331**	**321**	**328**	**1,014**	**983**	**1,061**

[1)] Reported net sales for 2019 recalculated at 2018 exchange rates.

NEW MARKETS BUSINESS AREA

The New Markets business area offers attractive quality product concepts, table top concepts and packaging to markets outside Europe.

OCTOBER 1 – DECEMBER 31

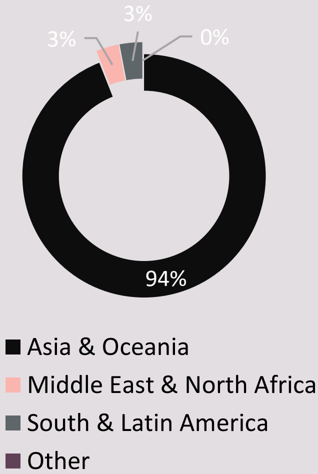
- Net sales amounted to SEK 278 m (210).
- Operating income was SEK 18 m (9) and the operating margin was 6.4% (4.2%).

JANUARY 1 – DECEMBER 31

- Net sales amounted to SEK 933 m (448).
- Operating income was SEK 54 m (13) and the operating margin was 5.8% (2.9%).

SHARE OF CONSOLIDATED NET SALES DURING THE PERIOD, 17%

NET SALES, GEOGRAPHICAL SPLIT, NEW MARKETS



OCTOBER 1 – DECEMBER 31

Net sales amounted to SEK 278 m (210). Organic pro forma growth[1)] amounted to 15.6%. BioPak (which was acquired in October 2018) is the most dominant company in New Markets in terms of sales and contributes to the business area's strong growth together with the acquisition of Horizons Supply, which has been consolidated since October 2019. Sales also performed well in Thailand and were stable in Singapore but fell for Sharp Serviettes in New Zealand.

Operating income was SEK 18 m (9) and the operating margin was 6.4% (4.2%). As was the case with sales, BioPak is the strongest contributor to the increase in income for New Markets in the quarter. Duni Song Seng in Singapore, where the effects of restructuring IT and logistics in 2018 caused a significant decrease in income as of Q3 of the previous year, reported substantial improvement in its income for Q4. However, Duni Song Seng's income is not back to the level the company had prior to restructuring. The profitability of Sharp Serviettes has decreased significantly as a result of significantly worse performance for operations. Improvement programs are underway in both companies.

JANUARY 1 – DECEMBER 31

Net sales amounted to SEK 933 m (448). Organic pro forma growth[1)] amounted to 16.0%. For the full year, BioPak had a dominant effect on both growth at large and on pro forma growth. Sales in Singapore for the first half of the year were down from the previous year but stabilized in the second half of the year. As of 2019, the Russian and North American markets are no longer included in the business area, as these were moved to the Table Top business area, which decreased the business area's sales by SEK 34 m.

Operating income was SEK 54 m (13) and the operating margin was 5.8% (2.9%). In terms of income, the BioPak acquisition and the strong growth in environmentally sound packaging drove substantially higher income for the business area than in 2018. Duni Song Seng in Singapore experienced a significant drop in income in the first half of the year while Sharp Serviettes in New Zealand saw its income fall in the second half of the year. Improvement programs are underway in both companies.

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

CASH FLOW
The Group's cash flow from operating activities was SEK 665 m (343) for the period from January 1 to December 31. Accounts receivable amounted to SEK 915 m (921), and accounts payable to SEK 505 m (424), while inventory amounted to SEK 781 m (771).

Cash flow including investing activities amounted to SEK 445 m (-289). Net investments for the period amounted to SEK 113 m (198). Depreciation and amortization for the period amounted to SEK 293 m (201), and SEK 66 m of this item was attributable to lease depreciation resulting from the new accounting rules that became effective on January 1, 2019. Cash flow is significantly stronger than the previous year. This improvement is primarily a result of the increase in operating income and of better working capital and lower investments than previous years.

The Group's interest-bearing net debt as of December 31, 2019 was SEK 1,546 m, and SEK 192 m of this item comprises a lease liability resulting from the new leases standard. The Group's interest-bearing net debt at December 31, 2018 was SEK 1 490 m.

GOODWILL IMPAIRMENT
Impairment losses for the period totaled SEK 58 m and were on goodwill in Duni Song Seng (SEK 38 m) and Sharp Serviettes (SEK 20 m). Given the previously announced unsatisfactory income performance of these two companies, the goodwill impairment testing for the year showed an impairment.

The background of the impairment losses is that Duni Song Seng failed to recover previous profitability levels following the restructuring of logistics and IT in 2018 and that Sharp Serviettes' operations performed significantly worse in 2019. Improvement programs are underway in both companies.

NET FINANCIAL ITEMS
Net financial items for the period from January 1 to December 31 amounted to SEK -32 m (-22). External interest expenses were up this year as a result of higher debt following the acquisition of BioPak in Australia at the end of the previous year. Financial expenses increased by SEK 5 m during the year due to the new lease standard. Translation effects for the year were somewhat more negative than in the previous year.

TAXES
The total reported tax expense for the period from January 1 to December 31 amounted to SEK 103 m (79), yielding an effective tax rate of 27.5% (24.0%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK -0.8 m (-2.6).

EARNINGS PER SHARE
The year's earnings per share before and after dilution amounted to SEK 5.73 (5.22). Adjusted for goodwill impairment, earnings per share after dilution for the year amounted to SEK 6.97 (5.22).

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

Shareholders
The Duni Group is listed on the NASDAQ Stockholm under the ticker name "DUNI". The Group's three largest shareholders are Mellby Gård Investerings AB (29.99%), Polaris Capital Management, LLC (9.80%) and Carnegie fonder (9.57%).

PERSONNEL
On December 31, 2019 there were 2,398 (2,477) employees. 1,034 (1,085) of the employees were engaged in production. The 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

In May, the Duni Group bought out the remaining 20% of the shares in Sharp Serviettes in New Zealand after the minority owners exercised their option. The consideration was SEK 7.2 m, which is in line with initial statements. The company was already 100% consolidated from the start and the purchase only had a minor impact on financial net debt.

Horizons Supply Pty Ltd

On October 1, one of the Group's subsidiaries, BioPak Pty Ltd in Australia, acquired 100% of the shares and votes in Horizons Supply Pty Ltd. Horizons is a sales company specializing in customer-specific, tailored and sustainable packaging solutions for the restaurant and retail sectors in Australia. The company experience a strong rate of growth, sales of approximately SEK 60 m and an operating margin in line with the Group's financial targets. Horizons was founded in 2013, has 6 employees and an office in Melbourne.

The consideration was approximately SEK 40 m and is accommodated within the current loan facility. 80% of the consideration was paid at the time of acquisition and 20% will be paid on October 1, 2020 as additional consideration. The acquisition costs amounted to SEK 2 m and were charged to income for the year under "Other operating expenses". The acquisition will be consolidated in the New Markets business area as of October 1, 2019. Acquired surplus values largely comprise customer contracts. The goodwill arising on the acquisition will be matched by synergies in the sales and marketing organization between BioPak and Horizons and by synergies in procurement mainly from China.

Preliminary acquisition analysis:

Consideration	SEK thousand, Fair value
Cash and cash equivalents	29,478
Additional consideration	10,660
Total consideration	**40,138**

Acquired net assets	SEK thousand, Fair value
Intangible assets	30,531
Tangible assets	191
Inventory	7,645
Accounts receivable	7,214
Cash	505
Accounts payable	-8,390
Deferred tax liability	120
Other short-term liabilities	-832
Acquired identifiable assets	**36,985**
Goodwill	3,153
Acquired net assets	**40,138**

BioPak Pty Ltd

On October 15, 2018, the Duni Group acquired 75% of the shares and votes in BioPak Pty Ltd in Australia. The acquisition analysis was established in the beginnings of the fourth quarter of 2019. The following changes have been bade since the most recently presented acquisition note. Amortization of identified intangible assets is not deductible for tax purposes in Australia, which resulted in a change in deferred tax to SEK 3 m (-71). Following the final calculation of net assets, customer relationships decreased to SEK 215 m (248). Both of these changes impact the final goodwill item, which was measured at SEK 427 m (468). No material differences in the income statement for the year resulted from this. The total amount of the acquired net assets established is disclosed below.

Acquired net assets	SEK thousand, Fair value
Intangible assets	214,939
Tangible assets	1,708
Inventory	54,356
Accounts receivable	86,032
Cash	4,922
Long-term loans	-18,233
Short-term loans	-5,439
Accounts payable	-16,971
Deferred tax liability	2,958
Tax liabilities	-25
Other short-term liabilities	-3,667
Acquired identifiable assets	**320,580**
Liability to minority shareholders	-335,972
Goodwill	426,643
Acquired net assets	**411,251**

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. The platform for the Group's CSR program is the annually updated sustainability report "Our Blue Mission". This report 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 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 economy over an extended period of time in Europe might lead to fewer restaurant visits. Reduced market demand and increased price competition could impact volumes and gross margins through factors such as increased discounts and customer bonuses. Fluctuations in prices of raw materials and energy constitute an operational risk that could have a material impact on the Group's EBIT. In addition, Brexit may impact the Group's operations in the UK.

Financial risks

The Group's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing risks and liquidity risks. These risks are controlled in an overall risk management policy that focuses on unforeseen events in the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are also related to the Parent Company in all essential respects. The Group's management of financial risks is described in greater detail in the Annual Report for the year ended on December 31, 2018.

The Group's contingent liabilities have risen since the start of the year by SEK 12 m to SEK 58 m (46).

TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties took place during Q4 2019.

MAJOR EVENTS DURING THE PERIOD
On October 1, the Duni Group announced in a press release that its subsidiary BioPak Pty Ltd in Australia acquired 100% of the shares in Horizons Supply Pty Ltd. The consideration was approximately SEK 40 m and is accommodated within the current loan facility. 80% of the consideration was paid at the time of acquisition and 20% one year later.

A press release was issued on October 31, 2019 announcing the composition of the Nomination Committee for the 2020 Annual General Meeting.

MAJOR EVENTS SINCE DECEMBER 31
The Duni Group announced in a press release on January 16, 2020 that it will initiate negotiations to change its sales and marketing organization and focus on two brands: Duni and BioPak. The current segment reporting in four business areas will instead become two segments aligned with the Duni and BioPak brands. The comparative figures will be restated in the first interim report for 2020. The reorganization results in restructuring costs estimated at approximately SEK 40 m, the majority of which are estimated to be charged to the first quarter of 2020. Annual savings of SEK 20 m are expected as a result of this reorganization. For more information, see the press release.

INTERIM REPORTS

Q1	April 24, 2020
Q2	July 15, 2020
Q3	October 22, 2020

PROPOSED DIVIDEND
The Board of Directors proposes a dividend of SEK 5.00 (5.00) per share corresponding to SEK 235 m (235). The Board found that the Duni Group has shown strong improvement in income compared with previous years and has consolidated its financial position in 2019. The Board estimates that the Group has a sound financial position and future competitiveness that allow a dividend at par with the previous year. After the proposed dividend, the Board believes that Duni will have the means to make acquisitions while meeting its obligations and completing planned investments.

The Board proposes that the dividend be split in two installments to balance cash flows with the Group's seasonal fluctuations. The Board of Directors proposed May 14, 2020 as the record date for the first partial payment of SEK 2.50 and November 17, 2020 as the record date for the second partial payment of SEK 2.50.

2020 ANNUAL GENERAL MEETING
The Annual General Meeting (AGM) of Duni AB will be held in Malmö at 3:00 pm on May 12, 2020. More information will be available on Group's website shortly. The Annual Report will be available on the Group's website during the week beginning on Monday, April 8. 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 15, 2020.

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

PARENT COMPANY

Net sales for the period from January 1 to December 31 amounted to SEK 1,214 m (1,194). Income after financial items totaled SEK 346 m (289). The interest-bearing net debt was SEK -417 m (-335), of which a net asset of SEK 1,663 m (1,738) relates to subsidiaries. Net investments amounted to SEK 30 m (30) and amortization/depreciation was SEK 19 m (17).

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 report is 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, 2018. IFRS 16 has been applied as of January 1, 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 7 at 07:45 am.

At 10:00 am on Friday, February 7, 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: 33295419#. To follow the presentation online, please visit this link:

https://event.on24.com/wcc/r/2179153/F93C0A48B2698D8362BBBA2DFAF92CBE

This report has been prepared in both a Swedish and an English version. In the event of any discrepancy between the t wo, 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 6, 2020

Magnus Yngen, Chairman of the Board

Thomas Gustafsson, Director

Pauline Lindwall, Director

Alex Myers, Director

Pia Rudengren, Director

Per-Åke Halvordsson, Employee Representative, PTK

David Green, Employee Representative, LO

Johan Sundelin, President and CEO

For more information, please contact:
Johan Sundelin, President and CEO, +46 (0)40 10 62 00
Mats Lindroth, CFO and EVP Finance, +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 no.: 556536-7488

CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net sales	**1,558**	**1,460**	**5,547**	**4,927**
Cost of goods sold	-1,116	-1,098	-4,145	-3,649
Gross profit	**442**	**363**	**1,403**	**1,278**
Selling expenses	-151	-157	-592	-565
Administrative expenses	-89	-80	-285	-282
Research and development expenses	0	-2	-3	-9
Other operating income	2	1	24	3
Other operating expenses	-78	-38	-137	-75
EBIT (Note 4)	**126**	**87**	**408**	**351**
Financial income	1	0	2	1
Financial expenses	-8	-13	-34	-23
Net financial items	**-7**	**-13**	**-32**	**-22**
Net income before tax	**118**	**74**	**377**	**328**
Income tax	-46	-16	-103	-79
Net income	**73**	**58**	**273**	**249**
Net income attributable to:				
- Equity holders of the Parent Company	72	57	269	245
- Non-controlling interests	1	1	4	4
Earnings per share attributable to equity holders of the Parent Company:				
Before dilution (SEK)	1.52	1.21	5.73	5.22
After dilution (SEK)	1.52	1.21	5.73	5.22
Average number of shares before and after dilution (‘000)	46,999	46,999	46,999	46,999

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net income	**73**	**58**	**273**	**249**
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of net pension obligation*	21	-15	-20	-18
Total	**21**	**-15**	**-20**	**-18**
Items that may be reclassified to profit or loss:				
Exchange rate differences – translation of subsidiaries	-9	-1	43	14
Cash flow hedges	0	3	2	5
Total	**-9**	**2**	**44**	**19**
Other comprehensive income for the period (net of tax):	**12**	**-13**	**24**	**1**
Total comprehensive income for the period	**85**	**45**	**298**	**251**
- Of which non-controlling interests	-2	2	11	6

*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.

CONDENSED CONSOLIDATED QUARTERLY INCOME STATEMENTS

SEK m	2019				2018			
Quarter	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar
Net sales	**1,558**	**1,377**	**1,348**	**1,264**	**1,460**	**1,190**	**1,197**	**1,080**
Cost of goods sold	-1,116	-1,038	-1,028	-963	-1,098	-882	-884	-785
Gross profit	**442**	**339**	**320**	**301**	**363**	**308**	**313**	**295**
Selling expenses	-151	-140	-149	-152	-157	-131	-135	-141
Administrative expenses	-89	-68	-68	-61	-80	-67	-70	-64
Research and development expenses	0	0	-1	-2	-2	-2	-3	-3
Other operating income	2	4	10	10	1	0	0	8
Other operating expenses	-78	-22	-19	-20	-38	-12	-18	-13
EBIT	**126**	**113**	**93**	**76**	**87**	**96**	**87**	**81**
Financial income	1	1	1	0	0	0	0	0
Financial expenses	-8	-8	-8	-10	-13	-7	0	-3
Net financial items	**-7**	**-7**	**-7**	**-10**	**-13**	**-7**	**0**	**-3**
Net income before tax	**118**	**106**	**86**	**67**	**74**	**90**	**87**	**78**
Income tax	-46	-25	-18	-15	-16	-23	-21	-20
Net income	**73**	**81**	**67**	**52**	**58**	**66**	**66**	**59**
Net income attributable to:								
- Equity holders of the Parent Company	72	80	66	51	57	*65*	*65*	*57*
- Non-controlling interests	1	*1*	*1*	*1*	*1*	*1*	*1*	*1*

CONDENSED CONSOLIDATED BALANCE SHEETS

SEK m	December 31, 2019	December 31, 2018
ASSETS		
Goodwill	2,053	2,073
Other intangible assets	503	509
Tangible assets	1,317	1,143
Financial assets	85	67
Total fixed assets	**3,958**	**3,792**
Inventory	781	771
Accounts receivable	915	921
Other receivables	280	210
Cash and cash equivalents	311	260
Total current assets	**2,287**	**2,162**
TOTAL ASSETS	**6,245**	**5,954**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity	**2,664**	**2,616**
Long-term loans	1,371	1,402
Other long-term liabilities	757	727
Total long-term liabilities	**2,128**	**2,129**
Accounts payable	505	424
Short-term financial liabilities	220	103
Other short-term liabilities	728	682
Total short-term liabilities	**1,453**	**1,209**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,245**	**5,954**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Parent Company							
SEK m	Share capital	Other contributed capital	Reserves	Cash flow reserve	Fair value reserve[1)]	Profit carried forward incl. net income for the period	Non-controlling interests	TOTAL EQUITY
Opening balance January 1, 2018	**59**	**1,681**	**57**	**-5**	**13**	**704**	**85**	**2,594**
Total comprehensive income for the period	-	-	13	5	-	228	6	251
Non-controlling interest arising upon acquisition of subsidiaries	-	-	-	-	-	-	0	0
Dividend paid to shareholders	-	-	-	-	-	-235		-235
Transactions with minority shareholders	-	-	6	-	-	-	-	6
Closing balance December 31, 2018	**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**

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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK m	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Operating activities		
Reported EBIT	408	351
Adjusted for items not included in cash flow, etc.	326	215
Paid interest and tax	-152	-150
Change in working capital	83	-73
Cash flow from operating activities	**665**	**343**
Investing activities		
Acquisitions of fixed assets	-183	-205
Sales of fixed assets	-	0
Acquisition of subsidiaries	-36	-427
Cash flow from investing activities	**-220**	**-632**
Financing activities		
Loans raised[1)]	55	672
Repayment of debt[1)]	-186	-52
Dividend paid to shareholders	-235	-235
Net change, overdraft facilities and other financial liabilities	-6	-68
Change in lease liability	-24	-
Cash flow from financing activities	**-396**	**317**
Cash flow for the period	**48**	**28**
Cash and cash equivalents, opening balance	260	227
Exchange difference, cash and cash equivalents	2	6
Cash and cash equivalents, closing balance	**311**	**260**

[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 SUMMARY

	12 months Jan-Dec 2019	12 months Jan-Dec 2019 recalculated*	12 months Jan-Dec 2018
Net sales, SEK m	5,547	5,547	4,927
Gross profit, SEK m	1,403	1,403	1,278
Operating income, SEK m	533	527	430
Operating EBITDA, SEK m	762	691	583
EBIT, SEK m	408	403	351
EBITDA, SEK m	759	688	546
Interest-bearing net debt	1,546	1,354	1,490
Number of employees	2,398	2,398	2,477
Sales growth	12.6%	12.6%	10.9%
Organic growth	-0.5%	-0.5%	1.5%
Organic pro forma growth	2.4%	2.4%	2.5%
Gross margin	25.3%	25.3%	25.9%
Operating margin	9.6%	9.5%	8.7%
Operating EBITDA margin	13.7%	12.5%	11.8%
EBIT margin	7.4%	7.3%	7.1%
EBITDA margin	13.7%	12.4%	11.1%
Return on capital employed[1)]	12.9 %	13.4%	10.6%
Return on shareholders' equity	10.3%	10.3%	9.5%
Interest-bearing net debt/shareholders' equity	58.0%	50.8%	57.0%
Interest-bearing net debt/operating EBITDA[1)]	2.03	1.79	2.56

Alternative key financials are described in definitions.

* To make 2019 comparable with 2018, this column shows 2019 adjusted for the effects of the new IFRS 16 leases standard, which became effective on January 1, 2019.

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

CONDENSED PARENT COMPANY INCOME STATEMENTS

SEK m (Note 1)	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net sales	**345**	**323**	**1,214**	**1,194**
Cost of goods sold	-303	-286	-1,107	-1,099
Gross profit	**41**	**37**	**108**	**95**
Selling expenses	-35	-39	-138	-134
Administrative expenses	-64	-50	-188	-170
Research and development expenses	-1	-2	-5	-7
Other operating income	103	84	300	268
Other operating expenses	-11	-10	-40	-39
EBIT	**32**	**20**	**36**	**13**
Revenue from participation in Group companies	276	210	323	273
Financial income	7	7	29	25
Financial expenses	-25	-11	-42	-22
Net financial items	**258**	**206**	**310**	**276**
Income after financial items	**290**	**225**	**346**	**289**
Income tax	-60	-32	-63	-33
Net income	**230**	**194**	**284**	**256**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net income	**230**	**194**	**284**	**256**
Other comprehensive income[1]:				
Items that may be reclassified to profit or loss:				
Exchange rate differences for the period – translation of foreign subsidiaries	-	-	-	-
Cash flow hedges	2	3	-2	5
Total	**2**	**3**	**-2**	**5**
Other comprehensive income for the period (net of tax)	**2**	**3**	**-2**	**5**
Total comprehensive income for the period	**232**	**197**	**281**	**261**
Total comprehensive income for the period attributable to:				
Equity holders of the Parent Company	232	197	281	261

[1] The Parent Company does not have any items ”that will not be reclassified to profit or loss”.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK m	December 31, 2019	December 31, 2018
ASSETS		
Goodwill	0	0
Other intangible assets	65	53
Total intangible assets	**65**	**53**
Tangible assets	23	24
Financial assets	3,175	3,159
Total fixed assets	**3,263**	**3,237**
Inventory	103	105
Accounts receivable	113	121
Other receivables	200	199
Cash and bank balances	212	171
Total current assets	**628**	**595**
TOTAL ASSETS	**3,891**	**3,832**
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		
Restricted equity	95	87
Unrestricted equity	1,770	1,732
Total equity	**1,865**	**1,819**
Provisions	**105**	**106**
Long-term loans	1,165	1,384
Other long-term liabilities	1	-
Total long-term liabilities	**1,165**	**1,384**
Accounts payable	69	61
Short-term financial liabilities	209	103
Other short-term liabilities	478	360
Total short-term liabilities	**756**	**524**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	**3,891**	**3,832**

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 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 2019 are calculated at exchange rates for 2018. Effects of translation of balance sheet items are not included.

Designs for Duni®: A unique concept 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.

Our Blue Mission: The Group's Corporate Social Responsibility (CSR) efforts are governed by the Our Blue Mission program. It describes the Duni Group's approach to sustainability in a number of areas such as the environment, product safety, social responsibility, social rights and business ethics.

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

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

DEFINITIONS OF KEY FINANCIALS

The 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 the Duni Group is Operating income. The Duni Group manages its activities and measures its business areas on this basis. Another key financial used by Group is organic pro forma growth. In recent years, the Group 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. The Duni Group defines its key ratios 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.

Earnings per share adjusted for goodwill impairment: Net income, excluding goodwill impairment, 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.

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.

Operating income: EBIT adjusted for restructuring costs, non-realized valuation effects of derivative instruments, fair value allocations, impairment and amortization of intangible assets identified in connection with business acquisitions.

Operating margin: Operating income as a percentage of sales.

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

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

BRIDGE BETWEEN EARNINGS PER SHARE AND EARNINGS PER SHARE ADJUSTED FOR GOODWILL IMPAIRMENT

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Weighted average number of outstanding common shares (thousands)	46,999	46,999	46,999	46,999
Income attributable to the equity holders of the Parent Company (SEK m)	**72**	**57**	**269**	**245**
Earnings per share, before and after dilution (SEK per share)	**1.52**	**1.21**	**5.73**	**5.22**
Reversal of goodwill impairment losses	58	-	58	-
Adjusted income attributable to the equity holders of the Parent Company (SEK m)	**130**	**57**	**328**	**245**
Earnings per share adjusted for goodwill impairment (SEK per share):	**2.77**	**1.21**	**6.97**	**5.22**

RECONCILIATION BETWEEN OPERATING INCOME AND EBIT

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Operating income excluding the new leases standard	198	137	527	430
Effects of new leases standard as of January 1, 2019	1	-	5	-
Operating income	**199**	**137**	**533**	**430**
Restructuring costs	0	-30	-2	-31
Amortization of intangible assets identified in business combinations	-72	-16	-121	-43
Fair value allocation in connection with acquisitions	-1	-5	-1	-6
EBIT	**126**	**87**	**408**	**351**

RECONCILIATION BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Operating EBITDA excluding the new leases standard	238	175	691	583
Effects of new leases standard as of January 1, 2019	17	-	71	-
Operating EBITDA	**255**	**175**	**762**	**583**
Restructuring costs	0	-30	-2	-31
Fair value allocation in connection with acquisitions	-1	-5	-1	-6
EBITDA	**254**	**140**	**759**	**546**
Amortization of intangible assets identified in business combinations	-72	-16	-121	-43
Amortization/depreciation included in EBIT	-40	-38	-164	-152
Depreciation of leased assets, effect as of January 1, 2019	-16	-	-66	-
EBIT	**126**	**87**	**408**	**351**

NOTES

NOTE 1 • ACCOUNTING AND VALUATION PRINCIPLES

As of January 1, 2005, the Duni Group 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, 2018.

The Duni Group applies IFRS 16 Leases as of January 1, 2019. The new standard stipulates that the Duni Group recognize assets and liabilities in the balance sheet for leases where it is the lessee. The income statement is impacted by the depreciation of the asset and interest expenses for the liability instead of an operating lease expense. The Duni Group used the simplified transition method for transition to IFRS 16 where comparative figures are not restated. A lease asset and a lease liability both amounting to SEK 214 m were recognized at the transition date. At December 31, 2019 the lease asset and lease liability amounted to SEK 192 m. With respect to the impact of IFRS 16 in the cash flow statement, this is reported under financing activities, on the "Change in borrowing" line, and amounted to SEK 50 m at December 31, 2019.

Income metrics such as EBITDA, EBIT and net financial items were thus impacted as of January 1, 2019 along with the related margin metrics. The Duni Group has estimated that the impact is not significant and has therefore chosen not to introduce new key financials. However, existing key financials, adjusted for the effects, are presented in a table comparable with 2018 in the section entitled Key ratios in summary. For more information about IFRS 16, see notes 2 and 37 in the annual report for the year ended on December 31, 2018.

NOTE 2 • FINANCIAL ASSETS AND LIABILITIES

The Duni 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 Biopac UK 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, 2018, 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 2019	Table Top	Meal Service	Consumer	New Markets	Other	Duni Group
Total net sales	702	226	336	278	20	1,563
Net sales from other segments	-	-	5	-	-	5
Net sales from external customers	**702**	**226**	**331**	**278**	**20**	**1,558**
Operating income	**131**	**12**	**38**	**18**	**0**	**199**
EBIT						126
Net financial items						-8
Income after financial items						118

Oct-Dec 2018	Table Top	Meal Service	Consumer	New Markets	Other	Duni Group
Total net sales	683	218	331	210	22	1,464
Net sales from other segments	-	-	3	-	-	3
Net sales from external customers	**683**	**218**	**328**	**210**	**22**	**1,460**
Operating income	**97**	**9**	**23**	**9**	**0**	**137**
EBIT						87
Net financial items						-13
Income after financial items						74

Jan-Dec 2019	Table Top	Meal Service	Consumer	New Markets	Other	Duni Group
Total net sales	2,598	910	1,028	933	92	5,561
Net sales from other segments	-	-	14	-	-	14
Net sales from external customers	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Operating income	**378**	**58**	**40**	**54**	**2**	**533**
EBIT						408
Net financial items						-32
Income after financial items						377

Jan-Dec 2018	Table Top	Meal Service	Consumer	New Markets	Other	Duni Group
Total net sales	2,486	846	1,074	448	86	4,940
Net sales from other segments	-	-	12	-	-	12
Net sales from external customers	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Operating income	**330**	**41**	**42**	**13**	**4**	**430**
EBIT						351
Net financial items						-22
Income after financial items						328

Quarterly overview of net sales and operating income by segment:

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**

The business areas reflect the Group's customer category types. The nature of each category type is disclosed below for each business area by region and product group:

Net sales, Jan-Dec 2019

SEK m	Table Top	Meal Service	Consumer	New Markets	Other	Duni Group
Primary geographic regions						
Nordic region	366	340	160	0	13	**879**
Central Europe	1,696	382	733	2	52	**2,865**
Southern & Eastern Europe	528	188	65	1	27	**809**
Rest of the world	9	0	55	930	0	**995**
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Product groups						
Napkins	1,784	0	545	241	0	**2,570**
Table covers	606	0	189	8	0	**803**
Candles	165	0	19	5	0	**189**
Packaging solutions	5	539	1	188	0	**733**
Serving products	4	356	71	434	0	**866**
Other	34	15	188	57	92	**386**
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Time of revenue recognition						
Goods/services transferred at once	2,598	910	1,014	933	92	**5,547**
Goods/services transferred over time	-	-	-	-	-	**0**
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**

NOTE 4 • REPORTING OF RESTRUCTURING COSTS

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

Restructuring costs SEK m	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Cost of goods sold	0	-12	0	-11
Selling expenses	0	-12	-2	-12
Administrative expenses	0	-6	0	-8
Other operating expenses/income	-	-	-	-
Total	**0**	**-30**	**-2**	**-31**

THIS IS DUNI GROUP

The Duni Group is one of Europe's leading suppliers of high-quality napkins, table covers, candles and other products for the set table. Duni also offers packaging and packaging systems for the growing market for ready meals and takeaway. All concepts are aimed at creating Goodfoodmood® in environments where people get together to enjoy food and drink.

The Duni Group's presence

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

Net sales*

SEK 5,547 m

Sales growth*

-0.5 %

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

Operating margin*

9.6%

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

Proposed dividend for 2019

SEK 5.00

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

*Rolling 12 months, Jan-Dec 2019