

INTERIM REPORT FOR DUNI AB (PUBL) JANUARY 1–MARCH 31, 2021

(compared to the same period of the previous year)

April 22, 2021

Continued strong impact from restrictions, preparations for easing

January 1–March 31

- Net sales amounted to SEK 932 m (1,249), corresponding to an 25.4% decrease in sales. Adjusted for exchange rate movements, net sales decreased by 22.9%.
- Earnings per share after dilution amounted to SEK -1.11 (0.43).
- The performance of both sales and income for Q1 are directly related to the social restrictions.
- The Duni business area is well prepared to meet the increase in demand expected as social restrictions are eased.
- Operating income for the BioPak business area nearly doubled from the previous year, from SEK 24 m to SEK 43 m.
- Despite a strong focus on costs, investments to future-proof the offering are continuing.

KEY FINANCIALS

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Net sales	932	1,249	4,184	4,501
Organic growth	-22.9%	-4.2%	-23.2%	-18.7%
Operating income ¹⁾	-41	80	28	149
Operating margin ¹⁾	-4.4%	6.4%	0.7%	3.3%
Income after financial items	72	29	-94	7
Income after tax	-51	22	-70	4

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



Despite low vaccination rates in larger parts of Europe, which led to a relatively unchanged situation since the fourth quarter, we are optimistic about the future. Our experience from last year shows that demand recovers rapidly once the restrictions are lifted.

Continued restrictions put Q1 2021 at par with Q4 2020

Continued restrictions and a low rate of vaccination in our main markets led to a relatively unchanged situation compared with the fourth quarter of 2020. The hotel and restaurant markets, which are the main segments of the Duni business area, are still operating under strict restrictions. It is difficult to foresee when the restrictions will be eased at this time.

We see continued strong and growing demand for sustainable packaging solutions, which primarily benefits the BioPak business area. The growth in take-away, which has been positive for several years, is further accelerating as most restaurants have transitioned from table service to take-away solutions. The pandemic and its consequences also caused a shortage in container capacity from Asia, which resulted in longer delivery times and increased logistics costs in some cases. During the quarter, we also saw price increases for raw materials, including pulp. We continue to work on mitigating these by having a strict cost focus, but as always, we also review the need for possible price adjustments.

Sales amounted to SEK 932 m (1,249), at fixed exchange rates this corresponds to a sales decrease of 22.9%. The decrease is exclusively attributable to the Duni business area, which focuses on the set table, going down with 48.2% of its sales from the previous year. The BioPak business area, which focuses on sustainable packaging solutions for take-away, increased its sales by 23.7% year-on-year. The Group's lower sales figure has a direct impact on operating income, which amounted to SEK -41 m (80) for the quarter.

As communicated to the market on March 18, we are preparing to apply for government support for fixed costs in Germany. The amount we will apply for is within the range previously communicated and is currently estimated at around EUR 5-6 m for the period November 2020 to March 2021. As the uncertainty about how much we will finally receive is large, revenue has not been reported in the first quarter. If we still qualify for support, we will continue to apply monthly.

Turbulent market in wake of the pandemic

The pandemic has a substantial negative impact on the hotel, tourism and restaurant industry, and it is difficult to foresee exactly when a future recovery will occur. However, restrictions and other measures linked to the pandemic have accelerated a series of trends, especially in sustainability, hygiene and digital interaction. We see

new opportunities for both the industry and for Duni Group in these areas, and we are now stepping up our activity in them.

Preparation for reopening

As the rate of vaccination increases in our main markets, the restrictions will be eased and demand will increase. In summer 2020, we saw a very rapid recovery based on lower infection rates and eased restrictions. The same pattern was also seen in the third quarter. Our main focus now is to secure the supply chain for our most-in demand products for outdoor dining and take-away. An example of these is our best-seller Sacchetto®, which is both suitable for outdoor dining and contributes to hygienic table service.

Despite continued market turbulence, we look to the future with confidence. The market is still challenging for the Duni business area, but, conversely, we are pleased with the strong increase in sales for the BioPak business area," says Robert Dackeskog, President and CEO, Duni Group.

"It's still difficult to say exactly when each country will re-open, but in light of increased vaccination in our main markets, we are undergoing intensive preparations to be ready when this happens," says Robert Dackeskog, President and CEO, Duni Group.



Net Sales

January 1–March 31

Compared to the same period of the previous year, net sales decreased by SEK 317 m to SEK 932 m (1,249). At fixed exchange rates, this corresponds to a 22.9% decrease. As a consequence of both a second and third wave of COVID-19, the social restrictions put in place at the end of the last year were continued. For the Group, this resulted in an entire quarter of an almost total shutdown of hotel and restaurant business in most European markets. Markets with a higher share of BioPak sales did better, especially Australia, which stands out with 30% growth. Sales followed the pattern established during the pandemic according to which the Duni business area's offering, which primarily caters to table service, decreased dramatically while the BioPak business area's take-away range saw significant growth.

NET SALES, CURRENCY EFFECT

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2021 ¹⁾ recalculated	3 months Jan-Mar 2020	Change at fixed exchange rates	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Duni	401	420	811	-48.2%	2,217	2,628
BioPak	531	543	439	23.7%	1,966	1,874
Duni Group	932	963	1,249	22.9%	4,184	4,501

NET SALES PER REGION

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2021 ¹⁾ recalculated	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
NorthEast	166	170	232	789	856
Central	250	264	446	1,162	1,358
West	90	95	169	503	582
South	53	56	99	302	349
Rest of World	321	325	277	1,181	1,138
Other sales	53	53	25	246	218
Duni Group	932	963	1,249	4,184	4,501

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

Income

January 1–March 31

Operating income amounted to SEK -41 m (80), with an operating margin of -4.4% (6.4%). The gross margin was 11.2% (23.3%). Despite strong growth and improved income in the BioPak business area, this does not fully compensate for the negative income in Duni. The decrease in sales primarily impacts the napkin and table cover product groups, as the Duni business area is vertically integrated for these product groups and income is impacted heavily. The lower volumes bring down the contribution margin for fixed costs and the relative cost of logistics increases as the shipments decrease in size. Additionally, the costs of most of the Group's raw materials increased to a certain extent during the quarter, and electricity prices also increased substantially compared to the same period of the previous year. The Group has continued to dedicate substantial focus to adapting production capacity and controlling costs, which includes higher external sales from the Skåpafors paper mill, short-time work and government support.

Despite the ongoing pandemic, which is hitting the Group hard, activities are underway to retain a leading position in the HoReCa market. In-person trade fairs have been replaced with digital events, and a digital trade show platform has been established. The "Duni visualiser" mobile app is also an example of this. The app enables restaurant owners to draw and design their restaurant.

Income after financial items totaled SEK -72 m (29). Income after tax was SEK -51 m (22).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2021 ¹⁾ recalculated	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Duni	-83	-87	56	-132	7
BioPak	43	44	24	160	142
Duni Group	-41	-43	80	28	149

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. Each business area has 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, 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.



The Duni brand stands for design, color, shape, and high quality that creates 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 a very clear environmental profile.



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 environmentally 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 43% (65%) of the Group's net sales during the period from January 1 to March 31, 2021.

JANUARY 1–MARCH 31

Net sales

401

Net sales amounted to SEK 401 m (811).

Operating income

-83

Operating income was SEK -83 m (56).

Operating margin

-20.8%

The operating margin was -20.8% (6.9%).

Duni business area

January 1–March 31

Net sales amounted to SEK 401 m (811). At fixed exchange rates, this corresponds to a sales decrease of 48.2%. Sales to the restaurant and hotel market have been at very low levels for the entire quarter as a result of the strict social restrictions on public gatherings, while sales to retail have been closer to at par with the previous year but were negatively impacted by lower sales for the Easter collection. Germany, the Netherlands and the UK accounted for more than half of the decrease in sales. These countries are key markets for the business area, and, like many other countries, instituted substantial restrictions on the restaurant industry. Sales experienced a weak yet positive trend during the quarter and increased gradually.

Operating income was SEK -83 m (56) and the operating margin was -20.8% (6.9%). Despite relatively stable sales for product categories in retail, increased external sales from the paper mill, strong cost controls, short-term work and government support, income for the quarter was significantly negative. The volume decrease in the restaurant and hotel market is substantial, and the business area's vertical integration resulted in a large share of fixed costs not being absorbed.

NET SALES PER REGION, DUNI BUSINESS AREA

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2021 ¹⁾ recalculated	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
NorthEast	59	62	128	354	423
Central	173	183	391	908	1,126
West	52	55	136	359	443
South	16	17	70	167	221
Rest of World	48	51	61	183	196
Other sales	53	53	25	247	219
Duni	401	420	811	2,217	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 underway. The business area accounted for approximately 57% (35%) of the Group's net sales during the period from January 1 to March 31, 2021.

JANUARY 1–MARCH 31

Net sales

531

Net sales amounted to SEK 531 m (439).

Operating income

43

Operating income was SEK 43 m (24).

Operating margin

8.0%

The operating margin was 8.0% (5.5%).

BioPak business area

January 1–March 31

Net sales amounted to SEK 531 m (439). At fixed exchange rates, this corresponds to a sales increase of 23.7%. The restrictions introduced during the pandemic has limited the restaurant industry, with everything from a limited number of guests to completely shutting down service for seated guests, which has led to many restaurants transitioning to offering take-away solutions as well. This, along with increased demand for sealable packaging from municipal bodies and similar organizations, and the demand for environmentally-sound products, which was already strong previously as well, are the main reasons for the business area's increase in sales.

Operating income nearly doubled, totaling SEK 43 m (24), and the operating margin was 8.0% (5.5%). Substantial growth, strengthened by increased demand during the pandemic, is the main reason for the significant improvement in income. Indirect costs are at par with the previous year because the market restrictions led to less travel and fewer marketing activities, resulting in effective leverage as volumes increase. During the quarter, most raw material prices in the BioPak business area increased and logistics costs for container shipping from Asia were significantly higher than the previous year, which had a negative impact on income.

NET SALES PER REGION, BIOPAK BUSINESS AREA

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2021 ¹⁾ recalculated	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
NorthEast	106	108	104	436	434
Central	77	82	56	254	232
West	38	40	32	145	140
South	37	39	30	136	128
Rest of World	273	274	217	998	941
Other sales	0	0	0	-1	-1
BioPak	531	543	439	1,966	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 -143 m (-17) for the period from January 1 to March 31. Accounts receivable amounted to SEK 554 m (836) and accounts payable to SEK 374 m (416), while inventory was valued at SEK 937 m (864). The poorer cash flow is a direct effect of the significant deterioration of income. Lower accounts receivable made a positive contribution but inventory accumulation in preparation for when markets re-open and the recovery accelerates along with the growth in BioPak caused inventories to increase.

Cash flow including investing activities amounted to SEK -154 m (-43). Net investments for the period amounted to SEK 15 m (42). Depreciation and amortization for the period totaled SEK 68 m (74), with amortization of right-of-use assets accounting for SEK 15 m (17) of this item.

The Group's interest-bearing net debt as of March 31, 2021 was SEK 1,488 m. The Group's interest-bearing net debt at March 31, 2020 was SEK 1,664 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. In the first quarter of 2021, the situation and risks were re-evaluated, and discussions were held with the banks. This led to an extension of the temporary loan agreement by two quarters to September 2021. As a result, net financial items increased by the amount of the non-recurring cost, which was SEK 9 m.

Net financial items

Net financial items for the January 1–March 31 period were SEK -16 m (-10). As described above with respect to the extension of the temporary loan agreement to September 2021, SEK 9 m was charged to net financial items in March.

Taxes

The total tax reported for the January 1–March 31 period was SEK 21 m (-7). This results in an effective tax rate of 29.0% (24.6%). The tax for the year includes adjustments and non-recurring effects from the previous year of SEK 4.3 m (1.8).

Earnings per share

The year's earnings per share before and after dilution amounted to SEK -1.11 (0.43).

The share

At March 31, 2021, the share capital amounted to SEK 58,748,790 divided into 46,999,032 outstanding ordinary shares. The quotient value of the shares was SEK 1.25 per share.

Shareholders

Duni AB (publ) is listed on NASDAQ Stockholm under the ticker name "DUNI". The Group's three largest shareholders are Mellby Gård AB (29.99%), Polaris Capital Management LLC (9.90%) and Carnegie fonder (9.04%).

Personnel

On March 31, 2021, there were 2,228 (2,365) employees. 920 (1,025) 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.

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 1 m to SEK 56 m (61).

Operational and financial risks associated with COVID-19 and actions 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.

The decrease in sales had a direct impact on the poorer income. The Duni business area is vertically integrated, has its own paper mill and has conversion 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.

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 state aid. The cost-cutting program will be continued for as long as the Group does not see a recovery of sales. For the first quarter of 2021, cost savings were approximately SEK 75 m, of which state aid accounted for SEK 33 m.

Great focus on increased control of working capital is also a part of this cost-cutting program, and the Group tracks the performance of accounts receivables 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 restrictions, and the risk of bankruptcy increases as these restrictions are prolonged.

The dividend for the 2019 financial year was canceled, and the board proposes to the AGM in May 2021 that no dividend be paid for the 2020 financial year either. 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. The expense for this was recognized in the quarter and amounted to SEK 9 m.

Transactions with related parties

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

Major events during the period

On March 18, the Group announced in a press release that the restrictions continued to have a substantial impact on its business. The Group continuously evaluates possibilities to apply for government assistance, and an opportunity opened up during the quarter to apply for support for fixed costs in Germany. Calculations and data collection needed to apply are underway. The Group plans to recognize the revenue when a sufficiently accurate estimate can be calculated, and it has been assured that all requirements for receiving the assistance are met. Management estimates that the Group will be able to apply for the period from November 2020 to March 2021. The total amount is currently estimated to about EUR 5-6 m. If the Group's German operations remain qualified and the assistance is still available, applications will be submitted on a monthly basis starting in April. At present, this assistance can be applied for until June 2021.

Significant events since March 31

No significant events have occurred since the balance sheet date.

Interim reports

Q2 July 15, 2021
Q3 October 21, 2021

2021 Annual General Meeting

In consideration of applicable government guidelines and the Pandemic Act, the Annual General Meeting of Duni AB will be conducted using mandatory postal voting. The AGM will be held on May 4, 2021. On the same day, a video of the CEO's address will be posted to the Duni Group's website. Shareholders have the opportunity to submit written questions in advance of the meeting. For more information, please see the Duni Group's website, www.duni.com.

Composition of Nomination Committee

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

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

Board composition changes

For the 2021 AGM, the Nomination Committee proposes re-election of all directors.

Parent Company

Net sales for the January 1–March 31 period amounted to SEK 200 m (273). Income after financial items totaled SEK -17 m (3). The interest-bearing net asset was SEK 393 m (395), of which a net asset of SEK 1,658 m (1,780) relates to subsidiaries. Net investments amounted to SEK 4 m (5) and depreciation & amortization was SEK 5 m (5). In the quarter, government support for fixed assets of SEK 6 m and short-term leave support of SEK 4 m are reported under "Other income" in the 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 was provided for publication on April 22 at 07:45 am.

At 10:00 am on Thursday, April 22, the report will be presented at a telephone conference, which can also be followed online. To participate in the telephone conference, call +46 (0)8-566 426 51, PIN: 15837443#. To follow the presentation online, please visit this link:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=0C122219-64A5-45D3-B53D-07FC1A541687>

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

Malmö, April 21, 2021

Robert Dackeskog, President and CEO

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CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Net sales	932	1,249	4,184	4,501
Cost of goods sold	-828	-958	-3,558	-3,687
Gross profit	104	291	626	814
Selling expenses	-117	-163	-469	-514
Administrative expenses	-59	-72	-253	-265
Research and development expenses	0	-2	-3	-5
Other operating income	35	4	153	121
Other operating expenses	-19	-20	-81	-80
EBIT (Note 4)	-56	39	-26	70
Financial income	0	1	2	2
Financial expenses	-16	-11	-71	-65
Net financial items	-16	-10	-69	-63
Income after financial items	-72	29	-94	7
Income tax	21	-7	25	-3
Net income	-51	22	-70	4
Net income attributable to:				
- Equity holders of the Parent Company	-52	20	-70	2
- Non-controlling interests	1	2	0	1
Earnings per share attributable to equity holders of the Parent Company:				
Before and after dilution (SEK)	-1.11	0.43	-1.49	0.05
Average number of shares before and after dilution ('000)	46,999	46,999	46,999	46,999

STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Net income	-51	22	-70	4
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Remeasurement of net pension obligation*	21	19	13	11
Total	21	19	13	11
Items that may be reclassified subsequently to profit or loss:				
Exchange rate differences – translation of subsidiaries	21	-26	-13	-59
Cash flow hedge	1	0	0	-1
Total	22	-26	-13	-60
Other comprehensive income for the period, net of tax:	43	-7	1	-49
Total comprehensive income for the period	-9	15	-69	-45
- Of which non-controlling interests	2	1	-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	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June
Net sales	932	1,181	1,251	820	1,249	1,558	1,377	1,348
Cost of goods sold	-828	-968	-973	-788	-958	-1,116	-1,038	-1,028
Gross profit	104	213	278	32	291	442	339	320
Selling expenses	-117	-118	-121	-112	-163	-151	-140	-149
Administrative expenses	-59	-65	-68	-60	-72	-89	-68	-68
Research and development expenses	0	-2	0	0	-2	0	0	-1
Other operating income	35	54	12	54	4	2	4	10
Other operating expenses	-19	-22	-19	-24	-20	-78	-22	-19
EBIT	-56	59	82	-110	39	126	113	93
Financial income	0	0	0	0	1	1	1	1
Financial expenses	-16	-13	-13	-28	-11	-8	-8	-8
Net financial items	-16	-12	-13	-28	-10	-7	-7	-7
Income after financial items	-72	47	69	-138	29	118	106	86
Income tax	21	-12	-21	37	-7	-46	-25	-18
Net income	-51	35	48	-101	22	73	81	67
Income attributable to:								
- Equity holders of the Parent Company	-52	35	48	-100	20	72	80	66
- Non-controlling interests	1	0	0	0	2	1	1	1

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK m	March 31, 2021	December 31, 2020	March 31, 2020
ASSETS			
Goodwill	2,045	2,011	2,047
Other intangible assets	408	408	485
Tangible assets	1,183	1,206	1,338
Financial assets	135	131	87
Total fixed assets	3,771	3,756	3,956
Inventory	937	861	864
Accounts receivable	554	599	836
Other receivables	251	200	267
Cash and cash equivalents	297	364	513
Total current assets	2,039	2,024	2,480
TOTAL ASSETS	5,810	5,780	6,436
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	2,618	2,628	2,684
Long-term loans	1,492	1,216	1,700
Other long-term liabilities	630	638	712
Total long-term liabilities	2,121	1,854	2,412
Accounts payable	374	422	416
Short-term financial liabilities	116	270	233
Other short-term liabilities	581	606	691
Total short-term liabilities	1,071	1,299	1,340
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,810	5,780	6,436

CHANGE IN THE GROUP'S SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Parent Company						Non-controlling interests	TOTAL EQUITY
	Share capital	Other contributed capital	Reserves	Cash flow reserve	Fair value reserve ¹⁾	Retained earnings including net income		
SEK m								
Opening balance January 1, 2020	59	1,681	112	2	13	696	101	2,664
Total comprehensive income for the period	-	-	-25	0	-	40	1	15
Remeasurement of liability to minority shareholders	-	-	-	-	-	5	-	5
Closing balance March 31, 2020	59	1,681	87	1	13	740	102	2,684
Total comprehensive income for the period	-	-	-18	-1	-	-26	-16	-60
Remeasurement of liability to minority shareholders	-	-	-	-	-	3	-	3
Dividend paid to shareholders	-	-	-	-	-	-	-	-
Closing balance December 31, 2020	59	1,681	69	1	13	719	87	2,628
Total comprehensive income for the period	-	-	19	1	-	-31	2	-9
Remeasurement of liability to minority shareholders	-	-	-	-	-	-1	-	-1
Closing balance March 31, 2021	59	1,681	88	1	13	687	89	2,618

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

CONSOLIDATED CASH FLOW STATEMENT

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020
Operating activities		
Reported EBIT	-56	39
Adjusted for items not included in cash flow, etc.	45	74
Paid interest and tax	-51	0
Change in working capital	-81	-130
Cash flow from operating activities	-144	-17
Investing activities		
Acquisitions of fixed assets	-11	-27
Sales of fixed assets	0	3
Acquisition of subsidiaries	-	-2
Cash flow from investing activities	-10	-26
Financing activities		
Loans raised ¹⁾	86	313
Repayment of debt ¹⁾	-	-53
Net change, overdraft facilities and other financial liabilities	13	4
Net change in lease liability	-16	-17
Cash flow from financing activities	83	247
Cash flow for the period	-70	203
Cash and cash equivalents, opening balance	364	311
Exchange difference, cash and cash equivalents	3	-1
Cash and cash equivalents, closing balance	297	513

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

KEY RATIOS IN BRIEF

	3 months Jan-Mar 2021	3 months Jan-Mar 2020
Net sales, SEK m	932	1,249
Gross profit, SEK m	104	291
Operating income, SEK m	-41	80
Operating EBITDA, SEK m	11	138
EBIT, SEK m	-56	39
EBITDA, SEK m	11	113
Interest-bearing net debt	1,488	1,664
Number of employees	2,228	2,365
Sales growth	-25.4%	-1.2%
Organic growth	-22.9%	-4.2%
Gross margin	11.2%	23.3%
Operating margin	-4.4%	6.4%
Operating EBITDA margin	1.2%	11.0%
EBIT margin	-6.1%	3.1%
EBITDA margin	1.2%	9.0%
Return on shareholders' equity	-2.0%	0.8%
Return on capital employed ¹⁾	0.7%	12.2%
Interest-bearing net debt/shareholders' equity	56.8%	62.0%
Interest-bearing net debt/operating EBITDA ¹⁾	6.01	2.22

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

Alternative key financials are described in definitions.

PARENT COMPANY INCOME STATEMENTS IN BRIEF

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020
(Note 1)		
Net sales	200	273
Cost of goods sold	-190	-249
Gross profit	10	24
Selling expenses	-25	-33
Administrative expenses	-40	-48
Research and development expenses	0	-1
Other operating income	56	70
Other operating expenses	-9	-10
EBIT	-8	2
Revenue from participation in Group companies	-	-
Financial income	6	7
Financial expenses	-15	-6
Net financial items	-9	1
Income after financial items	-17	3
Income tax	3	-1
Net income	-14	2

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020
Net income	-14	2
Other comprehensive income¹⁾:		
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences – translation of subsidiaries	-	-
Cash flow hedge	-7	6
Total	-7	6
Other comprehensive income for the period, net after tax	-7	6
Total comprehensive income for the period	-21	8
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company	-21	8

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

PARENT COMPANY BALANCE SHEET IN BRIEF

SEK m	March 31, 2021	December 31, 2020	March 31, 2020
Goodwill	0	0	0
Other intangible assets	59	58	66
Total intangible assets	59	58	66
Tangible assets	22	24	22
Financial assets	3,303	3,195	3,337
Total fixed assets	3,383	3,276	3,425
Inventory	87	84	114
Accounts receivable	82	74	107
Other receivables	231	198	200
Cash and bank balances	188	272	419
Total current assets	588	628	840
TOTAL ASSETS	3,971	3,904	4,265
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	85	95	95
Unrestricted equity	1,842	1,852	1,778
Total equity	1,926	1,947	1,873
Provisions	98	99	104
Long-term loans	1,315	1,002	1,499
Other long-term liabilities	1	1	3
Total long-term liabilities	1,316	1,003	1,502
Accounts payable	51	56	54
Short-term financial liabilities	61	261	222
Other short-term liabilities	519	538	510
Total short-term liabilities	631	855	786
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	3,971	3,904	4,265

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.

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.

Our Blue 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 metrics that are 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 is Operating income. The Group management manages its activities and measures its business areas on this basis. The key ratios 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 net sales.

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

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

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

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

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

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

Operating margin: Operating income as a percentage of net 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 Group for eight quarters.

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 OPERATING INCOME AND EBIT

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Operating income excluding IFRS 16 Leases	-42	79	22	143
Effects of IFRS 16 Leases	2	1	5	5
Operating income	-41	80	28	149
Restructuring costs	0	-25	-23	-48
Amortization of intangible assets identified in business combinations	-15	-16	-63	-64
Fair value allocation in connection with acquisitions	0	0	0	0
Gain on restatement of pension terms	-	-	33	33
EBIT	-56	39	-26	70

BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Operating EBITDA excluding IFRS 16 Leases	-5	119	179	304
Effects of IFRS 16 Leases	17	19	68	70
Operating EBITDA	11	138	247	374
Restructuring costs	0	-25	-23	-48
Fair value allocation in connection with acquisitions	0	0	0	0
Gain on restatement of pension terms	-	-	33	33
EBITDA	11	113	257	359
Amortization of intangible assets identified in business combinations	-15	-16	-63	-64
Amortization of right-of-use assets	-15	-17	-63	-65
Other amortization/depreciation included in EBIT	-37	-40	-157	-160
EBIT	-56	39	-26	70

BRIDGE BETWEEN REPORTED NET SALES AND ORGANIC GROWTH

SEK m	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
Net sales	932	1,249	4,184	4,501
Currency effect ¹⁾	31	-21	105	65
Currency-adjusted net sales	963	1,228	4,289	4,566
Less acquisitions	-	-16	-41	-59
Net sales for organic growth	963	1,249	4,248	4,508
Organic growth	-22.9%	-4.2%	-23.2%	-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 transition support (omställningsstöd) and government assistance for short-time work. This assistance has been recognized as revenue under the Other operating income line item.

Note 2 • Financial assets and liabilities

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	Jan-Mar 2021			Jan-Mar 2020		
	Duni	BioPak	Duni Group	Duni	BioPak	Duni Group
Total net sales	406	533	939	811	440	1,250
Revenue from other segments	6	1	7	0	1	1
Net sales from external customers	401	531	932	811	439	1,249
Operating income	-83	43	-41	56	24	80
EBIT			-56			39
Net financial items			-16			-10
Income after financial items			-72			29

Quarterly overview of net sales and operating income by segment:

Net sales	2021	2020				2019		
SEK m	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Duni	401	673	767	377	811	1,090	946	890
BioPak	531	508	484	443	439	468	431	458
Duni Group	932	1,181	1,251	820	1,249	1,558	1,377	1,348
Operating income								
SEK m	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun
Duni	-83	1	68	-118	56	159	99	83
BioPak	43	49	42	26	24	40	31	28
Duni Group	-41	51	110	-92	80	199	130	111

DIVISION OF REVENUE FROM CUSTOMER CONTRACTS, JANUARY-MARCH 2021

SEK m	Duni	BioPak	Duni Group
<i>Primary geographic regions</i>			
NorthEast	59	106	166
Central	173	77	250
West	52	38	90
South	16	37	53
Rest of World	48	273	321
Other sales	53	0	53
Total	401	531	932
<i>Time of revenue recognition</i>			
Goods/services transferred at once	401	531	932
Goods/services transferred over time	-	-	-
Total	401	531	932
<i>Product groups</i>			
Napkins	225	12	242
Table covers	53	0	55
Candles	19	0	19
Packaging solutions	0	221	218
Serving products	0	277	272
Other	103	21	126
Total	401	531	932

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	3 months Jan-Mar 2021	3 months Jan-Mar 2020	12 months Apr-Mar 2020/2021	12 months Jan-Dec 2020
SEK m				
Cost of goods sold	-	-	-2	-2
Selling expenses	0	-22	-9	-31
Administrative expenses	-	-3	-10	-13
Other operating expenses/income	-	-	-2	-2
Total	0	-25	-23	-48

On January 1, 2020, a new global organization consisting of two brand segments, Duni and BioPak, was launched, 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 is valid from 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 the Duni Group

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



THE DUNI GROUP'S PRESENCE

Duni's products are sold in more than 40 markets and Duni is the market leader in Central and Northern Europe. The Group has approximately 2,200 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 4,184 m

SALES GROWTH*

-23.2%

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*

0.7%

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

PROPOSED DIVIDEND FOR 2020

0

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