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

(compared to the same period of the previous year)

October 21, 2021

Strong quarterly results as markets open up

July 1–September 30

- Net sales amounted to SEK 1,453 m (1,251), corresponding to a 16.2% increase in sales. Adjusted for exchange rate movements, net sales increased by 19.0%.
- Earnings per share after dilution amounted to SEK 2.16 (1.02).
- Strong recovery in sales for the Duni business area and continued high growth rate for the BioPak business area.
- High efficiency in factories and strong operational leverage on indirect costs boost income.
- Prices of raw materials, energy and sea freight continued to accelerate during the quarter and will, despite price increases announced, be challenging to compensate for in the short term.
- The paper mill in Skåpafors is first in the world to use fossil-free biogas.

January 1–September 30

- Net sales amounted to SEK 3,509 m (3,320), corresponding to a 5.7% increase in sales. Adjusted for exchange rate movements, net sales increased by 8.1%.
- Earnings per share after dilution amounted to SEK 1.43 (-0.68).
- Clear improvement in income from the middle of the second quarter attributable to easing of restrictions.
- Efforts to achieve the best sustainable offering have resulted in several investments in innovation and new business models during the year.

KEY FINANCIALS

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Net sales	1,453	1,251	3,509	3,320	4,690	4,501
Organic growth	17.4%	-8.4%	8.1%	-17.8%	-1.2%	-18.7%
Operating income [1]	151	110	169	98	220	149
Operating margin [1]	10.4%	8.8%	4.8%	3.0%	4.7%	3.3%
Income after financial items	128	69	90	-40	137	7
Income after tax	102	48	68	-31	103	4

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

The Duni Group is a market leader in attractive, environmentally sound and functional products for table setting and take-away. The Group markets and sells two brands, Duni and BioPak, which are represented in more than 40 markets. Duni has around 2,200 employees in 24 countries, its headquarters in Malmö and production units in Sweden, Germany, Poland, New Zealand and Thailand. Duni is listed on the NASDAQ Stockholm under the ticker name "DUNI". Its ISIN code is SE0000616716. This information is information that Duni AB is obligated to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact person set out above, at 07:45 am CET on October 21, 2021.

The road towards a more normalized existence and market leads to strong income in the quarter

Restaurant visits finally back

Restrictions were further eased during the third quarter, and restaurants in Europe are now effectively fully open in our main markets. There are, however, some markets, including Germany, require vaccine passport for restaurant visits. Outside Europe, the picture is not as clear. Both easing and new restrictions were introduced during the quarter, one country affected being Australia.

The easing of restrictions in Europe brought a distinct recovery in the third quarter. Group sales amounted to SEK 1,453 m (1,251). At fixed exchange rates, this corresponds to a sales increase of 19.0%.

There is less uncertainty surrounding the development of the pandemic, and there is a strong desire to socialize around good food and drink. Returning restaurant guests have had a positive impact on the Duni business area, which at fixed exchange rates increased its sales by 15.5% compared with the previous year. The take-away market also continues to grow, and the BioPak business area increased its sales by 24.7% in relation to the previous year. We are confident about the continued development.

Higher sales in both business areas had a direct impact on operating income, which amounted to SEK 151 m (110) during the quarter.

Cost pressure on raw materials and sea freight

Just as before, there is an ongoing shortage of container capacity from Asia, which means longer delivery times and significantly increased freight costs for containers. This mainly affects the BioPak business area. Input material and energy costs have also accelerated during the quarter and are contributing to high cost pressure. Announced price adjustments will mitigate these cost increases, but as always with some delay.

Towards a more sustainable future

Our goal is to offer innovative, sustainable and circular products, service and solutions, where food and drink are served and consumed. In our efforts to realize this, we have initiated a number of partnerships and activities. The Duni business area, for example, recently launched the world's first fossil-free airlaid, which is used in our premium napkins. During the quarter, we also announced the news that our paper mill in Skåpafors is initiating a transition to fossil-free biogas, produced from by-products from the food industry, among others, which represents a major step forward towards an increasingly circular business model and a lower climate impact. This means that Duni Group will be the first in the world to fully implement this solution in the paper industry. In the rapidly expanding BioPak business area, we are constantly working with new, more sustainable material choices and circular solutions that take the entire value chain and the product cycle into account. The best-selling product right now is made using residues from sugar cane, which would otherwise have ended up as waste.

In our ambition to always be able to offer the most sustainable alternative, in mid-October, after the end of the quarter, we increased our portfolio with a minority holding in the Spanish re-use company Bûmerang Takeaway SL. The partnership with Bûmerang complements the previously announced minority ownership of the German company Relevo GmbH. Both Bûmerang and Relevo work with reusable systems for take-away products using digital platforms to reduce litter in our cities.

We are now planning for a more normalized existence and demand. However, the accelerating cost increases in almost all raw material components entail both short- and long-term challenges for the industry, where cost compensation and increased efficiency are important measures, says Robert Dackeskog, President and CEO, Duni Group.

"We are now planning for a more normalized existence and demand. However, the accelerating cost increases in almost all raw material components entail both short- and long-term challenges for the industry, where cost compensation and increased efficiency are important measures," says Robert Dackeskog, President and CEO, Duni Group.

Net sales

July 1–September 30

Compared to the same period of the previous year, net sales increased by SEK 202 m to SEK 1,453 m (1,251). At fixed exchange rates, this corresponds to a 19.0% increase. During the third quarter, markets continued to open up as the proportion of vaccinated people increased. At the end of the third quarter, most of the Duni business area's markets had eased virtually all restrictions affecting the restaurant industry. There are examples of some remaining restrictions in one of the Duni Group's main markets, Germany, where only those who have been vaccinated or recently tested are allowed to visit restaurants. Duni had a strong sales recovery and was well prepared to meet the increased demand. There has been a positive impact on retail sales, as private events have also begun to normalize. The BioPak business area, which benefited from increased demand for take-away when restaurants were forced to close, has managed to maintain its growth rate in the third quarter, even though the market for seated meals has opened up. One explanation is the strong recovery for serving products that are used primarily for shared meals and events.

January 1–September 30

Compared to the same period of the previous year, net sales increased by SEK 189 m to SEK 3,509 m (3,320). At fixed exchange rates, this corresponds to an 8.1% increase. As a consequence of both a second and third wave of Covid-19, the entire first quarter and most of the second quarter were characterized by social restrictions. Until the end of May, these restrictions involved an almost complete closure of hotel and restaurant operations in most European markets. Net sales recovered in the third quarter, as restrictions were eased. The Duni business area has lower net sales compared with the same period in the previous year, which is explained by the fact that restrictions were not introduced until the end of March last year. The Group's total net sales exceeded the previous year, thanks to the strong sales performance in the BioPak business area, partly driven by increased demand for take-away during the pandemic, and partly by strong demand for eco-profiled products.

NET SALES, CURRENCY EFFECT

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2021 [1] recalculated	3 months Jul-Sep 2020	Change at fixed exchange rates	9 months Jan-Sep 2021	9 months Jan-Sep 2021 [1] recalculated	9 months Jan-Sep 2020	Change at fixed exchange rates
Duni	857	886	767	15.5%	1,766	1,828	1,954	-6.5%
BioPak	596	603	484	24.7%	1,744	1,762	1,366	29.0%
Duni Group	**1,453**	**1,489**	**1,251**	**19.0%**	**3,509**	**3,591**	**3,320**	**8.1%**

NET SALES PER REGION

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2021 [1] recalculated	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2021 [1] recalculated	9 months Jan-Sep 2020
NorthEast	258	261	237	672	681	637
Central	428	445	378	916	956	1,020
West	236	241	189	535	550	487
South	183	190	132	336	350	299
Rest of World	323	327	270	940	943	729
Other sales	24	25	45	111	112	149
Duni Group	**1,453**	**1,489**	**1,251**	**3,509**	**3,591**	**3,320**

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

Income

July 1–September 30

Operating income amounted to SEK 151 m (110), with an operating margin of 10.4% (8.8%). The gross margin was 23.2% (22.2%). With a more open market than in the comparative period and strong growth in the BioPak business area, net sales have increased, which is the primary explanation for the improvement in income. The sharp increase in volume in the quarter for the Duni business area enabled a high level of efficiency in the factories. Income is also strengthened by lower levels of activity in areas such as travel and marketing. Last year's reorganization resulted in lower indirect costs, and together this provides good operational leverage. Government support continues to contribute to income but is now at a very low level compared with previous quarters.

Inflationary pressures have increased, with almost all input goods and logistics services also experiencing a significant increase in costs during the third quarter. In addition to input materials, energy prices and container freight costs from Asia have also increased significantly. Cost increases had a negative impact on income for the quarter, but with a storage period of two to three months, the full effect is delayed, and the margin was therefore only negatively affected to a certain extent. Price increases have been announced and will be implemented partly in the fourth quarter and partly in the first quarter of next year.

Income after financial items totaled SEK 128 m (69). Income after tax was SEK 102 m (48).

January 1–September 30

Operating income amounted to SEK 169 m (98), with an operating margin of 4.8% (3.0%). The gross margin was 18.1% (18.1%). The strict social restrictions in the first quarter and large parts of the second quarter resulted in negative income for the Duni business area, excluding support for shortened working hours and fixed costs. In the second quarter, the German companies reported government support of SEK 46 m for the period November 2020 – March 2021, which was allocated in full to the Duni business area. The BioPak business area experienced strong growth throughout the period, with high operational leverage, as travel and marketing activities were at a low level. Both business areas have been adversely affected by increasing costs of raw materials and logistics, although these costs have not yet taken full effect due to the lead times in stock.

Income after financial items totaled SEK 90 m (-40). Income after tax was SEK 68 m (-31).

OPERATING INCOME, CURRENCY TRANSLATION EFFECTS

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2021 [1] recalculated	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2021 [1] recalculated	9 months Jan-Sep 2020
Duni	96	101	68	9	13	6
BioPak	55	57	42	160	162	92
Duni Group	**151**	**158**	**110**	**169**	**176**	**98**

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

Two business areas – two brands

The Group's operations are 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, Luxembourg, the UK and Ireland.
South: France, Spain and Italy.
Rest of World: All sales outside Europe with Australia accounting for over 50%, New Zealand and Thailand each at 10–15% and Singapore at just over 5%.
Other sales: External sales of tissue and airlaid materials from the Skåpafors factory and external sales of finance and accounting services from the finance function in Poznan. Sales in the Other sales category are a part of the Duni business area.

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

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

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

The Duni business area has a vertically integrated business model for small paper-based products such as napkins and table covers. This means that the entire production and delivery chain is owned and controlled by the business area, from material manufacture and concept development to conversion and distribution.

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

For further information, see Note 3, Segment reporting.

DUNI

The Duni brand stands for design, color, shape, and high quality that create a pleasant atmosphere on every meal occasion. The business area has products and services that add value everywhere where people cook, serve and enjoy food and drink. Sustainability is naturally front and center, and all products and services offered by Duni aim to help create a *Sustainable Goodfoodmood®*. Duni stands for long-standing experience and cutting-edge expertise in wood fiber-based solutions. This reflects many years of specialization in materials and design with very clear eco-profiling.

BioPak
It doesn't cost the earth

The BioPak brand was created by the idealists of Australian company BioPak Pty Ltd, which has been a part of the Duni Group since 2018. The BioPak brand was launched in Europe in 2020 with an aim to be the hands-down best choice for environmentally sound meal packaging. BioPak is synonymous with sustainability and works on both products and circular solutions. The brand stands for cutting-edge expertise as well as transparency and authenticity. Products with the BioPak brand are eco-profiled meal packaging made of renewable plant-based raw materials or recycled materials.

Duni business area

The Duni business area stands for what the Group is traditionally associated with – innovative solutions for the set table, primarily napkins, table covers and candles. The business area's products and services are sold under the Duni brand. Its customers are primarily hotels and restaurants, the HoReCa market, with sales largely made via wholesalers, but grocery retail chains are also a key customer group, along with other channels such as various types of specialty stores. The business area is a European market leader in the premium segment for napkins and table covers. The business area accounted for approximately 50% (59%) of the Group's net sales during the period from January 1 to September 30, 2021.

JULY 1–SEPTEMBER 30

Net sales

857

Net sales amounted to SEK 857 m (767).

Operating income

96

Operating income was SEK 96 m (68).

Operating margin

11.2%

The operating margin was 11.2% (8.8%).

JANUARY 1–SEPTEMBER 30

Net sales

1,766

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

Operating income

9

Operating income was SEK 9 m (6).

Operating margin

0.5%

The operating margin was 0.5% (0.3%).

Duni business area

Net sales

Net sales for the quarter amounted to SEK 857 m (767). At fixed exchange rates, this corresponds to a sales increase of 15.5%. Net sales for the period from January to September amounted to SEK 1,766 m (1,954), corresponding to a decrease in sales of 6.5% at fixed exchange rates. Society's work to restrain the Covid-19 pandemic has had a major impact on the business area's operations. In the first quarter and most of the second, restaurant and hotel operations across Europe were largely closed down in full. Sales for the business area were very low during this period, but began to recover gradually in the second quarter as restrictions eased. In the third quarter, almost all restrictions were lifted, and sales recovered even more strongly.

Strong recovery has been seen, for example, in the UK and Spain. The UK was late to open up society last summer, but was the first of Duni's key markets to release the restrictions this year. In Spain, sales have not only increased compared with the previous year, but also compared with pre-pandemic levels, as tourism in the third quarter was back in line with historical levels. In addition, the majority of new deals concluded during the pandemic have taken off. Sales through grocery retail were also affected by the restrictions, albeit to a far lesser extent. As with sales to restaurants and hotels, net sales were lower in the first quarter, recovered in the second quarter, but differed in the third quarter as net sales were more in line with pre-pandemic levels.

Income

Operating income in the quarter was SEK 96 m (68) and the operating margin was 11.2% (8.8%). Operating income for the period from January to September was SEK 9 m (6) and the operating margin was 0.5% (0.3%). Low net sales in the first and second quarters resulted in negative operating income, as the vertical integration meant that a large proportion of fixed costs could not be absorbed. Both quarters featured savings program and government support, which limited the negative income in the first quarter and boosted the second quarter's income to a near-zero level. In the third quarter, net sales increased significantly compared with previous quarters, as a consequence of eased restrictions. This has resulted in increased efficiency in the factories and strong operational leverage on indirect costs.

Costs of all input materials increased during the first half of the year and continued to increase dramatically during the third quarter. Operating income has been affected by an increasing negative effect, even if the full impact has been delayed due to the stock lead time. Price increases have been announced to the market and will be implemented gradually during the fourth quarter and the first quarter of next year.

NET SALES PER REGION, DUNI BUSINESS AREA

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2021 [1] recalculated	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2021 [1] recalculated	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
NorthEast	134	135	130	306	312	308	411	413
Central	361	375	324	694	725	851	953	1,109
West	155	159	130	305	315	315	439	448
South	136	141	98	207	215	203	246	243
Rest of World	48	51	40	143	151	128	213	198
Other sales	24	25	45	110	111	150	177	216
Duni	857	886	767	1,766	1,828	1,954	2,439	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 50% (41%) of the Group's net sales during the period from January 1 to September 30, 2021.

JULY 1–SEPTEMBER 30

Net sales

596

Net sales amounted to SEK 596 m (484).

Operating income

55

Operating income was SEK 55 m (42).

Operating margin

9.3%

The operating margin was 9.3% (8.7%).

JANUARY 1–SEPTEMBER 30

Net sales

1,744

Net sales amounted to SEK 1,744 m (1,366)

Operating income

160

Operating income was SEK 160 m (92).

Operating margin

9.2%

The operating margin was 9.2% (6.8%).

BioPak business area

Net sales

Net sales for the quarter amounted to SEK 596 m (484). At fixed exchange rates, this corresponds to a sales increase of 24.7%. Net sales for the period from January to September amounted to SEK 1,744 m (1,366), corresponding to a 29.0% increase in sales at fixed exchange rates. The social restrictions introduced as a consequence of Covid-19 have meant different degrees of restrictions for the restaurant industry. In Germany and the Netherlands, for example, restaurants were only allowed to sell food for take-away during the first and parts of the second quarter, which increased demand for take-away products. In the third quarter, demand for packaging solutions remained high, albeit somewhat lower than in the first two quarters. This is compensated for by the fact that serving products, which had lower net sales in the first half of the year, have started to recover. Combined with high demand for environmentally sound products as an additional strong growth driver, this explains the strong growth in this business area.

There is ongoing work in the business area to strengthen the portfolio's environmental adaptation by, among other things, product launches. For example, a number of compostable take-away boxes were launched earlier this year, and the launch of wooden cutlery last year made a positive contribution to the sales increase during the period.

Major disruption in the sea freight market and long lead times from suppliers have challenged delivery performance throughout the period, with costs of container freight rising significantly during all quarters. Raw material prices have also risen, especially in the second quarter. Price increases have been announced and will be implemented gradually during the fourth quarter and the first quarter of next year.

Income

Operating income in the quarter was SEK 55 m (42) and the operating margin was 9.3% (8.7%). Operating income for the period from January to September was SEK 160 m (92) and the operating margin was 9.2% (6.8%). Operating income is in line with net sales, with the strong increase there being the main reason for the improved income figure. Limited travel and fewer marketing activities than usual create strong leverage on income, as indirect costs are relatively low, while cost increases for raw materials and sea freight have a negative impact on income.

NET SALES PER REGION, BIOPAK BUSINESS AREA

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2021 [1] recalculated	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2021 [1] recalculated	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
NorthEast	125	126	108	365	369	328	470	433
Central	68	70	54	221	231	169	284	232
West	81	82	59	229	235	172	298	241
South	47	49	33	130	135	96	161	128
Rest of World	276	277	230	797	792	602	1,037	842
Other sales	0	0	0	1	1	-1	1	-1
BioPak	**596**	**603**	**484**	**1,744**	**1,762**	**1,366**	**2,251**	**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 -70 m (149) for the period from January 1 to September 30. Accounts receivable amounted to SEK 891 m (803) and accounts payable to SEK 506 m (401), while inventory was valued at SEK 1,033 m (863). Despite improved income, cash flow is negative compared with the previous year. Increased sales are resulting in increased accounts receivable and growth in inventory, which has a negative impact on working capital, reversing the effect compared with the same period of the previous year.

Cash flow including investing activities amounted to SEK -106 m (88). Net investments for the period amounted to SEK 37 m (59). Depreciation and amortization for the period totaled SEK 204 m (218), of which depreciation of right-of-use assets accounted for SEK 48 m (49).

The Group's interest-bearing net debt at September 30, 2021 was SEK 1,466 m. The Group's interest-bearing net debt at September 30, 2020 was SEK 1,538 m.

The Group's liquidity remains solid, and at present, there is no need for further liquidity. The impact of Covid-19 prompted the renegotiation of the covenants in the loan agreement during the second quarter of 2020 in order to temporarily adapt to the current market situation. The total credit facility, maturity and volume remained unchanged. The renegotiated covenants applied from April 2020 to March 2021. During the first quarter of 2021, the situation and risk profile were evaluated once more, discussions were conducted with the banks, resulting in the temporary loan agreement being extended by two quarters until September 2021. The total cost of this extension amounted to SEK 9 m and was reported in the first quarter of 2021. The assessment that was previously made remains that the Group is able to meet its financial commitments now that the term of the temporary bank agreement has expired.

Net financial items

Net financial items for the period from January 1 – September 30 totaled SEK -32 m (-51). The temporary loan agreement was extended in March and remained valid until September 2021. This caused a cost of SEK 9 m to be charged to net financial items in the first quarter.

Taxes

The total reported tax expense for the period from January 1 – September 30 was SEK 22 m. Tax income of SEK 9 m was reported for the same period of the previous year. This produces an effective tax rate of 24.5% (21.7%). The tax for the year includes adjustments and non-recurring effects from the previous year of SEK 3.3 m (1.7).

Earnings per share

This year's earnings per share before and after dilution amounted to SEK 1.43 (-0.68).

The share

At September 30, 2021, the share capital amounted to SEK 58,748,790 divided into 46,999,032 outstanding ordinary shares. The quotient value of the shares was SEK 1.25 per share.

Shareholders

Duni AB (publ) is listed on NASDAQ Stockholm under the ticker name "DUNI". The Group's three largest shareholders are Mellby Gård AB (29.99%), Polaris Capital Management LLC (10.19%) and Carnegie fonder (9.81%).

Personnel

On September 30, 2021, there were 2,230 (2,290) employees. 899 (976) 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

In the middle of July, the Parent Company acquired 20% of the shares in Relevo GmbH, in Germany. The purchase price was EUR 2 m and the acquisition will be reported as an associated company. For more information about the acquisition and the partnership with Relevo, see the press release dated July 14, 2021.

After the end of the period, the Parent Company acquired 22.36% of the shares in Bûmerang Takeaway SL, in Spain. The purchase price was EUR 0.5 m and this acquisition will also be reported as an associated company. For more information about the acquisition and the partnership with Relevo, see the Newsroom at Duni Group's website.

New establishment

No new establishment was carried out during the period.

Risk factors for the Duni Group

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

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

Operational risks

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

Financial risks

The Group's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. The Group divides its financial risks between currency risks, interest rate risks, credit risks, financing risks and liquidity risks. These risks are controlled in an overall risk management policy that focuses on unforeseen events in the financial markets and endeavors to minimize potential adverse effects on the Group's financial results. The risks for the Group are also related to the Parent Company in all essential respects. The Group's management of financial risks is described in greater detail in the Annual Report for the year ended on December 31, 2020.

The Group's contingent liabilities have risen since the start of the year by SEK 2 m to SEK 57 m (57).

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

The Covid-19 pandemic has had a major impact on the Group. The social restrictions introduced to prevent the spread of infection have resulted in the authorities restricting people's mobility. The Duni business area sells its products primarily in the HoReCa sector. Hotel, restaurant and catering businesses are all significantly affected because they have had to operate under very heavy restrictions, if they have even been allowed to stay open at all. This has impacted the Group's sales significantly, which decreased in 2020 by 18.9% from SEK 5,547 m to SEK 4,501 m. During the first half of 2021, the Group's sales continued to be significantly affected by restrictions in many countries. During the first quarter, many of the Duni business area's markets were closed, and this continued into the second quarter. The easing of restrictions started all around Europe in mid-May 2021, and as more people have been fully vaccinated, easing measures have increased, resulting in a strong sales recovery in the third quarter.

The decrease in sales had a direct impact on the poorer income. The Duni business area is vertically integrated, and owns its own paper mill and in-house 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 during the first half of the year. The rapid recovery in sales during the third quarter has had a leverage effect on income, as efficiency in the factories is high and levels of activity for travel and marketing have remained low.

One consequence of the pandemic has been a shortage of containers in Asia, which has resulted in a significant increase in freight costs for goods from Asia. Looking ahead, there is some uncertainty about the long-term effects, such as behavioral patterns regarding business travel, events and catering, as well as other market conditions.

Temporary, strong and immediate actions were implemented to limit the impact of lost sales and lower efficiency in the Group's plants. Operation of the Group's logistics and production units has been 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 were 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 government support. The action program is no longer active, but there are still lower levels of travel and marketing activities. In 2021, cost savings amounted to approximately SEK 147 m, of which government support accounted for SEK 105 m.

The government support reported in 2021 includes contributions in the Group's German companies, which submitted an application for support for fixed costs for the period November 2020 to March 2021. In connection with this, SEK 46 m was reported as government support under Other operating income in the income statement in the second quarter. So far, the companies have only received SEK 5 m of this money and there are very long lead times in the processing of applications. There is still uncertainty about what may be included in fixed costs, which represents a degree of risk. Management still considers it possible to apply for April and May 2021, although this is expected to have a significantly lower effect, as the negative impact of the pandemic on the Group was reduced during the second quarter. The Group will report the income when a sufficiently accurate estimate can be calculated and it has been confirmed that all requirements for receiving the support are met.

A strong focus on increased control of working capital is also a part of this cost-cutting program, and the Group tracks the performance of accounts receivable and payments from customers on a weekly basis. So far, bad debt losses and payments from customers have not deviated significantly from the norm, but uncertainty remains high as most restaurants have been hard hit by the restrictions, increasing the risk of potential bankruptcies.

In connection with this, the Board of Directors has also decided to cancel the dividends for the financial years 2019 and 2020. Despite poorer cash flow due to the deterioration of income, the Group's interest-bearing net debt did not increase and its financial position remains solid. A temporary loan agreement was negotiated to adapt to the current market situation. This agreement exclusively involves new covenants. The total credit facility, maturity and volume remain unchanged. The cost of this totaled SEK 21 m in 2020. In the first quarter of 2021, the temporary loan agreement was extended to September 2021. This expense was recognized in the first quarter and amounted to SEK 9 m. The assessment that was previously made remains that the Group is able to meet its financial commitments now that the term of the temporary bank agreement has expired.

Transactions with related parties

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

Major events during the period

No significant events have occurred during the period.

Major events since September 30

No significant events have occurred since the balance sheet date.

Interim reports

Q4	February 17, 2022
Q1	April 22, 2022

2022 Annual General Meeting

The Annual General Meeting of Duni AB will be held on May 17, 2022. More information will be available on Duni's website shortly.

Parent Company

Net sales for the period from January 1 – September 30 amounted to SEK 770 m (724). Income after financial items totaled SEK 14 m (-14). The interest-bearing net debt was SEK -351 m (-413), of which a net asset of SEK 1,642 m (1,637) relates to subsidiaries. Net investments amounted to SEK 13 m (10) and depreciation & amortization was SEK 16 m (16). Government support for the period amounted to SEK 16 m, of which SEK 6 m relates to short-time layoff support and SEK 10 m to support for fixed costs. These are reported under Other operating income in the Parent Company's income statement.

Accounting principles

The interim report for the Group has been prepared in accordance with IAS 34 and the Swedish Annual Accounts Act. The Parent Company's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Swedish Annual Accounts Act. Accounting principles have been applied as reported in the Annual Report for the year ended on December 31, 2020.

Information in the report

Duni AB (publ) publishes this information in accordance with the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was provided for publication on 21 October at 07.45 am.

At 10:00 am on Thursday, October 21, the report will be presented at a telephone conference, which can also be followed online. To participate in the telephone conference, call +46 (0)8-505 583 54. To follow the presentation online, please visit this link:

https://onlinexperiences.com/Launch/QReg/ShowUUID=90A637C5-136D-4042-AB4D-6EAFD1490BA3

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.

Malmö, October 20, 2021

Robert Dackeskog, President and CEO

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Company registration number: 556536-7488

Auditor's report

Duni AB (publ) corp. reg. no. 556536-7488

Introduction

We have reviewed the condensed interim financial information (interim report) of Duni AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 20 October 2021

PricewaterhouseCoopers AB

Carl Fogelberg
Authorized Public Accountant

CONSOLIDATED INCOME STATEMENTS

SEK m (Note 1)	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Net sales	**1,453**	**1,251**	**3,509**	**3,320**	**4,690**	**4,501**
Cost of goods sold	-1,117	-973	-2,875	-2,719	-3,843	-3,687
Gross profit	**337**	**278**	**635**	**601**	**847**	**814**
Selling expenses	-125	-121	-369	-396	-487	-514
Administrative expenses	-64	-68	-190	-200	-256	-265
Research and development expenses	0	0	0	-3	-3	-5
Other operating income	8	12	105	66	160	121
Other operating expenses	-20	-19	-58	-58	-80	-80
EBIT (Note 4)	**135**	**82**	**122**	**11**	**181**	**70**
Financial income	0	0	1	2	2	2
Financial expenses	-7	-13	-32	-52	-45	-65
Income from participation in associated companies	-1	-	-1	-	-1	-
Net financial items	**-7**	**-13**	**-32**	**-51**	**-44**	**-63**
Income after financial items	**128**	**69**	**90**	**-40**	**137**	**7**
Income tax	-27	-21	-22	9	-34	-3
Net income	**102**	**48**	**68**	**-31**	**103**	**4**
Net income attributable to:						
- Equity holders of the Parent Company	102	48	67	-32	102	3
- Non-controlling interests	0	0	1	1	1	1
Earnings per share attributable to equity holders of the Parent Company:						
Before and after dilution (SEK)	2.16	1.02	1.43	-0.68	2.17	0.05
Average number of shares before and after dilution (‘000)	46,999	46,999	46,999	46,999	46,999	46,999

STATEMENT OF COMPREHENSIVE INCOME

SEK m (Note 1)	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Net income	102	48	68	-31	103	4
Other comprehensive income:						
Items that will not be reclassified to profit or loss:						
Remeasurement of net pension obligation*	8	-1	26	-10	47	11
Total	8	-1	26	-10	47	11
Items that may be reclassified subsequently to profit or loss:						
Exchange rate differences – translation of subsidiaries	-13	-18	-11	-46	-25	-59
Cash flow hedge	0	0	2	-1	2	-1
Total	-13	-18	-9	-47	-23	-60
Other comprehensive income for the period, net after tax	-4	-19	17	-57	25	-49
Sum of comprehensive income for the period	97	29	85	-88	128	-45
- Of which non-controlling interests	-2	-6	-6	-12	-9	-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	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec	Jul-Sep	Apr-June	Jan-Mar	Oct-Dec
Net sales	**1,453**	**1,124**	**932**	**1,181**	**1,251**	**820**	**1,249**	**1,558**
Cost of goods sold	-1,117	-930	-828	-968	-973	-788	-958	-1,116
Gross profit	**337**	**194**	**104**	**213**	**278**	**32**	**291**	**442**
Selling expenses	-125	-127	-117	-118	-121	-112	-163	-151
Administrative expenses	-64	-67	-59	-65	-68	-60	-72	-89
Research and development expenses	0	0	0	-2	0	0	-2	0
Other operating income	8	64	35	54	12	54	4	2
Other operating expenses	-20	-21	-19	-22	-19	-24	-20	-78
EBIT	**135**	**43**	**-56**	**59**	**82**	**-110**	**39**	**126**
Financial income	0	1	0	0	0	0	1	1
Financial expenses	-7	-9	-16	-13	-13	-28	-11	-8
Income from participation in associated companies	-1	-	-	-	-	-	-	-
Net financial items	**-7**	**-8**	**-16**	**-12**	**-13**	**-28**	**-10**	**-7**
Income after financial items	**128**	**34**	**-72**	**47**	**69**	**-138**	**29**	**118**
Income tax	-27	-16	21	-12	-21	37	-7	-46
Net income	**102**	**18**	**-51**	**35**	**48**	**-101**	**22**	**73**
Income attributable to:								
- Equity holders of the Parent Company	102	18	-52	35	48	-101	20	72
- Non-controlling interests	0	0	1	0	0	0	2	1

CONSOLIDATED BALANCE SHEET IN BRIEF

SEK m	September 30, 2021	December 31, 2020	September 30, 2020
ASSETS			
Goodwill	2,016	2,011	2,037
Other intangible assets	361	408	440
Tangible assets	1 140	1,206	1,254
Financial assets	146	131	101
Total fixed assets	**3,663**	**3,756**	**3,832**
Inventory	1,033	861	863
Accounts receivable	891	599	803
Other receivables	312	200	264
Cash and cash equivalents	305	364	391
Total current assets	**2,541**	**2,024**	**2,320**
TOTAL ASSETS	6,204	5,780	6,152
EQUITY AND LIABILITIES			
Equity	2,697	2,628	2,585
Long-term loans	837	1,216	998
Other long-term liabilities	627	638	715
Total long-term liabilities	**1,464**	**1,854**	**1,713**
Accounts payable	506	422	401
Short-term financial liabilities	767	270	660
Other short-term liabilities	770	606	793
Total short-term liabilities	**2,043**	**1,299**	**1,854**
TOTAL EQUITY AND LIABILITIES	6,204	5,780	6,152

CHANGE IN THE GROUP'S EQUITY

	Attributable to equity holders of the Parent Company							
SEK m	Share capital	Other contributed capital	Reserves	Cash flow reserve	Fair value reserve[1)]	Retained earnings including net income	Non-controlling interests	TOTAL EQUITY
Opening balance January 1, 2020	**59**	**1,681**	**112**	**2**	**13**	**696**	**101**	**2,664**
Sum of comprehensive income for the period	-	-	-33	-1	-	-42	-12	-88
Remeasurement of liability to minority shareholders	-	-	-	-	-	8	-	8
Closing balance September 30, 2020	**59**	**1,681**	**79**	**0**	**13**	**663**	**90**	**2,585**
Sum of comprehensive income for the period	-	-	-10	0	-	56	-3	43
Remeasurement of liability to minority shareholders	-	-	-	-	-	0	-	0
Closing balance December 31, 2020	**59**	**1,681**	**69**	**1**	**13**	**719**	**87**	**2,628**
Sum of comprehensive income for the period	-	-	-5	2	-	93	-6	85
Remeasurement of liability to minority shareholders	-	-	-	-	-	-16	-	-16
Closing balance September 30, 2021	**59**	**1,681**	**64**	**3**	**13**	**796**	**81**	**2,697**

[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	9 months Jan-Sep 2021	9 months Jan-Sep 2020
Operating activities		
Reported EBIT	122	11
Adjusted for items not included in cash flow, etc.	154	217
Paid interest and tax	-111	-34
Change in working capital	-234	-46
Cash flow from operating activities	**-70**	**149**
Investments		
Acquisitions of fixed assets	-37	-60
Sales of fixed assets	0	2
Acquisition of subsidiaries	-	-2
Acquisition of associated companies	-21	-
Cash flow from investments	**-57**	**-61**
Financing		
Loans raised[1)]	223	313
Repayment of debt[1)]	-97	-257
Net change, overdraft facilities and other financial liabilities	-9	-3
Net change in lease liability	-51	-53
Cash flow from financing	**67**	**0**
Cash flow for the period	**-60**	**88**
Cash and cash equivalents, opening balance	364	311
Exchange difference, cash and cash equivalents	2	-8
Cash and cash equivalents, closing balance	**305**	**391**

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

KEY FINANCIALS IN BRIEF

	9 months Jan-Sep 2021	9 months Jan-Sep 2020
Net sales, SEK m	3,509	3,320
Gross profit, SEK m	635	601
Operating income, SEK m	169	98
Operating EBITDA, SEK m	326	268
EBIT, SEK m	122	11
EBITDA, SEK m	326	229
Interest-bearing net debt	1,466	1,538
Number of employees	2,230	2,290
Sales growth	5.7%	-16.8%
Organic growth	8.1%	-17.8%
Gross margin	18.1%	18.1%
Operating margin	4.8%	3.0%
Operating EBITDA margin	9.3%	8.1%
EBIT margin	3.5%	0.3%
EBITDA margin	9.3%	6.9%
Return on equity	2.5%	-1.2%
Return on capital employed[1)]	5.4%	7.4%
Interest-bearing net debt/equity	54.4%	59.5%
Interest-bearing net debt/operating EBITDA[1)]	3.39	2.94

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

Alternative key financials are described in definitions.

PARENT COMPANY INCOME STATEMENTS IN BRIEF

SEK m (Note 1)	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020
Net sales	**321**	**265**	**770**	**724**
Cost of goods sold	-298	-259	-705	-679
Gross profit	**23**	**6**	**65**	**44**
Selling expenses	-23	-31	-76	-89
Administrative expenses	-42	-49	-128	-138
Research and development expenses	0	-1	-1	-2
Other operating income	72	59	187	194
Other operating expenses	-9	-9	-25	-29
EBIT	**21**	**-23**	**22**	**-20**
Revenue from participation in Group companies	0	4	3	26
Financial income	6	7	18	21
Financial expenses	-7	-7	-29	-41
Net financial items	**-1**	**4**	**-8**	**6**
Income after financial items	**21**	**-19**	**14**	**-14**
Income tax	-4	3	-3	8
Net income	**17**	**-15**	**11**	**-6**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020
Net income	**17**	**-15**	**11**	**-6**
Other comprehensive income[1)]:				
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedge	2	0	1	1
Total	**2**	**0**	**1**	**1**
Other comprehensive income for the period, net of tax	**2**	**0**	**1**	**1**
Sum of comprehensive income for the period	**18**	**-15**	**12**	**-5**
- Attributable to equity holders of the Parent Company	18	-15	12	-5

[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	September 30, 2021	December 31, 2020	September 30, 2020
Goodwill	0	0	0
Other intangible assets	55	58	61
Total intangible assets	**55**	**58**	**61**
Tangible assets	24	24	21
Financial assets	3,308	3,195	3,212
Total fixed assets	**3,387**	**3,276**	**3,294**
Inventory	120	84	100
Accounts receivable	127	74	110
Other receivables	331	198	203
Cash and bank balances	177	272	305
Total current assets	**775**	**628**	**718**
TOTAL ASSETS	**4,142**	**3,904**	**4,013**
EQUITY, PROVISIONS AND LIABILITIES			
Restricted equity	85	84	85
Unrestricted equity	1,874	1,864	1,775
Total equity	**1,959**	**1,948**	**1,860**
Provisions	**97**	**99**	**102**
Long-term loans	662	1,002	804
Other long-term liabilities	0	1	1
Total long-term liabilities	**662**	**1,003**	**805**
Accounts payable	58	56	54
Short-term financial liabilities	729	261	643
Other short-term liabilities	637	538	548
Total short-term liabilities	**1,425**	**855**	**1,245**
TOTAL EQUITY, PROVISIONS AND LIABILITIES	**4,142**	**3,904**	**4,013**

Glossary

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

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

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

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

Currency adjusted/currency impact translation effects: Figures adjusted for changes in exchange rates related to consolidation. Figures for 2021 are calculated at exchange rates for 2020. Effects of translation of balance sheet items are not included.

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

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

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

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 forms 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 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 management team manages its activities and the business areas are measured using this metric. The key financials are defined as follows:

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

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

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

EBIT: Earnings before interest and taxes.

EBIT margin: EBIT as a percentage of net sales.

EBITA: Earnings before interest, taxes and amortization.

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

EBITDA margin: EBITDA as a percentage of 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 Duni Group for eight quarters.

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

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

BRIDGE BETWEEN OPERATING INCOME AND EBIT

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Operating income excluding IFRS 16 Leases	150	109	165	94	214	143
Effects of IFRS 16 Leases	1	1	4	4	5	5
Operating income	**151**	**110**	**169**	**98**	**220**	**149**
Restructuring costs	0	-12	-1	-39	-9	-48
Amortization of intangible assets identified in business combinations	-16	-16	-47	-48	-62	-64
Fair value allocation in connection with acquisitions	0	0	0	0	0	0
Gain on restatement of pension terms	-	-	-	-	33	33
EBIT	**135**	**82**	**122**	**11**	**181**	**70**

BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Operating EBITDA excluding IFRS 16 Leases	187	148	275	215	364	304
Effects of IFRS 16 Leases	18	17	52	53	68	70
Operating EBITDA	**205**	**165**	**326**	**268**	**432**	**374**
Restructuring costs	0	-12	-1	-39	-9	-48
Fair value allocation in connection with acquisitions	0	0	0	0	0	0
Gain on restatement of pension terms	-	-	-	-	33	33
EBITDA	**204**	**153**	**326**	**229**	**456**	**359**
Amortization of intangible assets identified in business combinations	-16	-16	-47	-48	-62	-64
Amortization of right-of-use assets	-17	-16	-48	-49	-63	-65
Other amortization/depreciation included in EBIT	-36	-39	-110	-121	-150	-160
EBIT	**135**	**82**	**122**	**11**	**181**	**70**

BRIDGE BETWEEN REPORTED NET SALES AND ORGANIC GROWTH

SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Net sales	**1,453**	**1,251**	**3,509**	**3,320**	**4,690**	**4,501**
Currency effect[1)]	36	25	81	20	107	65
Currency-adjusted net sales	**1,489**	**1,276**	**3,591**	**3,340**	**4,797**	**4,567**
Less acquisitions	-	-23	-	-59	-	-59
Net sales for organic growth	**1,489**	**1,253**	**3,591**	**3,281**	**4,797**	**4,508**
Organic growth	**17.4%**	**-8.4%**	**8.1%**	**-17.8%**	**-1.2%**	**-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 policies are the same as in the Annual Report for the year ended on December 31, 2020, with the addition that participations in associated companies are reported in accordance with the cost method in the Parent Company. The Group has received government support in respect of short-time work and support for fixed costs. This assistance has been recognized as revenue under the Other operating income line item.

Note 2 • Financial assets and liabilities

The Group has derivative instruments measured at fair value and held for hedging purposes that are classified at level 2. Level 2 derivative instruments consist of currency forward contracts and interest rate swaps, and are used for hedging purposes. Measurement of currency forward contracts at fair value is based on published forward prices on an active market. The measurement of interest rate swaps is based on forward interest rates produced from observable yield curves. The discounting has no material impact on the measurement of level 2 derivative instruments. The put option issued to the minority owners of BioPak Pty Ltd at the time of acquisition is classified at level 3, and its measurement is largely based on unobservable market data such as the discount rate and future cash flows. No financial assets or liabilities have been moved between the valuation categories. The valuation techniques are unchanged during the year. As described in greater detail in the Annual Report for the year ended on December 31, 2020, the financial assets and liabilities comprise items with short terms to maturity. The fair value is therefore in all essential respects considered to correspond to the carrying amount.

Note 3 • Segment reporting

SEK m	Jul-Sep 2021			Jul-Sep 2020		
	Duni	BioPak	Duni Group	Duni	BioPak	Duni Group
Total net sales	862	597	1,459	772	485	1,257
Revenue from other segments	5	0	5	5	1	6
Net sales from external customers	**857**	**596**	**1,453**	**767**	**484**	**1,251**
Operating income			151			110
EBIT			135			82
Net financial items			-7			-13
Income after financial items			128			69

SEK m	Jan-Sep 2021			Jan-Sep 2020		
	Duni	BioPak	Duni Group	Duni	BioPak	Duni Group
Total net sales	1,783	1745	3,528	1,968	1,373	3,341
Revenue from other segments	17	2	19	14	7	21
Net sales from external customers	**1,766**	**1,744**	**3,509**	**1,954**	**1,366**	**3,320**
Operating income			169			98
EBIT			122			11
Net financial items			-32			-51
Income after financial items			90			-40

Quarterly overview of net sales and operating income by segment:

Net sales	2021			2020				2019
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Duni	857	508	401	673	767	377	811	1,090
BioPak	596	616	531	508	484	443	439	468
Duni Group	**1,453**	**1,124**	**932**	**1,181**	**1,251**	**820**	**1,249**	**1,558**

Operating income								
SEK m	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec	Jul-Sep	Apr-Jun	Jan-Mar	Oct-Dec
Duni	96	-3	-83	1	68	-118	56	159
BioPak	55	62	43	49	42	26	24	40
Duni Group	**151**	**58**	**-41**	**51**	**110**	**-92**	**80**	**199**

DIVISION OF REVENUE FROM CUSTOMER CONTRACTS, JANUARY–SEPTEMBER 2021

SEK m	Duni	BioPak	Duni Group
Primary geographic regions			
NorthEast	306	365	672
Central	694	221	916
West	305	229	535
South	207	130	336
Rest of World	143	797	940
Other sales	110	1	111
Total	**1,766**	**1,744**	**3,509**
Time of revenue recognition			
Goods/services transferred at once	1,766	1 744	3,509
Goods/services transferred over time	-	-	-
Total	**1,766**	**1,744**	**3,509**
Product groups			
Napkins			1,283
Table covers			271
Candles			73
Packaging solutions			772
Serving products			816
Other			293
Total			**3,509**

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

Note 4 • Reporting and disclosures on restructuring costs

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

Restructuring costs SEK m	3 months Jul-Sep 2021	3 months Jul-Sep 2020	9 months Jan-Sep 2021	9 months Jan-Sep 2020	12 months Oct-Sep 2020/2021	12 months Jan-Dec 2020
Cost of goods sold	0	0	0	0	-2	-2
Selling expenses	0	-3	-1	-27	-5	-31
Administrative expenses	0	-9	0	-13	0	-13
Other operating expenses/income	0	0	0	0	-2	-2
Total	**0**	**-12**	**-1**	**-39**	**-9**	**-48**

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

This is Duni Group

The Duni Group is one of Europe's leading suppliers of inspiring concepts for the set table and creative, environmentally sound take-away products. This includes high-quality napkins, table covers, candles and other table top accessories, along with packaging and packaging systems for the growing market for ready-to-eat food and take-away. All of the company's concepts are aimed at creating 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, the Czech Republic, Finland, France, Germany, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the UK and the US.

NET SALES*

SEK 4,690 m

SALES GROWTH*

-1.2%

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*

4.7%

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.

2020 DIVIDEND

0

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

*Rolling 12 months, Oct-Sep 2020/2021