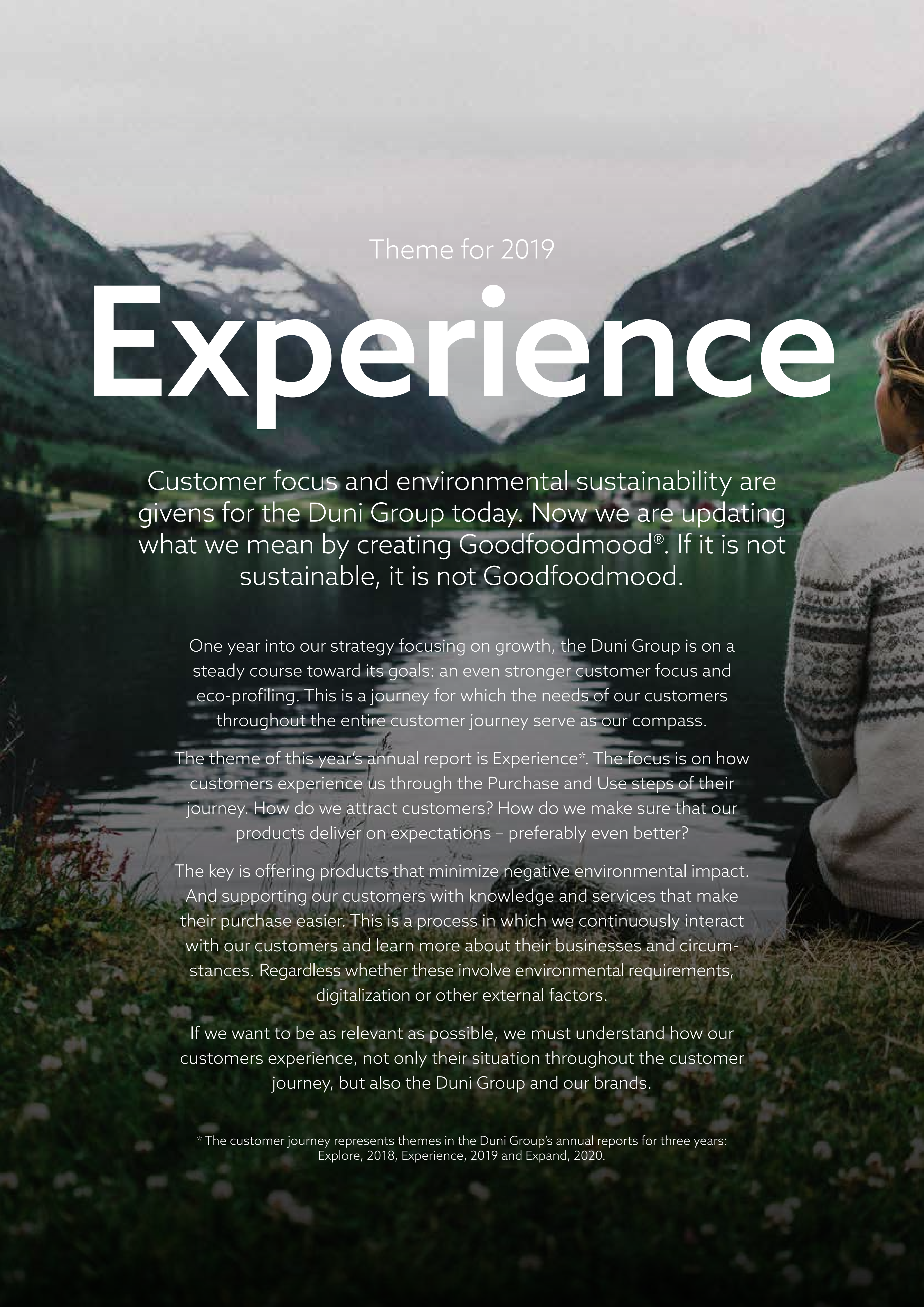
DUNI GROUP

ANNUAL AND SUSTAINABILITY REPORT 2019



Theme for 2019

Experience

Customer focus and environmental sustainability are givens for the Duni Group today. Now we are updating what we mean by creating Goodfoodmood®. If it is not sustainable, it is not Goodfoodmood.

One year into our strategy focusing on growth, the Duni Group is on a steady course toward its goals: an even stronger customer focus and eco-profiling. This is a journey for which the needs of our customers throughout the entire customer journey serve as our compass.

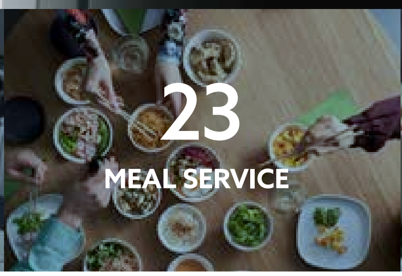
The theme of this year's annual report is Experience*. The focus is on how customers experience us through the Purchase and Use steps of their journey. How do we attract customers? How do we make sure that our products deliver on expectations – preferably even better?

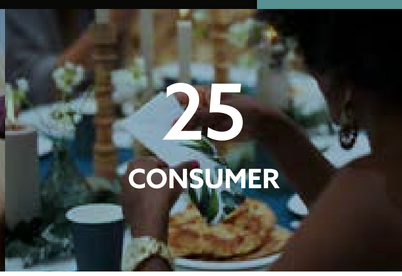
The key is offering products that minimize negative environmental impact. And supporting our customers with knowledge and services that make their purchase easier. This is a process in which we continuously interact with our customers and learn more about their businesses and circumstances. Regardless whether these involve environmental requirements, digitalization or other external factors.

If we want to be as relevant as possible, we must understand how our customers experience, not only their situation throughout the customer journey, but also the Duni Group and our brands.

* The customer journey represents themes in the Duni Group's annual reports for three years: Explore, 2018, Experience, 2019 and Expand, 2020.

"I think it's incredibly exciting to be a part of the Duni Group's transition to a more sustainable and customer-focused company. We don't just do better business but can also contribute to a better society."





DUNI GROUP 2019

SUSTAINABILITY REPORT 2019

ANNUAL REPORT 2019

THE YEAR IN BRIEF

Implementation of our strategy and continued sustainability focus

BioPak introduction in the European market with the ArtCup series
In 2019, the first BioPak brand products are introduced in the Meal Service business area.

Acquisition of Horizons Supply Ptd.
A supplementary acquisition of Horizons Supply Ptd. is completed and it is consolidated in New Markets. The company's business comprises sustainable packaging solutions in Australia.

Augmented reality app launched
A digital AR tool in the form of an app is launched under the name Duni Visualiser. The app makes it easy to visualize various table top concepts and also facilitates the customer's purchase process.

Customer experience project in Switzerland
The Duni Group launches an E-commerce site for B2B customers in Switzerland that enhances the customer experience.

DuniInsight
DuniInsight, our employee survey, is conducted and the results show improvements in nearly every area compared with the previous employee survey.

Increase in sustainable product options
The Duni Group is expanding its already broad spectrum of plastic-free and sustainable alternatives to meet the continuing high demand from customers and contribute to a better environment.

Sponsor of Håll Havet Rent
The Duni Group initiates collaboration with Håll Havet Rent (Keep the Oceans Clean), a network that works towards oceans without plastic.

Carbon Footprint Tool
A digital tool that helps both the Duni Group's sales staff and customers make environmentally-conscious choices is launched in the fall. The tool is called the Carbon Footprint Tool.

Close the Loop / Vinnova
The Duni Group participates in a project funded by Vinnova. The goal is to come up with ways to improve the collection of used take-away products and explore the possibilities for reuse and recycling.

OPERATING MARGIN

9.6%

The operating margin was 9.6 (8.7) percent

NET SALES

SEK 5,547m

Net sales increased to SEK 5,547 m (4,927)

OPERATING INCOME

SEK 533m

Operating income was SEK 533 m (430)

DIVIDEND

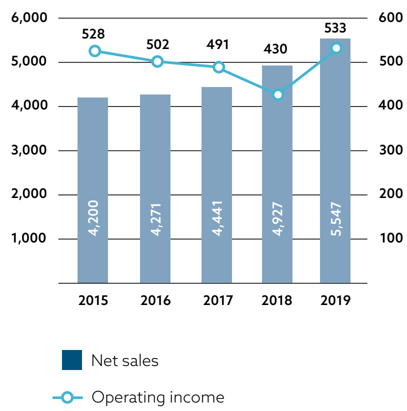
In the year-end report for 2019, the Board of Directors proposed a dividend of SEK 5.00 (5.00) for 2019 As a result of the market turbulence caused by the COVID-19 pandemic, the Board of Directors resolved at an extra-ordinary board meeting on March 20 to propose that the Annual General Meeting not pay any dividend for 2019.

KEY FINANCIALS, SEK M 1), 2)

	2019	2018	2017	2016	2015
Net sales	**5,547**	4,927	4,441	4,271	4,200
Operating income*	**533**	430	491	502	528
Operating EBITDA*	**762**	583	630	632	656
EBIT	**408**	351	456	463	493
EBITDA	**759**	546	629	622	622
Net income before tax	**377**	328	439	441	459
Net income for the year	**273**	249	334	334	346
Proposed dividend, SEK/Share	**0.00**	5.00	5.00	5.00	5.00
Equity	**2,664**	2,616	2,594	2,486	2,345
Return on equity, %	**10.3%**	9.5%	12.9%	13.4%	14.8%
Return on capital employed, %	**12.9%**	10.6%	14.4%	15.8%	18.6%
Number of employees	**2,398**	2,477	2,362	2,279	2,082

* EBIT and EBITDA are adjusted for non-recurring items.
[1] Relates to continuing operations for 2015 and back in time. The discontinued hygiene products business has been recalculated and, in accordance with IFRS, is reported on a line after the net income for the period for continuing operations.
[2] Key ratios for 2016 and onwards include non-controlling interests.

NET SALES AND OPERATING INCOME, SEK M



We create Sustainable Goodfoodmood®

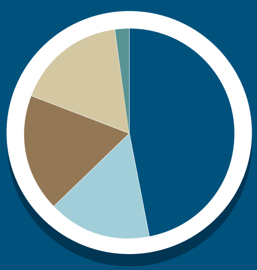
The Duni Group is one of Europe's leading suppliers of creative environmentally-sound take-away products and inspiring concepts for the set table. This includes high-quality napkins, table covers, candles and other table top accessories, along with packaging and packaging systems for the growing market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

2,398

The Group has 2,398 employees in 23 countries.

The headquarter is located in Malmö, Sweden, and production units are located in Sweden, Germany, Poland, Thailand and New Zealand.

NET SALES PER BUSINESS AREA, %



- Table Top, 47%
- Meal Service, 16%
- Consumer, 18%
- New Markets, 17%
- Others, 2%

NET SALES PER GEOGRAPHIC REGION, %

- Nordic region, 16%
- Central Europe, 52%
- Southern & Eastern Europe, 14%
- Rest of the world, 18%

ALL COMPANIES HAVE A SOCIAL RESPONSIBILITY

The concept "sustainable development" is made up of three key dimensions: environmental, economic and social sustainability. The three dimensions are strongly interconnected. This is an approach where the earth, people and the economy must be balanced in a fair and forward-thinking way.

A company like the Duni Group – with a large number of employees, operations on several continents, and products used once or a few times – has a clear responsibility in this area.

RESPONSIBILITY – A PART OF DOING BUSINESS

At the Duni Group, sustainability is an integral part of our operations. It is part of our products and product concepts, part of our relationships with customers and suppliers, and part of our employee development.

WILLINGNESS TO CHANGE

Society is constantly changing. At the Duni Group, we are aware that nothing is static. We welcome change and share a desire to make a difference. Our aim is to build relationships with suppliers and customers who share our view on sustainability. Our willingness to change and desire to make a difference unites us.

A growing number of people are clear that they want to work in a company where responsibility for nature, the environment and people goes beyond words and is reflected in the company's actions. That's the attitude that we want everyone looking to the Duni Group to have. And of course, that's the attitude we want from those who work at and with the Duni Group.

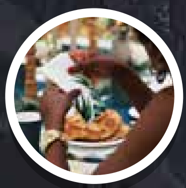
CREATING A SUSTAINABLE GOODFOODMOOD®

At the Duni Group, we are passionate about being outstanding in our field; to grow into the world's most attractive provider of creative take-away solutions and inspirational table top concepts. With our minds set on people, food and design, we aim to always deliver Sustainable Goodfoodmood for every eating and drinking occasion.

FOUR BUSINESS AREAS

TABLE TOP
Focuses on full-service restaurants, hotels and the catering industry and primarily markets napkins, table covers and candles for the set table.

MEAL SERVICE
Creates attractive meal packaging and serving products for fast food, catering, cafés and take-away.



CONSUMER
Offers napkins, table covers, serving products, candles and table top accessories to the retail sector, including retail outlets.

NEW MARKETS
Offers table setting and packaging concepts to hotels, restaurants, the catering industry and retail sector in markets outside Europe.

VERTICAL INTEGRATION

The Duni Group has a vertically integrated business model for napkins and table covers. This means that the entire production and delivery chain is owned and controlled by Duni, from material manufacture and concept development to converting and distribution.

DUNI GROUP

Two different brands make our offering clearer

The Duni Group has a clear strategy to deliver the best customer experience and to further strengthen its sustainability agenda. As part of this strategy, the BioPak brand is now being launched in Europe with the aim to make BioPak a global brand. This means that as of 2020, we will start selling and marketing two main brands: Duni and BioPak.

To differentiate the Group from the Duni brand, a new clear identity is being created under the name Duni Group.

DUNI

The Duni brand stands for what the Group was traditionally associated with – innovative solutions for the set table. These include napkins, table covers and candles – products where design, color and shape, along with a good look, feel and atmosphere are in focus. Duni adds value everywhere where people cook, serve and enjoy food and drink.

All products and services offered by Duni aim to help create Sustainable Goodfoodmood®. The Duni brand stands for long-standing experience and cutting-edge expertise in wood fiber-based solutions. This reflects many years of specialization in materials and design, but now with much clearer eco-profiling. The Duni Group has in-house, vertically integrated production of napkins and table covers.

Our customers include hotels and restaurants, as well as individuals, looking to create the best look, feel and experience for their guests. They all have growing environmental awareness.

BioPak
It doesn't cost the earth

BioPak are the Australian idealists who have been a part of the Duni Group since 2018. Now the brand is being established in Europe and spreading the vision of a circular model to this market as well. The BioPak brand aims to be the hands-down best choice for environmentally-sound meal packaging.

BioPak is synonymous with sustainability and closing the loop. The brand stands for cutting-edge expertise as well as transparency and authenticity. Its products are eco-profiled meal packaging made of renewable plant-based raw materials or recycled materials.

In its home market, BioPak has established a recycling system for composting. The goal is to start establishing similar services in Europe by 2023 to reduce littering and carbon dioxide emissions in the take-away sector

The brand's customers are companies that want to protect and conserve the environment for both the people of today and the generations of tomorrow. Customers include cafés and restaurants with take-away concepts.

Extensive restructuring programs and falling pulp prices led to a strong improvement in income for 2019

In 2019, we see clear signs that our activities to make the Duni Group even more sustainable and customer-focused have been effective. For the second consecutive year, organic pro forma growth was around 2.4% driven by a strong sales increase in sustainable packaging while operating income increased by SEK 103 m to SEK 533 m. The increase in income was positively affected by our margin program and falling pulp prices.

As I look back on 2019, the feeling is different than one year ago. Then we had a tough year behind us. We had launched a strategy we believed in, but we had not begun to see its impact yet.

Now we can look back on a good year in which many of the initiatives we launched or planned in 2018 began to produce positive results. This takes our self-confidence to a whole new level.

Pulp prices continued to have a major impact on our income in 2019. The enormous price increases of 2018 were followed by declines in 2019, which was favorable for the Duni Group. The weakening of the Swedish krona was also positive for us. Other external factors that impacted us in 2019 were continued heavy competition in the grocery sector, the awareness of plastic in ocean environments and that market growth in sustainable packaging showed no signs of slowing down.

MARGIN PROGRAM PROVES EFFECTIVE

In October 2018, we announced three actions to improve margins in income. These contributed to the improvement in income for 2019.

Price increases

The price increases we implemented had the desired impact.

Updated logistics structure

The sharp increase in expenses we saw in logistics in 2018 continued into 2019. We managed to partially compensate for this increase with a dedicated logistics project.

Downsizing

Our indirect expenses increased faster than our growth for several years until 2018, which is why we decided to downsize white-collar staff. The outcome of this initiative was as planned.

In 2019, we also worked on keeping our investments below the level of our depreciation and amortization. We also managed to decrease our inventory levels without affecting our level of service. Both of these initiatives had a positive impact on cash flow. Operating cash flow was SEK 665 (343) m.

ONE YEAR OF THE NEW STRATEGY

The foundation of our strategy, the 2019–2023 Platform for Growth, is to become an even more sustainable and customer-focused organization.

We will always safeguard our profitability, but we will also aim to increase the Duni Group's organic growth rate. Last year, organic pro forma growth was around 2.5% for the second consecutive year, which is a step toward our goal of 5%. Our acquisitions in 2018 have been a major driving force. Both BioPak and Biopac have performed well.

In addition, the Duni Group's traditional product range experienced growth in several areas, especially our premium napkins, which compensates for table cover declines. Branded prints and our LED candle range also saw strong growth.

EVEN STRONGER ENVIRONMENTAL SUSTAINABILITY

We have identified four key areas for our sustainability efforts:

- From plastic to fiber
- Carbon-neutral operations
- Acquisitions
- New branding strategy

From plastic to fiber

In 2019, we stopped selling plastic products to the grocery sector. In the restaurant segment, we have good environmentally-sound alternatives and are trying to get customers to switch to them. The growth we are seeing is a sign that this is appreciated. The sustainable packaging product segment boosted its 2019 sales by over 30%, and now amount to approximately SEK 1 bn.

Carbon dioxide-neutral operations

The Duni Group's goal is for its in-house production in 2020 to be carbon-neutral according to the Greenhouse Gas Protocol Scope 2 accounting standard (ghgprotocol.org). This includes emissions from in-house production, owned vehicles and purchased energy. To accomplish this, we will further decrease our emissions and carbon offset the remainder. We will also carbon offset the purchased global BioPak range.

Acquisitions

Our growth in sustainable meal packaging is reflected in our acquisition strategy, as our three most recent acquisitions were all in this area. In October 2019, we acquired Horizons, an Australian company that makes us even stronger in Oceania. In terms of growth, this is now our most important market.

New branding strategy

The Duni Group started building two global brands in 2019. The 2018 acquisition made BioPak the Group's strongest brand for sustainable packaging. In the long term, this brand will encompass all of our sustainable packaging. The Duni brand focuses on eco-profiled Goodfoodmood concepts, including our premium range of napkins and table covers.

A CREDIBLE AND KNOWLEDGEABLE PARTNER

Our aim is to be the best partner in sustainable solutions. The signals we are receiving from our customers is that the Duni Group is in the process of establishing a position as a credible and knowledgeable sustainability partner. In a complicated world, the best solution varies. We want to give our customers correct and fair answers.

Through training and various tools, we try to help our customers make good choices based on their unique situations. In 2019, we launched a lifecycle analysis tool that makes it easy for customers to compare the climate footprints of different products.

I would also like to emphasize that we are not only pushing our sustainability efforts forward strongly because we believe it is good for the Duni Group's business. The company has a big heart and we want to do our part to help make society at large better. I believe that this passion is what led to us receiving several awards for our sustainability efforts during the year.

In 2019, we received several awards for our sustainability efforts. Here is the award we won as the Sustainability Partner of the Year from Woolworths in Australia.

CUSTOMER EXPERIENCE FRONT AND CENTER

Our focus on the customer journey and the best customer experience is decisive. In five years, I believe that this can impact the Duni Group just as much as sustainability. A key initiative in 2019 was the launch of a pilot project – the Customer Experience (CX) project in Switzerland – which aims to improve and digitalize customer-facing processes. We started with an analysis of the customer journey and then developed a new way to go to market in terms of both sales and marketing.

STOP THE PRESSES

COVID-19

The pandemic (COVID-19) that afflicted the world in the first quarter of 2020 means we are all in an extraordinary time, and at the moment, the situation on the world market is very turbulent. The Duni Group is utilizing plans of action in all areas to safeguard the health of our employees, customers and suppliers first and foremost but naturally also to ensure the protection of our business.

We are now taking action to deal with the effects of the COVID-19 pandemic. These actions include a cost-cutting program to address a significant drop in demand. As a part of this program, the Duni Group Board of Directors submitted a proposal to the Annual General Meeting to cancel the dividend for 2019. At present, it is not possible to fully assess the impact on our business in relation to COVID-19.

CUSTOMER-SPECIFIC SOLUTIONS

The trend toward customers requesting tailored solutions remains strong. Customer-specific solutions help us build loyalty and long-term customer relationships, and we steer our innovation efforts in that direction.

We are knowledgeable in profile print and can help customers with solutions for the set table that boost their brands. We can also support customers with various packaging solutions that enable them to profile their business. This can be accomplished by printing or embossing their logo as well as with unique, specially designed packaging.

MORE EFFICIENT WITH DIGITALIZATION

Efficiency improvements are now often synonymous with digitalization. And this applies to the entire value chain. In relation to the CX project, we're taking a holistic approach to the customer experience and launching four different SAP modules, which will result in major changes in how we perform customer-facing activities.

At the same time, we will continue to digitalize our production through means such as the ongoing collection of process data from our conversion machines. This extended information and monitoring enables more targeted improvement initiatives resulting in increased efficiency gains.

A STRONGER ORGANIZATION

Achieving the goals of our strategy requires engagement and collaboration. In 2019, we conducted an employee survey to take the temperature of our organization.

We are very pleased that the initiatives we implemented in our organization were successful. The results show that engagement and collaboration improved since our last survey in 2016.

We must also develop the skills needed to successfully implement our strategy. In 2019, we allocated resources to improve our skills in areas such as digital marketing, the new customer model and digital production technology.

In January 2020, we announced that we are boosting our marketing and sales organization with a new organizational structure. In the long term, this change will lead to both a stronger customer offering and an improved customer experience.

HEADING IN THE RIGHT DIRECTION

I think it's incredibly exciting to be a part of the Duni Group's transition to a more sustainable and customer-focused company. This way, we don't just do better business but can also contribute to a better society.

The strong internal support for our strategy and new direction is decisive for our success and we bring positive energy with us into 2020. At its core, I believe that business is about the day-to-day activities. It is not the big initiatives but the sum of all the small initiatives that have the greatest impact. Like when an employee tries to decrease the waste from their machine, or tries to get a customer to choose a more environmentally friendly alternative.

> "The strong internal support for our strategy and new direction is decisive for our success and we bring positive energy with us into 2020."

This is what drives the company forward.

Therefore, I would like to conclude these comments by thanking all employees for their hard work, close collaboration and high engagement that delivered better results and made the Duni Group a stronger company in 2019.

Malmö, March, 2020

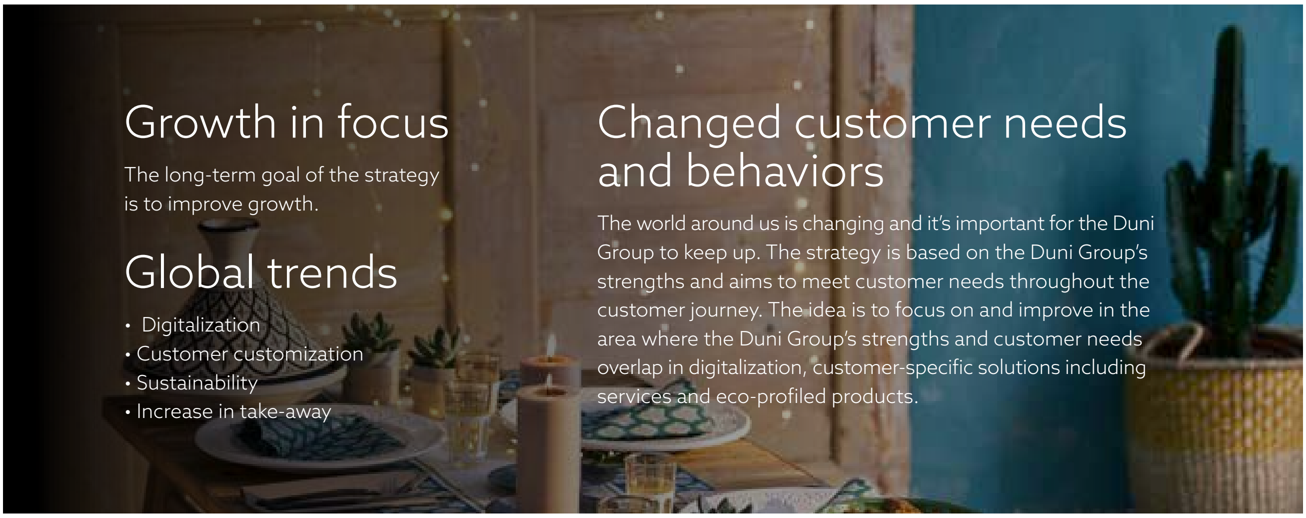
Johan Sundelin
President and CEO

A platform for growth

In late 2018, we launched a new strategy for 2019–2023 in order to lay the foundation for an even more sustainable and customer-focused organization.

The underlying causes were external changes that resulted in a need for the Duni Group to create an organization and operations that are in a better and more flexible position to cope with these changes as well as new changes in the future.

The goal of the strategy is to strengthen the Duni Group's position as a market leader in Europe and support our growth in other markets, where Oceania in particular is a priority. In 2019, we continued our efforts to implement the strategy and achieved several positive results.



Growth in focus

The long-term goal of the strategy is to improve growth.

Global trends

- Digitalization
- Customer customization
- Sustainability
- Increase in take-away

Changed customer needs and behaviors

The world around us is changing and it's important for the Duni Group to keep up. The strategy is based on the Duni Group's strengths and aims to meet customer needs throughout the customer journey. The idea is to focus on and improve in the area where the Duni Group's strengths and customer needs overlap in digitalization, customer-specific solutions including services and eco-profiled products.

The Duni Group's strategy pyramid

The 2019–2023 strategy has been visualized in a pyramid with five prioritized areas. There are several initiatives for each area.

THE MOST ATTRACTIVE END-CUSTOMER EXPERIENCE
Activities such as:
- Pilot projects involving the customer experience
- B2B E-commerce

THE BEST PARTNER FOR SUSTAINABLE SOLUTIONS
Activities such as:
- Environmentally-sound products for every Goodfoodmood® occasion
- Solutions for a closed loop

CUSTOMIZED CONCEPTS
Activities such as:
- Value-based pricing
- Several services in offering

DIGITALIZED AND EFFECTIVE SUPPLY CHAIN
Activities such as:
- Investments in digital production management
- Decreased complexity in production

THE DUNI WAY
Activities such as:
- Focus on closer collaboration
- Revise Duni's core values

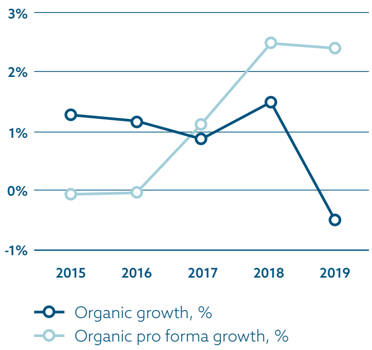
FINANCIAL TARGETS

Improved income and cash flow

SALES GROWTH

5%

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



2019 TARGET ATTAINMENT

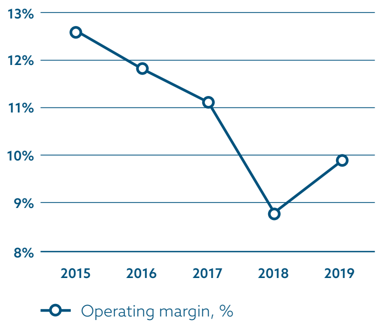
Currency-adjusted organic growth was -0.5%. The negative growth trend is due to weak performance in the Consumer business area. It is believed that the market as a whole grew on average by approximately 1%.

Organic pro forma growth* was 2.4%, which is a testament to the solid growth of our most recently acquired companies.

OPERATING MARGIN

10%

The Duni Group'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.



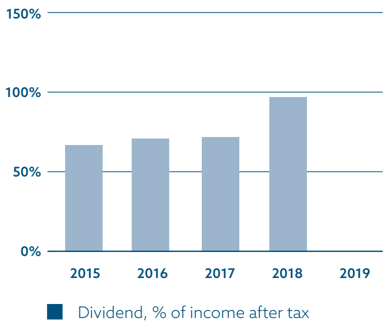
2019 TARGET ATTAINMENT

The operating margin was 9.6%. The profitability-improvement measures taken in the final quarter of 2018 were effective and the margin was up from the previous year's 8.7%.

DIVIDEND

40%

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



2019 TARGET ATTAINMENT

The Board of Directors proposes that no divided be paid for 2019. In consideration of the market turbulence as of mid March 2020 caused by the COVID-19 pandemic, the Board of Directors resolved at an extraordinary board meeting on March 20, 2020 to propose that the Annual General Meeting not pay any dividend and instead carry forward the entire earnings for the year in equity.

*organic proforma growth: currency-adjusted growth including acquisitions, which are compared with the previous year's pro forma figures.

THEME: EXPERIENCE

"We are pleased with the strong recovery of both income and cash flow in 2019. This gives us an improved financial position that creates a foundation for continued long-term sustainable growth and opportunities to further tailor our solutions to specific customer needs."

Mats Lindroth, Chief Financial Officer

The Duni Group's shares

During 2019, the share price increased by 31%, with a closing price of SEK 129.20 (98.10) at December 31, 2019. Since listing, Duni's share price increased by 158% until December 31 2019, resulting in a market capitalization of SEK 6.2 billion. During 2019, the closing price varied between a high of SEK 130.4 on October 30 and a low of SEK 96.20 on March 7. Earnings per share for the year were SEK 5.73 (5.22). During 2019, 12 (10) million Duni shares were traded, valued at SEK 1,330 million (1,102).

NUMBER OF SHARES AND SHARE CAPITAL

On December 31, 2019, Duni AB (publ) had 46,999,032 shares. Each share entitles the holder to one vote and to an equal share in the Company's assets and earnings. The quotient value is SEK 1.25 and the share capital is SEK 58,748,790.

DIVIDEND POLICY AND DIVIDENDS

It is the Board of Directors' long-term intention for dividends to amount to at least 40% of income after tax. However, when deciding whether to propose any dividend, consideration should be given to Duni's possibilities for expansion, consolidation needs, liquidity and its financial position in general. The Board of Directors proposes that the Annual General. Meeting not pay any dividend due to the COVID-19 pandemic and the market turbulence as of mid-March 2020 along with the financial impact this will have on the company.

EXTERNAL ANALYSES WERE PUBLISHED BY:

- Handelsbanken Capital Markets, Karri Rinta
- SEB, Gustav Sandström

Duni has been listed on NASDAQ Stockholm since November 14, 2007 in the Midcap, Consumer Discretionary list with the ticker name "DUNI" and ISIN code SE0000616716.

OWNERSHIP STRUCTURE, 12/31/2019

Number	Number of shareholders	Number of shares	% of total shares
1 – 500	8,344	1,063,850	2.26 %
501 – 1,000	1,014	848,052	1.80 %
1,001 – 5,000	684	1,525,987	3.25 %
5,001 – 10,000	78	576,628	1.23 %
10,001 – 15,000	20	250,474	0.53 %
15,001 – 20,000	8	143,844	0.31 %
20,001 –	85	42,590,197	90.62 %
Total	**10,233**	**46,999,032**	**100%**

SHAREHOLDERS, 12/31/2019

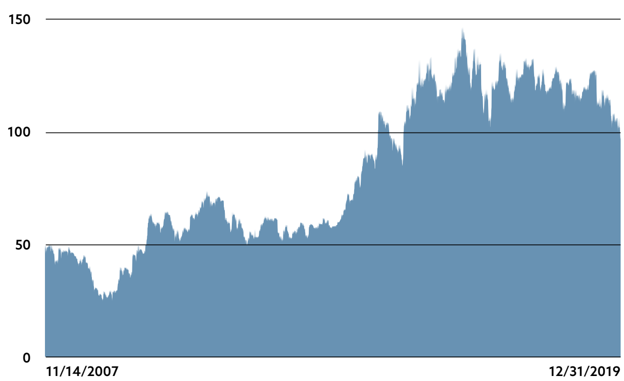
	Number of shares	% of shares
Mellby Gård Investerings AB	14,094,500	29.99 %
Polaris Capital Management LLC	4,605,930	9.80 %
Carnegie fonder	4,500,000	9.57 %
Lannebo fonder	4,076,383	8.67 %
State Street Bank & Trust Co, W9	3,717,899	7.91 %
VERDIPAPIRFOND ODIN SVERIGE	2,895,246	6.16 %
FJÄRDE AP-FONDEN	2,237,896	4.76 %
BNY MELLON NA (FORMER MELLON), W9	1,386,434	2.95 %
Öhman Fonder	1,006,202	2.14 %
Handelsbanken fonder	933,116	1.99 %
Total, the 10 largest owners	39,453,606	83.95 %
Other shareholders	7,545,426	16.05 %
Total	**46,999,032**	**100 %**

DATA PER SHARE

Amount, SEK	12/31/2019
Number of shares at end of period (thousand)	46,999
Average number of shares before and after dilution (thousand)	46,999
Share price on December 31	129.2
Earnings per share, before and after dilution	5.73
Equity per share	56.69
P/E ratio	22.55

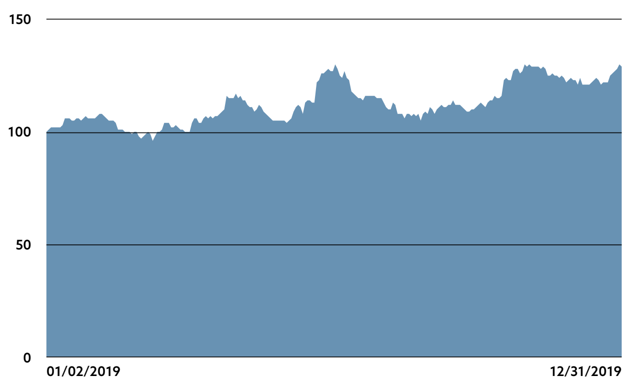
SHARE PERFORMANCE 2007–2019

SEK, closing price



SHARE PERFORMANCE 2019

SEK, closing price



A developing market creates new opportunities

The Duni Group's main markets consist primarily of Western Europe, Central Europe and Oceania but the company also operates in Asia and the US. The market for Duni and BioPak's products is growing in step with increased demand for sustainable meal packaging and solutions for the set table.

The Duni brand is a leader within, primarily, the napkin and table cover product segments, which comprise the Duni Group's main product range. At the same time, the sustainable packaging segment is experiencing strong growth and is now a major part of the Duni Group's core business. Despite a leading market position, there is great potential to win additional market share.

THE MARKET FOR PAPER AND FIBER-BASED PRODUCTS

The European market for paper-based napkins and table covers can be divided into two main channels – HoReCa (hotels, restaurants and catering firms) and the consumer retail sector. Most retail sector sales comprise private labels. Duni is one of the largest brands in a fragmented market, with its strongest foothold within the HoReCa segment. The competitors are mainly relatively small, local companies, as well as a number of larger paper and pulp companies. Some of these companies have concepts and product ranges that, like the Duni Group's, focus on the HoReCa market.

The percentage of premium products on the market for napkins and table covers varies between countries. In markets where the premium segment dominates – such as in Northern Europe, Germany and the Benelux countries – the Duni brand is a clear market leader. In Southern and Eastern Europe, where simpler paper products are still dominant, the Duni Group sees great potential for growth.

The market for sustainable meal packaging is expected to expand in the coming years, in step with the growing take-away trend for both food and drink. In this segment, Duni Group is well positioned and will drive growth and sales under the BioPak brand.

THE EUROPEAN RESTAURANT MARKET

In Western Europe, the largest markets are Italy, the UK, Spain, France and Germany. The Duni Group operates in all of these markets. The restaurant market is traditionally divided up into a consumer market and a market comprising staff restaurants and industrial kitchens serving at care homes, schools and hospitals. Full service restaurants, cafés, bars, and fast food outlets account for the largest share of the market. The fast food segment is steadily growing at the expense of other types of restaurants along with meals at home. Restaurant chains are also increasing their share of the market, particularly within the fast food segment.

MEGATRENDS HAVE AN IMPACT

In recent years, the restaurant market has undergone clear changes and is continuing to develop. Continued urbanization, higher disposable incomes, the connected society, an increasing number of single-person households, and especially the demand for sustainable products are resulting in ever greater demands for mobility, flexibility and environmental sustainability also when it comes to food and restaurants. There is a general trend towards an increasing number of restaurants offering take-away food or quick food and drink on the spot, at the same time as the quality of the food is improving. Thus, fast-food need not be equated with unhealthy food or characterized by the simplest solutions.

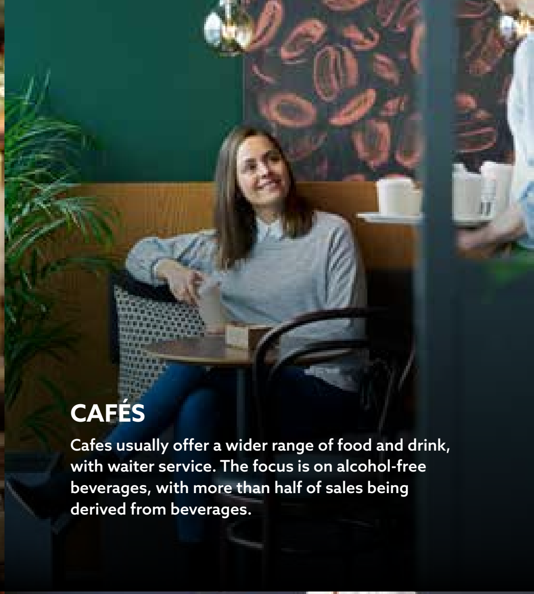
Restaurant chains with a fast casual profile are increasingly expanding. The Duni Group has a broad range of products well-suited to meet this trend. Restaurants are environmentally conscious and demand the highest possible environmental profile for single-use products. The Duni Group actively works to increase the share of eco-profiled products in its already broad sustainable product range. Compostability, products made from renewable materials and continuous efforts to reduce energy and raw material consumption are just some of the areas in which the Duni Group works methodically.

RESTAURANTS AS BRANDS

Restaurants – regardless of type – are increasingly developing unique brand concepts. It is becoming ever more important to market a clear, cohesive profile. Communication increasingly covers the products that the end consumer encounters. Table top products such as plates, napkins, table covers, coffee mugs and meal packaging for take-away thus play an important role. This provides a great opportunity for a company such as the Duni Group, which uses its concepts to help customers with the right type of profiling by providing customer-specific solutions.

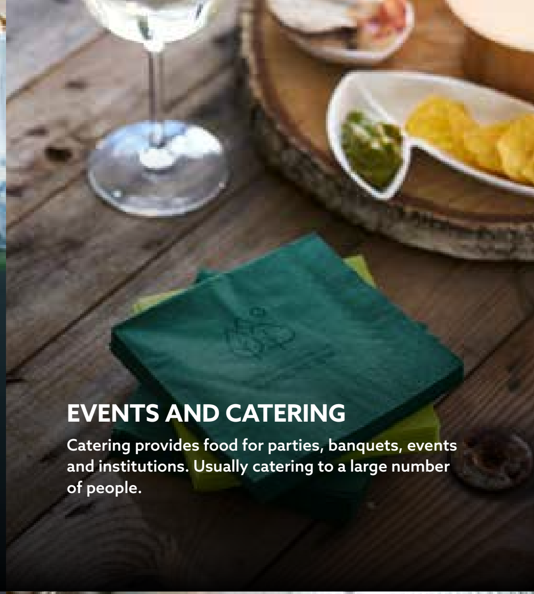
BARS

Are divided into three types: bars, lounge bars and wine bars, with a focus on the sale of alcoholic beverages. The food offering is limited to simple food. Beer halls and pubs, where beer is the most important beverage. Nightclubs and discos.



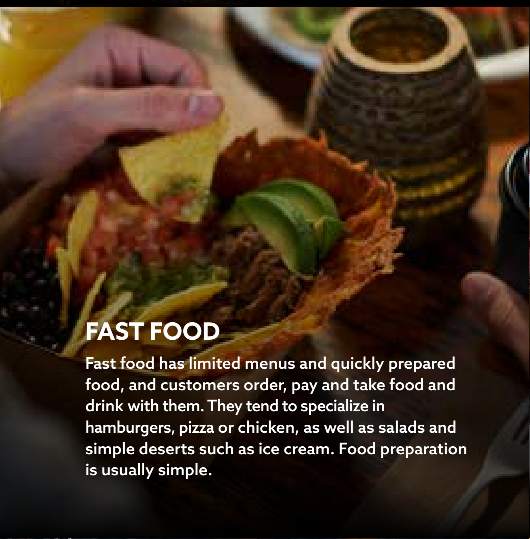
CAFÉS

Cafes usually offer a wider range of food and drink, with waiter service. The focus is on alcohol-free beverages, with more than half of sales being derived from beverages.



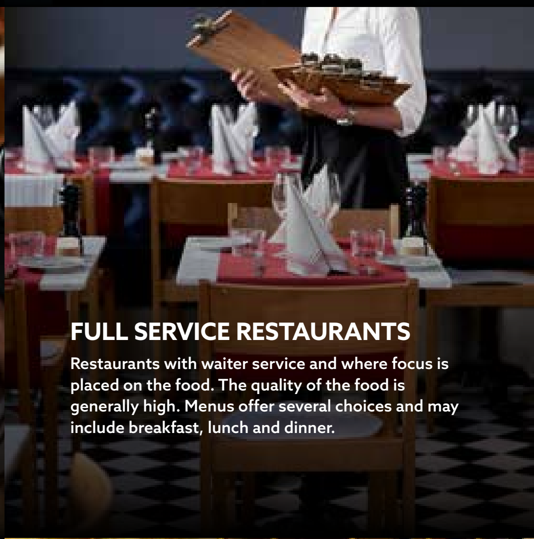
EVENTS AND CATERING

Catering provides food for parties, banquets, events and institutions. Usually catering to a large number of people.



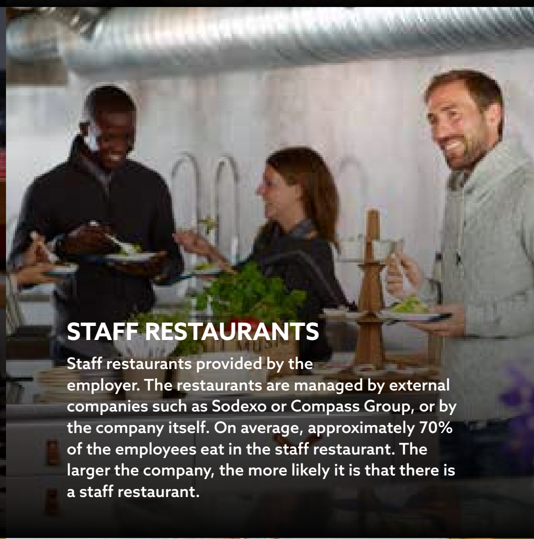
FAST FOOD

Fast food has limited menus and quickly prepared food, and customers order, pay and take food and drink with them. They tend to specialize in hamburgers, pizza or chicken, as well as salads and simple deserts such as ice cream. Food preparation is usually simple.



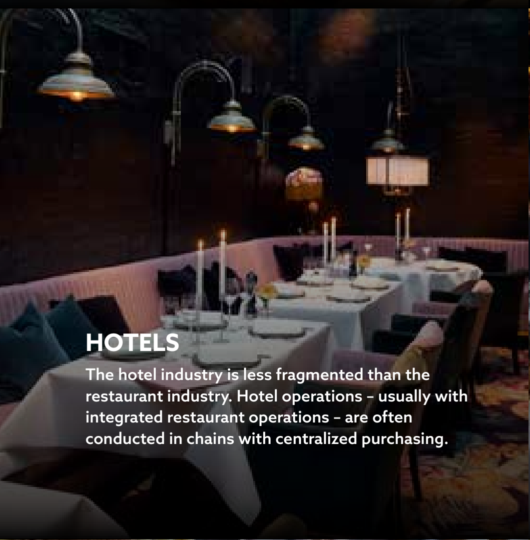
FULL SERVICE RESTAURANTS

Restaurants with waiter service and where focus is placed on the food. The quality of the food is generally high. Menus offer several choices and may include breakfast, lunch and dinner.



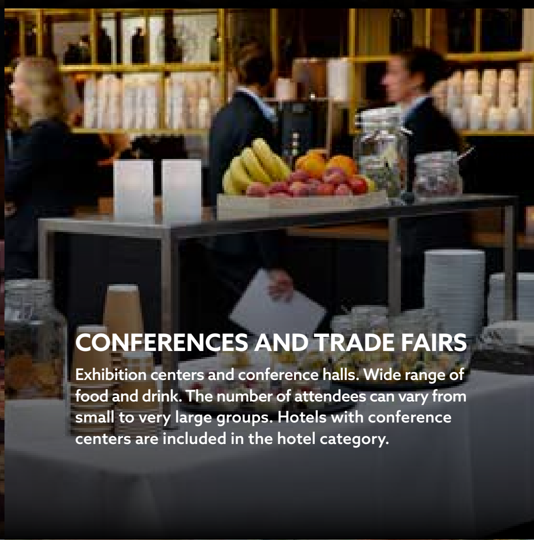
STAFF RESTAURANTS

Staff restaurants provided by the employer. The restaurants are managed by external companies such as Sodexo or Compass Group, or by the company itself. On average, approximately 70% of the employees eat in the staff restaurant. The larger the company, the more likely it is that there is a staff restaurant.



HOTELS

The hotel industry is less fragmented than the restaurant industry. Hotel operations – usually with integrated restaurant operations – are often conducted in chains with centralized purchasing.

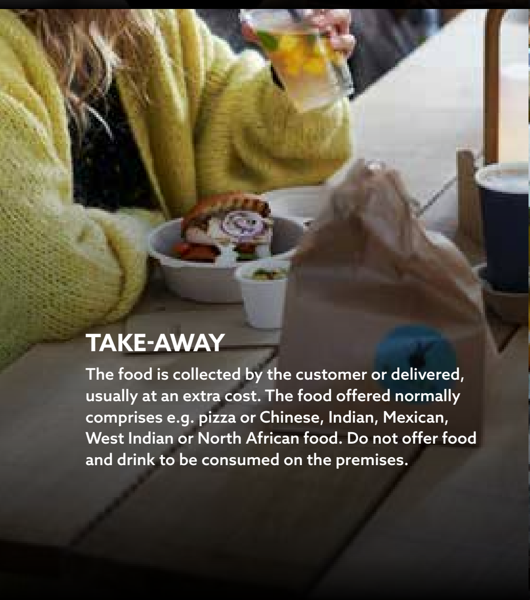


CONFERENCES AND TRADE FAIRS

Exhibition centers and conference halls. Wide range of food and drink. The number of attendees can vary from small to very large groups. Hotels with conference centers are included in the hotel category.

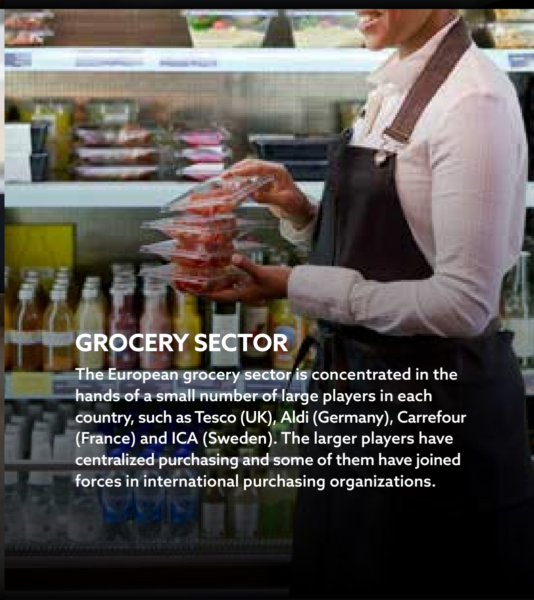
PUBLIC SECTOR

The hospital category includes all hospitals and clinics, both public and private, that offer long-term and short-term care. Senior housing/care housing covers patients and employees within all institutions that are characterized as nursing homes.



TAKE-AWAY

The food is collected by the customer or delivered, usually at an extra cost. The food offered normally comprises e.g. pizza or Chinese, Indian, Mexican, West Indian or North African food. Do not offer food and drink to be consumed on the premises.



GROCERY SECTOR

The European grocery sector is concentrated in the hands of a small number of large players in each country, such as Tesco (UK), Aldi (Germany), Carrefour (France) and ICA (Sweden). The larger players have centralized purchasing and some of them have joined forces in international purchasing organizations.

RETAIL OUTLETS

Retail outlets comprise pharmacies, various types of specialty stores, garden centers, gas stations, as well as department stores and home furnishing chains.

Customer-specific sustainable solutions

As customer needs change, in line with digitalization and other trends, the Duni Group develops its ways of working. Customization is a necessity for success today – and tomorrow. This involves getting to know our customers and their needs throughout the customer journey, and using this as a basis to create a positive customer experience and to offer relevant products and services.

THEME: EXPERIENCE

"As a result of changes in the world around us, customers want greater individual customization. At the same time, the line between channel and product is now more blurred. In our digital pilot project in Switzerland during 2020, all customers will gain access to the entire product portfolio but also to quick individual customization."

Marielle Noble, Communications & Customer Experience Director

DUNI GROUP

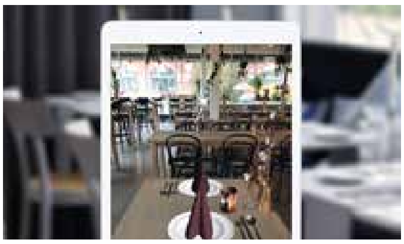
A CLEARER OFFERING

Improving the customer experience is one of the cornerstones of the Duni Group's strategy. Our overall offering is now large, and starting in 2020, our products will be sold under our primary brands, Duni and BioPak. This change was made to make both product choices and communication clearer. The Duni brand offers inspiring solutions primarily for the set table, now with a focus on making this product range fully sustainable. The BioPak brand offers innovative, sustainable packaging for food. The Group will be called the Duni Group going forward.

GOODFOODMOOD 2.0 – INCREASED FOCUS ON SUSTAINABILITY

In accordance with its split into two brands, Duni and BioPak, the Duni Group has revised the meaning of Goodfoodmood®. In line with the clear strategy to deliver the best customer experience and increased focus on sustainability, the Group's vision is now to be a **Global Creator of a Sustainable Goodfoodmood**.

The goal is to tie together both brands, Duni and BioPak, into a broad and inspiring offering where sustainability is a given.



BETTER CUSTOMER EXPERIENCE WITH DIGITALIZATION

Digital solutions are becoming increasingly important to drive simplification and efficiency at every level of the value chain. In 2019, the Duni Group initiated a pilot project in Switzerland to learn more about and develop digital solutions that benefit end consumers as well as our distributors. Customers will be able to make purchases and see their order history online, while also being able to access product information. Additionally, we launched an app where customers can try out and compare different solutions for the set table virtually.

INCREASED DEMAND FOR SERVICES

The Duni Group sees increased demand from grocery stores and retail outlets, as well as from customers in the HoReCa segment, for various services that drive simplification and efficiency. In 2019, we took a major step toward strengthening our role as a knowledge partner in environmental issues where the Group's expertise is in demand. In innovation and corporate development, which the Duni Group strengthened in 2018, efforts gained pace with new partnerships in areas such as recycling.

CORPORATE DEVELOPMENT

Ensures implementation of our strategy

The Corporate Development department works from a Group-wide perspective in areas such as strategically important acquisitions to secure future competitiveness. The department's overall mission is to provide extra strength and progress in the implementation of our strategy and analyze what's happening on the market to identify both opportunities and risks.

THEME: EXPERIENCE

"In 2019, we worked hard to clarify our strategy so that customers would see the Duni Group as a partner that adds value, not just a product supplier. We will drive innovative and sustainable solutions for both highly refined products and bulk products."

Magnus Carlsson, Director Corporate Development

ADVANCING THE STRATEGY

One of the priorities of Corporate Development in 2019 was to implement the Duni Group's new business strategy that was launched in 2018. These efforts were pursued in close collaboration with management to make the Duni Group's future offering even clearer.

ADDED CUSTOMER VALUE WITH VALUE-BASED PRICING

The value-based pricing initiative was once again one of Corporate Development's most important areas of activity in 2019. The initiative aims to make the Duni Group more responsive to customers so that we can understand their situations and needs better. The goal is to more specifically be able to match the offering's price to the perceived value for the customer and clarify what the Duni Group can deliver, including beyond the products themselves. An extensive investigation phase was conducted in the first half of the year. This was followed by an implementation phase that will also be continued into 2020.

NEW ACQUISITION STRENGTHENS ENVIRONMENTAL PROFILE

The 2018 acquisition of BioPak in Australia strengthened the Duni Group's environmental profile and was strategically important in Oceania – a prioritized market – but also for sustainable meal packaging in Europe. A supplementary acquisition in Australia, of Horizons in 2019, is a further step on this path. Similarly to BioPak, Horizons offers sustainable packaging for food and take-away, but with a focus on customer-specific comprehensive solutions. The acquisition gives us access to key skills, logistics solutions and supplier networks that can secure future deliveries of materials such as bagasse in a market that is growing globally.

EFFICIENCY IMPROVEMENT IN THE VALUE CHAIN

The Duni Group mainly supplies customers from its premium product range. These are high-quality solutions that are generally eco-profiled. In 2019, we worked to reduce the complexity of our product range in order to streamline the production process and thus cut costs. Another key initiative was to improve the quoting process by mapping the market and speeding up internal processes.

THE WORLD'S FIRST WASTE-FREE FLIGHT

No more flying trash cans

On a daily basis, the aerospace industry generates enormous amounts of used single-use products made of fossil-based plastic. Qantas in Australia decided to do something about it. In collaboration with BioPak, they flew the world's first waste-free flight. ▸

▶ "Flight shaming" is a new word in the dictionary that reflects today's growing environmental awareness and how concerned many people are about climate change. The background is naturally that the aerospace industry accounts for a major share of total carbon dioxide emissions.

What many don't know is that the aerospace industry also contributes another source of negative environmental impact. Most flights use single-use products made of fossil-based plastic, such as coffee mugs, cups, cutlery and packaging. In many countries, these enormous amounts of waste end up in landfills.

STAND AGAINST ENORMOUS AMOUNTS OF WASTE

Qantas is Australia's largest and the world's third oldest airline, founded in 1920. The Group estimated that their airlines, Qantas, Jetstar and QantasLink, generate a total of 30,000 metric tons of waste per year. That's just as much as 80 jumbo jets. 13,000 metric tons of this amount were sent to landfills. About 40 percent were generated during flights and another 38 percent at terminals and waiting areas.

In a serious step to reduce their negative environmental impact, Qantas launched what it described as the global aerospace industry's most ambitious waste reduction goal. By the end of 2020, the goal is to reduce the annual use of single-use items made of fossil-based plastic by 100 million items per year. The aim is also to cut the percentage of waste that goes to landfills by 75 percent by the end of 2021.

The airline set up three different ways of achieving these goals:

- Avoiding landfills by composting and recycling
- Switching to sustainable alternatives made of bio-based and compostable materials
- Completely phasing out the use of plastic products where possible.

SUCCESSFUL PARTNERSHIP

But replacing 45 million plastic cups, 30 million cutlery sets and 21 million coffee mugs with eco-profiled and compostable alternatives requires the right supplier. In the beginning of 2019, Qantas entered into a partnership with BioPak, a well-established supplier of carbon-neutral, compostable and plant-based food packaging in the Australian market.

The Qantas Group's partnership with BioPak has already had an amazing outcome – the world's first waste-free commercial flight.

On May 8, 2019, flight QF739 took off from Sydney bound for Adelaide, Australia. Normally, this flight would generate 34 kilograms of waste on this route. That adds up to more than 1,800 kilograms every week. This time, the number was zero. All of the waste from the flight was composted, reused or recycled. As many as 1,000 single-use plastic products were swapped for more sustainable alternatives or removed entirely.

COMPOSTING IS A BIG STEP

All the products BioPak delivered for the flight were certified as 100 percent carbon-neutral and compostable. BioPak's operations are based on the vision of a circular economy. For example, the company established a system for recycling to composting on its own when this was missing in the market.

Waste from flight QF739 was composted in Adelaide. After 8 to 12 weeks, it became a nutritional soil enhancer that can be used in farms and gardens. This is truly a step toward a circular economy.

What Bio Pak delivered

- Transparent plastic cups made of Ingeo™, a plant-based bioplastic
- Paper cups made of paper from eco-profiled sources coated with Ingeo™
- Cutlery made of Revode, a bioplastic made of quickly renewable starch from non-GMO crops
- Napkins made of FSC®-certified pulp
- Containers made of recycled and a quickly renewable sugarcane pulp
- Plastic bags made of Ecopond, a synthetic, biodegradable bioplastic combined with plant starch

TABLE TOP BUSINESS AREA

Innovative solutions with a focus on customers and the environment

Table Top is the Duni Group's largest business area with 47 percent of the Group's net sales. The Duni brand is the European market leader in products for the set table, primarily napkins and table covers, which is the Duni Group's traditional core business. With in-house production and great control over the value chain, Table Top holds a unique position in the market. Sales take place through distributors, wholesalers or directly to end customers.

2,598

Net sales amounted to SEK 2,598 m (2,486).

378

Operating income was SEK 378 m (330).

14.6%

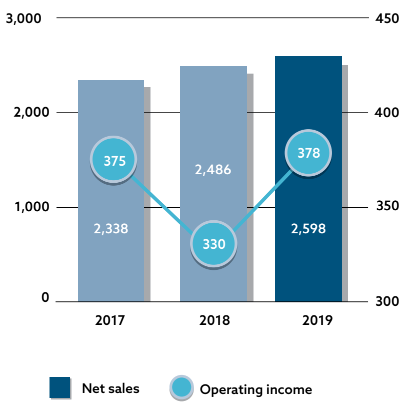
The operating margin was 14.6% (13.3%).

THEME EXPERIENCE

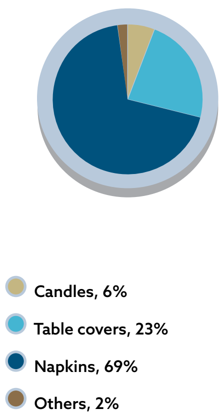
"In 2019, we strengthened our strategies and plans to create an even more sustainable and innovative offering for the set table in line with customer needs. Our goal is to consolidate our position as an attractive and relevant partner for our customers throughout the customer journey."

Linus Lemark, Director Business Area Table Top

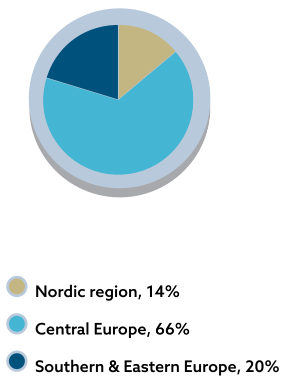
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



CUSTOMER SEGMENTS

- Events and catering
- Full service restaurants
- Hotels
- Public sector
- Staff restaurants

A leader in customer-specific solutions

In the face of cutthroat competition, it is decisive for HoReCa segment companies to build strong brands. With broad and profound knowledge in design and materials, the Table Top business area helps its customers create brand-based solutions. Individuality is often the key to creating successful, competitive concepts, and this can be achieved with innovative art print solutions.

CONTINUED GROWTH IN SOUTHERN AND EASTERN EUROPE

In 2019, tourism increased in Southern and Eastern Europe, which benefited the local restaurant and hotel sector. The increase in demand also had a direct positive impact on the business area's sales, which led to increased market share in this part of Europe.

Sustainability that makes a difference

End users should not have to choose between a cozy atmosphere and comfort or an environmentally-sound solution. This is why the Duni Group is always on the lookout for innovative materials that are good for both the environment and customers. One exciting example is Grass Paper, a new Duni material made of 50% grass sourced from Germany, which is used for applications such as place mats.

DUNI IS ON THE CUTTING EDGE OF SMART LIGHTING

The smart lighting field with energy-efficient lamps continues to grow and develop. Duni LED candles have been developed for use in professional contexts, and new products such as the LED Mini Lamp are continuously added to our product range. LED lamps are chargeable and significantly more energy-efficient than traditional candles. They are a safe, handy and cost-effective alternative that enable customers to change the mood with a remote control. They also generate less waste than tea lights.

Premium product with many benefits

Dunilin® does not just look like linen. The tree fiber-based material even feels like linen. This premium product is thick, soft and incredibly easy to fold – without the hassle often associated with using linen fabric. Dunilin® is also compostable, which gives end users a better ability to create amazing table settings that are also environmentally sustainable.

MEAL SERVICE BUSINESS AREA

Leader in sustainable packaging

The Meal Service business area develops sustainable serving and packaging concepts for meals that suit a modern, on-the-go lifestyle. Fewer and fewer meals are cooked and eaten at home. Instead, take-away, catering, and fresh ready-to-eat food in grocery stores, food trucks and market halls are gaining in importance.

910
Net sales amounted to SEK 910 m (846).

58
Operating income was SEK 58 m (41).

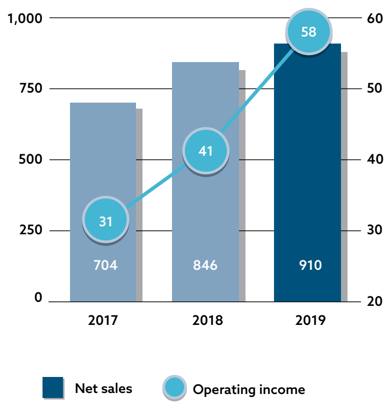
6.3%
The operating margin was 6.3% (4.9%).

THEME: EXPERIENCE

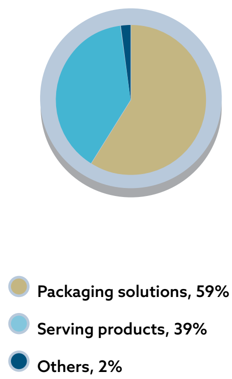
"Meal Service does not only offer high-quality sustainable products that help customers strengthen their brands. We now actively work to be a knowledge partner and the hands-down expert in sustainable packaging solutions for our customers."

Franck Bancarel, Director Business Area Meal Service

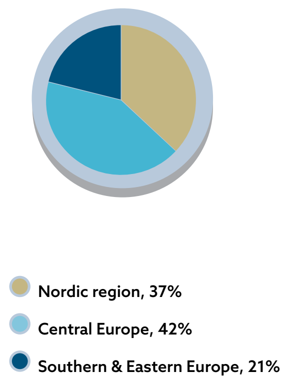
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %

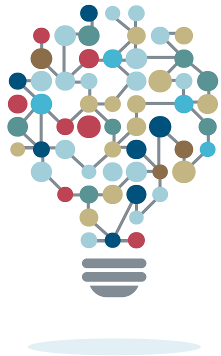


EU SINGLE-USE PLASTICS DIRECTIVE

The Duni Group is prepared for the European Commission's new directive on single-use plastics, which will be effective as of 2021. For several years, Meal Service has focused on developing exciting eco-profiled products. Meal Service is experiencing very strong growth in its fiber-based product range and will be on the cutting edge, driving the development.

Stylish and sustainable new product series

With inspiration from Asian fusion food and a focus on the bowl eating trend, the Duni Group launched the Atlantis product series in 2019, which is made of bagasse and PLA. The series has been designed for the circular economy with a surefire mix of style and environmental consciousness. The concept of the series is based on Reduce—Recycle—Reuse.



UPDATED INNOVATION PROCESS ...

By developing and improving its innovation process, Meal Service can make better use of its market insights and achieve greater breadth in its offering. Ultimately, this will make the business area more relevant to its customers. This also makes it possible to offer top-quality products suited to all market trends and various customer needs.

... RESULTS IN A STRONGER KNOWLEDGE PARTNER

Sustainability is gaining in importance in the market, which is reflected in how the business area approaches its customers. But sustainability and recycling are usually complex because the infrastructure varies greatly between – and often within – markets. With its knowledge in the area, the Duni Group will increasingly be more of a partner that helps customers find the right solutions based on their specific needs and circumstances.

BioPak advances into Europe

The 2018 acquisition of BioPak in Australia is now producing tangible results and strengthening the Duni Group in sustainable meal packaging in the European market. In 2019, the first BioPak brand products were launched in the Meal Service business area (the BioCup Art series).

CUSTOMER SEGMENTS

- Fast casual
- Cafés
- Fast food
- Public sector
- Events and catering
- Others

Packaging made of grass paper

June saw the launch of Bloom, a packaging series made of FSC-certified wood and grass fibers for bakeries and cafés. The grass is harvested in Germany. Production of the grass fiber pulp is extremely energy-efficient, does not require any chemicals, and only two liters of water are needed to produce one metric ton of grass fiber pulp.

DECREASED COMPLEXITY

The business area's customers are constantly looking for new, unique and more sustainable solutions. To keep up with an increasingly dynamic and rapidly changing market, Meal Service is optimizing and streamlining both the size and structure of its product range. The goal is to improve both the cost structure and profitability. This way, the business area can also maximize the value added for customers while keeping costs under control.

CONSUMER BUSINESS AREA

An attractive offering suited to consumers

The Consumer business area has a vision to be the first choice of our customers – and end consumers – for sustainable napkins and table covers. The business area operates in a market with cut-throat competition and offers a broad range of products and solutions that customers find appealing and that satisfy market demand for sustainable products. The business area creates long-term customer relationships through a culture that puts the customer front and center.

1,014
Net sales amounted to SEK 1,014 m (1,061).

40
Operating income was SEK 40 m (42).

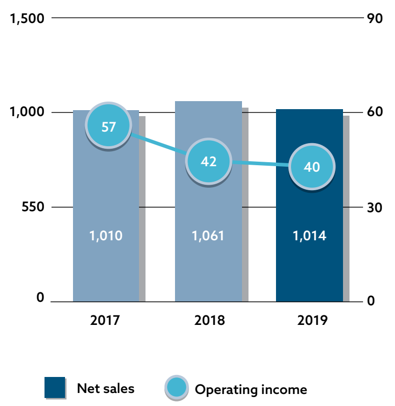
4.0%
The operating margin was 4.0% (4.0%).

THEME EXPERIENCE

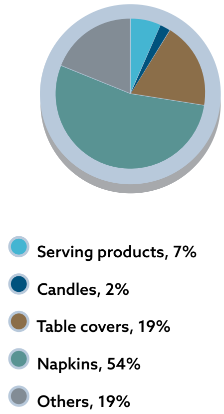
"We will give our retail customers the best sustainable products but also the best service and collaboration to strengthen their position. Thanks to our long-standing experience in this category and in design, colors and shapes, we understand our customers and their challenges throughout the customer journey."

Anna Lundqvist, Director Business Area Consumer

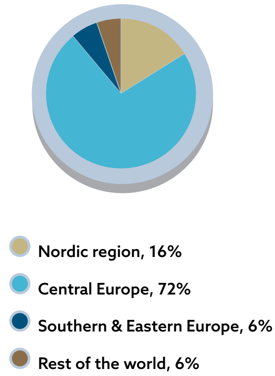
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



CUSTOMER SEGMENTS

- Grocery sector
- Retail outlets

Digitalized solutions meet customer needs

Customer customization and digital solutions such as E-commerce are very important in the Duni Group's business strategy. As retail continues to digitalize, the Consumer business area must also meet new needs and expectations from customers. One step toward a sharper focus on digital solutions is the Duni Group's customer experience project in Switzerland, which was started to update and change the SAP system.

From plastic to fiber in 2020

We see an accelerated transition to an eco-profiled range in Consumer. The business area has aimed to phase out all single-use products made of virgin, fossil-based plastic from store shelves. This has now been implemented. Now there are environmentally friendly alternatives made of renewable fibers, such as wood, paper or bagasse.

STRONG OFFERING FOR PRIVATE LABELS

The Consumer business area offers solutions for private labels. This enables retailers to effectively develop their product ranges in line with their branding strategies. The business area signed new key contracts in Germany and the Nordic region during the year.

P+D integrated into Consumer

The rapid changes in retail, including the consolidation of store chains, growing low-price chains and less focus on products that are not food, pose new requirements for the business area's product range and positioning. In 2019, the integration of German Paper+Design into Consumer began, which changes the business area's business model for the future. As of 2020, the business area will have a joint sales organization and a joint organization for categories and markets. As a result, we will have a better product range that combines the strengths of both brands while also making us more cost-effective.

Paper+Design BY DUNI

NEW AND STRONGER BRAND

Consumer is revitalizing its offering to the market in preparation for 2020. Now, the unique competitive advantages of both the Duni Group and German Paper+Design are being consolidated into a joint product range under a stronger brand name, Paper+Design by Duni.

NEW MARKETS BUSINESS AREA

Expansion in new markets remains important

The New Markets business area sells the Duni Group's concepts and products in markets outside Europe. As of 2019, the business area's strategic focus shifted from solutions for the set table to meal packaging with a clear environmental profile aiming toward a circular model.

933
Net sales amounted to SEK 933 m (448).

54
Operating income was SEK 54 m (13).

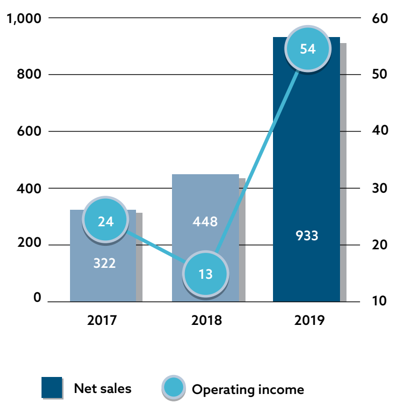
5.8%
The operating margin was 5.8% (2.9%).

THEME: EXPERIENCE

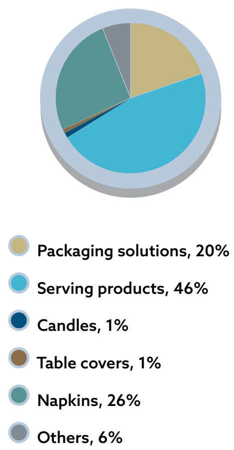
"Our strategic focus is now developing the business around BioPak, which gives us a strong position in sustainable meal packaging. We will play a more consultative role and be the expert with the answers that customers trust and that can deliver the solutions they want."

Patrik Söderstjerna, Director Business Area New Markets

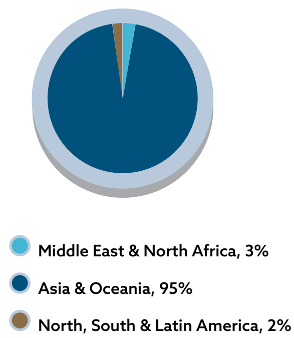
NET SALES AND OPERATING INCOME, SEK M



NET SALES PER PRODUCT GROUP, %



NET SALES PER GEOGRAPHIC REGION, %



CUSTOMER SEGMENTS

- Cafés
- Fast food
- Full service restaurants
- Hotels
- Take away

THE COMPETITION IS STIFFENING

In 2019, competition in the global low price segment stiffened. In addition, the pressure on the New Markets business area was ramped up by an increase in tissue prices. Two trends that continue to have a positive impact on the business area are the continuing strong growth in tourism and business travel, which increases demand from the HoReCa segment, and the continuing increase in the number of meals outside the home.

Sharp Serviettes now wholly owned

After being run as a joint venture for two years, Sharp Serviettes in New Zealand became wholly-owned by the Duni Group in 2019. This means that the company can now be fully integrated into the Group, which will secure further synergy effects.

GREATER FOCUS ON SUSTAINABILITY IN SINGAPORE

Duni Song Seng in Singapore was acquired in 2013. In line with market trends, the company strengthened its focus on selling eco-profile sustainable packaging for food and drink in 2019. The company also began working on streamlining its operations.

Strategic corporate development gains a new focus

When Duni made its first acquisition outside Europe in 2013, the idea was to explore the possibilities for selling premium products from the Table Top business area. This has been the business area's focus ever since, in parallel with developing the core businesses acquired in Asia and Oceania. In April, a decision was made to shift the focus of strategic corporate development from Table Top to BioPak.

STREAMLINED ORGANIZATION

In Asia and Oceania, the New Markets business area streamlined its organization and governance in line with the Duni Group's 2019–2023 strategy. One of several initiatives was to downsize the staff that previously worked on selling Table Products outside Europe. This is part of the business area's shift in focus to BioPak's solutions.

CLOSER INTERNATIONAL COLLABORATION

The New Markets business area is home to both local sales offices and companies acquired outside Europe. In 2019, activities were continued to bring this part of the Group closer to the Duni Group in Europe.

Much going on at BioPak

Australian BioPak Pty Ltd, which was acquired in 2018, is on a roll in the eco-profiled meal packaging segment for food and drink service. In 2019, 100% compostable packaging for sushi was launched along with the world's first compostable beer can holder. During the year, the business area also raised prices and invested in a new platform to enable global expansion. The first step was to go to the Singapore market. In the home market, Horizons Supply Pty Ltd was acquired, which further solidifies BioPak's position in sustainable packaging by strengthening the upstream value chain.

OPERATIONS

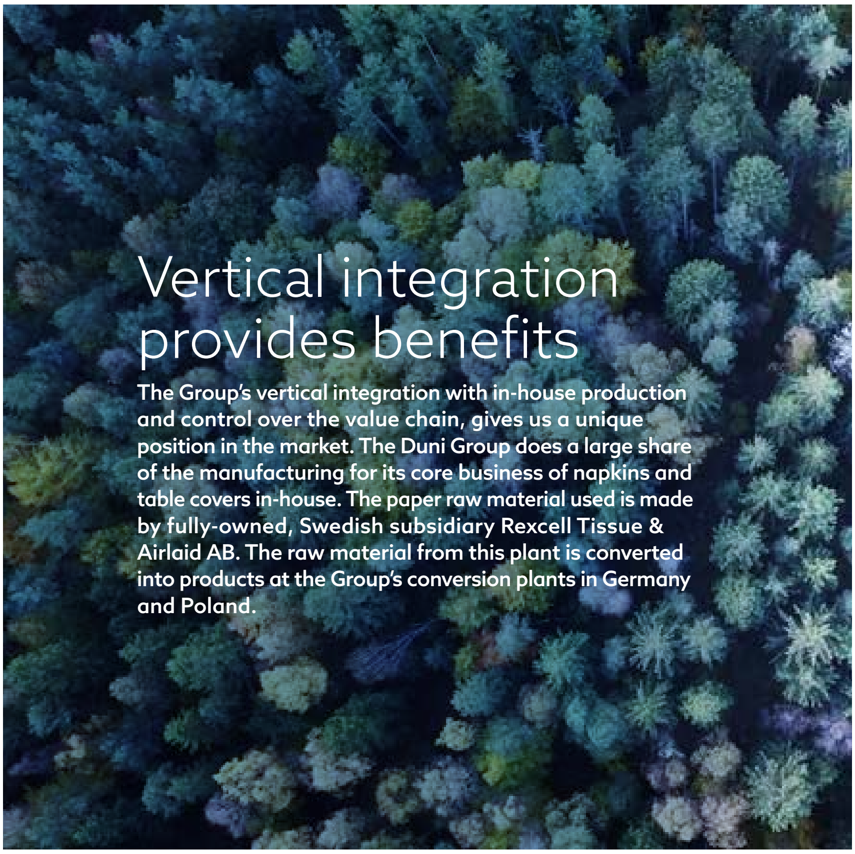
Digitalization is streamlining the entire value chain

The Operations business unit is responsible for the Duni Group's production units and the entire distribution chain, as well as for digitalization and IT system support. Operations plays a key role in securing the unique aspect of the Duni Group's offering.

THEME: EXPERIENCE

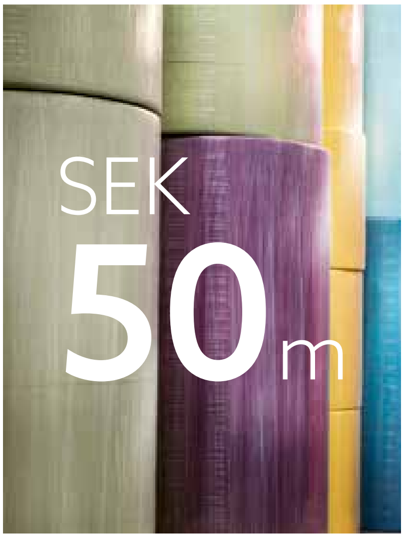
"Efforts to strengthen our focus on sustainability and digitalization are a key part of the Duni Group's strategy, especially in Operations. Over the past year, we started sustainability projects in all areas of our operations. They will help us secure the position as market leader."

Fredrik Malmgren, Director Operations



Vertical integration provides benefits

The Group's vertical integration with in-house production and control over the value chain, gives us a unique position in the market. The Duni Group does a large share of the manufacturing for its core business of napkins and table covers in-house. The paper raw material used is made by fully-owned, Swedish subsidiary Rexcell Tissue & Airlaid AB. The raw material from this plant is converted into products at the Group's conversion plants in Germany and Poland.



REXCELL INCREASES ITS PRODUCTION CAPACITY

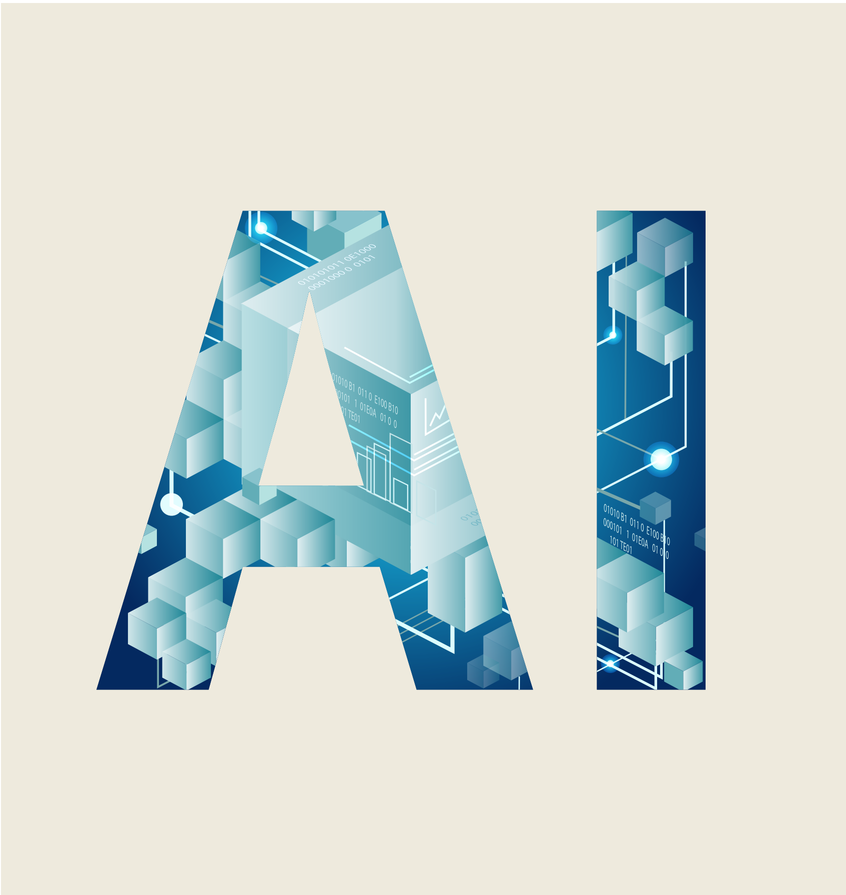
In 2019, Rexcell completed an SEK 50 m investment in airlaid (tissue) at Skåpafors, Dalsland, Sweden. The investment further increases the Duni Group's capacity to solidify the strong position it already has in the market. The initiative is a part of the process of strengthening Rexcell as the leader in this production technology.

CHANGES FOR A STRONGER CUSTOMER FOCUS

As part of the Duni Group's focus on customization, Operations is continuing to develop its production capabilities. The aim is to be better able to meet the growing market demand for delivering unique solutions to many different customer groups. This involves improving production technology but also implementing more efficient ways of working.

Skills boost in digital solutions

The increased digitalization in the market sets new demands for the knowledge of Operations employees. This makes skills development increasingly important. The aim is for all Operations employees to be able to follow along on the digital journey. The unit is developing its own, internal courses, but will also purchase external courses to ensure the company's knowledge of all new tools is increased early on.



Industry 4.0 in conversion

To streamline conversion, Operations has further enhanced its activities by connecting all production capacity using Industrial Internet of Things (IIoT) devices. Now both machine learning and artificial intelligence (AI) are being used to predict the future as well as to process the large amounts of data generated.

DIGITALIZATION WILL FUTURE-PROOF PRODUCTION

All conversion will be digitalized as a part of the plan to future-proof production. The vision of Operations is to make the entire chain, from production order to delivery, completely digital with a high rate of automation. These efforts will take several years and are a key cornerstone of the business unit's future operations.

MORE EFFICIENT TRANSPORTATION

The increased pressure on the European transportation network demands new and more efficient transportation solutions. Transportation is becoming more expensive while requirements to decrease their environmental impact are on the rise. Operations is working on reducing the number of transportation kilometers for all products. The business unit is looking into the possibility of switching over to transportation by rail and conducted a pilot project using rail transportation from Germany to Italy in 2019. The goal is to shift up to 7,000 truck trips to rail.

CSR

Sustainability and social responsibility

Our Blue Mission

A company like the Duni Group – with a large number of employees, operations on several continents, and products used once or a few times – has a clear responsibility in this area. This is why we have pursued an extensive program for many years involving both environmental and social sustainability – Our Blue Mission.

THEME: EXPERIENCE

"The Duni Group seeks to contribute to innovative solutions for a more sustainable and circular future. Our customers demand environmentally-sound solutions, and we will also contribute the knowledge and tools they need to make product choices easier."

Elisabeth Gierow, Corporate CSR & Quality Director

Sustainability is an integral part of the Duni Group's core business and is now more important than ever. The overall objective is to be the best partner for sustainable solutions. Customers should always be able to rely on our products to have a minimal negative environmental impact.

The aims of the Duni Group's sustainability efforts go beyond offering environmentally-sound materials and products. We want to be a leader in circular solutions for our products and collaborate with customers and social organizations throughout the value chain to close the loop through reuse, recycling and composting.

Our product development efforts have been focused on developing eco-profiled products for several years. This applies in particular to the take-away segment, where we are currently well prepared as environmental engagement in the world around us increases.

Our products will be safe to use. This is a given that requires knowledge and precision along with in-depth collaboration with suppliers and external experts. All products are tested according to applicable legal requirements and relevant standards.

DECREASED CLIMATE FOOTPRINT

The greatest environmental impact in paper production comes from the pulp and paper mills. The Duni Group's paper mill in Dalsland, Sweden, accounts for the largest share of the Group's environmental impact from in-house plants. Efforts are underway to reduce the environmental impact, and these operations are certified for both environmental management and energy systems. Additionally, there are efficient water treatment plants and strict conditions for emissions.

The Duni Group's conversion plants, where napkins and table covers are printed and packed, have a limited environmental impact with relatively low energy and water consumption. They have basically no emissions.

The goal is for in-house production to be fossil fuel-free by 2025 at the latest. Starting in 2020, we plan to carbon offset direct emissions from production.

THE DUNI GROUP IS THE SUM OF OUR EMPLOYEES

The Duni Group continues to grow and there are more of us who need to get along and collaborate, across cultures and time zones. Our recurring employee surveys show that our consistent efforts for leadership, employeeship and engagement are effective. In 2020, an exciting journey is beginning to define clear and inspiring common core values.

We have actively applied our code of conduct to suppliers of finished goods and input materials alike for nearly 15 years. The code's requirements include human rights matters, a ban on all forms of child labor, personal safety, working hours and pay. For suppliers in high-risk countries (based on Transparency International's index), we conduct audits at least once a year. In lower risk countries, we conduct recurring audits at longer intervals, depending on results and risk assessment. We set the same requirements for our in-house production units and conduct annual audits of them as well.

Business ethics is an area in which we have a zero tolerance policy for all forms of bribery and corruption. Our policy is clear and is communicated to employees and suppliers. We encourage feedback and have an external process to ensure that information from whistleblowers can be received confidentially.

Sustainability strategy and goals

The Duni Group has set five primary goals for its sustainability efforts to achieve by 2030.
You'll find more information on our website **duni.se**

1
Environmentally-sound products for every Goodfoodmood® occasion

2
Circular solutions

3
Partnerships for sustainability

4
Carbon-neutral by 2030

5
100 percent engaged employees

1

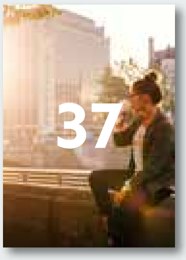
Environmentally-sound products for every Goodfoodmood® occasion

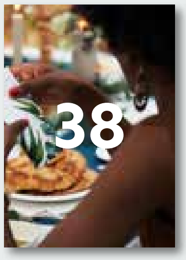
Our customers and end consumers should be able to be confident they have made a sustainable choice when choosing BioPak and Duni. Without a guilty conscience spoiling their experience.

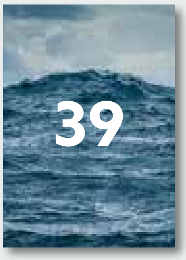
THE MOST IMPORTANT POINTS

- The BioPak brand is launching in Europe
- Aggressive phase-out of plastics
- Napkins and table covers:
  - Raw materials from responsible forestry
  - Decrease in carbon footprint
  - Circular solutions

READ MORE ON PAGES:







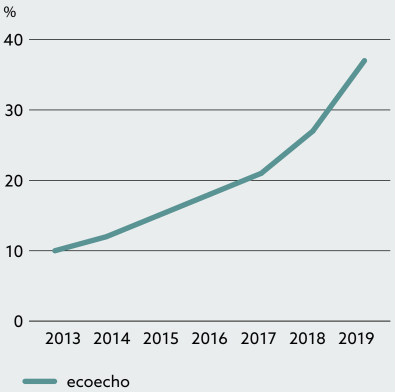
METRICS AND KPIs

- Growth for BioPak/ecoecho®
- Decrease in plastic sales volumes
- Increasing share of production that is fossil-free
- Activities to close the loop

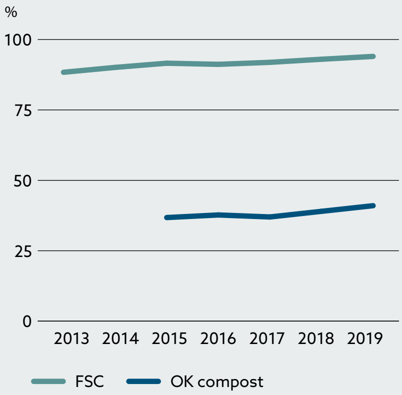
BACKGROUND

In 2018, demand for fiber-based, environmentally-sound products increased significantly, a trend that continued into 2019. Interest already grew earlier, and the Duni Group's product development efforts for take-away products have been exclusively in this area. We welcome the increased awareness and EU legislation for single-use plastics that have driven this trend.

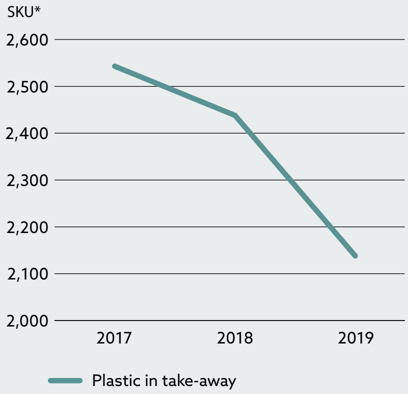
GROWTH IN ECOECHO FOR TAKE-AWAY



FSC AND OK COMPOST FOR NAPKINS AND TABLE COVERS



PLASTIC SALES VOLUMES FOR 2017–2019



* Stock Keeping Unit

2&3

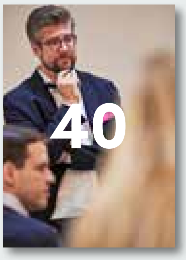
Circular solutions and partnerships for sustainability

The Duni Group actively works to close the loop for products via new solutions for reuse, recycling or composting. Accumulating knowledge in this area enables us to increase the level of service we provide customers as well.

THE MOST IMPORTANT POINTS

- Local solutions for take-away composting
- Partnerships for recycling in select markets
- Innovative and inspiring solutions for smart reuse of products
- Experience and insight sharing in various forums and projects to create more circular solutions for single-use products
- Explore multi-use solutions for customers

READ MORE ON PAGE:



METRICS AND KPIs

- Number of active projects and partnerships

BACKGROUND

Circular solutions such as composting and recycling are a fundamental part of sustainable development. They are important for customers and for eco-profiling of single-use products. The materials in our products are technically recyclable in most cases. However, recycling possibilities differ from market to market, and collection systems and facilities with the right equipment to recycle them are often missing. In collaboration with customers and other stakeholders, the Duni Group seeks to improve the conditions for circular solutions by means such as knowledge sharing and various partnerships for collecting single-use products. BioPak in Australia has entered into agreements with local composting facilities and helps its customers collect single-use products. The Duni Group is looking for similar solutions in Europe as well.

PROJECTS FOR CIRCULAR SOLUTIONS AND PARTNERSHIPS IN 2019

- Recycling and collection of table covers
- Reusable product systems for the take-away sector
- Innovative recycling, upcycling of Duni materials
- Digital solutions for coordinated pick-up of sorted fractions
- Products' climate footprint in a mobile application

4

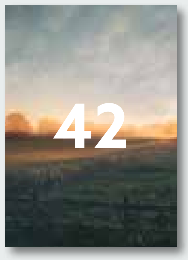
Carbon-neutral by 2030

The Duni Group takes a holistic approach to its carbon footprint, not only for production.

THE MOST IMPORTANT POINTS

- In-house production will be carbon-neutral in 2020 (GHG Protocol Scope 1 and 2)
- Carbon offsetting for BioPak's product range globally starting in 2020
- Phase-out of 100 percent virgin, fossil plastics in the Duni Group's range by at least 10 percent per year, to be completed in 2030
- Information on products' carbon footprint to help customers make sound choices
- No virgin, fossil plastics in product packaging by 2030

READ MORE ON PAGE:



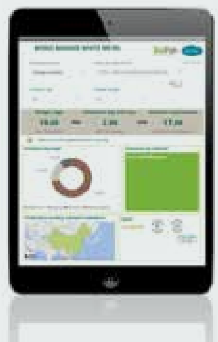
METRICS AND KPIs

- The share of production that is fossil-free
- Carbon offsetting, project descriptions and volumes
- Decrease in fossil plastics
- The share of virgin, fossil plastics for packaging

BACKGROUND

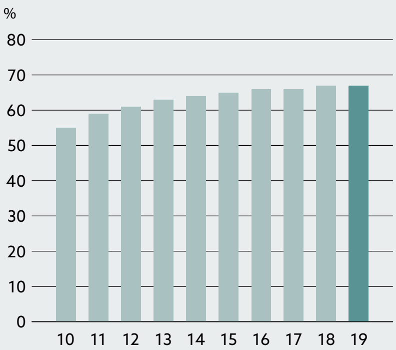
The Duni Group has worked on decreasing energy consumption and increasing the share of renewable energy in its production for many years. The goal for 2025 is for all energy used for the Duni Group's manufacturing in Europe to come from fossil-free sources. Already starting in 2020, we plan to climate offset emissions from our production globally in accordance with the GHG Protocol Scope 1 and 2 (see page 42).

The Duni Group's products have a climate footprint from their entire lifecycle. For plant-based products, this primarily involves fossil-based energy used in production and transportation. For the environmentally-sound product range, which is purchased as finished goods, our capability to influence this is limited. We plan to carbon offset these products starting in 2020. For other products, and for packaging, our aim is to phase out the use of fossil plastics.

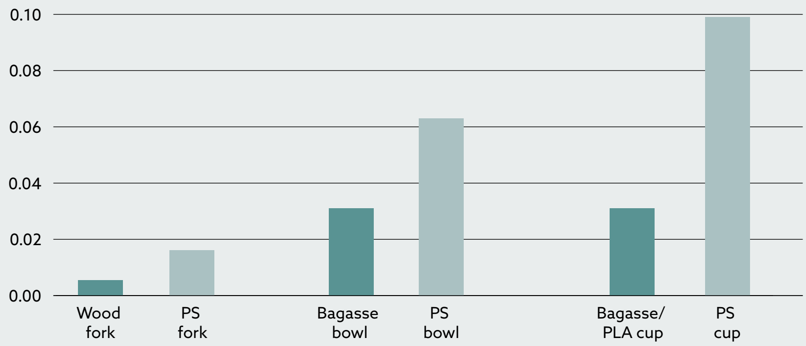


The Duni Carbon Footprint Tool was launched in December to help our customers make sustainable choices. Enter an item number to see information about the carbon footprint for the product's lifecycle, the country of manufacture and transportation impact, ecolabels and post-use sorting.

SHARE OF FOSSIL-FREE ENERGY IN PRODUCTION



CARBON FOOTPRINT FOR SOME PRODUCTS – KG CO_2E PER UNIT



5

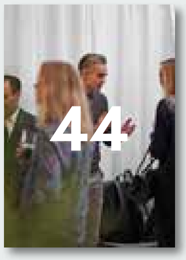
100 percent engaged employees

Employees who are satisfied with their jobs and are dedicated to the strategy's goals – sustainability and customization – are critical to our success. Employee engagement is closely connected to knowing what is expected and perceiving positive energy for work.

THE MOST IMPORTANT POINTS

- Leadership that clarifies expectations and provides energy
- The Duni Group's core value efforts
- Openness and dialogue
- Equality in the recruitment of leaders
- A safe and secure workplace

READ MORE ON PAGE:



METRICS AND KPIs

- Clarity in expectations and energy according to employee survey
- Structured dialogue with employees
- Incidents and injuries
- Gender breakdown of managers

BACKGROUND

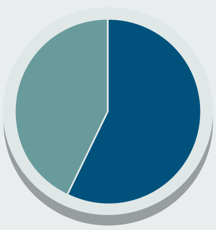
The Duni Group has expanded both geographically and in terms of the number of employees in recent years. In 2020, intensive efforts will be initiated to secure and develop common core values and ways of working for the Group.

GLOBAL DUNI INCIDENTS PER 1,000 EMPLOYEES*

29

* meaning the reported injury led to at least one day of absence

GENDER BREAKDOWN OF MANAGERS

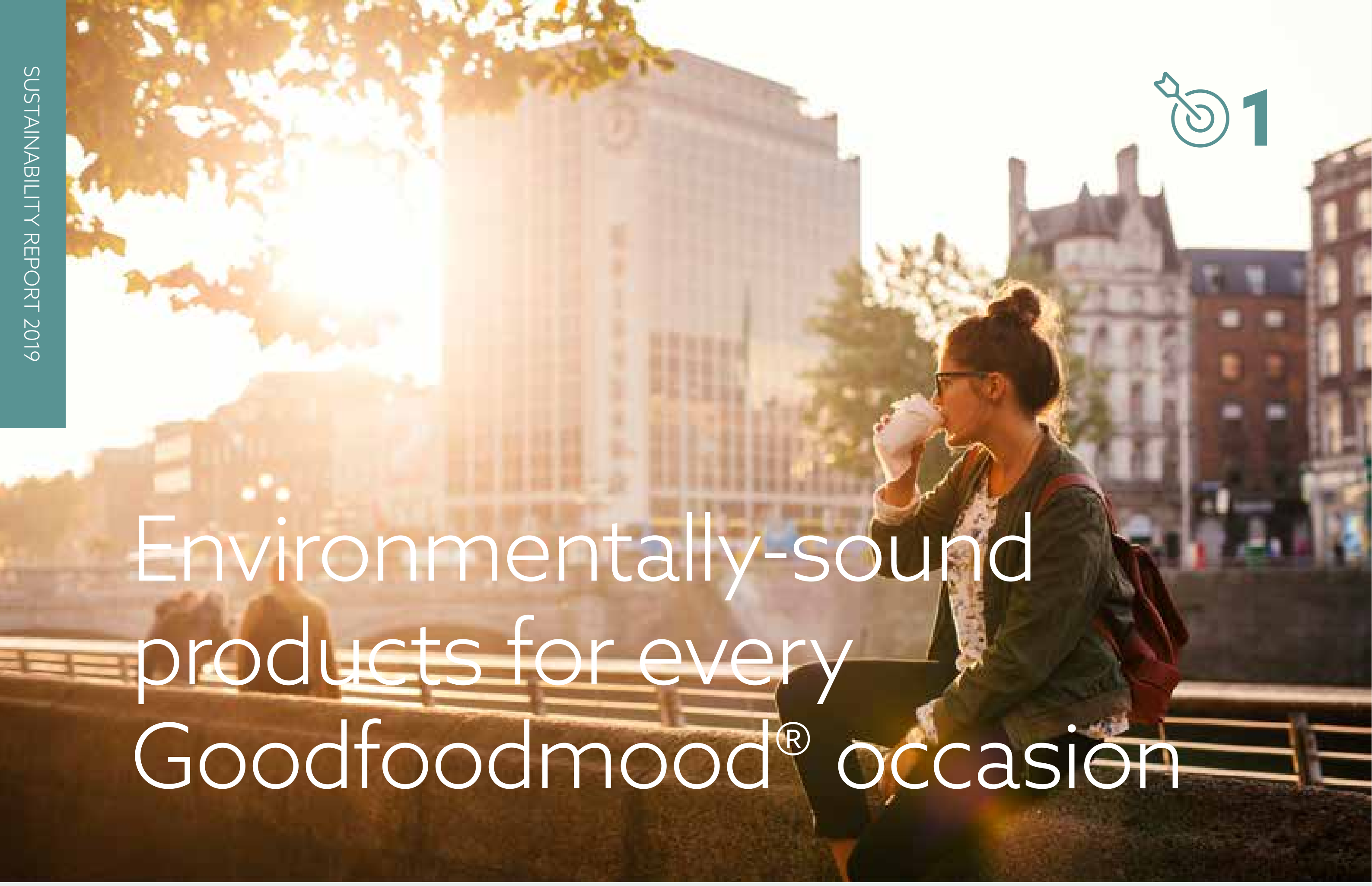


Women: 42% Men: 58%

DUNI INSIGHT

The Duni Group conducts the Duni Insight employee survey every two to three years in order to keep a finger on the pulse of our operations. Do employees understand the organization's goals and what to do? Do they have the energy to do it and supportive leadership? Is there potential for improvement?

Employees	2016	2019	Benchmark
Perceived positive energy (self-reported)	73 %	76 %	79 %
Clear expectations	69 %	74 %	76 %
Engagement	71 %	75 %	77 %
Internal recruitment, talent development		13%	50 % target
Performance appraisals, (self-reported)		66 %	



1

Environmentally-sound products for every Goodfoodmood® occasion

The Duni Group offers Sustainable Goodfoodmood®. Our eco-profiled, plant-based and recycled products are increasingly in demand from customers. We welcome deeper insight into the environmental impact and climate change caused by plastic, and we want to contribute our knowledge and innovativeness.

In the take-away sector, rising environmental awareness has caused suppliers, customers and end consumers to increasingly look for good environmental choices.

The pressure on manufacturers and suppliers to find sustainable alternatives to single-use plastics has increased drastically. But they are also under pressure to respond to in-depth questions on how sustainable their products are and how they can be recycled in various markets.

CUSTOMERS FRONT AND CENTER

The Duni Group has prioritized these efforts for a long time, in part by focusing product development on our eco-profiled ecoecho® product range. Today, there are fiber-based alternatives for all of our take-away products. We are systematically accumulating expertise in various recycling solutions in order to become the knowledge partner our customers now seek.

To enable our customers to make well-founded decisions when choosing between different products, we are developing tools to provide information on estimated carbon footprints, recycling and other environmental factors. This information will be based on open, quality-assured sources from general, cumulative studies for relevant materials. They may also be based on the Duni Group's own lifecycle analyses for in-house-produced materials.

NEW BRANDS SIMPLIFY OUR OFFERING

To make our offering clearer, the Duni Group divided up its product range into two different brands in 2019. The Duni brand spans the more traditional part of our business with table covers and napkins. These are now largely eco-profiled, FSC-certified for responsible forestry and OK Compost-labeled for biodegradability.

In 2018, the Duni Group acquired BioPak in Australia and Biopac in the UK, two companies whose business concept is sustainable meal packaging for the take-away sector. Now, BioPak, Biopac and parts of the ecoecho product range are being consolidated under the joint BioPak brand. The first products were launched in fall 2019.

"Our customers should not need to scrutinize the products to understand they are a good environmental choice. This is already a given when they choose BioPak," says Fredrik Sverkersten, Marketing Director of the Duni Group.

If it is Goodfoodmood®, then it is eco

Customers should not need to have any doubts they have made a good environmental choice when choosing products with the Duni brand. The Duni Group pursues several initiatives to ensure that customers can choose eco-products for all Goodfoodmood occasions.

The Duni Group's main product range, napkins and table covers made of paper materials, are primarily produced in-house. Our 100-percent fossil-free production target will directly impact the carbon footprint of the product (read more on pages 42–43).

Our napkins and table covers are based on FSS-certified wood fiber. Lifecycle analysis studies from 2011 indicate that these wood fibers are a good alternative to cotton and linen from a climate perspective in professional contexts.

In recent years, we have worked to launch product ranges that are certified compostable under the OK Compost label.

PROJECTS FOR NEW PACKAGING MATERIALS

The Duni Group engages in several projects to find plant-based, renewable or recycled packaging materials for its products. Packaging will be replaced in phases in collaboration with our customers.

By 2030, all of our plastic packaging will consist of 100-percent renewable or recycled plastic.

FSC
www.fsc.org
FSC® C014985
The mark of responsible forestry

1

Driving the development toward a circular economy

In 2018, Duni acquired BioPak in Australia. The company's vision is to steer society toward a circular economy, not just to deliver eco-profiled take-away products. The Duni Group is building on this vision by introducing the BioPak brand in the European market.

ALWAYS A GOOD ENVIRONMENTAL CHOICE

The Duni Group will drive circular thinking in Europe as well, but the BioPak product range must be adapted to local markets and recycling infrastructure. What's best for Australia is not necessarily the best solution in a country like France. But when they choose BioPak, customers must be able to trust that they have made a good environmental choice in consideration of their local circumstances.

To succeed with this, we will strengthen the Duni Group's local organizations. This requires communication and finding the right partners at the local level. Our organization is strongly driven to succeed with these sustainability efforts.

FLEXIBILITY A REQUIREMENT FOR SUCCESS

"We launched the approach in our sales organization. After only two weeks, the Nordic organization began collaborating with another company and now offers composting machines for take-away products. This is exactly what we need to make happen," says Marketing Director Fredrik Sverkersten, who underlines the importance that the Duni Group continue to be a learning organization.

"We cannot choose a single path forward and think that we'll still be on it in a couple years. There will be changes all the time, especially for product ranges and materials. We must keep up and adapt. Everything is becoming more complex, but also more challenging and fun," he concludes.

Network for a cleaner ocean

Håll Havet Rent is a Swedish network for companies, government agencies and experts with a vision of an ocean that is free of plastics. On the basis of its 2019–2023 strategy, the Duni Group, as a member of the network, has supported the network's common agenda, including by committing to eliminate unnecessary plastics in operations, developing packaging that is sustainable in the long term as well as providing inspiration to the industry, customers and decision makers.

2&3

VINNOVA PROJECT FOR RECYCLING AND REUSE

Goal: To explore the potential for increased recycling and reuse of on-the-go packaging.

Participants: Companies throughout the value chain, including Duni, Håll Sverige Rent, COOP, FTI, Pantapåsen, Papstar and RISE.

Funding: Funded by Sweden's innovation agency, Vinnova. The agency's mission is to contribute to sustainable growth by improving the conditions for innovation. This is primarily done by funding research and innovation projects aiming to develop new solutions but also through long-term investments in strong research and innovation environments.

Environmental consideration throughout the lifecycle

In an effort to be even more eco-profiled, the Duni Group initiated several initiatives and partnerships in 2019. The goal is to secure product sustainability throughout the lifecycle in a circular model.

Circular thinking has become increasingly important in the Duni Group's sustainability efforts. This involves not only phasing out plastic from fossil sources and replacing it with fiber-based alternatives but also considering what happens after a product has been used. Can it be used again, recycled or composted?

End consumers are constantly ramping up the pressure on restaurants, cafés and grocery stores to be more environmentally sound. As a result, the retailers that spread the products in the market also need greater knowledge of sustainable alternatives. And this is where the Duni Group can help.

GREAT VARIETY ACROSS MARKETS

"It is strategically important that our customers feel we have the expertise to answer their questions about the best way to recycle products," says Johan Mårtensson, Business Development & Innovation Manager.

However, the reality is complex. Recycling infrastructure and rules vary enormously across countries and regions, and sometimes even across cities in the same country.

In 2019, the Duni Group conducted product tests with various types of recyclers. We also conducted a survey to better understand regional and local recycling infrastructure in Europe. The information collected will be used to adapt product development but also to identify problem areas and knowledge gaps that can serve as the basis for future partnerships.

INCREASED INTEREST IN CIRCULAR SOLUTIONS

The Duni Group aims to be on the cutting edge of new sustainable materials and products and to raise interest in circular solutions. But this is not something we can do on our own.

Therefore, the Duni Group participated in a project funded by Vinnova in 2019. In collaboration with other stakeholders, we conducted tests in a Swedish municipality. The goal was to come up with ways to improve the collection of used take-away products and explore the possibilities for reuse and recycling.

"We have much knowledge of the market and materials to share, while others know more about areas such as infrastructure. It was exciting to do real-life tests, and we have learned a lot about consumer behaviors," says Johan.

In 2020, the Duni Group will participate in another Vinnova project that will explore various container deposit schemes for take-away products.

MORE ACTIVELY LEADING DEVELOPMENTS

Johan believes that the Duni Group is generally more open today and now is active in several networks and other contexts. For example, he participated in the jury for a contest were 25 startups presented various sustainable packaging concepts.

"We sponsored this contest, which is important from an innovation perspective. Us and other established organizations throughout the value chain contributed their knowledge as well as contacts. These startups do not have much money or reach, but they are often highly skilled in a specific area and are very driven."

The initiatives in 2019 have been highly valuable and opens doors for the future.

"One big difference last year was that we took a much more active role in leading developments and then finding sustainable and circular solutions," says Johan, who sees three main paths forward for the Duni Group: multi-use packaging, a more advisory consultant role and product development optimized for recycling.

A PRODUCT'S LIFECYCLE

FIND AND TRACE

It begins with the choice of materials. We prefer renewable raw materials from trees and other plants that are responsibly grown and sourced. Residual products are also a good way to save resources, such as recycled plastic or fiber from sugar cane. Napkins and table covers in our standard range already contain a high proportion of renewable and FSC-certified wood fiber.

CREATE AND MAKE

How the product is manufactured is very important. We strive to ensure our plants have good working conditions and limited environmental impact. Our manufacturing is mainly in Europe, but our network of suppliers is worldwide. However, the same standards apply no matter where production takes place.

CHOOSE AND USE

Conscious convenience is a good reason to choose and use our products. Single-use products should not only be practical and hygienic; they should also be responsibly produced and have environmental benefits. With the Duni Group's BioPak and external ecolabels, we make it easier to make a conscious choice.

SORT AND RECYCLE

This is where the relatively short lifecycle of a product ends. A product can normally be recycled, composted or burned with energy recovery. Littering is not acceptable, and the deposit of waste in landfills should be avoided. More environmentally-responsible materials are being developed, but many countries do not have the infra-structure required for waste management. This is some-thing we must address together with others in society.

THE BRAND AS A GUARANTEE FOR PRODUCT SAFETY

Because our products come in contact with food and people, high standards of safety are paramount.

Products with the Duni Group's brand must always be guaranteed to be safe. This applies to napkins, plates, packaging and anything else that comes into contact with food. It also applies to candles and other accessories that elevate mealtimes. Candles and electronic products have inherent risks that require strict attention when it comes to safe functionality and usage.

We continuously strive to ensure that our products comply with relevant laws and standards regarding safety. This means that we plan and evaluate tests based on the intended use of the product, obtain third-party certificates, and provide our cus-tomers with accurate and clear information.

Some tips to our customers are to pay attention to the labels below and to feel free to ask us for more information, like our declaration of compliance for plastics that come in contact with food.

The easiest way to find out if a product is safe for contact with food is to look for this little symbol with a glass and fork. It applies to all products intended to come in contact with food, regardless whether they are made of metal, ceramic, paper, cardboard or plastic.

The CE-mark is found on products such as machines, LED candles and party products from Duni. The mark indicates that the supplier follows applicable rules and controls for the product.

The RAL label for candles guarantees minimal sooting, high-quality wick, durable shape, raw materials without contaminants, reliability and safety.

Candles must be handled safely. The pictograms show how.

4

Towards carbon-neutral operations by 2030

The climate and global warming represent the great challenge of our time. Forest fires, record-hot heatwaves, droughts and water shortages clearly demonstrate the need to transition to a fossil-free economy and that major efforts are required from businesses and society.

The Duni Group's climate engagement is a key part of our sustainability program, Our Blue Mission. The Group's climate footprint comes from the production of our products throughout the value chain. Now we are setting our sights significantly higher with the goal to be carbon-neutral by 2030.

The Duni Group's in-house production of napkins and table covers is the part we are in control of. We are setting detailed goals for phasing out fossil fuels and climate offsetting starting in 2020. For meal solutions and take-away, we will aggressively phase out plastics, collaborate with customers and carbon offset eco-profiled products (see page 33).

Several key activities are a part of this goal.

- In-house production (the Duni brand) will be carbon-neutral in 2020 (GHG Protocol Scope 1 and 2)
- The BioPak product range (purchased products) will be carbon offset
- Phase-out of 100 percent virgin, fossil plastics in Duni Products and in packaging
- Improved information to customers about our climate footprint ▶

ENVIRONMENTAL IMPROVEMENTS IN PRODUCTION

The Duni Group has cut emissions from its paper mill in Skåpafors, Sweden, for for many years. The mill is owned by our subsidiary Rexcell and produces almost all the raw materials for our table covers and napkins.

Manufacturing tissues requires much energy, divided into three parts:

- Electric energy to run the machines and produce steam. This is currently fossil-free.
- A biofuel boiler to produce heat and steam. This was installed in 2010 to replace oil and electricity.
- Gas, liquified petroleum gas (LPG) to dry products, primarily tissues. This gas is fossil and accounts for 100 percent of Rexcell's fossil carbon dioxide emissions (GHG Protocol Scope 1 and 2).

The Skåpafors plant accounts for 70 percent of total fossil carbon dioxide emissions from the Duni Group's production plants. Solving the challenge of fossil-free drying would make the Group's in-house production 90 percent fossil-free. Today, we are 67 percent fossil-free.

MAJORITY FOSSIL-FREE

The Duni Group has a goal to have replaced the fossil gas in use with gas produced from biomass by the year 2025. We participated in research studies for fossil-free drying and had in-depth discussions with market participants. Circumstances are changing very rapidly in this area and we are currently looking into various solutions.

We are also reviewing how the Duni Group's other plants in Europe can reduce their climate footprint. Already by 2021, 100 percent of electricity consumption in production will come from fossil-free sources. Our factories in Germany and Sweden already mostly use fossil-free electricity, and our factory in Poland will do so as well starting in 2020. For manufacturing outside of Europe, the possibilities for fossil-free electricity vary and we are following developments.

Other energy consumption in conversion comes from natural gas for heating and production in Germany and district heating in Poland. We aim to be able to replace the natural gas with biogas by 2025.

SOME PARTS WILL BE CARBON OFFSET

For the Duni Group's in-house production, we have good control over the energy used and fossil carbon dioxide emissions. We have been reporting under the GHG Protocol's Scope 1 and 2 for a long time except offices and warehouse buildings, which do not have any significant impact. Starting in the 2020 financial year, we will carbon offset the remaining emissions in one of the UN's certified CDM projects (see fact box).

The GHG Protocol Scope 3 covers a company's entire climate impact. The Duni Group takes an approach to climate impact throughout the value chain. Apart from energy consumption related to in-house production, the most important factor is which materials we choose for our products and how they are transported. We are working on both of these factors and developing methods to calculate the carbon impact. We have chosen not to set a goal for reporting and offsetting Scope 3. Instead, we will focus on practical measures.

Starting in 2020, the Duni Group will carbon offset BioPak's product range, which is being launched in Europe. BioPak in Australia already took care of that on its end earlier. The carbon offsetting will be based on clearly defined, transparent and verifiable goals and emissions.

HOW CARBON OFFSETTING WORKS

Carbon offsetting allows individuals or organizations to offset the emissions they cannot avoid by supporting projects that reduce emissions elsewhere. Offset greenhouse gas (GHG) emissions are measured in UN Certified Emission Reductions (CERs) and are generated in Clean Development Mechanism (CDM) projects in emerging markets. The projects earn 1 CER for each metric ton of greenhouse gases they reduce or avoid. By purchasing CERs, individuals and organizations can offset their own emissions.

BETTER UNDERSTANDING AND MANAGEMENT OF GREENHOUSE GASES

The Greenhouse Gas Protocol (GHG Protocol) is used to understand, quantify and manage greenhouse gas emissions. To make reporting clearer, a company's emissions are divided into three scopes.

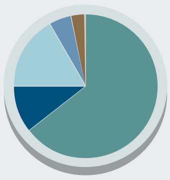
Scope 1: Direct emissions from the burning of fossil fuels, such as in-house production or owned vehicles.

Scope 2: Indirect emissions from the consumption of electricity, district heating and district cooling.

Scope 3: Indirect emissions from purchases of goods and services, such as travel, taxis, accommodations or material consumption.

CARBON DIOXIDE EMISSIONS

The quantity of carbon dioxide is calculated for both direct and indirect energy sources. The conversion factors were obtained from the energy provider or from national statistics.

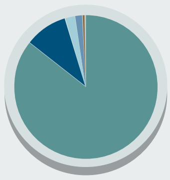


Carbon dioxide emissions, metric tons per plant

Paper mill, Sweden	13,112
Conversion, Germany	2,102
Conversion, Poland	3,377
Conversion, Paper+Design	986
Conversion Terinex Thailand	642
Conversion Sharp New Zealand	31

ENERGY CONSUMPTION

The use of primary energy in Duni's own manufacturing is calculated as the quantity of supplied energy at the plants. No conversion is done for primary energy sources.



Energy consumption, MWh per plant

Paper mill, Sweden	196,218
Conversion, Germany	21,761
Conversion, Poland	5,163
Conversion, Paper+Design	4,211
Conversion Terinex Thailand	1,070
Conversion Sharp New Zealand	314

5

Employee engagement on the rise

Engaged and motivated employees are required for the Duni Group to be able to implement its 2019–2023 growth strategy to meet the goals we set. The employee survey we conducted in 2019 revealed several positive trends.

Employee surveys are fundamental for taking the temperature of an organization. Do employees understand the organization's goals and what to do? Do they have the energy to do it? Is there potential for improvement?

The employee survey conducted by the Duni Group in 2019, DuniInsight, revealed positive trends on most points. This is encouraging, because a good work environment is essential for the well-being of both the employees and the organization.

"The response rate was 81 percent, which is pleasantly high. Much is happening in the organization and engagement continues to increase," says Sofie Lindström, HR Director.

RESULTS OVER BENCHMARKS

The results show improvements in almost every area, such as overall increases for both engagement and team efficiency. In terms of leadership, 80 percent responded that managers have good or excellent leadership qualities. This is above the benchmark and a significant improvement over the previous DuniInsight.

> "Engagement, leadership and team efficiency continue to increase. These indices are now in line with or even above external benchmarks."

"This shows that our efforts to improve leadership skills via various programs have had a positive impact," says Sofie.

The new strategy has been well received by the employees. In comparison to the 2016 survey, many responded that they understand the Duni Group's overall strategy, which is both very important and encouraging.

HELPING MAKE US EVEN BETTER

DuniInsight 2019 also provided many ideas for how the Duni Group can further improve its organization and corporate culture. Even with such positive results, there is potential to be even better.

"Efforts to share and understand common goals, which is critical to the organization's success, will continue to be an area of focus," says Sofie, who continues:

"We must also be clearer about priorities, especially in areas in which much has changed rapidly. The HR department and the respective managers will support these efforts."

In the fall, teams gained access to, analyzed and worked on their results. This will be put down into individual, specific plans of action to help the teams boost their efficiency.

81% Response rate for the Duni Group's 2019 employee survey

HR

Strong engagement make strategy soar

A company's employees' job satisfaction and development are business-critical factors. The Duni Group has several initiatives to strengthen the corporate culture and ensure that the organization has the right skills to realize its strategy. The social aspect of sustainability is important. Companies have the power to make a difference, both to drive change in society and to change people's lives for the better.

THEME: EXPERIENCE

"The Duni Group's employees are its greatest resource. That they are engaged and motivated is a fundamental requirement for succeeding in our aim to offer customers the best solutions. This also makes it imperative to attract the best talent."

Sofie Lindström, HR Director

DIVERSITY CONTRIBUTES TO POSITIVE CHANGE

The Duni Group has a strong will to actively contribute to positive change in society. Therefore, we prioritize all forms of diversity, to improve both the work climate and innovation. Diversity contributes to a more dynamic organization where people with different backgrounds, perspectives and experiences work together and challenge each other and the organization. The HR function collaborates with teams and managers to hire new employees from a diversity perspective.

Talent makes the organization grow

The right skills in the right place is crucial for success. But so is employees' job satisfaction. This is a good thing for both them and the company. Dunited is the Duni Group's tool for developing its employees with a clear connection to business and environmental goals. This makes HR efforts clearer, measurable and easier to follow up. Dunited helps us recruit, retain, develop, reward and support employees. The process also includes leadership development, mentorship and succession planning. Digital tools are being used increasingly to streamline the HR processes.

Mitt Liv

A BRIDGE TO A REAL JOB

In Sweden, Duni AB collaborates with Mitt Liv, a social enterprise working for an inclusive society and diversity in the labor market. The organization actively helps trained and qualified people from other countries and cultures who struggle to establish themselves in the Swedish labor market. In 2019, the Duni Group's collaboration with Mitt Liv led to the hiring of four people.

Code of conduct and business ethics – The Duni Way

The social aspect of sustainability efforts is important to the Duni Group, which seeks to contribute to a better society and a better future. Therefore, we highly prioritize our code of conduct and business ethics efforts.

Through their conduct, organizations can have a major impact on their community. A sound and well-established corporate culture engages and motivates employees. Their job satisfaction will be higher, which makes it easier for the company to achieve both business and environmental goals.

In addition, this increases the chances of employees taking the company's core values on issues such as diversity and responsible action with them in society. In the best-case scenario, positive values will spread like ripples.

THE CODE OF CONDUCT LAYS THE FOUNDATION

The Duni Way is a part of the Duni Group's strategy that describes our internal efforts, our culture and how we should conduct ourselves as employees in business contexts. The Duni Group's HR department organizes regular courses to update employees on the Duni Group's code of conduct and views on business ethics.

The code of conduct applies both internally within the Duni Group and externally in our supply chain. Compliance with local legislation is always a must, but the Duni Group's own requirements are tougher in many cases. We collaborate with our suppliers and conduct regular audits on their premises to check for compliance with the rules.

> "The company seeks to contribute to a better society and a better future. The code of conduct and business ethics are a high priority."

Employee safety is always the highest priority, but our code of conduct also sets out clear rules for working conditions, discrimination and human rights.

ENSURING DIVERSITY IN THE LONG TERM

Diversity is a key area that goes beyond gender equality. The Duni Group takes a long-term approach to ensuring diversity in its organization. We strongly believe that it is good for the psychosocial work environment, the company's innovativeness and its productivity when people with different cultures, ages and experiences work together.

The Duni Way also covers the business ethics principles that apply to our operation. Currently, the Duni Group operates in 24 countries and purchases raw materials and products from many different suppliers, which can lead to ethical challenges.

ACTIVE ANTI-CORRUPTION EFFORTS

The Duni Group has rules and a whistleblower policy to actively combat corruption, bribery, fraud and other transgressions.

In 2020, we will work on developing more specific core values for the Duni Group's business. These will contribute to further strengthening the corporate culture in prioritized areas.

PEOPLE FRONT AND CENTER

The Duni Group's code of conduct is based on the conventions of the International Labour Organization (ILO), a United Nations agency.

The most important areas are:

- Child labor
- Working conditions
- Safety
- Employee rights

OUR BLUE MISSION is based on a materiality and stakeholder analysis reviewed by Group Management. The most critical aspects of the program form the basis of our policies and guide the management of operating activities.

PROGRAMS

ENVIRONMENTAL POLICY

ECO-PROFILING OF PRODUCTS

ecoecho®

WHY?

- Dependence on raw materials and the impact of energy on our climate
- Handling products at the end of their lifecycle
- Short lifecycle of products
- Local environmental impact from our own production

HOW?

- Research and development
- Investments in new materials and new production processes
- Ecolabeling and certification programs
- Environmental impact assessments
- ISO 14001 certification
- Environmental requirements and audits at suppliers

AFFECTS

- Society as a whole, everyone who cares about the lifecycle of single-use products and wants to minimize littering
- Our shareholders
- Municipalities and nature areas where we have manufacturing or logistics

CODE OF CONDUCT FOR SUPPLIERS AND OWN OPERATIONS

WHY?

- Work environment and human rights for people who manufacture the Duni Group's products
- Local environmental impact from our own production

HOW?

- Audits at suppliers with evaluation and support
- Audits of our own operations
- Employee surveys every other year
- Occupational health and safety procedures and courses
- Environmental requirements for suppliers

AFFECTS

- Employees at the Duni Group and at our suppliers
- Our shareholders
- Municipalities and nature areas where we have manufacturing or logistics

BUSINESS ETHICS PROVISIONS

WHISTLEBLOWER POLICY

WHY?

- Risks in external business relationships, anti-corruption efforts, business ethics

HOW?

- Risk assessment and risk training
- Channels and procedures for reporting
- Protection for whistleblowers
- Liability
- Actions and sanctions

AFFECTS

- Society as a whole, human development
- Our shareholders
- Our employees and partners

PRODUCT SAFETY RULES

WHY?

- Products intended to come in contact with food and consumer safety

HOW?

- Supplier and product requirements
- Testing program and declaration of conformity

AFFECTS

- Consumers and customers
- Our shareholders

The Duni Group's footprint

The Duni Group has extensive operations with production and sales in Europe and increasingly in Southeast Asia, Oceania and several countries.

The following pages present data and KPIs for our business from a social and environmental perspective.

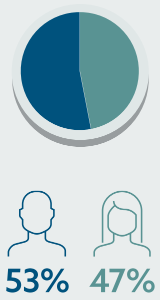
More about our sustainability efforts can be found at **Duni.com**

EMPLOYEES

Most of Duni's employees are in Sweden, Germany and Poland.

Country	Blue collar employees	White collar staff	Total
Sweden	146	183	329
Germany	728	335	1,063
Poland	322	148	470
Thailand	126	33	159
New Zealand	35	8	43
Other	5	329	334
Total	**1,362**	**1,036**	**2,398**

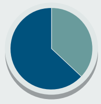
GENDER BREAKDOWN



PAYROLL EXPENSES, BY GENDER:

BLUE COLLAR EMPLOYEES

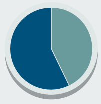
Women: 37%
Men: 63%



of total payroll expenses

WHITE COLLAR STAFF

Women: 43%
Men: 57%



of total payroll expenses

The graph shows the share of average pay for blue collar and white collar employees based on total payroll expenses including social security contributions. All employees of the Group are counted, including senior executives, and there was no weighting for the nature of the position, years of service, age or similar parameters.

EMPLOYEES SUBJECT TO A COLLECTIVE BARGAINING AGREEMENT

In the countries in which the Duni Group has employees, collective bargaining agreements are in place in 9 out of 19 countries and 51% of the Duni Group's total employees are covered by these.

REPORTED INJURIES

In 2019, 29 injuries* per 1,000 employees were reported at the Duni Group's production units.

* Meaning that the reported injury led to at least one day of absence

EMPLOYEES IN UNITS WITH SAFETY COMMITTEES OR SIMILAR SETUP

The companies with over 10 employees have a formal safety committee** or similar setup covering 90% of the employees in these companies.

** All production units and the larger offices have a safety committee

CODE OF CONDUCT

All companies that deliver end products to the Duni Group have signed our code of conduct. Approximately 98% of the purchased value at end-product suppliers has been audited. In high-risk countries, there are recurring audits for each supplier once per year. Suppliers that are under observation have a development plan prepared together with the Duni Group or are on a list for planned phase-out. The most common observations are overtime levels, pay and occupational safety.

AUDITS OF CODE OF CONDUCT, END-PRODUCT SUPPLIERS

Geographic area	Purchase value (%) (2019)	Passed (level A–C)	Failed/under observation (level D)	Yet to be audited (% of purchase value)
Asia	36%	12	11	0
Europe	64%	40	3	2
Other		1		

THE DUNI GROUP'S PRESENCE

Tissue for napkins and table covers is manufactured in Sweden, while conversion to finished products takes place in Germany, Poland, Thailand and New Zealand.

The Group has sales offices in Australia, Austria, Czechia, Finland, France, Germany, the Netherlands, New Zealand, Poland, Russia, Singapore, Spain, Sweden, Switzerland, Thailand, the UAE, the UK and the US.

STANDARDS AND CERTIFICATES FOR DUNI'S OWN MANUFACTURING

Quality and product safety	Paper mill, Sweden	Conversion, Germany	Conversion, Poland	Conversion, Paper+Design, Germany	Conversion, Terinex Thailand	Conversion, Sharp New Zealand
ISO 9001 (quality management)	■	■	■	■		
BRC, IFS equivalent (hygiene and safety in contact with food)		■	■	■	■	
Environment						
ISO 14001 (environmental management)	■	■	■	■		
EMAS III		■		■		
ISO 50001 (energy management)	■					
Traceability according to FSC (responsible forestry)	■	■	■	■	■	■
Nordic ecolabel ("Swan")	■	■	■	■		
"OK Compost" label	■	■	■	■		
Social audits						
SEDEX		■	■	■		
ISO 45001			■			

The certificates are available at Duni.com and www.paper-design.de.

ENVIRONMENTAL DATA FOR MANUFACTURING

	Paper mill, Sweden	Conversion, Germany	Conversion, Poland	Conversion, Paper+Design, Germany	Conversion, Terinex Thailand	Conversion, Sharp New Zealand
Material usage (metric tons)						
Pulp and paper	64,588	40,144	10,205	6,179	3,576	1,082
Chemicals and additives	6,184	5,505	248	512	15	5
Energy (MWh) and water (m³)						
Total energy	196,218	21,761	5,163	4,211	1,070	314
Electricity	82,675	11,459	4,019	2,730	1,070	314
Biofuel (wood chips)	57,584					
Steam (remote)			1,144			
Liquefied petroleum gas (LPG)	55,759					
Natural gas (LNG)		10,302		1,281		
Diesel oil				53		
Water (m³)	692,542	17,257	4,949	3,567	4,561	453
Emissions to the air and water (metric tons)						
CO_2 total	13,112	2,102	3,377	986	642	31
CO_2 direct	13,112	2,102	0	254	0	0
NOx	12	2		0.2		
COD	64	11				
Waste (metric tons)						
Recycling	191	3,657	808	774	77	107
Energy recovery	1,292	172	114			
Landfill (including covering material)	826	10	8			6
Hazardous waste	15	5	4	1		
Others (including sludge and electronics)	77	243	66			

KPIs FOR PRODUCTION

The best partner for sustainable solutions	2019	Aim	Comment
Environmentally-sound products for every Goodfoodmood® occasion			Read more on pages 37–39
Percentage of ecoecho in take away	37 %	100 %	Read more on page 33
Percentage of FSC and OK Compost for napkins and table covers	94 % FSC, 41 % OK Compost	100 %	
Circular solutions and partnerships for sustainability			Read more on page 40
Number of focused projects	5	2–3 projects per year	Read more on page 34
Carbon-neutral by 2030			Read more on page 42
Share of fossil-free energy in production Europe	67 %	100 % by 2025	Read more on page 35
100 percent engaged employees			Read more on pages 36, 44
Engagement self-reported DuniInsight	75 %	100 %	
Indicators and standards	**Indicators**	**Benchmark/Aim**	**Comment**
Employees			
Understanding of Duni's strategy (self-reported)	76 %	77 %/100 %	Measured every 2–3 years
Perceived positive energy (self-reported)	76 %	79 %/100 %	Measured every 2–3 years
Internal recruitment, talent development	13 %	50 %	Percentage of internal recruits for advertised positions
Performance appraisals, (self-reported)	66 %	100 %	Measured every 2–3 years
Gender breakdown	53 % Men, 47 % women	40–60 % per gender (man/ woman)	Non-binary identification is possible
Gender breakdown for Group Management, white collar staff	58 % Men, 42 % women	40–60 % per gender (man/ woman)	Non-binary identification is possible Managers with direct reporting
Reported injuries per 1,000 employees	29	<30 /0	At least one day of sick leave
Employees subject to a collective bargaining agreement	51 %	No standard	Collective bargaining agreements are largely governed by local tradition and laws. The Duni Group advocates collective bargaining agreements
Employees in units with safety committees or similar setup	90 %	90 %	Measured for units with >10 employees
Environmental impact production, product safety and code of conduct			
Decrease in energy consumption in conversion	+2 % (2018–2019)	10 % decrease 2018–2023	Increase due to decreased volumes
Decrease in energy consumption in paper mill	+2 % (2018–2019)	10 % decrease 2018–2023	Increase due to decreased volumes
Resource efficiency goal for each production unit and logistics	66 %	100 %	According to ISO 14001 certification. 4 of 6 production units
BRC certification or equivalent quality and hygiene standard for each in-house production unit of finished goods	83 %	100 %	BRC, IFS, FSSC 22000 at 5 of 6 production units
Code of conduct audit at suppliers of finished goods	98 %	>95 %	Volume of finished goods produced at audited suppliers
Carbon-neutral, goals and activities			
100 % fossil-free energy in paper mill by 2025	71 %	100 %	Goal to replace fossil LPG gas for drying
100 % fossil-free electricity in production units in Europe by 2021	93 %	100 %	Goal for procuring green power
100 % fossil-free energy in conversion units in Europe by 2030	40 %	100 %	Goal to replace fossil natural gas for drying
Carbon offsetting for fossil energy in production (Scope 1 & 2) starting in 2020			Will be reported for the 2020 financial year
Carbon offsetting for Biopak's product range globally starting in 2020			Will be reported for the 2020 financial year
• Phase-out of 100 % virgin, fossil plastics in the Duni Group's range by at least 10 % per year, to be completed in 2030			Will be reported for the 2020 financial year
Information on our products' carbon footprint to help customers make sound choices	App for calculating carbon footprint launched		
No virgin, fossil plastics in product packaging by 2030			Will be reported for the 2020 financial year

ANNUAL REPORT 2019

CONTENTS

DIRECTORS' REPORT

DIRECTORS' REPORT – THE GROUP

Duni is one of Europe's leading suppliers of inspiring table setting concepts and sustainable packaging solutions for take-away. The Group's strong position has been achieved by focusing on food, people and design and the ambition to always help the customer create a positive food and drink experience. A combination of high-quality products, a well-reputed brand, established customer relations as well as a strong local presence in most European markets have resulted in Duni being a market leader in Europe. Increased focus on sustainable and eco-profiled solutions have further strengthened the Group's position. Operations are conducted within four business areas: Table Top, Meal Service, Consumer and New Markets. For more details on these, see Note 3 Segment reporting and the annual report's presentation of each business area.

TRENDS AND EXTERNAL FACTORS

To enable better management of external factors, such as those due to raw material prices or macrotrends that govern customer needs and behaviors, Duni launched a new strategy for the years 2019 to 2023 in late fall 2018. The strategy's long-term goal is to improve Duni's growth. The short-term goal is to strengthen profit. Another step in the new strategy is the BioPak brand being launched in Europe with an aim of establishing it on a global scale. This means that as of 2020, the Group will focus on two main brands: Duni and BioPak. To differentiate the Group from the Duni brand, a new identity is being created under the name Duni Group. In connection with this decision, the Duni Group is changing and strengthening its sales and marketing organization. This means that the four current business areas – Table Top, Consumer, Meal Service and New Markets – will cease, and instead a new global functional organization will be created with a clearly defined responsibility for sales and marketing.

The main trends impacting Duni's business the most are digitalization, customer customization, sustainability and the increase in take-away. As part of the new strategy, Duni has identified five areas that the Group will prioritize. Increased customer focus is a fundamental part of the strategy. To create the most attractive experience for the end customer, the Group is launching solutions that make it easier for customers to do business with Duni. New tailor-made customer concepts will also be developed with a focus on services and innovations. The goal is also to be the best partner for sustainable solutions, which includes an increase in the number of eco-products as well as a stronger focus on solutions for a closed loop. Increased digitalization in the supply chain will streamline operations, from administration to production and logistics. The fifth area primarily involves Duni's internal activities. Here the Group's core values play a key role, but areas such as internal communications and strategic acquisitions also have crucial parts to play.

PRODUCT AND CONCEPT DEVELOPMENT

Within product development, Duni's work involves new designs, form and color schemes, as well as new materials and product solutions. Duni focuses on product and concept development, and possesses a unique strength within form, design and functionality. Duni's innovation process is characterized by the ability to quickly and flexibly develop new collections, concepts and products that create a clear added value for the various customer categories in the market.

CONTINUOUS INNOVATION

Products in the Duni ecoecho® premium range are manufactured from innovative materials with a clearly improved environmental profile compared with the standard product range. Focus is placed on aspects such as resource efficiency, renewability, compostability, and responsible forestry.

ecoecho® includes, for example, products made from the environmentally-sound material bagasse, as well as an entire compostable range of single-colored napkins carrying the OK Compost® ecolabel.

Duni has a number of products that are an alternative to linen. The table cover material Evolin® combines the look and feel of textile and linen table covers with the advantages of single-use products. Evolin® is aimed at restaurants and catering firms that perceive an advantage in using linen-like single-use material.

MARKET PERFORMANCE

Global economic prospects are one of the main indicators as regards growth on the HoReCa market. Broad economic growth is positive for the industry. It stimulates consumption within the HoReCa sector, as well as demand for single-use products. The long-term trend continues to point towards an increasing number of restaurant visits and an increase in the number of hotel nights, driven mainly by increasing urbanization, changed consumption patterns and a lifestyle trend whereby meals are increasingly consumed on the go. New restaurant concepts, such as ready meals in grocery stores, take-away and fast service restaurants, are continuing to increase and gain ever larger market shares. After several years of stagnating economic growth, consumers in the mature European markets are showing greater interest in seeking value, and HoReCa companies are competing harder to attain a greater share of the total mealtime market. On the customer side, continued structural changes are taking place within the restaurant industry, with restaurant chains that operate under joint brands growing at a faster rate than the market in general. This is a trend that favors Duni's sales of customer-specific concepts.

Duni's product category in retail focuses both on the production of private labels and sales of Duni's own brands. Distribution of parts of the category has also expanded into new channels, such as gardening centers, home furnishing stores and DIY stores.

Another sector of the market comprises the serving of food to companies and institutions. It is primarily the care sector that is taking larger share of the segment, and the market has experienced stable growth in recent years. Here, there is clear potential for Duni to create growth.

FUTURE OUTLOOK

The HoReCa industry is greatly influenced by lifestyle changes and trends. The hotel and restaurant industry in Europe is a key customer segment for Duni. In the short term, demand in this market is decreasing sharply due to the COVID-19 pandemic, which spread across the world in the first quarter of 2020.This is estimated to have major negative effects on Duni in the second quarter of 2020.

Long-term demand is being driven primarily by greater purchasing power combined with changed habits, including an increased proportion of meals being eaten outside of the home. Demand for brand-profiled and environmentally-sound single-use products is also increasing. Furthermore, the trend towards increased accessibility and convenience connected with meals is continuing, and thus the take-away alternative is continuing to grow. This trend is reinforced by the increase in the number of single households and the fact that urbanization is continuing. The number of restaurant chains that wish to profile their brands through single-use products is also increasing, and this is an area where Duni is well positioned.

MAJOR EVENTS DURING THE FINANCIAL YEAR

On October 1, subsidiary BioPak Pty Ltd in Australia acquired 100% of the shares in Horizons Supply Pty Ltd. Horizons is a sales company specializing in customer-specific, tailored and sustainable packaging solutions for the restaurant and retail sectors in Australia. The consideration was approximately SEK 40 m and is accommodated within the current loan facility.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Duni announced on January 16, 2020 that it will initiate negotiations to change its sales and marketing organization and focus on two brands: Duni and BioPak. The current segment reporting in four business areas will instead become two segments aligned with the Duni and BioPak brands. The reorganization results in restructuring costs estimated at approximately SEK 40 m, the majority of which are estimated to be charged to the first quarter of 2020. Annual savings of SEK 20 m are expected as a result of this reorganization.

COVID-19 broke out in the first quarter of 2020, and the Duni Group has taken several measures to protect the Company's business and stop the virus from spreading. The Company is continuously evaluating the financial impact of COVID-19.

A cost-cutting program was introduced with shortened working hours, deferred investments, a freeze on new hires and consulting expenses, and a ban on travel. The purpose of this is to meet the significantly decreased demand primarily from the hotel and restaurant industry, which is expected to have negative sales effects in the second quarter. Another action was the announcement that the Board of Directors proposes that the Annual General Meeting cancel the dividend.

REPORTING

The annual report covers the 2019 financial year. "Preceding year" refers to the 2018 financial year. Duni manages its business based on what Duni refers to as operating income. "Operating income" means operating income before restructuring costs, non-realized valuation effects of currency derivatives, fair value allocations and amortization in connection with business acquisition. For the bridge between EBIT and operating income, see the table below.

The net amount of restructuring costs was SEK -2 m (-31). In the fourth quarter of 2018, an efficiency-improvement program was launched with a focus on cutting indirect costs. In 2019, another SEK 2 m in restructuring costs was charged from this program. The total restructuring cost amounted to SEK 33 m, of which SEK 31 m was recognized in 2018. The annual savings of this program are estimated to exceed SEK 35 m with a gradually increasing impact in 2019. For more information on restructuring costs, see Note 8.

BRIDGE BETWEEN OPERATING INCOME AND EBIT

SEK m	2019	2018
Operating income excluding the new lease standard	527	430
Effects of new leases standard as of January 1. 2019	5	–
Operating income	**533**	**430**
Restructuring costs	-2	-31
Amortization of intangible assets identified in connection with business acquisitions	-121	-43
Fair value allocation in connection with acquisitions	-1	-6
Reported operating income (EBIT)	**408**	**351**

SALES AND INCOME

Duni's net sales amounted to SEK 5,547 m (4,927), a 12.6% increase in sales. At unchanged exchange rates from the preceding year, net sales would have been SEK 458 m higher compared with the outcome for 2018, representing a 9.3% increase in sales. Organic growth, excluding structural changes, amounted to -0.5% at fixed exchange rates.

Operating income amounted to SEK 533 m (430). At unchanged exchange rates from the previous year, EBIT was SEK 23 m lower for the year. The gross margin amounted to 25.3% (25.9%) and the operating margin increased from 8.7% to 9.6%. In 2018, pulp prices rose drastically. These came to somewhat of a standstill in 2019 but are still at a high level. The actions taken including price adjustments and efficiency-improvement programs contributed to the improvement in income for the year along with the income from acquired companies.

Impairment losses for the period totaled SEK 58 m and were on goodwill in Duni Song Seng in Singapore (SEK 38 m) and Sharp Serviettes in New Zealand (SEK 20 m). Duni Song Seng has struggled to recover previous profitability levels following the restructuring of logistics and IT in 2018. Sharp Serviettes' operations performed significantly worse in 2019. Restructuring programs are underway for both of these units.

Net financial items amounted to SEK -32 m (-22). Income before tax was SEK 377 m (328).

A tax expense of SEK 103 (79) m is reported for the financial year. The effective tax rate was 27.5% (24.0%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK -0.8 m (-2.6).

Net income for the year amounted to SEK 273 m (249), of which non-controlling interests amounted to SEK 4 m (4).

INVESTMENTS

The Group's net investments excluding acquisitions amounted to SEK 113 m (198). Thee investments are primarily related to the Group's production plants in Poland, Germany and Sweden. Depreciation and amortization amounted to SEK 293 m (201), of which SEK 67 m was attributable to lease depreciation.

CASH FLOW AND FINANCIAL POSITION

The Group's operating cash flow was SEK 665 m (343). Cash flow including investing activities amounted to SEK 445 m (-289). The strong improvement in cash flow is primarily a result of the increase in operating income and of better working capital during the year and lower investments than previous years. The Group's total assets on December 31 amounted to SEK 6,245 m (5,954).

The Group's interest-bearing net debt amounted to SEK 1,546 m, of which SEK 195 m relates to lease liabilities, compared with SEK 1,490 m on December 31, 2018.

Financial overview [1]	2019	2019 Recalculated [2]	2018
Net sales, SEK m	5,547	5,547	4,927
Gross profit, SEK m	1,403	1,403	1,278
Operating income, SEK m	533	527	430
Operating EBITDA, SEK m	762	691	583
EBIT	408	403	351
EBITDA	759	688	546
Interest-bearing net debt, SEK m	1,546	1,354	1,490
Number of employees	2,398	2,398	2,477
Sales growth	12.6%	12.6%	10.9%
Organic growth	-0.5%	-0.5%	1.5%
Organic pro forma growth	2.4%	2.4%	2.5%
Gross margin	25.3%	25.3%	25.9%
Operating margin	9.6%	9.5%	8.7%
Operating EBITDA margin	13.7%	12.5%	11.8%
EBIT margin	7.4%	7.3%	7.1%
EBITDA margin	13.7%	12.4%	11.1%
Return on capital employes [3]	12.9%	13.4%	10.6%
Return on shareholders' equity	10.3%	10.3%	9.5%
Interest-bearing net debt/shareholders' equity	58.0%	50.8%	57.0%
Interest-bearing net debt/operating EBITDA	2.0	1.8	2.6

1) Financial information for 2015-2019 can be found in the five-year summary on page 68.
2) To make 2019 comparable with 2018, this column shows 2019 adjusted for the effects of the new IFRS 16 leases standard, which became effective on January 1, 2019.
3) Calculated on the basis of the last twelve months and operating income.

OPERATIONAL AND FINANCIAL RISKS

Duni 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 Duni to achieve satisfactory sales and income growth. Duni 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 consumption and increased price competition, which might impact on volumes and gross margins through factors such as increased discounts and customer bonuses.

To minimize risks in the form of, inter alia, fire, disruptions or other damage to inventory, property and plants and to cover liability, the Company has a comprehensive insurance program covering the entire Group.

The Board's audit committee conducts annual reviews of the Company's operational and financial risks based on the risk analysis conducted. This also includes environmental risks as well as risks related to entry into new markets such as anti-corruption, fraud and social aspects such as conditions from an labor law and diversity perspective. The Company's approach to managing different risks is presented in the policy that the Board reviews and approves each year. It is important that management and the Board have a shared view of what risks the Company is exposed to, and to ensure there is a monitoring strategy for each individual risk. Brexit was identified as an operational risk during the year as it could impact Duni's operations in the UK.

Duni's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. This work is presided over and managed by the Group's Finance Function (EFF), which is included as a unit within the Parent Company. The Group divides the financial risks into market risks (consisting of currency risks, price risks and interest rate risks), credit 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. See also Note 33 regarding risk management.

LEGAL DISPUTES

Upon closing of the accounts, there were a few disputes with customers, agents and suppliers involving small amounts. Provisions have been made in the annual accounts that, in management's opinion, cover any negative outcome of these disputes. See Note 35 Contingent liabilities and pledged assets for more information.

SUSTAINABILITY REPORTING

A sustainability report is also published in this annual report, see pages 31-51. This sustainability report is based on five foundations that describe Duni's sustainability strategy and goals. These are:

- Environmentally-sound products for every Goodfoodmood® occasion
- Circular solutions
- Partnerships for sustainability
- Carbon-neutral by 2030
- 100% engaged employees

Duni's sustainability efforts are also described here in the directors' report under "Environment and social responsibility" and "Employees and work environment". See also Note 35 Contingent liabilities and pledged assets.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

In accordance with an adopted environmental strategy, Duni works according to policies and goals covering development and information concerning products, efficient and controlled production, as well as knowledge and communication from an environmental perspective.

An environmental management system and a quality management system in accordance with ISO 14001 and ISO 9001, respectively, have been implemented and certified at all of the Group's European production units.

Suppliers of goods for resale and significant raw materials are evaluated according to the Group's code of conduct, which covers both environmental and social responsibility. Prior to new contracts for the purchase of goods for resale, an audit is first performed at the supplier's plant based on the code of conduct. Audits are also performed on a regular basis at existing suppliers based on a risk assessment that takes into account the suppliers' location, previous results and type of production. The audit focuses on human rights such as the risk of child labor and involuntary labor, as well as working conditions, pay conditions and working hours.

Duni has also been granted FSC® certification, license number FSC-C014985 (Forest Stewardship Council), regarding the sale, production and distribution of products such as napkins, table covers and serving products. This means that Duni's paper products are sourced from sustainable forests and other controlled sources.

Rexcell Tissue & Airlaid AB conducts two operations that are subject to permit requirements pursuant to the Swedish Environmental Code. For more information about these, see the section on emission rights in Note 20 Intangible assets.

EMPLOYEES AND WORK ENVIRONMENT

Duni operates based on four core values that provide guidance in the day-to-day work and clarify how things are done "the Duni way". The core values – Ownership, Added Value, Open Mind, and Will to Win – find concrete expression in a number of operational principles that, taken together, are aimed at creating profitable growth, organizational efficiency, and increased customer satisfaction.

Good working conditions, clear goals and structures combined with regular support to employees form the foundation for creating growth and profit. Human Resources (HR) has the task of supporting management, supervisors and employees in order to stimulate employee development, increase involvement, and drive and coordinate change processes. Duni works actively with diversity in many different ways to make it clear within the organization that it is considered an important issue. Duni shall be a company that reflects the surrounding society. HR also assists in the work of ensuring a sound work environment for all employees. Since 2014, development plans have been gradually produced whereby all employees in the organization shall have clear, individualized goals that are followed up. Duni's code of conduct for employees also includes the work environment. Systematic work on the work environment is performed at Duni's plants, and is audited through internal audits based on Duni's code of conduct. Each month, Group Management and the Board receive key ratios concerning accidents and sick leave due to accidents at the plants.

Duni's Board has a clear policy that all employees must be aware of prevent corruption. In addition to compliance with the code of conduct, the Duni Board has also adopted a business ethics policy that all employees and suppliers are expected to follow. This policy states how Duni as a company and its employees must observe accepted business practice and act in accordance with the Group's ethical standards and expectations. The business ethics policy states in particular how managers and employees are expected to act in their contact with customers, suppliers, owners, competitors and other external parties. Duni requires that all third parties, suppliers and external parties with whom Duni cooperates shall comply with Duni's business ethics policy and applicable legislation in the respective country.

Duni also has a whistleblower policy that clarifies that any suspicion of fraudulent behavior, corruption or other similar situations that are witnessed must be reported without delay. An external whistleblower system manages reports, which can be made anonymously if desired. The recipients are the HR Director, the CFO and the Chairman of the Board's Audit Committee. No whistleblower cases were reported during the year.

As of December 31, 2019, the Company had 2,398 employees. The number of employees on December 31, 2018 was 2,477. 1,034 (1,085) of the employees were engaged in production. Duni's production plants are located in Bramsche and Wolkenstein, Germany, in Poznan, Poland, in Bengtsfors, Sweden, in Bangkok, Thailand and in Auckland, New Zealand.

FOREIGN COMPANIES AND BRANCHES

Duni conducts operations under its own management and has employees in 23 countries.

SUSTAINABILITY STRATEGY AND GOALS

The Duni Group has set five primary goals for its sustainability efforts to achieve by 2030. You'll find more information on our website duni.com

1 Environmentally-sound products for every Goodfoodmood® occasion

2 Circular solutions

3 Partnerships for sustainability

4 Carbon-neutral by 2030

5 100 percent engaged employees

PARENT COMPANY DIRECTORS' REPORT

SALES, INCOME AND FINANCIAL POSITION

The Parent Company, Duni AB, with company registration number 556536-7488 and its registered office in Malmö, is responsible for the Group's sales and customer support in the Nordic market. The Parent Company also contains Group Management and joint Group staff functions such as finance, HR, purchasing, communication, marketing and IT. Parts of the Group's development resources are in the Parent Company.

Net sales amounted to SEK 1,214 m (1,194). EBIT was recognized at SEK 36 m (13) and net financial items amounted to SEK 310 m (276). The reason for the decrease in income is the same for the Nordic region as for the Group as whole: sharp increases in pulp prices during the year and price compensation from customers not yet being fully implemented.

Net financial items includes dividends received from subsidiaries in the amount of SEK 89 m (136) and Group contributions received totaling SEK 235 m (137). Net income for the year was SEK 284 m (256).

The Parent Company's investments in tangible assets amounted to SEK 30 m (30). Depreciation and amortization totaled SEK 19 m (17).

The Parent Company's equity-assets ratio at year-end was 47.9% (47,5%). The Parent Company's cash and cash equivalents at December 31, 2019 amounted to SEK 212 m (171).

OPERATIONAL AND FINANCIAL RISKS IN THE PARENT COMPANY

The Parent Company's risks are the same as those of the Group in all material respects.

Duni's financial management and its management of financial risks are regulated by a finance policy adopted by the Board of Directors. This work is presided over and managed by the Group's Finance Function (EFF), which is included as a unit within the Parent Company. The Group divides the financial risks into market risks (consisting of currency risks, price risks and interest rate risks), credit risks and liquidity risks.

OWNERSHIP AND SHARES

OWNERSHIP STRUCTURE AT DECEMBER 31, 2019

Duni is listed on the NASDAQ Stockholm under the ticker name "DUNI". Duni's three largest owners at December 31, 2019 are Mellby Gård Investerings AB (29.99%), Polaris Capital Management LLC (9.80%) and Carnegie fonder (9.57%).

DUNI'S SHARES

Duni's share capital consists of 46,999,032 outstanding common shares, each carrying 1 vote per share. The quotient value of the shares was SEK 1.25 per share. Duni does not hold any treasury shares.

There shall be no fewer than 32,008,000 and no more than 128,032,000 shares. There are no outstanding warrants or convertible debentures. Senior executives collectively own 0.1% of the shares in Duni at 12/31/2019.

Further information about Duni's shares and owners can be found in the Corporate Governance Report.

BOARD AND CEO'S PROPOSED ALLOCATION OF EARNINGS

The following unrestricted earnings of the Parent Company are at the disposal of the Annual General Meeting:

Allocation of earnings Parent Company (SEK)	2019
Unrestricted equity in Parent Company	
Retained earnings	1,495,699,632
Net income for the year	283,639,075
Total unrestricted equity in Parent Company	**1,779,338,707**

Due to the market uncertainty caused by the COVID-19 pandemic, the Board of Directors proposes that the earnings at the disposal of the Annual General Meeting be carried forward.

Shareholders' equity would have been SEK 1.2 m lower if financial instruments measured at fair value in accordance with Chapter 4 Section 14 a of the Swedish Annual Accounts Act had instead been measured at the lower of cost or net realizable value.

CORPORATE GOVERNANCE REPORT FOR DUNI AB (PUBL)

Duni AB is a Swedish public limited company (publikt aktiebolag) and has been listed on the NASDAQ Stockholm Mid Cap list since November 14, 2007. Duni is governed via General Meetings, the Board of Directors and the CEO, as well as Duni's Group Management, in accordance with the Swedish Companies Act, the Company's Articles of Association and the rules of procedure and internal guidelines for the Board of Directors and the CEO. Representatives from Duni's Group Management also serve as directors on the boards of subsidiaries.

Duni has undertaken to NASDAQ Stockholm to apply the Swedish Corporate Governance Code (the "Code"), which is applied by all Swedish companies whose shares are admitted to trading on a regulated market in Sweden. Duni applies the Code in its entirety except for one rule, 9.2. Thomas Gustafsson is a member of the Remuneration Committee although he cannot be considered independent of the Company and management because he was CEO of Duni between December 2012 and October 2017. The reason for the deviation from the Code in this case is that Thomas Gustafsson is very well acquainted with the Company's circumstances in issues such as employee situations, talent provision and remuneration structures given his many years as CEO and before that director at Duni.

ARTICLES OF ASSOCIATION

The current Articles of Association were adopted at the Annual General Meeting held on May 6, 2009. Their stipulations include that the registered office shall be in Malmö, that members of the Board of Directors are elected each year for a term of office until the close of the next Annual General Meeting, and that each share shall carry one vote. The complete articles of association are available on Duni's website, www.duni.com.

GENERAL MEETING

At the General Meeting, the shareholders decide upon key issues. Among other things, the General Meeting adopts the income statements and balance sheets, resolves upon allocation of the Company's earnings, discharge from liability for the directors and the CEO, election of the Board of Directors and auditors, as well as the remuneration of the Board of Directors and auditors.

Pursuant to the Swedish Companies Act, notice of Duni's Annual General Meeting must be issued no earlier than six weeks and no later than four weeks prior to the meeting. Notice shall be issued through an announcement in Post och Inrikes Tidningar (The Official Gazette) and on Duni's website. The fact that notice has been issued shall be announced in Svenska Dagbladet and in Sydsvenska Dagbladet. In order to participate at the Annual General Meeting, a shareholder must notify the Company no later than the date stated in the notice.

2019 Annual General Meeting

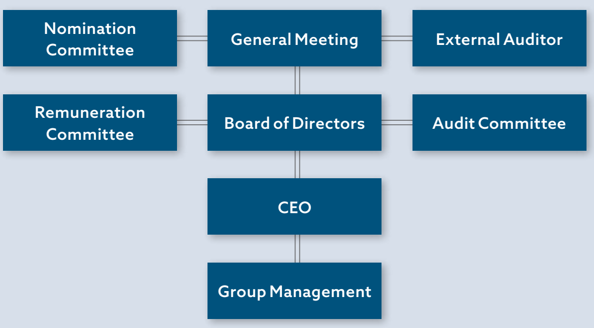
Duni's 2019 Annual General Meeting was held on Tuesday, May 7, 2019, in Malmö. 161 shareholders, representing approximately 73% of the voting rights, were present at the General Meeting in person or through proxies. The Chairman of the Board, Magnus Yngen, was elected to chair the meeting. All directors and employee representatives were present. Members of Group Management and the auditor were also present. The minutes from the meeting are available on Duni's website, www.Duni.com. All resolutions were adopted in accordance with the Nomination Committee's proposals. Some of the resolutions adopted at the General Meeting were:

- Adoption of income statements and balance sheets;
- A dividend of SEK 5.00 per share for the 2018 financial year;
- Discharge from liability for the directors and CEO;
- That the Board shall comprise five directors without alternates;
- The re-election of directors Pauline Lindwall, Alex Myers, Pia Rudengren and Magnus Yngen.
- The election of new director Thomas Gustafsson
- The election of Magnus Yngen as Chairman of the Board
- The re-election of PwC as auditors;
- Change in the Board's remuneration, the Chairman of the Board shall receive SEK 590,000 (562,000) and all other directors shall each receive SEK 315,000 (300,000)
- Changed remuneration of SEK 128,000 (121,000) to the chairman of the Audit Committee and SEK 60,000 (57,000) to other members of the Audit Committee
- Changed remuneration of SEK 67,000 (63,000) to the chairman of the Remuneration Committee and SEK 31,000 (29,000) to other members of the remuneration Committee
- Adoption of the Board's proposed guidelines for the remuneration of senior executives;
- Procedures regarding the composition and work of the Nomination Committee;

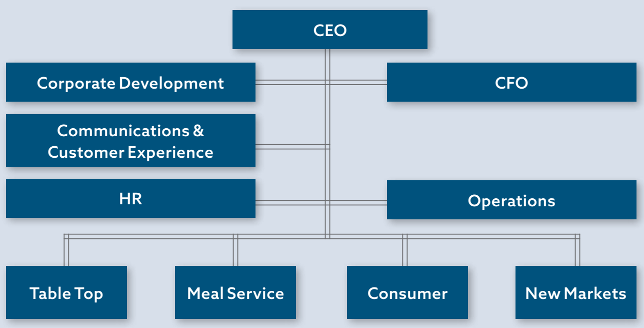
2020 Annual General Meeting

The next Annual General Meeting of the Shareholders of Duni will be held at 3 PM on May 12, 2020 at Radisson Blu Hotel, Östergatan 10, Malmö, Sweden. A notice of the Annual General Meeting, containing the Board's proposals, will be published at the beginning of April 2020. More information about the Annual General Meeting, notice of participation, etc. is available on Duni's website.

CORPORATE GOVERNANCE



2019 GROUP MANAGEMENT



Nomination Committee

The Nomination Committee nominates the individuals to be proposed at the Annual General Meeting for election to Duni's Board. Proposals are also produced regarding audit fees, board fees for the Chairman of the Board and other directors, as well as remuneration for committee work. All proposals are presented at the Annual General Meeting as well as in the notice to attend and on the website prior to the Annual General Meeting.

For the 2019 Annual General Meeting, the Nomination Committee proposed the re-election of directors Magnus Yngen (Chairman), Johan Andersson, Pauline Lindwall, Alex Myers and Pia Rudengren. Given that Johan Andersson declined re-election, Thomas Gustafsson was proposed to replace him as a new director. The reasoned opinion of the Nomination Committee for the 2019 Annual General Meeting shows that the Nomination Committee applied Rule 4.1 of the Code as diversity policy in its proposals to the Board of Directors. The aim of the policy is to ensure that the composition of the Board of Directors is suited to the Company's operations, stage of development and other circumstances, that the Board of Directors is characterized by diversity and breadth in terms of skills, experience and background, and that an even gender distribution is prioritized. The Annual General Meeting resolved to elect directors in accordance with the proposals of the Nomination Committee, which resulted in the election of five directors, two women and three men (40 and 60 percent, respectively).

The Nomination Committee shall be comprised of representatives of Duni's three largest shareholders at September 30. Board Chairman Magnus Yngen convened the Nomination Committee in October 2019 and the composition was presented on October 31, 2019.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake 12/31/2019
Magnus Yngen	Director of the Board	
Johan Andersson (Chairman)	Mellby Gård Investerings AB	29.99%
John Strömgren	Carnegie fonder	9.57%
Bernard R. Horn, Jr.	Polaris Capital Management, LLC	9.80%
Total		**49.36%**

The Nomination Committee held meetings on December 10, 2019, January 24, 2020 and March 5, 2020. Prior to the 2020 Annual General Meeting, the Nomination Committee thus held three meetings at which minutes were taken. The work of the Nomination Committee begins by reviewing the independent evaluation of the current Board, which is carried out each year. The Nomination Committee is of the opinion that the Board functions well, that a composition comprising only five members provides for an effective Board of Directors, and that all directors are duly engaged and committed, including employee representatives. In spite of this, the Nomination Committee this year resolved to increase the number of directors to six to ensure continuity in the board. The Nomination Committee also notes that the Board is comprised of a sound and relevant mix of genders, education, skills, industry experience and international experience. Magnus Yngen and Pia Rudengren have declined re-election. Morten Falkenberg, Sven Knutsson and Pia Marions are proposed for election as new directors and Thomas Gustafsson is proposed for election as the new Chairman of the Board. In addition, the Nomination Committee proposes the re-election of the other directors: Pauline Lindwall and Alex Myers. Other elections, information about all directors proposed for the board and the Nomination Committee's complete proposals and opinions substantiating their proposals will be presented in the notice of the Annual General Meeting.

BOARD OF DIRECTORS

Duni's Board decides on the Company's strategies, resources, capital structure, organization, acquisitions, major investments, divestments, the annual report and interim reports, and other overarching issues of a strategic nature. The Board also appoints the CEO, who is responsible for day-to-day management in accordance with the Board's instructions.

The directors

The directors are elected each year by the Annual General Meeting for a term of office until the close of the next Annual General Meeting. Pursuant to the Articles of Association, the Board shall comprise no fewer than three and no more than twelve directors and employee representatives. Since the Annual General Meeting held on Tuesday, May 7, 2019, the Board comprises five directors and four employee representatives (two directors and two alternates). Duni's CEO is not a member of the Board but usually participates at board meetings to present matters, as does the CFO. For a more detailed presentation of the directors, see pages 50-51.

The Board's work

At the first ordinary board meeting which is held after the Annual General Meeting, Duni's Board adopts written instructions which describe the Board's rules of procedure. The adopted rules of procedure state how the work is to be divided between the Board's members, and how often the Board shall meet. In addition, the rules of procedure govern the Board's obligations, quorum, instructions to the CEO, the division of responsibility between the Board and the CEO, etc. The Board has also established two committees from among its members: the Audit Committee and the Remuneration Committee.

The Board meets in accordance with a predetermined yearly plan, and additional meetings are scheduled as needed. In 2019, the Board held eight meetings at which minutes were taken.

2019 BOARD ATTENDANCE:

	Function	Independent [1]	Board meetings	Audit Committee	Remuneration Committee
Magnus Yngen	Chairman	x	8 of 8	5 of 5	2 of 3
Johan Andersson	Director	[2]	4 of 4	–	0 of 1
Thomas Gustafsson	Director	[2] [3]	4 of 4	–	2 of 2
Pauline Lindwall	Director	x	8 of 8	–	3 of 3
Alex Myers	Director	x	8 of 8	5 of 5	–
Pia Rudengren	Director	x	8 of 8	5 of 5	–
Per-Åke Halvordsson	Employee representative, director	[3]	8 of 8	–	–
David Green	Employee representative, director	[3]	4 of 8	–	–
Marcus Hall	Employee representative, alternate	[3]	7 of 8	–	–
Peter Lundin	Employeerepresentative, alternate	[3]	5 of 8	–	–

[1] As per definition in Swedish Corporate Governance Code.
[2] Not independent (in relation to Duni's largest shareholders).
[3] Not independent (in relation to Duni).
[4] Johan Andersson resigned at the 2019 AGM and was replaced by Thomas Gustafsson, a former CEO and director at Duni. Thomas is not considered independent of the Company, management or the Company's largest shareholder.

The following items were among those on the agenda in 2019:

- The annual accounts, including the auditors' report, the proposed allocation of earnings and the year-end report;
- The annual report and approval of the notice of the Annual General Meeting
- Follow-up of the annual audit with the auditor-in-charge;
- Interim reports;
- Rules of procedure for the Board and the CEO;
- Annual review of the policy manual;
- Discussions and report on a new sales and marketing organization;
- Follow-up on income-improvement program initiated in fall 2018;
- Follow-up on acquired companies;
- Growth issues and acquisition issues;
- Regular evaluation and analyses regarding the performance of each business area in terms of growth and profitability;
- Strategic issues and risks;
- Mapping of the Company's financial and operational risks;
- Regular forecasts for 2019;
- Ongoing investments and follow-up of approved investments;
- The economic climate and economic conditions;

In addition to the board meetings, the Chairman of the Board and the CEO hold regular discussions concerning the management of the Company.

The CEO is responsible for implementation of the business plan and the regular management of the Company's affairs as well as the day-to-day operations of the Company.

The Board receives monthly written information in the form of a monthly report containing updates on the Company's sales, operating income and changes in working capital as well as comments on the performance of each business area and market. This also includes a report on the number of injuries that occurred at the production and conversion companies during the month. Prior to each board meeting, the Board also reviews the most recent balance sheet and the cash flow.

The main owners, the directors and the CEO also conduct a detailed evaluation of the Board of Directors each year based on the adopted rules of procedure. The evaluation includes the composition of the Board, individual directors as well as the Board's work and procedures. The result of this evaluation is reported to the Board and the Nomination Committee.

The Code contains rules regarding the independence of the directors and imposes the requirement that a majority of the directors must be independent of the Company and company management.

At least two of the directors who are independent of the Company and company management must also be independent in relation to all shareholders who control ten percent or more of the share capital or voting capital of Duni AB. No more than one member of company management may be a member of the Board.

Remuneration Committee

The Remuneration Committee prepares issues concerning remuneration and other benefits for corporate management, while decisions thereon are taken by Duni's Board of Directors. The Remuneration Committee shall also follow and evaluate the guidelines for the remuneration of senior executives adopted by the Annual General Meeting. Remuneration and benefits for company management are evaluated through comparisons with market data provided by external sources. Such data demonstrates that Duni has competitive remuneration levels and that the total remuneration package is reasonable and not excessively high. The Remuneration Committee evaluates bonus policies prior to each new year. Once a year, the Remuneration Committee evaluates senior executives and also certain second-tier managers in accordance with a systematic procedure. What is discussed at each meeting is reported by the committee chair at the next board meeting, which is usually held later on the same day.

The Remuneration Committee held three meetings in 2019 and comprises three members: Pauline Lindwall (Chairman), Thomas Gustafsson and Magnus Yngen. Duni's CEO attends the meetings, except for matters regarding his own remuneration, as does the HR Director, who serves as a secretary at meetings of the Remuneration Committee.

Audit Committee

The Audit Committee works according to an agenda adopted annually and its activities meet the requirements set out in the Swedish Companies Act and the EU Audit Regulation. Duni's Audit Committee is responsible for ensuring the quality of the Company's financial reporting. The Committee also evaluates Duni's internal control processes and management of financial and operating risks. There is a special item on the annual agenda for fraud and anti-corruption issues. The acquisition of Horizons Supply in Australia and the efficiency and organizational problems in Duni Song Seng in Singapore and Sharp Serviettes in New Zealand were also on the agenda during the year. Goodwill impairment was also discussed in connection with this. The Committee meets regularly with the Company's auditors in order to obtain information regarding the focus and scope of the external audit and to evaluate the work of the external auditors. The evaluation also covers the scope of any non-audit-related work performed by the auditors on behalf of Duni as well as reviewing and monitoring the impartiality and independence of the auditor. When preparing a proposal regarding the election of auditors and remuneration for audit work, the Nomination Committee is assisted by the Audit Committee, which shall monitor whether the auditor's term of office exceeds applicable rules, procure audits and submit a recommendation in accordance with the EU Audit Regulation. What is discussed at each meeting is reported by the committee chair at the next board meeting, which is usually held later on the same day.

The Audit Committee held five meetings in 2019 and comprises three members: Pia Rudengren (Chairman), Magnus Yngen and Alex Myers. The CFO and the Group Accounting Manager, as well as the auditors, attend all meetings.

REMUNERATION OF THE BOARD OF DIRECTORS

Fees and other remuneration for the Board of Directors, including Duni's Board Chairman, are decided upon by the Annual General Meeting. In accordance with a resolution adopted by the Annual General Meeting on May 7, 2019, the annual fee was set at a total of SEK 1,850,000, of which SEK 590,000 is payable to the Chairman of the Board. In addition, a resolution was adopted to set the fee for committee work at a total of SEK 377,000.

The distribution of the remuneration among the members of the Board is shown in the table below.

BOARD REMUNERATION FOR THE MAY 2019–APRIL 2020 PERIOD

SEK	Board fees	Audit Committee fee	Remuneration Committee fee	Total
Magnus Yngen	590,000	60,000	31,000	681,000
Thomas Gustafsson	315,000	–	31,000	346,000
Pauline Lindwall	315,000	–	67,000	382,000
Alex Myers	315,000	60,000	–	375,000
Pia Rudengren	315,000	128,000	–	443,000
Total	**1,850,000**	**248,000**	**129,000**	**2,227,000**

CEO

Johan Sundelin is the Chief Executive Officer of Duni. The Board has adopted instructions regarding the work and role of the CEO. The CEO is responsible for the day-to-day management of the Group's operations in accordance with guidelines issued by the Board of Directors.

As of December 31, 2019, Johan Sundelin held 4,000 shares and 75,000 synthetic options in Duni AB. He does not have any ownership interest in companies with which Duni has significant commercial relations. Further information regarding the CEO is provided in Note 16 of the Annual Report.

GROUP MANAGEMENT

The CEO presides over the work of Group Management and adopts decisions in consultation with the other members of Group Management consisting of the heads of business areas and heads of staff functions.

Group Management, including the CEO, comprises ten individuals. In January, Robert Dackeskog resigned as the Table Top Business Area Director. He was replaced by Linus Lemark, the former Meal Service Business Area Director. In March, Franck Bancarel was appointed the new Meal Service Business Area Director.

Management had two-day meetings every month during the year. Implementation plans for Duni's strategy were in focus at this year's meetings. Regular monitoring of delivery performance, logistics and growth along with other strategic issues and plans of action were also on the yearly agenda. Integration between Duni and the acquired companies was also a standing item on the agenda. Group Management addresses matters concerning the Group as a whole, as well as individual business areas. The Duni's Group Controller has an agenda item at each meeting to present and review the month's sales and results for each business area, production, logistics and central functions.

REMUNERATION OF SENIOR EXECUTIVES

Duni has not granted any loans, extended or issued any guarantees or provided any security to the benefit of Duni's directors, senior executives or auditors. None of the directors, senior executives or auditors have entered into transactions with Duni directly or indirectly through any affiliated company.

Below are the remuneration guidelines for the CEO and other members of Management that were adopted by the Annual General Meeting on May 7, 2019 and apply until the next Annual General Meeting.

"Remuneration of the CEO and the other executives who are a part of management shall normally consist of a fixed salary, a variable salary, other benefits and a pension. The cumulative renumeration shall be on market terms, competitive and aligned with responsibilities and authorities. The variable salary shall be based on performance with respect to pre-determined and measurable performance goals, which are designed to promote long-term value creation for the Company. The variable salary may never exceed the fixed salary. Upon termination of the employment agreement by the Company, termination pay and severance compensation taken together shall not exceed 18 monthly salaries, unless otherwise stipulated by local mandatory legislation. Pension benefits shall be under defined contribution plans, unless special grounds justify another approach. The retirement age for management shall normally be 65.

These guidelines shall apply to agreements entered into after the AGM's resolution and to changes to existing agreements made after this point in time. The Board of Directors may diverge from these guidelines only if there are special grounds for doing so in an individual case.

If the AGM resolves to pass the proposed guidelines, the remuneration level of the 2019 financial year will largely match that of the 2018 financial year.

Proposed guidelines for remuneration of senior executives for resolution at the 2020 AGM:

These guidelines apply to those who are a part of Duni AB's Group Management ("senior executives") and directors during the time the guidelines apply, in the manner specified below. The guidelines do not apply to remuneration decided on by the AGM, such as share-related or share price-related incentive programs. The guidelines shall apply until new guidelines are adopted by the AGM.

With respect to employment relationships subject to rules other than Swedish rules, appropriate adaptations may be made to comply with such mandatory rules or fixed local practices, in which case the overall purpose of these guidelines shall be fulfilled as far as possible.

A description of Duni's business strategy and sustainability efforts can be found in Duni's annual and sustainability report. Successful implementation of Duni's business strategy and safeguarding of the Company's long-term interests, including its longevity, require that the Company is able to recruit and retain qualified employees. The goal of Duni's remuneration policy is to offer remuneration on market terms in order to attract, motivate and retain skilled and talented employees.

The total remuneration of senior executives shall be aligned with the senior executive's responsibilities and authorities. The total remuneration may consist of a fixed cash salary, a variable cash salary (bonus), pension benefits and other benefits. In addition to this, and irrespective of these guidelines, the AGM may resolve on share-related and share price-related remuneration.

Variable cash salary

The variable cash salary shall be limited in advance to a maximum amount and based on performance with respect to pre-determined and measurable performance goals, which are designed to promote the Company's business strategy and long-term value creation, including its longevity. The annual variable cash salary (annual bonus) shall be capped at 75 percent of the fixed cash salary. The variable cash salary may be based on metrics such as the annual profitability and capital tie-up targets set by the board, and may be linked to the Group's adjusted EBIT and adjusted capital employed.

Once the period for measuring attainment of the criteria for payment of the variable cash salary has ended, the board shall determine to what extent the criteria have been met based on a proposal from the Remuneration Committee. In its assessment of whether the criteria have been met, the board, upon proposal from the Remuneration Committee, has the option to grant exemptions from the goals that were set on the grounds set out below under deviation from guidelines. With respect to the attainment of financial targets, the assessment shall be based on the most recently published financial information of the Company with any adjustments that the board made in advance upon implementation of the program.

Variable remuneration shall not be paid, or variable remuneration shall be reclaimable, if the senior executive acted in breach of the Company's code of conduct. The variable cash salary may be paid once the measurement period has ended or it may be deferred for later payment. In compliance with legislation, the board shall have the option to fully or partially reclaim variable cash salaries paid on incorrect grounds.

Other remuneration

Additional cash remuneration may be paid as a one-time arrangement under extraordinary circumstances in order to recruit or retain executives. Such remuneration may not exceed an amount equivalent to one year of the fixed cash salary. Resolutions on such remuneration shall be passed by the board upon proposal from the Remuneration Committee.

Pensions

Senior executives shall be covered by the ITP plan in accordance with the applicable collective bargaining agreement or equivalent. Under the ITP plan, the pension premium for senior executives does not exceed 40 percent of their fixed cash salary.

Other benefits

Other benefits, such as company cars, fuel, disability insurance and health insurance, shall be eligible to be provided to the extent this is considered to be on market terms for senior executives in equivalent positions in the labor market in which the senior executive participates. The cumulative value of these benefits is not permitted to exceed 12 percent of the fixed cash salary.

Terms and conditions upon termination

Senior executives shall be employed until further notice (permanent employees). Upon termination of employment, the fixed cash salary during the applicable notice period and severance compensation combined shall not exceed 18 months of the fixed cash salary. Upon termination by the senior executive, the senior executive shall not be entitled to severance compensation. Senior executives shall be able to be compensated for non-compete obligations after termination of employment to the extent that severance compensation is not paid for the corresponding period. Such compensation shall be capped at 12 months of the fixed cash salary.

Remuneration of directors

In cases where directors (including through wholly-owned companies) render services for Duni apart from board work, a separate cash fee may be paid for this (consulting fee). This fee shall be on market terms and be aligned with how much such services benefit Duni. Remuneration of directors, as well as other terms and conditions, are determined by the board.

Decision-making process and deviations

In preparing the board's proposal for these remuneration guidelines, salaries and employment conditions for Duni's employees have been taken into consideration because information on the total remuneration of employees, the components of the remuneration and the increase and rate of increase in the remuneration over time have been a part of the Remuneration Committee and the board's supporting documents for evaluating whether the guidelines and the restrictions imposed by them are fair.

The Remuneration Committee prepares the board's proposed guidelines for the remuneration of senior executives. These are reviewed annually and presented for resolution at the AGM if amendments are proposed or at least every fourth year. The CEO and other executives that are a part of management do not attend the board's discussions and resolutions on remuneration-related issues to the extent that such issues affect them.

The board may resolve to temporarily deviate from the guidelines in full or in part if there are special grounds to substantiate this in an individual case and if such deviation is necessary to safeguard the Company's long-term interests, including its longevity, or to secure the Company's financial viability. As specified above, it is a part of the Remuneration Committee's job to prepare board resolutions on remuneration issues, which includes resolutions to deviate from the guidelines.

Transitory provisions applicable for 2020 AGM

Disclosures on the remuneration of senior executives and related disclosures for the 2019 financial year can be found in Note 16 of the 2019 Annual Report, including any previously adopted remuneration that has not yet fallen due for payment.

AUDITING

At the Annual General Meeting held on May 7, 2019, Pricewaterhouse-Coopers AB was re-elected auditor, with Carl Fogelberg as auditor-in-charge. The auditors review the annual accounts and the Annual Report as well as the Company's ongoing operations and procedures in order to express an opinion regarding the accounts and management by the Board of Directors and the CEO. The audit of the annual accounts and annual report is conducted in January and February. Thereafter, compliance with the Annual General Meeting's guidelines for remuneration of senior executives is audited. The auditors attend all meetings of the Audit Committee during the year. In October, an interim audit is performed in combination with a general review of Duni's third quarter report. In addition to Duni, Carl Fogelberg is also the auditor-in-charge for companies such as Öresundsbro Konsortiet I/S and Sparbanken Sjuhärad AB (Publ) and co-signing auditor for Haldex and Eniro AB. Carl Fogelberg is an authorized public accountant and member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2019 totaled SEK 2.8 (2018: SEK 4.7 m). For detailed information about the remuneration of external auditors, see Note 9 Remuneration for auditors.

THE BOARD'S DESCRIPTION OF INTERNAL CONTROL WITH RESPECT TO THE FINANCIAL REPORTING FOR THE 2019 FINANCIAL YEAR

Pursuant to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for internal control. Among other things, this entails monitoring Duni's financial reporting and efficiency in the Company's internal control and risk assessment.

Internal control as regards financial reporting is aimed at providing reasonable certainty regarding the reliability of external financial reporting in the form of the annual reports and interim reports published by Duni each year, and to ensure that financial reports are prepared in accordance with the law, applicable accounting standards, and other requirements imposed on listed companies. The internal control also aims to ensure the quality of financial reporting to Company management and the Board of Directors so that decisions are made based on the right grounds and established principles and guidelines are observed.

Duni describes the internal control system for financial reporting based on the areas that constitute the basis for internal control in accordance with the "Internal Control – Integrated Framework" issued by COSO, namely the following areas: control environment, risk assessment, control structure, information and communication, as well as monitoring.

With the support of the Audit Committee, Duni's management is engaged in risk mapping in accordance with COSO 2013 and the 17 fundamental principles. However, Duni chooses to describe the internal control system in relation to the 1992 version of the COSO framework.

CONTROL ENVIRONMENT

The rules of procedure of the Board and the instructions issued by the Board regarding the work of the CEO and board committees clearly define the division of responsibilities and powers with the aim of ensuring efficient management of risks in business operations. Duni has established an Audit Committee to review the instructions and procedures used in the financial reporting process as well as accounting principles and changes to them. Group Management reports each month to the Board in accordance with established procedures. Internal control instruments for financial reporting consist primarily of the finance policy, communications policy, and the Group's finance handbook, which defines accounting and reporting rules.

In addition, Group Management has formulated its view on how business is to be conducted in a business ethics policy, which is reviewed each year by the Board of Directors. Duni has an independent whistleblower system to which Duni employees and other external parties can report experienced or observed irregularities on the part of senior executives. The whistleblower may choose to be anonymous and the chairman of the Audit Committee, the CFO and the HR Director are recipients of the information.

RISK ASSESSMENT AND CONTROL STRUCTURE

Material risks for operations are analyzed by the Board as a part of financial reporting. In addition, Group Management provides the Audit Committee with an overall risk analysis of income statements and balance sheets as well as the factors that impact them. Risk areas are documented and assessed based on likelihood and impact. Based on this, control processes are structured to ensure high quality in financial reporting. The risk areas are evaluated by the Audit Committee at least once per year.

The organizational structure together with the division of responsibilities and payment authorization procedure are clearly described and communicated by means of instructions and policies. The operations are organized into business areas with profit centers. The Audit Committee regularly communicates with the auditors in order to evaluate and improve the internal control. Duni has established an accounting center for the European countries within Duni. The accounting center provides independent accounting services to the operations. This function complies with standardized procedures and routines. The head of the accounting center reports directly to the Group CFO.

INFORMATION AND COMMUNICATION

Information, both externally and internally, is governed by Duni's communications and IR policy as well as its insider policy and guidelines. These address responsibilities, routines and rules. The policies are regularly evaluated to ensure that information disclosed to the stock market is consistently of a high quality and in accordance with the stock exchange rules. Financial information, such as quarterly reports, annual reports, and important events are published through press releases and on Duni's website. Meetings with financial analysts are arranged regularly in connection with the publication of quarterly reports. The intranet is the main source of information internally in Duni. Accounting handbooks and instructions regarding financial reporting are available on the intranet and these are regularly updated in light of changes to IFRS and other recommendations.

MONITORING

The Board and Audit Committee review all external financial reports before they are formally approved by the Board. The Audit Committee receives regular reports from the auditors regarding the internal control and monitors significant issues. The Board receives a monthly written report covering sales, operating income, the market trend, as well as other material information regarding the operations, and a review of current financial reports constitutes a standing item on the agenda at all meetings. Group Management analyses the financial trend within the Group's business areas each month. Comparisons with the preceding year, budgets and plans, and evaluation of the key performance indicators are used for monitoring generally at all levels in the organization.

STATEMENT REGARDING INTERNAL AUDIT

Duni has found no need for a formal internal audit department but annually evaluates whether such a function is needed. Duni has an accounting center in Poznan, Poland, which functions as a centralized accounting function providing accounting services to all subsidiaries in Europe, apart from Russia, Paper+Design and Biopac UK Ltd. The accounting center along with the accounts department at the head office serve as consultants to the countries within the Group that are not included in the center. The accounting center operates based on standardized processes and routines, is independent of the operational business, and reports directly to the CFO. They also perform engagements for external customers, similar to the engagements they perform for Duni. This centralized and independent process for accounting and financial reporting is considered to constitute a platform for sound internal control with respect to financial reporting. Duni's Group accounts department also performs certain internal audit work in the form of controls at subsidiaries.

BOARD OF DIRECTORS

Duni's Board of Directors comprises five members elected by the Annual General Meeting as well as two employee representatives and two alternates.

The Board of Directors is the Company's highest decision-making body after the General Meeting. The Board's overarching duty is to decide upon the Company's business focus, the Company's resources and capital structure, as well as the Company's organization and management of the Company's affairs.

The directors are elected each year at the Annual General Meeting for a term of office until the close of the next annual general meeting. The Board shall comprise no fewer than three and no more than 12 ordinary members. In addition, there may be employee representatives.

MAGNUS YNGEN *Born in 1958*

Chairman of the Board since 2016.

Board Chairman, Fractal Design AB and Välinge Group AB, Deputy Chairman, Intrum AB, Director, Dometic AB

PROFESSIONAL EXPERIENCE: President and CEO, Camfil, President and CEO, Dometic, President and CEO, Husqvarna, Executive Vice President, Electrolux

EDUCATION: Mr Yngen holds a Master of Engineering and Licentiate of Technology from the Royal Institute of Technology, Stockholm.

Elected in 2008

SHARES IN DUNI: 14,000

Independent of the company, company management and Duni's major shareholders.

PAULINE LINDWALL *Born in 1961*

Director, McKesson Europe AG and Swedish Match AB.

PROFESSIONAL EXPERIENCE: Category Director for Coffee France and Southern Europe at Kraft/Mondelez in Switzerland.

Many years' experience in various executive positions within the Nestlé Group, both in Asia and in Europe, such as Country Business Manager Nestlé Nutrition in Germany and Indonesia.

EDUCATION: Ms Lindwall holds a Bachelor of Science in Business Administration and Economics from the University of Växjö.

Elected in 2014

SHARES IN DUNI: 1,000

Independent of the company, company management and Duni's major shareholders.

THOMAS GUSTAFSSON *Born in 1965*

Vice President and Director of Mellby Gård AB, Board Chairman of Smart Eyes International AB, KappAhl AB (publ) and OJ Holding Sweden AB, and Board Director of Topeja Holding AB and Aros Kapital AB.

PROFESSIONAL EXPERIENCE: CEO of Duni AB (publ) 2012-2017, previously responsible for overseeing Mellby Gård AB's consumer goods companies and, before that, he served as President and CEO of 2E Group AB (publ). Senior executive positions at Spendrups Bryggeri AB, Brämhults Juice AB and Eckes Granini GmbH.

EDUCATION: Mr Gustafsson holds a business administration degree (Marknadsekonom)

SHARES IN DUNI: 26,400

He is not considered independent of the company, company management or Duni's major shareholders.

PIA RUDENGREN *Born in 1965*

Board Chairman, Social Initiative AB, Director, Boliden AB and AcadeMedia AB.

PROFESSIONAL EXPERIENCE: Full-time director. Vice President, W Capital Management AB, CFO and management group member, Investor AB.

EDUCATION: Ms Rudengren holds an MSc from the Stockholm School of Economics.

Elected in 2007

SHARES IN DUNI: 1,200

Independent of the company, company management and Duni's major shareholders.

ALEX MYERS *Born in 1963*

President and CEO, Andromeda Group, Board Chairman, NoseOption AB.

PROFESSIONAL EXPERIENCE: President and CEO, Getinge AB. President and CEO, Hilding Anders Group. CEO, ArjoHuntleigh/Executive Vice President, Getinge Group. Senior Vice President, Western Europe and Global Sales & Marketing as well as member of the management group of Carlsberg Breweries. Vice President Marketing & Innovation and member of the management group of Pripps-Ringnes (Orkla Drinks). Several middle management positions at Unilever in Sweden and Germany.

EDUCATION: Mr Myers holds a BA in Organizational Behavior from Yale University, USA.

Elected in 2013

SHARES IN DUNI: 2,000

Independent of the company, company management and Duni's major shareholders.

DAVID GREEN *Born in 1978*

Employee representative for LO/Pappers.

Mr Green is employed as a machine operator at TM3 with Rexcell Tissue & Airlaid AB.

Elected in 2018

SHARES IN DUNI: 0

Not independent of the company

PER-ÅKE HALVORDSSON *Born in 1959*

Employee representative, PTK.

Mr Halvordsson is employed as a management and organization resources at Rexcell Tissue & Airlaid AB.

Mr Halvordsson has undertaken PTK board training.

Elected in 2005

SHARES IN DUNI: 0

Not independent of the company.

GROUP MANAGEMENT

JOHAN SUNDELIN *Born in 1969*

President and CEO of Duni since October 2017.

Johan Sundelin was the CEO of Santa Maria, a Paulig Group company. Before that, he was the CEO of Abba Seafood, an Orkla Group company.

Johan Sundelin is a director of DLF och DLF Service AB.

Johan Sundelin holds a Master's degree in Business Administration from Umeå and York University.

SHARES IN DUNI (OWN AND RELATED PARTIES): 4,000

Synthetic options: 75,000

MATS LINDROTH *Born in 1960*

CFO of Duni since 2009.

Mats Lindroth has been employed at Duni since 1987.

Mats Lindroth holds an MBA from the Stockholm School of Economics.

SHARES IN DUNI (OWN AND RELATED PARTIES): 25,200

Synthetic options: 12,500

SOFIE LINDSTRÖM *Born in 1974*

HR Director at Duni since June 2016.

Sofie has been employed at Duni since 2007 and comes from a position as HR Manager for the Nordics. Before that she worked in Product Development in Table Top and as Category Manager for Meal Service. Prior to Duni, Sofie Lindström held a managerial position at Accenture.

Sofie Lindström holds a Bachelor in Economics from Pacific Lutheran University in Seattle, USA.

SHARES IN DUNI (OWN AND RELATED PARTIES): 400

Synthetic options: 12,500

FREDRIK MALMGREN *Born in 1974*

Director Operations at Duni since March 2015.

Fredrik Malmgren's most recent position was as founding partner at Montell & Partners AB, where he primarily focused on leading production and supply chain projects for multinational companies.

Fredrik Malmgren holds an MSc in Automation Engineering from Chalmers Institute of Technology, Gothenburg.

SHARES IN DUNI (OWN AND RELATED PARTIES): 6,250

Synthetic options: 50,000

MAGNUS CARLSSON *Born in 1976*

Corporate Development Director since September 2018.

Magnus has worked at Duni since 2009 and his previous position was Group Controller. Prior to that, he worked in various controlling roles within Lindab AB, most recently as business area controller for Lindab Ventilation.

Magnus Carlsson holds an MSc in business administration and a BA in political science from Lund University.

SHARES IN DUNI (OWN AND RELATED PARTIES): 1,500

Synthetic options: 37,500

MARIELLE NOBLE *Born in 1974*

Communications and Customer Experience Director since September 2018.

Marielle has worked at Duni since 2011 and her most recent prior position was Marketing Director Table Top, and before that Marketing Director Consumer. She also has a solid background in marketing and communication from past positions with PartnerTech and AudioDev.

Marielle Noble has a BA from Lund University.

SHARES IN DUNI (OWN AND RELATED PARTIES): 500

Synthetic options: 0

LINUS LEMARK *Born in 1977*

Director Business Area Table Top since January 2019.

Linus Lemark joined Duni in 2007 as Corporate Development Manager and subsequently Marketing Manager Duni Food Solutions and between 2012 and 2019 Director Business Area Meal Service.

Linus Lemark has experience as Innovation Director at The Absolut Company AB and Vice President at Aquavit in New York.

Linus Lemark holds an MSc in Economics and Business Administration from the Stockholm School of Economics.

SHARES IN DUNI (OWN AND RELATED PARTIES): 5,000

Synthetic options: 37,500

ANNA LUNDQVIST *Born in 1973*

Business Area Director Consumer since August 2016.

Anna has been employed at Duni since 2005 and comes from a position as Marketing Director for Consumer. Before that she worked as Sales Director for Consumer Nordics, and Business Controller at Table Top Nordics and Consumer. Prior to Duni, Anna has held a management consultant position at BearingPoint.

Anna Lundqvist holds a Master's degree in Business Administration from Lund University.

SHARES IN DUNI (OWN AND RELATED PARTIES): 0

Synthetic options: 37,500

PATRIK SÖDERSTJERNA *Born in 1964*

Director Business Area New Markets since January 2014.

Previously Director Business Development/New Markets and, before that, President Rexcell Tissue & Airlaid AB since 2007.

Before that Mr. Söderstjerna was CEO of Zarlink Semiconductor AB, Advanced Printing Ascherleben GmbH and Finotech Verbundstoffe GmbH.

Patrik Söderstjerna holds an MSc in Mechanical Engineering from the Faculty of Engineering at Lund University.

SHARES IN DUNI (OWN AND RELATED PARTIES): 9,700

Synthetic options: 50,000

FRANCK BANCAREL *Born in 1983*

Director Business Area Meal Service since March 2019.

Franck Bancarel has been employed at Duni since 2006 and comes from a position as Director Meal Service South & West Europe. Franck has great experience from various roles within Sales from Business Development to International Key Account responsibilities.

Franck Bancarel holds a MSc in Management and Business Administration from Grenoble Graduate School of Business.

SHARES IN DUNI (OWN AND RELATED PARTIES): 250

Synthetic options: 0

On January 16, 2020, the Duni Group announced a change to its sales and marketing organization. The current segment reporting in four business areas will be discontinued as of January 1, 2020 and instead become two segments aligned with the Duni and BioPak brands. The new organization will result in the creation of a uniform commercial organization divided into five regions and one central marketing department. This leads to the following changes at the management level:

- Anna Lundqvist, currently Consumer Business Area Director, will leave the Duni Group's management team. She has also chosen to leave the Group.
- Patrik Söderstjerna, currently New Markets Business Area Director, will leave the Duni Group's management team and take up the position of Global M&A and Strategic Partnership Director in Corporate Development.
- Franck Bancarel, currently Meal Service Business Area Director, will leave the Duni Group's management team and take up the position of Commercial Director Rest of World, reporting to the Executive Vice President Commercial.
- Sofie Lindström, currently HR Director, will leave the Duni Group's management team and the Group. She will be replaced by Malin Cullin, whose most recently prior position was with the Inter IKEA Group.
- Linus Lemark, currently Table Top Business Area Director, will be the new Executive Vice President Commercial.
- Clas Thott, currently Table Top Marketing Director, will be the new Executive Vice President Marketing.
- The other management functions will remain as before.

The Duni Group's new management team will have the following structure as of January 1, 2020:

FIVE-YEAR SUMMARY, CONSOLIDATED INCOME

SEK m	2019	2018	2017	2016	2015
Net sales	5,547	4,927	4,441	4,271	4,200
Cost of goods sold	-4,145	-3,650	-3,177	-3,039	-2,959
Gross profit	**1,403**	**1,278**	**1,264**	**1,231**	**1,241**
Selling expenses	-592	-565	-505	-483	-476
Administrative expenses	-285	-282	-261	-245	-240
Research and development expenses	-3	-9	-8	-8	-10
Other operating income	24	3	12	10	13
Other operating expenses	-137	-75	-47	-43	-37
EBIT	**408**	**351**	**456**	**463**	**490**
Financial income	2	1	0	1	2
Financial expenses	-34	-23	-18	-23	-33
Net financial items	**-32**	**-22**	**-17**	**-22**	**-31**
Income after financial items	**377**	**328**	**439**	**441**	**459**
Income tax	-103	-79	-106	-107	-113
Net income for the year from continuing operations	**273**	**249**	**334**	**334**	**346**
Net income for the year from discontinued operations	–	–	–	–	4
Net income for the year	**273**	**249**	**334**	**334**	**350**
Net income for the year attributable to:					
Equity holders of the Parent Company	269	245	329	332	350
Non-controlling interests	4	4	5	2	–

FIVE-YEAR SUMMARY, CONSOLIDATED BALANCE SHEETS

SEK m	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015
ASSETS					
Goodwill	2,054	2,073	1,617	1,577	1,455
Other intangible assets	503	509	294	304	275
Tangible assets	1,125	1,143	1,080	951	857
Right-of-use assets	192	–	–	–	–
Financial assets	85	67	51	67	98
Total fixed assets	**3,958**	**3,792**	**3,042**	**2,899**	**2,684**
Inventory	781	771	627	548	500
Accounts receivable	915	921	798	730	660
Other receivables	279	210	139	124	131
Cash and cash equivalents	311	260	227	186	203
Total current assets	**2,287**	**2,162**	**1,791**	**1,588**	**1,494**
TOTAL ASSETS	**6,245**	**5,954**	**4,833**	**4,487**	**4,178**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity attributable to equity holders of the Parent Company	2,563	2,526	2,509	2,406	2,345
Non-controlling interests	101	91	85	80	–
Total shareholders' equity	**2,664**	**2,616**	**2,594**	**2,486**	**2,345**
Long-term loans	1,370	1,402	642	676	552
Other long-term liabilities	757	727	399	402	360
Total long-term liabilities	**2,128**	**2,129**	**1,041**	**1,079**	**912**
Accounts payable	505	424	428	373	352
Short-term loans	222	103	197	–	–
Other short-term liabilities	727	682	573	549	568
Total short-term liabilities	**1,453**	**1,209**	**1,197**	**922**	**920**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,245**	**5,954**	**4,833**	**4,487**	**4,178**

KEY RATIOS IN BRIEF, GROUP

	2019	2019*	2018	2017	2016	2015
Net sales, SEK m	5,547	5,547	4,927	4,441	4,271	4,200
Gross profit, SEK m	1,403	1,403	1,278	1,264	1,231	1,241
Operating income, SEK m	533	527	430	491	502	528
Operating EBITDA, SEK m	762	691	583	630	632	656
EBIT, SEK m	408	403	351	456	463	493
EBITDA, SEK m	759	688	546	629	622	622
Interest-bearing net debt, SEK m	1,546	1,354	1,490	855	757	584
Number of employees	2,398	2,398	2,477	2,362	2,279	2,082
Sales growth	12.6%	12.6%	10.9%	4.0%	1.7%	0.8%
Organic growth	-0.5%	-0.5%	1.5%	0.9%	1.2%	1.3%
Organic pro forma growth	2.4%	2.4%	2.5%	1.1%	-0.01%	-0.04%
Gross margin	25.3%	25.3%	25.9%	28.5%	28.8%	29.6%
Operating margin	9.6%	9.5%	8.7%	11.1%	11.8%	12.6%
Operating EBITDA margin	13.7%	12.5%	11.8%	14.2%	14.8%	15.6%
EBIT margin	7.4%	7.3%	7.1%	10.3%	10.8%	11.7%
EBITDA margin	13.7%	12.4%	11.1%	14.2%	14.6%	14.8%
Return on capital employed[1)]	12.9%	13.4%	10.6%	14.4%	15.8%	18.6%
Return on shareholders' equity	10.3%	10.3%	9.5%	12.9%	13.4%	14.8%
Interest-bearing net debt/shareholders' equity	58.0%	50.8%	57.0%	32.9%	30.5%	24.9%
Interest-bearing net debt/operating EBITDA	2.0	1.8	2.6	1.4	1.2	0.9

* To make 2019 comparable with 2018, this column shows 2019 adjusted for the effects of the new IFRS 16 leases standard, which became effective on January 1, 2019.
1) Calculated on the basis of the last twelve months and operating income.

CONSOLIDATED INCOME STATEMENT

SEK m	Note*	2019	2018
Net sales	3,4	5,547	4,927
Cost of goods sold	4,5,6,7,8	-4,145	-3,650
Gross profit		**1,403**	**1,278**
Selling expenses	5,6,7	-592	-565
Administrative expenses	5,6,7,9	-285	-282
Research and development expenses	5,6	-3	-9
Other operating income	10	24	3
Other operating expenses	5,10	-137	-75
EBIT	33,11	**408**	**351**
Income from financial items	11,12		
Financial income		2	1
Financial expenses		-34	-23
Net financial items		**-32**	**-22**
Income after financial items		**377**	**328**
Income tax	14	-103	-79
Net income for the year		**273**	**249**
Income attributable to:			
Equity holders of the Parent Company		269	245
Non-controlling interests		4	4
Earnings per share (expressed in SEK per share), calculated on net income for the year attributable to equity holders of the Parent Company for the year:	31		
Before dilution		5.73	5.22
After dilution		5.73	5.22

* RELATED NOTES TO THE INCOME STATEMENT
3 – Segment reporting
4 – Intra-Group purchases and sales
5 – Expenses by nature
6 – Depreciation, amortization and impairment
7 – Inventories
8 – Restructuring costs – allocation to restructuring reserve
9 – Remuneration for auditors
10 – Other operating income and expenses
11 – Net exchange rate differences
12 – Income from financial items
14 – Income tax
31 – Share capital, earnings per share and allocation of earnings
33 – Financial risks

STATEMENT OF COMPREHENSIVE INCOME

SEK m	2019	2018
Net income for the year	**273**	**249**
Other comprehensive incomes:		
Items that will not be reclassified to profit or loss:		
Revaluation of net pension obligation	-20	-18
Total	**-20**	**-18**
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the year – translation of subsidiaries	43	14
Cash flow hedges	2	5
Total	**44**	**19**
Other comprehensive income for the year, net of tax:	**24**	**1**
Total comprehensive income for the year	**298**	**251**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	287	245
Non-controlling interests	11	6

CONSOLIDATED BALANCE SHEET

SEK m	Note	Dec. 31, 2019	Dec. 31, 2018
ASSETS	1,2,3,33,34		
Fixed assets			
Intangible assets	20		
Goodwill		2,054	2,073
Customer relationships		277	292
Capitalized development expenses		46	32
Trademarks, software and licenses		180	184
Total intangible assets		**2,556**	**2,581**
Tangible assets	21		
Buildings, land and land improvements		383	392
Machinery and other technical equipment		582	590
Equipment, tools and installations		88	87
Construction in progress and advance payments for tangible assets		73	74
Right-of-use assets	22	192	–
Total tangible assets		**1,317**	**1,143**
Financial assets			
Deferred tax assets	14	75	57
Other long-term receivables	27	10	10
Total financial assets		**85**	**67**
Total fixed assets		**3,958**	**3,792**
Current assets			
Inventory	7	781	771
Accounts recievable	23	915	921
Derivative instruments	28	1	1
Tax assets		75	35
Other receivables	23	155	136
Prepaid expenses and accrued income	24	48	37
Cash and cash equivalents	26	311	260
Total inventories	30	**2,287**	**2,162**
TOTAL ASSETS		**6,245**	**5,954**

SEK m	Note	Dec. 31, 2019	Dec. 31, 2018
SHAREHOLDERS' EQUITY AND LIABILITIES	1,2,3,33,34		
Equity			
Share capital	31	59	59
Other injected capital		1,681	1,681
Reserves		127	89
Retained earnings including net income for the year		696	697
Total equity attributable to the shareholders of the Parent Company		**2,563**	**2,526**
Non-controlling interests		101	91
Total shareholders's equity		**2,664**	**2,616**
Long-term liabilities	29		
Overdraft facilities	29	–	–
Bank loans	29	1,187	1,399
Leasing liability	29	183	2
Derivative instruments	28	342	340
Deferred tax liability	14	130	134
Pension provisions	17	276	255
Total long-term liabilities		**2,128**	**2,129**
Short-term liabilities			
Accounts payable		505	424
Tax liabilities		57	23
Short-term bank loans	29	209	103
Leasing liability	22	12	–
Derivative instruments	28	23	11
Other liabilities		153	143
Allocation to restructuring reserve	8	11	29
Accrued expenses and deferred income	25	493	477
Total short-term liabilities		**1,453**	**1,209**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	30,35	**6,245**	**5,954**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK m	Share capital	Other injected capital	Other reserves	Cash flow reserve	Fair value reserve*	Profit carried forward incl. net income for the year	Non-controlling interests	Share-holders' equity
	Attributable to equity holders of the Parent Company							
Opening balance Jan. 1, 2018	**59**	**1,681**	**57**	**-5**	**13**	**704**	**85**	**2,594**
Comprehensive income								
Net income for the year	–	–	13	5	–	228	6	251
Total comprehensive income for the year	**0**	**0**	**13**	**5**	**0**	**228**	**6**	**251**
Non-controlling interest arising upon acquisition of subsidiaries	–	–	–	–	–	–	0	0
Transactions with owners								
Dividend paid to shareholders for 2017	–	–	–	–	–	-235	–	-235
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**-235**	**–**	**-235**
Transactions with minority shareholders	**–**	**–**	**6**	**–**	**–**	**–**	**–**	**6**
Opening balance Jan. 1, 2019	**59**	**1,681**	**76**	**0**	**13**	**697**	**91**	**2,616**
Comprehensive income								
Net income for the year	–	–	36	2	–	249	11	298
Total comprehensive income for the year	**0**	**0**	**36**	**2**	**0**	**249**	**11**	**298**
Revaluation liability to the minority	–	–	–	–	–	-15	–	-15
Transactions with owners								
Dividend paid to shareholders for 2018	–	–	–	–	–	-235	–	-235
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-235**	**–**	**-235**
Closing balance Dec. 31, 2019	**59**	**1,681**	**112**	**2**	**13**	**696**	**101**	**2,664**

* Fair value reserve means 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	Note	2019	2018
Cash flow from operating activities:			
EBIT		408	351
Adjustments for non-cash items	32	326	215
Interest received		2	1
Interest paid		-29	-21
Paid income tax		-126	-130
Cash flow from operating activities before changes in working capital		**582**	**415**
Changes in working capital:			
Increase(-)/decrease (+) in inventories		9	-66
Increase(-)/decrease(+) in accounts receivable		38	-2
Increase(-)/decrease(+) in receivables		-26	-53
Increase(+)/decrease (-) in accounts payable		62	-34
Increase(+)/decrease(-) in short-term liabilities		0	82
Cash flow from operating activities		**665**	**343**
Cash flow used in investing activities:	28		
Acquisition of tangible fixed assets	21	-155	-177
Acquisition of intangible assets	20	-28	-27
Sale of tangible assets	21	0	–
Sale of intangible assets	20	0	0
Acquisition of subsidiaries	19	-36	-427
Cash flow used in investing activities		**-220**	**-632**
Cash flow used in financing activities:	29		
Dividend paid to shareholders		-235	-235
Net change, overdraft facilities and other financial liabilities		-6	-68
Repayment of debt		-186	-52
Loans received		55	672
Change in leasing liability	22	-24	–
Cash flow used in financing activities		**-396**	**317**
Cash flow for the year		**48**	**28**
Cash and cash equivalents, opening balance		260	227
Exchange rate differences, cash and cash equivalents		2	6
Cash and cash equivalents, closing balance	26	**311**	**260**

PARENT COMPANY INCOME STATEMENT

SEK m	Note*	2019	2018
Net sales	3,4	1,214	1,194
Cost of goods sold	4,5,6,7,8	-1,107	-1,099
Gross profit		**108**	**95**
Selling expenses	5,6,7	-138	-134
Administrative expenses	5,6,7,9	-188	-170
Research and development expenses	5,6	-5	-7
Other operating income	10	300	268
Other operating expenses	5,10	-40	-39
EBIT	33,11	**36**	**13**
Income from financial items	11,12		
Revenue from participation in Group companies	13	323	273
Other interest income and similar items		29	25
Interest expenses and similar items		-42	-22
Net financial items		**310**	**276**
Income after financial items		**346**	**289**
Tax on income for the year	14	-63	-33
Net income for the year		**284**	**256**

* RELATED NOTES TO THE INCOME STATEMENT
1 – General information
2 – General accounting principles
3 – Segment reporting
4 – Intra-Group purchases and sales
5 – Expenses by nature
6 – Depreciation, amortization and impairment
7 – Inventories
8 – Restructuring costs – allocation to restructuring reserve
9 – Remuneration for auditors
10 – Other operating income and expenses
11 – Net exchange rate differences
12 – Income from financial items
13 – Income from participation in Group companies
14 – Income tax
33 – Financial risks

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK m	2019	2018
Net income for the year	**284**	**256**
Other comprehensive income[1)]		
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the period – translation of foreign subsidiaries [2)]	–	–
Cash flow hedge	-2	5
Sum	**-2**	**5**
Total comprehensive income for the year	**-2**	**5**
Sum comprehensive income for the year	**281**	**261**
Sum comprehensive income for the year attributable to:		
Equity holders of the Parent Company	281	261

1) The Parent Company does not have any comprehensive income classified as items that will not be reclassified to profit or loss.
2) Relates to a Turkish branch which has no tax effect.

PARENT COMPANY, BALANCE SHEET

SEK m	Note	Dec. 31, 2019	Dec. 31, 2018
ASSETS	1,2,3,33,34		
Fixed assets			
Intangible assets	20		
Goodwill		0	0
Capitalized development expenses		54	21
Trademarks, software and licenses		10	32
Total intangible assets		**65**	**53**
Tangible assets	21		
Buildings, land and land improvements		10	11
Machinery and other technical equipment		10	9
Equipment, tools and installations		2	3
Construction in progress and advance payments for tangible assets		1	1
Total tangible assets		**23**	**24**
Financial assets			
Participations in Group companies	18,19	1,359	1,371
Deferred tax assets	14,28	16	18
Other long-term recievables, internal	27	1,794	1,764
Other long-term receivables		7	6
Derivative instruments		0	1
Total financial assets		**3,176**	**3,159**
Total fixed assets		**3,264**	**3,236**
Current assets			
Inventory	7	103	105
Accounts receiveable	23	113	121
Derivative instruments	28	1	1
Receivables Group companies	23	36	33
Tax assets		–	–
Other recievables	23	17	12
Prepaid expenses and accrued income	24	14	13
Short-term financial recievables from Group companies	23	132	140
Cash and cash equivalents		212	171
Total current assets		**628**	**595**
TOTAL ASSETS	30	**3,892**	**3,832**

PARENT COMPANY, BALANCE SHEET, CONT.

SEK m	Note	Dec. 31, 2019	Dec. 31, 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	59	59
Statutory reserve		11	11
Revaluation reserve		13	13
Development expenditure reserve		2	3
Total restricted equity		**85**	**87**
Unrestricted equity			
Retained earnings		1,497	1,477
Net income for the year		284	256
Total non-restricted equity		*1,781*	*1,733*
Shareholders' equity		**1,866**	**1,819**
Provisions			
Allocation to pensions	17	91	94
Deferred tax liability	14	14	12
Total provisions		**105**	**106**
Long-term liabilities			
Bank loans	29	1,165	**1,384**
Derivative instruments	28	1	–
Total long-term liabilities		**1,165**	**1,384**
Short-term liabilities			
Accounts payable		69	61
Liabilities to Group companies		322	222
Bank loans	29	209	103
Derivative instruments	28	0	3
Tax liabilities		26	22
Other liabilities		26	25
Allocation to restructuring reserve	8	1	6
Accrued expenses and deferred income	25	103	82
Total short-term liabilities		**756**	**524**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	32	**3,892**	**3,832**

PARENT COMPANY, CHANGES IN EQUITY

SEK m	Share capital	Statutory reserve	Revaluation reserve	Development expenditure reserve	Translation reserve	Cash flow reserve	Unrestricted equity	Total shareholders' equity
Opening balance Jan. 1, 2018	**59**	**11**	**13**	**1**	**33**	**-5**	**1,683**	**1,794**
Changed accounting principle: IFRS 9							-1	-1
Adjusted opening balance Jan. 1, 2018	**59**	**11**	**13**	**1**	**33**	**-5**	**1,682**	**1,793**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	5	256	261
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**5**	**256**	**261**
Transactions with owners								
Dividend paid to shareholders for 2017	–	–	–	–	–	–	-235	-235
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**-235**	**-235**
Allocation to development expenditure reserve	**–**	**–**	**–**	**2**	**–**	**–**	**-2**	**0**
Opening balance Jan. 1, 2019	**59**	**11**	**13**	**3**	**33**	**0**	**1,701**	**1,819**
Adjusted opening balance Jan. 1, 2019	**59**	**11**	**13**	**3**	**33**	**0**	**1,701**	**1,819**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	-2	284	281
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**-2**	**284**	**281**
Transactions with owners								
Dividend paid to shareholders for 2018	–	–	–	–	–	–	-235	-235
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Allocation to development expenditure reserve	**–**	**–**	**–**	**-1**	**–**	**–**	**1**	**0**
Closing balance Dec. 31, 2019	**59**	**11**	**13**	**2**	**33**	**-2**	**1,751**	**1,866**

PARENT COMPANY, CASH FLOW STATEMENT

SEK m	Note	2019	2018
Cash flow from operating activities:			
EBIT		36	13
Adjustments for non-cash items	32	69	46
Interest received		29	25
Dividends received		89	136
Interest paid		-42	-22
Paid income tax		-55	0
Cash flow from operating activities before changes in working capital		**126**	**198**
Changes in working capital:			
Increase(-)/decrease (+) in inventories		-1	0
Increase(-)/decrease(+) in accounts receivable		6	-8
Increase(-)/decrease(+) in receivables		-13	-5
Increase(+)/decrease (-) in accounts payable		10	-23
Increase(+)/decrease(-) in short-term liabilities		-2	-30
Cash flow from operating activities		**0**	**-66**
Cash flow used in investing activities:			
Acquisition of intangible assets	20	-26	-34
Acquisition of tangible assets	21	-4	4
Sale of tangible assets	21	0	0
Change in net lending to Group companies	27	294	-64
Acquisition of subsidiaries	19	-7	-470
Sale of subsidiaries		–	25
Change in interest-bearing receivables		0	0
Cash flow used in investing activities		**257**	**-539**
Cash flow used in financing activities:	29		
Dividend paid to shareholders		-235	-235
Net change, overdraft facilities and other financial liabilities		24	36
Repayment of debt		-186	-52
Loans raised		55	672
Cash flow used in financing activities		**-342**	**421**
Cash flow for the year		41	14
Cash and cash equivalents, opening balance		171	157
Cash and cash equivalents, closing balance	26	**212**	**171**

NOTES

NOTE 1 – GENERAL INFORMATION

Duni AB and its subsidiaries operate internationally and are leaders within attractive, quality table setting products and concepts and packaging for take-aways. The Group develops, manufactures and sells functional and attractive concepts and products for the serving and packaging of meals. The Group enjoys a leading position thanks to a combination of high quality, established customer relations, a well-reputed brand, and a strong local presence in Europe.

The Parent Company is a registered limited company with its registered office in Malmö. The address of the head office is Box 237, 201 22 Malmö, Sweden, and the website is www.duni.com. Duni is listed on NASDAQ Stockholm under the ticker name "DUNI".

On March 25, 2020, the Board of Directors approved this Annual Report for publication. The annual report may be changed by the Company's owners after approval by the Board.

Unless otherwise specifically stated, all amounts are reported in million kronor (SEK m) and relate to the January 1–December 31 period with respect to income statement items and December 31 with respect to balance sheet items. Information in brackets relates to the preceding financial year, i.e. 1/1/2018–12/31/2018.

NOTE 2 – GENERAL ACCOUNTING PRINCIPLES

This note sets forth general accounting principles applied in the preparation of the annual report. The majority of the accounting principles used can be found under the respective note. Duni has worked on the note structure in the annual report and the majority of the applicable accounting principles are now found and presented under the respective note. In addition, there are general accounting principles, which are specified below. Subject to the exceptions stated below, all accounting principles in this annual report have been applied consistently for all presented years.

The consolidated financial statements cover Duni AB and its subsidiaries. The Parent Company applies the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities. In those cases where the Parent Company applies different accounting principles than the Group, such fact is stated separately in section 2.4, Parent Company's accounting principles.

2.1 BASES FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1.1 Compliance with IFRS

The consolidated financial statements for the Duni Group have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1, "Supplementary Accounting Rules for Groups", and the International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRSIC) as adopted by the EU.

2.1.2 Cost method

The consolidated financial statements have been prepared in accordance with the cost method, except for available-for-sale financial assets, financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss, financial assets and liabilities (including derivative instruments) classified as hedge instruments and defined benefit pension plans – plan assets are measured at fair value.

The preparation of financial statements in compliance with IFRS requires the use of a number of important estimates for accounting purposes. Furthermore, when applying the Group's accounting principles, management must make certain judgments. The areas which involve a high degree of judgment, which are complex, or such areas in which assumptions and estimates are of material significance for the consolidated financial statements, are set forth in the beginning of each note

2.2 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

Duni applies the new and amended standards and interpretations from the IASB and statements from the IFRIC as adopted by the EU and which are mandatory starting on Tuesday, January 1, 2019. Presented below are the standards that Duni applies for the first time with respect to the financial year commencing on January 1, 2019. Duni has chosen to use the simplified transition method for transition to IFRS 16 and has therefore not restated comparative figures.

The interpretation IFRIC 23 Uncertainty over Income Tax Treatments is not estimated to have any material impact on Duni's financial statements. Other standards, changes and interpretations which enter into force as regards the financial year commencing on January 1, 2019 are not estimated to have any material impact on the consolidated financial statements.

The changed definition of a business in IFRS 3, which is effective starting on January 1, 2020, is not expected to impact Duni. No other changes to the IFRS or IFRIC interpretations that have not yet entered into force are expected to have any material impact on Duni for the financial year beginning on January 1, 2020 or later.

2.2.1 IFRS 16 Leases

Transition effects

IFRS 16 Leases are applied since January 1, 2019 and stipulates that Duni recognize assets and liabilities in the balance sheet for all leases where it is the lessee. The standard primarily impacted the reporting of Duni's operating leases. Duni has chosen to use the simplified transition method for transition to IFRS 16, which means that comparative figures have not been restated. Duni has recognized the accumulated effect of initial IFRS 16 application as an adjustment to the opening balance on the initial application date and the transition did not have any impact on shareholders' equity.

The lease liability is measured at the present value of the remaining lease payments, and the right-of-use asset for all identified leases subject to the new standard equals the amount of the lease liability. The expenses for these leases are recognized in the income statement as depreciation and interest expenses, which impacted income metrics such as EBITDA, EBIT and net financial items. Duni has chosen to apply the practical exemptions for short-term leases (leases of 12 months or less) and leases of low-value assets (the underlying asset's value is less than USD 5 k) and not recognize an asset and liability for them. Instead, these leases are recognized as recurring expenses in the income statement. Duni has chosen to divide its leases into portfolios and use the same discount rate on lease portfolios with similar characteristics.

For a bridge between obligations for operating leases at December 31, 2018 and the lease liability recognized upon transition to IFRS 16, see below.

BREAKDOWN OF TRANSITION TO IFRS 16

The Group's obligations for operating leases at December 31. 2018 SEK m	**232**
Discounting of the Group's weighted average incremental borrowing rate 2.8 %*	-8
(Plus): obligations for finance leases at December 31. 2018	2
(Minus): short-term leases which are recognized as expenses on a straight-line basis and leases of low-value assets which are recognized on a straight-line basis.	-12
(Minus): agreements that are reclassified to serviceagreements	0
Leasing liability recognized at Januari 1st, 2019	**214**

* at initial effective date (01/01/2019)

TRANSITION EFFECTS, TOTAL ASSETS

Ending balance 2018-12-31 SEK m	6,027
Recalculation	214
Opening balance 2019-01-01	6,241

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2.2 CONSOLIDATED ACCOUNTS

2.2.1 Subsidiaries

Subsidiaries are all companies (including companies for specific purposes) in which the Group is entitled to formulate financial and operational strategies in a manner which normally is a concomitant of a shareholding in excess of 50% of the voting rights of shares or units or where the Group, through agreements, exercises a controlling influence. Subsidiaries are included in the consolidated financial statements commencing on the day on which the controlling influence is transferred to the Group. They are removed from the consolidated financial statements as of the day on which the controlling influence ceases.

The acquisition method is used for reporting the Group's business acquisitions. The consideration for the acquisition of a subsidiary consists of the fair value of transferred assets, liabilities and the shares issued by the Group. The consideration also includes the fair value of all assets or liabilities which are a consequence of an agreement regarding a conditional purchase price and/or liability to minority shareholders. Acquisition-related costs are expensed when incurred. Identifiable acquired assets and assumed liabilities in a business acquisition are initially measured at fair value on the acquisition date. For each acquisition, Duni determines whether all non-controlling interests in the acquired company are recognized at fair value or at the interest's proportional share in the net assets of the acquired company.

The amount by which the consideration, any non-controlling interests, and the fair value on the acquisition date of earlier shareholdings exceeds the fair value of the Group's share of identifiable acquired net assets is recognized as goodwill. If the amount is less than fair value for the assets of the acquired subsidiary, in the event of a "bargain purchase", the difference is reported directly in the Consolidated statement of comprehensive income.

Acquisition-related costs are expensed when incurred.

Intra-group transactions, balance sheet items and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of possible impairment. Where appropriate, the accounting principles for subsidiaries have been changed to ensure consistent application of the Group's principles.

2.2.2 Transactions with non-controlling interests

The Group applies the principle of reporting transactions with non-controlling interests as transactions with the Group's shareholders. Upon acquisitions from non-controlling interests, the difference between the consideration paid and the actual acquired share of the carrying amount of the subsidiary's net assets is recognized in equity. Gains or losses upon divestments to non-controlling interests are also recognized in equity. Duni recognizes non-controlling interests in an acquired company either at fair value or at the holding's proportionate share of the identifiable net assets of the acquired company. This choice of principle is made for each individual business acquisition.

In cases where there are call options for remaining shareholdings, the companies are recognized as if they were fully consolidated and a liability is simultaneously recognized amounting to the discounted expected redemption price of the options. The non-controlling interest attributable to the option is thus eliminated. The difference between the liability for the option and the non-controlling interest to which the option related is recognized directly in equity and separated from other changes in equity. The liability to minority shareholders is recognized as a derivative instrument.

2.2.3 Affiliated companies

Affiliated companies are all companies in which the Group has a significant, but not controlling, influence, which generally is the case with shareholdings corresponding to between 20% and 50% of the voting rights. Participations in affiliated companies are recognized in accordance with the equity method and initially measured at the acquisition value. At present, Duni has no affiliated companies.

2.3 TRANSLATION OF FOREIGN CURRENCY

2.3.1 Functional currency and reporting currency

Items included in the financial statements for the various units in the Group are valued in the currency which is used in the economic environment in which the relevant company primarily operates (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used; this is the Parent Company's functional currency and reporting currency.

2.3.2 Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency in accordance with the exchange rates applicable on the transaction date. Exchange rate gains and losses which arise in conjunction with payments of such transactions and in conjunction with translation of monetary assets and liabilities in foreign currency at the exchange rate on the balance sheet date are recognized in the income statement. Exchange rate differences on lending and borrowing are recognized in net financial items, while other exchange rate differences are included in operating income. Exceptions apply when the transactions constitute hedging which satisfies the conditions for hedge accounting of cash flows or of net investments, since gains /losses are recognized in other comprehensive income. Duni applies hedge accounting via interest rate swaps, with part of the interest rate risk hedged at a fixed rate.

2.3.3 Group companies

The results of operations and financial position of all Group companies (of which none has a high inflation currency as their functional currency) which have a functional currency other than the reporting currency are translated to the Group's reporting currency as follows:

a) assets and liabilities for each of the balance sheets are translated at the closing day rate
b) revenue and expenses for each of the income statements are translated at the average exchange rate
c) all exchange rate differences which arise are reported in other comprehensive income

Upon consolidation, exchange rate differences which arise as a consequence of translation of net investments in foreign operations are transferred to the Consolidated statement of comprehensive income. Upon the full or partial divestment of a foreign business, the exchange rate differences which are recognized in other comprehensive income are transferred to the income statement and recognized as a part of capital gains/losses.

Goodwill and adjustments of fair value which arise upon the acquisition of a foreign business are treated as assets and liabilities of such business and translated using the exchange rate at the balance sheet date.

2.4 THE PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company prepares its annual report pursuant to the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities. RFR 2 entails that the Parent Company's annual report for the legal entity shall apply all IFRSs and statements approved by the EU, insofar as possible within the scope of the Swedish Annual Accounts Act and taking into consideration the connection between accounting and taxation. The Recommendation states which exceptions and supplements are to be made compared with accounting pursuant to IFRS.

The principles regarding the Parent Company are unchanged compared with the preceding year.

2.4.1 Differences between the accounting principles of the Group and the Parent Company

Differences between the accounting principles of the Group and the Parent Company are set forth below. The accounting principles stated below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries

Participating interests in subsidiaries are reported in the Parent Company pursuant to the purchase method. in the Parent Company, acquisition costs are recognized as shares in subsidiaries. Received dividends and Group contributions are recognized as financial income.

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Liability for put option of minority owners
The liability for put options to minority shareholders is recognized in the Parent Company at the lower of cost or net realizable value. The Group recognizes this liability as a long-term derivative liability.

Intangible assets
Intangible fixed assets in the Parent Company are reported at acquisition value less deduction for accumulated amortization and any impairment. Goodwill recognized in the Parent Company is acquisition goodwill; the useful life is thus estimated by company management to be no more than 20 years. Amortization of goodwill takes place on a straight-line basis over an estimated useful life of 20 years.

Tangible assets
Tangible assets in the Parent Company are recognized at cost less accumulated depreciation and any impairment losses in the same manner as for the Group, but any write-ups are added.

Leased assets
All lease agreements are recognized in the Parent Company pursuant to the rules for operating leases, in accordance with the simplification rule in RFR 2.

Allocation to pensions
The Parent Company reports pension liabilities based on a calculation pursuant to the Swedish Pension Obligations (Security) Act.

Income tax
Due to the connection between reporting and taxation, in the Parent Company the deferred tax liability on untaxed reserves is reported as a part of the untaxed reserves.

Dividend income
Dividend income is recognized when the right to receive the payment has been established.

Presentation of income statement and balance sheet
The Parent Company complies with the form for presentation of income statements and balance sheets as set forth in the Swedish Annual Reports Act.

2.5 SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

Estimates and judgments are evaluated regularly based on historical experience and other factors, including expectations of future events which may be deemed reasonable under prevailing circumstances. The Group makes estimates and judgments regarding the future. By definition, the estimates for accounting purposes which follow therefrom rarely correspond to the actual outcome. The estimates and judgments which entail a significant risk of material adjustments in the carrying amounts of assets and liabilities are specified on an ongoing basis in the notes.

NOTE 3 – SEGMENT REPORTING

ACCOUNTING PRINCIPLES

Operating segments

Company management has established operating segments based on the information which is addressed by the strategic decision-making group and used for making strategic decisions. Group Management constitutes the strategic decision-making body in Duni and decides on the allocation of resources within Duni and evaluates the results of the operations. The strategic decision-making group addresses and evaluates the operations based on lines of business to which the same risks and opportunities apply. Since January 1, 2017, operations in Duni are divided into four operating segments: Table Top, Meal Service, Consumer and New Markets. These operating segments are referred to as business areas internally within Duni. The business areas generally share the same product range. However, design and packaging solutions are adapted to match the different sales channels. Production and support functions are to a great extent shared by these business areas. Sales between the business areas take place on market terms.

Revenue recognition

Revenue includes the fair value of what has been, or will be, received for sold goods in the Group's operating activities. Revenue is recognized exclusive of value added tax, returns and discounts and after elimination of intra-Group sales. Duni also has service revenue in the form of sales of financial and administrative services from the Group's accounting center. This revenue is not of a substantial amount and is unallocated as part of revenue in the income statement.

Duni recognizes revenue when control over the goods is transferred, which occurs when the goods are delivered to the customer or wholesaler and there are not any unfulfilled obligations that could impact approval of the goods. Delivery occurs when the goods have been transported to the specific location, the risk of obsolete or lost goods has been transferred to the customer or wholesaler and they have accepted the goods in accordance with the contract, the deadline for complaints against the contract has expired or Duni has objective evidence that all criteria for acceptance have been met.

Revenue from customer contracts is divided into different categories. Duni has identified each of its business areas in four different category types. Within these, sales by region and by product group are specified in order to reflect the nature of Duni's sales. Duni's goods and services are transferred at the same time, and income is received in the same month as the goods are delivered to the customer or the service is rendered.

Returned goods

In those cases where Duni's products are sold with volume discounts and the customers are entitled to return defective products, the sales revenues are recognized based on the price stated in the sales contract, net of estimated volume discounts and returns at the time of the sale. Accumulated experience is used to assess and make provision for discounts and returns. The assessment of volume discounts is based on expected annual purchases. Revenue is recognized only to the extent it is highly probable that no substantial reversal will occur. A liability is recognized for expected volume discounts in relation to sales until the balance sheet date. Given that the magnitude of returns has been stable in the past years, it is highly probable that there will not be any substantial reversal of recognized revenue. The validity of customer agreements, entitlement to discounts, customer bonuses and returns, and the estimated quantity of returns or customer bonuses is reassessed at each balance sheet date. No financial component is deemed to be established since the sale takes place with an average credit period of 45 days, which is in accordance with market practice. Returned goods are recognized as their gross amounts in the balance sheet. Estimated returned goods are recognized as a provision and the cost of sold goods with respect to the recognized returned goods increases inventories.

SIGNIFICANT ESTIMATES AND JUDGMENTS

The operating segments utilize common fixed assets. When recognizing the common fixed assets by operating segment, they have been allocated based on the business volume of each operating segment; this is deemed to constitute a reasonable basis for allocation since the utilization of the asset by each operating segment is proven. Corresponding allocations have also been made when allocating common Group expenses. Acquisition goodwill has been allocated to the cash-generating units and operating segments based on a judgment of which units will benefit from the synergies, etc. created by the business acquisition. In making the allocation, management has considered the estimated business volumes of the units and made a judgment of market growth for each unit. However, interest income and interest expenses are not allocated per segment since they are affected by measures taken by the central treasury function, which manages the Group's cash liquidity.

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OPERATING SEGMENTS

2019, SEK m	Table Top	Meal Service	Consumer	New Markets	Non-distributed	TOTAL
Total net sales	2,598	910	1,028	933	92	5,561
Net sales from other segments	–	–	14	–		14
Net sales from external customers	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Operating income	378	58	40	54	2	533
Items not included in operating income	-2	-2	-27	-93	0	-124
Reported EBIT	**376**	**56**	**13**	**-39**	**2**	**408**
Financial income						2
Financial expenses						-34
Income tax						-103
Net income for the year						**273**
Total assets	3,311	441	1,420	1,043	32	6,245
Total liabilities	877	161	389	556	1,598	3,581
Investments	84	19	42	38	0	183
Depreciation/amortization	120	22	87	63	1	293

2018, SEK m	Table Top	Meal Service	Consumer	New Markets	Non-distributed	TOTAL
Total net sales	2,486	846	1,074	448	86	4,940
Net sales from other segments	–	–	12	–	–	12
Net sales from external customers	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Operating income	330	41	42	13	4	430
Items not included in operating income	-17	-5	-36	-22	0	-80
Reported EBIT	**313**	**36**	**6**	**-9**	**4**	**351**
Financial income						1
Financial expenses						-23
Income tax						-79
Net income for the year						**249**
Total assets	2,912	311	1,336	1,424	44	6,027
Total liabilities	804	137	391	551	1,528	3,411
Investments	110	13	61	17	4	205
Depreciation/amortization	82	11	78	29	2	201

DIVISION OF REVENUE FROM CUSTOMER CONTRACTS, GROUP

2019, SEK m	Table Top	Meal Service	Consumer	NewMarkets	Non-distributed	TOTAL
Primary geographic regions						
Nordic region	366	340	160	0	13	879
Central Europe	1,696	382	733	2	52	2,865
Southern & Eastern Europe	528	188	65	1	27	809
Rest of the world	9	0	55	930	0	995
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Product groups						
Napkins	1,784	0	545	241	–	2,570
Table covers	606	0	189	8	–	803
Candles	165	0	19	5	–	189
Packaging solutions	5	539	1	188	–	733
Serving products	4	356	71	434	–	866
Other	34	15	188	57	92	386
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**
Time of revenue recognition						
Goods/services transferred at once	2,598	910	1,014	933	92	5,547
Goods/services transferred over time	–	–	–	–	–	0
Total	**2,598**	**910**	**1,014**	**933**	**92**	**5,547**

2018, SEK m	Table Top	Meal Service	Consumer	NewMarkets	Non-distributed	TOTAL
Primary geographic regions						
Nordic region	367	328	149	1	18	863
Central Europe	1,641	349	782	1	42	2,815
Southern & Eastern Europe	478	168	71	32	22	771
Rest of the world	0	0	59	415	4	478
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Product groups						
Napkins	1,699	–	559	213	–	2,472
Table covers	588	–	195	16	–	799
Candles	157	–	20	7	–	183
Packaging solutions	–	478	1	47	–	526
Serving products	–	341	77	135	–	553
Other	42	26	210	29	86	394
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**
Time of revenue recognition						
Goods/services transferred at once	2,486	846	1,061	448	86	4,927
Goods/services transferred over time	–	–	–	–	–	0
Total	**2,486**	**846**	**1,061**	**448**	**86**	**4,927**

Duni manages its business based on what Duni refers to as operating income. Duni's Group Management evaluates and manages its business areas on a monthly basis using this alternative key financial. "Operating income" means operating income before restructuring costs, non-realized valuation effects of currency derivatives, fair value allocations and amortization in connection with business acquisition.

SEK m	2019	2018
Bridge between operating income and EBIT		
Operating income excluding the new leases standard	527	430
Effects of new leases standard as of January 1. 2019	5	–
Operating income	**533**	**430**
Restructuring costs	-2	-31
Unrealized value changes. derivative instruments	0	0
Amortization of intangible assets identified in connection with business acquisitions	-121	-43
Fair value allocation in connection with business acquisitions	-1	-6
Reported EBIT	**408**	**351**

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The assets and liabilities included in each business area include all operating capital which is used – primarily inventories, accounts receivable and accounts payable. In addition, certain assets which are shared (primarily fixed assets) have been allocated. Duni has chosen not to allocate financial liabilities, with the exception of accounts payable and derivative instruments. See the table below for non-allocated liabilities.

SEK m	2019	2018
Non-allocated liabilities		
Leases	195	2
Bank loans	1,396	1,501
Liabilities of other operations not tracked as an operating segment	7	24
Total non-allocated liabilities	**1,598**	**1,528**

Total sales from external customers broken down per product group:

SEK m	2019	2018
Product groups		
Napkins	2,570	2,472
Table covers	803	799
Candles	189	183
Serving products	733	553
Packaging solutions	866	526
Other*	386	394
Net sales from external customers	**5,547**	**4,927**

*Other includes coffee filters, take-away bags, straws and bags etc.

Total net sales from external customers broken down per geographic area:

SEK m	2019	2018
Net sales		
Australia	687	187
Sweden	340	337
Rest of the Nordic region	539	526
Germany	1,492	1,482
Rest of Central Europe	1,373	1,333
Southern and Eastern Europe	809	771
Rest of the world	307	291
Net sales from external customers	**5,547**	**4,927**

Duni does not have any single customer that accounts for more than 10% of its net sales.

Total tangible and intangible assets broken down per geographic area:

SEK m	2019	2018
Tangible and intangible assets		
Sweden	1,738	1,581
Germany	958	996
Rest of Central Europe	45	27
Southern and Eastern Europe	160	160
Australia	665	704
Rest of the world	308	331
Total tangible and intangible assets	**3,874**	**3,798**

PARENT COMPANY'S BREAKDOWN OF NET SALES PER OPERATING SEGMENT AND GEOGRAPHIC AREA:

Parent Company, SEK m	2019	2018
Operating segment		
Table Top	550	565
Meal Service	406	396
Consumer	175	178
New Markets	73	45
Other	10	9
Total net sales	**1,214**	**1,194**

Parent Company, SEK m	2019	2018
Geographic areas		
Nordic region	803	781
Central Europe	303	301
Southern and Eastern Europe	100	112
Rest of the world	9	0
Total net sales	**1,214**	**1,194**

NOTE 4 – INTRA-GROUP PURCHASES AND SALES

At arm's length pricing has been applied in conjunction with intra-group purchases and sales.

Intra-group purchases and sales amounted to SEK 3,304 m (2018: 3,328). The Parent Company sold goods to its subsidiaries for SEK 389 m (2018: 392) and purchased goods from subsidiaries in the amount of SEK 747 m (2018: 731).

NOTE 5 – EXPENSES BY NATURE

In the consolidated income statement, expenses are grouped by function. Presented below is information regarding significant types of expenses.

		Group	
SEK m	Note	2019	2018
Change in inventories of finished products and products in progress		1,382	1,029
Raw materials and consumables		956	986
Expenses for remuneration of employees	16	1,242	1,201
Depreciation, amortization and impairment	6	351	199
Other expenses		1,232	1,165
Total operating expenses		**5,162**	**4,580**

"Other expenses" means expenses for real estate, rents, logistics expenses, marketing, travel expenses, etc.

NOT 6 – AVSKRIVNINGAR

Depreciation/amortization	**Group**		**Parent Company**	
SEK m	2019	2018	2019	2018
Customer relationships	62	40	0	0
Capitalized development expenses	13	12	10	8
Trademarks and licenses	7	13	4	3
Buildings and land improvements	18	18	1	1
Plant and equipment	192	118	5	4
Total depreciation/amortization	**293**	**201**	**19**	**17**

Depreciation and amortization are included in the cost for each function as follows:

	Group		**Parent Company**	
SEK m	2019	2018	2019	2018
Cost of goods sold	158	116	2	2
Selling expenses	28	8	–	–
Administrative expenses	44	29	16	15
Research and development expenses	0	0	0	0
Other operating expenses	63	49	0	0
Total depreciation/amortization	**293**	**201**	**19**	**17**

Impairment	**Group**		**Parent Company**	
SEK m	2019	2018	2019	2018
Capitalized development expenses	–	–	–	–
Buildings and land improvements	–	–	–	–
Goodwill	-58	–	–	–
Plant and equipment	-1	-2	–	–
Construction in progress and advance payments for tangible assets	–	–	–	–
Total impairment	**-59**	**-2**	**0**	**0**

Impairment is included in the cost for each function as follows:

	Group		**Parent Company**	
SEK m	2019	2018	2019	2018
Selling expenses	–	–	–	–
Other operating expenses	-59	-2	–	–
Total impairment	**-59**	**-2**	**0**	**0**

NOTE 7 – INVENTORIES

ACCOUNTING PRINCIPLES
Inventories are recognized at the lower of cost and net realizable value. Cost is determined using the first in, first out method (FIFO). The cost of finished goods and work in progress consists of design expenses, raw materials, direct salaries, other direct expenses and associated indirect manufacturing expenses (based on normal production capacity). Loan expenses are not included. The net realizable value is the estimated sales price in operating activities, less applicable variable selling expenses.

Estimated returned goods are recognized at their gross amounts. Sales decrease and a provision for returns is recognized in the balance sheet. As a result, the cost of sold goods with respect to the recognized returned goods increases inventories.

	Group		**Parent Company**	
SEK m	2019	2018	2019	2018
Raw materials and consumables	163	174	–	–
Work in progress	79	7	–	–
Finished goods and goods for resale	479	559	92	97
Advance payments to suppliers	60	31	11	8
Total	**780**	**771**	**103**	**105**

The change in inventories is reported under the item “Costs of goods sold” and, for the Group, amounted to SEK 3,835 m (2018: 3,833). The corresponding item for the Parent Company amounted to SEK 800 m (2018: 798).

The Group’s impairment write-down of inventory to the net realizable value amounted to SEK 15 m (2018: 6). The Parent Company’s recognized impairment losses on inventory amounted to SEK 4 m (2018: SEK 3 m). Impairment losses have been reversed in 2019 in the amount of SEK 1 m (2018: 1).

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NOTE 8 – RESTRUCTURING COSTS – ALLOCATION TO RESTRUCTURING RESERVE

ACCOUNTING PRINCIPLES
Provisions for restructuring costs and any legal claims are recognized when the Group has a legal or informal obligation as a consequence of earlier events, it is likely that an outflow of resources will be required to settle the obligation, and the amount can be calculated in a reliable manner.

Restructuring costs amounted to SEK 2 m (31). In October 2018, an efficiency-improvement program was launched with a focus on cutting indirect costs. The program extended to Duni's entire business, all business areas, and its measures included downsizing. Around 60 people were affected and the total restructuring cost was SEK 33 m, of which SEK 31 m was recognized as an expense in 2018. The annual savings of this program are estimated to exceed SEK 35 m with full effect as of Q3 2019.

Restructuring costs are included in each function as follows:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Cost of goods sold	0	11	–	–
Selling expenses	2	12	–	0
Administrative expenses	0	8	–	6
Other operating expenses	–	–	–	–
Total restructuring expenses	**2**	**31**	**0**	**6**

Allocation to restructuring reserve:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Opening balance, restructuring reserve	29	6	6	2
Utilized reserves	-19	-8	-5	-2
Reversal of reserve	-2	–	-1	–
Allocations for the year	3	31	1	6
Closing balance, restructuring reserve	**11**	**29**	**1**	**6**
Of which short-term	10	23	0	6

NOTE 9 – REMUNERATION FOR AUDITORS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
PricewaterhouseCoopers				
– Audit engagement	5.5	4.3	2.4	1.7
of which to PricewaterhouseCoopers AB	*2.6*	*1.9*	*2.4*	*1.7*
– Auditing activities in addition to the audit engagement	0.1	0.1	–	–
of which to PricewaterhouseCoopers AB	–	–	–	–
– Tax advice	1.7	1.9	0.4	0.7
of which to PricewaterhouseCoopers AB	*0.4*	*0.7*	*0.4*	*0.7*
– Other services	1.0	2.6	0.9	2.6
of which to PricewaterhouseCoopers AB	*0.9*	*2.6*	*0.9*	*2.6*
Total	**8.2**	**8.9**	**3.7**	**4.9**

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Other auditors				
– Audit engagement	0.2	0.1	–	–
– Auditing activities in addition to the audit engagement	0.1	0.0	–	–
– Tax advice	0.0	0.1	–	–
– Other services	0.0	0.0	–	–
Total	**0.3**	**0.2**	**0.0**	**0.0**
Total remuneration for auditors	**8.5**	**9.1**	**3.7**	**4.9**

"Audit engagement" means remuneration for the statutory audit, i.e. Work that is central for the issuance of an auditor's report as well as "audit consulting", which is performed in connection with the audit engagement.

NOTE 10 – OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING PRINCIPLES
Government aid
Government grants are recognized at fair value when there is reasonable certainty that the grant will be received and that Duni will meet the conditions associated with the grant. Government grants relating to costs are allocated over periods and recognized in the income statement in the same periods as the costs which the grant is intended to cover.

Acquisition expenses
Acquisition expenses are recognized in the Group as other operating expenses. In the Parent Company, these are recognized as shares in subsidiaries in compliance with RFR 2.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Exchange rate gains	12	–	2	3
Administrative services	–	–	298	264
Capital gains	1	0	0	0
Other items	11	3	0	1
Total other operating income	**24**	**3**	**300**	**268**
Exchange rate losses	–	1	–	–
Depreciation/amortization	63	43	0	0
Impairment losses	58	–	–	–
Administrative services	–	–	39	38
Capital loss	1	2	0	0
Acquisition expenses	2	11	–	–
Other items	13	17	1	1
Total other operating expenses	**137**	**75**	**40**	**39**

Operating income includes government employment assistance (nystartsjobb) amounting to SEK 16 thousand (2018: 53) in Other items. There are not any unfulfilled terms or contingent liabilities associated with these grants. Government assistance intended to cover costs are allocated over periods and recognized as revenue in the income statement in the same periods as the costs which the grant is intended to cover.

Administrative services in the Parent Company primarily administrative expenses for subsidiaries. Other items included in operating expenses comprise bank fees.

NOTE 11 – NET EXCHANGE RATE DIFFERENCES

Exchange rate differences have been recognized in the income statement as follows:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
EBIT				
Change in fair value – currency derivatives	–	0	–	0
Other exchange rate differences in EBIT	12	-1	2	3
Total exchange rate differences in EBIT	**12**	**-1**	**2**	**3**
Financial items				
Change in fair value – currency derivatives	–	–	–	–
Exchange rate differences in financial items	-1	2	2	3
Total exchange rate differences in financial items	**-1**	**2**	**2**	**3**
Total net exchange rate differences in income statement	**11**	**2**	**3**	**6**

NOTE 12 – INCOME FROM FINANCIAL ITEMS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Financial income				
Interest income, external investments	2	1	2	–
Interest income, Group companies	–	–	27	24
Total financial income	**2**	**1**	**29**	**24**
Financial expenses				
Interest expenses, external loans	-14	-11	-13	-10
Interest expenses, pensions	-5	-5	-3	-5
Interest expenses, Group companies	–	–	-1	–
Interest expenses, interest rate swaps	-2	-4	-2	-4
Interest costs, leasing	-5	0	–	–
Change in fair value, currency forwards	-1	2	2	2
Other financial expenses	-6	-6	-4	-4
Total financial expenses	**-34**	**-23**	**-22**	**-22**

The interest share of pension expenses for the year is recognized among interest expenses. The rate of interest used in the Parent Company is 4.0 % (2018: 4.0 %) set by PRI, calculated on the average of opening and closing balances on the item "Pension provisions".

Other financial income and expenses include bank charges as well as exchange rate effects on financial loans and investments. Since Duni is primarily a borrower, the entire effect is recognized among interest expenses.

NOTE 13 – INCOME FROM PARTICIPATION IN GROUP COMPANIES

During the year, the Parent Company received dividends from subsidiaries amounting to SEK 89 m (2018: 136). Received Group contributions amounted to SEK 235 m (2018: 137).

NOTE 14 – INCOME TAX

ACCOUNTING PRINCIPLES

Reported income taxes includes tax which is to be paid or received regarding the current year, adjustments regarding the current tax for previous years, and changes in deferred taxes.

All tax liabilities/tax assets are measured at the nominal amount in accordance with the tax rules and tax rates decided upon or announced and which in all likelihood will be adopted.

With respect to items reported in the income statement, the associated tax consequences are also recognized in the income statement. The tax consequences of items recognized directly in equity are recognized in equity, and the tax consequences of items recognized reported in comprehensive income are recognized in comprehensive income.

Deferred tax is calculated in accordance with the balance sheet method on all temporary liabilities which arise between accounting and tax values of assets and liabilities. Deferred tax assets with respect to loss carry-forwards or other future taxable deductions are recognized to the extent it is likely that the deduction may be set off against surpluses in conjunction with future taxation. Deferred tax liabilities relating to temporary differences attributable to investments in subsidiaries and branches are not recognized in the consolidated financial statements since the Parent Company can, in all cases, determine the date for reversal of the temporary differences and it is not deemed likely that a reversal will be made within the foreseeable future.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Current tax for the year	-123	-95	-59	-33
Current tax attributable to previous years	-1	-2	-3	1
Deferred tax attributable to previous years	0	0	–	–
Deferred tax	20	19	0	-1
Tax on income for the year	**-103**	**-79**	**-63**	**-33**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

Deferred tax in the income statement consists of the following items:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Deferred tax, internal profit on inventories	2	-3	–	–
Deferred tax, untaxed reserves	-2	-1	–	–
Deferred tax, appraised loss carry-forwards	14	0	–	–
Deferred tax, Intangible assets	8	13	–	–
Deferred tax, other	-2	9	0	-1
Total deferred tax	**20**	**19**	**0**	**-1**

The tax attributable to components in other comprehensive income amounted to SEK 5 m (2018: 1), most of which comprises tax on reappraisal of the net pension obligation.

Income tax on the Group's income before tax differs from the theoretical amount which would have arisen upon use of a weighted average tax rate for income in the consolidated companies in accordance with the following:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Reported income before tax	377	328	346	289
Tax according to applicable tax rate	-81	-76	-75	-64
Tax effect of non-deductible expenses	-22	-9	-5	-1
Tax effect of non-taxable income	1	6	20	31
Tax income/expenses due to changed tax rate	0	2	–	0
Adjustments relating to previous years	-1	-2	-3	1
Tax on income for the year in accordance with the income statement	**-103**	**-79**	**-63**	**-33**

TAX RATE

The weighted average tax rate in the Group was 21.5% (2018: 23.0%). The Parent Company's applicable income tax rate is 21.4% (2018: 22%). As of the 2019 financial year, Swedish corporate tax was reduced from 22 percent to 21.4 percent, and will be further reduced to 20.6 percent from the 2021 financial year.

TEMPORARY DIFFERENCES

Temporary differences arise in those cases where the accounting and tax values of assets or liabilities differ. Changes are in deferred tax assets and liabilities during the year, without consideration given to set-offs made under the same tax entitlement.

Deferred tax assets

SEK m, Group	Loss carry-forwards	Internal profit	Pensions	Structural expenses	Other	Total
At December 31, 2017	**2**	**3**	**19**	**5**	**20**	**49**
Recognized in income statement	0	-3	2	2	4	5
Effect of changed tax rates reported in the income statement	–	–	0	0	1	1
Recognized in other comprehensive income	–	–	-1	–	–	-1
Acquired tax assets	–	–	–	–	4	4
Exchange differences	0	0	0	0	-1	-1
At December 31, 2018	**2**	**0**	**20**	**7**	**28**	**57**
Recognized in income statement	14	2	0	-1	-3	12
Recognized in other comprehensive income	–	–	5	–	–	5
Acquired tax assets	–	–	–	–	0	0
Exchange differences	0	0	0	0	1	1
At December 31, 2019	**16**	**2**	**25**	**6**	**26**	**75**

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Intangible assets	Other	Total
At December 31, 2017	**38**	**68**	**32**	**138**
Recognized in income statement	0	-13	-1	-14
Effect of changed tax rates reported in the income statement	1	–	–	1
Acquired tax liability	–	5	–	5
Exchange rate differences	–	4	–	4
At December 31, 2018	**39**	**63**	**31**	**134**
Recognized in income statement	3	-13	2	-8
Acquired tax liability	–	0	–	0
Exchange rate differences	–	4	–	4
At December 31, 2019	**42**	**55**	**33**	**130**

Intangible assets refer to deferred tax on acquired customer relationships and trademarks. Other includes deferred tax on differences between the book and plan values of fixed assets.

The deferred tax is measured in accordance with the applicable tax rate in each country.

	Deferred tax assets					Deferred tax liabilities
SEK m, Parent Company	Loss carry-forwards	Structural expenses	Financial instruments	Other	Total	Other
At December 31, 2017	**0**	**4**	**1**	**13**	**19**	**12**
Recognized in income statement	–	0	-1	0	-1	0
Recognized in other comprehensive income	–	–	–	–	0	–
Exchange differences	–	–	–	–	0	–
At December 31, 2018	**0**	**4**	**1**	**13**	**18**	**12**
Recognized in income statement	–	0	0	-2	-2	2
Recognized in other comprehensive income	–	–	–	–	0	–
Exchange differences	–	–	–	–	0	–
At December 31, 2019	**0**	**4**	**–**	**11**	**16**	**14**

Other refers to deferred entitlement to deductions and payroll tax on direct pensions.

Deferred tax assets and liabilities are set off when there is a legal right of set-off for the relevant tax assets and liabilities and when deferred taxes relate to the same tax authority. No set-off has taken place.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Deferred tax assets				
Utilize after more than 12 months	51	53	15	18
Utilize within 12 months	24	4	1	1
Total	**75**	**57**	**16**	**19**
Deferred tax liabilities				
Utilize after more than 12 months	117	115	14	12
Utilize within 12 months	13	19	–	–
Total	**130**	**134**	**14**	**12**

The net change regarding deferred taxes is as follows:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Opening balance	**-77**	**-89**	**6**	**7**
Recognized in income statement	20	19	-4	-1
Recognized in other comprehensive income	5	-1	–	–
Acquired tax liability	0	-1	–	–
Exchange differences	-3	-5	–	–
Closing balance	**-55**	**-77**	**2**	**6**

NOTE 15 – AVERAGE NUMBER OF EMPLOYEES

The average number of employees has been calculated as the number of hours worked divided by normal annual work time.

	2019			2018		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	62	69	131	71	87	158
Total, Parent Company	**62**	**69**	**131**	**71**	**87**	**158**
Subsidiaries						
Australia	21	28	49	2	2	4
Austria	4	5	9	4	5	9
Belgium	7	3	10	7	4	11
Czech Republic	6	10	16	6	11	17
Denmark	12	30	42	12	30	42
Finland	6	–	6	5	1	6
France	24	23	47	24	26	50
Germany	4	6	10	7	5	12
Hungary	18	25	43	12	29	41
Italy	197	308	505	215	334	549
Netherlands	8	8	16	9	9	18
New Zealand	18	12	30	15	11	26
Norway	12	10	22	10	10	20
Poland	5	7	12	5	7	12
Russia	19	18	37	15	21	36
Singapore	155	36	191	157	40	197
Spain	46	111	157	52	96	148
Sweden	3	4	7	3	5	8
Switzerland	674	451	1,125	685	448	1,133
Thailand	1	–	1	1	–	1
UK	6	5	11	7	4	11
Total, subsidiaries	**1,245**	**1,100**	**2,345**	**1,253**	**1,098**	**2,351**
Total, Group	**1,307**	**1,169**	**2,476**	**1,324**	**1,185**	**2,509**

NOTE 16 – SALARIES AND OTHER REMUNERATION

ACCOUNTING PRINCIPLES
Compensation upon termination of employment is paid when an employee's employment is terminated by Duni prior to the normal retirement date or when an employee accepts voluntary severance in exchange for certain compensation. Duni recognizes severance compensation when the Group is demonstrably obligated either to terminate an employee pursuant to a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made to encourage voluntary severance. Benefits payable more than 12 months after the balance sheet date are discounted to present value.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Salaries and other remuneration	981	950	107	105
Social security expenses	204	200	34	31
Pension expenses – defined contribution plans	42	36	26	25
Pension expenses – defined benefit plans	15	15	–	–
Total	**1,242**	**1,201**	**168**	**161**

Payroll expenses, by gender:

	2019		2018	
Payroll expenses by gender	Men	Women	Men	Women
Blue collar employees	63%	37%	61%	39%
White collar staff	57%	43%	59%	41%

The table shows the share of average pay for blue collar and white collar employees based on total payroll expenses including social security contributions. All employees of the Group are counted, including senior executives, and there was no weighting for the nature of the position, years of service, age or similar parameters.

Salaries and other remuneration for senior executives and other employees:

SEK m	2019 Salaries and other remuneration (of which bonuses)	2019 Pension expenses	2018 Salaries and other remuneration (of which bonuses)	2018 Pension expenses
Board, CEO, VPs and other senior executives	50 (9)	9	46 (2)	7
Other employees	934	48	910	44
Group, total	**983**	**57**	**950**	**51**

BOARD FEES AS WELL AS EMPLOYMENT AND TERMINATION TERMS AND CONDITIONS FOR SENIOR EXECUTIVES

The Group's Board consists of 5 (2018: 5) individuals, of whom 60% are men (2018: 60%).

Other senior executives' comprise 10 (2018: 10) individuals, including the CEO, of whom 70% are men (2018: 70%).

Linus Lemark, former Meal Service Business Area Director, succeeded Robert Dackeskog as Table Top Business Area Director on January 1, and in March 2019 Franck Bancarel took office as Meal Service Business Area Director.

PRINCIPLES

Fees and other remuneration for the Board of Directors, including Duni's Board Chairman, are decided upon by the Annual General Meeting. Pursuant to guidelines for remuneration of senior executives adopted by the AGM on May 7, 2019, remuneration for the CEO and other senior executives shall be on market terms and consist of basic salary, other benefits (including car benefit), other remuneration (including bonuses and vacation pay) and pension. In 2019, the CEO received a gross salary of SEK 4,209,000. At present, there are no long-term share-related incentive schemes. "Other senior executives" are those persons who, together with the CEO, are members of Group Management. Pension benefits and other remuneration for the CEO and other senior executives are payable as part of the total remuneration package. The guidelines for remuneration of senior executives, which are proposed for adoption at the 2020 AGM, are in all essential respects the same as those which applied in 2019.

In accordance with a resolution adopted by the AGM on May 7, 2019, the annual fee for the current Chairman of the Board shall be SEK 590,000 (SEK 562,000), while the fee for other directors shall be SEK 315,000 (SEK 300,000) each. In addition, fees for committee work shall be SEK 67,000 (SEK 63,000) to the Chairman of the Remuneration Committee and SEK 31,000 (SEK 29,000) each to the other members of the Remuneration Committee, as well as SEK 128,000 (SEK 121,000) to the Chairman of the Audit Committee and SEK 60,000 (SEK 57,000) each to other members of the Audit Committee.

The Chairman of the Board received no remuneration other than fees for board work and committee work.

The tables below specify the amount by which the decided fees stated above were incurred in the 2019 and 2018 financial years.

Remuneration and other benefits during the year:

2019, SEK k	**Base pay / Board fees**	**Pension expenses***	**Other benefits**	**Variable remuneration****	**Total**
Chairman of the Board – Magnus Yngen	670	–	–	–	670
Director – Pauline Lindwall	376	–	–	–	376
Director – Pia Rudengren	436	–	–	–	436
Director – Alex Myers	369	–	–	–	369
Director – Johan Andersson	340	–	–	–	340
Chief Executive Officer – Johan Sundelin	4,209	1,317	151	3,132	8,809
Other senior executives	14,167	4,203	604	6,663	25,635
Total	**20,567**	**5,520**	**755**	**9,794**	**36,635**

* Of the Group's pension expenses above, SEK 5.3 m relate to the Parent Company.
** The variable remuneration relates to bonuses recognized as expenses for the 2019 financial year, which are paid out in 2020.

2018, SEK k	**Base pay / Board fees**	**Pension expenses***	**Other benefits**	**Variable remuneration****	**Total**
Chairman of the Board – Magnus Yngen	648	–	–	–	648
Director – Pauline Lindwall	363	–	–	–	363
Director – Pia Rudengren	421	–	–	–	421
Director – Alex Myers	357	–	–	–	357
Director – Johan Andersson	329	–	–	–	329
Chief Executive Officer – Johan Sundelin	4,067	1,401	130	–	5,598
Other senior executives	13,250	4,472	830	399	18,951
Total	**19,435**	**5,873**	**960**	**399**	**26,667**

* Of the pension expenses above, the entire expense relates to the Parent Company.
** The variable remuneration relates to bonuses recognized as expenses for the 2018 financial year, which are paid out in 2019.

BONUS

The CEO and all senior executives are included in a bonus system based on profitability and capital tie-up targets, primarily with respect to their individual operational area, but also Group targets. For the CEO , the variable remuneration is capped at 75% (2018: 75%) of the base pay. For other senior executives, the variable remuneration is capped at between 75%–50% (2018: 75%–50%) of the base pay. The bonus system covers only one year each time following a decision by the Board of Directors. For the 2019 financial year, a bonus of SEK 3 m (2018: 0) was paid to the CEO. In addition, the CEO is entitled to some other employment benefits such as a company car.

PENSIONS

CEO

The CEO has an agreed retirement age of 65 and is covered by Duni's pension policy for salaried employees with a position within Group Management, with the addition that Duni pays 35% on the pension-qualifying income in excess of 7.5 income base amounts to the alternative ITP solution. Pension-qualifying income also includes a three-year average of paid bonuses. The pension expense corresponds to the costs for defined contribution plans. The occupational pension provision is fully tax-deductible for Duni. There are no other outstanding pension obligations to the CEO.

Other senior executives

The other senior executives have defined contribution plans. One has a share in a pension plan which was closed some time ago and in which no new vesting takes place. "Pension entitlement salary" means fixed annual salary including vacation pay, as well as an average of bonus payments received for the past three years. In addition, there are commitments regarding sickness pension and survivor's pension. Each month, Duni pays a cash pension contribution in accordance with each senior executive's individual pension plan. Pension is earned on a straight-line basis during the employment period, i.e. from the date of employment until retirement age. There are no outstanding pension obligations to other senior executives.

SEVERANCE COMPENSATION

CEO

The CEO has a separate agreement regarding severance compensation. The severance compensation comprises payment for twelve months following a notice period of six months. Only the Company is entitled to trigger the agreement. The CEO is entitled to terminate his employment on six months' notice. There is no entitlement to severance compensation in the event of termination by the CEO or if his employment is terminated due to negligence on his part.

Other senior executives

The majority of the other senior executives have employment contracts which are terminable on 6 months' notice, by either the Company or the executive. In the case of termination by the Company, the executive is entitled to severance compensation equal to six monthly salaries, which in some cases is included in the basis for pension computation.

NON-RECURRING RENUMERATION

CEO

No non-recurring renumeration was paid in 2019 and 2018.

NOTE 17 – PENSION OBLIGATIONS

ACCOUNTING PRINCIPLES

Starting on January 1, 2013, Duni applies the revised IAS 19 Employee Benefits (IAS19R). Consequently, previously non-recognized actuarial losses are recognized at the time of transition and actuarial gains and losses which arise in the future will be recognized in other comprehensive income.

Duni has various pension plans. The pension plans are normally financed through payments to insurance companies or managed funds, where the payments are determined based on periodic actuarial calculations. Duni has both defined benefit and defined contribution pension plans. A defined contribution pension plan is a pension plan pursuant to which Duni pays fixed contributions to a separate legal entity. Duni has no legal or informal obligations to pay additional contributions if the legal entity has insufficient assets to pay all compensation to employees relating to the employee's service during a current or earlier period. The majority of Duni's pension remuneration is paid via defined contribution plans. A defined benefit plan is a pension plan which is not a defined contribution plan. The distinguishing feature of defined benefit plans is that they state an amount for the pension benefit an employee will receive after retirement, normally based on one or more factors such as age, period of employment and salary.

The liability recognized in the balance sheet with respect to defined benefit plans is the present value of the defined benefit obligation on the balance sheet date, less the fair value of the plan assets. The defined benefit pension obligation is calculated annually by independent actuaries applying the projected union credit method. The present value of a defined benefit obligation is determined by discounting the estimated future pension payments using the rate of interest on investment-grade corporate bonds issued in the same currency as the currency in which payments are to be made, with terms to maturity comparable to the relevant pension liability. Approximately one half of pension obligations relate to Sweden. Swedish mortgage bonds are considered to be corporate bonds.

Swedish mortgage bonds correspond to investment-grade corporate bonds in the sense that the market for mortgage bonds has a high turnover and is considered to be liquid and deep; furthermore, these bonds often have a triple A rating and thus are extremely creditworthy.

Actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions are recognized in "Other comprehensive income" during the period in which they arise.

Expenses relating to employment in earlier periods are recognized directly in the income statement.

In respect of defined contribution plans, Duni pays contributions to publicly or privately administered pension insurance plans pursuant to contractual obligations or on a voluntary basis. The Group has no further payment obligations when the contributions are paid. The contributions are recognized as personnel expenses when they fall due for payment. Prepaid contributions are recognized as an asset to the extent the Group may benefit from cash repayments or a reduction in future payments.

SIGNIFICANT ESTIMATES AND JUDGMENTS

Expenses and the value of pension obligations with respect to defined benefit plans are based on actuarial calculations based on assumptions regarding the discount rate, the expected return on plan assets, future salary increases, inflation and demographic conditions. Assumptions regarding the discount rate are based on high-quality investments at fixed interest with a term to maturity corresponding to the Group's existing pension obligations. Other demographic conditions are based on established industry practice.

The largest pension plan (approximately one half of pension obligations) is in Sweden, where there is no sufficiently liquid market for corporate bonds. Accordingly, the discount rate for the Swedish pension liability is based on mortgage bonds with a term to maturity corresponding to the pension plan. Duni believes that it is possible to equate Swedish mortgage bonds with investment-grade corporate bonds since the market for such bonds has a high turnover and is considered to be liquid and deep; furthermore, these bonds often have a triple A rating and thus are extremely creditworthy.

Provisions for pensions and similar obligations:

	Group	
SEK m	2019	2018
Defined benefit plans	276	255

Within the Group, there are a number of defined benefit plans where, after completion of employment, the employees are entitled to remuneration based on their final salary and period of employment. Employees are usually guaranteed a pension equivalent to a percentage of their pay. The largest plans are in Sweden, Germany, the UK, the Netherlands and Belgium. The plans in the UK and the Netherlands are consolidated externally, with the plan assets held by foundations or similar legal entities. The activities of the foundations are governed by national regulations and practices applicable to the relationship between the Group and the manager (or equivalent) of the foundation's plan assets and the composition of plan assets in terms of different types of assets.

PENSION INSURANCE WITH ALECTA

Obligations regarding retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with independent insurance company Alecta. According to a statement issued by the Swedish Financial Reporting Board, URF 3 Classification of ITP plans financed through insurance with Alecta, this is a defined benefit plan covering several employers. Duni does not have access to such information as makes it possible to recognize this plan as a defined benefit plan. The pension plan according to ITP 2, which is secured through insurance with Alecta, is thus recognized as a defined contribution plan. The premium for the defined benefit retirement and family pension is calculated on an individual basis and depends, among other things, on salary, previously earned pension entitlement, and expected remaining period of employment. Expected contributions for the next reporting period for ITP 2 policies taken out with Alecta amounted to SEK 4 m (2018: 4).

Alecta's surplus may be divided among the policyholders and/or the insured. As at 12/31/2019, Alecta's surplus in the form of the collective funding level amounted to 148% (2018: 142%). The collective funding level constitutes the market value of Alecta's assets as a percentage of the insurance obligations, calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond to IAS 19.

The amounts recognized in the consolidated balance sheet consist of:

	Defined benefit plans	
SEK m	2019	2018
Present value of consolidated obligations	417	343
Fair value of plan assets	-325	-260
Present value of non-consolidated obligations	184	172
Net pension liability in balance sheet	**276**	**255**

The total pension expenses recognized in the group's income statement are as follows:

SEK m	2019	2018
Costs relating to service during the current year	-10	-10
Interest expenses	-12	-11
Interest income	7	6
Total pension expenses regarding defined benefit plans	**-15**	**-15**
Pension expenses for the year regarding defined contribution plans	-42	-36
Total pension expenses for the year, included in personnel expenses (Note 16)	**-57**	**-51**
The year's reappraisal of pension plans recognized in other comprehensive income	**-20**	**-18**

The change in the defined benefit obligation during the year is as follows:

SEK m	2019	2018
At the beginning of the year	516	505
Expenses for service during current year	10	10
Interest expenses	12	11
Reappraisals, losses(+)/gains(-) as a consequence of experience-based adjustments of defined benefits obligations	1	3
Reappraisals, losses(+)/gains(-) as a consequence of changed demographic assumptions	-4	2
Reappraisals, losses(+)/gains(-) as a consequence of changed financial assumptions	72	-6
Exchange differences	16	12
Disbursed benefits	-22	-22
At year-end	**601**	**516**

Reappraisals entail gains/losses as a consequence of changed demographic assumptions, financial assumptions and experience-based gains/losses.

The change in fair value of plan assets during the year is as follows:

SEK m	2019	2018
At the beginning of the year	-260	-261
Expected return on plan assets	-7	-6
Reappraisals, losses (+)/gains (-) as a consequence of experience-based adjustments of plan assets	-42	20
Exchange differences	-12	-8
Employer's contributions	-10	-10
Employee's contributions	-1	-1
Disbursed benefits	7	6
Settlements	0	0
At year-end	**-325**	**-260**
Experience-based adjustments of plan assets	**42**	**-20**

Reappraisals entail gains/losses as a consequence of changed demographic assumptions, financial assumptions and experience-based gains/losses.

The plan assets are located primarily in the UK and the Netherlands. In the Netherlands and Germany, funding consists primarily of insurance contracts which provide a guaranteed annual return with a possibility of a bonus decided on annually by the insurance company. In the UK, 78% (81%) of the insurance contracts are invested in equity instruments, 10% (10%) in bonds, and 9% (9%) in real estate. The assumed return on the plan assets is stated as the guaranteed return plus the anticipated bonus.

Contributions to defined benefit plans are expected to be on the same level as in 2018.

The weighted average term for pension obligations is 18.0 years (17.1).

Actuarial assumptions on the balance sheet date:

	Sweden	Germany	UK	Netherlands	Belgium
Discount rate	1.2% (1.95)	0.75% (1.65)	2.0% (2.85)	1.2% (2.0)	0.75% (1.6)
Expected return on plan assets	–	0.75% (1.65)	2.0% (2.85)	1.2% (2.0)	0.75% (1.6)
Future annual salary increases	–	–	3.8% (4.10)	2.4% (2.4)	2.8% (2.8)
Future annual pension increases	1.8% (1.8)	1.75% (1.75)	3.05% (3.35)	0.0% (0.0)	0.0% (0.0)
Personnel turnover	–	–	0.0% (0.0)	0.0% (0.0)	0.0-0.5% (0.0-5.0)*

* Various assumptions based on age.

The assumptions regarding future lifespan are based on public statistics and experiences from mortality studies in each country, and are established in consultation with actuarial experts. The plans in Sweden and Germany are closed and only have disbursements.

At December 31, 2019, the present value of the defined-benefit obligation comprised approximately SEK 54 m (45) attributable to active employees, SEK 223 m (194) to employees who left the pension plan before retirement and SEK 325 m (275) attributable to people who are covered by the plan and are retired.

THROUGH ITS DEFINED BENEFIT PENSION PLANS, DUNI IS EXPOSED TO A NUMBER OF RISKS, AND THE MOST SIGNIFICANT RISKS ARE:

Asset volatility: The plan's liabilities are calculated using a discount rate which is based on corporate bonds. In line with previous years, the discount rate is set for the Swedish plans by reference to the market for covered mortgage bonds. A deficit arises if the plan assets do not achieve a corresponding return. In the short term, this can result in volatility, but since the liability in the pension plan is long-term in nature, investments in instruments such as equity instruments are suited for managing the plan efficiently and obtaining the best return. Duni has no independent control over the way in which plan assets are invested. They are held by foundations whose activities are governed by national regulations and practice.

Changes in the yield on bonds: A decrease in the interest rate paid on corporate bonds will result in an increase in the liabilities of the plan, although this will be partially offset by an increase in the value of the bonds.

Inflation risk: Some of the plan's obligations are linked to inflation, with higher inflation resulting in higher liabilities. Most of the plan assets are either unaffected by inflation (fixed interest on bonds) or have a weak correlation to inflation (equities), entailing that an increase in inflation will also increase the deficit.

Lifespan assumptions: Most of the pension obligations entail that the employees covered by the plan will receive lifelong benefits, and consequently increased lifespan assumptions result in higher pension liabilities. This is particularly important in the Swedish plans, with increases in inflation resulting in greater sensitivity to changes in lifespan assumptions.

Composition by country, 2019:

SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	158	54	205	176	8	601
Fair value of plan assets	–	-1	-177	-142	-6	-325
Total defined benefit pension plans by country	**158**	**53**	**28**	**34**	**3**	**276**

Composition by country, 2018:

SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	152	53	165	139	7	516
Fair value of plan assets	–	-1	-140	-115	-5	-260
Total defined benefit pension plans by country	**152**	**52**	**25**	**24**	**2**	**255**

Discount rate sensitivity in the defined benefit obligation (DBO):

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5%	Decrease by 8.6% (7.8)	Increase by 9.8% (8.4)

The sensitivity analysis of the DBO relates to the entire Group.

If the expected lifespan in the Swedish pension plan were to increase by 1 year from the assumption, the Swedish pension plan would increase by 6.3% (5.8).

If the pension increases in the Swedish pension plan were to increase by 0.5% from the assumption, the Swedish pension plan would increase by 6.3% (6.2).

If the pension increases in the Swedish pension plan were to decrease by 0.5% from the assumption, the Swedish pension plan would decrease by 5.8% (5.7).

The methods and assumptions upon which the sensitivity analyses are based have not changed since the previous year.

	Parent Company	
SEK m	2019	2018
Provisions in accordance with the Swedish Pension Obligations (Security) Act		
FPG/PRI pensions	91	94
Liability in the balance sheet	91	94
The following amounts are recognized in the Parent Company's income statement:		
Earned during the year	0	0
Interest expenses	-6	-5
Pension expenses for the year	**-6**	**-5**

The change in the defined benefit obligation during the year is as follows:

At the beginning of the year	94	97
Net expenses recognized in the income statement	5	5
Disbursed benefits	-8	-8
Settlements	0	0
At year-end	**91**	**94**

The liability in the Parent Company relates to pension obligations with PRI.

NOTE 18 – PARTICIPATIONS IN GROUP COMPANIES

	Registration number	Registered office	Number of shares and participations	Equity %	Carrying amount, SEK k
Swedish subsidiaries					
Rexcell Tissue & Airlaid AB	556193-9769	Bengtsfors	12,000	100	81,440
Finess Borrby AB	556262-2604	Malmö	1,000	100	0
					81,440
Foreign subsidiaries					
Duni Holding BV	23068767	Breda, NL	260,731	100	597,856
– Duni Verwaltungs GmbH	Osnabrück HRB 19689	Bramsche, DE		(100)	(€ 20,467)
– Duni Holding S.A.S	3493 0993 000064	Ste Helene du Lac, FR		(100)	(€ 2,871)
– Duni Benelux B.V.	23052488	Breda, NL		(100)	(€ 7,250)
– Duni Ltd.	897172	Runcorn, GB		(100)	(€ 8,395)
– Duni A/S	10 99 98 98	Copenhagen, DK		(100)	(€ 1,377)
– Duni AS	962346057	Oslo, NO		(100)	(€ 370)
– Duni OY	0864585-8	Helsinki, FI		(100)	(€ 1,578)
– Duni Holding Asia & Pacific Pte Ltd.	201316245E	Singapore, SG		(100)	(€ 62)
Duni Iberica S.L.	B60689692	Barcelona, ES	200,000	100	23,176
Duni Poland Sp. z o.o.	KRS no. 40401	Poznan, PL	15,300	100	48,133
Duni Sales Poland Sp. z o.o.	KRS no. 254481	Poznan, PL	1,000	100	1,190
Duni EFF Sp. z o.o.	KRS no. 249084	Poznan, PL	1,000	100	1,130
Duni (CZ) s.r.o.	65410106	Kladno, CZ	1	100	8,827
Duni AG	212544	Rotkreutz, CH	400	100	578
Duni RUS LLC	7816110025	Moscow, RU	100	100	11
Duni Beteiligungsgesellschaft GmbH	Osnabrück HRB 20099	Bramsche, DE	1	100	3,076
Paper+Design Beteiligungsgesellschaft GmbH	Chemnitz HRB 26488	Wolkenstein, DE	1	100	227
– Paper+Design GmbH Tabletop	Chemnitz HRB 16943	Wolkenstein, DE		(100)	(€ 16,787)
– Flexogravur GmbH	Chemnitz HRB 19951	Wolkenstein, DE		(100)	(€ 1,058)
Duni (Thai) Holding Co., Ltd	115559011231	Bangkok, TH	588,000	49	98,652
Terinex Siam Co., Ltd*	105531017277	Bangkok, TH	983,280	60*	19,150
Duni Inc.	36-4846862	Dover, Delaware, US	100	100	0
United Corporation Ltd	1496526	Auckland, NZ	1,000	80	35,832
BioPak Pty Ltd	ACN 119 998 711	NSW, AU	300	75	439,176
– Kindtoo Ltd, Biopac UK Ltd	05893315	England & Wales, GB		(56)	(AUD 3,900)
– BioPak Ltd NZ	2308658	Auckland, NZ		(75)	0
– BioPak UK Ltd	NI641948	Northern Ireland, GB		(75)	0
– Horizons Supply Pty Ltd	ACN 161 941 439	VIC, AU	10,000	(100)	(AUD 7,604)
– BioPak Sustainable Solutions Pte Ltd	201842974C	Singapore,SG		(75)	0
					1,277,014
Participations in Group companies					**1,358,454**

* Terinex Siam is 49% directly owned by Duni AB and 11% indirectly owned through Duni (Thai) Holding.

	Parent Company	
SEK k	2019	2018
Opening value, participations in Group companies	1,370,730	931,923
Investments for the year	7,724	420,349
Other	–	-104
Shareholders' contributions	–	18,562
Write-downs of the year	-20,000	–
Closing value, participations in Group companies	**1,358,454**	**1,370,730**

NOTE 19 – BUSINESS ACQUISITIONS

ACCOUNTING PRINCIPLES

Acquired assets and liabilities, including items not recognized in the acquired company's balance sheet, such as trademark assets or customer relationships, are measured at fair value. The measurement of identifiable assets and liabilities is impacted by the accounting environment in which the acquired company operated.

Transactions with non-controlling interests

For each individual business acquisition, Duni chooses the interest will be recognized at fair value or at the interest's proportional share in the identifiable net assets of the acquired company. Subsidiaries Terinex Siam in Thailand, Sharp Serviettes in New Zealand, Biopac UK Ltd in the UK and BioPak Pty Ltd in Australia are recognized at fair value. A detailed description of accounting principles can be found in their entirety in Note 2.

SIGNIFICANT ESTIMATES AND JUDGMENTS

Preliminary acquisition analyses based on as thorough estimates and judgments as possible are conducted at the time of acquisition. However, the analyses may need to be adjusted further down the road. All acquisition analyses are subject to final adjustments no later than 12 months after the acquisition date.

When there are obligations to acquire the remaining shares of a company, these are recognized as if they were fully consolidated. At the same time, the Group recognizes a liability equivalent to the discounted expected redemption price for these call options. The non-controlling interest attributable to the option is thus also eliminated. Duni has an obligation to acquire the remaining 25% of the shares in Kindtoo Ltd (Biopac UK Ltd). The minority owners have a put option during the period from August 2020 to March 2021, whereby the redemption price is determined by the future income. Duni also has an obligation to acquire the remaining 20% of the shares in BioPak Pty Ltd in five years. One of the minority shareholders of BioPak Pty Ltd has a put option during the period from October 2023 to April 2024, whereby the redemption price is determined by the future income. The liability is equivalent to the discounted expected redemption price of the option, which is calculated using a profit multiple at par with that used in the initial transaction. This liability to minority shareholders was measured at SEK 340 m at year-end. The value will change depending on the company's growth and profitability in the coming five years. In the previous year, a call option was recognized for the remaining shares in Sharp Serviettes. This call option was fully exercised in 2019 and thus no longer exists.

HORIZONS SUPPLY PTY LTD

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

The consideration was approximately SEK 40 m and is accommodated within the current loan facility. 80% of the consideration was paid at the time of acquisition and 20% will be paid on October 1, 2020 as additional consideration. This is included in the "Other short-term financial liabilities" item in the balance sheet as of December 31, 2019.

The acquisition costs amounted to SEK 2 m and were charged to income for the year under "Other operating expenses". The acquisition will be consolidated in the New Markets business area as of October 1, 2019. Acquired surplus values largely comprise customer contracts. The goodwill arising on the acquisition will be matched by synergies in the sales and marketing organization between BioPak and Horizons and by synergies in procurement mainly from China.

For the period from October 1 to December 31, 2019, Horizons contributed SEK 20.5 m to the Group's net sales and SEK 0.9 m in net income after tax and amortization of customer relationships. If Horizons had been consolidated as of January 1, 2019, Duni's income statement would show additional revenue of SEK 57.7 m along with SEK 2.5 m in net income after tax including amortization of customer relationships.

HORIZONS SUPPLY PTY LTD

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

SHARP SERVIETTES (UNITED CORPORATION LIMITED)

In 2019, Duni bought out the remaining 20% of the shares in Sharp Serviettes in New Zealand after the minority owners exercised their option. The consideration was SEK 7.2 m, which is in line with initial statements. The company was already 100% consolidated from the start and the purchase only had a minor impact on financial net debt.

BIOPAK PTY LTD

On October 15, 2018, the Duni Group acquired 75% of the shares and votes in BioPak Pty Ltd in Australia. The acquisition analysis was established in beginning of the fourth quarter of 2019. The following changes have been bade since the most recently presented acquisition note. Amortization of the intangible assets identified is not deductible for tax purposes in Australia, which resulted in a change in deferred tax to SEK 3 m (71). Both of these changes impact the final goodwill item, which was measured at SEK 427 m (468). The goodwill is primarily attributable to Duni gaining a strong position in sustainable disposable packaging in the Australian and New Zealand markets. No material differences in the income statement for the year resulted from this. The total amount of the acquired net assets established is disclosed below.

BioPak is a leading supplier of sustainable disposable packaging for the food service industry in Australia and New Zealand. The company was established in 2006 and has 26 employees. Its sales are approximately SEK 385 m and its operating margin is well in line with Duni's financial targets. BioPak boasts a strong rate of growth and annual historic growth of over 20%. BioPak Pty Ltd has three subsidiaries and was consolidated in the New Markets business area as of mid October.

For the period from October 15 to December 31, 2018, BioPak contributed SEK 115 m to the Group's net sales and SEK 1.4 m in net income after tax and amortization of customer relationships. If BioPak had been consolidated as of January 1, 2018, Duni's income statement would show additional revenue of SEK 334 m along with SEK 8.4 m in net income after tax including amortization of customer relationships.

The consideration was approximately SEK 411 m and is accommodated within the current loan facility. The purchase was charged to Duni's net debt in the amount of SEK 430 m. Acquisition costs of SEK 9.3 m were charged to Q4 under the Other expenses line item. In accordance with RFR2, the Parent Company recognizes these expenses as financial assets.

There is a put option and a call option both parties can opt to exercise within two years amounting to approximately SEK 24 m for an additional 5% of the shares. Duni also has an obligation to acquire the remaining 20% of the shares within five years. One of the minority shareholders of BioPak Pty Ltd thus has a put option during the period from October 2023 to April 2024, whereby the redemption price is determined by the future income. As a consequence of the option, Duni will recognize the acquisition of the shares in Kindtoo Ltd as if the company had been fully consolidated, and will recognize a liability equivalent to the discounted expected redemption price of the option, which is calculated using a profit multiple at par with that used in the initial transaction. The liability is recognized as a derivative instrument and included in the Other long-term liabilities line item. This liability to minority shareholders was measured at SEK 336 m at year-end. The value of this option will change depending on the company's growth and profitability in the coming five years.

The differences between the cash consideration paid, the value of the options and the net assets acquired will essentially consist of goodwill, trademarks and customer relationships, with no part of these acquisition-related items estimated to be deductible for tax purposes.

The acquisition analysis has been adopted.

BIOPAK PTY LTD

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

BIOPAK UK LTD

In conjunction with the acquisition of BioPak Pty Ltd in Australia, Duni AB sold its shares in Kindtoo Limited to BioPak Pty Ltd at market value on October 15, 2018. The intention is for the company to be a part of the BioPak group from a strictly organizational standpoint but continue to belong to and be consolidated in the Meal Service business area in organizational terms because the company operates in the European market.

On February 8, 2018, Duni acquired 75% of the shares and votes in Kindtoo Ltd, which is marketed under the name BioPac UK Ltd. Biopac is a leading supplier of sustainable disposable packaging for food and beverages in the UK. The company was consolidated in the Meal Service business area as of February.

Biopac UK Ltd was established in 2002 and has 12 employees. They specialize in food packaging and service products made from sustainable materials. Based on its capacity to customize food and beverage packaging according to the customer's brand, with a clear focus on sustainable, environmentally-sound products, Biopac has gained market share in the UK. The company has annual sales of approximately SEK 55 m, with an operating margin well in line with Duni's Meal Service business area.

For the period from February 1 to December 31, 2018, BioPak UK Ltd contributed SEK 70 m to the Group's net sales and SEK 3 m in net income after tax and amortization of customer relationships. If BioPak UK Ltd had been consolidated as of January 1, 2018, Duni's income statement for 2018 would show additional revenue of SEK 3.9 m along with SEK 0.3 m in net income after tax including amortization of customer relationships.

The consideration of SEK 23 m was paid in cash in conjunction with the takeover. The purchase was charged to Duni's net debt in the amount of SEK 26 m, which is accommodated within the current loan facility.

The acquisition costs were charged to income for the year under "Other operating expenses" and totaled SEK 2.1 m. In accordance with RFR2, the Parent Company recognizes these expenses as financial assets.

Duni has an obligation to acquire the remaining 25% of the shares. The minority owners of Kindtoo Ltd have a put option during the period from August 2020 to March 2021, whereby the redemption price is determined by the future income. As a consequence of the option, Duni recognizes the acquisition of the shares in Kindtoo Ltd as if the company had been fully consolidated, and recognizes a liability equivalent to the discounted expected redemption price of the options. The difference between the liability for the option and the non-controlling interest to which the option is related will be recognized directly against equity. For more information regarding accounting principles, see Note 1.

The fair value of 100% of the net assets amounts to SEK 30 m. Intangible assets primarily comprise customer contracts. The goodwill is related to Duni's access to an existing distribution model in the capital region and Meal Service gaining a footing in the UK market. Duni has not previously been established with these types of products in this market. No part of the reported goodwill or intangible assets is expected to be deductible in conjunction with income taxation.

BIOPAC UK LTD

Acquired net assets	SEK k, Fair value
Intangible assets	5,627
Tangible assets	705
Inventory	9,970
Accounts receivable	8,939
Cash	1,774
Pre-paid income and expenses	139
Long-term loans	-1,699
Short-term loans	-3,425
Accounts payable	-5,860
Deferred tax liability	-1,049
Tax liabilities	-961
Other short-term liabilities	-1,061
Other liabilities	-200
Acquired identifiable net assets	12,899
Liability to minority shareholders	-7,556
Goodwill	17,326
Acquired net assets	**22,668**

Effect on cash flow – acquisition of subsidiaries, SEK m	2019	2018
Cash purchase price	-37	-434
Less: cash and cash equivalents	1	7
Paid purchase price	**-36**	**-427**
Redemption of loans	–	–
Total effect on cash flow	**-36**	**-427**

NOTE 20 – INTANGIBLE ASSETS

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

ACCOUNTING PRINCIPLES

Goodwill

Goodwill comprises the amount by which the acquisition value exceeds the fair value of the Group's share of the identifiable net assets of acquired subsidiaries at the time of acquisition. Goodwill on acquisition of subsidiaries is recognized as intangible assets. Goodwill is reviewed annually to identify any impairment and recognized at acquisition value less accumulated impairment losses. Impairment testing is conducted to ascertain whether the recoverable amount, i.e. the higher of net realizable value or value in use, exceeds the carrying amount. The asset's value is written down to the recoverable amount as soon as it is shown that it is lower than the carrying amount. Impairment of goodwill is not reversed. Gains or losses upon the divestment of a unit include the remaining carrying amount of the goodwill which relates to the divested unit.

Detailed information regarding Duni's definition of cash-generating units upon the allocation of goodwill is provided below.

Customer relationships, trademarks and licenses

Identifiable acquired customer relationships are recognized at fair value and are attributable to acquisitions made from 2013 onwards. The relationships are amortized on a straight-line basis over an estimated useful life of 10 years.

Acquired trademarks and licenses are recognized at acquisition value. Trademarks and licenses have a determinable useful life and are recognized at acquisition value less accumulated amortization. Trademarks and licenses are amortized on a straight-line basis in order to allocate their cost over their estimated useful life (3-10 years).

Research and development

Capitalized research expenses relate primarily to expenditure for the implementation of the SAP ERP system.

Research expenses are recognized when incurred.

Expenditure incurred in development projects (relating to design and testing of new or improved products) are recognized as intangible assets when the following criteria are fulfilled:

a. it is technically feasible to finish the intangible asset so that it can be used or sold;
b. management intends to finish the intangible asset and use or sell it;
c. conditions exist to use or sell the intangible asset;
d. the way in which the intangible asset will generate probable future economic benefits can be demonstrated;
e. adequate technical, financial and other resources exist to complete the development and to use or sell the intangible asset; and
f. the expenditures which relate to the intangible asset during its development can be calculated in a reliable manner.

Other development expenditure which does not fulfill these conditions is recognized as an expense when incurred. Development expenditure previously recognized as an expense is not recognized as an asset in a subsequent period. Capitalized development expenses are recognized as intangible assets and the assets are amortized from the time the asset is ready for use on a straight-line basis over the estimated useful life (3–10 years).

Emission rights

Duni participates in the EU's emission rights trading system. Received emission rights are recognized as intangible assets measured at cost, in other words, initially at SEK zero. Values are not adjusted up. A provision is made if an emission rights deficit is identified between owned rights and the rights which will need to be delivered due to emissions made. The value of any surplus emission rights is recognized only when realized upon an external sale.

SIGNIFICANT JUDGMENTS AND ASSUMPTIONS

Group Management determines the estimated useful life and thereby the amortization of the Group's intangible assets. These estimates are based on historical knowledge of the useful life of equivalent assets. Useful lives and estimated residual values are reviewed on each balance sheet date and adjusted as required.

Each year, the Group assesses whether there is any impairment of goodwill. The recoverable amount of cash-generating units has been determined by calculating the value in use. Certain estimates must be made for these calculations. The calculations are based on estimated future cash flows before tax, based on financial forecasts approved by company management and which cover the current year as well as a five-year period. Cash flows beyond this period are extrapolated using an estimated growth rate. The growth rate does not exceed the long-term growth rate for the industry as a whole.

Significant assumptions which are used for calculations of values in use are primarily profit margin, growth rate and a nominal discount rate. Which discount rate is used for each business area can be seen in the table below. The discount rate before tax is used in conjunction with present value calculation of estimated future cash flows. Company management has established the profit margin and growth rate based on previous income and its expectations as regards market growth. The discount rates used are stated before tax and reflect specific risks in the business area. Company management believes that the Group's operations are stable and there are therefore not any individual significant assumptions that could impact the profit margin. The estimated growth rate is applied in all essential respects to net sales and free cash flow. Company management believes that reasonably possible changes in the significant assumptions used in the calculations would not have such a major impact as to individually reduce the recoverable amount to a value which is below the carrying amount.

SEK m	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Goodwill				
Acquisition values				
Opening acquisition values	2,073	1,617	2,053	2,053
Investments	–	–	–	–
Increase through business combination	3	437	–	–
Disposals and retirements	–	–	–	–
Translation differences	37	19	–	–
Closing accumulated cost	**2,113**	**2,073**	**2,053**	**2,053**
Amortization				
Opening accumulated amortization	–	–	-2,053	-2,053
Closing accumulated amortization	**0**	**0**	**-2,053**	**-2,053**
Impairment losses				
Opening accumulated impairment losses	–	–	–	–
Impairment losses for the year	-58	–	–	–
Closing accumulated impairment losses	**-58**	**–**	**–**	**–**
Closing carrying amount	**2,054**	**2,073**	**0**	**0**

SEK m	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Other intangible assets, customer relationships				
Acquisition values				
Opening acquisition values	445	348	–	–
Investments	–	–	–	–
Increase through business combination	31	82	–	–
Disposals and retirements	–	–	–	–
Translation differences	20	15	–	–
Closing accumulated acquisition values	**496**	**445**	**0**	**0**
Amortization				
Opening accumulated amortization	-153	-108	–	–
Amortization for the year	-62	-40	–	–
Disposals and retirements	–	–	–	–
Translation differences	-4	-5	–	–
Closing accumulated amortization	**-220**	**-153**	**0**	**0**
Closing carrying amount	**277**	**292**	**0**	**0**

SEK m	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Trademarks, software and licenses				
Acquisition values				
Opening acquisition values	257	70	64	50
Investments	1	9	–	8
Increase through business combination	1	153	–	–
Disposals and retirements	-1	0	-1	–
Reclassification	1	24	1	6
Translation differences	1	1	–	–
Closing accumulated acquisition values	**260**	**257**	**64**	**64**
Amortization				
Opening accumulated amortization	-73	-45	-32	-29
Amortization for the year	-7	-13	-4	-3
Business combinations	–	0	–	–
Disposals and retirements	1	0	1	–
Reclassification	–	-13	–	–
Translation differences	-1	-1	–	–
Closing accumulated amortization	**-80**	**-73**	**-35**	**-32**
Closing carrying amount	**180**	**184**	**29**	**32**

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Capitalized development expenses				
Acquisition values				
Opening acquisition values	175	160	140	129
Investments	27	19	25	17
Increase through business combination	–	–		–
Decrease through disposal	–	–		–
Disposals and retirements	-1	–	-1	–
Reclassification	-1	-5	-1	-6
Translation differences	1	1	–	–
Closing accumulated acquisition values	**202**	**175**	**164**	**140**
Amortization				
Opening accumulated amortization	-143	-130	-119	-110
Amortization for the year	-13	-12	-10	-8
Increase through disposal	–	–	–	–
Disposals and retirements	0	–	0	–
Reclassification	–	–	–	–
Translation differences	0	-1	–	–
Closing accumulated amortization	**-156**	**-143**	**-128**	**-119**
Closing carrying amount	**46**	**32**	**36**	**21**
Intangible assets, total	**2,556**	**2,581**	**65**	**53**

EMISSION RIGHTS

In 2005, the EU introduced an emission rights system as a method for restricting carbon dioxide emissions. The Group holds permits for the production of 65,000 metric tons of wet laid tissue per year and 52,000 metric tons of airlaid tissue per year at the mill in Skåpafors and 10,000 metric tons of airlaid tissue in Dals Långed. The mills hold permits issued by the Administrative Board in Västra Götaland County regarding emissions of carbon dioxide, CO2. For the period 2013 up to and including 2020, Rexcell Tissue & Airlaid AB has been allocated a total of 166,246 metric tons. The allocation for 2019 is 0 tonnes for Dals Långed and 17,714 tonnes for Skåpafors. The total allocation of emission rights will diminish each year up to 2020, when Dals Långed will have emission rights corresponding to 0 metric tons per year, and Skåpafors 17,349 metric tons per year. The production plant in Dals Långed is dormant and, when no production takes place, no emission rights are utilized. The allocation of emission rights by the County Administrative Board has been dormant since 2017, but can be resumed up to 2020 upon application.

Excess emission rights are carried over to the following year, while support purchases are made if the emission rights are insufficient. If purchases of additional rights are made in 2020, the Company estimates that these will not reach any significant amount. In 2019, Rexcell Tissue & Airlaid AB had 4,655 (4,672) unused emission rights with a market value of SEK 0 m (0). In total, 13,059 metric tones were used in Skåpafors in 2019, whereas the amount for 2018 was 13,406 metric tons. Received emission rights are reported as intangible assets recognized at an acquisition value of zero.

ALLOCATION OF GOODWILL

With the implementation of IFRS, allocation of the Group's goodwill items has taken place through allocation ratios. In addition, acquisition goodwill is allocated to the cash-generating units and operating segments based on a judgment of which units will benefit from the synergies, etc. created by the business acquisition. In making the allocation, management considers the estimated business volumes of the units and made a judgment of market growth for each unit.

Acquisitions and goodwill on acquisition in SEK m

Business Area	Year	Acquisition	Country	Goodwill on acquisition[2], SEK m
New Markets	2019	Horizons Supply Pty Ltd	Australia	3
New Markets	2018	BioPak Pty Ltd	Australia	427
Meal Service	2018	Kindtoo Limited (Biopac UK Ltd)	UK	17
New Markets	2017	United Corporation Ltd (Sharp Serviettes)	New Zealand	37
New Markets	2016	Terinex Siam Co Ltd	Thailand	104
Consumer	2014	Paper+Design Group	Germany	197
New Markets	2013	Song Seng Associates Pte Ltd	Singapore	50[1]

1) Asset acquisition.
2) Acquired goodwill translated to SEK at the acquisition date.

Goodwill is allocated to the Group's cash-generating units identified per business area as follows:

SEK m	2019	2018
Table Top	1,199	1,199
Meal Service	11	10
Consumer	228	224
New Markets	616	640
Total	**2,054**	**2,073**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

IMPAIRMENT TESTING FOR GOODWILL

Impairment testing for goodwill is performed annually at the end of the financial year and when there are indications of impairment. No impairment testing is performed during the year a company is acquired.

The table below shows the rate of growth (on average) used in the calculation for each business area, the figures in brackets show what growth rate was used in last year's calculation. Even if the estimated rate of growth which is applied to discounted cash flows after the forecast five-year period had been 0% instead of the management's judgment of 1%, there would be no goodwill impairment of the goodwill tested at the business area level. However, impairment was identified for individual companies Duni Song Seng (SEK 38 m) and Sharp Serviettes (SEK 20 m).

Duni Song Seng and Sharp Serviettes did not end up being as fully integrated into New Markets in 2019 as was forecast in 2018. This is reflected in the significantly poorer income both companies delivered during the year but also in the fact that these companies are not fully integrated into New Markets in terms of the new strategy launched in fall 2018. This is the reason why it was decided in advance of 2019 to conduct impairment testing of these units at the company level instead of the business area. If impairment testing had been conducted at the business area level as before, the goodwill impairment losses would have been lower or there wouldn't have been any at all. The assessments in the assumptions were based on the companies' current situation, 2019 outcomes, 2020 budgets and the best estimate in light of these circumstances of what the companies can achieve in the future.

The estimated discount rate before tax which Duni applies is shown in the table below:

Discount rate before tax used per business area

	2019	2018
Table Top	7.9%	7.6%
Meal Service	7.9%	–
Consumer	8.7%	8.8%
New Markets	9.5%	10.6%
Duni Song Seng	10.3%	–
Sharp Serviettes	11.9%	–

The table below shows the rate of growth (on average) used in the calculation for each business area, the figures in brackets show what growth rate was used in last year's calculation.

Growth rate	Year 1	Year 2-5	Beyond the forecast period
Table Top	2% (2%)	2% (2%)	2% (2%)
Meal Service	2% (2%)	3% (3%)	3% (3%)
Consumer	2% (2%)	3% (3%)	2% (2%)
New Markets	2% (2%)	3% (3%)	3% (3%)
Duni Song Seng	13% (-)	1% (-)	1% (-)
Sharp Serviettes	-0.8% (-)	2% (-)	2% (-)

NOTE 21 – TANGIBLE ASSETS

ACCOUNTING PRINCIPLES

Buildings and land primarily include plants and offices. All tangible assets are recognized at cost less depreciation. Cost includes expenses directly related to the acquisition of the asset, as well as interest expenses in conjunction with the construction of qualifying assets.

Additional expenses are added to the carrying amount of the asset or recognized as a separate asset only where it is likely that the future economic benefits associated with the asset will flow to the Group and the asset's cost can be measured in a reliable manner. The carrying amount of the replaced part is derecognized from the balance sheet. All other forms of repairs and maintenance are recognized as expenses in the income statement during the period in which they are incurred.

Land is not depreciated. In order to allocate their cost down to the estimated residual value over the estimated useful life, buildings are depreciated on a straight-line basis as follows:

Type of asset	Useful life
Buildings	20–40 years
Paper machinery	15–17 years
Other machinery	10 years
Vehicles	5 years
Equipment, tools and installations	3–8 years

The residual value and useful life of the assets are assessed on each balance sheet date and adjusted as required. Gains or losses from divestments are established through a comparison between the sales revenue and the carrying amount, and are recognized in other operating income or other operating expenses in the income statement.

SIGNIFICANT JUDGMENTS AND ASSUMPTIONS

Group Management determines the estimated useful life and thereby the depreciation of the Group's tangible assets. These estimates are based on historical knowledge of the useful life of equivalent assets. Useful lives and estimated residual values are reviewed on each balance sheet date and adjusted as required.

BUILDINGS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Acquisition values				
Opening acquisition values	504	480	119	120
Investments	1	6	–	–
Increase through business acquisitions	–	1	–	–
Disposals and retirements	–	-2	–	0
Reclassification	10	3	–	–
Translation differences	8	15	–	–
Closing accumulated acquisition values	**522**	**504**	**119**	**119**
Depreciation				
Opening accumulated depreciation	-188	-168	-105	-104
Depreciation for the year	-18	-18	-1	-1
Business combinations	–	0	–	–
Disposals and retirements	–	1	–	0
Reclassification	-9	0	–	–
Translation differences	-2	-3	–	–
Closing accumulated depreciation	**-216**	**-188**	**-106**	**-105**
Impairment losses				
Opening accumulated impairment losses	-8	-8	-8	-8
Impairment for the year	–	–	–	–
Reversal of impairment losses	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment losses	**-8**	**-8**	**-8**	**-8**
Closing carrying amount	**297**	**308**	**5**	**6**

LAND AND LAND IMPROVEMENTS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Acquisition values				
Opening acquisition values	95	91	2	2
Investments	–	0	–	–
Increase through business acquisitions	–	–	–	–
Disposals and retirements	–	–	–	–
Reclassification	–	–	–	–
Translation differences	2	4	–	–
Closing accumulated acquisition values	**97**	**95**	**2**	**2**
Impairment gains				
Opening accumulated impairment gains	–	–	12	12
Closing accumulated impairment gains	**0**	**0**	**12**	**12**
Impairment losses				
Opening accumulated impairment losses	-9	-9	-9	-9
Impairment for the year	–	–	–	–
Reversal of impairment losses	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment losses	**-9**	**-9**	**-9**	**-9**
Closing carrying amount	**87**	**85**	**5**	**5**
Buildings, land and land improvements	**383**	**392**	**10**	**11**

Duni did not hold any buildings under finance leases in 2018. Machinery and other technical equipment under finances leases are included in the below table for the Group with cost at SEK 5 m and accumulated depreciation at SEK 2 m for 2018. The Parent Company does not hold any assets under finances leases in 2018 and in 2019. For information about the Group's leased assets for 2019, see Note 22.

MACHINERY AND OTHER TECHNICAL EQUIPMENT

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Acquisition values				
Opening acquisition values	2,046	1,901	55	51
Investments	22	32	1	1
Increase through business acquisitions	0	1	–	–
Disposals and retirements	-70	-42	0	0
Reclassification	71	124	3	2
Translation differences	23	36	–	–
Closing accumulated acquisition values	**2,092**	**2,051**	**59**	**55**
Depreciation				
Opening accumulated depreciation	-1,448	-1,365	-43	-40
Depreciation for the year	-99	-92	-3	-3
Business combinations	–	-1	–	–
Disposals and retirements	68	37	0	0
Reclassification	-2	-1	–	–
Translation differences	-17	-28	–	–
Closing accumulated depreciation	**-1,498**	**-1,449**	**-46**	**-43**
Impairment losses				
Opening accumulated impairment losses	-12	-14	-3	-3
Impairment losses for the year	-1	-2	–	–
Reversal of impairment losses	–	4	–	–
Reclassification	–	–	–	–
Translation differences	0	0	–	–
Closing accumulated impairment losses	**-13**	**-12**	**-3**	**-3**
Closing carrying amount	**582**	**590**	**10**	**9**

EQUIPMENT, TOOLS AND INSTALLATIONS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Acquisition values				
Opening acquisition values	368	353	22	22
Investments	16	16	0	0
Increase through business acquisitions	–	4	–	–
Decrease through disposal	–	–	–	–
Disposals and retirements	-10	-6	-1	-1
Reclassification	5	-12	1	2
Translation differences	6	13	–	–
Closing accumulated acquisition values	**386**	**368**	**22**	**22**
Depreciation				
Opening accumulated depreciation	-281	-264	-19	-19
Depreciation for the year	-27	-26	-1	-1
Business combinations	–	-3	–	–
Disposals and retirements	9	6	1	1
Increase through disposal	–	–	–	–
Reclassification	5	15	–	–
Translation differences	-5	-10	–	–
Closing accumulated depreciation	**-298**	**-281**	**-19**	**-19**
Closing carrying amount	**88**	**87**	**3**	**3**

CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Acquisition values				
Opening acquisition values	94	103	1	2
Investments	76	123	4	3
Increase through business acquisitions	–	–	–	–
Decrease through disposal	–	–	–	–
Sales	0	-1	–	0
Reclassification	-77	-134	-5	-4
Translation differences	1	2	1	–
Closing accumulated acquisition values	**93**	**94**	**1**	**1**
Impairment losses				
Opening accumulated impairment losses	-20	-20	0	0
Impairment for the year	–	–	–	–
Reversal of impairment losses	–	–	–	–
Translation differences	–	–	–	–
Closing accumulated impairment losses	**-20**	**-20**	**0**	**0**
Closing carrying amount	**73**	**74**	**1**	**1**

NOTE 22 – LEASES

ACCOUNTING PRINCIPLE

Leased tangible assets were classified either as finance or operating leases until the end of the 2018 financial year, see Note 2.2.1 for more information. As of January 1, 2019, leases are recognized as right-of-use assets and financial liabilities in the balance sheet.

Duni leases several offices, warehouses, machines, forklifts and cars. The leases are normally signed for binding terms between 2 and 8 years, but there may be an option to extend. The leases may include both lease and non-lease components. The Group allocates the remuneration of the contract to lease and non-lease components based on their relative independent prices. However, for lease payments relating to properties for which the Group is a tenant, the Group has opted not to separate lease and non-lease components, instead recognizing these as a single lease component. The terms and conditions are negotiated separately for each contract and have many different provisions. The leases do not contain any special conditions or restrictions expect that the lessor retains the rights to pledged leased assets. The leased assets cannot be used as collateral for loans.

Assets and liabilities that arise from leases are initially recognized at present value. Lease liabilities include the present value of the following lease payments:

- fixed payments or deductions for any benefits associated with signing the lease, variable lease payments that are based on an index or a price
- amounts expected to be paid by the lessee as per residual value guarantees
- the redemption price for a purchase option if the Group is reasonably certain it will exercise this option
- penalties due upon termination of the lease, if the lease term indicates that the Group will exercise an option to terminate the lease.

Lease payments that will be made for reasonably certain extension options are also included in the measurement of the liability.

The leases payments are discounted using the lease's implicit interest rate. If this interest rate cannot be established easily, which is normally the case for the Group's leases, the lessee's incremental borrowing rate will be used, which is the interest rate that the individual lessee would pay for borrowing the funds required to purchase an asset similar in value to the right of use in a similar economic environment with similar terms and collateral.

Duni sets the incremental borrowing rate for new contracts as follows: Duni's current borrowing rate including maturity premiums and adjustments for the internal borrowing margin (corresponding to adjustments for the specific terms and conditions of the contract such as the lease term, country, currency and collateral).

The Group is exposed to any future increases in variable lease payments based on an index or interest rate that are not included in the lease liability until they occur. When adjustments of lease payments based on an index or interest rate occur, the lease liability is remeasured and adjusted to the right of use.

The lease payments are distributed between principal repayment and interest. The interest is recognized in the income statement over the term of the lease in a way that results in a fixed interest rate for the lease liability recognized in the respective period.

The assets with a right of use are measured at cost and include the following:

- the amount the lease liability was originally measured at
- lease payments paid at or before the start date, less any benefits received upon signing the lease
- initial direct expenses
- expenses for restoring the asset to the condition stipulated in the lease terms and conditions.

Rights of use are normally amortized on a straight-line basis over the shorter of the useful life and lease term. If the Group is reasonably certain it will exercise a purchase option, the right of use is amortized over the useful life of the underlying asset.

Payments for short contracts for equipment and vehicles and all low-value leases are recognized as an expense on a straight-line basis in the income statement. Short contracts are leases with a lease term of 12 months or less. Low-value leases include IT equipment and minor office equipment. Low value is defined as below USD 5 thousand.

As per RFR 2, the rules of IFRS 16 do not need to be applied in legal entities. In such cases, a company that is the lessee shall recognize lease payments as an expense on a straight-line basis over the term of the lease. The right of use and lease liability shall thus not be recognized in the balance sheet. Duni AB has chosen to apply the exemption in RFR 2 and leases will therefore be classified as operating leases in the Parent Company going forward.

SIGNIFICANT ESTIMATES AND JUDGMENTS
Upon recognition of leases under IFRS 16, estimates and assumptions must be used. The two most significant are the judgments of the lease term's length and what discount rate will be used.

Establishing the lease's length, management considers all information available that provides an economic incentive to exercise an extension option, or to not exercise an option to terminate a lease. Options to extend a lease are only included in the lease's length if it is reasonably certain that the lease will be extended (or not terminated). Individual assessments on extensions are made regularly, lease by lease.

For leases for warehouses, offices and equipment, the following factors are normally the most significant:

- If the leases have significant fees for termination (or not extend them), the Group normally estimates that it is reasonably certain that they will be extended (or not terminated).
- If the Group has leasehold improvements and expects that they have a significant residual value, it is usually reasonably certain that the leases will be extended (or not terminated).
- In other respects, the Group takes into account other factors, including historical lease terms, and the expenses and business disruptions required to replace the leased asset.

The majority of extension options for leases of offices and vehicles have not been included in the lease liability because the Group can replace these assets without significant expenses or business disruptions.

The lease term is reassessed if an option is exercised (or not exercised) or if the Group is forced to exercise the option (or not exercise it). The judgment that it is reasonably certain is only reassessed if some significant event or change in circumstances occurs that impacts this judgment and the change is within the control of the lessee. There was no need for any such reassessment during the financial year.

BALANCE SHEET ITEMS

Right-of-use assets	**Group**
SEK m	2019
Property	145
Forklifts	10
Cars	36
Other	1
Total	**192**

Right-of-use assets added during the year amounted to 24.7 MSEK.

Lease liabilities	**Group**
SEK m	2019
Long-term	183
Short-term	12
Total leasing liability	**195**

Maturity analysis of lease liabilities, undiscounted amounts	**Group**
SEK m	2019
Within 1 year	15
Between 1 and 2 years	26
Between 2 and 3 years	23
Between 3 and 4 years	6
Between 4 and 5 years	30
Later than 5 years	106
Total	**206**

INCOME STATEMENT ITEMS

Amortization of right-of-use assets	**Group**
SEK m	2019
Property	39
Forklifts	3
Cars	24
Other	1
Total	**67**
Interest costs (included in financial costs)	5
Expenses related to short-term leasing agreements (included in cost of goods sold and administrative costs)	2
Expenses atttributable to leasing agreements for which the underlying asset is of low value which is not short-term lease agreements (included in administrative costs)	1
Expenses atttributable to variable leasing payments which are not included in the valuation of leasing liabilities (included in administrative costs)	0
Total	**8**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

OTHER LEASE DISCLOSURES

The total cash flow for the year for leases in 2019 was SEK -24 m.
The amount of lease obligations, for which the lease term had not yet begun at year-end, is not significant.

REPORTING OF LEASES IN THE 2018 COMPARATIVE YEAR

Operating leases
The nominal value of future minimum lease payments, with respect to non-terminable leases, is broken down as follows:

	Group
SEK m	2018
Payable within one year	62
Payable later than one but within five years	117
Payable later than five years	53
Total	**232**
Of which leases signed during the year	39

Finance leases
The nominal value of future minimum lease payments, with respect to non-terminable leases, is broken down as follows:

	Group
SEK m	2018
Payable within one year	2
Payable later than one but within five years	0
Payable later than five years	–
Total	**2**
Present value of future lease payments	2

NOTE 23 – ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

ACCOUNTING PRINCIPLES

Duni recognizes accounts receivable at amortized cost, pursuant to IFRS 9. The following requirements must be met for Duni to classify its financial assets at amortized cost:

1. the asset is part of a business model with the goal of collecting contractual cash flows, and
2. the contract terms create cash flows that solely consist of capital and interest on the outstanding capital at specific points in time.

Duni measures future expected credit losses related to investments in debt instruments measured at amortized cost or fair value with changes through other comprehensive income based on forward-looking information. The Group chooses the provision method based on whether or not a material increase in credit risk has occurred. In accordance with the rules of IFRS 9, the Group applies a simplified method for impairment testing of accounts receivable. As a result of the simplification, the provision for expected credit losses is calculated based on the risk of loss for the entire term of the receivable and is recognized upon initial recognition of the receivable.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Accounts receivable	915	921	113	121
Receivables from Group companies	–	–	36	33
Other receivables	155	136	17	12
Short-term financial receivables, from Group companies	–	–	132	140
Total accounts receivable and other receivables	**1,070**	**1,057**	**298**	**306**

Other receivables above relate to:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Receivables from suppliers	8	8	–	–
VAT receivable	85	79	17	12
Factoring	9	8	–	–
Other receivables	53	41	–	0
Total other receivables	**155**	**136**	**17**	**12**

Credit exposure:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Accounts receivable neither overdue nor impaired	770	806	106	108
Accounts receivable overdue but not impaired	102	106	6	13
Impaired accounts receivable	61	25	1	2
Provision for bad debts	-18	-16	-1	-2
Total accounts receivable	**915**	**921**	**113**	**121**

The credit risk associated with accounts receivable that are neither overdue nor impaired is not considered to be large. 43% (2018: 31%) of total accounts receivable that are neither overdue nor impaired have a rating of AA or higher. SEK 47 m of this category belongs to subsidiary BioPak Pty in Australia and these accounts receivable are covered by credit insurance. Due to the geographical spread, the history Duni possesses regarding its customers, and the improbability of all customers encountering payment difficulties at the same time, Duni sees no reason for impairment in this category. No individual account receivable exceeds 4.7% (2018: 4.4%) of the total accounts receivable that are neither overdue nor impaired. Regarding credit risks and exposures, see Note 33.

Aging of accounts receivable overdue but not impaired:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Less than 1 month	87	75	6	12
1–3 months	12	25	1	1
3–6 months	2	4	0	–
More than 6 months	1	1	–	–
Total	**102**	**106**	**6**	**13**

On December 31, 2019, provisions for bad debts amounted to SEK 18 m (2018: 16). The individually assessed receivables which are deemed to be in need of impairment relate primarily to wholesalers who have unexpectedly encountered financial difficulties. It has been assessed that some of the receivables are expected to be recoverable.

Aging of impaired accounts receivable:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Less than 3 months	44	12	1	0
3–6 months	3	4	0	0
More than 6 months	14	10	1	2
Total	**61**	**25**	**1**	**2**

Specification of reserve for bad debts:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
At beginning of year	16	15	2	2
Provisions for bad debts	5	5	0	1
Receivables written off during the year	-2	-3	-1	-1
Reversed non-utilized amount	-2	-2	0	–
Exchange differences	0	0	–	–
At year-end	**18**	**16**	**1**	**2**

Provisions for the respective reversal of reserves for bad debts are included in the item "Selling expenses" in the income statement. In other categories within accounts receivable and other receivables, no assets are included for which impairment is needed. The maximum exposure to credit risks as per the balance sheet date is the fair value for each category of receivables mentioned above. The Group holds no assets pledged as security.

Reported amounts, per currency, for the group's accounts receivable:

	Group		Parent Company	
SEK m	2019	2018	2019	2018
SEK	35	38	35	38
EUR	526	550	21	21
GBP	20	94	–	–
DKK	36	37	36	37
NOK	21	25	21	25
PLN	87	18	–	–
CHF	21	22	–	–
AUD	101	70	–	–
Other currencies[1)]	68	67	–	–
Total	**915**	**921**	**113**	**121**

1) Other currencies include NZD, RUB, SGD, THB, USD, etc.

NOTE 24 – PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Prepaid rent	3	3	2	2
Prepaid insurance	4	4	1	0
Prepaid pensions	5	5	4	4
Prepaid catalog expenses	6	6	2	3
Prepaid licenses and subscriptions	5	0	0	0
Deposits	1	0	0	0
Prepaid exposition expenses	1	0	0	0
Other items	24	18	5	4
Total prepaid expenses and accrued income	**48**	**37**	**14**	**13**

NOTE 25 – ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Accrued personnel expenses	148	122	45	31
Accrued interest expenses	0	0	0	0
Accrued expenses, invoices	92	112	25	21
Accrued liabilities to customers*	224	213	29	27
Other items	29	29	4	3
Total accrued expenses and deferred income	**493**	**477**	**103**	**82**

* Accrued liabilities to customers mainly involves customer bonuses.

NOTE 26 – CASH AND CASH EQUIVALENTS

ACCOUNTING PRINCIPLES
In both the balance sheet and the cash flow statement, cash and cash equivalents include cash, bank balances and other short-term investments which mature within three months of the date of acquisition. Cash and cash equivalents comprise cash and available bank balances.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Cash and cash equivalents	311	260	212	171
Total cash and cash equivalents	**311**	**260**	**212**	**171**

NOTE 27 – OTHER LONG-TERM RECEIVABLES

ACCOUNTING PRINCIPLE
Loan receivables are measured at amortized cost. Loan receivables mainly carry variable interest and thus the fair value is estimated to correspond to the book value.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Loan receivables	10	10	–	0
Financial receivables from Group companies	–	–	1,794	1,764
Total other long-term receivables	**10**	**10**	**1,794**	**1,764**

NOTE 28 – DERIVATIVE INSTRUMENTS

ACCOUNTING PRINCIPLES

Duni applies IFRS 9 for hedge accounting as of January 1, 2018. The hedge accounting rules in IFRS 9 are more compatible with the Company's practical risk management as the standard has a more principle-based approach to hedge accounting. Duni's previous hedging arrangements qualified for hedge accounting under IFRS 9 and the hedging documentation has therefore been updated in accordance with this.

Hedging documentation

To meet the requirements of hedge accounting, certain documentation concerning the hedging instrument and its relationship to the hedged item is required. Duni also documents goals and strategies for risk management and hedging measures, as well as an assessment of the effectiveness of the hedging arrangement in terms of offsetting changes in fair value or cash flow for hedged items, both at the start of the hedge and then on an ongoing basis.

Measurement of derivative instruments

Derivative instruments are recognized in the balance sheet at the transaction date and measured at fair value, upon both initial recognition and subsequent measurement. The fair value of derivatives traded on an active market is based on the listed market prices on the balance sheet date, which means the current purchase price. For financial instruments which are not traded on an active market (e.g. OTC derivatives), the fair value is determined through the use of various valuation techniques. The fair value of interest rate swaps is calculated as the value of future cash flows discounted using current market interest rates, while the fair value of currency forward contracts is established through the use of listed prices for currency forward contracts on the balance sheet date. Recognition of subsequent changes in value depends on whether the derivative has been identified as a hedging instrument and, if such is the case, the nature of the hedged item. If a hedging arrangement has not been identified, the change in value of the derivative instrument is recognized in the income statement. Call and put options entered into with minority shareholders upon business combination are recognized directly in equity as a transaction with minority shareholders. Duni uses derivative instruments as hedging instruments for forecast cash flows or hedges of net investments in foreign operations.

Cash flow hedges

The effective part of changes in fair value on a derivative instrument which is identified as a cash flow hedge and which satisfies the conditions for hedge accounting is recognized in Other comprehensive income. The gain or loss attributable to the ineffective part is recognized immediately in the income statement under Other net gains/losses. The gain or loss attributable to the effective part of an interest rate swap which hedges borrowings at a variable interest rate is recognized in the income statement in Financial expenses.

The Group hedges its future interest payments using interest rate swaps. The Group enters into interest rate swaps that have the same critical terms as the hedged object. Critical terms can be the reference rate, interest conversion dates, payment dates, due dates and the nominal amount. The Group does not hedge 100% of its loans and therefore only identifies the share of outstanding loans corresponding to the nominal amounts of the swaps. Ineffectiveness could arise because of CVA/DVA adjustment to the interest rate swap. There was not any significant ineffectiveness attributable to interest rate swaps in 2019 and 2018.

Net investment hedges

Hedges of net investments in foreign operations via currency forward contracts are recognized similarly to cash flow hedges. The share of a gain or loss on a hedging instrument considered an effective hedge is recognized in other comprehensive income and accumulated in equity. The gain or loss attributable to the ineffective part is recognized immediately in the income statement as other revenue or other expenses. Accumulated gains and losses in equity are classified to profit or loss when foreign operations are fully or partially divested.

Classification and recognition

Information regarding the fair value for various derivative instruments used for hedging purposes is provided in this note. Changes in the hedging reserve in equity are set forth in the consolidated statement of changes in equity. The entire fair value of a derivative which constitutes a hedge instrument is classified as a fixed asset or long-term liability when the outstanding term of the hedged item exceeds 12 months, and as a current asset or short-term liability when the outstanding term of the hedged item is less than 12 months. Derivative instruments held for trading are always classified as current assets or short-term liabilities.

Fair value for derivative instruments recognized under hedge accounting:

	2019		2018	
SEK m	Asset	Liability	Asset	Liability
Interest rate swaps – cash flow hedge	0	–	–	3
Currency forward contracts	1	0	1	1
Liability for put option of minority owners	–	365	–	348
Total reported in the balance sheet	**1**	**365**	**1**	**351**
Financial instruments covered by set-off master agreement	0	–	0	–
Total after taking into consideration set-off master agreement	**1**	**–**	**1**	**–**

Duni uses interest rate swaps and currency forward contracts as hedging instruments to manage its exposure to changes in exchange rates. The subsidiary's figures correspond to those of the Group. The maximum exposure to credit risks on the balance sheet date is the fair value of the derivative instruments recognized as assets in the balance sheet.

INTEREST RATE SWAPS

The finance policy prescribes that the average interest term shall be 6 months for the total loan portfolio, with the possibility of a variation of +/- 6 months. Duni has chosen to hedge part of its outstanding loans through interest rate swaps, variable against fixed interest rates. Reporting of interest rate swaps is classified as cash flow hedging and recognized under hedge accounting in accordance with IFRS 9. The outstanding nominal amount on 12/31/2019 was EUR 15 m. Gains and losses on interest rate swaps at December 31, 2019, which are recognized in the hedging reserve in equity in the "Consolidated Statement of Changes in Equity", will be regularly transferred to financial expenses in the income statement until such time as the swap has expired.

CURRENCY FORWARD CONTRACTS

Currency forward contracts are entered into with the aim of protecting the Group from exchange rate movements through the contract determining the rate at which an asset or liability in foreign currency will be realized. An increase or decrease in the amount required to settle the asset/liability is offset by a corresponding change in value of the currency forward contract. There was no ineffectiveness to be recognized from hedges of net investments in foreign operations.

In 2018, the Parent Company entered into a currency swap totaling AUD 21 m to hedge the net investment in Biopak Pty Ltd. This currency swap is recognized under the net investment hedge rules.

Weighted average terms to expiration for the Group's currency forward contracts broken down by purpose are shown in the table below:

	Average term in months	
SEK m	2019	2018
Currency forward contracts for financial assets and liabilities	3	3

At the end of the period, the market value of these forward contracts was SEK 1 m (2018: 1).

LIABILITY FOR PUT OPTION OF MINORITY OWNERS

On October 15, 2018, Duni acquired 75% of the shares in BioPak Pty Ltd in Australia. There is a put option and a call option both parties can opt to exercise within two years amounting to approximately SEK 24 m for an additional 5% of the shares. Duni has an obligation to acquire the remaining 20% of the shares within five years. One of the minority shareholders of BioPak Pty Ltd thus has a put option during the period from October 2023 to April 2024, whereby the redemption price is determined by the future income.

In February 2018, Duni acquired 75% of the shares in Kindtoo Ltd, which is marketed under the name of Biopac UK Ltd. The minority owners of Kindtoo Ltd have a put option during the period from August 2020 to March 2021, whereby the redemption price is determined by the future income.

Duni recognizes a small part as a short-term and the rest as a long-term derivative liability for these put options equivalent to the discounted expected redemption price for the options.

NOTE 29 – BORROWINGS

ACCOUNTING PRINCIPLES

Long-term and short-term interest-bearing liabilities are measured at amortized cost. They are initially measured at fair value, net of transaction costs, but are subsequently measured at amortized cost. Any difference between the amount received (net of transaction costs) and the repayment amount is recognized in the income statement allocated over the loan period, applying the effective interest rate method. In the event of early repayment of loans, any pre-payment interest penalties are reported in the income statement at the time of settlement. Loan expenses are charged to income for the period to which they relate. Distributed dividends are recognized as a liability after the Annual General Meeting has approved the dividend.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Long-term				
Bank loans	1,187	1,399	1,165	1,384
Overdraft facilities	–	–	–	–
Total long-term borrowing	**1,187**	**1,399**	**1,165**	**1,384**

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Short-term				
Bank loans	209	103	209	103
Total short-term borrowing	**209**	**103**	**209**	**103**
Total borrowing	**1,396**	**1,502**	**1,374**	**1,487**

With respect to borrowing, duni's exposure to changes in interest rates and contractual dates for interest renegotiation is as follows at the end of the reporting period:

SEK m	2019	2018
6 months or less	209	103
6-12 months	–	–
More than one year	1,187	1,399
Total	**1,396**	**1,502**

Current financing, fair value:

	Nominal value	
SEK m	2019	2018
Bank loans	1,406	1,502
Overdraft facilities	0	0
Leases	196	2
Total	**1,602**	**1,504**

Duni's bank loans and overdraft facilities are in EUR and carry a variable interest rate where the interest is established at the loan period, the discount effect for such a relatively short period of time is insignificant, and thus the fair value corresponds to the nominal value less accrued interest. Duni's financing agreement was signed on December 18, 2017 and is long term. The financing consists of two revolving credit facilities with a nominal amount of EUR 200 m. EUR 150 m expires in December 2022 and EUR 50 m expires in June 2021. During the year, Duni took out additional financing in the amount of EUR 30 m with quarterly repayments of EUR 1.5 m and exercised an extension option to extend the maturity of an existing EUR 150 m credit facility by one year. Duni also has an EUR 20 m put/call facility maturing in May 2020. The interest rate is variable and set at EURIBOR plus a margin, until the next rolling. The average rate of interest on bank loans was 0.50% (2018: 0.40%) per year. The difference between the values recognized in the balance sheets for 12/31/2019 and the nominal values consists of transaction costs. Duni's accrued interest is recognized as accrued expenses. The tables above show the nominal values excluding accrued interest for Duni's borrowings.

On behalf of the Group, the Parent Company has taken out an overdraft facility with a nominal amount of EUR 10 m. At 12/31/2019, the amount drawn was EUR 0 m.

Interest-bearing net debt, components:

SEK m	2019	2018
Other long-term receivables	10	10
Cash and cash equivalents	311	260
Overdraft facilities	0	0
Long-term bank loans	-1,187	-1,399
Finance lease liability	-196	-2
Short-term bank loans	-209	-103
Allocation to pensions	-276	-256
Interest-bearing net debt	**-1,546**	**-1,490**

Change in interest-bearing net debt:

SEK m	2019	2018
Cash and cash equivalents and other long-term receivables	321	270
Allocation to pensions	-276	-256
Finance lease liability	-196	-2
Gross debt – fixed interest	–	–
Gross debt – variable interest	-1,396	-1,502
Interest-bearing net debt	**-1,546**	**-1,490**

Net debt excluding allocation to pensions:

SEK m	Cash and cash equi-valents	Other long-term receivables	Overdraft facilities	Other financial liabilities	Finance leases maturing within 1 year	Finance leases maturing later than 1 year	Borrowings maturing within 1 year	Borrowings maturing later than 1 year	Total
Interest-bearing net debt at December 31, 2017	**227**	**2**	**-2**	**0**	**-1**	**-3**	**-197**	**-637**	**-611**
Net cash flow	28	8	2	58	0	0	90	-726	-540
Exchange differences	5	0	0	-58	0	0	4	-36	-85
Other non-cash items	–	–	–	0	–	–	–	–	0
Interest-bearing net debt at December 31, 2018	**260**	**10**	**0**	**0**	**-1**	**-3**	**-103**	**-1,399**	**-1,236**
Net cash flow	48	0	0	-6	0	-24	-109	-22	-113
Exchange differences	3	0	0	6	0	24	3	234	-270
Other non-cash items	–	–	–	0	-12	-180	–	–	-192
Interest-bearing net debt at December 31, 2019	**311**	**10**	**0**	**0**	**-13**	**-183**	**-209**	**-1,187**	**-1,271**

The interest-bearing net debt Duni tracks as a key ratio also includes allocation to pensions. In the table above, Duni has chosen not to include allocation to pensions because the net cash flow in the table should match cash flow for the year and cash flow used in financing activities in the consolidated cash flow statement.

NOTE 30 – CLASSIFICATION OF FINANCIAL INSTRUMENTS

ACCOUNTING PRINCIPLES
Duni has applied IFRS 9 since January 1, 2018. IFRS 9 replaces the parts of IAS 39 covering the recognition and derecognition of financial instruments from the balance sheet, the classification and measurement of financial assets and liabilities, the impairment of financial assets and hedge accounting.

Classification
Duni's principles for the classification and measurement of financial assets are based on an assessment of both (i) the company's business model for managing financial assets and (ii) the characteristics of the contractual cash flows from the financial asset.

Financial assets are initially measured at fair value plus, if the asset is not recognized at fair value through profit or loss, transaction costs directly attributable to the purchase. Transaction costs attributable to financial assets measured at fair value through profit or loss are recognized as an expense in the income statement directly. Purchases and sales of financial assets are recognized on the transaction day, which is the date on which the Group undertakes to purchase or sell the asset.

Financial assets and liabilities are set off and recognized at a net amount in the balance sheet, but only when there is a legal right to set off the recognized amounts and there is an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt. The legal right may not be dependent on future events and must be legally binding on the Company and the counterparty, both in normal business operations and in the event of suspension of payments, insolvency or bankruptcy.

Derivative instruments
The Group's derivatives are measured at fair value in the balance sheet. In cases where hedge accounting is applied or if the derivatives comprise a package of options in respect of acquired subsidiaries, the changes in value are recognized through other comprehensive income. In other cases, the changes in value are recognized through profit or loss, including cases where they financially hedge the risk but hedge accounting is not applied. See more in Note 28 Derivative instruments.

Assets measured at amortized cost
Duni only classifies its financial assets as assets measured at amortized cost when the following requirements are met:

- the asset is part of a business model with the goal of collecting contractual cash flows, and

- the contract terms create cash flows that solely consist of capital and interest on the outstanding capital at specific points in time.

The following financial assets are measured at amortized cost: Financial assets, Other receivables, Accrued revenue, Accounts receivable and Cash and cash equivalents. These assets were measured at amortized cost under the previous policies as well.

Assets measured at fair value through profit or loss
Duni does not have any financial assets measured at fair value through profit or loss except derivative instruments.

Assets measured at fair value through other comprehensive income
Duni does not have any financial assets measured at fair value through other comprehensive income.

Financial liabilities measured at amortized cost
Long-term and short-term interest-bearing liabilities and other financial liabilities such as accounts payable and accrued expenses are included in this category. These liabilities are measured at amortized cost. Accounts payable comprise obligations to pay for goods or services which have been acquired from suppliers in the course of operating activities. Accounts payable are classified as short-term liabilities if they fall due for payment within one year. Financial liabilities are initially measured at fair value, net of transaction costs. Thereafter, financial liabilities are measured at amortized cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognized in the income statement allocated over the loan period, applying the effective interest rate method. In the event of early repayment of loans, any pre-payment interest penalties are reported in the income statement at the time of settlement. Loan expenses are charged to income for the period to which they relate. Distributed dividends are recognized as a liability after the Annual General Meeting has approved the dividend.

Financial liabilities measured at fair value through profit or loss
Duni does not have any financial liabilities measured at fair value through profit or loss except derivative instruments.

Financial liabilities measured at fair value through other comprehensive income
Duni does not have any financial liabilities measured at fair value through other comprehensive income except derivative instruments.

Calculation of fair value
The fair value of listed financial assets traded on an active market is based on the listed market prices on the balance sheet date. The listed market price used for the Group's financial assets is the current bid price. For financial instruments which are not traded on an active market, the fair value is determined through the use of various valuation techniques. The Group uses a number of different methods and makes assumptions based on the market conditions prevailing on the balance sheet date. Listed market prices or broker listings for similar instruments are used with respect to long-term liabilities. Other techniques, such as calculation of discounted cash flows, are used to establish the fair value of the remaining financial instruments.

The carrying amount of accounts receivable and accounts payable, less any impairment, is assumed to correspond to fair value since these items are short-term in nature. For information purposes, the fair value of financial liabilities is calculated by discounting the future contracted cash flows to the current market interest rate which is available to the Group for similar financial instruments.

Pursuant to the standard for financial instruments, disclosure is required regarding measurement to fair value per level in the following fair value hierarchy:

Level 1 – Listed prices (unadjusted) on active markets for identical assets or liabilities.
Level 2 – Other observable data for assets or liabilities comprises listed prices included in Level 1, either directly (as price) or indirectly (derived from price).
Level 3 – Data for assets or liabilities which is not based on observable market data.

All of Duni's derivative instruments are classified in accordance with Level 2, except for the put option to the minority shareholders, which is classified in accordance with level 3.

Derecognition of financial assets and liabilities
Financial instruments are derecognized from the balance sheet when all risks and rewards have been transferred to another party or when obligations have been met.

Impairment of non-financial assets
With respect to goodwill and other assets with an undetermined useful life, an annual assessment is conducted to ascertain that the recoverable amount, i.e. the higher of net realizable value or value in use, exceeds the carrying amount. With respect to other non-financial assets, a similar assessment is carried out as soon as there are indications that the carrying amount is too high. The asset's value is written down to the recoverable amount as soon as it is shown that it is lower than the carrying amount.

SEK m	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Assets				
Non-financial assets				
Tangible and intangible assets	3,873	3,798	88	77
Right-of-use assets	192	2	–	–
Deferred tax assets	75	57	16	18
Other financial fixed assets	–	–	1,359	1,371
Inventory	781	771	103	105
Prepaid expenses and accrued income	48	37	14	13
Total non-financial assets	**4,969**	**4,665**	**1,580**	**1,584**
Assets valued at amortized cost				
Other long-term receivables	10	10	7	6
Accounts receivable	915	921	113	121
Tax assets	75	35	0	0
Other receivables	155	136	17	12
Receivables from Group companies	–	–	1,962	1,936
Cash and cash equivalents/Cash and bank balances	311	260	212	172
Total assets valued at amortized cost	**1,466**	**1,363**	**2,311**	**2,247**
Assets measured at fair value through profit or loss				
Derivative instruments	1	1	1	1
Total assets measured at fair value through profit or loss	**1**	**1**	**1**	**1**
Total assets	**6,436**	**6,029**	**3,892**	**3,832**

Duni does not have any assets which are classified as "Derivative instruments used for hedging purposes" and "Available for sale".

SEK m	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Liabilities				
Non-financial liabilities				
Deferred tax liability	130	206	14	12
Allocation to pensions	276	255	91	94
Allocation to restructuring reserve	11	29	1	6
Total non-financial liabilities	**417**	**490**	**106**	**112**
Liabilities at amortized cost				
Overdraft facilities	0	0	0	0
Bank loans	1,396	1,502	1,374	1,487
Leasing liability	196	2	–	–
Accounts payable	505	424	69	61
Tax liabilities	57	23	26	22
Other liabilities	152	143	26	25
Liabilities to Group companies	–	–	322	222
Accrued expenses and deferred income	493	477	103	82
Total liabilities at amortized cost	**2,799**	**2,571**	**1,920**	**1,899**
Derivative instruments used for hedging purposes				
Derivative instruments	0	3	0	3
Total derivative instruments used for hedging purposes	**0**	**3**	**0**	**3**
Liabilities measured at fair value through profit or loss				
Derivative instruments	0	0	0	0
Total liabilities at fair value through profit or loss	**0**	**0**	**0**	**0**
Liabilities measured at fair value through equity				
Derivative instruments	365	349	0	0
Total liabilities measured at fair value through equity	**365**	**349**	**0**	**0**
Total liabilities	**3,581**	**3,412**	**2,026**	**2,014**

NOTE 31 – SHARE CAPITAL, EARNINGS PER SHARE AND ALLOCATION OF EARNINGS

On December 31, 2019, the share capital comprised 46,999,032 (2018: 46,999,032) shares. Each share carries an entitlement to one vote. All shares registered on the balance sheet date are fully paid-up. On December 31, 2019, the quotient value of the shares was SEK 1.25 per share.

A specification of changes in equity is provided in the "Consolidated Statement of Changes in Equity", which is presented immediately after the balance sheet.

Since Duni has had no outstanding convertible debentures or warrants, there has been no dilution of Duni shares in the 2019 and 2018 financial years.

Dividends to the Parent Company's shareholders are recognized as a liability in the Group's financial statements after the Annual General Meeting has approved the dividend.

EARNINGS PER SHARE, BEFORE AND AFTER DILUTION

Earnings per share before and after dilution are calculated based on the following income and number of shares:

SEK m	2019	2018
Income attributable to the equity holders of the Parent Company (SEK m)	269	245
Weighted average number of outstanding common shares (thousands)	46,999	46,999
Earnings per share, before and after dilution (SEK per share)	**5.73**	**5.22**

ALLOCATION OF EARNINGS

Retained earnings	1,495,699,632
Net income for the year	283,639,075
SEK	**1,779,338,707**

NOTE 32 – ADJUSTMENTS FOR NON-CASH ITEMS

ACCOUNTING PRINCIPLES

The cash flow statement is prepared using the indirect method. The reported cash flow covers only transactions which result in payments being received or made. Cash and cash equivalents in the cash flow statement meet the definition of cash and cash equivalents in the balance sheet, see Note 26.

	Group		Parent Company	
SEK m	2019	2018	2019	2018
Depreciation/amortization	293	201	19	17
Impairment, shares in subsidiaries	–	–	20	–
Impairment, inventories	–	–	-2	-6
Restructuring	-18	22	-5	4
Allocation to pensions	18	9	6	5
Write-down goodwill	58	–	–	–
Change in value, derivatives	-13	-13	0	0
Other	-12	-4	31	26
Total	**326**	**215**	**69**	**46**

NOTE 33 – FINANCIAL RISKS

33.1 FINANCIAL RISK FACTORS

Duni's financial operations are exposed to many different financial risks. These can be divided into currency risks, price risks regarding energy consumption and pulp purchases, interest rate risks in cash flow and interest rate risks in fair value, credit risks and liquidity risks. Duni's finance policy focuses on contingencies on the financial markets.

Financial risk management is handled by a central finance department (Treasury) in accordance with a finance policy reviewed annually and approved by the Board of Directors. The policy includes both overall risk management and risk management for specific areas, such as currency risks, interest rate risks, the use of derivative and non-derivative financial instruments and the investment of surplus liquidity. Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The financial hedge relationships established by Duni as an element in its risk management do not qualify for hedge accounting pursuant to the rules in IFRS 9, apart from two exceptions. Duni has taken out interest rate swaps as hedging instruments. The interest rate swaps are recognized in accordance with the rules governing cash flow hedges. The other exception is that part of the assets in acquired company BioPak Pty Ltd, Australia, is hedged using currency forward contracts pursuant to the rules on net investment hedges in foreign currency.

33.1.1 market risks

Currency risks

Duni operates internationally and is exposed to currency risks which arise from various currency exposures. The Group's exposure to changes in exchange rates may be described as translation exposure and transaction exposure. Duni manages its translation exposure and transaction exposure by concentrating the exposure to a small number of Group companies and through a finance policy adopted by the Board of Directors.

Transaction exposure

Transaction exposure arises when a company sells and buys in a currency other than its functional currency. The transaction exposure is minimized primarily through external commercial transactions mainly being made in the functional currencies of the subsidiaries. Purchases by subsidiaries, primarily internal, may however be made in currencies other than the subsidiary's own functional currency, and thus these purchases are exposed to a currency risk. By also directing the internal flows as far as possible to the functional currency of the recipient subsidiary, the currency risk is concentrated to a small number of subsidiaries. Duni's external outflows are primarily in SEK, USD and PLN, while external inflows are primarily in AUD, DKK, NOK, CHF and GBP. The acquisition of BioPak Pty increased exposure in USD and AUD. Duni's policy is to not hedge flows in foreign currency in any way other than as is described above. Duni's policy is also to not hedge interest payments, whether internal or external.

Duni has an indirect currency risk in USD through the subsidiary Rexcell Tissue & Airlaid AB. Internationally, pulp is priced in USD, and thus a strengthening/ weakening of the USD gives rise to increased or reduced purchasing costs for the Group.

Uncertainty surrounding the UK's exit from the EU is seen as a risk. Duni's total net exposure in GBP is approximately SEK 300 m. A change in GBP, caused by the Group's GBP being converted to a higher or lower rate, of +/- 5% would impact income by approximately SEK 15 m.

Translation exposure – Consolidation

Translation exposure arises when the income statements of subsidiaries are translated to SEK.

Translation exposure refers to the Group exposure's in connection with the consolidation and translation of subsidiaries with a different functional currency than the Group's functional currency, SEK. The Group's functional currency is the same as its presentation currency. Translation from each company's functional currency to SEK has a major impact on the Group's reported revenue and income. At unchanged exchange rates compared with 2018, net sales for the year would have been SEK 161 m lower and the underlying EBIT would have been SEK 23 m lower.

Translation exposure – Balance sheet

Duni is also exposed to another type of translation exposure which occurs in the balance sheets of the individual Group companies due to the fact that such balance sheets include items in a currency other than such Group company's functional currency. Revaluation of these items to the exchange rate at the balance sheet date is included in the Group's income.

The financial borrowing and lending in the individual subsidiaries is primarily internal through the Parent Company and in the respective subsidiary's functional currency. In this manner, currency exposure regarding these items has been centralized to the Parent Company. In the Parent Company, 100% of the financial borrowing and lending is hedged in accordance with the Group's policy, and thus a change in exchange rates has no essential effect on income. The Parent Company's external borrowing is matched approximately 77% by internal net lending with the same currency breakdown. The remaining 23% of internal net lending is hedged on the currency futures market in accordance with Duni's policy. Note 29 presents the value and nominal amounts of currency forward contracts entered into regarding borrowing and lending in the Parent Company.

As described in greater detail below in the section addressing transaction exposures, Duni manages its currency risks primarily by concentrating commercial transactions mainly in the functional currencies of the subsidiaries. Thus, as regards the consolidated Group, the translation exposure in the working capital of the individual subsidiaries is assessed as minor. However, there is some exposure in the Group's working capital, and had all currencies been 1% higher/lower, due to exposure in the individual subsidiaries and the consolidated balance sheet items, the Group's income would have been approximately +/- SEK 9 m (2018: +/- SEK 7 m). The corresponding figures for the Parent Company are approximately +/- SEK 3 m (2018: +/- SEK 3 m).

There is also exposure in the Group because the Group's net assets are in subsidiaries with currencies other than SEK. Translation of these net assets results in translation effects that are recognized in other comprehensive income. The Group has a policy that governs when and to what extent this exposure is to be hedged. As of 2018, the Group hedges part of the net assets in acquired company BioPak Pty Ltd using currency forward contracts. Currency forward contracts are recognized pursuant to the rules on net investment hedges in foreign currency. The hedge is strictly for financial aims and not for speculative purposes. The derivative instrument meets the criteria for hedge accounting. The effectiveness of the hedge was assessed when the hedging arrangement was entered into. The hedged item and hedging instrument are assessed on an ongoing basis to ensure that the arrangement meets the requirements.

Price risks

Energy price risks

Through their energy-intensive operations, production and conversion units are exposed to risks associated with changes in the price of energy, particularly gas and electricity. In those cases where the energy price is not hedged, price changes on the energy market have a direct impact on the company's income. A change of +/-5% in the price of the electricity used by all production and conversion units in Europe affects income by approximately -/+ SEK 3 m (2018: SEK 3 m).

During 2019, the subsidiary Rexcell Tissue & Airlaid AB purchased approximately 82,670 MWh of electricity at a cost of approximately SEK 40 m; 4,350 metric tons of LPG for approximately SEK 21 m; and woodchips for the biofuel boiler at a cost of approximately SEK 13 m (2018: 82,370 MWh of electricity for SEK 45 m; 4,470 metric tons of LPG for SEK 25 m; and woodchips for SEK 11 m).

Rexcell Tissue & Airlaid AB has been allocated emission rights for the period 2013 to 2020, divided between Dals Långed and Skåpafors. In 2019, Rexcell Tissue & Airlaid AB had 4,654 (4672) unused emission rights with a market value of SEK 0 m (0). In total, 13,059 metric tons were used in Skåpafors in 2019. For more information about emission rights, please see the Directors' Report.

Pulp price risks
OTC trading in financial contracts takes place with respect to certain paper and pulp products, i.e. there is a possibility to reduce the risk of fluctuations in the paper and pulp price. Purchases of paper and pulp are made by the subsidiary, Rexcell Tissue & Airlaid AB. Duni currently has not signed any such contracts. A change of +/- 5% per metric ton in the price of pulp during 2019 affects income by -/+ SEK 19 m (2018: SEK 21 m).

Interest rate risks with respect to cash flows and fair value
Since all external borrowing is at variable interest rates, Duni is exposed to interest rate risks regarding cash flows, primarily in EURIBOR (see Note 29 for more details). The Parent Company's internal lending and borrowing also takes place at variable rates. Part of the interest rate risk has been hedged at a fixed rate through 3-year interest rate swaps, expiring in December 2022. The interest rate swaps are solely for financially hedging risks, not speculative purposes.

The impact of the hedge is assessed when the hedging arrangement is entered into. The hedged item and hedging instrument are assessed on an ongoing basis to ensure that the arrangement meets the requirements. The Group does not hedge 100% of its loans and therefore only identifies the share of outstanding loans corresponding to the nominal amounts of the interest rate swaps. The financial relationship has been 100% effective because the critical conditions have been matched.

Duni has no significant interest-bearing assets. The Group's revenue and cash flows from operating activities are, in all essential respects, independent of changes in market interest rates. The Group's interest rate risk with respect to cash flows arises through external borrowing at a variable interest rate. Outstanding loans are entirely in EUR.

Had interest rates on the Group's borrowing at 12/31/2019 been 100 points higher/lower, with all other variables being constant and taking into account interest rate swaps, Duni's net financial items for 2019 would have been SEK 10 m lower/higher (2018: SEK 8 m). Other components in equity would have been SEK 5 m (2018: SEK 6 m) lower/higher, primarily as a consequence of a decrease/increase in the fair value of interest rate derivatives used as hedging instruments.

Risk of liability to minority owner put option
On October 15, 2018, Duni acquired 75% of the shares in BioPak Pty Ltd in Australia. There is a put option and a call option both parties can opt to exercise within two years amounting to approximately SEK 24 m for an additional 5% of the shares. Duni has an obligation to acquire the remaining 20% of the shares within five years One of the minority shareholders of BioPak Pty Ltd thus has a put option during the period from October 2023 to April 2024, whereby the redemption price is determined by the future income.

In February 2018, Duni acquired 75% of the shares in Kindtoo Ltd, which is marketed under the name of Biopac UK Ltd. The minority owners of Kindtoo Ltd have a put option during the period from August 2020 to March 2021. Duni has an obligation to acquire the remaining 25%, whereby the redemption price is determined by the future income.

Duni recognizes a small part as a short-term and the rest as a long-term derivative liability for these put options equivalent to the discounted expected redemption price for the options. Changes in the value of the derivative instrument are recognized in equity. If the future income of Kindtoo Ltd increases by 10%, this will generate an impact of SEK 1 m on the Group's equity.

The major impact is in BioPak Pty Ltd. The put option was measured at SEK 342 m at year-end. The value of this option will change depending on the company's growth and profitability in the coming five years. If the assumed growth and profitability rate increase or decrease by 10%, the value of the put option would change by approximately +/- SEK 18 m.

33.1.2 Credit risks
Credit risks are managed at the Group level. Credit risks arise through cash and cash equivalents, derivative instruments and balances held with banks and financial institutions, as well as credit exposure in relation to the Group's customers, including outstanding receivables and agreed transactions. Only banks and financial institutions with a long-term credit rating from an independent rating agency of at least A- (minus) or better are accepted. The total amount deposited or invested in a bank or a single finance company may not exceed SEK 150 m.

All new large customers are subject to a credit rating assessment by an independent rating agency. In those cases where there is no independent credit rating, a risk assessment is made regarding the customer's creditworthiness with consideration given to the customer's financial position, previous experience and other factors. Individual risk limits are established based on internal or external credit assessments in accordance with the limits established by the Board. The use of credit limits is monitored regularly.

The maximum credit risk consists of the book value of the exposed assets, including derivatives with positive market values.

Receivables overdue by more than 180 days accounted for 0.92% of total accounts receivable (2018: 0.89%). For the Parent Company, the corresponding figure is 0.18% (2018: 1.30%).

NOTE 34 – MANAGEMENT OF CAPITAL RISK

CAPITAL RISK
Capital risk comprises refinancing and liquidity risks, and these risks arise if the company cannot meet payment obligations due to a liquidity shortage or difficulties obtaining loans from external sources.

The risk is managed within Duni by Treasury ensuring that sufficient cash and cash equivalents are available through financing, agreed credit facilities (these are described in greater detail in Note 29) and the possibility to close market positions. Excess liquidity is centralized via the Group's cash pools. Treasury manages liquidity both within and between these cash pools. On December 31, 2019, Duni's liquidity totaled SEK 311 m (260) along with a non-utilized credit facility of SEK 1,050 m (843). Payments for coming periods relating to financial liabilities are shown in the tables below.

Duni's credit facility is subject to covenants consisting of a financial key ratio as well as a number of non-financial conditions. The financial key ratio comprises financial net debt as a percentage of the underlying EBITDA. The interest margin is calculated based on the same key ratio and adjusted based on given levels each quarter. This key ratio is used solely for compliance with the credit facilities and is thus not a key ratio defined by Duni.

Duni's financing agreement was signed on December 18, 2017. The financing is long term and consists of two loan facilities with revolving borrowing in EUR. The two facilities total EUR 200 m. During the year, Duni took out additional financing in the amount of EUR 30 m with quarterly repayments and exercised an extension option to extend the maturity of an existing EUR 150 m credit facility by one year. The EUR 150 m facility matures in December 2022 and the EUR 50 m facility matures in July 2021.

Duni has the possibility to freely use the facilities based on the Company's liquidity needs within the term of the facility. In addition to this financing, there is a put call totaling EUR 20 m which matures in May 2020. There are overdraft facilities in place totaling EUR 10 m that had not been used at December 31, 2019.

The table below shows the Group's contracted outstanding non-discounted interest payments and repayments on financial liabilities and liabilities regarding derivative instruments:

		1 to 3 months		3 to 12 months		Later than 1 year but within 5 year	
SEK m	Book value	Interest rate	Amortization	Interest rate	Amortization	Interest rate	Amortization
Bank loans	-1,396	-1	–	0	-271	–	–
Overdraft facility	0	–	0	–	–	–	–
Accounts payable and other liabilities	-657	–	-657	–	–	–	–
Currency forward contracts[1)]	0	–	–	–	–	–	–
– Interest rate swap	0	0	–	0	0	0	–
– Liability for put option of minority owners	-365	–	–	–	-23	–	-342
Derivative instruments – Liabilities	**-365**	**0**	**0**	**0**	**-23**	**0**	**-342**
Currency forward contracts[1)]	1	–	–	–	–	–	–
– Interest rate swap	0	–	–	–	–	–	–
Derivative instruments – Assets	**1**	**0**	**0**	**0**	**0**	**0**	**0**
Sum	**-2,417**	**-1**	**-657**	**0**	**-294**	**0**	**-342**

[1)] Gross flows are shown in the table below.

The market value of the derivative instruments is broken down by derivative type as follows:

SEK m	2019	2018
Currency forward contracts	1	1
Interest rate swap	0	-3
Liability for put option of minority owners*	-365	-348
Sum	**-364**	**-350**

* For liability for put option of minority owners, see Note 28.

Financial currency forward contracts relate to both internal and external liabilities and receivables. The above presentation includes all financial liabilities and derivative instruments with negative and positive values. Amounts in foreign currency and amounts paid based on a variable rate of interest have been estimated through the use of the prevailing exchange rates on the balance sheet date and the most recent interest rate adjustments. Total repayment does not always correspond to the book value. This is due to the fact that the Group's transaction costs in connection with the arrangement of loans are booked against the loan. Currency forward contracts are settled gross. All flows are due and payable within one year.

The table below shows these currency forward contracts, broken down by the time remaining on the balance sheet date until the contractual expiration date. The amounts stated below are the contractual non-discounted amounts.

SEK m	2019	2018
Currency forward contracts		
– Inflow according to contracts for financial assets and liabilities	649	394
– Outlow according to contracts for financial assets and liabilites	-649	-393

All flows are due and payable within one year. Financial currency forward contracts relate to both internal and external liabilities and receivables.

The above presentation includes all financial liabilities and derivative instruments with negative and positive values. Amounts in foreign currency and amounts paid based on a variable rate of interest have been estimated through the use of the prevailing exchange rates on the balance sheet date and the most recent interest rate adjustments. Total repayment does not always correspond to the book value. This is due to the fact that the Group's transaction costs in connection with the arrangement of loans are booked against the loan.

Impact of hedge accounting on the Group's financial position and performance

The effects of hedge accounting of the impact of currency risks on the Group's financial position and performance are shown below:

Net investment in foreign operations

	2019	2018
Recognized amount (AUD m)	65	63
Nominal amount of hedging instruments (AUD m)	21	21
Hedge ratio	32%	34%
Weighted average of forward prices during the year (including forward points)	6.4991	6.3807

The hedged item is estimated to, in all material respects, have the same change in fair value as the hedging instrument.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38

Derivative instruments - Interest rate swaps

	2019	2018
Recognized amount (EUR m)	15	40
Maturity date	2022-12-19	2019-08-07
Nominal amount of hedging instruments (EUR m)	15	40
Hedge ratio	11%	28%
Weighted average of the variable interest rate during the year	0.39%	-0.324%

The hedged item is estimated to, in all material respects, have the same change in fair value as the hedging instrument.

Hedge reserve

SEK k	Interest rate swaps	Currency forwards
Balance at 1/1/2018	**-3,895**	**0**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	2,952	3,267
Less deferred tax	-662	-699
Balance at 12/31/2018	**-1,605**	**2,568**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	2,060	-4,981
Less deferred tax	-431	996
Balance at 12/31/2019	**-24**	**-1,417**

The hedge expense is included in the table above and its amount is negligible.

CAPITAL STRUCTURE

Duni's objective with respect to its capital structure is to ensure the Group's ability to continue its operations. The Group assesses capital on the basis of the net debt/equity ratio. This key ratio is calculated as interest-bearing net debt divided by total capital. The interest-bearing net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity in the consolidated balance sheet plus net debt.

The net debt/equity ratio is as follows:

	Group	
SEK m	2019	2018
Total borrowings	1,396	1,502
Overdraft facilities	0	0
Other long-term receivables	195	2
Allocation to pensions	276	255
Group loan / receivables	-10	-9
Less: cash and cash equivalents	-311	-260
Interest-bearing net debt[1)]	1,546	1,490
Total equity	**2,664**	**2,616**
Total capital	**4,210**	**4,106**
Net debt/equity ratio	37%	36%

1) The calculation of interest-bearing net debt is exclusive of derivatives.

NOTE 35 – CONTINGENT LIABILITIES AND PLEDGED ASSETS

CONTINGENT LIABILITIES

	Group		**Parent Company**	
SEK m	2019	2018	2019	2018
Garantier	56	44	54	41
FPG/PRI	2	2	2	2
Summa eventualförpliktelser	**58**	**46**	**56**	**43**

Of the guarantees in the Parent Company, SEK 39 m (2018: SEK 38 m) are pledged to the benefit of Group companies. Guarantees in the Parent Company, relating primarily to local customs departments, amount to SEK 3 m (2018: SEK 3 m).

No significant liabilities are expected to arise as a consequence of any of the above types of contingent liabilities.

Duni has an environmental policy and has implemented control systems which assist Duni in ensuring compliance with environmental legislation. Duni considers the existing operations and production plants to fulfill in all essential respects the requirements stipulated in environmental legislation and provisions which extend to Duni. However, Duni cannot guarantee that currently unknown obligations, for example cleanup or restoration of property owned or previously owned by Duni, cannot arise in the future. Discussions are taking place with responsible authorities concerning allocation of responsibility and technical investigation of suspected past soil contamination on two properties owned by Duni AB.

Duni does not have any contingent assets relating to 2019 and 2018.

PLEDGED ASSETS

BioPak Pty Ltd has pledged assets in the amount of SEK 22.0 m. The Parent Company had no pledged assets in 2019.

NOTE 36 – OBLIGATIONS

ACCOUNTING PRINCIPLES

Operating leases

Leases of fixed assets, where the company in all essential respects holds the financial risks and benefits associated with ownership, are classified as finance leases. Other leases agreements are classified as operating leases. The Parent Company only holds leases classified as operating leases. Payments made during the lease term (less deductions for any incentives from the lessor) are recognized as an expense in the income statement on a straight-line basis over the lease term.

Duni AB leases some offices and warehouses as well as passenger cars, primarily for the sales organization. The largest leases are non-terminable in advance. Leases have varying terms, index clauses and rights of extension. The terms are market terms as regards prices and lengths of the agreements.

The nominal value of future minimum lease payments, with respect to non-terminable operating leases, is broken down as follows::

	Parent Company	
SEK m	2019	2018
Payable within one year	7	6
Payable later than one but within five years	6	10
Payable later than five years	–	–
Total	**13**	**16**
Of which leases signed during the year	1	3

The total expenses for operating leases during the year amounted to SEK 8 m (2018: SEK 7 m) in the Parent Company. The Parent Company does not hold any finance leases. Following the implementation of IFRS 16, lease expenses for 2018 were harmonized and changed from SEK 25 m to SEK 7 m. An expense for storage service management was treated as an operating lease under previous rules but does not classify as a finance lease under IFRS 16.

NOTE 37 – RELATED-PARTY TRANSACTIONS

No material transactions with related parties have taken place during the 2019 financial year or the 2018 financial year.

Other than the information above and in Note 16 regarding Remuneration of senior executives and in Note 4 regarding Intra-group purchases and sales, there are no transactions with closely related companies.

NOTE 38 – EVENTS AFTER THE BALANCE SHEET DATE

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

On March 5, 2020, the Nomination Committee published its board composition proposals for the 2020 Annual General Meeting. Magnus Yngen and Pia Rudengren have declined re-election. Morten Falkenberg, Sven Knutsson and Pia Marions are proposed for election as new directors and Thomas Gustafsson is proposed for election as the new Chairman of the Board. In addition, the Nomination Committee proposes the re-election of the other directors: Pauline Lindwall and Alex Myers. Other elections, information about all directors proposed for the board and the Nomination Committee's complete proposals and opinions substantiating their proposals will be presented in the notice of the Annual General Meeting.

The Duni Group announced on March 20, 2020, that the company is taking action to deal with the effects of the COVID-19 pandemic. This includes a cost-cutting program with shortened working hours, deferred investments, a freeze on new hires and consulting expenses, and a ban on travel. The purpose of this is to meet the significantly decreased demand primarily from the hotel and restaurant industry, which is expected to have negative sales effects in the second quarter. COVID-19 highlights the relevance of and partially increases the risks described in Notes 33 and 34 and in the Operational and financial risks section of the Directors' Report.

Another action was the announcement that the Board of Directors proposes that the Annual General Meeting in May cancel the dividend.

THE BOARD OF DIRECTORS AND CEO'S ASSURANCE AND SIGNATURES

The Board of Directors and CEO hereby affirm that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial position and results of operations. The annual report has been prepared in accordance with generally accepted accounting practices and provides a true and fair view of the Parent Company's financial position and performance.

The directors' reports for the Group and Parent Company provide a true and fair view of the Group and Parent Company's business, financial position and performance and describe the substantial risks and uncertainties to which the Parent Company and the companies that are part of the Group are subject.

Malmö, 03/25/2020

Magnus Yngen
Chairman of the Board

Thomas Gustafsson
Director

Pauline Lindwall
Director

Alex Myers
Director

Pia Rudengren
Director

Per-Åke Halvordsson
Employee representative, PTK

David Green
Employee representative LO

Johan Sundelin
President and CEO

Our audit report was submitted on March 26, 2020

PricewaterhouseCoopers AB

Carl Fogelberg
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Duni AB (publ), corporate identity number 556536-7488

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Duni AB (publ) for the year 2019 except for the corporate governance statement and the statutory sustainability report on pages 57–62 and 55. respectively. The annual accounts and consolidated accounts of the company are included on pages 53–127 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 57–62 and 55 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OUR AUDIT APPROACH

AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit considered the key audit matter
VALUATION OF INTANGIBLE ASSETS	
Refering to notes 2 and 20 in the annual report. The value of intangible assets amounted, as of 31 December 2019, to MSEK 2 556. In accordance with IFRS, management shall annually perform an impairment test for goodwill with indefinite economic use. MSEK 1 199 of the goodwill is related to business area Table Top and MSEK 914 is related to business areas Consumer, Meal Service and New Markets. Some of the assumptions and judgments undertaken by management regarding future cash flows and other circumstances are complex and have an impact on the calculation of the value in use. This applies, in particular, to the following: growth rate, profit margins and discount rate. Changes in these assumptions could lead to a change in the reported value of intangible assets and goodwill. We consider the Goodwill and other ingantible assets related to business areas Consumer, Meal Service and New Markets to be a Key audit matter as it is recently acquired goodwill and other intangivle assets. The history regarding assumptions and judgements are shorter compared to business area Table Top.	Our audit activities include a review of the applied calculation model and the challenging of significant assumptions applied by management in their tests. We have assessed the reasonableness of the budget presented by management, and which has been approved by the Board of Directors, by evaluating historical outcome against adopted budgets. We have compared the country specific growth in perpetuity values with independent forecasts regarding economic growth and have noted that the assumptions applied are within a reasonable interval; and We have assessed the discount rate (weighted average cost of capital ("WACC")) against comparable operations and have noted that the assumptions applied are within a reasonable interval. We have also evaluated the management's assessment of the manner in which the group's calculation models are impacted by changes in assumptions, and have compared this with the information presented in the annual accounts related to impairment testing.

Key audit matter	How our audit considered the key audit matter
REBATES, CLIENT BONUSES AND RETURNS	
Refering to notes 2 and 25 of the annual report. The group sells goods on terms entitling customers with the right to rebates, volume-based bonuses or the right to return, under certain circumstances, purchased goods. These arrangements result in decreased net sales, at the same time an assumption in the form of a reserve for the bonuses yet to be paid or where the group deems that returns can take place, is reported. The reserves are reported as an accrued cost and amounted to MSEK 224. We have focused on this area as the reserve for these assumptions involves, more or less, complex calculations and judgments on behalf of management.	We have taken part of management's calculations regarding the underlying sales in order to assess the amount of the reserve. If applicable we have compared management's assessments against underlying client contracts, historical sales patterns, rebates and return levels. We have also assessed management's assumptions comparing the accuracy of historical judgments concerning the reserve with historical outcome in order to obtain an understanding of the precision of this year's assessment. If applicable, we have verified the year's reserves against subsequent payments made or returns. We have checked the mathematical calculation model applied through control calculations. Based on the audit activities undertaken, we have identified no significant deviations.

OTHER INFORMATION OTHER THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–52 and 131–133. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Duni AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

THE AUDITOR'S REVIEW OF THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for that the corporate governance statement on pages 57–62 has been prepared in accordance with the Annual Accounts Act.

(Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the statutory sustainability report on pages 55, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, box 4009, 203 11 Malmö, was appointed as Duni AB (publ)'s auditor by the Annual General Meeting on May 8, 2018. PricewaterhouseCoopers AB has been the Company's auditor since the Company was listed on the Nasdaq Stockholm On November 1, 2007.

Malmö, Thursday, March 26, 2020

PricewaterhouseCoopers AB
Carl Fogelberg

Authorized Public Accountant

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.

Amuse-bouche

Duni Amuse-bouche® is a series of transparent miniature dishes that are perfect for appetizers and desserts.

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 Duni's meal packaging solutions and serving products such as plates, bowls and take-away boxes.

BRC / IFS

BRC and IFS are management systems for hygiene and food safety. The units in Bramsche and Poznan are BRC-certified. The unit in Wolkenstein is IFS-certified.

Cash-and-carries

Hypermarkets at which commercial customers personally collect their goods.

Consumer

One of Duni's four business areas – primarily sells to the retail sector.

Customization

Tailoring solutions for specific customers so they reinforce the customer's own concept and brand.

Designs for Duni®

A unique concept whereby Duni develops specially design products in collaboration with well-known designers.

Dunicel®

Dunicel is a table cover based on a unique material with a fall similar to cloth. Thanks to a special production method, the feel is entirely different from ordinary paper table covers.

Duniform®

Duniform is a system for food and beverage distribution and covers everything from packaging machines to heat maintenance bags.

Duniletto®

Duniletto is a premium napkin and cutlery bag in one.

Dunilin®

Dunilin feels and folds like linen and is used for the most luxurious napkins. A unique material with a woven effect to look like linen, but is based on paper pulp. Dunilin combines strength with high absorption capability and is perfect for napkin folding.

Dunisilk®

Dunisilk is a wipeable material and can also be used outdoors. It is available as slipcovers, tête-à-têtes and ordinary table covers.

Ecoecho®

Ecoecho is a range for serving and meal solutions products 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.

Ecoecho® bioplastic

A bio-based material that functionally provides the same advantages as traditional polypropylene (PP), at the same time as being recyclable as ordinary plastic.

Elegance

Duni Elegance® is a linen-like exclusive napkin. It is twice as heavy as a high quality paper napkin, has an appealing structure, linen-like embossment and high absorption capability.

Evolin®

Evolin is a new, revolutionary table cover material that combines the look and feel of textile and linen table covers with the advantages of the single-use product. It is a hybrid material based on cellulose fiber and produced with a patented process.

FSC®

Abbreviation for Forest Stewardship Council, an independent membership organization that certifies forest management regarding social responsibility, environmental sustainability and economic viability.

Goodfoodmood®

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

HoReCa

Acronym for Hotel, Restaurant and Catering.

ISO 14001

ISO 14001 is the only international standard for environmental management systems and has been chosen as a standard within Duni. The units in Bramsche, Wolkenstein, Poznan, and Skåpafors are ISO 14001-certified.

ISO 26000

ISO 26000 is an international standard that defines corporate social responsibility.

ISO 9001

ISO 9001 is an international standard for quality management. The units in Bramsche, Wolkenstein, Poznan, and Skåpafors are ISO 9001-certified.

Key account management

Key account management ensures long-term and profitable relations with the most important customers.

Conversion

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

Continuing operations

The hygiene products business within Materials & Services, which was discontinued at the beginning of 2015, has been removed from the comparison years and is reported as discontinued operations on a line after net income for the year for continuing operations.

Life cycle management

New and existing products are evaluated based on criteria for stock-keeping, turnover, and profitability.

Meal Service

One of Duni's four business areas – sales to companies operating within restaurants, catering or food production.

Merchandising

Duni assists store owners in filling the shelves, building displays and managing sales campaigns and offers.

New Markets

One of Duni's four business areas – sells to hotels, restaurants, catering firms and the retail sector in markets outside Europe.

OK Compost

The OK Compost® label means that Duni has the world's first and largest range of compostable napkins, both single-colored and in select designs.

Organic growth

Growth excluding currency and structural effects. Acquired companies are included in organic growth when they have been a part of the Duni Group for eight quarters.

Our Blue Mission

Duni's Corporate Social Responsibility (CSR) work is governed by the Our Blue Mission program. It describes how Duni exercises social responsibility within a number of areas such as the environment, product safety, social responsibility, social rights and business ethics.

Private label

Products marketed under the customer's own label.

REACH

REACH is an acronym for Registration Evaluation Authorization and Restriction of Chemicals. It constitutes chemicals legislation throughout the European Union (EEA countries) and entered into force on June 1, 2007.

Sacchetto

Duni Sacchetto® is a paper cutlery pocket with space for a napkin.

Sensia®

Sensia table runners fall beautifully over the table, soften the edges and, thanks to their embossed structure, create a 3D-effect.

Table Top

One of Duni's four business areas – sells to hotels, restaurants, catering firms and wholesalers.

Tête-à-tête

Table cover roll, 40 cm in width, with perforation; can be used as table runner, placemat or placed across the table.

KEY RATIO DEFINITIONS

Duni uses financial measures that in some cases are not defined by IFRS, but are alternative key financials. The purpose is to provide additional information that facilitates a better and more specific comparison of performance from year to year. Duni defines its key ratios as follows.

Number of employees

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

Return on equity

Net income for the year as a percentage of equity.

Return on capital employed

Operating income as a percentage of capital employed.

Gross margin

Gross profit as a percentage of net sales.

EBIT

Earnings before interest and taxes.

EBIT margin

EBIT as a percentage of net sales.

EBITA

Earnings before interest, taxes and amortization.

EBITA margin

EBITA as a percentage of net sales.

EBITDA

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

EBITDA margin

EBITDA as a percentage of net sales.

Cost of goods sold

Cost of goods sold including production and logistic costs.

Operating income

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

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 five quarters.

Organic pro forma growth

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

Operating margin

Operating income as a percentage of net sales.

P/E ratio

Current share price as a percentage of earnings per share.

Interest-bearing net debt

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

Net debt/equity ratio

Interest-bearing net debt as a percentage of total equity.

Capital employed

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

Currency adjusted

Figures adjusted for changes in exchange rates related to consolidation. Figures for 2019 are calculated at exchange rates for 2018. Effects of restatement of balance sheet items are not included.

Earnings per share

Income for the period divided by the average number of shares.

Earnings per share adjusted for goodwill impairment

Net income, excluding goodwill impairment, divided by the average number of shares.

BRIDGE BETWEEN OPERATING INCOME AND EBIT

SEK m	2019	2018
Operating income exkluding the new leases standard	**527**	**430**
Effects of new leases standard as of January 1st, 2019	5	–
Operating income	**533**	**430**
Restructuring costs	-2	-31
Amortization of intangible assets identified in connection with business acquisitions	-121	-43
Fair value allocation in connection with acquisitions	-1	-6
EBIT	**408**	**351**

BRIDGE BETWEEN OPERATING EBITDA, EBITDA AND EBIT

SEK m	2019	2018
Operating EBITDA exkluding the new leases standard	**691**	**583**
Effects of new leases standard as of January 1. 2019	71	–
Operating EBITDA	**762**	**583**
Restructuring costs	-2	-31
Fair value allocation in connection with acquisitions	-1	-6
EBITDA	**759**	**546**
Amortization of intangible assets identified in connection with business acquisitions	-121	-43
Amortization/depreciation included in EBIT	-164	-152
EBIT	**408**	**351**

CALENDAR

ANNUAL GENERAL MEETING ON MAY 12, 2020
The Annual General Meeting will be held at 3 PM on Tuesday, May 12, 2020 at Radisson Blu Hotel, Östergatan 10, Malmö, Sweden. Registration commences at 2:45 PM.

NOTICE OF PARTICIPATION
Shareholders who wish to participate must be entered in the share register maintained by Euroclear Sweden AB no later than May 6, 2020 and must give notice of their participation no later than the same date in any of the following ways:
- by telephone +46 40 10 62 00
- by letter to Duni AB, Bolagsstämma, Box 237, SE-201 22 Malmö
- by email to bolagsstamma@duni.com

In the notice, the shareholders shall state their:
- name
- personal ID no./registration no.
- address and telephone number
- number of shares

On order to vote at the AGM, shareholders whose shares are nominee registered must request that the bank or nominee managing the shares arrange for temporary ownership registration a couple of bank days prior to Wednesday, May 6, 2020.

DISTRIBUTION
The Board of Directors proposes that the AGM carry forward the earnings for the year in equity and thus not pay a dividend for 2019. The reason is the uncertainty and concern on the market as a result of the COVID-19 virus.

DUNI AB'S NOMINATION COMMITTEE
Duni's Nomination Committee is composed as follows:

Magnus Yngen, Chairman of the Board of Duni AB

Johan Andersson, Mellby Gård Investerings AB, Chairman of the Nomination Committee

John Strömgren, Carnegie fonder

Bernard R. Horn, Jr., Polaris Capital Management, LLC

The Nomination Committee has the task of submitting proposals to the AGM regarding the election of the Board, auditors and alternate auditors, and their fees.

Complete information regarding the AGM is available on the Duni website.

TIMETABLE FOR FINANCIAL INFORMATION:

Publication dates
April 24, 2020
January–March 2020 Interim Report,

July 15, 2020
January–June 2020 Interim Report,

October 22, 2020
January–September 2020 Interim Report.

Closing accounts and interim reports are published in Swedish and English and can be downloaded from Duni's website.

The Annual Report is produced in Swedish and English. In the event of any discrepancy between the versions, reference is made to the Swedish text.

ADDRESSES

HEADQUARTERS
Duni AB
Box 237
SE-201 22 MALMÖ

Visiting address:
Ubåtshallen, Östra Varvsgatan 9A
Tel +46 40 10 62 00

Email general inquiries: info@duni.com

For addresses of Duni's subsidiaries and distributors, kindly see www.duni.com

CONTACT, INVESTOR RELATIONS:
Mats Lindroth, CFO, mats.lindroth@duni.com

CONTACT, PRESS AND COMMUNICATION:
Marielle Noble, Communications & Customer Experience Director, marielle.noble@duni.com

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