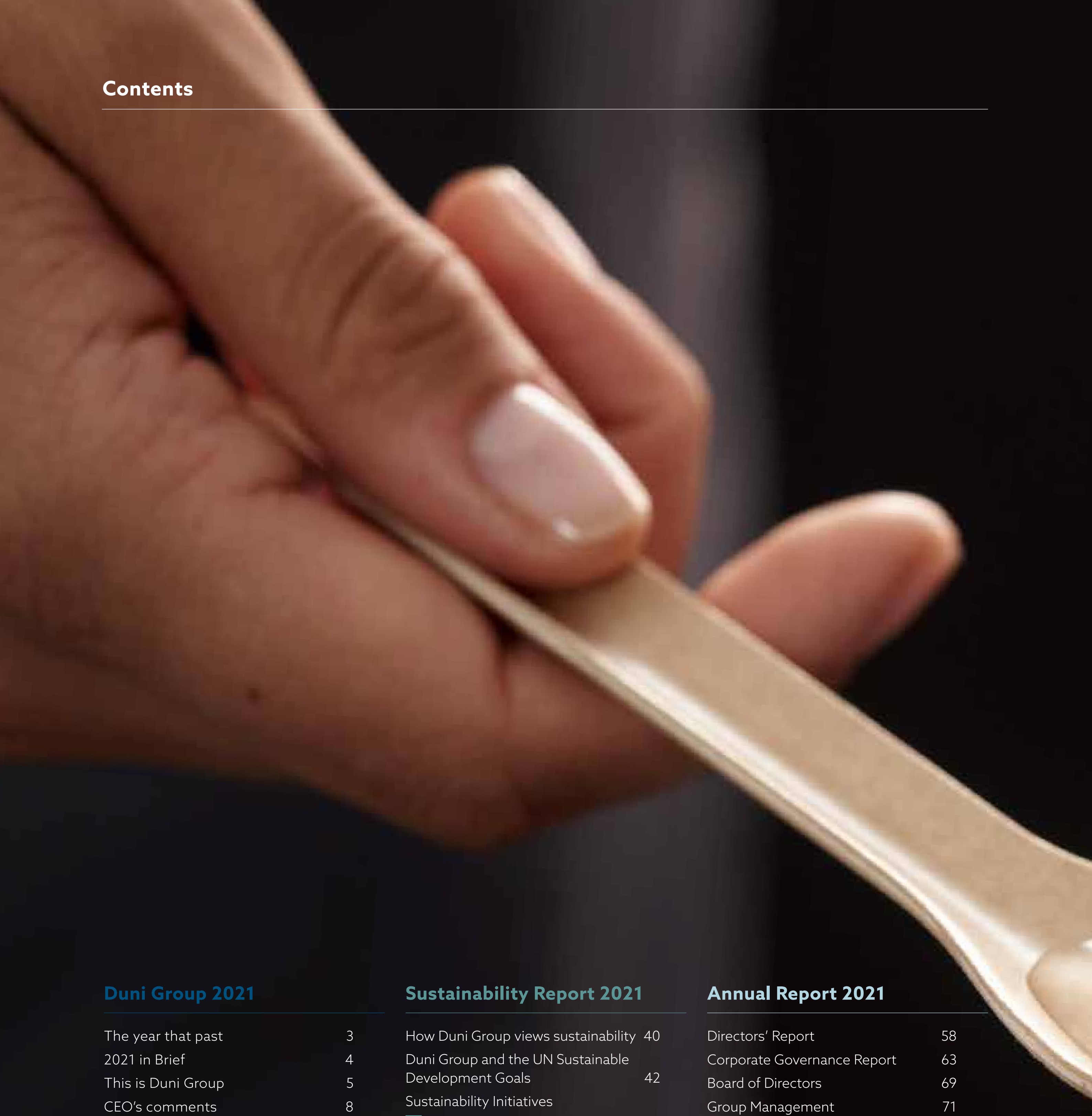
DUNI GROUP

ANNUAL AND SUSTAINABILITY REPORT 2021

Contents



Our "Decade of Action"
– Aiming for 2030

In 2021, Duni Group laid the foundations for the years up to 2030 with an updated strategy. It better reflects what we want, our company and the world around us. And it will make us a trusted sustainability leader with a strong focus on net-zero carbon footprint and circular solutions.

As the world changes, our company must also change to stay relevant. Our business is under pressure from a number of sources, including new legislation, digitalization and various trends in society, and this will continue.

However, this also creates opportunities for companies that want to be part of the development. It will not work if we just sit and wait to see what happens. We need to be able to act quickly if we are to control our own future. That is why in 2021 we have been working on many different initiatives to lay a solid foundation within the company. It builds on positive initiatives we have already launched in areas such as sustainability and innovation.

We call it our "Decade of Action" – we want to contribute to the UN Sustainable Development Goals and to a circular future. With the updated strategy launched in the autumn, we are taking a new direction on the compass. Environmental and social sustainability, circular business models, innovation and collaboration will continue to permeate all our activities.

In 2030, when employees look back on 2021 – the year we made the crucial decisions about what company we want to be and where we want to go – we hope they will be proud of us and the decisions we made. Proud to work for a company that is a leader in sustainable and circular business, that set challenging goals and has worked hard to make them a reality. A company that gives back more than it takes and continues to impel positive change, enabling future generations to meet and to enjoy food and drink together.

Q1

- Robert Dackeskog takes over as President and CEO.
- Erik Lindroth joins as new Sustainability Director.
- Duni Group is named one of the most attractive employers in Sweden by the Karriärföretagen organization.
- The two brand segments form two business areas – Duni and BioPak – with responsibility for the whole value chain.

Q2

- Through its own innovation and collaboration with OrganoClick AB, the Duni business area is launching fossil-free premium napkins and placemats.
- The first fiber-based outer packaging for napkins is launched.
- BioPak launches Compost Connect, a unique, non-branded and non-profit initiative to reduce the amount of organic waste going to landfill.

Q3

- The paper mill in Skåpafors is the first in the world to use propane gas from renewable resources in its production.
- A collaboration is launched with the Swedish &Repeat company to contribute to the development of circular solutions for take-away packaging.
- An investment in German Relevo GmbH, a company with a focus on reusable take-away systems, is completed.

Q4

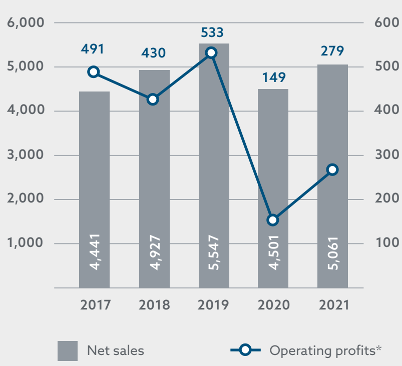
- An investment in the Spanish recycling company Bûmerang is made.
- The Group is awarded an EcoVadis Gold Medal for its sustainability performance in 2021, ranking it in the top 5% of companies in the paper and board industry.
- We join the UN Global Compact and are committed to working on environmental and social sustainability issues.
- An updated strategy with a new vision, purpose and values is presented.

KEY FINANCIALS, SEK M

	2021	2020	2019	2018	2017
Net sales	**5,061**	4,501	5,547	4,927	4,441
Operating income*	**279**	149	533	430	491
Operating margin*	**5.5 %**	3.3 %	9.6 %	8.7 %	11.1 %
Operating EBITDA*	**487**	374	762	583	630
EBIT	**173**	70	408	351	456
EBITDA	**476**	359	759	546	629
Net income before tax	**133**	7	377	328	439
Net income for the year	**77**	4	273	249	334
Proposed dividend, SEK/Share	**0.00**	0.00	0.00	5.00	5.00
Equity	**2,714**	2,628	2,664	2,616	2,594
Return on equity, %	**2.8 %**	0.1 %	10.3 %	9.5 %	12.9 %
Return on capital employed, %	**7.1 %**	3.9 %	12.9 %	10.6 %	14.4 %
Number of employees	**2,214**	2,269	2,398	2,477	2,362

* EBIT and EBITDA are adjusted for non-recurring items.

NET SALES AND OPERATING INCOME, SEK M



Environmentally smart solutions for all meals

Duni Group is a leading supplier of inspiring table setting concepts and attractive, creative and environmentally adapted disposable items for food and beverages. Our offering includes high-quality products, such as napkins, table covers, candles and other table top accessories, along with packaging and packaging systems for the growing take-away market.

All of the company's concepts should contribute to creating an elevated experience where people come together to enjoy food and drink. And they should be able to do so with a clear conscience – environmental sustainability and circular options are a matter of course.

Net sales per business area, %

Two business areas – two brands

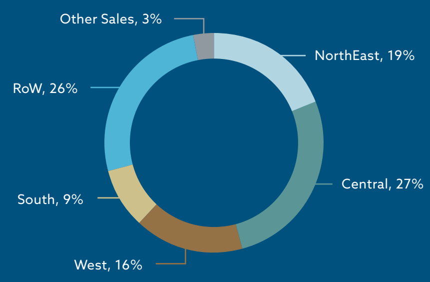
The business is divided into two business areas: Duni and BioPak. Each business area has full responsibility for its respective value chain. Products are sold through a joint sales force, with the regions supporting the business areas. Duni and BioPak are responsible for their respective brand strategies as well as their own marketing communications, product development and innovation.

2,214

The Group has 2,214 employees in 22 countries. The head office is located in Malmö, Sweden. Tissue for napkins and table covers is manufactured in Sweden, while conversion to finished products takes place in Germany, Poland, Thailand and New Zealand. Sales offices are located in Australia, Austria, Czech Republic, Finland, France, Germany, Netherlands, New Zealand, Poland, Russia, Singapore, Spain, Sweden, Switzerland, Thailand, United Arab Emirates, United Kingdom and the United States.

Production units   Sales offices

Net sales per geographic region, %



Our purpose

To inspire the world to give more than we take to enable all people to enjoy good food, well-being, and togetherness – today and for generations to come.

A Group in transition

In early 2021, a major reorganization was implemented to streamline our operations and the way we serve the market. The two segments, Duni and BioPak, were transformed into business areas. They will build the Group's brands and are responsible for their respective value chains.

Much of the year was spent laying the groundwork for the updated 2030 Strategy, launched internally in October. It has a strong focus on sustainable and circular solutions and innovation. In addition, we have formulated a new higher purpose and a new vision for 2030. Together with our new values, they will guide us in achieving our goals and vision.

Vision for 2030

In 2030 we have achieved full circularity. We passionately lead our industry towards a world where we give more than we take.

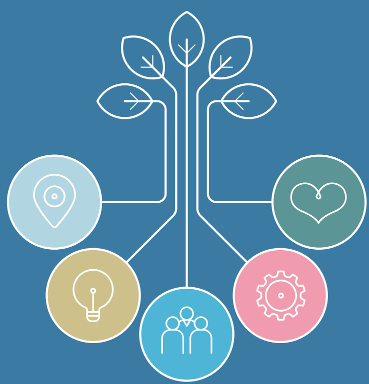
With care for our planet and our well-being – we create joyful, safe, and easy-to-use solutions for all people to embrace food, togetherness, and design.

Strategy 2030

The updated strategy has five pillars:

- Position
- Innovation
- Customers
- Business operation
- People & Culture

Read more on pages 16– 19



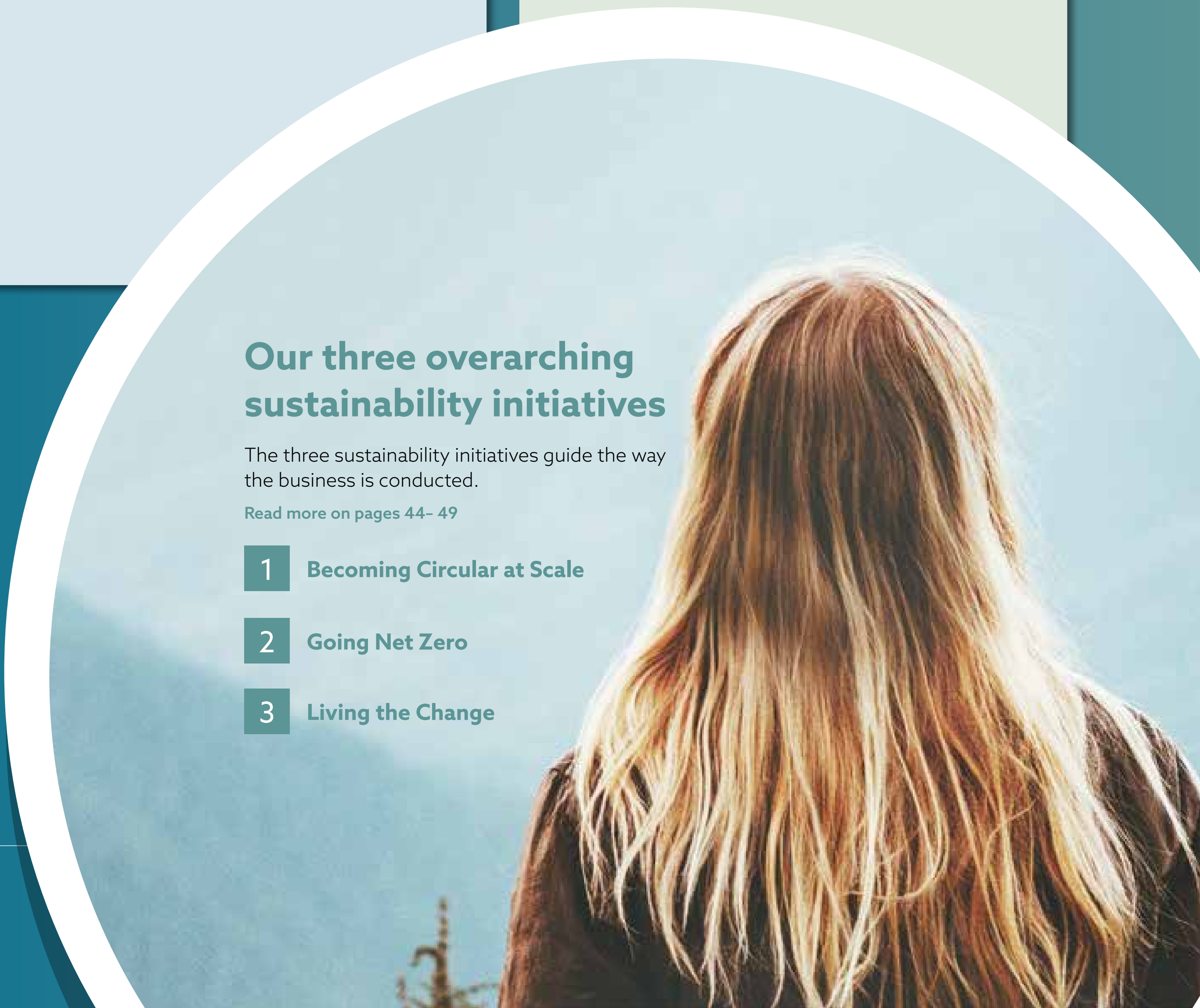
The Duni brand stands for design, color, shape, and high quality that create a pleasant atmosphere on every meal occasion. The products and services should add value wherever people cook, serve and enjoy food and drink. Environmental sustainability is a given.

The Duni business area stands for long-standing experience and cutting-edge expertise in wood fiber-based solutions. The Duni business area has a vertically integrated business model for its paper-based products such as napkins and table covers. This means that the entire production and delivery chain is owned and controlled by the Group, from material manufacture and concept development to conversion and distribution.

It doesn't cost the earth

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

The BioPak business area has no production of its own, which makes the purchasing organization a large and important part of the business.



Our three overarching sustainability initiatives

The three sustainability initiatives guide the way the business is conducted.

Read more on pages 44– 49

1 **Becoming Circular at Scale**

2 **Going Net Zero**

3 **Living the Change**

A trusted sustainability leader in our industry in 2030

Despite the continued pandemic in 2021, with periodic drops in demand, it was an active year for the Group. We updated our strategy and have made sustainability our main focus area. This will permeate all aspects of our business until 2030.

Where people meet around food and drink to socialize and feel good, and do it in a sustainable way, that's where Duni Group should be. Over the past two years, it has been a tough challenge.

As we entered 2021, everyone was looking forward to getting back to some sort of "normal". However, the continued restrictions during the first half of the year meant that restaurants, cafés and hotels were closed in many places. When these customers do badly, our Duni business area with its solutions for table settings also suffers.

The BioPak business area continued to develop strongly. It benefited from a high demand for environmentally adapted take-away packaging as the market chose other ways to offer and consume food and drink. Here the challenge was instead to cover demand.

In the third quarter, profits increased
When restrictions were eased in Europe in the third quarter, people could meet again. Demand recovered and we made a fantastic result. Unfortunately, things got tougher again in the fourth quarter. The pandemic took a new turn and we saw the results of other external factors, such as rising inflation and rising material and energy costs. In addition, the global shortage of transport containers led to increased shipping costs and delivery times. With some lagging, all this affected our results, and further reduced the weak Christmas sales.

Group sales in 2021 amounted to SEK 5,061 (4,501) million, which corresponds to a sales increase of 12.4 percent. Adjusted for exchange rate fluctuations, net sales increased by 14.4.

Despite a difficult start to the year, the Duni business area increased its sales in fixed gear rates by 4.2 percent compared to 2020. The BioPak business area increased by 28.6 percent year-on-year. Together, this has a direct impact on the Group's operating profits, which amounted to SEK 279 (149) million.

Several important initiatives with an environmental focus
In 2020, we learned a lot, including that we need to become a more flexible company, so that we can respond quickly to changes in the world. Just as we did when we focused on hygiene products and increased digitalization in 2020. We also saw a need to further strengthen our focus on sustainability as well as to create clearer goals for the organization. In 2021, the EU Taxonomy, intended to create a common terminology around sustainability and investment, was confirmed. We welcome this development and see it as appropriate that the initial focus is on climate issues. Our business is not initially covered by the Taxonomy but we will closely monitor developments where we believe it is possible that our business will be covered in the forthcoming expansion.

Inspired by the UN's Agenda 2030, we are planning our own "Decade of Action". It has laid the foundation for an updated strategy with a very strong sustainability focus. We have also signed and communicated the UN Global Compact. Our annual report expresses our full support for the ten principles on which the UNGC is based.

Sustainability and circularity drive our business
Our overall goal is to lead our industry towards circular solutions with net zero carbon footprint. The strategy will help us get there, and to support it we have formulated a higher purpose and a new vision. This is something I am passionate about. Our employees need to know what the Group stands for, what we want from the business and where we

are going. Especially when the playing field and the rules of the game can literally change overnight.

The updated strategy integrates sustainability into all aspects of the business. We have set ourselves the goal of achieving net zero GHG (Greenhouse Gas) emissions for Scope 1 and 2 by 2030 and to become fully circular. This applies not only to us, but also to a substantial improvement in our entire value chain, that is, including Scope 3.

Already in 2021, we started activities with a strong signal value. Two of them are, as far as we know, the first in the world. The Duni business area launched fossil-free airlaid paper for premium napkins and the Skåpafors paper mill received its first delivery of BioLPG, which will reduce emissions by up to 90 percent after full implementation.

New exciting collaborations
Our ambition is to be able to offer each customer the most sustainable solution based on their circumstances – whether it is a single-use or multi-use product, or a completely different solution.

To achieve this goal, we give innovation a central role. We will stay one step ahead, seek out new companies with exciting solutions and build mutually rewarding partnerships.

We have already launched partnerships with three exciting start-ups that combine sustainability and circular models with digital solutions. We have invested in two of them and for the first time we are investing in services rather than products.

Committed employees a success factor
The commitment of our employees is crucial to achieving our goals. An important milestone is that the HR department has become People & Culture and will now work much more on culture and competence issues.

We have seen a need to strengthen our corporate culture. Now we are integrating it in a completely new way into our business through the new values that employees have worked out cross-functionally. This means that the values reflect the organization and will be a good support in our work to inspire, involve and include both new and existing employees.

My first year as CEO has been eventful. The pandemic has affected us for longer than we could ever imagine. We have also set a new long-term goal for the whole Group. The aim is to inspire the world around us to give more than we take, so that people both today and in the future can enjoy good food, well-being and togetherness.

When I accepted the position, I realized that it would include an extensive change process. However, I saw it as a positive challenge. Despite a sometimes uncertain environment, I am very enthusiastic about the important steps we have taken. They make going to work worthwhile and I feel that the organization shares my positive outlook.

We are deeply concerned about events and the geopolitical situation in Europe. There is great uncertainty about the situation in Ukraine and it is difficult to assess the long-term effects, but at this stage our direct impact is limited. We support the UNHCR, which provides emergency humanitarian aid in Ukraine and neighbouring countries, and also sends products to the border where many refugees gather.

I am grateful for the internal commitment and the energy of the staff in 2021. Together we have planned and embarked on a journey that will make Duni Group even more amazing. It's a long journey, but already in 2022 we will start to see results. This will be an exciting journey.

Malmö, March 2022

Robert Dackeskog
President and CEO

A strong player on a changing playing field

As we entered 2021, we had a pandemic-ridden and problematic year behind us. No one knew how COVID-19 would continue to affect the outside world or the Group. The past year has been a balance between safeguarding the business and building for the future.

Even during much of 2021 the pandemic and subsequent restrictions had a major negative impact on restaurants, travel and hotels. As a supplier to these customers, Duni business area with its tableware range was also affected.

On the other hand, the BioPak business area, with products for take-away, has continued to develop better than we anticipated. Already before the pandemic, take-away had strong growth, which increased significantly in 2020 and 2021, benefiting us.

Methodically secured operations

From the Board's perspective, the management and the organisation have dealt with the challenges of the year in a good and balanced way. We have worked methodically, had a good follow-up on both pandemic developments and our own operations.

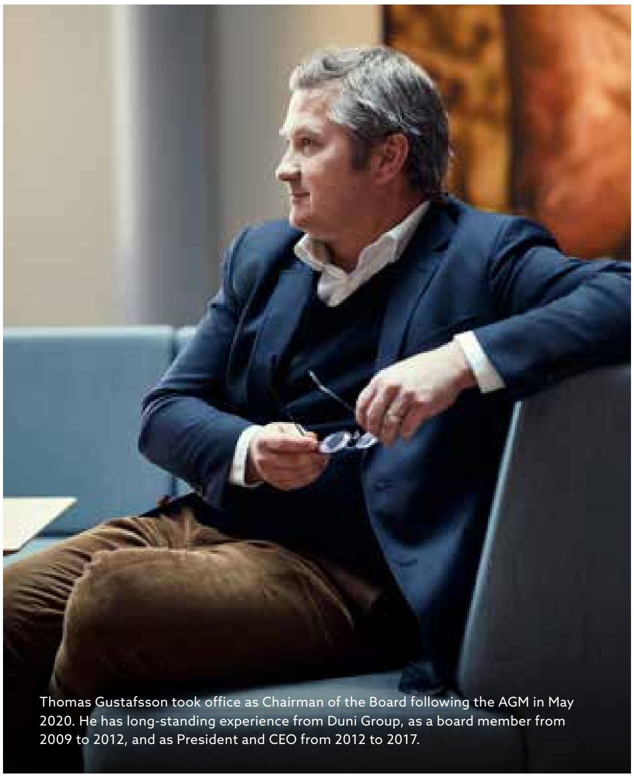
Like many other affected companies, the Group has received financial support. We have continuously had a good and constructive dialogue with banks and financiers and have coped well with the renegotiated ratios in the banking agreement we received during the pandemic.

Sustainability and innovation are key areas

I am impressed by the way in which, under the current circumstances, the Group both launched a decisive reorganization and worked through and launched an updated strategy, vision and values in 2021. Many important decisions were made during the year, when we could only meet digitally at times.

We were early with environmental smart, fiber-based alternatives. With the updated strategy, we are taking a decisive step towards circular development with a net zero target for our own operations. It is a big move and a marker to show our high ambitions. From being key issues, sustainability and innovation now permeate all aspects of the business.

"I think a good summary is that it feels like we have never been more challenged, but we've also never been as positive as we are now."



Thomas Gustafsson took office as Chairman of the Board following the AGM in May 2020. He has long-standing experience from Duni Group, as a board member from 2009 to 2012, and as President and CEO from 2012 to 2017.

Reorganization improves efficiency

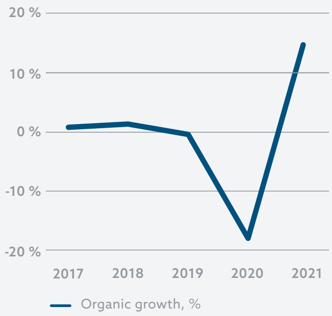
The reorganization supports the updated strategy. By making the Duni and BioPak segments into business areas, they now own their respective processes with marketing, business and production/purchasing. It increases transparency and creates a better understanding within the organization and less friction in the value chain.

For the Duni business area, this means streamlining our vertical integration and creating a better balance between market and production. BioPak business area gains better control over its purchases and can, for example, steer production closer to its customers.

Historically, Duni Group has had a stable performance with relatively good returns,

5 %

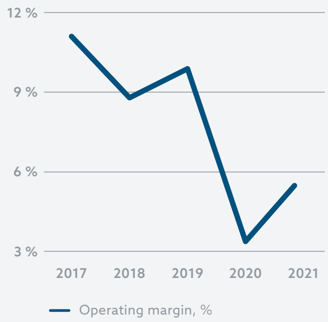
Sales growth
The goal is to achieve average organic growth in sales in excess of 5% per year over a businesscycle. In addition, the company regularly assesses acquisition opportunities in order to gain access to new growth markets or strengthen its position in existing markets.



2021 target attainment
Organic growth amounted to 14.4%. This year's increase in sales is mainly due to the easing of pandemic restrictions and high demand for products in the BioPak business area. However, sales are not yet back to pre-pandemic levels.

10 %

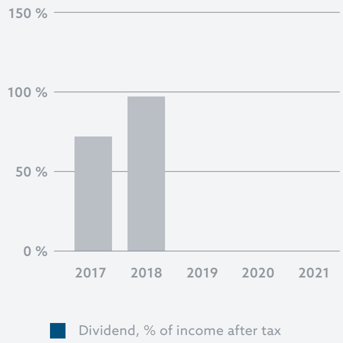
Operating margin
The target is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products and continued improvements within purchasing and production.



2021 target attainment
The operating margin was 5.5%. The improved operating margin is a result of higher sales due to eased social constraints and strong growth in the BioPak business.

40 %

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



2021 target attainment
The board finds that the Group has a healthy financial position and future competitiveness, but that no dividend should be paid due to the prevailing uncertainty about the market's recovery after the pandemic and because net income for the year was SEK 77 million (4), in order to further strengthen the Group's financial position.

mainly through expansion in new and existing markets. Looking ahead, we see a more fast-moving world primarily influenced by new patterns of behavior, digitalization and a focus on sustainability. This transformation increases the need for innovation and creates opportunities for new product solutions and business models.

Here, Duni Group has already taken an active role through investing in or initiating close partnerships in exciting start-up companies in reuse and recycling. The aim is to complement our strong core business with new sustainable business models and partnerships where we can also bring our own expertise. Internal and external collaboration on innovation will be crucial.

Employees and culture are critical success factors

Human resources issues have been given a more central role in the strategy. HR has become People & Culture and both are crucial to achieving our strategic goals. We need to secure our skills supply and continue to involve and motivate employees.

I feel a strong positive commitment and there is a great insight and knowledge within the company. So, finally, I would like to thank the staff, and our shareholders who have had confidence in the company and the work that has been done. Our main owner, Mellby Gård, continues to see Duni Group as a long-term investment and has confidence in the company and its management.

In 2021, the Group has taken major steps in a partly new direction. We must now work resolutely towards the new goals.

Malmö, March 2022

Thomas Gustafsson
Chairman of the Board

Duni Group as an investment

Through our two brands, Duni Group is the market leader in products, services and solutions for both the table top market (Duni) and for packaging and other products for the expanding take-away segment (BioPak).

We have long focused on environmentally smart solutions, but with our updated strategy we are taking a big step towards becoming the industry's sustainability leader. It lays a solid foundation for the development of competitive products and services for the HoReCa market. People should be able to continue to meet and enjoy food and drink together – without a bad conscience. Historically, we are a solid company that has provided secure returns. We have a strong financial base, very good knowledge of the market and long-standing relationships with our customers.

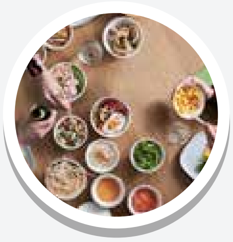
By further strengthening our innovation capabilities and creating exciting new partnerships, we ensure our relevance in the take-away solutions of the future. It is a sector where we are well placed to significantly increase our market share, which is crucial for continued growth and for reaching our 2030 targets.

Recognized brand with a long history

The Duni brand has a long history in fiber-based products and has long been the market leader in products for the table setting. We have built strong relationships with and established trust in the HoReCa market. We understand customers, their needs and their circumstances. This means that we have a lot to offer in strategic partnerships and in developing new concepts that both strengthen and add to our offer and increase customer value.

Leading developer of sustainable solutions for every meal

Eco-smart and circular solutions are becoming increasingly important in the serving and consumption of food and drink. People will always have a great need to meet, socialize and enjoy food and drink in a simple and unpretentious way. However, it must be environmentally smart. Duni Group has had a strong environmental focus for many years, and we are now making it the backbone of the entire Group. We believe that there will be a place for both single-use and multi-use items, as well as new solutions. This will be needed to offer all customers the most environmentally and climate smart solution – in markets with very different conditions.



Strong position in growth areas

Demand for take-away solutions is growing steadily in the HoReCa market and was given an extra boost as a result of the pandemic. Through our BioPak business area, we have a strong position in this growing sector. Geographically, we see that the Duni business area can take more market share in, for example, Eastern and Southern Europe, while the BioPak business area has great potential in all areas where we operate.

During 2021, the share price increased by 8 percent, with a closing price of SEK 116.80 (107.80) at December 31, 2021. Since listing, Duni's share price increased by 134 percent until December 31, 2021, resulting in a market capitalization of SEK 5.5 billion. During 2021, the closing price varied between a high of SEK 133.60 on November 16 and a low of SEK 99.00 on February 23. Earnings per share for the year were SEK 1.62 (0.05).

During 2021, 15.9 (14.8) million Duni shares were traded, valued at SEK 1,791 million (1,430).

Number of shares and share capital

On December 31, 2021, 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 percent of income after tax. However, when deciding whether to propose any dividend, consideration should be given to possibilities for expansion, consolidation needs, liquidity and the financial position in general. The Board of Directors proposes to the Annual General Meeting not to pay a dividend due to the pandemic, and the uncertainty surrounding the post-pandemic recovery, in order to further strengthen the financial position.

External analyses were published by:

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

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 12/31/2021

Number	Number of shareholders	Number of shares	% of total shares
1 – 500	8,218	1,030,435	2.19 %
501 – 1,000	985	816,960	1.74 %
1,001 – 5,000	651	1,454,895	3.10 %
5,001 – 10,000	69	511,932	1.09 %
10,001 – 15,000	15	182,583	0.39 %
15,001 – 20,000	14	248,994	0.53 %
20,001	78	42,753,233	90.97 %
Total	**10,030**	**46,999,032**	**100 %**

Shareholders 12/31/2021

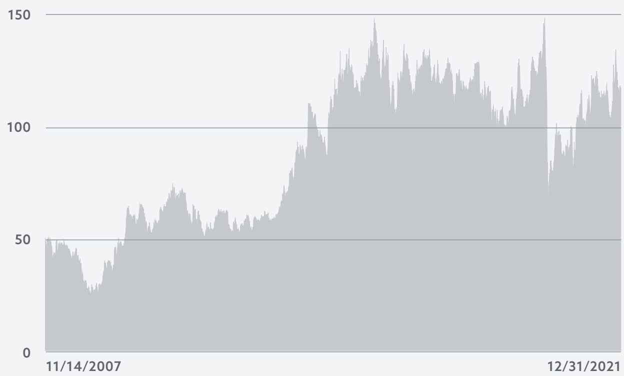
	Number of shares	% of shares
Mellby Gård AB	14,094,500	29.99 %
Polaris Capital Management LLC	4,788,412	10.19 %
Carnegie fonder	4,608,306	9.81 %
Nordea Nordic small cap fund	3,829,106	8.15 %
Brown Brothers Harriman & Co, W9	2,380,275	5.06 %
Fjärde AP-fonden	2,137,896	4.55 %
State Street Bank & Trust Co, W9	2,055,978	4.37 %
Verdipapirfonden Odin Sverige	2,000,000	4.26 %
Handelsbanken fonder	1,430,131	3.04 %
SHB Luxembourg cl acct Sweden	1,316,227	2.80 %
Total, the 10 largest owners	38,640,831	82.22 %
Other shareholders	8,358,201	17.78 %
Total	**46,999,032**	**100 %**

Data per share

Amount, SEK	12/31/2021
Number of shares at end of period	46,999
Average number of shares before and after dilution	46,999
Share price on December 31	116.80
Earnings per share, before and after dilution	1.62
Equity per share	57.75
P/E ratio	72

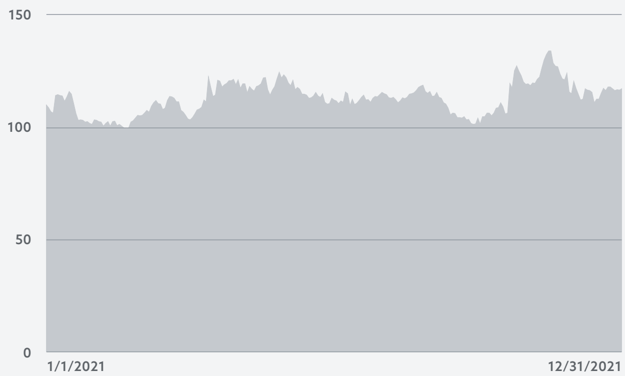
Share performance 2007–2021

SEK, closing price



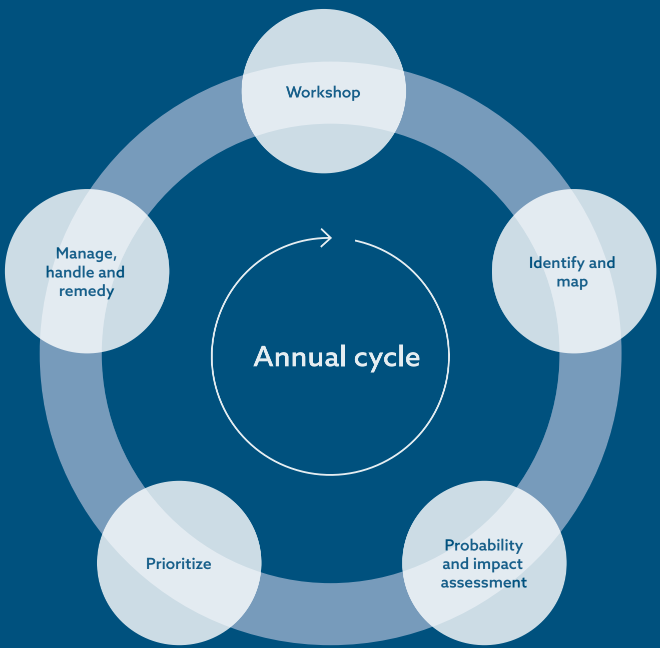
Share performance 2021

SEK, closing price



Risks and risk management

The business is affected by various environmental factors and is constantly exposed to risks and threats. Duni Group operates and has employees in 22 countries with production in Sweden, Germany, Poland, Thailand and New Zealand. Group management reports risk issues on an ongoing basis to the Board of Directors, which has ultimate responsibility for the company's risk management. This may include, for example, financial status, compliance with the Group's finance policy, and changes in the external environment. By identifying, mapping and planning the Group's risks, management is supported in making strategic decisions.



Underpinning operational risk management, which is managed at all levels of the organization, is Duni Group's Code of Conduct and a number of key policies. The risk assessment aims to increase the risk awareness of the whole organization – of operational decision-makers as well as of the Board.

The goal of risk management is not necessarily to eliminate a risk, but rather to balance various efforts with the company's financial and sustainability goals.

Business risks

The business risks are divided into strategic and environmental risks, operational risks and sustainability risks. These risks affect, among other things, the company's business model and long-term strategic planning. They may have a negative impact on the Group's results or reputation.

Strategic and environmental risks refer to risks and external factors that have an impact on the company's business and market position. The Board and management develop strategies to manage these risks, which is done through strategy meetings. This includes risks related to acquisitions, suppliers, regulations and laws. External factors that may also affect operations include raw material prices, transport costs, local restrictions due to a pandemic, a worsening economy, and changes in market demand and taxes.

Operational risks can be production interruptions, IT breakdowns, fire or other risks due to inadequate processes or handling errors. In many cases, the company can control these risks itself.

Sustainability risks include environmental, human rights and anti-corruption risks. This also includes risks such as not being able to keep up with external requirements regarding material development and reporting or legal requirements. These risks are managed through active prevention measures. The company also has activities and control mechanisms to counter them, for example through audits of suppliers under our Code of Conduct. To read more about our extensive sustainability work, see the Sustainability Report 2021 section.

Preventing and minimizing impacts and damage

In order to identify new risks and trends in already identified risk areas, the Executive Committee holds an annual workshop. The results of this will be presented at the next Board meeting, where all identified risks will be assessed for likelihood and impact. It also discusses trends and possible changes in risk levels for existing risks.

During the year, the central finance department is responsible for coordinating the identified risks and calling for additional briefings in the event of major changes. The central finance department is also responsible for prioritizing and managing financial risks in accordance with Duni Group's finance policy.

Duni Group has a global insurance program that manages risks related to property and liabilities. Insurable risks are assessed annually to ensure that the Group has adequate insurance cover. As part of prevention, measures are also taken to reduce these risks. Insurance inspections of all major production companies of the Group are carried out annually by external risk assessors. In addition to these annual inspections, there is a continuous follow-up in an action program to control and reduce risks.

Cybersecurity and IT disruptions are a very high priority, as disruptions to critical IT systems can seriously affect operations. It is a current risk that needs to be prevented, analyzed and mitigated to prevent potential problems from arising. In order to minimise external threats and their impact, the Group continuously invests in appropriate technologies and closely monitors the rapid developments taking place in the field. This is to best protect critical information and ensure stable IT operations. During the year, the Audit Committee of the Board of Directors has had cybersecurity as an additional focus area and has been reported on at all Audit Committee meetings during the year.

Each unit of the Group has a local business continuity plan for possible emergencies. These plans may look different depending on whether it is a sales office or a production facility. Duni's paper production and storage of paper products entail a risk of a high fire load. In order to mitigate and manage this conscious risk, ongoing fire drills are conducted at all manufacturing units in the Group. This, together with a range of other prevention initiatives, constitutes an important measure to ensure good preparedness and proper action. Duni Group also works with strategic business continuity plans on an ongoing basis to reduce the impact on the production cycle in situations such as fire or supplier disruptions.

Financial Risks

The central finance department is responsible for prioritizing and managing financial risks such as foreign exchange, interest rate, liquidity and credit risks, in accordance with the Group's finance policy. The Finance policy focuses on the unpredictability of the financial markets and is reviewed and approved by the Board of Directors annually. For more detailed information on financial risks, see also note 33 Financial risks and note 34 Capital risk management.

All legal entities in the Group report their income statement and balance sheet on a monthly basis in accordance with internal reporting requirements and accounting rules. The Group is consolidated by business area and by function, such as production and sales by region.

The controllers of the respective operating businesses report monthly to the Group's central finance function, which reviews and analyses the financial information. This is part of the quality control of the financial statements. Duni Group continuously analyzes and assesses the risks that may cause errors in the company's financial reporting. The Company evaluates and makes annual decisions on which risks are significant to consider in order to ensure good internal control in financial reporting. Duni Group works systematically with a range of control activities such as analytical reviews, spot checks, audits and reconciliations.

The 2030 Agenda
– a crucial decade

A refreshed strategy and longer-term vision, a higher purpose and a very clear sustainability agenda based on the UN's 2030 Agenda will enable us to better respond to changes in the world and new customer needs.

Over the years, with peaks and troughs in the business, Duni Group has nevertheless been a consistently stable company. We will continue to be so by leading our industry in environmentally smart and innovation-driven circular solutions.

Inspired by the UN's Agenda 2030 and the seventeen Sustainable Development Goals, we want to lead the way in sustainability with our own "Decade of Action". To support in this long-term work, in 2021 we have developed a strategy, a purpose and a vision, but also made a number of important strategic choices and investments. Among other things, innovation has been given top priority and we have formulated three flagship sustainability initiatives. We have also signed and communicated the UN Global Compact.

Our broad knowledge, but also the relationships we continuously build and nurture, allow us to actively contribute to a future sustainable world. As in the past, we want to do what we can to create a world where people both today and in the future can enjoy, thrive and feel good when gathered around food and drink. It is also a reflection of our new higher purpose – and we want to be able to do it so that we give more than we take.

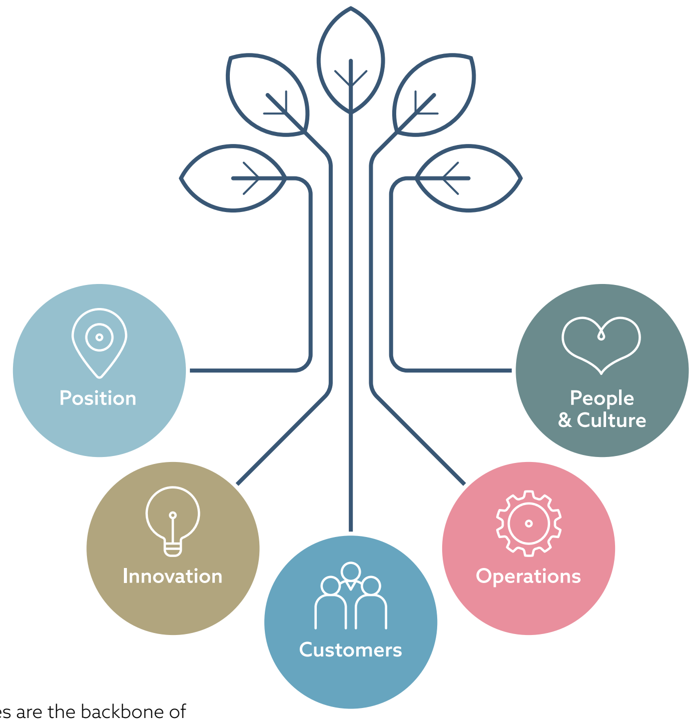
One thing is clear: we want to lead and accelerate the pace of change. And we want to inspire the world around us. This is a positive challenge that we are happy to take on. We have a solid foundation in our fiber-based heritage and we started our environmental journey in 2007, but we see that we need to be even bolder, clearer and more determined to evolve into the company we want to be in 2030.

Key reasons for change

- Our business has previously been built on a linear and increasingly challenged “buy-use-throw away” model.
- The EU is working towards a circular economy through a number of initiatives.
- Today's disposable products do not work optimally in a circular model.
- EU legislation will have a major impact on single-use products, particularly the use of virgin fossil plastics.
- New environmentally adapted and circular solutions, also for multi-use products.

The five core areas of the strategy

The 2030 Strategy consists of five core areas. The tree symbol represents our environmental focus, but also our fiber-based heritage. The five areas form a solid root system for our activities.



Position
Our goal is to be a trusted sustainability leader 2030. We want to take a position as a thought leader and the go-to partner for sustainable and circular solutions.

Over the next few years, we will renew our range and develop our branding. We are driving positive change in partnership with key stakeholders.

Our main goals for 2030:
- We are there when people meet to enjoy food and drink together.
- Our brands inspire and drive our industry to give back more.
- As the most trusted and inspiring partner for environmentally smart solutions in HoReCa+*, we offer a wide range of solutions and have a fully circular business.

*Including hospitals, care for the elderly, etc.

Innovation
We will develop our existing offer and create new solutions that better match with changing demands and new laws. Investing in innovation is essential for us to be competitive.

In our innovation, we will focus on gaining insights, exploring and creating future opportunities. Partnerships and investment in new business are crucial to success, as is skills development.

Our main goals for 2030:
- We have identified and developed several eco-smart and circular options and expanded our offer to new categories and digital solutions.
- We have invested more in innovation and collaborations with external partners to support this.

Operations
Our business activities are the backbone of achieving our ambitious sustainability goals. This includes our vertical integration (Duni) as well as the products and materials we buy from other manufacturers (BioPak).

To achieve this, we will ensure environmentally sound and circular value chains and reduce costs in our own production. We optimize logistics across Europe and start building logistics solutions as a service.

Our main goals 2030:
- We operate in a resource-efficient, environmentally-smart, transparent and effective way with net-zero greenhouse gas emissions.
- We have satisfied customers and logistics solutions that add customer value.

People & Culture
Without the commitment and involvement of our people, it will be difficult to reach our 2030 goals. We need to build a culture where everyone counts and feels that they make a difference.

We are now building a value- and purpose-driven organization and growing our core competencies in innovation, sustainability and digitalization. Other initiatives include strengthening our leadership and increasingly working in cross-functional teams.

Our main goals 2030:
- We have a strong set of shared values that bind us together globally across the Group.
- A higher purpose, value-based leadership, focus on growth, innovation, learning and cross-functional teams support this value base.

Customers
To remain relevant in the market, we need to have a more customer-centric, outside-in perspective. We need to focus on how we can best help and support our customers and make it easy to do business with us.

That is why we will introduce a new marketing model and digital platform in key European markets. Businesses will grow in existing and new markets.

Our main goals 2030:
- We are a reliable partner in Europe with a multi-channel model to the market.
- The Duni business is growing in carefully selected markets in the Middle East, Asia-Pacific and North America.
- The BioPak business area is the market leader in Australia and New Zealand and a strong brand in Europe, the US and developed economies in Asia.

Cooperation is a key success factor

As customers and consumers develop new needs and change their behavior, we need to find new ways of working. Collaboration internally and with companies offering new solutions will be crucial.

Our driving force, new needs, new laws and regulations, but also changing consumer behaviors are driving the move towards environmentally oriented choices and circular models. Already, start-ups are coming up with new business models and, often, digital solutions, enabling increased circularity in our customer segments.

The market is changing rapidly and it is not obvious that multi-use is better than single-use products. It is likely that they will complement each other in terms of material requirements and practical conditions to ensure circularity.

"We believe that in the future it is not about either or – but both", says Johan Mårtensson, Business Development & Innovation Manager. "When the goal is to deliver the most environmentally smart system, different solutions are needed for different situations. Then it is no longer just about the product or the materials. The key will be interaction between product and system to deliver a complete solution that simplifies for the end customer".

Increasingly, suppliers to the HoReCa segment need to create total offerings that add value to the customer, from purchase to use and finally, end-of-life solutions. We must be open to new ideas.

Major investment in excellence

In order to become the industry's sustainability leader, with eco-smart products and services that solve our customers' needs, we need to forge more partnerships with other stakeholders and drive more co-creation. That is why we are now focusing even more on building our innovation capabilities. Within this framework, we see three focus areas: "in-house exploration hub", "new venture hub" and "innovation readiness".

"Our internal 'exploration hub' will identify, test and validate various solutions that are outside the core business, but still targeting the HoReCa+ segment. This could be circular business models or new solutions to hygiene challenges," Johan explains.

Together we achieve our goals

Becoming a leading and competitive circularly sustainable company in 2030 will require new partnerships in the value chain. Our "new venture hub" creates conditions for collaborations, strategic alliances and investments in start-up companies with interesting technologies and new – often digital – solutions and business models. This fits perfectly into the UN SDG 17, "Partnerships for the goals."

"The idea is not for the innovation department to come up with all the ideas," says Johan. "Instead we will develop knowledge and skills to create a culture of innovation where most of it happens out in the regions. This way, much of the development is done closer to the customers and with greater insight into local needs".

New exciting collaborations

Already in 2021, we initiated new strategic partnerships to drive sustainable development by collaborating with three exciting startups. We signed a cooperation agreement with the Swedish company &Repeat, which has a digital platform for circular disposable products, and invested in the German company Relevo and the Spanish company Bûmerang, both of which are working on solutions for the reuse of take-away packagings.

"The key will be interaction between product and system to deliver a complete solution that simplifies for the end customer."

Johan Mårtensson Business Development & Innovation Manager

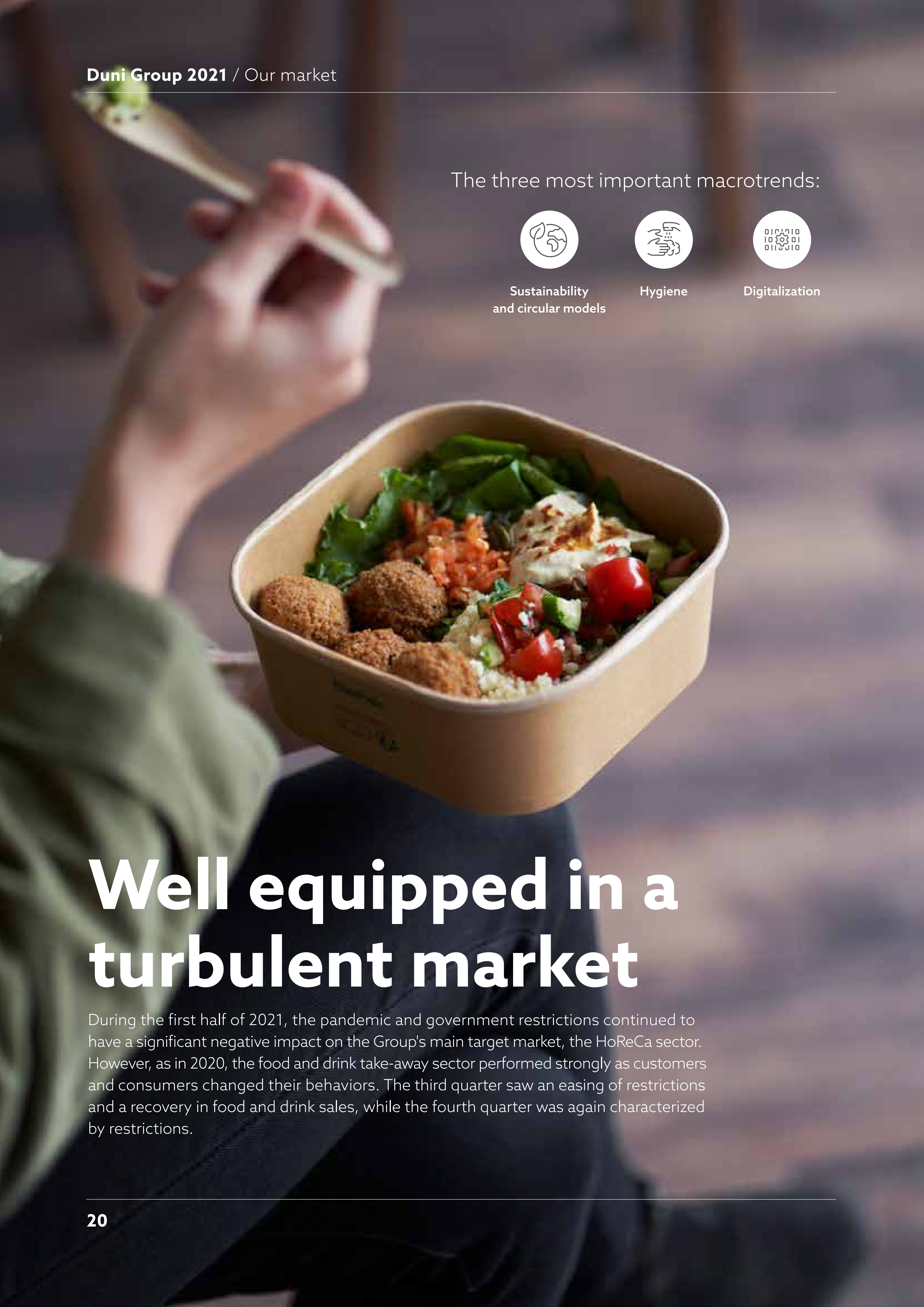
"It may seem strange that Duni Group, with its long history in single-use, is now also focusing on multi-use items," says Johan. "But the truth is that we do not see a circular reality in black and white. We believe it will take a mix of disposables and reusables, perhaps in combination with other alternatives, to offer customers the most environmentally smart solutions in the near future".

Together for increased reuse

In Germany, 9 billion single-use food and drink containers are thrown away every year. Relevo GmbH wanted to change that when it was founded in Munich in 2020. The business idea is to create a system for the reuse of take-away containers based on a digital platform. The aim is to reduce the amount of plastic waste from various types of staff canteens, restaurants, cafés and other food and beverage outlets through a smart, easy-to-use and sustainable solution. Today, hundreds of customers are connected to the service.

Each Relevo pack has a QR code that the consumer scans when ordering. Upon return, another QR code is scanned. Packages can be returned at all affiliated restaurants. The service is free of charge and does not rely on deposits. After cleaning, the packaging can be reused.

In July, Duni Group acquired a 20 percent stake in Relevo. The aim is to support the company in its continued growth through active collaboration that promotes the transition to a circular society. It is a good complement for the BioPak business area, which is further broadening its range.



The three most important macrotrends:

Sustainability and circular models

Hygiene

Digitalization

Well equipped in a turbulent market

During the first half of 2021, the pandemic and government restrictions continued to have a significant negative impact on the Group's main target market, the HoReCa sector. However, as in 2020, the food and drink take-away sector performed strongly as customers and consumers changed their behaviors. The third quarter saw an easing of restrictions and a recovery in food and drink sales, while the fourth quarter was again characterized by restrictions.

Target groups
Both Group brands – Duni and BioPak – primarily target different professional customer segments within the sector of HoReCa+:
- Hotels
- Fast casual, such as cafés, bars, food trucks
- Full service restaurants
- Catering, such as services for companies and health care but also for special occasions

The Duni business area also targets end-customers with its tableware range:
- HMR (Home Meal Replacement), such as delis, grocery stores and online suppliers.

Competitors
With two supplementary product ranges, we have few similar competitors. Business area Duni is the market leader in Europe and with its global presence has relatively little competition in terms of the world market. The competitors that exist, for example in tissue, cannot compete with Duni's premium range and design. Many of them are smaller, local or regional companies.

The BioPak business area is the market leader in the Asia-Pacific region and is continuously strengthening its position in Europe. There are a number of competitors for the existing range. With the increasing climate focus, more and more start-ups are coming up with eco-adapted and circular solutions. They can be both competitors and valuable partners.

Business intelligence
External threats
The pandemic continued in 2021 to have a strong negative impact on the travel and experience industries and the HoReCa sector. It is difficult at this stage to predict how the pandemic will develop or what restrictions will continue to apply.

In 2021, several external factors have affected the global industry. The lack of transport containers has led to delivery-difficulties as well as increased delivery times and transport costs. Electricity shortages have closed factories in Asia, creating capacity shortages in several industries. Raw material prices, like inflation, have risen during the year, driving up costs in the market.

New laws and political decisions
On July 3, 2021, the EU's single-use plastic directive (SUPD) entered into force. The phase-out of plastics and the ban on expanded polystyrene (EPS) and the accompanying product labeling will have a major impact on the market, although much is still unclear.

The EU is pursuing a circular economy as part of its European Green Deal to make the Union climate neutral by 2050. This means that material selection and circular end-of-life solutions will be crucial. These issues are best solved through various collaborations on new business-models and reuse of products.

Trends, attitudes, values
The three most important macrotrends:
- Sustainability and circular models
- Hygiene
- Digitalization

The trend towards sustainable solutions and circular models is driven by new laws and regulations, but also by an increasingly strong and broad social awareness of the climate changes. This trend threatens the relevance of disposable articles, but at the same time there is a strong desire to meet, eat and socialize, which drives the sale of take-away products.

In 2021, there was continued strong demand for hygienic meal solutions. This signals new customer needs and this demand is likely to be sustained for many years.

Digitalization made a major breakthrough in the HoReCa industry in the pandemic year 2020 and now covers the entire value chain, from new solutions and products to purchasing, customer interaction and delivery, to evaluations and service.

Customer-specific, brand-building solutions continue to be important. When building their concepts, many restaurants not only transform their menu, but also table settings and food packaging.

Technical development
The phasing out of plastics is driving the development of alternative, mostly fiber-based solutions. Replacing the product benefits of plastic will require several different materials to meet different needs, such as for fatty foods or soups.

In 2021, as the first company, the Group has introduced renewable binders in several of our fiber-based products with the Duni brand, such as napkins and table coverings.

Growth opportunities
We have highly competitive products for the growing take-away sector, but also hygienic solutions such as cutlery bags and sealing systems. The strong environmental trend means that many customers are willing to pay more for these types of solutions, especially if they are easy to use.

Following the digital breakthrough in 2020, we continue to strengthen our offering in e-commerce and other digital services. With our strong focus on innovation and new collaborations, as well as the acquisition of minority stakes in exciting new companies, we are well positioned to expand our take-away offering.

The unraveling of traditional demand from different customer segments during the pandemic means synergy potential to offer Duni and BioPak products to one and the same customer. Through this we can create more sales.

Geographically, Asia is a growing market where the interest and need for sustainable packaging solutions is steadily increasing. Asia is also the world's largest full-service market, with rising demand for products such as table covers and napkins.

Leading environmentally smart products for table setting

The Duni business area stands for what the Group is traditionally associated with – innovative solutions for the set table, primarily napkins, table covers and candles. The business area's products and services are sold under the Duni brand. Customers are mainly hotels and restaurants, the so-called HoReCa market, where sales are largely made through wholesalers. Grocery chains are also an important customer group, as are other channels such as various types of specialist retailers. The business area is a European market leader in the premium segment for napkins and table covers. Duni accounted for approximately 53 percent (58) of the Group's net sales in 2021.

2,662	93	3.5 %
Net sales amounted to SEK 2,662 million (2,628).	Operating income was SEK 93 million (7).	The operating margin was 3.5% (0.3%).

An active year that lays a solid foundation

Due to the strong negative impact of the pandemic on the HoReCa segment, the results of the Duni business area were affected. However, at the same time we laid the foundations for major improvements in the years to come.

On the bright side, 2021 was filled with positive activities for the Duni business area. We have implemented many changes during the year that will deliver results starting in 2022. We have an even stronger offering in environmentally adapted, hygiene products and experiences. This has largely been made possible by the reorganization into business areas, which has clarified roles and responsibilities and led to closer cooperation between marketing and production.

Strong brand and core offering

One important piece of work has been to review the brand. We are moving from a strong product-oriented communication to a more emotional one. Campaigns and digital communications are becoming increasingly central to customer engagement and we have recruited to strengthen our digital skills.

During the year we made our biggest launch in ten years of fossil-free napkins and table coverings. It is the beginning of a journey where we will relaunch our entire core offering in 2022–2023 with an extra focus on sustainability.

Unique environmental improvements

An important innovation is that we are the first company to replace fossil-based binders with fully renewable binders, partly based on food waste, in both table coverings and napkins. In addition, we have replaced the plastic around our napkins and tablets with paper packaging. This involves many tonnes of latex and fossil-based plastics being phased out. Read more on pages 28 and 32.

We have challenged our entire production platform during the year and made more changes than we have in many years. It has been about going green, but also about becoming more efficient and increasing productivity. Our factories in Europe now use 100 percent renewable electricity and we are the first in the world to start using propane gas from renewable resources in a paper mill. When the implementation is complete, we will reduce emissions by 90 percent.

Increase expertise for efficiency

Pulp is a major purchase item for us and a new, strategic partnership will allow us to reduce costs. We have also created a category organization so that we pool our purchases.

With a new program of operational excellence, we are creating a culture of continuous improvement and we have reviewed the leadership in production to become more modern and agile. Another initiative is to develop skills and merge several roles into one "super operator". Not only will we be more efficient, but it will be more fun for the operators and will make the work more attractive.

"During the year, we made our biggest launch in ten years. This is the beginning of a journey where we will relaunch our entire core offering in 2022–2023".

Linus Lemark, Executive Vice President, Business Area Duni

Product range

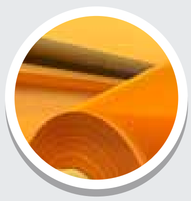
- Napkins
- Table covers
- Candles and accessories
- Hygiene products

2021 product launches

- Fossil-free Bio Dunisoft® premium napkins
- Fossil-free Bio Dunicel® placemats
- Swan Ecolabeled Switch & Shine 25-hour tea light
- Towel napkin for grocery stores

Customer segments

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



Specialty materials

- Airlaid
- Tissue
- More than 50 years of experience
- Vertical integration

Leading the way for sustainable paper mills

Lars Andersson, Rexcell Tissue & Airlaid AB.

Rexcell Tissue & Airlaid AB operates the Group's paper mill in Skåpafors, Dalsland. In 2021, it took two significant steps towards a more environmentally-oriented operation.

In the autumn, the paper mill received its first delivery of propane gas from renewable resources, probably as the first paper mill in the world. The aim is to use only propane gas from renewable resources by 2027. The BioLPG is mainly produced from residues from the food industry. In the long term, greenhouse gas emissions should be reduced by up to 90 percent.

The goal is for all our production units to use renewable electricity. In quarters three and four, the paper mill started using electricity with the Swedish Society for Nature Conservation's "Good Environmental Choice Water" label. From January 1, 2022 it will start using electricity labeled with "Good Environmental Choice Wind".

These are important changes for several reasons, explains Rexcell's CEO Lars Andersson: "With the introduction of fossil-free LPG and electricity, we have laid the foundations to achieve net zero emissions in the Duni business area. It also shows that we mean business. The Group's new strategy creates a sense of pride in working for a company that takes the global environmental challenge seriously through tough and challenging goals that are still fully achievable".

Environmental adaptation continues in Skåpafors, especially in the field of energy, but also in a broader perspective. "This also applies to our consumption, regardless of the raw material or energy source. We need to reduce the quantities and use them optimally. The best thing about this work is that it saves both the environment and the economy," says Lars.

The benefits of vertical integration

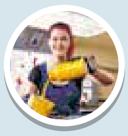
The vertical integration means that the Group, through the Duni business area, owns virtually the entire value chain for table coverings and napkins (tissue and airlaid). This is unique in our industry.

Forestry

94% of the raw materials for Duni's table covers and napkins are FSC®-certified wood fiber from forestry committed to environmental sustainability, social responsibility and economic viability.

Paper mill

At Rexcell's paper mill in Skåpafors, forest fiber is processed into large paper rolls. These so-called jumbo rolls of tissue (soft paper) or airlaid paper are sent to the Group's converting units.



Conversion

In conversion, the paper is cut, pressed, embossed and folded into finished napkins and table covers. Duni has conversion in Bramsche and Wolkenstein, Germany; Poznan, Poland; Bangkok, Thailand; and Auckland, New Zealand.

Distribution

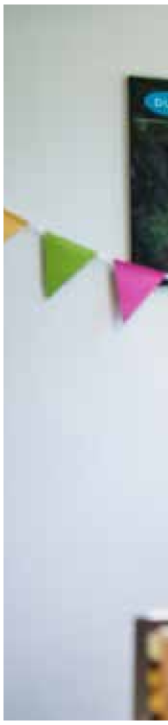
The Duni business area sells the majority of its products via various distributors and retailers. The finished products from the conversion are transported by truck further along the value chain.

Customers

Duni products are sold to the HoReCa segment, but also in grocery and specialty stores to end-customers. They are suitable for anyone who wants eco-smart solutions when people meet around food and drink.

More emotional communication

The Duni brand's marketing has traditionally been product-focused. A new feature in 2021 was a shift to more emotional and relationship-building communication to strengthen the brand and increase its appeal. During the summer, a campaign was run which was viewed 1.3 million times. The campaign achieved an engagement rate of 55% and was targeted primarily at persons in the hospitality industry.



From the stove at home to industrial production

For us to reach our ambitious 2030 sustainability goals, many pieces must fall into place. Engaged employees and a culture of innovation are crucial. A project in Bramsche, Germany, on fossil-free binders is an inspiring example.

Sometimes everything just falls into place. We could not have constructed a better case to show how sustainability, a culture of innovation, employee engagement and living our values together can do great things. It is about how Britta Hinnemann, process engineer, and Maren Potthoff, laboratory specialist, at the conversion unit in Bramsche in northwestern Germany developed a plant-based binder for the Dunicel® range of table covers and placemats.

Started as a game

It all started in 2018 at home in Britta's kitchen when she made glue with her children. She got the idea that a similar adhesive could be used to replace fossil-based binders in table coverings. It could help Bramsche regain the OK Compost distinction it lost in 2015. "It wasn't my project, but I really wanted us to have a 'green' Dunicel®," she says. "So I talked to Maren about making an environmentally adapted binder from sugar and flour for our products." Maren now says, "It had not occurred to me before, but it could work. We have to try it!"

Tried different plant-based solutions

They started with small-scale tests at home, but soon they were cooking huge amounts of glue that they brought to work. It was obvious that they needed to increase capacity. They talked to their boss and bought a cooker for Bramsche's lab.

Flour and sugar worked. However, they wanted to simplify the recipe, and when they learned that starch is very common in cardboard manufacturing, they made another trip to the grocery store. "We bought rice, corn and potato starch," Maren says. "There was a lot of testing before we decided on modified potato starch."

Started top secret project

After presenting their test results to company management, they were given the go-ahead to start a top-secret project (BRIMA) to develop the binder further. It was so secret that tricky situations often arose . "When someone else came into the room, we had to change the subject. They must have wondered what we were doing," says Maren.

In 2020, the project invested in an even larger cooker and currently plans to invest in another cooker for industrial production. Britta explains: "It is important that the glue is produced here in Bramsche. It is a biological product that is difficult to store and we want to have control over the ingredients. And yes, the recipe will remain secret".

Products launched in October

The new binder will be used with tissue from the Group's Skåpafors paper mill and other ingredients to produce the new material Bio Dunicel®.

Although the project was paused during the pandemic, the result of Britta and Maren's work – placemats made of Bio Dunicel® – was launched on October 1, 2021. "We've been really looking forward to seeing it on the market. It's been a fantastically exciting development project," Britta concludes.

Food waste becomes napkins in a circular model

We are used to food residues ending up on the napkins at mealtimes. Now Duni is considering the idea of having food waste in napkins even before they are put on the table. It is not as bad as it might seem.

Together with the Swedish materials technology company OrganoClick, Duni has developed new Bio Dunisoft® napkins in which part of the binder has been replaced by OC-BioBinder™, a binder made from corn, lemon peel and other food waste.

This makes the new material even more suitable for a circular model. Bio Dunisoft® is not only fossil-free, with a smaller carbon footprint. The product is supplied in new fiber-based outer packaging with a new layout.

Founded in 2006, OrganoClick has won several awards for its green innovations in the design of renewable, functional cellulose-based materials. Through their natural chemistry solutions, a wide range of products in the textile, wood and biocomposite industries can become biodegradable, non-toxic and compostable.

An important transition for the sector

"It's a small step for lemon peel and potatoes, but a big step for the industry," says Emma Björnhammer, Product Team Manager, commenting on the launch of Duni's fossil-free Bio Dunisoft® premium napkins and Bio Dunicel® placemats by Business Area Duni. With the shift to fossil-free binders, which contain food waste and plant-based raw materials, the Group is moving towards an increasingly circular business model.

"These are our most important launches in ten years. They are part of our long-term plan to increase the use of renewable materials, phase out all fossil plastics from the product portfolio and to be a fully circular business by 2030," Emma explains.

Eleven products have already been launched and there is a three-year plan to switch all old materials to the new binders. Products are delivered in new, fiber-based and plastic-free packaging that can be recycled as paper or cardboard.

Increasingly strong position in eco-smart packaging

The BioPak business area offers environmentally sound concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering. The business area's customers are various types of restaurants with take-away concepts and companies that are active in the health and patient-care sectors. Stores and other food producers are also major customers. The business area's products and services are currently sold under both the Duni and BioPak brands, but the goal is for the business area to primarily represent the BioPak brand. The business area is the market leader in Australia, and the BioPak brand is now being launched in Europe. The business area accounted for approximately 47 percent (42) of the Group's net sales in 2021.

2,399	186	7.7 %
Net sales amounted to SEK 2,399 million (1,874).	Operating income was SEK 186 million (142).	The operating margin was 7.7 % (7.6 %).

Circular disposable products in demand

The BioPak business area continues to experience strong demand, driven by take-away products. In 2021, the brand platform was further developed.

With another turbulent year, it was only at the end of the year that we had a resource and structural base within the organisation. Although 2022 will be the year when it takes off and we start to see results, we laid the foundations in 2021.

Perhaps the biggest achievement of the year was the creation of a digital platform to support our communication around the BioPak brand in Europe and our sustainable product range. We started a communication and marketing journey to clarify the brand. Almost all product development in the past year was done from a sustainable BioPak perspective. The environmentally smart products previously sold under the Duni brand will continue to be sold under the BioPak brand.

In 2021, BioPak's entire product portfolio in Europe also became climate neutral through carbon offsetting. We have supported two conservation projects focusing on biodiversity and carbon sequestration.

Continued strong demand
During the year, a market entry in Europe was initiated and is well under way. We continue to see very strong demand, especially for take-away products.

Actually, we could have sold even more. However, electricity shortages in Asia and container shortages on the world market had a negative impact on the supply of goods. We have 30–40 percent growth on many of the products we source. Problems with the supply of goods meant that we could not fully meet the growing demand.

Sustainability throughout the life cycle
We are looking at how we can redirect our purchasing to bring production closer to customers. Shorter delivery times are one reason, but the Group's consistent focus on sustainability is of course also extremely important. However, one should not count out the products from Asia. Some products, such as those made from bagasse, a fiber-based residue from sugar cane, have many good qualities, but is not manufactured in Europe.

Our strong focus on circular disposables is not only about developing products that are environmentally sound in themselves, but also about ensuring that they are environmentally sound in the end-of-life phase of the product in various markets. This affects the type of products we need to develop, but also increases the need for collaboration and for us to enter into the right partnerships. Read more about our collaboration with &Repeat on page 31.

"Our strong focus on circular disposables is also about ensuring that products are environmentally sound at the end of their life cycle".

Linus Lemark, Executive Vice President, Business Area BioPak

Product range

Products for serving meals, on-site or take-away.

2021 product launches

- Sealable fiber solutions for Duniform®
- Take-away solutions in carton and bagasse
- Wooden and paper cutlery

Customer segments

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

3 Questions:

Lea Maguero, BioPak Australia

The BioPak business area consists of two parts: BioPak Europe and the original, Australian BioPak – in which Duni Group owns 75 percent – which is the market leader in Australia and New Zealand. We asked Lea Maguero, Environment & Sustainability Manager, three questions:

What were your highlights of 2021?
"We launched Compost Connect, a unique, non-branded and non-profit initiative to reduce the amount of organic waste going to landfill. It links food companies with composting companies and suppliers of certified compostable packaging. In Australia , every tonne of organic waste collected and processed reduces about half a tonne of greenhouse gas emissions".

You are a so-called B Corporation (B Corp). What does that mean?
"B Corps are companies that voluntarily meet very high social and environmental standards. It's a tough third-party certification with a detailed analysis of the company's impact on all stakeholders. As a B Corp, we give 5 percent of our profits back to social and environmental initiatives, such as rainforest restoration. The certification shows that we are serious and attracts many environmentally conscious and competent employees".

What are your plans for 2022 and beyond?
"We continue to develop solutions to replace single-use plastics in the food industry. In addition, we will expand Compost Connect to offer sustainable end solutions for both our products and food waste".

Interesting deposit system for increased circularity

As we move towards circular solutions, we need to take responsibility together with our customers and partners for what happens when single-use packaging has been used up.

It is important work. In Sweden, 2 billion take-away packages are used every year. Less than 15 percent of these are currently recycled. In comparison, 85 percent of returnable PET bottles and aluminum cans are recycled.

In 2021, we started a collaboration with Swedish start-up &Repeat. Founded in 2020, the company offers the world's first deposit system for single-use packaging. Their digital, app-based solution helps restaurants and offices recycle packaging by creating an incentive for consumers. Each time they return packaging, they receive a so-called Repeat Credit that can be used to buy new food or drinks.

A record year for launches

The BioPak business continues to show a very positive development. “Looking at the last ten years, 2021 is a record year in terms of the number of eco-smart solutions launched, totaling around 150 products across different product families. It is a mix of some simpler developments and completely new and unique concepts,” explains Tomasz Doweyko, Marketing Director BioPak.

One reason is that BioPak has a large range, where older plastic-based products need to be replaced by environmentally improved alternatives. The EU Plastics Directive has accelerated the transition that was already underway.

The increase in sales of take-away products during the pandemic further builds on the already upward trend of the category.

“Demand is very strong and it is really the right time to offer a wide range of environmentally oriented products”, says Tomasz. “We are continuously working to develop new attractive products and unique concepts, so that our customers continue to see us as a partner that drives development and strengthens their sustainability profile”.

The important path away from fossil plastics

Plastic is a great material. Perhaps that is the problem. Plastic works extremely well in an infinite variety of applications. Now we need to move to environmentally smart, fossil-free alternatives.

Plastic has many advantages – it is easy to produce, adapt and use. Since 1990, global production has more than tripled and in 2019, 368 million tonnes was produced. Already in 1989, plastics overtook steel production in terms of volume and are projected to reach 34 billion tonnes by 2050 (University of Georgia, 2017).

Yet, according to one estimate, 99 percent of all plastics are made from raw fossil materials. Greenpeace also estimates that 12 million tonnes of plastic end up in the oceans every year, and on top of that there is the growing problem of microplastics spreading in ecological systems.

Although plastics are difficult to replace, for example in some medical applications, it is clear that from an environmental perspective we need to reduce their use and bring the remaining plastics into a circular model.

EU Plastics Directive just the start

It may seem contradictory that we, as manufacturers of single-use products, wholeheartedly support the EU's Single-Use Plastics Directive (SUPD), which bans the use of single-use plastic products (see box). Yet we do. It is something we feel strongly about.

"To reduce environmental and climate impact, we need to leave fossil resources where they belong – in the ground," says Tomasz Doweyko, Marketing Director of the BioPak brand. "The EU and new laws will have a huge impact on our industry in the future. SUPD is just the start. So it is important for companies to actively keep up to date and to engage and communicate with their stakeholders."

Systematic search for environmentally sound alternatives

An obvious follow-up question is, what are we doing to reduce our own use of virgin fossil plastics?

Even before SUPD, we had been phasing out fossil-based products from our range for several years, which is now being intensified with the new strategy.

"Our vision is to lead the industry towards circular solutions and net zero emissions and we want to be a positive role model", says Tomasz. "We are working to reduce our use of plastics in general, with a particular focus on virgin fossil plastics. We have a zero vision for 2030 and we are currently mapping how much fossil plastic we have in our range. The aim is to replace it with paper and fiber wherever possible. Here we have a great opportunity to grow. When we have to use plastic, for example in food contact, we should use bioplastics or recycled plastics."

Several positive initiatives in 2021

Already in 2021, we introduced paper-based, fossil-free outer packaging for some products. In our own production we have replaced latex binders with fossil-free binders in table coverings and napkins (read more on pages 26–27). We have also replaced plastic cutlery with products made of wood and paper.

"In a broader perspective, sustainability is about looking ahead and seeing where we want to go, but also about maintaining quality of life and well-being in the short and long term. It links social and ecological sustainability. We want to do what we can to help people, both today and in the future, to meet and feel good around food and drink," Tomasz concludes.

How the EU Plastics Directive affects us

The EU Single Use Plastics Directive (EU 2019/904) entered into force on July 3, 2021. This means that the BioPak and Duni business areas will no longer sell products made entirely or partly of plastic. This applies to: Cutlery / Plates / Straws / Stirrers

BioPak and Duni products will also be labeled according to the new, harmonized rules also introduced for products that are partly made of plastic. Due to some ambiguities in the Directive, full implementation in EU Member States is delayed. Duni Group interprets the rules as meaning that the Directive currently only applies to products placed on the market after July 3, 2021.

Fiber-based outer packaging

In 2021, the Group took a step towards circularity and reduced carbon footprint by starting to replace plastic-based outer packaging with paper packaging. In the first stage, it concerns certain airlaid napkins. The new packaging is made from FSC® (Forest Stewardship Council) certified raw materials and is recyclable as paper. This is possible because we have managed to minimize the use of glue. They are also marked with a QR code for customers to share their opinions, allowing us to further develop and improve the solution.

Local presence increases our competitiveness

Duni Group is organized into six regions to better manage sales and marketing in a global market. Our local presence gives us a better understanding of the specific needs of our markets.

All sales for both business areas, Duni and BioPak, are conducted through a unified commercial organization divided into six regions. With the exception of Region Rest of the World (RoW) and Region Other sales, each region is responsible for the sales and marketing of both Duni and BioPak products to all customer groups in its geographic market.

Within the RoW Region, the BioPak business area is responsible for the sale of its own range. Sales for the sixth region, Other sales, belongs to the Duni business area. This brings together external sales of tissue and airlaid materials from the paper mill in Skåpafors and external sales of financial and accounting services from the finance function in Poznan, Poland.

Region NorthEast

Northern and Eastern Europe

Office: Malmö, Sweden
Best-selling products:
Duniform® packaging solution, Dunilin® and Dunisoft® napkins, bagasse products

2021 in brief
"We had a strong recovery once the restrictions were eased, for example on napkins and hygiene-products. We are seen as sustainable and BioPak did well during the year. It is gratifying that we managed to strengthen relationships with many customers and are going into 2022 strong".

Nicklas Bengtsson, Commercial Director NorthEast

Region Central

Germany, Austria, Switzerland, Hungary.

Office: Bramsche, Germany, Salzburg, Austria, and Rotkreuz, Switzerland
Best-selling products:
Premium napkins and table covers

2021 in brief
"Eco-smart solutions are becoming increasingly important and we have strengthened our position in 2021, including through our acquisition of Relevo. Yet, also by positioning BioPak's environmental expertise. Through our increased digitalization, we are significantly streamlining and modernizing our operations".

Manfred Hargarten, Commercial Director Central

Region West

The Netherlands, Belgium, Luxembourg, the UK and Ireland.

Office: Breda, the Netherlands, and Runcorn, United Kingdom
Best-selling products: 3-ply tissue napkins, 33 x 33 cm

2021 in brief
"The pandemic affected much of the year, but we had strong sales during the summer and were able to build strong partnerships. We also strengthened our digital presence during the year, including on social media, and communicated how we work on sustainability".

Jack Mulders, Commercial Director Benelux

Region South

France, Italy, Spain and Portugal.

Office: Sainte-Hélène du Lac, France
Best-selling products: Dunisoft® wipes and fiber molds

2021 in brief
"The restrictions and the decrease in tourism had a major negative impact on the year. On the positive side, we have changed our segmentation, which will facilitate sustainable growth. Customers also see us as experts in eco-smart solutions and BioPak grew significantly".

Elodie Portier, Commercial Director South Europe

Rest of the world

All sales are made outside Europe, the most important being Australia, the United States, the United Arab Emirates, Thailand and New Zealand. The region only processes the Duni range. The BioPak range is managed by the BioPak business area itself.

Office: Sydney, Australia, Bangkok, Thailand, and Auckland, New Zealand
Best-selling products: Duniletto®, Dunisoft® and tissue wipes

2021 in brief
"During the year, Dubai remained at the same level or even higher than 2019, while Thailand and New Zealand were hit very hard. Key activities during the year included a new strategy for the UAE, developments in the US and streamlining operations in the Asia-Pacific region".

Franck Bancarel, International Duni and M&A Director

Employees make the strategy take off

In line with the strategy's bold objectives, the HR department has changed its name to People & Culture. It reflects the transformation the company is undergoing. Developing employees and leaders as well as the company culture are key initiatives to become a leading sustainability company in 2030.

Following its launch in October, the strategy, together with a clear higher purpose and vision, is now being implemented in the organization. It is a major transformation where sustainability will guide all aspects of the business.

The updated strategy will make us a purpose- and value-driven company. In order to live up to this, it is important that employees are empowered and take clear responsibility. This also applies to the Group's new values, which were developed cross-functionally by employees. In this way, they reflect the views of our employees, which gives them an extra boost (read more on the next page).

Tying the group together

Our values contribute to the development of our organization, they clarify and reinforce our corporate culture and create a community throughout the Group. With our values we show what we stand for and what we expect from each other, how we want to interact internally but also externally with our customers, suppliers and partners.

The integration of the values will take time and will be continually ongoing. In order to facilitate this work, all units in the organization will have trained ambassadors. They will provide internal support and drive development together with staff and managers.

Skills development strengthens the company

The strategy's overarching focus on sustainability and circular solutions means that we need to strengthen skills within the organisation, so that employees feel confident in discussing with customers and other stakeholders and in arguing for our perspectives.

This primarily involves developing the skills of our workers, but also recruiting experts in areas such as innovation and sustainability. We will largely use a model where specialists within the organization train other employees.

A popular employer

Being able to recruit and retain the right skills is crucial to reaching our 2030 goals. The strategy lays a good foundation with a strong mission statement around vision, purpose and how we integrate our culture.

"In 2021, Duni Group was voted one of Sweden's 100 most attractive employers for the second year in a row."

Malin Cullin, Executive Vice President, People & Culture and Sustainability

We are very proud that we are already a popular employer. In 2021, Duni Group was voted one of Sweden's 100 most attractive employers for the second year in a row and was also ranked top 10 by business students by the organisation Karriärföretagen.

Diversity builds a stronger company

Diversity and inclusion are important areas that we will now prioritize even more strongly. In 2021, we therefore launched a council – the "diversity and inclusion board" – to drive these issues.

The new strategy is a major and important step. People & Culture plays a key role in creating a culture where we meet cross-functionally in high-performing teams to broaden our skills. When people come together – and all bring different skills, backgrounds and personalities – we can improve our efficiency and creativity even more.

Our values

We care

- We care about our planet, its people and communities.
- We take responsibility for our actions.
- Through mutual trust and respect, we build the best relationships with colleagues, partners and customers.
- We work together cross-functionally and across borders to achieve great results together.

We are passionate

- We are passionate about what we do.
- We are proud of what we have achieved and where we are going.
- Through our commitment, we help achieve our goals.
- We believe in our unlimited potential and ability to develop.

We make a difference

- We are innovative and pioneering.
- We find new ways to work to make the world a better place.
- With curiosity and courage, we strive to try new things, learn more and see opportunities in challenges.
- We dare to take the lead to improve and change – for future generations.

Dedicated work behind the values

Karin Roslin, Organizational Development Manager

In 2021, a holistic approach was taken to update and renew the core values, so that they reflect our employees' view of our culture and our purpose.

"To truly capture the common image of our corporate culturer and what we as employees stand for, we have invited the whole organization into the work," says Karin Roslin, newly appointed Organizational Development Manager, who is leading the work with the help of a dedicated project team.

"Through surveys and cross-functional workshops, we have together captured what unites us and makes us proud to be part of Duni Group. The commitment, willingness and joy in our workshops was fantastic," says Karin, who also says that working together across national and functional boundaries was much appreciated.

The project team is now working with ambassadors from different parts of the organization to bring the values to life. "They will be visible in everything we do and facilitate everyone in our processes, decisions and collaborations on the way forward to achieve our vision 2030," says Karin. "Now we need to link desired behaviors to our values and really make an impact throughout the organization".

One of the 100 most attractive employers in Sweden

The Career Companies organization has selected Duni Group as a Career Company for 2021. The motivation states that "Duni Group is an extraordinary employer. The company is driven by passionate employees who are committed to making a difference. There is a strong focus on sustainability and the whole company is characterized by it, both in terms of products and internally. Duni Group also cooperates with Mitt Liv which supports graduates with foreign background to find work in Sweden, a very good initiative if we may say so! Here you can develop in your work and Duni Group can truly classify itself as one of Sweden's most attractive employers".

My Life creates opportunities

We continue our cooperation with Mitt Liv, an organization that works for diversity and inclusion in the Swedish labor market. Initiatives include mentoring programs for graduates with a foreign background. In 2021, President and CEO Robert Dackeskog became a mentor for two people and Malin Cullin, EVP People & Culture and Sustainability, for one person.

Buddy program helps new recruits

To take care of new recruits and facilitate their onboarding, Region South launched a Buddy Program in 2021. The model works by selecting a colleague to be the new recruit's "buddy" who helps and supports them during their first time in the new job. The results have been so positive that the model will be used throughout the Group.

How Duni Group views sustainability

We have a societal development where everyone has to act. At Duni Group, we strive to drive change in our industry towards greater sustainability and circular models.

It can come as no surprise to anyone today that the demands in sustainability are growing rapidly in society. When the World Economic Forum summarized the global risks in 2021, "climate action failure" became the biggest risk in terms of potential impact and likelihood. But climate change itself is not the biggest risk – it is already a fact. Instead, it is our collective failure to limit its effects.

As this is a challenge for society as a whole, everyone must act: legislators, consumers, academia and of course companies. And we must not forget other important aspects, such as the circular economy, biodiversity, resource use or resilient societies. There are many other areas that we also need to consider when securing the future of our society.

Stakeholders with different priorities

We have been working in a structured way with sustainability for many years. In 2021, we reviewed our ambitions and updated our strategy up to 2030. We started with trying to understand what key stakeholders expect from us.

It became clear that expectations vary. For example, regulators prioritize solutions to reuse products while our customers prioritize environmentally sound solutions for the end of the life cycle. Investors, on the other hand, focus on communication and climate change.

A survey of around 125 of our employees shows how we see it internally. The results are summarized in a materiality matrix, which has also been aligned with external key stakeholders.

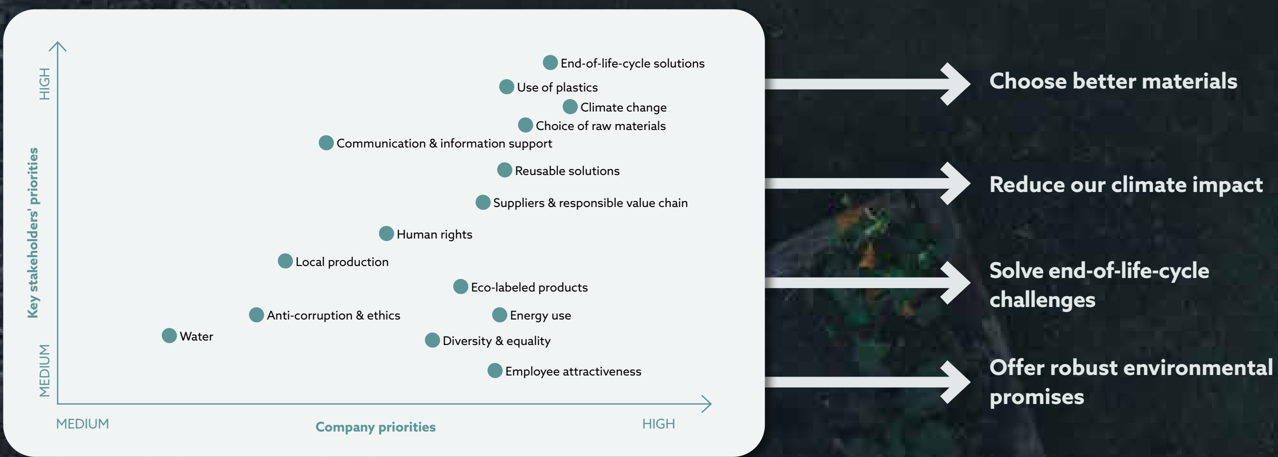
Three strategic initiatives

Based on this analysis, we saw that the priority areas could be summarized into three strategic initiatives that will help us become the industry's sustainability leader in 2030:
- Becoming Circular at Scale
- Going Net Zero
- Living the Change

The updated materiality analysis shows that we need to find solutions to end-of-life, continue to choose better materials in products, reduce our climate impact and ensure clear and fact-based environmental communication. All this underpins the sustainability initiatives.

Our materiality analysis is more than a reactive tool for managing risk. It's a proactive starting point for how we as a company will create value in the future, focusing on opportunities rather than threats. Here, a 2030 perspective helps, but it also means that the relevance of different issues will change over time, which should ensure our continued relevance.

Erik Lindroth
Sustainability Director



The materiality analysis carried out in 2021 with internal and external key stakeholders ensures that sustainability work is based on relevant areas and has formed the basis for our three sustainability initiatives (see next page).

Three sustainability initiatives for 2030

Becoming Circular at Scale
We see circular models in a life cycle perspective. End-of-life solutions are crucial, but we also need to consider product design, the materials to be used, as well as the manufacturing process itself and transport.

1 **Read more on page 44.**

Going Net Zero
Climate change is society's biggest challenge today . We have set a zero vision for emissions by 2030 under the GHG Protocol Scope 1 and 2 and a significant reduction for Scope 3. In 2021, we laid the foundations by creating systems and procedures to continue measuring and reporting our progress.

2 **Read more on page 46.**

Living the Change
We need to create structures that give us the best conditions to develop and succeed with our plans. However, this also means being a fair and equal workplace, constructively involving our suppliers and actively communicating the values we stand for.

3 **Read more on page 48.**

Our approach

To help us achieve our future sustainability goals, we have formulated some key principles to help keep us on the right track.

- **Fact-based and scientific** – addressing real challenges, basing decisions on facts to the greatest extent possible and emphasizing the importance of scientific methods and principles.
- **Relevant and competent** – we will focus on changing areas that are important to our key stakeholders and ourselves and ensure that we increase sustainability competence throughout the organization.
- **Humble, yet confident** – we will not take tempting shortcuts, but continue to believe in our values and our strategy and actively and openly promote them.

Our goal is to lead the development of environmentally smart disposable products, with better materials that provide maximum functionality and long-term solutions for recycling, composting or reuse. We believe that single-use products can be a good alternative for take-away food and to reduce food waste.

Still, it is not a universal solution. Multi-use solutions become practical and attractive when combined with digital platforms that enable real collection and reuse of products – and not just something that seems good at first glance.

A broader perspective

A major challenge in sustainability is to create a balance where we can live fulfilling lives today without negatively affecting the conditions for future generations. The goal is for both present and future generations to prosper socially and economically.

There are inherent conflicts in the concept of "triple bottom line" – people, planet, profit – something that we need to address. In this process, the focus shifts from "sustainability" to the broader concept of "resilience".

Duni Group wants to be active in this change and drive the development of our industry. The ambition is to give back more than we take, and to enable regenerative business models. Much is still unclear, but it will require cooperation with other stakeholders who share the same ambition. And a firm belief that despite challenges and setbacks, we can help bring about positive change.

Duni Group and the UN Sustainable Development Goals

In 2021, we went deeper in aligning our operations with the UN Sustainable Development Goals.

As part of the process of formulating our 2030 Sustainability Initiatives, we updated our assessment of the UN Sustainable Development Goals in 2021 (see fact box).

An externally developed tool was used for the evaluation. The results were analyzed together with management to ensure consistency and agreement on the priorities to be set. The Sustainable Development Goals were divided into three different priority groups. Five goals were given top priority.

17 goals for a better future

The UN Sustainable Development Goals (SDGs) are 17 priority areas where there is consensus on the need for significant improvements by 2030. The goals were adopted in 2015 by all UN member states. The aim is to eradicate poverty, halt climate change and create peaceful and secure societies in a fairer, more sustainable and better world.

Companies and other organizations can use the global goals as an independent framework. By evaluating how their activities affect the objectives, they can prioritize which are of greater importance to drive improvements.

Goal 12: Responsible consumption and production

The use of raw materials is increasing rapidly in society, which makes it important to ensure sustainable consumption and production patterns. Production requires energy and other resources and most materials are not recycled. We need to separate economic growth from resource use. Companies must make active choices. Duni Group strives to choose better materials, produce with better energy sources and ensure that there are viable solutions for our products after use.

1 *SDG 12 is linked to our sustainability initiative, "Becoming Circular at Scale".*

Challenges:

- lack of infrastructure for the collection of take-away products
- there is a lack of recycled plastic that can be used for food packaging
- short time frame to set up mandatory and viable re-use systems

Examples of Duni Group activities in 2021:

- paper outer packaging replaces plastic for Duni products
- investing in recycling solutions with Relevo and Bûmerang
- partnership with &Repeat for the collection of disposable products

Goal 13: Climate action

Climate change is a huge challenge and it is a scientific fact that it is caused by human activities. It requires the commitment of all to combat them and their effects. In order to meet the ambitions of the Paris Agreement, businesses must take responsibility. For Duni Group, this means changing how we work, the type of energy we use, how we transport and store products, and the raw materials we use in our products.

2 *SDG 13 ties in with our sustainability initiative, "Going Net Zero".*

Challenges:

- sufficient access to renewable energy options
- dependence on large-scale external changes in GHG Protocol Scope 3 categories
- no global standard price for carbon dioxide.

Examples of Duni Group activities in 2021:

- commitment to a net zero vision for emissions in 2030 under GHG Protocol Scope 1 and 2
- transition to renewable electricity in European operations
- is the first in the global paper industry to start using BioLPG in the Skåpafors paper mill

Goal 8: Decent work and economic growth

Secure and decent employment conditions and fair working conditions are essential for sustainable economic growth, where they can contribute to economic growth and recovery. Inclusion and diversity go without saying. Duni Group advocates transformative leadership to improve working conditions both within the Group and at our suppliers. Several policies ensure this and we work to ensure compliance with our Code of Conduct through dialog and audits.

3 *SDG 8 is linked to our sustainability initiative "Living the Change".*

Challenges:

- to implement transformational leadership throughout the company
- an independent, fair and objective selection of job applicants each time
- to monitor good working conditions in our supply chain during the pandemic

Examples of Duni Group activities in 2021:

- we have formulated and launched Duni Group's new core values
- we have conducted external audits of the code of conduct of all major suppliers in China
- a recruitment policy to strengthen our skills

Goal 15: Life on land

Conserving life on land means protecting, restoring and sustainably using ecosystems, especially forests, and halting the loss of biodiversity. Sustainable and certified forest management is a key aspect of this. Paper fiber from forests is becoming an increasingly important raw material for Duni Group. We prioritize FSC®-certified raw materials from responsibly managed forests. However, we must also proactively look for alternative materials.

1 *SDG 15 is a part of our sustainability initiative, "Becoming Circular at Scale".*

Challenges:

- increased pressure on forests for energy and raw materials
- for virgin paper collection, systems are needed to secure recycling
- biodiversity measures are needed, but the area is difficult to measure

Examples of Duni Group activities in 2021:

- we have reduced our dependence on plastic products and have the goal of phasing out all virgin fossil plastics in our product range
- more than 98% of the raw material for napkins and table coverings is FSC®-certified
- for some products we have switched to paper outer packaging instead of plastic

Goal 17: Partnership for the goals

Sustainable development requires cooperation and openness to new perspectives. We need to build trust between partners to create long-term relationships based on shared visions and goals. Duni Group will be a purpose-driven, innovative and competent organization. We have a strong ambition to influence and create positive change together with our partners In 2021, we have communicated more intensively and widely to share both our progress and challenges.

3 *SDG 17 is linked to our sustainability initiative "Living the Change".*

Challenges:

- legislation that focuses on what is easy to explain and regulate rather than what is important
- new media habits and the potential proliferation of social media can make it difficult to share sensitive but important information with partners
- to engage officials and authorities to share different perspectives and experiences can create a negative image as "lobbyists"

Examples of Duni Group activities in 2021:

- partnership with the "Mitt Liv" organization which works for an inclusive labor market where diversity plays an important part
- Duni Group signed the UN Global Compact 2021
- we introduced a public affairs strategy to become a more active partner in society

1 Becoming Circular at Scale

Goal 2030: fully circular operations
Main areas:
- environmentally adapted materials and suppliers
- efficient operations
- relevant solutions for reuse, recycling and composting
- no virgin plastic for single-use products.

Interim target 2025:
- reduction of virgin fossil-based plastics in single-use products by 50% with 2019 as the base year
- a large number of end-of-life solutions
- FSC®-certified products: 100% for Duni and 75% for BioPak Europe.

A strong focus on the whole life cycle

One of the main goals of our sustainability work is a circular business model in which all parts of the product life cycle are important.

To achieve truly sustainable solutions, the entire life cycle of a product must be considered in a circular model. There are strong societal drivers for this today, including the adoption by the EU in 2020 of its Circular Economy Action Plan (CEAP), which is a cornerstone of the Commission's European Green Deal for a sustainable future.

Duni Group is committed to this and aims to be fully circular by 2030. While what happens at the end of the product life cycle, such as reuse, recycling or composting, is important, the valuechain needs to be approached holistically. It is about choosing more sustainable materials, having the right suppliers who produce in a good way, having our own efficient production including logistics and warehouses. That is also why we place a high priority on FSC®-certified products and have clear targets and plans in place for this.

Environmentally smart solutions in a differentiated market

This is a major undertaking and we are already driving developments in several areas. For example, we have started to replace plastic packaging with FSC®-certified and recyclable paper packaging. In addition, we have invested in reuse start-ups – German Relevo and Spanish Bûmerang – and entered into a recycling partnership – Swedish &Repeat.

The local waste management infrastructure in Europe and the rest of the world varies widely. This means that both single-use and reuse options, or other solutions, are important to meet future customer needs and ensure a fully circular business model in the future.

Goal 12: Responsible consumption and production
With the rapidly increasing use of raw materials in society, companies need to take responsibility. Duni Group strives to choose environmentally adapted materials and energy sources in production and to offer relevant end-of-life solutions for our products.

Goal 15: Life on land
We must protect, restore and sustainably use ecosystems and safeguard biodiversity. Paper fiber from forests is becoming an increasingly important raw material for Duni Group. We prioritize FSC®-certified raw materials from responsibly managed forests, but also look for environmentally sound alternatives.

Investment in Spanish reuse company

As part of Duni Group's objective to offer the right solution for every customer occasion, the Group acquired a stake in the Spanish reuse company Bûmerang Takeaway, S.L. in the autumn.

Founded in 2019 in Barcelona, Bûmerang markets the first return system for take-away packages in Spain. Bûmerang's system uses technology and a digital platform to make it easier for consumers to return their bowls and other packaging. More than 70 restaurants and cafés are currently connected to the return system.

With its acquisition of 22 percent of the shares, Duni Group becomes a non-controlling minority shareholder. The aim is to create an active partnership and a joint effort in which the Group supports Bûmerang's continued growth on the Iberian Peninsula.

2 Going Net Zero

Goal 2030: zero vision for GHGs under the GHG Protocol Scope 1* and Scope 2**
Main areas:
- Science Based Targets approved, measured and communicated quarterly, including GHG protocol Scope 3***
- we will measure impact across our value chain
- transparent reporting of results.

* Direct emissions from own installations and vehicles
** Indirect emissions from purchased electricity, steam, heating and cooling for own use
*** Direct and indirect emissions from the entire value chain

Interim target 2025:
- activities in accordance with the approved science-based targets of the international collaboration Science Based Targets initiative, SBTi
- 60% reduction in carbon intensity with 2019 as base year.

A business without fossil-based emissions

A radical reduction in greenhouse gas emissions is required to slow climate change. We have made several important improvements to reduce our emissions.

Our second sustainability initiative is to completely eliminate greenhouse gas emissions from our operations. Initially from our own operations (GHG Protocol Scope 1 and 2), but in the long term throughout the value chain (GHG Protocol Scope 3). Here we have analyzed our impact and built a system to measure and report on our performance. The aim is to be able to do this on a quarterly basis already in 2022.

As we start to measure emissions under Scope 3, we will go deeper with the choice of materials, manufacturing processes, transport modes and transport distances. It will ultimately influence how we choose suppliers.

Based on this work, we will begin work in 2022 to set science-based targets, as we see this as important for monitoring that our activities are in line with the Paris Agreement.

Several world-first initiatives

In 2021, we launched several important initiatives. For napkins and table coverings, we are the first manufacturer to replace fossil-based adhesives and binders with renewable, plant-based solutions, partly based on food waste, which results in fully renewable products. Our paper mill in Skåpafors is also the first in the world in the paper industry to start using bio-LPG in production – LPG made from renewable raw materials.

During the fourth quarter, we also conducted tests with renewable HVO diesel in the delivery to our customers together with our transport partner in Denmark. We are also looking at other concrete solutions for climate-smart logistics.

Goal 13: Climate action
Climate change is a huge challenge for society. In order to meet the ambitions of the Paris Agreement, businesses must also act. For Duni Group, this means changing the way we work, the energy we use and the raw materials we use, but also the way we transport and store products.

Renewable diesel tests in Denmark

Lidija Peters, Sustainability Manager Logistics

During the fourth quarter, tests were launched to help reduce the Group's carbon footprint from transport. In cooperation with our logistics partner Frode Laursen in Denmark, we switched from fossil-based diesel to renewable HVO diesel. It can reduce carbon dioxide emissions by 88 percent.

"Transport is an important part of our supply chain and we need to take responsibility for environmentally sound changes. This initiative aims at GHG Protocol Scope 3, which will be included in our 2030 emissions target," says Lidija Peters, Logistics Sustainability Manager.

It is still too early to draw far-reaching conclusions from the tests. However, customers have been positive.

"This initiative shows that we are on the right track and is an important first step in to transform the Group's transports. There is an increasing focus on reducing carbon emissions in logistics," says Lidija.

HVO (hydrogenated vegetable oil) consists of renewable raw materials, such as residual waste and vegetable oils, and can be used in most new diesel-powered trucks (EURO 6 and above). The HVO diesel used in the tests is also palm oil-free.

3 Living the Change

Goal 2030: a trusted sustainability leader
Main areas:
- we will be a committed partner for our key stakeholders
- we will be the trusted expert – with the best recognized eco-smart solutions
- our communications should have a high degree of transparency, integrity and openness.

Interim target 2025:
- key stakeholders see us as a leading sustainability company
- to achieve 75 points in the EcoVadis system
- all employees trained in sustainability.

The importance of practising what we preach

Sustainability is also about important social aspects. Duni Group aims to be a good employer, but also to take an active part in society and discussions with various stakeholders.

The third initiative is more focused on social aspects – practising what we preach and not being afraid to stand up for our values. This includes both how we are as an employer and how we work with our suppliers and partners.

We should be an active partner and participate in discussions with, for example, legislators and authorities, listening and understanding what the important focus areas are. Partly so that we can make proactive decisions in good time, and partly so that we can influence and share relevant information based on our experience.

A knowledgeable and active partner in society
For example, it can be about what different laws, fees and requirements will actually mean in the short and long term. We want to help ensure that there is a clear structure in decision-making, that the effects are understood in advance and can lead to more efficient implementation.

In order to be that partner in the community, we need to have the right expertise. It is about having the right skills, but it is also about having confidence in sustainability. That is why it is essential that we build our employees' knowledge, interest and commitment to these issues.

Skills development increasingly important
A vital part of the preparatory work for the updated strategy was to understand the world around us and the different stakeholders' drivers, needs and demands on Duni Group as a company. Based on this, we are now moving forward to ensure that we have the right resources and expertise in our sustainability work.

Having the right people with the right skills and confidence is crucial for us to become a sustainability leader in the industry. We must dare to stand up for what we believe in and have discussions about the best solutions, especially for employees with customer contacts.

When we build our customer relationships on competence, relevance and facts, we have a strong foundation on which to build our competitiveness. This creates added value for customers and our employees have more fun and exciting jobs.

Read more about our People & Culture on page 38.

Goal 8: Decent work and economic growth
Sustainable economic growth requires safe and decent employment and fair working conditions, as well as inclusion and diversity. Duni Group advocates transformative leadership to improve working conditions both within the Group and at our suppliers.

Goal 17: Partnership for the goals
We need to build trust between partners to create long-term relationships based on shared visions and goals. Duni Group will be a purpose-driven, innovative and competent organization.

Duni Group now part of the UN Global Compact

Jolanta Debowska, Quality Manager

The UN Global Compact (UNGC) is the world's largest initiative to unite the business community around corporate sustainability, regardless of company size and complexity or where it is located. Today, UNGC includes more than 12,000 companies in over 160 countries. Now Duni Group is also a part of the Swedish network. In August, Robert Dackeskog, President and CEO, signed the application, which was accepted in the autumn.

"As a member of the UNGC, we are committed to working for sustainable change, which is at the heart of our strategy. This is not new for us, but it feels good that it is now more official", Jolanta Debowska, Quality Manager, Duni Group Poland.

Companies that are part of the global network must change their operations based on ten principles divided into four areas: human rights, labor law, environment and anti-corruption. They should be part of the company's strategy, culture and daily operations. It should also publicly advocate for the UNGC and report on its progress.

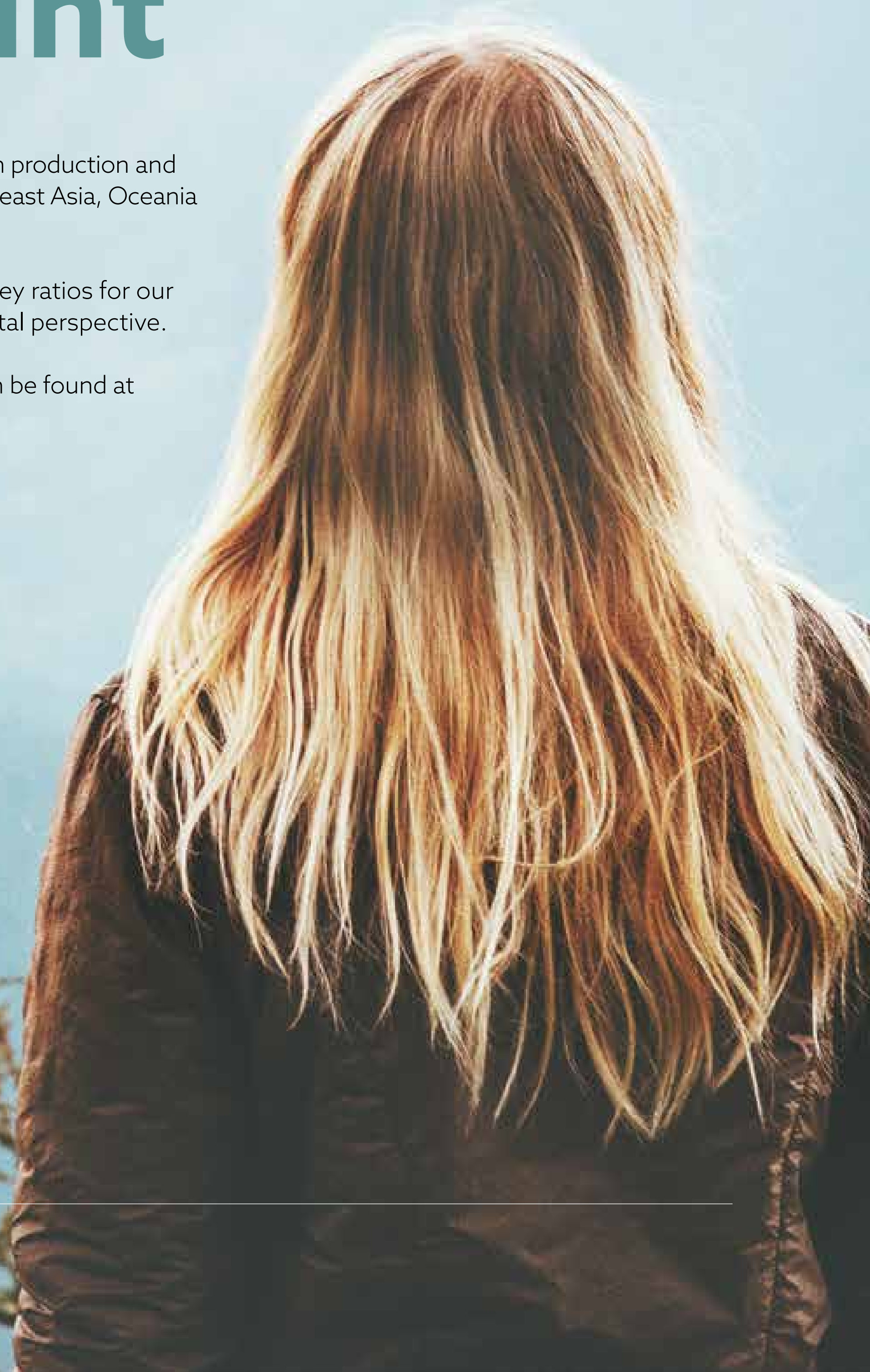
"Under the UNGC, we have updated our Code of Conduct and will set higher standards for both our suppliers and our own units. We are strengthening our social responsibility," says Jolanta.

Duni Group's footprint

The Group has extensive operations with production and sales in Europe and increasingly in Southeast Asia, Oceania and other locations.

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

More about our sustainability efforts can be found at Dunigroup.com



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Employees

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

Country	Blue collar employees	White collar staff	Total
Sweden	146	173	319
Germany	617	322	939
Poland	273	167	440
Thailand	100	29	129
New Zealand	27	9	36
Other	8	343	351
Total	**1,171**	**1,043**	**2,214**

Gender breakdown

Number of employees	Men	Women
Total, Group	50 %	50 %
of which are managers	60 %	40 %
Blue collar employees	56 %	44 %
of which are managers	83 %	17 %
White collar staff	44 %	56 %
of which are managers	63 %	37 %
Duni Group Management Team	67 %	33 %

Payroll expenses, by gender:

Employees	Men	Women
Blue collar employees	61 %	39 %
White collar staff	60 %	40 %

The table above 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 Group has employees, collective bargaining agreements are in place in 12 out of 20 countries and 49% of the total number of employees are covered by these.

Reported injuries

In 2021, 26 injuries* per 1,000 employees were reported at the 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 91% of the employees in these companies.

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

Taxonomy

The Taxonomy Regulation, adopted by the European Commission, aims to identify environmentally sustainable investments and steer capital flows towards a more sustainable economy. The regulation is an important step towards achieving the EU's 2050 carbon-neutrality target. For an economic activity to be considered sustainable (aligned), it must make a significant contribution to one or more of the six identified environmental objectives, not cause significant damage to any of the other objectives, and meet certain minimum safeguards. The activities to be considered as sustainable are defined by technical audit criteria, which are laid down in delegated acts to the Regulation. The first delegated act focuses on the first two environmental objectives, mitigation of climate change and adaptation to climate change, and covers only those sectors and activities that are most relevant for reducing greenhouse gas emissions.

For the year 2021, it is mandatory to report the percentage of turnover, capital expenditure (capex) and operating expenditure (opex) that is covered by the taxonomy, i.e. is "eligible". As of in 2022, the percentage of that is consistent with the taxonomy, i.e. aligned, must also be reported.

In order to determine the applicable activities for Duni Group, an analysis has been made of whether the Group's revenue generating activities fall within the sectors described in the delegated acts of the taxonomy. The analysis is based on the information available up to January 31, 2022. Our revenue-generating activities are categorized to the wholesale and retail industry, which is a sector not included in the taxonomy for 2021 reporting. The Group's sales-driving activities, as well as the capex and opex associated with, are therefore considered non-eligible. The proportion covered by the taxonomy is therefore 0%.

Standards and certificates for in-house 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 28000 (security)						
ISO 50001 (energy management)	■					
Traceability according to FSC® (responsible forestry)	■	■	■	■	■	■
Nordic ecolabel ("Swan")	■	■	■	■		
"OK Compost" label	■	■	■	■		
Blaue Engel (Blue Angels, Germany)				■		
Social audits						
SEDEX		■	■	■		
ISO 45001			■			

The certificates are available at Dunigroup.se 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	49,979	27,583	10,088	4,969	2,301	954
Chemicals and additives	4,774	3,342	230	374	9	4
Energy (MWh) and water (m^3)						
Total energy	164,383	18,932	4,574	4,107	1101	335
Electricity	68,054	8,712	3,293	2,327	901	269
Biofuel (wood chips)	49,230					
Steam (district)			1,272			
Liquefied petroleum gas (LPG)	45,895					
Biogas, BioLPG (MWh)	1,050					
Natural gas (LNG)		8,670		1,631		
Diesel oil	154			149		
Water (m^3)	694,774	12,221	4,423	3,084	4,694	889
Emissions to the air and water (metric tons)						
CO_2 total	23,205	1,154	461	294	563	49
CO_2 direct, Scope 1	11,076	1,154	2	294	51	16
CO_2 direct, Scope 2	12,129	0	459	0	512	33
NOx	10	2	0	0	0	0
COD	58	2				
Waste (metric tons)						
Recycling	159	2,232	497	748	300	53
Energy recovery	900	138	73	0	0	0
Landfill (including covering material)	779	40	24	0	0	5
Hazardous waste	28	24	3	5	0	0
Others (including sludge and electronics)	119	253	61	0	1	0

Key ratios for production

Our decade of action	2019 (base year)	2021	Goal 2025	Comment
Amount of fossil virgin plastic (index)	100	88	50	Read more on page 44
Proportion of FSC®-labeled products BA Duni	94 %	98 %	100 %	Read more on page 44
Proportion of FSC®-labeled products BA BioPak Europa	N/A	64 %	75 %	Read more on page 44
CO_2-intensity, Scope 1+2 (index)	100	78	40	Tons of CO_2e per ton of products produced, read more page 46
Science-based targets	Not started	Decision to apply	Approved targets	Connection to the 1.5-degree target, see page 46
EcoVadis score	52	69	75	Gold level 2021, target to be top 1% in our industry, see page 48
Sustainability Competence	N/A	N/A	100 %	Read more on page 48
Indicators and standards	**Indicators**	**Benchmark/Aim**		**Comment**
Employees				
Engagement self-reported Duni Insight	78 %	80 %		Read more on page 37
Understanding of Duni Group's strategy (self-reported)	77 %	100 %		Measured every 2– 3 years
Leadership index (Duni Insight)	81 %	78 %		Will be measured quarterly from Q3 2022
Net Promoter Score Index (Duni Insight)	4	14		Leadership measured by employee input. Employee recommendation of Duni Group as an employer. Will be measured quarterly from Q3 2022
Internal recruitment, talent development	15 %	50 %		Few recruitments during the year
Performance appraisals, (self-reported)	73 %	100 %		Measured every year
Gender breakdown	50 % men, 50 % women	50% per sex (man/woman)		Non-binary identification is possible
Gender breakdown, management	65 % men, 35 % women	50% per sex (man/woman)		Non-binary identification is possible. Managers with direct reporting
Reported injuries per 1,000 employees	26	<30 /0		At least one day of sick leave
Injury frequency	10.45			
Severity of injuries	107.04			
Employees subject to a collective bargaining agreement	49 %	50 %		Collective bargaining agreements are largely governed by local tradition and laws. Duni Group advocates collective bargaining agreements
Employees in units with safety committees or similar setup	91 %	90 %		Measured for units with >10 employees

Scope 1+2 CO_2 emissions (tonnes CO_2)	2019	2020	2021
Liquid propane gas	12,834	10,616	10,847
Electricity	27,206	26,622	12,733
Natural gas	1,514	958	1,045
Diesel	1,604	988	950
Wood chips	242	191	207
District heating	447	279	459
Gasoline	135	157	170
Total	**45,324**	**40,999**	**27,710**

The decline in electricity is due to the transition to renewable electricity in 2021.

The Code of Conduct leads the way

The Duni Group Code of Conduct describes how we as employees – but also our suppliers – should behave in business contexts.

Work on our Code of Conduct is ongoing to increase understanding of our culture, our values and how we should act towards customers and other stakeholders. People & Culture organizes regular training sessions to update employees on the Group's Code of Conduct and approach to business ethics.

There is a strong link between the Code of Conduct and the UN Sustainable Development Goal 8, "Decent work and economic growth".

Sets requirements for suppliers

The Code of Conduct is applicable internally, but also externally to our suppliers. Local legislation must always be complied with, but Duni Group aims higher. We require our suppliers to read and accept our Code of Conduct. We regularly audit them to check that they comply with the guidelines and that their staff have fair working conditions and a safe working environment.

If we are to achieve the ambitious sustainability targets we set in the updated strategy, such as our net zero vision for fossil-based emissions, we need strong partnerships across the value chain, both upstream and downstream. And that is where our suppliers play a key role.

More detailed reporting

In our Sustainability Report, we will continue to have a more comprehensive reporting on our Code of Conduct and supply chain. Rather than just looking at how many people we have audited and the results on a simple scale, we look at the concrete improvements made in collaboration with our local audit partners.

In 2021, audit work continued to be hampered by the global pandemic, but we have managed to complete all planned audits of suppliers in China. We look forward to catching up with the audits in Europe and the rest of the world in 2022 and completing them on schedule.

Human rights in the supply chain

We have actively applied our Code of Conduct to suppliers of finished goods and input materials alike for 15 years. The Code is based on the conventions of the United Nations' ILO and includes requirements on human rights, prohibition of all forms of child labour, personal safety, working hours, wages and more. In 2021, we updated the Code with a clearer link to UN human rights as part of our endorsement of the UN Global Compact.

Active work with our suppliers

To achieve our ambitious environmental goals, it is not enough to work hard internally. For example, reaching the goal of completely reducing our carbon footprint and eliminating our GHG emissions under the GHG Protocol Scope 3 involves the entire value chain. We have also selected UN Sustainable Development Goal 8 – "Decent work and economic growth" – as one of our priorities. This also includes the working conditions of our suppliers.

It is all about business ethics, and as part of our Code of Conduct, we have been liaising with our suppliers and auditing their operations for many years. Through policies such as business ethics and whistleblowing, Duni Group actively works to curb corruption, bribery, fraud and other violations. In the future, we will report the results more qualitatively, not just quantitatively.

Goal 8: Decent work and economic growth
Sustainable economic growth requires safe and decent employment and fair working conditions, as well as inclusion and diversity. Duni Group advocates transformative leadership to improve working conditions both within the Group and at our suppliers.

Our audit partners – playing a key role

Audits of our suppliers verify that their operations comply with our Code of Conduct and that they have fair working conditions and a safe working environment. This is where our audit partners have a key role to play.

Alex Pan is Duni Group's partner in China. In 2021, he carried out audits as planned, although the pandemic affected, with short notice as a result. "Machine safety has been a primary focus since 2019," he says. "For example, we require suppliers to have machine protection according to our risk assessments, and most of them have now installed them".

During the audits, our partner also looks at whether the workers are using the personal protective equipment needed for a safe working environment. "All those who work on the factory floor must wear protective footwear, safety glasses and hearing protection. We also help all suppliers with chemical handling training".

But Alex Pan takes audits a step further: "We also check for any changes in management and staff turnover to assess whether this could affect the stability of the supplier in terms of quality and quantity".

CODE OF CONDUCT

All companies that deliver end products to our European markets have signed our Code of Conduct. Audits have been carried out on suppliers of finished products representing approximately 97 percent of the purchase value. 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 us 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 (%) (2020)	Passed (level A–C)	Failed/under observation (level D)
Asia	16 %	18	5
Europe	84 %	74	2

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Directors' Report

Directors' Report – the Group

Duni Group is a leading supplier of inspiring table cover concepts as well as attractive and environmentally smart disposables for food and beverages Customers are mainly in the HoReCa+ sector Its purpose is to enable people to socialize, enjoy good food together and feel good. The aim is to become the industry's leading sustainability company in its sector by 2030 and to lead the way in sustainable and circular solutions through innovation and strategic partnerships. The Group currently enjoys a market-leading position in Europe, based on a combination of high quality products, two strong brands (Duni and BioPak), established customer relationships, value-added design and a strong local presence in most European markets. For many years, the Group has focused on sustainability and environmentally smart solutions, which has strongly contributed to the Group's leading position. Operations are conducted through two business areas, Duni and BioPak. For more details on these, see note 3 Segment reporting and the annual report's presentation of each business area.

Strategy and Trends

In autumn 2021, an updated business strategy was launched, extending to 2030, to help the Group manage changes in the world around it and meet new customer needs. The strategy is based on the UN's Agenda 2030 with its seventeen global sustainability goals and, together with a long-term vision and a higher purpose, will strengthen the Group in the market. The strategy has a strong focus on sustainable and circular solutions, where the Group strives to lead and accelerate development. Five core areas – Position, Innovation, Customers, Operations and People & Culture – cover how the Group will develop its offer and produce, but also how it will act towards employees and customers as well as other stakeholders in the value chain and the surrounding society.

The three main macro trends affecting the business are sustainability and circular models, hygiene and digitization. On the environmental side, developments are driven by a general growing awareness of the importance of making choices that slow down climate change. In addition to growing public opinion, new laws and regulations are a key driver, such as the EU Plastics Directive. The demand for hygiene solutions created by the pandemic continues to be strong. The pandemic also accelerated the adoption of digital solutions, which now have a strong foothold throughout the value chain, from design to consumer and end of life solutions.

Innovation and concept development

Innovation has been given a central role in the new strategy and is one of the Group's five core areas. Investing in innovation creates future opportunities that allow the Group to maintain its competitiveness in a changing market. The goal is to offer the best products, solutions and winning service. Collaboration with, and investment in, other companies is crucial to driving innovation. It is also important to continuously increase the Group's understanding of, for example, markets and materials, as well as continuously to develop the skills of its staff.

In its development of new products and concepts, the Group has always worked with new designs, shapes and colors as well as with new materials and functional product solutions. The aim is to create collections, concepts and products that simplify and create clear added value for different customer categories.

The BioPak business has built its operations on innovative materials with a clearly improved environmental profile compared to the standard range. The focus is on characteristics such as resource efficiency, renewability and the best possible solution after the products have been used, such as composting or reuse. As virgin plastics are phased out, fiber-based solutions are becoming increasingly important, such as bagasse, a by-product of sugar cane production. Duni Group has extensive experience in fiber-based solutions.

The Duni business area has a number of products as alternatives 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. In 2021, Duni also launched tablecloths and napkins with renewable, more environmentally adapted binders, Bio Dunicel and Bio Dunisoft. This is a major step towards a fully eco-friendly range for the business.

Market Developments and Environmental Factors

The global economic outlook is a key indicator of developments in the HoReCa market. Broad economic growth is positive for the industry. This stimulates consumption within HoReCa and also the demand for the Group's products and services. The long-term trend continues to point towards an increasing number of restaurant visits, 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 quick service restaurants, continue to grow and take an increasing market share. Due to COVID-19 and the widespread shutdowns that took place in large parts of the world, sales of Duni's products were periodically significantly reduced. Hotels and restaurants were particularly affected, especially for sit-down service. On the other hand, take-away products benefited from customers picking up food or having it delivered to their home. In the wake of the pandemic, the trend is that more restaurants will continue to sell take-away as an extended offer to their customers. Consumers in mature European markets are now more value-seeking and HoReCa companies are competing harder to reach a larger share of total meal occasions. 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. It is a development that benefits the Group's sales of customized concepts.

The Group's product category in retail focuses both on the production of private labels and sales of own brands. Parts of the category have also expanded distribution in new channels such as garden centers, interior design stores and "do-it-yourself" shops.

Another sector of the market comprises the serving of food to companies and institutions. It is mainly the healthcare sector that takes a larger share of the segment and the market has enjoyed stable growth in recent years. Here, there is clear potential for Duni Group to create growth.

Future Outlook

The HoReCa sector is heavily influenced by changes in people's lifestyles. The hotel and restaurant industry in Europe is an important customer segment for the Group. During the COVID-19 pandemic, HoReCa, and in particular the restaurant sector, continued to be hit very hard in 2021, negatively impacting Duni's sales. However, the first months of 2022 saw a strong recovery in the market.

In general, long-term demand is mainly driven by improved purchasing power combined with changing habits, including an increased share of meals outside 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.

Major Events After the Balance Sheet Date

The Russian invasion of Ukraine has worsened the geopolitical situation. Uncertainty is high and it is currently difficult to assess the consequences and long-term effects for the Group, but at this stage the direct impact is limited. Duni Group closely monitors developments and complies with all imposed sanctions. As a result of the difficult situation, the Group has stopped all deliveries to the sales company in Russia and is reviewing the possibility of shutting down operations there. Today, sales represent less than one percent of the group's turnover and the Moscow operation employs 17 people. The Group has no operations or employees in Ukraine. No inputs and no imports come from these two countries. In the first quarter of 2022, a decision has been made to cease operations in Russia. A restructuring charge of approximately SEK 9 million is recognized, mainly relating to inventory write-downs and trade receivables.

Reporting

The annual report covers the fiscal year of 2021. The previous year refers to the fiscal year of 2020. The Group manages its activities on the basis of what is referred to within the Group as the operating result. "Operating income" means operating income before restructuring costs, non-realized valuation effects of currency derivatives, fair value allocations and amortization in connection with business combinations. The previous year also showed a gain upon a recalculation of pension terms and conditions in the Dutch pension plan. For the bridge between EBIT and operating income, see the table below.

The net amount of restructuring costs was SEK 10 million (48). During the year, a restructuring charge of SEK 12 million was taken for the closure of the Duni Song Seng operation in Singapore. A decision has been made to close the company in 2022 as the majority of the product range consists of non-sustainable products and therefore no longer fits into the Group's operations. The restructuring cost in 2020 was mainly related to a reorganization to the current structure with two business areas for a total of SEK 39 million and severance pay to the outgoing President of SEK 9 million. For detailed information on restructuring costs, see note 8.

Bridge between operating income and EBIT

SEK m	2021	2020
Operating income excluding the new lease standard	274	144
Effects of new leases standard as of January 1. 2019	5	5
Operating income	**279**	**149**
Restructuring costs	-10	-48
Amortization of intangible assets identified in connection with business acquisitions	-96	-64
Fair value allocation in connection with acquisitions	–	0
Profit due to recalculated pension terms	–	33
Reported operating income (EBIT)	**173**	**70**

Sales and income

Net sales amounted to SEK 5,061 million (4,501), a 12.4% increase in sales. At unchanged exchange rates from the preceding year, net sales would have been SEK 646 million higher compared with the outcome for 2020, representing a 14.4% increase in sales. Organic growth, excluding structural changes, amounted to 14.4% at fixed exchange rates. At the beginning of the year, all markets were heavily affected by social restrictions as a second and third wave of COVID-19 took off in the winter of 20/21. The restrictions meant an almost total shutdown of hospitality operations in most European markets until May 2021. At the end of the second quarter, restrictions started to ease and in the third quarter, turnover recovered significantly. At the beginning of the fourth quarter, the restrictions were relatively minor, but became increasingly tougher during the quarter. The lesson from this volatile period is that there is fundamentally strong demand to meet in social gatherings over food and drink, as demonstrated by the clear correlation in the quarters between restrictions and sales. During the periods of restrictions, the Duni business area was adversely affected, while the BioPak business area benefited from the restrictions on table service, while take-away continued to be permitted and demand increased.

Operating income amounted to SEK 279 million (149). At unchanged exchange rates from the previous year, EBIT was SEK 138 million higher for the year. The gross margin amounted to 18.3% (18.1%) and the operating margin increased from 3.3% to 5.5%. The wide-ranging social restrictions for most of the first half of the year resulted in negative income for the Duni business area in the first and second quarters. Cost pressure in the second half of the year put additional downward pressure on income for both business areas. However, the recovery in sales in the third and fourth quarters, combined with strong growth in the BioPak business area during the entire period, boosted income for the second half of the year. In summary, 2021 has resulted in a significant improvement in income compared with 2020, but the effects and cost increases of the pandemic are contributing to it still not reaching the 2019 income level. Government grants, primarily to the German companies, combined with the savings program that was implemented in spring 2020, also made a positive contribution to income.

Net financial items amounted to SEK -39 million (-63). An extra cost of temporary bank agreements during the pandemic affected the year by SEK -9 million (-21). Income before tax was SEK 133 million (7).

A tax expense of SEK 56 million (3) was reported for the fiscal year. The effective tax rate was 42.2% (47.7%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK 1.3 million (1.9).

Net income for the year amounted to SEK 77 million (4), of which non-controlling interests amounted to SEK 1 million (1).

Investments

The Group's net investments excluding acquisitions amounted to SEK 63 million (79). Investments in both 2020 and 2021 have been kept low due to the pandemic and have mainly consisted of necessary maintenance investments in the Group's production facilities in Poland. Germany and Sweden. Depreciation and amortization amounted to SEK 270 million (289), of which SEK 62 million (65) was attributable to right-of-use assets.

Cash flow and financial position

The Group's operating cash flow amounts to SEK 66 million (282). Cash flow including investing activities amounts to SEK -38 million (178). Greater working capital results in a deterioration in cash flow, despite an improved operating income. Sales in December were better than in the December of the previous year, resulting in higher accounts receivable at the close of the year. The continued shortage of containers from Asia has resulted in extra-long delivery times. Inventory in the BioPak business area has therefore increased at the end of the year in order to meet customer needs once demand picks up again. The Group's balance sheet total on December 31 amounts to SEK 6,396 million (5,780).

The Group's net interest-bearing debt amounts to SEK 1,375 million compared to SEK 1,324 million at December 31, 2020. The impact of COVID-19 prompted a renegotiation of the financial covenants in the banking agreement and the Group has been in a waiver period from April 2020 to September 2021. The total cost of this amounted to SEK 21 million in 2020 and SEK 9 million in 2021. The waiver period ended at the end of September 2021 and thereafter the terms of the original banking agreement will be honored. The loan agreement expires in 2022, negotiation regarding new financing is under way and is expected to be completed within the next few months. The loan debt is recognized as a current financial liability as at December 31, 2021. The Board's assessment is that liquidity is good and that the Group will be able to meet its financial obligations in the future.

Financial overview [1]	2021	2020
Net sales, MSEK	5,061	4,501
Gross profit, MSEK	928	814
Operating income, MSEK	279	149
Operating EBITDA, MSEK	487	374
EBIT, MSEK	173	70
EBITDA, MSEK	476	359
Interest-bearing net debt, MSEK	1,375	1,324
Number of employees	2,214	2,269
Sales growth	12.4 %	-18.9 %
Organic growth	14.4 %	-18.7 %
Gross margin	18.3 %	18.1 %
Operating margin	5.5 %	3.3 %
Operating EBITDA margin	9.6 %	8.3 %
EBIT margin	3.4 %	1.6 %
EBITDA margin	9.4 %	8.0 %
Return on capital employees [2]	7.1 %	3.9 %
Return on shareholders' equity	2.8 %	0.1 %
Interest-bearing net debt/shareholders' equity	50.7 %	50.4 %
Interest-bearing net debt/operating EBITDA	2.83	3.54

[1] Financial information for 2017-2021 can be found in the five-year summary on page 72.

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

Operational and financial risks

Duni Group is exposed to a number of operational risks that are important to manage.

The development of attractive range collections and in particular the Christmas collection is important to achieve a good sales and profit development. Duni Group addresses this issue by constantly developing its range. Approximately 25% of the collection is replaced each year in response to existing trends and to shape new trends.

A weaker economic climate, or other unforeseen events such as a pandemic, over an extended period of time in Europe could lead to a reduction in the number of restaurant visits, reduced 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. See further in the Risk section on page 14–15 of the Annual Report.

The Group'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 finance function, 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.

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

The COVID-19 pandemic has had a major impact on the Group. The social restrictions introduced to prevent the spread of infection have resulted in the authorities restricting people's mobility. The Duni business area sells its products primarily in the HoReCa sector. The hotel, restaurant and catering businesses are all significantly affected. They have been forced to operate under severe restrictions, if they have been allowed to open at all. This has had a significant impact on the Group's sales. Sales in 2019 amounted to SEK 5,547 million. In 2020, sales decreased by 18.9% compared to 2019 and in 2021, sales decreased by 8.7% compared to 2019. Throughout the pandemic, the market has been volatile and the degree of restrictions has varied between quarters. There has been a clear correlation between sales and the level of restrictions.

The decrease in sales had a direct impact on the poorer income. The Duni business is vertically integrated with its own paper mill and converting factories producing napkins and tablecloths. As a result of the decrease in volumes, fixed costs were not fully absorbed, which impacted income even more negatively. The BioPak business area offers environmentally sound concepts for meal packaging and serving products for applications including take-away. The business area does not have in-house production, instead purchasing its products primarily from China and Europe. Many restaurants have had to transition their business and offer more take-away than before. Despite strong growth and improved income in the BioPak business area, this has not fully compensated for the negative income in the Duni business area during the first half of 2021. The rapid recovery in sales led to higher efficiency in the factories, which leveraged earnings. At the same time, travel and marketing activity levels were still low. When restrictions subsequently increased again in the fourth quarter, sales were lower and the income figure reflected this. Restrictions in the fourth quarter of 2021 were not as severe as in 2020 and during the year the restrictions have mainly focused on opening hours, number of guests and vaccine passes.

Another consequence of the pandemic is the current shortage of containers, which has led to a sharp increase in shipping costs for goods from Asia. This has affected margins primarily in the BioPak business area, with an accelerated cost increase during the second half of 2021.

Looking ahead, there is some uncertainty about the long-term effects, such as behavioral patterns regarding business travel, events and catering, as well as other market conditions.

Temporary, strong and immediate actions were implemented at an early stage to limit the impact of lost sales and lower efficiency in the Group's plants. Operation of the Group's logistics and production units has been continuously adapted to the current situation. Fewer shifts and production days to ensure that cost and inventory levels are kept under control, and also to make it possible to quickly start up production when the restrictions are eased. Comprehensive shortening of working hours for both white collar and blue collar employees, deferred investments and a freeze on hiring new employees and consultants are examples of the actions taken. Overall, this reduced costs by approximately SEK 270 million in 2020, of which approximately SEK 82 million were in connection with government support. The cost-cutting program was active until the summer of 2021, but lower levels of travel and marketing activities lasted for the rest of the year. In 2021, cost savings amounted to SEK 161 million compared with 2019, of which government support accounted for SEK 119 million.

The reported government assistance in 2021 includes grants to the Group's German companies, which applied for fixed cost support for the period November 2020 to June 2021. In the second quarter of 2021, the German grants were recognized at SEK 46 million and in the fourth quarter an additional SEK 7.5 million. In total, the German companies received advance payment of SEK 51 million for this support, which had a positive impact on cash flow in the fourth quarter. There is still uncertainty about what the final level of government support will amount to, as discussions are under way about the degree to which maintenance costs can be included in fixed costs.

The cost-cutting program also had a strong focus on increased control of working capital, the performance of accounts receivable and payments from customers. So far, bad debt losses have not deviated significantly from the norm, but uncertainty remains high as most restaurants have been hard hit by the restrictions, increasing the risk of potential bankruptcies in the longer term.

No dividend has been paid for the financial years 2019 and 2020 and the Board of Directors has also decided to propose that no dividend will be paid for 2021 either. Despite lower cash flow due to lower earnings and capital tied up in inventories, the Group's net interest-bearing debt has not increased significantly and the financial position remains good. A temporary bank agreement was renegotiated in May 2020 to adapt to the current market situation. At the end of 2021, the original bank agreement will be applied once more, and the board's assessment remains that the Group will continue to meet its financial obligations.

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.

Sustainability Reporting
A Sustainability Report is also published in this Annual Report, see pages 40-55. It describes the Group's approach to sustainability. The updated 2030 strategy launched at the end of the year set a new compass direction for sustainability and social responsibility. Environmental and social sustainability, circular business models, innovation and collaboration will continue to permeate all our activities. Three strategic initiatives have been developed to help Duni Group become the industry's sustainability leader by 2030;

- Becoming Circular at Scale
- Going net zero (net zero climate emissions)
- Living the change (living as we learn)

The Group's sustainability efforts are also described here in the directors' report under "Environment and social responsibility" and "Employees and work environment". See also note 36 Contingent liabilities and pledged assets.

Environment and social responsibility
In accordance with an adopted environmental strategy, Duni Group 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, safety, pay conditions and working hours.

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

Rexcell Tissue & Airlaid AB conducts two operations which are subject to permit requirements pursuant to the Swedish Environmental Code. For more information about these, see the section on emission rights in note 21 Intangible Assets.

Employees and Work Environment
"Inspiring the world around us to give more than we take, so that everyone can enjoy good food, well– being and a sense of belonging – both for people today and for future generations," is the Group's higher purpose and vision. In order to live up to this, it is important that employees are empowered and take clear responsibility. The

Three sustainability initiatives for 2030

Becoming circular at scale
We see circular models in a life-cycle perspective. End-of-life solutions are crucial, but we also need to consider product design, the materials to be used, as well as the manufacturing process itself and transport.
Read more on page 44.

Going net zero
Climate change is society's biggest challenge today . We have set a zero vision for emissions by 2030 under the GHG Protocol scope 1 and 2 and a significant reduction for scope 3. In 2021, we laid the foundations by creating systems and procedures to continue measuring and reporting our progress.
Read more on page 46.

Living the change
We need to create structures that give us the best conditions to develop and succeed with our plans. However, this also means being a fair and equal workplace, constructively involving our suppliers and actively communicating the values we stand for.
Read more on page 48.

values "We care, We are passionate and We make a difference" help to move the organization in this direction.

Good working conditions, clear goals combined with regular support to employees form the foundation for creating growth and profit. To strengthen this further, the HR department has changed its name to People & Culture during the year. Developing employees and leaders as well as the company's culture are key initiatives to become a leading sustainability company in 2030. The Group is actively working on diversity in many ways to make it visible to the organization that it is something that matters. Duni Group shall be a group that reflects the surrounding community. In 2021, a "diversity and inclusion board" was established further to drive diversity and inclusion issues in the Group.

The Group's code of conduct for employees also includes the work environment. The Group's factories carry out systematic health and safety work, which is audited through internal audits based on the Code of Conduct Each month, Group Management and the Board receive key ratios concerning accidents and sick leave due to accidents at the plants.

The Board has a clear policy of which all employees must be aware and help to prevent corruption. In addition to compliance with the code of conduct, there is also a business ethics policy that all employees and suppliers are expected to follow. This sets out how the Group and its employees should comply with good business practice and act in accordance with the Group's ethical standards and expectations The business ethics policy specifies in particular how ° employees should act in contacts with customers, suppliers, owners, competitors and other external parties. Duni Group requires that all third parties, suppliers and external parties with whom the Group cooperates shall comply with the business ethics policy and applicable legislation in the respective country.

Duni Group 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 People & Culture Director, the CFO and the Chairman of the Board's Audit Committee. No whistleblower cases were reported during the year.

The number of employees as of December 31, 2021 amount to 2,214. The number of employees on December 31, 2020 was 2,269. 875 (953) of the employees were engaged in production. The Group's production plants are located in Bramsche and Wolkenstein, Germany, in Poznan, Poland, in Bengtsfors, Sweden, in Bangkok, Thailand and in Auckland, New Zealand.

Foreign companies and branches

Duni Group conducts operations under its own auspices and has employees in 22 countries.

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 1,098 million (966). EBIT was recognized at SEK 10 million (-31) and net financial items amounted to SEK 78 million (118). The Parent Company was impacted by social restrictions to slow down the spread of COVID-19 in the same way as the rest of the Group. Payments received for government assistance in the form of short-time work amounted to SEK 6 million and for transition support the amount was SEK 10 million.

Net financial items includes dividends received from subsidiaries in the amount of SEK 3 million (41) and Group contributions received totaling SEK 84 million (99). Net income for the year was SEK 68 million (78).

The Parent Company's investments in fixed assets amounted to SEK 17 million (13). Depreciation and amortization totaled SEK 21 million (22).

The Parent Company's equity-assets ratio at year-end was 47.1% (49.9%). The Parent Company's cash and cash equivalents on December 31, 2021 amounted to SEK 285 million (272).

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.

The Duni AB Group'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 on December 31, 2021

Duni AB (publ) is listed on NASDAQ Stockholm under the ticker symbol DUNI. The three largest owners at December 31, 2021 are Mellby Gård AB (29.99%), Polaris Capital Management LLC (10.19%) and Carnegie fonder (9.81%).

The share

Duni AB:'s share capital consists of 46,999,032 outstanding common shares, each carrying 1 vote per share. The quotient value of the shares is SEK 1.25 per share. Duni AB holds no treasure 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 together own 0.1% of the shares in Duni AB as of December 31, 2021.

Further information concerning Duni AB:'s share and owners is provided 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)	2021
Unrestricted equity in Parent Company	
Retained earnings	1,861,181,750
Net income for the year	68,184,537
Total unrestricted equity in Parent Company	**1,929,366,287**

Due to the uncertainty in the market following the COVID-19 pandemic, the Board of Directors proposes that the funds available to the Annual General Meeting be transferred to a new account.

Shareholders' equity would have been SEK 2.2 million 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. Administration is governed via General Meetings, the Board of Directors and the CEO, as well as 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 management also serve as directors on the boards of subsidiaries.

Duni AB 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 AB applies the Code on all points except one, namely rule 9.2 of the Code. Thomas Gustafsson is a member of the Remuneration Committee although he is not considered independent in relation to the company and its management because he was CEO of Duni AB between December 2012 and October 2017. The reason for the deviation from the Code in this case is that Thomas Gustafsson, as a former longstanding CEO and before that also a member of the Board of Directors of the Group, is very well acquainted with the company's circumstances and conditions in matters relating to, among other things, the employee situation, competence provision and remuneration structures.

Articles of association

The current Articles of Association were adopted at the Annual General Meeting on May 4, 2021. 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 full Articles of Association are available on the website, dunigroup.se.

General meeting

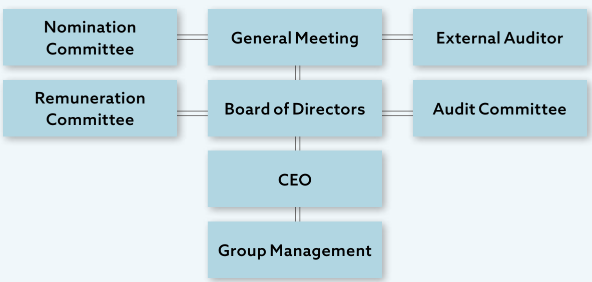
At the General Meeting, the shareholders decide upon key issues. Among other things, the General Meeting adopts the income statements and balance sheets, resolves upon allocation of the Company's earnings, discharge from liability for the directors and the CEO, election of the Board of Directors and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

Pursuant to the Swedish Companies Act, notice of Duni AB'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 given by advertisement in the Swedish Gazette and on the website. The fact that notice has been issued shall be announced in Svenska 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.

2021 Annual General Meeting

The 2021 Annual General Meeting ° took place in the form of a postal ballot on Tuesday 4 May 2021 in Malmö. The Board of Directors decided that the Annual General Meeting would be held by postal vote only, based on the temporary legal rules applicable in 2021.

Corporate governance



This meant that the meeting was held without the physical presence of shareholders, proxies and outsiders. Shareholders' voting rights were exercised by postal voting in advance.

Thomas Gustafsson was elected to chair the meeting. No other board members or employee representatives than Thomas Gustafsson were present. A speech in which the CEO commented on Duni AB's activities was posted on the website. The minutes from the Annual General Meeting are available on the website, dunigroup.se. All resolutions were adopted in accordance with the Nomination Committee's proposals. The reasoning for the resolutions can be found on the website. Some of the resolutions adopted at the General Meeting were:

- Adoption of income statements and balance sheets
- That no dividend be paid for the 2020 fiscal year
- Discharge from liability for the directors and CEO
- That the Board shall comprise six directors without alternates
- Re-election of all Board members: Thomas Gustafsson, Pauline Lindwall, Alex Myers, Morten Falkenberg, Sven Knutsson and Pia Marions
- Thomas Gustafsson was elected the Chairman of the Board
- The re-election of PwC as auditors
- Unchanged fees to the Board of Directors, the Chairman of the Board will receive SEK 578,000 and the other members of the Board will each receive SEK 309,000.
- Unchanged remuneration to the Chairman of the Audit Committee SEK 125,000 and SEK 59,000 to other members of the Audit Committee
- Unchanged remuneration to the Chairman of the Remuneration Committee SEK 65,000 and SEK 30,000 to the other members of the Remuneration Committee
- Resolution to amend the Articles of Association in accordance with the Board's proposal
- Adoption of the Board's proposal for the remuneration report
- Procedures regarding the composition and work of the Nomination Committee

2022 Annual General Meeting

The next Annual General Meeting of Shareholders will be held on Tuesday 17 May, 2022 at 3:00 at Glasklart, Dockplatsen 1 in Malmö. Notice of the meeting with the Board's proposal will be announced in early April 2022. More information is available on the website.

Nomination Committee

The Nomination Committee nominates the persons who, at the Annual General Meeting, are proposed for election to the Board of Directors of Dunis AB It also makes proposals regarding the auditor's fees, board fees for the chairman and other board members and 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.

It also makes proposals regarding the auditor's fees, board fees for the chairman and other board members and remuneration for committee work The Nomination Committee also proposed the re-election of Thomas Gustafsson as Chairman of the Board. The Nomination Committee's reasoned statement for the 2021 Annual General Meeting states that, based on the company's operations, stage of development and other circumstances, they discussed the size and composition of the Board in terms of, for example, industry experience, expertise and international experience. The Nomination Committee has concluded that the evaluation of Duni's Board, as well as the Nomination Committee's own assessment, indicates that the Board is functioning well. The Nomination Committee has previously considered that the relatively small size of the Board encourages greater efficiency in Board meetings and active engagement

The Nomination Committee has applied rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy, which means that the Board shall have a composition appropriate to the company's business, stage of development and other circumstances, characterized by diversity and breadth in terms of the skills, experience and background of the members elected to the General Meeting, and that an equal gender balance shall be sought. Two of the directors now proposed are women and four are men (equivalent to 33.3 percent and 66.6 percent, respectively). In April 2014, the Swedish Corporate Governance Board announced an ambition level of at least 40% of each gender on the boards of listed companies after the 2020 AGM season. The proportion of women on the proposed board is below the Nomination Committee's long-term goal of an equal gender distribution, but is close to the ambition level announced by the Swedish Corporate Governance Board for the 2020 AGM season. The Nomination Committee has a continued ambition to strive for an equal gender distribution but has focused on achieving an optimal composition of the Board with regard to the members' skills, age, experience and background. The Annual General Meeting resolved to elect directors in accordance with the proposals of the Nomination Committee.

The Nomination Committee shall be comprised of representatives of Duni AB:'s three largest shareholders on September 30. Board Chairman Thomas Gustafsson convened the Nomination Committee in October 2021 and the composition was presented on November 3, 2021.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake 12/31/2021
Thomas Gustafsson	Director of the board	
Johan Andersson (Chairman)	Mellby Gård AB	29.99 %
Bernard R. Horn, Jr.	Polaris Capital Management, LLC	10.19 %
Hans Hedström	Carnegie fonder	9.81 %
Total		**49.98 %**

The Nomination Committee has met on 8 November 2021 and 19 January 2022. The Nomination Committee has therefore held two meetings with minutes in preparation for the 2022 Annual General Meeting. The work of the Nomination Committee begins with the members taking part in the evaluation of the current Board of Directors, which is carried out every year The Nomination Committee is of the opinion that the Board functions well. This is an effective Board of Directors, and all directors are duly engaged and committed, including employee representatives. Board member Alex Myers tragically passed away in January 2022. As time is short to start a recruitment process, the Nomination Committee has decided to return to five board members instead of six. All other Board members are proposed for re-election at the Annual General Meeting 2022. As a result, the Board will once again consist of 40% women, thus meeting the ambition level of the Swedish Corporate Governance Board. Other elections are presented in the notice of Duni's Annual General Meeting.

Board of Directors

The 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.

In addition, the main shareholders, the members of the Board of Directors and the Managing Director carry out a detailed annual evaluation of the Board of Directors on the basis of the established 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.

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 May 4, 2021, the Board comprises six directors and four employee representatives (two directors and two alternates). The 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 69–70.

The Board's Work

The Board meets in accordance with a predetermined yearly plan, and additional meetings are scheduled as needed. 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 of Directors evaluates the work of the CEO regularly. Robert Dackeskog has been CEO throughout 2021.

The Board had nine recorded Board meetings in 2021, in a nor-

2021 Board attendance:

	Function	Independent [1]	Board meetings	Audit Committee	Remuneration Committee
Thomas Gustafsson	Chairman	[2, 3]	9 of 9	4 of 4	3 of 3
Pauline Lindwall	Director	X	9 of 9	–	3 of 3
Alex Myers	Director	X	9 of 9	–	–
Morten Falkenberg	Director	X	8 of 9	–	3 of 3
Sven Knutsson	Director	[2]	9 of 9	4 of 4	–
Pia Marions	Director	X	9 of 9	4 of 4	–
Per-Åke Halvordsson	Employee representative, director	[3]	3 of 3	–	–
David Green	Employee representative, director	[3]	8 of 9	–	–
Kerstin Hake	Employee representative, director	[3]	5 of 6	–	–
Per-Åke Halvordsson	Employee representative, alternate	[3]	6 of 6	–	–
Marcus Hall	Employee representative, alternate	[3]	7 of 9	–	–
Peter Lundin	Employee representative, alternate	[3]	3 of 3	–	–

[1] Strategic work and involvement in the updated strategy launched at the end of the year
[2] Non-independent (in relation to the main shareholders)
[3] Not independent (in relation to Duni Group).
All Board members were re-elected at the 2021 AGM. Thomas Gustafsson was elected Chairman of the Board. Thomas is not considered independent of the Company, management or the Company's largest shareholder.

mal year the Board has seven scheduled meetings

The regular meetings and the meetings for organizational matters included the following agenda items in 2021:

- 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
- Organizational matters
- Financing and loan conditions
- The economic climate and economic conditions
- Ongoing evaluation and analysis of the profitability and growth of each business area
- Strategic work and involvement in the updated strategy launched at the end of the year

The Board was regularly updated on business planning, sales performance, remedial actions and financing.

In addition to the regular and extraordinary board meetings, 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 segment 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. In 2021, information provided to the Board was more extensive and detailed, mainly involving the impact of COVID-19 on sales and income.

Remuneration Committee

The Remuneration Committee prepares issues concerning remuneration and other benefits for corporate management, while decisions thereon are made by the 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 show 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 2021 and comprises three members: Pauline Lindwall (Chairman), Thomas Gustafsson and Morten Falkenberg. The Chief Executive attends the meetings, except for matters relating to his own remuneration, as does the HR Director, who is the designated secretary of the Remuneration Committee meetings

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. The Audit Committee is responsible for ensuring the quality of the Company's financial reporting. The Committee also evaluates internal control processes and the management of financial and operational risks. There is a special item on the annual agenda for fraud and anti-corruption issues. During the year, risks related to privacy, cybersecurity and financing have been in particular focus. 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, 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 four meetings in 2021 and comprises three members: Pia Marions (chair), Thomas Gustafsson and Sven Knutsson. 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 the Board Chairman, are decided upon by the Annual General Meeting. In accordance with the decision taken at the Annual General Meeting on 4 May 2021, the annual fee was set at a total of SEK 2,123,000, of which SEK 578,000 for the Chairman of the Board. In addition, a total of SEK 368,000 in fees for committee work was decided.

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

CEO

Robert Dackeskog has been Chief Executive Officer since 1 January 2021. The Board of Directors has established an instruction for the work and role of the Chief Executive Officer. 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.

Robert Dackeskog has been Chief Executive Officer since 1 January 2021. The Board of Directors has established an instruction for the work and role of the Chief Executive Officer. He does not have any ownership interest in companies with which the Group has significant commercial relations. Further information regarding the CEO is provided in Note 16 of the Annual Report.

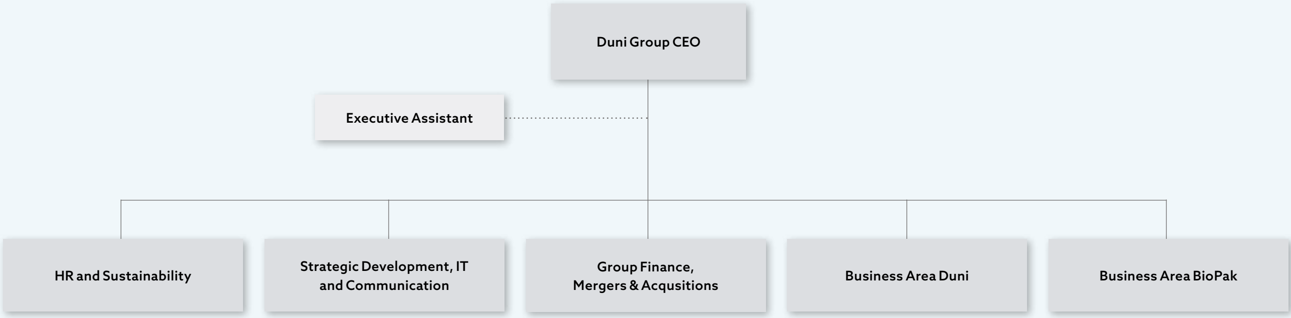
Group Management

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 staff functions.

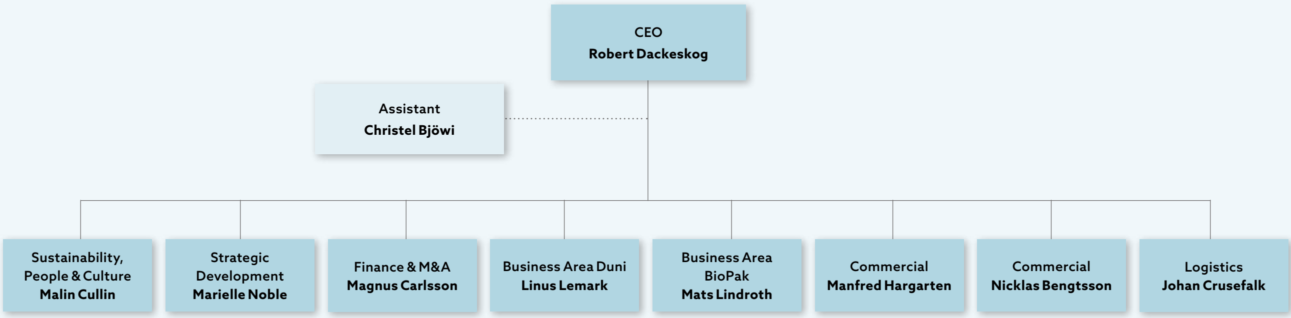
During the year, the Group's management, including the CEO, consisted of six persons.

Board remuneration for the May 2021 – April 2022 period

SEK	Board fees	Audit Committee fee	Remuneration Committee fee	Total
Thomas Gustafsson	578,000	59,000	30,000	667,000
Morten Falkenberg	309,000	–	30,000	339,000
Sven Knutsson	309,000	59,000	–	368,000
Pauline Lindwall	309,000	–	65,000	374,000
Pia Marions	309,000	125,000	–	434,000
Alex Myers	309,000	–	–	309,000
Total	**2,123,000**	**243,000**	**125,000**	**2,491,000**



Group Management from January 1, 2021
The organisation consists of two business areas, Duni and BioPak, which have full responsibility for their respective value chains. The central marketing department is also divided between Duni and BioPak. The Sales Directors for each region report directly to the CEO.
At the end of 2021, it was decided to increase the size of the Executive Committee from six to nine, to include sales and logistics. This provides an even greater focus on customers and suppliers, who play an important role in the business.



Group Management from January 1, 2022
During the year, the Executive Committee held eleven recorded meetings. The focus has been to work on and develop the updated strategy and to deal with the current conditions and restrictions as a consequence of the pandemic. The annual strategy meeting between the Board and the Management Team took place in September.

Group Management addresses matters concerning the Group as a whole, as well as individual business areas. The finance department has an item at each meeting to present and review the monthly cash flow, sales and results for each business area, production, logistics and central functions Regular monitoring of delivery performance, logistics and growth along with other strategic issues and plans of action were also on the yearly agenda for Group Management.

Remuneration of senior executives
The Group has not granted any loans, extended or issued any guarantees or provided any security to the benefit of directors, senior executives or auditors. None of the directors, senior executives or auditors have entered into transactions with Duni Group 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 4, 2021 and apply until the next Annual General Meeting. These are proposed to be left unchanged at the Annual General Meeting in May 2022.

Guidelines for senior executives
These guidelines apply to those who are a part of Duni AB's Group Management ("senior executives") and directors during the time when 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.

In the case of employment relationships governed by rules other than English, appropriate adjustments may be made to comply with such mandatory rules or established local practice, the overall purpose of these guidelines being to satisfy as far as possible.

A description of the business strategy and sustainability work can be found in Duni AB's Annual and Sustainability Report. Successful implementation the 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 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 remuneration shall be limited in advance to a maximum amount and based on the achievement of predetermined and measurable performance targets, designed to promote the company's business strategy and long-term value creation, including its sustainability. 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.

Pension
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 car, fuel and health and medical insurance, may be paid to the extent that this is deemed to be in line with market conditions for senior executives in equivalent positions in the labor market in which the executive is active. The cumulative value of these benefits is not permitted to exceed 12 percent of the fixed cash salary.

Conditions of Termination
Senior executives shall be employed for an indefinite period. 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 to the Board of Directors
In cases where directors (including through wholly-owned companies) render services for the Group 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 Group. Remuneration of directors, as well as other terms and conditions, are determined by the board.

Decision Process and Deviations etc.
In preparing the board's proposal for these remuneration guidelines, salaries and employment conditions for 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.

For more information about the remuneration of senior executives, see note 16 Salaries and other remuneration.

Auditing
At the Annual General Meeting held on May 4, 2021, PricewaterhouseCoopers AB was re-elected auditor, with Carl Fogelberg as auditor-in-charge. The auditors review the annual financial statements 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 financial statements 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 the interim report for the third quarter. In addition to Duni AB, Carl Fogelberg is also auditor in charge of Eniro AB and Ascelia Pharma AB as well as co-authoring auditor of Haldex. Carl Fogelberg is an Authorized Public Accountant and a member of FAR SRS. Fees for other assignments to PwC in addition to the audit assignment amounted to a total of SEK 7.8 million (2020: 3.4) in 2021. 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 2021 fiscal 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 the 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 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.

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

The administration, with the support of the Audit Committee, is engaged in risk mapping in accordance with COSO 2013 and the 17 fundamental principles. However, the Group 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. The Board of Directors 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. There is an independent whistleblowing system to which any employee or other external party can write about experienced or observed misconduct by senior executives. Anonymity is voluntary and the recipients of the information are the Chair of the Audit Committee, the CFO and the Director of People & Culture.

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. The Group has established an accounting center for the European countries within the Group. 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 a communications and IR policy as well as an 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 the 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. 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

The administration has found no need for a formal internal audit department, but it annually evaluates whether such a function is needed. The Group has an accounting center in Poznan, Poland, which acts as a centralized finance function and provides accounting services to all subsidiaries in Europe except Russia, Paper+Design and BioPak UK Ltd. The accounting center together with the Finance Department at the head office acts as consultants to all countries of the Group 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 the Group. 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. The Group's financial department also performs certain internal audit work in the form of controls at subsidiaries.

Board of Directors

In 2021, Duni's Board of Directors was comprised of six directors 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.

Thomas Gustafsson *Born in 1965*
Chairman of the Board since 2020

Deputy CEO 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

CEO previously responsible for overseeing Mellby Gård AB's consumer goods companies and, before that, he served as CEO and Group CEO of 2E Group AB (publ)

Senior executive positions at Spendrups Bryggeri AB, Brämhults Juice AB and Eckes Granini GmbH.

Education: Market Economist

Elected in 2019

Shares in Duni: 26,400

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

Pauline Lindwall *Born in 1961*
Board member of EIT Food iVZW and Swedish Match North Europe 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 in relation to the Company, company management and Duni's larger shareholders

Pia Marions *Born in 1963*
CFO of Skandia Group

Board member of Skandiabanken Aktiebolag (publ), Skandia Fastigheter AB and Vitrolife AB (publ)

Professional experience: CFO at Folksam Group, Carnegie Group and Skandia Liv, senior positions at Royal Bank of Scotland, Länsförsäkringar Liv and the Swedish Financial Supervisory Authority, worked as a chartered accountant

Education:

MSc in Economics, Stockholm University Elected in 2020

Shares in Duni: 1,000

Independent in relation to the Company, company management and Duni's larger shareholders

Morten Falkenberg *Born in 1958*
Board member of Embellence Group AB and Ansell

Professional experience:

CEO and Group CEO, and member of the Board of Nobia AB (publ)Executive Vice President and Head of Vacuum Cleaners and Small Household Appliances at Electrolux

Previously held senior positions at TDC Mobile and The Coca-Cola Company

Education: Master of Business Administration, Copenhagen Business School

Elected in 2020

Shares in Duni: 2,891

Independent in relation to the Company, company management and Duni's larger shareholders

Sven Knutsson *Born in 1969*
CEO of Mellby Gård Innovation och Tillväxt AB. Chairman of the Board at Klarahill AB and Söderberg & Haak Maskin. Board member of KappAhl AB, Open Air Group AB, Hedson Technologies AB and OJ Holding AB (Oscar Jacobsson)

Professional experience:

Previous experience from various industries and companies, including Thule Group, Cardo Flow Solutions and Alfa Laval, also CFO of Boxon AB**Education:** MSc in Economics, Stockholm University

Elected in 2020

Shares in Duni: 2,000

Independent of the Company and company management but not of major shareholders

Maria Fredholm *Born in 1980*
Employee representative for PTK

Employed as Product Compliance and Regulatory Manager at Duni AB

Elected in 2022

Shares in Duni: 40

Not independent in relation to the Company.

David Green *Born in 1978*
Employee representative for LO/Pappers

Employed as a machine operator at TM3 with Rexcell Tissue & Airlaid AB

Elected in 2018

Shares in Duni: 0

Not independent in relation to the Company.

Group Management

Robert Dackeskog *Born in 1971*
CEO and Group CEO of Duni since January 2021.

Most recently Robert was the CEO of Unident AB. Before that, he held management positions at Duni Group such as Director Business Area Table Top and Director Business Area Consumer.

Robert Dackeskog holds an MSc in Business Administration from the University of Gothenburg.

Shares in Duni: 13,000

Mats Lindroth *Born in 1960*
Executive Vice President BA BioPak since January 2021; Acting CEO and Group CEO between July-December 2020 and Executive Vice President Finance/CFO of Duni Group since 2009. Has worked in Duni since 1987.

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

Shares in Duni: 25,200

Malin Cullin *Born in 1972*
Executive Vice President People & Culture and Sustainability since January 2020.

Malin comes from the role of Global Employer Branding & Talent Manager at the INTER IKEA Group. Prior to that, she has worked in the field of HR at several different companies, including Tarkett and Lyckeby Culinar. Malin has combined 18 years of experience in HR from a variety of positions.

Malin Cullin holds a Bachelor's degree in Human Resources and an exam as a submarine officer in the Marines, Swedish Armed Forces.

Shares in Duni: 540

Magnus Carlsson *Born in 1976*
Executive Vice President of Finance/CFO since January 2021.

Magnus has been with Duni Group since 2009 and comes most recently from a position as Executive Vice President Corporate Development, since September 2018. Prior to that, he worked for many years as Group Controller. Before joining Duni Group, he held various controller positions at Lindab AB and a position as Business Controller at Lindab Ventilation.

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

Shares in Duni: 3,500

Marielle Noble *Born in 1974*
EVP Strategic Development, IT and Communications since September 2020.

Marielle has been employed within Duni Group since 2011 and her most recent prior position was Communications and Customer Experience Director, and before that Marketing Director Table Top. She also has a solid background in marketing and communication from past positions with PartnerTech and AudioDev.

Marielle Noble has a Bachelor of Communications from Lund University.

Shares in Duni: 500

Linus Lemark *Born in 1977*
Executive Vice President of Finance/CFO since January 2021.

Linus Lemark has been with Duni Group since 2007, most recently as Executive Vice President Commercial since January 2020, and has been a member of the Duni Management Team since May 2012. He previously worked as Director of Innovation at The Absolut Company AB and as Vice President at Aquavit in New York.

During the years 2007-2009, Linus Lemark served as Corporate Development Manager and Marketing Manager Duni Food Solutions at Duni.

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

Shares in Duni: 5,770

Five-year summary, Consolidated Income

SEK m	2021	2020	2019	2018	2017
Net sales	5,061	4,501	5,547	4,927	4,441
Cost of goods sold	-4,133	-3,687	-4,145	-3,650	-3,177
Gross profit	**928**	**814**	**1,403**	**1,278**	**1,264**
Selling and marketing expenses	-505	-514	-592	-565	-505
Administrative expenses	-271	-265	-285	-282	-261
Research and development expenses	-1	-5	-3	-9	-8
Other operating income	133	121	24	3	12
Other operating expenses	-112	-80	-137	-75	-47
EBIT	**173**	**70**	**408**	**351**	**456**
Financial income	2	2	2	1	0
Financial expenses	-40	-65	-34	-23	-18
Income from participation in associated companies	-2	–	–	–	–
Net financial items	**-39**	**-63**	**-32**	**-22**	**-17**
Income after financial items	**133**	**7**	**377**	**328**	**439**
Income tax	-56	-3	-103	-79	-106
Net income for the year	**77**	**4**	**273**	**249**	**334**
Net income attributable to:					
Equity holders of the Parent Company	76	2	269	245	329
Non-controlling interests	1	1	4	4	5

Five-year summary, Consolidated Balance Sheets

SEK m	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
ASSETS					
Goodwill	2,010	2,011	2,054	2,073	1,617
Other intangible assets	344	408	503	509	294
Tangible assets	950	1,015	1,125	1,143	1,080
Right-of-use assets	174	192	192	–	–
Financial assets	184	131	85	67	51
Total fixed assets	**3,662**	**3,756**	**3,958**	**3,792**	**3,042**
Inventory	1,253	861	781	771	627
Accounts receivable	860	599	915	921	798
Other receivables	225	200	279	210	139
Cash and cash equivalents	396	364	311	260	227
Total current assets	**2,734**	**2,024**	**2,287**	**2,162**	**1,791**
TOTAL ASSETS	**6,396**	**5,780**	**6,245**	**5,954**	**4,833**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity attributable to equity holders of the Parent Company	2,630	2,541	2,563	2,526	2,509
Non-controlling interests	85	87	101	91	85
Total shareholders' equity	**2,714**	**2,628**	**2,664**	**2,616**	**2,594**
Long-term loans	159	1,216	1,370	1,402	642
Other long-term liabilities	648	638	757	727	399
Total long-term liabilities	**807**	**1,854**	**2,128**	**2,129**	**1,041**
Accounts payable	723	422	505	424	428
Short-term loans	1,455	270	222	103	197
Other short-term liabilities	697	606	727	682	573
Total short-term liabilities	**2,874**	**1,299**	**1,453**	**1,209**	**1,197**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,396**	**5,780**	**6,245**	**5,954**	**4,833**

Key ratios in brief, Group

	2021	2020	2019	2018	2017
Net sales, SEK m	5,061	4,501	5,547	4,927	4,441
Gross profit, SEK m	928	814	1,403	1,278	1,264
Operating income, SEK m	279	149	533	430	491
Operating EBITDA, SEK m	487	374	762	583	630
EBIT, SEK m	173	70	408	351	456
EBITDA, SEK m	476	359	759	546	629
Interest-bearing net debt, SEK m	1,375	1,324	1,546	1,490	855
Number of employees	2,214	2,269	2,398	2,477	2,362
Sales growth	12.4 %	-18.9 %	12.6 %	10.9 %	4.0 %
Organic growth	14.4 %	-18.7 %	-0.5 %	1.5 %	0.9 %
Gross margin	18.3 %	18.1 %	25.3 %	25.9 %	28.5 %
Operating margin	5.5 %	3.3 %	9.6 %	8.7 %	11.1 %
Operating EBITDA margin	9.6 %	8.3 %	13.7 %	11.8 %	14.2 %
EBIT margin	3.4 %	1.6 %	7.4 %	7.1 %	10.3 %
EBITDA margin	9.4 %	8.0 %	13.7 %	11.1 %	14.2 %
Return on capital employed[1)]	2.8 %	3.9 %	12.9 %	10.6 %	14.4 %
Return on shareholders' equity	7.1 %	0.1 %	10.3 %	9.5 %	12.9 %
Interest-bearing net debt/shareholders' equity	50.7 %	50.4 %	58.0 %	57.0 %	32.9 %
Interest-bearing net debt/operating EBITDA	2.8	3.5	2.0	2.6	1.4

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

Consolidated income statement

SEK m	Note	2021	2020
Net sales	3,4	5,061	4,501
Cost of goods sold	4,5,6,7,8	-4,133	-3,687
Gross profit		**928**	**814**
Selling and marketing expenses	5,6,8	-505	-514
Administrative expenses	5,6,8,9	-271	-265
Research and development expenses	5,6	-1	-5
Other operating income	10	133	121
Other operating expenses	5,6,8,10	-112	-80
EBIT	11,16,17,34	**173**	**70**
Income from financial items	11,12,17		
Financial income		2	2
Financial expenses		-40	-65
Income from participation in associated companies	19	-2	–
Net financial items		**-39**	**-63**
Income after financial items		**133**	**7**
Income tax	14	-56	-3
Net income for the year		**77**	**4**
Income attributable to:			
Equity holders of the Parent Company		76	2
Non-controlling interests		1	1
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:	32,38		
Before dilution		1.62	0.05
After dilution		1.62	0.05

Statement of Comprehensive Income

SEK m	2021	2020
Net income for the year	**77**	**4**
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Revaluation of net pension obligation	24	11
Total	**24**	**11**
Items that may be reclassified subsequently to profit or loss:		
Exchange rate differences for the year – translation of subsidiaries	14	-59
Cash flow hedges	4	-1
Total	**18**	**-60**
Other comprehensive income for the year, net of tax:	**43**	**-49**
Total comprehensive income for the year	**120**	**-45**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	122	-30
Non-controlling interests	-2	-15

Consolidated Balance Sheet

SEK m	Note	Dec. 31, 2021	Dec. 31, 2020
ASSETS	1,2,3,34,35		
Fixed assets			
Intangible assets	21		
Goodwill		2,010	2,011
Customer relations		195	235
Capitalized development expenses		20	23
Assets under development		14	14
Trademarks, software and licenses		116	136
Total intangible assets		**2,354**	**2,419**
Tangible assets	22		
Buildings, land and land improvements		339	349
Machinery and other technical equipment		516	542
Equipment, tools and installations		59	71
Construction in progress and advance payments for tangible assets		36	53
Right-of-use assets	23	174	192
Total tangible assets		**1,124**	**1,206**
Financial assets			
Shares in associated companies	19	25	–
Deferred tax assets	14	145	122
Derivative instruments	29	4	–
Other long-term financial assets	28	10	10
Total financial assets		**184**	**131**
Total fixed assets		**3,662**	**3,756**
Current assets			
Inventory	7	1,253	861
Accounts recievable	24	860	599
Derivative instruments	29	2	3
Tax assets		20	16
Other receivables	24	165	152
Prepaid expenses and accrued income	25	38	28
Cash and cash equivalents	27	396	364
Total current assets	31	**2,734**	**2,024**
TOTAL ASSETS		**6,396**	**5,780**

SEK m	Note	Dec. 31, 2021	Dec. 31, 2020
SHAREHOLDERS' EQUITY AND LIABILITIES	1,2,3,34,35		
Equity			
Share capital	32	59	59
Other injected capital		1,681	1,681
Reserves		103	83
Retained earnings including net income for the year		786	719
Total equity attributable to the shareholders of the Parent Company		**2,630**	**2,541**
Non-controlling interests		85	87
Total shareholders's equity		**2,714**	**2,628**
Long-term liabilities	30		
Bank loans	30	–	1,031
Leasing liability	23	159	185
Derivative instruments	29	353	307
Deferred tax liability	14	127	119
Pension provisions	17	169	212
Total long-term liabilities		**807**	**1,854**
Short-term liabilities			
Accounts payable		723	422
Tax liabilities		23	41
Bank loans	30	1,435	261
Leasing liability	23	20	9
Derivative instruments	29	25	24
Other liabilities		144	109
Allocation to restructuring reserve	8	19	26
Accrued expenses and deferred income	26	486	406
Total short-term liabilities		**2,874**	**1,299**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	31,36	**6,396**	**5,780**

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	Shareholders' equity
	Attributable to equity holders of the Parent Company							
Opening **balance Jan. 1, 2020**	**59**	**1,681**	**112**	**2**	**13**	**696**	**101**	**2,664**
Comprehensive income								
Net income for the year	–	–	–	–	–	2	1	4
Other comprehensive income for the year, after tax	–	–	-43	-1	–	11	-16	-49
Total comprehensive income for the year	**0**	**0**	**-43**	**-1**	**0**	**14**	**-15**	**-45**
Revaluation liability to the minority	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**8**
Transactions with owners								
Dividend paid to shareholders for 2019	–	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Opening balance Jan. 1, 2021	**59**	**1,681**	**69**	**1**	**13**	**719**	**87**	**2,628**
Comprehensive income								
Net income for the year	–	–	–	–	–	76	1	77
Other comprehensive income for the year, after tax	–	–	17	4	–	24	-3	43
Total comprehensive income for the year	**0**	**0**	**17**	**4**	**0**	**101**	**-2**	**120**
Revaluation liability to the minority	**-**	**-**	**-**	**-**	**-**	**-33**	**-**	**-33**
Transactions with owners								
Dividend paid to shareholders for 2020	–	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance Dec. 31, 2021	**59**	**1,681**	**86**	**4**	**13**	**786**	**85**	**2,714**

* 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	2021	2020
Cash flow from operating activities:			
EBIT		173	70
Adjustments for non-cash items	33	254	249
Interest received		2	2
Interest paid		-34	-46
Paid income tax		-93	-19
Cash flow from operating activities before changes in working capital		**302**	**256**
Changes in working capital:			
Increase(-)/decrease (+) in inventories		-367	-111
Increase(-)/decrease(+) in accounts receivable		-239	287
Increase(-)/decrease(+) in receivables		-21	-66
Increase(+)/decrease (-) in accounts payable		287	-94
Increase(+)/decrease(-) in short-term liabilities		104	10
Cash flow from operating activities		**66**	**282**
Cash flow used in investing activities:	29		
Acquisition of tangible fixed assets	22	-64	-71
Acquisition of intangible assets	21	-13	-11
Sale of tangible assets	22	0	4
Sale of intangible assets	21	0	0
Acquisition of subsidiaries	20	–	-25
Acquisition of associated companies	19	-27	–
Cash flow used in investing activities		**-104**	**-104**
Cash flow used in financing activities:	30		
Net change, overdraft facilities and other financial liabilities		-25	7
Repayment of debt		-107	-362
Loans received		259	313
Amortization of leasing liability	23	-63	-69
Cash flow used in financing activities		**64**	**-111**
Cash flow for the year		**26**	**67**
Cash and cash equivalents, opening balance		364	311
Exchange rate differences, cash and cash equivalents		6	-14
Cash and cash equivalents, closing balance	27	**396**	**364**

Parent Company Income Statement

SEK m	Note	2021	2020
Net sales	3,4	1,098	966
Cost of goods sold	4,5,6,7,8	-1,018	-905
Gross profit		**80**	**61**
Selling and marketing expenses	5,6,7,8	-106	-117
Administrative expenses	5,6,7,8,9	-182	-185
Research and development expenses	5,6	-2	-6
Other operating income	10	255	259
Other operating expenses	5,8,10	-35	-44
EBIT	11,17,34,37	**10**	**-31**
Income from financial items	11,12		
Revenue from participation in Group companies	13	88	141
Other interest income and similar items		24	27
Interest expenses and similar items		-34	-50
Net financial items		**78**	**118**
Income after financial items		**88**	**87**
Tax on income for the year	14	-19	-10
Net income for the year	38	**68**	**78**

Statement of Comprehensive Income

SEK m	2021	2020
Net income for the year	**68**	**78**
Other comprehensive income[1)]		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge	-2	4
Sum	**-2**	**4**
Total comprehensive income for the year	**-2**	**4**
Sum comprehensive income for the year	**66**	**82**
Sum comprehensive income for the year attributable to:		
Equity holders of the Parent Company	66	82

[1)] The parent company has no comprehensive income classified as: items that will not be reclassified to profit or loss:

Parent Company, Balance Sheet

SEK m		Dec. 31, 2021	Dec. 31, 2020
ASSETS	1,2,3,34,35		
Fixed assets			
Intangible assets	21		
Capitalized development expenses		11	9
Assets under development		9	11
Trademarks, software and licenses		32	39
Total intangible assets		**53**	**58**
Tangible assets	22		
Buildings, land and land improvements		8	9
Machinery and other technical equipment		12	9
Equipment, tools and installations		2	1
Construction in progress and advance payments for tangible assets		3	4
Total tangible assets		**25**	**24**
Financial assets			
Participations in Group companies	18,20	1,464	1,439
Shares in associated companies	19	27	–
Deferred tax assets	14,29	17	16
Other long-term recievables, internal	28	1,823	1,733
Other long-term financial receivables	28	7	7
Derivative instruments	29	4	–
Total financial assets		**3,340**	**3,195**
Total fixed assets		**3,418**	**3,277**
Current assets			
Inventory	7	128	84
Accounts receivable	24	114	74
Derivative instruments	29	2	3
Receivables from Group companies	24	38	8
Tax receivables		9	–
Other receivables	24	15	12
Prepaid expenses and accrued income	25	13	14
Short-term financial recievables from Group companies	24	252	160
Cash and cash equivalents	27	285	272
Total current assets		**857**	**628**

Parent Company, Balance Sheet, cont.

SEK m		Dec. 31, 2021	Dec. 31, 2020
TOTAL ASSETS	31	**4,275**	**3,905**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity	32		
Restricted equity			
Share capital		59	59
Statutory reserve		11	11
Revaluation reserve		13	13
Development expenditure reserve		0	1
Total restricted equity		**83**	**84**
Unrestricted equity			
Retained earnings		1,861	1,787
Net income for the year		68	78
Total non-restricted equity		**1,929**	**1,864**
Shareholders' equity		**2,013**	**1,948**
Provisions			
Allocation to pensions	17	82	86
Deferred tax liability	14	16	13
Total provisions		**98**	**99**
Long-term liabilities			
Bank loans	30	–	1,002
Derivative instruments	29	0	1
Total long-term liabilities		**0**	**1,003**
Short-term liabilities			
Accounts payable		82	56
Liabilities to Group companies		530	394
Bank loans	30	1,431	261
Tax liabilities		–	21
Other liabilities		28	22
Allocation to restructuring reserve	8	5	16
Accrued expenses and deferred income	26	88	84
Total short-term liabilities		**2,164**	**855**
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	33,36	**4,275**	**3,905**

Parent Company, Changes in Equity

SEK m	Share capital	Statutory reserve	Revaluation reserve	Development expenditure reserve	Translation reserve	Cash flow reserve	Unre-stricted equity	Total share-holders' equity
Opening balance Jan. 1, 2020	**59**	**11**	**13**	**2**	**33**	**-2**	**1,751**	**1,866**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	4	78	82
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**4**	**78**	**82**
Transactions with owners								
Dividend paid to shareholders for 2019	–	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Allocation to development expenditure reserve	**–**	**–**	**–**	**0**	**–**	**–**	**0**	**0**
Opening balance Jan. 1, 2021	**59**	**11**	**13**	**2**	**33**	**2**	**1,828**	**1,948**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	-2	68	66
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**-2**	**68**	**66**
Transactions with owners								
Dividend paid to shareholders for 2020	–	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Allocation to development expenditure reserve	**–**	**–**	**–**	**-1**	**–**	**–**	**1**	**0**
Closing balance Dec. 31, 2021	**59**	**11**	**13**	**0**	**33**	**0**	**1,897**	**2,013**

Parent Company, Cash Flow Statement

SEK m	Note	2021	2020
Cash flow from operating activities:			
EBIT		10	-31
Adjustments for non-cash items	33	-34	45
Interest received		24	27
Dividends received		3	41
Interest paid		-34	-50
Paid income tax		-39	-15
Cash flow from operating activities before changes in working capital		**-69**	**16**
Changes in working capital:			
Increase(-)/decrease (+) in inventories		-29	2
Increase(-)/decrease(+) in accounts receivable		-68	68
Increase(-)/decrease(+) in receivables		-17	-6
Increase(+)/decrease (-) in accounts payable		52	-16
Increase(+)/decrease(-) in short-term liabilities		4	-1
Cash flow from operating activities		**-127**	**63**
Cash flow used in investing activities:			
Acquisition of intangible assets	21	-11	-9
Acquisition of tangible assets	22	-6	-7
Sale of tangible assets	22	0	0
Change in net lending to Group companies	28	69	114
Acquisition of subsidiaries	20	-25	–
Acquisition of associated companies	19	-27	–
Change in interest-bearing receivables		-2	-2
Cash flow used in investing activities		**-2**	**96**
Cash flow used in financing activities:	30		
Net change, overdraft facilities and other financial liabilities		-10	-50
Repayment of debt		-107	-362
Loans raised		259	313
Cash flow used in financing activities		**142**	**-99**
Cash flow for the year		**13**	**60**
Cash and cash equivalents, opening balance		272	212
Cash and cash equivalents, closing balance	27	**285**	**272**

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, take away and packaging of meals. Duni Group enjoys a leading position thanks to a combination of high quality, established customer relations, well-reputed brands, and a strong local presence in Europe.

The Parent Company, Duni AB, is a registered limited company with its registered office in Malmö, Sweden. The address of the head office is Box 237, 201 22 Malmö, Sweden. The website is www.dunigroup.se. Duni Group is listed on the NASDAQ Stockholm under the ticker name "DUNI". The main place of business is in the Nordic countries.

On March 31, 2022, 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 fiscal year, i.e. 1/1/2019–12/31/2019.

Note 2 – General accounting principles

This note sets forth general accounting principles applied in the preparation of the annual report, to the extent these are not disclosed in the following notes. The majority of the accounting principles used can be found under the respective note. Unless otherwise 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 2.5, 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 Duni AB and its subsidiaries 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:

- financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss,
- and financial assets and liabilities (including derivative instruments) classified as hedge instruments and
- defined benefit pension plans – the plan assets are measured at fair value through other comprehensive income.

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 involving a high degree of judgment, complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes.

2.2 Changes in accounting principles and disclosures
Duni Group applies the new and amended IASB standards and interpretations and IFRIC pronouncements adopted by the EU that are mandatory from January 1, 2021. The following standards and amendments are applied by the Group for the first time for fiscal years beginning on or after January 1, 2021:

- COVID-19-Related Rent Concessions – amendments to IFRS 16
- Interest Rate Benchmark Reform 2– amendments to IFRS 9, IAS 39 and IFRS 7

The amendments listed above did not have any material impact on the Group's financial statements.

A number of new standards, changes to the standards and interpretations enter into force with regard to fiscal years beginning after January 1, 2021, and these have not been applied in conjunction with the preparation of this financial report. These new standards and interpretations are not expected to have a material impact on the Group's financial statements in the current or future periods, nor on future transactions.

2.3 Consolidated financial statements
2.3.1 Subsidiaries
A subsidiary is a company in which another company holds a controlling interest. An investor has a controlling interest over the investee when the investor is exposed to, or is entitled to variable returns from, the investment in the investee and can influence the amount of the returns using its controlling interest over the investee. 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, it is determined whether 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.

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.

2.3.2 Changes in ownership stake in a subsidiary without a change in controlling interest
The Group applies the principle of reporting transactions with non-controlling interests that do not lead to a loss of control as equity transactions, i.e., transactions with owners in their role as 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

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are also recognized in equity. Non-controlling interests in an acquired company are recognized 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 combination.

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, and the revaluation is recognized in equity.

2.3.3 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 reported in accordance with IAS 28 applying the equity method and are initially reported in the Group's balance sheet at cost.

2.4 Translation of foreign currency

2.4.1 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 crowns (SEK) is used; this is the Parent Company's functional currency and reporting currency.

2.4.2 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. The Group applies hedge accounting via interest rate swaps, with part of the interest rate risk hedged at a fixed rate.

2.4.3 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:

1. assets and liabilities for each of the balance sheets are translated at the closing day rate
2. revenue and expenses for each of the income statements are translated at the average exchange rate
3. 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.

2.5 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.

2.5.1 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.

Associated Companies

Participating interests in subsidiaries are reported in the Parent Company pursuant to the purchase method. The shares are reported as "Participations in associated companies" and dividends received are reported as revenue.

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 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.

Pension provisions

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

Income tax

Due to the connection between accounting and taxation, the deferred tax liability on untaxed reserves in the Parent Company is recognized 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. This entails, among other things, a different presentation regarding equity and that provisions are reported as a separate main heading in the balance sheet.

2.6 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.

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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. The steering committee constitutes the Group Management which decides on the allocation of resources within the Group and evaluates the results of operations. The strategic decision-making group addresses and evaluates operations based on lines of business, or operating segments, to which the same risks and opportunities apply-. Sales between the business areas take place on market terms.

As of January 1, 2021, the two former tube segments Duni and BioPak will be reported as full business areas. They have a clear responsibility, and each business area will have full responsibility for its respective value chain. The change from 2020 did not change the external segment reporting. Sales and operating results are divided into Duni and BioPak. Business Area Managers are responsible for their entire business areas, including cash flow. Marketing also takes place in each business area. The Sales Directors for each region report directly to the Group CEO. Staff functions are "HR & Sustainability" (which during the year changed its name to People & Culture and Sustainability), "Strategic Development, IT and Communication" and "Group Finance, Mergers & Acquisitions". All of production will be in the Duni business area. Logistics and other support functions will largely be shared by the business areas, and costs will be allocated with a weighted ratio based on sales and indirect costs per segment.

Duni business area: stands for what the Group's traditional associations: innovative solutions for the table setting, mainly napkins, tablecloths and candles. The business area's products and services are sold under the Duni brand. Its customers are primarily hotels and restaurants, the HoReCa market, with sales largely made via wholesalers, but grocery retail chains are also a key customer group, along with other channels such as various types of specialty stores.

BioPak business area: offers environmentally sound concepts for meal packaging and serving products for applications including take-away, ready-to-eat meals, and various types of catering. The business area's customers are various types of restaurants with take-away concepts and companies that are active in the health care and care sectors. Stores and other food producers are also a major customer group. The segment's products and services are currently sold under both the Duni and BioPak brands but the goal is for the segment to primarily represent the BioPak brand.

Organizational structure
Products are sold via a consolidated commercial organization divided into six regions. Each region is responsible for local sales and marketing of both brands, Duni and BioPak, to all customers.

The regions are:

– NorthEast Northern and Eastern Europe including Russia.

– Central: Germany, Austria and Switzerland

– West: The Netherlands, Belgium, Luxemburg, the UK and Ireland

– South: France, Spain and Italy.

– Rest of World: All sales outside Europe with Australia accounting for over 50%, New Zealand and Thailand each at 10–15% and Singapore at just over 5%.

– Other Sales: External sales of tissue and airlaid materials from the Skåpafors factory and external sales of finance and accounting services from the finance function in Poznan are included in the Duni segment.

The Group also has a central marketing department responsible for branding strategy, marketing communications, product development and innovation. Group-wide functions are largely shared by the business areas and the expenses for these are allocated with a weighted ratio based on sales and indirect costs for each business area, Duni and BioPak.

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

The Group has a vertically integrated business model for its paper-based products, such as napkins and table covers. This means that the entire production and delivery chain is owned and controlled by the Group, from material manufacture and concept development to conversion and distribution. Because in-house-produced napkins and table covers fall under the Duni segment, this segment is responsible for all expenses for production and conversion. By contrast, the BioPak segment's products are largely produced by external production units. There is a large procurement organization here, and it is a major part of the business.

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 Group 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.

Revenue is recognized 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 there is objective evidence that all criteria for acceptance have been met.

Revenue from customer contracts is divided into different categories. Duni Group has identified each segment as two different category types. Within these, sales by region and by product group are specified in order to reflect the nature of the sales. The Group'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.

Significant estimates and judgments

Breakdown by segment

The operating segments use shared IT solutions and logistics. When recognizing the shared assets by operating segment, they have been allocated based on a weighting of each operating segment's business volume and share of indirect costs; 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 Group-wide expenses.

With the implementation of IFRS, allocation of the Group's goodwill items has taken place through allocation ratios. In addition, goodwill on acquisition 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 combination. Part of the goodwill comprises SEK 1,199 million for the old organization before Duni Group was listed, and this is allocated to the Duni segment. The remaining goodwill is goodwill on acquisition that arose when various companies were acquired. These companies have been allocated to a segment based on what products they sell. The companies that manufacture napkins have been allocated to the Duni segment. More detailed disclosures on the allocation of goodwill can be found in Note 21 – Intangible assets.

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.

Returned goods

In those cases where 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.

Operating segments, Group

2021, SEK m	Duni	BioPak	Non-distributed	Total
Total net sales	2,686	2,400	–	5,086
Net sales from other segments	24	1	–	25
Net sales from external customers	**2,662**	**2,399**	**–**	**5,061**
Operating income	93	186	–	279
Items not included in operating income	-32	-75	–	-106
Reported EBIT	**62**	**111**	**–**	**173**
Financial income				2
Financial expenses				-40
Income from participation in associated companies				-2
Income tax				-56
Net income for the year				**77**
Total assets	4,444	1,951	–	6,396
Total liabilities	2,309	1,372	–	3,681
Investments	89	23	–	113
Depreciation/amortization	205	65	–	270

2020, SEK m	Duni	BioPak	Non-distributed	Total
Total net sales	2,647	1,881	–	4,528
Net sales from other segments	19	8	–	27
Net sales from external customers	**2,628**	**1,873**	**–**	**4,501**
Operating income	7	142	–	149
Items not included in operating income	-50	-29	–	-79
Reported EBIT	**-43**	**113**	**–**	**70**
Financial income				2
Financial expenses				-65
Income tax				-3
Net income for the year				**4**
Total assets	3,883	1,523	373	5,779
Total liabilities	779	675	1,697	3,151
Investments	70	13	–	83
Depreciation/amortization	222	67	–	289

Division of revenue from customer contracts, Group

2021, SEK m	Duni	BioPak	Total
Primary geographic regions			
NorthEast	462	489	950
Central	1,059	292	1,351
West	505	313	819
South	303	173	476
Rest of World	201	1,131	1,332
Other Sales	132	1	133
Total	**2,662**	**2,399**	**5,061**
Product groups			
Napkins	1,772	57	1,829
Table covers	449	0	450
Candles	135	0	135
Packaging solutions	1	1,113	1,114
Serving products	0	1,132	1,132
Other	304	98	402
Total	**2,662**	**2,399**	**5,061**
Time of revenue recognition			
Goods/services transferred at once	2,662	2,399	5,061
Goods/services transferred over time	–	–	0
Total	**2,662**	**2,399**	**5,061**

2020, SEK m	Duni	BioPak	Total
Primary geographic regions			
NorthEast	423	434	856
Central	1,126	232	1,358
West	443	140	582
South	221	128	349
Rest of World	196	940	1,137
Other Sales	219	0	219
Total	**2,628**	**1,874**	**4,501**
Product groups			
Napkins	1,494	43	1,537
Table covers	601	0	602
Candles	158	0	159
Packaging solutions	3	853	856
Serving products	0	913	913
Other	371	64	435
Total	**2,628**	**1,874**	**4,501**
Time of revenue recognition			
Goods/services transferred at once	2,628	1,874	4,501
Goods/services transferred over time	–	–	0
Total	**2,628**	**1,874**	**4,501**

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Duni Group manages its business based on what it refers to as operating income. 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 combinations.

SEK m	2021	2020
Bridge between operating income and EBIT		
Operating income	**279**	**149**
Restructuring costs	-10	-48
Amortization of intangible assets identified in connection with business acquisitions	-96	-64
Profit on recalculated pension terms	–	33
Reported EBIT	**173**	**70**

The assets and liabilities directly attributable to each business area include fixed assets other than buildings and all operating capital employed, mainly inventories, trade receivables and trade payables. In addition, certain common assets and liabilities, notably buildings, have been allocated to each business area. In previous years, before the business area structure, financial liabilities, excluding trade payables and derivative instruments, were reported as unallocated, but as the business areas are responsible for the entire value chain including their cash flow, there is no longer anything that is reported as unallocated. See the table below for non-allocated liabilities.

SEK m	2021	2020
Non-allocated liabilities		
Leases	–	194
Bank loans	–	1,130
Total non-allocated liabilities	**0**	**1,324**

Total sales from external customers broken down per product group:

SEK m	2021	2020
Napkins	1,829	1,583
Table covers	450	621
Candles	135	164
Serving products	1,114	817
Packaging solutions	1,132	872
Other*	402	444
Net sales from external customers	**5,061**	**4,501**

* Other items include coffee filters, take-away bags, straws and bags.

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

SEK m	2021	2020
Sweden	328	293
Australia	938	690
Germany	1,077	1,131
South	476	371
West	819	689
Rest of NorthEast	623	553
Rest of Central	274	210
Rest of World	394	350
Other Sales	133	215
Net sales from external customers	**5,061**	**4,501**

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	2021	2020
Sweden	1,681	1,714
Australia	618	615
Germany	794	849
South	0	1
West	60	66
Rest of NorthEast	123	134
Rest of Central	0	0
Rest of World	202	245
Total tangible and intangible assets	**3,478**	**3,625**

Parent Company's breakdown of net sales per operating segment:

Parent Company, SEK m	2021	2020
Duni	663	531
BioPak	435	434
Total net sales	**1,098**	**966**

Parent Company's breakdown of net sales per operating segment:

Parent Company, SEK m	2021	2020
Sweden	320	283
Rest of NorthEast	563	497
Central	197	173
West	13	7
Rest of World	2	4
Other Sales	3	2
Total net sales	**1,098**	**966**

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 2,720 million (2020: 2,224) MSEK. The Parent Company sold goods to its subsidiaries for SEK 334 million (2020: SEK 287 million) and purchased goods from subsidiaries in the value of SEK 624 million (2020: SEK 506 million).

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	2021	2020
Change in inventories of finished products and products in progress		1,558	1,384
Raw materials and consumables		836	655
Logistic costs		669	597
Costs for sales and marketing		239	251
Costs for remuneration of employees	16	1,081	1,096
Depreciation, amortization and impairment	6	304	289
Other expenses		334	279
Total operating expenses		**5,022**	**4,551**

Other costs include energy, property maintenance, travel, development and currency.

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Note 6 – Depreciation, amortization and impairment

Depreciation

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Customer relationships	49	52	–	–
Capitalized development expenses	15	16	9	13
Trademarks and licenses	18	18	7	3
Buildings and land improvements	55	59	1	1
Plant and equipment	133	143	4	5
Total depreciation/amortization	**270**	**289**	**21**	**22**

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

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Cost of goods sold	144	154	2	2
Selling expenses	18	22	–	–
Administrative expenses	46	49	19	20
Research and development expenses	0	0	–	0
Other operating expenses	63	63	0	0
Total depreciation/amortization	**270**	**289**	**21**	**22**

Impairment losses

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Goodwill	27	–	–	–
Customer relationship	6	–	–	–
Machinery and other technical equipment	0	–	–	–
Total impairment	**33**	**0**	**0**	**0**

Impairment losses are included in the cost for each function as follows:

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Other operating expenses	33	–	–	–
Total impairment	**33**	**0**	**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	2021	2020	2021	2020
Raw materials and consumables	201	146	–	–
Work in progress	66	62	–	–
Finished goods and goods for resale	748	537	113	78
Advance payments to suppliers	239	115	15	6
Total	**1,253**	**861**	**128**	**84**

The change in inventories is reported under the item "Costs of goods sold" and, for the Group, amounted to SEK 3,935 million (2020: 3,292) SEK million. The corresponding item for the Parent Company amounted to SEK 721 million (2020: 637) SEK million. The Group's impairments on inventory to the net realizable value amounted to SEK 9 million (2020: 14) SEK million. The Parent Company's recognized impairment losses on inventory amounted to SEK 3 million (2020: 3) SEK million. Impairment losses have been reversed in 2021 for the Group in the amount of SEK 1 million (2020: 1) SEK million. In the parent company, no reversals have been made.

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.

Significant estimates and judgments
The provision for restructuring reserve is calculated on the basis of agreements following negotiations with trade unions and other interested parties. The amount of the provision is calculated on the basis of assumptions about the timing of the recognition of the cost and the estimated cost of salaries, termination benefits and other obligations arising from termination.

Restructuring expenses amount to SEK 10 (48) million.

Large parts of the business in Duni Song Seng, Singapore, do not fit into the updated strategy due to the fact that most of the product range consists of non-sustainable products and packaging. As a result, the decision has been made to close down the company Duni Song Seng in 2022. Duni Group has two operating companies in Singapore; Duni Song Seng and BioPak Sustainable Solutions. Sales, warehousing and distribution in the sustainable packaging solutions segment will be taken over by the BioPak company, after which Duni Song Seng will be closed down. This affects 13 people.

The cost of the closure and merger with the BioPak company has been taken as a restructuring cost and amounts to SEK 12 million. These include lease termination, inventory depreciation, personnel-related costs and IT costs. In connection with this, goodwill from the acquisition of the company of SEK 27 million and remaining intangible assets such as customer relations were impaired by SEK 6 million. A temporary deferred tax liability of SEK 12 million has therefore been reversed and reported as deferred tax income.

The restructuring cost in 2020 was mainly related to a reorganization to the current structure with two business areas, SEK 30 million. The program will result in annual savings of SEK 20 million, with full effect from the second half of 2020. The organization was then strengthened by creating two business areas with effect from January 1, 2021, resulting in additional restructuring costs in December 2020 of SEK 9 million. This will lead to additional savings of around SEK 10 million, creating space to reinvest in key areas such as sustainability and digitalization. In addition, a restructuring cost for severance compensation to the outgoing CEO was charged in the amount of SEK 9 million.

Restructuring costs by function

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Cost of goods sold	3	2	–	–
Selling expenses	2	31	–	10
Administrative expenses	5	13	1	13
Other operating expenses	–	2	–	2
Total restructuring expenses	**10**	**48**	**1**	**26**

Allocation to restructuring reserve

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Opening balance, restructuring reserve	26	11	16	1
Utilized reserves	-20	-33	-12	-10
Reversal of reserve	–	0	–	0
Allocations for the year	13	48	1	26
Closing balance, restructuring reserve	**19**	**26**	**5**	**16**
Of which short-term	18	25	4	15

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Note 9 – Remuneration for auditors

	Group		Parent Company	
SEK m	2021	2020	2021	2020
PricewaterhouseCoopers				
– Audit engagement	4.0	4.5	1.7	2.0
of which to PricewaterhouseCoopers AB	*1.9*	*2.2*	*1.7*	*2.0*
– Auditing activities in addition to the audit engagement	1.7	0.1	0.4	–
of which to PricewaterhouseCoopers AB	*0.4*	*–*	*0.4*	*–*
– Tax advice	2.9	2.6	1.0	0.3
of which to PricewaterhouseCoopers AB	*1.0*	*0.3*	*1.0*	*0.3*
– Other services	3.2	0.5	0.1	0.2
of which to PricewaterhouseCoopers AB	*0.1*	*0.2*	*0.1*	*0.2*
Total	**11.8**	**7.7**	**3.2**	**2.5**
Other auditors				
– Audit engagement	0.9	0.7	–	–
– Auditing activities in addition to the audit engagement	0.0	0.0	–	–
– Tax advice	0.3	0.1	–	–
– Other services	0.4	0.0	–	–
Total	**1.6**	**0.8**	**0.0**	**0.0**
Total remuneration for auditors	**13.5**	**8.4**	**3.2**	**2.5**

"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. Other services include support for the application for resettlement allowance in Germany.

Note 10 – Other operating income and expenses

Accounting principles

Other operating income includes other revenue not classified as sales and that cannot be attributable to selling products or services. Other operating expenses includes expenses that cannot be classified in other functions.

Government assistance

Government grants are recognized at fair value when there is reasonable certainty that the grant will be received and that the conditions associated with the grant will be met. 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. Government assistance is recognized as other operating income.

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.

Depreciation, amortization and impairment

Amortization of customer relationships and goodwill impairment losses attributable to acquisitions are recognized in other operating expenses.

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Other operating income				
Exchange rate gains	7	0	–	0
Administrative services	–	–	238	249
Capital gains	0	0	–	0
Government support	124	82	16	10
Profit on recalculated pension terms	0	33	–	–
Other items	2	5	–	0
Total other operating income	**133**	**121**	**255**	**259**
Other operating expenses				
Exchange rate losses	0	4	1	4
Depreciation/amortization	68	63	0	0
Impairment losses	28	0	0	0
Administrative services	–	–	32	38
Capital loss	2	1	1	0
Acquisition expenses	–	–	–	–
Other items	14	11	1	1
Total other operating expenses	**112**	**80**	**35**	**44**

Other operating income
During the year, Duni Group received government support for short-term permitting of SEK 51 million and restructuring aid of SEK 73 million, totaling SEK 124 million. The Parent Company has received SEK 6 million in short-term permits and SEK 10 million in restructuring aid. Each country has different designations for employee compensation, but all government support received for both redeployment aid and employees is grouped under other operating income. Conversion aid has been received in Germany and Sweden. Government grants intended to cover costs or reduce rent from landlords, in countries other than Sweden, are allocated over periods and recognized in the income statement in the same periods as the costs which the grant is intended to compensate for.

Other operating expenses
Administrative services in the Parent Company primarily involve administrative expenses for subsidiaries.

Other items, revenue, primarily comprise gains on disposal of fixed assets. Other items, expenses, include losses on disposal of fixed assets, bank fees and other administrative expenses. The bank fees include fees in connection with payment of invoices, fees for receiving payments and expenses for holding external bank accounts. These expenses are directly related to operations, which is why they are considered operating expenses and not financial expenses.

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Note 11 – Net exchange rate differences

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

	Group		Parent Company	
SEK m	2021	2020	2021	2020
EBIT				
Other exchange rate differences in EBIT	6	-4	-1	-4
Total exchange rate differences in EBIT	**6**	**-4**	**-1**	**-4**
Financial items				
Exchange rate differences in financial items	2	-9	2	-1
Total exchange rate differences in financial items	**2**	**-9**	**2**	**-1**
Total net exchange rate differences in income statement	**8**	**-14**	**0**	**-5**

Note 12 – Income from financial items

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Financial income				
Income from participation in Group companies	–	–	88	141
Interest income, external investments	2	2	2	2
Interest income, Group companies	–	–	22	25
Total financial income	**2**	**2**	**112**	**168**
Financial expenses				
Interest expenses, external loans	-26	-34	-25	-33
Interest expenses, pensions	-1	-3	-3	-3
Interest expenses, Group companies	–	–	0	0
Interest expenses, interest rate swaps	-1	0	-1	0
Interest costs, leasing	-5	-5	–	–
Change in fair value, currency forwards	2	-9	2	-1
Other financial expenses	-8	-13	-7	-12
Total financial expenses	**-40**	**-65**	**-34**	**-50**
Income from participation in associated companies	-2	–	–	–
Net financial items	**-39**	**-63**	**78**	**118**

The Group's net interest-bearing debt amounts to SEK 1,375 million compared to SEK 1,324 million at December 31, 2020. The impact of COVID-19 prompted a renegotiation of the financial covenants in the banking agreement and the Group has been in a waiver period from April 2020 to September 2021. The total cost of this amounted to SEK 21 million in 2020 and SEK 9 million in 2021. The waiver period ended at the end of September 2021 and thereafter the terms of the original banking agreement will be honored. As it is a renegotiation of existing loans, the full cost is recognized in Q2 2020, as well as in Q1 2021. As Duni Group is mainly a borrower, the full effect is recognized in interest expense. Other financial income and expenses include bank charges as well as exchange rate effects on financial loans and investments. Bank fees include fees that are directly attributable to the Group's external loans.

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% (2020: 4.0%) set by PRI, calculated on the average of opening and closing balances on the item "Pension provisions".

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Note 13 – Income from participation in Group companies

During the year, the Parent Company received dividends from subsidiaries amounting to SEK 3 million (2020: 41). Received group contributions amounted to SEK 84 million (2020: 99)

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.

Significant estimates and judgments

Different estimates are made to determine current and deferred tax assets and liabilities. The probability that deferred tax assets will be available for offset against future taxable profits is one of the parameters assessed. The fair value of future taxable profits is subject to change as a result of, among other things, the assessment of future taxable profits and changes in the applicable tax rules.

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Current tax for the year	-77	-56	-16	-10
Current tax attributable to previous years	6	2	0	0
Deferred tax	15	51	-3	0
Tax on income for the year	**-56**	**-3**	**-19**	**-10**

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

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Deferred tax, internal profit on inventories	-3	-2	–	–
Deferred tax, untaxed reserves	0	-2	–	–
Deferred tax, appraised loss carry-forwards	28	42	–	–
Deferred tax, Intangible assets	10	9	–	–
Deferred tax, other	-20	4	-3	0
Total deferred tax	**15**	**51**	**-3**	**0**

The item other includes a reversed temporary deferred tax liability of SEK -12 million relating to impairment of intangible assets in Duni Song Seng, Singapore.

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	2021	2020	2021	2020
Reported income before tax	133	7	88	87
Tax according to applicable tax rate	-37	-3	-18	-18
Tax effect of non-deductible expenses	-29	-15	-1	-1
Tax effect of non-taxable income	4	14	1	9
Tax income/expenses due to changed tax rate	1	-1	0	–
Effects of foreign tax rates	-1	–	–	–
Adjustments relating to previous years	6	2	0	0
Tax on income for the year in accordance with the income statement	**-56**	**-3**	**-19**	**-10**

Tax rate

The weighted average tax rate in the Group was 42.2% (2020: 47.7 %). The Parent Company's applicable income tax rate is 20.6% (2020: 21.4 %).

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, 2019	**16**	**2**	**25**	**6**	**26**	**75**
Recognized in income statement	42	-2	-7	-1	14	46
Recognized in other comprehensive income	–	–	-2	–	–	-2
Exchange differences	2	0	0	0	1	3
At December 31, 2020	**60**	**0**	**16**	**5**	**41**	**122**
Recognized in income statement	28	-3	-7	1	3	23
Recognized in other comprehensive income	–	–	-1	–	–	-1
Exchange differences	0	0	1	0	0	1
At December 31, 2021	**88**	**-3**	**10**	**6**	**44**	**145**

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Intangible assets	Other	Total
At December 31, 2019	**42**	**55**	**33**	**130**
Recognized in income statement	2	-9	2	-5
Exchange rate differences	–	-6	–	-6
At December 31, 2020	**44**	**41**	**35**	**119**
Recognized in income statement	0	-10	18	9
Exchange rate differences	–	1	-2	-1
At December 31, 2021	**44**	**32**	**51**	**127**

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	Structural expenses	Financial instruments	Other	Total	Other
At December 31, 2019	**4**	**0**	**11**	**16**	**14**
Recognized in income statement	0	0	0	0	-1
Recognized in other comprehensive income	–	–	–	0	–
Exchange differences	–	–	–	0	–
At December 31, 2020	**4**	**0**	**11**	**16**	**13**
Recognized in income statement	–	0	2	1	3
Recognized in other comprehensive income	–	–	–	0	–
Exchange differences	–	–	–	0	–
At December 31, 2021	**4**	**0**	**13**	**17**	**16**

Other in both deferred tax assets and deferred tax liabilities relates to deferred tax assets and payroll taxes 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	2021	2020	2021	2020
Deferred tax assets				
Utilize after more than 12 months	113	89	13	12
Utilize within 12 months	32	33	4	4
Total	**145**	**122**	**17**	**16**
Deferred tax liabilities				
Utilize after more than 12 months	112	110	15	13
Utilize within 12 months	15	9	1	–
Total	**127**	**119**	**16**	**13**

Net change in deferred tax

	Group		**Parent Company**	
SEK m	2021	2020	2021	2020
Opening balance	**3**	**-55**	**3**	**2**
Recognized in income statement	15	51	-2	1
Recognized in other comprehensive income	-1	-2	–	–
Acquired tax liability	–	–	–	–
Exchange differences	1	9	–	–
Closing balance	**18**	**3**	**1**	**3**

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 39

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.

	2021			2020		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	66	74	140	69	78	147
France	1	–	1	1	–	1
Total, Parent Company	**67**	**74**	**141**	**70**	**78**	**148**
Subsidiaries						
Australia	33	55	88	28	39	67
Belgium	4	5	9	4	5	9
Denmark	6	3	9	7	3	10
Finland	5	10	15	6	10	16
France	11	30	41	12	31	43
Italy	6	–	6	6	–	6
Netherlands	20	24	44	21	23	44
Norway	3	7	10	3	6	9
New Zealand	12	23	35	13	27	40
Poland	191	291	482	202	294	496
Russia	8	8	16	9	8	17
Switzerland	12	11	23	14	11	25
Singapore	7	12	19	10	10	20
Spain	4	7	11	5	7	12
UK	21	23	44	17	19	36
Sweden	154	37	191	149	38	187
Thailand	40	90	130	42	111	153
Czech Republic	3	4	7	3	4	7
Germany	616	496	1,112	609	484	1,093
Hungary	1	–	1	1	–	1
United States	–	1	1	–	1	1
Austria	3	4	7	5	5	10
Total, subsidiaries	**1,160**	**1,141**	**2,301**	**1,166**	**1,136**	**2,302**
Total, Group	**1,227**	**1,215**	**2,442**	**1,236**	**1,214**	**2,450**

Note 16 – Salaries and other remuneration

Accounting principles
Compensation upon termination of employment is paid when an employee's employment is terminated prior to the normal retirement date or when an employee accepts voluntary severance in exchange for certain compensation. Termination benefits are recognized when the Group is demonstrably committed either to terminating employees under a detailed formal plan without possibility of withdrawal, or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits payable more than 12 months after the balance sheet date are discounted to present value.

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Salaries and other remuneration	846	884	88	106
Social security expenses	188	196	36	43
Pension expenses – defined contribution plans	40	34	20	20
Pension expenses – defined benefit plans*	7	-18	–	–
Total	**1,081**	**1,096**	**144**	**169**

*Defined benefit plans in 2020 contain a gain of SEK 33 million on the recalculation of the pension plan in the Netherlands.

Payroll expenses, by gender:

	2021		2020	
	Men	Women	Men	Women
Blue collar employees	61 %	39 %	68 %	32 %
White collar staff	60 %	40 %	57 %	43 %

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:

	2021		2020	
	Salaries and other remuneration (of which bonuses)	Pension expenses	Salaries and other remuneration (of which bonuses)	Pension expenses
Board, CEO, VPs and other senior executives	42 (1)	6	54 (1)	5
Other employees	803 (16)	41	830 (20)	11
Group, total	**846**	**47**	**884**	**16**

Board fees as well as employment and termination terms and conditions for senior executives:
The Group's Board comprises 6 (2020: 6) persons, of whom 67% are men (2020: 67 %).

Other senior executives' comprise 6 (2020: 6) individuals, including the CEO, of whom 67% are men (2020: 67 %).

Remuneration of senior executives
Fees and other remuneration for the Board of Directors, including the Board Chairman, are decided upon by the Annual General Meeting. Pursuant to guidelines for remuneration of senior executives adopted by the AGM on May 4, 2021, 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. 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 Board proposes that the 2022 AGM keep the guidelines for the remuneration of senior executives unchanged. Detailed information about these guidelines can be found in the Directors' Report.

In accordance with a resolution adopted by the AGM on May 4, 2021, the annual fee for the current Chairman of the Board shall be SEK 578,000 (SEK 578,000), while the fee for other directors shall be SEK 309,000 (SEK 309,000) each. In addition, a fee for committee work of SEK 65,000 (SEK 65,000) shall be paid to the Chairman of the Remuneration Committee and SEK 30,000 (SEK 30,000) to the other members of the Remuneration Committee, and SEK 125,000 (SEK 125,000) to the Chairman of the Audit Committee and SEK 59,000 (SEK 59,000) to the 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 2021 and 2020 fiscal years.

Compensation and other benefits

2021, SEK k	Base pay / Board fees	Pension expenses*	Other benefits	Variable remuneration**	Severance compensation	Total
Chairman of the Board – Thomas Gustafsson	667	–	–	–	–	667
Director – Pauline Lindwall	374	–	–	–	–	374
Director – Alex Myers	309	–	–	–	–	309
Director – Morten Falkenberg	339	–	–	–	–	339
Director – Sven Knutsson	368	–	–	–	–	368
Director – Pia Marions	434	–	–	–	–	434
Chief Executive Officer – Robert Dackeskog	4,087	1,609	5	–	–	5,701
Other senior executives	9,348	3,025	484	–	–	12,857
Total	**15,926**	**4,634**	**489**	**0**	**0**	**21,049**

*) Of the Group's pension expenses above, the entire item relates to the Parent Company.

**) The variable remuneration relates to bonuses recognized as expenses for the 2021 fiscal year, which are paid out in 2022.

2020, SEK k	Base pay / Board fees	Pension expenses*	Other benefits	Variable remuneration**	Severance compensation	Total
Chairman of the Board – Thomas Gustafsson 8 months	445	–	–	–	–	445
Chairman of the Board – Magnus Yngen 4 months	227	–	–	–	–	227
Director – Pauline Lindwall 12 months	377	–	–	–	–	377
Director – Alex Myers 12 months	331	–	–	–	–	331
Director – Morten Falkenberg 8 months	226	–	–	–	–	226
Director – Sven Knutsson 8 months	245	–	–	–	–	245
Director – Pia Marions 8 months	289	–	–	–	–	289
Director – Thomas Gustafsson 4 months	115	–	–	–	–	115
Director – Pia Rudengren 4 months	148	–	–	–	–	148
Chief Executive Officer – Johan Sundelin 7 months	2,697	604	92	–	7,681	11,074
Chief Executive Officer – Mats Lindroth 5 months	1,330	310	41	–	–	1,681
Other senior executives	10,169	3,044	400	–	6,239	19,852
Total	**16,599**	**3,958**	**533**	**0**	**13,920**	**35,010**

*) Of the Group's pension expenses above, the entire item relates to the Parent Company.

**) The variable remuneration relates to bonuses recognized as expenses for the 2020 fiscal year, which are paid out in 2021.

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 39

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% (2020: 75%) of basic salary. For other senior executives, the variable remuneration is capped at 50% (2020: 75% – 50%) of base salary. The bonus system covers only one year each time following a decision by the Board of Directors. In February 2021, the Remuneration Committee decided that no performance-based bonus would be paid for the fiscal year 2021 as the Group continues to be affected by the pandemic and its impact on the Group's results and financial position and many of the Group's companies have received government grants. No performance criteria for variable remuneration have therefore been set for 2021. A bonus of SEK 0 million has therefore been paid to the CEO for the fiscal year 2021 (2020: SEK 0 million). 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 Group's pension policy for senior executives, with the addition that 35% of the pensionable income in excess of 7.5 income base amounts is paid into 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. A cash pension contribution is paid monthly in accordance with each 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.

Note 17 – Pension obligations

Accounting principles

Starting on January 1, 2013, Duni Group applied 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.

The Group 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 Group has both defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which fixed contributions are paid to a separate legal entity. The Group 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 the Group'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 Group 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. The Group 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	2021	2020
Defined benefit plans	169	212

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.

In 2020, the pension plan in the Netherlands was closed for vesting. The pension asset was recalculated in accordance with current practice at a different discount rate, resulting in a gain of SEK 33 million which was taken to the profit and loss account.

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 10 Accounting for the ITP 2 pension plan financed through insurance with Alecta, this is a defined benefit plan covering several employers. For the 2021 fiscal year, the Company did not have access to information needed to recognize its proportional share of the plan's obligations, plan assets and expenses. As a result, it was not possible to recognize the plan as a defined benefit plan. 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 million (2020: 6) SEK million.

Alecta's surplus may be divided among the policyholders and/or the insured. As at 12/31/2021, Alecta's surplus in the form of the collective funding level amounted to 172% (2020: 148 %). 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 collective consolidation level should normally be allowed to vary between 125 and 155 percent. If Alecta's collective funding level falls below 125 percent or exceeds 155 percent, remedial actions will be taken to create the conditions for the funding level to go back to the normal interval. In the event of low funding, one remedial action could be to increase the agreed price for taking out new policies and expanding existing benefits. In the event of high funding, one remedial action could be to institute premium reductions.

The amounts recognized in the consolidated balance sheet consist of:

	Defined benefit plans	
SEK m	2021	2020
Present value of consolidated obligations	375	368
Fair value of plan assets	-370	-329
Present value of non-consolidated obligations	164	173
Net pension liability in balance sheet	**169**	**212**

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 39

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

SEK m	2021	2020
Income relating to service during the current year	–	33
Costs relating to service during the current year	-6	-12
Interest expenses	-5	-8
Interest income	4	5
Total pension income/expenses regarding defined benefit plans	**-7**	**18**
Pension expenses for the year regarding defined contribution plans	-40	-34
Total pension expenses for the year, included in personnel expenses (note 16)	**-47**	**-16**
The year's reappraisal of pension plans recognized in other comprehensive income	**24**	**11**

The expenses regarding defined benefit plans are allocated in the consolidated income statement to the following items:

SEK m	2021	2020
Operating expenses	-6	21
Financial expenses	-1	-3
Total income/expenses from defined benefit pension plans in the income statement	**-7**	**18**

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

SEK m	2021	2020
At the beginning of the year	541	601
Expenses (-)/income (+) for service during current year	6	-21
Interest expenses	5	8
Reappraisals, losses(+)/gains(-) as a consequence of experience-based adjustments of defined benefits obligations	-2	-26
Reappraisals, losses(+)/gains(-) as a consequence of changed demographic assumptions	2	-3
Reappraisals, losses(+)/gains(-) as a consequence of changed financial assumptions	-19	32
Exchange differences	24	-28
Disbursed benefits	-18	-22
At year-end	**539**	**541**

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	2021	2020
At the beginning of the year	-329	-325
Expected return on plan assets	-4	-5
Reappraisals, losses (+)/gains (-) as a consequence of experience-based adjustments of plan assets	-14	-15
Exchange differences	-21	22
Employer's contributions	-8	-11
Employee's contributions	0	-1
Disbursed benefits	6	6
Settlements	0	0
At year-end	**-370**	**-329**
Experience-based adjustments of plan assets	**14**	**15**

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, 77% (79%) of insurance contracts are invested in equity instruments, 10% (9%) in bonds, 9% (9%) in real estate and 4% (4%) in cash and cash equivalents. The assumed return on the plan assets is stated as the guaranteed return plus the anticipated bonus.

Contributions to defined benefit plans in 2021 are expected to be on the same level as in 2020.

The weighted average term for pension obligations is 18 years (19.5).

Actuarial assumptions on the balance sheet date	Sweden	Germany	UK	Netherlands	Belgium
Discount rate	1.35 % (0.6)	0.75 % (0.5)	1.95 % (1.45)	1.2 % (0.8)	0.5% (0.8)
Expected return on plan assets	–	0.75 % (0.5)	1.95 % (1.45)	1.2 % (0.8)	0.5% (0.8)
Future annual salary increases	–	–	4.3 % (3.6)	– (2.4)	2.8% (2.8)
Future annual pension increases	2.25 % (1.55)	1.75 % (1.75)	3.3 % (2.85)	– (0.0)	0.0 % (0.0)
Personnel turnover	–	–	0.0 % (0.0)	0.0 % (0.0)	0.0-5.0 % (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, Germany and Netherlands are closed and only have disbursements.

As of December 31, 2021, the present value of the defined-benefit obligation comprised approximately SEK 45 million (46) attributable to active employees, SEK 196 million (199) to employees who left the pension plan before retirement and SEK 298 million (296) attributable to people who are covered by the plan and are retired.

Defined benefit pension plans – risks

Through its defined benefit pension plans, Duni Group 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, 2021 SEK m	Sweden	Germany	UK	Netherlands	Belgium	**Total**
Present value of defined benefit obligations	143	28	219	140	9	**539**
Fair value of plan assets	–	-1	-222	-140	-7	**-370**
Total defined benefit pension plans by country	**143**	**27**	**-3**	**0**	**2**	**169**

Composition by country, 2020 SEK m	Sweden	Germany	UK	Netherlands	Belgium	**Total**
Present value of defined benefit obligations	149	30	203	151	8	**541**
Fair value of plan assets	–	-1	-171	-151	-6	**-329**
Total defined benefit pension plans by country	**149**	**29**	**32**	**0**	**2**	**212**

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5%	Decrease with 8.5% (9.2)	Increase with 9.2% (10.6)

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 6.7% (6.6).

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 6.1% (6.3).

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 5.6% (5.8).

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

	Parent Company	
SEK m	2021	2020
Provisions in accordance with the Swedish Pension Obligations (Security) Act		
FPG/PRI pensions	82	86
Liability in the balance sheet	82	86
The following amounts are recognized in the Parent Company's income statement:		
Earned during the year	0	0
Interest expenses	-3	-3
Pension expenses for the year	**-3**	**3**

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

	Parent Company	
SEK m	2021	2020
At the beginning of the year	86	91
Net expenses recognized in the income statement	3	3
Disbursed benefits	-8	-8
Settlements	0	0
At year-end	**82**	**86**

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

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 39

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 39

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	161,440
Finess Borrby AB	556262-2604	Malmö	1,000	100	0
					161,440
Foreign subsidiaries					
Duni Holding BV	23068767	Breda, NL	260,731	100	622,904
– Duni Verwaltungs GmbH[1]	Osnabrück RB 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[2]	105531017277	Bangkok, TH	983,280	60[2]	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	05893315/04104861	England & Wales, GB		(56)	(AUD 3,900)
– BioPak Pty Limited	2308658	Auckland, NZ		(75)	0
– BioPak UK Limited	NI641948	Northern Ireland, GB		(75)	0
– BioPak Sustainable Solutions Pte Ltd	201842974C	Singapore, SG		(75)	0
					1,302,062
Participations in Group companies					**1,463,502**

1) The following entities, as well as the subsidiaries Duni GmbH and Duni Logistics GmbH, use the exemption provisions pursuant to Section 264 (3) of the German Commercial Code (HGB) for the preparation of notes to the annual financial statements and the management report and for the obligation to publish such financial statements. The consolidated financial statements are published in the "Deutsche Bundesanzeiger".

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

	Parent Company	
SEK k	2021	2020
Opening value, participations in Group companies	1,438,454	1,358,454
Shareholders' contributions	25,048	80,000
Closing value, participations in Group companies	**1,463,502**	**1,438,454**

Note 19 – Participations in associated companies

Significant estimates and judgments
As the individual holdings are deemed to be immaterial to the Group, only aggregated information is disclosed in this note.

	Group	
SEK m	2021	2020
Total reported value for individually insignificant associated companies	25	–
Total amount for the Group's share of:		
Net income	-2	–
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**-2**	**0**

Two minority acquisitions have been made in 2021: in July, 20% of the shares in Relevo GmbH, Germany, were acquired for a purchase price of EUR 2 million. In October, 22.36% of the shares in Bûmerang Takeaway SL, in Spain, were acquired for EUR 0.5 million. The total purchase price amounted to SEK 27 million. Both acquisitions are accounted for as non-controlling interests. Through active partnership and cooperation, the Group strives to support these companies in their continued growth. The partnership complements the BioPak business and extends the already broad range of sustainable solutions for take-away packaging. Different occasions require either single use, multiple use or a combination of both. Therefore, a complementary range in more European countries is important to meet future customer needs. Local waste management infrastructure varies widely and both single-use and multi-use options are important to ensure a fully circular business model in the future.

Relevo GmbH is a provider of reusable systems for take-away food and beverages and was founded in 2020 by three entrepreneurs in Munich, Germany. Relevo has created a digital platform of reusable take-away products and is working to combat the problem of plastic waste by offering smart and sustainable solutions that are easily accessible to companies in the HoReCa industry. Relevo has grown rapidly since its inception and now has 35 employees.

Bûmerang Takeaway SL was founded in 2019 in Barcelona and offers the first return system for the catering market in Spain. The company is inspired by the founder's grandparents' ideas about recycling. Using technology and a digital platform, Bûmerang wants to tackle today's waste problem with a return system for takeaway packaging.

Duni Group has no commitments or contingent liabilities in relation to its associated companies.

Name	Owner	Registered office	Registration number	Equity, %	Carrying amount, SEK k
Relevo GmbH	Directly owned by Duni AB	Munich, Germany	HRB 255414	20 %	21,076
Bûmerang Takeaway, S.L	Directly owned by Duni AB	Barcelona, Spain	B675587451	22.36 %	5,907

The Parent Company's shares in associated companies amount to SEK 27 million.

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 39

Note 20 – 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.

For each individual business combination, the choice is made for the interest to 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 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. There is a put option and a call option both parties can opt to exercise during the period from October 2020 to April 2021 amounting to approximately SEK 24 million for an additional 5% of the shares. Duni also has an obligation to acquire the remaining 20% of the shares in BioPak Pty Ltd after five years, via 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 million 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 Kindtoo Ltd (BioPak UK Ltd). This call option was fully exercised in 2020 and thus no longer exists.

No business acquisitions took place in 2021 or 2020

2021
In December 2021, the call option for 5% of the shares in BioPak Pty Ltd was exercised. The acquisition was completed in January 2022 and the purchase price was SEK 24.7 million. Duni Group subsequently owns 80% of the shares in BioPak Pty Ltd. The remaining 20% continues to be owned by one of the original founders, which holding since the original acquisition is subject to a call and put option with exercise periods between October 2023-October 2024. The option is a derivative instrument and is recognized as a long-term liability to the minority owner, valued at SEK 377 million as of December 31, 2021. The final exercise price is determined by future performance and growth within the BioPak Group. The Board is evaluating various strategic options to optimize the long-term value of BioPak, including local equity capital market financing and/or transactions, in the context of ensuring that BioPak remains a consolidated subsidiary of Duni Group.

2020
Of the remaining purchase price for Horizons Supply Pty Ltd, an interim payment was made in February 2020 and a final payment in October 2020, as agreed. A total of SEK 10.3 million has been paid during the year.

The put option was exercised in October 2020, and the remaining 25% of the shares in Kindtoo Ltd, which owns BioPak UK Ltd, were bought out. The consideration was SEK 14.5 million. The company was already 100% consolidated from the start and the purchase only had a minor impact on financial net debt.

Note 21 – Intangible assets

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 the Group'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 relate to acquisitions made from 2013 onwards. Amortization is charged on a straight-line basis over the useful life, which is estimated to be 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 Group 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.

The calculations of the impairment tests for the fiscal year 2020 and 2021 have taken into account the impact of the COVID-19 pandemic. Management believes that the impact is limited to the duration of the pandemic. As soon as the societal restrictions are lifted and markets open to normal activity, management expects sales to recover to pre-pandemic levels. However, the assessment is that it may take some time to fully recover, which has been taken into account on both the profit margin and the growth rate in the forecast periods.

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 39

Goodwill

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	2,063	2,115	2,053	2,053
Increase through business combination	–	–	–	–
Translation differences	31	-52	–	–
Closing accumulated cost	**2,095**	**2,063**	**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	-53	-58	–	–
Impairment losses for the year	-27	–	–	–
Translation differences	-5	5	–	–
Closing accumulated impairment losses	**-85**	**-53**	**0**	**0**
Closing carrying amount	**2,010**	**2,011**	**0**	**0**

Customer relations

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	476	496	–	–
Increase through business combination	–	–	–	–
Reclassification	4	13	–	–
Translation differences	21	-34	–	–
Closing accumulated acquisition values	**500**	**476**	**0**	**0**
Amortization				
Opening accumulated amortization	-241	-220	–	–
Amortization for the year	-49	-52	–	–
Reclassification	–	16	–	–
Translation differences	-9	15	–	–
Closing accumulated amortization	**-299**	**-241**	**0**	**0**
Impairment losses				
Opening accumulated impairment losses	–	–	–	–
Impairment losses for the year	-6	–	–	–
Translation differences	0	–	–	–
Closing accumulated impairment losses	**-7**	**0**	**0**	**0**
Closing carrying amount	**195**	**235**	**0**	**0**

Capitalized development expenses

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	194	168	161	134
Investments	1	0	1	0
Sales and disposals	-2	0	-2	–
Reclassification	11	27	11	27
Translation differences	1	-1	–	–
Closing accumulated acquisition values	**205**	**194**	**171**	**161**
Amortization				
Opening accumulated amortization	-171	-156	-152	-144
Amortization for the year	-15	-16	-9	-8
Increase through divestment	2	–	–	–
Sales and disposals	–	–	2	–
Translation differences	-1	1	–	–
Closing accumulated amortization	**-185**	**-171**	**-159**	**-152**
Closing carrying amount	**20**	**23**	**11**	**9**

Assets under development

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	14	34	11	30
Investments	11	11	10	10
Sales and disposals	–	0	–	–
Reclassification	-12	-30	-11	-29
Translation differences	0	0	–	–
Closing accumulated acquisition values	**14**	**14**	**9**	**11**
Closing carrying amount	**14**	**14**	**9**	**11**

Trademarks, software and licenses

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	248	260	65	64
Investments	1	–	–	–
Sales and disposals	0	–	0	–
Reclassification	-3	-10	1	2
Translation differences	1	-2	–	–
Closing accumulated acquisition values	**247**	**248**	**66**	**65**
Amortization				
Opening accumulated amortization	-112	-80	-27	-19
Amortization for the year	-18	-18	-7	-8
Sales and disposals	0	–	–	0
Reclassification	–	-16	–	–
Translation differences	-1	1	–	–
Closing accumulated amortization	**-131**	**-112**	**-34**	**-27**
Closing carrying amount	**116**	**136**	**32**	**39**
Total intangible assets	**2,354**	**2,419**	**53**	**58**

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 39

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 2013 to 2020 trading period, Rexcell Tissue & Airlaid AB was allocated a total of 166,246 tonnes of CO2. The new trading period runs from 2021 to 2025 and during this period Skåpafors has received an allocation of 14,670 tonnes per year and Dals Långed 1,626 tonnes per year. For 2021, Skåpafors has thus been allocated 14,670 tonnes, while the corresponding allocation for 2020 was 17,349 tonnes. The production plant in Dals Långed is dormant and no allowances are used when there is no production, which means that the allocation for Dals Långed is effectively 0 tonnes per year. The allocation for Dals Långed has been dormant since 2017, but can be regained upon application. The emission rates for 2021 are not yet finally verified, so an adjustment may be made. 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 2022, the Company estimates that these will not reach any significant amount. In 2021, Rexcell Tissue & Airlaid AB had 3,839 (6,529) unused emission rights at a market value of SEK 0 (0) million. In total, 10,831 metric tones were used in Skåpafors in 2021, whereas the amount for 2020 was 10,820 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, goodwill on acquisition 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 combination. In making the allocation, management considers the estimated business volumes of the units and made a judgment of market growth for each unit. The allocation of goodwill is shown in the table below.

Acquisitions and goodwill

Segments	Year	Acquisition	Country	Goodwill on acquisition[1], SEK m
BioPak	2019	Horizons Supply Pty Ltd	Australia	7
BioPak	2018	BioPak Pty Ltd	Australia	427
BioPak	2018	Kindtoo Limited (Biopac UK Ltd)	UK	10
Duni	2017	United Corporation Ltd (Sharp Serviettes)	New Zealand	37
Duni	2016	Terinex Siam Co Ltd	Thailand	104
Duni	2014	Paper+Design Group	Germany	197
BioPak	2013	Song Seng Associates Pte Ltd	Singapore	50 [2] [3]

[1] Acquired goodwill translated to SEK at the acquisition date

[2] Acquisition of assets and liabilities

[3] For 2021, the goodwill is fully impaired due to ongoing restructuring

Allocation of goodwill to the Group's cash-generating units

The Group's operations are divided into two business areas, Duni and BioPak. Each business area has full responsibility for its respective value chain. These business areas make up the operating segments. Each business area is responsible for its respective branding strategy, marketing communications, product development and innovation. The Duni business area has a vertically integrated business model for small paper-based products such as napkins and table covers. The BioPak business area does not have any in-house manufacturing or production. Group-wide functions such as accounting, HR, communications, sustainability, and IT are largely shared by the business areas, and the expenses for these are allocated by the percentage of sales of each business area. The business areas are the two cash-generating units. Goodwill has been allocated to these based on the product portfolio of the respective acquisitions and thus the business area to which they belong.

SEK m, segment	2021	2020
Duni	1,538	1,534
BioPak	455	435
Duni Song Seng	0	26
Sharp Serviettes	17	16
Total	**2,010**	**2,011**

Impairment testing for goodwill

Impairment testing for goodwill is performed annually at the end of the fiscal year and when there are indications of impairment. For the 2020 and 2021 fiscal years, both of which have been heavily impacted by COVID-19, the uncertainty has been too great and it has been judged that impairment tests could not be performed earlier than the year-end. The effects are short-term as operations are expected to return to normal with some delay as social constraints in Europe ease.

The tables below shows the rate of growth (on average) used in the calculation for each business area and fiscal year. Even if the estimated rate of growth which is applied to discounted cash flows after the forecast five-year period had been 1% lower than the management's judgment, there would be no goodwill impairment of the goodwill tested for each segment or individual companies.

In December 2020, it was decided to restructure the Singapore operation. Duni Group has two operating companies in Singapore, of which Duni Song Seng Pty Ltd has a product portfolio consisting mostly of non-sustainable products and packaging. BioPak Sustainable Solutions Pty Ltd will take over the sales, warehousing and distribution of sustainable packaging solutions and subsequently Duni Song Seng Pty Ltd will be discontinued. Goodwill of SEK 27 million and remaining intangible assets such as customer relationships of SEK 6 million in Duni Song Seng Pty Ltd have been impaired.

Sharp Serviettes is less profitable than forecasted at the time of the acquisition and is not yet fully integrated into Duni Group. The integration is delayed due to the pandemic, but started up with new management and greater involvement in production and sales in 2020. Due to COVID-19 affecting sales and profitability, Duni Group has continued to assess that Sharp Serviettes should continue to test goodwill for impairment on an individual basis. The impairment test has not shown any need for impairment. Had the impairment test been performed at business area level, it would not have generated any impairment charge either. The assessments in the assumptions were based on the companies' current situation, 2021 outcomes, 2022 budgets and the best estimate in light of these circumstances of what the companies can achieve in the future.

The estimated pre-tax discount rate is shown in the table below:

Discount rate before tax used per segment	2021	2020
Duni	9.7 %	9.4 %
BioPak	11.0 %	10.3 %
Duni Song Seng	–	11.7 %
Sharp Serviettes	13.1 %	13.3 %

The tables below shows the rate of growth (on average) used in the calculation for each business area and fiscal year.

Growth rate segment 2021	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond the forecast period
Duni	37%	10%	7%	2%	2%	2%
BioPak	21%	6%	15%	10%	8%	2%
Duni Song Seng	–	–	–	–	–	–
Sharp Serviettes	32%	10%	5%	6%	7%	2%

Growth rate segment 2020	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond the forecast period
Duni	12%	20%	2%	2%	2%	2%
BioPak	10%	20%	20%	10%	5%	2%
Duni Song Seng	18%	4%	5%	5%	1%	1%
Sharp Serviettes	25%	10%	5%	7%	9%	2%

The rate of growth has been adjusted in light of the ongoing COVID-19 pandemic and the estimated recovery effect following the easing of social restrictions. In the long term and beyond the forecast period, the pandemic is not estimated to have any impact.

Note 22 – 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.

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 39

Buildings

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	504	522	119	119
Investments	2	3	–	–
Sales and disposals	0	-3	0	-1
Reclassification	–	–	–	–
Translation differences	7	-18	–	–
Closing accumulated acquisition values	**513**	**504**	**119**	**119**
Depreciation				
Opening accumulated depreciation	-227	-216	-106	-106
Depreciation for the year	-17	-19	-1	-1
Sales and disposals	0	2	0	1
Reclassification	0	0	–	–
Translation differences	-2	6	–	–
Closing accumulated depreciation	**-246**	**-227**	**-107**	**-106**
Impairment losses				
Opening accumulated impairment losses	-8	-8	-8	-8
Closing accumulated impairment losses	**-8**	**-8**	**-8**	**-8**
Closing carrying amount	**258**	**268**	**4**	**5**

Land and land improvements

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	89	97	1	2
Sales and disposals	0	-3	–	0
Translation differences	1	-4	–	–
Closing accumulated acquisition values	**89**	**89**	**1**	**1**
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
Closing accumulated impairment losses	**-9**	**-9**	**-9**	**-9**
Closing carrying amount	**81**	**80**	**5**	**5**
Buildings, land and land improvements	**339**	**349**	**8**	**9**

The Parent Company does not hold any assets under finance lease, neither for 2021 nor 2020. For details of the Group's leased assets for 2021, see note 23.

Machinery and other technical equipment

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	2,071	2,092	57	59
Investments	6	9	1	1
Increase through business acquisitions	–	–	–	–
Sales and disposals	-18	-27	0	-5
Reclassification	51	63	6	2
Translation differences	17	-66	–	–
Closing accumulated acquisition values	**2,128**	**2,071**	**63**	**57**
Depreciation				
Opening accumulated depreciation	-1,520	-1,498	-48	-46
Depreciation for the year	-87	-95	-3	-4
Sales and disposals	17	23	0	2
Reclassification	1	1	–	–
Translation differences	-14	48	–	–
Closing accumulated depreciation	**-1,602**	**-1,520**	**-51**	**-48**
Impairment losses				
Opening accumulated impairment losses	-9	-13	0	-3
Impairment losses for the year	-1	–	–	–
Scrapping of impairment losses	–	3	–	3
Reversal of impairment	1	–	–	–
Translation differences	0	0	–	–
Closing accumulated impairment losses	**-9**	**-9**	**0**	**0**
Closing carrying amount	**516**	**542**	**12**	**9**

Equipment, tools and installations

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	363	386	14	22
Investments	8	12	0	–
Sales and disposals	-9	-15	-5	-7
Reclassification	2	-2	1	0
Translation differences	8	-17	–	–
Closing accumulated acquisition values	**371**	**363**	**10**	**14**
Depreciation				
Opening accumulated depreciation	-292	-298	-13	-19
Depreciation for the year	-23	-25	-1	-1
Sales and disposals	9	14	5	7
Reclassification	0	2	–	–
Translation differences	-6	14	–	–
Closing accumulated depreciation	**-312**	**-292**	**-9**	**-13**
Closing carrying amount	**59**	**71**	**2**	**1**

Construction in progress and advance payments

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Acquisition values				
Opening acquisition values	73	93	4	1
Investments	37	48	6	6
Sales	-2	-1	–	0
Reclassification	-53	-64	-7	-2
Translation differences	0	-3	–	–
Closing accumulated acquisition values	**56**	**73**	**3**	**4**
Impairment losses				
Opening accumulated impairment losses	-20	-20	0	0
Closing accumulated impairment losses	**-20**	**-20**	**0**	**0**
Closing carrying amount	**36**	**53**	**3**	**4**
Total tangible assets	**950**	**1,015**	**25**	**24**

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 39

Note 23 – Leases

Accounting principle

Under IFRS 16, leases are recognized as right-of-use assets and financial liabilities in the balance sheet. The group leases various offices, warehouses, machinery, 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.

The marginal lending rate for new contracts is determined as follows:

Duni Group'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).
- Otherwise, 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 fiscal year.

Balance sheet items
Right-of-use assets

	Group	
SEK m	2021	2020
Property	138	149
Forklifts	8	10
Cars	25	32
Other	3	1
Total	**174**	**192**

Right-of-use assets added during the year amounted to SEK 56.5 million (66.5).

Lease liabilities

	Group	
SEK m	2021	2020
Long-term	159	185
Short-term	20	9
Total leasing liability	**178**	**194**

Maturity analysis of lease liabilities, undiscounted amounts

	Group	
SEK m	2021	2020
Within 1 year	20	9
Between 1 and 2 years	12	28
Between 2 and 3 years	19	23
Between 3 and 4 years	64	16
Between 4 and 5 years	14	89
Later than 5 years	71	44
Total	**200**	**210**

Income statement items
Amortization of right-of-use assets

	Group	
SEK m	2021	2020
Property	38	40
Forklifts	4	3
Cars	18	19
Other	1	1
Total	**62**	**65**
Interest costs (included in financial costs)	5	5
Expenses related to short-term leasing agreements (included in cost of goods sold and administrative costs)	1	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	2
Expenses atttributable to variable leasing payments which are not included in the valuation of leasing liabilities (included in administrative costs)	0	0
Total	**8**	**9**

Other lease disclosures
The total cash flow for the year for leases was SEK -63 million (-69).

The amount of lease obligations, for which the lease term had not yet begun at year-end, is not significant.

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 39

Note 24 – Accounts receivable and other receivables

Accounting principles
Trade receivables are carried at mortised cost, in accordance with IFRS 9. The following requirements must be met for financial assets to be classified at mortised cost:

1. the asset is part of a business model with the goal of collecting contract sure 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.

The Group valuates 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 reserving method is selected based on whether or not there has been a material increase in credit risk. 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.

Accounts receivable are written off and recognized as incurred losses when information has been obtained that the customer will likely be unable to pay an invoice for reasons such as bankruptcy or unsuccessful garnishment attempts.

Significant estimates and judgments
Estimates and assumptions are made for the provisioning of doubtful trade receivables. On the other hand, general assumptions are made about the allowance for doubtful trade receivables based on when the trade receivables are due. On the other hand, individual assessments are made for major customers as to whether the receivables are deemed to be payable. These assumptions are based on knowledge of customers, such as their ability to pay, their payment history and any pending disputes.

	Group		**Parent Company**	
SEK m	2021	2020	2021	2020
Accounts receivable	860	599	114	74
Receivables from Group companies	–	–	38	8
Other receivables	165	152	15	12
Short-term financial receivables, from Group companies	–	–	252	160
Total accounts receivable and other receivables	**1,025**	**751**	**419**	**254**

Other receivables

	Group		**Parent Company**	
SEK m	2021	2020	2021	2020
Receivables from suppliers	39	60	–	–
VAT receivable	121	77	14	11
Factoring	–	1	–	–
Receivables government support	0	2	–	–
Other receivables	5	12	1	1
Total other receivables	**165**	**152**	**15**	**12**

Credit exposure

	Group		**Parent Company**	
SEK m	2021	2020	2021	2020
Accounts receivable neither overdue nor impaired	709	544	101	72
Accounts receivable overdue but not impaired	165	69	13	3
Impaired accounts receivable	28	24	2	1
Provision for bad debts	-42	-38	-2	-1
Total accounts receivable	**860**	**599**	**114**	**74**

The credit risk associated with accounts receivable that are neither overdue nor impaired is not normally considered to be large. The risk has increased due to COVID-19. The Group's customers have been severely affected by restrictions on their business, causing their revenues to fall sharply. Duni Group estimates that the credit risk is therefore temporarily higher during the pandemic and that more customers may go bankrupt or have payment difficulties, which has resulted in a higher than normal reserve for doubtful receivables.

During the pandemic, sales and therefore receivables decreased, but uncertainty and risk have increased. The Group's largest customer segment is the restaurant industry, which has been severely affected by restrictions and closures in society. This increases the risk of doubtful receivables as the uncertainty in non-matured receivables is much higher than before the pandemic. This has been taken into account in the provisioning of doubtful trade receivables which are higher than before the pandemic.

30% (2020: 36%)° of total accounts receivable that are neither due nor impaired have a rating of AA or higher. Of the remaining trade receivables, SEK 124 million are covered by credit insurance, representing 17%. The geographical spread, the history of customers and the likelihood that all customers would experience potential payment difficulties at the same time means that there is no need for a major impairment of the remaining share in this category.

No single customer's total trade receivables exceed 16% (2020: 5.9%) of total trade receivables not past due or impaired. Regarding credit risks and exposures, see note 34.

Aging of accounts receivable overdue but not impaired

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Less than 1 month	148	33	13	–
1-3 months	19	30	–	3
3-6 months	-1	7	–	–
More than 6 months	0	-1	–	–
Total	**165**	**69**	**13**	**3**

On December 31, 2021, provisions for bad debts amounted to SEK 42 million (2020: 38 MSEK). 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	2021	2020	2021	2020
Less than 3 months	2	4	–	–
3-6 months	8	2	1	0
More than 6 months	18	18	1	1
Total	**28**	**24**	**2**	**1**

Specification of reserve for bad debts

	Group		Parent Company	
SEK m	2021	2020	2021	2020
At beginning of year	38	18	1	1
Provisions for bad debts	13	26	1	0
Receivables written off during the year	-5	-3	0	0
Reversed non-utilized amount	-4	-2	–	–
Exchange differences	1	-1	–	–
At year-end	**42**	**38**	**2**	**1**

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	2021	2020	2021	2020
SEK	17	28	33	24
EUR	453	295	21	14
GBP	82	52	–	–
DKK	41	24	41	24
NOK	19	13	19	13
PLN	18	9	–	–
CHF	21	15	–	–
AUD	143	111	–	–
Other currencies[1]	66	54	–	–
Total	**860**	**599**	**114**	**74**

[1] Other currencies include CZK, NZD, RUB, SGD, THB and USD.

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 39

Note 25 – Prepaid expenses and accrued income

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Prepaid rent	3	3	1	2
Prepaid insurance	3	2	0	1
Prepaid pensions	5	5	4	4
Prepaid catalog expenses	2	2	1	1
Prepaid licenses and subscriptions	7	6	6	6
Deposits	1	1	1	1
Prepaid exposition expenses	–	2	–	–
Government support	9	4	–	–
Other items	8	5	0	0
Total prepaid expenses and accrued income	**38**	**28**	**13**	**14**

Note 26 – Accrued expenses and prepaid income

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Accrued personnel expenses	116	104	28	28
Accrued interest expenses	1	7	1	7
Accrued expenses, invoices	130	85	23	21
Accrued liabilities to customers*	205	179	31	23
Other items	34	31	5	5
Total accrued expenses and deferred income	**486**	**406**	**88**	**84**

* Accrued liabilities to customers mainly involves customer bonuses.

Note 27 – 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	2021	2020	2021	2020
Cash and cash equivalents	396	364	285	272
Total cash and cash equivalents	**396**	**364**	**285**	**272**

Note 28 – Other long-term financial claims

Accounting principles
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	2021	2020	2021	2020
Loan receivables	10	10	7	7
Financial receivables from Group companies	–	–	1,823	1,733
Total other long-term financial receivables	**10**	**10**	**1,830**	**1,740**

Note 29 – Derivate instruments

Accounting principles
The Group has applied 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 Group'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 Group 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 no significant ineffectiveness attributable to interest rate swaps in 2021 and 2020.

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

	2021		**2020**	
SEK m	Asset	Liability	Asset	Liability
Interest rate swaps – cash flow hedge	4	0	–	1
Currency forward contracts	2	–	3	0
Liability for put option of minority owners	–	377	–	329
Total reported in the balance sheet	**6**	**377**	**3**	**330**
Financial instruments covered by set-off master agreement	0	–	0	–
Total after taking into consideration set-off master agreement	**6**	**–**	**3**	**–**

Duni Group uses interest rate swaps and currency forward contracts as hedging instruments to manage its exposure to changes in exchange rates. Subsidiary's figures are in line with 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. The Group has chosen to hedge part of its outstanding loans through interest rate swaps, variable against fixed interest rates. Interest rate swap accounting is classified as a cash flow hedge and treated as hedge accounting under IFRS 9. The outstanding notional amount as of 31 Dec 2021 is EUR 60 million. Gains and losses on interest rate swaps at December 31, 2021, 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 million to hedge the net investment in Biopak Pty Ltd. This currency swap was accounted for under the Net Investment Hedge.

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 39

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	2021	2020
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 2 million (2020: 3).

Liability for put option of minority owners

In December 2021, the call option for 5% of the shares in BioPak Pty Ltd was exercised. The acquisition was completed in January 2022 and the purchase price was SEK 24.7 million. Duni Group subsequently owns 80% of the shares in BioPak Pty Ltd. The remaining 20% continues to be owned by one of the original founders, which holding since the original acquisition is subject to a call and put option with exercise periods between October 2023-October 2024. The option is a derivative instrument and is recognized as a long-term liability to the minority owner, valued at SEK 377 million as of December 31, 2021. The final exercise price is determined by future performance and growth within the BioPak Group.

Note 30 – 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	2021	2020	2021	2020
Long-term				
Bank loans	–	1,031	–	1,002
Total long-term borrowing	**0**	**1,031**	**0**	**1,002**
Short-term				
Bank loans	1,435	261	1,431	261
Total short-term borrowing	**1,435**	**261**	**1,431**	**261**
Total borrowing	**1,435**	**1,292**	**1,431**	**1,263**

With respect to borrowing, the Group'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	2021	2020
6 months or less	205	231
6-12 months	1,230	30
More than one year	0	1,031
Total	**1,435**	**1,292**

Current financing, fair value

	Nominal value	
SEK m	2021	2020
Bank loans	1,435	1,292
Leases	178	194
Total	**1,613**	**1,486**

The Group'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. The financing was signed on December 18, 2017. It consists of two revolving credit facilities with a nominal amount of EUR 200 million and a EUR 20 million Put/Call. All facilities expire in 2022 and negotiations for new financing are ongoing and expected to be finalized in the coming months. The financial debt is therefore presented as current at 12/31/2021. The interest rate of all financing is variable and set at EURIBOR plus a margin, until the next rolling. The average interest rate on bank loans was 0.98% (2020: 2%) per year. The change in the average interest rate between 2020 and 2021 is because of the temporary conditions that were renegotiated in 2020 to be adapted to the current market situation. For more information, also see Note 35. Accrued interest is recognized as accrued expenses. The tables below show nominal values excluding accrued interest on borrowings.

On behalf of the Group, the Parent Company has taken out an overdraft facility with a nominal amount of EUR 10 million. As of 12/31/2021, the amount drawn was EUR 0 million.

Interest-bearing net debt, components

	Group	
SEK m	2021	2020
Other long-term receivables	10	10
Cash and cash equivalents	396	364
Long-term bank loans	–	-1,031
Lease liability	-178	-194
Short-term bank loans	-1,435	-261
Allocation to pensions	-169	-212
Interest-bearing net debt	**-1,375**	**-1,324**

Breakdown of interest-bearing net debt

	Group	
SEK m	2021	2020
Cash and cash equivalents and other long-term receivables	406	374
Allocation to pensions	-169	-212
Lease liability	-178	-194
Gross debt – variable interest	-1,435	-1,292
Interest-bearing net debt	**-1,375**	**-1,324**

Net interest-bearing debt also includes provisions for pensions. In the table below, Duni Group 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. The net interest-bearing debt, excluding provisions for pensions, amounts to SEK 1,376 million.

Net debt excluding allocation to pensions

SEK m	Cash and cash equivalents	Other long-term receivables	Overdraft facilities	Other financial liabilities	Leases maturing within 1 year	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, 2019	**311**	**10**	**0**	**0**	**-13**	**-183**	**-209**	**-1,187**	**-1,271**
Net cash flow	67	0	–	7	–	-69	-49	0	**-44**
New lease ageements	–	–	–	–	–	64	–	–	**64**
Exchange differences	-14	0	–	-7	–	0	-3	156	**132**
Other non-cash items	–	–	–	–	4	3	–	–	**7**
Interest-bearing net debt at December 31, 2020	**364**	**10**	**0**	**0**	**-9**	**-185**	**-261**	**-1,031**	**-1,112**
Net cash flow	26	0	–	-25	–	-63	-899	1,051	**90**
New lease ageements	–	–	–	–	–	47	–	–	**47**
Exchange differences	6	0	–	25	–	–	-275	-20	**-264**
Other non-cash items	–	–	–	–	-11	42	–	–	**31**
Interest-bearing net debt at December 31, 2021	**396**	**10**	**0**	**0**	**-20**	**-159**	**-1,435**	**0**	**-1,208**

Note 31 – Classification of financial instruments

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 39

Accounting principles

Duni Group 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

The Group'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 Group 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 contract sure 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 carried at amortized cost; Financial fixed assets, Other receivables, Accrued income, Trade receivables 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

Apart from derivative instruments, there are no financial assets measured at fair value through profit or loss.

Assets measured at fair value through other comprehensive income

There are no 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

Apart from derivative instruments, there are no financial assets measured at fair value through profit or loss.

Financial liabilities measured at fair value through other comprehensive income

Apart from derivative instruments, there are no financial assets measured at fair value through profit or loss.

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. For other financial assets and liabilities, the fair value is deemed to be in line with the carrying amount, due to the short expected maturity.

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 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.

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Assets				
Non-financial assets				
Tangible and intangible assets	3,304	3,434	78	81
Right-of-use assets	174	192	–	–
Deferred tax assets	145	122	17	16
Other financial fixed assets	–	–	1,464	1,439
Inventory	1,253	861	128	84
Prepaid expenses and accrued income	38	28	13	14
Total non-financial assets	**4,914**	**4,637**	**1,700**	**1,634**
Assets valued at amortized cost				
Shares in associated companies	25	–	27	–
Other long-term receivables	10	10	7	7
Accounts receivable	860	599	114	74
Tax assets	20	16	9	0
Other receivables	165	152	15	12
Receivables from Group companies	–	–	2,113	1,902
Cash and cash equivalents	396	364	285	272
Total assets valued at amortized cost	**1,476**	**1,141**	**2,570**	**2,267**
Assets measured at fair value through profit or loss				
Derivative instruments	6	3	6	3
Total assets measured at fair value through profit or loss	**6**	**3**	**6**	**3**
Total assets	**6,396**	**5,780**	**4,275**	**3,905**

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Liabilities				
Non-financial liabilities				
Deferred tax liability	127	119	16	13
Allocation to pensions	169	212	82	86
Allocation to restructuring reserve	19	26	5	16
Total non-financial liabilities	**315**	**357**	**103**	**115**
Liabilities at amortized cost				
Bank loans	1,435	1,292	1,431	1,263
Leasing liability	178	194	–	–
Accounts payable	723	422	82	56
Tax liabilities	23	41	0	21
Other liabilities	144	109	28	22
Liabilities to Group companies	–	–	530	394
Accrued expenses and deferred income	486	406	88	84
Total liabilities at amortized cost	**2,989**	**2,464**	**2,159**	**1,840**
Derivative instruments used for hedging purposes				
Derivative instruments	0	1	0	0
Total derivative instruments used for hedging purposes	**0**	**1**	**0**	**0**
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	377	329	0	0
Total liabilities measured at fair value through equity	**377**	**329**	**0**	**0**
Total liabilities	**3,681**	**3,150**	**2,262**	**1,955**

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 39

Note 32 – Share capital, earnings per share and allocation of earnings

As of December 31, 2021, the share capital consisted of 46,999,032 (2020: 46,999,032) shares Each share carries an entitlement to one vote. All shares registered on the balance sheet date are fully paid-up. The quotient value of the shares is 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.

Duni AB has no dilution of shares for the financial years 2021 and 2020 as there have been no outstanding convertible debentures or stock options.

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	2021	2020
Income attributable to the equity holders of the Parent Company (SEK m)	76	2
Weighted average number of outstanding common shares (thousands)	46,999	46,999
Earnings per share, before and after dilution (SEK per share)	**1.62**	**0.05**

Allocation of earnings Parent Company (SEK)

Retained earnings	1 861 181 750
Net income for the year	68,184,537
SEK	**1,929,366,287**

Due to the uncertainty in the market following the COVID-19 pandemic, the Board of Directors proposes that the funds available to the Annual General Meeting be transferred to a new account.

Note 33 – 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 note26.

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Depreciation/amortization	270	289	21	22
Impairment, shares in subsidiaries	–	–	0	–
Impairment, inventories	–	–	-15	19
Restructuring	-8	15	-12	16
Allocation to pensions	-46	-59	4	3
Write-down goodwill	27	–	–	–
Write-down customer relations	6	–	–	–
Change in value, derivatives	-4	-1	1	0
Other	9	5	-33	-15
Total	**254**	**249**	**-34**	**45**

Note 34 – Financial risks

Financial risk factors

The Group'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. The 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 Group as an element in its risk management do not qualify for hedge accounting pursuant to the rules in IFRS 9, apart from two exceptions. 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.

Market risk

Currency risk

Duni Group operates internationally and is exposed to currency risks which arise from various currencies exposures. Currency exposure can be described as translation exposure and transaction exposure. The Group 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. The Group's external outflows are mainly in SEK, USD and PLN while external inflows are mainly in AUD, DKK, NOK, CHF and GBP. The Group does not have a policy of hedging foreign currency flows other than as described above. There is also no policy to hedge interest payments, either internal or external.

Through the subsidiary Rexcell Tissue & Airlaid AB there is indirect currency risk in USD. 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.

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 2020, net sales for the year would have been SEK 87 million higher and the underlying EBIT would have been SEK 8 million higher.

Translation exposure – Balance sheet

The Group 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 70% by internal net lending with the same currency breakdown. The remaining 30% of internal net lending is hedged on the currency futures market in accordance with the Group'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 Group 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 5 million (2020:+/- 6 SEK million). The corresponding figure for the parent company is approximately +/- SEK 0.4 million (2020: +/- SEK 0.1 million).

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 purpose of the hedge is purely financial and not done 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. An electricity price change of +/- 5% of the energy consumed by all production and conversion units in Europe will affect the result by approximately SEK 5 million (2020: SEK 3 million).

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 39

In 2021, the subsidiary Rexcell Tissue & Airlaid AB purchased approximately 68,000 MWh of electricity at a cost of approximately SEK 55 million, 3,700 tonnes of LPG for approximately SEK 25 million and purchased wood chips for fuel for biopan for approximately SEK 10 million (2020: 71,000 MWh of electricity for SEK 25 million, 3,600 tonnes of LPG for SEK 15 million and SEK 10 million for wood chips). Rexcell Tissue & Airlaid AB has been allocated emission rights for the period 2013 to 2020, divided between Dals Långed and Skåpafors. In 2021, Rexcell Tissue & Airlaid AB had 3,839 (6,529) unused emission rights with a market value of SEK 0 (0) million. In total, 10,831 metric tonnes were used in Skåpafors in 2021. For more information about emission rights, please see the Directors' Report.

Pulp price risk

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 carried out by the subsidiary, Rexcell Tissue & Airlaid AB. Duni Group currently has not signed any such contracts. A pulp price change in 2021 of +/- 5% per tonne will impact earnings by SEK 18 million (2020: SEK 15 million).

Interest rate risks with respect to cash flows and fair value

Duni Group is exposed to cash flow interest rate risk mainly in EURIBOR, as all external borrowings are at floating rates (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 an interest rate swap, maturing between December 2022 and December 2025. The interest rate swaps are for economic hedging purposes only and not for 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.

The Group has no significant interest-bearing assets. Revenues 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 100% in EUR.

Had interest rates on the Group's borrowing at 12/31/2021 been 100 points higher/lower, with all other variables being constant and taking into account interest rate swaps, net financial items for 2021 would have been SEK 1 million lower/higher (2020: SEK 1 million). Other components of equity would have been SEK 16 million (2020: SEK 18 million) lower/higher, mainly as an effect of a decrease/increase in the fair value of interest rate derivatives used as hedging instruments.

Risk associated with liability for minority put option

In December 2021, the call option for 5% of the shares in BioPak Pty Ltd was exercised. The acquisition was completed in January 2022 and the purchase price was SEK 24.7 million. Duni Group subsequently owns 80% of the shares in BioPak Pty Ltd. The remaining 20% continues to be owned by one of the original founders, which holding since the original acquisition is subject to a call and put option with exercise periods between October 2023-October 2024. The option is a derivative instrument and is recognized as a long-term liability to the minority owner, valued at SEK 377 million as of December 31, 2021. The final exercise price is determined by future performance and growth within the BioPak Group. If the assumed growth and profitability rate increase or decrease by 10%, the value of the put option would change by approximately +/- SEK 10 million. The final exercise price will be determined by the future performance and growth of the BioPak Group. The Board is evaluating various strategic options to optimize the long-term value of BioPak, including local equity capital market financing and/or transactions, in the context of ensuring that BioPak remains a consolidated subsidiary of Duni Group.

Credit risk

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 million.

The maximum credit risk consists of the book value of the exposed assets, including derivatives with positive market values.

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. For more information about accounts receivable, please see note 23

In both 2020 and 2021, there has been an additional focus on the development of trade receivables and bad debts. So far, bad debt losses have not deviated significantly from the norm, but uncertainty remains high as most restaurants have been hard hit by the restrictions, increasing the risk of potential bankruptcies in the longer term.

Receivables overdue by more than 180 days accounted for 1.8% of total accounts receivable (2020: 1.9 %). For the Parent Company, the corresponding figure is 0.1 % (2020: 0.6 %).

Note 35 – 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 by the Treasury ensuring that sufficient cash and cash equivalents are available through financing, agreed credit facilities (these are described in greater detail in note 30) 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. Duni Group has liquidity of SEK 396 million as of December 31, 2021 (2020: 364) and an undrawn credit facility of SEK 972 million (2020: 1,150). Payments for coming periods relating to financial liabilities are shown in the tables below.

The Group'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. The financing was signed on December 18, 2017. It consists of two revolving credit facilities with a nominal amount of EUR 200 million and a EUR 20 million Put/Call. All facilities expire in 2022 and negotiations for new financing are ongoing and expected to be finalized in the coming months. The financial debt is therefore presented as current at 12/31/2021. The interest rate of all financing is variable and set at EURIBOR plus a margin, until the next rolling. The average interest rate on bank loans was 0.98% (2020: 2%) per year. The change in the average interest rate between 2020 and 2021 is because of the temporary conditions that were renegotiated in 2020 to be adapted to the current market situation. Accrued interest is recognized as accrued expenses. The tables below show nominal values excluding accrued interest on borrowings. There are overdraft facilities in place totaling EUR 10 million that had not been used at December 31, 2020.

The 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 for compliance with the credit facilities. A breach of the financial key ratio would result in increased financial expenses in the form of fees, increased margins and canceled credit facilities.

The Group's net interest-bearing debt amounts to SEK 1,375 million compared to SEK 1,324 million at December 31, 2020. The impact of COVID-19 prompted a renegotiation of the financial covenants in the banking agreement and the Group has been in a waiver period from April 2020 to September 2021. The total cost of this amounted to SEK 21 million in 2020 and SEK 9 million in 2021. The waiver period ended at the end of September 2021 and thereafter the terms of the original banking agreement will be honored.

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 2 years	
SEK m	Book value	Interest rate	Amortization	Interest rate	Amortization	Interest rate	Amortization
Bank loans	-1,435	-3	–	-10	-1,435	–	–
Accounts payable and other liabilities	-867	–	-867	–	–	–	–
– Liability for put option of minority owners	-377	–	–	–	–	–	–
Derivative instruments – Liabilities	**-377**	**0**	**0**	**0**	**0**	**0**	**0**
Currency forward contracts[1)]	2	–	–	–	–	–	–
– Interest rate swap	4	–	–	–	–	–	–
Derivative instruments – Assets	**6**	**0**	**0**	**0**	**0**	**0**	**0**
Sum	**-2,673**	**-3**	**-867**	**-10**	**-1,435**	**0**	**0**

1) * Gross flows are shown in the table below.

The market value of the derivative instruments breaks down by type of derivative as follows:

SEK m	2021	2020
Currency forward contracts	2	3
Interest rate swap	4	-1
Liability for put option of minority owners*	-377	-329
Sum	**-372**	**-327**

* For liability for put option of minority owners, see Note 29

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 39

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 39

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	2021	2020
Currency forward contracts		
– Inflow according to contracts for financial assets and liabilities	710	755
– Outlow according to contracts for financial assets and liabilites	-710	-755

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

	2021	2020
Recognized amount (AUD m)	64	64
Nominal amount of hedging instruments (AUD m)	21	21
Hedge ratio	100 %	100 %
Weighted average of forward prices during the year (including forward points)	6.413	6.245

The hedged item is estimated to, in all material respects, have the same change in fair value as the hedging instrument.

Derivative instruments - Interest rate swaps

	2021	2020
Recognized amount (EUR m)	0	0
Average maturity (years)	3	3
Nominal amount of hedging instruments (EUR m)	60	60
Hedge ratio	100 %	100 %
Weighted average of the variable interest rate during the year	0.41 %	-0.41 %

Hedge reserve

SEKm	Interest rate swaps	Currency forwards
Balance at 12/31/2019	**24**	**-1,417**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	-1,249	6,569
Less deferred tax	248	-1,314
Balance at 12/31/2020	**-977**	**3,818**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	4,811	-5,015
Less deferred tax	483	-1,300
Balance at 12/31/2021	**4,317**	**-2,497**

The hedge expense is included in the table above and its amount is negligible.

Capital structure
The Group intends to secure the capital structure of its business going forward. Capital is assessed on the basis of the debt/equity ratio, which is calculated as net interest-bearing 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	2021	2020
Total borrowings	1,435	1,292
Leasing liability	178	194
Allocation to pensions	169	212
Other long-term receivables	-10	-10
Less: cash and cash equivalents	-396	-364
Interest-bearing net debt1)	1,375	1,324
Total equity	**2,714**	**2,628**
Total capital	**4,090**	**3,952**
Net debt/equity ratio	34%	34%

1) Calculation of interest-bearing net debt is exclusive of derivative instruments.

Note 36 – Contingent liabilities and pledged assets

Contingent liabilities

	Group		Parent Company	
SEK m	2021	2020	2021	2020
Guarantees	48	53	45	40
FPG/PRI	2	2	2	2
Total contingent liabilities	**50**	**55**	**47**	**42**

Of the guarantees in the Parent Company, SEK 44 million (2020: SEK 37 million) are pledged the benefit of group companies.

No significant liabilities are expected to arise as a consequence of any of the above types of contingent liabilities.

Duni Group has an environmental policy and has implemented control systems which assist the Group in ensuring compliance with environmental legislation. Duni Group considers the existing operations and production plants to fulfill in all essential respects the requirements stipulated in environmental legislation and provisions which extend to the Group. However, it cannot be guaranteed that currently unknown obligations, for example cleanup or restoration of property owned or previously owned by Duni Group, 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.

There are no contingent assets for 2021 and 2020.

Pledged assets
BioPak Pty Ltd has pledged assets in the amount of SEK 4 million. The Parent Company had no pledged assets in 2021.

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 39

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 39

Note 37 – Obligations

Accounting principles

Operating leases

Operating leases are defined as all leases that are not finance leases, which means that the lessor in all essential respects holds the financial risks and rewards associated with ownership. 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	2021	2020
Payable within one year	3	1
Payable later than one but within five years	2	17
Payable later than five years	25	–
Total	**30**	**18**
Of which leases signed during the year	26	16

The total expenses for operating leases during the year amounted to SEK 6 million (2020: 7) in the parent company. The Parent Company does not hold any finance leases.

Note 38 – Related-party transactions

Other than the information disclosed in note 16 on Remuneration of senior executives and in note 4 on Purchases and sales between group companies, no material related party transactions have taken place during the fiscal year 2021 or 2020.

Note 39 – Events after the balance sheet date

The Russian invasion of Ukraine has worsened the geopolitical situation. Uncertainty is high and it is currently difficult to assess the consequences and long-term effects for the Group, but at this stage the direct impact is limited. Duni Group closely monitors developments and complies with all imposed sanctions. As a result of the difficult situation, the Group has stopped all deliveries to the sales company in Russia and is reviewing the possibility of shutting down operations there. Today, sales represent less than one percent of the group's turnover and the Moscow operation employs 17 people. The Group has no operations or employees in Ukraine. No inputs and no imports come from these two countries. In the first quarter of 2022, a decision has been made to cease operations in Russia. A restructuring charge of approximately SEK 9 million is recognized, mainly relating to inventory write-downs and trade receivables.

The Board of Directors and CEO's assurance and signatures

The Board of Directors and CEO's assurance
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.

Date as indicated by electronic signing

Thomas Gustafsson
Chairman of the Board

Sven Knutsson
Director

Pauline Lindwall
Director

Morten Falkenberg
Director

Pia Marions
Director

Maria Fredholm
Representative, PTK

David Green
Employee representative, LO

Robert Dackeskog
President and CEO

Our audit report has been stated as indicated by
electronic signing
PricewaterhouseCoopers AB

Carl Fogelberg
Authorized Public Accountant

Auditor's report

To the annual general meeting of the shareholders of Duni AB (publ), company registration number 556536-7488

Report on the annual report and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated accounts of Duni AB (publ) for the year 2021 except for the corporate governance statement on pages 63-71. The annual accounts and consolidated accounts of the company are included on pages 58-131 in this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company as of December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements 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 December 31, 2021 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 opinion does not include the Corporate Governance Report found on pages 63-71. 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 annual report and consolidated financial statements are in line with the contents of the supplementary report submitted to the Parent Company's Audit Committee in compliance with Section 11 of the Audit Regulation (537/2014).

Basis for opinions

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing practices 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 generally accepted auditing practices in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and conviction, no prohibited non-audit services as defined in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where relevant, to its parent company or controlled undertakings in 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 the CEO and board made subjective judgments; 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 the CEO and board overriding 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 financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the 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 are those matters that, in our professional judgment, were of most significance in our audit of the annual report and consolidated financial statements of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual report and consolidated financial statements 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
Measurement of intangible assets	
Refer to notes 2 and 21 of the annual report. The value of intangible assets at December 31, 2021 amounted to SEK 2,354 million. In accordance with IFRS, management is required to perform an annual impairment test on goodwill with indefinite useful life. SEK 1,550 million of the goodwill is attributable to the Duni business area and SEK 455 million is attributable to the BioPak business area 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 carrying amount of intangible assets and goodwill. We consider the goodwill and other intangible assets attributable to the BioPak business area to be a key audit matter because this goodwill and other intangible assets are newly acquired. The history of judgments and assumptions for these business areas is significantly shorter than the Duni business area. No impairment in any of the business areas has been identified by management in the impairment tests conducted annually.	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 outcomes against adopted budgets. We have compared terminal value growth with independent forecasts of economic growth and noted that the assumptions used are within a reasonable range. 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 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 report related to impairment testing.

Key audit matter	How our audit considered the key audit matter
Discounts, customer bonuses and returns Refer to notes 2 and 26 of the annual report. The Group sells goods on terms entitling customers with the right to discounts, volume-based bonuses or the right to return purchased goods under certain circumstances. These contractual conditions result in reduced turnover while a commitment is recognized in the form of a reserve for the bonuses not yet paid or where the Group considers that returns cannot be excluded. The reserves are recognized as an accrued cost and amounted to SEK 205 million. As accounting for these reserves involves more or less complex calculations and involves management judgment, provisions for these liabilities have been a focus of our audit.	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, discounts and return levels. We have also assessed management's assumptions comparing the accuracy of historical judgments concerning the provision with historical outcomes in order to obtain an understanding of the precision of this year's assessment. If applicable, we have verified the year's provision against subsequent payments made or returns. We have checked and verified the mathematical calculation model applied.

Information other than the annual report and consolidated financial statements

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-57 and 135-139. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual report and consolidated financial statements does not cover this other information and we do not express any form of assurance opinion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially consistent 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 and CEO

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of the annual accounts and consolidated accounts in accordance with the Annual Accounts Act and, in the case of the consolidated accounts, in accordance with IFRS as adopted by the EU and the Swedish Annual Accounts Act. The Board of Directors and the CEO 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 report and consolidated financial statements, the Board of Directors and the CEO 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. However, the going concern assumption is not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or have 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 report and consolidated financial statements 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 practices 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 report is found on Revisorsnämnden's (The Supervisory Board of Public Accountant's) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditor's Report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual report and consolidated financial statements, we have also audited the management of the Board of Directors and the CEO of Duni AB (publ) for the year 2021 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 directors' report and that the members of the Board of Directors and the CEO be discharged from liability for the fiscal year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing practices in Sweden. Our responsibilities under those practices are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with generally accepted auditing practices 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 and CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. When a dividend is proposed, 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 financial position in general.

The Board of Directors is responsible for the Company's organization and the management 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 satisfactory manner. The CEO 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 satisfactory manner.

Auditor's Responsibility

Our objective concerning the audit of management, 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 CEO 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 on 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 annual report is found on Revisorsnämnden's (The Supervisory Board of Public Accountant's) website: www.revisorsinspektionen.se/revisornsansvar. This description is a part of the Auditor's Report.

Auditor's review of the ESEF report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also verified that the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format that permits uniform electronic reporting (the ESEF report) in accordance with Chapter 16 of the Swedish Companies Code. 4 a of the Securities Market Act (2007:528) for Duni AB (publ) for the year 2021.

Our review and opinion relates only to the statutory requirement.

In our view, the ESEF report has #[checksumma] prepared in a format that essentially allows uniform electronic reporting.

Basis for opinions

We conducted our review in accordance with FAR recommendation RevR 18 Auditor's Review of the ESEF Report. Our responsibilities under this Recommendation are described in more detail in the section Responsibilities of the Auditor. We are independent in relation to Duni AB (publ) in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional responsibilities in accordance with those standards.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

It is the responsibility of the Board of Directors and the Managing Director to ensure that the ESEF report has been prepared in accordance with Chapter 16. 4 a of the Securities Market Act (SFS 2007:528), and that there are such internal controls as the Board of Directors and the Managing Director determine necessary to enable the preparation of the ESEF report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion, with reasonable assurance, as to whether the ESEF report has been prepared, in all material respects, in a form that complies with the requirements of Chapter 16. 4 a of the Securities Market Act (SFS 2007:528), based on our review.

RevR 18 ° requires that we plan and perform our audit procedures to obtain reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with ° RevR 18 ° and good auditing practice in Sweden will always detect a material misstatement if one exists. Errors may arise from irregularities or mistakes and are considered material if, individually or in combination, they can reasonably be expected to affect the financial decisions made by users on the basis of the ESEF report.

The audit firm applies ISQC 1 ° *Quality Control for Audit Firms Performing Audits and Reviews of Financial Statements and Other Assurance and Related Services* ° and thus has a comprehensive quality control system which includes documented policies and procedures regarding compliance with professional ethics requirements, professional standards and applicable legal and regulatory requirements.

The audit includes obtaining evidence, through a variety of procedures, that the ESEF report has been prepared in a format that permits consistent electronic reporting of the annual accounts and consolidated accounts. The auditor selects the actions to be taken, including by assessing the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's and the Executive Director's preparation of the evidence in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness and reasonableness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer.

The audit procedures mainly include a technical validation of the ESEF report, i.e. whether the file containing the ESEF report complies with the technical specification set out in Commission Delegated Regulation (EU) 2019/815 and a reconciliation that the ESEF report is consistent with the audited annual and consolidated accounts.

Furthermore, the audit also includes assessing whether the ESEF report has been tagged with iXBRL, which enables a fair and complete machine-readable version of the Group's income statement, balance sheet, statement of changes in equity and cash flow statement.

The auditor's review of the corporate governance report

The Board of Directors is responsible for the corporate governance report on pages 63–71 being prepared in accordance with the Annual Accounts Act.

Our review of the corporate governance report was conducted in accordance with FAR's auditing standard RevR 16 Auditor's report on the corporate governance statement. This means that our review of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that the review has provided us with a sufficient basis for our opinions.

A corporate governance report 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, paragraph two of 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 Sustainability Report on pages 40-56 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our review of the sustainability report was conducted in accordance with FAR's auditing standard RevR 12 Auditor's opinion on the statutory sustainability report. This means that our review of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that the review has provided us with a sufficient basis for our opinion.

A sustainability report has been prepared.

PricewaterhouseCoopers AB, Box 4009, 203 11 Malmö, Sweden, was appointed auditor of Duni AB (publ) by the Annual General Meeting on May 4, 2021. PricewaterhouseCoopers AB has been the company's auditor since the company was listed on Nasdaq Stockholm, November 1, 2007.

Malmö, April 13, 2022

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 distribute the fibers in the material instead of water as in traditional tissue production. Airlaid is used for table covers, place-mats and napkins.

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

BioPak business area
As of January 1, 2020, the former business areas were discontinued and replaced by a functional organization with clear sales and marketing responsibilities. The new organization consists of two business areas; Duni and BioPak.

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.

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

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

Currency adjusted/currency impact translation effects
Figures adjusted for the effects of exchange rate differences related to consolidation. 2021 figures calculated at 2020 exchange rates. Effects of translation of balance sheet items are not included.

Customization
Tailoring solutions for specific customers so they reinforce the customer's own concept and brand.

Cybersecurity
Digital security, which protects digital information, networks, devices, applications and data from attack or unauthorized access through various methods.

Duni business area
As of January 1, 2020, the former business areas were discontinued and replaced by a functional organization with clear sales and marketing responsibilities. The new organization consists of two business areas; Duni and BioPak.

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.

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.

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

European Green Deal (EU Green Deal)
A package of policy initiatives to pave the way for a °green° transition in the EU, with the ultimate goal of climate neutrality by 2050.

Evolin®
Evolin is a new, revolutionary table covering material that combines the look and feel of textile and linen table covers with the advantages of the disposable product. It is a hybrid material based on cellulose fiber and produced with a patented process.

Exploration hub
An internal hub to identify, test and validate different solutions that are outside the core business, but still targeting the HoReCa+ segment.

FSC®
Abbreviation for Forest Stewardship Council, an independent membership organization that certifies forest management regarding social responsibility, environmental sustainability and economic viability.

GHG Protocol
The leading standard for business to measure, manage and report greenhouse gas emissions.

HoReCa
Acronym for Hotel, Restaurant and Catering.

ISO 14001
ISO 14001 ° is the only international standard for environmental management systems and has also been chosen as the 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.

LCA (Life Cycle Assessment)
A method for calculating the environmental impact of a product's entire life cycle – from the extraction of natural resources until the product is no longer used and must be disposed of.

Materiality analysis
An analysis with internal and external key stakeholders to ensure that sustainability work is based on relevant areas has formed the basis of our three sustainability initiatives.

OK Compost
The OK Compost® label means that Duni has the world's first and largest range of compostable napkins, both in single colors and in selected designs.

Organic growth
Growth excluding currency and structural effects. Acquired companies are included in organic growth when they have been a part of Duni Group for five quarters.

Our Decade of Action
Duni Group's updated strategy with a long-term vision, a higher purpose and a clear sustainability agenda based on the UN Agenda 2030. With our "Decade of Action" we want to lead the way in sustainability.

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

Sacchetto
Duni Sacchetto® is a paper cutlery pocket with space for a napkin

SDG
The UN Sustainable Development Goals (SDGs) are 17 priority areas where there is consensus on the need for significant improvements by 2030.

SUP
The EU's Single Use Plastics Directive, which aims to implement a series of measures for Member States to address the negative environmental impacts of certain plastic products.

Sustainable Goodfoodmood®
Business Area Duni's brand platform – to create a pleasant atmosphere and positive mood at all times when food and drink are prepared and served – a Goodfoodmood.

UNGC
The UN Global Compact (UNGC) is the world's largest initiative to unite the business community around corporate sustainability, no matter how large or complex a company is or where it is located. Currency-adjusted/currency translation effects

Vertical integration
The vertical integration means that the Group, through the Duni business, owns virtually the entire value chain for tablecloths and napkins (tissue and airlaid).

Key ratio definitions

Some financial measures are not defined in IFRS but are so-called alternative key ratios. The purpose is to provide additional information that facilitates a better and more specific comparison of performance from year to year. See the bridges further down. Duni Group 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 as a percentage of shareholders' equity.

Return on capital employed
Operating EBIT 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 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 logistics costs.

Operating EBITDA
EBITDA less restructuring costs and fair value allocations.

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

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

Operating margin
Operating income as a percentage of net sales.

Organic growth
Sales growth adjusted for currencies and acquisitions. Acquired companies are included in organic growth when they have comparable quarters. For 2018 and previous years, organic growth has been calculated when acquired companies have been a part of the Group for eight quarters.

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 the effects of exchange rate differences related to consolidation. 2021 figures calculated at 2020 exchange rates. Effects of restatement of balance sheet items are not included.

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

Earnings per share adjusted for goodwill impairment
Net income, excluding goodwill impairment, divided by the average number of shares.

Bridge between operating income and EBIT

SEK m	2021	2020
Operating income exkluding the new leases standard	**274**	**144**
Effects of new leases standard as of January 1st, 2019	5	5
Operating income	**279**	**149**
Restructuring costs	-10	-48
Amortization of intangible assets identified in connection with business acquisitions	-96	-64
Gains on recalculated pension terms	–	33
EBIT	**173**	**70**

Bridge between Operating EBITDA, EBITDA and EBIT

SEK m	2021	2020
Operating EBITDA exkluding the new leases standard	**420**	**305**
Effects of new leases standard as of January 1. 2019	67	70
Operating EBITDA	487	374
Restructuring costs	-10	-48
Gains on recalculated pension terms	–	33
EBITDA	476	359
Amortization of intangible assets identified in connection with business acquisitions	-96	-64
Amortization of right-of-use assets	-62	-65
Amortization/depreciation included in EBIT	-146	-160
EBIT	**173**	**70**

Bridge between reported net sales and organic growth

SEK m	2021	2020
Reported net sales	**5,061**	**4,501**
Currency effect[1]	86	65
Currency-adjusted net sales	**5,148**	**4,567**
Deductions for acquisitions	–	-59
Net sales for organic growth	5,148	4,508
Organic growth	**14.4 %**	**-18.7 %**

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

Calendar

Annual General Meeting on May 17, 2022
The Annual General Meeting will be held at Glasklart, Dockplatsen 1, in Malmö on Tuesday 17 May 2022 at 3:00 pm. Registration from 2:15 pm.

The Board of Directors has decided that shareholders shall also be able to exercise their voting rights at the Annual General Meeting by means of postal voting in accordance with the provisions of the Articles of Association.

Registration and notice of participation
Anyone who wishes to attend in the Annual General Meeting must be listed as a shareholder in the share register prepared by Euroclear Sweden AB as of Monday, May 9, 2022, and provide notice of participation for the meeting no later than Wednesday, May 11, 2022.

A special form must be used for postal voting. The form will be available on Duni AB's website, www.dunigroup.se, in connection with the publication of the notice.

Anyone who wishes to attend the venue for the meeting in person or via a representative must provide notice of their intent to do so. This means that a notice of participation by postal voting alone is not sufficient for a person who wishes to attend the venue for the meeting.

For more detailed information about registration and notice of participation, see the notice of the Annual General Meeting.

Shares registered with the nominee
In order to be entitled to participate in the Annual General Meeting, a shareholder who has had his shares registered by a nominee must, in addition to registering for the Annual General Meeting, have the shares registered in his own name so that the shareholder is included in the production of the share register as of Monday 9 May 2022. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's procedures at such time in advance as the nominee may determine. Registrations of voting rights that have been completed by the nominee no later than Wednesday, May 11, 2022 will be taken into account in the production of the share register. Further instructions will be given in the notice of the Annual General Meeting.

Dividend
The Board proposes to the Annual General Meeting that no dividend be paid for the financial year 2021. The dividend for the financial years 2019 and 2020 was also canceled due to COVID-19. The Board considers that Duni Group has a healthy financial position and future competitiveness, but that no dividend should be paid due to the prevailing uncertainty about the market's recovery after the pandemic and because net income for the year was SEK 77 m (4), in order to further strengthen the Group's financial position.

Duni AB's Nomination Committee
The Nomination Committee is composed as follows:
Thomas Gustafsson, Chairman of Duni AB

Johan Andersson, Mellby Gård AB, Chairman of the Nomination Committee

Hans Hedström, Carnegie Funds 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 website.

Timetable for financial information:
Publication dates
April 22, 2022
– January–March 2022 Interim Report,

July 15, 2022
– January–June 2022 Interim Report,

October 27, 2022
– January–September 2022 Interim Report.

Closing accounts and interim reports are published in Swedish and English and can be downloaded from the Group'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.

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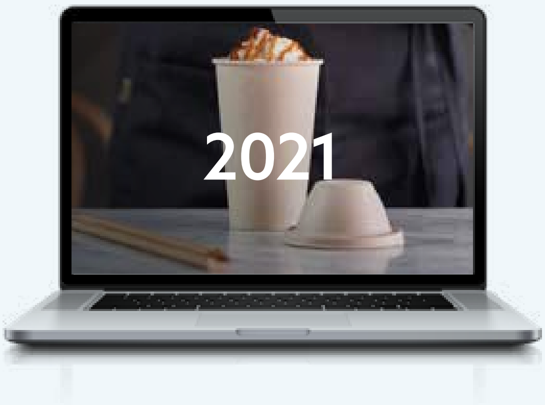

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