DUNI GROUP

The Architects of Dining

Annual and Sustainability Report 2023

The Architects of Dining

Duni Group

Annual and Sustainability Report

Sustainability reporting framework
Duni Group's Annual and Sustainability Report for 2023 has been prepared in accordance with the Global Reporting Initiative (GRI). Duni Group also reports in accordance with the EU Taxonomy Regulation and the Non-Financial Reporting Directive (NFRD).

Forward-looking statements
This report contains "forward-looking" statements that reflect the Company's current expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations prove to have been correct, as they are subject to risks and uncertainties that could produce actual results that differ materially due to various factors. These factors include, but are not limited to, changes in consumer demand, changes in economic, market and competitive conditions, supply and production restrictions, exchange rate fluctuations, developments in product liability, changes in the regulatory environment and other government measures. Forward-looking statements only represent the date on which they were made, and except as required by applicable law, the Company assumes no responsibility to update any of them in the light of new information or future events.

Social interaction is fundamental for people to feel good. Our solutions should make it easier for people to meet and socialize, now and in the future. Without harming the environment.

We live in a complex and often worrying world. The pace of change seems to be turbocharged, and it's sometimes difficult to predict what will happen even next week. And how it will affect us and our customers.

In this turbulent world, we want to help create a much needed breathing space. In uncertain times, social interaction becomes increasingly important for our well-being.

Our vision is to do what we can to enable people to meet over food and drink. To have fun, talk, celebrate and laugh together in occurrences big and small.

Whether it's in a restaurant or a café, or whether it's take-away or home delivery. We aim to be able to offer innovative, sustainable and circular concepts that enhance and embellish these occasions. We have been elevating food experiences for 70 years now, and our goal is to continue to deliver solutions that make people feel good together.

We strive to be our customers' knowledge partner in navigating a volatile world where laws, economic fluctuations, changing consumption patterns and other environmental factors can completely redraw the map. And, as in the case of the pandemic, do so practically overnight.

Our higher purpose is to inspire the world to give more than we take. With our various solutions and concepts, we want to make it possible for all people to enjoy good food, well-being and a pleasant time together. For both present and future generations.

That's what we mean when we say we shall be *The Architects of Dining*.

Renaming our business areas
In the fourth quarter of 2023, Duni Group's two business areas were renamed. The Duni business area is now called Dining Solutions and the BioPak business area is now called Food Packaging Solutions.

Duni Group in brief

Duni Group is a leading supplier of inspiring concepts for all occasions where people meet to enjoy food and drink. Whether at a restaurant, in a café or at home. But it can also be food or drink on the go.

We cover everything from table settings with attractive, creative and sustainable adaptable single-use items, such as table covers and napkins, to various candles and other table top accessories. We also supply premium packaging and packaging systems to environmentally aware customers in the growing take-away sector.

Our goal is to help companies in the restaurant industry create concepts that help elevate their customers' experience. And both parties should be able to have a clear conscience – environmental sustainability and circular alternatives are a matter of course for us. We work consistently to enhance these offerings.

Vision for 2030

By 2030, our operations will be circular at scale. With passion, we are leading our industry towards a world where we give more than we take.

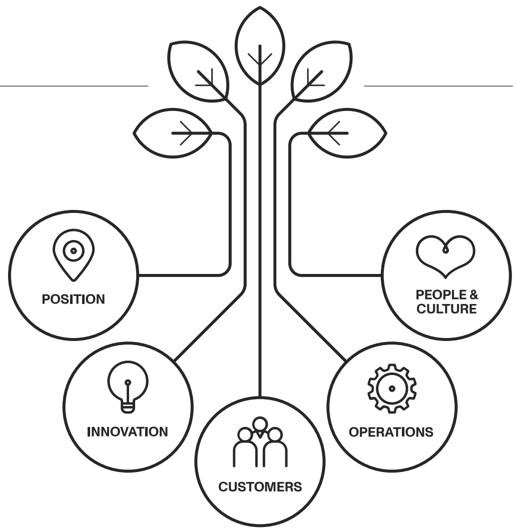
With care for our planet and people's well-being, we create easy-to-use and safe solutions that spread joy, so that everyone can enjoy food, togetherness and design.

Strategy 2030

The updated strategy has five pillars:

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

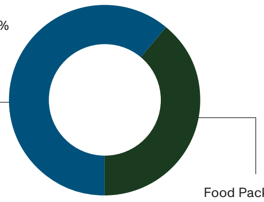
Read more on page 15



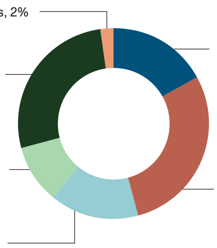
The business is divided into two business areas: Dining Solutions and Food Packaging Solutions. Each business area has full responsibility for its respective value chain. Products are sold through a joint sales force, with the regions supporting the business areas. Dining Solutions and Food Packaging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

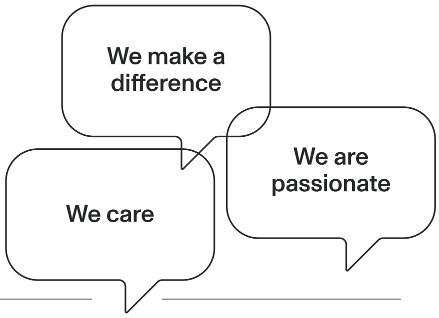
Read more on pages 16-23

Net sales per business area, %



Net sales per geographic region, %





Our three overarching sustainability initiatives guide the way the business is conducted.

Read more on pages 50-52

Becoming circular at scale

Going net zero

Living the change

2,326

The Group has 2,326 employees in 22 countries. The head office is located in Malmö, southern Sweden. Tissue for napkins and table covers is manufactured in Sweden, while converting to finished products takes place in Germany, Poland, Thailand and New Zealand. The Group has sales offices in Australia, Finland, France, United Arab Emirates, Hong Kong, the Netherlands, New Zealand, Poland, Switzerland, Singapore, Spain, UK, Sweden, Thailand, Czechia, Germany, USA and Austria.

The year in brief

Q1

- Since January 1, all premium napkins sold under the Bio Dunisoft® brand contain binders from renewable sources
- Solar panels were installed at the production plant in Thailand during the first quarter
- A shift was initiated in purchasing from Asia to Europe for European deliveries of paper-based packaging solutions

Q2

- Launch of Melli, a paper mug with a water-based barrier coating
- Purchases of the Viking food packaging range moved closer to customers in Europe
- Duni Group's products were used at the Sweden Rock Festival and Lollapalooza music festival

Q3

- Upgrading of the drying unit at the paper mill in Sweden initiated
- Table covers in the Bio Dunicel® range launched, now with reduced CO_2 emissions
- Transport solutions by rail and using hydrogen fuel introduced in Switzerland and Austria
- Launch of reusable mugs, plates and cutlery

Q4

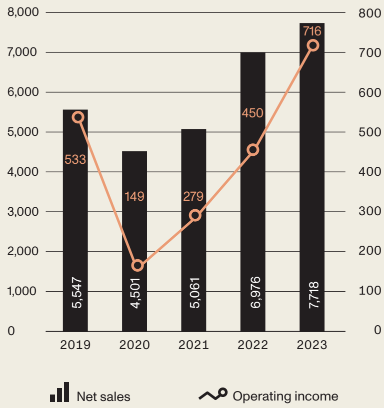
- A distribution solution was launched in Germany using e-trucks
- Coordination of all production in Asia to Duni Thailand
- Opening of a sales office in Hong Kong, China
- Launch initiated of a new, unique product range with no added PFAS and free of fossil plastic

Key financials, SEK m

	2023	2022	2021	2020	2019
Net sales	7,718	6,976	5,061	4,501	5,547
Operating income*	716	450	279	149	533
Operating margin*	9.3%	6.4%	5.5%	3.3%	9.6%
Operating EBITDA*	926	664	487	374	762
EBIT	648	326	173	70	408
Operating margin	8.4%	4.7%	3.4%	1.6%	7.4%
EBITDA	924	603	476	359	759
Net income before tax	593	283	133	7	377
Net income for the year	443	201	77	4	273
Proposed dividend, SEK/Share	5.00	3.00	0.00	0.00	0.00
Equity	3,982	3,742	2,714	2,628	2,664
Return on equity, %	11.1%	5.4%	2.8%	0.1%	10.3%
Return on capital employed, %	16.3%	9.3%	7.1%	3.9%	12.9%
Return on capital employed, excluding goodwill, %	31.5%	16.6%	14.4%	8.2%	25.6%
Number of employees	2,326	2,231	2,214	2,269	2,398

* Operating income, operating margin and operating EBITDA are adjusted for non-recurring items.

Net sales and operating income, SEK m



Now we live our strategy and purpose

In 2021, when we launched an updated strategy for 2030, it was with a very clear focus on sustainability and circularity. To complement the strategy's three sustainability initiatives, we also introduced a new vision, a new purpose and new values. In 2023, all this was communicated and anchored even more within the organization and became an increasingly natural element of the business itself. Now we're not just talking about it, we're living it in our day-to-day operations. And we can see the difference in our results.

Growth and increased profitability

– despite a turbulent external environment

As we moved into 2023, there was great uncertainty in the world around us due to the war in Ukraine, soaring energy prices and high inflation. However, our earnings increased, as people started living outside their homes again after the pandemic.

In Europe, Food Packaging Solutions launched several fiber-based products for take-away, such as reusable products in line with new Swedish legislation.

In 2023, Dining Solutions launched an expanded range of fossil-free, compostable premium Bio Dunisoft® napkins and Bio Dunicel® table covers, both with bio-based binders.

After the years of the pandemic, there was a great need to meet and socialize, which meant growth and increased profitability for Duni Group, despite an uncertain external environment. Through our products, we facilitate a fundamental human need, which makes us resilient to economic downturns and turbulence in the world around us.

Cost-compensating measures and efficiency improvements boosted profits
Managing inflation was a challenge. We adjusted our prices as early as 2022, and in early 2023, we implemented extensive cost-compensating measures that have been incredibly important for the Company. In combination with the savings programs initiated during the pandemic, we succeeded in generating a yield and boosting profits.

Dining Solutions, with solutions for the set table, grew by 16.9% in the full year, and had a 9.3% increase in sales at fixed exchange rates during the year compared with 2022. This is mainly due to increasing volumes in the first half of the year after the pandemic and cost-compensating measures. Food Packaging Solutions focuses on packaging solutions for food and beverages. The business area grew by 2.2% compared to 2022 and the gradual reduction in inventory levels contributed to a positive cash flow, but also reduced costs and thus strengthened margins. Together with implemented efficiency improvements, this had a direct impact on the Group's operating income, which amounted to SEK 716 million (450).

Group sales for the year totaled SEK 7,718 million (6,976) in 2023, which corresponds to a sales increase of 10.6%. Adjusted for exchange rate fluctuations, net sales increased by 5.2%.

Legislation is needed, but complicates matters
Sustainability and circularity are the core of the Group's operations, and we aim to be the obvious leader in our industry. But this area is becoming increasingly complex, and new legislation on plastic, waste and recycling means that we must constantly be prepared to respond to new information and new conditions. For example, new Swedish legislation in 2024 means that larger restaurants and restaurant chains must offer reusable serving items for seated guests. Similar legislation was introduced in Germany, for example, at the beginning of 2023.

Legislation is bringing stricter requirements for transparency regarding key figures for sustainability, which will be just as important as the financial ones.

The EU Corporate Sustainability Reporting Directive (CSRD) will provide guidelines in 2024 before it comes into force. Linked to our strategy, we are already well advanced in our work on reporting.

An increasingly sustainable business
Sustainability is now integrated into our business operations, as demonstrated by our excellent EcoVadis results. EcoVadis measures a company's sustainability maturity level, and we are now among the top three percent in our industry.

The measurement and reporting of greenhouse gas emissions in accordance with the Greenhouse Gas Protocol (GHG) Scope 3 was completed, and our Science Based Targets were approved. A large number of initiatives, both big and small, brought us ever closer to our net zero goal. During the past year, Rexcell initiated an upgrade of the drying unit at our paper mill, and we tested sustainable transport methods in Switzerland, Austria and Germany. We also installed solar panels in Thailand, charging stations in Bramsche, Germany, and a new lighting system in Poznan, Poland.

"We are striving to design the most innovative, sustainable and circular food experience."

Multiple social sustainability initiatives
We are also making progress in the area of social sustainability. Training is essential, and we launched several leadership and sustainability programs in 2023. Another crucial area is to integrate and increase the understanding of diversity and inclusion, and several initiatives were taken here. One is that we are now evaluating our efforts according to an Inclusion Index.

In addition, we submitted our referral response to the Packaging and Packaging Waste Regulation (PPWR) to the European Commission and the Swedish Government. We became members of Sedex, the supply chain assessment platform, and took part in the UNGC's Business & Human Rights Accelerator.

Innovative, sustainable products
We continue to reduce the proportion of fossil plastic in our products. In 2023, Dining Solutions launched an expanded range of premium fossil-free, compostable Bio Dunisoft® napkins and Bio Dunicel® table covers, both with bio-based binders.

BioPak Australia won several awards during the year for its fiber packaging and reported strong growth. In Europe, we also launched several fiber-based products for takeaway, as well as reusable products in line with new Swedish legislation.

Circularity a key issue
Duni Group shall be part of the circular economy and aims to become circular at scale by 2030. But it is not an unambiguous area, and we are making sure that we have both the right competence and take the right actions to achieve our goals.

This requires training, as well as external collaborations to exchange ideas, experiences and knowledge. Back in 2021, we invested in the German company Relevo and the Spanish company Bûmerang, both of which offer digital solutions for reuse. New collaborations were initiated in 2023, for example, with the French company BicyCompost, which composts napkins together with food waste. We also piloted our reuse solution Idun, for example, during Almedalen Week in Visby.

A valuable partner for restaurants
When it comes to sustainability, most restaurants want to do the right thing, but many don't know how. We want to be a long-term partner who contributes with knowledge and solutions and helps them make the right decisions.

Our surveys in 2022 showed that staff shortages are the biggest problem for restaurants. Our newly developed digital meeting place, Unmo, was tested in 2023. The aim is to create a platform that connects restaurants with job seekers, but also facilitates a sharing of knowledge and experiences.

Major potential in Asia
The world's middle class is growing, which opens doors for us outside Europe. In the Asia-Pacific region, new kinds of restaurants are emerging and there are many large hotels. We have high hopes of being able to expand here. We are more ready in Asia than ever before.

Duni Group has been in Thailand for several years through an acquisition, and the capacity of our factory will be doubled by 2025. It is pleasing to see that operations in Thailand have been integrated into the Group, and have already resulted in cross-border collaborations.

Enabling meetings between people
Duni Group has come a long way since we updated our strategy in 2021. We are now striving to design the most innovative, sustainable and circular food experience – now and for generations to come.

The past year has shown that we are doing so much right. I would like to thank all our employees who contributed with their positive commitment and made 2023 a brilliant year. I would also like to take this opportunity to thank our shareholders and our customers.

Malmö, March 2024

Robert Dackeskog
CEO and Group CEO

A resilient company

Despite strongly increasing concerns in the world and a challenging inflationary environment, 2023 was Duni Group’s best year ever.

We often talk about the Group’s resilience to economic fluctuations. We saw this in 2008 and during the pandemic, but also during the past year. Essentially, it is all about our ability to support people’s social needs around food and drink. When the price of our input materials increased both sharply and rapidly in 2023, we also showed that we have the power to improve efficiency and compensate for costs.

At the beginning of the year, guests returned to restaurants and cafés. We could deliver sustainable solutions for the set table and fiber packaging solutions for take-away. At the same time, developments in the restaurant industry are a cause for concern. In Sweden, bankruptcies are increasing, and and many restaurants struggle to find competent staff.

The Board’s work during the year
2023 brought another unstable and unpredictable year, which resulted in more intensive work for the Board of Directors. We also made a change in the Board of Directors at the AGM. Two new members are broadening the competence base even further, regarding both sustainability and the financial aspect. The Board of Directors has also gained one extra member.

A major Board evaluation shows that the Board of Directors is functioning well. We have three members of each gender and a competence profile that covers the entire Company as well as effective committees with high levels of competence.

Close collaboration with management
The Board of Directors is satisfied with the way management navigated this year’s challenges. We have had detailed follow-up on important projects and key figures, and have seen how the Company continues to be close to its market.

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 CEO and Group CEO from 2012 to 2017.

> "The Board of Directors, management and staff are united around our higher purpose and in the ongoing transformation."

We have a good collaboration, and several initiatives during the year strengthened the dialog. Furthermore, the annual strategy meeting of the Board of Directors and management is just getting better and better. My weekly meetings with the CEO and CFO, which we started during the pandemic, have also been cemented.

Investing in innovation is crucial
The Group's sustainability work is key and for many years now, we have been increasing both resources and competence in work on the transition. The Board of Directors and management have to deal with all aspects of the transition, while at the same time navigating new local and international laws, the impact of which is sometimes difficult to assess.

The Group's investments in innovations are one area to which we are devoting a lot of effort. Our ambition is always to be able to offer the best sustainable or circular solution for every consumption occasion, whether it is a single-use or reuse solution. Two exciting initiatives in 2023 were the pilot tests of our reuse system Idun, and Unmo, which aims to help restaurants find the right staff. Unmo represents a new perspective for us and reflects our desire to be a value-creating partner that prioritizes the building of long-term relationships.

The Company united around our purpose
Our People & Culture department looks after the sustainability area, which shows how important it is to us. This structure helps us to establish an understanding of the Company's overall strategy, vision and values, and access to competence through training and recruitment.

The Board of Directors, management and staff are united around our higher purpose and in the ongoing transition. It is satisfying that the Company has the conditions and resources to drive this development. Ultimately, it is all about how we, with good profitability, will support our customers' needs in five or ten years' time.

Hopes and expectations for the future
Historically, Duni Group has had a sound business with scope for annual dividends, but during the pandemic, we were forced to hold back. Despite the global instability, we are now moving at a different pace, and our absolute ambition is to deliver on our financial goals.

As I look to the future, it is primarily with a hope for stability and cessation of the human suffering endured in recent years. At the same time, we must as a company have a high level of readiness to respond to rapid changes and the courage to make important decisions.

Finally, I would like to thank the management team and the organization for their great engagement, and our shareholders for their trust.

Malmö, March 2024

Thomas Gustafsson
Chairman of the Board

Financial goals

5%

Sales growth

The goal is to achieve average organic growth in sales at fixed exchange rates in excess of 5% per year over an economic cycle. In addition, the Company regularly assesses acquisition opportunities in order to gain access to new growth markets or strengthen its position in existing markets.

10%

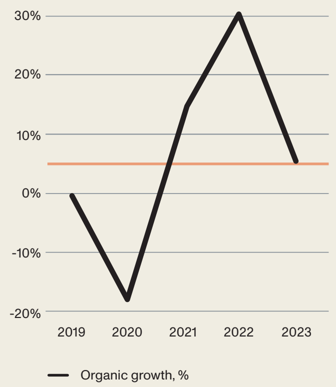
Operating margin

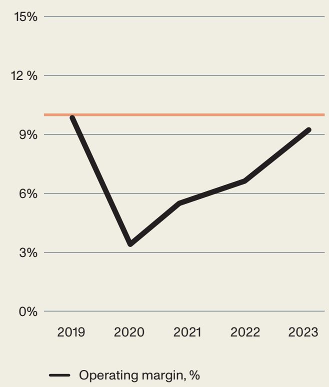
The goal is an operating margin of 10% or more. Profitability is to be increased through sales growth, continued focus on premium products and continued improvements within purchasing and production.

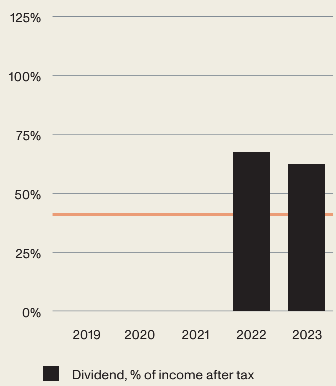
40%

Dividend

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







5.2%

Attainment 2023

Organic growth amounted to 5.2%. 2023 was the first year without any impact from the pandemic, with a continued, clear improvement to more normal operations. In addition to continued recovery, price compensation measures during the year, as a result of historically high inflation, have contributed to achieving our financial goal of exceeding 5% organic growth.

9.3%

Attainment 2023

The operating margin was 9.3%. The year showed a historically strong result in absolute terms, with an increased operating margin. The improvement can primarily be attributed to efficiency improvement programs that were initiated during the pandemic and have produced results with improved volumes. The improved profitability is also a good indicator that our product portfolio is both attractive and relevant in an environment with increasing demands on sustainability.

60%

Attainment 2023

Thanks to good cost control and solid work on optimizing working capital, a very strong cash flow in 2023 has resulted in a clearly strengthened financial position. The Board of Directors therefore assesses opportunities for increased dividends in parallel with the continued ability to allocate capital in the area of continued growth investments. The Board of Directors therefore proposes to the Annual General Meeting that a dividend of SEK 5 per share be distributed, which corresponds to 60% (70%) of profit after tax.

Good opportunities for growth despite continued uncertainty in the surrounding world

The world around us and the market did not stabilize in 2023, as everyone hoped after the pandemic. The war in Ukraine caused rising energy prices and inflation. At the same time, it was pleasing to see that people prioritized visits to restaurants and cafés, and meeting up and socializing.

The large pent-up need in society after the years of the pandemic had a positive impact on Duni Group's sales. In the future, however, it is difficult to assess whether consumer behavior will change if prices increase, both in the restaurant industry and in general.

Duni Group has an advantage in its strong focus on sustainability and circularity, and in being able to deliver the right solution for different customers and occasions, whether it be single-use or reuse solutions.

Target groups

Through its Dining Solutions and Food Packaging Solutions business areas, the Group primarily targets various professional customer segments in the HoReCa+ sector:

- 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 Dining Solutions business area is also aimed at private customers through the retail sector:

- HMR (Home Meal Replacement), such as delis, grocery stores and online suppliers.

Competitors

Duni Group is a stable company with extensive experience and established customer relationships. We have shown that we have good resilience to economic fluctuations. Our strong focus on sustainability, circularity and innovation will keep us at the forefront, and two complementary product ranges give us competitive benefits.

The Dining Solutions business area is the market leader in Europe, and its reach means that there are relatively few global competitors. Actors in areas such as tissue cannot compete with the quality and design of the Duni range. Many of them are smaller, local or regional companies.

The Food Packaging Solutions business area is the market leader in the Asia-Pacific region and is growing in Europe. There are several competitors, and competition is intensifying with startup companies offering circular solutions. These may, however, also become valuable business partners.

External environment

External threats
The uncertain external environment continues to affect the global market. Inflation increased the prices of energy, raw materials and transport in 2023. These leveled out during the year.

In Sweden, bankruptcies in the restaurant industry are on the rise, with many unable to repay the tax money they have borrowed. This is a worrying development, especially as guests returned in 2022 and 2023. Internationally, many restaurants are struggling to find staff, which can affect opening hours.

New laws and political decisions
A lot is happening in laws and regulations, both locally and in the EU. This puts pressure on Duni Group, which has operations in many different markets. Our goal is to stay one step ahead of the legal changes to come.

The EU's Single-Use Plastics Directive (SUPD), with a phasing out of plastics and a ban on expanded polystyrene (EPS) and accompanying product labeling, continues to put pressure on manufacturers and suppliers.

France and Germany introduced requirements for reusable restaurant options in some applications in January 2023, and similar legislation will be introduced in Sweden and Denmark in 2024.

There is uncertainty about the future use of wood fiber, which may affect the Dining Solutions business area's access to raw materials. The EU's Forest Strategy for 2030 will provide guidance in this area.

Through its European Green Deal, the EU is striving to achieve a circular economy and become climate-neutral by 2050. Material selection and circular end-of-life solutions will be absolutely crucial. These issues are best resolved through various collaborations on the reuse of products and new business models.

Trends, attitudes, values
Circular models and digitalization are currently the two most important macrotrends. The first is being driven by new laws and growing opinion. This places new demands on single-use items, but at the same time convenience is a strong consumer trend. This speaks for the continued relevance of single-use items, albeit in sustainable materials and with a focus on the beginning and end of the life cycle.

In 2023, the very strong growth in food and beverage take-away products and packaging solutions seen during the pandemic slowed down, but growth remains strong. Circularity is a complex area where innovation and collaboration are required to build scalable systems. With today's hybrid working patterns, many people continue to work from home for parts of the week. This affects the number of restaurant visits, but also business travel, which has an impact on the HoReCa sector. At the same time, retail sales of single-use items as well as ready-made and packaged food can benefit.

Digitalization in the HoReCa industry continues to be a strong trend throughout the value chain, from purchasing, customer interaction and deliveries to evaluations and service. Digital customer-specific, brand-building solutions continue to be important.

Technical development
Legislation and opinion are driving the phasing out of plastics and the development of fossil-free, mostly fiber-based solutions. Plastic does, however, have many product advantages that can be difficult to replace. Different bio-based materials will be required to create quality solutions for specific needs, such as for fatty foods or soups.

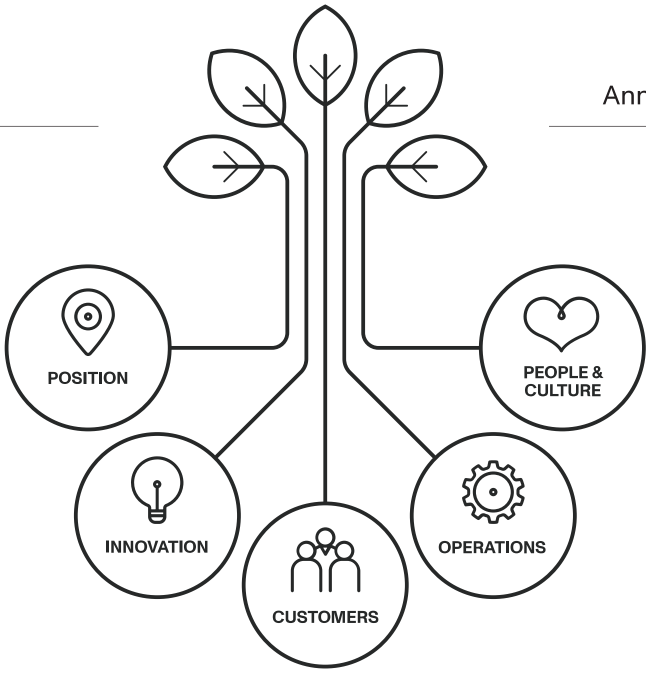
In 2021, Duni was the first to introduce renewable binders in fiber-based products, Bio Dunisoft® premium napkins and Bio Dunicel® placemats and table covers. The business area continued its conversion to sustainable products during 2023.

Growth opportunities
We have competitive, climate-smart products for the take-away sector, as well as a wide range of sustainable solutions for the set table. The strong environmental trend means that many customers are willing to pay more for sustainable solutions, especially if they are easy to use, and if the environmental benefits are clear and credible.

The Group has two business areas with complementary business logic, shared logistics and brands, with strong market positions. They target the same customer base, creating economies of scale.

We are also continuing to strengthen our offering in the area of e-commerce and other digital services. A strong focus on innovation, collaboration and investment in startups means that we can expand in the area of reusable products.

Asia and the Middle East are growing markets with increasing demand for environmentally adapted packaging solutions, but also for products such as table covers and napkins. Having been established with a base in Thailand for many years, we are well-equipped to expand in Asia.



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 in 2030. We want to take a leading position in our industry and be the first choice for functional and sustainable solutions. environmentally friendly and environmentally friendly 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 where 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, geriatric care, etc.

Innovation

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

Our innovation 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.

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 for 2030:
- We are a reliable partner in Europe with a multi-channel model to the market.
- Dining Solutions is growing in carefully selected markets in the Middle East, Asia-Pacific and North America.
- Food Packaging Solutions' BioPak brand is the market leader in Australia and New Zealand, and a strong brand in Europe, the US and developed economies in Asia.

Operations

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

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.

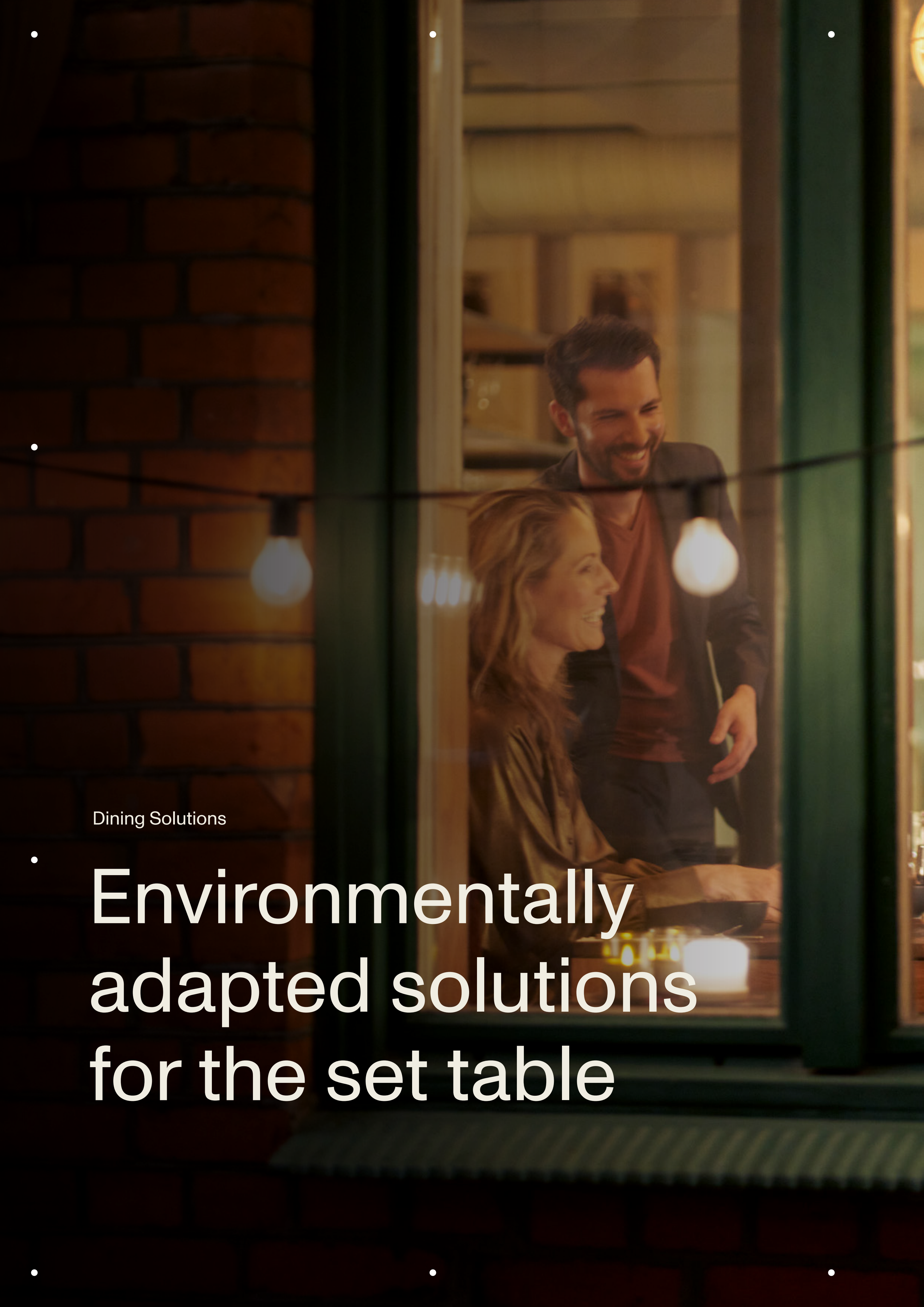
Our main goals for 2030:
- We operate in a resource-efficient, environmentally-smart, transparent and effective way with net zero greenhouse gas emissions.
- We have satisfied customers and logistics solutions that add customer value.

People & Culture

If our staff are not engaged and taking an active part, it will be difficult to achieve our 2030 goals. We need to build an inclusive culture where everyone counts and feels that their work matters.

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

Our main goals for 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.



Dining Solutions

Environmentally adapted solutions for the set table

The Dining Solutions business area stands for what the Group is traditionally associated with, such as innovative solutions for the set table, primarily napkins, table covers and candles. Products and services are sold under the Duni brand.

The customers are mainly hotels and restaurants, the so-called HoReCa market, where sales are largely made through whole-salers. Retail and various types of specialist trade are also important customer groups.

The business area is a European market leader in the napkins and table covers premium segment.

4,681 Net sales amounted to SEK 4,681 million (4,004).	**600** Operating income was SEK 600 million (333).
12.8% The operating margin was 12.8% (8.3%).	**61%** The business area accounted for approximately 61% (57%) of the Group's net sales in 2023.

A year of exceptional development in earnings

As early as 2022, there were indications that 2023 would be a good year for Dining Solutions. And we sold more than our plan or budget. We have also successfully implemented cost-compensating measures and streamlined operations. Linus Lemark, EVP Dining Solutions, explains how it was done.

What is the reason for the strong recovery?
"After the pandemic, there was a need to socialize, go to restaurants and go out and meet people. There's an incredibly strong market recovery in our industry. In addition to our increasing volumes, earnings have also been positively impacted by our cost-compensating measures. The goal has been not to absorb the massive price increases, for example, in materials and energy."

How have you made the plants more efficient?
"When volumes were low, our activities and improvements were not visible in earnings. With increasing volumes, the leverage effect brought significant savings compared to the same production volume in 2019. We're producing much more with fewer employees, and have trained operators to become 'super operators'. They can perform simpler support tasks, which reduces the need for support functions – and costs – and increases engagement. Otherwise, it's classic lean production, such as reducing downtime during shift changes and reviewing cleaning routines."
"When the world opened up in 2022, we had problems getting both input materials and staff. We could sell more than we could deliver. In the second half of 2023, the security of supply returned to normal levels. All in all, this meant that we ended up achieving an all-time high, in both sales and operating income, and with a significantly improved operating margin."

How have you been working towards your net zero goal?
"We've reduced our carbon emissions by 62% compared to 2019. Our paper mill is a priority, due to its high energy consumption. We're now investing to be able to switch to biogas, which will bring us down to an index of between 5% and 10% compared to 2019. We've also invested in machine lines and equipment to produce using bio-based binders, as well as in a new drying unit, which brings additional energy savings. In Germany and Thailand, we've installed solar panels at our plants."

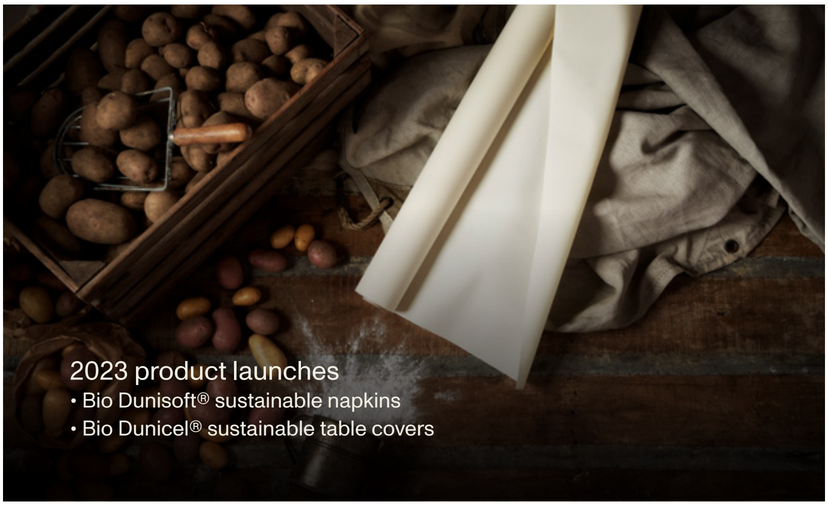
What's happening in the area of circularity?
"We're investing a lot, but with napkins it's not realistic to reach full circularity in the near future. As industry leaders, we're still doing what we can to abandon the linear business model. We're focusing on the beginning and end of the life cycle, for example, in January 2024 we launched a range of napkins made from recycled fibers. At the end, we're focusing on composting, and Bio Dunisoft® napkins with bio-based binder have been certified for home composting. Our LED lamps are replacing traditional candles, and can also be seen as a more circular product."

What marketing activities have you carried out?
"The relaunch of our core business with messages emphasizing sustainability continued. We carried out a wide-ranging initiative and converted 80-90% of our customers to Bio Dunisoft®. We also updated our brand platform, Say Yes to Good Food Mood. This was a big undertaking, which saw us building on our Good Food Mood platform. We've given the platform a makeover, made it relevant and rolled it out in all markets and channels, from trade fairs to social media."

What's the outlook for Dining Solutions?
"Uncertainty is the keyword, and we don't know how the external environment will affect consumers or us. Historically, the napkin side has performed relatively well during recessions. We negotiated bigger contracts in the third quarter of 2023, and are preparing for expansion in the Asia-Pacific region. So we look to the future with confidence. Continued efficiency improvements will keep us cost-efficient, and as market leader we'll be able to continue to take market shares."

> "We ended up achieving an all-time high, in both sales and operating income."
>
> Linus Lemark, EVP, Dining Solutions

Dining Solutions



2023 product launches
• Bio Dunisoft® sustainable napkins
• Bio Dunicel® sustainable table covers

Product range
• Napkins
• Table covers
• Candles and accessories
• Hygiene products

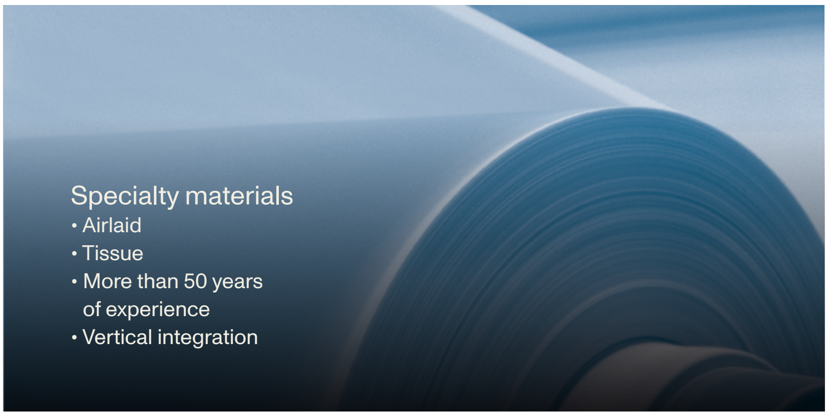
“We’re a special paper mill”

Lars Andersson, CEO, Rexcell Tissue & Airlaid AB

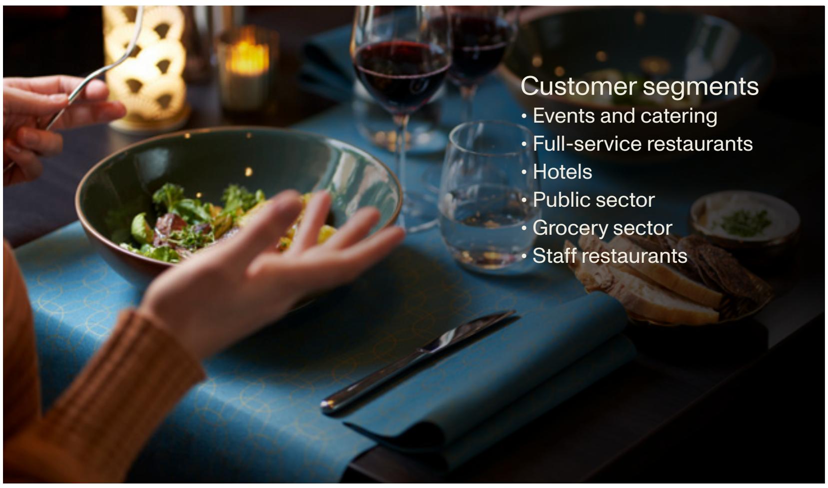
In 2023, Duni Group’s paper mill in Skåpafors, western Sweden, had a double celebration: 125 years as a paper mill and 70 years with Duni. The heritage is important, emphasizes site manager Lars Andersson. The paper mill has always been at the forefront. 70 years ago, the mill started producing tissue and was the first in the world with colored tissue. Another milestone was when the mill was the first in Europe to produce airlaid, about 40 years ago. Today, a third production line is the only one in the world to produce Evolin.

Skåpafors is also an environmental pioneer. The oil-fired boiler was replaced by a wood chip boiler back in 2010, and in 2021, they made the switch to wind-powered electricity. CO_2 emissions have been constantly reduced, and the goal now is for biogas to make production fossil-free by 2030. “We’ll first reduce energy consumption by 5% by 2025. That’s a lot in this energy-intensive industry,” says Lars.

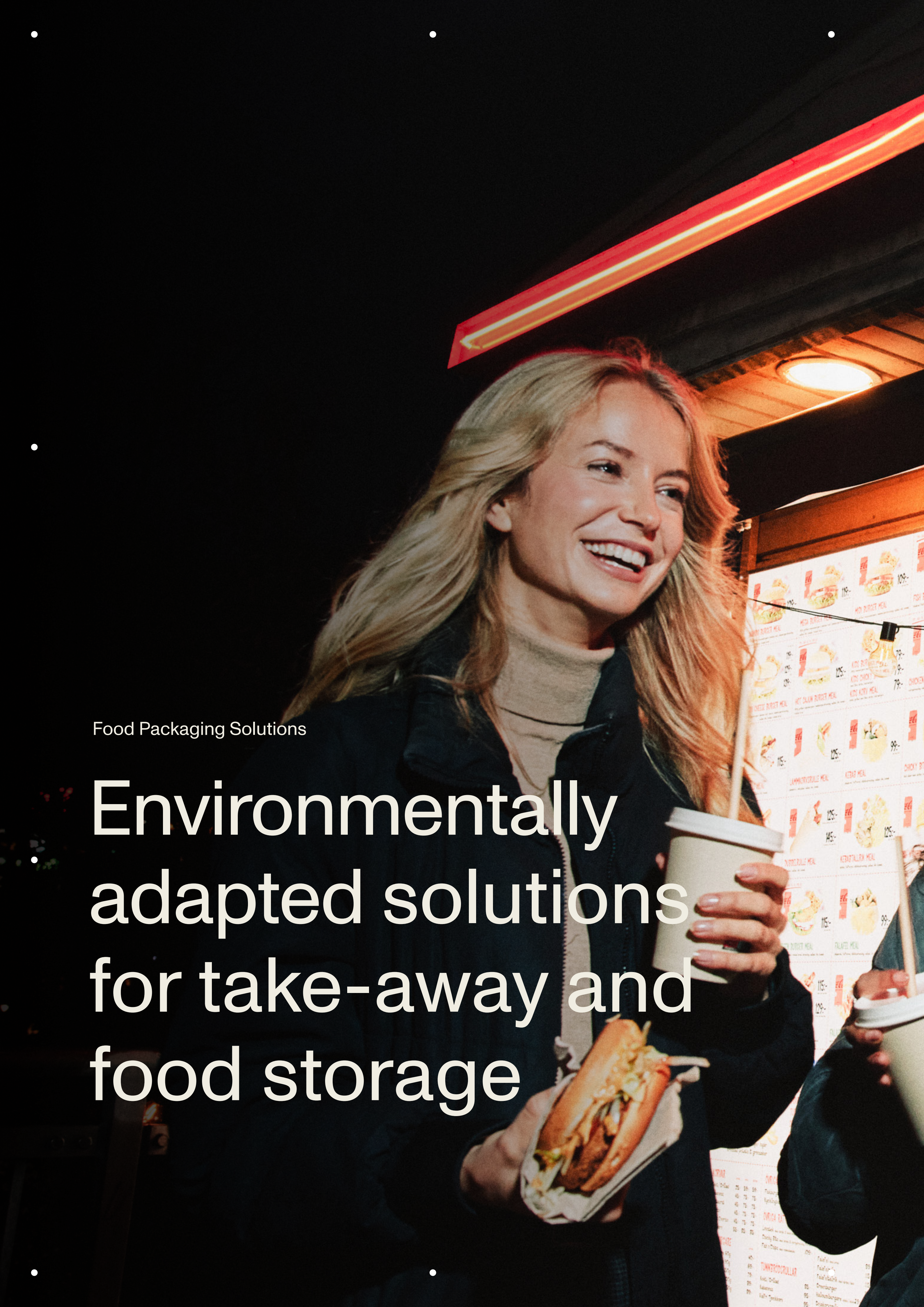
Order intake was high in 2023. At the same time, everyone at the mill worked hard to convert to the bio-based binders, which is already being manufactured and sold, but the switch has not been completed in full. Efficiency improvements will continue in 2024. “New investments will reduce our energy consumption even more. The consumption of raw materials will be reduced, and we’ll also be looking at recycled pulp,” says Lars.



Specialty materials
• Airlaid
• Tissue
• More than 50 years of experience
• Vertical integration



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



Food Packaging Solutions

Environmentally adapted solutions for take-away and food storage

The Food Packaging Solutions 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 mainly restaurants with take-away concepts and companies operating in the health and patient care sectors. Stores and other food producers are also major customer groups.

Products and services in the business area are sold under both the Duni and BioPak brands.

The business area has a market-leading position in Australia.

3,037

Net sales amounted to SEK 3,037 million (2,972).

117

Operating income was SEK 117 million (117).

3.8%

The operating margin was 3.8% (3.9%).

39%

In 2023, the business area accounted for approximately 39% (43%) of the Group's net sales.

A year of transitions lays the foundations

Following the strong growth in take-away and home deliveries of food during the pandemic, 2023 was a transitional year for Food Packaging Solutions. It was more about reorganizing and securing deliveries," explains Nicklas Lauwell, EVP, Food Packaging Solutions.

How was 2023 for Food Packaging Solutions?
"Take-away is still going well, even though demand has leveled out. We continue to grow strongly in Australia, winning several awards for our fiber-based alternatives to plastic packaging. Food Packaging Solutions in Europe has a new management team and has changed the organization to get closer to the market. We've introduced clearer processes, new KPIs and reviewed the product range. In a thorough review of our operations, we looked at issues such as suppliers and materials. We must always be able to offer the right product at the right time, and it can be either single-use or reusable. The supply chain has been updated, and we've moved some purchasing to Europe, both because we believe in local production and to secure deliveries."

Which environmental factors affect you the most?
"We must always ensure that we comply with upcoming legislation, both locally and internationally. We've carried out a thorough mapping of how we will handle the new EU directives in the various countries where we operate. We're starting with the country that has the toughest restrictions. Otherwise, sustainability and food waste are the biggest macrotrends for us."

How's it going with the phasing out of plastic?
"The goal is to reduce plastic wherever we can, and otherwise only have fossil-free plastic. In 2023, we launched several products without or with less plastic, for example, in the Duniform® range. At the Sweden Rock Festival, for example, we tested new, stable fiber-based cups that can hold cold drinks. That's attracted a great deal of interest in Europe."

How else are you working with circularity?
"Together with our Idun startup, we tested an entire range of reusable products during Almedalen Week (see more on p. 52). Reusable can be huge, if we solve the issue of collecting used products. Fiber products are still a challenge at the end of their life cycle. Composting works in Australia, but in Europe, it's all about circularity."

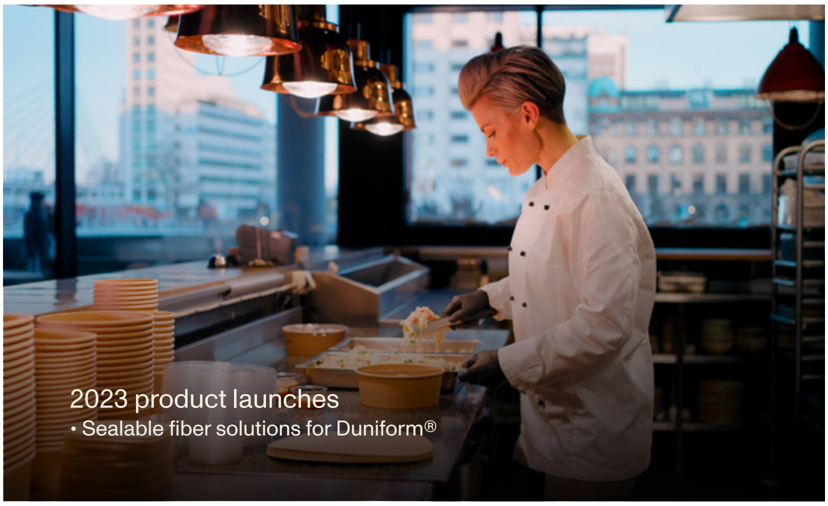
How can Food Packaging Solutions help with food waste?
"I think we need to go back to why we sell these packaging solutions: to protect the food and create the longest possible shelf life. This is where you find our Duniform® concept with machines, trays, protective film and service. We're reviewing and relaunching the entire Duniform® range in 2024. There will also be bigger and different kinds of machines, and we'll be aiming for the really big deals."

What's happening in the area of marketing?
"There was unusually high demand for BioPak products during the pandemic, and we didn't have time to build the brand. It stands for premium, concept, innovation and design; we add competence and invest in sustainability and research and development. Packaging solutions that meet environmental goals and avoid food waste are sold on function, not price. We need to become more visible and are currently testing digital campaigns, and we're going directly into the market to support our business partners. In 2023, we launched the biopak.com website with BioPak Australia. Together with the Dining Solutions business area, a website will be launched in 2024 to better showcase the breadth of our product offering."

What's the outlook for the future?
"Take-away continues to do well, even though there are financial cutbacks. In Europe, we have major opportunities to grow in countries where we have a small market share. We are prepared for upcoming laws and EU directives. If 2023 was about getting ready, 2024 is the year we deliver. We expect our initiatives in 2023 to have a good impact in the coming years."

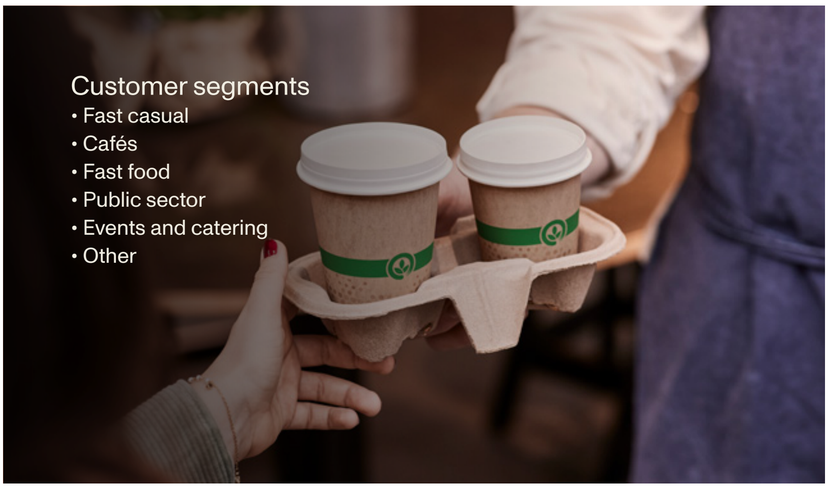
> "BioPak stands for premium, concept, innovation and design."
>
> Nicklas Lauwell, EVP, Food Packaging Solutions

Food Packaging Solutions



2023 product launches
• Sealable fiber solutions for Duniform®

Product range
Products for serving meals, on-site or take-away, as well as food packaging systems.



Customer segments
• Fast casual
• Cafés
• Fast food
• Public sector
• Events and catering
• Other

Award-winning eco-smart solutions

In 2023, BioPak Australia won several awards for its fiber-based alternatives to packaging with fossil plastic, including:

• Worldstar Packaging Awards (two alternatives to conventional plastic solutions)

• Gold and Silver PIDA Awards (Australasian Packaging Innovation & Design Awards)

• Gold award in the category of sustainability from the World Packaging Organization (WPO)

From product focus to innovative solutions for our customers

With our 2030 strategy, innovation became a cornerstone of our business. If we are to be a sustainability leader in our industry, we must drive development in materials and products, as well as other value-adding solutions. And we must do this ourselves and in collaboration with other stakeholders.

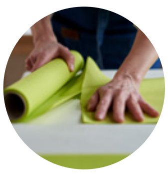
Over the past five years, we have made a major shift from being a distinctive product company to being able to launch services on the market. This makes us a completely different player, with exciting new points of contact in the market.

We have built up internal expertise in how to work with innovation from concept to launch in an incremental process or more radically. With the Idun and Unmo initiatives, we have started to position ourselves as a knowledge partner in an entirely new way. We know a lot about our industry, but have not made use of this before to create new services. Understanding the end customer is crucial for successful diversification, and we have the opportunity to build relevance and create profitability for the HoReCa industry in various ways.

To lead the way with ideas in our industry and remain relevant in the market, we need to have a deep understanding of the megatrends and consumer behaviors that affect the HoReCa industry, but also of new laws and regulations that affect the industry. This will make us a superior partner for our customers.

But we cannot drive all development ourselves if we want to be at the forefront of innovation. Duni Group has the brand, the network and the reach, and firmly rooted trust. But we need more of a technological edge and new kinds of services, ways of working and business models. We need to be involved in networks, collaborate with existing and new partners and stakeholders, and invest in innovative companies.

Examples of the Group's innovation work



Lab
Duni Group conducts its own research and collaborates with external partners to evaluate different materials as well as sustainable and circular solutions.

- **Bio Dunisoft®** – a sustainable upgrade of Dunisoft® premium napkins, manufactured from fossil-free, renewable materials and climate-neutral through compensation.
- **Bio Dunicel®** – Duni's table covers and table napkins are fully renewable as they are produced using our fossil-free binder made from potato starch.

Own startup projects

- **Idun** - a startup that focuses on the entire life cycle, to fully close the loop in a circular system, designed for reuse, repair, re-manufacturing and recycling.
- **Unmo** - a digital platform and social network that connects restaurant owners and potential employees to build relationships and networks, and to recruit and find jobs.

Collaborations

- **OrganoClick** - a Swedish company that replaces fossil fuels and plastic chemicals. Their OC-BioBinder™, which is manufactured from food waste, is used in Bio Dunisoft®.
- **Bower** - a Swedish green technology company that has developed an app-based solution for recycling different packaging solutions.
- **BicyCompost** - a French company with a circular model in which food waste is collected on bicycles and then transported for composting.

Partnerships (minority investments)

- **Bûmerang** - Barcelona's first digitalized system for returnable packaging in catering. The goal is to minimize packaging waste in the food sector.
- **Relevo** - the German company's digital platform enables take-away packaging for food and beverages to be reused and plastic waste minimized in accordance with increasingly strict legislation.

Idun – one step closer to circularity

Erland Riis Lavsen, Head of Business, Idun

Duni Group has gone from being a distinctive product company to also offering various services and solutions that create customer value.

Idun, our circularity system, moved ever closer to commercialization in 2023. This is a new business model for the Group, where the customer subscribes to a solution rather than buying it, including products and services.

Erland Riis Lavsen, Circular Developer, emphasizes that the system was designed based on the principle of circularity. "It's not about something that's in the product, it's something you do with the product, and there are different ways to recycle it, including through reuse. Even single-use items can be circulated."

If reuse is to be environmentally and economically sustainable, and able to compete with single-use solutions, a system must be scalable and the products must be used many times. This has been solved with Idun.

Simplicity is key for a consumer buying take-away. "We've put a lot of effort into facilitating and encouraging the return of the used product. Right now we have an app, but the goal is an even simpler solution. What we're doing is at the forefront of technology, and a lot of research and development is underway to ensure that the whole circulation process runs as smoothly as possible," says Erland.

Idun has been tested at events such as Almedalen Week and at the People's Climate Meeting in Denmark. The comments are positive. "Customers and consumers are engaged and appreciate that we're trying to change the industry in a sustainable direction," Erland says.

Find out more at www.Idun.co

OrganoClick's bio-binder in production

Maria Wennman, Head of Research, OrganoClick

OrganoClick is a Swedish company that replaces hidden plastics and fossil chemicals. Their OC-BioBinder™, which is manufactured from food waste, is used in Bio Dunisoft®. Maria Wennman is Head of Research at the company and has just completed her PhD on the subject.

She says that, "It's the knowledge of which technology is best suited to which end product that lies behind the innovation."

Instead of using synthetically manufactured plastic polymers, the team has turned to nature's building blocks and innovatively assembled them.

Many different patented binder technologies are used to produce non-woven and specialty papers, creating the right strength and feel in the materials. Binder raw materials are drawn from food industry side streams, such as wheat, corn, lemon peel and prawn shells. This results in an environmentally adapted end product.

"A material containing this kind of binder will decompose completely if it ends up in compost or in nature, which a material made with plastic binders does not," explains Maria.

One hundred percent bio-based binders have also proved to significantly reduce a napkin's carbon footprint compared to one containing a fossil-based plastic binder.

Using food industry waste streams also means that natural materials that would otherwise have been incinerated or taken to landfill become new, high-quality materials such as Bio Dunisoft®. Already available resources get a new lease of life.

"In the partnership with Duni Group," Maria says, "knowledge transfer and knowledge sharing have been crucial. When you're working with innovations, you solve things that haven't been solved before, and we've really had to work together to do that."

Circular napkins with BicyCompost

Pacôme Becerro, Co-Founder of BicyCompost

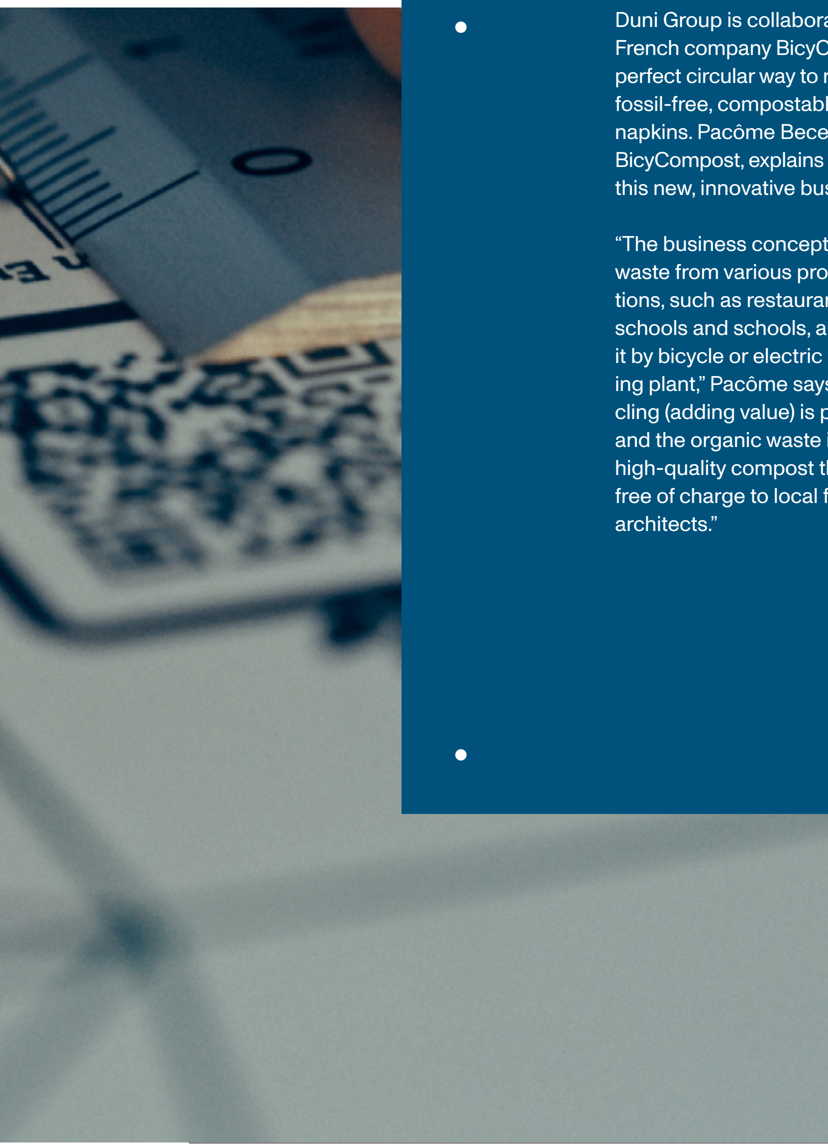
Duni Group is collaborating with the French company BicyCompost to find the perfect circular way to recycle the Group's fossil-free, compostable BioDunisoft® napkins. Pacôme Becerro, co-founder of BicyCompost, explains the concept behind this new, innovative business model.

"The business concept is to collect bio-waste from various professional operations, such as restaurants, hotels, preschools and schools, and then transport it by bicycle or electric car to a composting plant," Pacôme says. "So-called upcycling (adding value) is part of this concept, and the organic waste is converted into high-quality compost that is distributed free of charge to local farmers and urban architects."

This circular business model reduces waste and emissions from incineration and promotes local agriculture and the use of natural fertilizers. In addition to sustainability and circularity, there is now an increasing focus on the enormous amount of food waste in the world. It is estimated that more than one third of the world's food is either lost or thrown away.

The company BicyCompost was founded in 2020 to address the problem in Bordeaux. In this French city, around 65,000 tons of food waste is incinerated every year. BicyCompost wants to change that.

Pacôme says that, "Duni Group has provided napkins for professional use in hotels and restaurants and been very receptive to our operational business model."



Malin Cullin, EVP, Sustainability and People & Culture

Karin Roslin, Organizational Development Manager.

Giving the Company good conditions for development

In 2023, Duni Group's updated strategy for 2030 and our values were more widely communicated throughout the organization. Sustainability is now firmly anchored in the business and day-to-day operations.

Sustainability is the backbone of Duni Group's operations. People & Culture is closely linked to the Group's sustainability work and is driving many initiatives in this area. This facilitates its dissemination within the organization and makes sustainability an integral part of the business.

"We're in the process of a major shift, and it feels reassuring to be able to come back to our strategy and see why we're doing this," says Malin Cullin, EVP, Sustainability and People & Culture. "Based on the strategy, the Company's culture and values reflect what kind of company we want to be and how we should conduct ourselves, internally and externally."

Leadership is key to success
Our leadership plays a crucial role in achieving our goals. One important task for People & Culture is to provide them and the rest of the organization with tools to enhance psychological security, empower drive, facilitate the spread of culture and increase knowledge in core areas such as sustainability and diversity/inclusion.

People & Culture develops and tailors modular training courses to support skills development. Many of the training courses are digital and have mixed groups, which participants find positive. Being able to meet colleagues from other parts of the organization is highly appreciated. It increases understanding of each others' and shared challenges.

Karin Roslin, Organizational Development Manager, says that, "Through our training courses, we've created a Group-wide language that helps to strengthen trust and our sense of togetherness. It provides clarity and consensus in expectations of managers, but also helps us all to talk about the brands in the same way."

A critical step in the organization's transition from a product-based to a value-driven company is to train our sales force. The tools are there, but now we need to make time for salespeople to get on board with the changes.

Managers' conference addressed important topics
In 2023, the Group's international managers' conference was held for the first time since 2018. Sustainable leadership and how to lead in a fast-changing and uncertain world was an important focus area at this event.

Malin explains that, "We had the privilege of welcoming an external speaker from Inner Development Goals, who works on how to succeed in achieving the UN's sustainable development goals, both as an individual and as an organization. It fits in well with the way we view leading ourselves and others, and we've become a partner of IDG. This is an important step."

Diversity & inclusion was another key topic at the managers' conference. We are gradually training the organization and working on this topic in various activities such as workshops. Our Duninclusion Board is driving the topic out in the organization (see page 53).

Digitalization streamlines the HR work
Several digital tools are used to streamline how the Group works with managers and employees, including e-learnings and Winningtemp, which measures leadership and the organization's well-being. Duni Base is our new digital HRM (Human Resource Management) system. It controls all HR facts, provides a better overview and facilitates HR administration, employee development and training. Employees own their profiles and are now expected to assume greater responsibility for their role and development. In due course, the system will be integrated with the financial system.

"Our strong focus on sustainability and circularity increases the need to have the right competence in the right place. We'll continue the journey by training our managers and employees. But we also need to recruit new, competent employees," says Karin.

> We're in the process of a major shift, and it feels reassuring to be able to return to our strategy."

Malin Cullin, EVP, Sustainability and People & Culture

It is, therefore, very pleasing to see that Duni Group continues to be a popular employer, one that has for many years been named one of Sweden's 100 most attractive employers by the Karriärföretagen organization. In 2023, the Group was also nominated by Karriärföretagen as one of three companies for the "Best Activities in Employer Branding" award in the Economists category.

"Duni Group is a true source of inspiration with its employer branding work. The team is dynamic and motivated to create an excellent workplace. With its strong drive, Duni Group succeeds in attracting Sweden's young talents. Despite their size, they succeed in creating community and a sense of security. With a variety of activities, Duni Group creates a workplace that offers unique career opportunities for both juniors and seniors."

Karriärföretagen's citation for the selection of Duni Group as one of three companies for the "Best Activities in Employer Branding" award in the Economists category.

A stable company on an exciting growth journey

Duni Group is the market leader in Europe in products, services and solutions for both "sit-down" restaurants (the Duni brand) and packaging and other products for "on the go" in the growing take-away segment (the BioPak brand). We have strong growth with great potential in Asia.

Historically, Duni Group is a solid company that has provided secure returns. We have a robust financial base, an excellent market outlook and good, long-standing customer relations. During the pandemic, but also in 2023, we once more displayed our resilience to economic downturns and turbulence in the world around us.

Our business strategy aims to make us the industry leader in sustainability by 2030. Net zero emissions, circular solutions and social sustainability should guide our operations, and we should be able to offer the right, sustainable product or solution for every occasion for our customers. The basic premise of our business is that people should be able to keep meeting and enjoying food, togetherness and design – with a clear conscience.

Three primary aspects build our solid foundation for our ongoing journey:

1.

Business areas with complementary business logic and brands with strong market positions

- Two business areas – Dining Solutions and Food Packaging Solutions – targeting the same customer base, creating economies of scale.
- Financial and operational diversification creates stable, strong cash flows (which can be used for acquisitions, dividends and share buybacks).
- High margins in Dining Solutions and higher growth in Food Packaging Solutions create profitable growth for the Group.
- Market-leading brands in all our markets.

2.

Operations in markets with steadily growing demand

- Our products support current trends: combining an urban lifestyle with a focus on convenience and the demand for sustainability and smart single-use products.
- The middle class – our primary target group – is expected to grow globally by 33% (from 3.6 to 4.8 billion) in 2020–2030, and their total consumption is expected to increase by 41%.
- Changed customer behavior with increasing purchases of ready-packaged food for the home. The digitalization of the market reinforces this behavior.

3.

Innovative investments and high customer awareness create opportunities to meet lifestyle trends and ensure relevance

- In-house innovation with two startup projects that focus on sustainability challenges, as well as collaborations and investments in companies that work with circular solutions.
- Size and strength enable Duni Group to invest more (than its local competitors in its segment) in sustainable solutions and the transition from plastic to fiber.
- A substantial sales force that provides a high market presence and a deep understanding of market trends and customer needs.

The share

During 2023, the share price increased by 20%, with a closing price of SEK 103.80 (86.20) on December 29, 2023. Since listing, Duni's share price has increased by 108% until December 31, 2023, resulting in a market capitalization of SEK 4.9 billion. During 2023, the closing price varied between a high of SEK 112.60 on May 4 and a low of SEK 86.40 on March 20. Earnings per share for the year were SEK 8.30 (4.25).

In the autumn, Mellby Gård AB passed the limit for a mandatory bid and submitted a mandatory bid offer of SEK 96.80 per share. After the acceptance period, Mellby Gård AB had increased its holding by 10.1% to 40.14%, corresponding to 4.8 million shares.

During 2023, 16 (8.4) million Duni shares were traded, valued at SEK 1,540 million (761).

Number of shares and share capital
On December 31, 2023, Duni AB (publ) had 46,999,032 shares. Each share entitles the holder to one vote and to an equal share in the Company's assets and earnings. The quotient value is SEK 1.25 and the share capital is SEK 58,748,790.

Dividend policy and dividends
It is the Board of Directors' long-term intention for dividends to amount to at least 40% of income after tax. However, when deciding whether to propose any dividend, consideration should be given to possibilities for expansion, consolidation needs, liquidity and the financial position in general. The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 5.00 (3.00) be paid per share for the fiscal year 2023, corresponding to 60% (70%) of income after tax. The assessment is that the Group has a sound financial position and future competitiveness that allows a dividend equivalent to SEK 235 million.

External analyses are 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 12/31/2023

Number	Number of shareholders	Number of shares	% of total shares
1 – 500	7,111	857,822	1.83%
501 – 1,000	786	641,603	1.37%
1,001 – 5,000	563	1,275,670	2.71%
5,001 – 10,000	60	428,466	0.91%
10,001 – 15,000	12	160,026	0.34%
15,001 – 20,000	10	178,062	0.38%
20,001 –	70	43,457,383	92.46%
Total	**8,612**	**46,999,032**	**100%**

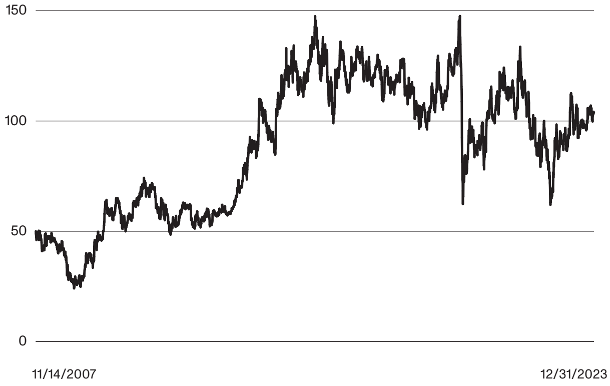
Shareholders, 12/31/2023

	Number of shares	% of shares
Mellby Gård AB	18,864,100	40.14%
Nordea Investment Funds	5,224,213	11.12%
Polaris Capital Management LLC	4,546,802	9.67%
Carnegie fonder	3,260,793	6.94%
Brown Brothers Harriman & Co, W9	2,354,270	5.01%
Protector Forsikring ASA	2,027,057	4.31%
Handelsbanken Fonder	1,912,876	4.07%
State Street Bank & Trust Co, W9	1,258,810	2.68%
The Bank of New York Mellon, W9	1,011,036	2.15%
Fjärde AP-Fonden	885,843	1.88%
Total, the 10 largest owners	41,345,800	87.97%
Other shareholders	5,653,232	12.03%
Total	**46,999,032**	**100%**

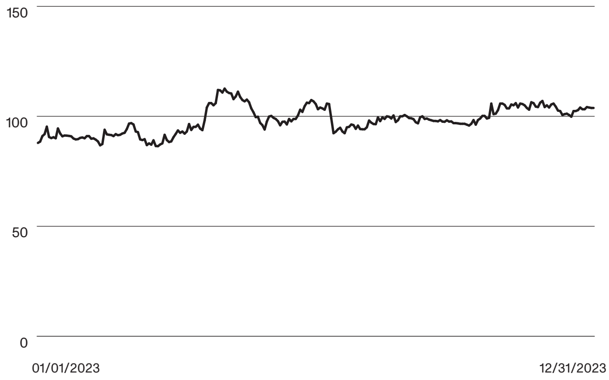
Data per share

Amount, SEK	12/31/2023
Number of shares at end of period	46,999,032
Average number of shares before and after dilution	46,999,032
Closing price on December 30	103.80
Earnings per share, before and after dilution	8.30
Equity per share	84.73
P/E ratio	13

Share performance 2007–2023



Share performance 2023



Duni AB’s Annual and Sustainability Report

Directors’ Report

Directors’ Report – the Group

Duni Group is a leading supplier of inspiring table cover concepts as well as attractive and sustainable single-use products for food and beverages. Customers are mainly in the HoReCa+ sector. The company´s purpose is to enable people to socialize, enjoy good food together and feel good. The aim is to become the industry’s trusted sustainability leader 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. In the fourth quarter of 2023, Duni Group decided to rename these. They have been given more descriptive names to avoid confusion with the Group’s brand names. The Duni business area has been renamed Dining Solutions and the BioPak business area has been renamed Food Packaging Solutions. For more details on these, see Note 3 Segment reporting and the annual report’s presentation of each business area.

Strategy and Trends
Duni Group’s business strategy extends to 2030, to help the Group manage changes in the world around it and meet new customer needs. It 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 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 most important macro trends affecting the business are sustainability, circular models and digitalization. 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 introduction of digital solutions was accelerated during the pandemic, and digitalization pervades the entire value chain, from design to consumer and end-of-life solutions.

Innovation and Concept Development
Innovation plays 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. Collaborations and investments in other companies are crucial to driving innovation. It is also important to continuously increase the Group’s understanding of, for example, markets and materials, as well as to continuously 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 Food Packaging Solutions business area has built its business 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 Dining Solutions 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, Dining Solutions also launched table covers and napkins with renewable, more environmentally improved binders, Bio Dunicel® and Bio Dunisoft®. This is a major step towards a fully renewable range for the business area.

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 increased 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 are taking an increasing market share. During the pandemic, demand for take-away was high and then immediately subsided somewhat, but the recovery in the HoReCa market is still satisfactory. Despite a turbulent external environment, with the war in Ukraine and high inflation resulting in tighter household finances for many consumers, it is clear that people continue to eat out. 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. The recovery in the market after the pandemic is still going up and down, but becoming more stable as time goes by.

In general, long-term demand is driven primarily by improved purchasing power combined with changing habits, including an increased share of meals outside the home. Demand for brand-profiled, environmentally sound single-use products is also increasing. Furthermore, the trend towards increased accessibility and convenience connected with meals is continuing. This trend is reinforced by the increase in the number of single households and the fact that urbanization is continuing.

The packaging market is developing, partly due to new legislation, with new innovative materials and circular solutions, but also due to demand for this increasing. Duni Group has developed its own system for the reuse of serving items, Idun. It was tested during the year at various events, such as at Almedalen Week and in the food court at the Liseberg amusement park.

Significant events during the year

On August 14, 2023, Mellby Gård AB announced that it had passed the limit for a mandatory bid, and on September 8, 2023, Mellby Gård AB submitted a mandatory bid offer of SEK 96.80 per share. After the acceptance period, Mellby Gård AB had increased its holding by approximately 10.1% to approximately 40.1%, corresponding to approximately 4.8 million shares.

Significant events since the balance sheet date

No significant events have occurred since the balance sheet date.

Reporting

The annual report covers the fiscal year of 2023. The previous year refers to the fiscal year of 2022. The Group manages its activities on the basis of what is referred to within the Group as the operating result. “Operating income” means EBIT before restructuring costs, non-realized valuation effects of currency derivatives, fair value allocations and amortization in connection with business combinations. For the bridge between EBIT and operating income, see the table below.

The net amount of restructuring costs was SEK 5 million (57). The restructuring cost for the year consists of a cost of SEK 7 million, primarily relating to a restructuring of the production units in Asia, and reversals from previous years. The restructuring costs for 2022 related to the discontinued operations in Russia of SEK 9 million and non-recurring costs in connection with strategic evaluations and the divestment of 25% of the shares in the Australia-based company BioPak Pty Ltd of SEK 48 million. For detailed information on restructuring costs, see Note 8.

Bridge between operating income and EBIT

SEK m	2023	2022
Operating income excluding IFRS 16 Leases	707	441
Effects of IFRS 16 Leases	9	9
Operating income	**716**	**450**
Restructuring costs	-5	-57
Unrealized value changes. derivative instruments	3	-3
Amortization of intangible assets identified in business combinations	-66	-63
Fair value allocation in connection with acquisitions	0	0
EBIT	**648**	**326**

Sales and income

Net sales amounted to SEK 7,718 million (6,976), a 10.6% increase in sales. At fixed exchange rates, this corresponds to a 5.2% increase, the same as organic growth. The hotel and restaurant industry in Europe has recovered strongly since the easing of restrictions in the first quarter of 2022. However, the staff shortage that arose during the pandemic and declining disposable income of households have meant that the industry has not fully reached pre-pandemic volumes in most markets. The recovery has favored products for seated serving, which showed strong growth in the first quarter of the year, and in the following quarter sales volumes were in line with the previous year, as the market also normalized in the comparative period. After a long period of increased demand, net sales for take-away products have gradually fallen in Europe. Outside Europe, net sales continued to develop positively for the year, especially in the Australian market. During the pandemic, demand for products for home consumption increased, and retail sales increased strongly in 2021 and early 2022. High inflation and a more normalized restaurant industry have put pressure on both prices and volumes in the retail sector this year, and here the Dining Solutions business area has seen falling volumes, albeit from volumes higher than before the pandemic.

Operating income amounted to SEK 716 million (450). At unchanged exchange rates from the previous year, operating income would have been SEK 54 million lower for the year. The gross margin amounted to 23.9% (18.9%) and the operating margin increased from 6.4% to 9.3%. Net income for the year improved significantly compared to the previous year, representing a record-breaking result. Ongoing efficiency improvements in the value chains, continuous work in purchasing and procurement, and increased net sales outside Europe further strengthen income, combined with a better balance between cost increases and compensation through price adjustments. The inventory levels built up during the pandemic in the Food Packaging Solutions business area have seen a positive trend of falling inventories during the year, but as some inventories were purchased when sea freight was at its most expensive, impairment losses were applied during the year, primarily in the second quarter, in order to better meet current market prices.

Net financial items amounted to SEK -56 million (-43). Income before tax was SEK 593 million (283).

A tax expense of SEK 150 million (82) was reported for the fiscal year. The effective tax rate was 25.3% (28.9%). The tax expenses for the year include adjustments and non-recurring effects from the previous year of SEK 14.5 m (-7.7).

Net income for the year amounted to SEK 443 million (201), of which non-controlling interests amounted to SEK 53 million (2).

Investments

The Group’s net investments excluding acquisitions amounted to SEK 160 million (131). Investments are on their way up to normal levels again, following restraint during the pandemic. Depreciation and amortization amounted to SEK 276 million (278), of which SEK 60 million (73) was attributable to right-of-use assets.

Cash flow and financial position

The Group’s operating cash flow amounts to SEK 1,190 million (48). In addition to the improvement in recognized EBIT of SEK 648 (326) million, the improved cash flow is attributable to the change in working capital of SEK 456 million (-414). At the beginning of the year, inventory levels were very high, and work to reduce inventories is a clear contributory factor to the historically strong cash flow. There has been a focus on the relationship between accounts receivable and accounts payable, which has developed positively. The improvement in income, combined with a significantly lower net debt, means that the Company is well positioned for 2024.

Cash flow including investing activities amounted to SEK 1,019 million (256).

The Group’s interest-bearing net debt amounted to SEK 598 million, compared with SEK 1,317 million on December 31, 2022. The loan agreement has been renegotiated to exclude BioPak Pty Ltd in Australia with subsidiaries. Duni Group owns 55% of the shares in this group, BioPak Group. A local bank agreement has been signed for BioPak Group in Australia. Total assets in the BioPak Group have been pledged as collateral for this. There are no other significant differences in the agreement compared to Duni Group's loan agreement.

The Group's total assets on December 31 amounted to SEK 6,913 million (7,339).

Financial overview [1]	2023	2022
Net sales, SEK m	7,718	6,976
Gross profit, SEK m	1846	1,318
Operating income, SEK m	716	450
Operating EBITDA, SEK m	926	664
Operating profit, EBIT, SEK m	648	326
EBITDA, SEK m	924	603
Interest-bearing net debt, SEK m	598	1,317
Number of employees	2,326	2,231
Sales growth	10.6%	37.8%
Organic growth	5.2%	30.9%
Gross margin	23.9%	18.9%
Operating margin	9.3%	6.4%
Operating EBITDA margin	12.0%	9.5%
EBIT margin	8.4%	4.7%
EBITDA margin	12.0%	8.6%
Return on shareholders' equity	11.1%	5.4%
Return on capital employed[2]	16.3%	9.3%
Return on capital employed, excluding goodwill	31.5%	16.6%
Interest-bearing net debt/equity	15.0%	35.2%
Interest-bearing net debt/operating EBITDA	0.65	1.98

[1] Financial information for 2019-2021 can be found in the five-year summary on page 84.

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

Operational and financial 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. Events that could lead to fewer restaurant visits, reduced demand and increased price competition, affect volumes and gross margins, among other things through increased discounts and customer bonuses. The development of a varied and attractive range is important for the Group to achieve good sales and earnings development.

Russia's invasion of Ukraine resulted in a deterioration in geopolitical conditions. Duni Group divested its sales office in Moscow immediately after the invasion, in April 2022, and since then has no sales in Russia. The Group monitors developments and complies with all sanctions imposed. The recent development of conflicts also in other regions where Duni Group operates, such as the Middle East, is creating general uncertainty with effects that are difficult to predict. Risks associated with conflicts in our markets are evaluated on an ongoing basis, with corrective measures if necessary.

The central finance department is responsible for prioritizing and managing financial risks such as foreign exchange, interest rate, liquidity and credit risks.

The risks for the Group are also related to the Parent Company in all essential respects. See also the section on Risk on pages 42-47.

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.

Number of employees

The number of employees as of December 31, 2023 amounted to 2,326. The number of employees on December 31, 2022 was 2,231. 862 (853) 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. During the year, the subsidiary BioPak Pty Ltd in Australia established a sales company in Hong Kong.

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, people & culture, purchasing, communication, marketing and IT. Parts of the Group's development resources are in the Parent Company.

Net sales amounted to SEK 1,577 million (1 526). EBIT was recognized at SEK -130 million (-45) and net financial items at SEK 609 million (468). The Parent Company follows the Group's development in net sales and earnings, but bears inventory impairment losses and costs for development and innovation.

Net financial items includes dividends received from subsidiaries in the amount of SEK 234 million (12) and Group contributions received of SEK 432 million (229). Net income for the year was SEK 407 million (382).

The Parent Company's investments in fixed assets amounted to SEK 17 million (24). Depreciation and amortization amounted to SEK 20 million (21).

The Parent Company's equity-assets ratio at year-end was 58.2% (49.2%). The Parent Company's cash and cash equivalents as of December 31, 2023 amounted to SEK 332 million (204).

Operational and financial risks in the Parent Company

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

Duni AB's central finance department 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 central 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.

Ownership and shares

Ownership structure on December 31, 2023

Duni AB (publ) is listed on NASDAQ Stockholm under the ticker symbol DUNI. The largest owners as of December 31, 2023 are Mellby Gård AB (40.14%), Nordea Fonder AB (11.12%) and Polaris Capital Management LLC (9.67%).

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, 2023.

Further information concerning Duni AB's share and owners is provided in the Corporate Governance Report.

Allocation of earnings proposed by the Board of Directors and CEO

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

Allocation of earnings Parent Company (SEK)	2023
Non-restricted equity in Parent Company	
Retained earnings	2,165,141,401
Net income for the year	407,499,516
Total non-restricted equity in Parent Company	**2,572,640,917**
The Board of Directors and CEO propose:	
that SEK 5.00 share be distributed to shareholders	234,995,160
and that the remaining amount be carried forward	2,337,645,757
Total	**2,572,640,917**

The Board of Directors proposes that the 2024 AGM resolve to allocate earnings such that a total of SEK 5.00 per share is distributed to shareholders, which is equivalent to a total of SEK 234,995,160, and that the remaining unrestricted equity be carried forward.

The Board of Directors also proposes that the dividends be disbursed in two partial payments to better adapt to the Group's cash flows during the year. The Board of Directors proposed May 23, 2024 as the record date for the first partial payment of SEK 2.50 and November 12, 2024 as the record date for the second partial payment of SEK 2.50. This means that shareholders registered at the record dates of May 23 and November 12 are entitled to dividends.

In the event that the 2024 AGM resolves in accordance with the Board's proposed allocation of earnings, SEK 2,338 million will be carried forward. The Parent Company's restricted equity will be fully covered following the proposed dividend. The Group's shareholders' equity amounts to SEK 3,982 million.

In accordance with Chapter 18, Section 4 of the Swedish Companies Act (2005:551), as the basis for its proposed dividend, the Board estimated that the proposed dividend is justifiable in consideration of the requirements of the business for the size of the Parent Company's and Group's shareholders' equity and the Parent Company's and Group's consolidation needs, liquidity and financial position in general. The Board of Directors believes that the Company has experienced a strong financial recovery, which has been clear since the end of the pandemic and accelerated in 2023. The assessment is that the Group has a strong financial position and future competitiveness that allows an increased dividend of SEK 235 million, which is equivalent to 60% of income after tax attributable to the Parent Company. The Board believes that even after the proposed dividend, the Group will still be able to meet its obligations, and that there is scope for both acquisitions and planned investments.

Following the dividend, the Parent Company and Group's equity-assets ratio is also estimated to be sound in relation to the industry in which the Group operates. The proposed allocation of earnings will not impact the Parent Company and Group's ability to meet their payment obligations. The Board of Directors estimates that the Parent Company and Group are well prepared to cope with changes relating to liquidity and unexpected events. The proposal to divide the dividend into two partial payments will make the Company's liquidity planning more effective with a better balance in net debt over the year. The Board of Directors believes that the Parent Company and Group are capable of coping with future business risks and losses if such arise.

Shareholders' equity would have been SEK 1.5 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.

From the Sustainability Director

Complex area requires clear communication

New laws and directives are increasing the pressure on companies to become more sustainable and circular. At the same time, it is becoming increasingly clear how complex the area is. Transparent communication increases understanding.

One major task in our sustainability work is to manage the complexity of the challenges, while at the same time simplifying the information. This will enable us to make the right decisions and continue working for a more sustainable future. The information also forms the basis of our communication: when what we do becomes understandable, we can create value from our positive work.

Many companies end up somewhere between "greenwashing" and "greenhushing" in their communication. They want to avoid talking excessively about their sustainability work (greenwashing), but at the same time hold back from communicating out of fear of being scrutinized or challenged (greenhushing). We believe that it is possible to simplify the message, but also to challenge the recipient to consider the issue in a little more detail. Increased understanding can result in better conclusions.

Pilot tests make things easier for customers and consumers
Circularity is one such area. It is our conclusion that there are no circular products, but some products can work in circular systems. That is why we focus on the system level, where the weakest links need to be strengthened so that the results are environmentally, socially and economically sustainable.

In the development of Idun, our system for both reuse and single-use packaging for the restaurant industry, we have drawn a lot of knowledge and experience from our pilot tests in 2023. This has been incorporated into the system design, so that the end product is easy to use for consumers and restaurants. But when we make things easier for others, it becomes more complex for us. Quite simply, it takes a longer time. However, we want to invest this time, so that the finished solution is as good as it can be – to get it right from the start. In 2024, Idun will take its first steps and become an essential component in our continued growth.

Success lies at the system level
The example of Idun also shows that it is not possible to say in advance whether a single-use or reuse solution is more sustainable.

- There is a difference between circularity and sustainability. A circular solution doesn't have to be the most sustainable, and vice versa.
- Sustainability depends to a great extent on product design. What materials are used, and how are they sourced?
- But the key aspect is how well the system works. The sustainability of an item of reuse packaging is primarily determined by how many times it is used, i.e., system-related issue. In a simplified comparison between a single-use laminated paper mug with 1 g of plastic and a reuse mug with 50 g of plastic, the conclusion is that the latter has to be reused at least 50 times on average to be better from a material perspective.

Continued increase in renewable raw materials
The choice of materials is directly linked to our climate goal. It is the completely dominant factor in our climate impact, at almost 90% of our Scope 3 emissions (read more on page 65). We are focused on reducing the proportion of virgin fossil plastic in our products and increasing the proportion of renewable raw materials. At the same time, we continue to reduce our Scope 1 and 2 emissions through better energy sources and more efficient operations.

Overall, we see that the results are positive so far, but there is still a lot of work to be done in our "Decade of Action" strategy. Our three sustainability initiatives continue to be relevant and help us to manage the complexity of the challenges. At the same time, we are making it easier for colleagues to see how their work contributes to Duni Group continuing to be the industry's sustainability leader.

Erik Lindroth
Sustainability Director

Becoming Circular at Scale

We see circular models from a life cycle perspective. We are committed to reducing the use of virgin fossil plastic in single-use packaging, finding end-of-life solutions and providing viable reuse solutions.

Read more on pages 50, 63.

Going net zero

Climate change is one of the biggest challenges facing society today. We are replacing our fossil dependence with renewable energy solutions, materials and distribution chains. We are working according to science-based targets and are the first in the industry to produce quarterly climate reports.

Read more on pages 51, 64.

Living the change

We must create structures that give us the best conditions to develop and succeed with our plans. We are boosting our expertise in sustainability, making progress in our communication and increasing transparency. We are improving our control of the entire value chain, which strengthens the business.

Read more on pages 52, 66.

Materiality assessment

In 2023, Duni Group continued to build on the double materiality assessment that was conducted in 2022. This work means that we are now well-prepared for future reporting requirements.

Duni Group conducted a double materiality assessment in 2022. The idea behind this was that to be effective in our sustainability work, we must first understand how we affect the world around us, and how it affects or may affect us in several areas. To ensure that the results remain relevant, we have continuously monitored and communicated internally around the topics that were considered material. We have also deepened our understanding of biodiversity, even though this is not in the top list.

In autumn 2023, work started to prepare the Company for reporting in accordance with the forthcoming CSRD legislation. A special working party was set up, and the Audit Committee will receive updates on how the work is progressing on an ongoing basis. This will include, among other things, an updated double materiality assessment, a gap analysis, new processes, internal control, new manuals, and ensuring that all data can be collected. A great deal of content for this was already prepared for the 2022 Annual and Sustainability Report, when it was adapted for GRI for the first time. The starting point has been the materiality assessment conducted in 2022, together with the business model and strategy. The business model with the value chain and the strategy are described in general terms below. We then describe this year's work with the double materiality assessment and how we arrived at the results shown in a matrix.

Business model

Duni Group is a market leader in its main markets. Development in the market is primarily driven by:

- changing urban lifestyles
- increased demand for sustainable and circular solutions
- global growth of the middle class
- increased consumption of pre-packaged food eaten at home
- constantly increasing digitalization in society.

The Group profiles itself through two complementary business areas:

- Dining Solutions (the Duni and Paper+Design brands) focuses on solutions for the set table.
- Food Packaging Solutions (the BioPak and Duni brands) focuses on packaging solutions for food and beverages.

The business areas are responsible for their value chains. Dining Solutions' vertical integration means that the business area owns and controls its production. Food Packaging Solutions buys products from high-quality manufacturers. They are also individually responsible for their brand strategy, marketing communication, product development and innovation.

The business areas have the same customer base, and all products are sold through a joint sales force and go-to-market organization, where the regions support the business areas. The business areas also share a logistics and warehouse structure. The products reach the end customer via various channels: wholesale, retail, cash and carry, and direct sales.

Strategy

Duni Group's business strategy for 2030 aims to make it easier to manage changes in the external environment and customer needs. The strategy is based on the UN's seventeen global sustainable development goals and, combined with a long-term vision and a higher purpose, aims to strengthen the Group in the market. The strategy focuses on sustainable and circular solutions, where the Group strives to lead and accelerate development.

Five core areas encompass how we shall develop our offering and implement our production, but also how we shall act towards employees, customers and other stakeholders in the value chain and society around us.

Position
The Group strives to be the industry leader and the first choice in innovative solutions for the environment and circularity.

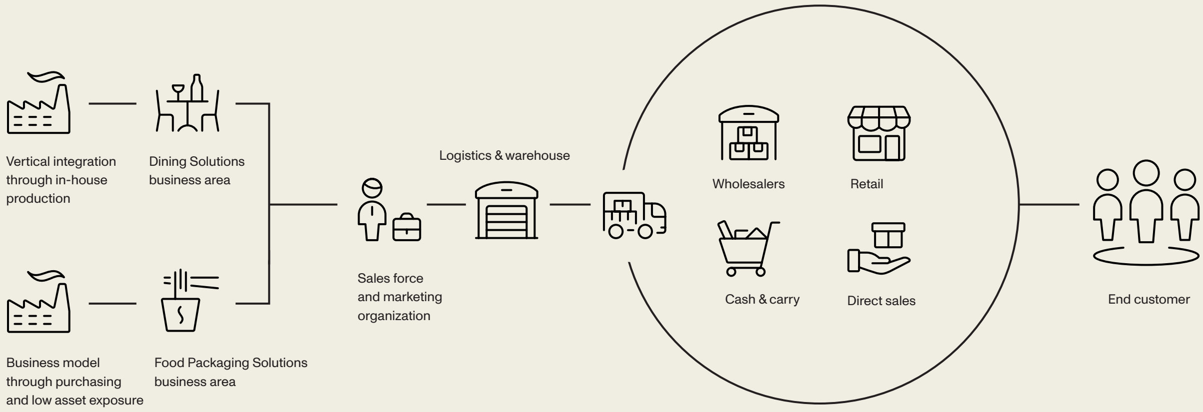
Innovation
Innovation is crucial for the Group's competitiveness. We will develop our offering and create new solutions based on changing trends, demand and laws.

Customers
The Group's relevance requires a customer-centric perspective that focuses on how best to help and support its customers and make it easy to do business with the Group.

People & Culture
The competence and commitment of employees are crucial to achieving the goals of the strategy. This is why gender equality, inclusion and diversity are prioritized, as well as training the organization in strategic core areas.

Business operation
The Group has two complementary value chains: vertical integration (Dining Solutions) and purchasing of products and materials from other manufacturers (Food Packaging Solutions).

Duni Group's value chain



The double materiality assessment method
The 2022 assessment began with an analysis of documents and qualitative interviews with some thirty stakeholders*. Like the rest of our Sustainability Report, the materiality analysis is based on the standards defined by the Global Reporting Initiative (GRI), and we follow the procedures in GRI 3.

We began by carefully reviewing topics reported by, among others, comparable companies and relevant non-governmental organizations. These topics were then tested in a survey with our stakeholder groups, such as customers, suppliers, government agencies, employees and the Board of Directors. We asked open questions in semi-structured interviews. These interviews revealed other relevant topics, which we analyzed to identify key themes.

We then followed the GRI's explanation of "significance" to determine our most important positive and negative impact areas. The GRI has topic-specific standards for each of these areas. Page 40 has a description of how we interpret and manage our impact in seven prioritized areas.

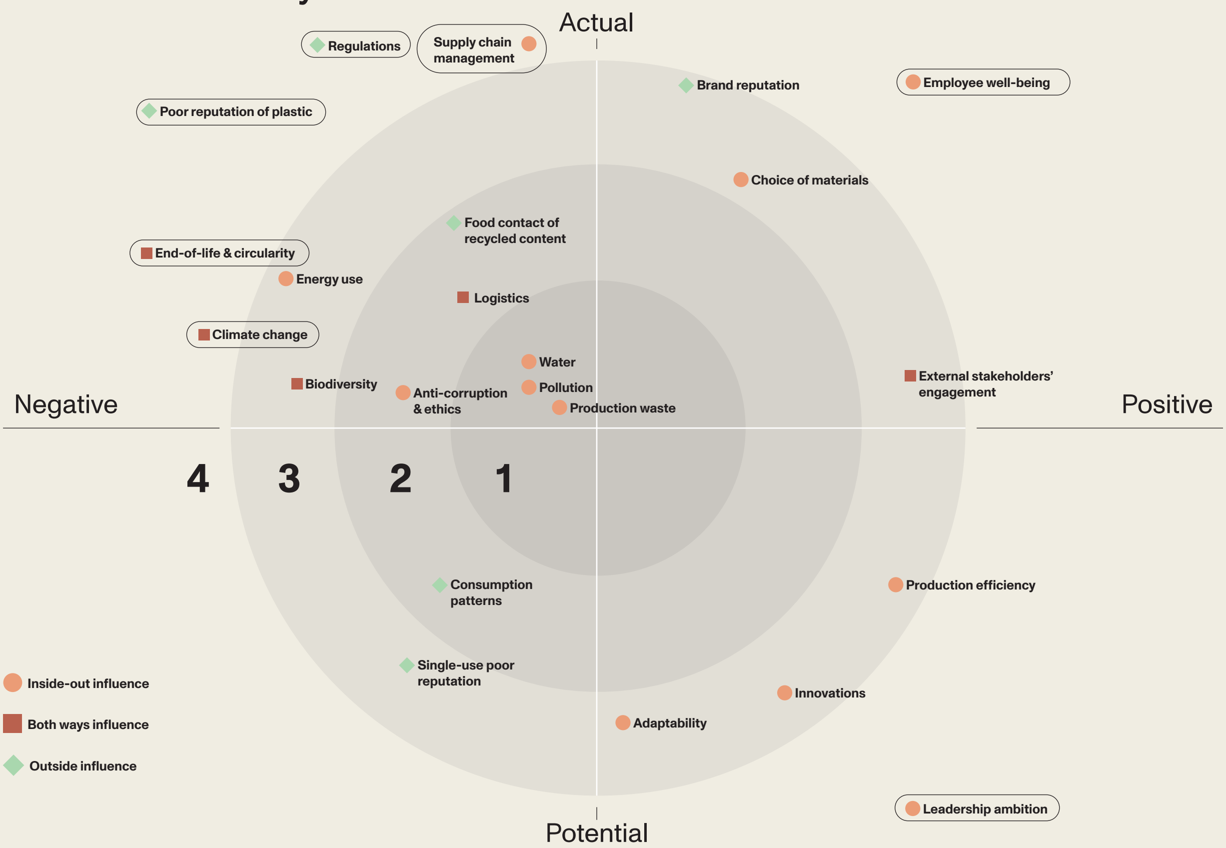
Summary and matrix
The matrix we have compiled shows our material topics based on their importance. According to the GRI, this is determined by:
- Scale – good/bad impact
- Scope – how widespread the impact is
- Irremediable character – whether it can be made good
- Likelihood – probability

We combined scale, scope and irremediable character to determine how positive or negative the impact is or can be. Likelihood was used to compare actual, existing topics and potential impact. These were used in two axes in a chart to illustrate the result.

The further to the left or right from the center a topic is in the matrix, the more negative or positive it is. The actual impact is placed towards the top, the greater the impact. Potential impact is more likely the closer to the bottom (Potential) it is. A topic that is close to the center of the axes is not considered to be particularly significant. It is neither particularly negative nor positive. The lighter colored circles away from the center distinguish the topics that are essential for us to understand and where we need to report and act.

* Business partners, civil society, employees, customers, investors, NGOs, government agencies.

Double materiality assessment



Material topics

End-of-life & circularity
Many of our products have a short useful life and it is often difficult to monitor what happens when the end consumer has used them. In addition, legislation (especially in the EU) increasingly focuses on topics such as littering, extended producer liability and recyclability. This category is part of our strategy's sustainability initiative "Becoming Circular at Scale", as waste management solutions such as recycling and reuse can help close the material flow's cycle. Therefore, it is crucial that we address the problems and challenges of preventing and collecting waste. This will make it easier for us to comply with the proposed Packaging and Packaging Waste Regulation (PPWR) from the EU.

Poor reputation of plastic
A critical theme in the sustainability debate is the phasing out of single-use products made of plastic, and the questioning of how essential and viable some of our industry's products really are. Some customer groups will always want to have single-use articles and packaging of the highest quality, but we must always consider the link between this theme and our portfolio and brand reputation. This is why we are developing reuse solutions while continuing to improve the sustainability performance of our products and packaging. The phase-out of virgin fossil plastic is part of our "Becoming Circular at Scale" initiative, and the goal is a 50% reduction between 2019 and 2025. In 2023, we had reduced this by 29%.

Increasing regulation
Almost everyone interviewed for our materiality assessment mentioned that legislation is increasingly focused on sustainability issues, especially in Europe. This important topic incorporates the growing set of regulations in areas such as reuse, recycled content, single-use articles, plastic, litter, waste management, forestry and packaging solutions. We need to stay one step ahead of legal requirements, as they are expected to have a profound impact on many companies, including our suppliers and partners. A broad base of legislation is having an impact, and we are continuously monitoring, for example, the EU's Plastics Directive, the Timber Regulation and producer legislation. We have also updated our policies based on collaborations and feedback from stakeholder dialogs.

Leadership ambition
We are in an excellent position to drive our sector towards increased sustainability. But it requires us to go beyond the legal requirements if we are to be a true leader, and that we communicate more. We have an opportunity to tell our story to strengthen our position. This topic is crucial, as it reflects the strategy's sustainability initiative "Living the Change". Sustainability is at the heart of Duni Group's identity, so it is essential that we continue to share our progress to inspire others. We have online training courses and have also appointed 17 Sustainability Leaders in the organization. Our KPI for EcoVadis score fits in here, as we aim for a platinum level by 2025 (top 1%), we boosted our gold level by 4 points in 2023, and are in the top 2% group.

Climate change
All companies contribute to climate change through their activities. Consequently, this topic is critical in purely general terms. At Duni Group, we work to measure and reduce not only our direct emissions, but also indirect emissions throughout our supply chain (and communicate quarterly to our key stakeholders). The first step is to measure our Scope 3 emissions (in addition to Scopes 1 and 2), a complex task that we started in 2022. The topic of "Climate change" is still negative in the matrix and is particularly important due to its scale and the fact that the impact cannot be repaired. We continue the work on reducing our emissions to achieve our strategic goal of "Going Net Zero". Our KPI here is the carbon intensity for Scopes 1 and 2, which is set at an index of 40 in 2025 (2019 base year), and we reached this level already in 2023.

Employee well-being
This, for example, includes occupational health and safety, skills development and employee well-being. It also includes the positive influence we have as a major employer in many regions. Many reporting standards (including GRI) have a strong focus on employment. To work in line with best practice, it is essential for us to report on these topics. We have a firmly rooted reputation as a good employer, and we must practice what we preach ("Living the change") to realize our strategic goals for 2030. We have updated policies for the Code of Business Conduct, human rights and whistleblowing. Our suppliers are covered by our Code of Business Conduct policies, which comply with ILO standards and UNGC principles. Internal systems for gender equality and inclusion support employees and managers in their work.

Supply chain management
Management of our supply chain includes global trends, which are deficiencies caused by the pandemic and a shift towards local production. It also includes how we interact with our suppliers and address any issues upstream in the value chain, such as human rights or labor law. Our suppliers feel that we are an engaged, interested partner and we try to help them improve their business and reduce deficiencies in compliance with regulations. We work constantly to improve environmental and social sustainability in our supply chain with ongoing audits, and there are still areas for improvement even further upstream in the chain. Our Business Partner Code of Conduct and our supplier manual for partners govern social aspects for all suppliers, and we have broadened the base of suppliers that we audit on an ongoing basis.

Key stakeholder comments

The double materiality assessment presented in the 2022 sustainability report was sent for consultation to all key stakeholders interviewed for the first version to get their comments. Overall, this was still perceived as relevant, but with a suggestion to include a link to circularity in the aspect that deals with "end-of-life". The materiality matrix has been updated with this wording to clarify, as this perspective is included in the actual assessment and work.

Our double materiality assessment will be completely redone in 2024 as part of our alignment with CSRD legislation.

"Our goal must be to identify our customers' needs at an early stage to find a professional solution for the entire supply chain together with our suppliers."

Thomas Wetzke, Manager Quality/Environment/ Product Safety, Paper+Design, Germany

"As a producer of single-use products, we have to be fully involved in the journey and not just tick a box. When challenged, we still have to believe – believe in a world where sustainability is not a choice, but a way of life."

Stephanie Seidel, Marketing Director Commercial, Europe, Duni Group, Germany

"Focus on closing the loop!"

Stefan Dubois, Sales Manager Ice Cream Europe, Paccor, Belgium

"It is obvious that the single-use industry must become more circular, in the sense that it should be possible for resources to be used for a longer period of time, for example through reuse."

Åsa Stenmarck, Material Flow Expert, Swedish Environmental Protection Agency (EPA), Sweden

"Legislation and reputation: it's essential in this area that decision-makers are aware and have sufficient information to anticipate the long-term consequences of having a short-term mindset or continuing with business as usual."

Oriol Segarra Pol, Bumerang, Spain

"Duni Group is responsible for educating end-users and customers about the products, how to recycle and reuse them, which ultimately strengthens the brand."

Alex Pan, Auditor Asia, Freespace Management Consulting Company, China

"Banning single-use plastic is a trend, and we need to see what can be replaced by better materials to offer customers a greener alternative."

Andy Kuo, President Packaging Industrial Corporation, Taiwan

"For me, the most important challenge is to improve resource efficiency through the reuse and circularity of products. Moving from single-use to sustainable products will not only prevent waste, but also significantly reduce the resources required for our lifestyle and thereby have a significant, positive impact on climate change."

Gregor Kolb, Relevo, Germany

Risks and risk management

Duni Group's business is affected by various external factors and is constantly exposed to risks and threats. Active risk work with analyses is undertaken systematically on an annual basis, partly to predict factors that may hurt the Company, partly to identify opportunities. The business has employees in 21 countries, with production in Sweden, Germany, Poland, Thailand and New Zealand. Each country has unique challenges and risks, with local regulations and laws that must be followed.

Group Management reports risk issues on an ongoing basis to the Board of Directors, which is ultimately responsible for ensuring that the Company has processes in place to identify and manage risks. This may include, for example, financial status, compliance with the Group's financial policy, and external changes globally. By identifying, mapping and planning the Group's risks, the management team is supported in making strategic decisions.

Underpinning operational risk management, which is managed at all levels of the organization, is the Group's Code of Business Conduct and a number of key policies. This aims to increase the risk awareness of the whole organization, among both operational decision-makers and the Board. The goal of risk management is not necessarily to eliminate a risk, but to identify, control and balance various initiatives against the Group's financial and sustainability goals. The identification and handling of local complaints is the responsibility of the local management team.

Business risks

The business risks are divided into:

- strategic and external risks
- operational risks
- sustainability risks

These risks may affect the Company's business model and long-term strategic planning, and may have a negative impact on the financial results or the Group's reputation.

Some of the business risks are due to external factors associated with the world at large that are difficult to influence. In 2023, some of these risks were related to the consequences of rising inflation, as well as a general uncertainty linked to geopolitical risks with effects that are difficult to predict. Risks associated with conflicts in markets where Duni Group operates are evaluated on an ongoing basis, with implemented corrective measures if necessary.

The Company considers the risk of disruption in critical IT systems to be high, and this can seriously affect operations in various ways. Duni Group monitors developments in this area closely, in order to best protect critical information and ensure stable IT operations. The Board's Audit Committee has cyber security as a focus area and reported on this at all meetings in 2023. An assessment of risks related to AI (artificial intelligence) has been initiated, and this work will continue in 2024.

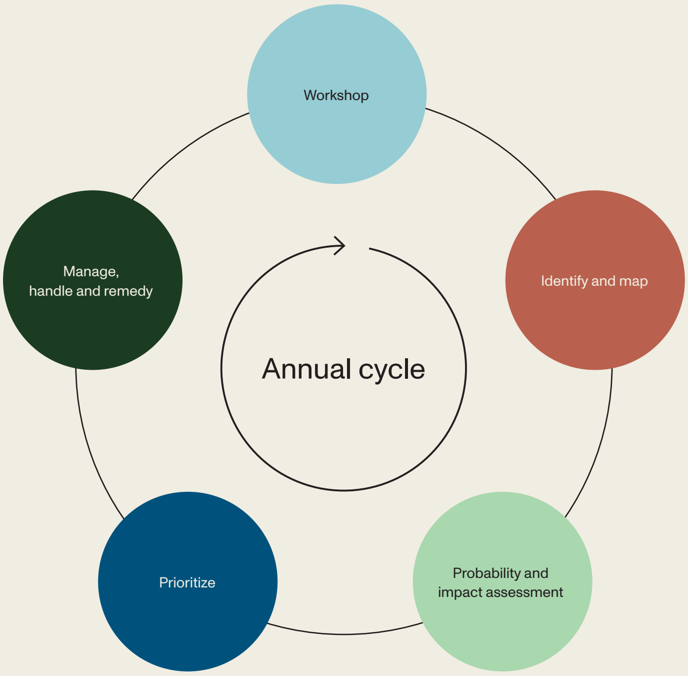
Risks associated with internal factors can largely be controlled by the Company itself. Sustainability risks include environmental, human rights and corruption risks. This also includes risks such as not being able to keep up with external requirements regarding material development, reporting or legal requirements.

Financial risks
The central finance department is responsible for prioritizing and managing financial risks such as foreign exchange, interest rate, liquidity and credit risks. The financial policy focuses on the unpredictability of the financial markets and is reviewed and approved annually by the Board of Directors.

All legal entities in the Group report their income statement and balance sheet every month in accordance with internal reporting requirements and accounting rules. Controllers for the operational activities examine and analyze the financial information in each area of responsibility as an element of quality control. Duni Group works systematically with a range of control activities such as analytical reviews, spot checks, audits and reconciliations.

Risks that might cause errors in the Company's financial reporting are analyzed and assessed. The Company evaluates and makes decisions every year on which risks are significant to consider in order to ensure good internal control in financial reporting.

Duni Group operates in many countries and, like many other companies, runs the risk of involvement in corrupt and unethical behavior, fraud, and irregularities in sales, purchasing, and production. A number of measures have been taken to prevent corruption and fraud. Training courses have been held on the Company's Code of Business Conduct, which is supplemented by detailed policy documents, such as our anti-corruption policy with associated e-learning. Supplementary material has been drawn up and training courses were held during the year in the areas of anti-money laundering and "know your business partner".



The risk management process

Identification
To identify and evaluate risks and trends, workshops are held every year in all parts of the organization. Gross risk and net risk are discussed here, based on which control mechanisms and measures are in place or need to be added. All risks are assessed from a probability and impact perspective. The risk level that is finally reported is the net risk.

The operation owns its risks and the results are reported directly to the relevant department, which takes a view on the measures proposed. This work is then followed up during the year. The management team studies the results, discusses trends and decides on measures. Finally, a summary of the annual work is reported to the Board of Directors.

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

The Group has a global program that manages insurable risks. These are evaluated annually to ensure that we have adequate insurance cover. As part of preventive work, measures are also taken to reduce these risks. External risk engineers conduct annual insurance inspections at all of the Group's major production companies. In addition to these annual inspections, there is continuous follow-up in an action program to control and reduce risks.

Each manufacturing unit has a local continuity plan based on a detailed risk and impact analysis. The continuity plans are there to reduce the impact on the production cycle in the event of, for example, a fire or supplier disruption.

The Group's paper production and storage of paper products involve a high fire load. To mitigate and manage this conscious risk, investments are planned as preventive measures at all production facilities. This, together with a number of other preventive initiatives, such as fire drills, training, maintenance and good order, constitute important measures that ensure good preparedness and correct action.

Business risks

Strategic risks and external risks		
Area	Description	Action
Regulatory risks	Legal risks are identified throughout the business. These include changes in legislation, violations of legislation within the organization, deficiencies in agreements or legal challenges locally that might have negative legal and financial consequences for the Company. Duni Group operates in many countries, and the varying legal requirements between countries can pose a risk.	Prioritization of legal compliance and continuous monitoring of legal changes take place in all of the business's functions and countries. Examples of high-priority areas are legal changes in the use and handling of single-use products. Increasing requirements in the area of corporate governance and reporting also place stricter legal requirements on the Company. We monitor the EU's review of laws relating to the forest industry's environmental impact, which involves changes to our business operations. To ensure good legal compliance, Duni Group works closely with external experts and advisors. In addition to this, the business is governed by Duni Group's Code of Business Conduct and associated policies and directives, which help the organization to do the right thing.
Supplier dependency	Duni Group is dependent on external suppliers in order to be able to manufacture, sell and deliver products. Should a key supplier suffer disruption, this could in turn cause disruption in parts of the Group's operations. For the business area Dining Solutions business, this dependence relates primarily to the raw materials used in the production of tissue materials. For the business area Food Packaging Solutions business, dependence relates to key suppliers in Asia and Europe.	For raw materials, the risk is managed by reducing dependence and spreading it as far as possible. As there are few suppliers of certain input materials, the Company needs to accept some risk and instead work with supplier planning and evaluation of any impact in continuity plans. In order to manage the risk in connection with the purchasing of products not produced in-house, we work with supplier planning and the evaluation of geographical distribution and choice of materials.
Customer dependence	Duni Group sells to the retail sector, e-commerce, end customers and to a large extent through wholesalers. If wholesalers are not successful in their sales, earnings are adversely affected.	Duni Group's ten largest customers account for around 20% of total net sales. Great emphasis is placed on long-term customer relationships and on constantly creating good relationships with new customers. As the customer structure largely consists of wholesalers, behind which a large number of restaurants and hotels are end customers, individual customer dependence on end customers is not significant.
Competition	Duni Group is exposed to competition from other companies in the industry, especially in the German market, where local actors are playing an increasingly prominent role.	Duni Group constantly focuses on reaching out to the market in an attractive way and on meeting the needs of customers and consumers. The innovation department is working to develop the current offering and create eco-smart solutions that are in line with changing demands and legislation. Investing in innovation is necessary for our competitiveness.
External risks	During the year, Duni Group was exposed to external risks, the direct cause of which is beyond the Group's control. Russia's invasion of Ukraine in 2022 resulted in a deterioration in the geopolitical situation. The recent development of conflicts also in other regions where Duni Group operates, such as the Middle East, is creating general uncertainty with effects that are difficult to predict. The external risks also relate to inflation, which continued to affect costs in general during the year.	During 2023, Duni Group continued to closely monitor developments in Ukraine and is following all sanctions imposed. Duni Group currently has no operations in either Russia or Ukraine, and no input materials or imports come from these two countries. Other events in the world around us are also monitored, particularly those related to conflicts in the markets in which we operate. Corrective measures are initiated as necessary. The Group works actively with price adjustments for customers in order to balance an attractive offering and mitigate generally higher costs.

low medium high extreme

Operational risks		
Area	**Description**	**Action**
Disruption at production facilities	The Group's paper mill in Skåpafors supplies our converting units, mainly in Europe, with tissue and airlaid. Disruption at the paper mill will, depending on the level of damage, also cause disruption at the converting units. In converting, there are risks that could mean that the Company would ultimately experience problems in delivering products to end customers. Disruption in production can be caused by fire, machine breakdown, handling errors, resource shortages, IT breakdown or other kinds of damage.	The Group works actively with preventive measures, not least in terms of fire safety, where training and checks take place on an ongoing basis. Each facility works continuously with the maintenance of plant and machinery, and guarantees good order. The preventive measures are balanced with the insurance cover that exists within the Group. The majority of the production facilities are inspected annually by external risk engineers. Each production facility has a continuity plan that describes not only the impact on the Group in the event of disruption, but also how the Group can best reduce the impact, limit the total downtime and ensure good continuity.
Disruption in the logistics chain	Disruption in the logistics chain can occur both internally and externally. An interruption at a logistics partner may be caused by a cyber attack, bankruptcy or some other event. An internal interruption may be due to fire, lack of personnel, machine breakdown or similar. The risk for the Company is partly to be unable to secure delivery of tissue and airlaid from our paper mill in Skåpafors to the converting units in Europe. There is also a risk regarding the Food Packaging Solutions business area and challenges that may arise with deliveries from Europe and Asia. Ultimately, the Company risks not being able to secure delivery to the end customer.	The Company's logistics department places great emphasis on preventive measures to reduce the impact in the event of an external interruption. Efficient processes are implemented to be able to replace transport providers, and there are currently no dependencies on any one provider. The risk is also mitigated through good and flexible collaboration with logistics partners, which means that the Company can plan and be well prepared. There is also full insight into where the goods are located, which further facilitates and ensures timely deliveries. To manage the internal risk, focus is on fire prevention work through training and checks, maintenance of machines etc. in the warehouses and preventive planning in the event of disruption.
Employee risks	In order to meet set goals, Duni Group is dependent on being able to recruit and retain motivated employees. There is therefore a strong focus on employee risks related to succession, discrimination, occupational health and safety, and skills.	Succession planning is undertaken every year in the management team, to ensure retention of the right competence. To guarantee an organization with healthy employees, there is an annual cycle of employee and focus discussions, skills development, internal training, systematic work with health and safety, etc. The well-being of employees is checked every month through an employee survey. The Group also has an established whistleblower function that employees can use if necessary. Duni Group focuses on having an attractive corporate culture with clear values and a balance between private life and work to make the Company known as an attractive employer.
Product safety	Requirements related to product safety are particularly strict for products that come into contact with food. In addition, legal changes related to the Group's product range occur at a rapid pace, at both local and global levels. If we do not succeed in keeping up to date with these requirements, there is a risk that trust in our brands will diminish.	Within the Group, product safety is ensured in connection with in-house production and converting, as well as in relation to products purchased externally. The Company tests the products together with external experts and trains suppliers to produce using materials that meet the requirements.
IT (information and security)	Disruptions to critical IT systems can seriously affect operations in different ways. Cyber risks such as ransomware, phishing, information leakage, and other forms of online fraud are an increasing threat that requires great vigilance.	In order to minimize external threats and their impact, the Group invests continuously in appropriate technology. We monitor developments in this area closely, in order to best protect critical information and ensure stable IT operations. The Board's Audit Committee has cyber security as a focus area and reported on this at all meetings in 2023. During the year, a number of internal training courses were held in the Group in order to increase the level of general risk awareness in the organization.

low medium high extreme

Sustainability risks		
Area	**Description**	**Action**
Environmental impact medium	Duni Group's operations involve the consumption of natural resources and environmental emissions that can result in a negative environmental impact. Risks such as emissions to nature, impacts on biodiversity, noise, and depletion of natural resources can thus affect how our operations can be conducted.	Duni Group's production units in Europe are environmentally certified and regular environmental inspections are conducted to identify any negative environmental effects that our operations give rise to. Emission controls, environmental goals (such as reducing the use of virgin fossil plastics) and the implementation of other measures to reduce our environmental impact are implemented in all parts of the business.
Climate change medium	Duni Group's operations are dependent on natural resources, the availability of which may be adversely affected by climate change. A lack of renewable energy could have a negative impact on the environment and thereby also the Company's strategy. Extreme weather phenomena such as forest fires and floods can result in disruption in our production that will require climate adaptations in order to future-proof production and access to raw materials.	Duni Group's strategy is to have a net zero climate impact for Scopes 1 and 2 by 2030. Work on Scope 3 data has continued and generated better base data for decision-making regarding the reduction of indirect emissions. Duni Group's science-based targets were approved in 2023. This will guide work going forward in how we reduce our climate impact. Clear key performance indicators (KPIs) have been set in production, and work is also continuously under way to examine various solutions for improving energy efficiency and switching to renewable energy in order to reduce our dependence on fossil fuels.
Corruption medium	Corruption poses a threat to sustainable economic and social development around the world, and to varying degrees it exists globally. Duni Group operates in many countries and, like many other companies, runs the risk of involvement in corrupt and unethical behavior, fraud, and irregularities in sales, purchasing, and production.	Duni Group holds internal training courses in the Company's Code of Business Conduct. These are supplemented by detailed policy documents, such as our anti-corruption policy with associated e-learning. All of the Group's employees, Board members, executives (incl. Group Management), suppliers and business partners undertake to comply with these policies. The Group strives for a business-ethical approach throughout its value chain.
Human rights medium	Human rights must be respected, both internally within the Company and externally throughout the value chain. Some of Duni Group's products are produced in or purchased from countries where transparency concerning human rights is limited. This can mean that risks of, for example, child labor, slavery, discrimination, or unsafe workplaces are not detected in time and workers in our value chain are mistreated.	Duni Group's codes of conduct and supplementary policy documents apply to all employees, Board members and executives (incl. Group Management), suppliers and business partners. Compliance in the supply chain is followed up through audits. In 2023, in-depth work on risks for human rights risks through participation in the UN Global Compact's Business & Human Rights Accelerator. Through this work, the process for analyzing risks to the environment and human rights in our operations was developed, and the salient risks to human rights were identified. This is a continuous process that must be evaluated and revised as necessary.
Certifications medium	Duni Group has a number of sustainability-related certifications, such as the Forest Stewardship Council® (FSC®) and OK Compost. Risk factors, such as changing of criteria, or the supply chain not complying with the requirements, can contribute to a possible loss of the certifications.	Part of our sustainability work is devoted to living up to and maintaining our certifications. It is extremely important to have good internal control and to work actively on auditing both our own operations and the entire supply chain. A number of policies have been updated and developed to govern the annual audit work. The Company also works closely and proactively with external experts in the various areas, in order to stay one step ahead.

low · medium · high · extreme

Financial risks

Financial risks		
Area	**Description**	**Action**
Risk of errors in financial reporting	There is a risk of errors in financial reporting, partly through handling errors, system errors, a lack of resources or other factors. These risk factors are analyzed and assessed on an ongoing basis.	There are a number of mitigating measures to manage the risk of errors in financial reporting, including good internal control, clear reporting schedules, a broad controller function, continuous system backups, and system priority at IT. A more detailed description of the Group's work on internal control can be found in the Directors' Report.
Currency risk	Duni Group operates internationally and is exposed to currency risks which arise from various currency exposures. Transaction exposure arises through purchases and sales in a currency other than the functional currency. Translation exposure arises when the subsidiaries' balance sheets and income statements are translated into SEK. If SEK is strengthened by 10%, we will have a negative impact on operating income of approximately SEK 80 million.	Duni Group manages currency exposure, which is divided into transaction exposure and translation exposure, by concentrating exposure to a small number of Group companies and through a financial policy adopted by the Board of Directors. We have good internal measures to minimize currency risk, but its impact is also driven by external factors that are difficult for us to control. For more information, see Note 33.
Capital risk	Capital risk comprises refinancing and liquidity risks. These risks arise if the Company cannot meet payment obligations due to a liquidity shortage or difficulties in obtaining credit from external sources.	The risk is managed by Group Treasury, which ensures that there is sufficient liquidity and available financing through agreed credit facilities. Continuous work is carried out on liquidity forecasts in both the short and long term, as well as various activities related to, for example, cash flow and inventories.
Interest rate risk	There is an interest rate risk within Duni Group. Exposure arises when all borrowing is at variable interest rates. The Parent Company's internal lending and borrowing also take place at variable rates.	In order to manage interest rate risk and protect the Group's interest expenses against abnormal levels, as all borrowing is at variable interest rates, primarily in EURIBOR, part of the interest rate risk is hedged at fixed interest rates through interest rate swaps. These are solely for financially hedging risks, not speculative purposes.
Credit risk	Credit risk is the risk when the counterpart is not able to repay the amount they owe the creditor or if the counterpart is not able to fulfil its contractual obligations. A credit loss can arise and that can lead to negatively impact on Duni Group´s financial result.	The credit risk associated with accounts receivable is managed by such means as external credit checks on customers. During the year, bad debt losses did not deviate significantly from normal. There is, however, constant uncertainty in the market, which is followed up and handled in accordance with a set regulatory framework.
Taxes	Duni Group works actively to ensure compliance with laws related to areas including tax issues. If, for any reason, the Company does not comply with local tax laws or regulations imposed by the OECD, this may have negative consequences for the Group.	The Company's finance manual describes the basic approach and management of tax issues. External experts are also used continuously to best interpret and assess tax-related issues.
Price risk	The Group is generally exposed to price risks, and inflation remained high for most of 2023. It did, however, ease somewhat at the end of the year. The business area Dining Solutions's production and converting units in Europe are particularly vulnerable to energy price risks with their energy-intensive operations, especially gas and electricity. The business area also has price risks associated with the pulp used in the manufacturing of tissue and airlaid.	Our production units work actively on energy efficiency and focus on striking a good balance between contracted volume and spot price volume. In order to reduce dependence on electricity, work is under way to guide the energy mix more towards biofuel.

low medium high extreme

Duni and the UN Sustainable Development Goals

The UN's 2023 mid-term report highlights the difficulty in achieving desirable results for all sustainable development goals. Work to align the Group's operations with the UN's global sustainable development continued in 2023, helped by the link to our three sustainability initiatives.

When we formulated our three sustainability initiatives for 2030 in 2021, we also updated how to work with the UN's global sustainable development goals (see below). Following our evaluation, we selected five of the UN's sustainable development goals that we prioritize in our operations and that are still relevant to us.

In our preparatory work, we linked the Group's three sustainability initiatives to the global goals. In 2022, we defined several metrics known as KPIs (Key Performance Indicators), which we linked to the five sustainability goals we selected. These KPIs guide us in our work and help us to follow up on an ongoing basis, so that we can check that we are performing in line with our plans.

Seventeen 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 goals, they can prioritize which are of greater importance to drive improvements.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Goal 12: Sustainable consumption and production
The use of raw materials is increasing rapidly in society, so it is vital 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 consumption. Companies must make active choices. Duni Group strives to choose better materials, reduce waste, produce with better energy sources, and to ensure that there are viable solutions for our products after use.

1 SDG 12 is linked to our sustainability initiative Becoming circular at scale.

KPI
- Volume of virgin fossil plastic used in single-use items

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 2023:
- Pilot tests of a circular model with BicyCompost
- Development of new articles made of recycled fibers for wiping
- Partnership with Sweden Rock Festival
- Pilot tests of the Idun system for re-use

13 CLIMATE ACTION

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 this and its effects. 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.

KPI
- Carbon dioxide intensity, Scopes 1 and 2

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 2023:
- Science-based targets approved
- Solar panels installed at the factory in Thailand
- Energy efficiency improvements in operations

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 are essential aspects. Duni Group advocates transformational 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 Business Conduct through dialog and audits.

3 SDG 8 is linked to our sustainability initiative Living the change.

KPI
- Number of employees who have undergone sustainability training

Challenges:
- To implement transformational leadership throughout the Company
- An independent, fair and objective selection of job applicants each time

Examples of Duni Group activities in 2023:
- Updated e-learnings on human rights, Duni Group's Code of Business Conduct and anti-corruption
- Project involving analysis of pay levels within the Group (Living Wage)
- Introduction of Winningtemp and Diversity Index measurement tools
- Internal audits of the Group's European plants in accordance with Duni Group's Code of Business Conduct

Goal 15: Life on land
Conserving life on land means protecting, restoring and sustainably using ecosystems, especially forests, and halting the biodiversity loss. 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 part of our sustainability initiative Becoming circular at scale.

KPI
- Proportion of FSC®-certified materials in products sold

Challenges:
- Increased pressure on forests for energy purposes and raw materials
- Virgin paper collection systems are needed to ensure recycling
- Biodiversity measures are needed, but this area is difficult to measure

Examples of Duni Group activities in 2023:
- Launch of more colors for Bio Dunisoft® fossil-free, home compostable napkins
- Switch to FSC®-certified raw materials for a number of BioPak product lines

Goal 17: Partnership for the goals
Sustainable development requires partnerships and openness to new perspectives. We must 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 2023, we continued to communicate intensively and widely to share both our progress and challenges.

3 SDG 17 is linked to our sustainability initiative Living the change.

KPI
- EcoVadis score

Challenges:
- Speed and scope of legislation are increasing and impacting relationships in the value chain more and more
- Communication of sustainability information is becoming more demanding, while interest is increasing
- New media habits and the potential spread in social media can make it challenging to share sensitive but important information with partners

Examples of Duni Group activities in 2023:
- External collaborations initiated with Tent, Botildenborg, Jobbsprånget and Lund University
- Duninclusion Days held for the first time at head office
- Partnership with Inner Development Goals (IDG),
- Unmo launched, a digital meeting place for the restaurant industry
- Seminar and round table discussion during Almedalen Week

Environmental information

Circularity and reuse are becoming increasingly important

A hugely important but complex goal for the Group's sustainability work is to switch to a circular business model in which all parts of the product life cycle are vital.

To achieve truly sustainable solutions, a product's entire life cycle must be considered in a circular model. EU drives the development towards circularity, for example, through its green deal for a sustainable future (European Green Deal).

Both EU and local legislation are increasing the pressure on our industry. Through its 2019 plastic directive, the EU is steering the industry away from single-use products made of plastic. Continued implementation in 2023 revealed challenges, as it is done in different ways in the Member States. The upcoming packaging regulation will focus on reducing the amount of packaging waste through several measures, and will consequently have a significant impact on the industry.

It begins with the choice of materials and design

One fundamental problem is that our industry generates too much waste, mainly plastic. Two areas will be key: single-use solutions for food and drink, as well as packaging and products made from recycled materials. This puts a focus on the choice of material. Even in the design phase, we must ensure that products and packaging can be recycled or reused. To make sure that we choose sustainable materials, we work with many certifications, including the Nordic Swan Ecolabel, FSC® (Forest Stewardship Council) and OK Compost Home.

However, there is considerable uncertainty in this area. In general, there is a lack of efficient return flows for many materials, and there are major differences between different countries. There are also other regulations, such as those for food safety, that hold back the use of recycled materials in packaging.

Different solutions will be needed

There are solutions for the flows, but collaboration in the value chain is crucial. The Group invested in two exciting start-ups in the field of reuse in 2021, the German company Relevo and the Spanish company Bûmerang. In 2023, we ran pilot tests on Idun, our subscription solution for circularity, with good results (see more on page 25).

In the complex landscape in which we and our customers are now moving, there is rarely one best circular solution. Single-use or reuse alternatives, or other solutions, can all be best, depending on the customer and geography. With our knowledge and product portfolio, we must be able to offer this. Through our innovation and partnerships, we drive developments in the industry.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

15 LIFE ON LAND

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.

Becoming Circular at Scale

Goal 2030: fully circular operations

Main areas:
- Environmentally better materials and suppliers
- Efficient operation
- Relevant solutions for reuse, recycling and composting
- No virgin plastic for single-use products

Interim targets 2025:
- Reduction of virgin fossil-based plastics in single-use products by 50% towards 2019 as a base year
- Multiple end-of-life solutions
- FSC®-certified products: 100% for Duni and 75% for BioPak Europe.

Significant activities in 2023:
- Plans for recycled plastic in packaging solutions
- Pilot tests of Idun, the Group's circular solution for restaurants
- Participation in "World Cleanup Day"
- Idun.co website launched

Read more on page 63.

We are moving closer to our net zero goal

It is becoming increasingly clear that the reduction in greenhouse gas emissions in society must be accelerated to slow down climate change. Duni Group continued to reduce its emissions in 2023.

One important goal for the Group is to reduce greenhouse gas emissions. This includes both our own operations (GHG Protocol Scopes 1 and 2) and, in the long term, our entire value chain (Scope 3). In 2023, many activities were carried out that bring us closer to our goal of net zero carbon dioxide emissions by 2030.

Powerful initiatives in in-house production
Within the framework of Scopes 1 and 2, we are working to reduce our own emissions, for example, by only using renewable energy.

One of our initiatives in 2023 that stands out is the installation of solar panels at the Group's facility in Bangkok, Thailand. We also installed EV charging stations in Bramsche, Germany, and a new lighting system in Poznan, Poland.

Our paper mill in Skåpafors has high total consumption levels, but has been working since 2010 to make the transition to fossil-free energy sources. In 2021, for example, we switched to electricity from wind power. We are now looking at how we can cover the last third of our energy needs in a fossil-free way by 2030, with the switch to fossil-free gas and the electrification of vehicles.

Setting science-based targets
To measure our Scope 3 impact, in 2022 we launched a project that drills down into 15 different categories of climate impact. The measurement and reporting of this huge task was submitted in 2023.

It lays the foundation for our science-based targets in accordance with the Science Based Targets initiative (SBTi), which were approved in November 2023. This is an important milestone in becoming our industry's credible sustainability leader by 2030. Using science-based targets is a comprehensive and transparent way for us to demonstrate our continuous, long-term work to reduce greenhouse gases. By being aware of our climate impact, we can start discussions about improvements internally and externally with suppliers and customers throughout the value chain. Performance will be followed up and communicated externally every year.

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.

GHG Protocol levels

Scope 1: direct emissions that occur in our own operations, for example, from fuel combustion and from vehicles we own or control

Scope 2: indirect emissions from purchased electricity, steam, heating and cooling

Scope 3: other indirect emissions, for example, from purchased materials, product use, waste management or business trips that we do not own or control

Going Net Zero (net zero climate emissions)

Goal 2030: a zero vision for greenhouse gases according to the GHG Protocol Scope 1* and Scope 2**

Main areas:
- Science-based targets that are approved, measured and communicated. GHG Scopes 1 and 2 reported quarterly, Scope 3*** is reported annually
- 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 targets 2025:
- activities in accordance with the approved science-based targets in line with the international Science Based Targets initiative (SBTi)
- Carbon intensity index 40 for Scopes 1 and 2

Significant activities in 2023:
- Measurement and reporting of Scope 3 emissions completed
- Science-based targets approved
- Solar panels installed at the factory in Thailand

Installation of charging posts in Bramsche
- Implementation of external knowledge platform "Climate Fresk"
- "Energy heroes" campaign in Bramsche
- New lighting system in Poznan
- Upgrade of Rexcell's drying unit initiated, enabling energy efficiency improvements

Duni Group's science-based targets:
Near-term targets
Duni Group commits to reduce absolute Scope 1 and 2 greenhouse gas emissions by 57.1% by 2030 compared to the base year 2019. We are also committed to reducing absolute Scope 3 greenhouse gas emissions by 46.2% by 2030.

Long-term targets
Duni Group commits to reducing absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2019 base year*. Duni Group also commits to reducing absolute scope 3 GHG emissions 90% within the same timeframe.

Read more on page 64.

Social sustainability information

The soft values are vital for success

In 2023, work continued to train our managers and other staff. Sustainability is an important focus area, as is diversity and inclusion. The Group continues to be visible in society, including during Almedalen Week.

The engagement of our employees and leaders is critical if we are to achieve our challenging goals by 2030. During the first years of the strategy, a lot of resources were devoted to disseminating and securing an understanding of what we want to achieve.

We have continuously developed platforms, tools and information to give employees throughout the organization increased knowledge and confidence when talking about sustainability with customers and suppliers.

Training courses make the organization stronger

During the past year, the 17 sustainability leaders appointed in 2022 have also been working to spread the conversation and knowledge about sustainability locally in the organization. They have an important task to support their colleagues and create local networks in the organization. We continued to develop various leadership and sustainability training courses, which are held digitally. In 2023, several e-learnings were also launched on topics such as our Code of Business Conduct and our updated policies.

An increasingly active voice in sustainability

"Living the Change" includes both how we are as an employer and how we work with our suppliers and partners. But one important aspect of this social sustainability is that we must also be more visible in relevant contexts and build two-way communication with key stakeholders. We are creating new channels for a dialog with stakeholders such as customers, university students and people working in the restaurant industry. We want to be involved and have an influence, but based on knowledge and skills, not opinions and took several significant steps in this area in 2023. We see that the demands on companies will increase with the EU's directive on green claims, and we have continuously evaluated our communication accordingly.

In line with our strategy, Duni Group is increasingly assuming the role of an expert in sustainability. Interest in what we have to say is growing, and we are increasingly invited to conferences, presentations and trade shows. We have also been a referral body for the Packaging and Packaging Waste Regulation (PPWR). For the second year in a row, we were also present in Visby during Almedalen Week, where we participated in seminars and round table discussions, and also launched Idun, our proprietary circular solution for restaurants.

8 DECENT WORK AND ECONOMIC GROWTH

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.

17 PARTNERSHIPS FOR THE GOALS

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.

Living the change (practicing what we preach)

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 solutions, even from a sustainability perspective.
- Our communications will have a high degree of transparency, integrity and openness.

Interim targets 2025:

- Key stakeholders see us as a trustworthy sustainability leader
- Reach the platinum level in the EcoVadis system
- All employees trained in sustainability.

Significant activities in 2023:

- The Group's opinion on the Packaging and Packaging Waste Regulation (PPWR) submitted to the European Commission and the Swedish government
- Membership in Sedex, a platform for supply chain assessment
- Participated in the UNGC's Business and the Human Rights Accelerator
- Idun, the Group's circular solution for restaurants was launched as a pilot test during Almedalen Week, with seminars and round-table discussions
- Launch of a five-step sustainability training program for employees
- Launch of Sustainability Playbook – tool for the sales force
- New e-learnings for all employees
- Local Sustainability Teams created
- Swedish tuition in Malmö for international colleagues
- New Public Affairs network in Europe
- Partnership with Inner Development Goals (IDGs) initiated
- Joined Tent Partnership for Refugees and committed to employing 50 refugees in Europe over the next three years
- Unmo – a digital platform and social network for the Food Service industry launched.

Unmo – built by the industry for the industry

Johan Mårtensson
New Business Manager and Innovation Lead for Unmo

If you want to be an industry leader in sustainability, you need to move your offering beyond the physical products and also focus on social sustainability. This is what Duni Group's Unmo (United Movement) platform does, offering a meeting place for the restaurant industry.

The basic premise is that many restaurants cannot find staff, while many job seekers find it difficult to be seen. With Unmo, both parties can adopt a more long-term approach and reach out broadly through one common point of contact.

Johan Mårtensson, who is responsible for the initiative, explains that: "Anyone who wants to make a career in the industry can build a profile and add their strengths. Different businesses, such as restaurants or cafés, can become more visible, start working with 'employer branding', instead of just doing short-term actvities."

Unmo has been in operation since July and now has a presence in Malmö, Gothenburg and Stockholm, with around fifty restaurants and almost 1,000 candidates. "We've created content on our social media and driven traffic to the platform. It's all about promoting the individual," says Johan.

There is a plan to spread the platform across Europe, Johan says. "We're looking at bigger cities and places with a well-known gastronomic reputation where many people want to work, but also seasonal areas with high staff turnover during the summer or winter."

Find out more at www.unmo.se

We're extending our work on diversity and inclusion

Marcus Martinsson
Head of People & Culture, Dining Solutions, and responsible for Duni Group's Duninclusion Board

Diversity and inclusion now has an established place within Duni Group. The creation of the Duninclusion Board in 2021 gave more structure to this work. Marcus Martinsson leads the work. He says that, "There are 10-12 of us representing the entire company, and we meet to explore the topic, the current situation and what we need to do."

Diversity and inclusion affects and is often essential for younger people, who want to be able to influence, feel a sense of belonging and make a difference. But the feeling of being valuable is equally important to all people. Diversity also fosters creativity and innovation, which we as a company are totally dependent on.

"We need engaged leaders who drive the issue. To complement People & Culture's leadership training programs, the Duninclusion Board has created a specific Diversity & Inclusion course," says Marcus.

In 2023, Duninclusion Days was launched, an annual touring event that highlights the issue in the organization. An international leadership conference was also held during the year, where the topic of diversity and inclusion was a high priority. The Group has also started to measure the area according to an inclusion index.

Another initiative is to promote female leadership so that it matches the Group's overall gender distribution. Marcus says, "The idea is that if we start with this part, the others will follow. It's about knowledge, understanding and awareness related to career, development and recruitment."

Our diversity and inclusion partnerships

Mitt Liv - the Group continues to collaborate with this organization to help graduates with a foreign background into the labor market through such means as mentoring. Mitt Liv is also expanding in Europe, so the collaboration will continue there.

Tent - originally an American network, it strives to give refugees a decent life, for example, through jobs. We have committed to employ 50 refugees in Europe over the next three years.

Diversity Charter - in 2022, we joined Diversity Charter Sweden, which is part of the world's largest diversity and inclusion network. We are also a member of Diversity Charter in Germany and have a variant in Poland.

Jobbsprånget - Duni Group collaborates with Jobbsprånget to offer internships to international graduates and help them establish themselves in the Swedish labor market.

Corporate governance information

The Code of Business Conduct is the foundation of a healthy business

Duni Group's Code of Business Conduct sets out how the Group's employees – as well as our suppliers and other partners – should act in a business context.

The Group's Code of Business Conduct guides how we should act in all business contexts, internally as well as towards external stakeholders in our value chain and society at large. We also expect our suppliers to understand and act in accordance with the Code of Business Conduct in the form of our Business Partner Code of Conduct.

There is a clear link between the Code of Business Conduct and our policies. Put simply, it can be said that it summarizes our policies in a more accessible format.

Laws govern the area of business ethics
Different local and international laws govern the area of business ethics, and we must always ensure that we meet the requirements that apply in the markets in which we operate. As a publicly listed company, we must also be able to show that we meet the requirements of investors and institutions. We also take care to ensure that our suppliers' employees have a safe work environment and healthy working conditions and working hours.

The Group has signed the UN Global Comapact's principles for responsible businesses, and reports according to UNGC's Communication on Progress. In 2022, the EU presented its proposal for sustainable corporate governance, the Corporate Sustainability Due Diligence Directive (CSDDD), which focuses on human rights and the environment in both a company and its supply chain. This increases the importance of identifying risks and sharing progress of their work, an area where Duni Group is alread well ahead.

Duni Group's process to ensure compliance with the Code of Business Conduct.

1 Request for information
- Quality
- Environment
- Certifications
- Compliance with legislation

→ **Evaluation** →

2 Supplier Assessment
- Code of Business Conduct
- Product safety
- Legal documentation
- Financial and social risk assessment

→ **Decision** →

3 Onboarding
- Code of Business Conduct audit
- Signature of general requirements
- Framework agreements

→ **Delivery** →

4 Strategic supplier collaboration
- Periodic audit of Code of Business Conduct
- Corrective measures
- Scope 3 data
- Documentation of Timber Regulation

Conducting continuous audits
For many years, we have conducted audits both internally and at suppliers to check compliance with our Code of Business Conduct. We prioritize the most important suppliers and those where we see the greatest risks. The audits are conducted by external experts or by internal auditors.

Work to update our general requirements for suppliers with a focus on closing recurring deviations continued in 2023. We also expanded our collaboration with our subsidiary in Australia, BioPak Group, in the area of supplier audits. They work in a similar way to Duni Group, but manage the work themselves.

Our own factories are also audited regularly in accordance with our Code of Business Conduct, and these audits were conducted during the past year. They are conducted by internal auditors and give us the opportunity to improve our internal collaboration and identify good examples and suggested improvements in our operations.

Clearer work on human rights
In 2023, we delved deeper into risks relating to human rights by participating in the UN Global Compact's Business & Human Rights Accelerator. This has resulted in our developing a process for analyzing risks relating to the environment and human rights in our operations. We have also identified the salient risks we face in the area of human rights.

One is the working conditions of migrant workers. In this area, we have started to map out and collect information about whether migrant workers are employed within the Group and whether they work under the same conditions as other staff. People & Culture has also initiated a project to map out the pay conditions within the Group. The UN Global Compact emphasizes the importance of companies prioritizing wages in relation to the subsistence level. This objective links to four of the UN's Sustainable Development Goals: Goal 1: no poverty; Goal 5: gender equality; Goal 8: decent work and economic growth; and Goal 10: reduced inequalities.

Duni Group members of Sedex in 2023

Through its digital tools, Sedex works to help companies assume ethical responsibility for their operations, and also for their supply chain. In 2023, Duni AB (head office) became a member of Sedex. The purpose of Sedex membership is to expand collaboration with our suppliers to minimize risks in the value chain. Now we can increase transparency between ourselves, our customers and suppliers and at the same time use it to comply with upcoming legislation on due diligence.

Duni Ltd, our UK subsidiary, and the German subsidiary Paper+Design are already members. Our converting sites in Bramsche, Wolkenstein and Poznan have regularly conducted so-called SMETA audits. These audits help to provide an insight into working conditions, health and safety, as well as environmental aspects and ethics at a workplace.

The next step is to implement Sedex and encourage suppliers to join the platform.

ABCDF

How our suppliers are classified

Our supplier audits are conducted on the basis of a risk assessment, which is based on a number of factors, such as previous audit results and geographical location. Suppliers are divided into the following classes:

A: Excellent suppliers with no or minor deviations
B: Very good suppliers with few deviations
C: Approved suppliers; they are good, but there are parts of their operations that can be improved
D: Suppliers where we have identified serious deficiencies, but there is a willingness to improve. These suppliers are audited more frequently
F: Rejected suppliers with very serious non-conformances that should not be used.

A supplier assessed as D three times consecutively should be phased out. It is our goal to have long-term partnerships, which is why we first focus on improving the supplier's performance.

Read more on page 68.

Policies and directives provide us with a basis for business ethics

In 2023, we continued our work to spread awareness and understanding of our policies and directives within the organization. Several new e-learnings are helping our employees to act in line with our sustainability goals and our core values.

Duni Group's strategy for 2030 entails a major transition for the organization and its employees. The keen focus on sustainability and circularity is changing our day-to-day work, and also our interactions with customers and other stakeholders.

In 2022, a great deal of effort was put into updating the Group's policies and directives in accordance with current and upcoming laws that affect our operations.

Pressure to clearly report our sustainability work also comes from our value chain. More and more customers and other stakeholders are placing demands on us. This could involve issues such as how we work with GDPR.

Continuous updates

To disseminate the information and make it more accessible, an updated Duni Group Policy Book was published in autumn 2022. This updated knowledge bank will help our managers and employees to act in accordance with our values and our sustainability initiative, Living the Change (see page 52). The policies also give us a clearer profile relating to the market. Transparency is now becoming increasingly important when companies communicate and report on their sustainability work, for stakeholders such as investors and banks.

We introduced a new policy in 2023, the Competition Law Compliance Policy. Policies and directives are updated on an ongoing basis, and in 2023 we updated our entire Policy Book, including our Human Rights Policy. This is now in harmony with the EU's proposed Corporate Sustainability Due Diligence Directive (CSDDD), which aims to reduce negative impacts on human rights, climate and

the environment in the supply chain of companies. We also updated our Wood Sourcing Directive to reflect the requirements of the new EU Regulation on deforestation and forest degradation (EUDR).

Train the organization to do the right thing

The key intent in our policy work is that it must be easy for our employees to do the right thing. We want to do all we can to prevent unethical behavior throughout the organization and in our business relationships. Everyone should be able to easily find which standards apply and how they are expected to relate to a number of business-critical and ethical areas. The policies have been published on the Group's intranet, and selected policies and directives are published on the Group's website.

All policies have been approved by the Board of Directors. The collection of policies also includes directives approved by the CEO, guidelines approved by the CEO or person responsible for the function, and processes and procedures approved at the local level. The collection is reviewed and updated at least once a year.

As an element of training the organization on critical areas, extensive work was also done during 2023 to create e-learnings linked to primary policies. They include a five-part course on the Group's sustainability strategy, as well as training in human rights, anti-corruption, responsible sourcing and whistleblowing.

ESG structure for a better overview

Duni Group uses EcoVadis to evaluate our sustainability work. This helps us to identify opportunities for improvement, for example, in terms of our policies. The policies are structured according to ESG (Environment-Social-Governance). This setup makes it easier to analyze companies from a non-financial perspective, based on environmental, social and corporate governance policies. A clear structure also makes it easier for us to explain why we need a policy for a specific area.

Duni Group's policies

General
- Code of Business Conduct
- Business Partner Code of Conduct

Environment
- Environmental Policy

Social sustainability
- Human Rights Policy
- Whistleblower Policy

Corporate Governance*
- Working Procedures for the Board of Directors
- Instruction for the Compensation Committee
- Audit Committee Charter
- Financial Policy
- Communications and IR Policy
- Insider Policy
- Anti-Corruption Policy
- Anti-Money Laundering Policy
- Trade Sanctions Policy
- GDPR Policy
- Competition Law Compliance Policy (new in 2023)

*IT Policy and Cyber Security Policy under review
Source: Duni Group Policy Book, 2023

Duni Group's directives

General
- Policy Governance Document

Environment
- General Requirements for Suppliers of Finished Goods and Raw Material
- Wood Sourcing Directive
- Global Travel Directive

Social sustainability
- Diversity, Inclusion and Equality Directive
- Social Media Directive
- Work Environment Directive
- Global Health and Safety Directive

Corporate Governance
- Conflict of Interest Directive
- Modern Slavery and Human Trafficking Directive
- Capital Expenditure Directive
- Signature Authorization Directive
- Global Sponsorship and Charitable Donations Directive
- Know Your Business Partner Directive

List of new e-learnings in 2023

During the year, we published new e-learnings for the organization:
- Duni Group Anti-Corruption Policy
- Duni Group Responsible Sourcing Introduction
- Duni Group Code of Business Conduct in German and Polish
- Duni Group Human Rights in Polish

- An extensive, five-part Sustainability Competence Course, covering Sustainability, Circularity, Net zero, Living the Change and Leadership.

Sustainability data

EU Taxonomy Regulation

Background

The Taxonomy Regulation, which has been adopted by the EU 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 climate goal of carbon dioxide neutrality by 2050.

Below is a presentation of the share of the Group's net sales, capital expenditure (CapEx) and operational expenditure (OpEx) that is taxonomy-eligible for 2023 in respect of economic activities related to the first two environmental objectives (climate change mitigation and climate change adaptation), in accordance with Article 8 of the Taxonomy Regulation.

Duni Group's economic activities

Definitions

Economic activity that is deemed to be taxonomy-eligible means an activity as described in the delegated acts to the Taxonomy Regulation, whether or not it meets any or all of the technical screening criteria laid down in the delegated acts.

For an economic activity to be regarded as sustainable, it must be taxonomy-aligned, it must make a significant contribution to one or more of the six identified environmental objectives, it must not cause significant damage to any of the other objectives, and it must meet certain minimum safeguards. The activities to be considered as sustainable are defined by technical screening criteria, which are laid down in delegated acts to the Regulation.

An economic activity that is neither taxonomy-eligible nor taxonomy-aligned refers to any activity that is not described in the delegated acts of the Taxonomy Regulation.

Net sales

Duni Group reviewed the Group's revenue-generating activities for 2023 to see which of these are taxonomy-eligible and taxonomy-aligned respectively. The Group's revenue-generating activities are categorized into the wholesale and retail industry, which is a sector that is not covered by the regulation in 2023. 100% of the Group's net sales are thereby deemed non-eligible.

Eligible CapEx and OpEx

The Taxonomy Regulation specifies three categories of CapEx and OpEx that may be eligible or aligned in accordance with the regulation. The first two are directly related to current or planned revenue-generating operations, which are or will become eligible, and are therefore not relevant for Duni Group. The third category concerns expenditure to suppliers whose activities are subject to the taxonomy or expenditure related to individual measures aimed at improving energy efficiency, if these are included in the taxonomy. Duni Group has reviewed its investments and operational expenditure to see if they can be classified as eligible or covered by the taxonomy. We identified an eligible activity in operating costs related to revenue-generating activities that contribute to the transition to a circular economy in accordance with EU Taxonomy Annex II to the Environmental Delegated Act:

5.5. Product-as-a-service and other circular usage and performance-oriented service solutions (CE)

This activity provides customers with access to products through service models, which are either (1) usage-oriented, where the product is still central, but ownership remains with the supplier and the product is leased, shared or rented, or (2) performance-oriented, where the payment is predefined and the agreed outcome (i.e. payment per service unit) is delivered. During 2023, Duni Group had research and development expenses to develop a circular product-as-a-service model to provide reusable products to customers in the HoReCa sector.

Among the individually eligible investments, we identified one activity that contributes to the transition to the circular economy in accordance with EU Taxonomy Annex II to the Environmental Delegated Act:

5.3. Preparation for reuse of end-of-life products and product components (CE)

Duni Group has invested in a new preparatory system for manufacturing with fossil-free binders at its production facility in Sweden. The separate plant guarantees the production of fossil-free products.

We also identified six eligible capital expenditure activities that contribute to mitigating climate change, in accordance with EU Taxonomy Annex I to the Climate Delegated Act:

6.5. Transportation by motorbikes, passenger cars and light commercial vehicles (CCM).

This activity includes the purchasing, financing, renting, leasing and operation of vehicles classified as category M1, N1, both falling under the scope of Regulation (EC) No 715/2007 of the European Parliament and of the Council. Duni Group leases vehicles primarily in its sales operations, and these include both vehicles with internal combustion engines and hybrid and electric vehicles. New leases are signed for electric or hybrid vehicles whenever possible. In this activity, eligible capital expenditure includes new leases, while eligible operational expenditure is related to the repair and maintenance of leased vehicles.

7.2. Renovation of existing buildings (CCM)

This economic activity consists of construction and civil engineering works or preparations for these, including electrical, plumbing and other installations. During 2023, Duni Group made major investments in its production facilities in Poland and Thailand. Renovation and repair work took place at all production facilities.

7.3. Installation, maintenance and repair of energy efficiency equipment

This economic activity includes individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment, including insulation, energy-efficient doors and windows, energy-efficient light sources, high-efficiency heating, ventilation, air conditioning and water heating systems, low-water and energy kitchens, and sanitary water fittings. The majority of Duni's investments in 2023 were related to energy-efficient lighting systems in the production facilities in Poland and Germany, and also in the office building in the Netherlands. Operational expenditure related primarily to the repair and maintenance of heating systems, air conditioning, ventilation, lighting, windows and doors in both production facilities and sales offices.

7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (CCM)
This economic activity includes the installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings. In 2022, electric charging stations were installed at the production facilities in Germany and Sweden.

7.6. Installation, maintenance and repair of renewable energy technologies (CCM)
This activity includes the installation, maintenance and repair of renewable energy technologies on site, including photovoltaic systems, solar panels, heat pumps, heat exchange/recycling systems. In 2023, Duni Group installed solar panels at its production facility in Thailand.

7.7. Acquisition and ownership of buildings (CCM)
This activity is related to buying real estate and exercising ownership of that real estate (including leasing). Duni Group owns and rents buildings and offices within the framework of its operations. The majority of capital expenditure in this activity in 2023 is related to 10-year lease extensions for the production facility in Poland and office premises in the Netherlands. In 2023, the Duni Group also purchased another building at the production facility in Thailand. Maintenance costs for buildings arose at both production facilities and offices.

The increase in the proportion of eligible capital expenditure and operational expenditure compared to the previous year is due to the fact that more environmental goals are now included. Only the goals for climate change adaptation and mitigation were considered in taxonomy reporting last year.

Although Duni Group operates in the food packaging industry, we have not included activity 1.1 “Manufacture of plastic packaging” in the EU Taxonomy Annex II to the Environmental Delegated Act, as it is only applicable to manufacturers. Duni Group is only a distributor of packaging solutions, and this taxonomy activity is therefore carried out by Duni’s suppliers.

Duni Group was not able to fully review the above activities for taxonomy alignment due to difficulties in obtaining information about whether suppliers meet the criteria for alignment. This will be further investigated in the coming years.

Reporting and calculation of key figures
The denominator used to calculate the percentage of eligible capital expenditure consists of investments in property, plant and equipment and intangible assets during the fiscal year, before depreciation and impairments, and excluding changes in fair value. For this year’s capital expenditure, see the “Investments” line in the table “Operating segments, Group” in Note 3.

The denominator used to calculate the percentage of eligible operating expenses against does not correspond to the Group’s total operating expenses, but only to expenses associated with the continuous and efficient functioning of assets. These therefore consist largely of maintenance, service and repair costs.

For capital expenditure and operational expenditure, the numerator consists of the key figures for investments and expenses related to the economic activities described in the previous section.

Net sales[1]

Fiscal year 2023	2023			Criteria for material contribution						Criteria for Do No Significant Harm (DNSH)									
Economic activities	Code	Net sales	Share of net sales, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned (A.1) or taxonomy-eligible (A.2) share of net sales, 2022	Category (enabling activities)	Category (transitional activities)
		SEK m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES THAT ARE TAXONOMY-ELIGIBLE																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Net sales from environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0	0	0	0	0	0	0								0		
Of which enabling activities		0	0	0	0	0	0	0	0								0		
Of which transitional activities		0	0	0													0		
A.2. Activities that are taxonomy-eligible but are not environmentally sustainable (not taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Net sales from activities that are taxonomy-eligible but are not environmentally sustainable (not taxonomy-aligned) (A.2)		0	0	0	0	0	0	0	0								0		
A. Net sales from taxonomy-eligible activities (A.1 + A.2)		0	0	0	0	0	0	0	0								0		
B. ACTIVITIES THAT ARE NOT TAXONOMY-ELIGIBLE																			
Net sales from activities that are not taxonomy-eligible		7,718	100														100		
TOTAL		7,718	100														100		

[1] Proportion of net sales from products or services associated with economic activities that are taxonomy-aligned – disclosures for 2023

Capital expenditure[2)]

Fiscal year 2023		2023		Criteria for material contribution						Criteria for Do No Significant Harm (DNSH)									
Economic activities	Code	Capital expenditure	Share of capital expenditure, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned (A.1.) or taxonomy-eligible (A.2.) share of net sales, 2022	Category (enabling activities)	Category (transitional activities)
		SEK m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES THAT ARE TAXONOMY-ELIGIBLE																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Capital expenditure for the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0	0	0	0	0	0	0								0		
Of which enabling activities		0	0	0	0	0	0	0	0								0	E	
Of which transitional activities		0	0	0													0		T
A.2. Activities that are taxonomy-eligible but are not environmentally sustainable (not taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Preparation for reuse of end-of-life products and product components	CE 5.3	1.5	0.5	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0.0		
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	35.6	11.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.4		
Renovation of existing buildings	CCM 7.2	3.2	1.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1.8	0.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.3		
Installation, maintenance and repair of electric vehicle charging stations	CCM 7.4	1.2	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1.6	0.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.5		
Acquisition and ownership of buildings	CCM 7.7	113.1	37.6	EL	N/EL	N/EL	N/EL	N/EL	N/EL								22.8		
Capital expenditure for activities that are taxonomy-eligible but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		158.0	52.6	52.1	0	0	0.5	0	0								36.1		
A. Capital expenditure for taxonomy-eligible activities (A.1+A.2)		158.0	52.6	52.1	0	0	0.5	0	0								36.1		
B. ACTIVITIES THAT ARE NOT TAXONOMY-ELIGIBLE																			
Capital expenditure for activities that are not taxonomy-eligible		143.2	47.4														63.9		
TOTAL		301.2	100.0														100.0		

2) Share of capital expenditure from products or services associated with economic activities that are taxonomy-aligned – disclosures for 2023

Abbreviations	
CE	Circular Economy
CCM	Climate Change Mitigation
EL	Taxonomy-eligible activity for the relevant objective
N/EL	Taxonomy non-eligible activity for the relevant objective

Operational expenditure[3)]

Fiscal year 2023	2023			Criteria for material contribution						Criteria for Do No Significant Harm (DNSH)									
Economic activities	Code	Operational expenditure	Share of operational expenditure, 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned share of operational expenditure, 2022	Category (enabling activities)	Category (transitional activities)
		SEK m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES THAT ARE TAXONOMY-ELIGIBLE																			
A.1. Environmentally sustainable (taxonomy-aligned) activities																			
Operational expenditure for the environmentally sustainable (taxonomy-aligned) activities (A.1)		0	0	0	0	0	0	0	0								0		
Of which enabling activities		0	0	0	0	0	0	0	0								0	E	
Of which transitional activities		0	0	0													0		T
A.2. Activities that are taxonomy-eligible but are not environmentally sustainable (not taxonomy-aligned)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Product-as-a-Service and other circular usage and performance-oriented service solutions	CE 5.5	18.7	11.4	N/EL	N/EL	N/EL	EL	N/EL	N/EL								0		
Transportation by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2.5	1.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.8		
Renovation of existing buildings	CCM 7.2	10.2	6.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3.5	2.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.2		
Acquisition and ownership of buildings	CCM 7.7	10.6	6.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
Operational expenditure for activities that are taxonomy-eligible but that are not environmentally sustainable (not taxonomy-aligned) (A.2)		45.5	27.6	16.2	0	0	0		0								4.0		
A. Operational expenditure for taxonomy-eligible activities (A.1+ A.2)		45.5	27.6	16.2	0	0	11.4	0	0								4.0		
B. ACTIVITIES THAT ARE NOT TAXONOMY-ELIGIBLE																			
Operational expenditure for activities that are not taxonomy-eligible		119.0	72.4														96.0		
TOTAL		164.5	100.0														100.0		

[3)] Share of operational expenditure from products or services associated with economic activities that are taxonomy-aligned – disclosures for 2023

Nuclear energy- and fossil gas-related activities

NUCLEAR ENERGY-RELATED ACTIVITIES	Yes/no
The Company carries out, finances or is exposed to research, development, demonstration and expansion of innovative power generation facilities that produce energy from nuclear energy processes with minimal waste from the fuel cycle.	no
The Company carries out, finances or is exposed to the construction and safe operation of new nuclear facilities for the production of electricity or process heat, including for district heating or industrial processes, such as hydrogen production, as well as for safety upgrades of these, using the best available technology.	no
The Company carries out, finances or is exposed to the safe operation of existing nuclear facilities that produce electricity or process heat, including for district heating or industrial processes, such as hydrogen production from nuclear energy, as well as safety upgrades of these.	no
FOSSIL GAS-RELATED ACTIVITIES	
The Company carries out, finances or is exposed to the construction or operation of electricity generation plants that produce electricity using fossil gaseous fuels.	no
The Company carries out, finances or is exposed to the construction, renovation and operation of plants for the combined production of heat/cooling and electricity using fossil gaseous fuels.	no

Sustainability data – environment

Duni Group works in accordance with an adopted environmental strategy. There are clear goals and policies that include development and information about products, efficient and controlled production, as well as knowledge and communication from an environmental perspective.

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

Suppliers of goods for resale and significant raw materials are evaluated according to the Group's Code of Business 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 is also 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.

Standards and certificates for in-house manufacturing

Quality and product safety	Paper mill, Sweden	Converting, Bramsche, Germany	Converting, Poland	Converting, Paper+Design, Germany	Converting, Duni Thailand	Converting, Sharp New Zealand
ISO 9001 (quality management)	■	■	■	■		
BRC, IFS equivalent (food safety)		■	■	■	■	
Environment						
ISO 14001 (environmental management)	■	■	■	■		
EMAS III environmental management		■		■		
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.

Key figures for Duni Group

Our decade of action	2019 (base year)	2023	Goal 2025	Comment
Amount of fossil virgin plastic (index)	100	71	50	Read more on page 40
Proportion of FSC®-labeled products BA Dining Solutions	94%	98%	100%	Read more on page 50
Proportion of FSC®-labeled products BA Food Packaging Solutions	37%	74%	75%	Read more on page 50
CO_2-intensity, Scope 1+2 (index)	100	39	40	Tons of CO_2e per ton of products produced, read more page 65
Science-based targets	Not started	Approved targets	Approved targets	Connection to the 1.5-degree target, see page 46
EcoVadis score	52	77	Platinum level	Gold level 2023, target to be top 1% in our industry, see page 57

Becoming Circular at Scale

Duni Group views circular models in a life cycle perspective. The Group is committed to reducing the use of virgin fossil plastic in single-use packaging, finding end-of-life solutions and providing viable reuse solutions.

We focus on minimizing the generation of waste in our production by constantly working on improvements to production processes. By separating waste streams, we maximize recyclability and minimize the use of landfill. Approved waste management companies handle both non-hazardous and hazardous waste in accordance with legal requirements. This process is subject to annual monitoring to ensure legal compliance.

We also carry out activities to reduce our waste upstream and downstream in our value chain. These include innovation collaborations and investments, as well as internal and external circularity initiatives such as bicyCompost, Bumerang, Relevo and Idun.

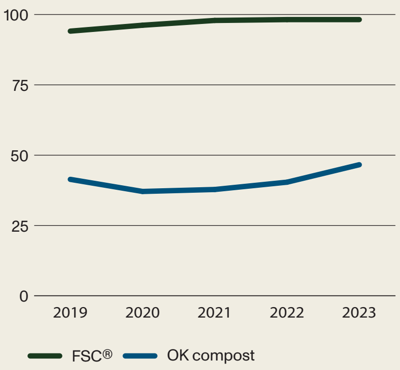
Goal 2030: circular operations

Main areas:

- environmentally better materials and suppliers
- efficient operation
- relevant solutions for reuse, recycling and composting
- no virgin plastic for single-use products

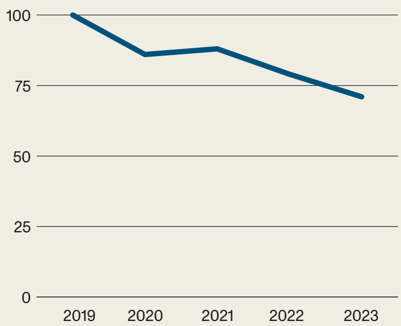
FSC® and OK compost for Dining Solutions

Percent (%)



Virgin plastic

Percent (%)



Water use

Water consumption, m^3 per plant

Paper mill, Sweden	721,881
Converting, Bramsche, Germany	14,168
Converting, Poland	5,073
Converting, Paper+Design, Germany	2,848
Converting Duni Thailand	4,538
Converting Sharp New Zealand	864

Indicators for Duni Group*

Our decade of action	2019	2020	2021	2022	2023
Total renewable material used, production (tons)	63,063	51,318	63,354	61,462	64,681
Total non-renewable material used, production (tons)	12,401	8,196	10,799	10,778	12,507
Total renewable secondary packaging material used (tons)	6,285	4,149	4,878	6,194	6,213
Total non-renewable secondary packaging material used (tons)	933	664	799	982	1,072
Total proportion of recycled material (%)	0%	0%	0%	0%	6%
Grand Total	**82,682**	**64,327**	**79,830**	**79,416**	**84,472**

* Material from the paper mill in Sweden and converting in Bramsche and Poznan.

Going Net Zero (net zero climate emissions)

Climate change is one of by far the biggest challenges facing society today . Duni Group is gradually replacing its fossil dependence with renewable energy solutions, materials and distribution chains. The Group is working towards science-based targets and is the first in the industry to report climate performance quarterly.

Goal 2030: zero vision for greenhouse gases according to the GHG Protocol Scope 1* and Scope 2**

Main areas:

- science-based targets that are approved, measured and communicated. GHG Scopes 1 and 2 reported quarterly, Scope 3*** reported annually
- we will measure impact across our value chain
- transparent reporting of results

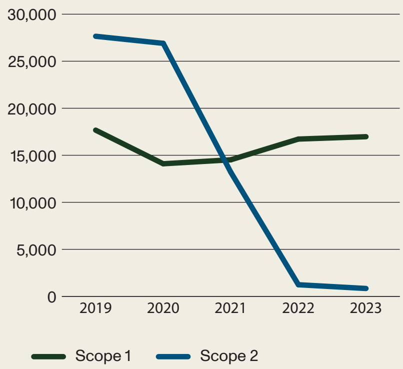
* Direct emissions from own installations and vehicles
** Indirect emissions from purchased electricity, steam, heating and cooling for own use
*** Direct and indirect emissions from the entire value chain

Carbon dioxide emissions

Carbon dioxide emissions, tons per plant

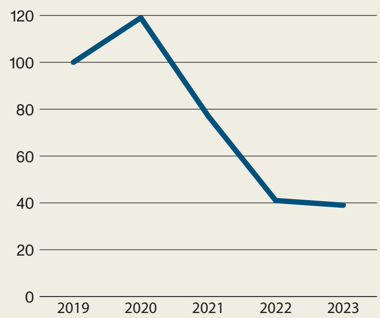
Paper mill, Sweden	13,719
Converting, Bramsche, Germany	1,515
Converting, Poland	203
Converting, Paper+Design, Germany	234
Converting Duni Thailand	588
Converting Sharp New Zealand	53
Logistics, Germany	798

CO_2e emissions (tons)



CO_2e intensity

CO_2e intensity in relation to volume produced



Environmental data for manufacturing

	Paper mill, Sweden	Converting, Bramsche, Germany	Converting, Poland	Converting, Paper+Design, Germany	Converting, Duni Thailand	Converting, Sharp New Zealand	Logistics Germany	Total
Material and water use								
Pulp and paper (tons)	69,943	36,930	14,801	4,869	3,760	1,043		131,345
Water (m³)	721,881	14,168	5,073	2,848	4,538	864		749,372
Chemicals and additives (tons)	7,829	3,631	196	394	14	4		12,068
Energy (MWh)								
Electricity	74,896	8,375	3,989	2,298	1,285	273	2,296	93,411
Biofuel (wood chips)	59,746							59,746
Steam (district)			602					602
LPG	56,804					11		56,814
Natural gas ,LNG		6,530		1,049			4,130	11,708
Diesel oil	182	1,280	23	176	304	20	152	2,137
Petrol		32	42			48	32	153
Total energy 2023	**191,628**	**16,216**	**4,656**	**3,523**	**1,589**	**351**	**6,610**	**224,572**
Total energy 2019 (base year)	197,431	20,375	5,231	4,159	1,464	510	8,584	237,753
Emissions to air and water (tons)								
CO_2e total, Scope 1 + Scope 2	13,719	1,515	203	234	588	53	798	17,109
CO_2e direct, Scope 1	13,719	1,507	15	234	73	18	798	16,364
CO_2e indirect, Scope 2	0	7	188	0	515	35	0	746
NOx	12	2						14
COD	39	5						44
Waste (tons)								
Recycling	187	3,461	681	608	157	61		5,155
Energy recovery	1,210	160	91					1,461
Landfill (including covering material)	917	62	47			7		1,033
Hazardous waste	9	18	2	4				33
Others (including sludge and electronics)	141	437	46		2			629

Scope 1–2

To ensure consistent reporting across all manufacturing units, Scope 1+2 index recalculations were carried out in 2023. As a result of this, the base year was recalculated and the updated 2022 index adjusted to 41. This recalculation is part of our continued commitment to data accuracy and transparency in our environmental reporting. Looking ahead, Duni Group is focusing on switching from LPG to renewable fuels in our paper mill in Sweden, as this is the largest remaining source of emissions in our operations.

In 2023, Duni Group took significant steps towards our Net Zero goal by setting an interim target for the year to achieve a 5% reduction in Scope 1+2 intensity, with the goal of lowering the index from 41 in 2022 to 39 in 2023. The goal was achieved through energy efficiency improvements in the factories and optimized heating in our warehouses.

Scope 3

In 2023, Duni Group's primary focus for Scope 3 emissions was the submission and approval of science-based targets. In November 2023 we received positive confirmation from the Science Based Targets initiative (SBTi) for both our near-term and long-term targets.

The near-term target (2030) for Scopes 1+2 is a reduction of 57%, and for Scope 3 it is a reduction of 46%. The long-term target (2050) for Scopes 1-3 is a reduction of 90% compared to 2019 as the base year, which was the last full year without the impact of the pandemic.

To set these targets, Duni Group started calculating indirect emissions in 2022.The Scope 3 calculations cover 15 different categories, 12 of which are material and are included in the calculations. The three categories excluded are upstream and downstream leased assets (reported in Scopes 1 and 2) and franchises. For most categories, primary activity data is used, supplemented with assumptions where there are gaps in data. Spend-based data is used for purchased services and parts of business trips and capital goods.

During the year, Duni Group focused on improving data quality, especially for category 1 – purchased goods and services. This work included a better understanding of the main sources of emissions and securing supplier-based data for some of the highest volume goods. The next steps are to continue to reduce our use of virgin fossil plastic in our portfolio, to engage with our suppliers to use more supplier-based data in the calculations and thereby take into account their emission reductions, and finally to work on switching to lower-emission materials in our products.

Scope 3 categories (tCO_2e)	**2019 (base year)**	**2022**	**2023**
Purchased goods and services*	110,530	115,999	104,566
Capital goods	3,043	497	1,042
Fuel and energy-related activities	7,219	6,143	5,234
Upstream and downstream transportation/distribution*	27,445	21,820	18,136
Waste generation*	461	746	713
Business travel	628	248	337
Employee commuting	3,381	2,367	2,332
Processing of sold products	1 681	1,670	423
Use of sold products	20,347	18,760	10,595
End-of-life treatment*	2,186	3,223	2,670
Investments	–	4	4
Total	**176,921**	**171,477**	**146,052**

* Not including Biopak Group

Scopes 1–2 and Scope 3 categories	**Focus**	**Methodology**	**Data quality evaluation,**					**Challenges**
Scope 1 consumption	LPG consumption	Consumption data					5	Lack of alternative to LPG
Scope 2 consumption	Renewable electricity	Consumption data					5	Availability of renewable electricity
Purchased goods and services*	Virgin fossil plastic	Average data/spend-based data for services/supplier data				4		Availability of recycled plastic
Capital goods	Production equipment	Average-product				4		
Fuel and energy-related activities	Energy consumption	Consumption data					5	Renewable energy available
Upstream and downstream transportation/distribution*	Transport by truck	Distance-based				4		Penetration of electrification
Waste generation*	Production waste	Waste-type-specific					5	Recycling infrastructure
Business travel	Air travel	Distance-based/spend-based			3			Alternative to air travel
Employee commuting	Car commuting	Distance-based			3			Availability of public transport
Processing of sold products	Customer care	Average data			3			Impact of energy choice
Use of sold products	Energy for use	Direct use-phase emissions				4		Impact of energy choice
End-of-life treatment*	Life cycle scenarios	Waste-type-specific				4		Collection and recycling
Investments	Impact from partners	Investment-specific			3			Impact of energy choice

* High priority

1	Data from templates without significant analysis
2	Qualitative evaluation of qualitative data (estimate)
3	Quantitative evaluation of qualitative data (survey/extrapolation)
4	Predominantly quantitative data with certain assumptions
5	Quantitatively verified data for the full scope

Sustainability data – social

Employees and occupational health and safety

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

Duni Group's Code of Business Conduct and the Global Health & Safety Directive and Work Environment Directive describe the Group's expectations for occupational health and safety for all production units and offices. The directives are based on legal requirements and international standards, and in addition to the Group's own employees, they also cover agency workers, migrant workers and contractors.

Systematic health and safety work is undertaken at the Group's plants, and this is audited through internal and third party audits. Procedures are in place to identify health and safety risks and to implement corrective measures. In addition, regular safety inspections are carried out, and reporting of unsafe working conditions is encouraged and can be done in several ways, for example by using local reporting systems. Health and safety training is provided regularly for both employees and contractors.

Each month, Group Management and the Board receive statistics concerning accidents and sick leave due to accidents at the plants. Each production unit has a locally prepared crisis plan. There was, however, a serious accident in February 2023 at the Rexcell Tissue & Airlaid AB paper mill, which resulted in a fatality. The person came from a subcontractor performing maintenance work. The accident was a fall accident. Health and safety work has subsequently been investigated internally, at the same time as a parallel police investigation and an external investigation by the Swedish Work Environment Authority. The external investigations were concluded without sanctions or remarks against the Company, but the internal work continued during the autumn and has resulted in, among other things, a package of measures regarding enhanced training initiatives and a change in the way we work with contractors.

Good working conditions, clear goals combined with continuous support to employees form the foundation for creating growth and profit. Developing employees and leaders as well as the corporate culture are key initiatives to become a leading sustainability company in 2030. The Group works actively with diversity in many different ways to make it clear within the organization that it is considered an important topic. Duni Group shall be a Group that reflects the surrounding community, and has a diversity and inclusion board that drives issues such as diversity and inclusion in the Group.

Living the change

The social aspects are crucial for Duni Group to succeed with its plans. The Group is boosting its expertise in the area of sustainability, making progress in its communication and increasing transparency. Duni Group is also improving its management of the supply chain.

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 solutions, even from a sustainability perspective.
- our communications will have a high degree of transparency, integrity and openness.

Geographic and functional breakdown, FTEs

Country	Blue collar employees	White collar employees	Total
Sweden	147	191	338
Germany	623	320	943
Poland	251	193	444
Australia	0	156	156
Thailand	145	44	189
New Zealand	22	9	31
Other	6	219	225
Total	**1,194**	**1,132**	**2,326**

Gender breakdown, average number of employees

Number of employees	Men	Women
Total, Group	51%	49%
of which managers	66%	34%
Blue collar employees	59%	41%
of which managers	81%	19%
White collar employees	42%	58%
of which managers	62%	38%

Payroll expenses, by gender

Employees	Men	Women
Blue collar employees	61%	39%
White collar employees	62%	38%
Total	**60%**	**40%**

The table shows the share of pay for average 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, etc.

Age and gender breakdown, Board and management

Board of Directors	Men	Women	Total
under 30	–	–	–
30-50	1	1	2
over 50	3	3	6
Total	**4**	**4**	**8**
Percentage distribution[1)]	**50%**	**50%**	**100%**

Duni Group Management	Men	Women	Total
under 30	–	–	–
30-50	3	-	3
over 50	3	1	4
Total	**6**	**1**	**7**
Percentage distribution	**86%**	**14 %**	**100%**

[1)] Of which two employee representatives, one man and one woman

Diversity, Equality & Inclusion (DE&I)

Goal	2023	Goal 2025	Comment
Inclusion index	7.3	7.6	How employees perceive the sense of inclusion within the Group
Managers trained in DE&I	20%	100%	Internal training
% of employees who participated in DE&I activity	20%	75%	Workshops, training, lectures, mentoring and similar
Female managers	34%	40%	Long-term goal is to reflect the overall distribution in the Group

Number of employees, key figures

	2023	2022	Comment
Average number of employees	2,373	2,397	
Number of employees as of December 31 (heads)	2,404	2,316	
Corresponding number of full-time equivalents (FTEs)	2,326	2,231	
Left the Group during the year, number	338	421	
Number of employees who took parental leave during the year	124	–	Of which 82 women and 42 men, not measured in 2022
Number of employees who returned from parental leave during the year	84	–	Of which 43 women and 41 men, not measured in 2022
Proportion of employees who returned from parental leave in 2022 and who are still employed at the end of December 2023	85%	–	Retention rate, of which 72% for women and 98% for men
Employees subject to a collective bargaining agreement	50%	52%	
Leadership	7.9	7.8	Goal 2025: 8.5%
Engagement	7.6	7.5	Goal 2025: 8.5%

Health and safety

	2023	2022	Comment
Reported injuries per 1,000 employees	33	30	Injuries reported by the production units and resulting in at least one day of absence
Injury frequency	12.60	11.75	Number of injuries during one year, counted per million working hours.
Severity of injuries	195.15	122.58	Number of lost working days in a year due to injury, counted per million working hours.
Employees in companies with formal health and safety committee or similar	2,206	2,132	Measured for companies that have more than ten employees and refers to the proportion covered in these companies.
% employees in companies with formal health and safety committee or similar	94%	95%	Calculated on the total number of employees in companies with more than 10 employees
Employees covered by ISO 45001	318	313	Equivalent to 14% (14%) of total average FTEs

Skills development and recruitment

	2023	2022	Comment
Internal recruitment	17 %	14%	
External recruitment	83 %	86%	
Proportion of employees with competence in sustainability	45%	30%	Completed e-learnings on Code of Business Conduct, Goal 2025: 100%

Employee appraisals and training hours, by gender

	Women			Men			Total
	White collar employees	Blue collar employees	Total	White collar employees	Blue collar employees	Total	Group
% of employees who have had annual employee appraisals	79%	24%	53%	80%	21%	43%	48%
Number of training hours/average employee	18	14	16	15	7	10	13

Sustainability data – corporate governance

Duni Group Code of Business Conduct

The Duni Group Code of Business Conduct is a compressed reference document with several policies. The Code, which was revised in 2023, guides the organization in how it should act in all business contexts. The Code covers the Group's internal operations and offers guidance in how employees act towards others in the value chain and society. The Code helps the Group to meet the requirements of investors and institutions.

The Code is based on the United Nations' ILO conventions, including requirements on human rights, prohibition of all forms of child labor, personal safety, working hours, wages and more.

In 2021, Duni Group signed the UN Global Compact and is now committed to working in accordance with the UN's ten principles on the environment, human rights, anti-corruption and labor law – areas that will receive increasing focus.

The Board makes it clear that all employees must be aware and help to prevent corruption. In addition to the Code of Business Conduct, an anti-corruption policy was adopted in 2022 that describes how employees should act in contact with customers, suppliers and other parties to ensure that neither facilitation payments nor other inappropriate benefits exist. Duni Group requires that all third parties, suppliers and external parties with whom the Group cooperates comply with the Code of Business Conduct and current legislation in each country. No known cases of corruption were reported during the year.

There is an increased external demand to capture complaints and irregularities in all parts of an organization's operations. Duni Group 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. No whistleblower cases were reported during the year.

As part of the sustainability strategy, Duni Group's "Policy Book" was updated and supplemented during the year. In order to achieve better clarity, all policies have been divided in accordance with ESG, Environment – Social – Governance. A couple of policies have been added in order to achieve full governance from a social perspective. See page 57 for all policies included in the Policy Book and approved annually by the Board of Directors. These are published on the intranet and available to everyone in the Group. Some selected policies are published on the website. In order to disseminate knowledge and information internally within the organization, a program of digital courses has been created that explain the policies, and why and how to act in line with them, a program that will continue into 2023.

The Code of Business Conduct extends beyond the Group's operations. Duni Group has chosen UN SDG number 8: "Decent work and economic growth" as a priority goal, and also expects its suppliers to comply with the Business Partner Code of Conduct. The Group continuously checks to ensure that its suppliers are complying with set requirements in terms of human rights, a safe work environment, healthy working conditions and working hours, and that there is no forced or child labor. Duni Group also requires its business partners' direct suppliers to comply with the Code.

Duni Group's supplier evaluation

Duni Group's suppliers are located in various European and Asian countries, with an increased risk of child labor, forced labor and violations of the right to freedom of assembly primarily being associated with Asian countries. In 2023, in addition to migrant workers' working conditions, child labor and forced labor were also identified as the most salient human rights issues within the Group. Our Business Partner Code of Conduct and general requirements for suppliers of finished goods and raw materials have been updated to highlight this. We conducted over 30 audits of suppliers in Asia and Europe in 2023, and no cases of either child labor or forced labor were identified.

The main deviations identified were inadequate control of chemicals, excessive overtime and inadequate fire safety. Duni Group's goal is to collaborate with suppliers and improve their performance. For this reason, we cooperate with them and request action plans for identified deviations, which are subsequently closed either through desktop review or re-audits on site. In cases where suppliers are unwilling to cooperate or improve, a phasing-out of the business relationship commences due to non-compliance with the Duni Group Business Partner Code of Conduct.

No suppliers were phased out in 2023 due to non-compliance with the Business Partner Code of Conduct.

See information about Duni Group's process to ensure compliance with the Code of Conduct on page 55.

Audited suppliers of goods for resale (based on purchase value, excl. BioPak Group)

	%
Not audited	8%
Audited (cumulative)	92%

Audits of Code of Business Conduct, suppliers of goods for resale (excl. BioPak Group)

Geographic area	Passed (levels A-C)	Failed/under observation (level D)*
Asia	83 %	17 %
Europe	90 %	10%

* Suppliers with major deviations such as overtime, inadequate fire safety and handling of chemicals.

New suppliers of goods for resale evaluated (excl. BioPak Group)

	%
New suppliers evaluated in respect of the environment	100%
New suppliers evaluated in respect of social aspects	100%

* Evaluation refers to either internal or third-party audits, checklists, or evaluation of supplier documentation such as certificates and the like.

New suppliers of raw materials evaluated (excl. BioPak Group)

	%
New suppliers evaluated in respect of the environment	100%
New suppliers evaluated in respect of social aspects	75%

* Evaluation refers to either internal or third-party audits, checklists, or evaluation of supplier documentation such as certificates and the like.

GRI Index

General disclosures

	Disclosure	Page reference	Comment
2.1 The organization and its reporting practices			
2-1	Organizational details	2, 4, 71, 151	
2-2	Entities included in the organization's sustainability reporting	115	
2-3	Reporting period, frequency and contact point	2, 98, 151	
2-4	Restatements of information	96	
2-5	External assurance	143-146	
2.2 Activities and workers			
2-6	Activities, value chain and other business relationships	13, 17-23, 26-27, 39	
2-7	Employees	67, 109	
2.3 Governance			
2-9	Governance structure and composition	71-76, 78-81	
2-10	Nomination and selection of the highest governance body	71-72	
2-11	Chair of the highest governance body	11, 72	
2-12	Role of the highest governance body in overseeing the management of impacts	72-73, 76	
2-13	Delegation of responsibility for managing impacts	73-74	
2-14	Role of the highest governance body in sustainability reporting	72	
2-16	Communication of critical concerns	33-34, 42-47	
2-17	Collective knowledge of the highest governance body	78-79	
2-18	Evaluation of the performance of the highest governance body	71-72	
2-19	Remuneration policies	73, 110-111	See also Remuneration Report 2023
2-20	Process to determine remuneration	73, 110	
2.4 Strategy, policies and practices			
2-22	Statement on sustainable development strategy	8–9, 37	
2-23	Policy commitments	42-43, 56-57	See also our Human Rights Policy
2-24	Embedding policy commitments	42-43, 56-57, 66	
2-25	Processes to remediate negative impacts	42, 68	
2-26	Mechanisms for seeking advice and raising concerns	40, 54, 68	
2-27	Compliance with laws and regulations	44, 54	
2.5 Stakeholder engagement			
2-29	Approach to stakeholder engagement	33, 39-41, 52, 56	
2-30	Collective bargaining agreements	53, 67	See also our Human Rights Policy

Material topics

	Disclosure	Page reference	Comment
GRI 3: Material topics 2021			
3-1	Process to determine material topics	39-40	
3-2	List of material topics	39-40	
3-3	Management of material topics	44–53	
301 Materials 2016			
301-1	Materials used by weight or volume	63	
301-2	Recycled input materials used	63	
305 Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	64-65	
305-2	Energy indirect (Scope 2) GHG emissions	64-65	

Material topics

	Disclosure	Page reference	Comment
305-3	Other indirect (Scope 3) GHG emissions	65	
305-4	GHG emissions intensity	64	
305-5	Reduction of GHG emissions	64	
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	64	NO_x emissions from paper mill + converting in Bramsche
306 Waste 2020			
306-1	Waste generation and significant waste-related impacts	40, 63, 64, 65,	
306-2	Management of significant waste-related impacts	40, 63	
306-3	Waste generated	64	Weight-based data from production
306-4	Waste diverted from disposal	64	Reuse and recycling. 420 tons of tissue goes back from converting to the paper mill for reuse
306-5	Waste directed to disposal	64	Weight-based data from production
308 Suppliers' environmental assessment			
308-1	New suppliers that were screened using environmental criteria	55	
308-2	Negative environmental impacts in the supply chain and actions taken	55, 68	
401 Employment 2016			
401-1	New employee hires and employee turnover	66	
401-3	Parental leave	66-67	
403 Occupational health and safety 2018			
403-1	Occupational health and safety management system	66	
403-2	Hazard identification, risk assessment and incident investigation	66-67	Health and safety-related risk analyses are conducted at a local level
403-4	Worker participation, consultation and communication on occupational health and safety	66	See also Global Health & Safety Directive and Work Environment Directive
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66	
403-8	Workers covered by occupational health and safety management system	67	
403-9	Work-related injuries	67	
404 Training and Education 2016			
404-1	Average hours of training per year per employee	67	
404-2	Programs for upgrading employee skills and transition assistance programs	112	
404-3	Percentage of employees receiving regular performance and career development reviews	67	Program under implementation
405 Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	67	
405-2	Ratio of basic salary and remuneration of women to men	66	
407 Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68	See Duni's Business Partner Code of Conduct
408 Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	68	See Duni's Business Partner Code of Conduct
409 Forced or Compulsory Labor 2016			
409-1	Operations or suppliers at significant risk for incidents of forced or compulsory labor	68	See Duni's Business Partner Code of Conduct
414 Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	68	
414-2	Negative social impacts in the supply chain and actions taken	54, 68	

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 in its entirety.

Articles of Association

The current Articles of Association were adopted at the Annual General Meeting held 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.com.

General Meeting

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

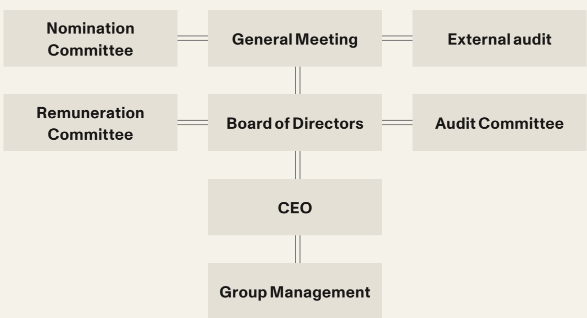
Pursuant to the Swedish Companies Act, notice of Duni AB's Annual General Meeting must be issued no earlier than six weeks and no later than four weeks prior to the meeting. Notice shall be given by advertisement in the Swedish Gazette and on the website. The fact that notice has been issued shall be 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.

2023 Annual General Meeting

The 2023 Annual General Meeting was held on Tuesday, May 16, 2023, in Malmö. 128 shareholders, representing approximately 70% of the voting rights, were present at the General Meeting in person, through postal voting or through proxies. Chairman of the Board Thomas Gustafsson was elected to chair the meeting. Four of five directors and one of four employee representatives were present. Members of Group Management and the auditor were also present. The minutes from the Annual General Meeting are available on the website, dunigroup.com. 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
- Dividend of SEK 3.00 per share for the fiscal year 2022
- Discharge from liability for the directors and CEO
- That the Board shall comprise six directors without alternates
- Re-election of Board members Thomas Gustafsson, Morten Falkenberg, Sven Knutsson and Pia Marions
- New election of Board members Viktoria Bergman and Janne Moltke-Leth
- Thomas Gustafsson was elected the Chairman of the Board
- The re-election of PwC as auditors
- Changed remuneration to the Board; the Chairman of the Board shall receive SEK 610,500 (590,000) and all other directors shall each receive SEK 326,000 (315,000).
- Changed remuneration of SEK 132,000 (128,000) to the chairman of the Audit Committee and SEK 65,000 (60,000) to other members of the Audit Committee
- Changed remuneration of SEK 69,000 (67,000) to the chairman of the Remuneration Committee and SEK 32,000 (31,000) to other members of the Remuneration Committee
- Adoption of the Board's proposal for the remuneration report
- Procedures regarding the composition and work of the Nomination Committee

Corporate Governance



2024 Annual General Meeting

The next Annual General Meeting of Shareholders will be held on Tuesday 21 May, 2024 at 3:00 PM at Glasklart, Dockplatsen 1 in Malmö. A notice of the Annual General Meeting, containing the Board's proposals, will be published at the beginning of April 2024. 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 Duni AB. It also draws up 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.

Ahead of the 2023 Annual General Meeting, the Nomination Committee proposed that the number of Board members should be six, that Morten Falkenberg, Thomas Gustafsson, Sven Knutsson and Pia Marions should be re-elected, and that Viktoria Bergman and Janne Moltke-Leth should be newly elected. Pauline Lindvall had declined re-election. The Nomination Committee also proposed the re-election of Thomas Gustafsson as Chairman of the Board. With these newly elected members, the Board was supplemented with members who have solid experience in the field of sustainability and ESG. The Nomination Committee's reasoned statement for the 2023 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 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 at the General Meeting, and that an equal gender balance shall be sought. Of the proposed Board members, three are women and three are men. 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. Duni Group's Board of Directors thus meets the requirements for diversity. 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 as of September 30. Chairman of the Board Thomas Gustafsson convened the Nomination Committee in October 2023 and the composition was presented on November 10, 2023.

The Nomination Committee comprises the following members:

Name	Represents	Ownership stake 12/31/2023
Thomas Gustafsson	Chairman of the Board	
Johan Andersson (Chairman)	Mellby Gård AB	40.14%
Katarina Hammar	Nordea Fonder AB	11.12%
Bernard R. Horn, Jr.	Polaris Capital Management, LLC	9.67%
Total		**49.74%**

This year's composition of the Nomination Committee saw a change among the top three shareholders, and Nordea Fonder AB replaced Carnegie Fonder. The Nomination Committee has held two minuted meetings and a couple of status updates ahead of the 2024 Annual General Meeting. The work of the Nomination Committee begins with the Chairman of the Board providing an update on how the Board's year has been and how the business has performed. The Nomination Committee was given access to the external evaluation from the previous year. As one member of the Nomination Committee is completely new and does not know Duni Group so well, she has had interviews with Board members and management team members in order to form an impression of the Company. The Nomination Committee is of the opinion that the composition of the Board works well. This is an effective Board of Directors, and all directors are duly engaged and committed, including employee representatives. Furthermore, the Nomination Committee considers that the Board consists of a good, relevant mix of education, competence, industry experience, knowledge of sustainability and international experience. All current directors are proposed for re-election at the 2024 Annual General Meeting. The Board of Directors fulfills the Swedish Corporate Governance Board's ambition level of equal gender distribution. Other elections are presented in the notice of the 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 CEO 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 shares or votes in 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 16, 2023, 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 78-79.

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

2023 Board attendance

	Function	Independent [1]	Board meetings	Audit Committee	Remuneration Committee
Thomas Gustafsson	Chairman	[2]	8 of 8	4 of 4	3 of 3
Viktoria Bergman	Director	x	4 of 4	–	–
Morten Falkenberg	Director	x	8 of 8	–	3 of 3
Sven Knutsson	Director	[2]	8 of 8	4 of 4	2 of 2
Pia Marions	Director	x	8 of 8	4 of 4	–
Janne Moltke-Leth	Director	x	4 of 4	–	–
Pauline Lindwall	Director	x	4 of 4	–	1 of 1
David Green	Employee representative, director	[3]	8 of 8	–	–
Maria Fredholm	Employee representative, director	[3]	8 of 8	–	–
Peter Lundin	Employee representative, alternate	[3]	8 of 8	–	–
Leo Mellberg	Employee representative, alternate	[3]	3 of 4	–	–
Per Svensson	Employee representative, alternate	[3]	4 of 4	–	–

[1] As per definition in Swedish Corporate Governance Code.
[2] Not independent (in relation to the largest shareholders).
[3] Not independent (in relation to Duni Group).
All Board members were re-elected at the 2023 AGM. Thomas Gustafsson was elected the Chairman of the Board. Thomas is not considered to be independent of the Company's largest shareholder.

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 was CEO throughout 2023. The Board held eight minuted Board meetings in 2022. The regular meetings and the meetings for organizational matters included the following agenda items in 2023:

- 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
- Ongoing evaluation and analysis of the profitability and growth of each business area
- Follow-up on strategy and risk
- Strategic questions about M&A, innovation, circularity and product development
- Sustainability issues and upcoming CSRD legislation
- Volumes and efficiency in plants and warehouses in Europe
- The economic climate and economic conditions

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 business area and market. This also includes a report on the number of injuries that occurred at the production and converting companies during the month. Prior to each Board meeting, the Board also reviews the most recent balance sheet and the cash flow.

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 2023 and comprises three members: Morten Falkenberg (Chairman), Sven Knutsson and Thomas Gustafsson. The CEO attends the meetings, except for matters regarding his own remuneration, as does the EVP People & Culture, who serves as secretary at meetings of the Remuneration Committee.

Audit Committee

The Audit Committee works according to an agenda adopted annually and its activities meet the requirements set out in the Swedish Companies Act and the EU Audit Regulation. 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 commercial risks. There is a special item on the annual agenda for fraud and anti-corruption issues. Each meeting has a fixed agenda item on cyber security. During the year, there was a special focus on sustainability work, materiality assessment and preparations regarding the new regulatory framework for sustainability, ESEF/CSRD. 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's chair at the next Board meeting, which is usually held later on the same day.

The Audit Committee held four meetings in 2023 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 Chairman of the Board, are decided upon by the Annual General Meeting. In accordance with a resolution adopted by the Annual General Meeting on May 16, 2023, the annual fee was set at a total of SEK 2,240,500, of which SEK 610,500 is payable to the Chairman of the Board. In addition, a resolution was adopted to set the fee for committee work at a total of SEK 395,000.

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 January 1, 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.

As of December 31, 2023, Robert Dackeskog holds 20,000 shares in Duni AB. 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.

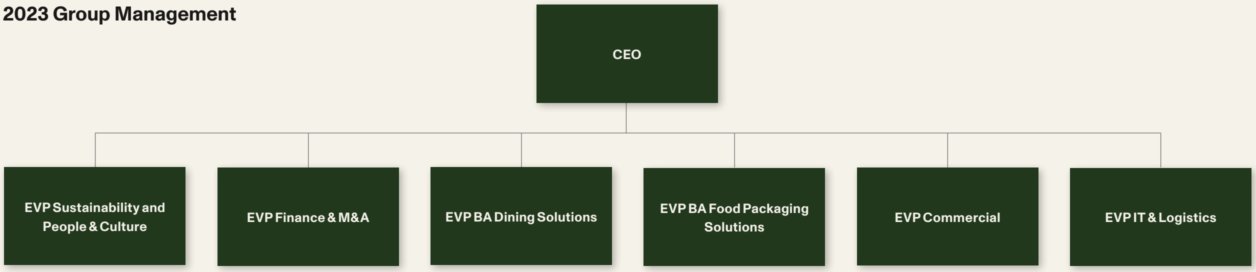
Board remuneration for the May 2023 – April 2024 period

SEK	Board fee	Audit Committee fee	Remuneration Committee fee	Total
Thomas Gustafsson	610,500	65,000	32,000	707,500
Viktoria Bergman	326,000	–	–	326,000
Morten Falkenberg	326,000	–	69,000	395,000
Sven Knutsson	326,000	65,000	32,000	423,000
Pia Marions	326,000	132,000	–	458,000
Janne Moltke-Leth	326,000	–	–	326,000
Total	**2,240,500**	**262,000**	**133,000**	**2,635,500**

Group Management

The CEO presides over the work of Group Management and adopts decisions in consultation with the other members of the management team, which consists of the heads of business areas and staff functions. The composition of Group Management, including the CEO, remained intact during the year and consisted of seven persons.

2023 Group Management



During the year, Group Management held ten minuted meetings. The focus of meetings during the year included inflation and price adjustments, sales volumes and inventory management, as well as sustainability issues, legal requirements and EU directives. 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, risk management 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.

The remuneration guidelines for the CEO and other members of Management were adopted by the 2020 Annual General Meeting and applies for four years or until the Annual General Meeting decides otherwise. At the Annual General Meeting in May 2024, it is proposed that the guidelines remain unchanged except with regard to the variable remuneration of senior executives, where a sustainability goal and a sustainability metric have been added.

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 Annual General Meeting, such as share-related or share price-related incentive programs. The guidelines are similar to the guidelines adopted by the Annual General Meeting in 2020. In the now proposed guidelines, however, it has been made clear that the variable cash salary can, for example, be based on sustainability goals set by the Board and, among other things, be linked to a sustainability measure. The guidelines shall apply until new guidelines are adopted by the Annual General Meeting.

In the case of employment relationships governed by rules other than Swedish, 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 Annual General Meeting may resolve on share-related and share price-related remuneration.

Variable cash salary

The variable cash salary shall be limited in advance to a maximum amount and based on 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% of the fixed cash salary. The variable cash salary may be based on metrics such as the annual profitability and capital tie-up targets as well as sustainability goals set by the Board, and may be linked to the Group's adjusted EBIT, adjusted capital employed and a sustainability metric.

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 the heading Decision process and deviations. 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 Business 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% 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 the value to Duni Group. Remuneration of directors, as well as other terms and conditions, are determined by the Board.

Decision process and deviations
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 Annual General Meeting 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 16, 2023, 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 member of FAR SRS. Apart from the audit engagement, fees to PwC for other engagements during 2023 totaled SEK 2.0 million (1.7). 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 fiscal year 2023

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

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 Code of Business Conduct, 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 a designated whistleblowing committee consisting of the Chair of the Audit Committee, the CFO and the EVP 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 internal control. The Group has established an accounting center for the European countries within the Group. This 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 auditors attend meetings of the Audit Committee. The Audit Committee also receives regular reports from the auditors regarding 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 functions as a centralized accounting function providing accounting services to all subsidiaries in Europe, apart from Paper+Design in Germany. The companies within the BioPak Group are controlled by a centralized finance function at BioPak Pty Ltd in Australia. The accounting center and the finance department at head office serve as consultants to the countries within the Group that are not included in the center. The accounting center operates based on standardized processes and routines, is independent of the operational business, and reports directly to the CFO. They also perform engagements for external customers, similar to the engagements they perform for 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 2023, 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 Board member of Mellby Gård AB. Chairman of the Board of KappAhl AB and Board member of Aros Kapital AB, G4 Capital AB and OJ Holding Sweden AB.

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

Education: Market Economist

Elected in 2019

Shares in Duni, as of December 31, 2023 (own and related parties): 26,400

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

Viktoria Bergman *Born in 1965*
Chair of the Board of Trianon AB (publ) and Galber AB. Vice Chair of WaterAid Sweden. Board member of Cinis Fertilizer AB and Novus Group International AB (publ).

Professional experience: SVP Communications and Sustainability for EON Nordic, SVP Communications and Sustainability for the Trelleborg Group and various positions within Falcon Bryggerier/Unilever and the Cerelia Group.

Education: Berghs School of Communications, Communication Executive Program at Stockholm School of Economics

Elected in 2023

Shares in Duni, as of December 31, 2023 (own and related parties): 1,000

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

Pia Marions *Born in 1963*
Senior Advisor Skandia Group

Board member of Vitrolife AB (publ), Carnegie Group, Unilabs Group Holding APS, Skandiabanken Aktiebolag (publ) and Sophiahemmet Rehab Center AB.

Professional experience: CFO of Skandia Group, Folksam Group, Carnegie Group and Skandia Liv, and as an authorized auditor, and has held senior positions in Royal Bank of Scotland, Länsförsäkringar Liv and the Swedish Financial Supervisory Authority.

Education: MSc in Business and Economics, Stockholm University

Elected in 2020

Shares in Duni, as of December 31, 2023 (own and related parties): 1,000

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

Morten Falkenberg *Born in 1958*
Board member of Ansell

Professional experience: President and CEO, and Board member of Nobia AB (publ) Executive Vice President and Head of Floor Care and Small 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, as of December 31, 2023 (own and related parties): 10,112

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

Sven Knutsson *Born in 1969*
Deputy CEO of Mellby Gård AB. Chairman of the Board of Klarahill AB, Söderberg & Haak Maskin and OJ Holding Sweden AB. Board member of KappAhl AB, Open Air Group AB and Hedson Technologies AB.

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 Business and Economics, Lund University

Elected in 2020

Shares in Duni, as of December 31, 2023 (own and related parties): 2,000

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

Janne Moltke-Leth *Born in 1966*
CEO of Reform Group A/S and Board member of Sydbank A/S

Professional experience: CEO of Kolpin Hotels A/S and Paustian A/S, as well as various positions at Carlsberg, Royal Unibrew and Copenhagen Airport

Education: MSc in Business and Economics, Aarhus University

Elected in 2023

Shares in Duni, as of December 31, 2023 (own and related parties): 0

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, as of December 31, 2023 (own and related parties): 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, as of December 31, 2023 (own and related parties): 0

Not independent in relation to the Company

Group Management

In 2023, Group Management consisted of seven people, presented below.

Robert Dackeskog Born in 1971
President and CEO 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 and Economics from the University of Gothenburg.

Shares in Duni, as of December 31, 2023 (own and related parties): 20,000

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

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

Malin Cullin holds a Bachelor's degree in Human Resources and Work Science and graduated as a submarine officer in the Swedish Navy.

Shares in Duni, as of December 31, 2023 (own and related parties): 540

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

Magnus has been employed at Duni Group since 2009 and comes from a position as EVP Corporate Development since September 2018. Before that, he worked in different controlling positions at Lindab AB, and the position of 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, as of December 31, 2023 (own and related parties): 7,000

Linus Lemark *Born in 1977*
Executive Vice President of Dining Solutions business area since January 2021.

Linus Lemark has worked within Duni Group since 2007 and has been a member of the management team since May 2012. He has held several different leading roles within the Company, such as EVP Commercial and Director of the current Food Packaging Solutions business area. He previously worked as Director of Innovation at The Absolut Company AB and as Vice President at Aquavit in New York.

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

Shares in Duni, as of December 31, 2023 (own and related parties): 5,770

Nicklas Lauwell *Born in 1969*
Executive Vice President, Food Packaging Solutions business area since September 2022.

Nicklas Lauwell has worked at Duni Group since 2017, comes from his most recent role as EVP Commercial North & East, and has been a member of Duni's management team since January 2022. He previously served as CEO of Carepa AB. Nicklas has a solid background in marketing, sales and leadership from Nestlé, Paramount Pictures, Mars Inc and Stena Line.

Nicklas Lauwell holds a degree in Marketing and Finance from IHM.

Shares in Duni, as of December 31, 2023 (own and related parties): 4,000

Manfred Hargarten *Born in 1963*
Executive Vice President Commercial since September 2022.

Manfred Hargarten has worked at Duni Group since 2017, comes from his most recent role as EVP Commercial Central & South, and has been a member of Duni's management team since January 2022. He previously worked as Sales Director AfH-Market Germany at Coca Cola European Partner. Manfred has 25 years of experience in managerial positions in sales and marketing from Coca Cola, Fürstenberg Brewery and Karlsberg Brewery.

Manfred Hargarten holds a Master of Business Administration from the State University of New York.

Shares in Duni, as of December 31, 2023 (own and related parties): 1,000

Johan Crusefalk *Born in 1976*
Executive Vice President IT and Logistics since January 2022.

Johan Crusefalk has been employed at Duni Group since 2021, comes from a position as EVP Logistics since January 2021, and has been a member of Duni's management team since January 2022. He previously served as Supply Chain Director Europe & Africa at Hempel A/S and Vice President Global Supply Chain at GN Netcom A/S.

Johan Crusefalk holds a Master's degree in Business Administration from Karlstad University.

Shares in Duni, as of December 31, 2023 (own and related parties): 4,000

Five-year summary, Consolidated Income Statements

SEK m	2023	2022	2021	2020	2019
Net sales	7,718	6,976	5,061	4,501	5,547
Cost of goods sold	-5,872	-5,657	-4,133	-3,687	-4,145
Gross profit	**1,846**	**1,318**	**928**	**814**	**1,403**
Selling and marketing expenses	-699	-609	-505	-514	-592
Administrative expenses	-421	-381	-271	-265	-285
Research and development expenses	-36	-4	-1	-5	-3
Other operating income	46	80	133	121	24
Other operating expenses	-88	-79	-112	-80	-137
EBIT	**648**	**326**	**173**	**70**	**408**
Financial income	24	19	2	2	2
Financial expenses	-73	-56	-40	-65	-34
Income from participation in associated companies	-7	-6	-2	–	–
Net financial items	**-56**	**-43**	**-39**	**-63**	**-32**
Net income before tax	**593**	**283**	**133**	**7**	**377**
Income tax	-150	-82	-56	-3	-103
Net income for the year	**443**	**201**	**77**	**4**	**273**
Income attributable to:					
Equity holders of the Parent Company	390	200	76	2	269
Non-controlling interests	53	2	1	1	4
Earnings per share (expressed in SEK per share), calculated on net income for the year attributable to equity holders of the Parent Company for the year:					
Earnings per share before dilution	8.30	4.25	1.62	0.05	5.73
Earnings per share after dilution	8.30	4.25	1.62	0.05	5.73

Five-year summary, Consolidated Balance Sheets

SEK m	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019
ASSETS					
Goodwill	2,110	2,136	2,010	2,011	2,054
Other intangible assets	230	305	344	408	503
Tangible assets	1,245	987	950	1,015	1,125
Financial assets	246	294	184	131	85
Total fixed assets	**3,831**	**3,881**	**3,662**	**3,756**	**3,958**
Inventory	1,251	1,727	1,253	861	781
Accounts receivable	1,125	1,137	860	599	915
Other receivables	218	222	225	200	279
Cash and cash equivalents	488	372	396	364	311
Total current assets	**3,082**	**3,458**	**2,734**	**2,024**	**2,287**
TOTAL ASSETS	**6,913**	**7,339**	**6,396**	**5,780**	**6,245**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity attributable to equity holders of the Parent Company	3,422	3,211	2,630	2,541	2,563
Non-controlling interests	560	530	85	87	101
Total equity	**3,982**	**3,742**	**2,714**	**2,628**	**2,664**
Long-term financial liabilities	610	1,173	159	1,216	1,370
Other long-term liabilities	274	348	648	638	757
Total long-term liabilities	**885**	**1,521**	**807**	**1,854**	**2,128**
Accounts payable	719	840	723	422	505
Short-term financial liabilities	342	393	1,455	270	222
Other short-term liabilities	985	844	697	606	727
Total short-term liabilities	**2,046**	**2,076**	**2,874**	**1,299**	**1,453**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**6,913**	**7,339**	**6,396**	**5,780**	**6,245**

Key ratios in brief, Group

	2023	2022	2021	2020	2019
Net sales, SEK m	7,718	6,976	5,061	4,501	5,547
Gross profit, SEK m	1846	1,318	928	814	1,403
Operating income, SEK m	716	450	279	149	533
Operating EBITDA, SEK m	926	664	487	374	762
Operating profit, EBIT, SEK m	648	326	173	70	408
EBITDA, SEK m	924	603	476	359	759
Interest-bearing net debt, SEK m	598	1,317	1,375	1,324	1,546
Number of employees	2,326	2,231	2,214	2,269	2,398
Sales growth	10.6%	37.8%	12.4%	-18.9%	12.6 %
Organic growth	5.2%	30.9%	14.4%	-18.7%	-0.5 %
Gross margin	23.9%	18.9%	18.3%	18.1%	25.3 %
Operating margin	9.3%	6.4%	5.5%	3.3%	9.6%
Operating EBITDA margin	12.0%	9.5%	9.6%	8.3%	13.7%
EBIT margin	8.4%	4.7%	3.4%	1.6%	7.4%
EBITDA margin	12.0%	8.6%	9.4%	8.0%	13.7%
Return on shareholders' equity	11.1%	5.4%	2.8%	0.1%	10.3%
Return on capital employed[1]	16.3%	9.3%	7.1%	3.9%	12.9%
Return on capital employed, excluding goodwill[1]	31.5%	16.6%	14.4%	8.2%	25.6%
Interest-bearing net debt/equity	15.0%	35.2%	50.7%	50.4%	58.0%
Interest-bearing net debt/operating EBITDA	0.6	2.0	2.8	3.5	2.0

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

Consolidated Income Statement

SEK m	Note	2023	2022
Net sales	3, 4	7,718	6,976
Cost of goods sold	4, 5, 6, 7, 8	-5,872	-5,657
Gross profit		**1,846**	**1,318**
Selling and marketing expenses	5, 6, 8	-699	-609
Administrative expenses	5, 6, 8, 9	-421	-381
Research and development expenses	5, 6	-36	-4
Other operating income	10	46	80
Other operating expenses	5, 6, 10	-88	-79
EBIT	3, 11, 16, 17, 32	**648**	**326**
Income from financial items	11, 12, 17		
Financial income		24	19
Financial expenses		-73	-56
Income from participation in associated companies	19	-7	-6
Net financial items		**-56**	**-43**
Net income before tax		**593**	**283**
Income tax	14	-150	-82
Net income for the year	37	**443**	**201**
Income attributable to:			
Equity holders of the Parent Company		390	200
Non-controlling interests		53	2
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:	33		
Earnings per share before dilution		8.30	4.25
Earnings per share after dilution		8.30	4.25

Consolidated Statement of Comprehensive Income

SEK m	2023	2022
Net income for the year	**443**	**201**
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Revaluation of net pension obligation	-6	16
Total	**-6**	**16**
Items that may be reclassified to profit or loss:		
Exchange rate differences from translation of foreign subsidiaries	-37	32
Cash flow hedges	-19	35
Total	**-56**	**67**
Other comprehensive income for the year, net of tax	**-62**	**83**
Total comprehensive income for the year	**381**	**284**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	352	278
Non-controlling interests	29	6

Consolidated Balance Sheet

SEK m	Note	12/31/2023	12/31/2022
ASSETS	1, 2, 3, 27, 32		
Fixed assets			
Intangible assets	21		
Goodwill		2,110	2,136
Customer relationships		113	169
Trademarks and licenses		64	100
Capitalized development expenses		42	12
Assets under development		11	24
Total intangible assets		**2,340**	**2,441**
Tangible assets	22		
Buildings, land and land improvements		367	354
Machinery and other technical equipment		476	493
Equipment, tools and installations		59	57
Construction in progress and advance payments for tangible assets		105	84
Right-of-use assets	23	237	159
Total tangible assets		**1,245**	**1,147**
Financial assets			
Participations in associated companies	19	25	21
Deferred tax assets	14	197	222
Derivative instruments	31	23	47
Other long-term financial receivables	29	1	4
Total financial assets		**246**	**294**
Total fixed assets		**3,831**	**3,881**
Current assets			
Inventory	7	1,251	1,727
Accounts receivable	24	1,125	1,137
Derivative instruments	31	2	0
Tax receivables		39	16
Other short-term receivables	24	134	177
Prepaid expenses and accrued income	25	43	29
Cash and cash equivalents	28	488	372
Total current assets	27	**3,082**	**3,458**
TOTAL ASSETS		**6,913**	**7,339**

Consolidated Balance Sheet, contd.

SEK m	Note	12/31/2023	12/31/2022
SHAREHOLDERS' EQUITY AND LIABILITIES	1, 2, 3, 27, 32, 35		
Equity			
Share capital	33	59	59
Other injected capital		1 681	1 681
Reserves		133	165
Retained earnings including net income for the year		1,550	1,306
Total equity attributable to the shareholders of the Parent Company		**3,422**	**3,211**
Non-controlling interests		560	530
Total equity		**3,982**	**3,742**
Long-term liabilities			
Bank loans	30	430	1,065
Lease liability	23	180	108
Derivative instruments	31	–	0
Deferred tax liability	14	139	215
Pension provisions	17	136	133
Total long-term liabilities		**885**	**1,521**
Short-term liabilities			
Accounts payable		719	840
Tax liabilities		134	67
Bank loans	30	286	337
Leasing debt	23	56	56
Derivative instruments	31	2	5
Other short-term liabilities		183	157
Allocation to restructuring reserve	8	11	11
Accrued expenses and prepaid income	26	655	604
Total short-term liabilities		**2,046**	**2,076**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6,913**	**7,339**

Consolidated Statement of Changes in Equity

SEK m	Share capital	Other injected capital	Reserves [1]	Profit carried forward incl. net income for the year	Total equity attributable to PC's equity holders	Non-controlling interests	Total equity
Opening balance Jan. 1, 2022	**59**	**1,681**	**103**	**786**	**2,630**	**85**	**2,714**
Comprehensive income							
Net income for the year	–	–	–	200	200	2	201
Other comprehensive income for the year, net of tax	–	–	62	16	78	5	83
Total comprehensive income for the year	**0**	**0**	**62**	**216**	**278**	**6**	**284**
Transactions with minority interests (Note 20)	**–**	**–**	**–**	**304**	**304**	**439**	**743**
Transactions with owners							
Dividend paid to shareholders for 2021	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Opening balance Jan. 1, 2023	**59**	**1,681**	**165**	**1,306**	**3,211**	**530**	**3,742**
Comprehensive income							
Net income for the year	–	–	–	390	390	53	443
Other comprehensive income for the year, net of tax	–	–	-32	-6	-38	-24	-62
Total comprehensive income for the year	**0**	**0**	**-32**	**384**	**352**	**29**	**381**
Transactions with owners							
Dividend paid to shareholders for 2022	–	–	–	-141	-141	0	-141
Total transactions with owners	**0**	**0**	**0**	**-141**	**-141**	**0**	**-141**
Closing balance Dec. 31, 2023	**59**	**1,681**	**133**	**1,550**	**3,422**	**560**	**3,982**

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

Consolidated Cash Flow Statement

SEK m	Note	2023	2022
Cash flow from operating activities:			
EBIT		648	326
Adjustments for non-cash items	34	283	256
Interest received		23	13
Interest paid		-62	-48
Paid income tax		-157	-84
Cash flow from operating activities before changes in working capital		**734**	**462**
Changes in working capital:			
Increase(-)/decrease(+) in inventories		469	-379
Increase(-)/decrease(+) in accounts receivable		5	-215
Increase(-)/decrease(+) in receivables		23	12
Increase(+)/decrease (-) in accounts payable		-120	75
Increase(+)/decrease(-) in short-term liabilities		78	92
Cash flow from operating activities		**1,190**	**48**
Cash flow used in investing activities:	31		
Acquisition of tangible assets	22	-150	-110
Acquisition of intangible assets	21	-16	-21
Sale of tangible assets	22	8	0
Sale of intangible assets	21	–	0
Acquisition of subsidiaries	20	–	-25
Acquisition of associated companies	19	-14	–
Divestment of subsidiary	19	–	363
Cash flow used in investing activities		**-171**	**208**
Cash flow used in financing activities:	30		
Net change, overdraft facilities and other financial liabilities		-49	45
Dividend paid to shareholders		-141	–
Repayment of debt		-758	-421
Loans raised		116	150
Repayment of lease liability	23	-61	-73
Cash flow used in financing activities		**-893**	**-298**
Cash flow for the year		**127**	**-43**
Cash and cash equivalents, opening balance		372	396
Exchange rate differences, cash and cash equivalents		-11	19
Cash and cash equivalents, closing balance	28	**488**	**372**

Parent Company Income Statement

SEK m	Note	2023	2022
Net sales	3, 4	1,577	1,526
Cost of goods sold	4, 5, 6, 7, 8	-1,543	-1,458
Gross profit		**34**	**68**
Selling and marketing expenses	5, 6, 7, 8	-120	-120
Administrative expenses	5, 6, 7, 8, 9	-292	-251
Research and development expenses	5, 6	-34	-5
Other operating income	10	338	309
Other operating expenses	5, 10	-56	-46
EBIT	11, 16, 17, 32, 36	**-130**	**-45**
Income from financial items	11, 12		
Revenue from participation in Group companies	13	666	241
Other interest income and similar items		69	293
Interest expenses and similar items		-126	-65
Net financial items		**609**	**468**
Income after financial items		479	**423**
Appropriations		-2	–
Tax on income for the year	14	-70	-41
Net income for the year	37	**407**	**382**

Parent Company Statement of Comprehensive Income

SEK m	2023	2022
Net income for the year	**407**	**382**
Other comprehensive income[1]		
Items that may be reclassified to profit or loss:		
Cash flow hedges	-14	24
Total	**-14**	**24**
Other comprehensive income for the year, net of tax	**-14**	**24**
Total comprehensive income for the year	**394**	**406**
Total comprehensive income for the year attributable to:		
Equity holders of the Parent Company	394	406

[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	Note	12/31/2023	12/31/2022
ASSETS	1, 2, 3, 27, 32		
Fixed assets			
Intangible assets	21		
Trademarks and licenses		2	30
Capitalized development expenses		42	4
Assets under development		9	21
Total intangible assets		**54**	**55**
Tangible assets	22		
Buildings, land and land improvements		7	8
Machinery and other technical equipment		8	9
Equipment, tools and installations		4	3
Construction in progress and advance payments for tangible assets		4	5
Total tangible assets		**23**	**25**
Financial assets			
Participations in Group companies	18, 20	2,335	1,334
Participations in associated companies	19	41	27
Deferred tax assets	14	19	17
Long-term financial receivables from Group companies	29	1,077	2,492
Derivative instruments	31	23	47
Total financial assets		**3,495**	**3,918**
Total fixed assets		**3,572**	**3,998**
Current assets			
Inventory	7	74	127
Accounts receivable	24	138	143
Derivative instruments	31	2	0
Receivables from Group companies	24	34	50
Other short-term receivables	24	7	27
Prepaid expenses and accrued income	25	26	15
Short-term financial receivables, from Group companies	24	390	326
Cash and cash equivalents	28	332	204
Total current assets		**1,002**	**892**
TOTAL ASSETS		**4,573**	**4,890**

Parent Company, Balance Sheet, cont.

SEK m	Note	12/31/2023	12/31/2022
EQUITY, PROVISIONS AND LIABILITIES	1-3,27,32,36,35		
Equity			
Restricted equity			
Share capital	33	59	59
Statutory reserve		11	11
Revaluation reserve		13	13
Development expenditure reserve		16	4
Total restricted equity		**99**	**87**
Non-restricted equity			
Retained earnings		2,165	1,950
Net income for the year		407	382
Total non-restricted equity		**2,573**	**2,331**
Total equity		**2,672**	**2,419**
Provisions			
Pension provisions	17	86	84
Deferred tax liability	14	22	25
Total provisions		**108**	**109**
Long-term liabilities			
Bank loans	30	443	1,065
Long-term financial liabilities to Group companies		–	0
Derivative instruments	31	–	0
Total long-term liabilities		**443**	**1,066**
Short-term liabilities			
Accounts payable		69	71
Liabilities to Group companies		91	82
Bank loans	30	286	287
Short-term financial liabilities to Group companies		682	679
Derivative instruments	31	2	2
Tax liabilities		70	21
Other short-term liabilities		28	33
Allocation to restructuring reserve	8	4	5
Accrued expenses and prepaid income	26	121	117
Total short-term liabilities		**1,351**	**1,297**
TOTAL EQUITY, PROVISIONS AND LIABILITIES		**4,573**	**4,890**

Parent Company, Changes in Equity

SEK m	Share capital	Statutory reserve	Revaluation reserve	Development expenditure reserve	Translation reserve	Cash flow reserve	Retained earnings	Total equity
Opening balance Jan. 1, 2022	**59**	**11**	**13**	**0**	**33**	**0**	**1,897**	**2,013**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	24	382	406
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**24**	**382**	**406**
Transactions with owners								
Dividend paid to shareholders for 2021	–	–	–	–	–	–	–	–
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Allocation to development expenditure reserve	**–**	**–**	**–**	**4**	**–**	**–**	**-4**	**0**
Opening balance Jan. 1, 2023	**59**	**11**	**13**	**4**	**33**	**24**	**2,275**	**2,419**
Comprehensive income								
Comprehensive income for the year	–	–	–	–	–	-14	407	394
Total comprehensive income for the year	**0**	**0**	**0**	**0**	**0**	**-14**	**407**	**394**
Transactions with owners								
Dividend paid to shareholders for 2022	–	–	–	–	–	–	-141	-141
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**-141**	**-141**
Allocation to development expenditure reserve	–	–	–	11	–	–	-11	0
Closing balance Dec. 31, 2023	**59**	**11**	**13**	**16**	**33**	**10**	**2,530**	**2,672**

Parent Company, Cash Flow Statement

SEK m	Note	2023	2022
Cash flow from operating activities:			
EBIT		-130	-45
Adjustments for non-cash items	33	-36	75
Interest received		250	64
Dividends received		236	12
Interest paid		-126	-65
Paid income tax		-20	-16
Cash flow from operating activities before changes in working capital		**174**	**25**
Changes in working capital:			
Increase(-)/decrease(+) in inventories		34	24
Increase(-)/decrease(+) in accounts receivable		17	-39
Increase(-)/decrease(+) in receivables		22	-13
Increase(+)/decrease (-) in accounts payable		8	-11
Increase(+)/decrease(-) in short-term liabilities		-12	4
Cash flow from operating activities		**69**	**-10**
Cash flow used in investing activities:			
Acquisition of intangible assets	21	-14	-16
Acquisition of tangible assets	22	-4	-7
Sale of tangible assets	22	0	0
Change in net lending to Group companies		1,618	-208
Acquisition of subsidiaries	18,20	–	-25
Sale of subsidiaries	20	6	269
Shareholders' contributions	18	-1,003	–
Acquisition of associated companies	19	-14	–
Change in interest-bearing receivables		13	11
Cash flow used in investing activities		**602**	**24**
Cash flow used in financing activities:	30		
Dividend paid to shareholders		-141	–
Net change, overdraft facilities and other financial liabilities		66	176
Repayment of debt		-758	-421
Loans raised		116	150
Cash flow used in financing activities		**-717**	**-95**
Cash flow for the year		128	-81
Cash and cash equivalents, opening balance		204	285
Cash and cash equivalents, closing balance	27	**332**	**204**

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 enjoys a leading position thanks to a combination of high quality, established customer relationships, well-reputed brands, and a strong local presence in Europe. Tissue for napkins and table covers is manufactured in Sweden, while converting to finished products takes place in Germany, Poland, Thailand and New Zealand. The Group has sales offices in Australia, Finland, France, United Arab Emirates, Hong Kong, Netherlands, New Zealand, Poland, Switzerland, Singapore, Spain, UK, Sweden, Thailand, Czech Republic, Germany, USA and Austria.

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. The Parent Company's main place of business is in the Nordic countries. The website is www.dunigroup.se. Duni is listed on NASDAQ Stockholm under the ticker name "DUNI".

The Board of Directors approved this annual report for publication on April 4, 2024. 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. 1/1/2022–12/31/2022.

Note 2 – General accounting principles

This note sets forth general material accounting principles applied in the preparation of this annual report. However, the majority of these accounting policies are included in the respective notes, in particular for those areas that involve a high degree of assessment, are complex or where assumptions and estimates are material to the consolidated accounts. 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. Specific choices of principles made within the framework of RFR 2 are listed in section 2.5 below.

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

Assets and liabilities are recognized using the cost method, except for:

- currency forward contracts measured at fair value through profit or loss,
- interest rate swaps classified as hedging instruments and measured at fair value through other comprehensive income,
- defined benefit pension plans, for which the plan assets are measured at fair value through other comprehensive income.

2.2 Standards and interpretations

2.2.1 New and amended standards applied by the Group

Duni Group applies the new and amended standards and interpretations from the IASB and statements from the IFRIC as adopted by the EU and which are mandatory starting on January 1, 2023. None of the standards and changes that have been applicable to Duni Group have had a material effect for the fiscal year.

2.2.2 New standards and interpretations not yet applied by the Group

A number of new standards, changes to the standards and interpretations enter into force with regard to fiscal years beginning after January 1, 2024, 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

Subsidiaries are included in the consolidated financial statements commencing on the day on which the controlling influence is transferred to the Group. The acquisition method is used when consolidating the Group's subsidiaries. For each individual business combination, where applicable, 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 identifiable net assets of the acquired company. Subsidiaries Duni Thailand and BioPak Pty Ltd in Australia are recognized at fair value.

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 are also recognized in equity.

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
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 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
Participations in subsidiaries are recognized in the Parent Company pursuant to the purchase method. In the Parent Company, acquisition costs are recognized as participations in subsidiaries. Received dividends and Group contributions are recognized as financial income.

Associated companies
Participations in associated companies are recognized in the Parent Company pursuant to the purchase method. The shares are recognized as "Participations in associated companies" and dividends received are recognized as revenue. In the Parent Company, acquisition costs are recognized as participations in associated companies.

Intangible assets
Goodwill recognized in the Parent Company is acquisition goodwill, and 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.

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

Financial instruments
The Parent Company has chosen to apply IFRS 9 in legal entities.

Pension provisions
The Parent Company recognizes the pension liability in accordance with the simplification rule in RFR 2, and this is based on calculations made in accordance with the Swedish Pension Obligations (Security) Act. See also Note 17.

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.

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 decision-making group constitutes 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.The Group's business areas are identified as its operating segments.

Dining Solutions business area: stands for what the Group is traditionally associated with, i.e., innovative solutions for the set table, primarily napkins, table covers and candles. Products and services are sold under the Duni and Paper+Design brands. Customers are primarily 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.

Food Packaging Solutions 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 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
- Central: Germany, Austria and Switzerland
- West: The Netherlands, Belgium, Luxembourg, the UK and Ireland
- South: France, Spain and Italy
- Rest of World: All sales outside Europe
- 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 Dining Solutions business area.

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, Dining Solutions and Food Packaging Solutions.

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 area.

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 manufacturing of materials and concept development to converting and distribution. Because in-house-produced napkins and table covers fall under the Dining Solutions business area, this business area is responsible for all expenses for production and converting. By contrast, the products in the Food Packaging Solutions business area 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 from contracts with customers mainly comprises the sale of goods in the form of napkins, table covers, candles, packaging solutions and serving products. 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 does not represent a significant amount and is included in the Dining Solutions business area.

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. 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.

In those cases where products are sold with volume discounts and the customers are entitled to return 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. A liability is recognized for expected volume discounts in relation to sales until the balance sheet date. Returns in the form of goods returned under the right of withdrawal for seasonal ranges are recognized gross. Sales are reduced and a liability in respect of returns is recognized in the balance sheet. The recognized return increases the inventory and reduces the cost of goods sold. 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.

Revenue from customer contracts is divided into different categories. Duni Group has identified the different business areas 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. Revenue from external customers broken down by region is based on where the Group's customers have their registered office.

Significant estimates and judgments

Judgments

The operating segments, i.e., the business areas, use common IT solutions and logistics. When recognizing the joint assets per operating segment, these have been allocated based on a weighting of the respective business area'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 business area is proven. Corresponding allocations have also been made when allocating Group-wide expenses. However, interest income and interest expenses are not allocated per business area, since they are affected by measures taken by the central treasury function, which manages the Group's cash liquidity.

The judgment 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.

For contracts that have returns on seasonal ranges, management estimates the size of these based on current contracts, historical sales and historical trends for returns. A provision is made for returns based on these judgments and assumptions. 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.

Operating segments, Group

2023, SEK m	Dining Solutions	Food Packaging Solutions	Total
Total net sales	4,692	3,063	7,754
Revenue from other segments	11	25	36
Net sales from external customers	**4,681**	**3,037**	**7,718**
Operating income	600	117	716
Items not included in operating income	-47	-21	-68
Reported EBIT	**553**	**95**	**648**
Financial income			24
Financial expenses			-73
Income from participation in associated companies			-7
Income tax			-150
Net income for the year			**443**
Total assets	4,763	2,150	6,913
Total liabilities	2,007	924	2,931
Investments	252	50	301
Depreciation	214	62	276

2022, SEK m	Dining Solutions	Food Packaging Solutions	Total
Total net sales	4,028	2,973	7,000
Revenue from other segments	24	1	25
Net sales from external customers	**4,004**	**2,972**	**6,976**
Operating income	333	117	450
Items not included in operating income	-46	-78	-124
Reported EBIT	**287**	**39**	**326**
Financial income			19
Financial expenses			-56
Income from participation in associated companies			-6
Income tax			-82
Net income for the year			**201**
Total assets	4,730	2,609	7,339
Total liabilities	2,413	1,185	3,598
Investments	164	36	200
Depreciation	212	66	278

Division of revenue from customer contracts, Group

2023, SEK m	Dining Solutions	Food Packaging Solutions	Total
Primary geographic regions			
NorthEast	799	531	1,331
Central	1,965	279	2,244
West	828	310	1,138
South	605	173	778
Rest of World	337	1,744	2,080
Other sales	147	–	147
Total	**4,681**	**3,037**	**7,718**
Product groups			
Napkins	3,336	85	3,422
Table covers	783	–	783
Candles	211	–	211
Packaging solutions	–	1,222	1,222
Serving products	1	1,615	1,616
Other	350	116	466
Total	**4,681**	**3,037**	**7,718**
Time of revenue recognition			
Goods/services transferred at once	4,681	3,037	7,718
Goods/services transferred over time	–	–	0
Total	**4,681**	**3,037**	**7,718**

2022, SEK m	Dining Solutions	Food Packaging Solutions	Total
Primary geographic regions			
NorthEast	671	551	1,222
Central	1,629	303	1,932
West	721	326	1,047
South	491	192	683
Rest of World	299	1,600	1,899
Other sales	192	0	192
Total	**4,004**	**2,972**	**6,976**
Product groups			
Napkins	2,749	79	2,828
Table covers	662	0	662
Candles	215	0	215
Packaging solutions	–	1,236	1,236
Serving products	1	1,537	1,538
Other	377	121	498
Total	**4,004**	**2,972**	**6,976**
Time of revenue recognition			
Goods/services transferred at once	4,004	2,972	6,976
Goods/services transferred over time	–	–	0
Total	**4,004**	**2,972**	**6,976**

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 from currency derivatives, fair value allocations and amortization in connection with business combinations.

Bridge between operating income and EBIT

SEK m	2023	2022
Operating income	**716**	**450**
Restructuring costs	-5	-57
Unrealized value changes from derivative instruments	3	-3
Amortization of intangible assets identified in connection with business combinations	-66	-63
Fair value allocation in connection with acquisitions	0	0
Reported EBIT	**648**	**326**

The assets and liabilities directly attributable to each business area include fixed assets other than buildings and all operating capital employed, mainly inventories, accounts receivable and accounts payable. In addition, certain common assets and liabilities, notably buildings, have been allocated to each business area.

Total sales from external customers broken down per product group

SEK m	2023	2022
Napkins	3,422	2,828
Table covers	783	662
Candles	211	215
Packaging solutions	1,222	1,236
Serving products	1,616	1,538
Other*	466	498
Net sales from external customers	**7,718**	**6,976**

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

Total net sales from external customers broken down per geographic region

SEK m	2023	2022
Sweden	437	411
Australia	1,468	1,390
Germany	1,743	1,539
South	778	683
West	1,138	1,047
Other NorthEast	894	811
Other Central	502	393
Other Rest of World	612	509
Other sales	147	192
Net sales from external customers	**7,718**	**6,976**

Duni does not have any single customer that accounts for more than 10% of its net sales. Rest of the world includes New Zealand, which accounts for approximately 11% of the region's sales, and Thailand, which accounts for approximately 5%. NorthEast includes, among others, Finland, Norway, Denmark and Poland, which each account for 10-20% of the region's sales.

Total tangible and intangible assets broken down per geographic region

SEK m	2023	2022
Sweden	1,573	1,574
Australia	595	647
Germany	798	843
South	8	7
West	65	59
Other NorthEast	263	179
Other Central	9	9
Other Rest of World	273	269
Total tangible and intangible assets	**3,585**	**3,587**

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

Parent Company, SEK m	2023	2022
Dining Solutions	1,045	1,008
Food Packaging Solutions	532	519
Total net sales	**1,577**	**1,526**

Parent Company, SEK m	2023	2022
Sweden	379	390
Other NorthEast	860	796
Central	316	312
West	18	20
South	1	2
Rest of World	1	3
Other sales	2	3
Total net sales	**1,577**	**1,526**

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 4,568 million (4,024). The Parent Company sold goods to its subsidiaries for SEK 584 million (550) and purchased goods from subsidiaries in the value of SEK 1,147 million (969).

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	2023	2022
Change in inventories of finished products and products in progress		2,105	2,188
Raw materials and consumables		1,403	1,306
Cost of logistics		970	902
Cost of sales and marketing		314	254
Expenses for remuneration of employees	16	1,445	1,245
Depreciation, amortization and impairment	6	276	278
Other expenses		603	557
Total operating expenses		**7,116**	**6,730**

Other costs include other costs of energy, maintenance, travel, development and currency.

Note 6 – Depreciation, amortization and impairment

Depreciation/amortization

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Customer relationships	51	49	–	–
Capitalized development expenses	14	14	14	14
Trademarks and licenses	18	19	1	2
Buildings and land improvements	49	69	1	1
Machinery and equipment	143	127	4	5
Total depreciation/amortization	**276**	**278**	**20**	**21**

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

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Cost of goods sold	137	150	2	2
Selling and marketing expenses	19	16	–	–
Administrative expenses	53	49	18	19
Other operating expenses	66	63	0	0
Total depreciation/amortization	**276**	**278**	**20**	**21**

Impairment losses

No impairment losses were made in 2023 and 2022.

Note 7 – Inventory

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). Net realizable value is the estimated selling price in operating activities. Loan expenses are not included in the cost. Costs of goods and impairment losses are recognized as cost of goods sold.

The cost for the various inventory categories comprises, among other things:

- Raw materials and consumables: purchasing costs for pulp, binder, color, packaging and inbound freight.
- Work in progress: various material costs and freight costs included.
- Finished goods inventories: material costs, freight costs included, direct salaries and indirect and direct manufacturing expenses, based on normal manufacturing capacity.
- Goods for resale: shipping costs, customs duties and purchasing costs.

Estimated return rights on the seasonal range are recognized gross. Sales are reduced and a liability for returns is entered in the balance sheet. The recognized return increases the inventory and reduces the cost of goods sold.

Significant estimates and judgments

Estimates and assumptions – risk of material adjustments

The calculation of the net realizable value is based on an estimate of a sale price that is affected by several parameters such as changes in product range, price development, market demand, changes in legislation, etc. Cost includes, among other things, freight costs, pulp, various input materials and manufacturing expenses, which are purchased at different times, which means that inventory valuation is extremely complex. When estimating the obsolescence of inventories, risk factors are the rate of turnover, age, market demand and new launches. There are established principles for how obsolescence is calculated. On the one hand, there is a calculation basis for raw materials and consumables that are "slow-moving", i.e. remain in inventory for a long time. For inventories of finished goods and goods for resale, a different calculation basis is used, where the obsolescence calculation is based on the number of days in inventory.

At the end of each month, management makes new judgments and assumptions based on the prevailing market situation in order to ensure the correct valuation of inventory.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Raw materials and consumables	234	267	–	–
Work in progress	94	97	–	–
Finished goods and goods for resale	690	1,204	73	124
Advance payments to suppliers	233	159	0	3
Total	**1,251**	**1,727**	**74**	**127**

The change in inventory is reported under the item "Costs of goods sold" and, for the Group, amounted to SEK 6,087 million (6,145). The corresponding item for the Parent Company amounted to SEK 1,156 million (1,102).

The Group's impairment write-down of inventory to the net realizable value amounted to SEK 9 million (32). The Parent Company's recognized impairment losses on inventory amounted to SEK 2 million (2). Impairment losses have been reversed in 2023 for the Group in the amount of SEK 15 million (0). No reversals have been made in the Parent Company.

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, employees concerned have been informed about the main features of the plan and the amount can be calculated in a reliable manner.

Significant estimates and judgments

Estimates and assumptions – risk of material adjustments

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 costs amounted to SEK 5 million (57).

Preparations and planning took place during autumn 2023 to coordinate production in Asia, to make Duni Thailand a production hub for the entire Asia-Pacific region. After evaluating issues such as efficiency, profitability and delivery capacity, a decision was made after the year-end 2023 to convert Sharp Serviettes, located in New Zealand, into a dedicated sales company and to move its production to Thailand. A restructuring cost of SEK 7 million for this, primarily relating to relocation and restoration costs, has therefore been booked in the 2023 year-end accounts.

During the year, SEK 4 million was reversed in respect of the reserve made in 2021 relating to the closure and liquidation of operations in Singapore, Duni Song Seng.

During 2022, restructuring costs of SEK 9 million were incurred for the discontinuation of operations in Russia after the invasion of Ukraine, as well as SEK 48 million in one-time costs relating to advisory services, auditing services and legal expenses to evaluate strategic alternatives to optimize the long-term value of the BioPak Group, which resulted in Duni selling 25% of the shares in BioPak in December. In 2023, SEK 1 million of this SEK 48 million was reversed.

Restructuring costs by function

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Cost of goods sold	7	1	–	–
Selling and marketing expenses	0	7	–	–
Administrative expenses	2	48	5	20
Other operating expenses/income	-4	–	–	–
Total restructuring costs	**5**	**57**	**5**	**20**

Allocation to restructuring reserve

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Opening balance, restructuring reserve	**11**	**19**	**5**	**5**
Utilized reserves	-1	-10	-1	-1
Reversal of reserve	-5	-1	–	0
Allocations for the year	7	2	–	2
Closing balance, restructuring reserve	**11**	**11**	**4**	**5**
Of which short-term	8	7	0	1

Note 9 – Remuneration to auditors

	Group		Parent Company	
SEK m	2023	2022	2023	2022
PricewaterhouseCoopers				
– Audit engagement	4.7	5.5	2.0	2.7
of which to PricewaterhouseCoopers AB	*2.3*	*3.0*	*2.0*	*2.7*
– Auditing activities in addition to the audit engagement	0.2	0.2	0.2	0.2
of which to PricewaterhouseCoopers AB	*0.2*	*0.2*	*0.2*	*0.2*
– Tax advice	0.5	1.4	0.4	0.3
of which to PricewaterhouseCoopers AB	*0.4*	*0.3*	*0.4*	*0.3*
– Other services	1.2	0.1	0.8	0.1
of which to PricewaterhouseCoopers AB	*0.8*	*0.1*	*0.8*	*0.1*
Total	**6.7**	**7.2**	**3.4**	**3.3**
Other auditors				
– Audit engagement	3.7	3.2	–	–
– Auditing activities in addition to the audit engagement	0.1	0.0	–	–
– Tax advice	0.2	0.3	–	–
– Other services	0.8	0.8	–	–
Total	**4.8**	**4.3**	**0.0**	**0.0**
Total remuneration to auditors	**11.5**	**11.5**	**3.4**	**3.3**

“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 restructuring aid in Germany.

Note 10 – Other operating income and expenses

Accounting principles

Other operating income includes other revenue not classified as sales and that cannot therefore be attributable to selling Duni Group's products. Other operating expenses includes expenses that cannot be classified in other functions.

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 support is recognized as other operating income.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Other operating income				
Exchange rate gains	11	35	7	5
Administrative services	–	–	331	303
Capital gains	0	1	–	–
Government support	25	34	–	–
Emission rights sold	3	6	–	–
Other items	7	5	0	1
Total other operating income	**46**	**80**	**338**	**309**
Other operating expenses				
Depreciation	66	63	0	0
Administrative services	–	–	55	45
Capital loss	3	1	0	1
Acquisition expenses	6	–	–	–
Other items	13	15	1	0
Total other operating expenses	**88**	**79**	**56**	**46**

Other operating income

In 2023, government support amounted to SEK 25 million, of which SEK 24 million relates to an electricity subsidy for the subsidiary Rexcell Tissue & Airlaid AB. The Group received government support in 2022, primarily related to restructuring aid in Germany, which amounted to SEK 34 million. Each country has different designations for employee compensation, but all government support received for both restructuring aid and employees is grouped under other operating income. 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.

Revenue for administrative services in the Parent Company relates primarily to the re-invoicing of expenses for Group-wide functions to subsidiaries that access these services.

Other operating expenses

Amortization/depreciation and impairment in the Group relate to amortization of customer relations and impairment of goodwill, which is attributable to acquisitions.

Expenses for administrative services in the Parent Company relate primarily to re-invoiced expenses for Group-wide functions at subsidiaries.

Other items include losses on the 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.

Note 11 – Net exchange rate differences

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

	Group		Parent Company	
SEK m	2023	2022	2023	2022
EBIT				
Change in fair value – currency derivatives	–	-3	–	–
Other exchange rate differences in EBIT	7	38	7	5
Total exchange rate differences in EBIT	**7**	**35**	**7**	**5**
Financial items				
Exchange rate differences in financial items	2	-1	-2	2
Total exchange rate differences in financial items	**2**	**-1**	**-2**	**2**
Total net exchange rate differences in income statement	**10**	**34**	**5**	**7**

Note 12 – Income from financial items

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Financial income				
Revenue from participation in Group companies	–	–	666	241
Interest income, external investments	23	13	22	11
Interest income, Group companies	–	–	139	53
Interest income, interest rate swaps	17	7	17	228
Other financial income	2	7	0	228
Total financial income	**41**	**19**	**844**	**533**
Financial expenses				
Interest expenses, external loans	-67	-34	-66	-31
Interest expenses, pensions	-5	-2	-11	-9
Interest expenses, Group companies	–	–	-57	-19
Interest expenses, interest rate swaps	–	0	–	0
Interest expenses, leases	-8	-9	–	0
Change in fair value, currency forwards	–	0	-2	2
Other financial expenses	-9	-12	-99	-8
Total financial expenses	**-90**	**-56**	**-235**	**-65**
Income from participation in associated companies	-7	-6	–	–
Income from financial items	**-55**	**-43**	**609**	**468**

The Parent Company's other financial expenses include an impairment loss of SEK 92 million relating to a loan to subsidiaries in the liquidated company Duni Song Seng in Singapore.

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 interest rate used in the Parent Company is 3.0% (3.0%) set by PRI, calculated on the average of opening and closing balances on the item "Pension provisions".

Note 13 – Income from participations in Group companies

During the year, the Parent Company received dividends from subsidiaries amounting to SEK 234 million (12). Group contributions received amounted to SEK 432 million (229).

Note 14 – Income tax

Accounting principles

Current tax is calculated on the taxable profit for the period based on the tax rules in force in the countries in which the Group operates. Current tax also includes adjustments relating to recognized tax in previous periods.

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.

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

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.

Estimates and assumptions – risk of material adjustments

Assumptions are made for the calculation of deferred tax on loss carry-forwards and other future tax deductions. When calculating deferred tax, it could prove that the assumptions were incorrect, which could result in significant future adjustments.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Current tax for the year	-201	-119	-73	-31
Current tax attributable to previous years	0	-11	-3	-1
Deferred tax	51	48	6	-9
Tax on income for the year	**-150**	**-82**	**-70**	**-41**

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

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Deferred tax, internal profit on inventories	30	-35	–	–
Deferred tax, untaxed reserves	2	0	–	–
Deferred tax, appraised loss carry-forwards	-33	79	–	–
Deferred tax, Intangible assets	21	11	–	–
Deferred tax, derivative instruments	5	-9	5	-9
Deferred tax, other	26	2	1	0
Total deferred tax	**51**	**48**	**6**	**-9**

The tax attributable to components in other comprehensive income amounts to SEK 0 million (-9), most of which comprises tax on reappraisal of the net pension obligation.

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

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Reported income before tax	593	283	477	423
Tax according to applicable tax rate	-153	-58	-98	-87
Tax effect of non-deductible expenses	-44	-28	-20	-4
Tax effect of non-taxable income	32	15	50	51
Tax income/expenses due to changed tax rate	0	0	–	–
Effect of foreign tax rates	0	0	–	–
Adjustments relating to previous years	15	-11	-2	-1
Tax on income for the year in accordance with the income statement	**-150**	**-82**	**-70**	**-41**

Tax rate

The weighted average tax rate in the Group was 25.3% (18.1%). The Parent Company's applicable income tax rate is 20.6% (20.6%).

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
As of December 31, 2021	**88**	**-3**	**10**	**6**	**44**	**145**
Recognized in income statement	73	-35	0	-1	43	80
Recognized in other comprehensive income	–	–	-9	–	–	-9
Exchange rate differences	6	0	0	0	-1	5
As of December 31, 2022	**167**	**-38**	**2**	**5**	**86**	**222**
Recognized in income statement	-34	30	–	2	-23	-25
Recognized in other comprehensive income	–	–	0	–	–	0
Exchange rate differences	1	–	–	–	-2	-1
As of December 31, 2023	**134**	**-8**	**2**	**7**	**61**	**197**

Deferred tax liabilities

SEK m, Group	Untaxed reserves	Intangible assets	Other	Total
As of December 31, 2021	**44**	**32**	**51**	**127**
Recognized in income statement	0	-16	48	32
Adjustment of deferred tax*	–	48	–	48
Exchange rate differences	–	8	–	8
As of December 31, 2022	**44**	**72**	**99**	**215**
Recognized in income statement	-2	-21	-53	-76
Exchange rate differences	–	0	0	0
As of December 31, 2023	**42**	**51**	**46**	**139**

* Upon the acquisition of the companies in Australia, it was confirmed that there was no deferred tax on intangible assets in Australia, such as customer relationships. For this reason, no deferred tax liability was initially recognized on these. However, in 2022 it was confirmed that this was incorrect and outstanding deferred tax on the intangible asset relating to customer relationships in Australia was estimated at SEK 48 million. Deferred tax liabilities and an increased goodwill item were therefore affected by SEK 48 million during 2022.

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	Other	Total	Financial instruments	Other	Total
As of December 31, 2021	**4**	**13**	**17**	**0**	**16**	**16**
Recognized in income statement	–	0	0	9	0	9
As of December 31, 2022	**4**	**13**	**17**	**10**	**16**	**25**
Recognized in income statement	0	2	2	-5	2	-3
As of December 31, 2023	**4**	**15**	**19**	**5**	**18**	**22**

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.

Recognition of expiration dates

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Deferred tax assets				
Utilize after more than 12 months	135	167	15	13
Utilize within 12 months	61	54	4	4
Total	**197**	**222**	**19**	**17**
Deferred tax liabilities				
Utilize after more than 12 months	71	100	17	15
Utilize within 12 months	68	115	5	10
Total	**139**	**215**	**22**	**25**

Net change in deferred tax

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Opening balance	**6**	**18**	**-8**	**1**
Recognized in income statement	51	48	5	-9
Recognized in other comprehensive income	0	-9	–	–
Adjustment of deferred tax	–	-48	–	–
Exchange rate differences	-1	-3	–	–
Closing balance	**56**	**6**	**-3**	**-8**

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.

	2023			2022		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	61	88	149	61	78	139
France	1	–	1	1	–	1
Total, Parent Company	**62**	**88**	**150**	**62**	**78**	**140**
Subsidiaries						
Australia*	32	37	69	55	82	137
Austria	4	5	9	4	4	8
Belgium	3	4	7	4	5	9
Czech Republic	2	4	6	2	4	6
Denmark	7	3	11	5	4	9
Finland	5	11	16	5	9	14
France	11	22	33	8	28	36
Germany	593	444	1,037	604	453	1,067
Hong Kong	1	0	1	–	–	–
Hungary	1	–	1	1	–	1
Italy	5	0	5	6	0	6
Netherlands	17	20	38	19	25	44
Norway	3	5	8	3	7	10
New Zealand	9	22	31	12	23	35
Poland	184	291	475	184	286	470
Russia	–	–	0	3	3	5
Singapore	1	3	4	2	3	5
Spain	5	5	10	3	4	7
Sweden	166	34	200	159	35	194
Switzerland	12	13	25	13	12	25
Thailand	68	121	189	53	88	141
UK	23	22	45	20	22	42
United Arab Emirates	1	1	2	–	–	–
USA	0	2	2	0	1	1
Total, subsidiaries	**1,153**	**1,069**	**2,223**	**1,164**	**1,098**	**2,262**
Total, Group	**1,215**	**1,157**	**2,373**	**1,226**	**1,176**	**2,402**

* BioPak in Australia has sub-consultants who work in areas such as customer service and finance. They are not included in the figures for 2023, but were included in 2022. In 2023, there were 96 of them, 32 men and 64 women. In 2022, there were 82, 31 men and 51 women.

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. Severance pay is recognized when the Group is demonstrably obliged to either terminate employees under a detailed formal plan without possibility of withdrawal, or to provide 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	2023	2022	2023	2022
Salaries and other remuneration	1,155	1,007	125	111
Social security expenses	235	185	45	40
Pension expenses – defined contribution plans	46	44	17	20
Pension expenses – defined benefit plans*	9	9	–	–
Total	**1,445**	**1,245**	**187**	**171**

Payroll expenses, by gender

	2023		2022	
Payroll expenses, by gender	Men	Women	Men	Women
Blue collar employees	61%	39%	57%	43%
White collar employees	62%	38%	62%	38%

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

	2023		2022	
SEK m	Salaries and other remuneration (of which bonuses)	Pension expenses	Salaries and other remuneration (of which bonuses)	Pension expenses
Board, CEO, Deputy CEO and other senior executives	90 (17)	10	59 (13)	8
Other employees	1,065 (36)	45	948 (34)	45
Group, total	**1,155**	**55**	**1,007**	**53**

Board fees as well as employment and termination terms and conditions for senior executives

The Group's Board comprises 6 (5) persons, of whom 50% are men (60%).

Other senior executives comprise 7 (9) individuals, including the CEO, of whom 86% are men (78%).

Remuneration of senior executives

Fees and other remuneration for the Board of Directors, including the Chairman of the Board, are decided upon by the Annual General Meeting. Pursuant to guidelines for remuneration of senior executives adopted by the AGM on May 16, 2023, 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. Prior to the 2024 Annual General Meeting, it is proposed that the guidelines for remuneration to senior executives remain unchanged, except with regard to variable remuneration, where a sustainability goal and a sustainability metric have been added. More detailed information about these guidelines can be found in the Directors' Report.

In accordance with a resolution adopted by the AGM on May 16, 2023, the annual fee for the current Chairman of the Board shall be SEK 610,500 (SEK 590,000), while the fee for other directors shall be SEK 326,000 (SEK 315,000) each. In addition, a fee for committee work of SEK 69,000 (SEK 67,000) shall be paid to the Chairman of the Remuneration Committee and SEK 32,000 (SEK 31,000) to the other members of the Remuneration Committee, and SEK 132,000 (SEK 128,000) to the Chairman of the Audit Committee and SEK 65,000 (SEK 60,000) 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 adopted fees stated above were incurred in the fiscal years 2023 and 2022.

Compensation and other benefits

2023, SEK k	Basic salary/ Board fee	Pension expense*	Other benefits	Variable remuneration**	Severance compensation	Total
Chairman of the Board – Thomas Gustafsson	699	–	–	–	–	699
Director – Viktoria Bergman	217	–	–	–	–	217
Director – Morten Falkenberg	379	–	–	–	–	379
Director – Sven Knutsson	407	–	–	–	–	407
Director – Pauline Lindwall	127	–	–	–	–	127
Director – Pia Marions	453	–	–	–	–	453
Director – Janne Moltke-Leth	217	–	–	–	–	217
Chief Executive Officer – Robert Dackeskog	4,399	1 681	81	3,335	–	9,496
Other senior executives	12,595	3,239	539	6,307	–	22,680
Total	**19,493**	**4,920**	**620**	**9,642**	**0**	**34,675**

*) Of the Group's pension expenses above, the SEK 4,760 thousand relates to the Parent Company.

**) The variable remuneration relates to bonuses recognized as expenses for the 2023 fiscal year, which will be paid out in 2024.

2022, SEK k	Basic salary/ Board fee	Pension expense*	Other benefits	Variable remuneration**	Severance compensation	Total
Chairman of the Board – Thomas Gustafsson	676	–	–	–	–	676
Director – Pauline Lindwall	379	–	–	–	–	379
Director – Morten Falkenberg	344	–	–	–	–	344
Director – Sven Knutsson	373	–	–	–	–	373
Director – Pia Marions	440	–	–	–	–	440
Chief Executive Officer – Robert Dackeskog	4,189	1,701	5	2,914	–	8,809
Other senior executives	15,730	4,696	560	7,222	–	28,208
Total	**22,131**	**6,397**	**565**	**10,136**	**0**	**39,229**

*) Of the Group's pension expenses above, SEK 6,222 thousand relates to the Parent Company.

**) The variable remuneration relates to bonuses recognized as expenses for the fiscal year 2022, which were paid out in 2023.

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% (75%) of basic salary. For other senior executives, the variable remuneration is capped at 50% (50%) of base salary. The bonus system covers only one year each time following a decision by the Board of Directors. A bonus of SEK 3.3 million (2.9) was paid to the CEO for the fiscal year. For the CEO and other senior executives, the performance criteria for variable remuneration for the fiscal year 2022 constituted a financial performance metric and for the fiscal year 2023 year both a financial performance metric and a sustainability metric. The performance metric is called Residual Income and consists of operating income minus 8.5% (8%) interest on managed capital. The sustainability metric is a climate index for achieving the set sustainability goal in 2023 of net zero carbon emissions for Scopes 1 and 2, as well as a significant reduction in Scope 3. For more details, see the Remuneration Report on the Company's website.

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. Pensionable income also includes a three-year average of paid bonuses. The pension expense corresponds to the costs for defined contribution plans. To the extent that premiums are not fully deductible for the Company, excess premiums shall be agreed as direct pension, secured by capital insurance pledged to the CEO. There are no other outstanding pension obligations to the CEO.

Pensions - Other senior executives

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

Severance pay - 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.

Severance pay – Other senior executives

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

The Group has both defined benefit and defined contribution pension plans. The majority of the Group's pension remuneration is paid via defined contribution plans.

Defined contribution plans

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 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.

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. 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 contributions are recognized as personnel costs when they fall due for payment, in the function to which the employees belong. Prepaid contributions are recognized as an asset to the extent the Group may benefit from cash repayments or a reduction in future payments.

Defined benefit plans

The distinguishing feature of defined benefit plans is that they state an amount for the pension benefit an employee will receive after retirement, based on 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, which is why these are used.

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 the function to which the employees belong. Interest expenses are recognized in net financial items.

Significant estimates and judgments

Judgments

The largest pension plan (just over 80% 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.

Estimates and assumptions - risk of material adjustments

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 accepted industry practice.

Provisions for pensions and similar obligations:

	Group	
SEK m	2023	2022
Defined benefit plans	136	133

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 biggest plan is in Sweden, but Germany, Belgium, the UK and the Netherlands also have pension plans. 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. The plan in the Netherlands is closed to new members, where the amounts of plan assets and pension liabilities are equal, resulting in net zero pension liabilities. In the UK, the value of the plan asset is greater than the value of the pension asset, and according to the Asset Ceiling rules, the pension liability is therefore posted at zero in accordance with IFRS.

Pension insurance with Alecta

For the current 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. 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 2 million (2).

Alecta's surplus may be divided among the policyholders and/or the insured. As of 12/31/2023, Alecta's surplus in the form of the collective funding level amounted to 158% (172%). 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 funding level will normally be allowed to vary between 125% and 175%. If Alecta's collective funding level falls below 125% or exceeds 175%, 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	2023	2022
Present value of consolidated obligations	271	255
Fair value of plan assets	-267	-250
Present value of non-consolidated obligations	132	128
Liability in the balance sheet	**136**	**133**

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

SEK m	2023	2022
Costs relating to service during the current year	-4	-7
Interest expenses	-16	-8
Expected return on plan assets	11	6
Total pension expenses regarding defined benefit plans	**-9**	**-9**
Pension expenses for the year regarding defined contribution plans	-46	-44
Total pension expenses for the year, included in personnel expenses (Note 16)	**-55**	**-53**
The year's reappraisal of pension plans recognized in other comprehensive income	**-6**	**16**

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

SEK m	2023	2022
Operating expenses	-4	-7
Financial expenses	-5	-2
Total income/expenses from defined benefit pension plans in the income statement	**-9**	**-9**

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

SEK m	2023	2022
At the beginning of the year	**382**	**539**
Expenses (+)/income (-) for service during current year	4	7
Interest expenses	16	8
Reappraisals, losses (+)/gains (-) as a consequence of experience-based adjustments of defined benefit obligations	7	4
Reappraisals, losses (+)/gains (-) as a consequence of changed demographic assumptions	6	4
Reappraisals, losses (+)/gains (-) as a consequence of changed financial assumptions	10	-178
Exchange rate differences	2	19
Disbursed benefits	-25	-21
At year-end	**402**	**382**

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	2023	2022
At the beginning of the year	**-250**	**-370**
Expected return on plan assets	-11	-6
Reappraisals, losses (+)/gains (-) as a consequence of experience-based adjustments of plan assets	-5	144
Exchange rate differences	0	-17
Employer's contributions	-4	-8
Employee's contributions	0	0
Disbursed benefits	9	7
Settlements in respect of UK asset ceiling	-6	0
At year-end	**-267**	**-250**
Experience-based adjustments of plan assets	**-5**	**144**

Reappraisals entail gains/losses as a consequence of changed demographic assumptions, financial assumptions and experience-based gains/losses. The asset ceiling was also recognized here in the previous year, but it has been corrected and moved down to settlements.

The plan assets are mainly located in the UK and the Netherlands, but there is also a small proportion in Germany. 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, 10% (10%) of the insurance contracts are invested in equity instruments, 89% (89%) in bonds, and 1% (1%) 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 2023 are expected to be on the same level as in 2022.

The weighted average term for pension obligations is 14.4 years (14.6).

Actuarial assumptions on the balance sheet date:

	Sweden	Germany	UK	Netherlands	Belgium
Discount rate	3.0% (3.85)	3.5% (4.0)	4.65% (4.65)	3.15% (3.65)	3.0% (3.4)
Expected return on plan assets	–	3.5% (4.0)	4.65% (4.65)	3.15% (3.65)	3.0% (3.4)
Future annual salary increases	–	–	4.05% (4.05)	–	2.8% (2.8)
Future annual pension increases	1.5% (2.05)	2.0% (2.0)	3.0% (3.2)	0.0% (0.0)	0.0% (0.0)
Personnel turnover	–	–	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 pension plans in Sweden, Germany and Netherlands are closed and only have disbursements.

As of December 31, 2023, the present value of the defined benefit obligation comprised approximately SEK 34 million (32) attributable to active employees, SEK 139 million (136) to employees who left the pension plan before retirement and SEK 229 million (215) attributable to people who are covered by the plan and are retired.

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), meaning 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, 2023 SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	114	22	153	105	8	**402**
Fair value of plan assets	–	-1	-153	-105	-8	**-267**
Total defined benefit pension plans by country	**114**	**21**	**0**	**0**	**0**	**135**

Composition by country, 2022 SEK m	Sweden	Germany	UK	Netherlands	Belgium	Total
Present value of defined benefit obligations	109	23	144	97	9	382
Fair value of plan assets	–	-1	-144	-97	-8	-250
Total defined benefit pension plans by country	**109**	**22**	**0**	**0**	**1**	**133**

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

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/- 0.5%	Decrease by 6.4% (6.3)	Increase by 7.2% (7.1)

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 5.7% (5.7).
- 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 5.1% (5.1).
- 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 4.8% (4.7).

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

	Parent Company	
SEK m	2023	2022
Provisions in accordance with the Swedish Pension Obligations (Security) Act:		
FPG/PRI pensions	86	84
Liability in the balance sheet	**86**	**84**
The following amounts are recognized in the Parent Company's income statement:		
Earned during the year	0	0
Interest expenses	-2	-2
Pension expenses for the year	**-2**	**-2**

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

	Parent Company	
SEK m	2023	2022
At the beginning of the year	84	82
Net expenses recognized in the income statement	2	2
Disbursed benefits	-8	-9
Settlements	8	8
At year-end	**86**	**84**

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

Note 18 – Participations in Group companies

	Registration number	Registered office	Number of shares and participations	Equity, %	Carrying amount, SEK k
Swedish subsidiaries					
Rexcell Tissue & Airlaid AB	556193-9769	Bengtsfors	12,000	100	161,440
Idun AB	556262-2604	Malmö	1,000	100	100
Unmo AB	559424-6869	Malmö	25,000	100	25
Total Swedish subsidiaries					**161,565**
Foreign subsidiaries					
Duni Holding BV	23068767	Breda, NL	260,731	100	1,119,193
– Duni Verwaltungs GmbH[1]	Osnabrück HRB 19689	Bramsche, DE		(100)	(€ 65,467)
– 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, Spain	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 Beteiligungsgesellschaft mbH[1]	Osnabrück HRB 20099	Bramsche, DE	1	100	3,076
Paper+Design Beteiligungsgesellschaft mbH[1]	Chemnitz HRB 26488	Wolkenstein, DE	1	100	473,288
– Paper+Design GmbH Tabletop[1]	Chemnitz HRB 16943	Wolkenstein, DE		(100)	(€ 56,787)
– Flexogravur GmbH[1]	Chemnitz HRB 19951	Wolkenstein, DE		(100)	(€1,058)
Duni (Thai) Holding Co., Ltd	115559011231	Bangkok, TH	588,000	49	98,652
Duni Thailand Co., Ltd	105531017277	Bangkok, TH	983,280	60[2]	19,150
Duni Inc.	36-4846862	Dover, Delaware, US	100	100	33,954
United Corporation Ltd	1496526	Auckland, NZ	1,000	80	35,832
BioPak Pty Ltd	ACN 119 998 711	NSW, AU	300	55	306,879
– Kindtoo Ltd	05893315/04104861	England & Wales, GB		(55)	($ 3,900)
– BioPak Pty Limited	2308658	Auckland, NZ		(55)	0
– BioPak UK Limited	NI641948	Northern Ireland, GB		(55)	0
– BioPak Pte Ltd	201842974C	Singapore, SG		(55)	0
– BioCup Inc	61-2034523	Delaware, US		(55)	0
– Horizons Supply Pty Ltd	161941439	Melbourne, AU		(55)	0
– BioPak Hong Kong	3330295	Hong Kong, HK		(55)	0
Total foreign subsidiaries					**2,173,058**
Participations in Group companies					**2,334,623**

[1] The following entities, as well as the subsidiaries Duni GmbH (99.98% owned by Duni Verwaltungs GmbH and 0.02% by Duni Beteiligungs GmbH) and Duni Logistics GmbH (owned 100% by Duni Verwaltungs 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] Duni Thailand is 49% directly owned by Duni AB and 11% indirectly owned through Duni (Thai) Holding

	Parent Company	
SEK k	2023	2022
Opening value, participations in Group companies	**1,334,093**	**1,463,502**
Investments for the year	125	24,651
Shareholders' contributions	1,003,304	–
Divestments for the year	-2,899	-154,060
Closing value, participations in Group companies	**2,334,623**	**1,334,093**

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	2023	2022
Total carrying amount for individually insignificant associate companies	25	21
Total amount for the Group's share of:		
Net income for the year	-7	-6
Other comprehensive income	–	–
Total comprehensive income	**-7**	**-6**

During the period, the holding in Bumerang Takeaway S.L, Spain, was increased after a round of financing took place, and new stakeholders joined the Company. Duni AB paid EUR 150,000 and went from 22.36% to 23.23% in ownership. During the third quarter, the holding in Relevo GmbH, Germany, was increased after a round of financing took place, and new stakeholders joined the Company. Duni AB paid EUR 990,000 and went from 20.00% to 24.51% in ownership. Both acquisitions are recognized as non-controlling interests. Through active partnership and cooperation, the Group strives to support these companies in their continued growth. The partnership complements the Food Packaging Solutions business area 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 take-away packaging.

Name	Owner	Registered office	Registration number	Owned share, %	Carrying amount, SEK k
Relevo GmbH	Directly owned by Duni AB	Munich, Germany	HRB 255414	24.51%	32,957
Bûmerang Takeaway, S.L	Directly owned by Duni AB	Barcelona, Spain	B675587451	23.23%	7,559

The Parent Company's investments in associated companies amount to SEK 41 million (27).

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

Note 20 – Business combinations

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 with a non-controlling interest, 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 Duni Thailand and BioPak Pty Ltd in Australia are recognized at fair value.

Acquisition expenses are recognized in the Group as other operating expenses.

Significant estimates and judgments

Preliminary acquisition analyses based on as thorough estimates and judgments as possible are conducted at the time of acquisition. The analyses may, however, 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.

No business combinations took place in 2023 or 2022

BioPak Pty Ltd

In 2022, the Board of Directors had various strategic options to optimize the long-term value of the BioPak Group evaluated, within the framework of ensuring that the BioPak Group remains a consolidated subsidiary of Duni Group. In December 2022, 25% of the shares in BioPak Pty Ltd were sold to Five V Capital, a private equity company based in Australia. Duni Group subsequently owns 55%, Five V Capital 30% and the original founder 15% of the shares in BioPak Pty Ltd. The purchase price for Duni Group's divestment of 25% of the shares amounted to AUD 65.8 million, of which AUD 61.3 million was paid in December and AUD 4.5 million may be paid between Q3 2023 and Q3 2024, provided that certain predetermined conditions are met. No additional purchase price was paid in 2023. The period for the additional purchase price runs into 2024, and if additional purchase price is paid, it will be recognized when it is received. New shareholder agreements were signed in the new ownership structure in connection with the divestment. The liability that Duni Group recognized as a derivative instrument of SEK 377 million in respect of the minority owner's option was dissolved with a settlement amount of SEK 66 million, which was paid in December. The entire transaction is deemed to constitute a transaction with the minority owners and is therefore recognized directly in equity.

Duni Group continues to have a majority shareholding of 55% in BioPak Pty and controls the Company, and it will therefore continue to be consolidated 100% in the Group. 45% of the BioPak Group's profit after tax will be recognized as Non-controlling interests, and earnings per share attributable to the Parent Company's shareholders will be affected. As the transaction took place at the end of December 2022, there is no significant impact on the results for 2022. Transactions with minority interests have been recognized in the Group's equity at a value of SEK 439 million in Non-controlling interests.

Note 21 – Intangible assets

Accounting principles

Goodwill

Goodwill is recognized at cost less accumulated impairment losses. Impairment testing for goodwill is performed annually at the end of the fiscal year and when there are indications of impairment. 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. The Group's operations are divided into the Dining Solutions and Food Packaging Solutions business areas, which also constitute cash-generating units. The Group's goodwill items are allocated to cash-generating units using allocation keys.

Customer relationships, trademarks and licenses

Identifiable acquired customer relationships are recognized at fair value and are attributable to acquisitions made from 2013 onwards.The relationships are amortized on a straight-line basis over an estimated useful life of 10 years.

Acquired trademarks and licenses are recognized at cost. The relationships are amortized on a straight-line basis over an estimated useful life of 3-10 years.

Retained research expenses

Capitalized research expenses relate primarily to expenditure for the development of business systems and other IT systems.

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 criteria in IAS 38 are fulfilled. Amortization takes place from the time when the asset is ready for use, on a straight-line basis over the estimated useful life (3-10 years). Development expenses that do not fulfill these conditions are recognized as expenses when incurred.

Emission rights

Duni Group participates in the EU's emission rights trading system. Emission rights received 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 estimates and judgments

Judgments

Goodwill and surplus values in the form of customer relationships are allocated to the cash-generating units and operating segments based on a judgment of which units will benefit from the synergies created by the business combination. In making the allocation, management considers the estimated business volumes of the units and makes a judgment of market growth for each unit.

Part of the goodwill comprises SEK 1,199 million for the old organization before Duni Group was listed, and this is allocated in full to the Dining Solutions segment (formerly Duni). The remaining goodwill of SEK 911 million is goodwill on acquisition and has been allocated to these based on the product portfolio of the respective acquisitions and thus the business area to which they belong. The companies that manufacture napkins have been allocated to the Dining Solutions segment. In 2022, measures were taken with the effect that Sharp Serviettes is considered to be fully integrated into the Dining Solutions business area. This concerns both the business plan and reporting paths, as well as follow-up by the Company. This means that no impairment tests are carried out on individual companies anymore, only on an overall basis in the business areas.

For Software as a Service (SaaS), assessments are made on a case-by-case basis as to whether the software can be classified as an intangible asset or included as a direct expense in the income statement. These assessments evaluate, among other things, whether Duni has full access to the software code, and can modify it, and whether the software is customized for Duni.

With regard to amortization of the Group's intangible assets, Group Management determines the estimated useful lives. 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.

Estimates and assumptions – risk of material adjustments

Each year, the Group assesses whether there is any impairment of goodwill. The recoverable amount of cash-generating units is determined by calculating the value in use. 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 tables 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.

Group, SEK m						
2023	Goodwill	Customer relationships	Trademarks and licenses	Capitalized development expenses	Assets under development	Total
Acquisition values						
Opening acquisition values	2,233	557	255	213	24	3,283
Investments	–	–	1	6	9	16
Adjustment of deferred tax	–	–	–	–	–	0
Disposals and retirements	-77	-38	-30	-19	-2	-166
Reclassification	–	–	-20	41	-21	0
Translation differences	-25	-13	0	0	0	-39
Closing accumulated acquisition values	**2,131**	**506**	**205**	**241**	**11**	**3,093**
Amortization						
Opening accumulated amortization	0	-381	-155	-202	0	-737
Amortization for the year	–	-51	-18	-14	–	-83
Disposals and retirements	–	31	30	18	–	79
Reclassification	–	–	1	-1	–	0
Translation differences	–	8	1	0	–	9
Closing accumulated amortization	**0**	**-393**	**-141**	**-199**	**0**	**-733**
Impairment losses						
Opening accumulated impairment losses	-97	-8	0	0	0	-105
Disposals	77	8	–	–	–	85
Translation differences	0	0	–	–	–	0
Closing accumulated impairment losses	**-21**	**0**	**0**	**0**	**0**	**-21**
Closing book value 12/31/2023	**2,110**	**113**	**64**	**42**	**11**	**2,340**

Group, SEK m						
2022	Goodwill	Customer relationships	Trademarks, software and licenses	Capitalized development expenses	Assets under development	Total
Acquisition values						
Opening acquisition values	2,095	500	247	205	14	3,061
Investments	–	–	0	–	20	21
Adjustment of deferred tax	48	–	–	–	–	48
Increase through business acquisitions	–	–	-1	–	–	-1
Reclassification	–	–	4	6	-10	0
Translation differences	90	57	4	3	0	155
Closing accumulated acquisition values	**2,233**	**557**	**255**	**213**	**24**	**3,283**
Amortization						
Opening accumulated amortization	0	-299	-131	-185	0	-615
Amortization for the year	–	-49	-19	-14	–	-82
Disposals and retirements	–	–	0	–	–	0
Translation differences	–	-34	-4	-3	–	-41
Closing accumulated amortization	**0**	**-381**	**-155**	**-202**	**0**	**-737**
Impairment losses						
Opening accumulated impairment losses	-85	-7	0	0	0	-92
Impairment losses for the year	–	–	–	–	–	0
Translation differences	-12	-1	–	–	–	-13
Closing accumulated impairment losses	**-97**	**-8**	**0**	**0**	**0**	**-105**
Closing book value 12/31/2022	**2,136**	**169**	**100**	**12**	**24**	**2,441**

Parent Company SEK m

2023	Goodwill	Trademarks and licenses	Capitalized development expenses	Assets under development	Total
Acquisition values					
Opening acquisition values	2,053	66	177	21	2,317
Investments	–	–	6	9	15
Disposals and retirements	–	-30	-14	–	-44
Reclassification	–	-21	42	-21	0
Closing accumulated acquisition values	**2,053**	**15**	**210**	**9**	**2,287**
Amortization					
Opening accumulated amortization	-2,053	-36	-173	0	-2,262
Amortization for the year	–	-1	-14	–	-15
Disposals and retirements	–	30	14	–	44
Reclassifications*	–	-6	6	–	0
Closing accumulated amortization	**-2,053**	**-13**	**-167**	**0**	**-2,234**
Closing book value 12/31/2023	**0**	**2**	**42**	**9**	**54**

*During the year, software has been moved to Capitalized development expenses.

Parent Company SEK m

2022	Goodwill	Trademarks, software and licenses	Capitalized development expenses	Assets under development	Total
Opening acquisition values	2,053	66	171	9	2,299
Investments	–	–	–	18	18
Reclassification	–	0	6	-6	0
Closing accumulated acquision values	**2,053**	**66**	**177**	**21**	**2,317**
Amortization					
Opening accumulated amortization	-2,053	-34	-159	0	-2,246
Amortization for the year	–	-2	-14	–	-16
Closing accumulated amortization	**-2,053**	**-36**	**-173**	**0**	**-2,262**
Closing book value 12/31/2022	**0**	**30**	**4**	**21**	**55**

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 tonnes of wet laid tissue per year and 52,000 tonnes of airlaid tissue per year at the mill in Skåpafors and 10,000 tonnes of airlaid tissue in Dals Långed. The mill in Skåpafors holds permits issued by the Administrative Board in Västra Götaland County regarding emissions of carbon dioxide, CO_2. For the trading period 2021 to 2025, Rexcell Tissue & Airlaid AB was initially allocated a total of 73,350 tonnes of CO_2, which represents 14,670 tonnes per year for the entire period. This was revised in 2023, and the Swedish Environmental Protection Agency decided on a lower allocation, a total of 65,030 tonnes of CO_2 for the entire period. For 2023, Skåpafors was allocated 13,407 tonnes; the corresponding allocation in 2022 was 12,713. The production plant in Dals Långed is dormant, and no allowances are used when there is no production, which means that the allocation of 1,626 tonnes per year 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 rights for 2023 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 2024, the Company estimates that these will not amount to a significant sum. In 2023, Rexcell Tissue & Airlaid AB had 96 (1,694) unused emission rights at a market value of SEK 0 million (0). In total, 13,311 tonnes were used in Skåpafors in 2023, while the amount for 2022 was 12,976 tonnes . Emission rights received are reported as intangible assets recognized at a cost of zero.

Allocation of goodwill on acquisition

Segment	Year	Acquisitions	Country	Goodwill on acquisition[1], SEK m
Food Packaging Solutions	2019	Horizons Supply Pty Ltd	Australia	7
Food Packaging Solutions	2018	BioPak Pty Ltd	Australia	475 [4]
Food Packaging Solutions	2018	Kindtoo Limited (Biopac UK Ltd)	UK	10
Dining Solutions	2017	United Corporation Ltd (Sharp Serviettes)	New Zealand	37
Dining Solutions	2016	Terinex Siam Co Ltd	Thailand	104
Dining Solutions	2014	Paper+Design Group	Germany	197
Food Packaging Solutions	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) In 2021, the goodwill in Duni Song Seng was written down due to restructuring

4) Goodwill in Australia has been adjusted by SEK 48 million, from the original amount of SEK 427 million. Accrued tax liabilities were corrected, resulting in an increase in goodwill.

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

SEK m, segment	2023	2022
Dining Solutions	1,583	1,589
Food Packaging Solutions	527	547
Total	**2,110**	**2,136**

Impairment testing for goodwill

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.

The rate of growth is slowly returning to its pre-pandemic level. The recovery has been good for the Dining Solutions business area, which is expected to be back after 2024. In 2023, the increase in sales was affected by price increases that are not expected to be as high in 2024, with a rate of growth for 2024 of 0%. The rate of growth in the Food Packaging Solutions business area has been good and has benefited from the pandemic, and continues to reflect a good trend.

Estimated discount rate before tax, per segment

Discount rate before tax per segment	2023	2022
Dining Solutions	12.5%	11.6%
Food Packaging Solutions	13.6%	13.1%

The tables below show the average rate of growth used in the calculation for each segment.

Segment – growth rate 2023	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond the forecast period
Dining Solutions	0%	1%	2%	2%	2%	2%
Food Packaging Solutions	8%	16%	15%	4%	3%	2%

Segment – growth rate 2022	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond the forecast period
	19%	5%	2%	2%	2%	2%
	19%	10%	8%	6%	4%	2%

Note 22 – Tangible assets

Accounting principles

Buildings and land primarily include plants, warehouse premises and offices. All tangible assets are recognized at cost less depreciation and impairment losses.

Depreciation of the assets' cost down to the estimated residual value is carried out on a straight-line basis over estimated useful lives.

Significant estimates and judgments

Judgments

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.

Type of asset	Useful life
Buildings	20-40 years
Land improvements	19-33 years
Paper machinery	15-17 years
Other machinery	10 years
Vehicles	5 years
Equipment, tools and installations	3-8 years

Group, SEK m

2023	Buildings	Land and land improve-ments	Machinery and other technical equipment	Equipment, tools and installations	Construction in progress and advance payments	Right-of-use assets	Total
Acquisition value							
Opening acquisition value	548	95	2,227	400	104	291	3,665
Investments	20	7	20	10	92	136	285
Decrease through disposal	–	–	–	–	–	–	0
Disposals and retirements	0	0	-34	-12	-20	-29	-96
Reclassification	7	11	51	13	-71	1	12
Translation differences	-1	-1	22	1	1	7	29
Closing accumulated acquisition value	**574**	**113**	**2,285**	**412**	**105**	**407**	**3,896**
Depreciation							
Opening accumulated depreciation	-272	0	-1,727	-343	0	-132	-2,474
Depreciation for the year	-17	-1	-94	-21	–	-60	-192
Decrease through disposal	–	–	–	–	–	–	0
Disposals and retirements	0	0	45	12	–	25	82
Reclassification	-1	-11	0	0	–	–	-12
Translation differences	0	0	-14	-1	–	-3	-18
Closing accumulated depreciation	**-290**	**-12**	**-1,790**	**-353**	**0**	**-170**	**-2,615**
Impairment losses							
Opening accumulated impairment losses	-8	-9	-7	0	-20	0	-45
Impairment losses for the year	–	–	–	–	–	–	–
Reversal of impairment losses	–	–	–	–	–	–	0
Disposals and retirements	0	0	-12	0	20	–	8
Translation differences	–	–	0	–	–	–	0
Closing accumulated impairment losses	**-8**	**-9**	**-19**	**0**	**0**	**0**	**-36**
Closing book value 12/31/2023	**276**	**92**	**476**	**59**	**105**	**237**	**1,245**

Group, SEK m

2022	Buildings	Land and land improve-ments	Machinery and other technical equipment	Equipment, tools and installations	Construction in progress and advance payments	Right-of-use assets	Total
Acquisition value							
Opening acquisition value	513	89	2,128	371	56	252	3,409
Investments	0	–	8	10	92	69	179
Decrease through disposal	–	–	–	-1	–	–	-1
Disposals and retirements	-3	0	-43	-16	-1	-49	-111
Reclassification	5	-1	37	5	-48	1	-1
Translation differences	34	6	98	31	4	18	190
Closing accumulated acquisition value	**548**	**95**	**2,227**	**400**	**104**	**291**	**3,665**
Depreciation							
Opening accumulated depreciation	-246	0	-1,602	-312	0	-77	-2,238
Depreciation for the year	-16	–	-86	-20	–	-73	-195
Decrease through disposal	–	–	–	1	–	0	1
Disposals and retirements	3	–	40	14	–	28	85
Reclassification	0	–	1	–	–	0	1
Translation differences	-12	–	-80	-26	–	-9	-127
Closing accumulated depreciation	**-272**	**0**	**-1,727**	**-343**	**0**	**-132**	**-2,474**
Impairment losses							
Opening accumulated impairment losses	-8	-9	-9	0	-20	0	-46
Reversal of impairment losses	–	–	2	–	–	–	2
Translation differences	–	–	0	–	–	–	0
Closing accumulated impairment losses	**-8**	**-9**	**-8**	**0**	**-20**	**0**	**-45**
Closing book value 12/31/2022	**268**	**86**	**493**	**57**	**84**	**159**	**1,147**

Parent Company SEK m 2023	Buildings	Land and land improve-ments	Machinery and other technical equipment	Equipment, tools and installations	Construction in progress and advance payments	Total
Acquisition value						
Opening acquisition value	119	1	44	12	5	181
Investments	0	0	1	0	2	3
Disposals and retirements	0	0	-1	-4	0	-5
Reclassification	0	0	1	2	-3	0
Closing accumulated acquisition value	**119**	**1**	**45**	**11**	**4**	**180**
Depreciation						
Opening accumulated depreciation	-108	0	-34	-10	0	-152
Depreciation for the year	-1	–	-3	-1	–	-5
Disposals and retirements	–	–	0	4	–	4
Closing accumulated depreciation	**-109**	**0**	**-37**	**-7**	**0**	**-152**
Impairment gains						
Opening accumulated impairment gains	0	12	0	0	0	12
Closing accumulated impairment gains	**0**	**12**	**0**	**0**	**0**	**12**
Impairment losses						
Opening accumulated impairment losses	-8	-9	0	0	0	-17
Closing accumulated impairment losses	**-8**	**-9**	**0**	**0**	**0**	**-17**
Closing book value 12/31/2023	**2**	**5**	**8**	**4**	**4**	**23**

The Parent Company does not hold any assets under finance leases in either 2023 or 2022. For more information about the Group's leased assets, see Note 23.

Parent Company SEK m 2022	Buildings	Land and land improve-ments	Machinery and other technical equipment	Equipment, tools and installations	Construction in progress and advance payments	Total
Acquisition value						
Opening acquisition value	119	1	63	10	3	197
Investments	–	–	1	–	5	6
Disposals and retirements	–	–	-21	0	–	-22
Reclassification	0	–	1	2	-3	0
Closing accumulated acquisition value	**119**	**1**	**44**	**12**	**5**	**181**
Depreciation						
Opening accumulated depreciation	-107	0	-51	-9	0	-167
Depreciation for the year	-1	–	-4	-1	–	-5
Disposals and retirements	–	–	21	0	–	21
Closing accumulated depreciation	**-108**	**0**	**-34**	**-10**	**0**	**-152**
Impairment gains						
Opening accumulated impairment gains	0	12	0	0	0	12
Closing accumulated impairment gains	**0**	**12**	**0**	**0**	**0**	**12**
Impairment losses						
Opening accumulated impairment losses	-8	-9	0	0	0	-17
Closing accumulated impairment losses	**-8**	**-9**	**0**	**0**	**0**	**-17**
Closing book value 12/31/2022	**3**	**5**	**9**	**3**	**5**	**25**

Note 23 – Leases

Accounting principles

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. The leased assets cannot be used as collateral for loans.

The Group is exposed to any future increases in variable lease payments, for example based on an index or interest rate that is not included in the lease liability until they take effect. When such adjustments to lease payments take effect, the lease liability is remeasured and the right-of-use asset is adjusted.

Payments for short contracts for IT equipment and the hire of work equipment, 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 less than USD 5,000.

Duni AB has chosen to apply the exemption in respect of IFRS 16 in RFR 2, and leases are therefore classified as operating leases in the Parent Company.

Significant estimates and judgments

Judgments

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 on an ongoing basis, lease by lease.

For leases for warehouses, offices and equipment, the following factors are normally the most significant when judging the length of the leases:

- If the leases have significant fees to terminate them (or not to 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).
- Other factors include lease term, 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.

The marginal borrowing rate for discounting new contracts is also subject to judgments. This is calculated as follows: Duni Group's current borrowing rate including maturity premiums and adjustments for the internal borrowing margin (which corresponds to adjustments for the specific terms and conditions of the contract such as the lease term, country, currency and collateral). The judgment of the interest rate for new lease contracts is assessed on an ongoing basis during the year.

Balance sheet items

Right-of-use assets

	Group	
SEK m	2023	2022
Buildings	187	118
Forklift trucks	6	9
Cars	42	30
Other equipment	2	2
Total	**237**	**159**

Right-of-use assets added during the year amounted to SEK 36.7 million (57.6).

Lease liabilities

	Group	
SEK m	2023	2022
Long-term	180	108
Short-term	56	56
Total lease liabilities	**236**	**164**

Maturity analysis of lease liabilities, undiscounted amounts

	Group	
SEK m	2023	2022
Within 1 year	58	55
Between 1 and 2 years	50	45
Between 2 and 3 years	36	37
Between 3 and 4 years	27	13
Between 4 and 5 years	20	9
Later than 5 years	85	21
Total	**276**	**182**

Income statement items

Depreciation of right-of-use assets

	Group	
SEK m	2023	2022
Buildings	32	52
Forklift trucks	4	3
Cars	23	18
Other equipment	1	1
Total	**60**	**73**
Interest costs (included in financial costs)	9	9
Expenses attributable to short-term leases (included in cost of goods sold and administrative costs)	1	1
Expenses attributable to leases for which the underlying asset is of low value that are not short-term leases (included in administrative costs)	1	2
Expenses attributable to variable lease payments that are not included in the measurement of lease liabilities (included in administrative costs)	–	–
Total	**11**	**12**

Other lease disclosures

The total cash flow for the year for leases was SEK -61 million (-73).

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

Note 24 – Accounts receivable and other receivables

Accounting principles

Accounts receivable are recognized at amortized cost.

The Group measures the future expected credit losses based on historical data on bads debts and the current market situation. The Group chooses the provision method based on whether or not there has been a material increase in credit risk. 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. A provision is made at different percentages in ascending levels from the time the accounts receivable are more than 90 days overdue. All receivables that are the subject of legal disputes or bankruptcies are immediately reserved in full as bad debts. Expected credit losses are recognized as cost of goods sold in the income statement.

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

Judgments

The provision for bad debts is based on a combination of collective and individual judgments. Individual judgments are made for major customers as to whether the receivables are deemed to be payable. These judgments are based on knowledge of customers, such as their ability to pay, their payment history and any pending disputes.

An individual judgment of impairment of bad debts is made when financial problems have been confirmed at the customer or when long-overdue receivables have not been paid.

Estimates and assumptions – risk of material adjustments

General assumptions on a provision for bad debts are made collectively for all accounts receivable, based on when the accounts receivable were due.

Adjustments to the total reserve for bad debts are sometimes made as required in order to take account of changes in credit risk due to significant changes in the financial stability of customers or due to other external factors, such as financial crises, changes in the market situation and natural disasters.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Accounts receivable	1,125	1,137	138	143
Receivables from Group companies	–	–	34	50
Other receivables	134	177	7	27
Short-term financial receivables, from Group companies	–	–	390	326
Total accounts receivable and other receivables	**1,259**	**1,314**	**569**	**546**

Other receivables

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Receivables from suppliers	23	44	–	–
VAT receivable	93	109	7	20
Factoring	12	9	–	–
Receivables in respect of government support	0	0	–	–
Short-term financial liabilities	–	–	–	7
Other receivables	6	15	0	0
Total other receivables	**134**	**177**	**7**	**27**

Credit exposure

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Accounts receivable neither overdue nor impaired	942	1,009	128	138
Accounts receivable overdue but not impaired	177	132	9	6
Impaired accounts receivable	28	26	1	1
Provision for bad debts	-22	-29	-1	-1
Total accounts receivable	**1,125**	**1,137**	**138**	**143**

The credit risk associated with accounts receivable that are neither overdue nor impaired is not normally considered to be large. The risk increased during the pandemic, as the Group's customers had their operations severely affected by restrictions, which significantly reduced their revenues and thereby their earnings. The recovery from the pandemic started in 2022 and sales increased. But there was still uncertainty about how the customers' financial position had been affected. The Group was hit by a small number of bankruptcies, but uncertainty remained high in an external environment with high inflation. In 2023, inflationary pressures gradually eased and operations increasingly returned to pre-pandemic levels. The reserve for accounts receivable has also returned to a more normal level.

Of total accounts receivable, which are neither overdue nor impaired, 26% (32%) have a rating of AA or higher. Of the remaining accounts receivable, which are neither overdue nor impaired, SEK 233 million (221) are covered by credit insurance, representing 25% (22%) of the total. 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 accounts receivable exceeds 10% (19%) of total accounts receivable not overdue or impaired. Regarding credit risks and exposures, see Note 32.

Aging of accounts receivable overdue but not impaired

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Less than 1 month	132	95	9	6
1-3 months	42	33	–	–
3-6 months	3	4	–	–
More than 6 months	0	0	–	–
Total	**177**	**132**	**9**	**6**

Aging of impaired accounts receivable

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Less than 3 months	4	5	–	–
3-6 months	6	5	0	0
More than 6 months	18	16	1	1
Total	**28**	**26**	**1**	**1**

Specification of reserve for bad debts

	Group		Parent Company	
SEK m	2023	2022	2023	2022
At beginning of year	**29**	**42**	**1**	**2**
Provisions for bad debts	13	9	0	0
Receivables written off during the year	-5	-3	0	0
Reversed non-utilized amount	-15	-21	0	-1
Exchange rate differences	0	2	–	–
At year-end	**22**	**29**	**1**	**1**

On December 31, 2023, provisions for bad debts amounted to SEK 22 million (29). The individually assessed receivables which are deemed to be in need of impairment relate primarily to wholesalers that have unexpectedly encountered financial difficulties. An assessment has been made that it is expected that some of the receivables are recoverable. Provisions for the respective reversal of reserves for bad debts are included in the item "Selling expenses" in the income statement. For information on credit risk, see also Note 32.

Reported amounts, per currency, for the Group's accounts receivable

	Group		Parent Company	
SEK m	2023	2022	2023	2022
SEK	40	38	39	44
EUR	614	584	27	29
GBP	72	86	–	–
DKK	38	37	38	37
NOK	33	34	33	34
PLN	25	30	–	–
CHF	31	28	–	–
AUD	197	220	–	–
Other currencies[1]	75	80	–	–
Total	**1,125**	**1,137**	**138**	**143**

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

Note 25 – Prepaid expenses and accrued income

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Prepaid rent	4	1	0	0
Prepaid lease payments	0	0	1	1
Prepaid insurance	3	2	1	0
Prepaid pensions	5	5	4	4
Prepaid marketing expenses	4	4	1	1
Prepaid licenses and subscriptions	22	7	18	6
Deposits	–	1	–	1
Government support	–	–	0	–
Other items	4	9	–	–
Total prepaid expenses and accrued income	**43**	**29**	**26**	**15**

Note 26 – Accrued expenses and prepaid income

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Accrued personnel expenses	184	170	52	46
Accrued interest expenses	4	4	3	4
Accrued expenses, invoices	134	148	24	23
Accrued freight costs	1	0	–	–
Accrued liabilities to customers*	304	257	41	44
Other items	28	24	0	1
Total accrued expenses and prepaid income	**655**	**604**	**121**	**117**

* Accrued liabilities to customers mainly involves customer bonuses.

Note 27 – Classification of financial assets and liabilities

Accounting principles
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.

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.

Assets measured at amortized cost
Financial fixed assets, other receivables, accrued income, accounts receivable and cash and cash equivalents are recognized at amortized cost.

Assets measured at fair value through profit or loss
Derivative contracts that are not hedged are measured at fair value through profit or loss.

Assets measured at fair value through other comprehensive income
Hedged financial assets are 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.

Financial liabilities measured at fair value through profit or loss

Derivative contracts that are not hedged are recognized at fair value through profit or loss.

Financial liabilities measured at fair value through other comprehensive income
Hedged financial liabilities are recognized at fair value through other comprehensive income.

Fair value
For long-term liabilities, listed market prices or broker listings for similar instruments are used to calculate fair value. 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. For the fair value of derivative instruments, see Note 31.

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.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Assets				
Non-financial assets				
Tangible and intangible assets	3,347	3,428	77	80
Right-of-use assets	237	159	–	–
Deferred tax assets	197	222	19	17
Other financial fixed assets	–	–	2,335	1,334
Inventory	1,251	1,727	74	127
Prepaid expenses and accrued income	43	29	26	15
Total non-financial assets	**5,075**	**5,565**	**2,531**	**1,573**
Assets measured at amortized cost				
Participations in associated companies	25	21	41	27
Other long-term receivables	1	4	–	0
Accounts receivable	1,125	1,137	138	143
Tax assets	39	16	–	0
Other receivables	134	177	7	27
Receivables from Group companies	–	–	1,501	2,869
Cash and cash equivalents/Cash and bank balances	488	372	332	204
Total assets measured at amortized cost	**1,813**	**1,727**	**2,019**	**3,270**
Assets measured at fair value through profit or loss				
Derivative instruments – currency forward contracts	2	–	2	–
Total assets measured at fair value through profit or loss	**2**	**0**	**2**	**0**
Derivatives used for hedging purposes – fair value through other comprehensive income				
Derivative instruments – interest rate swaps	23	47	23	47
Total derivative instruments used for hedging purposes	**23**	**47**	**23**	**47**
Total assets	**6,913**	**7,339**	**4,573**	**4,890**

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Liabilities				
Non-financial liabilities				
Deferred tax liability	139	215	22	25
Pension provisions	136	133	86	84
Allocation to restructuring reserve	11	11	4	5
Total non-financial liabilities	**286**	**359**	**112**	**114**
Liabilities measured at amortized cost				
Bank loans	716	1,402	729	1,353
Leasing debt	236	164	–	–
Accounts payable	719	840	69	71
Tax liabilities	134	67	70	21
Other liabilities	183	157	28	33
Liabilities to Group companies	–	–	773	761
Accrued expenses and prepaid income	655	604	121	117
Total liabilities measured at amortized cost	**2,643**	**3,234**	**1,790**	**2,356**
Liabilities measured at fair value through profit or loss				
Derivative instruments – currency forward contracts	2	5	2	2
Total liabilities at fair value through profit or loss	**2**	**5**	**2**	**2**
Derivatives used for hedging purposes – fair value through other comprehensive income				
Derivative instruments – interest rate swaps	–	–	–	–
Derivative instruments – net investment hedge	–	0	–	–
Total derivative instruments used for hedging purposes	**0**	**0**	**0**	**0**
Liabilities measured at fair value through equity				
Derivative instruments – liability for put option of minority owners	–	–	–	–
Total liabilities measured at fair value through equity	**0**	**0**	**0**	**0**
Total liabilities	**2,931**	**3,598**	**1,902**	**2,472**

Note 28 – 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	2023	2022	2023	2022
Cash and bank balances	488	372	332	204
Total cash and cash equivalents	**488**	**372**	**332**	**204**

Note 29 – Other long-term financial receivables

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	2023	2022	2023	2022
Loan receivables	1	4	–	–
Financial receivables from Group companies	–	–	1,077	2,492
Total other long-term receivables	**1**	**4**	**1,077**	**2,492**

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.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Long-term				
Bank loans	430	1,065	443	1,065
Total long-term borrowing	**430**	**1,065**	**443**	**1,065**
Short-term				
Bank loans	286	337	286	287
Total short-term borrowing	**286**	**337**	**286**	**287**
Total borrowing	**716**	**1,402**	**729**	**1,352**

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	2023	2022
6 months or less	255	256
6-12 months	31	81
More than one year	430	1,065
Total	**716**	**1,402**

Current financing

	Nominal value	
SEK m	2023	2022
Bank loans	716	1,402
Leases	236	164
Total	**952**	**1,566**

The Group's bank loans and overdraft facilities are in EUR and carry a variable interest rate where the interest is established at each 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 tables above show nominal values excluding accrued interest on borrowings. On March 25, 2022, a sustainability-linked financing facility to a total amount of EUR 180 million was signed. It consists of a revolving credit facility for a nominal EUR 150 million and a Term Loan for a nominal EUR 30 million. A one-year extension option was exercised during the year, and the facilities run until 2026 and 2025, respectively.

There is an additional sustainability-linked facility for a nominal EUR 25 million, which runs for three years. All facilities are recognized as long-term as of 12/31/2023. A Put/Call facility of EUR 20 million was signed in the second quarter and is recognized as short-term as of 12/31/2023. All sustainability-linked facilities met their key ratios as of 12/31/2023.

The interest rate of all financing is variable and set at EURIBOR plus a margin, until the next rolling. The average rate of interest on bank loans was 4.0% (1.78%) per year. The change in average interest rates between 2023 and 2022 is due to the current market situation. Accrued interest is recognized as accrued expenses. On behalf of the Group, the Parent Company has taken out an overdraft facility with a nominal amount of EUR 10 million. As of 12/31/2023, the amount drawn was EUR 0 million (0).

Note 31 – Derivative instruments

Accounting principles
Duni Group uses derivative instruments as hedging instruments for forecast cash flows, hedges of net investments in foreign operations and hedges of currencies. The Group uses interest rate swaps and currency forward contracts to manage its exposure. 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.

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.

Cash flow hedges – interest rate swaps
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.

The effective part of changes in the fair value of interest rate swaps that meet the conditions for hedge accounting (are hedged) is recognized in other comprehensive income and accumulated in shareholders' equity. 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 gain or loss attributable to the ineffective part is recognized immediately in the income statement as other revenue or other expenses.

Hedging of net investment abroad – net investment hedges
Hedges of net investments in foreign operations via currency forward contracts are hedged and recognized similarly to cash flow hedges. Changes in fair value are recognized in other comprehensive income and accumulated in shareholders' equity. The gain or loss that is considered an effective hedge is recognized in other comprehensive income and accumulated in shareholders' 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 shareholders' equity are classified to profit or loss when foreign operations are fully or partially divested.

Currency forward contracts
Duni Group uses other currency forward contracts to hedge against major foreign exchange effects. These derivatives are not hedged, but changes in fair value are recognized in net financial items in the income statement.

Fair value 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. 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.

The Group uses a number of different methods and makes assumptions based on the market conditions prevailing on the balance sheet date. 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.

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.

Classification and recognition
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 of derivative instruments

	2023		2022	
SEK m, Group	Asset	Liability	Asset	Liability
Interest rate swaps – cash flow hedge	23	0	47	0
Net investment hedge (AUD)	–	–	–	0
Currency forward contracts	2	2	0	5
Liability for put option of minority owners	–	–	–	0
Total reported in the balance sheet	**25**	**2**	**47**	**5**

The parent company´s figures correspond to those of the Group. There is no contract for financial instruments subject to a right to offset and there is no difference between the fair value and the market value of the derivatives.

Interest rate swaps
The finance policy states 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. Recognition of interest rate swaps is classified as cash flow hedging and recognized under hedge accounting. The outstanding nominal amount on 12/31/2022 was EUR 60 million (60). Changes in the fair value of interest rate swaps are recognized in the hedging reserve in equity.

Net Investment Hedge
In 2018, the Parent Company entered into a currency forward contract totaling AUD 21 million to hedge the net investment in BioPak Pty Ltd. This currency forward contract is recognized in accordance with the Net Investment Hedge rules. Following changes in ownership, a new assessment was conducted and the financial impact was deemed to be low, which is why the forward currency contract of AUD 21 million was terminated during the year.

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. Currency forward contracts have a weighted average term of 3 months.

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 – net investment hedge

SEK m	2023	2022
Recognized amount (AUD m)	–	96
Nominal amount of hedging instruments (AUD m)	–	21
Hedge ratio	–	100%
Weighted average of forward prices during the year (including forward points)	–	6.972

Cash flow hedges – interest rate swaps

SEK m	2023	2022
Recognized amount (EUR m)	0	0
Average maturity (years)	2.6	3.5
Nominal amount of hedging instruments (EUR m)	60	60
Hedge ratio	100%	100%
Weighted average of the fixed interest rate during the year	0.80%	1.17 %

The hedged items are estimated to, in all material respects, have the same change in fair value as the hedging instruments.
There was no significant ineffectiveness attributable to the derivatives for either the current or previous year.

Hedge reserve

SEK m	Interest rate swaps	Net Investment Hedge
Balance as of 12/31/2021	**4**	**-2**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	44	-9
Less: deferred tax	9	-2
Balance as of 12/31/2022	**57**	**-14**
Plus: Change in fair value of hedging instrument recognized in other comprehensive income	-24	–
Less: deferred tax	-5	–
Balance as of 12/31/2023	**28**	–

The hedge expense is included in the table above and its amount is negligible.

Currency forward contracts
Financial currency forward contracts relate to both internal and external liabilities and receivables. 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. 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	2023	2022
- Inflow regarding contracts for financial assets and liabilities	339	1,354
– Outflow regarding contracts for financial assets and liabilities	-339	-1,353

Note 32 – Financial risks and risk management

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, with two exceptions. The interest rate swaps are recognized in accordance with the rules on cash flow hedging and the net investment in BioPak Pty Ltd was hedged in accordance with the rules on net investment in foreign operations.

Market risk

Currency risk

Duni Group operates internationally and is exposed to currency risks which arise from various currency 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 primarily in SEK, USD and PLN, while external inflows are primarily in AUD, DKK, NOK, CHF and GBP. The Group's policy is to not hedge flows in foreign currency in any way other than as is 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's exposure 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 2022, net sales for the year would have been SEK 378 million lower and the underlying EBIT would have been SEK 54 million lower.

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 31 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. As regards the consolidated Group, the translation exposure in the working capital of the individual subsidiaries is therefore 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 10 million (8). The corresponding figure for the Parent Company is approximately +/- SEK 0.5 million (0.7).

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 has hedged part of the net assets in the acquired company BioPak Pty Ltd using currency forward contracts. Following changes in ownership in December 2022 a new assessment was conducted and the financial impact is deemed to be low, which is why the forward currency contract of AUD 21 million was terminated.

Price risk

Duni Group is exposed to price risks, as high inflation affects the price of all input materials, but energy and pulp prices represent a particularly significant price risk.

The Dining Solutions business area includes production and converting units in Europe, New Zealand and Thailand, which through their energy-intensive operations are exposed to risks associated with changes in energy prices. The Group works actively on energy efficiency and focuses on striking a good balance between contracted volume and spot volume. In order to reduce dependence on electricity, work is being carried out to guide the energy mix more towards biofuel. A change of +/- 5% in the price of the electricity used by all production and conversion units in Europe affects income by approximately SEK 7 million (10).

The price risk regarding pulp, which is used for the manufacture of tissue and airlaid, is significant. There is an opportunity to reduce the risk of fluctuations in the price of paper and pulp through OTC trading in financial contracts. Duni Group has currently chosen not to sign any such contracts, but in order to reduce and spread the risk better, work has been carried out on the use of alternative fiber types.

The price of pulp is also affected by the trend in USD against EUR and SEK. A change of +/- 5% per tonne in the price of pulp during 2023 affects income by -/+ SEK 26 million (28).

Interest rate risk

Duni Group is exposed to cash flow interest rate risk mainly in EURIBOR, as all external borrowings are at floating rates (see Note 30 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 interest rate swaps, maturing between December 2022 and December 2027. The interest rate swaps are solely for financially hedging risks, not speculative purposes.

The impact of the hedge is assessed when the hedging arrangement is entered into. The hedged item and hedging instrument are assessed on an ongoing basis to ensure that the arrangement meets the requirements. The Group does not hedge 100% of its loans and therefore only identifies the share of outstanding loans corresponding to the nominal amounts of the interest rate swaps. The financial relationship has been 100% effective because the critical conditions have been matched.

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.

The table below shows the sensitivity to a possible change in the interest rates on the Group's borrowings, after the effect of interest rate swaps. Shareholders' equity is mainly affected by an increase/decrease in the fair value of interest rate derivatives used as hedging instruments. The figures below show how the Group's net financial items and shareholders' equity before tax are affected by a change in a variable interest rate, with all other variables constant.

SEK m	Increase/decrease in base points	Effect on net financial items	Effect before tax on equity
2023	+/-100	2	17
2022	+/-100	7	22

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.

Receivables overdue by more than 180 days accounted for 1.4% (1.3%) of total accounts receivable. For the Parent Company, the corresponding figure is 0.08% (0.03%).

Liquidity risk

Liquidity risk arises if the Company is unable to meet payment obligations due to a lack of liquidity. The risk is managed by Treasury ensuring that sufficient cash and cash equivalents are available through financing, agreed credit facilities and the possibility to close market positions. The objective is for the Group to be able to meet its financial commitments in both upturns and downturns, with a buffer for unforeseen costs and without risking the Group's reputation. The Group's policy is to minimize borrowing requirements by centralizing excess liquidity via the Group's so-called cash pools. Treasury manages liquidity both within and between these cash pools. Duni Group has liquidity of SEK 488 million (372) as of December 31, and an undrawn credit facility of SEK 1,664 million (1,113). Payments for coming periods relating to financial liabilities are shown in the table below.

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		13 to 24 months	
SEK m	Carrying amount	Interest	Repayment	Interest	Repayment	Interest	Repayment
Financial liabilities (excl. derivatives)							
Bank loans	-716	-7	-17	-21	-272	-28	-344
Accounts payable and other liabilities	-902	–	-902	–	–	–	–
Derivatives							
Currency forward contracts[1]	-2	–	–	–	–	–	–
Total liabilities	**-1,620**	**-7**	**-919**	**-21**	**-272**	**-28**	**-344**

[1] Gross flows are recognized

Refinancing risk

A refinancing risk arises if the Company is unable to meet payment obligations due to difficulties in obtaining credit from external sources. 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. On March 25, 2022, a sustainability-linked financing facility to a total amount of EUR 180 million was signed. It consists of a EUR 150 million revolving credit facility and a EUR 30 million Term Loan. These facilities run until 2026 and 2025, respectively. I An additional sustainability-linked loan was signed in the second quarter 2022, an amount of EUR 25 million, which has maturity date May, 2025. There is a Put/Call facility of EUR 20 million that expires in 2024 and is recognized as short-term as of 12/31/2023. The interest rate of all financing is variable and set at EURIBOR plus a margin, until the next rolling. The average rate of interest on bank loans was 4.0% (1.78%) per year.

The credit facility is subject to covenants, and one of the main priorities for minimizing refinancing risk is to comply with the financial covenants to which the Group is committed. The covenants consist of a financial key ratio and a number of non-financial conditions. The financial key ratio comprises financial net debt as a percentage of the underlying EBITDA, and 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, possibly, canceled credit facilities. The interest margin is also calculated based on the same key ratio and adjusted based on given levels each quarter.

Management of capital

The Group intends to secure the capital structure of its business going forward. The primary focus of the Group's asset management is to ensure that it maintains a strong creditworthiness and sound capital relationship to support its operations and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend to shareholders, return capital to shareholders or issue new shares.

Capital is followed up and assessed on the basis of the debt/equity ratio, which is calculated as interest-bearing net debt divided by total capital. The interest-bearing net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity in the consolidated balance sheet plus net debt.

Net debt/equity ratio

	Group	
SEK m	2023	2022
Total borrowings	**716**	**1,402**
Leasing debt	236	164
Pension provisions	136	133
Less: other long-term receivables	-1	-4
Less: cash and cash equivalents	-488	-372
Interest-bearing net debt[1]	**599**	**1,323**
Equity	3,982	3,742
Total capital	**4,581**	**5,065**
Net debt/equity ratio	13%	26%

[1] The calculation of interest-bearing net debt is exclusive of derivatives.

Interest-bearing net debt, components

SEK m	2023	2022
Other long-term receivables	1	4
Cash and cash equivalents	488	372
Pension provisions	-136	-133
Long-term bank loans, gross debt - variable interest	-430	-1,065
Short-term bank loans, gross debt - variable interest	-286	-337
Long-term lease liability	-180	-108
Short-term lease liability	-56	-56
Interest-bearing net debt	**-599**	**-1,323**

Interest-bearing net debt includes pension provisions. In the table below, Duni Group has chosen not to include pension provisions 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.

Net debt excluding pension provisions

	Cash and cash equivalents	Other long-term receivables	Overdraft facilities	Other financial liabilities	Leasing debt	Borrowings maturing within 1 year	Borrowings maturing later than 1 year	Total
Interest-bearing net debt as of December 31, 2021	**396**	**10**	**0**	**0**	**-179**	**-1,435**	**0**	**-1,208**
Net cash flow	-43	4	–	-3	-73	12	-238	-341
New leases	–	–	–	–	57	–	–	57
Exchange rate differences	19	–	–	0	–	-27	-86	-94
Other non-cash items	–	-10	–	3	31	1,113	-741	396
Interest-bearing net debt as of December 31, 2022	**372**	**4**	**0**	**0**	**-164**	**-337**	**-1,065**	**-1,190**
Net cash flow	127	-3	–	0	-61	-331	-357	-625
New leases	–	–	–	–	37	–	–	37
Exchange rate differences	-11	–	–	–	3	1	-24	-31
Other non-cash items	–	–	–	–	-51	381	1,016	1,346
Interest-bearing net debt as of December 31, 2023	**488**	**1**	**0**	**0**	**-236**	**-286**	**-430**	**-463**

Note 33 – Share capital, earnings per share and allocation of earnings

As of December 31, 2023, the share capital consisted of 46,999,032 (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 on December 31, 2023 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 fiscal years 2023 and 2022, 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	2023	2022
Income attributable to the equity holders of the Parent Company (SEK m)	390	200
Weighted average number of outstanding common shares (thousands)	46,999	46,999
Earnings per share, before and after dilution (SEK per share)	**8.30**	**4.25**

Allocation of earnings, Parent Company (SEK)

The following earnings are at the disposal of the Annual General Meeting:	
Retained earnings	2,165,141,401
Net income for the year	407,499,516
SEK	**2,572,640,917**

The Board of Directors proposes that earnings be allocated as follows:	
Dividend to the shareholders of SEK 5.00 per share, in total	234,995,160
Carry forward	2,337,645,757
SEK	**2,572,640,917**

Financing, capital and risk
34
Non-recognized items
35

Note 34 – Adjustments for non-cash items

Accounting principles

The cash flow statement is prepared using the indirect method. Cash and cash equivalents in the cash flow statement meet the definition of cash and cash equivalents in the balance sheet, see Note 28.

Utilized overdraft facility is recognized as short-term borrowings and not as a reduction in cash and cash equivalents. Cash flows relating to interest paid and received are recognized in operating activities. Dividends to shareholders are recognized in financing activities.

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Depreciation	276	277	21	21
Impairment, inventories	–	–	19	24
Restructuring	-1	-10	-1	-1
Pension provisions	0	-8	3	-2
Write-down of internal receivables from subsidiaries	–	–	-91	–
Change in value, derivatives	3	5	-1	4
Other	5	-8	14	29
Total	**283**	**256**	**-36**	**75**

Note 35 – Contingent liabilities and pledged assets

Contingent liabilities

	Group		Parent Company	
SEK m	2023	2022	2023	2022
Guarantees	134	66	106	63
FPG/PRI	2	2	2	2
Total contingent liabilities	**136**	**68**	**108**	**65**

Of the guarantees in the Parent Company, SEK 53 million (51) 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 2023 and 2022.

Pledged assets

BioPak Pty Ltd has signed a local loan facility in Australia and as collateral for the local facility; the total assets of BioPak Group have been pledged to an amount of SEK 763 million.

The Parent Company had no pledged assets in 2023.

Note 36 – Obligations

Accounting principles

The Parent Company only holds leases classified as operating leases. Since the choice has been made to apply the exemption from IFRS 16 in RFR 2, all leasing is reported as operational in the Parent Company.

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.

The nominal value of future minimum lease payments, with respect to non-terminable operating leases, is broken down as follows:

	Parent Company	
SEK m	2023	2022
Payable within one year	6	5
Payable later than one but within five years	17	17
Payable later than five years	–	2
Total	**23**	**25**
Of which leases signed during the year	2	1

Duni AB rents an office and cars. The latter relate mainly to the sales organization. The largest leases are non-terminable in advance. Leases have varying terms, index clauses and the rights of extension. The terms are market terms as regards both prices and agreement lengths.

The total expenses for operating leases during the year amounted to SEK 6 million (6).

Note 37 – 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 2023 or 2022.

Note 38 – Events after the balance sheet date

No significant events have occurred since the balance sheet date.

The assurance and signatures of the Board of Directors and the CEO

The assurance of the Board of Directors and the CEO

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' Report for the Group and Parent Company provides a true and fair view of the Group and Parent Company's business, financial position and performance and describes the substantial risks and uncertainties to which the Parent Company and the companies that are part of the Group are subject.

On April 18, 2024, as indicated by electronic signing

Thomas Gustafsson
Chairman of the Board

Viktoria Bergman
Director

Morten Falkenberg
Director

Sven Knutsson
Director

Pia Marions
Director

Janne Moltke-Leth
Director

Maria Fredholm
Employee representative, PTK

David Green
Employee representative, LO

Robert Dackeskog
President and CEO

Our auditor's report was submitted on April 18, 2024,
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 accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Duni AB (publ) for the year 2023 except for the corporate governance statement and the statutory sustainability report on pages 71-81 and on pages 37-70. The annual accounts and consolidated accounts of the company are included on pages 33-142 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on 71-81 and on pages 37-70. 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 accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit considered the key audit matter
Valuation of intangible assets *Reference to note 3 and note 21 in the annual report.* The value of the intangible assets as of 31 December 2023 amounts to SEK 2,340 million. In accordance with IFRS, management must annually carry out an impairment test on goodwill with an indefinite useful life. SEK 1,583 million of the goodwill is attributable to the Dining solutions business area and SEK 527 million is attributable to the Food packaging solutions business area. Some of the assumptions and assessments management makes regarding future cash flows and conditions are complex and have a major impact on the calculation of the value in use. This applies in particular to the following; growth rate, profit margins, and discount rate. Changes in these assumptions could lead to a change in the reported value of intangible assets and goodwill. We consider the goodwill and other intangible assets attributable to the Food packaging solutions business area to be a key audit matter as it is recently acquired goodwill and other intangible assets. The history of assessments and assumptions for these business areas is significantly shorter compared to the Dining solutions business area. No need for impairment in any of the business areas has been identified by the management in the impairment tests that are carried out annually.	In our audit, we have assessed the calculation model used and challenged the material assumptions used by management in their tests. We have assessed the reasonableness of the budget presented by management and approved by the board by evaluating historical outcomes against established budgets. We have compared the growth in the terminal value with independent forecasts concerning economic growth and noted that the assumptions used are within a reasonable range. We have also assessed the discount rate (weighted average cost of capital (“WACC”)) against comparable businesses and noted that the assumptions used are within a reasonable range. We have also evaluated the management’s assessment of how the group’s calculation models are affected by changes in assumptions and compared this with the information presented in the annual report related to impairment tests. With regard to the sale, we have read the agreement and assessed the accounting effects and checked the minority’s share of equity.

Key audit matter	How our audit considered the key audit matter
Discounts, customer bonuses and returns *Reference to note 3 and note 26 in the annual report.* The group sells goods with conditions which mean that customers are contractually entitled to discounts, volume-based bonuses or the right to return purchased goods under certain circumstances. These contractual conditions result in reduced turnover at the same time as a commitment is reported in the form of a reserve for the bonuses that have not yet been paid out or where the group judges that returns cannot be ruled out. The reserves are reported as an accrued cost and amount to SEK 304 million. As accounting for these reserves involves more or less complex calculations and includes management's assessments, reserves for these commitments have been a focus area in our audit.	We have taken note of the management's calculations regarding the underlying sales to assess the size of the provision. Where applicable, we have also compared management's assessment against underlying customer contact, historical sales patterns, discount and return levels. We have also assessed the management's assumption by comparing the accuracy of historical assessments of the size of the provision against historical outcomes in order to evaluate the precision of this year's assessment. Where applicable, we have checked the year's reservation against subsequent payments or returns. We have checked the mathematical calculation model used through control calculations.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-32, 148-152 and the statutory sustainability report on pages 37-70. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report. This description is a part of the Auditor's Report.

Report on other legal and regulatory requirements

The auditor's audit of the administration of the Company and the proposed appropriations of the Company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Duni AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Duni AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. I We are independent of Duni AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the 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

The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 71-81 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement.

This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 37-70 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Box 4009, 203 11 Malmö, was appointed auditor of Duni AB (publ) by the general meeting of the shareholders on 17 May 2023 and has been the company's auditor since 1 November 2007.

Malmö, 18 April 2024

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, placemats and napkins.

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

Bio Dunicel®
Sustainable premium table covers and placemats made from potato starch, produced by employees in Germany.

Bio Dunisoft®
Sustainable premium napkins made with groundbreaking BioBinder™ based on food leftovers.

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.

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

Currency adjusted/currency impact translation effects
Figures adjusted for changes in exchange rates related to consolidation. Figures for 2023 are calculated at exchange rates for 2022. 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.

Cyber security
Digital security, which protects digital information, networks, devices, applications and data from attack or unauthorized access through various methods.

Dining Solutions business area
In the fourth quarter of 2023, the names of the two business areas were changed. The Duni business area is now called Dining Solutions and focuses on solutions for the set table.

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.

EMAS
The EU Eco-Management and Audit Scheme is the EU's voluntary environmental management system. The units in Bramsche and Wolkenstein are EMAS-certified.

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.

Food Packaging Solutions business area
In the fourth quarter of 2023, the names of the two business areas were changed. The BioPak business area is now called Food Packaging Solutions and focuses on food packaging.

FSC®
Abbreviation for Forest Stewardship Council, an independent membership organization that certifies forest management regarding social responsibility, environmental sustainability and economic viability.

Goodfoodmood®
The Dining Solutions business area's brand platform – to create a pleasant atmosphere and positive mood at all times when food and drink are prepared and served – a Goodfoodmood.

HoReCa
Acronym for Hotel, Restaurant and Catering.

ISO 14001
ISO 14001 is the only international standard for environmental management systems and has been chosen as a standard within the Group. Units in Bramsche, Poznan, Dals Långed and Skåpafors are ISO 14001-certified.

ISO 28000
ISO 28000 is an international standard for security management in the supply chain. The unit in Poznan is ISO 28000-certified.

ISO 45001
ISO 45001 is an international standard for occupational health and safety. The unit in Poznan is ISO 45001-certified.

ISO 50001
ISO 50001 is an international standard for energy management. The unit in Skåpafors is ISO 50001-certified.

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 assessment
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 Group 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 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 brand.

Sacchetto
Duni Sacchetto® is a paper cutlery pocket with space for a napkin.

Science Based Targets
A framework that helps companies and organizations to set science-based climate targets that are in line with what is required to achieve the goals of the Paris Agreement.

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.

The GHG Protocol
The leading standard for business to measure, manage and report greenhouse gas emissions.

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 impact translation effects

Vertical integration
Vertical integration means that the Group, through the Dining Solutions business area, owns virtually the entire value chain for table covers 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.

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

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

Currency adjusted
Figures adjusted for the effects of exchange rate differences in conjunction with consolidation. Figures for 2023 are calculated at exchange rates for 2022. 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.

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.

Gross margin
Gross profit as a percentage of net sales.

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

Net debt/equity ratio
Interest-bearing net debt as a percentage of total equity.

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

Operating EBITDA
EBITDA less restructuring costs and fair value allocations.

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

Operating income
EBIT less 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.

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

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

Bridge between operating income and EBIT

SEK m	2023	2022
Operating income excluding IFRS 16 Leases	**707**	**441**
Effects of IFRS 16 Leases	9	9
Operating income	**716**	**450**
Restructuring costs	-5	-57
Unrealized value changes from derivative instruments	3	-3
Amortization of intangible assets identified in business combinations	-66	-63
Fair value allocation in connection with acquisitions	0	0
EBIT	**648**	**326**

Bridge between operating EBITDA, EBITDA and EBIT

SEK m	2023	2022
Operating EBIDTA excluding IFRS 16 Leases	**858**	**581**
Effects of IFRS 16 Leases	68	82
Operating EBITDA	**926**	**664**
Restructuring costs	-5	-57
Unrealized value changes from derivative instruments	3	-3
Fair value allocation in connection with acquisitions	0	0
EBITDA	**924**	**603**
Amortization of intangible assets identified in business combinations	-66	-63
Amortization of right-of-use assets	-60	-73
Other amortization included in EBIT	-150	-141
EBIT	**648**	**326**

Bridge between reported net sales and organic growth

SEK m	2023	2022
Net sales	**7,718**	**6,976**
Currency effect[1]	-378	-349
Currency-adjusted net sales	**7,340**	**6,627**
Less acquisitions	–	–
Net sales for organic growth	**7,340**	**6,627**
Organic growth	**5.2%**	**30.9%**

[1] Reported net sales for 2023 recalculated at 2022 exchange rates.

Calendar

Annual General Meeting on May 21, 2024

The Annual General Meeting will be held at Glasklart, Dockplatsen 1, in Malmö at 3.00 pm on Tuesday, May 21, 2024. Registration commences at 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 **not only** be listed as a shareholder in the share register prepared by Euroclear Sweden AB as of Monday, May 13, 2024, **but also** provide notice of participation for the meeting no later than Wednesday, May 15, 2024.

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 a nominee

To be entitled to participate at the Annual General Meeting, a shareholder who has had their shares registered with a nominee must, in addition to registering for the Annual General Meeting, have the shares registered in their own name so that the shareholder is included in the production of the share register as of Monday, May 13, 2024. Such registration may be temporary (so-called voting rights registration) and is requested from the nominee in accordance with the nominee's procedures with a period of advance notice as determined by the nominee. Registrations of voting rights that have been completed by the nominee no later than Wednesday, May 23, 2024 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 of Directors proposes to the Annual General Meeting that a dividend of SEK 5.00 (3.00) per share be adopted, corresponding to SEK 235 million (141). The Board of Directors believes that the Company has experienced a strong financial recovery, which has been clear since the end of the pandemic and accelerated in 2023. The assessment is that the Group has a strong financial position and future competitiveness that allows a dividend equivalent to SEK 235 million, which is equivalent to 60% of income after tax attributable to the Parent Company. The Board believes that even after the proposed dividend, the Group will still be able to meet its obligations, and that there is scope for both acquisitions and planned investments.

The Board proposes that the dividend be disbursed in two partial payments to balance cash flows with the Group's seasonal fluctuations. The Board has proposed May 23, 2024 as the record date for the first partial payment of SEK 2,50 and November 12, 2024 as the record date for the second partial payment of SEK 2.50.

Duni AB's Nomination Committee

The Nomination Committee is composed as follows:

- Thomas Gustafsson, Chairman of the Board of Duni AB
- Johan Andersson, Mellby Gård AB, Chairman of the Nomination Committee
- Katarina Hammar, Nordea fonder AB
- 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 24, 2024
– January–March 2024 Interim Report,

July 12, 2024
– January–June 2024 Interim Report,

October 24, 2024
– January–September 2024 Interim Report.

Year-end 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.

Addresses

Headquarters
Duni AB
Box 237
201 22 MALMÖ

Visiting address:
Hallenborgs gata 1A, 6th floor
Tel +46 40 10 62 00
Email (general inquiries): info@duni.com
For addresses of Duni's subsidiaries and distributors, kindly see www.dunigroup.com

Contact, Investor Relations:
Magnus Carlsson, CFO, magnus.carlsson@duni.com

Contact, press and communication:
Katja Margell, Investor Relations and Communications Director, katja.margell@duni.com

Contact, Sustainability:
Sustainability@duni.com

Duni AB (publ) Annual Report 2023
Org. no. 556536-7488

Graphic design and production: Hallvarsson & Halvarsson AB.


DUNI GROUP
The Architects of Dining
Dunigroup.com