

SIMPLIFIED NOTIFICATION OF CONCENTRATION

Mellby Gård AB's acquisition of sole control in Duni AB (publ)

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1. INTRODUCTION

- (1) The notification concerns Mellby Gård AB's ("**Mellby Gård**") acquisition of shares in Duni AB (publ) ("**Duni**") (together the "**Parties**") through a public takeover bid (the "**Transaction**").
- (2) Mellby Gård is a family-owned long-term investor active in four different sectors: (i) industry, (ii) consumer goods, (iii) agriculture and (iv) services. Duni is active as a supplier of products and concepts for table settings and take-away food. Duni also has a subsidiary, Duni EFF, which, in addition to being Duni's finance and accounting function, also offers financial services to external parties. We have not identified any horizontal overlaps or vertically affected markets arising as a result of the Transaction.
- (3) Mellby Gård currently holds 30 percent¹ of the shares and votes in Duni. As a result of the Transaction Mellby Gård will acquire additional shares and votes in Duni and should Mellby Gård, through the public offer, acquire more than approximately 4.78 percent of the shares² in Duni, Mellby Gård will acquire sole control of Duni³.
- (4) The Transaction thus constitutes a concentration under the Norwegian Competition Act Section 17 and triggers a merger filing pursuant to the Norwegian Competition Act Section 18 since each of the Parties have a turnover exceeding 100 MNOK and a combined turnover of over 1 billion NOK in Norway.
- (5) The Transaction is notified as a simplified notification in accordance with the Regulations relating to the notification of business concentrations Section 3, para. 3 (a).

1.1 Transactional structure

- (6) The Transaction will also be notified to the Swedish, German and Polish competition authorities with completion contingent upon approval.
- (7) The rationale behind the Transaction lies in Mellby Gård having been a long-term shareholder in Duni since the initial public offering of the Duni-share on Nasdaq Stockholm in 2007. Mellby Gård has since that time been the largest shareholder in Duni. On August 14, 2023, Mellby Gård acquired 6,000 shares in Duni and thereafter owns a total of 14,100,500 shares in Duni, corresponding to 30.00 percent of the shares and votes. This acquisition resulted in Mellby Gård's shareholding reaching 30% which triggered a mandatory obligation to submit a bid for the remaining outstanding shares.
- (8) The acceptance period will be four weeks and shortly thereafter the result of the public offer is expected to be announced. The Merger will be implemented subject to the fulfilment of the conditions of the public offer, one of which is approval of the relevant competition authorities.

¹ Equivalent to 14 100 500 shares and an equal number of votes.

² Corresponding to 2,247,139 shares representing the same number of votes.

³ This conclusion is based on an analysis of votes present at ordinary general meetings over the last three years.

2. DESCRIPTION OF THE PARTIES

2.1 Mellby Gård

2.1.1 Organizational structure

- (9) Mellby Gård is ultimately controlled by its founder, private individual, Rune Andersson (55.2%). The remaining shares are owned directly and indirectly by Erik Andersson (15.4%), Johan Andersson (15.4%) and Gustav Andersson (13.8%).
- (10) A more detailed overview of Mellby Gård's structure can be seen in Appendix 1

Appendix 1 Organizational structure Mellby Gård AB (**CONFIDENTIAL**)

2.1.2 Areas of business

- (11) Mellby Gård's holdings consist partly of wholly owned subsidiaries and partly of associated companies. There is no overlap between the activities of companies controlled by Mellby Gård and Duni's activities in Norway.
- (12) In Norway Mellby Gård is active in:
- (i) consumer goods (sale of clothing) via KappAhl AB (publ) and Oscar Jacobsson AB
 - (ii) the construction sector (via Älvsbyhus Intressenter AB)
 - (iii) digital staffing services (via Student Consulting AB)
 - (iv) modular sealing solutions for cables and pipes (via Roxtec Holding III AB), and
 - (v) products for water treatment (via Feralco Holding III AB).
- (13) Please see below for an overview of Mellby Gård portfolio companies⁴, save for Duni.

Appendix 2: Overview of Mellby Gård portfolio companies.

- (14) In 2022, Mellby Gård and its controlled holdings had global sales of approximately NOK 12.3 billion.
- (15) Further information about Mellby Gård is available at www.mellby-gaard.se

2.2 Duni AB (publ)

2.2.1 Organizational and legal structure

- (16) Duni is listed on Nasdaq OMX Stockholm and is currently not controlled by any single shareholder.
- (17) The largest shareholders, as of June 30, 2023, are:
- (i) Mellby Gård (29.99⁵ percent)
 - (ii) Nordea Funds AB (11.00 percent)
 - (iii) Polaris Capital management LLC (10.19 percent)
 - (iv) Carnegie Fonder AB (6.94 percent)
 - (v) Brown Brothers Harriman & Co. Co, W9 (5.06 percent)

⁴ The list includes companies with operating activities.

⁵ This figure will be 30% following the acquisition of 0.01% of the shares in Duni as of 14 August 2023.

- (vi) Handelsbanken Fonder AB (4.56 percent)
- (vii) Protector Forsikring ASA (4.01 percent)
- (viii) State Street Bank 6 Trust Co, W9 (3.06 percent)
- (ix) SHB Luxembourg cl acct Sweden (2.72 percent)
- (x) Fjärde AP-fonden (2.68 percent).

2.2.2 Areas of business

- (18) Duni was founded in 1949 with a focus on manufacturing paper cups and napkins. Since 2007, the company has been listed on Nasdaq OMX Stockholm and is today focused on developing sustainable and innovative concepts for both the table setting such as napkins, products used for serving food and drinks, candles and tablecloths but also packaging solutions for food and drink on the go and take-away food.
- (19) Duni's products are sold under two brands, Duni and BioPak. The Duni brand represents design, color, shape and high quality that creates a pleasant atmosphere at every meal occasion, "a good mood around the table". The brand offers napkins, products used for serving food and drink, tablecloths and candles, both in wax and LED. The BioPak brand strives to be the obvious choice for environmentally friendly meal packaging. BioPak was founded in Australia and has been part of Duni since 2018. The brand was launched in Europe in 2020 and offers environmentally conscious meal packaging for take-away, catering and to-go in the form of bowls, plates, coffee cups, straws, wooden cutlery and paper bags. Before 2020, Duni sold similar products under other brands, such as Duni, Ecoecho and Duniform. Duni sells its products through wholesalers, retailers, cash & carry stores and direct sales to end customers.⁶ The largest customer group is professional customers in the HoReCa (hotel, restaurant and catering) sector.
- (20) Duni is vertically integrated in the production of tablecloths and napkins through its own paper mill in Skåpafors, Sweden, where forest fibre is processed into large paper rolls that are then sent to its own converting facilities in Germany, Poland, Thailand and New Zealand. However products under the BioPak brand are produced by external production units.⁷
- (21) Duni works actively with sustainability with the goal of achieving full circularity by 2030. Today, 94 percent of the raw materials for tablecloths and napkins are made from wood fibre from forestry. Duni conducts both its own and joint innovation to develop new fossil-free and renewable materials for manufacturing napkins and tablecloths. Examples include Duni's BioDunisoft napkins, which in addition to wood fibers consist of corn, lemon peel and other food waste, and BioDunicel where previously fossil-free based binders have been replaced by binders based on potato starch.⁸

⁶ Appendix 2, Duni Group's Annual and Sustainability Report 2022, p. 7.

⁷ Ibid, p. 100.

⁸ See www.se.dunigroup.com/sv/duni/sustainability

- (22) Duni's products are sold through a unified commercial organization divided into six regions (i) NorthEast⁹, (ii) Central¹⁰, (iii) West¹¹, (iv) South¹², (v) Rest of World¹³ and (vi) Other Sales¹⁴. Each region is responsible for local sales and marketing of both brands, Duni and BioPak.¹⁵ The group also has a central marketing department responsible for brand strategy, market communication, product development and innovation.¹⁶
- (23) Duni also offers certain financial and accounting services from its internal finance function in Poznan, Poland, through its subsidiary Duni EFF. Sales of financial and accounting services amounted to approximately NOK 31.5 million in 2022.
- (24) Duni's head office is located in Malmö, Sweden, with production units in Sweden, Germany, Poland, Thailand and New Zealand. Duni has about 2,200 employees in 21 countries.
- (25) In 2022, Duni had a global turnover of approximately NOK 6.7 billion.
- (26) More information about Duni can be found at www.dunigroup.com.

3. THE PARTIES TURNOVER

- (27) The Parties' turnover in Norway for 2022 is provided below.

Table 1: The Parties' turnover in Norway for 2022.

Company	Turnover
Mellby Gård	[REDACTED]
Duni	[REDACTED]

4. MARKET DEFINITION

4.1.1 Product market – products for the set table

- (28) Tabletop products is an umbrella term for products used to create table settings which includes both tableware items, i.e. plates, glasses and cutlery, and products that help to create an aesthetically pleasing atmosphere such as tablecloths, napkins and candles, whether in a restaurant or at home.
- (29) Tableware such as plates, bowls, plates, glasses and cutlery are primarily used for the functional purpose of consuming a meal, i.e. placing food, pouring drinks and eating food.

⁹ Covers northern and eastern Europe including Russia.

¹⁰ Includes the DACH region.

¹¹ Includes Benelux and the UK and Ireland.

¹² Includes France, Spain and Italy.

¹³ Includes all sales outside Europe.

¹⁴ Includes all external sales of tissue and airlaid materials from the factory in Skåpafors and external sales of financial and accounting services from the finance function in Poznan which is part of the Duni segment.

¹⁵ Appendix 2, Duni Group's Annual and Sustainability Report 2022, p. 7.

¹⁶ Ibid.

At the same time, the products also serve a decorative purpose, as tableware is available in different designs and shapes, in different colours, and in different qualities and materials.

- (30) Other products such as tablecloths, placemats, napkins, candles and other table accessories do not have the same primary functional purpose but are used for decorative purposes to create a pleasant atmosphere at the table. These products are available in different designs and shapes as well as in different materials and quality. The use of the more decorative products is also not limited to the table setting but can also be used in other contexts for decorative purposes.
- (31) Products used for table setting are sold to private individuals as well as to professional operators, whether in the HoReCa sector or to companies in other industries.
- (32) As far as the notifying party is aware, neither the European Commission ('the Commission') nor the Norwegian Competition Authority ("NCA") has assessed transactions relating to the relevant products for the table setting in any notified concentrations. For assessment of the present concentration, the Parties are of the opinion that the NCA should be able to investigate the competitive relationships between the Parties and the effects of the concentration on the market without having to take a position on the precise definition of a relevant market.

4.1.2 Geographic market

- (33) As mentioned above, the notifying party is not aware that either the Commission or the Norwegian Competition Authority has assessed the market for table setting products as described above.
- (34) The products in question are mainly sold to various distributors and retailers who in turn sell the products on to retailers or directly to end customers. These distributors/resellers are largely wholesalers or retailers who sell the products to the HoReCa sector, the public sector, companies or consumers.
- (35) The parties are of the opinion that the Competition Authority should be able to investigate the competitive relationship between the Parties and the effects of the Merger on the market without having to take a position on a precise definition of a geographical dimension of a relevant market.

4.1.3 Product market - meal packaging

- (36) Meal packaging is a collective term for disposable packaging for take-away, fresh ready-to-eat, catering and to-go in the form of bowls, boxes and plates. Meal packaging comes in different materials such as plastic, aluminium foil and sustainable cardboard or paperboard. The purpose of such meal packaging is to serve take-away, ready-to-eat food or similar in a convenient disposable package that the customer can take with them from the restaurant or catering establishment.
- (37) Meal packaging has traditionally been made of plastic, but with an increasing focus on sustainability, major changes are taking place in terms of the choice of materials in the value chain for disposable items. One contributing factor in Europe is the EU's Single Use Plastics Directive, which aims to reduce the use of single-use plastic products and also ban certain single-use plastic products. Materials such as renewable cardboard, bamboo and other sustainable alternatives to plastic have therefore been introduced to the market and are now an alternative to plastic food packaging and disposable items. These new materials are

already exerting competitive pressure on plastic food packaging and it cannot be excluded that new materials will be introduced in the food packaging market as innovation progresses. Sustainability has become an important aspect for many companies active in the food packaging value chain, which can also be considered to influence the demand for food packaging in the future.

- (38) The Commission and the Swedish Competition Authority has previously assessed cases concerning folding carton packaging and plastic packaging.¹⁷ As mentioned, meal kit packaging consists of packaging intended for food that a person takes with them. Meal packs can include folding carton packs, plastic packs and packs made of moulded fiber products and other carton-based products.
- (39) Thus, as far as the Parties are aware, neither the Commission nor the Norwegian Competition Authority have assessed concentrations concerning single-use meal kits.
- (40) Meal packaging can have different designs and be made from different materials such as plastic, cardboard and other fiber products. Regardless of the material used, meal kit packaging performs the same function, i.e. to serve food in a convenient package that can be taken away by the customer. Meal packs are therefore fully interchangeable irrespective of the material from which they are made, in terms of their function and use. At the same time the same type of packaging can be used for a number of different applications. For example folding carton, can be used for both meal and food packaging, while plastic packaging can also be used for a wide range of applications.
- (41) In the absence of overlapping activities, the parties are of the view that it is not necessary to take a position on an exact market definition to conclude on the effects of the concentration.

4.1.4 Geographic market

- (42) Operators that produce and sell ready-made disposable meal kits target customers in the HoReCa sector but also companies active in the health and care sector, shops and food producers. These types of customers typically purchase products from wholesalers and not directly from manufacturers.
- (43) In previous packaging cases, the Commission left the definition of the geographic market open or considered it to be EEA or even wider.¹⁸
- (44) The products in question can either be produced by external or vertically integrated production units and then transported to the location of the customer. Thus, transportation costs are not an obstacle to selling the products worldwide regardless of where the production takes place.
- (45) The products are then sold mainly to wholesalers and cash-and-carry stores who in turn sell the products to end customers in the HoReCa sector but also to grocery stores, the public sector and other customers. These distributors/retailers are largely national or international

¹⁷ M.5599 - *Arcor/Alcan*; M.8421 - *Westrock/MPS*; M.10353 - *Graphic Packaging Holding Company/AR Packaging Group*; M.10651 - *Faerch/Paccor*; and SCA case no. 433/2011.

¹⁸ M.5599 - *Arcor/Alcan*, p. 47-49; M.6128 - *Blackstone/Mivisa*, p. 20-22; M.6668 - *Mondi/Nordenia*, p. 20-21; M.8107 - *CVC/AR Packaging*, p. 14; M.8421 - *Westrock/MPS*, p. 35; ; M.9094 - *Arcor/Bemis*, p. 68-70; and M.10353 - *Graphic Packaging Holding Company/AR Packaging Group*, p. 16.

wholesalers or retailers who sell the products to the HoReCa sector, the public sector, businesses or consumers.

- (46) The parties are of the opinion that the NCA should be able to investigate the competitive relationship between the Parties and the effects of the concentration on the market without having to take a position on a precise definition of a geographical dimension of a relevant market.

4.1.5 Product market - financial and accounting services

- (47) Financial and accounting services are a collective term for all the financial services needed for a company's operations and include e.g. bookkeeping, invoice processing, current accounting, payroll, VAT payments, etc. This type of service can either be performed internally by a company or offered as a stand-alone service by independent companies.
- (48) Both the Commission, and the Swedish and Norwegian Competition Authorities have previously assessed mergers involving different financial and accounting services where different product markets such as (i) auditing and accounting for listed and large companies, (ii) auditing and accounting for small and medium-sized enterprises¹⁹, (iii) tax and compliance advice and (iv) financial advice were identified.²⁰ In one example, the relevant market consisted of business support services in a broad sense and included administrative services in finance, accounting, HR and payroll, industry-specific services and IT services.²¹ The Commission considered whether to segment this overall market by the three different types of services but left the product market definition open.
- (49) In the absence of overlapping activities, the Parties are of the opinion that the Norwegian Competition Authority should be able to investigate the competitive conditions between the Parties and any effects of the concentration based on an overall market for finance and accounting services, or alternatively on the market for administrative services in finance, accounting, HR and payroll without having to take a final position on the exact delimitation of the market.

4.1.6 Geographic market

- (50) All businesses need to do their bookkeeping and accounting and therefore require financial and accounting services. However, businesses can choose to employ people to perform the tasks or to outsource the work and purchase the services from independent providers. Some financial services can be offered to multinationals, such as VAT management, as VAT rules are harmonized within the EU while other accounting and bookkeeping rules are based on national rules.

¹⁹ See *SpareBank 1 SR-Bank ForretningsPartner AS – Tveit Regnskap AS / Tveit Regnskap Bergen AS / Tveit Regnskap Odda AS / Tveit Regnskap Stavanger AS / Vangdal Regnskap AS / Tveit Regnskap Bjørnafjorden AS*, p6 where this distinction was referred to by the parties.

²⁰ See M.1016 - *Price Waterhouse/Coopers & Lybrand*, p. 54; M.2810 -*Deloitte & Touche/Andersen (UK)*, p. 21; M.2824 - *Ernst & Young/Andersen Germany*, p. 31 and M.2816 - *Ernst & Young/Andersen France*, p. 27. as well as the Swedish Competition Authority's case no. 366/2018 and 506/2023.

²¹ M.3172 - *Ferrovial/Amey*, p. 14-15.

- (51) In previous cases, the Commission has considered that the relevant geographic market for audit and accounting services to companies of any size is national.²²

5. COMPETITION ANALYSIS

5.1 The Transaction will not have any horizontal effects.

- (52) As far as the Parties are aware no overlap exists in the parties' activities since none of Mellby Gård's portfolio companies are active in the same product markets as Duni.

6. VERTICALLY RELATED MARKETS

- (53) Duni is active in the markets for tableware and disposable meal packaging globally. Duni offers its products primarily to the HoReCa sector, but the products are also sold through various wholesalers and retailers to both companies and private individuals. The target group for these products is primarily the HoReCa sector. In addition, Duni supplies financial and accounting services.

- (54) Duni's products and services could be sold to one or more of Mellby Gård's portfolio companies since the products are offered to both companies and individuals. Potential vertical relationships are:

- (i) Duni as a potential supplier of products for the set table and certain types of disposable meal packaging to any of Mellby Gård's portfolio companies as end customers outside their core business.
- (ii) Duni as a potential supplier of financial and accounting services to any of Mellby Gård's portfolio companies.

- (55) These vertical relationships do not arise because the Parties are at different levels in a value chain in any relevant sense under competition law, but rather because the products and services in question have in principle all companies and consumers as potential customers. Mellby Gård's portfolio companies are all in theory actual or potential end customers of certain products included in Duni's product offering, such as e.g., napkins, candles, and disposable beverage cups but also the financial services offered by Duni. However, even if Mellby Gård were to instruct its portfolio companies to purchase only the relevant products and services from Duni, this would not appreciably affect competition on any of the relevant purchasing markets and nor would it have a foreclosure effect on the relevant markets. The potential vertical relationships are therefore benign.

- (56) We have not identified any vertically affected markets, since the Parties neither separately nor combined have a market share above 30 per cent in any upstream or downstream market from a market where the other Party has business activities.

7. ANNUAL REPORTS AND ACCOUNTS

- (57) The Parties' annual report and accounts for 2022 are enclosed.

Appendix 3: Mellby Gård AB's annual report 2022 is available at:

²² See M.1016 - *Price Waterhouse/Coopers & Lybrand*, p. 63; M.2810 - *Deloitte & Touche/Andersen (UK)*, p. 28; M.2824 - *Earnst & Young/Andersen Germany*, p. 47 and M.2816 - *Earnst & Young/Andersen France*, p. 47.

Annual Report 2022 - Mellby Gård

Appendix 4: Duni Group AB (publ)'s annual report is available at:

Annual Report 2022 - Duni

8. CONFIDENTIALITY AND PUBLIC ACCESS

(58) This notification contains business secrets. All business secrets are highlighted in yellow in the text and appendixes containing business secrets are marked "Confidential". This information must be treated strictly confidential and exempt from public access in its entirety, ref the Public Administration Act section 13, first paragraph, no. 2. Grounds for secrecy is enclosed.

Appendix 5: Grounds for confidentiality claims
