Annual Report 2018

Making day-to-day work easier

OPTI GROUP

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One-stop-shop for our customers

OptiGroup is a leading European business-to-business distributor. We specialise in supplying products and services that enhance efficiency and provide you with everything you need to run your business more successfully. OptiGroup companies support more than 110,000 customers in 19 countries across Europe.

We provide solutions for the facility management, safety and foodservice sectors, the industrial packaging sector, the printing and creative and the retail and reseller sectors. With a long tradition and record of excellence, OptiGroup companies are committed to remaining at the forefront of customer service.

Welcome to OptiGroup's Annual Report.

Our year

2018 was a year during which we accelerated activities aimed at transforming the company into a leading business-to-business distributor in the countries in which we operate.

Financial highlights

- Net sales increased by 6.9 percent to EUR 1,599 million (1,495). Organic sales decreased by 0.5 percent.
- Adjusted EBITA decreased by 7.2 percent to EUR 46.2 million (49.8). Adjusted EBITA margin decreased to 2.9 percent (3.3).
- Operating profit decreased to EUR 18.4 million (25.6).
- Operating cash flow increased to EUR 27.3 million (14.0).
- Diluted earnings per share was EUR 0.62 (0.74).

Operational highlights

- Continued strong acquisition stream with five acquisitions completed, adds EUR 102 million in annualised revenues.
- Created a sizeable packaging business with the incorporation of Moonen Packaging, Mercamer and Telpak.
- In October 2018, OptiGroup and Inapa signed an agreement to combine their respective paper distribution businesses in Germany. Message from the German competition authority regarding the deal is expected in 2019.

Net sales in 2018, EUR

1.6 billion

Net sales by business area, %

Adjusted EBITA by business area, %

We have a strong platform, a good mix of businesses with very experienced people and we run our companies with an entrepreneurial mindset.

COMMENTS FROM THE CEO. READ THE FULL STORY ON PAGE 6.

Complementary acquisitions add EUR 102 million in annualised revenues

During the year, we continued to expand our offering and rebalance the OptiGroup portfolio to higher growth and margin opportunities. The five acquisitions we made in three countries complement the acquisitions made in 2017.

READ MORE ABOUT OUR ACQUISITIONS ON PAGE 15.

FINANCIAL OVERVIEW

EUR million	2018	2017	2016	2015	2014
Net sales	1,599.1	1,495.4	1,531.2	1,541.8	1,566.8
Organic growth, %	–0.5%	–5.4%	—	—	—
Adjusted EBITA	46.2	49.8	39.6	46.9	55.8
Adjusted EBITA margin, %	2.9%	3.3%	2.6%	3.0%	3.6%
Operating profit	18.4	25.6	22.4	34.0	37.0
Operating cash flow	27.3	14.0	27.9	30.0	84.0
Diluted earnings per share, EUR	0.62	0.74	0.43	—	—
Debt/equity ratio, %	22%	15%	15%	—	—
Average number of employees	2,176	2,026	1,858	1,863	1,925

OptiGroup uses alternative performance measures that cannot be directly derived from the financial statements. Organic growth, adjusted EBITA, adjusted EBITA margin, operating cash flow and debt/equity ratio are alternative performance measures and definitions and reconciliations are provided on pages 105–106.

Leading provider of services and solutions

OptiGroup companies support more than 110,000 customers in 19 countries across Europe.

OptiGroup companies include

MERCAMER OY, MOONEN packaging, Olsonic, VIVA Distribution, pac, PAPYRUS, procurator, PROXIMA TAPES, SCALDIA., STADSING, SUPPLIES DIRECT, TELPAK, VeliMark

READ MORE ABOUT OUR OPERATIONS ON PAGES 16–25.

NET SALES EUR

1.6 billion

NUMBER OF EMPLOYEES AT YEAR-END 2018

2,200

ADJUSTED EBITA EUR

46 million

Vision

To be the leader in the markets in which we operate.

Mission

We support our customers by providing reliable solutions for their everyday needs.

Making day-to-day work easier

As a reliable, responsive and innovative partner, we support our customers with quality products, high service levels and on-time deliveries wherever and whenever they place their confidence in us.

Comprehensive product range

OptiGroup companies fulfil the increasing need for efficient supply chain management solutions among customers in service industries, the manufacturing sector and in the public sector.

Our comprehensive product ranges have been carefully selected with a high regard for sustainability. Customers benefit from a high level of reliability as well as time and cost savings thanks to efficient supply solutions.

Owners of OptiGroup

OptiGroup is owned by Altor Fund II (41 percent), Triton II Fund (39 percent), RoosGruppen AB (14 percent) and others (6 percent).

A one-stop-shop distributor

OptiGroup companies operate in four business areas and provide their customers with a full range of products and services to suit their needs.

- FACILITY, SAFETY & FOODSERVICE SOLUTIONS
- INDUSTRIAL SOLUTIONS
- PRINTING & CREATIVE SOLUTIONS
- RETAIL & RESELLER SOLUTIONS

Accelerated transformation through acquisitions

2018 was a year during which we accelerated activities aimed at transforming the company into a leading business-to-business distributor in the countries in which we operate – a journey that we started back in mid-2016.

Q How did the Group perform during the year?

A The rate of acquisition in new growth areas was maintained. We acquired five companies in three countries: Mercamer and Telpak in Finland, Moonen Packaging in the Benelux countries, and Oviva and Proxima in Romania. We also made two smaller bolt on acquisitions. These new companies complement our existing businesses and enable us to offer an even broader product range to our customers.

We also introduced a business area structure to better position ourselves for future growth opportunities. Each business area is focused on delivering organic growth and on adding real value to our customers by leveraging best practise.

Meanwhile, there was intense pressure on pricing and margins in some of the traditional paper markets, most noticeably in Germany, where we have announced our intention to combine our business with that of Inapa to create the leading competitor in the German paper merchanting market. Message from the German competition authority regarding the deal is expected in 2019.

All in all, it was another very busy year.

Q Can you explain the situation in Germany in more detail?

A In recent years, the paper merchanting market in Germany has been under severe pressure. This is the combined result of reduced demand, significant price increases by manufacturers due to hikes in raw material prices, and the entry of new competitive offerings. In specific terms, there were five price increases during the year and the market contracted by some 9 percent, meaning that all market participants suffered.

We took further steps to reduce our cost base in the warehousing and logistics network and we initiated the process of streamlining our sales offices to establish a central customer service centre to improve consistency. However, these activities proved insufficient to prevent the sharp decline in profitability compared with previous years. Therefore, we will continue to review our cost base and continue to work on the streamlining process in 2019.

Q Can you comment on the Group's financial performance?

A On the one hand, the difficulties we experienced in Germany had a significant impact on this year's result and on the overall Group performance. On the other hand, some of our other countries performed very well and new acquisitions are of course also making initial contributions. What we have noted, and which is important for OptiGroup as a whole, is that our mix is improving, yielding a much higher share of sales and profits deriving from our growing businesses than just two years ago.

Q What is the basis of the business area structure?

A The new organisation with business area heads, provides a more decentralised management structure, enabling quicker decision-making, closer to our customers' needs. The heads of the business areas were appointed to lead the development of these areas. See pages 16–23.

We want to speed up the development of our know-how and expertise in the business areas. We also want to share organic growth opportunities, sourcing and purchasing scale, and establish centres of excellence that allow us to develop these areas to their full potential. This also applies to new countries. Now that we have created the critical mass in Facility, Safety & Foodservice Solutions and Industrial Solutions, we believe we can develop these areas successfully with greater focus.

In parallel, we can use our strong Papyrus infrastructure in other markets to transform our businesses in the OptiGroup way. We have increased our focus on the reseller area by developing

Focus forward

- Focus on growth opportunities
- Improve our sourcing and purchasing capabilities to leverage our scale
- Investments to improve our warehousing, distribution and digital capabilities

the Scaldia concept, first in Scandinavia and now in other countries. In doing so, we can offer a much broader range of products to our customers. By adding smaller bolt-on acquisitions in some of our other countries, such as Romania, we can also develop our businesses and move them into growth sectors.

Q Will acquisitions remain an important part of the journey?

A Yes, absolutely. In fact, we have now developed an extensive list of contacts and potential acquisitions in every business area and in most of our countries of operation. We are therefore confident that we can continue this journey.

We have also begun to scan the market in other European countries where we are currently not represented, and in additional business sectors that are closely related to our existing ones.

Q What are OptiGroup's strongest advantages moving forward?

A We have a strong platform, a good mix of businesses with very experienced people and we run our companies with an entrepreneurial mindset. This means quick decision-making and a one-stop-shop, close to our customers.

Q What is the most important sustainability-related issue for OptiGroup?

A Customers increasingly demand sustainable products and processes. In that regard, we are delighted to have acquired Moonen Packaging in the Benelux region, which is a sustainability leader in the Netherlands. Our aim is to offer leading products and services in terms of function, quality and sustainability-related considerations. We also have strict sourcing processes, and suppliers to OptiGroup companies must comply with our Supplier Code of Conduct.

Q What is the focus for 2019?

A To focus on growth opportunities. We will look to improve our sourcing and purchasing capabilities to leverage our scale. We have a number of investment projects that aim to improve our warehousing, distribution and digital capabilities.

It is an exciting time – we have great companies in our markets and very motivated people and teams. We are optimistic and see good potential moving forward.

Søren Gaardboe
President and CEO

Value creation based on customer focus

OptiGroup's size and presence provide the necessary platform for achieving the overall goal of value creation for customers, suppliers, employees and shareholders.

With the aim of optimising business essentials, OptiGroup companies support European businesses by providing reliable solutions for their everyday needs. This is achieved with a business model based on customer focus combining a comprehensive product range, simplified purchasing processes, reliable deliveries and business support.

One-stop-shop for services and solutions

The overall strategy is to be an attractive multi-product distributor and service solution provider. The essence of OptiGroup's offering is to tailor reliable solutions, comprising a wide range of business essentials, to make everyday processes more time and cost efficient for customers. Based on global sourcing from leading multinational and local manufacturers, as well as a growing selection of own brands, customers are offered a wide range of products from a single source. OptiGroup companies assure reliable deliveries due to an efficient distribution network and warehouses strategically located across Europe.

Synergies are created through continuous cooperation and exchanges of knowledge and experience, both within and between the business areas. This creates new business opportunities, and customers benefit from a more comprehensive offering.

OptiGroup has several strong corporate identities, as well as valuable brands across a range of markets and segments. Own product brands are a key element of OptiGroup's strategy, since they enable control at all levels, from sourcing, logistics and service levels to marketing concepts and sales activities.

Added value to customers

- Broad product range
- High service level
- Stock on demand
- Fast delivery
- Technical/design support
- Customised service support
- E-commerce solutions

Added value to suppliers

- Large volumes
- Geographical spread
- Access to a large number of customers
- Efficiency gains
- Market intelligence
- Credit risk management

Value creation model

Inputs

INFRASTRUCTURE
- 62 warehouses and cross-docking platforms in 19 countries
- Common e-commerce platform in 18 markets
- Strong supplier network

PEOPLE
- Full-time employees at year-end: 2,199
- Employee turnover rate 12 percent
- People development and training

FINANCIAL
- Debt/equity
- Working capital

ENERGY USAGE
- Buildings 118.2 TJ
- Distribution 96.9 TJ

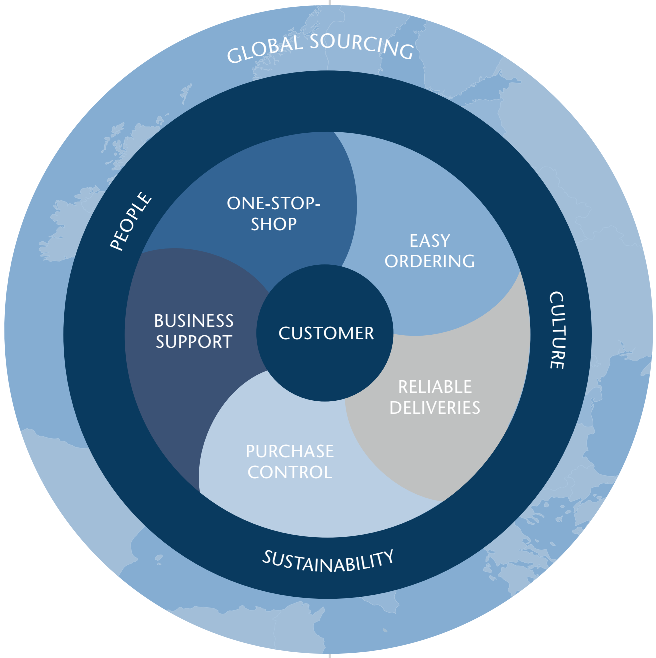
INTELLECTUAL
- Brands
- Competencies
- Service concepts

SOCIAL/RELATIONSHIP
- Safety
- Customer relations
- Community relations
- Supplier relations
- Investor relations

Our business model

VISION
To be the leader in the markets in which we operate.

MISSION
We support our customers by providing reliable solutions for their everyday needs.



PRODUCTS AND SERVICES

FACILITY, SAFETY & FOODSERVICE SOLUTIONS — INDUSTRIAL SOLUTIONS — PRINTING & CREATIVE SOLUTIONS — RETAIL & RESELLER SOLUTIONS

CORE VALUES OF OPTIGROUP
RELIABLE – RESPONSIVE – INNOVATIVE

OPTIGROUP'S SUSTAINABILITY AGENDA
CUSTOMERS – PEOPLE – SOURCING – OPERATION – BUSINESS CONDUCT

Outputs

DISTRIBUTION OF PRODUCTS

- Cleaning and hygiene products
- Hotel, restaurant and catering supplies
- Customised and standard packaging products
- Personal protection equipment
- Office paper
- Graphical paper and paper specialities

SERVICES

- Application consultancy
- Training and education
- Technical support
- E-services (web-shop and system-to-system solutions)
- Customised packaging design and optimisation services
- Logistical services and supply management
- Waste management services

EMISSIONS

- CO_2 from distribution and warehousing

Impact

FINANCIAL

- Value creation to customers and stakeholders
- Wages and benefits to employees
- Taxes to public sector
- Payments to suppliers
- Interest to creditors
- Capital expenditure

SOCIAL

- Indirect and direct employment
- Engagement with local communities
- Absentee rate 3.8 percent of theoretical working hours
- Number of lost-time accidents at workplace, 7.3 per one million working hours
- Suppliers to comply with OptiGroup's Code of Conduct

ENVIRONMENTAL

- Environmental labelling and promotion of sustainable products
- 72 percent FSC/PEFC certified products of total paper sales volume from stock
- Close to 100 percent of purchased paper volumes sourced from FSC/PEFC certified paper manufacturers and paper mills
- CO_2 emissions impact climate change

Responsibility and good corporate citizenship are fundamental to OptiGroup's business, and to the ability to create long-term value for stakeholders. Serving as the link between manufacturers and users, OptiGroup companies have a special responsibility when it comes to sustainability.

In the role of buyer and seller of a wide range of products, OptiGroup companies are dedicated to creating greater transparency in areas that matter most to customers, and to providing them with relevant information.

Over the next few years, the aim is to further expand the offering and to rebalance the portfolio by adding businesses with higher growth and stable margin opportunities. OptiGroup companies are focused on claiming leading positions in major European markets and growth segments, and on leveraging the scale and opportunities for creating synergies between markets in such areas as sourcing, supplier relations, logistics, sales, IT systems and administration.

Strategic targets

- Leading position in markets where we operate.
- Balance the mix between the business areas, hence increasing the exposure to non-paper segments.
- Own brands to grow to 45 percent of sales.
- E-ordering solutions to account for over 50 percent of orders.
- Continue to supplement our businesses with attractive acquisitions to strengthen our market position.

Core values of OptiGroup

Reliable

Delivering on promises every time.

Responsive

An eagerness to listen and respond quickly, based on a commitment to serve customers in the best way possible.

Innovative

Continuously innovating the service offering to lead the development in the industry.

CASE CLEAN PILOT

Digital tool for the cleaning industry

Digitisation has created new opportunities for improving the customer experience and has also changed customer behaviour. Procurator and its sister stores Supplies Direct therefore offer the digital cleaning tool CleanPilot, with exclusive rights in Sweden. The tool gives users an overview of areas to be cleaned, their tasks per area and status reports in real time on how their work is progressing. This simplifies the process and enables seamless communication between contract cleaners, supervisors, property managers and clients.

Accelerated growth through acquisitions

Acquisitions are a key element of OptiGroup's strategy. The financial strength of the Group forms a solid base for acquisitions. The aim is to identify companies with products and services that can strengthen OptiGroup's offering in the defined customer segments and selected markets, and the acquisition pipeline is continuously updated.

OptiGroup has been very active in adding complementary acquisitions, and welcomed many companies into the Group. From these experiences, the Group has developed a clear and successful process for the integration and development of acquired companies, along with their previous owners and management teams.

Acquisition pipeline and growth potential

OptiGroup has developed an extensive list of contacts and potential acquisitions in each of the business areas and in each of the current countries of operation. This has been done through detailed market research, interviews and local knowledge. Many of the companies identified are family held businesses.

More than 100 potential acquisition candidates in the 17 countries of operation have been identified. Having completed 12 acquisitions in the last two years, gives the confidence to continue, and potentially accelerate, this journey in the coming years.

OptiGroup as a long-term owner

OptiGroup is a financially strong, well-established and committed owner, with clear objectives and tools to help develop and grow businesses successfully and profitably. This is in terms of strategic decision making, financial support and sharing know-how and best practice.

Many of the Group's acquisitions are entrepreneurial family businesses and the aim is to always retain, strengthen and grow already successful identities while leveraging their strengths and full potential under the OptiGroup umbrella. Entrepreneurs can continue to develop, grow and be successful as part of the Group.

CASE MULTICOPY ZERO

Climate-neutral paper for environmentally conscious customers

OptiGroup's subsidiaries, Papyrus, Scaldia and Procurator, offer their customers a carbon-neutral premium paper – Multicopy Zero. Making an eco-friendly choice does not mean compromising on quality and feel. Multicopy Zero has the same high quality as traditional papers and can be used in all types of office equipment.

The paper also has several significant ecolabels, and both the product and packaging are 100 percent recyclable.

TCF Totally Chlorine Free

NORDIC ECOLABEL 3044 0044

EU Ecolabel www.ecolabel.eu SE/011/01

FSC www.fsc.org 100% Paper from well-managed forests FSC® C016932

CERTIFIED CARBON NEUTRAL paper CarbonNeutral.com

ACQUISITIONS MADE DURING 2018

MERCAMER
Sami Hietanen,
Managing Director
Revenue: EUR 30.4 million
Number of employees: 39

TELPAK
Jon Sundén,
Managing Director
Revenue: EUR 17.0 million
Number of employees: 13

Mercamer and Telpak are full service packaging distributors with a wide range of industrial packaging products, services and equipment. The acquisitions represent OptiGroup's first entry into the industrial packaging market in Finland and are complementary to the existing activities in the Nordic region.

PROXIMA TAPES AND PROXIMA COMSERV
Decebal Ilies,
Director
Revenue: EUR 1.4 million
Number of employees: 9

Proxima Tapes and Proxima Comserv are engaged in the service and sale of industrial packaging in Romania. The acquisition strengthens the existing packaging business in Eastern Europe.

MOONEN PACKAGING
Gé Moonen,
Managing Director
Revenue: EUR 49.4 million
Number of employees: 81

Moonen Packaging is a leading distributor of packaging solutions in the Benelux. The company designs, develops, sources, stocks, sells and distributes customised packaging solutions as well as hygiene paper, cleaning and catering products.

OVIVA
Dan Voica,
Managing Director
Revenue: EUR 3.5 million
Number of employees: 19

Oviva is a full-service distributor of a wide range of cleaning and hygiene products, and this acquisition represents OptiGroup's first entry into the Romanian market for facility management supplies.

Facility, Safety & Foodservice Solutions

Facility, Safety & Foodservice Solutions is OptiGroup's fastest growing business area. The core offering comprises distribution of business essentials for facility management, such as hygiene paper, professional cleaning items and HoReCa (hotel, restaurant and catering) products, where the Group holds a market leading position in the Nordic region. In addition, the business area also supply safety concepts based on a comprehensive range of personal protection equipment that make the workplace safer. Customers are also offered services such as cleaning object analyses to optimise costs, as well as freight and logistics services.

Customers include facility management companies and contract cleaners, educational institutions, hotels and accommodation providers, property managers, private and public healthcare providers, entertainment and sports facilities, the manufacturing and construction industries, and the public sector.

The market

The growing trends in outsourcing, higher educational enrolment and an older population are increasing demand for facility management supplies in institutional environments.

Global legislative trends in health and safety are driving growth for personal protection equipment, and the safety supplies sector is showing a steady level of demand.

Growing demand in the foodservice market is driven by take away products, home delivery services and on-the-go consumption. Customers and end-consumers are increasingly requesting sustainable foodservice and catering products.

"By also including services in our offer, we help customers to make their day-to-day work easier and more efficient.

Sören Gaardboe, Business Area Head (acting)

GEOGRAPHICAL PRESENCE

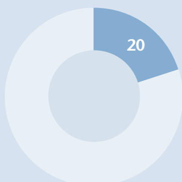
Belgium, Denmark, Estonia, Finland, Netherlands, Norway, Poland, Romania and Sweden.

COMPANIES

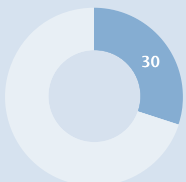
KEY FIGURES

EUR million	2018	2017
Net sales	314.6	277.7
Adjusted EBITA	14.2	13.7
Adjusted EBITA margin, %	4.5%	4.9%

SHARE OF NET SALES, %



SHARE OF ADJUSTED EBITA, %



PRODUCTS

FACILITY
- Cleaning and hygiene supplies
- Cleaning chemicals
- Facilities maintenance equipment and machines
- Towels, tissues, wipers and dispensers
- Skin care products
- Bags and sacks
- Healthcare products

SAFETY
- Work gloves and safety footwear
- Head, hearing and eye protection
- Respiratory protection
- Work wear
- Fall protection

FOODSERVICE
- Catering and foodservice items
- Take away boxes
- Plates and dishes
- Bar items
- Cups
- Napkins

Industrial Solutions

The Industrial Solutions business area is growing, both organically and through acquisitions. The business area is a leading supplier of packaging products in the Nordic region and in the Netherlands.

OptiGroup companies provide products and services, including the design, sourcing and distribution of customised packaging solutions, and distribution of packaging equipment. Customers are also offered services as a review of packaging needs and the packing process, which leads to insights on how operations can be simplified and streamlined.

Customers are found in the transport, e-commerce retail, automotive and manufacturing industries.

In 2018 several acquisitions were made in the business area. Mercamer and Telpak are full-service packaging distributors in Finland, with a wide range of industrial packaging products, services and equipment. Moonen Packaging in the Netherlands is a leading distributor of packaging solutions in the Benelux.

The addition of these companies to the existing business in the Nordic region and other countries significantly increases the size of this business area. This creates economies of scale in sourcing, and in the development of value-added supply and packaging concepts for customers in the automotive, transport and e-commerce industries.

The market

Demand in the industrial packaging sector is linked to industrial production but is also positively impacted by the e-commerce trend. The market is fragmented, with many local and regional wholesalers, but consolidation is expected to continue. Underlying growth in this business area is driven by the growing interest in outsourcing solutions. The wholesale-served share of the packaging market is low, creating opportunities for companies seeking to consolidate their business with efficient logistics solutions, effective procurement processes and value-added customer-oriented supply solutions.

We see great growth and sourcing opportunities within the business area. Together, these create a platform for adding value in the future.

Jesper Hall, Business Area Head

GEOGRAPHICAL PRESENCE

Belgium, Czech Republic, Denmark, Finland, Germany, Hungary, Netherlands, Norway, Romania, Sweden and Switzerland.

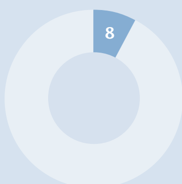
COMPANIES

procurator, MOONEN packaging, TELPAK, MERCAMER OY

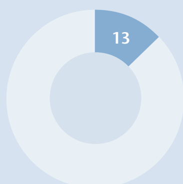
KEY FIGURES

EUR million	2018	2017
Net sales	134.0	64.8
Adjusted EBITA	5.9	3.2
Adjusted EBITA margin, %	4.4%	5.0%

SHARE OF NET SALES, %



SHARE OF ADJUSTED EBITA, %



PRODUCTS

- Customised and standard corrugated boxes
- Stretch films and strapping supplies
- Tape and sealing
- Cushioning
- Bags and sacks
- Packaging equipment and machines
- E-commerce packaging
- Towels, wipers and dispensers
- Personal protection equipment
- Hygiene paper and other business consumables

Printing & Creative Solutions

The core offering of Printing & Creative Solutions comprises distribution of an extensive range of high-quality printing paper to commercial printers and other paper-intensive businesses through the well-established Papyrus brand. The company has a thorough understanding of the demands in the printing industry. In addition, Papyrus is a major European distributor of office paper and provides the private and public sectors with a complete range of products covering all printout requirements and copying needs.

By capitalising on the distribution infrastructure and strength of Papyrus, the business area has broadened its offering to also include facility supplies and packaging products, with focus on markets outside the Nordic region. This was also made possible thanks to the acquisitions of the Romanian companies Oviva and Proxima.

In addition to the extended product offer, the business area is also continuously developing new logistics and product related services to add value to the customers.

The paper distribution market in Germany has been under pressure for several years. To adapt to the changing market conditions, measures were taken to reduce the cost base within the warehousing and logistics network and an efficiency improvement process for sales offices to set up a central customer service to improve consistency was initiated.

The market

Demand for print paper has been falling for several years due to digitisation and changing paper consumption pattern. The decline is expected to continue in Western Europe, while the Eastern European markets are expected to remain more stable.

By offering new services and continuously broadening the assortment, we add new value and become a more important supplier to our customers.

Niklas Järbur, Business Area Head

GEOGRAPHICAL PRESENCE

Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Romania, Slovakia, Sweden and Switzerland.

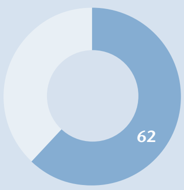
COMPANY

PAPYRUS

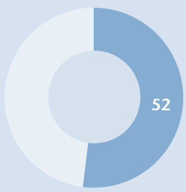
KEY FIGURES

EUR million	2018	2017
Net sales	989.2	999.6
Adjusted EBITA	24.0	28.0
Adjusted EBITA margin, %	2.4%	2.8%

SHARE OF NET SALES, %



SHARE OF ADJUSTED EBITA, %



PRODUCTS

- Coated wood free Paper (CWF sheets and reels)
- Uncoated wood free Paper (UWF sheets and reels)
- Coated wood-containing paper (CME sheets and reels)
- Coloured paper
- Recycled paper
- Creative paper specialties
- Self-adhesive vinyl films, wrapping films and synthetic substrates for digital print
- Envelopes
- Graphical and packaging boards
- Carbonless
- Book paper
- Packaging products
- Hygiene paper and other business consumables
- Personal protection equipment
- Catering products
- Packaging equipment

Retail & Reseller Solutions

OptiGroup's solutions enable retail channels and resellers to provide outstanding customer service while reducing their costs, increasing their asset utilisation and securing supplies of the products they require.

As a major European distributor of business essentials, OptiGroup supports retailers and resellers with a full and growing range of products, including cleaning and hygiene supplies, packaging materials, personal protective and safety equipment, foodservice disposables and a comprehensive range of office papers. This creates value for resellers, since a wide range of well-established brands and producers from a single source keeps their suppliers to a minimum, which simplifies administration, improves quality control and reduces working capital.

The main customer groups are retail chains, packaging resellers, office supply outlets and wholesalers.

The market

Customers served by the retail and reseller sector tend to be local, regional or specialist businesses, so the market is therefore stable.

OptiGroup's European distribution network provides an attractive business model for retailers and resellers seeking innovative supply solutions and high availability at multiple locations.

In 2017, the brand name Scaldia was successfully introduced in Sweden and Denmark along with a web-ordering platform to accelerate growth in this business area. Scaldia was also introduced in Belgium, Switzerland and the Netherlands in 2018.

"We create value for resellers since brands and producers from a single source keep their suppliers to a minimum, which simplifies administration.

Niklas Järbur, Business Area Head

GEOGRAPHICAL PRESENCE

Belgium, Denmark, Germany, Netherlands, Sweden and Switzerland.

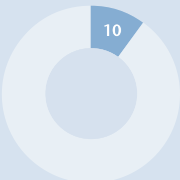
COMPANY

SCALDIA.

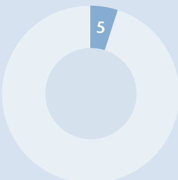
KEY FIGURES

EUR million	2018	2017
Net sales	170.2	166.4
Adjusted EBITA	2.4	4.8
Adjusted EBITA margin, %	1.4%	2.9%

SHARE OF NET SALES, %



SHARE OF ADJUSTED EBITA, %



PRODUCTS

CLEANING & HYGIENE SUPPLIES
- Towels, tissues, wipers and dispensers
- Skin care products
- Bags and sacks

OFFICE PAPER
- Uncoated office paper
- Coated office paper
- Coloured office paper
- Recycled office paper

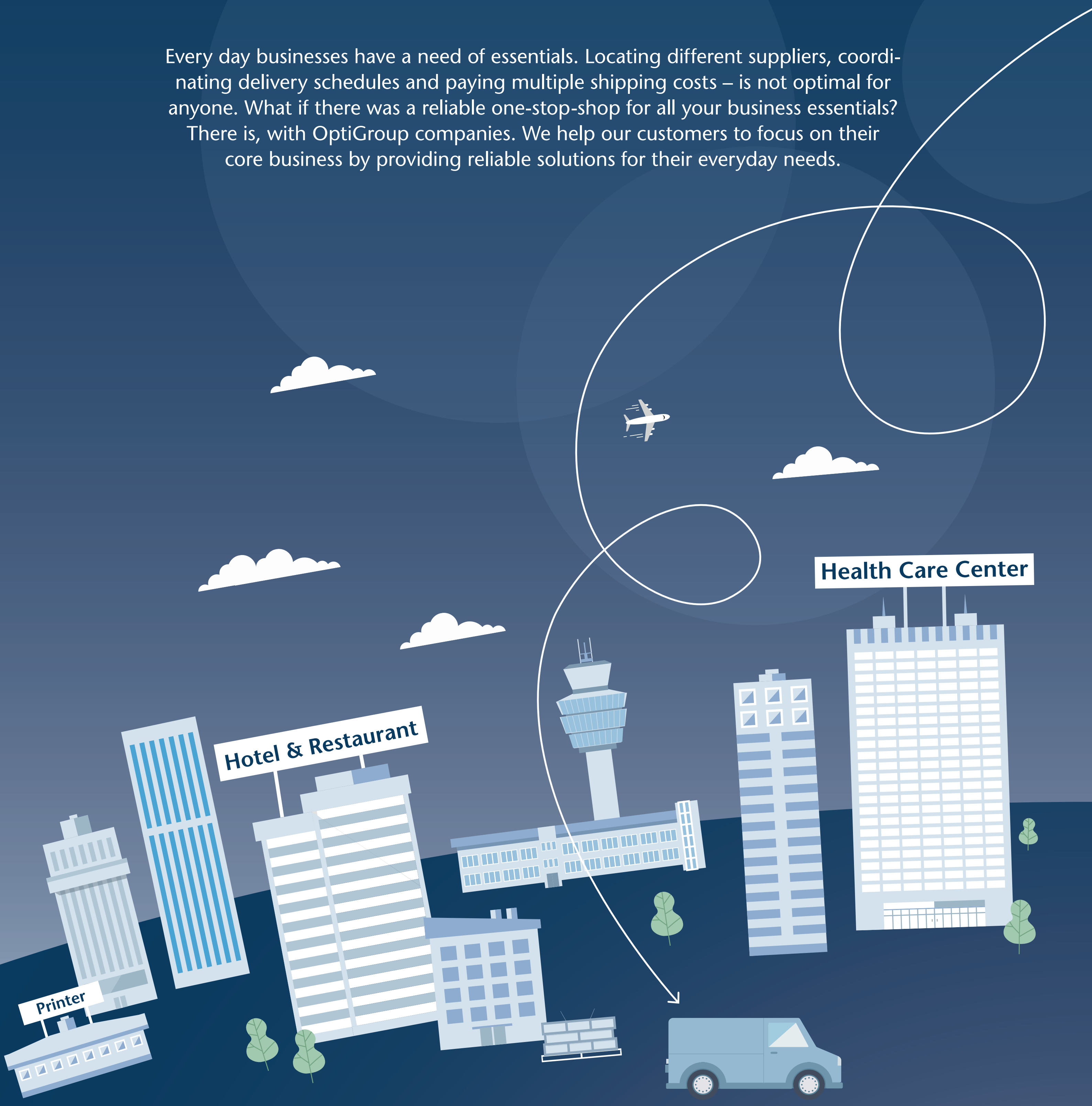
CATERING SUPPLIES
- Take away boxes
- Disposables: cups, cutlery, plates and platters
- Napkins

SAFETY
- Work wear and safety footwear
- Head, hearing, eye protection
- Gloves

INDUSTRIAL PACKAGING
- Corrugated boxes
- Stretch films
- Wrap and strapping supplies
- Tape and sealing
- Cushioning

One-stop-shop for our customers

Every day businesses have a need of essentials. Locating different suppliers, coordinating delivery schedules and paying multiple shipping costs – is not optimal for anyone. What if there was a reliable one-stop-shop for all your business essentials? There is, with OptiGroup companies. We help our customers to focus on their core business by providing reliable solutions for their everyday needs.



Our e-commerce solutions offer easy ordering and real-time access to pretty much everything. A constant upgraded assortment, ensures our customers have the best buying options.

We have got napkins and plates, mops and cloths, bags and sacks, even workwear, and fine paper. All the cleaning supplies and catering products you need, first aid kits and packaging equipment, as well as a simple paper cup. And everything in between.

As a reliable, responsive and innovative partner, we support our customers with quality products, high service levels and efficient logistics solutions.

OptiGroup's size and presence provide the necessary platform to achieve the overall goal of creating value for customers, suppliers, employees and shareholders.

This is done through a business model based on customer focus, combining a comprehensive product range, simplified purchasing process, reliable deliveries and business support.

Sustainability is an integral part of our business. By balancing the company's economic, environmental and social responsibility, long-term value is created for us and for all our stakeholders.

Learn more about our business by watching this video.

Sustainability at the core of business

Sustainable management and development is of outmost importance to OptiGroup. By balancing economic, environmental and social responsibility, the Group creates long-term value for all of its stakeholders.

OptiGroup builds trusting relationships with customers, shareholders and employees by applying the same Code of Conduct, business ethics and policies in all markets in which it operates.

OptiGroup companies are committed to managing and developing their businesses sustainably. They create value for stakeholders by continuously improving their business systems and transforming the Group into a more successful and profitable company.

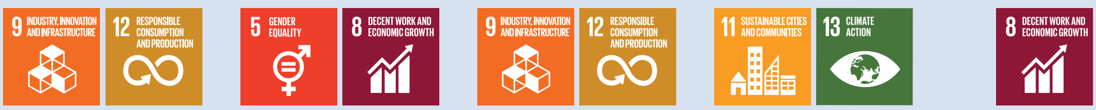
OptiGroup in the value chain

The main role of OptiGroup companies in the value chain is to achieve a balance between the needs of manufacturers and customers. Manufacturers of business consumables, packaging products and paper need to standardise their product portfolios and adjust their production planning in order to generate higher productivity and efficiency, resulting in longer lead times and a lower level of flexibility. Customers, on the other hand, demand a one-stop shop distributor with a broad range of products, that can offer smaller, just-in-time deliveries and the ability to develop customised supply solutions and time-saving service concepts. This increases their operational efficiency, simplifies administration and lowers costs.

OptiGroup's sustainability agenda

Based on a materiality analysis, which is an assessment of the most critical sustainability issues for the Group and its stakeholders, OptiGroup has identified five focus areas:

1. **CUSTOMERS** – Promoting sustainable products and services
2. **PEOPLE** – Employee engagement and workplace safety
3. **SOURCING** – Sustainable supply chain
4. **OPERATION** – Environmentally friendly operation
5. **BUSINESS CONDUCT** – High ethical standards in all business dealings



CONTRIBUTION TO GLOBAL GOALS

In 2018, the UN Sustainable Development Goals (SDGs) were analysed to determine the goals where OptiGroup can make the largest contributions. Six SDGs were identified as most relevant to the business, and the Group will continue to create activities and measures that contribute to the achievement of these goals.

1 CUSTOMERS | 2 PEOPLE | 3 SOURCING | 4 OPERATION | 5 BUSINESS CONDUCT

Promoting sustainable products and services

In ongoing dialogue with customers, OptiGroup companies provide transparent and objective information about the Group's offering to help customers make well-informed decisions about purchasing in all areas, including those related to sustainability.

OptiGroup offers products and services that customers require in terms of function, quality and sustainability considerations. The Group is represented in 19 European countries and provides support for more than 110,000 customers.

In the ongoing dialogue with customers, OptiGroup companies provides transparent and objective information about the company's offering to help customers make well-informed purchase decisions in all areas, including those connected to sustainability.

Clear labelling for added value

The environmental labels used by the cleaning, tissue, packaging and paper industries are trustworthy and offer clear guidance. OptiGroup recognises that established standards make a real contribution to the protection and sustainable use of natural resources.

Established environmental labels offer reliable guidance when selecting products. However, products without environmental labels do not always constitute a cause for concern. Papyrus, OptiGroup's strong identity in the graphical industry, verifies the origin and production methods of all paper products it offers, and ecological information is also available for paper without an environmental label.

OptiGroup companies only accept trustworthy labels and it is important for the company to clarify the significance of established label schemes in a transparent manner. OptiGroup companies respect the validity of ISO 14001 and EMAS for audited environmental management systems, of FSC and PEFC for chain of custody, and the Nordic Swan, EU Ecolabel and Blauer Engel as holistic lifecycle labels.

In 2018, FSC/PEFC-certified paper products accounted for 72 percent of the total paper sales volume from stock. The number of FSC/PEFC certified articles in stock represented 80 percent of all stocked paper items.

Responsible handling of chemicals

European Regulation No. 1907/2006, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), came into force in June 2007. REACH covers the production and use of chemical substances and their potential impact on public health and safety, as well as environmental protection.

OptiGroup companies comply with all REACH requirements and support the objective to further improve the European Union's chemical regulatory system. REACH also covers the use of substances of very high concern (SVHC), entailing a notification requirement if an article contains a substance on the SVHC candidate list with a concentration of more than 0.1 percent weight by weight.

None of the substances on the SVHC candidate list were present in products supplied by OptiGroup companies in 2018. The same applies to restricted products under the RoHS directive (RoHS stands for Restriction of Hazardous Substances and restricts the use of specific hazardous materials found in electrical and electronic products).

In Sweden, OptiGroup companies use an online system to monitor products with chemical content, which automatically sends product safety information if a customer buys a product containing a chemical substance.

CASE MAX BURGERS

Customer with high sustainability ambitions

Many of OptiGroup companies' customers are integrating sustainability-related goals across their operations and also introducing high standards for sustainable products. One such customer is the burger chain MAX, which has taken a sustainable approach in all decision-making since the company was founded in 1968. Accordingly, MAX also imposes high demands on its suppliers.

Pac supplies a wide range of products for the hotel, restaurant and catering (HoReCa) industry and delivers all of the non-food products offered to customers in MAX's restaurants. Many of these products, such as burger boxes, chips bags, wrapping paper and take-away bags, are made of recyclable material.

In line with MAX's requirement to minimise their climate impact, Pac delivers all goods on recyclable corrugated pallets, which weigh one-sixth of an EUR-pallet. The lower weight helps to reduce fuel consumption during transport as well as strain injuries during handling. Restaurant employees can also sort the pallets as recyclable material.

1 CUSTOMERS 2 **PEOPLE** 3 SOURCING 4 OPERATION 5 BUSINESS CONDUCT

Employee engagement and workplace safety

With some 2,200 employees in 19 countries across Europe, OptiGroup strives to attract and retain employees by creating a sound work environment.

Employees are by far the most important asset in OptiGroup companies. Empowering people to understand, interact and propose solutions that make daily life easier and more profitable for a customer or colleague is what drives the Group forward. Speedy decision-making, accountability and reliability are both encouraged and demanded, and OptiGroup companies strive to develop and engage employees through communication, training, compensation and benefits, and open doors.

Accumulated experience

OptiGroup's employees are engaged in a wide variety of professions. Their assignments range from purchasing to customer service, supported by effective ERP systems. Together, they serve more than 110,000 customers, which requires effective cooperation between the entities. At the same time, the experience gained from serving thousands of customers leads to the accumulation of competitive strength.

As the business expands internationally, there is a growing need to secure the right individuals and expertise. OptiGroup therefore strives to ensure that the Group can recruit and retain the right people.

Succession planning is systematic, and ensures that the Group can fill roles with the right candidates. A key component of successful leadership is the development of employees in their own areas of expertise. OptiGroup is dedicated to the further development of each employee and the individual's pursuit of initiatives, while setting clear goals and paths for achieving them.

Multiple career opportunities

Career opportunities are systematically created at OptiGroup companies, enabling employees to test other positions in the Group. This results in a more dynamic organisation with good opportunities for individual development, creating clear benefits for both OptiGroup and its customers.

A range of tools and methods are used for personal development, including on-the-job learning, e-learning, learning from others, participation in training sessions and other initiatives.

The appraisal discussion is one of many key tools for promoting the desired level of development for both individuals and the team as a whole. An intranet-based Employee Performance Portal (EPP) is now used in many parts of the organisation to facilitate a structured performance dialogue, and to simplify documentation.

"The aim is to create a physically, mentally and socially sound workplace that rewards employees' efforts.

Safety a top priority

A positive work environment is a strategic goal for OptiGroup. The aim is to create a physically, mentally and socially sound workplace that rewards employees' efforts. Preventive measures are taken to minimise the risk of occupational injury and work-related illnesses. Continuous training is provided to prevent workplace accidents.

In 2018, the number of lost-time accidents was 7.3 per one million working hours. Total sickness and accident-related absence at OptiGroup was 3.8 percent, which remains unchanged compared with 2017. Sickness absence was 3.7 percent compared with 3.6 percent in 2017.

An occupational health and safety report is compiled twice annually and presented to the Group's management team for review, and a decision on operational improvements.

Diversity and equal opportunity

OptiGroup promotes diversity in terms of age, gender, language and background, since diversity contributes to new ideas, smarter ways of working and a more flexible approach to new customer needs and demands.

OptiGroup is committed to gender equality, and both current and future managers will work towards a more even gender distribution in the recruitment process. In 2018, women accounted for 36 percent of the Group's employees. In the Board of Directors, 25 percent of the members were women and in the Management Team, 25 percent were women.

OptiGroup's employees have freedom of association. OptiGroup applies country-specific collective bargaining and complies with country-specific employment laws and regulations.

1 CUSTOMERS
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Sustainable supply chain

OptiGroup companies are committed to offering their customers socially and environmentally sound products. Environmental performance and social responsibility are key considerations when selecting products and suppliers.

OptiGroup companies work closely with suppliers to ensure sustainability in the supply chain. Suppliers are required to comply with OptiGroup's Code of Conduct. When sourcing safety products, facility supplies and packaging, agreements including the Supplier Code of Conduct, are standard in all negotiations with new suppliers.

The products sold by OptiGroup companies are sourced from a global base of suppliers. All suppliers undergo a risk assessment that serves as a basis for decisions regarding further action such as on-site inspections. The responsibility for supplier assessments rests with the respective purchasing and sourcing department of OptiGroup's companies.

Systematic supplier audits

Suppliers based in Europe are considered compliant with the Universal Declaration on Human Rights, environmental legislation and social standards on the basis of professional conduct observed. High-risk suppliers in terms of human rights are more often located in low-cost countries, but this supplier base is relatively small by comparison and represents less than 2 percent of the Group's total purchase spend. All suppliers to OptiGroup companies are required to comply with the Group's Supplier Code of Conduct.

During the year, nine supplier audits by an external party were conducted. Two of these audits were initiated by OptiGroup. Supplier assessments are based on the Supplier Code of Conduct, and cover legal compliance, human rights, labour standards, child labour, discrimination, health and safety, the environment and unfair competition.

Screening of new suppliers

The Group uses strict intake processes to screen new suppliers. Potential suppliers are evaluated on the basis of quality, environmental considerations, human rights, anti-corruption, health and safety, their working environment and finances, with a varying focus depending on geographical location.

During the year, the purchasing and sourcing departments with responsibility for cleaning and hygiene supplies, catering products, industrial packaging and personal protection equipment introduced new suppliers who will be monitored in 2019. Over the next few years, the aim is to further enhance these processes, and strengthen opportunities for holding suppliers accountable for their agreed commitments.

In the area of paper sourcing, no additional paper manufacturers were contracted in 2018. Close to 100 percent of total purchase spend of paper products in 2018 originated from European suppliers and 99 percent derived from paper manufacturers and paper mills with FSC certification. FSC certified companies are compliant with OptiGroup Supplier Code of Conduct. Being FSC certified also means that the complete supply chain upstream is audited by independent certification bodies. Based on the assessment made in 2018, the purchasing and sourcing department for paper products could not identify any breach of the applicable criteria, or a need for any changes to the established supplier intake process.

A MAJORITY OF EUROPEAN SUPPLIERS

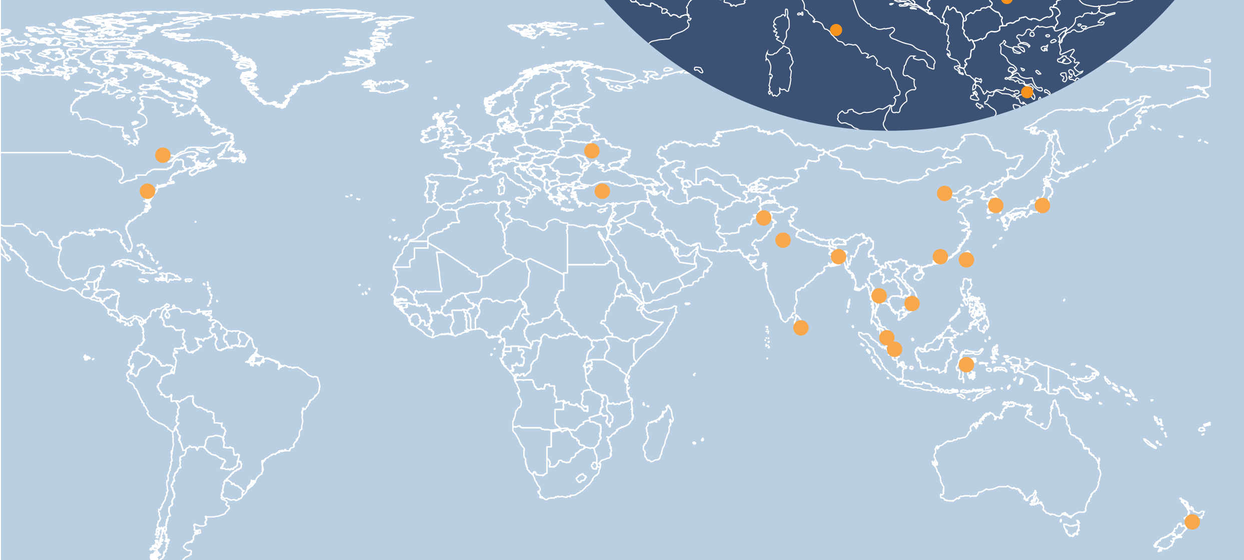
OptiGroup's suppliers are mainly found in Europe whilst a small amount of the suppliers, five percent, are found in other regions outside Europe.

EUROPE

95 %

OTHER COUNTRIES

5 %



Sustainability in the supply chain

- Business partners and suppliers are required to commit to OptiGroup's Code of Conduct.
- Suppliers are required to comply with the legal requirements of the countries in which they operate.
- Paper manufacturers are expected to comply with established environmental management systems (e.g. EMAS or ISO 14001).
- Preference is given to products produced with a lower ecological footprint.
- Suppliers are encouraged to develop and use environmentally friendly technologies.
- Paper products made from fibre with credible certification (such as FSC) are supported.
- Products derived from illegally logged wood or uncertain sources are never accepted.
- OptiGroup companies are committed to the use of certified products, recycled products or products with recycled content.

1 CUSTOMERS | 2 PEOPLE | 3 SOURCING | **4 OPERATION** | 5 BUSINESS CONDUCT

Environmentally friendly operation

Continuous improvements are made throughout a product's lifecycle to minimise the environmental impact of OptiGroup's operations.

OptiGroup companies comply with national legislation, which sets a minimum standard for the Group's environmental performance and conduct. OptiGroup also strives to exceed regulatory requirements wherever possible, and supports a proactive and precautionary approach to environmental challenges.

Transport optimisation

Goods are mainly transported from warehouse to customer by road, producing CO_2 emissions, particulates and atmospheric substances such as NO_x and SO_2. Low-emission transport solutions are prioritised wherever possible. When procuring logistics solutions, all suppliers are expected to provide documentation of their environmental impact.

By combining efficient logistic solutions with consolidated delivieries, OptiGroup's customers contribute to reduce greenhouse gas emissions. Initiatives are continuously taken to responsibly reduce greenhouse gas emissions related to own activities in the areas of transport of goods and warehouse operation.

Facilitated by strong IT infrastructure, the Group's use of web and video conferencing has increased significantly in recent years and reduced the need for business travel. The Group and its subsidiaries recycle and reuse wherever possible – the collection and reuse of pallets is one typical example.

Environmental management systems and certifications

The operations of Pac, Procurator and Papyrus in Sweden, Stadsing in Denmark, and Papyrus and Moonen Packaging in the Netherlands, have introduced ISO 14001:2015 environmental management systems.

By recycling paper and promoting products and applications based on raw material from sustainable sources, OptiGroup contributes to environmentally responsible methods of using natural resources.

European paper manufacturers must comply with strict environmental standards, and continuously strive for a balance between environmental responsibility and energy consumption. The industry also accepts responsibility for raw material procurement. Moreover, FSC and ISO certifications are established practice. All parties involved in the production and supply of paper are continuously working to improve accountability in the sector.

All Papyrus businesses within OptiGroup share FSC Chain of Custody certification for Multiple Sites, enabling the company to verify the origin of the raw materials in the paper product.

The forest products industry contributes to the green economy in several significant ways. Wood fibre – the industry's primary raw material – is a renewable and recyclable resource because it binds carbon and can be reused up to seven times. Innovative technologies are enabling the industry to open new markets for bio-based products in areas such as packaging and catering.

CASE STACK-IT®

The cyclical cup concept

Stack-it® is an organic circular concept from Moonen Packaging, an OptiGroup subsidiary. In addition to the cups, the company also supplies accessories such as stirrers and bioplastic waste bags, and then collects them.

The residual fibre from cane sugar production is used as the raw material for these disposables. The cups are therefore fully compostable and result in a 100 percent closed-loop cycle, with no loss of materials.

Moonen Packaging collects the used cups separately from other waste, making it is easy to produce the new basic material.

The concept ensures a high-quality product with minimal environmental impact from start to new start.

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5 **BUSINESS CONDUCT**

High ethical standards in all business dealings

OptiGroup companies are committed to fair and ethical business practices. Alongside the Group's core values, Group policies promote honest and ethical conduct in all interactions and set standards for management and employees to ensure ethically sound behaviour in all business dealings.

OptiGroup performs a Corporate Governance Certification Process on a regular basis, to ensure that the company's Group policies are up-to-date and implemented throughout the entire Group. Setting high ethical standards enable the Group to deliver high-quality products and services. OptiGroup's Code policies goes beyond employees, and suppliers are expected to comply with the same ethical standards in their dealings with OptiGroup.

A separate Supplier Code of Conduct was introduced in January 2018. All new suppliers must confirm their compliance to the Supplier Code of Conduct, and the principles stated are part of the systematic supplier assessment.

Trainings and tools to prevent misconduct

OptiGroup companies works continuously to ensure fair and ethical business practices and offer regular trainings that address compliance and ethics. A whistleblowing tool is available on OptiGroup's intranet, where employees can report any suspected violation of the Code of Conduct. No incidents were reported in 2018.

The core values alongside Group policies support the enforcement of honest and ethical manners in in the day-to-day business and set the standard of conduct required of management and employees to ensure ethically sound behaviour in all business dealings.

> *High ethical standards enable the Group to deliver high-quality products and services.*

Code policies

OptiGroup's Code policies forms the base for all activities and is based on the principles of the UN Global Compact. In addition to the Code policies, OptiGroup has several operational and accounting policies setting out standards of business conduct for management and employees in their daily work.

CODE OF CONDUCT – Brings together the key elements for maintaining ethical business practices and responsible operation in important topics such as corruption, bribery, fraud, anti-money laundering, competition law, workplace health and safety.

SUPPLIER CODE OF CONDUCT – Defines the basic minimum requirements that apply to all suppliers to OptiGroup companies.

SUSTAINABILITY POLICY – Defines responsible business operation associated with the line of business that encompasses financial, environmental and social responsibility.

COMPETITION LAW COMPLIANCE POLICY – Sets out the approach to free and fair competition.

INFORMATION AND COMMUNICATION POLICY – Defines the communication principles. The communication is characterised by credibility, transparency and responsibility as well as an open dialogue.

INFORMATION SECURITY POLICY – OptiGroup shall safeguard the confidentiality, integrity and availability of all physical and electronic information assets of the company.

Adapting to future opportunities

Business is affected by a number of megatrends that impact the future. OptiGroup monitors these trends carefully, with the aim of turning challenges into opportunities.

Demographic change

Many Western societies are maturing, and their populations are getting older. This is shrinking the workforce and causing a shortage of skills and talent, while increasing the need to care for an ageing population.

IMPACT ON OPTIGROUP:

The downstream markets that are driving growth in the facility management industry include building services, education and healthcare. Higher education enrolments and an ageing population are increasing demand for facility management supplies and healthcare products in institutional environments. Global legislative trends in health and safety are driving growth in safety products and personal protection equipment. Rapid urbanisation and increased disposable income are driving demand for hospitality services, catering products and other food packaging.

Demographic changes will also affect our future recruitment base. OptiGroup needs to attract and retain employees who can contribute to the Group's continued growth. This is ensured by effective recruitment, and employee training and development programmes.

Digitisation and new technologies

Digital technologies are changing the future. One example is the steadily declining demand for paper and traditional printing services. Another is the transformation of how we work, and increasingly mobile workplaces. The economic climate of recent years has accelerated the speed at which new technologies are penetrating traditional media channels, as companies look for new ways to optimise their businesses. Digitisation will increase opportunities to optimise and control production processes, including manufacturing and the use of resources. Emerging technologies, such as artificial intelligence will influence business strategies.

IMPACT ON OPTIGROUP:

The graphic paper market has declined as media consumption changes. However, the growing use of IT solutions and connected devices is creating opportunities for new and cost-efficient on-demand services and delivery models. Consumers are accustomed to shopping online, and demand for packaging, wrapping and labelling, and e-commerce solutions is growing. There is a risk that new technologies lead to increased competition and challenges to distributors like OptiGroup.

Globalisation

Due to globalisation, demand for efficient logistics and supply chains is growing all over the world. Intensifying competition, price pressure and faster product life cycles are contributing to the trend of outsourcing non-core activities. Globalisation has also experienced a backlash in recent years, with countries like the UK and US wanting to opt out of international trade and co-operation agreements. Restrictions on the mobility of goods and services due to customs duty and tariffs may affect the business.

IMPACT ON OPTIGROUP:

Financially strong one-stop-shop distributors that can continue to improve their operational efficiency have the potential for profitable growth. By engaging a professional partner to handle various functions, customers can focus on their core business instead. The growing demand for efficient supply solutions and outsourced business solutions represents a long-term business opportunity for companies like OptiGroup.

Climate change and sustainability

The effects of climate change, combined with population growth and changing consumption patterns, are putting pressure on natural resources. The world needs to produce more food and energy, while simultaneously protecting fragile ecosystems. Accordingly, expectations that companies play an active role in sustainable development are high.

IMPACT ON OPTIGROUP:

There is a major need for resource efficiency when it comes to production and recycling. OptiGroup has solid processes in place to minimise the Group's environmental impact, especially in relation to transportation. In the packaging segment, OptiGroup develops new solutions and helps customers optimise their product packaging. The Group uses strict intake processes when it comes to sourcing. Environmental performance and social responsibility are key considerations when selecting products and suppliers.

Management of risks

OptiGroup is exposed to a series of risks that may affect the Group's future profitability and performance. The risks are divided into three areas, covering strategic, operational and financial risks, which also includes sustainability related risks. OptiGroup conducts systematic mapping and analysis of identified risks and reviews its strategy to minimise the likelihood and impact of each of the risks.

STRATEGIC RISKS

	RISK DESCRIPTION	STATEMENT OF RISK EFFECT	CURRENT RISK MODIFIERS IN PLACE
Macroeconomic trend	Economic performance in the markets where OptiGroup operates may impact the companies' performance.	Reduced sales and margin with resulting impact.	Operations in several countries as well as OptiGroup's diversification strategy is mitigating the impact of this risk.
Political, natural disaster and financial markets risk	The risk level in the world has increased adding both political and financial risk for the economies of the world.	Reduced sales and margin with resulting impact.	Operations in several countries as well as OptiGroup's diversification strategy is mitigating the impact of this risk.
Structural changes – supply chain	Structural changes in the supply chain create opportunities and risks in the form of mergers among merchants, suppliers and customers and in terms of suppliers' alteration of channel strategies.	Reduced sales and margin with resulting impact.	OptiGroup analyses the development and its position in each market, and adjusts its strategic and operational directions accordingly.
Structural change – new competitors	New market entrance, e.g. e-commerce players such as Amazon.	Reduced sales and margin with resulting impact.	OptiGroup analyses the development and its position in each market, and adjusts its strategic, digital and operational directions accordingly.
Compliance with laws and regulations and trade sanctions lists	Agreements or actions in violation of law exposing management to individual sanctions and OptiGroup to fines.	Reputational risk and profit impact from fines.	The country management of each of the entities is responsible for monitoring and enforcing the company's policies as well as ensuring the compliance of operations with national laws and local legal requirements. Any violation of these policies, principles of guidelines will be closely examined and any necessary action will be taken.
Breach of anti-trust/ competition compliance	Agreements or actions in violation of competition laws exposing management to individual sanctions and OptiGroup to fines.	Reputational risk and profit impact from fines.	OptiGroup has a Competition Law Compliance Programme in place, which explains the basic principles of competition law and is designed as a tool to support all Group employees. OptiGroup will continuously ensure that it is up-to-date and reflects developments in competition law.

	RISK DESCRIPTION	STATEMENT OF RISK EFFECT	CURRENT RISK MODIFIERS IN PLACE
Sustainable supplier management	Suppliers, including subcontractors, agents and distributors that do not respect the Group's Supplier Code of Conduct and have poor sustainability performance. Unsustainable purchasing practices and supplier management.	Reputational risk and weaker financial position. Sudden disruptions in the value chain. Uncompetitive prices. Increased supplier turnover and low efficiency in the value chain. Increased total cost of ownership for purchased goods and supplier management.	OptiGroup has a Supplier Code of Conduct that all suppliers must comply with. Integrated supplier sustainability performance and product/services sustainability attribute in purchasing processes.
Acquisition due diligence	Failure to detect items during due diligence relating to pricing, customer and supplier or other company related breaches.	Reputational risk and profit impact from fines or higher costs.	M&A processes have been implemented.
Changed paper consumption pattern	Paper merchanting is the core business of OptiGroup's subsidiary Papyrus, and as such – Papyrus is positioned in the supply chain between paper producers and paper consumers, which includes printers, the public sector, advertisers, media companies and book publishers. Media consumers' behavioral patterns are changing, which is affecting paper consumption.	Reduced sales and margin with resulting impact.	Papyrus is aware of this development and is adjusting its strategic directions accordingly and making its cost base more variable.
Paper market supply and demand	As a leading paper merchant overall demand and supply is influenced by aspects such as installed paper production capacity, the trend in emerging markets and paper producers' export abilities. The market also depends on regulatory issues affecting world trade and competitiveness of various regions of the world.	Reduced sales and margin with resulting impact.	Systematic procurement approach with several suppliers for the assortment and monitoring of supply and demand driven sourcing strategy.

OPERATIONAL RISKS

	RISK DESCRIPTION	STATEMENT OF RISK EFFECT	CURRENT RISK MODIFIERS IN PLACE
Credit risk	The risk in trade receivables (the risk not receiving payments from customers).	Loss of profit if customers go bankrupt or not paying.	Group wide credit insurance and strict processes for credit control and monitoring of customers with sales and credit control departments working together.
Fluctuation in product prices	This relates to the capacity of OptiGroup to pass on changes in purchase prices and operating costs to customers via selling prices or fees it charges for services.	Reduced sales and margin with resulting impact.	OptiGroup works to continuously improve its sales processes to support more precise pricing of products and services, which includes regulated delegation and price-setting tools.
Ability to handle price pressure	This relates to the ability to balance margins on products sold and net contribution from services with increased transport costs for delivery services.	Reduced margins with resulting impact.	Negotiation and supply chain planning to make the delivery service as efficient and price neutral as possible including charging transport cost to customers where possible.
Ability to retain customers	OptiGroup companies serve a large customer base, which is broadly distributed in geographical terms and provides quality products, supply solutions and services.	Reduced sales and margin with resulting impact.	OptiGroup conducts customer surveys to gain an understanding of its position and to initiate activities to strengthen the interaction with customers and maintain an attractive offering.
IT system dependency	For OptiGroup companies, it is important to maintain a high quality and robust IT system for storing and processing financial reporting and accounting records, and all data managed within the ERP.	Block on distribution and or invoicing creating lower sales and profit impact.	OptiGroup companies outsource the running of IT systems and secure high-quality availability through service level agreements, multisite storing and business interruption insurance cover, such as cyber risk insurance.

	RISK DESCRIPTION	STATEMENT OF RISK EFFECT	CURRENT RISK MODIFIERS IN PLACE
Major IT breakdown	A major ERP or e-business platform breakdown or attack on OptiGroup's servers can stop our ability to operate or we lose data or break data protection regulations.	Block on distribution and/or invoicing creating lower sales and profit impact and reputational risk.	Back-up procedures and firewalls in place as well as agreement with outsourcing partners of acceptable down time before being alive again.
Data security	Disclosure of company secrets/loss of company data if breach of its data protection.	Block on distribution and/or invoicing creating lower sales and profit impact and reputational risk.	Use of fire walls setup as well as yearly security test of strength of firewalls performed by third party. Implementation of measures and processes to secure GDPR compliance.
Disruption and property damage	Damage to the facilities in which OptiGroup operates, as a result of factors such as fire, flood or natural disaster.	Block on distribution and/or invoicing creating lower sales and profit impact and reputational risk.	Continuous efforts are being made to monitor and reduce the Group's risk in this area through scheduled inspections and preventative security measures. The Group also has full insurance cover against business interruption, such as property damage.
Loss of life/serious injuries of employees or third parties	Not adhering to safety procedures at work place could cause loss of life to workers, visitors or third parties.	Besides suffering for individuals and relatives, also a reputational risk for the company.	Insurance in place, training of employees with the purpose of raising awareness towards a safe culture with zero incidents and accidents.
People dependency	Loss of critical key staff.	Low effectiveness and performance giving higher costs.	Succession planning and process driven operation.
Key competence dependency	Loss of the entrepreneurial competence from founders or key people in acquired companies.	Low effectiveness and performance giving higher costs in acquired companies.	Part of due diligence process to do background checks and include good acquisition retention terms.
Anti-corruption/ bribery	Bribing could cause company fines, personal fines and loss of reputation and trust.	Reputational risk and profit impact of fines.	Policies in place and strong effort in adherence follow up – strong four eyes principles.
Embezzlement/fraud/ theft	Employees being fraudulent against OptiGroup companies.	Reputational risk and profit impact of the fraud.	Policies in place and strong effort in adherence follow up – strong four eyes principles. Insurance in place.
Environmental impact from operations	That OptiGroup's operations has a negative impact on the environment.	Reputational risk and profit impact from fines.	Policies in place and an internal audit and sustainability function has been established to monitor the group's environmental impact and achieve the set goals and objectives in accordance with the international principles.

FINANCIAL RISKS

	RISK DESCRIPTION	STATEMENT OF RISK EFFECT	CURRENT RISK MODIFIERS IN PLACE
Financial reporting	The key risks related to financial reporting are errors in internal or external reports used as base for decisions or communication.	Wrong or corrected accounts Incorrect/lack of disclosures.	OptiGroup mitigates this risk through the accounting manual and other OptiGroup policies related to financial reporting and internal control.
Currency risk	As a consequence of its international activities, OptiGroup is exposed to changes in foreign-exchange rates.	Reduced sales and margin with resulting negative impact on earnings.	OptiGroup operates in accordance with the financial policy where currency risk partly is mitigated through financial instruments.
Liquidity risk and refinancing risk	Liquidity risk is the risk that the company run out of cash. Refinancing risk is that funding cannot be obtained at all, or only at a significantly higher costs.	Unable to fulfill commitments to suppliers and banks.	OptiGroup operates in accordance with the financial policy where refinancing risk is mitigated by OptiGroup's target of maintaining an even maturity profile of outstanding debt.
Interest rate risk	The interest rate risk is defined as the negative impact on earnings resulting from changes in interest rates.	Higher financial costs.	OptiGroup operates in accordance with the financial policy where interest rate risk could be mitigated through financial derivate instruments.

Financial statements

"Our efforts to balance the mix were improving, yielding a much higher share of sales and profits deriving from our growing businesses than just two years ago.

EVA NILSAGÅRD, CFO

Board of Directors' Report

The Board of Directors and the CEO of OptiGroup AB, Corporate Identity Number 556717–6135, hereby present the Annual Report for the financial year 1 January 2018–31 December 2018 and consolidated financial statements for the financial year 1 January 2018–31 December 2018.

Market

OptiGroup AB continued its journey in 2018 towards becoming a leading European business-to-business distributor of a wide range of business essentials. The Group is currently represented in 19 countries across Europe and supports more than 110,000 customers.

The Group is organised into four business areas: Facility, Safety & Foodservice Solutions, Industrial Solutions, Printing & Creative Solutions and Retail & Reseller Solutions. These former business segments were reorganised on 1 September 2018 to become the current business areas. The Group's reporting structure has been updated in accordance with these business areas and thus the reporting segments coincide with the business areas. Figures stated for 2018 and 2017 are based on the same comparable business areas.

The Facility, Safety & Foodservice Solutions business area is a market leader in supplies comprising the sale and distribution of products essential for maintaining large facilities, such as hygiene paper, commercial cleaning chemicals, gloves, bags and sacks, office paper and logistical services. The business area now also includes personal protection equipment for the workplace, mainly in construction and high-risk environments. Safety within Procurator is now included in the business area and was previously reported within the business area Industrial Solutions.

The Industrial Solutions business area includes the design, sourcing, sale and distribution of customised packaging solutions and the sale and distribution of standard corrugated boxes, stretch film, tape and packaging equipment, as well as various logistical services linked to the distribution of packaging products. The business area was expanded during the year through the acquired businesses Mercamer, Telpak and Moonen Packaging.

The Printing & Creative Solutions business area is a leading distributor to the European printing industry under the Papyrus brand. The core business comprises the sale and distribution of high-quality graphic paper for printing companies.

The Retail & Reseller Solutions business area is focused on a complete range of business essentials including hygiene products, packaging and safety materials and a full range of cutsize paper to resellers. In 2018, the business area launched the Scaldia brand and a large part of the operations will be conducted under this brand in 2019.

Business combinations and divestments

A key component of the Group's transformation in 2018 was strategic acquisitions. At the start of 2018, OptiGroup acquired Mercamer and Telpak in Finland, which are full-service packaging distributors with a wide range of industrial packaging products, services and equipment. The companies were consolidated in the Industrial Solutions business area from January 2018. The same business area acquired Moonen Packaging in the Netherlands in the summer. This company has been a family business since the 1950s and is a leading and fast-growing distributor of packaging solutions in the Benelux. The company designs, develops, sources, stocks, sells and distributes customised packaging solutions as well as hygiene paper, cleaning and catering products. The head office is situated in Weert, the Netherlands, and the operations were consolidated from July 2018.

Several additional acquisitions also took place in the Printing & Creative Solutions business area during the year. The first took place at the start of 2018 when Romanian companies Proxima Tapes and Proxima Comserv became part of the Group. These companies are engaged in the service and sale of industrial packaging mainly in the North Western region of Romania and were consolidated from January 2018. An additional acquisition in the same business area took place later in the year when OptiGroup acquired Oviva Distribution SRL, a Romanian full-service distributor of a wide range of cleaning and hygiene products. The company was consolidated from June 2018.

As another major step in OptiGroup's strategy to strengthen and rebalance its portfolio of businesses, it was announced on 24 October 2018 that an agreement had been signed with Inapa to combine their respective paper distribution operations in Germany. Under the agreement, OptiGroup will sell the German paper distribution business Papyrus Deutschland GmbH & Co. KG to Inapa. Inapa is a stock listed paper merchant domiciled in Lisbon, Portugal and the company intends to combine the business with its German subsidiary, Papier Union GmbH. The proceeds from the transaction will be used by OptiGroup to further strengthen its operation in other business areas and other countries. The transaction consideration will be settled in part by OptiGroup receiving a convertible bond as a debt instrument issued by Inapa. The convertible bond will, upon full conversion be convertible into 23 percent of all shares and voting rights in Inapa. The transaction is expected to be finalised in 2019 subject to competition clearance by the German Federal Cartel Office. In connection with the agreement with Inapa, the German business has been reclassified and is now included in the heading Assets held for sale in the consolidated balance sheet.

OptiGroup's paper volumes

OptiGroup's sold paper volumes in the Printing & Creative Solutions business area were 943 thousand tonnes (988) and sold paper volumes for the Retail & Reseller Solutions business area were 208 thousand tonnes (206), in total down 43 thousand tonnes or –3.6 percent (–5.4) year-on-year.

OptiGroup's paper volumes trended better than the market performance since the Group was successful in the Retail & Reseller Solutions segment. However, this had negative impact on the Group's profitability compared with 2017.

Financial results for the Group

2018 was a year of continued transformation of the Group to become a leading European business-to-business supplier with good potential to improve its earnings and cash flow. In 2018, sales totalled EUR 1,599.1 million (1,495.4), which was EUR 103.7 million (–35.8) or 6.9 percent (–2.3) higher than in 2017. The net impact from acquired operations was 9.1 percent (3.3). Currency fluctuations had a negative impact of –1.5 percent (–0.2) on sales.

Operating profit fell by 27.9 percent (14.3) to EUR 18.4 million from EUR 25.6 million. The decline in operating profit was largely due to the earnings from the Printing & Creative Solutions business area falling as a result of the reduced demand in the German and Swiss markets. The contribution from acquired operations did not compensate for the intense price competition and harsh market conditions in the paper operations during the year. The gross margin for the Group declined from 20.5 percent to 19.8 percent in 2018. Expenses for the year rose mainly as a result of acquisitions.

Adjusted EBITA fell EUR 3.6 million in 2018 to EUR 46.2 million compared with EUR 49.8 million in the preceding year and the adjusted EBITA margin declined 2.9 percent (3.3). Operations acquired during the year contributed EUR 6.8 million.

EBITA includes items affecting comparability for 2018 that comprise restructuring expenses of EUR 16.6 million, primarily attributable to expenses for redundancies in Germany, Sweden, the Netherlands and Belgium, and other expenses affecting comparability of EUR 2.0 million that were mainly attributable to transaction costs associated with acquisitions and divestments of operations during the year. The same items for 2017 comprise restructuring expenses of EUR 9.9 million, primarily attributable to expenses for redundancies in Germany, Switzerland, Sweden and the Czech Republic, and other expenses affecting comparability of EUR 2.5 million that were mainly attributable to transaction costs associated with acquisitions for the year.

Net financial items amounted to an expense of EUR –2.2 million in 2018, compared with EUR –4.5 million in 2017. The improvement was mainly attributable to lower net currency effects on financial items. Profit before tax amounted to EUR 16.1 million compared with EUR 21.1 million in 2017 and profit for the year amounted to EUR 10.9 million compared with EUR 13.8 million in the preceding year.

Tax on profit for the year amounted to EUR –5.2 million (–7.2) and corresponded to an effective tax rate of 32.6 percent (34.3).

Facility, Safety & Foodservice Solutions

Net sales for Facility, Safety & Foodservice Solutions for 2018 amounted to EUR 314.6 million (277.7), up 13.3 percent year-on-year due to acquisitions. Adjusted EBITA amounted to EUR 14.2 million (13.7), with an adjusted EBITA margin of 4.5 percent (4.9).

Industrial Solutions

Net sales for Industrial Solutions for 2018 amounted to EUR 134.0 million (64.8), up more than 106.8 percent year-on-year. Adjusted EBITA amounted to EUR 5.9 million (3.2), with an adjusted EBITA margin of 4.4 percent (4.9). The increase in net sales and adjusted EBITA was primarily the result of the acquisitions of Mercamer, Telpak and Moonen Packaging.

Printing & Creative Solutions

Net sales for Printing & Creative Solutions for 2018 amounted to EUR 989.2 million (999.6), down 1.0 percent year-on-year. Adjusted EBITA amounted to EUR 24.0 million (28.0), with an adjusted EBITA margin of 2.4 percent (2.8). The main reason for the decline was the structural decline in demand for paper as a result of digitisation and the fierce price competition.

Retail & Reseller Solutions

Net sales for Retail & Reseller Solutions for 2018 amounted to EUR 170.2 million (166.4), up 2.3 percent. Adjusted EBITA amounted to EUR 2.4 million (4.8), with an adjusted EBITA margin of 1.4 percent (2.9).

Cash flow

Cash flow from operating activities before investments totalled EUR 32.6 million (18.9). Cash flow from changes in working capital was EUR 4.7 million (–19.8). The positive effect for 2018 primarily derived from lower tied-up capital in the paper business. The Group's total stock value reduced tied-up capital by EUR 6.2 million (–13.7). Net cash flow from investing activities amounted to EUR –46.4 million (–55.9). It included payments of EUR –41.3 million (–59.6) for acquired operations.

The acquisitions were financed by raising a new loan in the amount of EUR 40.0 million (37.6), and by using existing cash and cash flows generated during the year. Loans totalling EUR 20.1 (35.5) were repaid in 2018. Accordingly, cash flow for the year amounted to EUR 5.6 million, compared with EUR –36.2 million in 2017.

Key figures, EUR million	2018	2017	2016	2015	2014
Net sales	1,599.1	1,495.4	1,531.2	1,541.8	1,566.8
EBITA	27.6	37.4	28.6	39.4	41.6
Adjusted EBITA	46.2	49.8	39.6	46.9	55.8
Adjusted EBITA margin	2.9%	3.3%	2.6%	3.0%	3.6%
Operating profit	18.4	25.6	22.4	34.0	37.0
Profit for the year	10.9	13.8	7.8	21.6	9.4
Earnings per share before dilution, EUR	0.62	0.81	0.53	—	—
Earnings per share after dilution, EUR	0.62	0.74	0.43	—	—
Cash flow from operating activities	32.6	18.9	32.3	34.4	86.4
Net debt/cash	63.6	22.8	–22.7	6.0	28.1
Balance sheet total	683.2	653.0	523.4	643.5	627.1
Equity	295.9	287.4	212.1	207.7	182.6
Equity/asset ratio, %	43%	44%	41%	32%	29%
Average number of employees	2,176	2,026	1,858	1,863	1,925

Financial position

At 31 December 2018, cash and cash equivalents amounted to EUR 1.5 million (19.0), while unutilised credit facilities amounted to EUR 65.3 million (90.9).

Accordingly, total available cash and cash equivalents and unutilised credit facilities amounted to EUR 66.8 million (109.9). At year-end 2018, consolidated equity amounted to EUR 295.9 million (287.4). The Group's net debt was EUR 63.6 million (22.8), up EUR 40.8 million since 2017. The entire increase was related to acquisitions during the year. The Group's strong financial position creates the conditions for continued implementation of the established strategy.

Investments

Intangible assets and property, plant and equipment declined EUR 29.0 million, compared with an increase of EUR 79.5 million in 2017, mainly due to the reclassification of the German operations to assets held for sale. The decline in 2018 was offset by an increase in assets from acquired operations. Total investments during the year amounted to EUR 46.6 million (64.5), of which acquisitions of subsidiaries accounted for EUR 41.3 million (59.6). Depreciation and impairment of existing property, plant and equipment amounted to EUR 7.0 million (7.6) and amortisation of intangible assets, including impairment, amounted to EUR 9.2 million (11.9), together totalling EUR 16.2 million (19.5).

Employees

In 2018, the average number of full-time employees was 2,176 (2,026). A total of 161 (306) employees joined the company through acquisitions, while the number of employees for the remainder of the operations declined by 11. The number of hours lost due to accidents at the workplace amounted to 7.3 hours (8.7) per one million working hours. Total sickness absence in OptiGroup was 3.8 percent, the same figure as the preceding year. The percentage of female employees in the Group was 36 percent (32) in 2018.

Sustainability

OptiGroup is committed to fair and ethical business practises. Responsibility and good corporate citizenship are fundamental to the sustainability of the company's business and its ability to create long-term value for stakeholders. OptiGroup prioritises increasing sustainability in the value chain, of which the company is a part, and strives to report sustainability performance transparently in line with recognised and credible systems, so that customers and other stakeholders are clear about what the company wants to accomplish. Based on a materiality analysis, which is an assessment of the most significant sustainability issues for the company and its stakeholders, OptiGroup has identified five sustainability focus areas:

- Customers – Promoting sustainable products and services
- People – Employee engagement and workplace safety
- Sourcing – Sustainable supply chain
- Operations – Environmentally friendly operation
- Business ethics – High ethical standards in all business dealings

OptiGroup's Code of Conduct, together with complementary policies, forms the basis for sustainability work and aims to build and maintain confidence in relationships with the company's various stakeholders.

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, OptiGroup has decided to prepare a statutory sustainability report as a separate report to the Annual Report. This sustainability report was submitted to the auditor at the same time as the annual report. The sustainability report can be found on pages 27–37 and 114–122 of this document.

Risk and uncertainty factors

Paper merchanting is one of OptiGroup's businesses. The consumption pattern among media consumers is changing, which is having a negative effect on paper consumption. OptiGroup is aware of this development and is adjusting its strategic direction accordingly. Fluctuation in the price of products has a considerable impact on the company's margins and earnings, and relates to the capacity of OptiGroup to pass on changes in purchase prices and operating costs to customers via selling prices or fees it charges for services. The outlook for cleaning, hygiene, safety and packaging products is for stable growth based on the gross domestic product of the countries in which the Group operates. See also the Financial risk strategy descriptions on pages 40–42 and Note 15.

Outlook

The market for cleaning, hygiene, safety and pack products is unconsolidated and shows a stable growth, which creates opportunities for a company like OptiGroup.

The market for paper in 2019 will continue to be competitive and uncertainty about the demand trend remains. General macroeconomics and changes in paper consumption patterns are expected to have a continued negative impact on European paper consumption.

Events after the balance-sheet date

It was announced on 7 January 2019 that Eva Nilsagård had been appointed CFO of OptiGroup and would thus replace Gunilla Andersson. At the same time, it was announced that Tomas Bergström would leave his position as Senior Vice President M&A and Corporate Development on 31 January 2019.

Søren Gaardboe was on 4 March 2019 appointed as new CEO for OptiGroup and Christoph Sander was at the same time appointed as Deputy Chairman of the Board.

On May 1, Jens Jakob Zahle was appointed Senior Vice President M&A. See also Note 25.

Parent Company

OptiGroup AB generated net sales of EUR 9.2 million (1.2) in 2018. Operating loss amounted to EUR –1.0 million (–4.9). Net financial items amounted to EUR –45,7 million (–184.4). The company received a total of EUR 30.0 million (185.0) in dividends from subsidiaries and made an impairment of shares in subsidiaries of EUR –77.6 million (—) mainly due to the upcoming sale of the German operations.

Proposed disposition of unappropriated earnings

At the disposal of the Annual General Meeting are the following unappropriated earnings in OptiGroup AB:

	EUR
Retained earnings	183,333,139
Profit for the year	–47,391,395
Available earnings	135,941,744

The Board of Directors proposes that the unappropriated earnings be appropriated as follows:

	EUR
To be carried forward	135,941,744

Consolidated income statement

EUR million	Note	2018	2017
Net sales	4	**1,599.1**	**1,495.4**
Other operating income	5	4.5	12.5
Materials and services		–1,282.3	–1,188.7
Freight and commissions		–60.2	–54.8
Personnel expenses	7	–136.1	–132.3
Other operating expenses	6	–90.5	–87.0
Depreciation, amortisation and impairment		–16.1	–19.5
Operating profit		**18.4**	**25.6**
Financial income	8	6.4	1.5
Finance expenses	8	–8.6	–6.0
Net financial items		**–2.2**	**–4.5**
Share of profit from associates	14.1	–0.1	0.0
Profit before tax		**16.1**	**21.1**
Income tax	9	–5.2	–7.2
Profit for the year		**10.9**	**13.8**
Earnings per share before dilution, EUR	18	0.62	0.81
Earnings per share after dilution, EUR	18	0.62	0.74

Consolidated statement of comprehensive income

EUR million	Note	2018	2017
Profit for the year		**10.9**	**13.8**
Other comprehensive income:	19		
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	20	2.2	5.3
Income tax relating to these items		–0.4	–1.2
Items that may be reclassified to profit or loss			
Translation differences on translation of foreign operations		–4.2	–1.6
Other comprehensive income for the year, net of tax		**–2.4**	**2.5**
Total comprehensive income for the year		**8.5**	**16.3**

Consolidated statement of financial position

EUR million	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Total non-current assets			
Goodwill	10, 12	125.3	119.4
Other intangible assets	11, 12	70.0	90.6
Property, plant and equipment	13	26.6	40.9
Investments in associates	14.1	—	1.4
Deferred tax assets	9	12.0	15.0
Other non-current receivables		5.9	8.5
Total non-current assets		**239.8**	**275.8**
Current assets			
Inventories	16	113.9	126.1
Trade receivables	15, 15.3	147.7	194.6
Current tax receivables		2.6	3.7
Other current receivables	15, 15.4	29.3	33.8
Cash and bank balances	15, 15.2	1.5	19.0
		295.0	**377.2**
Assets held for sale	17	148.5	—
Total current assets		**443.5**	**377.2**
TOTAL ASSETS		**683.2**	**653.0**

Pledged assets and contingent liabilities are specified in Notes 15.5 and 22.

Consolidated statement of financial position

EUR million	Note	31 Dec. 2018	31 Dec. 2017
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	18		
Share capital		18.4	17.9
Share premium		241.9	236.7
Other reserves	19	–7.0	–4.6
Retained earnings		42.6	37.4
Total equity		**295.9**	**287.4**
Non-current liabilities			
Post-employment benefit provisions	20	18.4	37.2
Other provisions	21	0.6	0.7
Other non-current liabilities	15, 15.8	2.9	5.5
Deferred tax liabilities	9	23.3	30.4
Other non-current interest-bearing borrowings	15, 15.1	56.8	40.6
Total non-current liabilities		**102.0**	**114.4**
Current liabilities			
Trade payables	15	117.0	192.7
Current interest-bearing borrowings	15, 15.1	9.4	1.4
Other current liabilities	15, 15.9	56.5	53.2
Current tax liabilities		4.4	3.9
		187.3	**251.2**
Liabilities related to assets held for sale	17	98.0	—
Total current liabilities		**290.9**	**251.2**
TOTAL EQUITY AND LIABILITIES		**683.2**	**653.0**

Pledged assets and contingent liabilities are specified in Notes 15.5 and 22.

Consolidated statement of cash flows

EUR million	Note	2018	2017
Cash flow from operating activities			
Profit before tax		16.1	21.1
Non-cash flow items included in profit before tax	24	17.7	19.5
Income taxes paid		–5.9	–1.9
Cash flow from operating activities before changes in working capital		**27.9**	**38.7**
Changes in working capital			
Change in trade receivables and other current receivables		12.1	–4.1
Change in inventories		6.2	–13.7
Change in trade payables and other current liabilities		–13.6	–2.0
Cash flow from changes in working capital		**4.7**	**–19.8**
Cash flow from operating activities		**32.6**	**18.9**
Cash flow from investing activities			
Acquisition of subsidiary shares, net of cash acquired	3	–41.3	–59.6
Acquisition of property, plant and equipment	13	–3.9	–4.2
Acquisition of intangible assets	11	–1.4	–0.7
Proceeds from sale of property, plant and equipment		0.2	8.6
Cash flow from investing activities		**–46.4**	**–55.9**
Cash flow from financing activities			
Change in financial receivables		–1.2	–1.5
Net, change in cheque account		0.7	—
Increase in borrowings		40.0	37.6
Repayment of borrowings		–20.1	–35.5
New share issues	18	—	0.2
Cash flow from financing activities	15.1	**19.4**	**0.8**
Cash flow for the year		**5.6**	**–36.2**
Cash and bank balances at beginning of the year		19.0	55.4
Translation difference on cash and cash equivalents		0.3	–0.2
Reclassification to assets held for sale	17	–23.4	—
Cash and bank balances at year-end		**1.5**	**19.0**

Consolidated statement of changes in equity

EUR million	Note	Share capital	Share premium	Other reserves	Retained earnings	Total equity
At 1 January 2017		**14.7**	**180.9**	**–7.1**	**23.6**	**212.1**
Transactions with owners in their capacity as owners:						
Issue of shares	18	3.2	55.8	—	—	59.0
Profit for the year		—	—	—	13.8	13.8
Other comprehensive income for the year	19	—	—	2.5	—	2.5
Total comprehensive income for the year		—	—	**2.5**	**13.8**	**16.3**
Closing balance at 31 December 2017		**17.9**	**236.7**	**–4.6**	**37.4**	**287.4**

EUR million	Note	Share capital	Share premium	Other reserves	Retained earnings	Total equity
At 1 January 2018		**17.9**	**236.7**	**–4.6**	**37.4**	**287.4**
Transactions with owners in their capacity as owners:						
Issue of shares	18	0.5	5.2	—	–5.7	0.0
Profit for the year		—	—	—	10.9	10.9
Other comprehensive income for the year	19	—	—	–2.4	—	–2.4
Total comprehensive income for the year		—	—	**–2.4**	**10.9**	**8.5**
Closing balance at 31 December 2018		**18.4**	**241.9**	**–7.0**	**42.6**	**295.9**

NOTE 1

CORPORATE INFORMATION

OptiGroup is a leading European business-to-business distributor of business essentials. OptiGroup companies support more than 110,000 customers in 19 countries across Europe.

OptiGroup consists of the Parent Company, OptiGroup AB, Corporate Identity Number 556717-6135, and its subsidiaries. The Parent Company is a public limited company with its registered office in Stockholm, Sweden. The address of the head office is Kronogårdsgatan 3, 431 26 Mölndal, Sweden.

These financial statements refer to OptiGroup AB and were approved by the Board of Directors at the Board meeting held on 2 May 2019 and will be submitted to the Annual General Meeting in 2019 for adoption.

NOTE 2

ACCOUNTING POLICIES

NOTE 2.1 BASIS OF PREPARATION

Compliance with standards
The consolidated financial statements for OptiGroup and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union, including International Accounting Standards (IAS). This Annual Report is prepared in accordance with RFR 1 Supplementary Rules for Groups, which is issued by the Swedish Financial Reporting Board.

Reporting currency
The Group's reporting currency is EUR. Unless otherwise stated, all figures are stated in millions of EUR.

Principles for preparation of consolidated accounts
The consolidated accounts have been prepared with the assumption of the going concern. Assets and liabilities are valued on a historical cost basis, with the exception of financial assets and liabilities measured at fair value, assets held for sale – measured at fair value less cost of disposal, and defined-benefit pension plans – plan assets measured at fair value.

The consolidated accounts comprise the Parent Company and all subsidiaries over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The majority of OptiGroup's subsidiaries are wholly owned by the Group, and are considered to be controlled by the Group. See Notes 2.4 and 14.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. All inter-company items are eliminated and are consequently not included in the consolidated financial statements.

Unless otherwise stated, all liabilities and assets are recognised at gross amount, except in cases in which both a receivable and a liability exist with the same counterparty and these are legally offsettable and the intention is to settle them with a net amount, or to realise the asset and settle the liability. The legal right may not depend on future events and must be legally binding for the company both in the normal course of business and in the case of cessation of payments, insolvency or bankruptcy. Gross accounting is also applied regarding revenue and expenses, unless otherwise stated.

Classification of assets and liabilities
Non-current assets, non-current liabilities and provisions essentially comprise amounts that are expected to be recovered or paid later than twelve months after the balance-sheet date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or paid within less than twelve months after the balance-sheet date.

NOTE 2.2 CHANGES IN ACCOUNTING POLICIES

New standards, amendments and interpretations 2018
The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2018.

IAS 9 Financial Instruments
IFRS 9 Financial Instruments is adopted for financial years beginning on or after 1 January 2018 and has been implemented by the Group since this date. Comparable figures have not been restated and are accounted according to IAS 39 Financial Instruments.

IFRS 9 include the accounting of financial assets and liabilities and replaces IAS 39. Like in IAS 39, financial assets are divided into categories, where some are valued at amortised cost and some at fair value. IFRS 9 presents different categories compared to IAS 39. The basis of classification in IFRS 9 are partly on the contractual cashflows arising from the instrument, and partly on the business model of the Company and the characteristics of the instrument. There are three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. IFRS 9 for financial liabilities is in large comparable to IAS 39.

IFRS 9 also introduces a new model for impairment of financial assets. The new model includes an expected credit loss model based on a three step model which assess the changes in credit quality for the financial assets. For financial assets without material financing component, i.e. trade receivables, there are simplified models where the impairment is based on full contract term without consideration to when the creditworthiness is changed.

IFRS 9 also introduces changed criterias for hedge accounting, which in general simplifies the requirements for hedge accounting and better reflects strategies for risk handling. The Group does not currently apply hedge accounting.

The new standard has impacted the manner in which the Group estimates impairment for doubtful receivables, but the the amount of the impairment has not been materially affected, and thus the new standard had no material effect on the consolidated financial statements. See note 2.4. The implementation of IFRS 9 has also led to that financial assets previously classified as Loans and Receivables are now categorised as Financial Assets valued at amortised cost.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 Revenue from Contracts with Customers is the new standard for the recognition of revenue. IFRS 15 replaces IAS 18 Revenues and IAS 11 Construction contracts, as well as the related SIC and IFRIC. IFRS 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. OptiGroup has choosen prospective application with additional information, which can be found in Note 4. The new standard had no material effect on the Group financial statements.

New standards, amendments and interpretations issued but not yet applied by the Group

Standards and interpretations that have been issued, but are effective for financial periods beginning after 1 January 2018, have not been applied in preparing these consolidated financial statements. The implications are described below.

IFRS 16 Leases

IFRS 16 Leasing replaces current standard IAS 17 Leasing with the interpretations IFRIC 4, SIC 15 and SIC 27 as from 1 January 2019. IFRS 16 will mainly effect the lessee accounting and will lead to that the majority of the leasing agreements are accounted for in the balance sheet. According to the new standard the lessee shall account the obligation to pay leasing fees as a leasing liability in the balance sheet. The right to use the leasing object during the leasing period is accounted for as a Right to use asset. Depreciation on the asset an interest expense is presented in the profit or loss. Paid rental fees are accounted as interest payments and loan repayments. The standard excludes leasing agreements shorter than 12 months (short-term leases) and leasing agreements with low value. The Group has choosen to apply both these simplifications.

The standard also allows simplification method where non-leasing components is allosed to be included in the leasing components. The standard does not change the lessor accounting in any material aspects.

The Group has during 2018 evaluated the effects of IFRS 16. As a consequence of the implementation of IFRS 16 the total assets will increase through the inclusion of the Right of use assets and the leasing liabilities. Leasing fees previously accounted for as expense within operating result is replaced by right of use asset depreciations within operating result and interest expense as a financial expense. The leasing fees are presented repayment and interest payment in the cash flow statement.

The Group will adopt IFRS 16 as of 1 January 2019 and will use the simplified method in the transition. Leasing agrements with a remaining leasing period of less than 12 months at the transition date are classified as short-term leases according to the simplification rules and are not included in the opening balances for leasing liability and right of use assets.

The Group's leasing portfolio includes operational leasing agreements for warehouse buildings, office buildings, warehouse equipment and vehicles. The Group has assessed the leasing terms for the leasing agreements including potentional options to extend or to terminate the contract in accordance with IFRS 16. In those cases the probability is high has also the option been taken into consideration in the determination of the leasing period.

The Group's current financial leasing agreements have been reclassified to right of use asset in accordance with IFRS 16, with the same amount as accounted for at the transition date.

The present value of all remaining leasing fees have been calculated using the marginal borrowing interest rate for the Group at the transition to IFRS 16. The preliminary effects of the transition to IFRS as per 1 January 2019 is the recognition of right of use assets and leasing liability of approximately EUR 55 million in the balance sheet for the Group (excluding business classified as assets held for sale).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a substantial impact on the Group.

NOTE 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currency translation

Foreign currency transactions are translated at the rates pertaining at the time of the transactions. Assets and liabilities in foreign currency are translated at the closing rate. Exchange-rate gains and losses that arise are recognised in OptiGroup AB's income statement and in the individual financial statements of the subsidiaries.

Since subsidiaries operate their business independently in financial, economic and organisational respects, the functional currency is identical with the relevant national currency of the country. The financial statements of the foreign companies are translated to EUR since this is the functional currency of the Parent Company and the reporting currency of the Group. In the consolidated financial statements, expenses and income of the subsidiaries are converted at the average rate of the year, while assets and liabilities are translated at closing rate. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate. Translation differences are recognised in other comprehensive income. In the event of a disposal of a subsidiary, the translation differences are reclassified to the profit or loss. The rates used for currency translation are shown in the table on page 56 (Fig. 1).

Receivables and liabilities in foreign currency

Receivables and liabilities denominated in foreign currency have been recalculated at the closing rate. Exchange-rate gains and losses on operating receivables and liabilities are recognised as part of operating profit. Gains and losses on financial receivables and liabilities are recognised as net financial items.

Intangible assets

An intangible asset is an identifiable non-monetary asset lacking physical substance. Intangible assets recognised separately from goodwill in acquisitions are marketing, customer related or contract and technology related. Typical marketing and customer-related assets are brands and customer relationships. The fair value of customer contracts and related relationships is based on expected retention rates and cash flow expected to arise over the asset's remaining useful lives. The value of brands is calculated using the relief from royalty method.

Internally generated intangible assets, excluding goodwill, are only recognised if it is sufficiently probable that a future economic benefit will flow from the use of the asset and the cost of the asset can be determined reliably. The cost of internally generated intangible assets are determined on the basis of directly attributable individual costs.

The intangible assets are normally amortised over their useful lives using the straight line method. The start of the amortisation takes place when the asset is put into use. Capitalised development costs, licences and software have useful lives of 5–10 years. Product names have useful lives of 20 years and customer relationships have useful lives of 3–15 years. See Notes 10 and 11.

Business combinations and goodwill

Business combinations are recognised using the purchase accounting method. This involves measuring identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Acquisition-related costs are expensed when they arise.

Consolidated goodwill is recognised if the Group pays more than the fair value of identified net assets and contingent

Note 2 cont.

liabilities. Goodwill is continuously measured at cost less any accumulated impairment losses. Since it is not possible to test goodwill for impairment on an individual basis, goodwill is allocated to each of the Group's cash-generating units, which for OptiGroup are four business areas: Facility, Safety & Foodservice Solutions, Industrial Solutions, Printing & Creative Solutions and Retail & Reseller Solutions. As a result of the change in strategic direction in 2018, the Group's classification of cash-generating units was changed compared with 2017. Annual impairment testing for 2018 is calculated based on the new business areas. See also Note 12.

When part of a cash-generating unit is divested, its share of recognised goodwill is included in the gain or loss on divestment. The amount of divested goodwill comprises the divested operations' relative share of the cash-generating unit.

Goodwill is not amortised but is tested for impairment on an annual basis, or more frequently if there is an indication of impairment. See Notes 10 and 12.

Property, plant and equipment

Property, plant and equipment are physical assets that are used in the Group's business and which are expected to have a useful life exceeding one year. Investment properties are recognised according to the cost model in accordance with IAS 16 Property, Plant and Equipment. Property, plant and equipment is capitalised at cost and is subject to straight-line depreciation over the estimated useful life. When recognising property, plant and equipment, consideration is given to any residual value when the depreciable basis is prepared. Impairment may need to be recognised in additional to depreciation according to plan. The cost of property, plant and equipment includes directly attributable manufacturing costs. Depreciation begins when it is available for use. Land is not depreciated. The revaluation method is not applied.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the asset's total cost are separately depreciated.

An item of property, plant and equipment is derecognised on divestment or when no future economic benefits are expected from its use or divestment. Capital gains or losses are calculated as the difference between the sales amount and the carrying amount of the asset. Gains or losses are recognised in profit or loss in the year the asset is derecognised from the balance sheet.

The residual values, useful lives and methods of depreciation of the assets are reviewed at each financial year-end, and adjusted prospectively if appropriate, at each financial year-end.

Ordinary maintenance and repair charges are expensed as incurred, however, the costs of significant renewals and improvements are capitalised and depreciated over the remaining useful lives of the related assets. See Note 13.

Depreciation is calculated as follows:	
Buildings	20–50 years
Plant and machinery	3–10 years
Trucks	5–11 years
Equipment, tools, fixtures and fittings	3–5 years

Impairment

An asset is to be tested for impairment if there are internal or external indications that the asset's value may have declined. For assets with an indefinite useful life, including goodwill and brands, this examination is performed per the balance-sheet date irrespective of whether there is an indication of impairment.

An impairment test was performed during the financial year, consisting of an estimation of the recoverable amount of the asset or group of assets (cash-generating units). An asset of group of assets (cash-generating units) is to be impaired if the recoverable amount is lower than the carrying amount. The recoverable amount is the higher of the value in use and the net realisable value. The impairment is charged to profit or loss.

Goodwill is distributed between different cash-generating units of the company. See Note 12.

Associates

An associate is a company in which the Group has a significant influence and which is not a subsidiary or joint venture. The Group's holdings are normally between 20 and 50 percent of the number of votes. The Group's investments in associates are recognised according to the equity method.

The original cost plus changes in the Group's share of the associate's net assets, including net profit for the year, is recognised in the balance sheet. Goodwill attributable to an associate is included in the participation's carrying amount and is not amortised. The Group's share of the associate's income is recognised in profit or loss. The Group's share of transactions recognised in the associate's equity is recognised directly in consolidated equity. Gains and losses from transactions between the Group and the associate are eliminated.

	Closing rate 31 Dec. 2018	Average rate 2018	Closing rate 31 Dec. 2017	Average rate 2017
CHF	1.1269	1.1549	1.1702	1.1117
CZK	25.7240	25.6470	25.5350	26.3258
DKK	7.4673	7.4531	7.4449	7.4386
GBP	0.8791	0.8833	0.8872	0.8767
HRK	7.4125	7.4181	7.4400	7.4637
HUF	320.9800	318.8896	310.3300	309.1933
NOK	9.9483	9.5974	9.8403	9.3270
PLN	4.3014	4.2614	4.1770	4.2570
RON	4.6635	4.6540	4.6585	4.5688
SEK	10.2548	10.2582	9.8438	9.6351
USD	1.2457	1.2200	1.1993	1.1297

Fig. 1 Rates used for currency translation

The applied accounting policies in associates match those used by the Group for similar transactions and events under similar conditions.

Financial instruments
A financial instrument is every agreement that give rise to a financial asset in one company and a financial liability in another company.

Recognition and derecognition in the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the Group is part in the contractual terms of the agreement. A financial asset is derecognised in the balance sheet when the contractual cashflows from the financial assets cease or when the financial assets is transferred. A financial liability is derecognised when the obligations in accordance with the agreement is fulfilled, cancelled or cease.

Classification and measurement of financial assets
According to IFRS 9 there are three categories of financial instruments.
- Financial assets at fair value through profit or loss.
- Financial assets measured at amortised cost.
- Financial assets measured at fair value through other comprehensive income.

Management initially determines the classification of financial instruments based on the three categories above and re-evaluates such designation on a regular basis. OptiGroup classifies its investments into two of the above categories: financial assets at fair value through profit or loss and financial assets measured at amortised cost. The Group has no financial assets measured at fair value through other comprehensive income.

All investments are tested for impairment. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All ordinary purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Such purchases or sales normally require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets measured at amortised cost
Financial assets measured at amortised cost is according to the business model held to receive contractual cashflows which are only payments of capital amount and interest on outstanding amount. They are initially measured at fair value and are subject to regular and systematic review as to collectability. If any financial asset is estimated to be unrecoverable, an impairment is made for the shortfall between the carrying amount and expected cash flows. Interest income on loan receivables is included in financial income.

Receivables consist mainly of trade receivables for which the Group is using the simplified method for accounting of expected credit losses. This means that that expected credit losses are recognised for the remaining life time, which is expected to be less than a year. The Group make a provision for expected credit losses based on historical credit losses and forward looking information. The customers are assessed on an individual basis. OptiGroup de-recognises a receivable when no expectation of future payment exists and when active measurements to collect payment have been stopped. Expenses relating to expected credit losses are recognised in profit or loss under other operating expenses and separately disclosed in note. See Note 15.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss is derivate assets as currency forward contracts which the Group uses in accordance with the Finance Policy to hedge future cash flows. The forward contracts are recognised at fair value based on market data of official currency rates. See note 15.

Cash and bank balances
Cash and bank balances in the balance sheet comprise cash at banks and at hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and bank balances consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. See Note 15.

Financial liabilities
According to IFRS 9 there are two categories of financial liabilities:
- Financial liabilities measured at fair value through profit or loss.
- Financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost
Liabilities are initially measured at fair value, net of transaction costs incurred. The liabilities are measured at amortised cost in subsequent periods in accordance with the effective interest method. Any difference between the proceeds (net of transaction cost) and the redemption value is recognised in profit or loss over the period of the borrowings. Interest on recognised liabilities is allocated in each period. See Note 15.

Loans
Loans are initially measured at fair value, net of transaction costs incurred. In subsequent periods, loans are recognised at amortised cost using the effective interest method; any difference between proceeds, net of transaction costs, and fees is recognised in profit or loss over the period of the borrowings. Interest expense is accrued for and recognised in profit or loss for each period.

Financial liabilities measured at fair value through profit or loss
Additional purchase considerations are recognised as liabilities under other non-current liabilities. Subsequent revaluation is recognised in profit or loss. Additional purchase considerations to be settled in cash meet the definition of a financial liability and are re-measured to fair value at each balance-sheet date, and any changes are recognised in profit or loss as Other operating income or Other operating expenses. Other financial liabilities measured at fair value through profit or loss are derivative liabilities from currency forward contracts which the Group uses to hedge future cash flows in accordance with the Financial Policy. The forward contracts are recognised at fair value based on market data of official currency rates. See Note 15.

Fair value measurement of financial instruments
Accepted valuation techniques that are more or less based on quoted information/data are used if no quoted information is available for measuring the financial instruments at fair value. In certain cases, valuation techniques based on own assumptions and assessments are used. Quoted market prices or prices offered by banks for identical or similar instruments are used for non-current liabilities. Other techniques applied are various types of option pricing models, all of which are based on estimated future cash flows.

The nominal value for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair values of financial liabilities comprise discounted cash flows, by discounting at the current market interest rates available to the Group for similar financial instruments.

Note 2 cont.

Purchases and sales of financial instruments are recognised on the trade date, which is the date on which the Group commits to purchasing or selling the financial instrument. Financial instruments are derecognised when the rights to receive or pay cash flows from the financial instruments have expired or have been transferred and the Group has substantially transferred all risks, benefits and obligations of the ownership of the financial instrument asset or liability.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs that have a significant effect on the recognised fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recognised fair value that are not based on observable market data as at year-end.

Borrowing costs

Borrowing costs are interest and other costs that arise when the company borrows money, and are recognised in profit or loss. Borrowing costs that are directly attributable to an acquisition and upfront fees associated with refinancing are included in the cost and are capitalised. Borrowing costs relating to long-term financing are recognised as a reduction of loans and are allocated using the effective interest method.

Inventories

Inventories are recognised at the lower of cost and net realisable value with cost being determined by the first-in-first-out (FIFO) method, or, weighted average cost where it approximates FIFO. The cost of finished goods comprises materials stated at their purchase price, freight and customs duties, less any supplier bonuses, cash discounts, plus warehouse overheads, but excludes interest expense. Net realisable value normally comprises the estimated selling price less costs of completion. Where temporary market conditions result in the costs of a product exceeding its net realisable value, the product is valued at its net realisable value. Provisions are also made for goods with low turnover rates and obsolete goods. The carrying amount of the inventories in the balance sheet is reduced by a corresponding amount. See Note 16.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that payments will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects a provision to be recoverable, for example, under an insurance contract, the recovered amount is recognised as a separate asset but only when the recovered amount is virtually certain. If the time value is significant, the future payment is calculated at its present value. The calculations are made by applying a discount rate that reflects short-term market expectations, taking into account specific risks associated with the commitment. Where discounting is used, the increase in the provision due to the time value is recognised as an interest expense.

A restructuring provision is recognised in the period in which the Group becomes legally or constructively committed to the plan. A provision may only be made for the expenses incurred as a direct result of the restructuring and are an effect of a continuing contractual obligation with no ongoing economic benefit or represent a penalty incurred to cancel the obligation. See Note 21.

Employee benefits

The Group has both defined-benefit and defined-contribution pension plans. The provisions for defined-benefit plans are calculated using the projected unit credit method in accordance with IAS 19. Under this method, in addition to the pensions and statutory rights known on the balance-sheet date, consideration is given to expected future increases in pensions and salaries with cautious estimates of the relevant influences. The calculation is based on actuarial reports that apply biometrical bases. The liability recognised in the balance sheet in respect of defined-benefit pension plans is the present value of the defined-benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

The company has a multi-employer plan in Alecta that is a defined-benefit plan. For most of the defined-benefit plans, information is unavailable for Alecta on the allocation of the vesting between employers. Full vesting is instead registered on the last employer. Therefore, Alecta is unable to make a precise breakdown of assets and provisions for the respective employer. In addition, an established regulatory framework on the recognition of any surpluses or deficits essentially does not exist. According to a statement from the Swedish Financial Reporting Board, this is a defined-benefit multi-employer plan. For the 2018 financial year, OptiGroup had no access to information from Alecta that allowed the presentation of this plan as a defined-benefit plan. The plan has thus been recognised as a defined-contribution plan in accordance with point 34 of IAS 19. OptiGroup expects to pay premiums for 2019 to Alecta of approximately EUR 0.7 million (0.6).

The collective consolidation level measures allocation only assets in relation to the insurance undertaking. According to Alecta's consolidation policy for defined-benefit insurance, the collective consolidation level is normally permitted to vary between 125 and 155 percent. Alecta's collective funding ratio amounts to 142 percent (154). If the collective consolidation level is under or above the normal range, a measure that can be taken is to raise the contract price for the new benefits in the plan and expand existing benefits or introduce premium reductions.

OptiGroup's percentage of total premiums for ITP2 in Alecta amounted to 0.048 percent (0.041) on 31 December 2018 and the proportion of the total number of active insured persons amounted to 0.031 percent (0.033).

Group contributions to the defined-contribution pension plans are charged to profit or loss in the year to which they relate. See Note 20.

Convertibles/warrants

The company has issued convertible bonds that under specific conditions, or at a specific time can be converted into shares in the company. These convertible bonds are non-interest bearing, with the exception of the situation that the company pays dividends to its shareholders, in which case the interest is charged on the convertible debt securities pro rata equivalent to such dividends. All proceeds from the issuance for convertibles were recognised in equity.

Leases

Financial leases, which substantially transfer to the Group all the risks and benefits incidental to ownership of the leased item, are recognised in the balance sheet at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the financing costs and repayments of the lease liability. Recognised financially leased assets are depreciated over the estimated useful life of the asset.

Leases where the lessor substantially retains all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Revenue

Revenue from contracts with customers is recognised when OptiGroup has fulfilled the performance obligations in accordance with the contracts with customers and when the control of the goods or services has been transferred to the customer. This means that revenue from sales of goods is normally recognised at the point of delivery in accordance with shipment terms. Revenue from services are recognised when the services have been performed. The revenue is the amount which the Company expects to receive for the transferred goods or services. The contract terms and business practice is used to measure the transaction price. The transaction price is determined at the consideration the Group is expecting to receive in exchange for the contracted goods or services to the customer. The transaction price includes both fixed and variable considerations. The variable consideration to be included in the transactions price depends on the Group's assessment of future potential reductions of the consideration in a subsequent periods.

Sale of goods

Sale of goods is taking place in all business areas. The sale is mainly related to standard products, but to some extent also sale of customer specific articles. A framework agreement is normally when the customer contract is established once the customer places an order based on the framework agreement. The rights and obligations for the Group arise at the time of this order. The time from order to delivery is normally short. Every separate product in the order is seen as separate

The transaction price in each contract with customer is normally fixed. To the extent the transaction price includes variable amounts, the Group estimates the amount which it will have the right to obtain and include this in the transaction price, taken any uncertain amounts into consideration. The revenue is recognised at a point in time as the criteria for performance obligations satisfied over time is not met. The Group assess that control is transferred at delivery and in accordance with shipment terms, which is at the point in time where the rights and obligations are transferred to the customer.

Sale of services

Services are sold to some extent by the Group, but mainly in connection with the sale of goods. The services are mainly different logistical or planning related solutions in connection with sale of goods. The assignments are seen to be combined performance obligations. The transaction prices are normally only fixed amounts. The control of the performance obligations are transferred to the customer at a point in time, when the services have been finalised.

Cost to obtain a contract which fulfil the recognition criteria is capitalised and amortised during the contract period.

Other operating income comprises exchange-rate gains on trade receivables and payables, capital gains on divested property, plant and equipment, and on secondary activities within the framework of the Group's regular business.

Interest income is recognised as interest accrual (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Income taxes

Current income tax

Current income tax receivables and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance-sheet date. Current income tax relating to items recognised in other comprehensive income is recognised in equity and not in profit or loss.

Deferred income tax

Deferred tax is recognised, using the balance-sheet method, on all temporary differences on the balance-sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, on the transaction date, affects neither the recognised profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, including loss carry-forwards to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The values of deferred tax assets are to be assessed on every balance-sheet date and adjusted to the extent that it is no longer deemed possible that a gain will be generated such that all or part of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance-sheet date.

Deferred tax attributable to items recognised in the statement of other comprehensive income, are recognised in the statement of other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. See Note 9.

Reporting of cash flow

Cash and cash equivalents comprise cash at hand, deposits held at banks and other liquid investments with original maturity of less than three months. Inward and outward payments are recognised in the cash flow statement. Cash flow from operating activities is recognised in accordance with the indirect method.

Note 2 cont.

NOTE 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When the Board of Directors and the CEO prepare financial statements in accordance with generally accepted accounting policies, certain estimates and assumptions must be made that affect the carrying amounts of assets, liabilities, revenue and expenses. The areas where estimates and assumptions are of considerable importance to the Group and that may affect profit or loss and the balance sheet are described below:

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets excluding goodwill, are depreciated/amortised over the period that the assets will generate revenue (their useful lives). If there is any indication that an asset has been impaired, the recoverable amount of the asset is calculated, which is the higher of the asset's net realisable value and its value in use. An impairment loss is recognised when the recoverable amount of the asset is less than the carrying amount. The recoverable amount is determined based on management's estimates of future cash flows. The key assumptions used in impairment testing, including sensitivity analysis, are explained in Note 12.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once annually. This requires that management estimate the expected future cash flows from the defined cash-generating unit, and choose a suitable discount rate with which to discount the cash flow. See Note 12.

The Group has evaluated estimates made, which, if changed, could have a material effect on the fair value of the assets and could thus lead to an impairment. These estimates pertain to, for example, expected sales prices of products, expected inflation rates and the discount rate. The key assumptions used in the impairment testing, including sensitivity analysis, are explained in detail in Note 12.

Deferred tax assets

Deferred taxes are recognised on temporary differences, arising between the taxable value and carrying amount of assets and liabilities, and unutilised loss carry-forwards. Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against future profits. Management determines the amount that can be recognised based on likely timing and the level on future taxable profits. The value of deferred tax assets could be changed in the event that the outcome differs from these estimates or if management adjusts the estimates in the future. See Note 9 for detailed information.

Consolidated financial statements

Consolidation of entities in which the Group holds less than 50 percent

OptiGroup holds shares in one part-owned subsidiaries: (Rosaria Grundstücks- Vermietungsgesellschaft GmbH & Co Objekt Ettlingen KG). OptiGroup considers that the Group has de facto control even though it holds less than 50 percent of the voting rights. Since OptiGroup is a limited partner and thus a party of both the Articles of Association and lease agreement as well as the primary beneficiary of the profit resulting from sales, and holds 100 percent of the company's net assets and earnings, OptiGroup considers that it has control of the company. See Note 14.

Investments recognised using the equity method in which the Group holds less than 20 percent

OptiGroup has an investment in an associate, Rosaria Grundstucks- -Vermietungsgesellschaft GmbH & Co Objekt Heimstetten KG, recognised using the equity method, in which the Group holds 15 percent of the voting rights. OptiGroup has assessed that it has a significant influence, since OptiGroup is a limited partner, and thus a party of both the Articles of Association and lease agreement, as well as a significant beneficiary of the profits resulting from sale and holds 49 percent of the associate's net assets and earnings. See Note 14.

Exemptions from the consolidated financial statements

OptiGroup achieved a controlling influence in Pyramidion Consulting AB in 2017, a company included in the investment programmes for senior executives. This holding arose by a Group company, acting on the request of the majority shareholder, buying back participations in the company from persons who have left Group management. The purpose was for these participations to be sold on to other senior executives as soon as possible. The Group also has holdings in two other companies linked to the investment programme, in which the Group does not have a controlling influence, but the holding amounts to more than 20 percent. The shares have during 2018 been converted to shares with limited voting value and hence has the controlling interest achieved during 2017 ceased. The shares are continuosly recognised at cost under the heading Other non-current receivables.

Provision for expected credit losses

Trade receivables are initially measured at their anticipated realisable value. An estimate of expected credit losses are based on historical data and on an objective review of all outstanding amounts at the year-end, and as necessary. Losses relating to expected credit losses are recognised in profit or loss under other operating expenses. See Note 15.3.

Determining the net realisable value of inventories

Inventory impairment is recognised when the estimated net realisable value is lower than the cost. The net realisable value is dependent on management's assessment of old articles, inventory excess, damaged goods and other sales expenses.

Pensions and other post-employment benefits

Pensions and other post-employment benefits primarily refer to defined-benefit plans. The value of these plans is dependent on assumptions used by actuaries in calculating such amounts. The assumptions and actuarial calculations are made separately for each pension plan in the respective countries of the Group's operations. The assumptions concern discount rates, health-care cost trend rates, inflation, salary growth, retirement rates, mortality rates and other factors. Discount rate assumptions are based on long-term high-quality corporate-bond and government-bond yields available at year-end.

Health-care cost trend assumptions are based on historical cost data, the future outlook, and assessment of long-term trends. Inflation assumptions are based on an evaluation of external market indicators. The salary growth assumptions reflect the long-term actual experience, the future outlook and assumed inflation. Retirement and mortality rates are based primarily on official statistics. Where actual results differ from the initial estimates, together with the effect of any change in assumptions or other factors, these differences are recognised in other comprehensive income.

NOTE 2.5 OTHER INFORMATION

The subsidiary Papyrus Deutschland GmbH & Co. KG has made use of the exemptions stipulated in Section 264 b of the German Commercial Code. Therefore, the subsidiary is not required to issue notes or a Board of Directors' Report as stipulated in HGB.

NOTE 3

BUSINESS COMBINATIONS AND DIVESTMENTS

Business combinations 2018

Acquisition of Proxima
In January 2018, OptiGroup acquired 100 percent of the shares and votes in Proxima Tapes S.R.L. and Proxima Comserv S.R.L. The companies are engaged in the service and sale of industrial packaging mainly in the North Western region of Romania. The businesses are reported within the business area Printing & Creative Solutions and are consolidated as from January 2018. In relation to the acquisitions, the Company has agreed on potential earn-outs to be paid only if the financial results reaches certain levels during the coming periods and the acquisition analyses include liabilities for these contingent considerations based on forecasts.

Acquisition of Mercamer Oy and Oy Telpak AB
In January 2018, OptiGroup acquired 100 percent of the shares and votes in the companies Mercamer Oy and Oy Telpak Ab in Finland. The two companies are full service packaging distributors with a wide range of industrial packaging products, services and equipment. The businesses are reported in the business area Industrial Solutions and consolidated as from January 2018.

Acquisition of Oviva Distribution SRL
In June 2018, OptiGroup acquired 100 percent of the shares and votes in Oviva Distribution SRL, a Romanian full-service distributor of a wide range of cleaning and hygiene products. The company is reported in the business area Printing & Creative Solutions and is consolidated as from June 2018.

Acquisition of Moonen Packaging
In July 2018, OptiGroup acquired 100 percent of the shares and votes in Packagegroup Moonen B.V. Moonen Packaging has been a family business since the 1950s and is a leading and fast growing distributor of packaging solutions in the Benelux. The company designs, develops, sources, stocks, sells and distributes customised packaging solutions as well as hygiene paper, cleaning and catering products. The company is headquarted in Weert, the Netherlands. Moonen Packaging is reported in the business area Industrial Solutions and is consolidated as from July 2018.

In relation to the 2018 acquisitions, the Company has agreed on potential earn-outs to be paid only if the financial results reaches certain levels during the coming periods and the acquisition analyses include liabilities for these contingent considerations based on forecasts.

The 2018 acquisition analyses for Oviva Distribution SRL and Moonen Packaging are preliminary.

Acquisition	Business area	Country	Acquisition date 2018	Annualised net sales, EUR millions	Number of employees	Total assets, EUR millions
Proxima Tapes/ Comserv	Printing & Creative Solutions	Romania	24 January	1.4	9	0.5
Mercamer Oy	Industrial Solutions	Finland	27 January	30.4	39	8.8
Oy Telpak AB	Industrial Solutions	Finland	27 January	17.0	13	5.0
Oviva Distribution SRL	Printing & Creative Solutions	Romania	6 June	3.5	19	1.0
Packagegroup Moonen B.V.	Industrial Solutions	Netherlands	20 July	49.4	81	13.2
Completed acquisitions				**101.7**	**161**	**28.5**

Analysis of acquisitions 2018	Total
Acquisition price	45.4
Fair value of net assets	**–20.9**
Goodwill	24.5
Recognised goodwill	**24.5**

Implied goodwill mainly refers to overall market position synergies as well as value attached to the new customers.

Specification of net assets on acquisition date

Fair value recognised at acquisition	Total
Non-current assets and other non-current items	36.9
Inventory	13.9
Trade receivables	11.9
Oher short-term receivables	0.9
Trade payables	–6.5
Other short-term liabilities	–5.3
Long-term liabilities	–4.6
Deferred tax liability	–2.5
Cash and bank	0.7
Net assets	**45.4**

Note 3 cont.

Cash flow from acquisitions 2018	Total
Acquisition price	–45.4
Contingent consideration	5.4
Acquired net debt	–1.3
Net impact of cash and bank	**–41.3**

Acquired business contribution 2018 and other disclosures	Total
Net sales, after acquisition date	75.6
Profit for the year, after acquisition date	3.0
Net sales for full year 2018	101.6
Profit for the year 2018	3.9
Transaction costs, recognised in other operating expenses	1.0
Gross values on acquired trade receivables	12.2
Provision for doubtful acquired trade receivables	–0.3

Business combinations 2017

Acquisition of Olsonic AB

In December 2016, OptiGroup announced its intention to acquire 100 percent of the shares and votes in Olsonic AB. Olsonic is a Swedish full-service wholesaler within Viscom and holds a market leading position in serving customers with effective print- and presentation solutions, especially large format print. The Company will broaden and strengthen the offering to primarily Swedish customers. The transaction was completed in January 2017 and the Company is consolidated as from the beginning of the year. The Company has agreed on a potential earn-out (contingent consideration) to be paid to the seller if the financial result reaches a certain level the coming years. Both at the time of the acquisition and at year-end 2017 the contingent consideration is deemed to be zero.

Acquisition of Procurator AB

In January 2017, OptiGroup informed of the intention to acquire 100 percent of the shares and votes in Procurator AB from RoosGruppen AB. The transaction was contingent the approval from the competition authorities which was received in connection with the completion of the transaction in February 2017. As a result of the transaction, RoosGruppen AB became shareholders in OptiGroup together with the private equity funds Altor Fund II and Triton Fund II. The purchase consideration was EUR 58 million divided between a non-cash share issue of EUR 48 million and EUR 10 million cash consideration. Procurator is one of the leading suppliers of protective clothing and personal protective equipment as well as cleaning, hygiene and facility supplies to customers in Sweden, Finland, Norway, Denmark and Estonia. The company, headquartered in Malmö, has about 260 employees. Procurator is consolidated as from February 2017.

Acquisition of AS-Palvelut Oy

In June 2017, OptiGroup acquired 100 percent of the shares and votes in AS-Palvelut Oy, a Finnish full service wholesaler within professional cleaning and hygiene products. AS-Palvelut is consolidated as from July 2017.

Acquisition of Stadsing A/S

In July, OptiGroup acquired 100 percent of the shares and votes in Stadsing A/S. Stadsing is one of the leading suppliers of cleaning, hygiene and facility supplies to customers in Denmark. The company is headquarted in Aalborg and has 70 employees. In connection with the acquisition a non-cash share issue of EUR 10.8 million was made and Stadsing Holding became shareholder of OptiGroup. Stadsing is consolidated as from July 2017.

Acquisition of Pac-Production Sweden AB

In the end of September 2017, OptiGroup acquired 100 percent of the shares and votes in Pac-Production Sweden AB. Pac is a leading Scandinavian distributor of catering and non-food products to hospitality and service industries. Pac is consolidated as from October 2017.

Acquisition	Business segment	Country	Acquisition date 2017	Annualised net sales, EUR millions	Number of employees	Total assets, EUR millions
Olsonic AB	Printing & Creative Solutions	Sweden	2 January	7.0	17	1.7
Procurator AB	Facility & Foodservice Solutions	Sweden	20 February	122.6	260	75.4
AS-Palvelut Oy	Facility & Foodservice Solutions	Finland	21 June	4.9	11	1.2
Stadsing A/S	Facility & Foodservice Solutions	Denmark	7 July	22.9	70	29.1
Pac-Production Sweden AB	Facility & Foodservice Solutions	Sweden	29 September	56.4	97	26.4
Completed acquisitions				**213.8**	**455**	**133.8**

Analysis of acquisitions 2017	Procurator AB	Other	Total
Acquisition price	58.6	70.1	128.7
Fair value of net assets	**–41.6**	**–38.3**	**–79.9**
Goodwill	17.0	31.8	48.8
Recognised goodwill	**17.0**	**31.8**	**48.8**

Implied goodwill mainly refers to overall market position synergies as well as value attached to the new customers.

Specification of net assets on acquisition date

Fair value recognised at acquisition	Procurator AB	Other	Total
Non-current assets and other non-current items	28.3	25.4	53.7
Inventory	24.2	16.0	40.2
Trade receivables	16.6	12.0	28.6
Oher short-term receivables	4.3	2.2	6.5
Trade payables	–14.9	–7.6	–22.5
Other short-term liabilities	–6.5	–6.9	–13.4
Long-term liabilities	–6.9	—	–6.9
Deferred tax liability	–5.5	–5.6	–11.1
Cash and bank	2.0	2.8	4.8
Net assets	**41.6**	**38.3**	**79.9**

Cash flow from acquisitions 2017	Procurator AB	Other	Total
Acquisition price	–58.6	–70.1	–128.7
Share issue	48.0	10.8	58.8
Contingent consideration	—	4.6	4.6
Acquired liquidity	2.0	2.8	4.8
Net impact of cash and bank	**–8.6**	**–51.9**	**–60.5**

Acquired business contribution 2017 and other disclosures	Procurator AB	Other	Total
Net sales, after acquisition date	112.5	33.5	146.0
Profit for the year, after acquisition date	3.4	–0.2	3.2
Net sales for full year 2017	122.6	91.2	213.8
Profit for the year 2017	3.9	1.9	5.8
Transaction costs, recognised in other operating expenses	0.5	1.0	1.5
Gross values on acquired trade receivables	16.7	12.1	28.8
Provision for doubtful acquired trade receivables	–0.1	–0.1	–0.2

NOTE 4

SEGMENT REPORTING AND DISTRIBUTION OF REVENUE

OptiGroup is divided into four operating segments: Facility, Safety & Foodservice Solutions, Industrial Solutions, Printing & Creative Solutions and Retail & Reseller Solutions. These segments comprise groupings of external and internal customers, known as business areas. The four operating segments also comprise OptiGroup's reportable segments. Following a reorganisational announcement the business areas have as of September 1, 2018 been changed to reflect the new organisation. The major change in the reorganisation was that Safety moved from Industrial Solutions to Facility, Safety & Foodservice Solutions.

- Facility, Safety & Foodservice Solutions provides time and cost-saving outsourcing solutions for the efficient supply of a wide range of professional cleaning items, hygiene products, catering items, disposable healthcare consumables and safety products to customers such as Facility Management companies, contract cleaners and the public sector.
- Industrial Solutions provides customised concepts tailored around packaging products in terms of product selection, SKU consolidation, e-service support, workflow and logistics. The segment delivers solutions that cut costs on a daily basis and reduce tied up capital, as well as optimise the need for warehouse space.
- Printing & Creative Solutions provides innovative services and supply concepts for the printing and creative sectors, and other paper-intensive businesses together with paper consultancy services for marketing professionals and brand owners. Papyrus, OptiGroup's strong paper brand, holds the leading position in most continental European markets in the graphical and office paper business.
- Retail & Reseller Solutions provides a wide range of office paper, cleaning & hygiene products and packaging from well-established brands and producers, all delivered from one single source to office supply companies and major national and regional retail chains.
- Group operations comprise the Group's shared management and administration function and property operations in Germany.

Figures for 2018 and 2017 are based on the same operational Group structure.

	2018	2017
Net sales per segment		
Facility, Safety & Foodservice Solutions	314.6	277.7
Industrial Solutions	134.0	64.8
Printing & Creative Solutions	989.2	999.6
Retail & Reseller Solutions	170.2	166.4
Group operations and eliminations	–8.9	–13.1
Total net sales	**1,599.1**	**1,495.4**

	2018	2017
Earnings per segment		
Facility, Safety & Foodservice Solutions	14.2	13.7
Industrial Solutions	5.9	3.2
Printing & Creative Solutions	24.0	28.0
Retail & Reseller Solutions	2.4	4.8
Group operations and eliminations	–0.3	0.1
Adjusted EBITA	**46.2**	**49.8**
Items affecting comparability	–18.6	–12.4
Amortisation and impairment of intangible assets	–9.2	–11.9
Operating profit	**18.4**	**25.6**
Financial income	6.4	1.5
Finance expenses	–8.6	–6.0
Share of profit from associates	–0.1	0.0
Profit before tax	**16.1**	**21.1**
Tax on profit for the year	–5.2	–7.2
Profit for the year	**10.9**	**13.8**

Group management continuously monitor the net sales and adjusted EBITA for the segments. Items affecting comparability, amortisation of intangible assets, net financial items, tax and assets and liabilities are not specified by segment and thus are not monitored by the Group's chief operating decision maker other than at Group level as a whole.

Items affecting comparability for 2018 comprise restructuring expenses of EUR 16.6 million, primarily attributable to expenses for redundancies in Germany, Sweden, the Netherlands and Belgium, and other expenses affecting comparability of EUR 2.0 million that were mainly attributable to transaction costs associated with M&A activities for the year. The corresponding items in 2017 comprise restructuring expenses of EUR 9.9 million, primarily attributable to expenses for redundancies in Germany, Switzerland, Sweden and the Czech Republic, and other expenses affecting comparability of EUR 2.5 million that were mainly attributable to transaction costs associated with acquisitions.

Depreciation and impairment of property, plant and equipment per segment	2018	2017
Facility, Safety & Foodservice Solutions	–1.7	–1.1
Industrial Solutions	–0.3	–0.1
Printing & Creative Solutions	–2.8	–3.3
Retail & Reseller Solutions	–0.5	–0.6
Group operations	–1.6	–2.5
Total depreciation and impairment of property, plant and equipment	**–6.9**	**–7.6**

Net sales specified by geographic region 2018	Facility, Safety & Foodservice Solutions	Industrial Solutions	Printing & Creative Solutions	Retail & Reseller Solutions	2018
Sweden	216.3	55.6	37.6	15.6	325.1
Nordic excl. Sweden	97.1	53.5	73.4	5.4	229.4
Germany	—	—	439.3	102.5	541.8
Switzerland	—	—	88.4	22.1	110.5
Netherlands	—	24.8	87.9	17.0	129.7
Rest of Europe	1.2	—	262.6	7.6	271.4
Segment net sales	**314.6**	**134.0**	**989.2**	**170.2**	**1,608.0**
Eliminations	—	—	—	—	–8.9
Total net sales	**314.6**	**134.0**	**989.2**	**170.2**	**1,599.1**

The Group's segments operate in Europe. Net sales in the table above are presented for countries in which the selling company is located. The Group's revenues are mainly sale of goods where revenue is recognised basen on delivery when the performance obligations have been fulfilled. Services are sold to a less extent and is mainly connected to the sale of goods and is recognised only when finalised.

Net sales specified by geographic region 2017	Facility, Safety & Foodservice Solutions	Industrial Solutions	Printing & Creative Solutions	Retail & Reseller Solutions	2017
Sweden	188.1	56.8	38.6	17.5	301.0
Nordic excl. Sweden	88.3	8.0	81.2	4.8	182.3
Germany	—	—	437.7	95.3	532.9
Switzerland	—	—	101.1	25.2	126.3
Netherlands	—	—	89.2	16.1	105.3
Rest of Europe	1.3	—	251.8	7.5	260.7
Segment net sales	**277.7**	**64.8**	**999.6**	**166.4**	**1,508.5**
Eliminations	—	—	—	—	–13.1
Total net sales	**277.7**	**64.8**	**999.6**	**166.4**	**1,495.4**

Intra-group sales, million euro	2018	2017
Facility, Safety & Foodservice Solutions	6.0	5.6
Industrial Solutions	0.0	0.0
Printing & Creative Solutions	2.9	7.5
Retail & Reseller Solutions	0.0	0.0
Intra-group sales	**8.9**	**13.1**

NOTE 5

OTHER OPERATING INCOME

	2018	2017
Rental income	0.8	1.1
Interest on overdue payment	0.3	0.2
Intermediary service fee	—	8.6
Other	3.4	2.6
Total	**4.5**	**12.5**

NOTE 6

OTHER OPERATING EXPENSES

	2018	2017
Rental expense	–24.0	–21.2
Property costs	–9.0	–9.4
Marketing costs	–1.8	–3.1
IT costs	–8.2	–7.3
Other office expenses	–0.9	–1.0
Consultancy costs	–4.0	–4.4
Other personnel costs	–3.5	–3.2
Restructuring expenses	–18.7	–12.0
Credit losses	–1.6	–1.4
Travel expenses	–3.6	–3.4
Company car costs	–6.4	–6.2
Temporary workforce	–5.4	–5.2
Other	–3.3	–9.2
Total	**–90.5**	**–87.0**

Fees to auditors**	2018	2017
Ernst & Young		
Audit fees	–0.9	–1.1
Audit-related fees	–0.1	–0.1
Tax advisory services	0.0	–0.1
Other fees	–0.1	–0.4
Audit fees to others	0.0	–0.1
Total	**–1.1**	**–1.8**

** Audit fees are included in other expenses.

NOTE 7

SALARIES AND REMUNERATION OF EMPLOYEES

	2018		2017	
Average number of employees	Number of employees	Of whom men, %	Number of employees	Of whom men, %
Belgium	70	59	77	60
Czech Republic	85	66	89	64
Denmark	121	65	87	90
Estonia	13	58	14	22
Finland	159	61	96	64
Germany	618	73	667	70
Hungary	80	42	56	66
Italy	12	76	12	67
Latvia	7	14	7	28
Lithuania	21	35	23	31
Netherlands	130	75	104	83
Norway	32	65	38	73
Poland	55	42	49	39
Romania	41	69	15	68
Sweden	566	57	500	69
Switzerland	165	75	196	63
Total	**2,176**	**64**	**2,026**	**68**

	2018		2017	
Salaries and other remuneration	Salaries and other remuneration	Payroll overhead (of which, pension)	Salaries and other remuneration	Payroll overhead (of which, pension)
Parent Company*	–3.0	–2.0 (–0.6)	–2.6	–0.7 (–0.2)
Subsidiaries	–102.9	–28.2 (–12.1)	–100.2	–28.8 (–12.1)
Total Group	**–105.9**	**–30.2 (–12.7)**	**–102.8**	**–29.5 (–12.3)**

* The Parent Company took over employees from Papyrus AB from May 2017.

	2018		2017	
Salaries and other remuneration specified by Board, CEO and other employees	Board & CEO (of which, bonus, etc.)	Other employees	Board & CEO (of which, bonus, etc.)	Other employees
Total Group	**–1.6 (–0.2)**	**–104.2 (–4.0)**	**–1.4 (–0.5)**	**–101.4 (–5.3)**

Salaries and other remuneration of the Board and CEO only include the Parent Company's Board of Directors and CEO.

Gender distribution among Board and other senior executives	31 Dec. 2018	31 Dec. 2017
Distribution of men and women on the Board of Directors		
Women	2	1
Men	6	7
Distribution of men and women regarding CEO & other senior executives of the Group*		
Women	1	1
Men	3	3

* Based on members belonging to the OptiGroup Management Team.

Note 7 cont.

Remuneration of senior executives of the Group	2018	2017
Salaries and other current employee benefits (of which bonus)	–3.1 (–0.4)	–2.6 (–0.8)
Post-employment pension	–0.4	–0.2
Total	**–3.5**	**–2.8**

Significant employment terms for CEO

The notice period regarding termination of the CEO's contract is 12 (3) months if the employee terminates employment and 12 (3) months if the company terminates employment. The maximum bonus is 75 percent of the annual basic salary. The CEO is employed by OptiGroup AB.

NOTE 8

FINANCIAL INCOME AND EXPENSES

Financial income	2018	2017
Interest income on loans and receivables	0.1	0.0
Other financial income	0.0	0.1
Exchange-rate differences	6.3	1.4
Total	**6.4**	**1.5**

Finance expenses	2018	2017
Interest expense, bank loans	–1.9	–1.6
Interest expense, financial leases	–0.4	–0.5
Exchange-rate differences	–5.7	–3.2
Other financial expenses	–0.6	–0.7
Total	**–8.6**	**–6.0**

NOTE 9

TAXES

The major components of income tax expense are:

Consolidated income statement	2018	2017
Current tax on profit for the year	–6.7	–4.0
Adjustment attributable to previous years	0.0	0.0
Change in deferred tax on temporary differences	1.5	–3.2
Income tax expense recognised in profit or loss	**–5.2**	**–7.2**

Income tax effects related to components in other comprehensive income, see Note 19.

Overview of effective tax rate	2018	2017
Profit before tax	16.1	21.1
Tax expense in accordance with the tax rate of the Parent Company (22%)	–3.5	–4.6
Non-taxable income	0.2	0.5
Non-deductible expenses	–1.7	–1.3
Taxes for previous years	0.0	0.0
Regional and other tax rate variations	–0.1	0.2
Capitalisation of loss carry-forwards	1.1	0.0
Losses for which deferred tax is not recognised	–1.5	–0.6
Provisions due to tax audit for prior years in Germany, net	—	–1.4
Changes in deferred tax due to tax rate change	0.4	—
Other	–0.1	0.0
Total tax expense (effective tax rate 32.6% (34.3))	**–5.2**	**–7.2**

The tax expense for 2017 was adversely affected by a net reserve of EUR 1.4 million in connection with the tax audit in Germany for prior years and primarily refers to pricing of internal transactions between the Group's German and Swedish companies. No changes in the provision during 2018.

	31 Dec. 2018		31 Dec. 2017	
Deferred taxes are attributable to the following:	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Differences in depreciation of non-current assets	—	16.2	—	23.9
Untaxed reserves	—	1.0	—	0.6
Pensions	3.5	—	5.7	—
Provisions	2.3	—	2.0	—
Deferred tax attributable to capitalised tax loss carry-forwards	6.2	—	7.3	—
Other	—	6.1	—	5.9

Recognised in the balance sheet as follows:

Deferred tax assets	12.0	—	15.0	—
Deferred tax liabilities	—	23.3	—	30.4
Deferred taxes net	—	**11.3**	—	**15.4**

Note 9 cont.

Tax loss carry-forwards for which deferred tax assets are recognised in the balance sheet	31 Dec. 2018	31 Dec. 2017
Maturity date		
0–1 year	0.1	0.0
1–2 years	0.0	0.2
2–3 years	—	—
3–4 years	—	—
4–5 years	0.0	—
No expiry	6.1	7.1
Total	**6.2**	**7.3**

Tax loss carry-forwards for which no deferred tax assets recognised in the balance sheet	31 Dec. 2018	31 Dec. 2017
Maturity date		
0–1 year	0.3	0.3
1–2 years	0.2	0.3
2–3 years	0.1	0.1
3–4 years	0.6	0.6
4–5 years	0.1	0.1
No expiry	4.5	3.6
Total	**5.8**	**4.9**

NOTE 10

GOODWILL

Goodwill	Note	31 Dec. 2018	31 Dec. 2017
Opening balance, cost		121.0	73.6
Acquisitions during the year	3	24.7	48.7
Exchange-rate differences		–1.9	–1.3
Reclassification to assets held for sale		–16.2	—
Closing balance, cost		**127.6**	**121.0**
Opening balance, impairment		–1.6	–1.6
Impairment for the year		–0.7	—
Closing balance, accumulated impairment		**–2.3**	**–1.6**
Closing carrying amount		**125.3**	**119.4**

NOTE 11

INTANGIBLE ASSETS

Brands with indefinite useful lives	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	42.1	32.3
Acquisitions through purchases of subsidiaries	7.3	10.4
Exchange-rate differences	–0.3	–0.6
Reclassification to assets held for sale	–14.5	—
Closing balance, cost	**34.6**	**42.1**

Brands with indefinite useful lives	31 Dec. 2018	31 Dec. 2017
Opening balance, impairment	–7.2	–2.2
Impairment for the year	—	–5.1
Exchange-rate differences	0.0	0.1
Closing balance, accumulated impairment	**–7.2**	**–7.2**
Closing carrying amount	**27.4**	**34.9**

The Group's brand is estimated to have an indefinite useful life since Papyrus has a strong market position in key markets in Europe, and its intention is to continue utilising the brand in the paper merchanting business. The brands Mercamer, Telpak and Moonen Packaging with indefinite usefule lives were acquired during 2018. Three brands – Procurator, Stadsing and Pac – were acquired in 2017. Management decided in 2017 to replace the Papyrus Supplies brand with the acquired brand Procurator. In connection with this decision, impairment of EUR 5.1 million was recognised, corresponding to the entire carrying amount of the Papyrus Supplies brand.

	31 Dec. 2018			
Intangible assets with definite useful lives	Product names	Customer relationships	Software	Total
Opening balance, cost	19.9	61.5	26.2	107.6
Acquisitions	—	—	1.4	1.4
Acquisitions through purchases of subsidiaries	—	3.7	0.0	3.7
Disposals and divestments	—	—	0.0	0.0
Exchange-rate differences	–0.2	–0.9	0.2	–0.9
Reclassification to assets held for sale	–8.2	–17.0	–3.2	–28.4
Closing balance, accumulated cost	**11.5**	**47.3**	**24.6**	**83.5**
Opening balance, amortisation	**–6.0**	**–23.2**	**–22.6**	**–51.8**
Amortisation according to plan	–0.9	–6.0	–1.6	–8.5
Disposals	—	—	–0.0	–0.0
Exchange-rate differences	0.0	0.1	–0.1	0.0
Reclassification to assets held for sale	4.4	12.1	2.9	19.4
Closing balance, accumulated amortisation	**–2.4**	**–16.9**	**–21.5**	**–40.9**
Closing carrying amount	**9.1**	**30.4**	**3.1**	**42.6**

	31 Dec. 2017			
Intangible assets with definite useful lives	Product names	Customer relationships	Software	Total
Opening balance, cost	13.5	32.3	25.9	71.7
Acquisitions	—	—	0.8	0.8
Acquisitions through purchases of subsidiaries	6.6	30.0	1.3	37.9
Disposals and divestments	—	—	–1.8	–1.8
Reclassification	—	—	0.6	0.6
Exchange-rate differences	–0.2	–0.8	–0.7	–1.7
Closing balance, accumulated cost	**19.9**	**61.5**	**26.2**	**107.5**
Opening balance, amortisation	–5.2	–18.9	–23.8	–47.9
Amortisation according to plan	–0.9	–4.5	–1.4	–6.8
Disposals	—	—	1.8	1.8
Exchange-rate differences	0.1	0.2	0.8	1.1
Closing balance, accumulated amortisation	**–6.0**	**–23.2**	**–22.6**	**–51.8**
Closing carrying amount	**13.9**	**38.3**	**3.6**	**55.7**

Summary of intangible assets	31 Dec. 2018	31 Dec. 2017
Intangible assets with indefinite useful lives	27.4	34.9
Intangible assets with definite useful lives	42.6	55.7
Closing carrying amount	**70.0**	**90.6**

The avarage remaining useful life of the product name from prior years is 15 years and customer relationships from prior years is 7 years. Customer relationships added during the year are amortised over 15 years.

NOTE 12

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill acquired through business combinations and the company's brand name with an indefinite useful life has been allocated to the four operating segments that are also the cash-generating units (CGUs) and are described below:

- Facility, Safety & Foodservice Solutions
- Industrial Solutions
- Printing & Creative Solutions
- Retail & Reseller Solutions

This allocation is been made only to conduct impairment testing per operating segment and the balance sheet is not continuously reported to the Group management. Accordingly, no balance sheet items are included in the segment table in Note 4.

The brands acquired with indefinite useful lives in 2018 are Mercamer, Telpak and Moonen Packaging. For 2017, the acquired brands were Procurator, Stadsing and Pac.

The entire carrying amount of the Papyrus Supplies brand was impaired in 2017 after Group management decided that this brand will not be utilised in the future. The impairment was charged to the consolidated income statement with EUR 5.1 million for 2017, recognised under Amortisation and impairment.

Carrying amount of goodwill and corporate brands allocated to each of the cash-generating units:

	31 Dec. 2018					
	Facility, Safety & Foodservice Solutions	Industrial Solutions	Printing & Creative Solutions	Retail & Reseller Solutions	Group operations	Total
Goodwill	68.3	30.5	20.5	3.8	2.2	**125.3**
Corporate brand names	10.0	7.3	10.1	—	—	**27.4**

Key assumptions used in "value in use" calculations

The calculation of "value in use" for the cash-generating units is most sensitive to the following assumptions:

- Sales trend
- EBITDA margin
- Discount rate
- Growth rate used to extrapolate cash flows beyond the budget period

Sales trend – is important when testing the value of the corporate brand name. Sales growth is based on the budget for 2019 with the following average estimates per segment: 4.5 percent for Facility, Safety & Foodservice Solutions, 5.6 percent for Industrial Solutions, –2.1 percent for Printing & Creative Solutions and 0.4 percent for Retail & Reseller Solutions. To extrapolate cash flows beyond the budget, the following long-term growth assumptions have been applied: 2.0–3.0 percent for Facility, Safety & Foodservice Solutions, Industrial Solutions and Retail & Reseller Solutions, and –2.0–0.0 percent for Printing & Creative Solutions.

EBITDA margin – is based on actual EBITDA margin and for the 2019 budget which includes activities to manage cost changes, enhance efficiency and restructure operations and staffing. After this period (2020 and onwards), the EBITDA margin is extended by the same margin as the budget.

Discount rates – discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for OptiGroup. The discount rate used was 7.5 percent (9.6) for Facility, Safety & Foodservice Solutions, 7.4 percent (9.7) for Industrial Solutions, 7.7 percent (9.8) for Printing & Creative Solutions and 7.4 percent (9.9) for Retail & Reseller Solutions. The discount rates are after tax and discount rates before tax in brackets.

Sensitivity to changes in assumptions

With regard to the assessment of the goodwill in each cash-generating unit, a sensitivity analysis has been performed. The selected parameters found to be most important were the sales trend, discount rate (WACC) and EBITDA margin.

No reasonable potential change in key assumptions would cause the units' carrying amounts to exceed their recoverable amounts.

NOTE 13

PROPERTY, PLANT AND EQUIPMENT

Land and buildings	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	39.5	56.0
Acquisitions	0.7	0.5
Divestments	–8.9	–17.0
Reclassification to Assets held for sale	–2.5	—
Exchange-rate differences	0.0	–0.1
Closing balance, cost	**28.8**	**39.5**
Opening balance, depreciation	–13.5	–21.9
Depreciation for the current year	–1.0	–1.2
Divestments	2.7	11.7
Impairment	–1.0	–2.3
Reclassification to Assets held for sale	1.6	—
Exchange-rate differences	0.0	0.2
Closing balance, accumulated depreciation	**–11.1**	**–13.5**
Closing carrying amount	**17.6**	**26.0**

Buildings possessed under finance lease agreement, included in Land and buildings above	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	10.2	10.2
Exchange-rate differences	0.0	0.0
Closing balance, cost	**10.2**	**10.2**
Opening balance, depreciation	–4.8	–4.5
Depreciation for the current year	–0.3	–0.3
Exchange-rate differences	0.0	0.0
Closing balance, accumulated depreciation	**–5.1**	**–4.8**
Closing carrying amount	**5.1**	**5.4**

Plant and machinery	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	102.5	92.9
Additions through company acquisitions	3.0	9.1
Acquisitions	3.3	4.0
Reclassification to Assets held for sale	–26.5	—
Disposals	–2.9	0.0
Divestments	–0.2	–1.5
Exchange-rate differences	–0.3	–2.0
Closing balance, cost	**78.9**	**102.5**
Opening balance, depreciation	–87.7	–81.7
Additions through company acquisitions	–1.9	–4.6
Reclassification to Assets held for sale	21.5	—
Disposals	2.5	0.0
Depreciation for the current year	–4.9	–4.4
Divestments	0.2	1.3
Impairment	–0.1	—
Exchange-rate differences	0.2	1.6
Closing balance, accumulated depreciation	**–70.3**	**–87.7**
Closing carrying amount	**8.7**	**14.8**

Note 13 cont.

Equipment	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	0.6	0.6
Acquisitions	0.0	0.0
Divestments	0.0	0.0
Additions through company acquisitions	0.2	—
Exchange-rate differences	0.0	—
Closing balance, cost	**0.9**	**0.6**
Opening balance, depreciation	–0.5	–0.5
Depreciation for the current year	–0.1	0.0
Divestments	0.0	0.0
Additions through company acquisitions	–0.2	—
Exchange-rate differences	0.0	0.0
Closing balance, accumulated depreciation	**–0.7**	**–0.5**
Closing carrying amount	**0.2**	**0.1**

Construction in progress and advance payments	31 Dec. 2018	31 Dec. 2017
Opening balance, cost	1.1	1.2
Acquisitions	0.1	0.1
Divestments	0.0	0.0
Exchange-rate differences	0.0	–0.2
Closing balance, cost	**1.2**	**1.1**
Opening balance, impairment	–1.1	–1.2
Exchange-rate differences	0.1	0.1
Closing balance, accumulated impairment	**–1.1**	**–1.1**
Closing carrying amount	**0.1**	**0.0**
Total closing carrying amount property, plant and equipment	**26.6**	**40.9**

Finance lease

The finance lease relates to a building in Denmark, and is between Papyrus A/S and Danske Leasing A/S. According to the lease agreement, Papyrus A/S has the right to acquire the building at 1 December 2020.

NOTE 14

HOLDINGS RECOGNISED ACCORDING TO EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

NOTE 14.1 INVESTMENTS IN ASSOCIATES

The associates of the Group on 31 December 2018, which according to the Board are significant to the Group, are presented below. The associates listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in associates 2018 and 2017:

Company name	Place of business/ Country of incorporation	% of ownership	Nature of the relationship	Measurement method
Römerturm Feinstpapier GmbH & Co. KG	Frechen, Germany	25.1	Footnote 1	Equity method
Römerturm Feinstpapier Verwaltungs GmbH	Frechen, Germany	25.2	Footnote 2	Equity method
ROSARIA Objekt Heimstetten	Heimstetten/Munich, Germany	15	Footnote 3	Equity method

Footnote 1/2 Römerturm is a wholesaler who mainly sells specialty paper. Footnote 3 ROSARIA Grundstucks-Vermietungsgesellschaft mbH & Co. Objekt Heimstetten KG is a real estate company that leases its property to Papyrus Deutschland GmbH & Co. KG. OptiGroup lost its controlling influence in the former subsidiary in December 2014. The investment (equivalent to 15 percent of the voting rights/49 percent of the net assets and earnings) was subsequently recognised using the equity method. The associates are private companies and there are no quoted rates available for their shares. There are no contingent liabilities regarding the Group's investments in associates. 31 December 2018 the group's share of Römerturm is reclassified as Asset held for sale.

Investments in associates	31 Dec. 2018	31 Dec. 2017
Opening carrying amount, investments in associates	1.4	1.5
Share of profit from associates, net of tax	–0.1	–0.1
Reclassification to Asset held for sale	–1.4	—
Closing carrying amount	**0.0**	**1.4**

Condensed financial information for holdings in associates

Condensed financial information for the associate Römerturm Feinstpapier and Rosaria Objekt Heimstetten, recognised using the equity method, is presented below. The information below reflects the amounts presented in the financial statements of the associates (and not OptiGroup Group's share of those amounts) and are not adjusted for differences in accounting policies between the Group and the associates. No significant differences are deemed to exist. The investment in Römerturm Feinstpapier Verwaltungs GmbH is not significant for the Group, which is why no financial information is provided in summary below.

	Römerturm Feinstpapier		Rosaria Objekt Heimstetten	
Condensed balance sheet	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Non-current assets	2.3	2.4	10.3	10.6
Current assets	6.1	6.1	0.3	0.3
Total assets	**8.4**	**8.5**	**10.6**	**10.9**
Non-current liabilities	1.0	1.2	9.5	9.5
Current liabilities	1.9	1.6	1.4	1.8
Total liabilities	**3.0**	**2.8**	**10.9**	**11.3**
Net assets	**5.4**	**5.7**	**–0.3**	**–0.4**

Note 14 cont.

Condensed income statement and comprehensive income	Römerturm Feinstpapier 2017	Römerturm Feinstpapier 2016	Rosaria Objekt Heimstetten 2017	Rosaria Objekt Heimstetten 2016
Net sales	15.4	14.8	0.9	0.9
Other operating income	0.0	0.0	—	—
Profit for the year	–0.3	–0.2	0.0	0.0
Other comprehensive income	—	—	—	—
Total comprehensive income	**–0.3**	**–0.2**	**0.0**	**0.0**
Dividends received from associates	—	—	—	—

Changes of the proportion of equity in Römerturm Feinstpapier GmbH & Co, KG, and in ROSARIA Grundstücks- Vermietungsgesellschaft mbH & Co. Objekt Heimstetten KG are recognised in OptiGroup with a delay of half a year.

Reconciliation of condensed financial information
The condensed financial information presented above is reconciled below against the carrying amount of OptiGroup's participations in associates.

Condensed financial information	Römerturm Feinstpapier 2018	Römerturm Feinstpapier 2017	Rosaria Objekt Heimstetten 2018	Rosaria Objekt Heimstetten 2017	Total 2018	Total 2017
Opening balance, net assets 1 January	5.8	6.0	–0.4	–0.4	5.4	5.6
Profit for the year	–0.3	–0.2	0.0	—	–0.3	–0.2
Dividend	—	—	—	—	—	—
Closing balance, net assets 31 December	**5.5**	**5.8**	**–0.3**	**–0.4**	**5.2**	**5.4**
Interest in associates (25.1% / 49%)	1.4	1.4	–0.1	–0.2	1.2	1.3
Reclassification to Asset held for sale	–1.4	—	—	—	–1.4	—
Carrying amount	**0.0**	**1.4**	**0.0**	**0.0**	**0.0**	**1.4**

NOTE 14.2 INVESTMENTS IN SUBSIDIARIES

All subsidiaries are consolidated in the Group. More information regarding investments in subsidiaries on 31 December 2018 are included in comments to the Parent Company's financial statements, in Note 6.

Condensed financial information for each subsidiary that has non-controlling interests that are material for the Group is provided below. OptiGroup investments in these subsidiaries amounted to 15 percent of the votes and 100 percent of the net assets and earnings. See Note 2.4. The information refers to the amount before inter-company eliminations.

Condensed balance sheet	Rosaria Objekt Ettlingen 31 Dec. 2018	Rosaria Objekt Ettlingen 31 Dec. 2017
Non-current assets	13.8	21.7
Current assets	8.0	1.6
Total assets	**21.9**	**23.2**
Non-current liabilities	10.7	17.9
Current liabilities	15.1	9.3
Total liabilities	**25.8**	**27.2**
Net assets	**–3.9**	**–4.0**

Condensed income statement and comprehensive income	Rosaria Objekt Ettlingen 2018	Rosaria Objekt Ettlingen 2017
Other operating income	0.4	–0.1
Profit for the year	0.0	–0.4
Other comprehensive income	—	—
Total comprehensive income for the year	**0.0**	**–0.4**

NOTE 15

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management in OptiGroup

OptiGroup is exposed to a number of financial market risks that the Group is responsible for managing under the finance policy approved by the Board of Directors. The overall objective is to have cost-effective funding in Group companies and to manage the effect of financial risks on the Group's earnings by utilising financial instruments. The main risk exposures for the Group are financing risk, interest-rate risk and currency risk. The OptiGroup finance policy governs all financial transactions within the Group. The following table shows the Group's financial assets and liabilities that are subject to financial risk management.

Financial assets	Carrying amounts 31 Dec. 2018	Market value 31 Dec. 2018	Carrying amounts 31 Dec. 2017	Market value 31 Dec. 2017
Trade receivables and other current receivables[1]	176.5	176.5	228.3	228.3
Currency forward contracts[4]	0.4	0.4	—	—
Cash and bank balances[1]	1.5	1.5	19.0	19.0
Total assets	**178.4**	**178.4**	**247.3**	**247.3**
Financial liabilities				
Non-current financial liabilities[3]	0.2	0.2	0.1	0.1
Non-current interest-bearing borrowings[3]	48.5	48.5	31.3	31.3
Financial leases[3]	8.4	8.4	9.3	9.3
Current portion of non-current borrowings[3]	8.6	8.6	0.9	0.9
Current financial leases[3]	0.0	0.0	0.3	0.3
Contingent consideration[2]	11.7	11.7	—	—
Trade payables and other current liabilities[3]	167.6	167.6	245.8	245.8
Currency forward contracts[2]	0.6	0.6	—	—
Total liabilities	**245.6**	**245.6**	**287.7**	**287.7**

Category of financial assets: [1]Financial assets measured at amortised cost. [4] Financial assets measured at fair value through profit or loss
Category of financial liabilities: [2] Financial liabilities measured at fair value through profit or loss.
[3] Financial liabilities measured at amortised cost.

Currency risk

As a consequence of its international activities, OptiGroup is exposed to changes in foreign-exchange rates.

The following tables show the currency split in the different financial assets and liabilities. See Note 15.3 and 15.4 for financial assets.

	31 Dec. 2018	31 Dec. 2017
EUR	57.1	32.2
Total	**57.1**	**32.2**

Currency break-down of trade payables	31 Dec. 2018	31 Dec. 2017
EUR	57.2	131.5
SEK	36.5	33.9
CHF	7.2	7.6
DKK	8.1	8.1
CZK	0.6	0.5
HUF	0.3	4.2
NOK	2.6	2.5
PLN	2.5	1.4
USD	1.3	2.6
Other currencies	0.7	0.3
Total	**117.0**	**192.5**

Currency break-down of other current liabilities	31 Dec. 2018	31 Dec. 2017
EUR	35.9	34.8
SEK	10.9	10.2
CHF	2.0	2.5
DKK	1.8	1.4
CZK	2.3	1.5
HUF	0.7	0.6
NOK	0.9	1.0
PLN	0.7	1.0
Other currencies	1.3	0.3
Total	**56.5**	**53.2**

Note 15 cont.

Transaction exposure

OptiGroup is exposed to currency risk in the form of transaction exposure in connection with the purchase and sale of goods and services in currencies other than each Group company's local currency. OptiGroup's policy for minimising transaction exposure is to primarily match inward and outward flows and by selecting an invoicing currency. Secondly, financial instruments are to be used to reduce currency risk. The financial policy states that 65–85 percent of the forcasted transaction expure for the coming 12 months shell be hedged.

Translation exposure

OptiGroup's assets in foreign subsidiaries are partly financed by loans and partly by equity. If foreign assets are financed with equity, what is known as translation currency exposure arises in connection with consolidation of the balance sheet. Translation exposure causes a risk that changes in foreign-exchange rates will have a negative impact on the value of OptiGroup's net assets in foreign currency. The translation risk is an accounting risk that arises when Papyrus's accounts are consolidated, as an effect on consolidated equity.

OptiGroup's policy for translation exposure is to minimise the impact of short-term changes in foreign-exchange rates in the income statement by matching assets denominated in foreign currency with external loans denominated in the same currency, as far as practically possible.

Interest-rate risk

Fluctuations in interest rates affect the Group's interest expense. OptiGroup's interest-rate risk policy is designed to reduce the impact of interest-rate changes in the income statement. The policy states that there should be no hedging of the interest rate risk as long as EURIBOR 3M is below 2 percent. In the case of interest-bearing assets, the fixed interest-rate period is to be short and matched against loan repayments.

As per 31 December 2018, a one-percentage-point parallel change up or down in interest rates would impact annual net interest expense by EUR 0.4 million (0.2), assuming that the duration and the funding structure of the Group stays constant during the year.

The total Group floating interest-bearing net debt (cash) position, including cash and bank balances, was approximately EUR 46.6 million (–2.4), the average fixed interest-rate period being three months (1). The average fixed interest-rate period for the Group's net interest-bearing liabilities, excluding cash and bank balances, was about 1.3 years (2.4).

Customer credit risk

Credit insurance is used for approx. 80 percent of the customers in the whole Group. In other market areas, measures to reduce credit risks include letters of credit, advance payments and bank guarantees. Management considers that no significant concentration of credit risk with any individual customer, counterparty or geographical region exists for OptiGroup. The Group recognise a provision for expected credit losses based on historical data and an individual assessment. Age analyses of trade receivables and the provision are presented in Note 15.3.

Capital risk management

The capital structure of the Group is to be maintained at a level that safeguards the ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, whilst maintaining an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may, subject to shareholder approval as appropriate, vary the dividend paid to shareholders, reduce share capital for return to shareholders, issue new shares or sell assets to reduce the debt/equity ratio. The Group continuously monitors its capital on the basis of a target debt-to-equity ratio. The ratios in the table below are within range of the target. The agreement with Danske Bank includes a covenant (net debt to EBITDA). OptiGroup fulfilled the covenant for the 2018 financial year.

Liquidity and refinancing risk

Financing risk arises from the difficulty of obtaining finance for operations at a given point in time. OptiGroup's financing policy states that the Group's external loan portfolio is to have a maturity structure ensuring that OptiGroup is not exposed to refinancing risks. Refinancing risk, entailing that maturing debt could not be refinanced in the market, is mitigated by OptiGroup's target of maintaining an even maturity profile of outstanding debt. OptiGroup shall at all times have a liquidity reserve of at least EUR 50 million consisting of cash and/or unused committed credit facilities. The liquidity is monitored by Group Treasury through weekly forecasts from all group companies.

The table below analyses the Group's non-derivative financial liabilities broken down into relevant maturity groupings based on the remaining period at the balance-sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Liquidity and refinancing risk as per 31 December 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings (excluding finance leases)	0.6	2.0	41.0	10.8	0.0	**54.3**
Financial lease liabilities	0.7	0.3	0.6	6.7	0.0	**8.4**
Interest debt	0.0	0.2	0.0	0.0	0.0	**0.2**
Trade and other payables	154.7	19.4	3.6	1.3	0.9	**179.8**
Currency forward contracts	0.3	0.3	—	—	—	**0.6**
Total	**156.3**	**22.2**	**45.2**	**18.8**	**0.9**	**243.3**

Liquidity and refinancing risk as per 31 December 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings (excluding finance leases)	0.3	0.9	1.2	18.2	4.1	**32.2**
Financial lease liabilities	0.1	0.2	1.4	7.5	0.5	**9.7**
Interest debt	0.1	—	—	—	—	**0.1**
Trade and other payables	234.3	13.7	3.8	0.1	0.3	**252.1**
Total	**234.8**	**14.8**	**6.4**	**25.8**	**4.8**	**294.0**

Financing of the Group	31 Dec. 2018	31 Dec. 2017
Interest-bearing net debt	63.6	22.8
Total equity	295.9	287.4
Debt/equity ratio (multiples)	**0.21**	**0.08**

	31 Dec. 2018	31 Dec. 2017
Interest-bearing loans and borrowings	65.7	42.1
Cash, bank balances and other interest-bearing assets	–2.1	–19.2
Interest-bearing net debt	**63.6**	**22.8**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2018.

Assets	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Currency forward contracts	—	0.4	—	0.4

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	—	—	11.7	11.7
Currency forward contracts	—	0.6	—	0.6

The following table presents the Group's financial liabilities that are measured at fair value at 31 December 2017.

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	—	—	—	—

The following table presents the changes in financial instruments in level 3

Financial instruments in level 3	Note	31 Dec. 2018	31 Dec. 2017
Contingent consideration in business combinations			
Opening balance		0.0	0.0
Acquisitions	3	8.4	0.0
Gains and losses recognised in profit or loss		1.4	—
Settlement of contingent considerations		0.0	—
Exchange-rate differences		0.0	—
Closing balance		**9.8**	**0.0**
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period		1.4	—
Change in unrealised gains and losses for the period included in profit or loss for assets held at the end of the reporting period		1.4	—

Note 15 cont.

Contingent liability in connection with business combinations relate to additional purchase price which is determined by the future period result of the acquired entity. The main part of the contingent considerations are based on final outcome of the 2018 and 2019. Assumptions for 2019 are based mainly on approved budget. The fair value of the contingent consideration is estimated by applying the productive value method.

NOTE 15.1 INTEREST-BEARING LOANS AND BORROWINGS

The following table shows the different interest-bearing loans and borrowings of the Group:

	Note	31 Dec. 2018	31 Dec. 2017
Non-current:			
Bank loans (fixed interest rate)		8.7	14.7
Bank loans (floating interest rate)		40.0	17.0
Financial lease		8.3	9.3
Capitalised financing costs*		–0.2	–0.4
Total non-current liabilities		**56.8**	**40.6**
Current:			
Bank loans (fixed interest rate)		5.8	0.9
Bank overdraft facilities		2.8	0.2
Financial lease		0.0	0.3
Total current liabilities		**8.6**	**1.4**
Amount of borrowings		**65.4**	**42.0**

* Capitalised financing costs are allocated over the term of the loan.

Change for the year in interest-bearing loans and borrowings	Note	Cash flow	Currency and other
New bank loans (floating interest rate)		40.0	—
Repayment of bank loans (floating interest rate)		–17.0	—
Repayment of bank loans (fixed interest rate)		–1.1	—
Other repayment		–0.9	1.9
Change in cheque account		0.7	1.9
Financial lease		–1.1	0.2
Financial lease assumed on acquisition		—	—
Change in loan amount		**20.6**	**4.0**
Repayment of bank loans from acquisitions for the year		—	—
Change in financial receivables		–1.2	—
New share issue		—	—
Total changes		**19.4**	**4.0**

The Group's exposure, regarding borrowings, to changes in interest rate and contractual dates regarding interest renegotiations are as follows:

	31 Dec. 2018				
	6 months or less	6–12 months	1–5 years	More than 5 years	Total
Amount of borrowings	—	5.8	48.6	—	**54.4**

	31 Dec. 2017				
	6 months or less	6–12 months	1–5 years	More than 5 years	Total
Amount of borrowings	17.0	—	15.6	—	**32.6**

NOTE 15.2 CASH AND BANK BALANCES

	31 Dec. 2018	31 Dec. 2017
Cash and bank balances	1.5	19.0
Total	**1.5**	**19.0**

Unutilised credit facilities, floating interest rate:	31 Dec. 2018	31 Dec. 2017
Due date within a year	—	—
Due date after more than a year	65.3	90.9
Total	**65.3**	**90.9**

As per 31 December 2018, the weighted average interest rate on external loans and borrowings, including margins and the effect of derivatives, was 3.85 percent (4.10).

NOTE 15.3 TRADE RECEIVABLES

	31 Dec. 2018	31 Dec. 2017
Trade receivables	153.6	203.5
Impairments	–5.9	–8.9
Total	**147.7**	**194.6**

	31 Dec. 2018	31 Dec. 2017
Collateral for trade receivables	12.3	10.9
Total	**12.3**	**10.9**

The collateral relates to bank guarantees, guarantee commitments, property mortgages, floating charges and pledges in buildings.

	31 Dec. 2018		
Age analysis of trade receivables	Trade receivables	Impairments	Trade receivables less impairments
Less than 30 days overdue	19.5	–0.4	19.2
31 to 60 days overdue	2.5	–0.3	2.2
61 to 90 days overdue	0.4	–0.1	0.2
91 to 180 days overdue	0.7	–0.2	0.5
Over 180 days overdue	3.0	–3.0	0.0
Total overdue receivables	**26.0**	–4.0	**22.1**
Trade receivables not overdue	127.5	–1.9	125.6
Total	**153.6**	**–5.9**	**147.7**

	31 Dec. 2017		
Age analysis of trade receivables	Trade receivables	Impairments	Trade receivables less impairments
Less than 30 days overdue	13.5	–0.2	13.3
31 to 60 days overdue	2.1	–0.2	1.9
61 to 90 days overdue	0.2	–0.1	0.1
91 to 180 days overdue	1.7	–0.1	1.5
Over 180 days overdue	7.5	–8.2	–0.7
Total overdue receivables	**25.0**	**–8.9**	**16.1**
Trade receivables not overdue	178.4	—	178.4
Total	**203.3**	**–8.9**	**194.5**

Note 15 cont.

Currency break-down of trade receivables	31 Dec. 2018	31 Dec. 2017
EUR	55.2	95.5
SEK	46.8	50.3
CHF	7.9	8.5
DKK	13.2	14.4
CZK	5.8	6.0
HUF	4.1	4.5
NOK	2.1	2.9
PLN	7.3	8.1
Other currencies	5.4	4.1
Total	**147.7**	**194.5**

Doubtful receivables provision	31 Dec. 2018	31 Dec. 2017
Doubtful receivables provision at start of year	8.9	9.1
Provisions for the year	0.9	0.5
Provisions utilised	–4.4	–1.5
Recoveries of doubtful receivables previously written off	0.5	0.3
Additions through company acquisitions	0.3	0.3
Exchange-rate differences	–0.1	0.2
Reclassification to assets held for sale	–0.1	—
Doubtful receivables provision at end of year	**5.9**	**8.9**

NOT 15.4 OTHER CURRENT RECEIVABLES

Specification of other current receivables	31 Dec. 2018	31 Dec. 2017
Prepaid expenses and accrued income	20.4	17.6
Other receivables	8.9	16.2
Total	**29.3**	**33.8**

Currency break-down of other current receivables	31 Dec. 2018	31 Dec. 2017
EUR	12.7	15.3
SEK	9.0	10.2
CHF	1.9	2.5
DKK	2.8	1.4
CZK	0.6	1.5
HUF	0.0	0.6
NOK	1.1	1.0
PLN	0.6	1.0
Other currencies	0.6	0.3
Total	**29.3**	**33.8**

NOTE 15.5 PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

Liabilities to credit institutions	31 Dec. 2018	31 Dec. 2017
Collateral in shares in subsidiaries	263.0	295.0
Issued floating charge and special liens	197.8	199.4
Carrying amounts of inventories pledged	70.8	98.4
Carrying amounts of trade receivables pledged	98.3	118.4

All pledged assets relate to security for long-term bank loans (floating rate). See Note 15.1.

NOTE 15.6 FINANCIAL LEASE LIABILITIES

The financial lease liabilities mainly relate to a building in Denmark (see Note 13) and some minor leases real estate in Central and Eastern Europe. Additional financial leases were incurred in 2017 on the basis of company acquisitions, primarily pertaining to company cars and equipment.

	31 Dec. 2018		31 Dec. 2017	
	Minimum payments	Present value	Minimum payments	Present value
Less than 1 year	1.6	1.5	0.1	0.1
1–5 years	6.8	5.8	9.6	8.1
Over 5 years	—	—	—	—
Total minimum lease charges	**8.4**	**7.3**	**9.7**	**8.2**
Less interest expense	–1.1	—	–1.5	—
Present value of minimum lease payments	**7.3**	**7.3**	**8.2**	**8.2**

Discount rate used to calculate present value is 7 percent (7).

NOTE 15.7 OPERATING LEASE COMMITMENTS

Minimum payments – premises	31 Dec. 2018	31 Dec. 2017
Less than 1 year	6.0	14.3
1–2 years	4.1	9.7
2–3 years	4.0	8.5
3–4 years	3.2	7.6
4–5 years	5.1	10.8
More than 5 years	1.4	17.2
Future lease charges, premises	**23.9**	**68.1**

Minimum payments – other	31 Dec. 2018	31 Dec. 2017
Less than 1 year	0.8	4.3
1–2 years	0.6	2.5
2–3 years	0.3	1.7
3–4 years	0.1	0.9
4–5 years	0.0	0.4
More than 5 years	0.0	0.1
Future lease charges, premises	**1.8**	**9.7**

The other operational lease commitments mainly relate to trucks, fork lifts and company cars.

NOTE 15.8 OTHER NON-CURRENT LIABILITIES

	31 Dec. 2018	31 Dec. 2017
Accrued liabilities and deferred income	0.0	0.0
Other liabilities	2.9	5.5
Total	**2.9**	**5.5**

NOTE 15.9 OTHER CURRENT LIABILITIES

	31 Dec. 2018	31 Dec. 2017
Other liabilities	31.2	26.5
Accrued payroll and personnel costs	12.2	14.7
Defined-contribution pension plan	—	—
Accrued expenses and deferred income	13.1	12.0
Total	**56.5**	**53.2**

NOTE 16

INVENTORIES

	31 Dec. 2018	31 Dec. 2017
Goods for resale	118.0	129.0
Other inventories	0.0	0.3
Reversal of previous impairment of inventories during the year	–0.6	—
Impairment of goods to net realisable value	–3.5	–3.2
Total	**113.9**	**126.1**

In the 2018 financial year, cost of goods recognised in profit or loss amounted to EUR –1,282.3 million (–1,188.7) under Materials and services. See note 15.5 regarding pledged inventories.

NOTE 17

ASSETS HELD FOR SALE

Condensed balance sheet

ASSETS	31 Dec. 2018
Total non-current assets	
Intangible assets	39.8
Property, plant and equipment	9.5
Deferred tax assets	1.8
Total non-current assets	**51.1**
Current assets	
Inventories	17.8
Trade receivables	42.7
Other current receivables	13.6
Cash and bank balances	23.3
Total current assets	**97.4**
Total assets held for sale	**148.5**

LIABILITIES	31 Dec. 2018
Non-current liabilities	
Post-employment benefit provisions	16.3
Non-current liabilities	0.6
Deferred tax liabilities	7.0
Total non-current liabilities	**23.9**
Current liabilities	
Trade payables	63.7
Other current liabilities	10.4
Total current liabilities	**74.1**
Total liabilities related to assets held for sale	**98.0**

As per 31 December 2018, the operations in Germany have been reclassified to assets held for sale following the agreement with Inapa signed in October 2018. The sale is expected to be finalised in 2019 after approvel from German competition authority. The German operations are reported within the business areas Printing & Creative Solutions and Retail & Reseller Solutions. Accumulated items in Other comprehensive income amounts to EUR –4.4 million at 31 December 2018 and will be recycled to profit and loss at the time of the expected sale of the German operations.

NOTE 18

EQUITY

	Share capital	Share premium	Convertibles	Total
At 1 January 2017	14.7	180.9	7.0	202.7
New share issue/non-cash issue	3.2	55.8	—	59.0
Balance at 31 December 2017	**17.9**	**236.7**	**7.0**	**261.7**
At 1 January 2018	17.9	236.7	7.0	261.7
New share issue/non-cash issue	0.5	5.2	–7.0	–1.3
Balance at 31 December 2018	**18.4**	**241.9**	—	**260.4**

OptiGroup AB has issued one class of shares of ordinary shares, preference shares and warrants to its shareholders.

As part of an investment programme for the benefit of OptiGroup management, OptiGroup issued to a related-party special purpose entity owned by OptiGroup management convertible subordinated debentures entailing rights to subscribe for ordinary shares in OptiGroup.

The convertible debentures have been issued as a subordinated non-interest bearing loan, provided however that the holders of the convertible subordinated debentures are to be paid interest in an amount corresponding to any dividend payments such holders would have received had conversion already occurred. Conversion of the convertible subordinated took place on 19 december 2018 and 540,700 new ordinary shares were issued. Convertibles were recognised as a portion of retained earnings which now has been reversed and split between share capital and share premium.

Two series of preference shares were issued during 2017, which replaced a warrant program and carry entitlement to dividends under special terms and conditions. Series A preference shares only carry entitlement to dividends if the market value of the ordinary share exceeds EUR 30 and if dividends are paid to holders of ordinary shares, in connection with a commercial sale or listing. Series B preference shares carry entitlement to dividends to a certain level based on the market price in connection with dividends paid to holders of ordinary shares, a commercial sale or listing.

NOTE 18.1 WARRANTS

Changes in the number of outstanding warrants are as follows:

Warrants (thousands)	2018	2017
At 1 January	—	3.1
Expired	—	–3.1
Balance at 31 December	—	—

Ordinary shares issued and fully paid	Quotient value	Shares, thousands	EUR million
At 1 January 2018	1	17,656	17.8
At 31 December 2018	1	18,197	18.4

In 2017, two preference shares were issued: Series A with a quotient value of EUR 1 and Series B with a quotient value of EUR 232,500.

NOTE 18.2 EARNINGS PER SHARE

Earnings per share before dilution	2018	2017
Profit for the year attributable to Parent Company shareholders, EUR million	10.9	13.8
Outstanding shares, 1 January	17,656,424	14,740,000
Weighted average of newly issues shares	16,295	2,379,257
Weighted average number of shares before dilution	**17,672,719**	**17,119,257**
Earnings per share before dilution, EUR	0.62	0.81

Earnings per share after dilution	2018	2017
Profit for the year attributable to Parent Company shareholders, EUR million	10.9	13.8
Outstanding shares, 1 January	17,656,424	14,740,000
Weighted average of newly issues shares	16,295	2,379,257
Dilution effect (convertibles and warrants)	—	1,679,694
Weighted average number of shares after dilution	**17,672,719**	**18,798,951**
Earnings per share after dilution, EUR	0.62	0.74

NOTE 19

OTHER COMPREHENSIVE INCOME

Change in other comprehensive income for the year	2018	2017
Actuarial gains and losses, net of tax	1.8	4.1
Exchange-rate differences on translation of foreign operations	–4.2	–1.6
Change for current year	**–2.4**	**2.5**

Total other comprehensive income	31 dec. 2018	31 dec. 2017
Exchange-rate differences on translation of foreign operations	1.3	5.5
Actuarial gains and losses	–11.2	–13.5
Total other comprehensive income before tax, cumulative	**–9.9**	**–8.0**
Income tax effects on other comprehensive income	2.9	3.4
Other comprehensive income cumulative, net after tax	**–7.0**	**–4.6**

	31 Dec. 2018		
Tax effects regarding other comprehensive income	Before tax	Tax (expense) income	Net of tax
Exchange-rate differences on translation of foreign operations (non-taxable)	1.3	—	1.3
Actuarial gains and losses	–11.2	2.9	–8.3
Total	**–9.9**	**2.9**	**–7.0**

	31 Dec. 2017		
Tax effects regarding other comprehensive income	Before tax	Tax (expense) income	Net of tax
Exchange-rate differences on translation of foreign operations (non-taxable)	5.5	—	5.5
Actuarial gains and losses	–13.5	3.4	–10.1
Total	**–8.0**	**3.4**	**–4.6**

Changes in tax effect regarding other comprehensive income	2018	2017
Opening balance, 1 January	3.4	4.5
Changes for current year:		
Actuarial gains and losses	–0.5	–1.1
Closing balance, 31 December	**2.9**	**3.4**

NOTE 20

POST-EMPLOYMENT BENEFIT PROVISIONS

The Group has defined-benefit pension plans in Germany, Switzerland, Belgium, Sweden, the Netherlands and Italy. The plan in Sweden arose through the acquisition of a subsidiary in 2017.

Germany

The benefits provided in the defined-benefit plans in Germany refer to plans providing a fixed pension depending on years of service, fixed pension for the first ten years of service with an subsequent annual increase of an additional fixed pension amount, individual pension commitments such as fixed pensions and final salary–based plans, and deferred remuneration pertaining to annual agreements on the waiver of salary/one-off payment benefit. Pension Scheme 1 is reclassified to liabilities related to assets held for sale per 31 December 2018.

Switzerland

The plan is a funded defined-benefit pension plan. Payments from this plan, in addition to old-age pensions, include benefits for members' death, disability and early retirement. The pension plan is part of a collective foundation and is fully insured by AXA Winterthur and matched only by the paid insurance premiums charged by AXA Winterthur.

The plan was concluded in 2017 and personnel taken over by Papyrus Schweiz were transferred to the existing plan. The settlement of the plan was recognised in other comprehensive income.

Sweden

On the basis of the acquisition of Procurator AB, the Group has two defined-benefit pension plans in Sweden. Both of these plans are closed and the majority pertain to ITP2 occupational pensions to former employees. Both of the plans are insured with PRI.

The following tables summarise the components of the net cost for defined-benefit pensions recognised in profit or loss and information regarding the change in value of plan assets and pension obligations.

Net defined-benefit expense	2018	2017
Current service cost	–1.5	–1.4
Interest expense	–0.7	–0.8
Recognised return on plan assets	0.2	0.1
Settlements	—	—
Past service cost	—	—
Net defined-benefit expense	**–2.0**	**–2.1**
Actual return on plan assets	**–1.2**	**1.0**

Expected contributions to the defined-benefit pension plans, for the next reporting period, amount to EUR 1.7 million.

Defined-benefit pension liability, net	31 Dec. 2018	31 Dec. 2017
Defined-benefit obligation	48.1	68.8
Market value of plan assets	–29.8	–31.6
Net defined-benefit liability	**18.4**	**37.2**

Specification of defined-benefit obligation by country:	2018	2017
Germany	2.5	19.3
Switzerland	9.0	10.6
Belgium	3.5	3.9
Sweden	2.6	3.1
Other countries	0.7	0.3
Total	**18.4**	**37.2**

Note 20 cont.

Changes in defined-benefit obligation	Present value of obligation	Fair value of plan assets	Total
At 1 January 2017	**79.3**	**–38.5**	**40.8**
Pension cost recognised in profit or loss			
Current service cost	1.4	—	**1.4**
Interest expense/(income)	0.8	–0.1	**0.7**
Sub-total included in profit or loss	**2.2**	**–0.1**	**2.1**
Contributions/premiums paid	–0.2	–1.1	**–1.3**
Re-measurement in other comprehensive income			
Return on plan assets (excl. amounts included in interest expense/(income)	—	–0.9	**–0.9**
Gains/losses arising from changes in demographic assumptions	0.6	—	**0.6**
Gains/losses arising from changes in financial assumptions	–0.7	—	**–0.7**
Experience adjustments	–0.4	—	**–0.4**
Settlement of plan	–12.5	9.0	**–3.5**
Sub-total included in other comprehensive income	**–13.0**	**8.1**	**–4.9**
Contribution from employer/participant	1.0	–2.4	**–1.4**
Acquisition of new companies	2.9	—	**2.9**
Administrative expenses and taxes according to DBO	–0.1	0.1	**0.1**
Exchange-rate differences	–3.3	2.3	**–1.1**
At 31 December 2017	**68.8**	**–31.6**	**37.2**
At 1 January 2018	**68.8**	**–31.6**	**37.2**
Pension cost recognised in profit or loss			
Current service cost	1.5	—	**1.5**
Interest expense/(income)	0.7	–0.2	**0.5**
Sub-total included in profit or loss	**2.2**	**–0.2**	**2.0**
Contributions/premiums paid, net	–1.2	0.0	**–1.2**
Re-measurement in other comprehensive income			
Return on plan assets (excl. amounts included in interest expense/(income)	—	1.4	**1.4**
Gains/losses arising from changes in demographic assumptions	0.2	—	**0.2**
Gains/losses arising from changes in financial assumptions	–1.0	—	**–1.0**
Experience adjustments	–2.9	—	**–2.9**
Settlement of plan	–0.1	—	**–0.1**
Sub-total included in other comprehensive income	**–3.8**	**1.4**	**–2.4**
Contribution from employer/participant	–2.7	1.5	**–1.2**
Acquisition of new companies	0.0	0.0	**0.0**
Reclassification to assets held for sale	–16.3	0.0	**–16.3**
Administrative expenses and taxes according to DBO	–0.1	0.1	**0.1**
Exchange-rate differences	1.2	–1.0	**0.3**
At 31 December 2018	**48.1**	**–29.8**	**18.4**

Major categories of plan assets of the fair value of total plan assets	31 Dec. 2018	31 Dec. 2017
Quoted in active markets:		
Group insurance	29.8	31.6
Total	**29.8**	**31.6**

Changes in fair value of plan assets	31 Dec. 2018	31 Dec. 2017
Opening balance, fair value of plan assets	31.6	38.5
Interest income recognised in profit or loss	0.2	0.1
Benefits paid	0.0	1.1
Re-measurement on return on plan assets	–1.4	0.9
Conclusion of plan	—	–9.0
Contributions/premiums paid, net	–1.5	2.4
Exchange-rate differences	1.0	–2.3
Other	–0.1	–0.1
Closing balance, fair value of plan assets	**29.8**	**31.6**

The expected total return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Material assumptions used in determining benefit obligations for the Group's pension plans	2018	2017
Belgium		
Discount rate	1.6%	1.5%
Future salary increases	1.5%	1.75%
Future pension increases	—	—
Average remaining life expectancy among employees, year, men/women	23/26	23/26
Germany		
Discount rate	1.7%	1.7%
Future salary increases	2.2%	2.2%
Future pension increases	1.8%	1.8%
Average remaining life expectancy among employees, year, men/women	20/24	19/23
Switzerland		
Discount rate	0.85%	0.65%
Future salary increases	1.25%	1.25%
Future pension increases	—	—
Average remaining life expectancy among employees, year, men/women	22/24	22/24
Sweden		
Discount rate	1.95%	2.2%
Future salary increases	—	—
Future pension increases	—	—
Average remaining life expectancy among employees, year, men/women	22/24	22/24

Note 20 cont.

Sensitivity analysis regarding reasonably possible changes to material actuarial assumptions 2018

	Impact on the defined-benefit obligation		
Germany Pension Scheme 1	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–5.0% (–5.0)	6.0% (6.0)
Future salary increases	0.5% (0.5)	0.0% (0.0)	0.0% (0.0)
Pension cost increases	0.5% (0.5)	5.0% (5.0)	–4.0% (–4.0)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		4.0% (4.0)	–4.0% (–4.0)

	Impact on the defined-benefit obligation		
Germany Pension Scheme 2	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–6.0% (–6.0)	6.0% (7.0)
Future salary increases	0.5% (0.5)	0.0% (0.0)	0.0% (0.0)
Pension cost increases	0.5%(0.5)	6.0% (6.0)	–6.0% (–6.0)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		4.0% (4.0)	–3.0% (–3.0)

	Impact on the defined-benefit obligation		
Belgium	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–5.2% (–5.3)	5.6% (5.7)
Future salary increases	0.3% (0.5)	4.4% (4.9)	–5.0% (–5.6)
Pension cost increases	— (0.5)	— (—)	— (—)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		0.04% (0.04)	–0.05% (– 0.05)

	Impact on the defined-benefit obligation		
Switzerland	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% (0,5)	–7.9% (–8.0)	9.0% (9.2)
Future salary increases	0.5% (0.5)	0.8% (0.9)	–0.8% (–0.8)
Pension cost increases	0.5% (0.5)	5.3% (5.4)	–4.8% (–4.9)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		2.1% (2.1)	–2.2% (–2.2)

	Impact on the defined-benefit obligation		
Sweden	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–6.9% (–6.9)	7.7% (7.7)
Future salary increases	0.5% (0.5)	— (—)	— (—)
Pension cost increases	0.5% (0.5)	— (—)	— (—)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		5.8% (5.7)	–5.7% (–5.5)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined-benefit obligation to material actuarial assumptions, the same method (present value of the defined-benefit obligation calculated with the projected unit credit method at the end of the reporting period) was applied as that used when calculating the pension liability recognised in the statement of financial position.

The following payments are expected to be made in future years out of the defined-benefit plans:	2018	2017
Within the next 12 months: (next annual reporting period)	0.7	3.2
Between 2 and 5 years	2.8	13.4
Between 5 and 10 years	3.9	16.6
Beyond 10 years	3.0	59.0
Total expected payments	**10.3**	**92.2**

Weighted average maturity of the defined-benefit obligation	2018	2017
Years		
Germany Pension Scheme 1	11	12
Germany Pension Scheme 2	12	13
Switzerland	17	17
Belgium	11	11
Sweden	13	13

Defined-contribution pension plans

Defined-contribution pension plans are charged to profit or loss in the year to which they relate.

Pension costs for defined-contribution plans amounted to EUR –11.7 million (–10.5) for 2018.

NOTE 21

RESTRUCTURING PROVISION AND OTHER NON-CURRENT PROVISIONS

	31 Dec. 2018	31 Dec. 2017
Opening balance	6.2	8.1
New provisions during the year	19.2	12.3
Reversed, utilised provisions	–15.0	–14.4
Translation differences	–0.1	–0.1
Closing balance	**10.4**	**6.2**
Of which, recognised as non-current in the balance sheet	*0.6*	*0.7*
Of which, recognised as current in the balance sheet	*9.8*	*5.5*

NOTE 22

CONTINGENT LIABILITIES

The Group has no material contingent liability.

NOTE 23

RELATED-PARTY DISCLOSURES

The following business relationships are conducted according to normal market terms and conditions (“at arm’s length”) and the table below lists the companies that are considered to be related parties. Remuneration of the Board and senior executives is disclosed in Note 7.

Name	Relationship	% of shares
Entities with significant influence over the Group:		
Altor Fund II GP Limited	Shareholder	40.7
Triton via Ply Acquisition AB	Shareholder	39.1
RoosGruppen AB	Shareholder	14.0
Pyramidion Consulting AB	Shareholder	
Kronogaard Invest AB	Shareholder	
Hulelyckan Invest AB	Shareholder	
Stadsing Holding ApS	Shareholder	
Molndala Invest AB	Holder of preference shares	
Forsåker Invest AB	Holder of preference shares	
Investments in which the Group holds significant influence:		
RÖMERTURM Feinstpapier GmbH & Co. KG	Associate, see Note 14	25.1
Römerturm Feinstpapier Verwaltungs GmbH	Associate, see Note 14	25.2
ROSARIA Grunstücks- Vermietungsgesellschaft mbH & CO Objekt Heimstetten KG	Associate, see Note 14	15

The financial statements include the financial statements of OptiGroup AB and the subsidiaries listed in the table in the section “Information about Parent Company.” The following table describes the most important transactions that have been entered into with related parties for the relevant financial year. All transactions took place on commercial market terms and conditions.

	Entity with significant influence over the Group:				Associate:			
	Altor Fund II GP Limited/ Altor Equity Partners		Triton Advisers Limited		Römerturm Feinstpapier GmbH & Co. KG		Rosaria Object Heimstetten	
Sales to/Purchases from related parties	2018	2017	2018	2017	2018	2017	2018	2017
Sales to related parties	—	—	—	—	0.6	0.6	—	—
Purchases from related parties	0.0	0.0	0.0	0.0	0.1	0.1	1.2	1.0
Receivables from related parties	—	—	—	—	0.0	0.0	—	—
Liabilities to related parties	0.0	—	0.0	—	0.0	0.0	0.0	—

During the year, transactions took place between Group companies and companies controlled by RoosGruppen AB, for a value of less than EUR 0.2 million.

NOTE 24

ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH FLOW

Adjustments for non-cash flow items:	31 Dec. 2018	31 Dec. 2017
Depreciation and impairment of property, plant and equipment	7.0	7.5
Amortisation and impairment of intangible assets	9.2	11.9
Allocated capitalised financing costs	0.0	0.0
Capital gains/losses on disposal of property, plant and equipment	–0.1	0.1
Share of profit from associates	0.1	0.0
Unrealised currency exchange differences	0.1	—
Change in contingent considerations	1.4	—
Total	**17.7**	**19.5**

Interest paid in the period amounted to EUR 2.5 million (2.1).
Interest received in the period amounted to EUR 0.0 million (0.0).

NOTE 25

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

On January, 7 2019, it was announced that Eva Nilsagård has been appointed as CFO for OptiGroup and thereby replacing Gunilla Andersson. At the same time it was informed that Tomas Bergström on January 31, 2019 leaves his position as Senior Vice President M&A and corporate development.

On March 4, 2019 Søren Gaardboe was appointed CEO for OptiGroup and replaces Christoph Sander who has been appointed Deputy Chairman and Head of the Acquisition Committee. Søren Gaardboe has most recently held the position of Chief Operating officer of OptiGroup. He is also Acting Business Area Head for the Facility, Safety and Foodservice Solutions business area.

On May 1, Jens Jakob Zahle was appointed Senior Vice President M&A.

Parent Company income statement

EUR million	Note	2018	2017
Net sales		9.2	1.2
Other operating income		0.1	0.0
Personnel expenses		–5.6	–3.3
Other operating expenses		–4.7	–2.8
Operating profit/loss	2	**–1.0**	**–4.9**
Result from group shares	3	–47.6	185.0
Other interest income and similar profit/loss items	3	7.2	2.4
Interest expenses and similar profit/loss items	3	–5.3	–3.0
Net financial items		**–45.7**	**184.4**
Result after financial items		**–46.7**	**179.5**
Appropriations/Group contributions		–0.5	3.0
Profit before tax		**–47.2**	**182.5**
Tax on profit for the year, change in deferred tax		–0.2	0.1
Profit for the year		**–47.4**	**182.6**

Parent Company statement of other comprehensive income

EUR million	Note	2018	2017
Profit for the year		**–47.4**	**182.6**
Other comprehensive income		—	—
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		**–47.4**	**182.6**

Parent Company balance sheet

EUR million	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	4, 6	288.2	365.5
Receivables from Group companies		1.0	127.2
Deferred tax assets		—	0.1
Total non-current assets		**389.2**	**492.8**
Current assets			
Current receivables			
Receivables from Group companies		2.1	7.5
Current tax receivables		0.1	0.1
Other current receivables		0.1	0.1
Prepaid expenses and accrued income		0.3	0.2
Cash and bank balances		178.1	30.3
Total current assets		**180.7**	**38.2**
Total assets		**469.9**	**531.0**

Parent Company balance sheet

EUR million	Note	31 Dec. 2018	31 Dec. 2017
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		18.4	17.9
Share premium reserve		241.9	236.7
Non-restricted equity			
Retained earnings		183.3	6.4
Profit for the year		–47.4	182.6
Total equity	8	**396.2**	**443.6**
Non-current liabilities			
Non-current interest-bearing borrowings		20.0	17.0
Other liabilities		0.0	1.7
Total non-current liabilities	5	**20.0**	**18.7**
Current liabilities			
Trade payables		0.2	0.2
Liabilities to Group companies		46.9	64.3
Other current liabilities		2.0	3.6
Accrued expenses and deferred income		4.6	0.6
Total current liabilities		**53.7**	**68.7**
Total equity and liabilities		**469.9**	**531.0**

Pledged assets and contingent liabilities, see Note 7.

Parent Company statement of cash flows

EUR million	Note	2018	2017
Cash flow from operating activities			
Profit before tax		–47.2	182.5
Non-cash flow items included in profit/loss before tax:			
Write-down of shares in subsidiaries		77.6	—
Allocation of financing costs		0.1	0.1
Interest expense		—	—
Interest income		0.3	–0.3
Group contributions not received		0.5	–4.6
Income taxes paid		0.0	–0.1
Cash flow from operating activities before changes in working capital		**31.3**	**177.6**
Changes in working capital			
Changes in operating receivables		5.1	–2.6
Changes in operating liabilities		–4.4	3.1
Cash flow from changes in working capital		**0.7**	**0.5**
Cash flow from operating activities		**32.0**	**178.1**
Acquisition of shares in subsidiaries		–2.3	–63.7
Shareholders' contributions paid		—	–33.0
Cash flow from investing activities		**–2.3**	**–96.7**
Cash flow from financing activities			
New share issue		0.0	0.2
Change in receivables from Group companies		126.2	–127.2
Change in liabilities to Group companies		–11.1	59.2
Increase in new borrowings		20.0	37.6
Repayment of borrowings		–17.0	–20.5
Financing costs paid		—	–0.4
Cash flow from financing activities		**118.1**	**–51.1**
Cash flow for the year		**147.8**	**30.3**
Cash and bank balances at beginning of the year		30.3	0.0
Cash and bank balances at year-end		**178.1**	**30.3**

Parent Company statement of changes in equity

EUR million	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance, 1 January 2017	**14.7**	**180.9**	**6.4**	**202.0**
Transactions with owners in their capacity as owners:				
Issue of options and convertibles	3.2	55.8	—	59.0
Profit for the year	—	—	182.6	182.6
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	**—**	**—**	**182.6**	**182.6**
Closing balance, 31 December 2017	**17.9**	**236.7**	**189.0**	**443.6**
Opening balance, 1 January 2018	**17.9**	**236.7**	**189.0**	**443.6**
Transactions with owners in their capacity as owners:				
Issue of shares	0.5	5.1	–5.6	—
Profit for the year	—	—	–47.4	–47.4
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	**—**	**—**	**–47.4**	**–47.4**
Closing balance, 31 December 2018	**18.4**	**241.8**	**136.0**	**396.2**

NOTE 1

BASIS OF PREPARATION

Rules and regulations applied

The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company is to apply all the International Financial Reporting Standards adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act. The changes in RFR 2 applicable to the financial year beginning 1 January 2018, had no material impact on the financial statements of the Parent Company.

The accounting policies applied by OptiGroup are described in Note 1 Accounting policies to the consolidated financial statements. The main deviations between the accounting policies applied by OptiGroup and the Parent Company are described below.

Shares and participations in Group companies and investments in associates are recognised at cost in the Parent Company and tested for impairment annually.

As from 1 January 2019, the Group will adopt IFRS 16 Leasing. The Parent Company will not adopt IFRS 16 due to the exception in RFR 2 and account rental expenses in the Income Statement as they occur during the leasing period.

Financial assets

Financial assets not attributable to subsidiary companies or associates are measured at market value in the consolidated financial statements, which is in accordance with the regulations of IAS 32 and IFRS 9.

In the Parent Company, financial assets are measured at the lowest of cost and recoverable amount. The recoverable amount is the highest of the net realisable value and value in use. Values in use consist of the present value of estimated future net cash flows.

If the recoverable amount is lower than carrying amount, the asset is impaired to its recoverable amount. A write-up is recognised when an asset is deemed to have a reliable and permanent value that materially exceeds the carrying amount, in accordance with the Annual Accounts Act.

Impairment for receivables on subsidiaries is made according to the simplified method for expected credit losses.

Group contributions

Group contributions are recognised in the Parent company as appropriations in accordance with the alternative rule.

NOTE 2

SALARIES TO EMPLOYEES AND OTHER REMUNERATION

Average number of employees

The Parent Company took over employees from Papyrus AB in 2017, which led to expensed salaries and remuneration for parts of the year.

Salaries and remuneration to the Board and CEO for 2018 amounted to EUR 1.6 million (1.1), of which EUR 0.2 million (0.4) pertained to variable remuneration. Social security contributions and pensions to the Board and CEO amounted to EUR 0.5 million (0.3). For significant employment terms for the CEO, see Note 7 for the Group.

Salaries to other employees amounted to EUR 2.0 million (1.5). Social security contributions and pension to other employees amounted to EUR 1.5 million (0.4).

The average number of employees was 25 (11), of whom 62 percent (63) are men. The Board comprises six men (seven) and two women (one).

Audit fees

Audit fees of EUR 0.1 million (0.3) to the elected auditors, EY, were expensed in 2018. Other fees to EY in the same period amounted to EUR 0.1 million (0.4).

NOTE 3

FINANCIAL INCOME AND EXPENSES

Other interest income and similar profit/loss items	2018	2017
Write-down of shares in subsidiaries	–77.6	—
Dividends from subsidiaries	30.0	185.0
Total	**–47.6**	**185.0**

Other Intrest income and similar profit/loss items	2018	2017
Interest income from Group companies	3.7	0.8
Exchange-rate differences	3.5	1.6
Total	**7.2**	**2.4**

Interest expenses and similar profit/loss items	2018	2017
Interest expense	–0.9	–0.4
Interest expense from Group companies	–0.1	–0.2
Other financial expenses	–4.3	–2.4
Total	**–5.3**	**–3.0**

NOTE 4

FINANCIAL ASSETS

	31 Dec. 2018	31 Dec. 2017
Participations in Group companies		
OptiGroup Packaging AB	0.2	—
Scaldia NV	0.0	—
Papyrus AB	128.5	206.1
Papyrus Supplies Group AB	33.0	33.0
Procurator AB	58.5	58.5
Stadsing A/S	48.9	48.8
Pac-Production Sweden AB	19.1	19.1
Carrying amount on balance-sheet date	**288.2**	**365.5**

NOTE 5

OTHER NON-CURRENT LIABILITIES

Due dates regarding non-current borrowings are as follows:

Bank loans with floating interest rates of EUR 20 million from Danske Bank fall due for payment in 2020. Capitalised financing costs are depreciated over five years and amount to EUR –0.2 million (–0.4).

NOTE 6

PARTICIPATIONS IN GROUP COMPANIES

OptiGroup AB directly owns Papyrus AB, Papyrus Supplies Group AB, Procurator AB, Stadsing A/S, Pac-Production Sweden AB and OptiGroup Packaging AB, Scaldia NV, and the other companies in the table below are indirectly owned. The legal structure is designed to effectively handle the legal requirements, administration, taxes and the operating activities conducted by the Group in each country. The main business in the majority of the companies is merchant operations but the Group also owns a small number of property companies and holding companies.

Company name	Country of incorporation	% of share capital
HQ Functions		
Papyrus AB, Corporate Identity Number 556734–1630, registered offices Mölndal, Sweden, equity EUR 139.7 million, number of shares 1,000	Sweden	100
Papyrus Supplies Group AB, Corporate Identity Number 556685–2280, registered offices Mölndal, Sweden, equity EUR 32.1 million, number of shares 53,380	Sweden	100
OptiGroup Packaging AB, Corporate Identity Number 559138-8888, registered offices Mölndal, Sweden, equity EUR 0.0 million, number of shares 50,000	Sweden	100
Papyrus GmbH	Germany	100
Other subsidiaries		
Papyrus Sverige AB	Sweden	100
Olsonic AB	Sweden	100
Papyrus A/S	Denmark	100
Papyrus Finland Oy	Finland	100
Papyrus AS	Estonia	100
Papyrus Norge AS	Norway	100
Papyrus SIA	Latvia	100

Company name	Country of incorporation	% of share capital
Papyrus NV/SA	Belgium	100
Papyrus Groep Nederland BV	Netherlands	100
Papyrus Group Holland BV	Netherlands	100
Packagegroup Moonen B.V	Netherlands	100
Ge Moonen Beheer B.V.	Netherlands	100
Papier Mache BVBA	Belgium	100
Papyrus Schweiz AG	Switzerland	100
Scaldia AG	Switzerland	100
Schneidersöhne Papierhandels GmbH	Austria	100
Papyrus Sp. z. o.o.	Poland	100
Papyrus Hungária Zrt.	Hungary	100
UAB Papyrus Lietuva	Lithuania	100
Papyrus Bohemia s r. o.	Czech Rep	100
Papyrus Romania SRL	Romania	100
Proxima Tapes SRL	Romania	100
Proxima Comserv SRL	Romania	100
Oviva Distribution Srl	Romania	100
Papyrus Italia S.r.l.	Italy	100
Papyrus Group Germany GmbH	Germany	100
Papyrus Deutschland GmbH & Co. KG	Germany	100
Papyrus Deutschland Verwaltungs-GmbH	Germany	100
Rosaria Grundst.-Vermietungsges. mbH & Co. Objekt Heimstetten KG	Germany	100
Rosaria Grundst.-Vermietungsges. mbH & Co. Objekt Ettlingen KG	Germany	100
Römerturm Feinstpapier GmbH & Co. KG	Germany	25.1
Römerturm Feinstpapier Verwaltungs GmbH	Germany	25.2
Procurator Sverige AB	Sweden	100
Supplies Direct Göteborg AB	Sweden	100
Supplies Direct City (Årsta) AB	Sweden	100
Supplies Direct Malmö AB	Sweden	100
Supplies Direct Stockholm Länna AB	Sweden	100
Procurator Danmark A/S	Denmark	100
VeliMark OY	Finland	100
Mercamer Oy	Finland	100
Oy Telpak AB	Finland	100
Procurator AB	Sweden	100
Procurator Oy AB	Finland	100
Procurator Norway AS	Norway	100
Procurator A/S	Denmark	100
Procurator Eesti Oü	Estonia	100
Stadsing A/S	Denmark	100
OptiGroup Shared Services Division Kft	Hungary	100
Scaldia AB	Sweden	100
Pac-Production Sweden AB	Sweden	100
City Papper & Städprodukter HÅTE AB	Sweden	100
Sterling Finemballage Aktiebolag	Sweden	100
Aktiebolaget Folie- och Plastförpackningar	Sweden	100
Scaldia A/S	Denmark	100

NOTE 7

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	31 Dec. 2018	31 Dec. 2017
Participations in subsidiaries	288.2	365.5
Total pledged assets	**288.2**	**365.5**
Contingent liabilities	None	None

NOTE 8

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

Proposed disposition of unappropriated earnings
At the disposal of the Annual General Meeting are the following unappropriated earnings in OptiGroup AB:

	EUR
Retained earnings	183,333,139
Profit for the year	–47,391,395
Available earnings	**135,941,744**

The Board of Directors proposes that the unappropriated earnings be appropriated as follows:

	EUR
To be carried forward	135,941,744

Gothenburg 2 May 2019

Johan Sjö
Chairman

Christoph Sander
Deputy chairman

Ulf Gundemark
Board member

Jan Johansson
Board member

Nancy Lester
Board member

Bengt Maunsbach
Board member

Håkan Roos
Board member

Gunilla Rudebjer
Board member

Sören Gaardboe
President and CEO

Our auditor's report concerning these financial statements was issued on 2 May 2019.
Ernst & Young AB

Heléne Siberg Wendin
Authorised Public Accountant

Auditors' Report

To the general meeting of the shareholders of OptiGroup AB, corporate identity number 556717-6135

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of OptiGroup AB for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 45–102 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 the parent company as of 31 December 2018 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 2017 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. 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the business description on pages 1–42, 105–123 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of OptiGroup AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of 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's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg 2 May 2019

Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

Definitions and reconciliations of alternative performance measures

The purpose of alternative performance measures is to facilitate the analysis of business results and industry trends that cannot be directly derived from the financial statements. OptiGroup uses the following alternative performance measures:

Alternative performance measures	Definition
Operating margin	Operating profit as a percentage of net sales for the period.
Debt/equity ratio	Interest-bearing liabilities divided by equity including non-controlling interests.
Equity/asset ratio	Equity including non-controlling interests as a percentage of balance sheet total.
Adjusted EBITDA	Adjusted EBITDA refers to operating profit before amortisation/depreciation and impairment of tangible and intangible assets and items affecting comparability.
EBITA	Operating profit before amortisation and impairment of intangible assets.
Adjusted EBITA	Operating profit before amortisation and impairment of intangible assets and items affecting comparability.
Adjusted EBITA margin	Adjusted EBITA as a percentage of net sales for the period.
Organic sales growth	Net sales adjusted for acquired/divested companies, trading days and translation effects due to exchange-rate fluctuations.
Net debt/cash	Total current and non-current interest-bearing liabilities (excluding pension liabilities) less interest-bearing assets, cash and bank balances.
Net debt/adjusted EBITDA	Net debt/cash divided by adjusted EBITDA for the last 12 months.
Operating cash flow	Cash flow from operating activities less investments in assets excluding investments made on the basis of acquisitions of subsidiaries or associates.
Cash conversion	Operating cash flow as a percentage of adjusted EBITDA for the last 12 months.

Reconciliation of adjusted EBITA, EBITA and operating profit
EBITA refers to operating profit before amortisation and impairment of intangible assets and adjusted EBITA refers to operating profit before amortisation and impairment of intangible assets and items affecting comparability. Amortisation of intangible assets primarily comprises amortisation attributable to amortisation of acquisition surplus values and items affecting comparability mainly refers to events related to changes in the Group's structure, such as expenses for capacity adjustments and redundancies. Other items affecting comparability can be capital gains or losses from sales of the Group's assets, acquisition-related costs and similar expenses. Both EBITA metrics are used by Group management to monitor and analyse underlying earnings before such amortisation and to provide comparable figures between periods.

Items affecting comparability for 2018 comprise restructuring expenses of EUR 16.6 million, primarily attributable to expenses for redundancies in Germany, Sweden, Netherlands and Belgium, and other expenses affecting comparability of EUR 2.0 million that were mainly attributable to transaction costs associated with M&A activities for the year. The corresponding items in 2017 comprise restructuring expenses of EUR 9.9 million, primarily attributable to expenses for redundancies in Germany, Switzerland, Sweden and the Czech Republic, and other expenses affecting comparability of EUR 2.5 million that were mainly attributable to transaction costs associated with acquisitions.

EUR million	2018	2017
Adjusted EBITA	46.2	49.8
Restructuring expenses	–16.6	–9.9
Other items affecting comparability	–2.0	–2.5
EBITA	**27.6**	**37.4**
Amortisation and impairment of intangible assets	–9.2	–11.9
Operating profit	**18.4**	**25.6**

Reconciliation of adjusted EBITDA and operating profit
Adjusted EBITDA refers to operating profit before amortisation/depreciation and impairment of tangible and intangible assets and items affecting comparability.

EUR million	2018	2017
Adjusted EBITDA	**53.1**	**57.4**
Depreciation and impairment of property, plant and equipment	–6.9	–7.6
Amortisation and impairment of intangible assets	–9.2	–11.9
Items affecting comparability	–18.6	–12.4
Operating profit	**18.4**	**25.6**

Reconciliation of operating cash flow
Operating cash flow refers to cash flow from operating activities less investments in assets excluding investments made on the basis of acquisitions of subsidiaries or associates.

EUR million	2018	2017
Cash flow from operating activities	**32.6**	**18.9**
Investments in assets	–5.3	–5.0
Operating cash flow	**27.3**	**14.0**

Reconciliation of cash conversion
Cash conversion refer to operating cash flow as a percentage of adjusted EBITDA for the last 12 months.

EUR million	2018	2017
Operating cash flow, last 12 months	27.3	14.0
Adjusted EBITDA, last 12 months	53.1	57.4
Cash conversion	**51%**	**24%**

Reconciliation of organic sales growth per segment
Parts of the Group's sales take place in other currencies than the presentation currency (EUR) and since exchange rates are known to fluctuate in connection with the Group, on occasion, making acquisitions and divestments, sales are analysed in terms of organic sales growth. Organic sales growth represents comparable sales growth or sales decline in EUR and illustrates the effect of acquisitions/divestments, effect of trading days and changes in exchange rates. The tables below show the change in organic sales growth reconciled with the change in total reported sales.

EUR million	2018	%
Facility, Safety & Foodservice Solutions		
Organic growth	–12.6	–4.5
Trading days	–1.2	–0.4
Acquisitions/divestments	62.0	22.3
Exchange-rate effects	–11.2	–4.1
Total growth	**37.0**	**13.3**
Industrial Solutions		
Organic growth	2.3	3.5
Trading days	–0.3	–0.4
Acquisitions/divestments	71.0	109.5
Exchange-rate effects	–3.8	–5.8
Total growth	**69.2**	**106.8**

EUR million	2018	%
Printing & Creative Solutions		
Organic growth	–7.0	–0.7
Trading days	–0.8	–0.1
Acquisitions/divestments	3.5	0.4
Exchange-rate effects	–6.1	–0.6
Total growth	**–10.4**	**–1.0**
Retail & Reseller Solutions		
Organic growth	5.7	3.4
Trading days	–0.1	0.0
Acquisitions/divestments	—	—
Exchange-rate effects	–1.8	–1.1
Total growth	**3.8**	**2.3**
Group operations and eliminations		
Elimination	4.2	—
Total Group		
Organic growth	–7.3	–0.5
Trading days	–2.4	–0.2
Acquisitions/divestments	136.4	9.1
Exchange-rate effects	–23.0	–1.5
Total growth	**103.7**	**6.9**

Reconciliation of net debt/cash
Net debt is used by Group management to monitor the Group's debt trend and to analyse the debt/equity ratio and any refinancing of the Group that may be necessary. See Note 15 for a reconciliation of the Group's net debt/cash.

Reconciliation of net debt/adjusted EBITDA
Net debt as a percentage of adjusted EBITDA is used by Group management as a performance measure to monitor the debt trend in relation to the profitability of the Group.

EUR million	2018	2017
Net debt	63.6	22.8
Adjusted EBITDA, last 12 months	53.1	57.4
Net debt/adjusted EBITDA	**1.2**	**0.4**

Corporate Governance Report

To create value for owners and other stakeholders, OptiGroup has a structured corporate governance process and a clear division of roles and responsibilities. Decisions on the rules of procedure and instruction for the CEO are made at the statutory Board meeting following election at or directly after the Annual General Meeting.

Corporate governance framework
Corporate governance is based on the external governance instruments of the Swedish Companies Act, the Swedish Annual Accounts Act, and on internal governance instruments, for example, the Articles of Association, instructions, policies and guidelines.

Owners
OptiGroup is owned by Altor Fund II (41 percent), Triton II Fund (39 percent), RoosGruppen AB (14 percent) and others (6 percent).

Annual General Meeting
The General Meeting of Shareholders is the highest decision-making body and the Annual General Meeting (AGM) is held once a year in accordance with Article 9 of the Articles of Association. At the Annual General Meeting held on 21 March 2018, the income statement and balance sheet were adopted and the company's earnings appropriated. Resolutions were also made regarding discharging the members of the Board and the CEO from liability, the election of Board members and auditors and fees to the Board and auditors.

Board of Directors
According to the Articles of Association, OptiGroup's Board of Directors is to comprise at least one but not more than eight members. Endeavours are made to have an even gender distribution and a balance between different types of expertise and experience. During the year, the Board was expanded to include two independent members. At year-end, the Board comprised four independent members and four owner-representative members.

The Board's work during the year
The Board held 15 meetings in 2018, six scheduled meetings and nine extraordinary meetings. At scheduled meetings, the Board discusses the company's financial performance and receives an update on the development of the company in relation to its strategy from the CEO and CFO. The Board is also updated at each scheduled meeting on activities in M&A. Decisions on specific acquisitions are made at extraordinary Board meetings in connection with signing acquisitions.

One meeting a year is dedicated to discussing strategy at which the Board and management meet to discuss the strategic direction that the Board subsequently adopts.

The budget for the next year is adopted at one meeting and for 2018 this meeting was held in December.

The Board also has established an Audit Committee and a Remuneration Committee.

Audit Committee
The Audit Committee addresses risk, internal control, financial reporting and audit.

Up until the 2018 Annual General Meeting, the Audit Committee comprised Gunilla Rudebjer (Chairman), Sebastian Lapinski and Niko Mokkila. From the 2018 Annual General Meeting, the Audit Committee comprised Gunilla Rudebjer (Chairman), Johan Sjö and Ulf Gundemark. The Audit Committee held six meetings during the year.

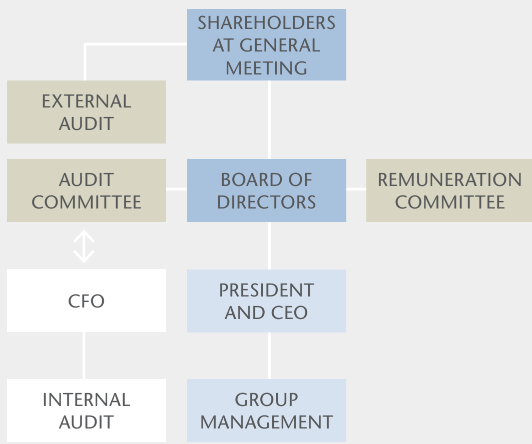
Remuneration Committee
The Remuneration Committee discusses remuneration of senior executives in the company and how the variable portion of remuneration of employees is to be distributed to various functions in the company, for example, employees in sales.

Up until the Annual General Meeting 2018, the Remuneration Committee comprised Bengt Maunsbach (Chairman), Christoph Sander and Luc Hendriks. From the 2018 Annual General Meeting, the Committee comprised Bengt Maunsbach (Chairman) and Jan Johansson. The Remuneration Committee held five meetings during the year.

Internal control
Work on identifying, analysing and evaluating risks linked to the operations of the OptiGroup companies in Europe was carried out during the year.

The company's internal control is based on an annual risk analysis, control activities include policies and guidelines, formalised processes for budget and forecast and business reviews. Monitoring takes place by confirming compliance with policies and also analysis of financial results and business reviews.

CORPORATE GOVERNANCE STRUCTURE



OptiGroup carries out a structured corporate governance process to ensure that the Group's policies are regularly reviewed and updated. The company's policies are divided into three parts: Code of Conduct, operational policies and accounting policies.

Senior managers at Group level and in the subsidiaries are responsible for examining and confirming their understanding of and responsibility for, Group policies by:

- Signing and confirming compliance and, where necessary, describing known violations or breaches of guidelines or policies taking place regularly.
- Taking appropriate and necessary measures to ensure that the persons in the organisation who report to them are aware of applicable policies and are informed if changes are made.
- Ensuring appropriate integration of Group policies in local rules, guidelines and processes.
- Ensuring compliance with Group policies and with local rules, guidelines and processes wherever included.

Policies approved by the Board

- Code of Conduct – Framework for how OptiGroup employees should behave in their daily work.
- Supplier Code of Conduct – Defines the basic minimum requirements that apply to all suppliers to OptiGroup companies.
- Sustainability policy – Describes responsible business operation associated with the line of business that encompasses financial, environmental and social responsibility.
- Competition law compliance policy – Introduction to the basic principles of competition law and is designed as a support tool for all OptiGroup's employees.
- Information and communication policy – Describes the communication principles. The communication is characterised by credibility, transparency and responsibility as well as an open dialogue.
- Information security policy – OptiGroup shall safeguard the confidentiality, integrity and availability of all physical and electronic information assets of the company.
- Risk management policy – Ensures the delivery of OptiGroup's strategic objectives and maintaining of its good reputation. The company is committed to ensuring that appropriate risk management is implemented within the Group.
- Finance policy – Principles and practices on all finance and accounting matters. Clear, transparent and understandable policies, as well as defined responsibilities, are essential to prevent fraud and misconduct in the finance and accounting departments.

Internal audit

OptiGroup has established a new Internal Audit function whose primarily task is to ensure compliance with the internal control framework. The Internal Audit function reports directly to the CFO and submits regular reports to the Board's Audit Committee.

Auditors

The auditors are elected by the General Meeting for a period of one year. OptiGroup has selected EY as auditing firm with Heléne Siberg Wendin as auditor in charge. She attended three Audit Committee meetings and the Annual General Meeting, where she presented the observations from the audit of the internal control and the 2018 annual accounts.

CEO and Group management

The CEO assumes ultimate responsibility for the strategic direction, ensuring that the Board's decisions are implemented and followed and that the risk management, control, systems, organisation and processes are satisfactory. The CEO is supported in his work by the Group's Executive Team, which in addition to the CEO comprises the CFO, the Senior Vice President M&A and Corporate Development, the Chief Operating Officer and Business Area Heads. Group management is presented on page 112.

Group management holds regular meetings to discuss the earnings trend compared with budget, update forecasts, acquisition issues, the budget process and strategy process, and to make decisions on various matters.

The Business Area Heads report to the Chief Operating Officer who in turn reports directly to the CEO. Each business area has a management team which the Business Area Head chairs and whose members include senior executives and the Chief Operating Officer.

Composition of the Board

					Attendance		
Name	Elected	Independent	Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Johan Sjö[2]	2018	yes	yes	no	13/13	5/5	
Ulf Gundemark	2008	yes	yes	no	15/15	5/5	
Luc Hendriks[1]	2012	no	no	yes[4]	2/2		
Jan Johansson[2]	2018	no	no	yes	12/13		5/5
Sebastian Lapinski (deputy)	2016	no	yes[3]	no	2/2		
Nancy Lester[2]	2018	yes	no	no	13/13		
Bengt Maunsbach	2008	no	no	yes	15/15		5/5
Niko Mokkila[1] (deputy)	2013	no	yes[3]	no	2/2		
Håkan Roos	2017	no	no	no	14/15		
Gunilla Rudebjer	2017	yes	yes	no	15/15	6/6	
Christoph Sander	2011	*no*	no	no	15/15		

1 Board member until March 2018
2 Elected Board member in March 2018
3 Member of Audit Committee until March 2018
4 Member of remuneration commitee until March 2018

Remuneration is paid only to independent Board members.

IMPORTANT BOARD EVENTS 2018

MARCH

2017 Annual Report adopted and appropriation of profit for the year. Statutory Board meeting following election after AGM.

APRIL

Status update on investment in Papyrus Competence Center in Cologne, Germany.
Acquisition update.

JUNE

Update on action plan for Germany.
Strategic direction.
Acquisition update.

JULY

Decision to acquire Moonen Packaging.

AUGUST

Status update on environmental investigation for conversion of Stora Enso's fine paper mill in Oulu, Finland.
Information on organisational changes to business areas.
Update on action plan for Germany.

OCTOBER

Decision to sign binding agreement to divest the German paper distribution business Papyrus Deutschland GmbH & KG to Inapa.

DECEMBER

Budget 2019 approved.
Approval of policies and risk analysis.

Resolutions by 2018 AGM

- Adoption of income statement and balance sheet.
- Board and CEO discharged from liability for 2017 financial year.
- Re-election of Board members Ulf Gundemark, Bengt Maunsbach, Håkan Roos, Gunilla Rudebjer and Christoph Sander. Election of Johan Sjö, Jan Johansson and Nancy Lester as new Board members.
- Resolution to re-elect EY and auditor.
- Adoption of Board fees.

Statutory Board meeting 2018

- Re-elected and new Board members held their first meeting.
- Rules of procedure for Board and instruction for CEO adopted.
- Election of members to Audit Committee and Remuneration Committee.

Board of Directors

JOHAN SJÖ

Chairman since 2018

Education: Bsc Business administration and Economics, University of Växjö.

Board appointments: Chairman Addlife, Bergman & Beving, OptiGroup. Board member Addteh, Bufab, Camfil, M2 Asset Management.

Background: President and CEO Addtech, vice president B&B Tools, equity research & corporate finance Alfred Berg/ABN Amro.

CHRISTOPH SANDER

Deputy Chairman since 2019 and board member since 2011

Education: MA in Economics from Cambridge University and MBA from Harvard Business School.

Board appointments: OptiGroup, United Authors Publishing Ltd.

Background: Member of the Board of ISS A/S, member of the Board of Bunzl Plc, Boston Consulting Group London.

JAN JOHANSSON

Board member since 2018

Education: Master of Law, Stockholm University.

At present: Advisor at Triton.

Board appointments: OptiGroup.

Background: President and CEO SCA and Boliden.

NANCY LESTER

Board member since 2018

Education: College of Law, Guildford and LLB (Hons), Bristol University.

At present: Board professional.

Board appointments: DFx Tech, OptiGroup.

Background: Director corporate development/legal Bunzl.

BENGT MAUNSBACH

Board member since 2013 and deputy Board member 2008–2013

Education: M.Sc. in Economics and Business Administration from the Stockholm School of Economics.

At present: Partner, Altor Equity Partners.

Board appointments: OptiGroup, Ålö, Haarslev, Realia Group.

Background: Manager at The Boston Consulting Group.

HÅKAN ROOS

Board member since 2017

Education: M.Sc. in Economics and Business Administration from the Stockholm School of Economics.

At present: Investor and Management Consultant.

Board appointments: OptiGroup, Roos Gruppen, Addlife, Gadelius Japan, Sandå AB, Antpac AB, Design House Stockholm AB, Zobito Funds (Investment commitee).

Background: Mediplast AB, Malmö Stenhus AB, Lomond AB, Björn Borg AB, CEO Hallbergs Guld, CEO Procurator.

GUNILLA RUDEBJER

Board member since 2017

Education: M.Sc. in Business Administration and Economics from Stockholm School of Economics.

At present: Partner at Blomqvist & Rudebjer HB.

Board appointments: Ambea, NCAB Group, OptiGroup and Oriflame.

Background: CFO at Scandic Hotels, Cision, Parks & Resorts Scandinavia, Mandator and TUI Nordic (Fritidsresor).

ULF GUNDEMARK

Board member since 2008

Education: M.Sc. in Electrical Engineering.

At present: Management Consultant.

Board appointments: Constructor Group, AQ Group, Lantmännen, Scandinavian Standard, Nordic Water Proofing, Solar Group, OptiGroup.

Background: CEO of Elektroskandia/ Hagemeyer Nordics, Global Manager at IBM, Business Area Manager at ABB.

Management Team

SØREN GAARDBOE

President and CEO as per March 2019 and Business Area Head (acting) Facility, Safety & Foodservice Solutions

Born 1964.

Master Degree in law from Copenhagen University and Bachelor Degree in Finance and Business from Business School of Copenhagen.

Joined OptiGroup in 2006.

Previous positions: Managing Director Papyrus Denmark, Managing Director of various ISS subsidiaries, Managing Director of various Telia companies in Denmark.

EVA NILSAGÅRD

CFO as per January 2019

Born 1964.

M.Sc. in accounting and financial management and Executive MBA from School of Business, Economics and Law at the University of Gothenburg.

Joined OptiGroup in 2019.

Board appointments: Board member of AddLife, Bufab, Swedish Export Credit Company (SEK) and Irras.

Previous positions: CFO Plastal Industri AB, SVP Strategy & Business development Volvo Trucks (EMEA), CFO Vitrolife (publ), VP Finance & IT Volvo Penta. Other senior positions within finance and business development in Volvo, AstraZeneca Group and SKF.

JESPER HALL

Business Area Head Industrial Solutions

Born 1969.

Bachelor Degree in Finance and Business from IHM and Leadership Stockholm University.

Joined OptiGroup in 2018.

Previous positions: Managing Director Brammer Nordics, Business Unit Director Industry Papyrus Supplies, various Senior Management and MD positions.

Changes in the Management Team: Gunilla Andersson was CFO until December 2018, Tomas Bergström was Senior Vice President M&A and Corporate Development until January 2019 and Christoph Sander was President and CEO until February 2019.

NIKLAS JÄRBUR

Business Area Head Printing & Creative Solutions

Born 1964.

Degree in Industrial Marketing at IHM Business School.

Joined OptiGroup in 2011.

Previous positions: Managing Director at Papyrus Nordics & Baltics, Sales Director at Stora Enso.

JENS JAKOB ZAHLE

Senior Vice President M&A as per May 2019

Born 1971.

Master Degree in Science of Economics from Copenhagen University and Master Degree in Business Administration and Auditing from Copenhagen Business School.

Joined OptiGroup in 2019.

Previous positions: Head of M&A and Strategy ISS, Falck and EET Group. CFO Falck, management consultant Qvartz and auditor KPMG.

About the sustainability report

Report profile
OptiGroup uses sustainability as an umbrella term to describe responsible business operations that encompass financial, environmental and social responsibility. This Sustainability Report describes OptiGroup's actions and the resulting outcomes from 2018 that are considered to be material to the business. The previous report was published in March 2018.

This report has been prepared in accordance with the GRI Standards: Core option.

All GRI related data in 2018 reporting refers to OptiGroup's operations in the market where the Group is present unless otherwise noted. It covers all subsidiaries and includes activities occurring at all facilities, owned and leased, where OptiGroup's companies have operational control. During the year, Proxima Tapes, Proxima Comserv and Oviva in Romania, Mercamer and Telpak in Finland and Moonen Packaging in Netherlands were acquired and included in the reported data for 2018.

Data collection was carried out by the Group's internal audit & sustainability function together with relevant resources at the subsidiaries. The coverage of indicators categorised under those aspects deemed relevant was reported to the fullest extent possible depending on data availability.

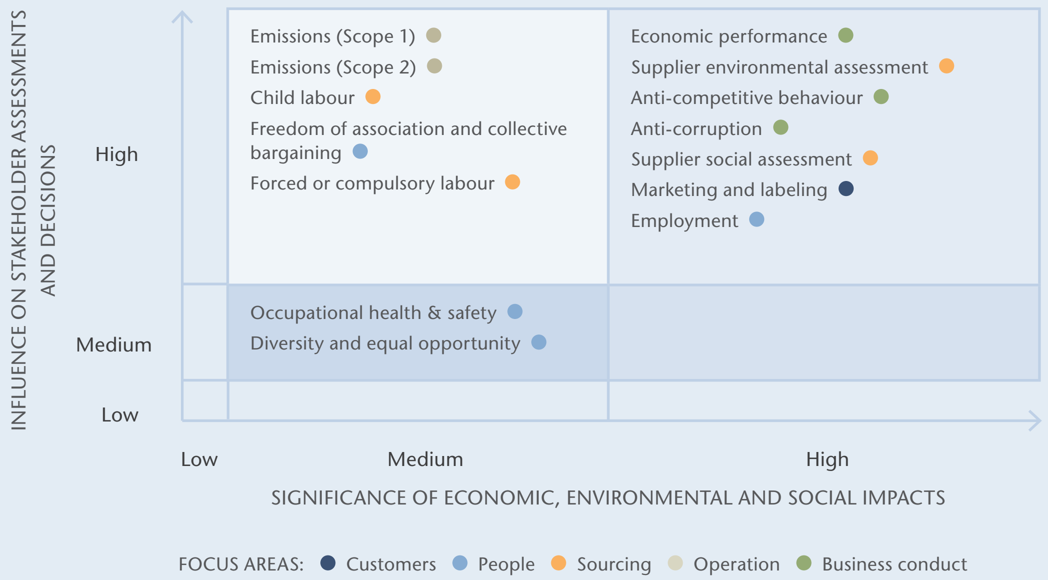
This report and the sustainability data contained herein have not been externally verified.

Feedback
Feedback on this report and on the company's sustainability performance is welcomed. Please send comments to: stefan.sikander@optigroup.com or angela.jagelid@optigroup.com.

MATERIALITY ASSESSMENT AND SUSTAINABILITY PRIORITIES

The scope of this report is based on an assessment of material issues that was carried out in 2016. The analysis of what is considered to be most important to OptiGroup's subsidiaries in terms of the company's sustainability work, was carried out internally by the company's analysis group consisting of key individuals representing a broad range of functions at the company. This assessment identified the relative relevancy and boundaries of the entire range of aspects within the GRI Standards framework. The analysis is based on the assumption that all material aspects are of importance for the entire Group.

The most material aspects were selected through a process of identification, prioritisation and validation. These are grouped into five focus areas for sustainability: Customers, People, Sourcing, Operation and Business conduct. The 14 material aspects identified also form the basis of the content of this report.



Stakeholder engagement

In 2016, the company's analysis group carried out an internal materiality analysis of the company's stakeholder groups with the purpose of pinpointing priorities in the sustainability reporting and ongoing sustainability work. Key stakeholders were selected based on their ability to impact OptiGroup's sustainability performance and where OptiGroup's sustainability performance significantly impacts stakeholders.

STAKEHOLDER GROUP	STAKEHOLDER DIALOGUE	KEY TOPICS AND CONCERNS
Customers	• Customer satisfaction surveys and feedbacks • Face-to-face meetings • Website, newsletter • Annual financial reports • Sustainability report • Environmental product declarations • Environmental labelling (e.g. FSC, PEFC and Nordic Swan) • Social media	• General requirements for sustainable corporate governance and Code of Conduct • Environmental impact of products • Sustainability in the supplier chain • Finances • Environmental issues, such as CO_2 emissions • Working conditions, such as safety in the workplace • Human rights and child labour in the supplier chain, EUTR
Employees	• OptiGroup's performance management process • Appraisal discussions • Skills development and training programmes • Training on the work environment and safety • Employee survey • Employer branding initiatives • Code of Conduct and Group policies • Intranet • Social media	• Finances • Business model description • Business ethics and operative culture • Skills development • Terms of employment, working conditions and safety • Diversity • Company's focus on sustainability and environmental impact
Suppliers	• Face-to-face meetings • Supplier performance evaluation • Environmental certifications (ISO, EMAS) • Environmental labelling and environmental statistics • Joint improvements of projects and service level agreements • KPI monitoring • FSC/PEFC certificates	• Sustainability of the business and long-term economic development • Code of Conduct • Human and labour rights (UN, ILO) • Environmental impact • Safety in the workplace • Finances
Government, communities and NGOs	• Certificates for operations • One-on-one meetings	• Compliance with laws and regulations • Transparent communication • Prompt information and open dialogue
Owners	• Result briefings • Financial reports • One-on-one meetings	• Business model and strategy • Financial performance and strategic transformation • Long-term value creation • Corporate governance • Risks • Future outlook
Membership, certificates and industry associations	• Certificates • Sustainability support • Industry support	• Forest Stewardship Council (FSC) • Programme for the Endorsement of the Forest Certification schemes (PEFC) • European Paper Merchants Association (EUGROPA) • Two Sides

Sustainability governance

Business ethics and responsibility are emphasised throughout OptiGroup's corporate governance, starting from the Board of Directors, the CEO and OptiGroup's Management Team. The CEO, together with the members of the OptiGroup's Management Team, is ultimately responsible for the company's sustainability and ethical strategy and their related policies and key performance indicators, as well as the evaluation and monitoring of their implementation.

Governance on sustainability and ethics

By the end of 2017, an new internal audit and sustainability function was established, replacing the former Sustainability Council, as a governance body that operates at management level under the CFO. The internal function is responsible for implementing, directing and overseeing the auditing and compliance programs for OptiGroup and its subsidiary companies, as well as driving the sustainability agenda of the company.

The internal audit and sustainability function regularly reviews OptiGroup's strategy on sustainability, business ethics and legal compliance. This work involves:

- Identifying issues for development
- Implementing policies on business practices, including OptiGroup's Code of Conduct
- Compliance-related processes and tools
- Legal and regulatory business practices

Actions related to major law compliance and ethics issues are supervised by the Board of Directors. In the event of other serious misconduct concerning employees in key positions or leading posts, these can be reported anonymously in accordance to the established whistleblowing procedure.

Compliance

OptiGroup is committed to fair and ethical business practices. OptiGroup's Code of Conduct, together with other Group policies, forms the basis of sustainability activities at OptiGroup, which are aimed at building and maintaining a relationship of trust with customers, shareholders, employees and suppliers.

OptiGroup expects its management and employees to adhere to the corporate policies of OptiGroup in their work. The company management of each of the OptiGroup entities is responsible for monitoring and enforcing the company's policies, as well as ensuring operations' compliance with national laws and local legal requirements. Any violation of these polices, principles and guidelines will be closely examined and necessary action taken.

The Group's internal audit and sustainability function is responsible for the supervision of the business from a legal perspective. The function is also responsible for the annual Corporate Governance Certification Process that ensures that OptiGroup's Group Policies are up-to-date and subject to an annual review.

Together with the management of OptiGroup companies, the Management Team is to review and confirm their understanding of Group policies. To ensure responsible business operations, these policies are then implemented through tailored procedures in the relevant business units.

Incidents

At OptiGroup, there is a formal complaint procedure in relation to any breach of the Code of Conduct, Group policies, laws and regulations, which employees can use to report suspected misconduct and compliance violation. This is done via an anonymous whistleblowing tool available on the company's intranet. The company's internal audit and sustainability function assists all employees with matters relating to ethical and lawful behaviour.

There were no known incidents of corruption during the reporting period, and the company has not been involved in any proceedings arising from anti-competitive behaviour or violations of antitrust law.

OptiGroup Corporate Governance Certification Process

On a regular basis, OptiGroup performs a Corporate Governance Certification Process to ensure that the company's Group Policies are up-to-date and subject to review. Senior managers and key individuals are regularly to review and confirm their understanding of, and responsibility for, Group Policies by:

- Signing and submitting confirmation of compliance, including descriptions of any infringement or breach of policies known as of that date.
- Taking appropriate and necessary steps to ensure that the organisation reporting to them is aware of applicable policies and is notified if any changes are made to them.
- Ensuring appropriate integration of Group Policies into local rules, guidelines and processes.
- Ensuring adherence to Group Policies and the local rules, guidelines and processes into which they have been integrated.

Owners of OptiGroup

OptiGroup is owned by Altor Fund II (41 percent), Triton II Fund (39 percent), RoosGruppen AB (14 percent) and others (6 percent).

Management approach

OptiGroup works in a structured manner on the focus areas and material aspects identified. The table below presents the major aspects, ambitions and boundaries for each area, together with the associated tools and policies.

FOCUS AREA	ASPECT	KEY AMBITIONS	TOOLS AND POLICIES	RESPONSIBILITY
Customer	• Marketing and labeling	• Maintain outstanding competence in products, logistics and customer operations • With open and transparent communication, meet the expectations from customers and stakeholder	• Training programmes and Learning Management systems • On-demand availability of product information, environmental statistics and data safety sheets via e-services and web-shop • Regular monitoring and follow up of Key Performance Indicators (KPIs)	• Company management • Category management • Sales and marketing
People	• Employment • Occupational health and safety • Diversity and equal opportunity • Freedom of association and collective bargaining	• Employee well-being • Accident-free workplaces	• Structured appraisal discussion process • Employee Performance Portal • Training programmes • Learning Management Systems (LMS)	• OptiGroup's Management Team • Company management • Operations • HR community
Sourcing	• Supplier social assessment • Child labour • Forced or compulsory labour • Supplier environmental assessment	• Manufacturers to comply with legal requirements in all countries where they operate • Manufacturers to develop and to use environmentally friendly technologies • Paper to be sourced from manufacturers and paper mills that are FSC/PEFC certified • Paper producers to operate in compliance with established environmental management systems • Never source products from illegal logging and uncertain sources. Prioritise products that are produced using reduced energy consumption and lower CO_2 emissions • Joint projects in supply chain improvements	• Sourcing policy and supplier intake process • Code of Conduct • Sourcing KPIs • Performance and monitoring tools • KPI reporting	• Purchasing and Sourcing departments
Operation	• Energy • Emissions	• Responsibly reduce carbon footprint • Work towards sustainable use of natural resources in the supply chain • Promote FSC and PEFC paper, which means products from credibly certified fibre	• Several companies within the group are certified according to ISO 14001 • The Papyrus businesses have FSC and PEFC certification	• OptiGroup's Management Team • Environmental manager • Company management • Operations
Business conduct	• Economic performance • Anti-corruption • Anti-competitive behaviour	• Follow-up on financial and operational results • Monitoring and enforcing the Group policies • Ensuring compliance of operations with national laws and local legal requirements	• Financial and operational KPI's • Group policies • Annual corporate governance certification process • Whistleblowing service	• CEO • OptiGroup's Management Team • Company management • Legal • Operations

Environmental indicators

Energy and emissions

Environmental compliance	**2018**	2017
Compliance with local and environmental codes and standards (% compliance in annual audit)	100%	100%

Energy and CO_2 greenhouse gas emissions from buildings	**2018**	2017
Energy usage from oil, terajoule (TJ)	8.4	8.2
Energy usage from gas, terajoule (TJ)	48.8	50.7
Energy usage from district heating, terajoule (TJ)	14.8	21.2
Energy usage from electricity, terajoule (TJ)	46.2	42.9
Total energy usage in buildings, terajoule (TJ)	118.2	122.9
Scope 1 – Direct carbon emissions, tonnes CO_2 equivalent[1)]	3,069	3,152
Scope 2 – Indirect carbon emissions, tonnes CO_2 equivalent[2)]	4,229	3,747

Energy and CO_2 greenhouse gas emissions from own distribution of goods	**2018**	2017
Energy usage from diesel, terajoule (TJ)	94.3	94.2
Energy usage from bio-diesel, terajoule (TJ)	—	0.1
Energy usage from petrol, terajoule (TJ)	2.6	1.9
Energy usage from Gas/LPG, terajoule (TJ)	—	0.4
Total energy usage in own distribution of goods, terajoule (TJ)	96.9	96.5
Scope 1 – Direct carbon emissions, tonnes CO_2 equivalent[1)]	6,771	6,729

CO_2 emissions are based on the conversion factors for greenhouse gas reporting provided by Defra, the UK government department for environment, food & rural affairs.

[1)] Emissions from operations that are owned or controlled by the organisation as defined by the Greenhouse Gas Protocol.

[2)] Emissions that result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation as defined by the Greenhouse Gas Protocol.

Water and waste management
OptiGroup has no manufacturing and water usage is principally confined to workplace cleaning and for hygiene purposes. Waste is principally confined to warehouse operations and offices.

OptiGroup is working to increase recycling and recovery of materials and equipment where this leads to an environmental benefit. The materials OptiGroup uses as transport packaging are mainly made of paper, cardboard or corrugated, in other words recyclable materials. When plastic is used, it mainly consists of polyethylene (PE), which is also a recyclable material. Composite packaging occurs only as an exception and then only where it is necessary for the functionality of the product.

Environmental labelling

FSC/PEFC	**2018**	2017
Share of FSC/PEFC certified products of total paper sales volume from stock, %	72	70

Social responsibility and governance indicators

Key personnel data	**2018**	2017
Number of employees[1]	2,199	2,119
Women, %	36	36
Men, %,	64	64
Age <30, %	12	11
Age 30–50, %	51	50
Age >50, %	37	39
Employee turnover rate, %	12	16

Diversity by groups	**2018**	2017
Management Team		
Total count	4	4
Women, %	25	25
Men, %,	75	75
Age <30, %	0	0
Age 30–50, %	25	25
Age >50, %	75	75
Managers[2]		
Total count	297	280
Women, %	28	26
Men, %,	72	74
Age <30, %	5	3
Age 30–50, %	61	62
Age >50, %	34	35

Safety and well-being data	**2018**	2017
Absentee rate, %[3]	3.8	3.8
Accidents at workplace[4]	12.6	27.8
Lost-time accidents at workplace[5]	7.3	8.7
Work-related fatalities, no. of cases	0	0

1) Full-time equivalent (FTE) on December 31
2) Manager with directly reporting employees
3) Sickness and accident-related absence in % of theoretical working hours
4) Number of accidents at the workplace per one million working hours
5) Number of lost-time accidents at the worklace per one million working hours

GRI index

GRI Standard		Disclosure	Page reference
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
ORGANISATIONAL PROFILE			
	102-1	Name of the organisation	Cover
	102-2	Activities, brands, products, and services	1–5, 16–23
	102-3	Location of headquarters	Cover, 54
	102-4	Location of operations	4, 16–23
	102-5	Ownership and legal form	107–109, 116
	102-6	Markets served	4, 16–23
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This is the translation of the auditor's report in Swedish

Auditor's report on the statutory sustainability report

To the general meeting of OptiGroup AB, corporate, identity number 556717–6135.

Engagement and responsibility
The Board of Directors is responsible for that the statutory sustainability report on pages 27–37, 40–42, 114–119 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination of the statutory sustainability report has been conducted in accordance with FAR´s auditing standard RevR 12 The auditor´s report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion
A statutory sustainability report has been prepared.

Göteborg 2 May 2019

Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

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