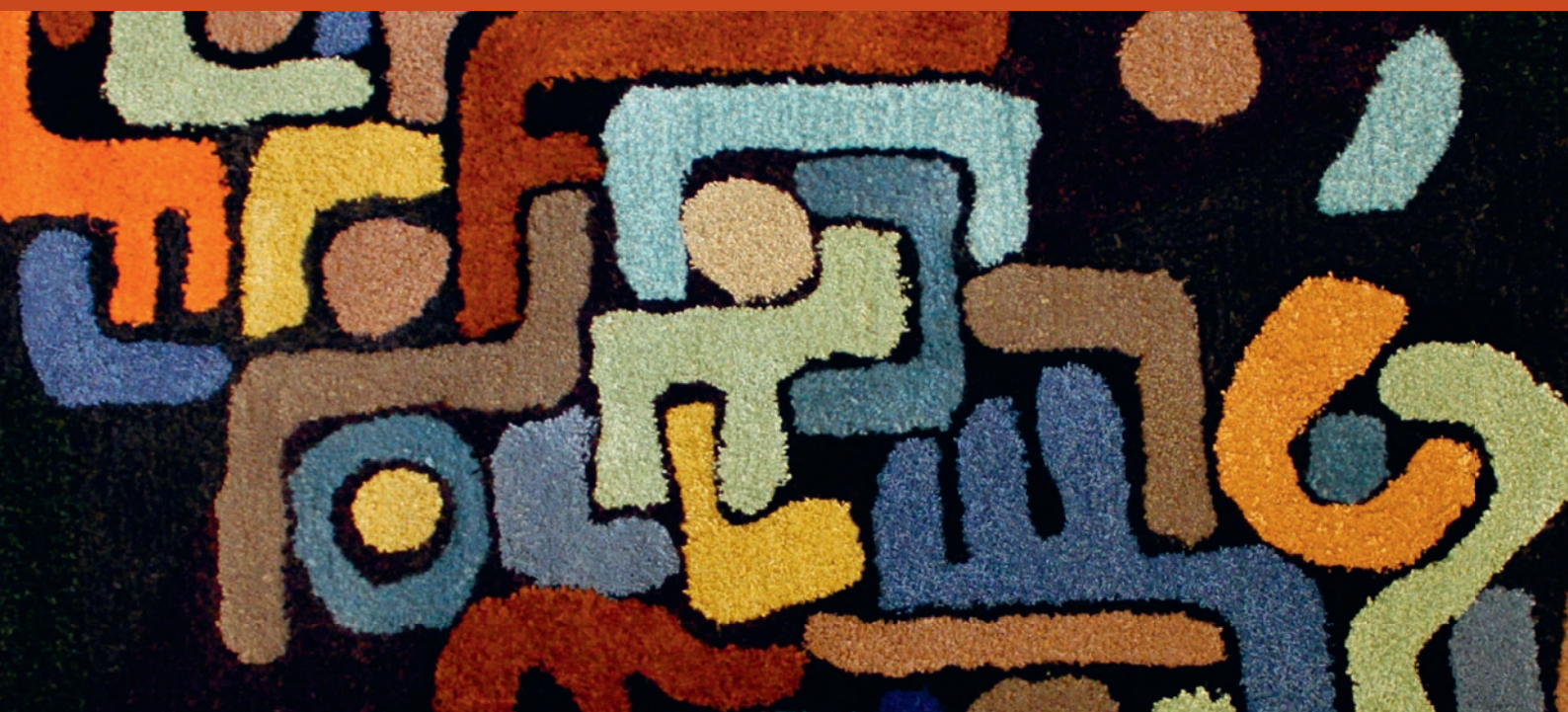


CELLMARX

2017  
two thousand  
and seventeen







two thousand  
and seventeen











## Our Vision

Our vision is Surpassing Expectations.

## Our Mission

Our mission is to deliver products, services and solutions to the world market.

## Our Guiding Principles

CellMark's Guiding Principles are the bedrock of all our actions. Integrity is the foundation of our relationships, with each other and with our business partners.

## Additionally:

We **empower** each other to be creative and decisive. We are a company of global entrepreneurs where we generate ideas and welcome change.

We **care** about the future welfare, health and well-being of our people, our business partners, and the communities where we are present.

We **build** strong, agile teams of dedicated people with a results-oriented work ethic to align towards common goals.  
We develop long-lasting relationships while having fun.

We **are supportive**, promote open dialogues and treat each other with respect. We celebrate our accomplishments and learn from our experiences.

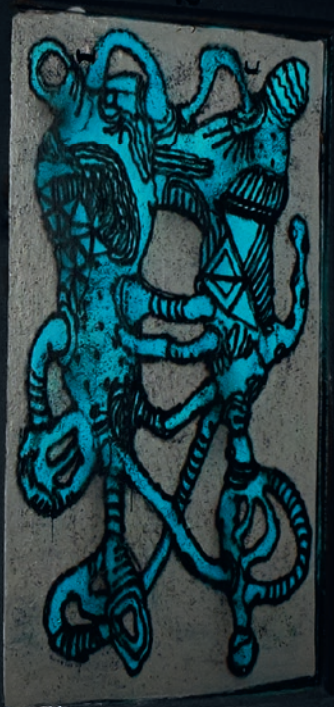
We **develop** tools, training and guardrails to facilitate **sustainable growth**.








alleri



NOTTING HILL

NOTTING HILL





2017 was the first year of satisfactory financial performance after a sustained period of weak results. So, it marks an important turning point.

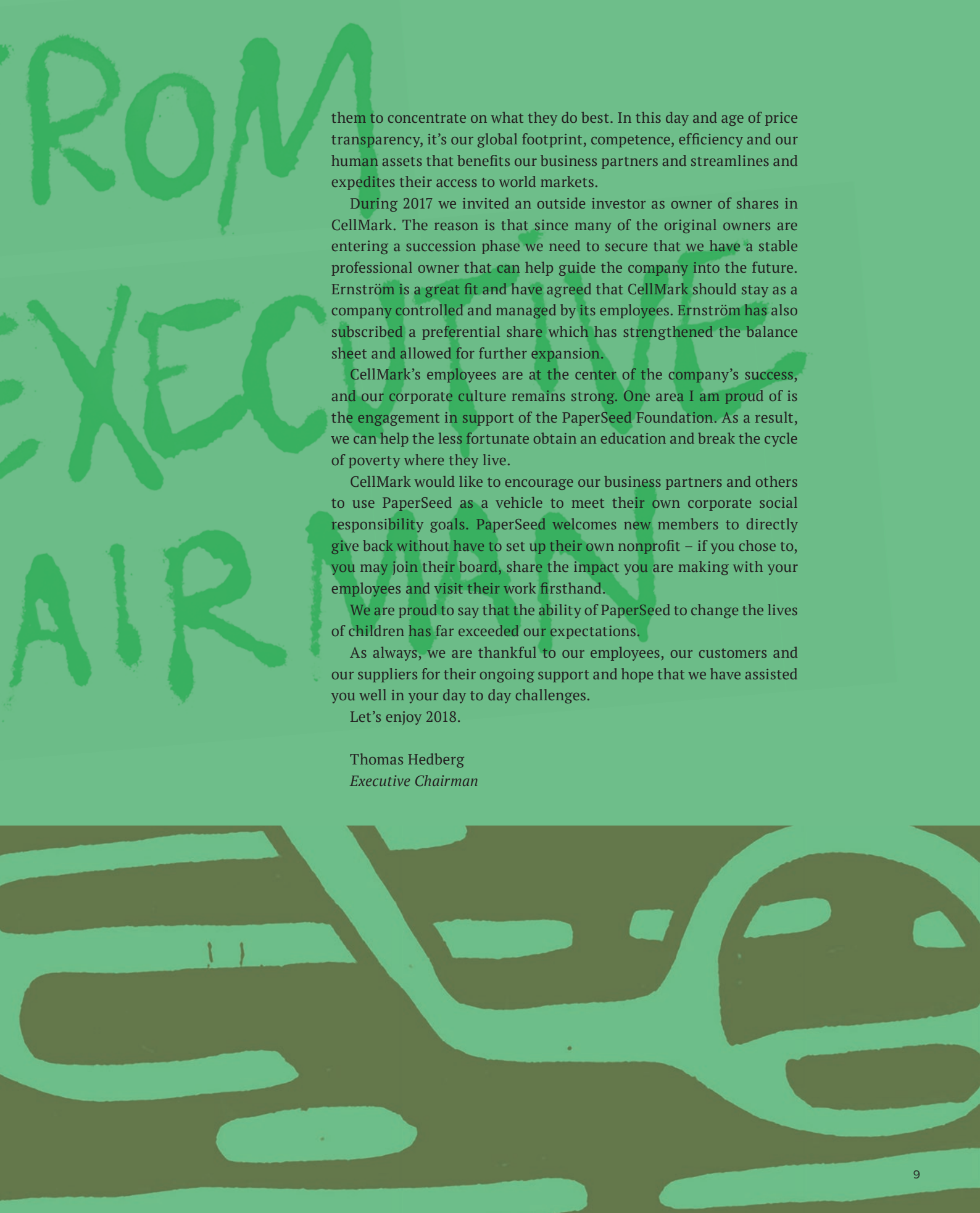
We intend to continue to expand the company. We started some 30 years ago with an initiative based on Pulp which has now been developed to seven internationally visible divisions in Pulp, Paper, Recycling, Packaging, Chemicals, Metals and Basic Chemicals. We are also trialing operations in Medical Devices, Biomass and Technology.

Our risk management has been improved further and each division has now appointed Controllers to monitor our assets and our business with a forward-looking perspective but also generating conclusions from the past.

We are now able to continue our growth strategy through strategic acquisitions in our core divisions, add-ons of new teams or in companies that would fit our international presence. We have confirmation that our international platform, corporate culture and support functions can service additional products being marketed in many countries all over the world. We continue to look for people and companies with a proven track record that we can develop through our network of international offices.

We have also started a project to improve our efficiency in all aspects of the supply chain. We must continue to improve, evolve, digitalize and automate to remain relevant and competitive. As a specialized marketing and supply chain service company, we can play a large or small role for various producers or consumers to allow





them to concentrate on what they do best. In this day and age of price transparency, it's our global footprint, competence, efficiency and our human assets that benefits our business partners and streamlines and expedites their access to world markets.

During 2017 we invited an outside investor as owner of shares in CellMark. The reason is that since many of the original owners are entering a succession phase we need to secure that we have a stable professional owner that can help guide the company into the future. Ernström is a great fit and have agreed that CellMark should stay as a company controlled and managed by its employees. Ernström has also subscribed a preferential share which has strengthened the balance sheet and allowed for further expansion.

CellMark's employees are at the center of the company's success, and our corporate culture remains strong. One area I am proud of is the engagement in support of the PaperSeed Foundation. As a result, we can help the less fortunate obtain an education and break the cycle of poverty where they live.

CellMark would like to encourage our business partners and others to use PaperSeed as a vehicle to meet their own corporate social responsibility goals. PaperSeed welcomes new members to directly give back without have to set up their own nonprofit – if you chose to, you may join their board, share the impact you are making with your employees and visit their work firsthand.

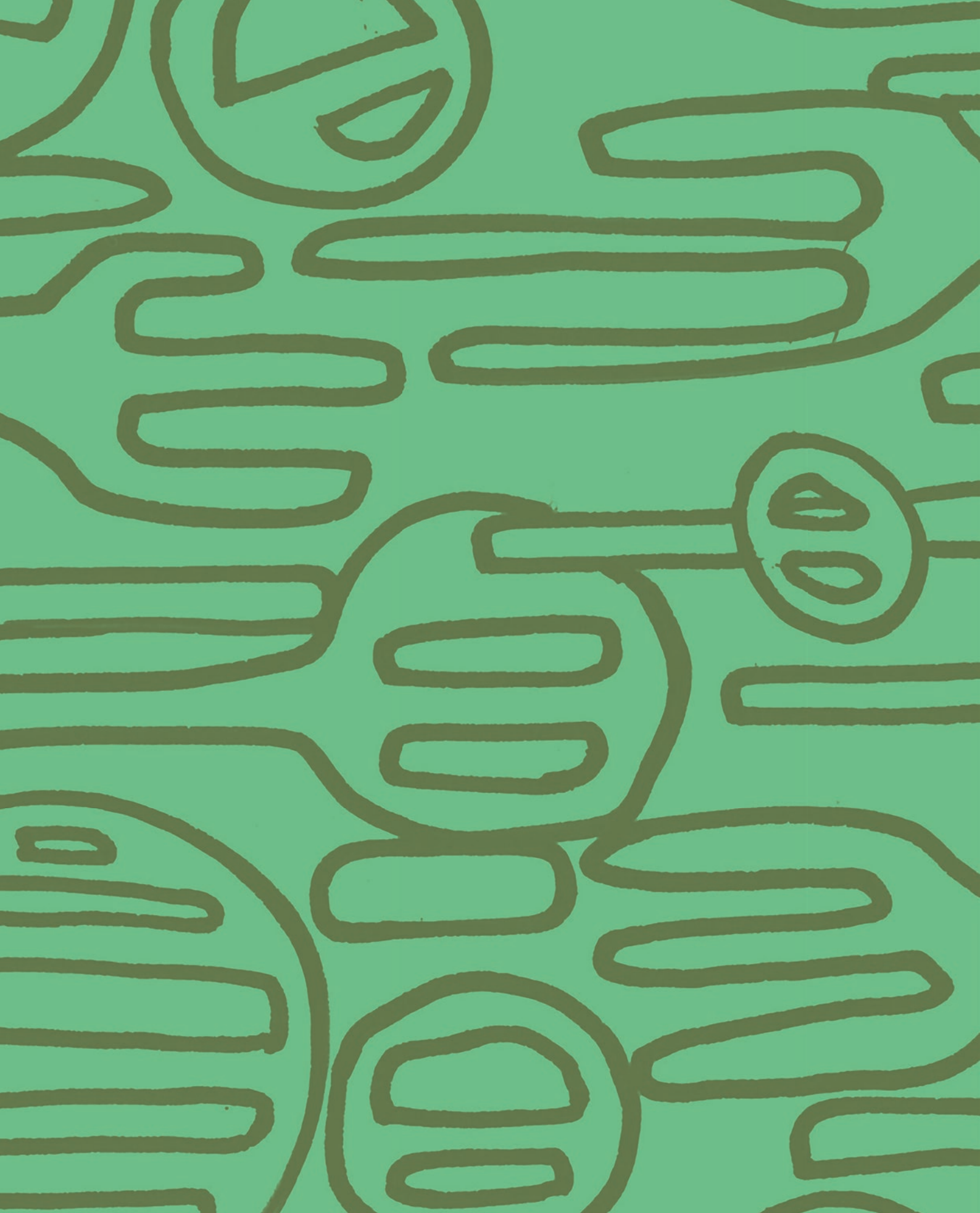
We are proud to say that the ability of PaperSeed to change the lives of children has far exceeded our expectations.

As always, we are thankful to our employees, our customers and our suppliers for their ongoing support and hope that we have assisted you well in your day to day challenges.

Let's enjoy 2018.

Thomas Hedberg  
*Executive Chairman*







## **We deliver products, services, and solutions to the world market**

CellMark is a global supply chain service company providing products, services and solutions to customers and suppliers all over the world. We facilitate trade and business development across multiple industries using our vast network of local offices and professional expertise.

Founded in 1984 in Gothenburg, Sweden, CellMark has its roots in the international trade and distribution of raw materials related to the global Pulp and Paper Industry. Over the years, the company developed world-class marketing and supply chain service capabilities expanding into new product areas. Today we run seven successful international divisions in Pulp, Paper, Packaging, Recycling, Chemicals, Metals and Basic Chemicals. We are also trialing operations for Medical device distribution, Biomass and Technology.

Through a network of 70 offices in 30-plus countries, we provide a full suite of services and identify new business opportunities for clients in partnership that add value to processes and products: sales and marketing, finance, logistics, regulatory compliance, chemicals custom manufacturing and business development.

The CellMark Group consists of 750 professionals with in-depth product and market knowledge. The company is privately held and owned by its employees and an outside corner investor, Ernström & Co., who helps us achieve our strategic objectives. Our annual sales are USD \$2.9 billion with volume close to 7 million tons annually. CellMark takes pride in contributing to global sustainability efforts and are committed to strengthening educational opportunities in support of the PaperSeed Foundation.

For more information please go to [cellmark.com](http://cellmark.com)



The Pulp Division had one of our most successful years in our history in terms of return, volume and diversification. Our core pulp business was very strong, but the Division also saw large contributions from our Energy and Caustic platforms.

2017 was a vibrant year for the global pulp market with shortages of supply and large increases in pricing across all grades. This narrative ran contrary to virtually every industry forecaster and pundit who had predicted a swift collapse in the market for most of the year due to excess supply. This failed to transpire as China began with an unquenchable demand for more market pulp. This coupled with pulp supply interruptions ensured that the market remained robust throughout 2017. CellMark was not immune to these supply interruptions as many of our key suppliers suffered unprecedented amounts of downtime. Nonetheless, CellMark's Pulp Division managed customer expectations successfully and found alternative sources of supply.

The Division continued to focus on our Strategic goals for the year and were successful in fully implementing and/or moving them forward significantly. Chief among those goals were 1) diversification of supply 2) cost cutting and 3) succession planning. The Pulp Division added several key pulp suppliers in 2017 supporting our focus on diversification and expansion. Costs throughout the whole global division were mapped with targets identified with the help of a newly appointed dedicated controller for the group. Despite some personnel changes associated with retirement and team reassignment, the Division is properly positioned for succession and continuity for our suppliers and customers.

The Energy group, which reports into the Pulp Division, demonstrated a dramatic turnaround for 2017. Biomass trading and manufacturing has been a key platform for our diversification strategy and the Division has invested heavily in both capital and resources over the past few years. Biomass trading both in Asia and Europe expanded throughout the year and proved to be important contributors to the Division's overall profitability. A buoyant pellet market in both Korea and Europe ensured steady demand and increased pricing. Sabela, our biomass energy trader & harvester in France had a positive turnaround for the year as the strategic focus for the company starts to pay dividends. Our partnership at Green Pellet Sarawak in Malaysia struggled with consistent production due to prolonged wet weather which complicated wood deliveries but production and quality has steadily increased. In Q1 of 2018, we look forward to the opening of our newest joint venture in pellet manufacturing in Vietnam when Asia Pellet Company will begin production. Our Waste-to Energy (WTE) group fulfilled all their contractual commitments to suppliers and customers despite a market dominated by excess RDF and a challenging foreign exchange environment. Our caustic trading group for the Nordic region secured key customers and suppliers and delivered excellent results in the most chaotic caustic market in history.

I would like to personally thank all the global team members of the Pulp Division for producing an extraordinary year of results & milestones. Their hard work and dedication means that CellMark continues to be the preferred partner to facilitate trade for our customers worldwide.

Doug Smith  
*Pulp Division President*





# CELLMARK PULP

# CELLMARK PAPER

Despite a difficult, challenging marketplace, the Paper Division's 2017 results were much better than the previous year. We continued momentum created by our rightsizing initiative, which reduced costs and improved operations considerably. The stronger divisional performance was led by the International team specifically in the European and Asian markets. Their efforts have led to rapid and significant growth in several key regions notably Australia, Turkey, Spain, India, and China.

These developments are integral to CellMark Paper's endeavors to increase its Global footprint and recognition, while bolstering portfolio diversity.

The North American operations struggled with continued challenges with both volumes and consumption declines. Despite supply challenges, our Miami team, which handles Latin and South American markets, performed well.

The printing and writing paper segments in both North and South America are still in decline. Given the expected further reductions we have several new specialty paper initiatives underway.

It was one of our primary objectives in 2017 to continue to consistently evaluate our divisional cost structure. It remains our continued goal to be the lowest cost and most efficient platform for all of our business partners. This is an ongoing program that will continue into 2018 and beyond.

This year also marked the launch of several new and exciting synergy projects within CellMark's other business units. This is an exciting area for growth and the opportunities for future projects seem unlimited.

As we progress into 2018 in an increasingly global and consolidated marketplace, we will continue to sharpen our focus on several key initiatives. As noted earlier we must be the markets lowest cost and most efficient distributor. As such, having all our global offices aligned and communicating effectively is essential. Additionally we will strengthen our relationships with best-in-class supply partners this is paramount to our strategy.





Moreover we will measure our progress against the ambitious goals we have established for 2018 and bolster our strong family culture.

The market remains volatile, and features numerous forces we cannot control, such as currency changes, freight, demand and the impact of improved technology. However, we will focus on all those things that we can influence.

As we look forward to 2018 and beyond we remain confident that our most important asset, our employees, are committed to further growth and success.

We certainly understand that we face many challenges as all companies do, but are very optimistic about how we are positioned to execute. It will be an exciting journey and we are excited to perform for all our business partners.

Lastly, I wish to sincerely Thank all of our partners for their continued loyalty and support.

Joe Hoffman  
*Paper Division President*



# CELLMA PACKAG

A strong improvement in Packaging demand in 2017 was the result of a long awaited economic recovery in North America and Europe. In past years we have seen modest growth on a global basis, usually led by Asian strength and minimal growth elsewhere. During the past year we experienced a 4.3% growth in global corrugated demand, still led by Asia, but supported by a much-improved European demand and a rising North American trend. This yearly increase in demand would translate into 6 million metric tonnes of containerboard, or at least a dozen modern sized paper machines.

This increase in demand has been supplied by machine creep capacity, a number of paper machines that have converted to containerboard from other paper grades, and a limited number of new machines and expansions. During the year, markets were impacted by unexpected weather delays, shifting currencies that changed the flow of products, and finally the Chinese authorities' restriction of waste paper imports, which strongly reduced Chinese containerboard output.



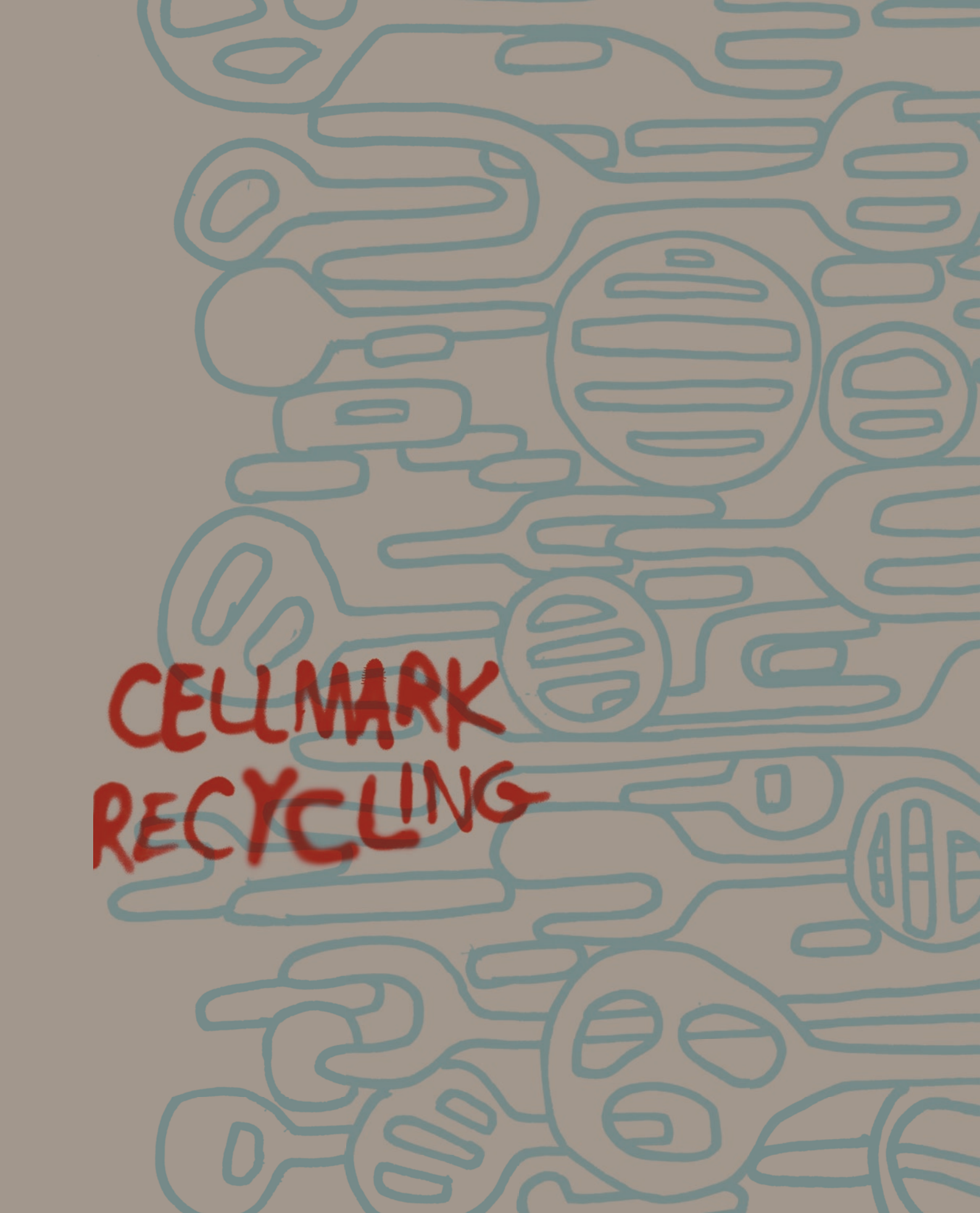


One new component that added to the tightness in supply that impacted us during 2017, was the influence e-commerce growth, which seems to have fully balanced the supply and demand of containerboard. The result of all this growth was a very buoyant market with steady price increases through the year. As containerboard prices increased, we saw other packaging and kraft paper grades also follow the same trend, even if the true demand in those other sectors was not as strong as in corrugated.

CellMark Packaging achieved an acceptable result during a year that was unlike any we have experienced over the past 20+ years. The global team worked hard to find sufficient supply to satisfy our global customer base, and presented our mill partners the best options to place their limited offering. All operational units of the division were able to contribute to profitability during 2017.


Our product diversification project is successful and follows our strategy plan. New members of our global sales team have been added, with more planned for 2018. We will ensure full market coverage through Asia with team members in each market and continue to expand with staff and new product additions in Latin America. In Africa and Mid-East regions we see continued growth potential that will be supported by our experienced travelers to those regions and supplemented by local staff. Our outlook for 2018 is encouraging as we feel the confidence of having come through a very difficult year with a strong baseline of support, and new projects coming our way.

Paul Busnardo  
*Packaging Division President*

The background features a repeating pattern of abstract, hand-drawn blue line art on a light beige surface. The patterns include various organic shapes, some resembling stylized leaves or cells, and others that look like simplified human figures or mechanical components. The lines are thick and slightly irregular, giving it a hand-drawn, artistic feel.

CELL MARK  
RECYCLING





2017 was a strong year for the Recycling Division. From a financial perspective, it was our most profitable year to date. The continued shift in direct-to-consumer or “internet shopping” is now the new normal, and the box business has never been stronger. In simple terms, this has led to unprecedented demand for our products both domestically and abroad, and as a result commodity prices were high for most of the year.

2017, however, was not without its challenges for our team, mainly as a result of China’s import restrictions on recyclables and just the overall uncertainty coming from the world’s largest importer of recyclables. During the year, China dramatically reduced the amount of import licenses it issued compared to previous years, and most cargo that would normally ship to China moved to other markets around the world. By year end these markets were flooded and prices dropped precipitously.

As we enter 2018, the big question is where will China get its raw material from to remain competitive in the world market? Or will this business move from China to other countries around world? One thing’s for certain though, wherever the business is, CellMark Recycling will be there too.

Jimmy Derrico  
*Recycling Division President*


# CELLMARK

2017 turned out to be another successful year for our Chemicals Division despite the slow start we encountered in the 1st trimester. During the 2nd trimester of the year we started picking up speed which carried forward in to the 3rd trimester. This enabled us to finish the year strong and hit our aggressive targets that were set 10% higher than the year before. Full-year earnings for 2017 were in line with our expectations despite having to cope with higher, short-term borrowing rates that steadily crept up throughout the year.

On the commercial side, we can attribute our strong results to several factors. Most impressively, are our employees that worked together in teams across each region in the areas of Catalyst & Gas Processing (CGP), Health & Personal Care (HPC), and Industrial & Specialty Chemicals (ISC). We had some big wins throughout the year with one of our top selling products, Saccharin which is managed locally in the US but sold throughout the global markets utilizing our cohesive network of offices and employees located in US, Europe, and Asia. Collectively, they have managed to maintain and grow our Saccharin business by adding new customers in each region. We have also seen a sizeable pick-up in the US and Europe in our business involving Hyaluronic Acid. This momentum is expected to carry forward in to 2018 with several orders already on the books. Hyaluronic Acid is mostly used in formulated cosmetic products for anti-aging. It also has beneficial properties associated with skin repair, joint health, and nutrition. As it relates to our Catalyst & Gas Processing business, we have seen some considerable growth within our gas processing

# CHEMICALS

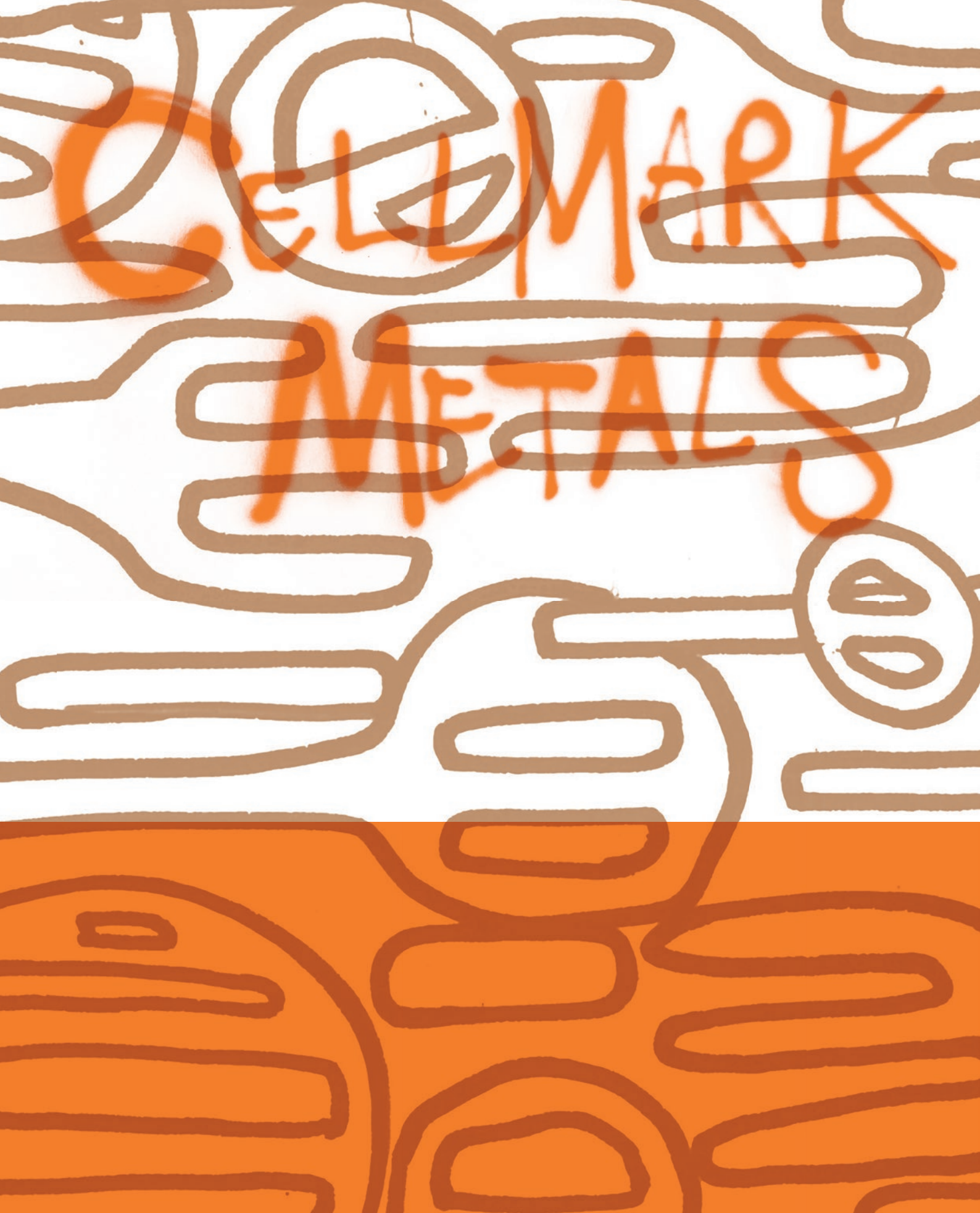




chemicals segment, specifically with systems involved in removal of Hydrogen Sulfide. Furthermore, we have continued our expansion in recent years by adding personnel in Europe, Asia, and the US as part of our long term commitment to expand our presence within the catalyst markets for EO/EG and CO2 removal systems. In addition, further investments were made throughout 2017 to bolster our manufacturing and analytical capabilities for our food and nutritional segment with the aim of improving product quality and value-added service offerings to our customers. This effort will continue throughout 2018 and beyond as we seek to upgrade our manufacturing space located in the northeast part of the US.


2017 marked the 6th full year that our Chemicals Division has operated within the CellMark Group and during that time has proven itself to be a steady and solid contributor to the Group's financial results. The continuous diversification of our portfolio of products, suppliers, and customers coupled together with knowledgeable and experienced employees provides great stability that acts as a foundation for continued growth and development. We take this opportunity to thank our loyal and dedicated employees that have worked hard throughout the year, and we would also like to thank our business partners and service providers that support our specialty chemicals activities in the various markets that we serve.

Hugo Galletta  
*Chemicals Division President*



CELL MARK  
METALS





The strong demand for metallurgical raw materials continued during 2017.

CellMark's Metal Division increased its activity in Aluminium, Chrome, Manganese and Nickel. Several new products and business areas have been added. We have diversified into Minor Metals, eg. Antimony and Tantalite and different types of ores.

Our strategy to finance and invest in asset light metallurgical processing projects against off-take agreements of the final product, has proven to be successful and will be further developed during the coming years.

The reorganisation and rationalisation of the Division has been executed in accordance with plan, with continued centralisation of contract administration and financial matters to Sweden. During 2017 the Metals Division opened an office in Seoul, South Korea. It was also decided to discontinue the US metal operation.

A new organisation with five profit centers was implemented:

- Non-Ferrous Metals
- Ferrous Metals
- Foundry Products
- Light Metals
- Specialty Metals and Ores

Political interventions in the form of tariffs and duties are barriers in our trade and seem to become more frequent with increased global protectionism. We have to pay a lot of attention to geopolitics in general as the world is becoming more complex, in order to run our business in a professional way.

We are looking forward to 2018 which we believe will be a very strong year for Metals.

Claes Lundman  
*Metals Division President*




Only five years ago Basic Chemicals was introduced as a business unit of CellMark. Starting from scratch, the founding team has progressively developed services in trading and distribution of commodity chemicals and subsequently the business unit was transformed into a division in 2016. Today, the Division serves 14 industrial sectors in more than 40 countries and in 2017 it reached sales revenue of over MUSD 100.

This growth has been driven by adequate product and geographical market selection and by building a highly motivated and agile team of professionals.

It is no surprise that 2017 turned out to be a highlight of the business development over the last five years. Several projects and initiatives, undertaken previously, started to pay off. During the entire year the business performance steadily delivered financial results that our team is proud of. Apart from the financial success, it was a year of implementation of key growth strategies and goals setting for the next five years.

We made a significant step forward in developing our global footprint structuring our business activities in key regions and selecting regional





teams managed by capable and experienced business leaders. This process was supported by a devoted young administration team in Gothenburg, led by our Global Operations Manager and Financial Controller.

We further strengthened our market position in the traditional regions of Europe and Middle East and our sourcing capabilities in Asia. We expanded the size of our team and our geographical coverage in Latin America and we entered the market of North America establishing a team in Miami.

Our product portfolio further expanded with a focus on key product lines like Acetyls, Solvents Lignosulphonates, Fertilizers, Oleochemicals.

Despite the on-going challenges, such as hard competition in commodity chemicals, local currency devaluations, increased costs due to new legislations, and many other, the entire team worked devotedly and fully engaged in business objectives and to explore internal and cross-divisional synergies.

The addition of new professionals to the team is a stimulus to high-performance and development. We have become stronger in Europe, MEA, Latin America and Asia while beginning to create our footprint in North America. We intend to leverage knowledge and experience in other regions in order to grow our position in this new market.

Looking back at 2017, I see that the long-term strategies that we put in place in the last years are delivering sustainable results and will continue to make our business viable during 2018 and beyond.

We will continuously...

- review and improve our existing business
- expand our business in new geographies
- expand and diversify our product portfolio

Ersin Alkan  
*Basic Chemicals Division President*







# CSR & SUSTAINABILITY

**CellMark participates in initiatives to ensure global sustainability.**

Our Guiding Principles are the bedrock of all our actions. Integrity is the foundation of our relationships, with each other and with our business partners.

We embrace environmental stewardship in our global operations and participate in initiatives to ensure global sustainability and ecological health.

CellMark is a signatory of the Paris Agreement, a global collaboration that seeks to limit global warming. We continually seek to bring waste into recycling streams instead of landfill, support alternative energy through our biomass-based fuels, monitor the health and well-being of our employees through the Great Place to Work survey, and are committed to our anti-corruption and whistle blower policies.

We recognize that a healthy environment is fundamental to our business. We care about the welfare, health and well-being of our people, our business partners, and the communities where we are present.

To read CellMark's full sustainability report, please visit our website



## CellMark works in support of the United Nations Sustainable Development Goals.



### Quality Education

CellMark is a partner of the PaperSeed Foundation, underwriting all operations and administrative expenses of the foundation to enable 100% of donations to go directly to helping kids. During 2017, with CellMark's support, the PaperSeed Foundation worked to strengthen the education of 230,000 children in 9 countries.



### Affordable and Clean Energy

CellMark Energy is a global leader in the production, trade and proliferation of biomass-based alternative fuels and to waste-to-energy commodities. Further, in our lignosulphonate commodity trading, CellMark supports reduced energy usage in the production of ceramics and clay bricks, coal briquettes and recycled paper.



### Sustainable Cities and Communities

Recycling is one of our core business areas, we strive to keep waste in the recycling stream and out of landfill. We operate 4 recycling plants in North America and two further plants as joint ventures. Our commitment to the sustainable cities can be seen in the 1 747 393 tons of recycled products we sourced and traded globally in 2017.



### Life on Land

CellMark maintains a broad range of third-party certifications, including those from the Sustainable Forest Initiative (SFI), the Forest Stewardship Council® (FSC®), and the Programme for the Endorsement of Forest Chain of Custody Standards (PEFC). These certifications demonstrate our commitment to sustainable, intelligently managed forestry, which makes trees a renewable resource and keeps the world's woodlands healthy and productive.



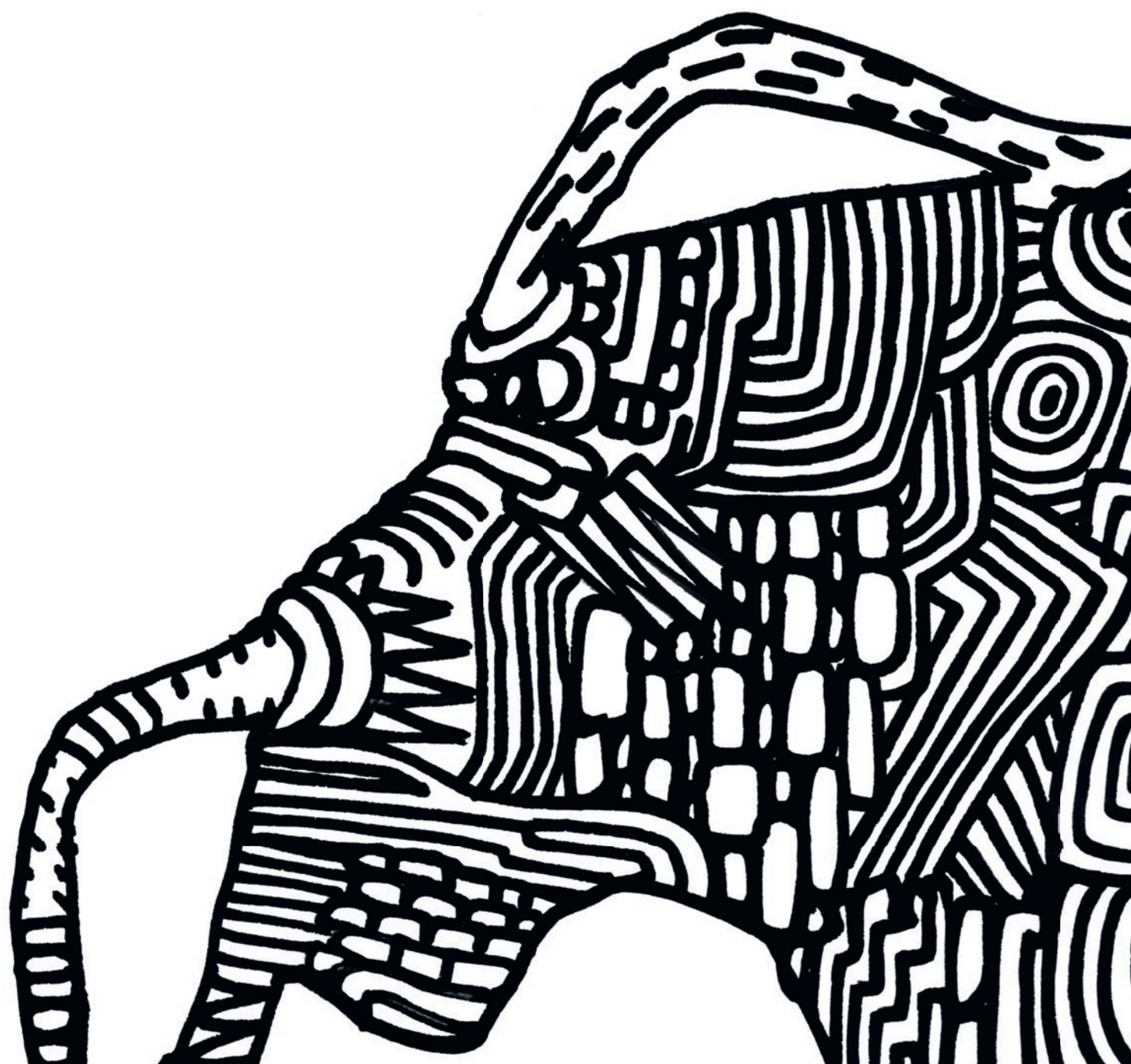


Photo: Rob Vanstone





CAFÉ & RESTAURANT







1984

Cellulose Marketing International AB is founded in Gothenburg with 21 employees. Five overseas sales offices are established. In 1997, the company name is changed to CellMark AB.

1987

CellMark is now 100% employee owned. We acquire Pacific Forest Resources Inc (PacFor), adding packaging paper and board and recovered paper to our existing base in market pulp and whitepaper.

1990

We reach the 1 million ton mark and sell our products in 36 markets. In 1991 we add chemicals to our products portfolio.

1996

The 2 million ton mark is realized. We become ISO-9001 certified. We acquire our first Recycling plant.

1999

During the 1990s CellMark acquires American Paper Sales and Perkins Goodwin in the US and Unifibra in Europe. Singapore Pulp Private Ltd (SPPL) is established in Singapore.

2000

Group sales exceed one billion US dollars. We acquire Gothia Paper AB and Larsson Paper AB.

2001

Over 3 million tons of pulp and paper are sold to over 100 markets. Most subsidiaries are consolidated under the CellMark brand name.

2004

CellMark celebrates its 20th anniversary and reaches a sales volume of more than 4 million tons.



2006

CellMark now has 37 offices around the world. We become FSC® and PEFC certified.

2010

CellMark acquires Sicutec AB, a supplier of second hand machinery and equipment to the pulp and paper industry.

2009

CellMark celebrates its 25th anniversary and maintains the 5 million ton record reached in 2007. We acquire Fibres International and CellMark Recycling now operates 10 recycling facilities in North America.

2011

An important acquisition for the company is completed. With Alcan International Network onboard, CellMark operates two new divisions: CellMark Chemicals and CellMark Metals. Further, the company acquires NorCell in USA and Axe Papier in France.

2012

Several new business lines are established: Basic Chemicals and Waste-to-Energy. CellMark is established as leading supplier of Biomass to energy in France.

2014

CellMark celebrates its 30th anniversary. Together with Norske Skog we form NorCell Asia. The addition of Sonaco Trading AB, a Stockholm-based metals trading company and AnMar International Ltd, a nutraceutical ingredient company, broadens our network as well as our product portfolio and services capabilities.

2016

CellMark has reached the 6 million mark. With the launch of a new business line, CellMark Medical, we will together with healthcare entrepreneurs offer products, services and solutions that will improve health and wellbeing globally.

2017

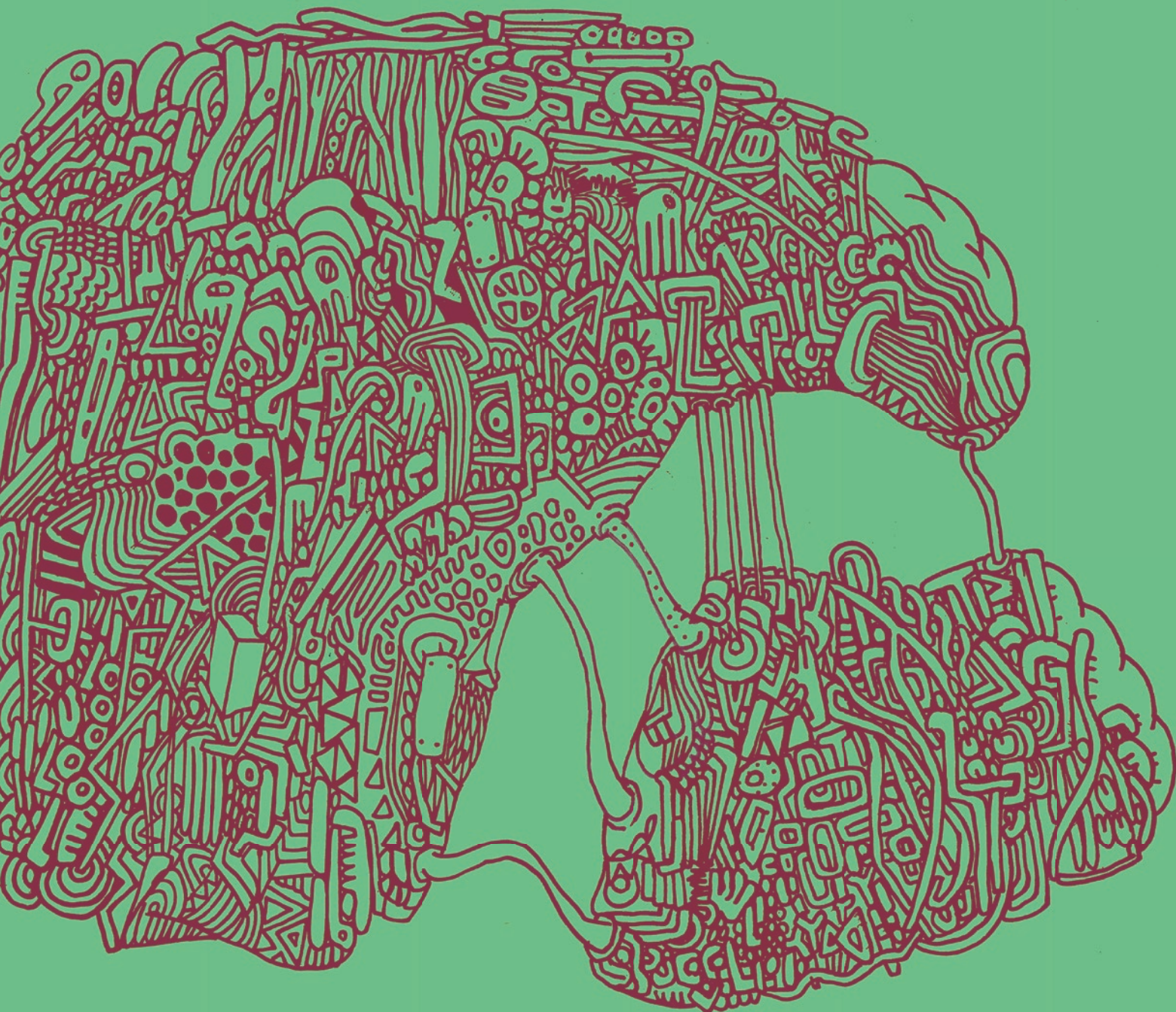
We acquire Semper Exeter in North America, a distributor and converter of paper, paperboard, plastics and films. A new long-term investor, Ernström & Co, acquire shareholding in CellMark adding skills and direction to the company.













# DIRECTOR'S REPORT

## Director's Report

The Board of Directors hereby submit a brief version of the annual report and the consolidated financial statements for 2017. The statutory annual report, including the financials of the parent company and complete supplementary information, can be obtained from the company or the Swedish Registration Office, Bolagsverket.

### Operations

CellMark AB, together with wholly-owned subsidiaries and associated companies, markets forest, chemical, metal and waste products. The net sales of the parent company and the group result from marketing of products and commission thereon.

### Significant Events during the Financial Year

A provision has been made to cover expected costs for a new legal case in CellMark Shanghai.

During the year the Group has acquired 100% shares in Semper Inc. CellMark AB has acquired 100% shares in CellMark Ltd Taiwan Branch, 50% shares in Asia Pellets Co Ltd, 49,95% shares in Granite Environmentals LLC and 49% of the shares in CellMark Siam Company Ltd. The operations of CellMark Istanbul Seluloz have been closed.

### Group Identification

The Company is wholly-owned subsidiary of CellMark Investment AB, company reg no 556737-1959.

### Foreign Branches

The Group has representative offices in Shanghai, Qingdao, Istanbul, Taiwan and Korea.

### Changes in Equity (TSEK)

	Share Capital	Other Added Capital	Other Equity incl Profit for the Year	Minority Interest	Total
Balance brought forward as of 2016-12-31	9 015	40 295	1 356 606	1 399	1 407 315
Correction previous year: Adjustment of tax			-63		-63
Change in Group Structure				-1 584	-1 584
Actuarial loss Pension Liability			-3 872		-3 872
Translation Difference for the Year			-93 024		-93 024
Profit for the Year			78 832	537	79 369
<b>Amount at Year-End</b>	<b>9 015</b>	<b>40 295</b>	<b>1 338 479</b>	<b>352</b>	<b>1 388 141</b>

Accumulated translation difference amounts to TSEK 129 999.

The financial results as well as the operating and financial position of the Group and the Parent Company are presented in the following income statements and balance sheets, cash flow statements, related supplementary information and notes to the accounts.

### The Use of Financial Instruments

Hedge accounting is conducted in accordance with the group's financial manual and entails the hedging of open currency positions against the concerned company's local currency.

### Other Risk Management

CellMark has defined the risks in its business model and has well-developed processes for the elimination of such risks. Price and product risks are covered as we only conclude back-to-back transactions with suppliers and customers. We sell counterpart and political risks in the insurance and banking markets, where we also cover our foreign exchange exposures.

### Financial Highlights of the Group (MUSD\*)

	2017	2016	2015	2014	2013
Operating Income	2 874	2 664	2 673	2 904	2 964
Profit after Financial Items	17.3	10.5	12.2	17.0	6.5
Total Assets	891	829	811	867	863
Equity Ratio (%)	18.9	18.6	18.8	18.0	18.8

\*MUSD shall be read as Millions of US Dollars.

### Equity Ratio

Shareholders' equity as a percentage of total assets.

# CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (TSEK)	Note	2017		2016	
		SEK (000)	USD (000)*	SEK (000)	USD (000)**
<b>Operating Income</b>					
Net Sales		24 383 090	2 869 341	22 867 906	2 661 937
Other Operating Income		38 806	4 567	19 790	2 304
<b>Total Operating Income</b>	1	<b>24 421 896</b>	<b>2 873 908</b>	22 887 696	2 664 241
<b>Operating Expenses</b>					
Cost of Goods Sold		-22 947 763	-2 700 435	-21 630 705	-2 517 921
Other External Costs	3, 4	- 402 618	-47 379	-394 953	-45 974
Personnel Costs	2	-804 687	-94 694	-676 579	-78 757
Depreciation of Fixed Assets	6, 7, 8, 9	-42 648	-5 019	-47 950	-5 582
Result from Participations in Associated Companies	11	12 867	1 514	4 501	524
<b>Total Operating Expenses</b>		<b>-24 184 849</b>	<b>-2 846 013</b>	-22 745 686	-2 647 710
<b>Operating Profit</b>		<b>237 047</b>	<b>27 895</b>	142 010	16 531
<b>Result from Financial Investments</b>					
Interest Income		37 403	4 401	28 861	3 360
Interest Expenses		-127 822	-15 041	-80 593	-9 382
<b>Total Result from Financial Investments</b>		<b>-90 419</b>	<b>-10 640</b>	-51 732	-6 022
<b>Profit after Financial Items</b>		<b>146 628</b>	<b>17 255</b>	90 278	10 509
Group Contributions		-5 320	-626	-64 080	-7 459
Tax on Profit for the Year	5	-61 939	-7 289	-5 316	-619
<b>Net Profit for the Year</b>		<b>79 369</b>	<b>9 340</b>	20 882	2 431
<b>Attributable to</b>					
Shareholder of the Parent Company		78 832	9 277	20 718	2 412
Minority Shareholders		537	63	164	19

\*Based on average exchange rate during the year 1 USD = SEK 8.4978

\*\*Based on average exchange rate during the year 1 USD = SEK 8.5907



**CONSOLIDATED BALANCE SHEET (TSEK)**

	Note	<b>Dec 31, 2017</b>		Dec 31, 2016	
		<b>SEK (000)</b>	<b>USD (000)*</b>	SEK (000)	USD (000)**
<b>ASSETS</b>					
<b>Fixed Assets</b>					
<b>Intangible Fixed Assets</b>					
Goodwill	6	67 323	8 178	43 203	4 749
Computer Software	7	1 851	225	2 373	261
Other Intangible Fixed Assets	7	7 797	947	8 391	922
<b>Total Intangible Fixed Assets</b>		<b>76 971</b>	<b>9 350</b>	53 967	5 932
<b>Tangible Fixed Assets</b>					
Land and Buildings	8	56 482	6 861	59 488	6 539
Equipment	9	90 181	10 955	91 221	10 027
<b>Total Tangible Fixed Assets</b>		<b>146 663</b>	<b>17 816</b>	150 709	16 566
<b>Financial Assets</b>					
Participations in Associated Companies	11	52 554	6 384	43 243	4 753
Other Shares		221	27	598	66
Endowment Insurance		24 180	2 937	24 057	2 644
Other Long-Term Receivables		127 720	15 514	83 796	9 211
Deferred Tax Asset	13	102 695	12 475	115 701	12 719
<b>Total Financial Assets</b>		<b>307 370</b>	<b>37 337</b>	267 395	29 393
<b>Total Fixed Assets</b>		<b>531 004</b>	<b>64 503</b>	472 071	51 891
<b>Current Assets</b>					
<b>Inventory</b>		<b>1 604 141</b>	<b>194 862</b>	1 819 555	200 015
<b>Current Receivables</b>					
Accounts Receivable – Trade		4 175 616	507 230	4 054 901	445 736
Receivables from Parent Company		417 761	50 747	415 621	45 687
Receivables from Associated Companies		38 505	4 677	29 964	3 294
Income Tax Receivable		1 758	214	7 295	802
Other Receivables		262 549	31 892	372 739	40 973
Prepaid Expenses and Accrued Income		83 413	10 133	163 190	17 940
<b>Total Current Receivables</b>		<b>4 979 602</b>	<b>604 893</b>	5 043 710	554 432
<b>Cash and Bank Balances</b>		<b>219 542</b>	<b>26 669</b>	205 998	22 644
<b>Total Current Assets</b>		<b>6 803 285</b>	<b>826 424</b>	7 069 263	777 091
<b>TOTAL ASSETS</b>		<b>7 334 289</b>	<b>890 927</b>	7 541 334	828 982

\*Based on closing day rate of exchange 1 USD = SEK 8.2322

\*\*Based on closing day rate of exchange 1 USD = SEK 9.0971

# Consolidated balance sheet

# Consolidated balance sheet

## CONSOLIDATED BALANCE SHEET (TSEK)

	Note	Dec 31, 2017		Dec 31, 2016	
		SEK (000)	USD (000)*	SEK (000)	USD (000)**
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Restricted Equity</b>					
Share Capital 9 015 shares	12	9 015	1 095	9 015	991
Other Added Capital		40 295	4 895	40 295	4 429
Other Equity		1 259 647	153 015	1 335 888	146 848
Profit for the Year		78 832	9 576	20 718	2 277
<b>Equity Attributable to Shareholder of the Parent Company</b>		<b>1 387 789</b>	<b>168 581</b>	1 405 916	154 545
Minority Interest		352	43	1 399	154
<b>Total Equity</b>		<b>1 388 141</b>	<b>168 624</b>	1 407 315	154 699
<b>Provisions</b>					
Deferred Taxes	13	706	86	1 144	126
Provisions for Pension		132 463	16 091	144 194	15 851
<b>Total Provisions</b>		<b>133 169</b>	<b>16 177</b>	145 338	15 977
<b>Long-Term Liabilities</b>	14				
Liabilities to Credit Institutions		5 553	675	6 368	700
Other Long-Term Liabilities		46 249	5 618	65 954	7 250
<b>Total Long-Term Liabilities</b>		<b>51 802</b>	<b>6 293</b>	72 322	7 950
<b>Current Liabilities</b>					
Liabilities to Credit Institutions	15	3 356 240	407 697	3 202 811	352 069
Accounts Payable – Trade		1 724 381	209 468	2 065 169	227 014
Due to Associated Companies		9 169	1 114	10 948	1 203
Income Tax Liability		27 553	3 347	11 949	1 313
Other Current Liabilities		187 696	22 799	273 906	30 109
Accrued Expenses and Prepaid Income		456 138	55 408	351 576	38 648
<b>Total Current Liabilities</b>		<b>5 761 177</b>	<b>699 833</b>	5 916 359	650 356
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7 334 289</b>	<b>890 927</b>	7 541 334	828 982

\*Based on closing day rate of exchange 1 USD = SEK 8.2322

\*\*Based on closing day rate of exchange 1 USD = SEK 9.0971



## CONSOLIDATED CASH FLOW STATEMENT (TSEK)

	2017	2016
	SEK (000)	SEK (000)
<b>Operating Activities</b>		
Operating Profit	237 047	142 010
Adjustment for Items Excluded from Cash Flow Statement, etc.		
Depreciation	42 648	47 950
Other Adjustments	35 332	40 347
Currency Exchange Differences	-7 460	11 553
Capital Gain/Loss Fixed Assets	659	-33 028
	<b>308 226</b>	208 832
Interest Received	42 756	28 861
Interest Paid	-133 174	-80 593
Income Taxes Paid	-33 000	-1 874
<b>Cash Flow from Operating Activities before Changes in Working Capital</b>	<b>184 808</b>	155 226
<b>Cash Flow from Changes in Working Capital</b>		
Change in Inventories	95 943	122 246
Change in Accounts Receivable	-353 726	-430 740
Change in Receivables	115 185	-99 653
Change in Accounts Payable	-269 030	513 423
Change in Liabilities	63 120	-107 935
<b>Cash Flow from Operating Activities</b>	<b>-163 700</b>	152 567
<b>Investing Activities</b>		
Purchase of Intangible Fixed Assets	-46 219	-2 165
Purchase of Tangible Fixed Assets	-47 406	-37 691
Purchase of Financial Assets	-5 125	0
Purchase of Subsidiaries	9	0
Sale of Fixed Assets	14 552	103 716
Dividend Received	2 923	0
Change in Long Term Receivables	-53 783	33 979
<b>Cash Flow from Investing Activities</b>	<b>-135 049</b>	97 839
<b>Financing Activities</b>		
Change in Loan from Credit Institutions, etc.	323 146	-168 982
Group Contribution	-5 320	-64 080
<b>Cash Flow from Financing Activities</b>	<b>317 826</b>	-233 062
<b>Net Change in Cash and Cash Equivalents</b>	<b>19 077</b>	17 344
<b>Cash and Cash Equivalents Beginning of the Year</b>	<b>205 998</b>	187 984
<b>Exchange Rate Difference in Cash and Cash Equivalents</b>	<b>-5 533</b>	670
<b>Cash and Cash Equivalents End of the Year</b>	<b>219 542</b>	205 998

CONSOLIDATED  
CASH FLOW  
STATEMENT











# Supplementary Information

## Accounting Principles

The annual report has been prepared according to the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

## Consolidated Financial Statements

The consolidated income statement and balance sheet include all companies in which the parent company directly or indirectly holds more than 50 % of the shares or voting rights, see note 10.

All acquisitions of companies have been recorded according to the purchase method. Untaxed reserves reported in the individual group companies are divided in the consolidated balance sheet as a capital part and a tax part. The capital part has been accounted for under equity. The tax part is accounted for as an allocation under deferred taxes.

Companies acquired during the year have been consolidated from acquisition date.

Participations in associated companies have been reported according to the equity method. Companies where CellMark holds between 20% and 50% of the voting rights are treated as associated companies. The equity method means that the acquisition cost for the shares, adding the change in the associated company's equity after the date of acquisition, is accounted for under the heading "Participations in Associated Companies" in the consolidated balance sheet.

The current method has been used in translating the income statements and balance sheets in foreign subsidiaries into Swedish kronor. All assets and liabilities in the foreign subsidiaries' balance sheets have been translated at year-end rate and all items in the income statements have been translated using the average rate of the year. Translation differences arising have been entered directly as equity.

## Receivables and Liabilities in Foreign Currency

Receivables and liabilities in foreign currency have been translated at the rate of exchange at year-end. The difference between the acquisition value and the value at year-end has been accounted for as income/expense. Receivables and liabilities that have been sold forward have been valued at the forward exchange rate.

## Income Recognition

Income is recorded at the fair value of the amount the company has received or expects to receive. This means that the company recognizes income at its nominal value (billed amount) if the company is remunerated with liquid assets directly in conjunction with delivery. Deductions are made for any discounts that are provided.

In the sales of goods, income is generally recognized when the significant benefits and risks associated with the ownership of the goods have been transferred from the company to the buyer.

Interest income is recorded as income in accordance with the effective rate method.

## Recognition of Leases

Leases that means that the economic risks and benefits in its substantial has been transferred from the lessor to a Group Company classifies as finance lease. Assets that are leased via finance leases are accounted for as tangible fixed assets while future leasing fees are recorded as liabilities. When a lease is first recognized, the asset and the liability are recognized as the present value of the future minimum leasing fees and any residual value. When calculating the present value of the minimum leasing fees, the implicit interest rate of the agreement is used. Operating leases are recognized as a cost linearly over the period of the lease.

## Remuneration to Employees Postemployment

The parent company and the group have both defined contribution and defined benefit pension plans. Pension plans classified as defined contribution plans are those where fixed fees are paid and there is no obligation to make any payments other than said fixed fees.

Defined benefit plans are accounted for in accordance with paragraphs 57-131 of the International Accounting Standard IAS 19 Employee Benefits.

Fees for defined contribution plans are recognized as a cost for the period in which the employees render the services from which the obligation stems.

The parent company and the group have defined benefit plan obligations that are exclusively dependent on the value of the endowment insurance policies held by the company and the group. Endowment insurance policies are recorded as financial assets. In compliance with the exemption rule of BFNAR 2012:1, pension obligations are recognized as a provision of equal value to the book value of the concerned endowment insurance policy.

## Income Tax

Current tax is income tax the financial year and relates to the taxable profit for the year and the share of income tax for previous financial years that has not yet been recognized.

Deferred tax is income tax on taxable profit relating to future financial years as a result of past transactions or events.

Deferred tax is calculated on the basis of temporary differences. A temporary difference arises when the book value of an asset or a liability differs from its value for tax purposes. Temporary differences are not taken into account in the case of differences attributable to investments in subsidiaries, affiliated companies, associated companies, or joint ventures if the company can dictate the time of the reversal of the temporary difference and it is not evident that the temporary difference will be reversed within the foreseeable future. Difference attributable to the initial recognition of goodwill or the initial recognition of an asset or a liability – as long as the concerned transaction is not a business acquisition and does not affect tax or reported profit – do not comprise temporary differences. Deferred tax receivables relating to deficit deductions or other future deductibles for tax purposes are recognized to the extent that it is probable that the deductions can be set off against future taxable surpluses.



## Fixed Assets

Fixed assets are accounted for at the acquisition cost with deduction for depreciation according to plan. The acquisition value includes expenditure that is directly attributable to the acquisition of the asset.

When a component in a fixed assets is replaced, any remaining part of the old component will be disposed and the new component is activated.

Additional expenditures related to assets that are not divided into components are added to the acquisition value to the extent that the asset's performance increases in proportion to the asset's value at the date of acquisition.

Expenditures for repairs and maintenance are expensed. Depreciation according to plan is computed as follows:

Computer equipment	20%
Other equipment	20%
Buildings	2–4%
Goodwill	10–20%
Other intangible assets	10–20%

## Financial Instruments

All financial instruments are measured and recognized based on acquisition cost in accordance with the rules of chapter 11, in BFNAR 2012:1. Financial instruments recognized in the balance sheet include accounts receivable and other receivables, accounts payable, loans and derivatives. The instruments are recognized in the balance sheet when the company becomes a part in the instrument's contractual terms.

### Accounts receivable and other receivables

Receivables are recognized as current assets, except for receivables with due dates more than 12 months after balance sheet date which are classified as fixed assets. Receivables are recorded at the amount expected to be paid after deductions for individually assessed doubtful receivables.

### Loan liability and accounts payable

Loan liability and accounts payables are recognized initially at acquisition value after deductions for transaction costs. If the reported amount differs from the amount expected to be repaid on the due date the difference is treated as interest expense over the term of the loan using the instrument's effective interest rate. Hereby on maturity date the reported amount will be consistent with the expected amount to be repaid.

## Documented hedges of financial assets and liabilities in foreign currency (hedge)

CellMark utilizes foreign exchange forward contracts to manage the currency risk arising from the purchase and sales in foreign currency. For these transactions normal hedge accounting are applied. When the transaction is concluded, the relationship is documented between the hedging instruments and hedged items, as well as the Group's risk management objectives and risk management strategy for hedging.

Currency forward contracts protect against fluctuations in exchange rates as the contract determining the rate at which the asset or liability in foreign currency will be realized. When hedging of these transactions take place, hedging instrument is not revalued due to changed currency exchange rates and currency future contracts are not reported in the balance sheet. The entire effect of changes in exchange rates adjust the value of the asset or liability hedging related. Difference between forward and spot in a contract over the contract period is reported as interest if the difference is essential.

## Inventory

Inventories have been valued at the lower of cost or market, i.e. the lower of the acquisition value and the estimated net sales value. Net sales value refers to the goods estimated selling price less selling costs.

## Provisions

Provisions are recognized when there is a legal or informed obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The time or the amount of the outflow may remain uncertain.

## Cash Flow Statement

Cash and cash equivalents include bank balances and short-term investments.

## Estimations and assumptions

The companies of the Group makes estimates and assumptions concerning the future. The estimates for accounting purposes, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of material adjustments to the values of assets and liabilities within the next year are outlined.

Inventory obsolescence is made based on individual assessment.

Bad Debt for accounts receivable is made based on individual assessment.

Provisions for disputes are made if the outcome is expected to be negative.

**SUPPLEMENTARY  
INFORMATION**

## Supplementary Information in TSEK

### Note 1

#### Operating Income

Group	2017	2016
Pulp	5 583 532	4 909 059
Paper	6 911 475	7 577 462
Packaging	3 083 608	3 188 642
Recycling	4 397 196	3 000 670
Chemicals	1 092 188	1 174 603
Metals	2 277 556	2 401 778
Basic Chemicals	864 709	627 771
Other	211 632	7 711
<b>Total</b>	<b>24 421 896</b>	22 887 696

Group	2017	2016
USA	11 148 212	10 901 862
Europe	8 372 650	7 201 160
Asia	3 606 932	3 727 689
Other	1 294 102	1 056 985
<b>Total</b>	<b>24 421 896</b>	22 887 696

Parent Company's Purchases and Sales from/to Group Companies

Purchases	2.15%	2.94%
Sales	1.89%	4.07%

### Note 2

#### Number of Employees, Salaries and Emoluments, etc

Group	2017	Men	2016	Men
Average Number of Employees:				
Sweden	103	38	110	42
USA	382	225	355	213
Other Countries	272	131	242	120
	<b>757</b>	<b>394</b>	707	375

Group	2017	Men	2016	Men
Number of Board Members, Presidents and Managing Officers:				
Board Members	31	28	31	28
Presidents and Managing Officers	23	20	23	20

Salaries, emoluments, social security expenses and pension expenses were paid as follows:

Salaries and Emoluments	589 330	513 906
Social Security Expenses	98 874	81 197
Pension Expenses	64 448	57 648
	<b>752 652</b>	652 751

Pension Obligation to Board and President	0	0
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SUPPLEMENTARY  
INFORMATION



KONTO

INVENTARIE  
KONTO

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**Note 3****Disclosure of Audit Fee and Cost Reimbursements**

<b>Group</b>	<b>2017</b>	2016
<b>Moore Stephens</b>		
Audit Assignment	3 558	4 061
Tax Assignment	1 016	738
Non-Audit Assignments	893	1 260
<b>Other Auditors</b>		
Audit Assignment	5 360	5 525
Tax Assignment	392	263
Non-Audit Assignments	7 113	4 896
<b>Total</b>	<b>18 332</b>	16 743

**Note 4****Operational Leases**

<b>Group</b>	<b>2017</b>	2016
Future minimum lease payments for non-cancellable leases		
Falling due for payments as follows:		
Within 1 year	39 186	27 393
Between 2 and 5 years	128 370	51 687
Later than 5 years	7 435	10 823
<b>Total</b>	<b>174 991</b>	89 903

**Note 5****Tax on Profit for the Year**

<b>Group</b>	<b>2017</b>	2016
Income Tax	63 188	-4 396
Deferred Tax	-1 249	9 712
	<b>61 939</b>	5 316

**Reconciliation Effective Tax Rate**

<b>Profit Before Tax</b>	<b>141 308</b>	26 198
Tax on profit in accordance with national tax rates applicable in each country:	44 645	15 071
<b>Tax effects from:</b>		
Other costs non-deductible	22 009	8 428
Income not taxable	-26 794	-34 951
Not booked deferred tax assets	42	6 848
Change in deferred tax	12 569	9 712
Other taxes	9 468	208
<b>Tax</b>	<b>61 939</b>	5 316

**Note 6****Acquisition Values and Depreciation, etc. for Goodwill**

<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
Acquisition Value Brought Forward	166 207	145 452
Purchases	41 501	1 051
Exchange Rate Differences	-22 540	19 704
<b>Accumulated Acquisition Value Carried Forward</b>	<b>185 168</b>	166 207
Depreciation Brought Forward	-123 004	-90 028
Exchange Rate Differences	19 226	-16 227
Depreciation for the Period	-14 067	-16 749
<b>Accumulated Depreciation Carried Forward</b>	<b>-117 845</b>	-123 004
<b>Book Value</b>	<b>67 323</b>	43 203

**SUPPLEMENTARY  
INFORMATION**



DATUM

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DIVERSE PERSONERS  
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Korvfat

20. 8. Lante Oles 1787.1

20. S. Jönsson 1486.1

20. Ind. Als 1485.1

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Lansa

Frattla

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**Note 7****Acquisition Values and Depreciation, etc.  
for Computer Software**

	<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
Acquisition Value Brought Forward		31 226	28 476
Purchases		656	1 144
Sales/Disposals		-523	0
Reclassifications		0	101
Exchange Rate Differences		-1 460	1 505
<b>Accumulated Acquisition Value Carried Forward</b>		<b>29 899</b>	31 226
Depreciation Brought Forward		-28 853	-26 529
Sales/Disposals		523	0
Exchange Rate Differences		1 377	-1 463
Depreciation for the Period		-1 095	-861
<b>Accumulated Depreciation Carried Forward</b>		<b>-28 048</b>	-28 853
<b>Book Value</b>		<b>1 851</b>	2 373

**Other Intangible Assets**

	<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
Acquisition Value Brought Forward		50 278	72 357
Purchases		2 619	10
Sales/Disposals		-1 991	-27 902
Exchange Rate Differences		-3 801	5 813
<b>Accumulated Acquisition Value Carried Forward</b>		<b>47 105</b>	50 278
Depreciation Brought Forward		-41 887	-58 304
Sales/Disposals		1 991	27 772
Exchange Rate Differences		3 286	-5 174
Depreciation for the Period		-2 698	-6 181
<b>Accumulated Depreciation Carried Forward</b>		<b>-39 308</b>	-41 887
<b>Book Value</b>		<b>7 797</b>	8 391

**Note 8****Acquisition Values and Depreciation, etc.  
for Land and Buildings**

	<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
Acquisition Value Brought Forward		76 225	138 612
Purchases		4 029	264
Sales/Disposals		0	-74 899
Exchange Rate Differences		-6 901	12 248
<b>Accumulated Acquisition Value Carried Forward</b>		<b>73 353</b>	76 225
Depreciation Brought Forward		-16 737	-20 227
Sales/Disposals		0	8 060
Exchange Rate Differences		1 262	-1 859
Depreciation for the Period		-1 396	-2 711
<b>Accumulated Depreciation Carried Forward</b>		<b>-16 871</b>	-16 737
<b>Book Value</b>		<b>56 482</b>	59 488
Book Value, Buildings		44 991	46 790
Book Value, Land		11 491	12 698
		<b>56 482</b>	59 488

**SUPPLEMENTARY  
INFORMATION**



DATUM

VERIFIK. N:o

Primo 1930.

DIVERSE PERSONERS  
KONTO

OMKOSTNADS  
KONTO

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KREDIT

DEBET

KREDIT

Diverse Personers Konto:

Fordingar pr. dato

468.480 83

Omkostnads Konto:

Bekantning pr. dato

Avfalls Konto:

Bekantning pr. dato

Andra Konto:

Bekantning pr. dato

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**Note 9****Acquisition Values and Depreciation, etc. for Equipment**

<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
Acquisition Value Brought Forward	268 996	232 931
Purchases	41 833	39 485
Sales/Disposals	-38 656	-21 565
Reclassifications	10 495	-101
Exchange Rate Differences	-22 202	18 246
<b>Accumulated Acquisition Value Carried Forward</b>	<b>260 466</b>	268 996
Depreciation Brought Forward	-177 775	-160 977
Subsidiaries Acquired	-1 984	0
Sales/Disposals	26 358	18 003
Reclassifications	-8 392	0
Exchange Rate Differences	14 900	-13 353
Depreciation for the Period	-23 392	-21 448
<b>Accumulated Depreciation Carried Forward</b>	<b>-170 285</b>	-177 775
<b>Book Value</b>	<b>90 181</b>	91 221

**Note 10****Participating Interests in Group Companies**

	<b>Dec 31, 2017</b>	Dec 31, 2016
<b>Opening Balance</b>	525 555	519 131
Sales	-224	0
Purchases	131	6 424
<b>Book Value</b>	<b>525 462</b>	525 555

**CellMark AB's Participation in Group Companies**

<b>Company</b>	<b>Country/ Reg office</b>	<b>Share of Capital</b>	<b>Dec 31, 2017 Book Value</b>	Dec 31, 2016 Book Value
CellMark Inc/par USD 49 000/	USA	100%	380 777	380 777
CellMark Asia Pte Ltd/par SGD 1 000 000/	Singapore	100%	3 385	3 385
Singapore Pulp Private Ltd/par SGD 100 000/	Singapore	100%	0	0
CellMark SA/par CHF 300 000/	Switzerland	100%	30 724	30 724
Hylte Converting AB, 556528-8924/par SEK 600 000/	Hyltebruk	100%	7 315	7 315
646325 B.C. Ltd/par CAD 1/	Canada	100%	0	0
CellMark Australia Pty Ltd /par AUD 250 000/	Australia	100%	1 638	1 638
Worldchem Scandinavia AB, 556418-0361/par SEK 670 000/	Gothenburg	100%	28 372	28 372
CellMark Paper SA de CV/par MXN 20 000/	Mexico	100%	2 302	2 302
CellMark Exports Inc/par USD 2 500/	USA	100%	67	67
BC Holdings Inc/par CAD 1/	Canada	100%	0	0
CellMark UK/par GBP 1/	UK	100%	14	14
CellMark Paper Peru SRL/par PEN 3 500/	Peru	100%	3 858	3 858
CellMark Ltd Taiwan Branch/TWD 500 000	Taiwan	100%	131	0
Sicutech AB, 556790-7216/par SEK 100 000/	Stockholm	100%	100	100
CellMark Papier SAS/par EUR 100 000/	France	100%	10 862	10 862
CellMark Istanbul Seluloz/par TRL 100 000/	Turkey	0%	0	224
Andorra Holding AB, 556865-1433/par SEK 50 000/	Gothenburg	100%	540	540
CellMark Kimya Tic AS/par TRL 50 000/	Turkey	100%	5 990	5 990
Jamaica Recycles Ltd /par USD 333/	Jamaica	51%	327	327
CellMark India Pvt Ltd/par INR 11 715 580/	India	99.9%	1 967	1 967
CellMark Raw Material AB, 556411-8809/par SEK 100 000/	Stockholm	100%	43 132	43 132
CellMark Iberica SLU /par EUR 60 200/	Spain	100%	3 961	3 961
CellMark Hong Kong Ltd /par USD 1/	Hong Kong	100%	0	0
<b>Book Value</b>			<b>525 462</b>	525 555

**SUPPLEMENTARY  
INFORMATION**



DATUM

VERIFIK. N:o

Primo 1930.

DIVERSE PERSONERS  
KONTO

Konto  
OMKOSTNINGAR  
KONTO

DEBET

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DEBET

Diverse Personer

Skuld fr. dat.

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**Note 11****Participating Interests in Associated Companies**

<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
<b>Share of Capital, Opening Balance</b>	43 243	36 043
Purchases	4 480	0
Share of Profit for the Year at Associated Companies	12 867	4 501
Deduction for Dividends Received	-2 974	-232
Exchange Rate Differences	-5 062	2 931
<b>Share of Capital at Year-End</b>	<b>52 554</b>	43 243

<b>Company</b>	<b>Country/ Reg office</b>	<b>Share of Capital</b>	<b>Dec 31, 2017 Book Value</b>	Dec 31, 2016 Book Value
Intersales KB, 916840-3930 Participation Right	Gothenburg		2 592	2 060
Central Kentucky Fiber Resources LLC	USA	50%	5 180	3 714
Urban Impact Recycling Ltd/par CAD 1 501 580/	Canada	50%	22 090	20 817
Bren-Mar Properties LLC	USA	50%	1 635	1 848
Magna Silva	Singapore	22.058%	-6	-6
Green Pellets Sarawak/par MYR 25 000 000/	Malaysia	30%	-1 835	3 582
Sabela/par EUR 20 000/	France	50%	-3 635	-3 586
CasCell Trading Group Inc /par CAD 50 000/	Canada	50%	22 475	14 814
Asia Pellets Co Ltd/VND 22 360 000 000	Vietnam	50%	3 918	0
Granite Environmentals LLC/ USD 100 000	USA	49,95%	9	0
CellMark Siam Company Ltd/ THB 2 500 000	Thailand	49%	131	0
<b>Book Value</b>			<b>52 554</b>	43 243

**Note 12****Share Capital**

	<b>No of shares</b>	<b>Par Value</b>
No/Value Brought Forward as of 2016-12-31	9 015	1 000
<b>No/Value at Year-End</b>	<b>9 015</b>	<b>1 000</b>
	<b>No of shares</b>	<b>Par Value</b>
A Shares	15	1 000
B Shares	9 000	1 000

**Note 13****Deferred Taxes**

<b>Group</b>	<b>Dec 31, 2017</b>	Dec 31, 2016
<b>Deferred Tax Asset</b>		
Tax losses carry-forward	40 584	27 363
Depreciation Goodwill	12 562	31 728
Provisions	29 031	13 031
Allowance Bad Debt	13 947	31 837
Other temporary differences	6 571	11 742
<b>Total</b>	<b>102 695</b>	115 701
<b>Deferred Tax Liability</b>		
Untaxed reserves	219	635
Other temporary differences	487	509
<b>Total</b>	<b>706</b>	1 144

**SUPPLEMENTARY  
INFORMATION**



DATUM

VERIFIK. N:o

Januari 1929

DIVERSE PERSONERS  
KONTO

OMKOSTNADS  
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55. L.  
44. P.  
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**Note 14**  
Long-Term Liabilities

Group	Dec 31, 2017	Dec 31, 2016
<b>Liabilities to Credit Institutions</b>		
Amortization within 2-5 year	5 553	6 368
Amortization after 5 year	0	0
<b>Total</b>	<b>5 553</b>	6 368
<b>Other Long-Term Liabilities</b>		
Amortization within 2-5 year	46 249	65 954
Amortization after 5 year	0	0
<b>Total</b>	<b>46 249</b>	65 954

**Note 15**  
Liabilities to Credit Institutions

Group	Dec 31, 2017	Dec 31, 2016
Overdraft facilities	1 338 000	2 454 000

**Note 16**  
Pledged Assets

Group	Dec 31, 2017	Dec 31, 2016
<b>Pledged Assets for Liabilities to Credit Institutions</b>		
Floating Charge	41 000	41 000
Inventories	608 719	839 685
Accounts Receivable	1 222 098	2 235 348
Bank Balances	12 627	1 649
Import Letter of Credit	63 562	117 358
Shares in subsidiaries	5 929	0
<b>Pledged Assets for Provisions</b>		
Endowment Insurance	24 180	24 057
<b>Total Pledged Assets</b>	<b>1 978 115</b>	3 259 097

**Note 17**  
Contingent Liabilities

Group	Dec 31, 2017	Dec 31, 2016
<b>Contingent Liabilities</b>		
Sureties/Guarantees	33 404	37 155
Pension Obligation	27 969	27 974
Other Contingent Liabilities	90 601	88 798
<b>Total Contingent Liabilities</b>	<b>151 974</b>	153 927

**Note 18**  
There are no significant events to be noted after the end of the financial year.

**SUPPLEMENTARY  
INFORMATION**





**Gothenburg, May 16, 2018**

**Mr Thomas Hedberg**  
Executive Chairman

**Mr Henrik Forsberg Schoultz**  
Non-Executive Director

**Mr Staffan Ingeborn**  
Non-Executive Director

**Mr Victor E Rice**  
Executive Director

**Mr Jay Hambro**  
Non-Executive Director

**Our Audit Report was submitted on May 16, 2018**

**Carl Magnus Kollberg**  
Authorized Public Accountant

**Ulf Lindesson**  
Authorized Public Accountant



# TO THE GENERAL MEETING OF THE SHAREHOLDERS OF CELLMARK AB

Corporate identity number 556244-2433



## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of CellMark AB for the year 2017.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with 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.

### Responsibilities of the Board of Directors

The Board of Directors is 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. The board of Directors is 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 Direc-

tors is 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 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 scepticism 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.
  - Conclude on the appropriateness of the Board of Directors' 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 of CellMark 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 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

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.

### 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 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 scepticism 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, May 16, 2018

Carl Magnus Kollberg  
Authorized Public Accountant

Ulf Lindesson  
Authorized Public Accountant

HERE WE ARE



FOR THE COMPLETE CELLMARK OFFICE NETWORK,  
PLEASE REFER TO [CELLMARK.COM](http://CELLMARK.COM)



HERE WE ARE

A	Antalya, Athens, Atlanta, Auckland
B	Bangkok, Barcelona, Birmingham, Blaine, Bloomingdale, Boca Raton, Bodrum, Bogota, Bridgeport, Bronx
C	Calgary, Chicago, Cohasset, Crestview Hills
D	Doylestown, Dubai, Dublin, Düsseldorf
E	Everett
F	Florens
G	Geneva, Ghent, Gothenburg
H	Ho Chi Minh City, Hong Kong, Huntington Beach
I	Istanbul, Izmir
J	Jakarta
K	Katowice, Kent, Kikinda, Kingsport, Krakow
L	Lahore, Lake Oswego, Leeds, Lexington, Lima, Little Falls
M	Madrid, Medellin, Mexico City, Miami, Miamisburg, Milano, Mississauga, Mount Laurel, Mumbai
N	New Westminster, North Charleston, Norwalk, Novato
O	Oslo, Ottawa
P	Paris, Parkland, Pawtucket, Pearl River
Q	Quingdao
R	Richmond
S	Sao Paulo, Seatte, Selangor, Seoul, Shanghai, Shelton, Singapore, Slough, Stockholm, Suffern, Surrey, Sydney
T	Taipei, Tokyo
U	Utrecht
V	Vancouver
W	Winnipeg











Photo: Dick Gillberg







# JONATHAN JOSEFSSON

## The artist who came in from the cold

Although Jonathan Josefsson started his artistic career as a street artist, calling him a graffiti artist is like saying da Vinci was skilled at drawing helicopters! Graffiti is just the tip of Jonathan's creative iceberg; he is accomplished in so many other areas.

Jonathan studied textile design at the Academy of Design and Crafts, Gothenburg, Sweden, and became adept at hand-tufted rugs, adding yet another technique to his palette of artistic expression: spray, paint, laser cutting, drawing and print.

Jonathan has a very personal style; an organic, pulsating microbe world, easily recognizable in the often *same, same but not so different* world of street art.

He has managed to lift his anarchistic art form from the edgy world of the street into the established art forum, without losing his integrity or playfulness.

He is represented in museums and private collections in Sweden and the rest of the world.

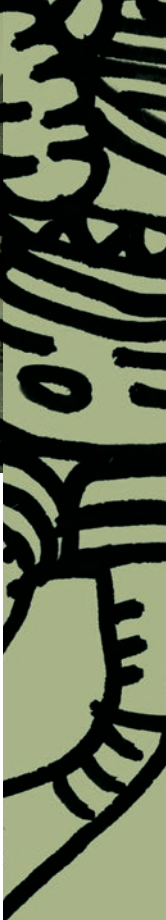
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# THE PAPERSEED FOUNDATION







## Our Mission

The PaperSeed Foundation is a non-profit organization dedicated to strengthening educational opportunities for children and young people in underserved and resource-lacking communities around the world.

## 2017: The Year in Numbers

PaperSeed supported **18** nonprofit organizations whose programs have benefitted over **230,000** children across **9** countries.

**22** businesses partnered with PaperSeed.

PaperSeed has supported the work of **18** NGO and social enterprise in-country partners.

CellMark employees supported the foundation and/or volunteered their time in **14** offices spanning **11** countries.

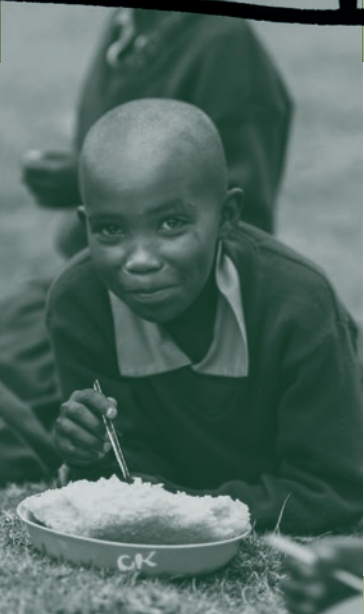
## About Us

The PaperSeed Foundation works with community-based organizations and leaders to create locally defined and culturally appropriate solutions. By harnessing global networks, PaperSeed creates coalitions between employees, local communities, NGOs and that are committed to strengthening education.

***CellMark provides financial support for all foundation administrative and operating expenses. As such, 100 percent of donations directly benefit educational projects.***

PaperSeed is pleased to offer our expertise in the form of Corporate Social Responsibility Services to help any company achieve success in their social and charitable goals without taking on unnecessary administrative burden. We work with numerous businesses to choose deserving projects within the communities where your business has a presence to make an impact that reflects your company's unique worldview and values.

Please visit **[www.paperseed.org](http://www.paperseed.org)** to learn more about our work and impact.







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[cellmark.com](http://cellmark.com)



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SWEDEN



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