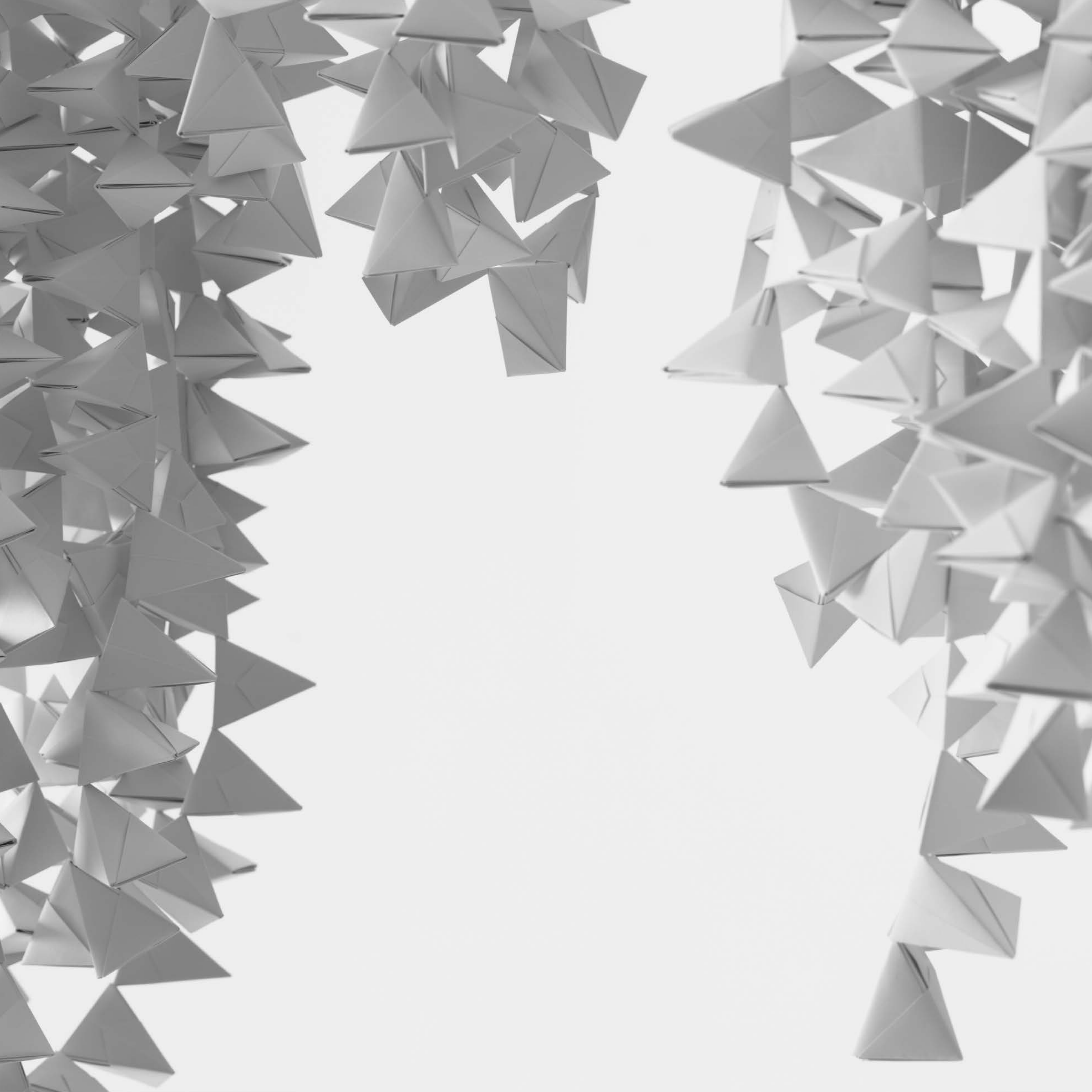
cellmark annual report two thousand eighteen



OUR VISION is Surpassing Expectations.

OUR MISSION is to deliver products, services and solutions to the world market.

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.

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**.*

2018 was a transitional year for CellMark. We refocused the company and concentrated our activities within the seven existing operating divisions. These divisions work in very large market segments where there is plenty of space for each division to grow and find new niche opportunities.

In spite of a turbulent start to the year, with the termination of our CEO, the employees managed to bring the company forward achieving record gross profit earnings. This was exceptional since we spent large amounts to close CellMark Technology, manage CellMark Medical and finalize the long overdue strategic restructuring of the Paper Division. I'm happy to report that 2019 has started well with the Paper Division resuming profitability for the first time in almost a year.

2018 was a year where we were challenged with the negative consequences of political decisions. The introduction of tariffs on paper imported from Canada and the ban of certain recyclables into China, created substantial demurrage and rerouting charges, which challenged both our Paper Division and Recycling Division.

CellMark Chemicals had been looking for a new facility to relocate its AnMar operation in order to expand and upgrade their nutrition business. During 2018 we managed to locate a facility in Naugatuck, CT, USA, and are now planning an upgrade to the building and construction of new laboratories, to support this area of our Chemical business.

The Recycling Division expanded their activities to include construction and demolition debris, plastic resins and post consumer metals. We are enthusiastic about this diversification however 2019 could test their ability to adjust to a slowing global economy and the decline of China as a viable outlet. The Pulp Division sold it's equity share in the Vietnam pellet plant but continued its strategic growth in pellet trading. Basic Chemicals continued its geographic and product expansion while increasing profitability.

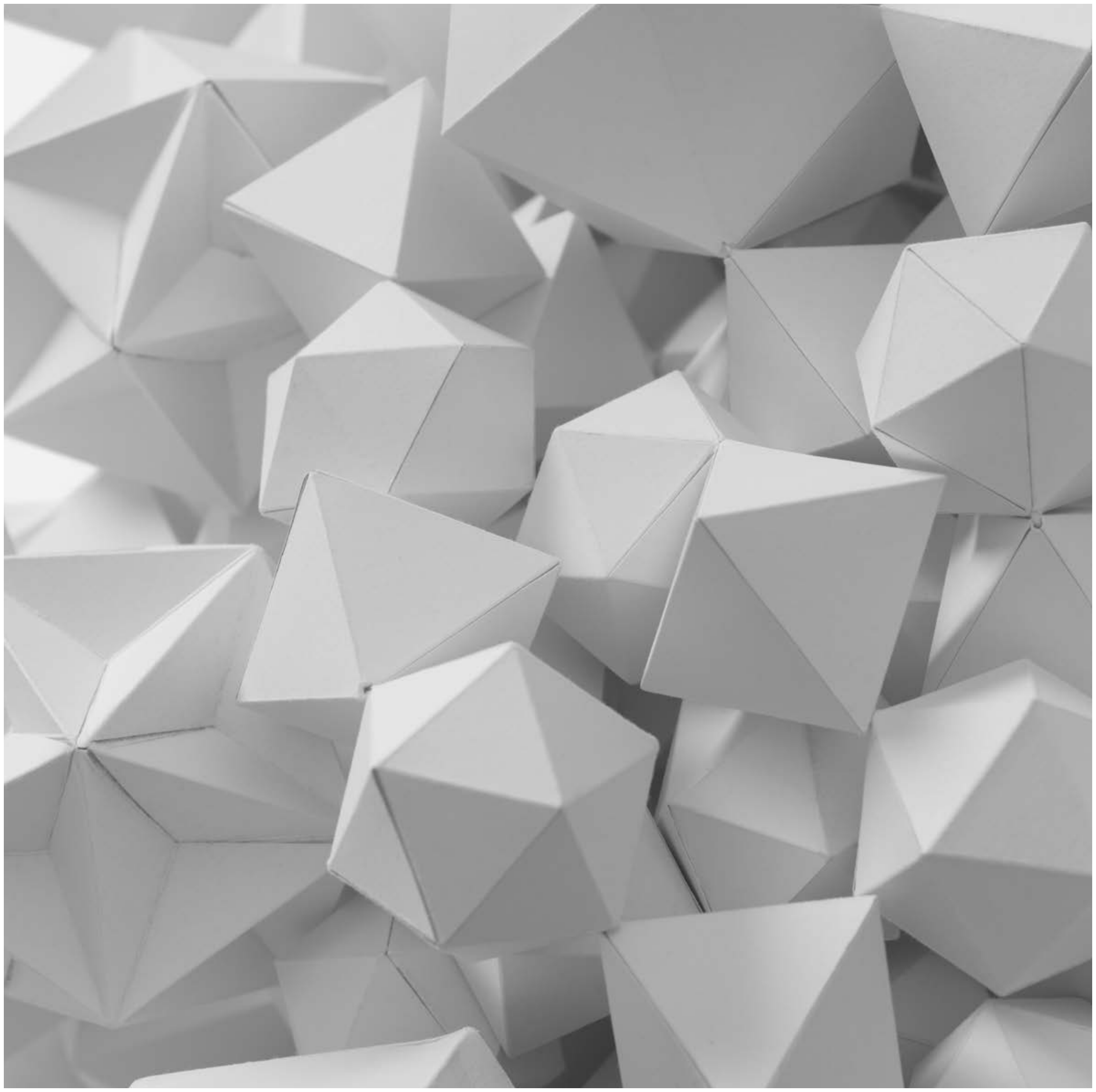
CellMark strives to care for it's employees by fostering camaraderie and a good corporate culture. Through the PaperSeed Foundation, other CSR efforts and a biannual Great Place To Work survey we frequently measure how our employees view CellMark. I was very happy to learn that in 2018 we had a record participation in our Great Place to Work survey with the highest approval rating to date.

We used 2018 to create more transparency in relation to our service functions. We measure our divisional results and efficiencies frequently and in order to become more effective we have to do the same with our support functions. To remain as a top tier service provider we must be easy and efficient to work with in the eyes of our customers and suppliers. To exceed expectations we must continue to review and update our systems as a top priority for the coming years.

After a long search we selected Christer Simrén to be our new CEO. Christer has a long, successful career in the pulp and paper industry including experience in operations, sales and IT. CellMark is a unique company with a long successful history and a strong culture and Christer is an enthusiastic, good fit to ensure this continuity for the benefit of our suppliers, customers and employee owners.

We want to thank all our colleagues and business partners and we look forward to embracing new challenges during 2019. I think we are well prepared.

Thomas Hedberg
Executive Chairman



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

CellMark is a privately owned independent marketing and 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 and expanded 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 and biomass.

Through a network of 70 offices in 30-plus countries, we provide a full suite of services and partner with clients to identify new business opportunities that add value to processes and products: sourcing, sales and marketing, exclusive representation, finance, logistics, regulatory compliance and, in some areas, product development and custom manufacturing.

With our vision surpassing expectations, we commit to improve every day, supporting our clients in every action we take.

The CellMark Group consists of 750 professionals with in-depth product and market knowledge and extensive, long-term relationships in the industries we serve. 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 $3 billion, with volume above 7 million tons annually. CellMark takes pride in contributing to global sustainability efforts and is committed to strengthening educational opportunities in support of the PaperSeed Foundation.

For more information please go to www.cellmark.com.

CellMark's Pulp Division had a year filled with accomplishments, growth and change. The Division yielded a very strong and profitable financial result with a record volume and very satisfactory EBT contribution.

The 2018 pulp market was a picture of stability… for the first three quarters. Most of the year demonstrated robust pulp pricing for producers while customers attempted to raise paper pricing to off-set the increase. Pulp customers were focused on the availability of fiber as supply lagged demand for the first nine months of the year.

Nonetheless, the demand for pulp peaked by October and the balance of the year showed considerable weakness as paper and pulp inventories built precipitously, particularly in China. As a result, the demand for chemical pulp finished the year just 0.6 % over the previous year with only an 88 % shipment to capacity ratio.

The market pulp community was very focused during the year on the acquisition of Fibria by Suzano, making it the largest pulp producer in the world (10.5 million tonnes). Other pertinent topics included the many conversions of pulp mills to dissolving fiber, mergers and acquisitions by Chinese companies in North America, the growing importance of tissue to market pulp, unprecedented amounts of "unplanned" pulp mill downtime due to mechanical or weather related issues and the lack of new pulp capacity in the short or medium term horizon (perhaps for the first time ever).

The Pulp Division managed all of these varied changes and pressures exceedingly well. The division added vibrant new team members in both the sales and sales/service functions to help our customers. We enlarged key offices in both Korea and Vietnam to meet our growing needs in these important markets. The division invested in training (GTD techniques) and mapping of our CSR functions to identify efficiencies and we are implementing the findings. Internally, our Great Place to Work survey demonstrated another increase in team member satisfaction with the company and the division. We met and agreed on ways to improve those already impressive results with relevant action plans and follow-ups.

Our Energy Group continues to grow and thrive. Both European and Asian trading of wood pellets enjoyed a record year in volume as CellMark built its position as an important player in this vibrant market. Our joint venture pellet mill in Malaysia (Green Pellet Sarawak) also had a record production year and our Nordic Caustic Group solidified its specialized relationship by executing a long-term agreement with its most important customer.

The Pulp Division is in its second year of our strategy map, goals and projects. The team has embraced the changes in strategic direction and is active in moving us forward to our joint objectives for the division and the company.

I would like to once again personally thank the spirit and dedication of all team members in the Pulp Division. It is a pleasure to lead them in our continuing quest to have the most satisfied customers in the world.

Doug Smith
Pulp Division President

2018 was a very disappointing year for the Paper Division. The difficulties began early on with the unexpected duties and tariffs levied on Canadian paper producers. Not only were the tariffs substantial (32%), but they were specific to sales into the United States market. We had significant exposure to Canadian production with almost all of our major customers.

In addition to the duties, we also faced many other challenges. The continued mill capacity closures, combined with an overheated Asian market, led to several mills going on allocation. Supply became increasingly difficult to secure and prices skyrocketed across the global market. As we are heavily reliant on the North American producers for supply into Latin America, this also became a real struggle. This region has historically been a very low-price market and we experienced enormous difficulty sourcing steady supply.

The strongest divisional performance was led by the international team specifically in the European and Asian markets. Their strong efforts led to significant growth in Australia, Spain, India and China. We were able to benefit from the remarkable uptick in Asian demand as a result of our fully committed ASEAN supply.

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

In 2018, we continued our rightsizing initiative to further reduce our cost of operations. We are heavily focused and constantly measuring our transactional cost per ton. We need to consistently evaluate this metric and continue to improve. As noted earlier, we must be the market's lowest cost and most efficient distribution channel. As such, having our global offices aligned and communicating effectively is essential.

Additionally, we made constant efforts to strengthen our relationships with Best in Class supply partners across the globe.

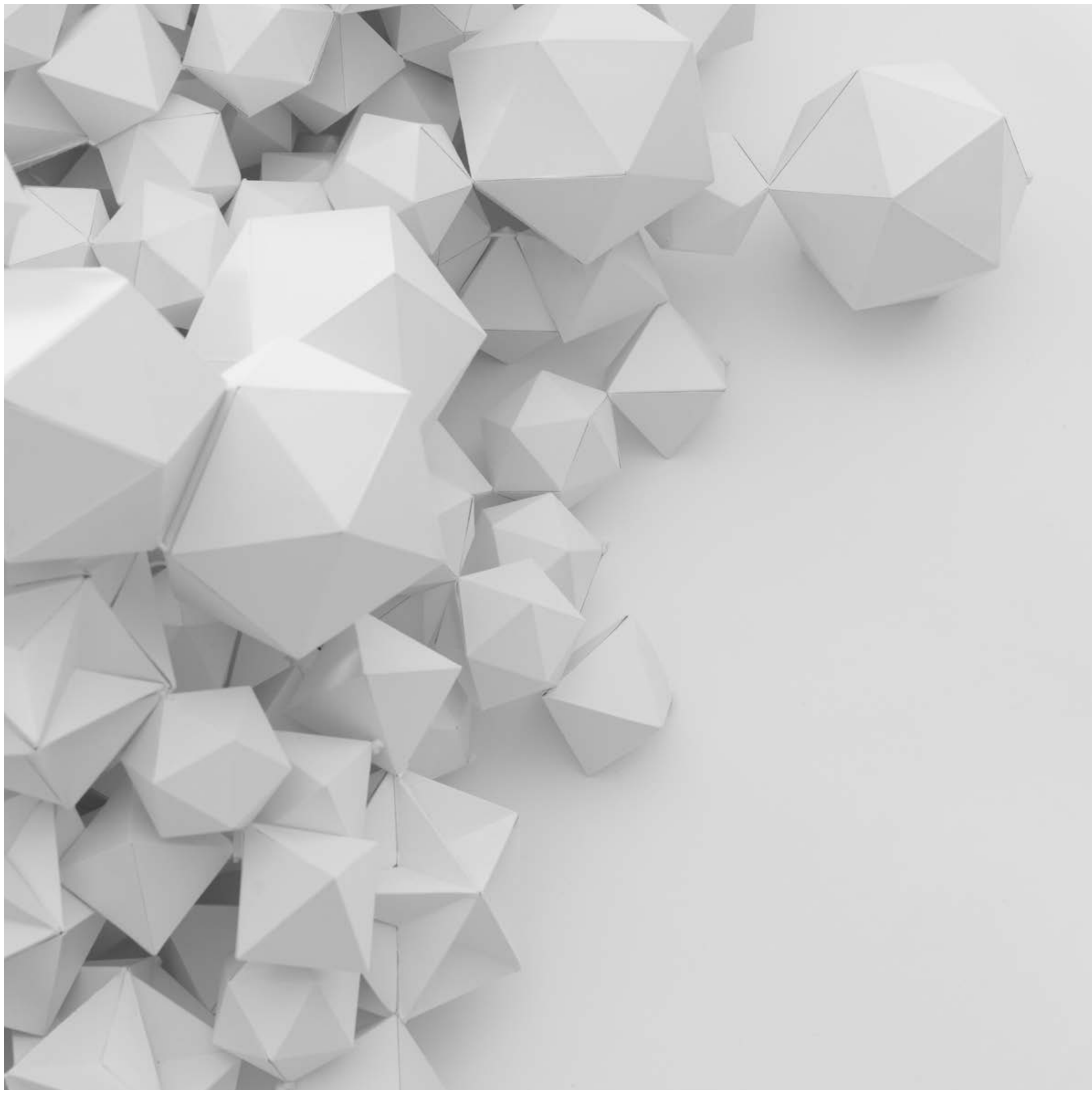
We also made some difficult decisions to close underperforming entities within the division. Although there was a significant amount of one-time costs related to these divestitures, it places us in a much-improved position for 2019.

The market remains volatile and features numerous forces we cannot control, such as currency changes, freight, demand and the impact of digital technology. Despite the unknowns, we enter 2019 extremely optimistic about our future. It is our view that we have taken the necessary steps to restructure our cost base and are now set up for success.

We all recognize that we face new challenges every day, but I have great confidence in our current team. I want to personally thank all of our team members for their tremendous efforts and loyalty to CellMark.

We fully expect that 2019 will generate a very much improved result and we are all excited to deliver on this promise.

Joe Hoffman
Paper Division President



Most of 2018 was an extension of the business trend and balance from 2017. As global economies continued to show improvements in health and spending, packaging markets followed to support the production and movement of all types of goods. Scarcity of containerboard grades allowed some dormant or unprofitable fine paper mills to convert capacity to medium and linerboard. Pricing for packaging grades reached record levels by mid-year 2018 for all unbleached and bleached paper and board grades. With an anticipation of a return to balance in Q4, we were prepared to move from a high-demand market to one of more normal supply-demand. This transition was more aggressive than forecast and by end-Q4 we found ourselves in an oversupplied market with price deterioration in many regions. Kraft paper and other unbleached grades followed the trend. Buyers found themselves in a position to set their purchasing on normal patterns and not operate in the panic mode of the past 2 years.

The extensive experience of the CellMark global team makes us familiar with the continuous cyclicality of our industry. As we work to stay ahead of the trends on behalf of our mill partners, our guidance in supporting their marketing programs becomes more important during uncertain times. In the past year, we continued to build our global marketing teams by adding experienced sales staff to the growing markets in Asia and Africa, and extending our logistics teams to cover all areas and industries. Our product mix is still based on containerboard and kraft paper grades, but much of our new growth has been in value-added grades with more technical sales needs.

Our financial result was much improved over 2017 as market pricing climbed for most of the year and demand outpaced supply. Our volume of activity was not significantly different from the prior year, but our product mix did reflect a shift away from base commodity grades. The full chain of our support services from mill production to customer door continues to be important to our business partners. The components of our sales, technical, logistics, finance, risk management and market analysis will continue to improve with enhanced computer systems and staff training.

Improved packaging with environmental and efficient components is being seen in developing markets. Consumer and industrial packaging are increasing through the needs of multinational brands and more educated consumers.

2019 will bring new challenges for our partners, but we are prepared to support the needs of our growing mix of suppliers and customers around the world.

Paul Busnardo
Packaging Division President

For the Recycling Group, 2018 was by every standard a challenging year. As the year started, China greatly reduced the issuance of import licenses and outright banned mixed paper. The effect of the world's largest import market virtually closing its doors flooded the balance of the world with recyclables, and prices plummeted to levels not seen in over a decade.

As the year progressed, things went from bad to worse as tensions between the US and China grew, and a trade war ensued. The US put tariffs on finished paper coming from China, and China put tariffs on recyclables being shipped from the US to China.

At times, certain grades of wastepaper and plastics were just not saleable at any price, and many of these tons were landfilled. The lower commodity prices and lack of movement forced recyclers to charge municipalities to accept their recyclables. As a direct result, many municipalities, who had previously been paid for their recyclables, discontinued their recycling programs for economic reasons.

Against this backdrop, we had another strong year. Our overall tonnage was up 12 % year over year, and our financial results basically remained the same as 2017.

As we enter 2019, it's very clear the direction China is headed and our business has been properly repositioned for the new global landscape we will be operating within.

Jimmy Derrico
Recycling Division President

2018 was the strongest year on record for CellMark's Chemicals Division. We exceeded our prior year profitability by 27 % and surpassed our annual forecast by 36 %. Our return on capital employed was 19.2 % when factoring our earnings before tax, interest, depreciation, and amortization. This was among the highest levels of efficiency since we joined the CellMark Group seven years ago.

Our global Chemicals operation is organized into three geographic regions that all work cohesively towards reaching common goals. In 2018, each region experienced considerable growth resulting from local and global development projects that all came to fruition at different stages throughout the year. The investments made in our Asia region have started to pay off. We have experienced a significant increase in our gas processing activities, which stems from a newly developed agreement with a technology company that licenses production processes for a specific industrial market. This agreement places CellMark in a favorable supply position to expand its custom manufactured and trademarked product line called HotPot®.

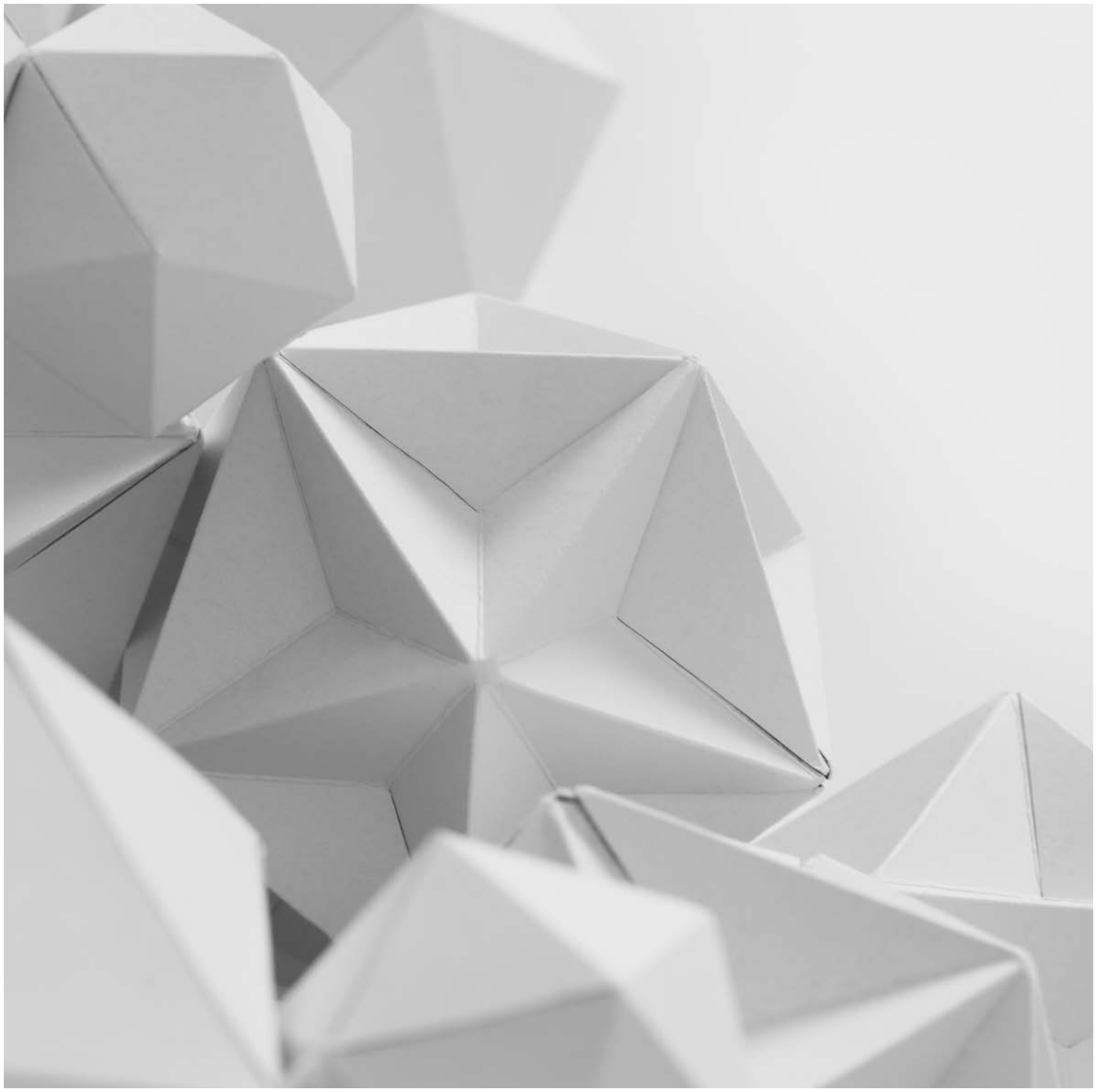
Our European region continues to build upon its long-term strategy to diversify its product portfolio and to engage more in pharma, personal care, cosmetics, and flavor & fragrance sectors, all of which carry higher profit margins than some of its traditional business segments. This strategy is beginning to take shape as we see improvements in our year-over-year financial results and gross margin percentages in this region.

The Americas region had an exceptional year with strong sales in all three of its market segments, Catalyst & Gas Processing (CGP), Industrial & Speciality Chemicals (ISC), and Health & Personal Care (HPC). An important growth area was our advancement in the markets that utilize Hyaluronic Acid (HA), an ingredient that goes into cosmetics, pharmaceuticals, and food applications. Demand for HA continues to increase as the benefits of this ingredient become widely known and accepted in the marketplace. Also noteworthy was our acquisition of a new production facility in late 2018 that will eventually house our AnMar food ingredient business which supports the nutraceuticals and dietary supplement markets. This acquisition marks a significant milestone in our journey and compliments our ambition to expand our production capacities and to provide new products and services to our customers. We look forward to the new opportunities that will arise in years to come from this new facility and to developing the young and talented team that will carry this business forward.

In addition to the above, we saw a major rebound in most, if not all, of our vanadium (V) chemicals that primarily go into gas processing applications, particularly carbon dioxide (CO_2) removal in hot potassium carbonate systems, and removal of hydrogen sulfide (H_2S) in natural gas production. The biggest improvements came from our trademarked products called ElvanK® and Elvada®. One of the main factors that contributed to the significant rise in our vanadium chemicals business in 2018 was the withdrawal of a US competitor. This created an ideal environment for us to capture market share and take advantage of our historically strong position in these niche markets.

The exceptional results posted in 2018 do not happen automatically. They are due to hard work, perseverance, and a strong will to succeed. We salute all of our employees worldwide for this great result. CellMark Chemicals is proud of its accomplishments and contributions to the group results over the past seven years. As we enter into our eighth year, we are poised for continued growth and development and delivering on our long-term strategies. We take this opportunity to also express our appreciation to our board members, stakeholders and business partners for their continued support and cooperation throughout the year.

Hugo Galletta
Chemicals Division President



During 2018, the restructuring and transformation of CellMark's Metal Division continued.

We are independent physical traders and distributors, working both as proprietary position takers and as agents for metal producers.

We are constantly diversifying and aiming to add value at every stage of the supply chain where we are involved.

The metal commodity business is transparent and hence low margin, with large volumes and high turnover. We focus on all levels of risk control.

We constantly aim to identify new business opportunities including high margin niches.

Our organization consists of four business units:

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

During 2018, our Non-Ferrous unit performed according to plan. A copper trading desk, to diversify from the traditional aluminium activity, was established.

The Ferrous unit had a very good year and employed one additional trader specializing in noble alloys. Certain steel mill customers in Europe suffered due to various imposed sanctions and duties. Sanctions against Russia, however, affected the business negatively.

The Foundry business had some difficulties with credit losses during the year.

The Light and Specialty Metals and Ores unit had a successful year in China in both sourcing and sales, and one additional trader was hired.

During 2018, we created a project management department within CellMark Metals. The goal being to identify projects where we can act as financial, logistical and sales/marketing partners and sign offtake agreements, giving us the right to deliver the raw material or sell the final product.

The objective, through asset-light investments, is to create our own raw materials flow and, in the long run, create shareholder value.

We live in a constantly changing world with very competitive market conditions, constantly changing exchange rates and permanent concerns about increasing interest rates. We focus on preparing for and understanding the future while at the same time managing our day-to-day business with the aim to be profitable today.

The geopolitical situation in the world is becoming more and more complex. The US-China trade conflict, the Iran situation, Brexit, the EU's internal discrepancies and wars and tensions in the Middle East are just a few examples.

During the coming years, our goal is to expand our metal trading business by adding new and related activities to our existing business portfolio and employing new people.

We will finance asset-light investments in new projects, sign offtake agreements and stay in touch with other metal market participants with the aim to identify potential acquisitions.

Claes Lundman
Metals Division President

Our journey continues with an enthusiasm to further grow our business. 2018 was another challenging year with financial turmoil and political instability in many countries, trade wars and an overall atmosphere of growing competition. However, Basic Chemical's dedicated team worked hard and smart and completed 2018 as another successful fiscal period.

As a result of our strategy, our division managed to grow sales by 50 % compared to 2017. The division moved 300K tons volume, serving 14 industrial sectors in more than 40 countries over 5 continents.

Behind this growth lies a solid foundation laid down by our division's strategy. An increasing focus on bulk shipments led to strong performances in Europe, the Middle East, Africa and Latin America, with good steps forward in Asia and North America.

The Basic Chemicals management team has outlined a strategy and an action plan for continuing annual growth of 50 % over the coming 5 years.

This ambition is in line with the historical performance of the division since its creation in 2012.

Looking forward, we recognize that new challenges will face us in 2019. At the same time, we are confident that our strategy will continue to support, and our dedicated global team will continue to meet, the ambitious goals of our division.

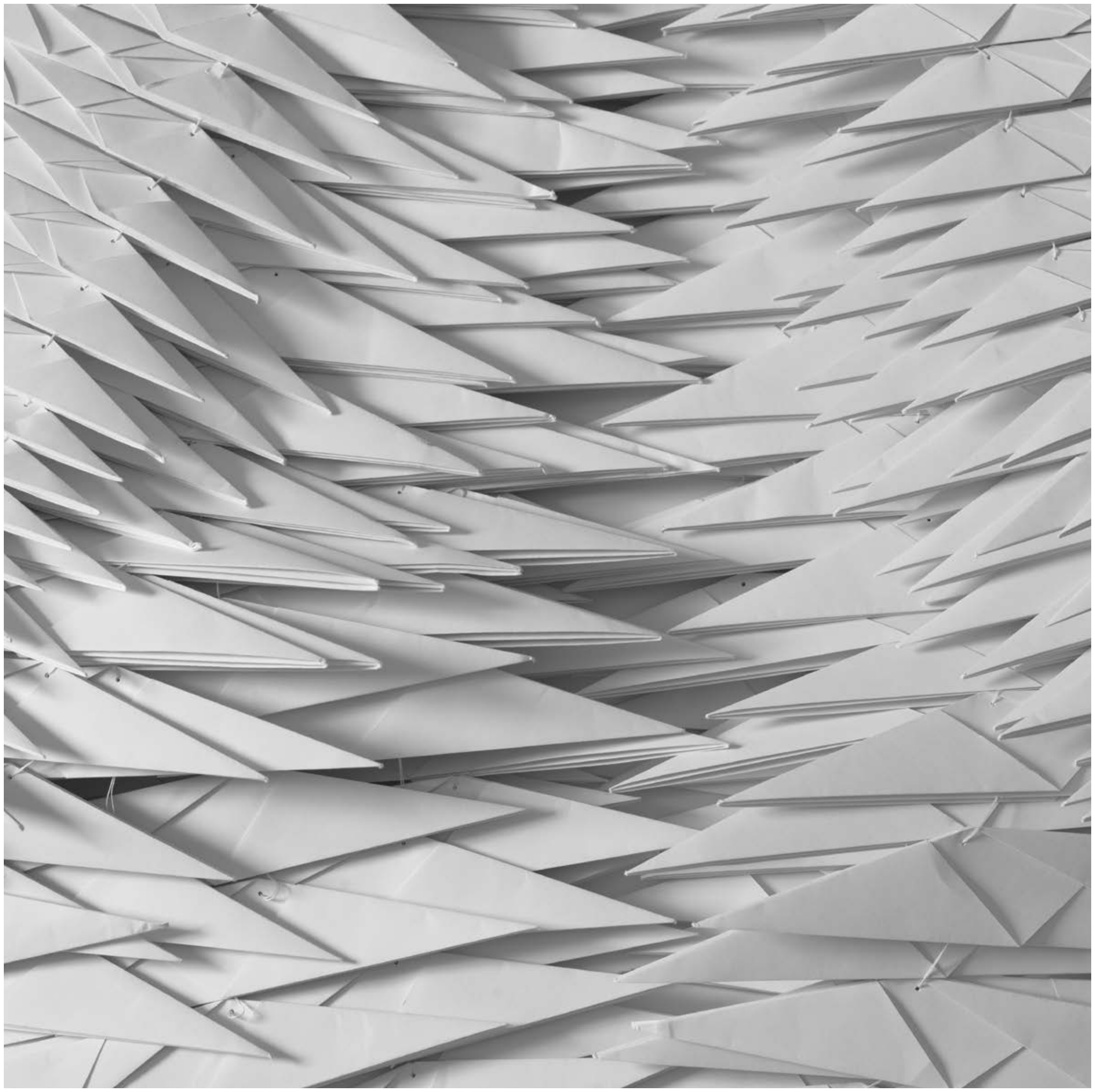
Continuous improvement of our daily actions and efficient utilization of the resources available to us coupled with our expertise, drive and passion, will give us the necessary tools for another successful year ahead!

We will continuously…

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

Today, we are proud to have a team of 40 people around the globe, aligned around a common goal and we are moving forward with confidence for continued success.

Ersin Alkan
Basic Chemicals Division President



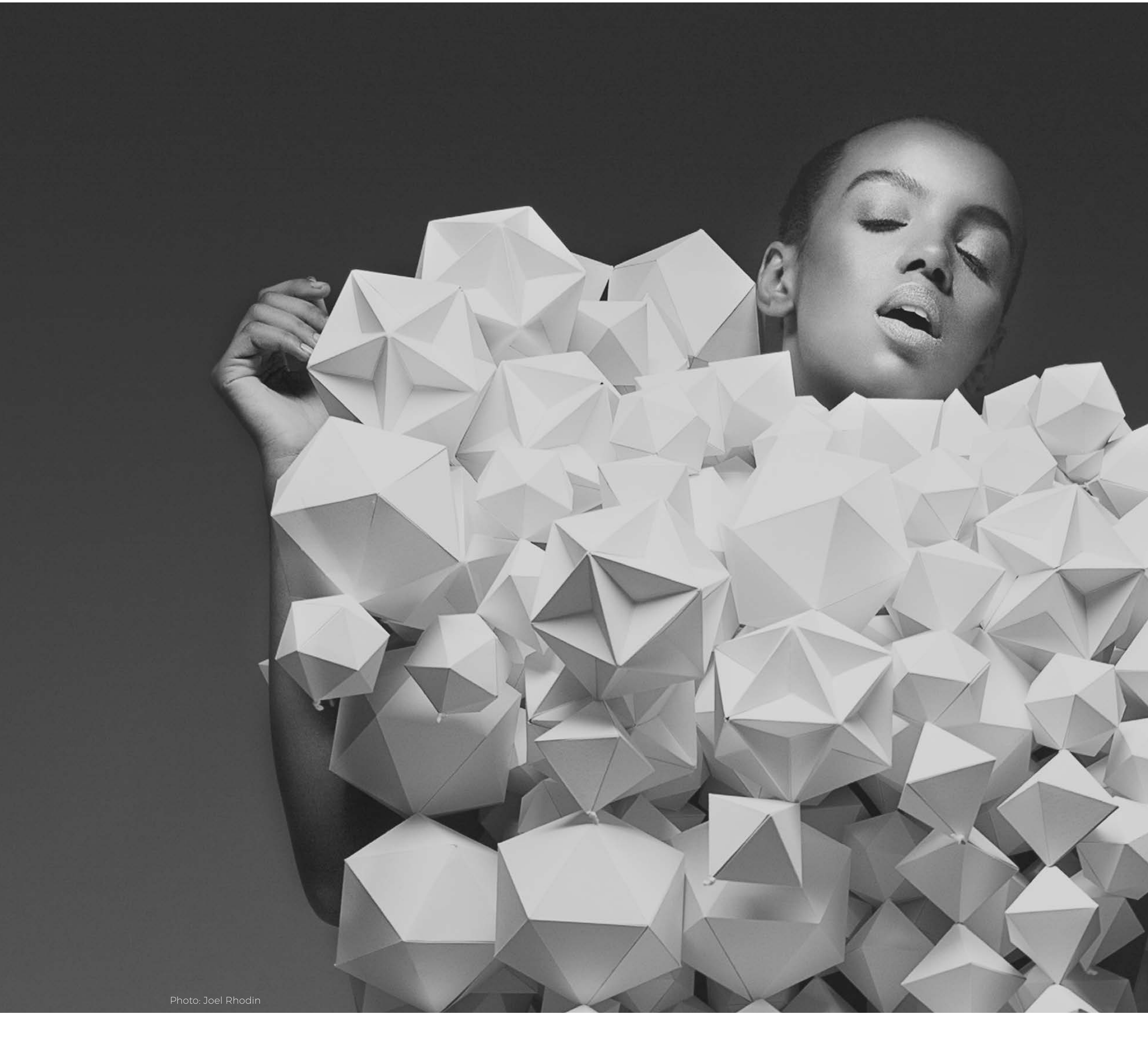


Photo: Joel Rhodin

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 www.cellmark.com.

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

Quality Education

CellMark is a partner of the PaperSeed Foundation, underwriting all operational and administrative expenses of the foundation ensuring 100 % of donations to go directly to helping kids. During 2018, with CellMark's support, the PaperSeed Foundation worked to strengthen the education of 270,000 children in 8 countries.

Affordable and Clean Energy

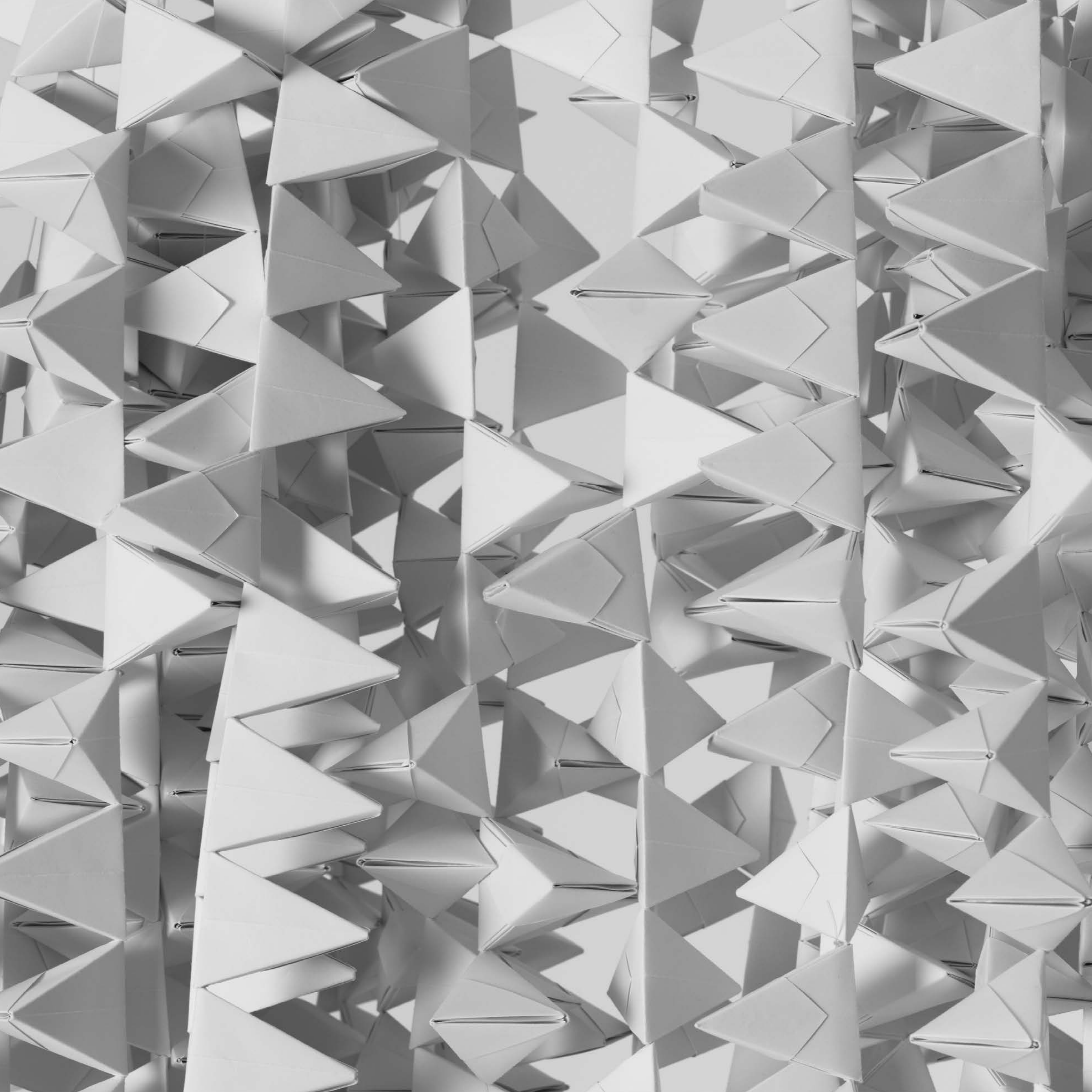
CellMark Energy is a global leader in the production, trade and proliferation of biomass-based alternative fuels and waste-to-energy commodities. Further, in our lignosulphonate commodity trading, CellMark supports reduced energy usage in the production of ceramics and clay bricks, coal briquettes and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

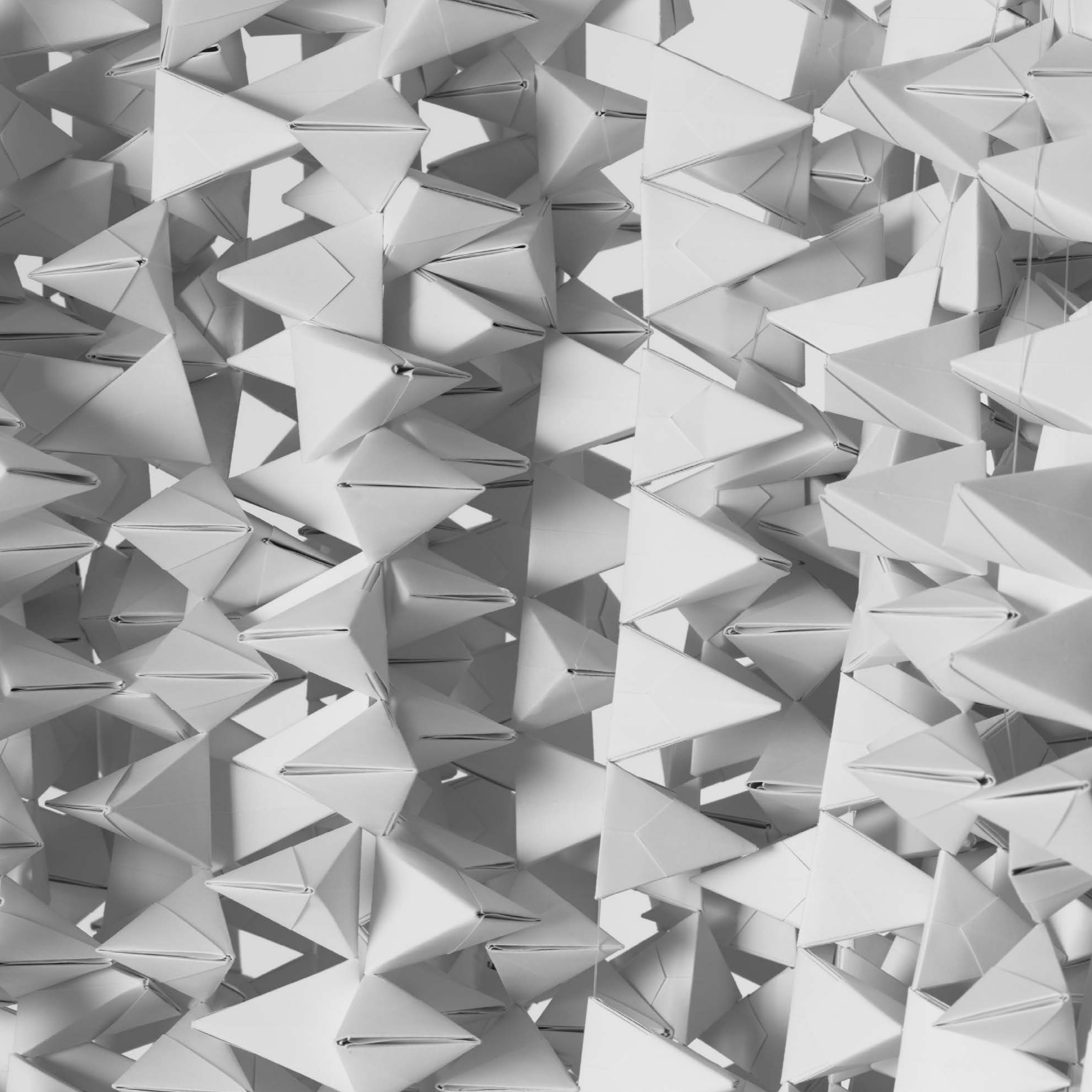
Sustainable Cities and Communities

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 2,312,947 tons of recycled products we sourced and traded globally in 2018.

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.





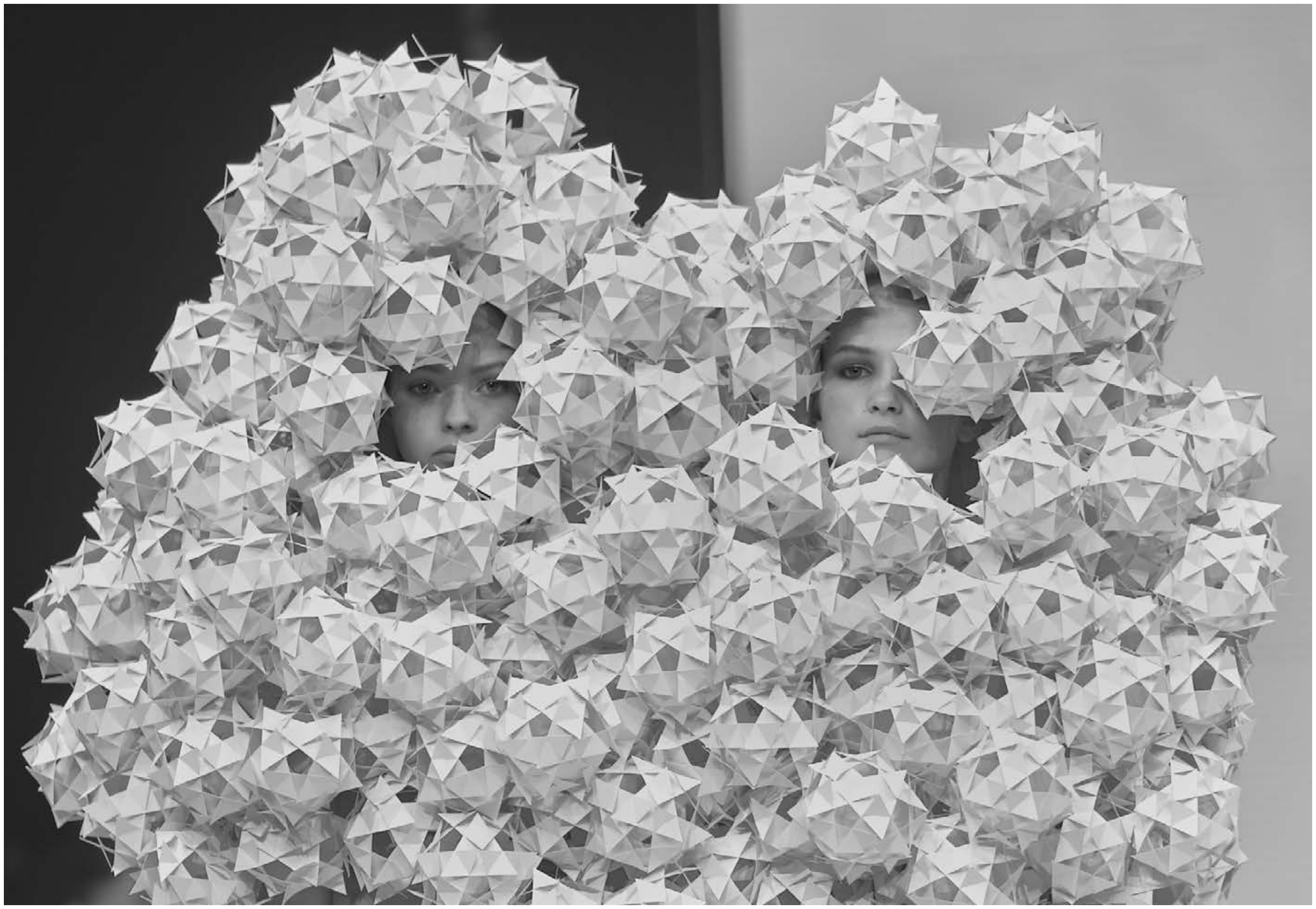


Photo: Kristian Löveborg

Photo: Kristian Löveborg

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.

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 product portfolio.

1996 The 2 million ton mark is realized. We become ISO-9001 certified and 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.

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.

2010 CellMark acquires Sicutec AB, a supplier of second hand machinery and equipment to the pulp and paper industry.

2011 A significant acquisition is completed. With Alcan International Network onboard, CellMark operates two new divisions: CellMark Chemicals and CellMark Metals. Further, the company acquires NorCell in the USA and Axe Papier 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 service capabilities.

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, becomes a shareholder in CellMark adding new skills and direction to the company.

2018 Volumes reach 7 million tons and CellMark begins reporting on its sustainability practices.

The Board of Directors hereby submit a brief version of the annual report and the consolidated financial statements for 2018. 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

During the year there were two additions to the Group, CellMark Korea Co Ltd and Pegasus LLC, for which the Group owns 100% of the shares in both companies on the closing date. The Group sold its shares in the Associated company Asia Pellets Co. Ltd. There has been no additional significant event besides what has been stated.

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 Poland, Shanghai, Qingdao, Istanbul, Taiwan and Korea.

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*)

	2018	2017	2016	2015	2014
Operating Income	3 250	2 874	2 664	2 673	2 904
Profit after Financial Items	16.4	17.3	10.5	12.2	17.0
Total Assets	976	891	829	811	867
Equity Ratio (%)	17.1	18.9	18.6	18.8	18.0

*MUSD shall be read as Millions of US Dollars.

Changes in Equity (TSEK)

	Share Capital	Other Added Capital	Other Equity incl Profit for the Year	Minority Interest	Total
Balance brought forward as of 2017-12-31	9 015	40 295	1 338 479	352	1 388 141
Actuarial loss Pension Liability			-3 894		-3 894
Translation Difference for the Year			86 874	39	86 913
Dividend Paid			-100 000		-100 000
Profit for the Year			127 653	275	127 928
Amount at Year-End	**9 015**	**40 295**	**1 449 112**	**666**	**1 499 088**

Accumulated translation difference amounts to TSEK 216 874 (129 999).

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

CONSOLIDATED INCOME STATEMENT (TSEK)	Note	2018		2017	
	1	**SEK (000)**	**USD (000)***	SEK (000)	USD (000)**
Operating Income					
Net Sales		28 361 947	3 246 411	24 383 090	2 869 341
Other Operating Income		35 682	4 084	38 806	4 567
Total Operating Income	2	**28 397 629**	**3 250 495**	24 421 896	2 873 908
Operating Expenses					
Cost of Goods Sold		-26 803 917	-3 068 073	-22 947 763	-2 700 435
Other External Costs	3, 4	-434 697	-49 757	- 402 618	-47 379
Personnel Costs	5	-866 770	-99 214	-804 687	-94 694
Depreciation of Fixed Assets	7, 8, 9, 10, 11	-44 925	-5 142	-42 648	-5 019
Result from Participations in Associated Companies	13	14 836	1 698	12 867	1 514
Total Operating Expenses		**-28 135 473**	**-3 220 488**	-24 184 849	-2 846 013
Operating Profit		**262 156**	**30 007**	237 047	27 895
Result from Financial Investments					
Interest Income		56 770	6 498	37 403	4 401
Interest Expenses		-175 413	-20 078	-127 822	-15 041
Total Result from Financial Investments		**-118 643**	**-13 580**	-90 419	-10 640
Profit after Financial Items		**143 513**	**16 427**	146 628	17 255
Group Contributions		-22 200	-2 541	-5 320	-626
Tax on Profit for the Year	6	6 615	757	-61 939	-7 289
Net Profit for the Year		**127 928**	**14 643**	79 369	9 340
Attributable to					
Shareholder of the Parent Company		127 653	14 612	78 832	9 277
Minority Shareholders		275	31	537	63

*Based on average exchange rate during the year 1 USD = SEK 8.7364
**Based on average exchange rate during the year 1 USD = SEK 8.4978

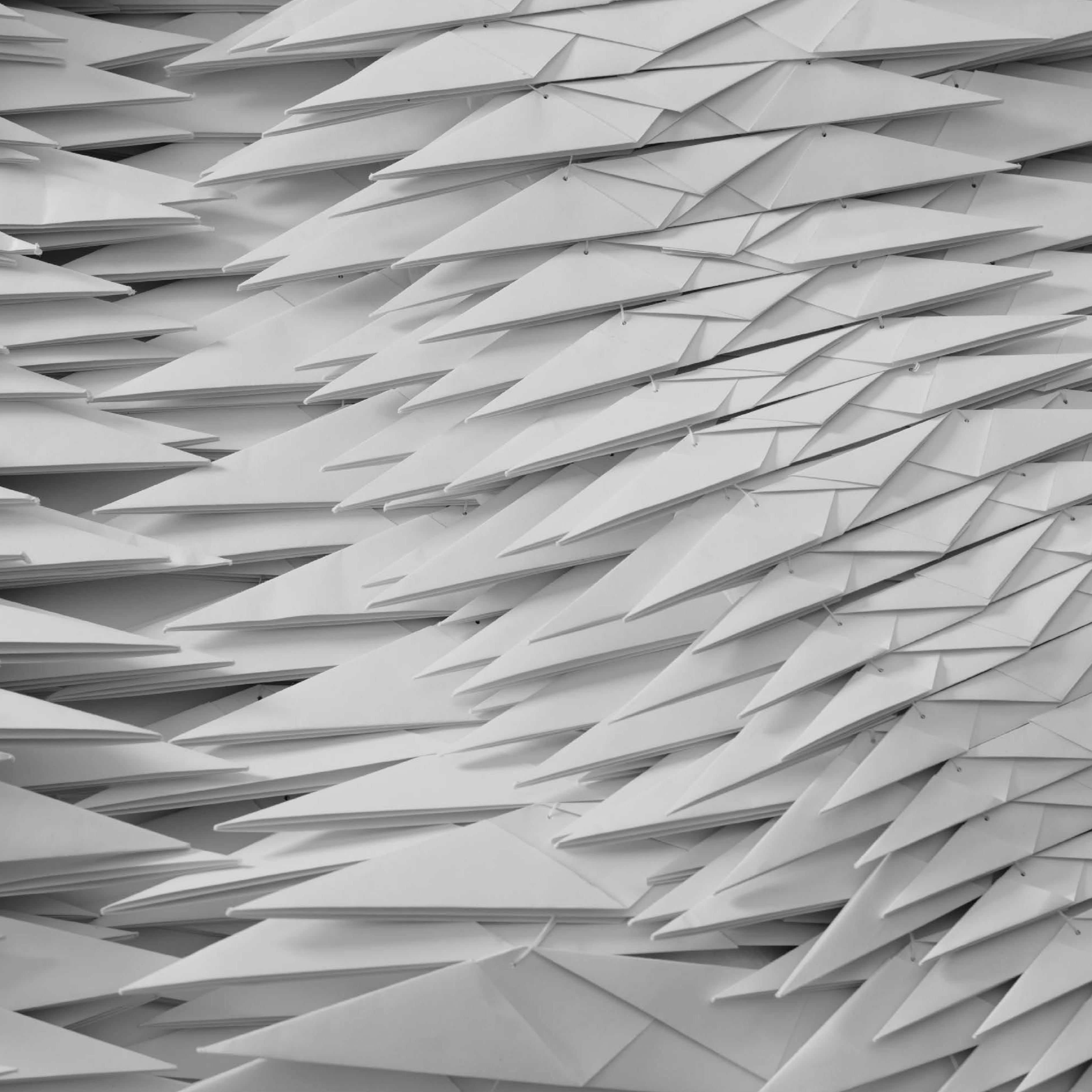
CONSOLIDATED BALANCE SHEET (TSEK)	Note	Dec 31, 2018		Dec 31, 2017	
	1	SEK (000)	USD (000)*	SEK (000)	USD (000)**
ASSETS					
Fixed Assets					
Intangible Fixed Assets					
Goodwill	7	57 753	6 438	67 323	8 178
Computer Software	8	1 079	120	1 851	225
Other Intangible Fixed Assets	9	7 215	804	7 797	947
Total Intangible Fixed Assets		**66 047**	**7 362**	76 971	9 350
Tangible Fixed Assets					
Land and Buildings	10	86 225	9 612	56 482	6 861
Equipment	11	99 008	11 036	90 181	10 955
Total Tangible Fixed Assets		**185 233**	**20 648**	146 663	17 816
Financial Assets					
Participations in Associated Companies	13	56 200	6 265	52 554	6 384
Other Shares		177	20	221	27
Endowment Insurance		26 027	2 901	24 180	2 937
Other Long-Term Receivables		115 635	12 890	127 720	15 514
Deferred Tax Asset	15	127 136	14 172	102 695	12 475
Total Financial Assets		**325 175**	**36 248**	307 370	37 337
Total Fixed Assets		**576 455**	**64 258**	531 004	64 503
Current Assets					
Inventory		**2 075 277**	**231 332**	1 604 141	194 862
Current Receivables					
Accounts Receivable – Trade		5 001 409	557 509	4 175 616	507 230
Receivables from Parent Company		442 786	49 357	417 761	50 747
Receivables from Associated Companies		39 207	4 370	38 505	4 677
Income Tax Receivable		1 324	148	1 758	214
Other Receivables		272 861	30 416	262 549	31 892
Prepaid Expenses and Accrued Income		60 914	6 790	83 413	10 133
Total Current Receivables		**5 818 501**	**648 590**	4 979 602	604 893
Cash and Bank Balances		**282 076**	**31 443**	219 542	26 669
Total Current Assets		**8 175 854**	**911 365**	6 803 285	826 424
TOTAL ASSETS		**8 752 309**	**975 623**	7 334 289	890 927

*Based on closing day rate of exchange 1 USD = SEK 8.9710
**Based on closing day rate of exchange 1 USD = SEK 8.2322

CONSOLIDATED BALANCE SHEET (TSEK)	Note	Dec 31, 2018		Dec 31, 2017	
	1	**SEK (000)**	**USD (000)***	SEK (000)	USD (000)**
EQUITY AND LIABILITIES					
Equity					
Restricted Equity					
Share Capital 9 015 shares	14	9 015	1 005	9 015	1 095
Other Added Capital		40 295	4 492	40 295	4 895
Other Equity		1 321 459	147 303	1 259 647	153 015
Profit for the Year		127 653	14 230	78 832	9 576
Equity Attributable to Shareholder of the Parent Company		**1 498 422**	**167 030**	1 387 789	168 581
Minority Interest		666	74	352	43
Total Equity		**1 499 088**	**167 104**	1 388 141	168 624
Provisions					
Deferred Taxes	15	799	89	706	86
Provisions for Pension		140 314	15 641	132 463	16 091
Total Provisions		**141 113**	**15 730**	133 169	16 177
Long-Term Liabilities	16				
Liabilities to Credit Institutions	17	36 635	4 084	5 553	675
Other Long-Term Liabilities		1 870	208	46 249	5 618
Total Long-Term Liabilities		**38 505**	**4 292**	51 802	6 293
Current Liabilities					
Liabilities to Credit Institutions	16, 17	3 952 394	440 575	3 356 240	407 697
Accounts Payable – Trade		2 264 731	252 450	1 724 381	209 468
Due to Associated Companies		13 991	1 560	9 169	1 114
Income Tax Liability		35 389	3 945	27 553	3 347
Other Current Liabilities		192 353	21 441	187 696	22 799
Accrued Expenses and Prepaid Income		614 745	68 526	456 138	55 408
Total Current Liabilities		**7 073 603**	**788 497**	5 761 177	699 833
TOTAL EQUITY AND LIABILITIES		**8 752 309**	**975 623**	7 334 289	890 927

*Based on closing day rate of exchange 1 USD = SEK 8.9710
**Based on closing day rate of exchange 1 USD = SEK 8.2322

CONSOLIDATED CASH FLOW STATEMENT (TSEK)	Note		
	1	**2018**	2017
Operating Activities		**SEK (000)**	SEK (000)
Operating Profit		262 156	237 047
Adjustment for Items Excluded from Cash Flow Statement, etc.			
Depreciation		44 925	42 648
Other Adjustments		-18 105	35 332
Currency Exchange Differences		6 260	-7 460
Capital Gain/Loss Fixed Assets		7 789	659
		303 025	308 226
Interest Received		61 853	42 756
Interest Paid		-180 497	-133 174
Income Taxes Paid		-345	-33 000
Cash Flow from Operating Activities before Changes in Working Capital		**184 036**	184 808
Cash Flow from Changes in Working Capital			
Change in Inventories		-392 879	95 943
Change in Accounts Receivable		-602 173	-353 726
Change in Receivables		45 955	115 185
Change in Accounts Payable		474 829	-269 030
Change in Liabilities		95 006	63 120
Cash Flow from Operating Activities		**-195 226**	-163 700
Investing Activities			
Purchase of Intangible Fixed Assets		-1 603	-46 219
Purchase of Tangible Fixed Assets		-52 794	-47 406
Purchase of Financial Assets		0	-5 125
Purchase of Subsidiaries		36	9
Sale of Fixed Assets		1 618	0
Sale of Financial Assets		4 510	14 552
Dividend Received		4 852	2 923
Change in Long Term Receivables		20 101	-53 783
Cash Flow from Investing Activities		**-23 280**	-135 049
Financing Activities			
Change in Loan from Credit Institutions etc		397 973	323 146
Group Contribution		-22 200	-5 320
Dividend Paid		-100 000	0
Cash Flow from Financing Activities		**275 773**	317 826
Net Change in Cash and Cash Equivalents		**57 267**	19 077
Cash and Cash Equivalents Beginning of the Year		**219 542**	205 998
Exchange Rate Difference in Cash and Cash Equivalents		**5 267**	-5 533
Cash and Cash Equivalents End of the Year		**282 076**	219 542
Cashflow from Purchase of Subsidiaries			
Purchase Price Paid		-754	-131
Cash and Cash Equivalents in Purchased Companies		790	140
Cashflow from Purchase of Subsidiaries		**36**	9



Note 1

Accounting and Valuation Principles

The annual report has been prepared according to the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting principles are unchanged compared to the prior year.

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 12.

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 have been transferred from the lessor to a Group Company classify 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 financials 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 for 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 normally 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

The cash flow statement has been prepared in accordance with the indirect method. The reported cash flow only includes transactions that have resulted in payments made or received. Besides cash, the company classifies the following as liquid funds: available balances at the bank and other credit institutions as well as short-term liquid investments listed on a major exchange that have a shorter maturity than 3 months from the date of acquisition. Restricted funds are not classified as cash. Changes in restricted funds are reported in investing activities.

Estimates and assessments

When preparing financial statements and applying accounting principles, management is often required to make assessments, estimates and assumptions that are deemed as being reasonable at the time. Estimates and assessments are based on prior experience and a number of other factors, which, given the circumstances, are deemed as being reasonable. The results of this are used to assess the carrying amounts of assets and liabilities, when the exact amounts are not possible to obtain from other sources. The actual outcome could differ from these estimates and assessments. 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 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.

Estimates and assumptions are regularly reviewed.

Definition of key ratios

Operating Income Main revenue from operations, invoiced expenses, incidental revenue and corrections to revenue.

Profit after Financial Items Profit after financial income and expenses, but before extraordinary income and expenses.

Total Assets The company's total assets.

Equity Ratio (%) Shareholder's equity as a percentage of total assets.

Supplementary Information in TSEK

Note 2
Operating Income

Group	2018	2017
Pulp	8 289 456	5 583 532
Paper	6 260 590	6 911 475
Packaging	3 795 581	3 083 608
Recycling	5 233 445	4 397 196
Chemicals	1 247 407	1 092 188
Metals	1 984 128	2 277 556
Basic Chemicals	1 324 380	864 709
Other	262 642	211 632
Total	**28 397 629**	24 421 896

Group	2018	2017
USA	12 361 977	11 148 212
Europe	11 625 026	8 372 650
Asia	4 107 935	3 606 932
Other	302 691	1 294 102
Total	**28 397 629**	24 421 896

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

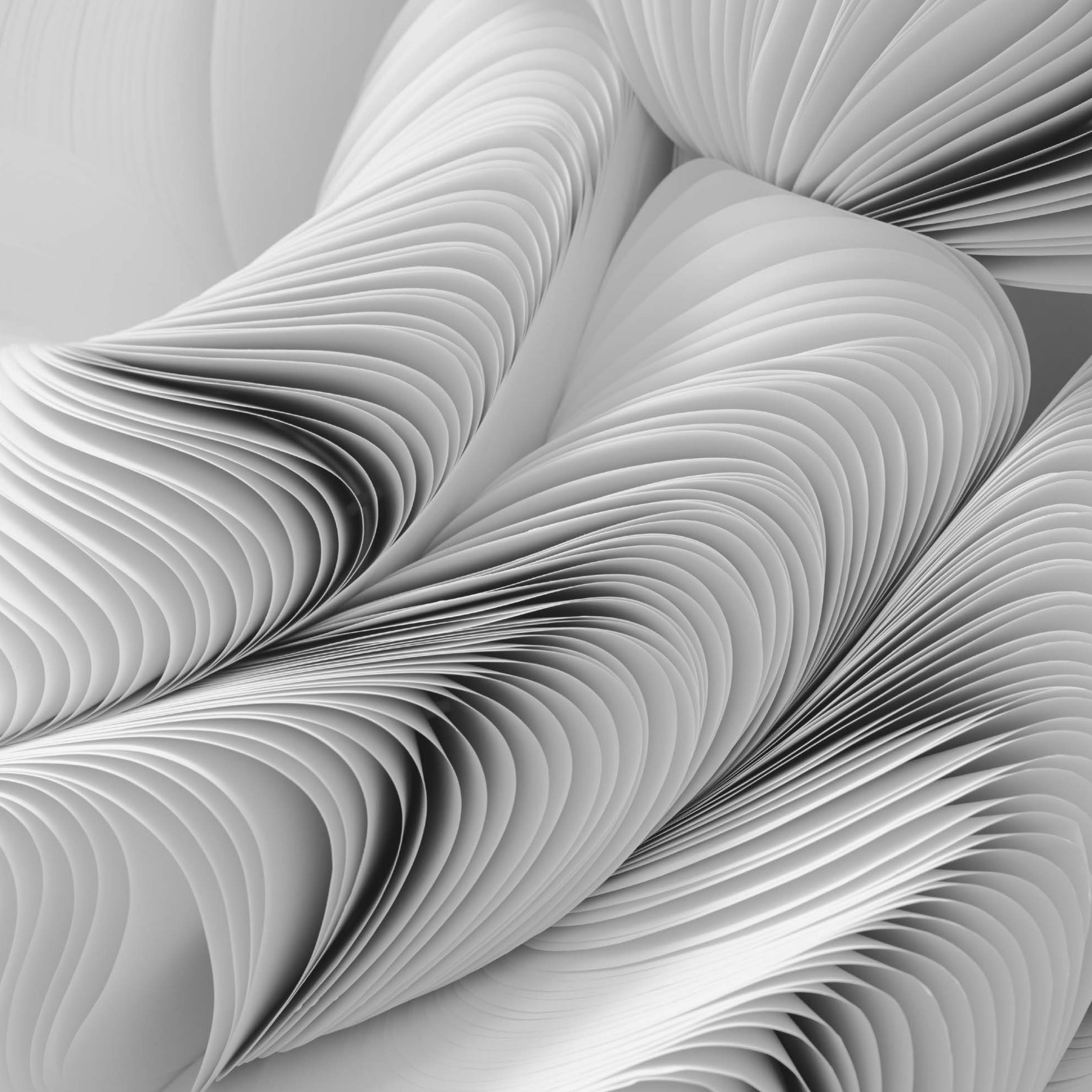
Purchases	1.35 %	2.15 %
Sales	2.01 %	1.89 %

Note 3
Disclosure of Audit Fee and Cost Reimbursements

Group	2018	2017
Moore Stephens		
Audit Assignment	4 278	3 558
Tax Assignment	828	1 016
Non-Audit Assignments	570	893
Other Auditors		
Audit Assignment	5 445	5 360
Tax Assignment	1 553	392
Non-Audit Assignments	5 533	7 113
Total	**18 207**	18 332

Note 4
Operational Leases

Group	2018	2017
Future minimum lease payments for non-cancellable leases		
Falling due for payments as follows:		
Within 1 year	39 115	39 186
Between 2 and 5 years	106 144	128 370
Later than 5 years	0	7 435
Total	**145 259**	174 991



Supplementary Information in TSEK

Note 5

Number of Employees, Salaries and Emoluments, etc

Group				
Average Number of Employees:	**2018**	**Men**	2017	Men
Sweden	92	27	103	38
USA	387	223	382	225
Other Countries	276	133	272	131
	755	**383**	757	394

Number of Board Members, Presidents and Managing Officers:	**2018**	**Men**	2017	Men
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	638 757	589 330
Social Security Expenses	101 463	98 874
Pension Expenses	72 975	64 448
	813 195	752 652
Pension Obligation to Board and President	0	0

Note 6

Tax on Profit for the Year

Group	**2018**	2017
Income Tax	17 733	63 187
Deferred Tax	-24 348	-1 249
	-6 615	61 938

Reconciliation Effective Tax Rate

Profit Before Tax	**121 313**	141 308
Tax on profit in accordance with national tax rates applicable in each country:	25 883	44 645
Tax effects from:		
Other costs non-deductible	82 763	22 009
Income not taxable	-91 285	-26 794
Not booked deferred tax assets	0	42
Change in deferred tax	-24 348	12 569
Other taxes	372	9 468
Tax	**-6 615**	61 939

Supplementary Information in TSEK

Note 7

Acquisition Values and Depreciation, etc. for Goodwill

Group	Dec 31, 2018	Dec 31, 2017
Acquisition Value Brought Forward	185 168	166 207
Purchases	0	41 501
Exchange Rate Differences	24 690	-22 540
Accumulated Acquisition Value Carried Forward	**209 858**	185 168
Depreciation Brought Forward	-117 845	-123 004
Exchange Rate Differences	-19 238	19 226
Depreciation for the Period	-15 022	-14 067
Accumulated Depreciation Carried Forward	**-152 105**	-117 845
Book Value	**57 753**	67 323

Note 8

Acquisition Values and Depreciation, etc. for Computer Software

Group	Dec 31, 2018	Dec 31, 2017
Acquisition Value Brought Forward	29 899	31 226
Purchases	69	656
Sales/Disposals	0	-523
Exchange Rate Differences	1 494	-1 460
Accumulated Acquisition Value Carried Forward	**31 462**	29 899
Depreciation Brought Forward	-28 048	-28 853
Sales/Disposals	0	523
Exchange Rate Differences	-1 440	1 377
Depreciation for the Period	-895	-1 095
Accumulated Depreciation Carried Forward	**-30 383**	-28 048
Book Value	**1 079**	1 851

Note 9

Other Intangible Assets

Group	Dec 31, 2018	Dec 31, 2017
Acquisition Value Brought Forward	47 105	50 278
Purchases	1 515	2 619
Sales/Disposals	0	-1 991
Exchange Rate Differences	3 555	-3 801
Accumulated Acquisition Value Carried Forward	**52 175**	47 105
Depreciation Brought Forward	-39 308	-41 887
Sales/Disposals	0	1 991
Exchange Rate Differences	-3 148	3 286
Depreciation for the Period	-2 504	-2 698
Accumulated Depreciation Carried Forward	**-44 960**	-39 308
Book Value	**7 215**	7 797

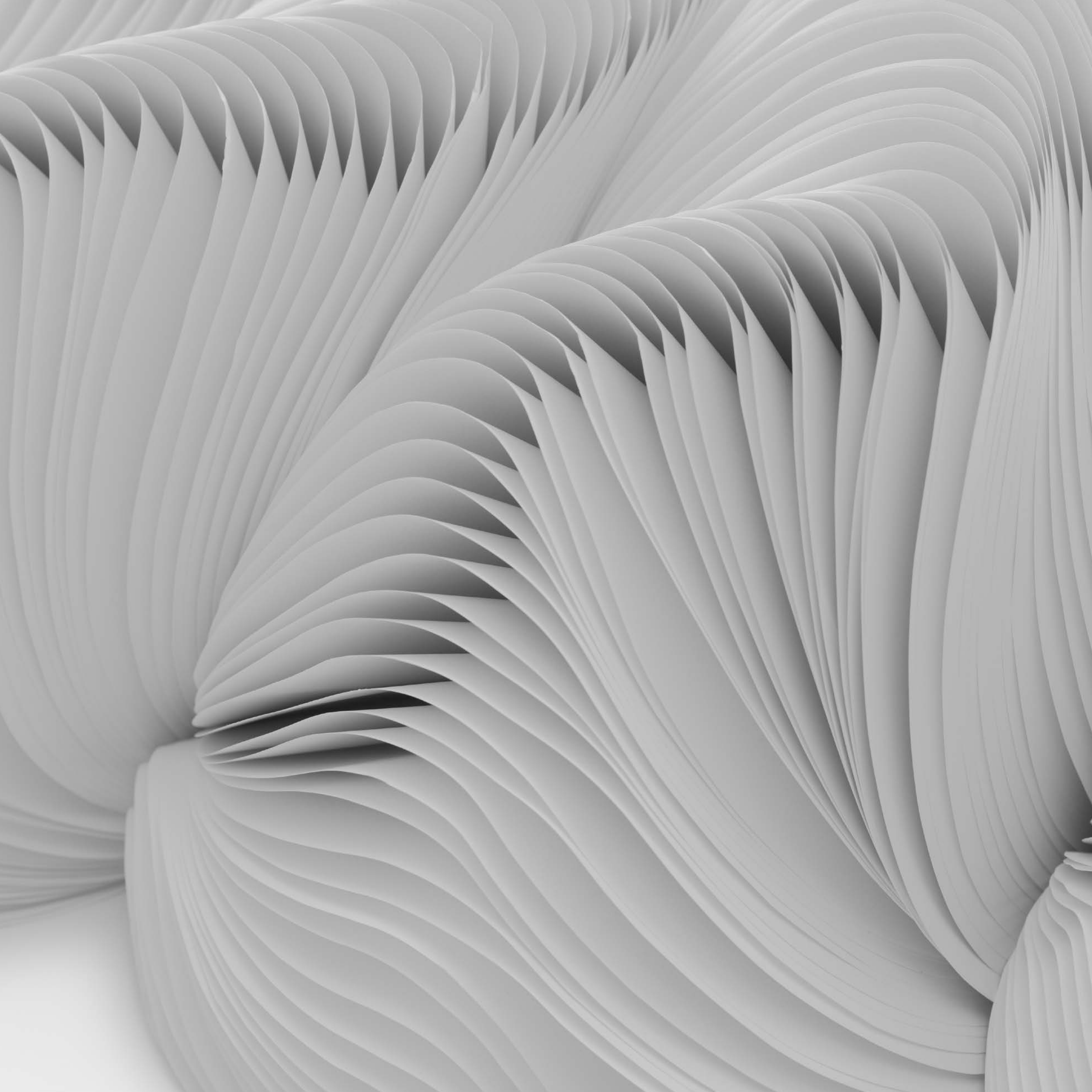
Supplementary Information in TSEK

Note 10
Acquisition Values and Depreciation, etc.
for Land and Buildings

Group	Dec 31, 2018	Dec 31, 2017
Acquisition Value Brought Forward	73 353	76 225
Purchases	26 222	4 029
Exchange Rate Differences	6 450	-6 901
Accumulated Acquisition Value Carried Forward	**106 025**	73 353
Depreciation Brought Forward	-16 871	-16 737
Exchange Rate Differences	-1 391	1 262
Depreciation for the Period	-1 538	-1 396
Accumulated Depreciation Carried Forward	**-19 800**	-16 871
Book Value	**86 225**	56 482
Book Value, Buildings	68 526	44 991
Book Value, Land	17 699	11 491
	86 225	56 482

Note 11
Acquisition Values and Depreciation, etc. for Equipment

Group	Dec 31, 2018	Dec 31, 2017
Acquisition Value Brought Forward	260 466	268 996
Purchases	27 645	41 833
Sales/Disposals	-7 149	-38 656
Reclassifications	0	10 495
Exchange Rate Differences	21 305	-22 202
Accumulated Acquisition Value Carried Forward	**302 267**	260 466
Depreciation Brought Forward	-170 285	-177 775
Subsidiaries Acquired	0	-1 984
Sales/Disposals	6 274	26 358
Reclassifications	-37	-8 392
Exchange Rate Differences	-14 245	14 900
Depreciation for the Period	-24 966	-23 392
Accumulated Depreciation Carried Forward	**-203 259**	-170 285
Book Value	**99 008**	90 181
Net value of Equipment under Capital lease are included with	7 320	7 968



Supplementary Information in TSEK

Note 12
Participating Interests in Group Companies

	Dec 31, 2018	Dec 31, 2017
Opening Balance	525 462	525 555
Sales	0	-224
Purchases	127 431	131
Impairment Losses	-30 600	0
Book Value	**622 293**	525 462

CellMark AB's Participation in Group Companies

Company	Country/ Reg office	Share of Capital	Dec 31, 2018 Book Value	Dec 31, 2017 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 %	4 315	7 315
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 %	772	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	131
Sicutec AB, 556790-7216/par SEK 100 000/	Stockholm	100 %	100	100
CellMark Papier SAS/par EUR 100 000/	France	100 %	10 862	10 862
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
CellMark Deutschland GmbH/nom EUR 1 100 000/	Germany	100 %	44 466	0
CellMark Italy Srl/nom EUR 10 000/	Italy	100 %	9 641	0
CellMark Chemicals Ltd/nom GBP 1 000/	UK	100 %	5 683	0
CellMark Belgium NV/nom EUR 248 000/	Belgium	100 %	6 328	0
CellMark Hellas SA/nom EUR 326 830/	Greece	100 %	7 107	0
CellMark Japan/nom JPY 600 000 000/	Japan	100 %	53 452	0
CellMark Korea Co Ltd/nom KRW 100 000 000 /	Korea	100 %	754	0
Book Value			**622 293**	525 462

Note 13
Participating Interests in Associated Companies

Group	Dec 31, 2018	Dec 31, 2017
Share of Capital, Opening Balance	52 554	43 243
Sales/Disposals	-3 906	0
Purchases	0	4 480
Share of Profit for the Year at Associated Companies	14 836	12 867
Deduction for Dividends Received	-4 852	-2 974
Exchange Rate Differences	-2 432	-5 062
Share of Capital at Year-End	**56 200**	52 554

Supplementary Information in TSEK

Company	Country/ Reg office	Share of Capital	Dec 31, 2018 Book Value	Dec 31, 2017 Book Value
Intersales KB, 916840-3930 Participation Right	Gothenburg		2 876	2 592
Central Kentucky Fiber Resources LLC	USA	50 %	6 381	5 180
Urban Impact Recycling Ltd/par CAD 1 501 580/	Canada	50 %	23 698	22 090
Bren-Mar Properties LLC	USA	50 %	1 706	1 635
Magna Silva	Singapore	22.058 %	-6	-6
Green Pellets Sarawak/par MYR 25 000 000/	Malaysia	30 %	-5 846	-1 835
Sabela/par EUR 20 000/	France	50 %	-3 051	-3 635
CasCell Trading Group Inc /par CAD 50 000/	Canada	50 %	27 627	22 475
Asia Pellets Co Ltd/ VND 22 360 000 000	Vietnam	0 %/50 %	0	3 918
Granite Environmentals LLC/ USD 100 000	USA	49.95 %	3 416	9
CellMark Siam Company Ltd/ THB 2 500 000	Thailand	49 %	-601	131
Book Value			**56 200**	52 554

Note 14
Share Capital

	No of shares	Par Value
No/Value Brought Forward as of 2017-12-31	9 015	1 000
No/Value at Year-End	**9 015**	**1 000**

	No of shares	Par Value
A Shares	15	1 000
B Shares	9 000	1 000

Note 15
Deferred Taxes

Group	Dec 31, 2018	Dec 31, 2017
Deferred Tax Asset		
Tax losses carry-forward	62 248	40 584
Depreciation Goodwill	14 026	12 562
Provisions	7 513	29 031
Allowance Bad Debt	18 400	13 947
Other temporary differences	24 949	6 571
Total	**127 136**	102 695
Deferred Tax Liability		
Untaxed reserves	254	219
Other temporary differences	545	487
Total	**799**	706

Supplementary Information in TSEK

Note 16
Long-Term Liabilities

Group	Dec 31, 2018	Dec 31, 2017
Liabilities to Credit Institutions		
Amortization within 2–5 year	36 635	5 553
Amortization after 5 year	0	0
Total	**36 635**	5 553
Other Long-Term Liabilities		
Amortization within 2–5 year	1 870	46 249
Amortization after 5 year	0	0
Total	**1 870**	46 249

Note 17
Overdraft Facilities

Group	Dec 31, 2018	Dec 31, 2017
Granted overdraft facilities	1 981 309	1 728 198
Utilized overdrafts	1 499 589	1 273 316
Unused overdrafts	**481 720**	454 882

Parts of the above granted amount are based on the underlying subsidiaries' financial position and may therefore be variable through the financial year.

Note 18
Pledged Assets

Group	Dec 31, 2018	Dec 31, 2017
Pledged Assets for Liabilities to Credit Institutions		
Floating Charge	30 00	41 000
Inventories	424 695	608 719
Accounts Receivable	1 080 875	1 222 098
Bank Balances	33 824	12 627
Import Letter of Credit	87 495	63 562
Shares in subsidiaries	4 024	5 929
Pledged Assets for Provisions		
Endowment Insurance	26 027	24 180
Total Pledged Assets	**1 686 940**	**1 978 115**

Note 19
Contingent Liabilities

Group	Dec 31, 2018	Dec 31, 2017
Contingent Liabilities		
Sureties/Guarantees	50 830	33 404
Pension Obligation	2 628	4 861
Other Contingent Liabilities	51 083	90 601
Total Contingent Liabilities	**104 541**	**128 866**

Note 20

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

Gothenburg, May 6, 2019

Mr Thomas Hedberg
Chairman of the Board

Mr Henrik Forsberg Schoultz
Non-Executive Director

Mr Staffan Ingeborn
Non-Executive Director

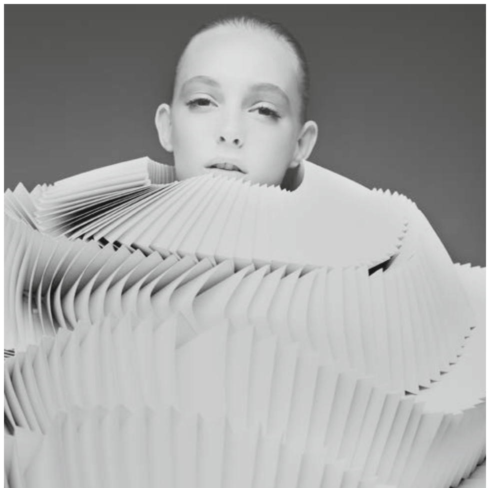
Mr Victor E Rice
Executive Director

Mr Christer Simrén
Managing Director

The Audit Report was submitted May 6, 2019

Carl Magnus Kollberg
Authorized Public Accountant

Ulf Lindesson
Authorized Public Accountant



Photos: Joel Rhodin

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 2018.

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 2018 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 Directors 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 2018 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 6, 2019

Carl Magnus Kollberg
Authorized Public Accountant

Ulf Lindesson
Authorized Public Accountant

Bea Szenfeld began her artistic journey in ceramics but, undaunted, no stuff is taboo and over the years she has comfortably expressed herself in materials like vintage fabric, paper and even pasta. She is a fashion designer, model maker, graphic designer and fine artist. A creator of things that fit into the hand or cover a whole wall. Her creations have been worn by Björk and Lady Gaga or adorned the shelves of Ikea, Christmas 2018.

It is, perhaps, with her magical paper creations that Bea has really made her mark. Inspired, handmade, wearable sculptures; results of hundreds of hours of concentrated labour, jaw-dropping attire that defies comprehension. Wearable, fragile, totally impractical and stunningly beautiful.

Photos: Magnus Johansson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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.

Less than two percent of global aid money is spent on education

Yet, study after study shows that education is a solution for some of the world's most pressing issues. Education reduces conflict and environmental degradation, promotes gender equality, helps people stay healthy, enables civic participation, reduces global poverty, and improves lives around the world.

Be part of our unique solution to break the cycle of poverty through education.

In partnership with PaperSeed, your company can make profound change in the world through our Corporate Social Responsibility Services. We will work with you to choose a dynamic education project that fits your organization's unique worldview and values, in regions where you work directly. And, because PaperSeed is underwritten by CellMark, 100% of your company's contribution will go directly to helping kids.

Since joining forces in 2011, PaperSeed has impacted the lives of half a million children with the support of CellMark.

You can help us reach our goal of improving the lives of one million children by 2022.

Let's create a better world together.

Email aliyya@paperseed.org or visit www.paperseed.org to learn more.

2018

We impacted the lives of over 270,000 children, with support from employees in the following CellMark Offices: Bridgeport, Gothenburg, Norwalk, Novato, Shanghai, Shelton and Tokyo.

Many thanks to our supportive business partners:

Advectas, Berlitz, CellMark, Claesson & Partners, Dustin, East Africa Packaging Industries, First Hotel G, Fr. Meyer's Sohn, Food & Co., KPMG, Hagabadet, Hotel Eggers, Hawkins Wright, Hills, Ispa, Mill Valley Refuse, Megasoft, Norcell, Nordea, Nordic Wellness, Office IT-partner, Pinchos, Platzer, Retune, Sappi, SEB Bank, Spira Food AB, Swedbank, Taxi Göteborg, Travel Service, Wepopop, Zero Waste Marin, Zitac

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