Annual Report 2020

OPTI GROUP

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OptiGroup's statutory sustainability report is available on the following pages:

- Business model, p 4, 13
- Description of prioritised issues, p 109–110
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OPTI GROUP

OptiGroup is a leading European distribution Group that provides customised supply solutions to B2B customers. We acquire and develop companies that specialise in providing customers with products and services that enhance efficiency and contribute to more successful businesses. Through active and long-term ownership, OptiGroup contributes with strategic governance and synergies between its subsidiaries.

Stronger together

www.optigroup.com

Long-term active owner of strong brands

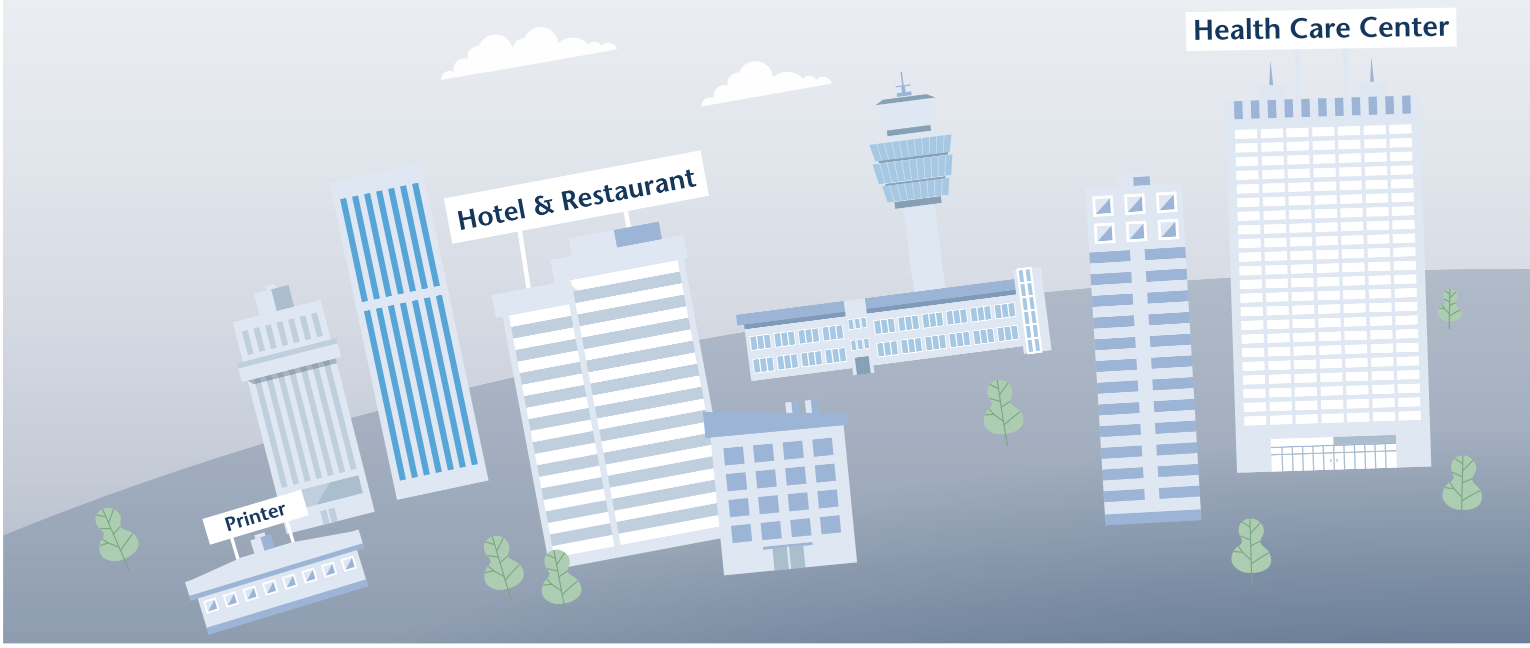
OptiGroup is a leading European distribution Group that provides customised supply solutions to B2B customers. The companies in the Group's three business areas – Facility, Safety & Foodservice, Packaging and Paper & Business Supplies – offer reliable and sustainable supply solutions for players in the cleaning & facility management, hotel & restaurant, health & medical care, manufacturing industry and the graphic sector.

Focus on acquisitions

OptiGroup has a clear growth agenda, an important element of which is acquisitions. Successful companies with good growth potential that enhance the customer offering of the business areas are identified, analysed and acquired.

Established process for integration and development

OptiGroup has solid experience of acquisitions. The company has established processes for the integration, development and corporate governance of acquired companies.



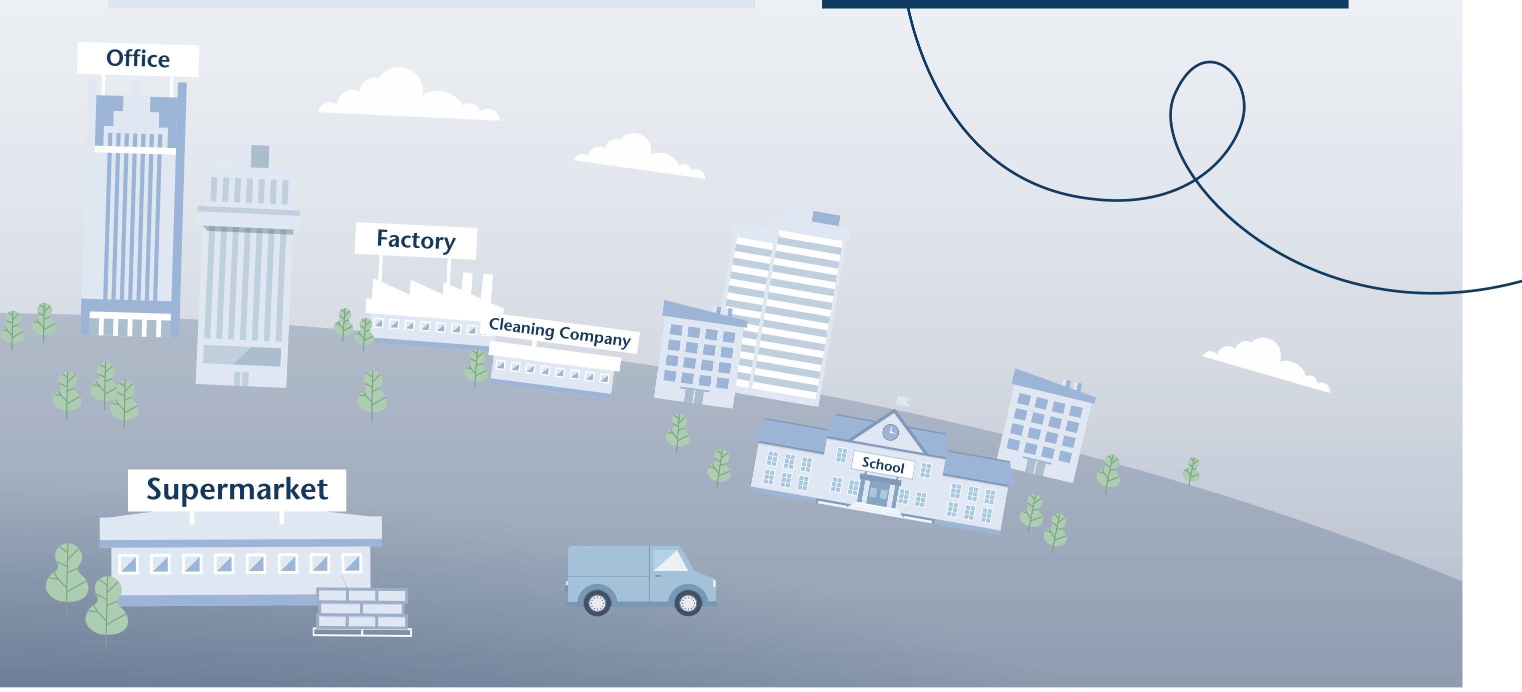
Stronger together

Most of OptiGroup's acquisitions are entrepreneurial family businesses. The aim is to retain, develop and enhance already strong brands, while the companies can benefit from belonging to the Group and its overall value creation. In this way, entrepreneurs can continue to develop, grow and be successful as part of OptiGroup.

The Group's well-proven business model in combination with a decentralised management approach, where the business areas' companies offer B2B customers a full range of value-adding products and services, creates a platform for continued profitable growth for OptiGroup.

Value-creating ownership and management model

OptiGroup is a financially stable and long-term owner, with clear targets and processes to create successful and profitable companies. Alongside Group-wide issues, OptiGroup works actively and close to its operations with strategic governance and financing, as well as evaluating development areas and best practices that can be used broadly within the Group.



Together, we form a strong platform

OptiGroup has a clear vision and mission which, together with the business areas' capacity to distinguish themselves in the market with sought-after brands, products and supply solutions, paves the way for value creation.

PRODUCTS AND SERVICES WITH HIGH CUSTOMER VALUE

The Group's three business areas offer efficient supply solutions from a wide product range to players in the areas of cleaning & facility management, hotel & restaurant, health & medical care, manufacturing industry and the graphic sector. High accessibility to a wide product range, combined with reliable deliveries and a well-developed service offering, contribute to an attractive and value-adding customer offering.

FOCUS ON CUSTOMERS

The Group is characterised by strong customer focus with the shared goal of working closely with customers to identify key market trends and constantly enhance the ability to offer solutions that meet the customers' challenges and requirements.

LEADING MARKET POSITIONS IN SELECTED SEGMENTS

Through its company portfolio and its existing distribution network, OptiGroup commands a strong position in Europe. With an active acquisition agenda and attractive customer solutions, the ambition is to become established as number one or number two in selected markets and segments. Accordingly, the Group is successively consolidating its position, which maintains economies of scale and synergies in its internal business processes and between the portfolio companies.

WELL-ESTABLISHED BRANDS

The Group's active acquisition strategy has resulted over time in a diversified company portfolio of well-established brands in B2B and a strengthened customer offering.

VISION

We strive to unleash the full potential of our companies and employees and create winners.

MISSION

OptiGroup is a long-term owner that acquires and develops entrepreneurial companies. Together, we form profitable and sustainable customer offerings that create value for our stakeholders and society as a whole.

Leading positions in B2B distribution

Efficient purchasing and delivery processes as well as a sustainable and profitable product and service offering enable OptiGroup's three business areas to create value for our stakeholders and for society as a whole. The product offering is marketed and sold under strong and established company brands.

FACILITY, SAFETY & FOODSERVICE

The business area is leading in the Nordic region. The offering comprises customised product and logistics solutions for players in cleaning & facility management, hotels & restaurants, and health & medical care, which saves time and costs. In addition, the business area offers a full range of work wear and personal protection equipment, combined with customised safety concepts for manufacturing industries and high-risk environments.

Read more on page 26

PACKAGING

The business area is a leading supplier of industrial packaging in Sweden, Finland, Belgium and the Netherlands. The offering comprises customised packaging solutions, primarily for manufacturing industry, the transport sector and e-commerce companies, as well as a broad standard range of corrugated boxes, wrapping products and packaging machines.

Read more on page 28

PAPER & BUSINESS SUPPLIES

The business area is a leading supplier of graphic paper to the European print industry and a major European distributor of office paper. In addition to its core offering, the business area also offers value-adding supply solutions related to a full range of cleaning, hygiene and packaging products for resellers and retail chains.

Read more on page 30

The Year in Brief

The year was characterised by continued active work on the Group's strategic agenda and continuous adaptation of the operations to the changed market conditions that arose due to Covid-19.

Financial highlights

- Net sales declined 7.6 percent to EUR 949 million (1,027). Organic growth was minus 11.3 percent.
- Adjusted EBITA increased 15.4 percent to EUR 42.7 million (37.0). Adjusted EBITA margin increased to 4.5 percent (3.6).
- Operating profit declined to EUR 22.0 million (28.5).
- Operating cash flow increased to EUR 49.8 million (34.0).
- Earnings per share after dilution amounted to EUR 0.97 (1.13).

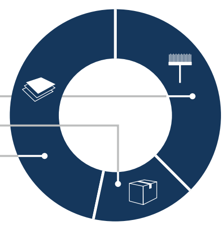
Significant events

- Acquisition of Packteam in Sweden, Kapkem in Finland and Skovly-Gruppen and Servicio in Norway, which added annual sales proceeds of approximately EUR 16 million to the Group.
- Pacudo is the new name for the Swedish packaging operations, which was carved out from Procurator to form a separate company, starting in 2021.
- Discontinuation of the unprofitable paper distribution operation in Italy.

Net sales
2020
949
EUR million

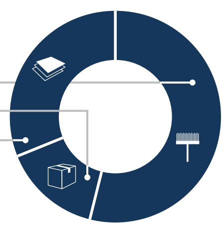
NET SALES
BY BUSINESS AREA, %

Facility, Safety & Foodservice, 37%
Packaging, 16%
Paper & Business Supplies, 47%



ADJUSTED EBITA
BY BUSINESS AREA, %

Facility, Safety & Foodservice, 54%
Packaging, 15%
Paper & Business Supplies, 31%



During 2020, we continued our effort to develop our operational portfolio towards attractive business segments, while also adapting our operations to the prevailing pandemic.

COMMENTS FROM THE CEO. READ THE FULL STORY ON PAGE 8.

Covid-19

During the year, safety and social distancing guidelines were implemented throughout the Group. A continued high level of activity was made possible by a number of targeted measures to manage the effects of the pandemic, regardless of whether work was being performed in the office or at home.

FINANCIAL OVERVIEW

EUR million	2020	2019	2018	2017	2016
Net sales	949.1	1,026.7	1,038.0	1,495.4	1,531.2
Net sales from discontinued operations	—	299.9	561.1	—	—
Organic growth, %	–11.3	–2.5	–1.8	–5.4	—
Adjusted EBITA	42.7	37.0	46.9	49.8	39.6
Adjusted EBITA margin, %	4.5	3.6	4.5	3.3	2.6
Operating profit	22.0	28.5	26.6	25.6	22.4
Operating cash flow	49.8	34.0	27.3	14.0	27.9
Diluted earnings per share, EUR	0.97	1.13	1.09	0.74	0.43
Debt/equity ratio, %	21	38	22	15	15
Average number of employees	1,541	1,601	1,586	2,026	1,858

OptiGroup uses alternative performance measures that cannot be directly derived from the financial statements. Organic growth, adjusted EBITA, adjusted EBITA margin, operating cash flow and debt/equity ratio are alternative performance measures. Definitions and reconciliations are provided on pages 119–120.

Strong performance and continued strategic transformation

During 2020, work continued to develop the business portfolio towards attractive business segments, while also adapting our operations to the prevailing pandemic.

Q What are your views on the 2020 financial year?
A Despite a very unusual and challenging year, we succeeded in terms of earnings to deliver enhanced profitability. During 2020, we continued to work on the basis of our long-term strategy, in which we offer value-adding customer solutions and develop the business portfolio towards attractive business segments. We are seeing increased confidence from our customers and we have strengthened our market positions in key growth segments. The positive results for the year, combined with a low debt-to-equity ratio and good cash conversion, also strengthened our financial flexibility. During the year, we completed four exciting acquisitions, which will make a positive contribution tothe portfolio. We can look back on a year when we not only succeeded in managing an uncertain market, but also one in which we took further steps in the Group's development through acquisitions, innovative solutions and customer proximity. This is something that all of our employees can be proud of.

Q What measures has OptiGroup taken to manage Covid-19?
A Within the Group, we have worked proactively to adapt the organisation and our way of working to the changed conditions brought about by Covid-19. The safety and well-being of our personnel has always had highest priority in the work that was conducted to safeguard our processes and well-functioning customer deliveries. At an early stage, we implemented clear guidelines and also initiated "pandemic teams" at both Group and subsidiary level. In addition, our developed IT infrastructure contributed to us being able to work effectively remotely, which were significant measures in restricting the spread of Covid-19.

Q How has the pandemic impacted business?
A The long-term effects of the pandemic remain difficult to predict, but in the short-term perspective, we can see that Covid-19 has had a positive net effect on the Group's profitability. During the year, there was a strong increase in demand for products in the areas of cleaning & facility management, and health & medical care. However, the limited availability of pandemic-related products led to us being unable to fully meet all of our customers' needs during the first half of the year.

Under the prevailing circumstances, we prioritised deliveries to functions important to society. Conversely, graphic paper and products for the hotel & restaurant business had a strong decline in demand during the year, which had a negative impact on net sales and our earnings.

Q What effects do you see the pandemic having on your operations going forward?
A Developing the customer experience and improving our cost-effectiveness through continued digitisation of the operations will be central tasks for us ahead. Our expectation is to see a higher degree of remote working and digital meetings, which will affect our way of working and managing the operations in future.

Q Can you comment on the acquisitions of Kapkem, Servicio, Packteam and Skovly-gruppen?
A Our long-term strategy builds on steering and developing the Group in the direction of attractive business segments, with growth and stable margins. The implemented acquisitions fall well within the framework of this strategy and further cement our position in the Nordics, while they also additionally strengthen our offering to customers in cleaning & facility management, hotel & restaurant, and manufacturing industry.

Q How do you see your opportunities for implementing new acquisitions moving forward?
A We have a stable financial position and were more or less debt-free at year-end. This, combined with a healthy cash conversion, contributes to financial flexibility for the Group. We have resistance against tougher market conditions, while we can also focus fully on our development agenda, in which acquisitions are a key part of the growth strategy.

Q Why has the Swedish packaging operation been carved out from Procurator and the company Pacudo been formed?
A The ambition is to continuously develop and strengthen our offering of value-adding solutions, where the operation of our packaging business under the Procurator brand was not optimal. Through Pacudo, we become much more distinct and more relevant for our target groups, at the same time as we strengthen our role as an industry-leading player in packaging and wrapping solutions for large and small manufacturing companies in Sweden.

Q Why did you discontinue the paper distribution operation in Italy?
A The Italian economy has been under pressure for a long time, which has resulted in an increasingly difficult market for graphic paper. Our small-scale position combined with the uncertain Italian paper market led to the decision to discontinue the operations.

We will accelerate our digitisation work and continue to acquire companies.

Q Can you describe your sustainability ambitions and progress made during the year?

A We see that we have a key role to fill in the offering of sustainable products and increasing the integration of sustainability in our value chain. During the year, we continued to reinforce our offering of environmentally friendly products, while we employ continuous measures to reduce energy use and CO_2 emissions from our own operations. Our Group companies have strict evaluation processes, by which the suppliers must live up to our Code of Conduct, and activities to promote increased integration of sustainability in the value chain enjoy a high level of focus throughout the Group.

Q What do you see as central success factors for the Group going forward?

A Our business model is well-proven. Accordingly, from a long-term perspective and with a focus on sustainable profitable growth, we will continue to generate value by acquiring, owning and developing B2B distributors. At the same time, we see that our long-term strategy is generating results and this means that it is important that we continue to steer the Group toward leading positions in attractive markets and segments, partly through continued development of value-adding customer solutions and also through an active acquisition agenda. In addition, it is important that we adapt our operations to the new normal after the pandemic, which entails further initiatives within digitisation.

Q What are your priorities for 2021?

A To continue building the strength and economies of scale in our core operations. At the same time, we will continue the digitisation effort to secure cost-effectiveness in our business processes. In addition, we will continue to acquire companies to increase our exposure to attractive business segments with growth potential.

Q What do you consider to be most important in your own role for OptiGroup's continued development?

A In addition to the general responsibility for operating activities, my primary task is to ensure that our initiatives and activities develop in line with our strategy. In addition, it is my task, together with the Management Team, to provide effective leadership and to unleash the full potential of our Group companies.

Søren Gaardboe
President and CEO

Focus looking ahead

- Further investments in the digitisation of the offering and processes.
- Acquire and develop more companies.
- Develop new services and customer offerings.
- Continue sustainability work to increase the proportion of sustainable products in the range.

Effective management of a changeable market

OptiGroup is affected by various drivers and megatrends that impact the business areas' operations. Active intelligence gathering and efficient adaptation and handling create the potential for future business opportunities.

Digitisation

The number of connected devices and the use of IT solutions is growing, and society is thereby becoming increasingly digitised. The impact of digitisation is widespread, as it not only influences how we work, but also processes and demand for products and services.

IMPACT ON OPTIGROUP

For the Paper & Business Supplies business area, increased digitisation led to a structural decline in the demand for graphic paper and traditional media consumption. In parallel, the growth in the use of IT solutions and connected devices is creating opportunities for new, cost-efficient on-demand services and delivery models. Consumers are becoming increasingly comfortable in shopping online, which is leading to growing demand for adapted packaging solutions, labels and markings, which is positive for the Packaging business area.

For OptiGroup as a Group, digitisation of the operations entails opportunities to strengthen the customer experience through innovative solutions.

MANAGEMENT

OptiGroup's business areas work continuously to digitise their respective activities, including in the form of constant development of the companies' e-commerce platforms and further digitisation of external and internal business processes. The Group's digitisation work is creating conditions for new ways to add value and integrate with customers.

Climate and sustainability

Pressure is increasing on global natural resources. The need to produce more, while protecting the climate and the environment, is increasing pressure on companies to promote sustainable development.

IMPACT ON OPTIGROUP

For OptiGroup's business areas, the climate and sustainability trend entails greater focus on the customer offering and business development. Companies who position themselves at the forefront are more competitive, while rising market requirements generally create new business opportunities.

For OptiGroup, the trend means an increased focus on the Group's sustainability work and the Group-wide codes of conduct and policies.

MANAGEMENT

OptiGroup's Code of Conduct and policies provide guidance in ongoing sustainability work in the Group.

The Group companies apply stringent assessment processes for sourcing of products and choice of suppliers, by which environmental performance and social responsibility are key assessment criteria. Active efforts are also being made to help and inspire customers to make climate-smart choices.

To minimise OptiGroup's own climate impact, long-term work is in progress at the Group companies to optimise energy use and reduce CO_2 emissions.

Demographic changes

Most societies are feeling the effects of a growing and ageing population. Rapid population growth also leads to a rise in migration and urbanisation. A general rise in prosperity, with health improvements and a higher level of education, has a positive impact on the growth rate in a broad spectrum of sectors.

IMPACT ON OPTIGROUP

The demographic changes has a positive impact on the Facility, Safety & Foodservice business area. The rise in education and an ageing population are increasing the demand for cleaning & facility management products in institutional and high-traffic environments. Global legislative trends in health and safety are driving growth in safety products and personal protection equipment. In addition, rapid urbanisation and increased disposable income are increasing the demand for hotel, restaurant and catering items.

MANAGEMENT

OptiGroup's business areas are continuously striving to adapt their operations to trends and changes in the market. This involves changes to business processes, the development of new products and greater customisation of the offering.

Globalisation

Globalisation involves the greater movement of goods and services, which places demands on efficient logistics and supply chains around the world. Intensifying competition, price pressure and faster product life cycles are contributing to the trend of outsourcing non-core activities among companies and organisations.

IMPACT ON OPTIGROUP

For OptiGroup's business areas, globalisation offers new business opportunities. Rising demand for efficient supply solutions and outsourcing services pave the way for full-service distributors that continue to streamline their business processes and offerings.

MANAGEMENT

OptiGroup's business areas strive continuously to improve and optimise existing purchasing and distribution processes and to develop customised customer offerings. In addition, companies are acquired to broaden the geographic coverage and strengthen availability for customers.

Value-creating business model

OptiGroup's ability to steer and develop the Group toward leading positions in attractive markets and segments creates a platform for continued growth, healthy returns and a strong long-term financial position.

The business model is based on OptiGroup acquiring, owning and developing distributors in B2B with strong brands and good growth potential in selected product and market segments. With a long-term approach and focus on sustainable profitable growth, OptiGroup will, as a committed owner, generate a strong financial position and attractive value development. Through growth and synergies, the Group is creating a position of strength in relation to other players in the value chain and maintaining cost effectiveness in the internal business processes.

Stronger together

The Group's three business areas offer efficient supply solutions from a wide product range to players in the areas of cleaning & facility management, hotel & restaurant, health & medical care, manufacturing industry and the graphic sector. Alongside Group-wide issues, the Parent Company works close to the business areas and to operations with strategic governance, acquisitions, monitoring and evaluating development areas, and good examples that can be used broadly within the Group. By capitalising on the Group's strength and full potential, Group companies can continue to develop and grow.

Clear core values

OptiGroup is characterised by a down-to-earth corporate culture, entrepreneurial spirit and responsible employeeship. OptiGroup's general core values are: *Committed*, *Agile* and *Trustworthy*. Together with the Group's policies, these value words provide guidance in all processes, during acquisitions and in continuously developing the Group companies. The core values are Parent Company-specific, but define an overarching approach, for all employees in day-to-day activities.

Decentralisation and management by objectives

Responsibility for business development, growth and financial profitability is decentralised to the business areas. Each business area has a large amount of freedom with own responsibility down to subsidiary level, which ensures that key decisions are made close to the customer and the market. This type of organisation places high demands on leadership and effective corporate governance. This is ensured through the Parent Company's continuous monitoring of business plans and that the subsidiaries comply with the Group's codes of conduct and policies.

OptiGroup's core values

Committed

Agile

Trustworthy

Acquisition of companies

Acquisitions are a key part of the growth strategy with the objective of establishing the Group as number one or two in selected segments and markets. OptiGroup has a long-term perspective on its investments and offers stable financing to provide security and an opportunity for the acquired companies to continue to grow and develop. There can be many reasons why a company is for sale, it could be due to a generational shift, shortage of capital for major investments or limited opportunities for continued growth. Regardless of the situation, OptiGroup has extensive experience of acquiring and integrating new operations.

OptiGroup's process for acquisition and integration is divided into three phases:

- Identification and analysis of acquisition candidates
- Closer contact and negotiations
- Onboarding

Identification and analysis of acquisition candidates

OptiGroup works systematically to identify well-managed entrepreneur-driven companies with well-functioning business models and the potential to grow as part of OptiGroup. Interesting acquisition targets are analysed using a large number of criteria, such as profitability, market position, competitiveness, sustainability and scalability to decide if the company is a fit for OptiGroup. At the right time, contact may be made to begin initial talks with the owners of potential acquisition targets. OptiGroup is often contacted directly by the owners who want to give their company a new platform for continued development and growth.

Closer contact and negotiations

If an acquisition candidate passes the analysis phase, closer contact is made with the company's owners. This contact usually leads to negotiations, to discuss price and the forms of the acquisition. It is important to ensure a well-functioning process for the take-over at an early stage, as the former owner often remains with the company with operational responsibility.

Onboarding

OptiGroup has a well-established and structured process to integrate acquired companies into the Group. The Parent Company supports the specific business area in integration work and provides guidance in strategic decisions, business development and financing. Continuous dialogue is conducted with the company management and working groups to capture the synergies within the Group.

ACQUISITIONS 2020

At year-end, OptiGroup owned 19 operating companies in 16 countries. In 2020, four new companies were acquired with combined sales of just over EUR 16 million. Acquisitions completed since 2016 have added sales of more than EUR 375 million.

Facility, Safety & Foodservice

The Facility, Safety & Foodservice business area further secured its Nordic position through the acquisitions of Skovly-Gruppen AS and Servicio AS in Norway and Kapkem Oy in Finland. All of the companies operate within cleaning & facility management and broaden the geographic coverage.

Packaging

The acquisition of Packteam Europe AB entailed that the Packaging business area strengthened its offering to customers in e-commerce, the transportation sector and manufacturing industries by adding a complete machine programme for packaging and wrapping from leading machine manufacturers.

SKOVLY-GRUPPEN servicio KAPKEM PACKTEAM Europe AB

WALKI MEDICAL

Freedom to develop on own terms

The family-owned company Walki Medical was formed in 2005 by Tuula Virtanen, who successfully developed the company to become one of Finland's leading distributors of supplies for health and medical care. In 2019, Walki Medical was acquired by OptiGroup and became part of an international distributor Group.

Walki Medical was on the threshold of a generational shift and was searching for a new platform for the company. "Over the years, we have rejected several candidates and postponed the difficult decision to sell. We were uncertain whether these buyers genuinely understood our business and respected our corporate culture," says Tuula Virtanen. But when she was contacted by OptiGroup in 2019, mutual trust was established. The owner felt a large amount of security in handing over their life's work to OptiGroup in the knowledge that Walki Medical and its employees were in good hands. OptiGroup's decentralised governance model has entailed a large amount of freedom for the company to develop on the basis of its own conditions, while Walki Medical has contributed valuable industry expertise to OptiGroup. The architect of the successful acquisition was Perttu Levijärvi, CEO of VeliMark. Under his management, the company's entrepreneurial spirit was retained after onboarding, which was a major success factor for business development in 2020. "There are days when I forget that I have sold the company. I am working more than ever to ensure that the success continues, while I am also preparing a smooth transfer of management," says Tuula Virtanen.

The company, with its solid position and strong brand reputation, combined with profitability and growth potential, matched many of OptiGroup's established acquisition criteria. From OptiGroup's perspective, Walki Medical was perfectly suited to the Group's growth agenda.

Walki Medical Oy

Net sales: EUR 13 million
Number of employees: 12
Head office: Valkeakoski, Finland
Founded: 2005
Acquired by OptiGroup: 2019
CEO on the date of acquisition: Tuula Virtanen

Strategic focus on profitable growth

OptiGroup's basic strategy is built on growth and on developing its business portfolio toward attractive business segments with stable margins and high growth.

The Group's strategy is to identify growth segments, where the business areas can distinguish themselves with established brands and sought-after supply solutions with high customer value. OptiGroup's intention is for each business area to be leader in selected markets and segments, with healthy growth and profitability as a result.

OptiGroup has identified five strategic focus areas with the goal that the Group should continue to grow and develop in its business areas, partly geographically and partly by making its offering broader and more sustainable. The focus areas are:

1. Growth and leading customer offerings
2. Acquisitions and synergies
3. Cash conversion
4. Digitisation of offerings and processes
5. Sustainability

OptiGroup's overall strategy and the five focus areas are important elements of the governance that the Parent Company pursues within the Group and that provides guidance to the business areas in their day-to-day activities.

1. GROWTH AND LEADING CUSTOMER OFFERINGS

OptiGroup will adapt operations to increase sales in growth areas and in own product brands, while the business areas are to be leaders in offering value-adding customer solutions.

2. ACQUISITIONS AND SYNERGIES

OptiGroup will acquire companies that complement and strengthen the business areas' offering. The Group will also work to increase synergies between business areas and their companies.

3. CASH CONVERSION

OptiGroup will work for strong cash flow, enabling it to pursue an active and expansive acquisition agenda.

4. DIGITISATION OF OFFERINGS AND PROCESSES

OptiGroup will promote increased digitisation of the Group's operations through continuous development of the companies' e-commerce platforms and further digitisation of external and internal business processes.

5. SUSTAINABILITY

OptiGroup will continuously integrate sustainability into its respective companies' business models and work to broaden its range of sustainable products and sustainable purchasing and distribution chains.

Active efforts in these five focus areas will create the right conditions for OptiGroup to reach its overall goals.

STRATEGIC OBJECTIVES AND OUTCOME

Objective	Outcome 2020
Leading position in the business segments in which OptiGroup operates.	**19 of 25 business segments**
Own product brands to grow to 30 percent of sales within the Facility, Safety & Foodservice business area.	**22 percent**
E-commerce solutions to account for more than 50 percent of the number of orders.	**47 percent**
Attractive acquisitions are to continue to be added to the business to strengthen its market position.	**4 acquisitions completed**
Cash conversion (operating cash flow in relation to adjusted EBITA) is to amount to 90 percent.	**117 percent**

Focus on sustainable business development

For OptiGroup, it is crucial that operations are pursued and developed in a sustainable manner. The Group therefore balances its actions on the basis of financial, social and environmental responsibility, to deliver results that create long-term and sustainable value growth for the company's stakeholders.

OptiGroup's business model comprises acquiring, owning and developing distributors in B2B, by which the Group's strategy has for a long time been to identify growth segments where the business areas can distinguish themselves through a broadened and sustainable offering. OptiGroup is conscious of climate change and the global challenges facing society. Through the Group's market position and strategic governance of its subsidiaries, OptiGroup endeavours to continue improving sustainability in its value chain.

OptiGroup's Code of Conduct and policy for good business ethics apply Group-wide and to all subsidiaries. As an active owner and overall responsible for the sustainability agenda, the Parent Company establishes a framework for sustainability work and makes clear demands, at the same time as it guides the business areas in the integration of sustainability into its business models and strategies.

For OptiGroup, it is important that sustainability efforts and business go hand-in-hand, since sustainable operations are a requirement for long-term value creation.

Group companies' role in the value chain

The role of the Group companies in the value chain is largely to balance the often conflicting needs of manufacturers and customers. The manufacturers, on one hand, strive for longer production series and large order volumes, which results in lower flexibility. On the other hand, customers want collective deliveries of a wide range of products from a full-service distributor that simplify administration and reduce total costs. Reliable deliveries and the Group companies' ability to create time- and cost-saving customer solutions are the primary concepts for creating value for the customer.

The companies within OptiGroup have a unique position as an intermediary and can exert positive influence on both manufacturers and customers.

Materiality analysis and stakeholder dialogues

OptiGroup regularly evaluates how well the sustainability agenda is adapted to the needs and expectations of key stakeholders. The Group's most recent focused materiality analysis was conducted in 2019. The review was conducted in cooperation with an external partner who consulted the company's stakeholders to ensure that focus and resources are put on the areas that engage stakeholders most and that have the most impact on OptiGroup. The result of the assessment was largely in line with OptiGroup's earlier materiality analysis that was conducted in 2015.

Based on the materiality analysis, OptiGroup identified five focus areas within its sustainability work.

- Sustainable products – Market sustainable products and customer solutions
- Supply chain control – Strict principles for supplier evaluation
- Emissions – Reduced climate impact in own operations
- Anti-corruption and business ethics – High level of ethical norms in all business contacts
- Diversity and equal opportunity – Engaged employees in equal and safe work environments

Sustainable products and supply solutions

The Group companies' innovation and development work is focused on products and services that the customer demands in terms of function, quality and sustainability. In the ongoing work to develop the range offering, consideration is given to the products' environmental impact across their entire life cycle – from raw material, manufacturing and transportation to use and final handling – where the companies prioritise products with effective use of resources and lower climate impact. The subsidiaries recommend customer solutions that lead to reduced climate impact and help the customer to make well-informed purchasing decisions. In the ongoing dialogue, transparent and objective information about the offering is provided, at the same time as products are highlighted that meet established eco-labelling systems for traceability and product life cycle.

The percentage of FSC/PEFC-certified products of total paper sales amounted to 83 percent (78) in 2020.

OptiGroup's sustainability agenda

Sustainable products – Market sustainable products and customer solutions

OptiGroup strives to be first with innovative sustainable products and the Group companies' supply solutions are aimed at helping the customer to minimise the climate impact of their daily operations. Together with our suppliers and customers, OptiGroup influences society in a positive direction.

Supply chain control – Strict principles for supplier evaluation

OptiGroup builds relationships with suppliers who are leaders in sustainability. By promoting responsibility and transparency in the supply chain, the Group contributes to a more sustainable future.

Emissions – Reduced climate impact in own operations

OptiGroup promotes a supply chain with low carbon emissions and to manage the environmental challenges, the Group companies have adopted a preventive approach and apply the precautionary principle in their operations. Using a twofold energy strategy, OptiGroup focuses on efficient energy use and the transition to fossil-free energy sources.

Anti-corruption and business ethics – High level of ethical norms in all business contacts

OptiGroup has zero tolerance of corruption and maintains high awareness and commitment to ethical business practices

Diversity and equal opportunity – Engaged employees in equal and enriching work environments

OptiGroup strives to be an attractive employer, where people enjoy working together to create success for the company. OptiGroup promotes diversity and equality because the Group shares the view that an inclusive culture in which everyone has the same opportunities is decisive for the company's success.

Supply chain control

OptiGroup is committed to complying with the ten principles of the UN Global Compact, which is also the basis for the company's Code of Conduct. Suppliers and business partners must share the principles established in OptiGroup's Supplier Code of Conduct, in which the basic minimum requirements are defined. The Group companies have strict intake processes, in which new suppliers are evaluated on such criteria as quality, climate impact, health & safety and finances.

OptiGroup's suppliers are mainly located in Europe. Only a small share of the suppliers, 5 percent, is located in regions outside the European Economic Area (EEA). There were no violations of the Code of Conduct identified in 2020 that needed to be managed within the operations.

Emissions and climate impact

Through constant improvements, the Group companies endeavour to responsibly minimise carbon emissions and reduce environmental impact from own operations. In cooperation with business partners, measures are taken to continuously reduce the use of energy in offices and warehouses, as well as minimising CO_2 emissions from purchased transportation services. The Group has an advanced IT infrastructure, which has led to a substantial increase in online meetings in recent years, and with reduced travel as a result. OptiGroup strives to increase its proportion of fossil-free energy sources. A large share of the operations are located in the Nordic region, which entails that a significant amount of the electrical energy used in the Nordic operations is fossil-free.

To provide a fair view of the emissions, the total carbon emissions are set in relation to sales in an intensity measurement for greenhouse gases. The total emissions intensity in 2020 from buildings and transportation based on scope 1 and 2 amounted to 6.6 tonnes CO_2e/EUR million (2019: 6.4 tonnes CO_2e/EUR million), where the increase was attributable to a larger proportion of self-controlled distribution at companies acquired during the year.

Anti-corruption and business ethics

As a means of building and maintaining confidence among customers, shareholders and employees, OptiGroup is applying the same Code of Conduct and policy for good business ethics in all markets served by the company. The subsidiaries within OptiGroup commit to complying with professional and ethical business practice, where the Group's policies and Code of Conduct set the standard for ethical behaviour in daily operations. The Parent Company conducts an annual certification process to ensure that OptiGroup's Group-wide policies are updated and implemented throughout the Group.

OptiGroup's intranet includes a whistleblower procedure, whereby all employees in the Group can report suspected violations of the Code of Conduct. No incidents were reported in 2020. During the year, 550 persons completed a course on anti-corruption and bribery, including all of the Group's managers and identified key positions. There were no known incidents of corruption during the reporting period, and the company has not been involved in any proceedings arising from anti-competitive behaviour or violations of antitrust law.

Diversity and equal opportunity

OptiGroup strives to be an attractive employer and to offer enriching work environments, where competencies and skills are continuously developed. The operations are conducted in such a way that recognises all individuals' rights to be treated with dignity and respect and to work in an environment free of harassment and threats. The Group companies promote diversity in terms of age, gender, language and background and also emphasise the importance of equality and the principle of "equal opportunities."

OptiGroup's employees are free to join trade unions and the Group applies country-specific collective agreements and complies with applicable employment legislation and regulations.

Providing safe workplaces is key for the Group. Preventive measures are taken to minimise the risk of occupational injury and work-related illnesses. Regular training sessions and systematic improvements are carried out to prevent workplace accidents.

OptiGroup strives to attract and retain employees by offering a safe and stimulating work environment. The Group takes great care to create workplaces that encourage further development and individual initiatives, at the same time as adopting clear targets and procedures to achieve these. The appraisal discussion is one of many tools for promoting the desired level of development for both individuals and the operations as a whole.

At year-end, the number of employees was 1,541, of whom 38 percent women (1,589 employees, of whom 38 percent women, in 2019). The share of women with personnel responsibility amounted to 33 percent (29 percent). In 2020, the number of accidents at the workplace per one million hours worked that led to absence (LTIFR) was 3.4 (7.7). Sickness and accident-related absence was 3.4 percent (3.5). To minimise the spread of the Covid-19 infection, guidelines were implemented during the year for safety and social distancing throughout the Group and employees were encouraged to work from home as far as possible.

Code of Conduct and policies

OptiGroup's Code of Conduct forms the foundation of all operations and are based on the principles of the UN Global Compact. To support the Code policies, OptiGroup uses a number of operational and accounting policies that set the standard for the approach required of management and employees in their day-to-day activities.

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

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

SUSTAINABILITY POLICY – Defines responsible action in the business operations and sets the ground rules for the Group's sustainability work.

COMPETITION LAW COMPLIANCE POLICY – Sets out OptiGroup's approach to free and fair competition.

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

INFORMATION SECURITY POLICY – Defines the principles for safeguarding physical and electronic information assets regarding confidentiality, integrity and availability.

Active work toward the Group's established targets

OptiGroup works continuously with the active follow-up of the Group's financial and non-financial targets, which creates a platform for faster decisions, management and target fulfilment.

OUR TARGETS

	Definition	
Organic growth	Organic sales growth	>3%
EBITA margin	Adjusted EBITA/sales	>7%
Cash conversion	Operating cash flow/adjusted EBITA	>90%
Market position	Share of market with # 1–2	100%
Own product brands	Share of own product brand sales within Facility, Safety & Foodservice	>30%
E-share	Share of e-orders	>50%

ORGANIC GROWTH
>3%

EBITA
>7%

CASH CONVERSION
>90%

Our three business areas

FACILITY, SAFETY & FOODSERVICE	PACKAGING	PAPER & BUSINESS SUPPLIES
SHARE OF GROUP SALES	SHARE OF GROUP SALES	SHARE OF GROUP SALES
37%	16%	47%
SHARE OF GROUP ADJUSTED EBITA	SHARE OF GROUP ADJUSTED EBITA	SHARE OF GROUP ADJUSTED EBITA
54%	15%	31%

PACKAGING BUSINESS AREA

Procurator Packaging becomes Pacudo

pacudo

The Packaging business area within Procurator Sverige AB formed a separate company at the end of the year under the name Pacudo, thereby becoming an independent company within OptiGroup. The purpose of a new company and new name for the packaging operation is to clarify the customer offering and further strengthen its role as an industry-leading player in packaging and wrapping solutions for Swedish industry.

Jesper Hall, Business Area Head of Packaging, comments: “The formation of a new company is a natural step for the business. This enables sharper focus for us in wholeheartedly investing in our core offering, which is to provide optimised and cost-effective packaging solutions for small and large customers.”

Facility, Safety & Foodservice

Leading position in the Nordic region and customised solutions create growth

Facility, Safety & Foodservice reported continued growth in 2020. The optimisation of business processes and improved inventory structures, combined with increased demand, particularly in hygiene and protective products, had a positive impact on profitability. The acquisitions of Skovly-Gruppen and Servicio in Norway, and the Finnish company Kapkem create a solid platform for continued profitable growth in the business area.

Driving forces and trends

The market for cleaning and hygiene products, personal protection and catering demonstrates stable demand and underlying growth over a business cycle, with demand determined by sector-specific trends and drivers.

A higher number of people in the education sector and an aging population is leading to growing demand in the private and public sector for cleaning and facility management products for institutional and high-traffic environments. Stricter global legislative trends in the health and safety area are drivers for the underlying growth in safety products and personal protection equipment. The market development for take-away and serving products for hotel and restaurant businesses is mainly driven by the number of people in employment and the growing "on the go" trend.

A general trend in all segments is that both customers and end-consumers are demanding environmentally friendly products and sustainable supply solutions, thereby creating business opportunities for B2B distributors that continuously develop their operations. The business area is also affected by a number of general external factors, such as the business environment, currency effects and raw materials prices.

Operations

Facility, Safety & Foodservice holds a leading position in the Nordic region. The main offering comprises customised product and logistics solutions for players in cleaning & facility management, hotels & restaurants, and health & medical care, that save time and costs. The business area also offers a full range of personal protection equipment and customised safety concepts for manufacturing industries and high-risk environments. The segment for own product brands is expanding, which is contributing to higher profitability and a stronger connection to the customer.

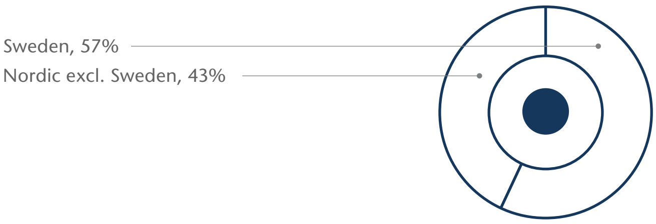
The business area's customer base is diversified, with customers in a large number of industries in the private and public sectors. The competitive advantages comprise a wide product range for collective purchases, reliable and sustainable supply concepts, customised e-commerce solutions, a cohesive Nordic offering and the capacity for rapid mobilisation when starting large contracts.

In 2020, the merger was completed of two of the business area's warehouses into a new Nordic logistics centre. The position in Norway was strengthened through the acquisitions of Skovly-Gruppen and Servicio. With the acquisition of Kapkem, the business area further consolidated its position in the Finnish market.

Strategic sustainability agenda

Facility, Safety & Foodservice is targeting sustainable, profitable growth, and to achieve this will continue to strengthen the availability of sustainable products, help customers make climate-smart choices that contribute to reducing climate impact and strive for an efficient and more sustainable value chain. In addition, the business area will broaden the availability of products through new acquisitions and further develop the sustainability in the offering in close cooperation with customers and suppliers.

SALES PER REGION, %



KEY FIGURES

EUR million	2020	2019
Net sales	360.3	306.1
Adjusted EBITA	26.8	9.5
Adjusted EBITA margin, %	7.4	3.1

PRODUCTS

FACILITY

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

SAFETY

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

FOODSERVICE

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

SIGNIFICANT EVENTS 2020

– Completion of the new Nordic logistics centre
– Strengthened position in Norway and Finland through the acquisitions of Skovly-Gruppen (NO). Servicio (NO) and Kapkem (FI)

FOCUS 2021

– Develop customer experience and offering
– Strengthen range of products
– Streamline purchasing procedures

Packaging

New logistics structure and acquisition strengthen operations

Packaging increased profitability during 2020 through an improved business mix, but lost sales at the same time due to the effects of the pandemic in certain customer segments. With the acquisition of Packteam Europe, improved business processes and new logistics structures, as well as anticipated market recovery, the conditions are favourable for continued positive development of profitability.

Driving forces and trends

The market for secondary packaging is strongly linked to the trend in industrial production and positively impacted by the rise in e-commerce. The European market is largely fragmented, with regional players active in their local area, which creates opportunities for the business area to grow through acquisitions.

In general, there is growing interest in packaging solutions that lead to more efficient use of resources and reduced climate impact, with the trend most apparent among retail chains. Major international customers with operations in several countries are increasingly working towards coordinating their sourcing, while there are demands for more environmentally friendly alternatives and "on-demand" concepts to replace more traditional packaging solutions.

The business area is also affected by a number of general external factors, such as the business environment, currency effects and raw materials prices.

Operations

The business area is a leading supplier of industrial packaging in Sweden, Finland, Belgium and the Netherlands. The offering comprises customised packaging solutions, primarily for manufacturing industries, the transport sector and e-commerce companies, as well as a wide standard range of corrugated boxes, wrapping products and packaging machines. The business area targets large and small companies, with a review of the packaging requirement and packaging process being part of the customer offering.

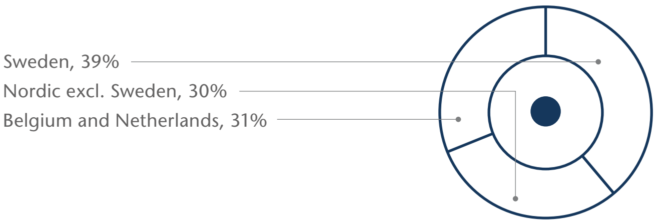
The business area's competitive advantage comprises strong value-adding supply concepts that include stock-keeping of customer-specific items, a customer-oriented service organisation, long-term customer relationships and a distinct sustainability focus.

At the end of 2020, the packaging operations in Procurator formed a separate company under the name Pacudo with the aim of using a new brand to clarify its role as an industry-leading player for sustainable packaging solutions for customers in Sweden. During the year, the acquisition was made of the Swedish company, Packteam Europe, which offers a complete machine programme for packaging and wrapping. New warehouse structures were put in place in the Netherlands and Finland in 2020.

Strategic sustainability agenda

Packaging is targeting sustainable, profitable growth, and to achieve this will continue to develop sustainable and value-adding customer solutions, as well as striving for an efficient and more sustainable purchasing and distribution chain. The business area will also grow through acquisition and further develop the sustainability in the offering through close cooperation with customers and suppliers.

SALES PER REGION, %



KEY FIGURES

EUR million	2020	2019
Net sales	149.4	153.7
Adjusted EBITA	7.7	6.5
Adjusted EBITA margin, %	5.2	4.2

PRODUCTS

- Customised and standard corrugated boxes
- Stretch films and strapping supplies
- Tape and sealing
- Cushioning
- Bags and sacks
- Packaging equipment and machines
- E-commerce packaging
- Wooden pallets
- Personal protection equipment
- Cleaning & facility management products

SIGNIFICANT EVENTS 2020

– Pacudo new name for Swedish packaging operations that has been carved out from Procurator
– Acquisition of Packteam Europe (SE)
– New warehouse structure in place in the Netherlands and Finland

FOCUS 2021

– Growth in a number of key customer segments
– Continued focus on purchasing and efficient distribution chain

Paper & Business Supplies

Continuous market adaptation and increased diversification

Paper & Business Supplies witnessed a continued decline in demand for graphic paper in 2020, which accelerated further as a result of the pandemic. During the year, the unprofitable Italian paper operation, which had been under intense pressure for many years, was discontinued. A continued adaptation of the paper operations to the prevailing market trend, digitisation of business processes, new value-adding services and diversification of the business area's operations create the conditions for healthy profitability going forward.

Driving forces and trends

Increased digitisation and changed consumption patterns for the print media are the underlying reasons for the challenges in the graphic industry and have had a negative structural impact on the demand for printing paper for several years. The market for printing paper and traditional printing services is expected to continue to decline in pace with changed media consumption patterns.

Operations

Paper & Business Supplies holds a leading market position and is number one or two in most of its 16 markets. The core offering comprises efficient supply solutions for paper, graphic board and digital print products for printers under the Papyrus brand.

In recent years, the business area has diversified its operations. The Papyrus companies have successfully broadened their range to include corrugated boxes and wrapping products. Cleaning & facility management products, personal protection equipment and packaging for resellers and retail chains are marketed under the Scaldia brand. The acquisition of Proxima and Oviva is another example of diversification of operations towards packaging products and consumables. The diversification is primarily focused in markets outside of the Nordic region. The use of Papyrus' established and extensive distribution platform creates the potential to expand in related business segments with higher growth, both organically and through acquisitions.

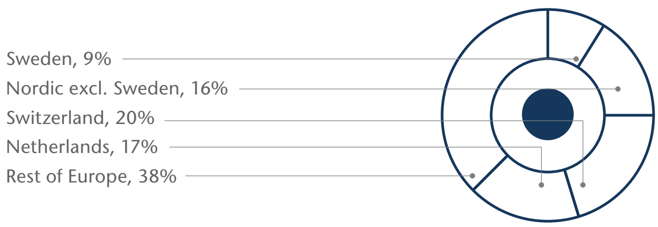
The competitive advantages for the business area include a strong market position, profitability in a declining paper market, professional and dedicated employees, value-adding services, and an awareness that changed media consumption patterns require continuous adaptation of the operations.

In 2019, Papyrus launched a new service offering in the Nordic region. This was positively received, and the offering was successively launched in the rest of Europe during the year.

Strategic sustainability agenda

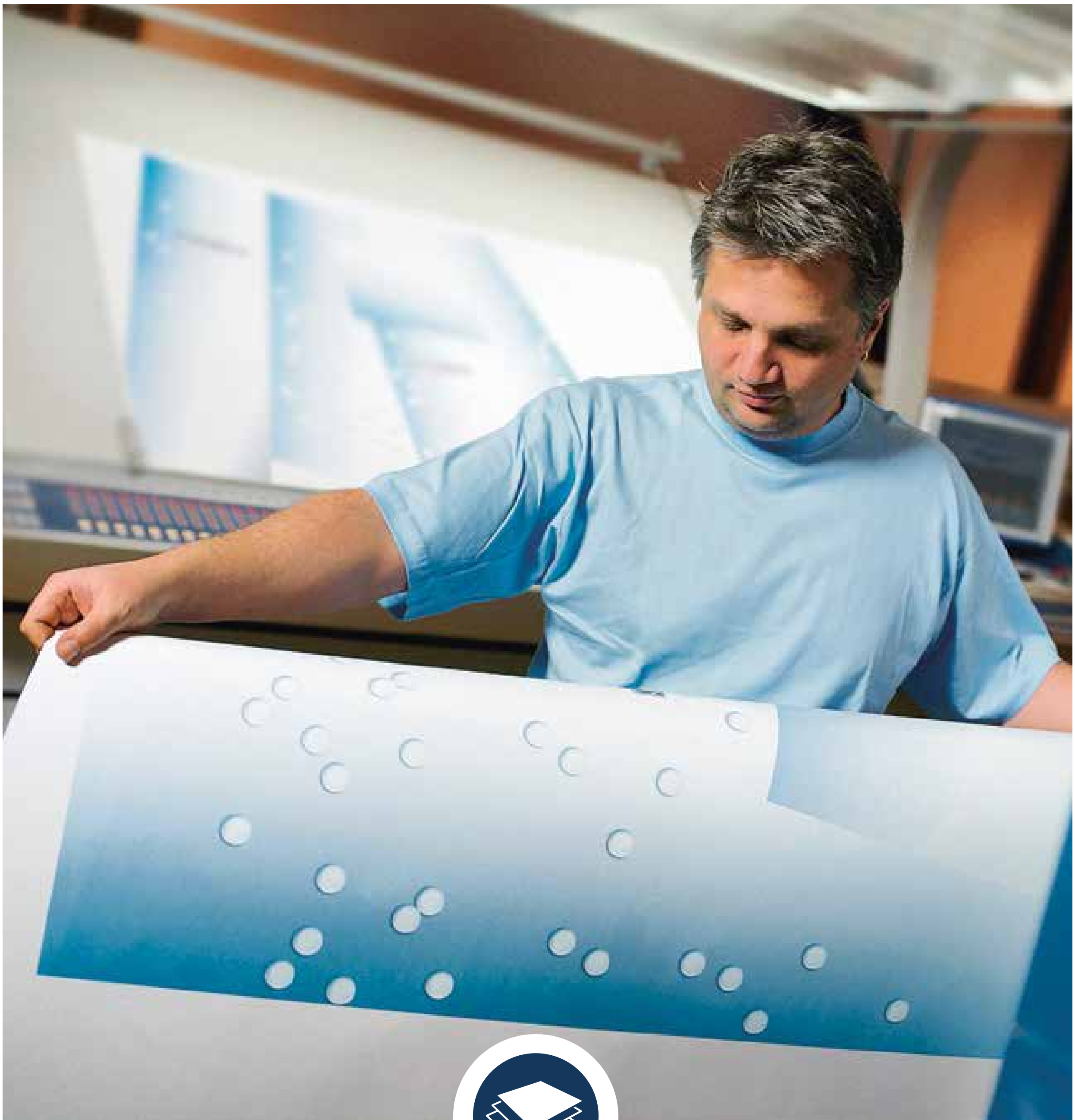
Paper & Business Supplies is targeting increased profitability and positive cash flows, continued adaptation and diversification of operations and a stronger service offering. By promoting products and applications based on recycled fibre and wood fibre from sustainable sources with neutral carbon-dioxide balance, the business area will contribute to the environmental and responsible use of natural resources.

SALES PER REGION, %



KEY FIGURES

EUR million	2020	2019
Net sales	452.3	575.0
Adjusted EBITA	15.2	26.1
Adjusted EBITA margin, %	3.4	4.5



PRODUCTS

- Coated woodfree paper (CWF)
- Uncoated woodfree paper (UWF)
- Coated wood-containing paper (CME)
- Recycled paper
- Coloured paper
- Creative specialities and Text & Cover
- Self-adhesive vinyl films, wrapping films and synthetic substrates for digital print
- Carbonless
- Envelopes
- Graphical and packaging boards
- Industrial packaging products
- Packaging equipment
- Personal protection equipment
- Cleaning & facility management products
- Catering items

PAPYRUS SCALDIA. VIVA DISTRIBUTION PROXIMA TAPES

SIGNIFICANT EVENTS 2020

- Strong decline in demand for graphic paper in the wake of the pandemic
- Discontinuation of the Italian paper operation
- Continued establishment of the Scaldia brand, which targets resellers and retail chains

FOCUS 2021

- Strengthened range of product categories and value-adding services
- Digitisation of business processes
- Continued diversification of operations

Facility, Safety & Foodservice business area

OWN BRANDS

Reliable choices with own product brands

Own product brands within the Facility, Safety & Foodservice business area is a high priority category. With a wide range of high-quality products and a clear focus on sustainability, the business area's own product brands help customers to make easier and more reliable choices.

KBM, WorkSafe, EasyClean, WeCare and Avalon are examples of own brands in the Facility, Safety & Foodservice business area. The common factor is that the products are carefully selected to guarantee that they fulfil their intended task, while customers can rest assure that a great deal of consideration has been given to social and environmental sustainability in compiling the range. The product segment for own brands is expanding, which contributes to more satisfied customers and higher profitability through strategic sourcing.

Packaging business area

NEW CO_2-NEUTRAL BUILDING

Twice as big and twice as sustainable

Moonen Packaging is regarded as one of the most sustainable companies in the Netherlands. Its former building provided inadequate scope for the company's vision and mission in the area of sustainability. The company wants to grow, but with respect for the planet.

In mid-2020, Moonen Packaging relocated to a new head office and warehouse in Weert, in the Netherlands. Moonen Packaging, which holds a number of certifications, such as Ecovadis Platinum, Lean & Green Stars, A ++++ Energy Label and BREEAM Excellent, is a leading full-service distributor of sustainable and compostable packaging for customers in the Belgian and Dutch market. The new building, which is fitted with solar panels, is completely CO_2-neutral and is fully adapted to the company's growth ambitions and sustainability mission.

Proactive work on risk and risk management

OptiGroup is exposed to a series of risks, which could have a significant impact on the Group's operations and earnings. A good understanding of these risks and continuous monitoring create a solid basis for effective risk management.

Risk management

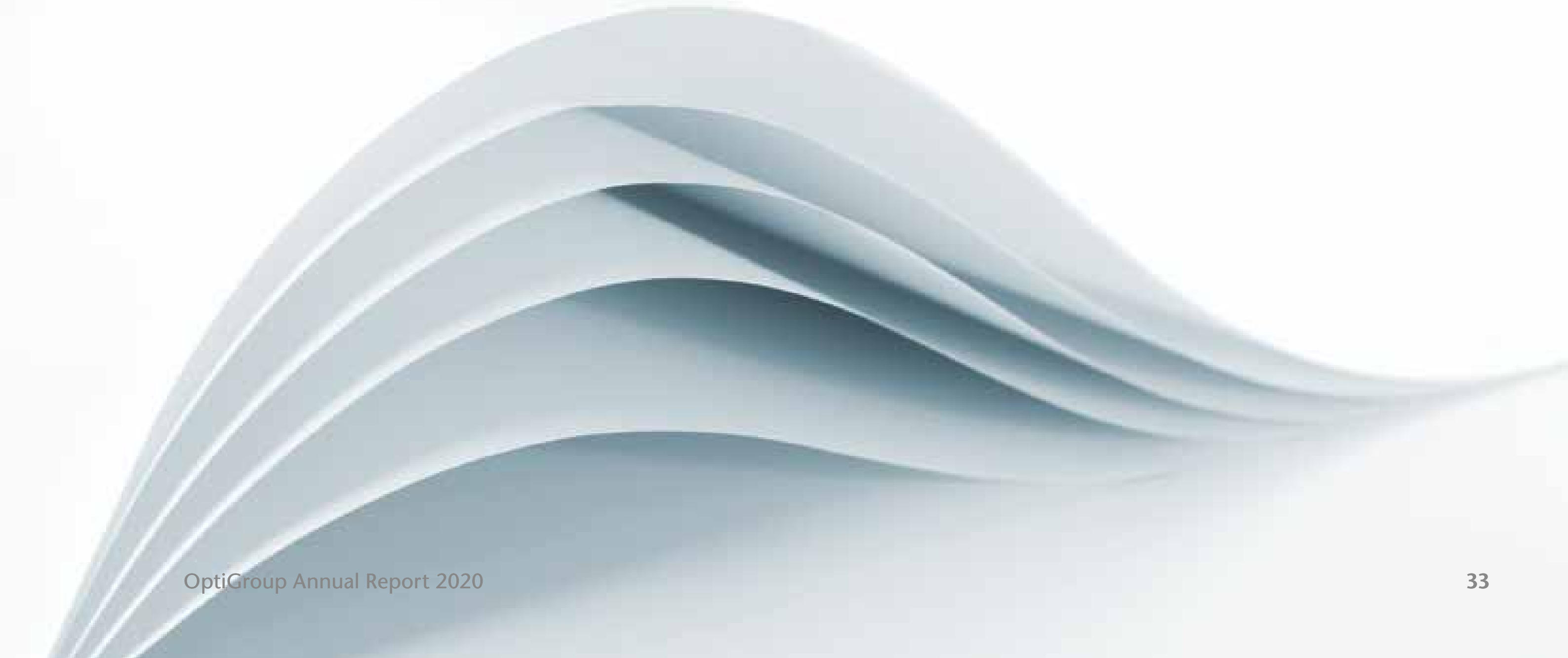
OptiGroup takes a proactive approach to risk and therefore works actively in accordance with the company's policy to prevent and reduce factors that may have a negative impact on the Group's opportunities to achieve the established strategic objectives.

The risk management policy ensures the delivery of OptiGroup's strategic objectives and that it maintains its good reputation. The company ensures that appropriate risk management is implemented within the Group.

OptiGroup regularly conducts a systematic identification, analysis and follow-up of the Group's risks and reviews the strategy for managing the implications of each potential risk.

OptiGroup's framework for risk management stipulates the acceptable levels of risk-taking and how risks that exceed these levels are to be managed. OptiGroup divides risk into three areas: strategic, operational and financial risks, including sustainability-related risk.

The risk assessment and risk management process is monitored by the Board and the Audit Committee, and managed at operational level by the CEO. The process involves risk identification, risk factor analysis, identifying risk owners and assessing the probability, trend, potential effect and level of acceptance as well as management.



STRATEGIC RISKS

RISK AREA	CHANGE	PROBABILITY	IMPACT	MANAGEMENT
Macro-economic trend Economic trends in markets where OptiGroup operates may impact the company's performance.	↗	Medium	Low	OptiGroup's companies operate in many different industries, market segments and geographies, which mitigate the effects of this risk. The decentralised management model offers the Group a high level of adaptability as decisions are made quickly and at operational level.
Political risks The risk level in the world has risen at the same time as global natural resources are under pressure, which in turn gives rise to political risks.	↗	Medium	Medium	OptiGroup monitors political trends in each market to adapt the strategic and operational direction as needed.
Structural changes Structural changes to the supply chain create both opportunities and risks in the form of mergers between competitors, suppliers and customers, and changes to supplier channel strategies.	→	Medium	Low	OptiGroup analyses trends and its position in each market to adapt the strategic and operational direction as needed.
New disruptive and digital business models New players in existing markets with transformative digital business models.	→	Medium	Medium	OptiGroup analyses trends and its position in each market to adjust the strategic digital and operational direction as needed.
Compliance with laws, regulations and trade rules Contracts or measures that are unlawful and corruption or other intentional or unintentional breaches of various trade rules and international sanctions may mean OptiGroup is fined or subjected to various forms of sanctions. This may also result in a deterioration in OptiGroup's reputation and attractiveness.	→	Low	High	Country managers for every unit are responsible for follow-up and application of the Group's policies, and to ensure compliance with national laws and local regulations. Any violations of these policies, principles or guidelines will be carefully investigated and necessary measures taken. Training courses are held for relevant target groups to increase awareness and knowledge of external rules and internal policies.
Sustainability in the supply chain Suppliers, including subcontractors, agents and distributors who fail to respect the Group's Code of Conduct and who have a poor sustainability performance. Shortcomings in own supplier assessments and purchasing procedures.	→	Low	Medium	OptiGroup has a Supplier Code of Conduct that all suppliers must comply with. The Group has strict intake and purchasing processes where the sustainability performance is part of the assessment.
Acquisition process Failure to detect substantial problems prior to an acquisition, such as financial earnings capacity, irregularities or important sustainability aspects that may jeopardise OptiGroup's financial performance and reputation.	↘	Low	Medium	Acquisition and integration processes have been implemented and acquisitions are carried out by a number of people with substantial experience of acquisitions and supported by a team of specialists with expertise in legal and financial fields.
Changed media consumption patterns New digital consumption patterns in media have an adverse impact on printing paper consumption.	→	High	Low	OptiGroup is aware of this development and is adapting its strategic direction given these circumstances. Systematic monitoring of supply, demand and production capacity form the foundation of the Paper & Business Supplies business area's purchasing strategies.

↗ Increase → Unchanged ↘ Decrease

Low Medium High

OPERATIONAL RISKS

RISK AREA	CHANGE	PROBABILITY	IMPACT	MANAGEMENT
Credit risk Risk in trade receivables (the risk of not receiving payment for a customer's receivable).	↗	Medium	Low	Paper & Business Supplies has a credit insurance that covers the business area and strict processes are applied to all business areas regarding credit checks and customer monitoring, with the cooperation of the departments for sales and credit checks.
Fluctuations in product prices This relates to the capacity to pass on sharp and unexpected hikes in purchasing prices to customers.	→	Low	Medium	OptiGroup is constantly striving to improve its sales processes to uphold relevant pricing models for its customers.
Ability to retain customers OptiGroup companies provide quality products, supply solutions and services to a broad customer base over a large geographical area.	→	Low	Medium	OptiGroup conducts customer surveys to understand the company's position, to strengthen interaction with customers and to maintain an attractive offering.
IT and data security It is important that all OptiGroup companies maintain a reliable and high-quality IT system for accounting, financial reporting and e-commerce platforms, and to store and process data in the ERP system. A major IT breakdown or server attack due to deficient data security may impede business operations and result in the loss of data or the breach of data protection regulations.	↗	Medium	High	OptiGroup companies outsource the operation of the IT system and ensure high quality and availability through service agreements, back-up procedures, firewalls and storage in several locations, and have insurance cover for business interruption. Use of firewalls that are security tested and verified every year by a third party. Taking measures and introducing processes to ensure compliance with the General Data Protection Regulation (GDPR).
Disruption in warehousing and distribution Major and lengthy disruption of our delivery capacity to customers may lead to a deterioration in OptiGroup's reputation and attractiveness.	↘	Low	Medium	OptiGroup companies constantly strive to improve their logistics processes and planning to uphold a high level of reliability.
Disruptions and property damage Damage resulting from accidents, such as fire, flooding or natural disasters at facilities used by OptiGroup's companies.	→	Low	Low	Continuous efforts are made to monitor and reduce the Group's risks in this area through scheduled inspections and preventative security measures. The Group also has comprehensive business interruption insurance, which includes damage to property.

↗ Increase → Unchanged ↘ Decrease ● Low ● Medium ● High

FINANCIAL RISKS

RISK AREA	CHANGE	PROBABILITY	IMPACT	MANAGEMENT
Financial reporting The main risks associated with financial reporting are errors in internal or external reports used to provide the basis for decisions or communication.	Unchanged	Low	Low	OptiGroup mitigates this risk by applying the company's accounting manual and other OptiGroup policies for financial reporting and internal control.
Currency risk As a result of OptiGroup's international operations, the Group is exposed to fluctuations in foreign exchange rates.	Unchanged	Medium	Low	OptiGroup acts in accordance with the financial policy where currency risk is partly mitigated using financial instruments.
Financing risk Financing risk is the risk that the Group's capital requirements cannot be secured, or only at significantly higher costs.	Decrease	Low	Medium	Financing risk is mitigated by the Group's efforts to achieve an even maturity profile and robust liquidity reserve.
Interest-rate risk Interest-rate risk is defined as an negative impact on earnings from changes in interest rates.	Decrease	Low	Low	OptiGroup acts in accordance with the financial policy and interest rate risk is mitigated through financial derivative instruments.

↗ Increase → Unchanged ↘ Decrease ● Low ● Medium ● High

Corporate governance

OptiGroup's corporate governance pertains to how the Group is controlled and managed. The purpose is to ensure the direction and effective implementation of key strategies, as well as the support of responsible and transparent management of the company. In this manner, the Group builds long-term confidence among stakeholders, which is a significant factor for future success.

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

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

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

Board of Directors
The Board monitors the operation and management of OptiGroup and approves key decisions that affect business strategy, investments, organisation and financing. The Board has long and extensive experience of distribution operations, finance, marketing, capital markets and large international companies.

At year-end, the Board of Directors comprised four ordinary members. The work of the Board is supported by two committees, the Remuneration Committee and the Audit Committee.

Remuneration Committee
The Board has a Remuneration Committee that is responsible for recommending, evaluating and approving remuneration to senior executives and providing recommendations to the Board regarding general remuneration issues.

The Remuneration Committee comprises Johan Sjö (Chairman), Bengt Maunsbach and Jan Johansson.

Audit Committee
The Board has an Audit Committee as support in maintaining the integrity of the company's financial reporting and the Board's control functions. The Audit Committee regularly reviews the internal control systems, management and reporting of financial risks and the auditing process. It also provides recommendations on the appointment of external auditors.

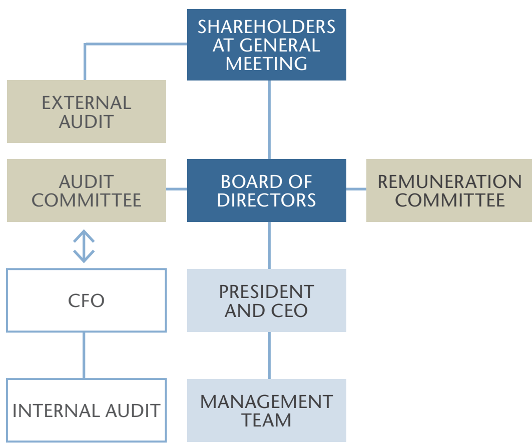
The Audit Committee comprises Johan Sjö (Chairman), Bengt Maunsbach, Jan Johansson and Håkan Roos. The Audit Committee held five meetings in 2020.

The Board's work during the year
Prior to each Board meeting, an agenda is sent to the Board members with detailed information on the business to be addressed. At scheduled meetings, the Board addresses the company's financial performance and receives an update on the development of the company in relation to its business strategy from the CEO and CFO. Each scheduled Board meeting also addresses acquisition-related issues and important ongoing strategic projects.

The Board held eight meetings in 2020. A meeting was held in April to adopt the annual accounts/annual report for 2019 and the statutory Board meeting was held directly after the Annual General Meeting on 28 April 2020. In August, a meeting was held, together with the Management Team, to discuss and adopt the strategic approach for the coming years. The business plan for 2021 was adopted at the Board meeting in December.

Chief Executive Officer (CEO)
The CEO participates in all Board meetings and is responsible for the strategic development agenda and ongoing administration of the company according to the directives issued by the Board. It is the duty of the CEO to ensure that the company's accounting methods meet all legal requirements and that financial issues are managed in a reliable manner. In addition, the CEO monitors decisions regarding key individuals and other important operating issues.

Corporate governance structure



Management Team

The CEO and OptiGroup's Management Team comprise the decision-making body with responsibility for leading the company. OptiGroup's Management Team provides the company with a forum for the most senior management to plan the operations, share information and adjust business targets, as well as fulfilling OptiGroup's corporate governance demands. The meetings are led by the CEO and the Management Team comprises the CFO, SVP M&A, SVP Corporate Development & Communication and the business area managers, who all report directly to the CEO. The Management Team holds regular meetings to address market performance, profitability, earnings follow-up, acquisitions, investments, business strategy and significant decisions relating to operating activities. Rules established by the Board apply to decision-making rights on investments and financing issues.

Each business area has a leadership team overseen by the Business Area Head. Within the business areas, there is continuous exchange of experiences and best practice to achieve synergies within sales, sourcing, logistics, administration and sustainability. The ongoing operative responsibility lies with the subsidiaries' management and their operative teams.

Auditors

The auditors are elected by the General Meeting for a period of one year. OptiGroup has selected EY as auditing firm with Heléne Siberg Wendin as auditor in charge. The auditor in charge attended four Audit Committee meetings and the Annual General Meeting, where she presented the observations from the audit of the internal control undertaken and the 2020 annual accounts.

The audit comprises a statutory annual audit of OptiGroup AB's annual report, a statutory audit of the Parent Company and significant subsidiaries, audit of internal report packages and audit of the annual accounts. As part of this work, reviews of internal control are conducted.

Control environment

The control environment is the basis for internal control. OptiGroup's control environment comprises, for example, the organisational structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board of Directors has overall responsibility for internal control regarding the financial statements. The CFO reports the result of his work on internal control to the Board of Directors' Audit Committee to highlight relevant business and observations for any decision on proposed measures.

OptiGroup's steering documents in the form of policies, guidelines and manuals are kept up-to-date and communicated through relevant channels to Group companies. Senior executives are obliged to conduct an annual certification process to confirm the implementation of and compliance with the company's policies and, where appropriate, to describe known breaches to the Group's internal audit department.

Systems and procedures have been created to provide the Board and management with the necessary reports on the business result. The necessary IT systems exist to ensure that reliable and current information is available for the management to perform its tasks in a correct and effective manner. All companies are connected with and report to the Group's consolidation system.

Financial statements are prepared monthly in the Group, the business areas and in their subsidiaries. In conjunction with the statements, analyses and updated forecasts are conducted, which are aimed at ensuring, for example, that the financial reporting is correct. Finance functions and business controllers with responsibility for accounting, reporting and analysis of financial performance, are located in the Parent Company, at business area level and in large subsidiaries.

OptiGroup's internal control work aims to ensure that the Group meets its targets for financial reporting and provides support for the correct business decisions at all levels within the Group.

Internal audit

Compliance with the company's prepared governance and internal control systems is monitored regularly by the Group's internal audit department.

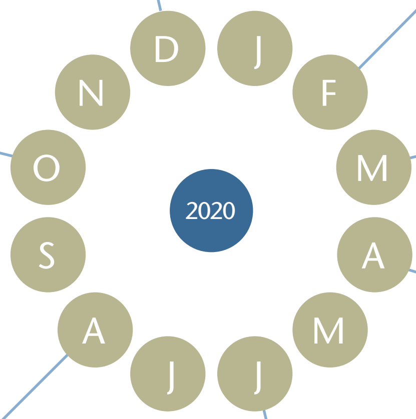
The Internal Audit function reports directly to the CFO and submits regular reports to the Board's Audit Committee.

Composition of the Board at year-end

					Attendance		
Name	Elected	Independent	Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee
Johan Sjö	2018	yes	yes	yes	8/8	5/5	2/2
Jan Johansson	2018	no	yes	yes	7/8	2/5	2/2
Bengt Maunsbach	2008	no	yes	yes	8/8	3/5	2/2
Håkan Roos	2017	no	yes	no	8/8	3/5	

Changes in the Board composition: In conjunction with the Annual General Meeting on 28 April 2020, the independent members Christoph Sander, Ulf Gundemark, Gunilla Rudebjer-Blomqvist and Nancy Lester left the Board of Directors. At the subsequent statutory Board meeting, Johan Sjö, Bengt Maunsbach, Jan Johansson and Håkan Roos were elected as members of the Audit Committee and thereby replaced Ulf Gundemark and Gunilla Rudebjer-Blomqvist.

Important Board events 2020



FEBRUARY

Financial performance and acquisition-related issues.

MARCH

Financial performance and acquisition-related issues, and update of strategic projects in progress.

APRIL

Financial performance, acquisition-related issues and updated Covid-19 plans.

2019 Annual Report adopted and appropriation of profit for the year. Statutory Board meeting following election after AGM.

JUNE

Financial performance and status of Covid-19 plans.

Acquisition-related issues and monitoring of integration of acquired companies, as well as approval of the acquisitions of Packteam Europe and Servicio.

AUGUST

Financial performance.

Strategic direction 2021–2023.

OCTOBER

Financial performance, Covid-19 status and acquisition-related issues, and update of strategic projects in progress.

DECEMBER

Financial performance and acquisition-related issues.

Approval of the business plan for 2021.

Resolutions by 2020 AGM

- Adoption of income statement and balance sheet.
- Board and CEO discharged from liability for 2019 financial year.
- Re-election of Chairman and Board members Bengt Maunsbach, Jan Johansson and Håkan Roos.
- Resolution to re-elect EY and auditor.
- Adoption of Board fees.

Statutory Board meeting 2020

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

Board of Directors

JOHAN SJÖ

Chairman since 2018

Education: B.Sc. Business Administration and Economics from University of Växjö.

Board appointments: Chairman Addlife, Addtech, Momentum Group, OptiGroup and Prosero Security Group. Board member Camfil and M2 Asset Management.

Background: President and CEO Addtech, senior positions at Bergman & Beving, equity research & corporate finance Alfred Berg/ABN Amro.

JAN JOHANSSON

Board member since 2018

Education: Master of Law from Stockholm University.

At present: Advisor at Triton.

Board appointments: Chairman Serneke and Organoclick. Board member OptiGroup, Vinda Hong Kong and Kährs.

Background: President and CEO at SCA and Boliden.

BENGT MAUNSBACH

Board member since 2013 and deputy Board member 2008–2013

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

At present: Partner at Altor Equity Partners.

Board appointments: OptiGroup, Eleda, Gunnebo, Realia and Trioworld.

Background: Manager at Boston Consulting Group.

HÅKAN ROOS

Board member since 2017

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

At present: Investor and runs RoosGruppen.

Board appointments: OptiGroup, RoosGruppen, Addlife, Gadelius Japan, Sandå AB, Design House Stockholm AB and Zobito Funds (Investment Committee).

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

Management Team

SÖREN GAARDBOE

President and CEO

Born 1964.

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

Joined OptiGroup in 2006.

Previous positions: COO OptiGroup, SVP Papyrus, Managing Director ISS subsidiaries, SVP Telia Denmark, Director BG Bank.

THOMAS ERIKSSON

CFO

Born 1976.

M. Sc. in Economics from School of Business, Economics and Law at the University of Gothenburg.

Joined OptiGroup in 2021.

Previous positions: CFO at Latour Industries, CFO at Stena Technoworld, senior positions within finance at Forbo Flooring Systems and Volvo Cars.

JENS JAKOB ZAHLE

Senior Vice President M&A

Born 1971.

M.Sc. in Economics from Copenhagen University and Master Degree in Business Administration and Auditing from Copenhagen Business School.

Joined OptiGroup in 2019.

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

TORBJÖRN STOCKMAN

Senior Vice President Corporate Development & Communication

Born 1961.

M.Sc. in Industrial Management & Economics from Chalmers University of Technology.

Joined OptiGroup in 2010.

Previous positions: Accenture, SIAR-Bossard.

MAGNUS KARLSSON

Senior Vice President Facility, Safety & Foodservice

Born 1969.

M.Sc. in Economics from Stockholm University.

Joined OptiGroup in 2017.

Previous positions: Managing Director Pac-Production Sweden AB, CEO Förvaltnings AB Västerstaden, Business Area Head AB Tingstad Papper.

JESPER HALL

Senior Vice President Packaging

Born 1969.

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

Joined OptiGroup in 2018.

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

NIKLAS JÄRBUR

Senior Vice President Paper & Business Supplies

Born 1964.

Degree in Industrial Marketing at IHM Business School.

Joined OptiGroup in 2011.

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

Changes in the Management Team: Eva Nilsagård was CFO until December 2020 and was succeeded by Thomas Eriksson in January 2021.

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Following an excellent 2020 with healthy profitability and improved cash flow, the Group further strengthened its financial position.

THOMAS ERIKSSON, CFO

Board of Directors' Report

The Board and the CEO of OptiGroup AB, Corporate Identity Number 556717-6135, hereby present the Annual Report for the financial year 1 January 2020–31 December 2020 and consolidated financial statements for the financial year 1 January 2020–31 December 2020.

Market

In 2020, OptiGroup AB continued to develop into a company that acquires and develops leading service companies that provide supply solutions to facility management businesses, hotels and restaurants, industrial packaging sectors, work clothing and personal protection equipment as well as the printing industry.

The Group is currently represented in 16 European countries and supports more than 90,000 customers.

The Group is organised into three business areas: Facility, Safety & Foodservice, Packaging and Paper & Business Supplies.

The Facility, Safety & Foodservice business area is leading in the Nordic region. The offering comprises time and cost-saving supply solutions of products for professional contract cleaners and business consumables for hotels and restaurants. The business area also offers a full range of work clothing, personal protection equipment and customised security concepts for safer workplaces. The business area was expanded during the year through the acquisitions of Skovly-Gruppen AS and Servicio AS in Norway and Kapkem Oy in Finland.

The Packaging business area is a leading supplier of packaging products in the Nordic region and the Netherlands, with an offering comprising products and services, including construction, purchasing and distribution of customised packaging solutions and distribution of standardised industrial packaging products and packing machines. The business area grew during the year through the acquisition of Packteam Europe AB in Sweden.

The Paper & Business Supplies business area is a leading player in Europe. The offering mainly comprises efficient supply solutions for printing paper and office paper to printers and other paper-intensive businesses. A full range of cleaning, hygiene and industrial packaging products are also provided. During the latter part of the year, the discontinuation of the operations in Italy was decided and initiated. The business there had difficulty in achieving profitability and the closure will reduce the Group's annual net sales by approximately EUR 10 million.

Business combinations and divestments

After a few years of large company acquisitions, the pace of acquisitions was lower in 2019, as it was also in 2020. During the period, the Group's financial position was secured and strengthened preparing for future acquisition activities. The acquisitions in Norway were strategically important, Skovly-Gruppen on 31 March 2020 and Servicio AS at the end of September, strengthening the Group's relatively weak presence in Norway. Skovly-Gruppen has a strong position in Norway in cleaning, hygiene and facility products, while Servicio is a full-service wholesaler of catering, hotel and restaurant products. During 2021, Servicio will be integrated with Skovly-Gruppen. In addition, OptiGroup acquired Kapkem Oy for the Facility, Safety & Foodservice business area. The company is active in the Finnish market with a full-service range of cleaning and hygiene products for service companies and for the public sector. The acquisition provides an improved geographic presence in western Finland and will become a part of the existing operations under the Velimark brand.

In August, OptiGroup acquired Packteam Europe AB, which offers a complete machine programme for packaging and wrapping, and together with Ekopack, which was acquired in 2019, the market position in Sweden is strengthened for the Packaging business area.

As a step in increasing the Group's share of growth areas, the Group's German paper operations were sold in July 2019 and the transaction consideration was settled in part by OptiGroup receiving a convertible bond as a debt instrument issued by the purchaser Investimentos, Participações e Gestão, S.A. (Inapa, a listed paper merchant based in Lisbon) and in part through a seller's loan. The convertible bond will, upon full conversion, be convertible into 23 percent of all shares and voting rights in Inapa. Most of the seller's loan was settled in July 2020 and at the end of the year the full amount was settled. As part of the ownership change, OptiGroup delivered services for most of 2020 to the sold company, but by the end of the year, the former operation was managed fully by Inapa.

An agreement was signed for sale of the final business property in Germany and following a registration process, the sale is expected to be completed during the first quarter of 2021 at a price of EUR 13.6 million.

Impact of the pandemic on the Group

The financial year was impacted in many ways by the ongoing pandemic. The effects had many guises, not least that the Group's personnel worked at times under completely new conditions and most have been unable to be present at their usual workplaces, either fully or partly. All areas of the Group were affected and the work to conduct business activities and implement measures was coordinated by the business area management and the Management Team. The situation entailed that employees were temporarily laid off fully or partly and that terminations also occurred. The Group applied for and received government financial Covid support, primarily in Scandinavia and the Netherlands. To the extent that the support comprised liquidity support, nearly the entire support amount was repaid on the balance-sheet date. The pandemic accelerated the decline in demand for products and services for printers, restaurants and hotels, while the need for protective and cleaning products increased significantly. The impact on the Group's sales was negative in an amount of EUR 70 million or –6.8%. However, the effect on the Group's operating profit was relatively limited, although negative at EUR 3 million. The effect was reduced by the government support received of EUR 4 million.

Conditions for the relationship between customers and suppliers was also affected and for large parts of the year, terms of payment and delivery times were challenging. The Group has managed the situation well and avoided major credit losses, but the availability of certain products led to delays in deliveries. The Group's cash flow from operating activities was EUR 54.9 million, an improvement of EUR 14.3 million year-on-year.

Financial results for the Group

2020 was characterised by the pandemic, but also by the continued transformation of the Group towards an increased share targeted at the Group’s growth areas. Unlike 2019, the year held no major acquisitions or divestments.

In 2020, net sales totalled EUR 949.1 million (1,026.7), a change of –7.6 percent (–1.1). The net impact from acquired operations was 4.5 percent (2.9). Currency fluctuations had a negative impact of 0.7 percent (–1.8) on sales. Operating profit decreased 22.8 percent to EUR 22.0 million from EUR 28.5 million. The decreased level of operating profit was largely due to the earnings from the Paper & Business Supplies business area being subject to strong negative impact from the pandemic and the reduced demand for paper in all markets. The Facility, Safety & Foodservice business area was impacted and had a two-tier performance compared with the preceding year. Demand, primarily for personal protection equipment and disinfectant, but also cleaning products, increased, while sales to hotels and restaurants halved for a number of the year’s months. The business area was able to find good business opportunities, mainly in Finland and Denmark. In Sweden, a major change in the logistics area was implemented and the operations were conducted in a new shared logistics centre in Jönköping, which commenced already in January 2020. After a calibration and adaptation period, the business area sees the change will entail more effective management in the years to come. The Packaging business area was the area that was nevertheless least affected by the situation in 2020. Sales declined, mainly because Volvo Cars and their suppliers paused their operations, but the restart and the successes in the Finnish market contributed to an increase in profitability.

Adjusted EBITA rose EUR 5.7 million in 2020 to EUR 42.7 million compared with EUR 37.0 million in the preceding year and the adjusted EBITA margin increased to 4.5 percent (3.6). Operations acquired during the year contributed EUR 10.6 million (1.0).

EBITA includes items affecting comparability for 2020 comprising expenses of EUR –14.0 million (1.0). Costs mainly pertain to terminated personnel, EUR –4.9 million and the restructuring of logistics, EUR –3.3 million. Costs for changed premises use, acquisition-related costs and costs for the sale of property of a combined amount of EUR –5.8 million were also categorised as items affecting comparability.

Net financial items amounted to EUR 1.1 million in 2020, compared with EUR –3.4 million in 2019. The improvement was mainly attributable to higher positive currency effects, but also to lower financing requirements for parts of the year. The return on the Group’s convertible loan was recognised in net financial items and amounted to EUR 1.5 million.

Profit before tax for continuing operations amounted to EUR 23.1 million, compared with EUR 25.1 million in 2019.

Profit for the year amounted to EUR 17.7 million, compared with EUR 9.9 million in 2019. Tax on profit for the year amounted to EUR –5.4 million (–4.5) and corresponded to an effective tax rate of 23.8 percent (17.8).

Facility, Safety & Foodservice

Net sales for Facility, Safety & Foodservice for 2020 amounted to EUR 360.3 million (306.1), up 17.7 percent year-on-year due to organic growth, acquisitions and currency effects. Adjusted EBITA amounted to EUR 26.8 million (9.5), with an adjusted EBITA margin of 7.4 percent (3.1).

Packaging

Net sales for Packaging for 2020 amounted to EUR 149.4 million (153.7), a decline of 2.8 percent year-on-year. Adjusted EBITA amounted to EUR 7.7 million (6.5), with an adjusted EBITA margin of 5.2 percent (4.2). The decline in net sales was mainly the result of negative organic growth, but was positively impacted by acquisitions and currency effects. The increase in adjusted EBITA was a result of improved customer and product mixes, as well as the result of acquired operations.

Key figures, EUR million	2020	2019	2018	2017	2016
Net sales	949.1	1,026.7	1,038.0	1,495.4	1,531.2
Net sales from discontinued operations	—	299.9	561.1	—	—
EBITA	28.7	36.0	35.7	37.4	28.6
Adjusted EBITA	42.7	37.0	46.9	49.8	39.6
Adjusted EBITA margin, %	4.5	3.6	4.5	3.3	2.6
Operating profit	22.0	28.5	26.6	25.6	22.4
Profit for the year from continuing operations	17.7	20.6	19.3	13.8	7.8
Profit for the year from discontinued operations	—	–10.7	–8.4	—	—
Earnings per share before dilution, EUR	0.97	1.13	1.09	0.81	0.53
Earnings per share after dilution, EUR	0.97	1.13	1.09	0.74	0.43
Cash flow from operating activities	54.9	40.6	32.6	18.9	32.3
Net debt/cash	20.1	42.0	63.6	22.8	–22.7
Balance sheet total	605.0	657.4	683.2	653.0	523.4
Equity	324.4	305.7	295.9	287.4	212.1
Equity/asset ratio, %	54	47	43	44	41
Average number of employees	1,541	1,601	1,586	2,026	1,858

Paper & Business Supplies
Net sales for Paper & Business Supplies for 2020 amounted to EUR 452.3 million (575.0), down 21.4 percent year-on-year. Adjusted EBITA amounted to EUR 15.2 million (26.1), with an adjusted EBITA margin of 3.4 percent (4.5). The foremost reason for the decline in sales was the pandemic. This accelerated the structural decline in demand for paper as a result of digitisation and the intense price competition.

Cash flow
Cash flow from operating activities before investments totalled EUR 54.9 million (40.6). Cash flow from changes in working capital was EUR 15.0 million (–1.8). The largest changes were that capital tied up in trade receivables declined by EUR 32.1 million and that trade payables declined by EUR 22.2 million. The Group's total stock value decreased tied-up capital by EUR 5.1 million (–4.2). Net cash flow from investing activities amounted to EUR –4.9 million (–10.1). It included payments of EUR –2.5 million (–14.1) for acquired operations.

The acquisitions were financed by the existing cash and cash flows generated during the year. There was no new borrowing, but bank loans totalling EUR 45.0 million (10.9) were repaid in 2020. Accordingly, cash flow for the year amounted to EUR 7.8 million, compared with EUR 0.0 million in 2019.

Financial position
At 31 December 2020, cash and cash equivalents amounted to EUR 33.2 million (25.6), while unutilised credits amounted to EUR 110.0 million (63.9). Accordingly, total available cash and cash equivalents and unutilised credit facilities amounted to EUR 143.2 million (89.5). At year-end 2020, consolidated equity amounted to EUR 324.4 million (305.7). The Group's net debt was EUR 20.1 million (42.3), down EUR 21.9 million (21.6) since 2019. During the year, the full acquisition loan was settled that was attributable to the sale of the Group's former operations in Germany in the Paper & Business Supplies business area. The Group's strong financial position creates the conditions for continued implementation of the established strategy.

Investments
Intangible assets and property, plant and equipment declined EUR 1.4 million, which is mainly attributable to amortisation/depreciation and the lower level of the capitalisation of right-of-use assets in 2020. In 2019, Intangible assets and property, plant and equipment rose EUR 61.3 million, which was attributable to IFRS 16 and the capitalisation of right-of-use assets. Total investments during the year amounted to EUR 7.6 million (20.7), of which acquisitions of subsidiaries accounted for EUR 2.5 million (14.1). Depreciation and impairment of existing property, plant and equipment amounted to EUR 3.0 million (3.6). Depreciation and impairment of right-of-use assets amounted to EUR 18.0 million (16.5) and amortisation of intangible assets, including impairment, amounted to EUR 6.7 million (7.5), together totalling EUR 27.7 million (27.6).

Employees
In 2020, the average number of full-time employees was 1,541 (1,601). A total of 45 (23) employees joined the company through acquisitions, while the number of employees for the remainder of the operations declined by 105 (11). The number of lost-time accidents amounted to 3.4 hours (7.7) per one million working hours. Total sickness absence in the Group was 3.4 percent (3.5). The percentage of female employees in the Group was 38 percent (39).

Sustainability
For OptiGroup, it is crucial that operations are pursued and developed in a sustainable manner. The Group therefore balances its actions on the basis of financial, social and environmental responsibility, to deliver results that create long-term and sustainable value generation for the company's stakeholders.

OptiGroup's operations consist of identifying, acquiring and sustainably developing successful companies. This means that sustainability is today an integral part of the work of all of the Group's operations. OptiGroup's Code policies and policy for good business ethics apply to the Parent Company and all subsidiaries and are the same in all markets served by the company.

Based on a materiality analysis, which is an assessment of the most significant sustainability issues for the company and its stakeholders, OptiGroup has identified five key sustainability areas.
- Sustainable products
- Supply chain control
- Emissions
- Anti-corruption and business ethics
- Diversification and inclusion

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, OptiGroup has decided to prepare a statutory sustainability report as a separate report to the Annual Report. This sustainability report was submitted to the auditor at the same time as the annual report. The sustainability report can be found on pages 18–21 and 109–117 of this document.

Risk and uncertainty factors
Part of the Group's offering comprises supply solutions for printing paper and office paper to printers and other paper-intensive businesses. The consumption pattern among media consumers is changing, which has resulted in a decline in the graphic paper market over several years. OptiGroup is aware of this development and is adjusting its strategic direction accordingly. Fluctuation in the price of products has a considerable impact on the company's margins and earnings, and relates to the capacity of OptiGroup to pass on changes in purchase prices and operating costs to customers via selling prices or fees it charges for services. The outlook for cleaning, hygiene, safety and packaging products is for stable growth based on the gross domestic product of the countries in which the Group operates. During 2020, the rules and approach were changed or impacted by the pandemic. One effect is that the demand for protective and hygiene products increased. Meeting

and travel habits also changed radically. It is likely that the full effect will not linger, but some earlier habits have probably been fundamentally impacted, resulting in reduced travel. See also the descriptions of financial risk and the risk section of the Annual Report on pages 33–36 and in Note 17.

Outlook

The market for cleaning, hygiene and packaging products as well as personal protection equipment is unconsolidated and is showing stable growth, which creates opportunities for a company like OptiGroup.

The market for paper in 2021 will continue to be competitive and uncertainty about the demand trend remains. General macroeconomics and changes in paper consumption patterns are expected to have a continued negative impact on European paper consumption.

Events after the balance-sheet date

On 1 January, Thomas Eriksson was appointed Chief Financial Officer (CFO) and new member of the Management Team.

On 1 March, OptiGroup announced the acquisition of Trend Papir Kft's cleaning and hygiene operations in Hungary. See also Note 27.

On 1 March a restructuring of the legal structure within the group was made resulting in the parent company OptiGroup AB divesting its shares in Stadsing A/S, Procurator AB and Pac Production AB to book value to the subsidiary OptiGrop FSF AB.

On 26 March the acquisition of 100 per cent of the shares in PacsOn Sverige AB was announced.

Please read more in note 27.

Parent Company

OptiGroup AB generated net sales of EUR 5.5 million (5.3) in 2020. Operating loss amounted to EUR –3.5 million (–6.1). Net financial items amounted to EUR –9.4 million (–5.5). The company received a total of EUR 1.0 million (3.7) in dividends from subsidiaries and made an impairment of shares in subsidiaries of EUR –16.4 million (–12.2).

Proposed disposition of unappropriated earnings

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

	EUR
Retained earnings	130,315,523
Result for the year	–13,079,176
Available earnings	117,236,347

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

	EUR
To be carried forward	117,236,347

Consolidated income statement

EUR million	Note	2020	2019
Continuing operations:			
Net sales	5	**949.1**	**1,026.7**
Other operating income	6	7.8	4.9
Materials and services		–697.0	–778.2
Freight and commissions		–53.6	–52.3
Personnel expenses	8	–99.9	–100.8
Other operating expenses	7	–56.7	–44.2
Depreciation, amortisation and impairment		–27.7	–27.6
Operating profit		**22.0**	**28.5**
Financial income	9	9.8	3.8
Financial expenses	9	–8.7	–7.2
Net financial items		**1.1**	**–3.4**
Profit before tax		**23.1**	**25.1**
Tax on profit for the year	10	–5.4	–4.5
Profit for the year continuing operations		**17.7**	**20.6**
Discontinuing operations			
Profit for the year from discontinued operations	4	—	–10.7
Profit for the year		**17.7**	**9.9**
Earnings per share from continued operations before and after dilution, EUR	20.1	0.97	1.13
Earnings per share before and after dilution from discontinued operations, EUR	20.1	—	–0.59

Consolidated statement of comprehensive income

EUR million	Note	2020	2019
Profit for the year		**17.7**	**9.9**
Other comprehensive income:	21		
Items that will not be reclassified to profit or loss			
Remeasurements of defined-benefit pension plans	22	–1.1	1.1
Income tax relating to these items		0.2	–0.3
Items that may be reclassified to profit or loss			
Translation differences on translation of foreign operations		1.9	–0.9
Other comprehensive income for the year, net of tax		**1.0**	**–0.1**
Total comprehensive income for the year		**18.7**	**9.8**
Total comprehensive income for the year arose from:			
Continuing operations		18.7	16.1
Discontinuing operations		—	–6.3

Consolidated statement of financial position

EUR million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Total non-current assets			
Goodwill	11, 13	128.3	125.8
Other intangible assets	12, 13	61.7	64.2
Property, plant and equipment	14	10.7	11.3
Right-of-use assets	15	64.5	65.3
Deferred tax assets	10	11.4	11.4
Financial assets measured at fair value through profit or loss	17	16.2	15.2
Other non-current receivables		8.5	7.9
Total non-current assets		**301.3**	**301.1**
Current assets			
Inventory	18	114.8	116.2
Trade receivables	17, 17.3	117.6	141.1
Current tax receivables		4.4	4.3
Other current receivables	17, 17.4	22.2	57.1
Cash and bank balances	17, 17.2	33.2	25.6
		292.2	**344.3**
Assets held for sale	19	11.5	12.0
Total current assets		**303.7**	**356.3**
TOTAL ASSETS		**605.0**	**657.4**

Consolidated statement of financial position

EUR million	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	20		
Share capital		18.4	18.4
Share premium		241.9	241.9
Other reserves	21	–6.1	–7.1
Retained earnings		70.2	52.5
Total equity		**324.4**	**305.7**
Non-current liabilities			
Post-employment benefit provisions	22	24.7	23.1
Other provisions	23	0.8	0.7
Other non-current liabilities	17, 17.6	0.7	1.5
Deferred tax liabilities	10	18.9	19.3
Financial lease debts	17, 17.1	53.3	53.7
Other non-current interest-bearing borrowings	17, 17.1	—	44.9
Total non-current liabilities		**98.4**	**143.2**
Current liabilities			
Trade payables	17	98.4	121.6
Current interest-bearing borrowings	17, 17.1	3.7	3.8
Other current liabilities	17, 17.7	53.3	47.4
Financial lease debts	17, 17.1	14.6	14.5
Current tax liabilities		10.1	10.4
		180.1	**197.7**
Liabilities related to assets held for sale	19	2.1	10.9
Total current liabilities		**182.2**	**208.6**
TOTAL EQUITY AND LIABILITIES		**605.0**	**657.4**

Consolidated statement of cash flows

EUR million	Note	2020	2019
Operating activities			
Profit before tax from continuing operations		23.1	25.1
Profit before tax from discontinuing operation	4	—	–10.8
Non-cash flow items included in profit before tax	26	24.0	34.7
Income taxes paid		–7.2	–6.6
Cash flow from operating activities before changes in working capital		**39.9**	**42.4**
Changes in working capital			
Change in trade receivables and other current receivables		32.1	10.4
Change in inventories		5.1	–4.2
Change in trade payables and other current liabilities		–22.2	–8.0
Cash flow from changes in working capital		**15.0**	–1.8
Cash flow from operating activities	4	**54.9**	**40.6**
Cash flow from investing activities			
Acquisition of subsidiary shares, net of cash acquired	3	–2.5	–14.1
Acquisition of property, plant and equipment	14	–2.3	–5.4
Acquisition of intangible assets	12	–2.8	–1.2
Divestment of subsidaries, net of cash divested	4	—	–15.2
Proceeds from sale of property, plant and equipment		2.7	25.8
Cash flow from investing activities	4	**–4.9**	**–10.1**
Cash flow from financing activities			
Change in financial receivables		31.3	0.1
Net, change in cheque account		–0.8	–1.9
Increase in borrowings		10.0	70.0
Repayment of borrowings		–65.1	–80.9
Repayment of lease debts		–17.6	–17.8
Cash flow from financing activities	4, 17.1	**–42.2**	**–30.5**
Cash flow for the year	4	**7.8**	**0.0**
Cash and bank balances at beginning of the year		25.6	24.9
Translation difference on cash and cash equivalents		–0.2	0.7
Cash and bank balances at year-end		**33.2**	**25.6**
Cash flow from discontinued operations, see Note 4			

Consolidated statement of changes in equity

EUR million	Note	Share capital	Share premium	Other reserves[1]	Retained earnings	Total equity
At 1 January 2019		**18.4**	**241.9**	**–7.0**	**42.6**	**295.9**
Transactions with shareholders in their capacity as owners		—	—	—	—	—
Profit for the year		—	—	—	9.9	9.9
Other comprehensive income for the year	21	—	—	–0.1	—	–0.1
Total comprehensive income for the year		—	—	**–0.1**	**9.9**	**9.8**
Closing balance at 31 December 2019		**18.4**	**241.9**	**–7.1**	**52.5**	**305.7**

EUR million	Note	Share capital	Share premium	Other reserves[1]	Retained earnings	Total equity
At 1 January 2020		**18.4**	**241.9**	**–7.1**	**52.5**	**305.7**
Transactions with shareholders in their capacity as owners		—	—	—	—	—
Profit for the year		—	—	—	17.7	17.7
Other comprehensive income for the year	21	—	—	1.0	—	1.0
Total comprehensive income for the year		—	—	**1.0**	**17.7**	**18.7**
Closing balance at 31 December 2020		**18.4**	**241.9**	**–6.1**	**70.2**	**324.4**

1) other reserves relates to currency translation reserve

NOTE 1

CORPORATE INFORMATION

OptiGroup is a leading European business-to-business distributor of business essentials. OptiGroup companies support more than 90,000 customers in 16 countries across Europe.

OptiGroup consists of the Parent Company, OptiGroup AB, Corporate Identity Number 556717-6135, and its subsidiaries. The Parent Company is a public limited company with its registered office in Stockholm, Sweden. The address of the head office is Flöjelbergsgatan 1C, 431 35 Mölndal, Sweden.

These financial statements refer to OptiGroup AB and were approved by the Board of Directors at the Board meeting held on 28 April 2021 and will be submitted to the Annual General Meeting in 2021 for approval.

NOTE 2

ACCOUNTING POLICIES

NOTE 2.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

Compliance with standards

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

Reporting currency

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

Principles for preparation of consolidated accounts

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

The consolidated accounts comprise the Parent Company and all subsidiaries over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. OptiGroup's subsidiaries are wholly owned by the Group, and are considered to be controlled by the Group. See Notes 2.4 and 16.

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

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

Classification of assets and liabilities

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

An asset is classified as a current asset when it is expected to be realised within 12 months after the reporting period, is primarily held for commercial purposes or comprises cash and cash equivalents (insofar as the asset is not subject to restrictions in terms of being swapped or used to settle a debt in a period of at least 12 months after the reporting period). All other assets are classified as non-current assets.

A liability is classified as a current liability when it is primarily held for commercial purposes, is to be settled within 12 months after the reporting period or when the Group does not have an unconditional right to postpone settlement of the debt within a period of 12 months after the reporting period. All other liabilities are classified as non-current liabilities.

NOTE 2.2 CHANGES IN ACCOUNTING POLICIES

New standards, amendments and interpretations 2020

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2020. None of the standards below is deemed to have any impact on the consolidated financial statements.

Amendments to IAS 1 and IAS 8 – Change to a consistent definition of materiality
IFRS 3 Business Combinations – Amended definition of a business
Revised Conceptual Framework for Financial Reporting
Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures – The amendments clarify the accounting treatment for sales and contribution of assets between an investor and its associates or joint ventures.

In addition to the above, a rapid amendment to IFRS 16 was implemented due to the coronavirus with retroactive effect from 9 October 2020 pertaining to Covid-19-related rent relief. This was not applied by the Group in 2020, since no discounts were received due to Covid-19.

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

Standards and interpretations that have been issued, but are effective for financial years after 1 January 2020, have not been applied in preparing these consolidated financial statements. The implication of these is described below. These new standards and interpretations are not expected to have a substantial impact on the Group's financial statements in current or future periods, nor on future transactions.

Amendments to:
IFRS 9 Financial instruments – Adoption of the Interest rate benchmark reform
IAS 39 Financial instruments – See IFRS 9
IFRS 7 Financial instruments – See IFRS 9
IFRS 4 Insurance contracts – Amendment (not applicable for the Group)
IFRS 16 Leases – See IFRS 9

Note 2 cont.

NOTE 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Currency translation

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

Since subsidiaries operate their business independently in financial, economic and organisational respects, the functional currency is identical with the relevant national currency of the country. The financial statements of the foreign companies are translated to EUR since this is the functional currency of the Parent Company and the reporting currency of the Group. In the consolidated financial statements, expenses and income of the subsidiaries are converted at the average rate of the year, while assets and liabilities are translated at closing rate. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate. Translation differences are recognised in other comprehensive income. In the event of a disposal of a subsidiary, the translation differences are reclassified to the profit or loss. The rates used for currency translation are shown in the table on page 57 (Fig. 1).

Receivables and liabilities in foreign currency

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

Intangible assets

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

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

The intangible assets are normally amortised over their useful lives using the straight line method. The start of the amortisation takes place when the asset is put into use. Capitalised development costs, licenses and software have useful lives of 5–10 years. Product names have useful lives of 20 years and customer relationships have useful lives of 3–15 years. See Notes 11 and 12.

Business combinations and goodwill

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

Consolidated goodwill is recognised if the Group pays more than the fair value of identified net assets and contingent liabilities. Goodwill is continuously measured at cost less any accumulated impairment losses. Since it is not possible to test goodwill for impairment on an individual basis, goodwill is allocated to each of the Group's cash-generating units, which for OptiGroup are three business areas: Facility, Safety & Foodservice, Packaging and Paper & Business Supplies. Annual impairment testing for 2020 is calculated based on the three business areas. See also Note 13.

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

Goodwill is not amortised but is tested for impairment on an annual basis, or more frequently if there is an indication of impairment. See Notes 11 and 13.

Property, plant and equipment

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

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

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

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

Ordinary maintenance and repair charges are expensed as incurred, however, the costs of significant renewals and improvements are capitalised and depreciated over the remaining useful lives of the related assets. See note 14.

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

Impairment

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

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

Goodwill is distributed between different cash-generating units of the company. See note 13.

Associates

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

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

The applied accounting policies in associates match those used by the Group for similar transactions and events under similar conditions. During 2020, there were no associates in the Group.

Financial instruments

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

Recognition and derecognition in the balance sheet

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

Classification and measurement of financial assets

According to IFRS 9 there are three categories of financial instruments.

- Financial assets measured at fair value through profit or loss.
- Financial assets measured at amortised cost.
- Financial assets measured at fair value through other comprehensive income.

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

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

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

Financial assets measured at amortised cost

Financial assets measured at amortised cost is according to the business model held to receive contractual cash flows which are only payments of capital amount and interest on outstanding amount. They are initially measured at fair value and are subject to regular and systematic review as to collectability. If any financial asset is estimated to be unrecoverable, an impairment is made for the shortfall between the carrying amount and expected cash flows. Interest income on financial assets on amortised cost calculated using the effective interest method is recognised in profit and loss as part of finance income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied for the net carrying amount of the financial asset after deduction of the loss allowance. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Total interest income on financial assets that are measured at amortised cost for the year amounted to EUR 0.8 million.

Receivables consist mainly of trade receivables for which the Group is using the simplified method for accounting of expected credit losses. This means that expected credit losses are recognised for the remaining life time, which is expected to be less than a year. The Group makes a provision for expected credit losses based on historical credit losses and forward looking information. The customers are assessed on an individual basis. OptiGroup derecognises a receivable when no expectation of future payment exists and when active measurements to collect payment

	Closing rate 31 Dec 2020	Average rate 2020	Closing rate 31 Dec 2019	Average rate 2019
CHF	1.0802	1.0705	1.0854	1.1124
CZK	26.2420	26.4551	25.4080	25.6705
DKK	7.4409	7.4542	7.4715	7.4661
GBP	0.8990	0.8897	0.8508	0.8778
HRK	7.5519	7.5384	7.4395	7.4180
HUF	363.8900	351.2494	330.5300	325.2967
NOK	10.4703	10.7228	9.8638	9.8511
PLN	4.5597	4.4430	4.2568	4.2976
RON	4.8683	4.8383	4.7830	4.7453
SEK	10.0343	10.4848	10.4468	10.5891
USD	1.2271	1.1422	1.1234	1.1195

Fig. 1 Rates used for currency translation

Note 2 cont.

have been stopped. Expenses relating to expected credit losses are recognised in profit or loss under other operating expenses and separately disclosed in note. See note 17.

Cash and bank balances

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

For the purpose of the consolidated cash flow statement, cash and bank balances consist of cash and cash equivalents as defined above. See Note 17.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss is derivate assets as currency forward contracts which the Group uses in accordance with the Finance Policy to hedge future cash flows. The forward contracts are recognised at fair value based on market data of official currency rates. Fair value for other financial assets are determined by discounted cash flow analysis. See note 17.

Classification and measurement of financial liabilities

According to IFRS 9 there are two categories of financial liabilities:

- Financial liabilities measured at amortised cost.
- Financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

Liabilities are initially measured at fair value, net of transaction costs incurred. The liabilities are measured at amortised cost in subsequent periods in accordance with the effective interest method. Any difference between the proceeds (net of transaction cost) and the redemption value is recognised in profit or loss over the period of the borrowings. Interest on recognised liabilities is allocated in each period. See note 17.

Loans

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

Financial liabilities measured at fair value through profit or loss

Additional purchase considerations are recognised as liabilities under Other non-current liabilities as long as these do not fall due for payment within twelve months. Subsequent revaluation is recognised in profit or loss. Additional purchase considerations to be settled in cash meet the definition of a financial liability and are re-measured to fair value at each balance-sheet date, and any changes are recognised in profit or loss as Other operating income or Other operating expenses. Other financial liabilities measured at fair value through profit or loss are derivative liabilities from currency forward contracts which the Group uses to hedge future cash flows in accordance with the Financial Policy. The forward contracts are recognised at fair value based on market data of official currency rates. See note 17.

Fair value measurement of financial instruments

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

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

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

Fair value hierarchy

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

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

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

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

Borrowing costs

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

Inventory

Inventories are recognised at the lower of cost and net realisable value with cost being determined by the first-in-first-out (FIFO) method, or, weighted average cost where it approximates FIFO. The cost of finished goods comprises materials stated at their purchase price, freight and customs duties, less any supplier bonuses, cash discounts, plus general warehouse overheads. Interest expenses are not included. Net realisable value normally comprises the estimated selling price less costs of completion. Where temporary market conditions result in the costs of a product exceeding its net realisable value, the product is valued at its net realisable value. Provisions are also made for goods with low turnover rates and obsolete goods. The carrying amount of the inventories in the balance sheet is reduced by a corresponding amount. See note 18.

Provisions

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

A restructuring provision is recognised in the period in which the Group becomes legally or constructively committed to the plan. A provision may only be made for the expenses incurred as a direct result of the restructuring and are an effect of a continuing contractual obligation with no ongoing economic benefit or represent a penalty incurred to cancel the obligation. See note 23.

Employee benefits

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

The company has a multi-employer plan in Alecta that is a defined-benefit plan. For most of the defined-benefit plans, information is unavailable for Alecta on the allocation of the vesting between employers. Full vesting is instead registered on the last employer. Therefore, Alecta is unable to make a precise breakdown of assets and provisions for the respective employer. In addition, an established regulatory framework on the recognition of any surpluses or deficits essentially does not exist. According to a statement from the Swedish Financial Reporting Board, this is a defined-benefit multi-employer plan. For the 2020 financial year, OptiGroup had no access to information from Alecta that allowed the presentation of this plan as a defined-benefit plan. The plan has thus been recognised as a defined-contribution plan in accordance with point 34 of IAS 19. OptiGroup expects to pay premiums for 2021 to Alecta of approximately EUR 1.1 million (1.1).

The collective consolidation level measures allocation only assets in relation to the insurance undertaking. According to Alecta's consolidation policy for defined-benefit insurance, the collective consolidation level is normally permitted to vary between 125 and 155 percent. Alecta's collective funding ratio amounts to 148 percent (148). If the collective consolidation level is under or above the normal range, a measure that can be taken is to raise the contract price for the new benefits in the plan and expand existing benefits or introduce premium reductions.

OptiGroup's percentage of total premiums for ITP2 in Alecta amounted to 0.028 percent (0.058) on 31 December 2020 and the proportion of the total number of active insured persons amounted to 0.056 percent (0.058).

Group contributions to the defined-contribution pension plans are charged to profit or loss in the year to which they relate. See note 22.

Convertibles/warrants

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

Leases

The Group's lease portfolio encompasses leases for warehouse buildings, office buildings, warehouse equipment and vehicles.

Assets and liabilities arising from leases are initially recognised at present value.

Lease liabilities include the present value of fixed payments less any benefits, amounts expected to be payable by the lessee under residual value guarantees, the exercise price for an option to buy if it is reasonably certain that the Group will exercise such an option as well as penalties payable for cancelling the lease if the lease term reflects that the Group will exercise an option to terminate the lease.

Lease payments that will be paid for extension options that it is reasonably certain will be exercised are also included in the measurement of the liability.

Lease payments are discounted by the interest rate implicit in the lease. If this rate cannot be readily determined, which is normally the case for the Group's leases, the lessee's incremental borrowing rate is to be used, which is the rate that an individual lessee would have to pay to borrow to purchase an asset of similar value to the right-of-use asset in a similar economic environment with similar security and conditions.

Assets with right-of-use are measured at cost and include the amount that the lease liability was originally measured at, lease payments on/before the commencement date less benefits and initial direct expenses. The right-of-use assets are normally depreciated on a straight-line basis over the shorter of the useful life and lease term. Depreciation of right-of-use assets is recognised as an expense in the operating profit, and interest on the lease liability is recognised as a financial expense.

The cash flow statement recognises lease payments made as interest payments and repayments.

Leases are normally signed for fixed periods but provisions for an extension may exist. The Group has assessed the lease term for leases and taken into account any extension or cancellation options in accordance with the provisions of IFRS 16. If it is reasonably certain that the option will be exercised, this was taken into consideration when determining the lease term.

Payments for short-term contracts and all leases of low value are expensed on a straight-line basis in the income statement. Short-term contracts are agreements with a leasing period of 12 months or less. Agreements of low value include IT equipment or office furniture. The Group decided to apply the exemption rule whereby leases with a lease term of less than 12 months (short-term leases) and leases of low-value assets are exempt.

This also means leases with a remaining duration of less than 12 months on the transition date to IFRS 16 were classified as short-term leases in line with the exemption rule and were not included in the opening balance for lease liabilities and right-of-use assets.

Note 2 cont.

Revenue from contracts with customers

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

Sale of goods

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

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

Bonus scales/volume discounts

In some contracts with customers, there are bonus scales and volume discounts. During the year, estimates are made continuously of the expected size of these discounts based on forecasts and prior history of the conditions contained in the contracts. In the transaction price, OptiGroup only includes the portion of the variable remuneration for which it is highly probable that a material revenue provision will not be made. The excess portion is recognised as a repayment.

Sale of services

Services are sold to some extent by the Group, but mainly in connection with the sale of goods. The services are mainly different logistical or planning related solutions in connection with sale of goods. The assignments are seen to be combined performance obligations, as each product is not distinct within the framework of the agreements. The transaction prices are normally only fixed amounts. The control of the performance obligations are transferred to the customer at a point in time, when the services have been finalised.

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

Contract balances

The Group's contract balances comprise trade receivables that are an unconditional right to remuneration for goods and services supplied.

Refund liabilities

The Group's refund liabilities comprise provisions for refunds to customers for volume discounts and bonus scales achieved.

Other income

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

Reporting of government contributions

Government contributions, regardless of whether they are attributable to the effects of Covid-19 or other factors, are not recognised before there is reasonable certainty that the company will meet the conditions associated with the contribution and there is reasonable certainty that it will be received. The income statement is affected during the periods in which the costs that the contribution are intended to cover are recognised. For 2020, the support received was recognised as a net amount in the cost type it was intended to cover.

Interest income

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

Income taxes

Current income tax

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

Deferred income tax

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

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. See Note 10.

Reporting of cash flow

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

NOTE 2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets excluding goodwill, are depreciated/amortised over the period that the assets will generate revenue (their useful lives). If there is any indication that an asset has been impaired, the recoverable amount of the asset is calculated, which is the higher of the asset's net realisable value and its value in use. An impairment loss is recognised when the recoverable amount of the asset is less than the carrying amount. The recoverable amount is determined based on management's estimates of future cash flows. The key assumptions used in impairment testing, including sensitivity analysis, are explained in Note 13.

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once annually. This requires that management estimate the expected future cash flows from the defined cash-generating unit, and choose a suitable discount rate with which to discount the cash flow. See note 13.

The Group has evaluated estimates made, which, if changed, could have a material effect on the fair value of the assets and could thus lead to an impairment. These estimates pertain to, for example, expected sales prices of products, expected inflation rates and the discount rate. The key assumptions used in the impairment testing, including sensitivity analysis, are explained in detail in Note 13.

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see note 2.3 and note 17.

Deferred tax assets

Deferred taxes are recognised on temporary differences, arising between the taxable value and carrying amount of assets and liabilities, and unutilised loss carry-forwards. Deferred tax assets are recognised only to the extent that it is probable that they can be utilised against future profits. Management determines the amount that can be recognised based on likely timing and the level on future taxable profits. The value of deferred tax assets could be changed in the event that the outcome differs from these estimates or if management adjusts the estimates in the future. See Note 10 for detailed information.

Consolidated financial statements

Exemptions from the consolidated financial statements

OptiGroup holds shares in a number of companies with the function as an investment programmes for the management team. The purpose is for these participations to be sold on to other senior executives as soon as possible. The Group' holding holding amounts to more than 20 percent. The votes do not exceed 50 per cent and the companies are not consolidated.

Provision for expected credit losses

Trade receivables are initially measured at their anticipated realisable value. An estimate of expected credit losses is based on historical data and on an objective review of all outstanding amounts at the year-end, and as necessary. Losses relating to doubtful receivables are recognised in profit or loss under other operating expenses. See note 17.3.

Determining the net realisable value of inventories

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

Pensions and other post-employment benefits

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

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

Recognition of government support due to Covid-19

Government support due to Covid-19 was expensed when the Group could deem with reasonable certainty that the conditions for the support had been met.

Restatement of last year's figures

The financial figures for 2019 have been restated due to reclassification of the German operation from Assets held for sale to discontinued operations. See note 4.

Rounding

Due to rounding, the figures presented in this Annual Report may not add up to the total in certain cases and percentages may deviate from the exact percentages. Total amount of government supports received amounted to 4.3 million euro for the year.

NOTE 3

BUSINESS COMBINATIONS AND DIVESTMENTS

Business combinations 2020

Acquisition of Skovly-Gruppen AS and Servicio AS

In March 2020, OptiGroup acquired the Norwegian company Skovly-Gruppen A/S. The company is active in service and sales of a large number of packaging solutions.

During the autumn, 100 percent of Servicio AS was also acquired. Servicio AS is a full-service wholesaler of catering and foodservice products for hotels, restaurants and canteens and will become part of Skovly-Gruppen, which was acquired in March 2020. Both acquisitions will be included in the Facility, Safety & Foodservice business area.

Acquisition of Packteam

In August, Packteam Europe AB was acquired in the Packaging business area. Packteam Europe AB offers a complete machine program for packaging and wrapping from leading machine manufacturers and will be part of Ekopack, which was acquired in August 2019.

Acquisition of Kapkem

In November, Kapcem Oy was acquired in the Facility, Safety & Foodservice business area. The acquired company is a Finnish full-service wholesaler of cleaning and hygiene products for service companies and for the public sector. Kapkem Oy, based on the west coast of Finland, will become part of VeliMark. Through the acquisition, the Facility, Safety & Foodservice business area will further strengthen its Nordic position in the area of facility management supplies.

In relation to the acquisitions of Servicio, Packteam and Kapkem, the company has agreed on a contingent additional purchase consideration to be paid only if the financial results reach certain levels during the coming periods and the acquisition analyses include liabilities for these contingent considerations based on forecasts.

The acquisition analyses for acquisitions carried out in 2020 are preliminary.

Acquisitions	Business segment	Country	Acquisition date 2020	Annualised net sales, EUR millions	Number of employees	Total assets, EUR millions (end of year)
Skovly-Gruppen	Facility, Safety & Foodservice	Norway	31 March	9.8	31	3.8
Packteam	Packaging	Sweden	11 August	1.7	7	0.9
Servicio	Facility, Safety & Foodservice	Norway	30 September	1.3	4	0.1
Kapkem	Facility, Safety & Foodservice	Finland	30 November	1.7	3	0.4
Completed acquisitions				**14.5**	**45**	**5.2**

Analysis of acquisitions 2020	Total
Acquisition price	2.5
Fair value of net assets	**–1.2**
Goodwill	1.3
Recognised goodwill	**1.3**

Recognised goodwill mainly refers to generally expected synergies and future customer contracts.

Specification of net assets on acquisition dates

Fair value recognised at acquisition	Total
Non-current assets and other non-current items	0.9
Inventory	2.6
Trade receivables	1.9
Other current receivables	0.2
Trade payables	–2.0
Other current liabilities	–1.3
Provisions	–0.2
Deferred tax	0.3
Non-current liabilities	–1.5
Cash and bank balances	0.4
Net assets	**1.2**

Cash flow from acquisitions 2020	Total
Acquisition price	–2.5
Contingent consideration	0.4
Paid earn-outs for previous years' acquisitions	–0.8
Acquired liquidity	0.4
Net impact of cash and bank	**–2.5**

Acquired business contribution 2020 and other disclosures	Total
Net sales, after acquisition date	7.8
Profit for the year, after acquisition date	0.1
Net sales for full year	14.5
Profit for the full year	0.7
Transaction costs, recognised in other operating expenses	0.0
Gross values on acquired trade receivables	2.2
Provision for doubtful acquired trade receivables	–0.3

Divestments 2020

No divestments were made in 2020.

Business combinations 2019

Acquisition of Ekopack i Sydsverige AB

OptiGroup acquired 100 percent of the shares in Ekopack Sydsverige AB in August 2019. The company is active in service and sales of a large number of packaging solutions. Ekopack reports as part of the Packaging business area and was consolidated from September 2019.

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

Acquisition of Walki Medical Oy

OptiGroup acquired 100 percent of the shares and votes in Walki Medical Oy in Finland in November 2019. The company is a leading distributor of medical supplies. The company is reported in the Facility, Safety & Foodservice business area as of December 2019.

In relation to the year's acquisitions, the company has agreed on contingent considerations to be paid only if the financial results reach certain levels during the coming periods and the acquisition analyses include liabilities for these contingent considerations based on forecasts.

Acquisitions	Business segment	Country	Acquisition date 2019	Annualised net sales, EUR millions	Number of employees	Total assets, EUR millions
Ekopack i Sydsverige AB	Packaging	Sweden	27 August	6.5	10	2.2
Walki Medical Oy	Facility, Safety & Foodservice	Finland	19 November	14.2	13	4.9
Completed acquisitions				**20.7**	**23**	**7.1**

Note 3 cont.

Analysis of acquisitions 2019	Total
Acquisition price	7.4
Fair value of net assets	**–3.9**
Goodwill	3.5
Recognised goodwill	**3.5**

Recognised goodwill mainly refers to generally expected synergies and future customer contracts.

Specification of net assets on acquisition dates

Fair value recognised at acquisition	Total
Non-current assets and other non-current items	4.6
Inventory	2.8
Trade receivables	2.5
Other current receivables	0.2
Trade payables	–1.1
Other current liabilities	–0.8
Non-current liabilities	–0.9
Cash and bank balances	0.3
Net assets	**7.5**

Cash flow from acquisitions 2019	Total
Acquisition price	–7.4
Contingent consideration	1.0
Paid earn-outs for previous years' acquisitions	–8.0
Acquired liquidity	0.3
Net impact of cash and bank	**–14.1**

Acquired business contribution 2019 and other disclosures	Total
Net sales, after acquisition date	4.4
Profit for the year, after acquisition date	0.2
Net sales for full year	20.7
Profit for the full year	1.2
Transaction costs, recognised in other operating expenses	–0.0
Gross values on acquired trade receivables	2.5
Provision for doubtful acquired trade receivables	–0.0

Divestments 2019

Divestment Germany

Specification of the divested net assets relating to the German subsidiaries, refer to Note 4.

Divestment Olsonic

At 25 September 2019, the subsidiary Olsonic AB was divested for a purchase price of EUR 0.2 million and a capital loss of EUR –0.5 million. Impact on cash and cash equivalents was EUR 0.0 million.

NOTE 4

DISCONTINUED OPERATIONS

The information below pertains to the 2019 comparison year. During 2019, OptiGroup completed the sale of its German paper distribution business, Papyrus Deutschland GmbH & Co KG, to Investimentos, Participações e Gestão, S.A. (Inapa), which intends to combine the business with its German subsidiary, Papier Union GmbH.

The transaction was concluded on 11 July 2019 following the customary approval of the competition authority. At 31 December 2018, operations in Germany were reclassified as assets held for sale, after signing the agreement for the sale to Inapa on 24 October 2018.

At 31 December 2018, accumulated items in Other comprehensive income amounted to EUR –4.4 million and was recognised in profit or loss in conjunction with the divestment in 2019.

Financial information pertaining to the discontinued operations for the period until the date of divestment is present below.

In 2018, the associated assets and liabilities were classified as assets held for sale and in 2019 it was assessed as meeting the definition of a discontinued operation.

Analysis of earnings and cash flow

The earnings and cash flow information presented below applies to the period ending 31 July 2019 (column 2019).

	2020	2019
Revenue	—	**299.9**
Other gains/loss[1]	—	5.2
Expenses	—	–305.0
Profit before tax for discontinued operations	—	0.1
Income taxes	—	0.1
Profit for the year from discontinued operations after tax	—	**0.2**
Loss from sale of subsidiary after tax (see below)	—	–10.9
Profit from discontinued operations	—	**–10.7**
1) includes profit from divestment of properties Heimstetten and Kelkheim, EUR 4.5 million		
Actuarial items	—	4.4
Other comprehensive income from discontinued operations	—	**4.4**
Net cash flow from discontinued operations		
Net cash flow from operating activities	—	–1.8
Net cash flow from investing activities	—	10.6
(EUR –15.2 million in cash flow in 2019 from the sale of the unit)		
Net cash flow from financing activities	—	–18.1
Net change of cash and cash equivalents	—	**–9.3**

	2020	2019
Information on sale of subsidiary		
Purchase consideration to be received:		
Vendor loan note	—	31.2
Fair value of convertible	—	15.2
Total selling price	—	46.3
Carrying amount for sold net assets	—	–57.2
Profit before tax and reclassification of currency translation reserve	—	**–11.0**
Reclassification of currency translation reserve	—	—
Income taxes	—	0.1
Profit/loss from sale after tax	—	**–10.9**

Note 4 cont.

The carrying amount on assets and liabilities at the date of sale (31 July 2019) was:

	31 July 2019
Intangible assets	39.2
Property, plant and equipment	21.5
Other non-current receivables	0.1
Deferred tax assets	1.1
Trade receivables	45.4
Inventory	21.7
Other current receivables	6.0
Cash and cash equivalents	15.2
Total assets	**150.2**
Non-current liabilities	–14.1
Trade payables	–54.5
Deferred tax liabilities	–6.4
Obligation regarding remuneration of employees	–11.3
Other current liabilities, including assumed liabilities	–6.7
Total liabilities	**93.0**
Net assets	**57.2**

NOTE 5

SEGMENT REPORTING AND DISTRIBUTION OF REVENUE

OptiGroup is divided into three operating segments: Facility, Safety & Foodservice, Packaging and Paper & Business Supplies. Packaging is primarily the segment formerly known as industrial solutions. Following the divestment of the operations in Germany, the segments previously known as Retail & Reseller Solutions and Printing & Creative Solutions were combined into Paper & Business Supplies.

These segments are known as business areas. They are formed by groupings of companies and certain adjustments, primarily in Sweden/Nordics where certain companies operate in several segments.

- Facility, Safety & Foodservice provides time and cost-saving outsourcing solutions for the efficient supply of a wide range of professional cleaning items, hygiene products, catering items, disposable healthcare consumables and safety products to customers such as Facility Management companies, contract cleaners and the public sector.
- Packaging provides customised concepts tailored around packaging products in terms of product selection, SKU consolidation, e-service support, workflow and logistics. The segment delivers solutions that cut costs on a daily basis and reduce tied up capital, as well as optimise the need for warehouse space.
- Paper & Business Supplies – Paper & Business Supplies core offering consists of reliable and efficient supply solutions for printing paper and office paper to commercial printers and other paper-intensive businesses through the well-established brand Papyrus. In addition, the business area supports retail chains and resellers with a wide range of cleaning & hygiene supplies, industrial packaging, catering products, safety products and office paper through the Scaldia brand.
- Group operations comprise the Group's shared management and administration function.

Figures for 2020 and 2019 are based on the same operational Group structure.

	2020	2019
Net sales per segment		
Facility, Safety & Foodservice	360.3	306.1
Packaging	149.4	153.7
Paper & Business Supplies	452.3	575.0
Group operations and eliminations	–12.9	–8.1
Total net sales	**949.1**	**1,026.7**

	2020	2019
Earnings per segment		
Facility, Safety & Foodservice	26.8	9.5
Packaging	7.7	6.5
Paper & Business Supplies	15.2	26.1
Group operations and eliminations	–7.0	–5.1
Adjusted EBITA	**42.7**	**37.0**
Items affecting comparability	–14.0	–1.0
Amortisation and impairment of intangible assets	–6.7	–7.5
Operating profit	**22.0**	**28.5**
Financial income	9.8	3.8
Finance expenses	–8.7	–7.2
Profit before tax	**23.1**	**25.1**
Tax on profit for the year	–5.4	–4.5
Profit for the year	**17.7**	**20.6**

Note 5 cont.

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

EBITA includes items affecting comparability for 2020 comprise expenses of EUR 14.0 million. The corresponding items for 2019 amounted to EUR 1.0 million.

In 2019, OptiGroup made a logic change in relation to how the central costs where charged and reported in the business areas. From an internal reporting and business area perspective only the central costs directly related to the Business Area (i.e. Business Area Head, not OptiGroup CFO/CEO) was considered in 2019. Hence the Business Areas benefitted from the change, while Group Operations had the opposite effect. From a statutory perspective all costs were charged in similar manner.

Due to the volume shift between the segments, a change occurred during the year in the contract balance per segment on the balance-sheet date.

Significant changes in contract balances in the segments comprise only Paper & Business Supplies, where trade receivables declined by EUR 23.4 million during the year.

Depreciation and impairment of property, plant and equipment per segment	2020	2019
Facility, Safety & Foodservice	–7.8	–6.2
Packaging	–3.4	–2.9
Paper & Business Supplies	–9.8	–10.9
Group operations	–0.1	0.0
Total depreciation and impairment of property, plant and equipment	**–21.0**	**–20.0**

Net sales specified by geographic region 2020	Facility, Safety & Foodservice	Packaging	Paper & Business Supplies	Total
Sweden	203.8	58.7	38.5	300.9
Nordic excl. Sweden	156.5	44.5	74.2	275.3
Switzerland	—	—	91.7	91.7
Netherlands	—	46.2	78.4	124.6
Rest of Europe	—	—	169.5	169.5
Segment net sales	**360.3**	**149.4**	**452.3**	**962.0**
Eliminations	—	—	—	–12.9
Total net sales	**360.3**	**149.4**	**452.3**	**949.1**

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

Net sales specified by geographic region 2019	Facility, Safety & Foodservice	Packaging	Paper & Business Supplies	Total
Sweden	206.7	60.9	53.4	321.1
Nordic excl. Sweden	99.4	45.1	97.4	241.9
Switzerland	—	—	106.7	106.7
Netherlands	—	47.6	97.3	144.9
Rest of Europe	—	—	220.3	220.3
Segment net sales	**306.1**	**153.7**	**575.0**	**1,034.9**
Eliminations	—	—	—	–8.1
Total net sales	**306.1**	**153.7**	**575.0**	**1,026.7**

Intra-group sales	2020	2019
Facility, Safety & Foodservice	12.4	7.6
Packaging	0.1	0.0
Paper & Business Supplies	0.4	0.5
Intra-group sales	**12.9**	**8.1**

NOTE 6

OTHER OPERATING INCOME

	2020	2019
Rental income	2.0	1.7
Interest on overdue payment	0.2	0.4
Other	5.6	2.8
Total	**7.8**	**4.9**

NOTE 7

OTHER OPERATING EXPENSES

	2020	2019
Rental expense	–6.3	–4.3
Property costs	–3.8	–6.7
Marketing costs	–1.3	–1.6
IT costs	–9.1	–9.9
Other office expenses	–0.5	–0.7
Consultancy costs	–2.4	–2.2
Other personnel costs	–2.4	–3.1
Restructuring expenses[1]	–15.1	–1.0
Credit losses	–2.2	–1.9
Travel expenses	–1.5	–2.9
Company car costs	–2.3	–3.3
Temporary workforce	–5.2	–4.0
Other	–4.6	–2.6
Total	**–56.7**	**–44.2**

1) parts of the recognised restructuring expenses are included in Note 6 as capital gains/losses on the divestment of a business category (EUR 1.1 million).

Fees to auditors[2]	2020	2019
Ernst & Young		
Audit fees	–1.2	–0.9
Audit-related fees	–0.2	–0.0
Tax advisory services	–0.0	–0.0
Other fees	–0.0	–0.6
Audit fees to others	–0.1	–0.1
Total	**–1.5**	**–1.6**

2) Audit fees are included in other expenses.

NOTE 8

SALARIES AND REMUNERATION OF EMPLOYEES

	2020		2019	
Average number of employees	Number of employees	Of whom men, %	Number of employees	Of whom men, %
Belgium	60	67	67	57
Czech Republic	68	60	79	60
Denmark	109	70	110	61
Estonia	12	67	13	62
Finland	188	60	175	62
Germany	15	80	18	76
Hungary	80	41	102	40
Italy	6	73	11	72
Latvia	5	0	7	15
Lithuania	20	35	20	36
Netherlands	148	76	168	76
Norway	58	57	31	62
Poland	50	42	57	39
Romania	46	64	54	66
Sweden	526	60	532	59
Switzerland	150	75	159	72
Total	**1,541**	**62**	**1,601**	**61**

	2020		2019	
Salaries and other remuneration	Salaries and other remuneration	Payroll overhead (of which, pension)	Salaries and other remuneration	Payroll overhead (of which, pension)
Parent Company	–3.7	–1.6 (–0.5)	–2.4	–1.4 (–0.4)
Subsidiaries	–73.6	–21.0 (–8.7)	–74.3	–22.7 (–8.8)
Total Group	**–77.3**	**–22.6 (–9.2)**	**–76.7**	**–24.1 (–9.2)**

	2020		2019	
Salaries and other remuneration specified by Board, CEO and other employees	Board & CEO (of which, bonus, etc.)	Other employees	Board & CEO (of which, bonus, etc.)	Other employees
Total Group	**–1.1 (–0.2)**	**–71.4 (–4.6)**	**–1.7 (–0.8)**	**–75.0 (–2.4)**

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

Gender distribution among Board and other senior executives	31 Dec 2020	31 Dec 2019
Distribution of men and women on the Board of Directors		
Women	0	2
Men	4	6
Distribution of men and women regarding CEO & other senior executives of the Group[1]		
Women	0	0
Men	7	6

1) Based on members belonging to the OptiGroup Management Team.

Remuneration of senior executives of the Group	2020	2019
Salaries and other current employee benefits (of which bonus)	–2.0 (–1.3)	–2.2 (–0.8)
Post-employment pension	–0.4	–0.3
Total	**–2.4**	**–2.5**

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

NOTE 9

FINANCIAL INCOME AND EXPENSES

Financial income	2020	2019
Interest income on loans and receivables	2.0	0.0
Other financial income	0.6	0.8
Exchange-rate differences	7.2	3.0
Total	**9.8**	**3.8**

Financial expenses	2020	2019
Interest expense, bank loans	–1.2	–1.7
Interest expense, leases	–1.3	–1.4
Exchange-rate differences	–5.5	–3.5
Other financial expenses	–0.7	–0.7
Total	**–8.7**	**–7.2**

NOTE 10

TAXES

The major components of income tax expense are:

Consolidated income statement	2020	2019
Current tax on profit for the year	–6.7	–5.3
Adjustment attributable to previous years	0.5	—
Change in deferred tax on temporary differences	0.8	0.8
Income tax expense recognised in profit or loss	**–5.4**	**–4.5**

Income tax effects related to components in other comprehensive income, see Note 21.
Income tax effects related to discontinued operations amounted to 0.0 (–0.1).

Overview of effective tax rate	2020	2019
Profit before tax	23.1	25.1
Tax expense in accordance with the tax rate of the Parent Company 21.4 percent (21.4)	–4.9	–5.4
Non-taxable income	0.0	1.3
Non-deductible expenses	–0.7	–2.7
Taxes for previous years	0.5	2.4
Regional and other tax rate variations	–0.2	–0.1
Losses for which deferred tax is not recognised	–0.2	—
Changes in deferred tax due to tax rate change	0.1	—
Other	0.1	—
Total tax expense (effective tax rate 23.8 percent (17.8))	**–5.4**	**–4.5**

	31 Dec 2020		31 Dec 2019	
Deferred taxes are attributable to the following:	Deferred tax assets	Deferred tax liability	Deferred tax assets	Deferred tax liability
Differences in depreciation of non-current assets	—	15.1	—	15.2
Untaxed reserves	—	1.1	—	0.8
Pensions	4.2	—	1.3	—
Provisions	3.7	—	2.6	—
Deferred tax attributable to capitalised tax loss carry-forwards	2.6	—	6.2	—
Other	0.9	2.8	1.3	3.3

Recognised in the balance sheet as follows:

Deferred tax assets	11.4	—	11.4	—
Deferred tax liabilities	—	18.9	—	19.3
Deferred taxes net	—	**7.5**	—	**7.9**

Tax loss carry-forwards for which deferred tax assets are recognised in the balance sheet	31 Dec 2020	31 Dec 2019
Maturity date		
0–1 year	—	—
1–2 years	—	—
2–3 years	—	—
3–4 years	—	—
4–5 years	—	—
No expiry	2.6	6.2
Total	**2.6**	**6.2**

Tax loss carry-forwards for which no deferred tax assets are recognised in the balance sheet	31 Dec 2020	31 Dec 2019
Maturity date		
0–1 year	—	0.3
1–2 years	—	0.3
2–3 years	—	0.1
3–4 years	—	0.6
4–5 years	—	0.1
No expiry	4.8	2.1
Total	**4.8**	**3.5**

NOTE 11

GOODWILL

Goodwill	31 Dec 2020	31 Dec 2019
Opening balance, cost	128.1	127.6
Acquisitions during the year	1.3	3.5
Divestments	—	–2.7
Exchange-rate differences	1.5	–0.3
Closing balance, cost	**130.9**	**128.1**
Opening balance, impairment	–2.3	–2.3
Exchange-rate differences	–0.3	—
Closing balance, accumulated impairment	–2.6	–2.3
Closing carrying amount	**128.3**	**125.8**

NOTE 12

INTANGIBLE ASSETS

Brands with indefinite useful lives	31 Dec 2020	31 Dec 2019
Opening balance, cost	34.6	34.6
Exchange-rate differences	0.4	0.0
Closing balance, cost	**35.0**	**34.6**

Brands with indefinite useful lives	31 Dec 2020	31 Dec 2019
Opening balance, impairment	–7.2	–7.2
Exchange-rate differences	0.0	0.0
Closing balance, accumulated impairment	**–7.2**	**–7.2**
Closing carrying amount	**27.8**	**27.4**

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

Intangible assets with definite useful lives	31 Dec 2020 Product names	Customer relationships	Software	Total
Opening balance, cost	10.2	48.4	25.9	84.5
Investments for the year	—	—	2.8	2.8
Acquisitions through purchases of subsidiaries	—	—	0.3	0.3
Disposals/reclassifications	0.4	—	0.8	1.2
Exchange-rate differences	0.2	0.7	0.1	0.9
Closing balance, cost	**10.8**	**49.1**	**29.9**	**89.7**
Opening balance, amortisation	–2.9	–21.9	–22.8	–47.6
Amortisation according to plan	–0.5	–3.9	–2.3	–6.7
Disposals/reclassifications	–0.4	—	–0.8	–1.2
Exchange-rate differences	—	–0.2	–0.1	–0.3
Closing balance, accumulated amortisation	**–3.9**	**–26.0**	**–26.1**	**–55.9**
Closing carrying amount	**6.9**	**23.1**	**3.8**	**33.9**

Intangible assets with definite useful lives	31 Dec 2019 Product names	Customer relationships	Software	Total
Opening balance, cost	11.5	47.3	24.6	83.5
Investments for the year	—	—	1.2	1.2
Acquisitions through purchases of subsidiaries	—	—	0.0	0.0
Reclassifications	–1.3	1.3	—	—
Disposals and divestments	—	—	–0.1	–0.1
Exchange-rate differences	0.0	–0.2	0.2	0.0
Closing balance, cost	**10.2**	**48.4**	**25.9**	**84.5**
Opening balance, amortisation	–2.4	–16.9	–21.5	–40.9
Amortisation according to plan	–0.5	–5.8	–1.2	–7.5
Disposals/reclassifications	—	0.9	0.1	1.0
Exchange-rate differences	0.0	–0.1	–0.2	–0.3
Closing balance, accumulated amortisation	**–2.9**	**–21.9**	**–22.8**	**–47.6**
Closing carrying amount	**7.3**	**26.5**	**3.1**	**36.9**

Summary of intangible assets	31 Dec 2020	31 Dec 2019
Intangible assets with indefinite useful lives	27.8	27.4
Intangible assets with definite useful lives	33.9	36.9
Closing carrying amount	**61.7**	**64.3**

The average remaining useful life of the product name from prior years is 15 years and customer relationships from prior years is seven years. Customer relationships added during 2018 are amortised over 15 years.

NOTE 13

IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

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

- Facility, Safety & Foodservice
- Packaging
- Paper & Business Supplies

This allocation has been made only to conduct impairment testing per operating segment and the balance sheet is not continuously reported to the Group management. Accordingly, no balance sheet items are included in the segment table in Note 5.

During 2020, there has been no acquisition of brands with indefinite useful lives. This also applied to 2019.

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

	31 Dec 2020			
	Facility, Safety & Foodservice	Packaging	Paper & Business Supplies	Total
Goodwill	69.4	31.4	27.5	**128.3**
Corporate brand names	11.9	7.3	8.6	**27.8**

Key assumptions used in "value in use" calculations

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

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

Sales trend – is important when testing the value of the corporate brand name. Sales growth is based on the budget for 2021 and the strategic plan for 2022–2023 with the following average estimates per segment: 3.5 percent for Facility, Safety & Foodservice, 3.1 percent for Packaging and –2.0 percent for Paper & Business Supplies. To extrapolate cash flows beyond the budget, the following long-term growth assumptions have been applied: 2.0 percent for Facility, Safety & Foodservice and Packaging, 0.0 percent for Paper & Business Supplies.

EBITDA margin – is based on actual EBITDA margin and budget 2021, which includes activities to manage cost changes, enhance efficiency and restructure operations and staffing. Consideration is then made of the business plan and long-term development.

Discount rates – discount rates reflect the current market assessment of the risks specific to each cash-generating unit. The discount rate was estimated based on the average percentage of a weighted average cost of capital for OptiGroup. The discount rate used was 9.1 percent (8.5) for Facility, Safety & Foodservice, 9.1 percent (8.6) for Packaging, 9.6 percent (9.0) for Paper & Business Supplies. The discount rates are after tax and discount rates before tax in brackets.

Sensitivity to changes in assumptions – with regard to the assessment of the goodwill in each cash-generating unit, a sensitivity analysis has been performed. The selected parameters found to be most important were the sales trend, discount rate (WACC) and EBITDA margin. Covid-19 was taken into consideration in adopting the assumption.

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

NOTE 14

PROPERTY, PLANT AND EQUIPMENT

Land and buildings	31 Dec 2020	31 Dec 2019
Opening balance, cost	2.9	28.8
Additions through company acquisitions	0.1	—
Acquisitions	0.2	0.4
Divestments	–0.2	0.0
Reclassification to assets held for sale	—	–16.7
Reclassification to Right of Use assets	–0.1	–9.5
Exchange-rate differences	0.0	0.0
Closing balance, cost	**2.9**	**2.9**
Opening balance, depreciation	–1.4	–11.1
Additions through company acquisitions	–0.0	—
Depreciation for the current year	–0.4	–0.9
Divestments	0.1	0.0
Reclassification to assets held for sale	0.3	5.6
Reclassification to Right of Use assets	0.0	5.3
Exchange-rate differences	0.0	–0.3
Closing balance, accumulated depreciation	**–1.4**	**–1.4**
Closing carrying amount	**1.5**	**1.5**

Buildings possessed under finance lease agreement, included in Land and buildings above	31 Dec 2020	31 Dec 2019
Opening balance, cost	0.7	10.2
Reclassification to Right of Use assets	—	–9.5
Exchange-rate differences	0.0	0.0
Closing balance, cost	**0.7**	**0.7**
Opening balance, depreciation	–0.0	–5.1
Depreciation for the current year	–0.0	–0.2
Reclassification to Right of Use assets	—	5.3
Exchange-rate differences	0.0	0.0
Closing balance, accumulated depreciation	**–0.0**	**–0.0**
Closing carrying amount	**0.7**	**0.7**

Plant and machinery	31 Dec 2020	31 Dec 2019
Opening balance, cost	76.7	78.9
Additions through company acquisitions	0.2	0.1
Acquisitions	2.0	2.2
Reclassification to Right of Use assets	–0.1	–3.3
Reclassification of property, plant and equipment	2.9	—
Divestment through sale of company	—	–0.1
Disposals	–3.6	–1.4
Exchange-rate differences	0.6	0.3
Closing balance, cost	**78.8**	**76.7**

Note 14 cont.

	31 Dec 2020	31 Dec 2019
Opening balance, depreciation	–70.2	–70.3
Additions through company acquisitions	–0.1	0.0
Reclassification to Right of Use assets	0.0	1.8
Divestment through sale of company	—	0.1
Disposals	3.2	1.1
Depreciation for the current year	–2.6	–2.7
Exchange-rate differences	–0.4	–0.3
Closing balance, accumulated depreciation	**–70.1**	**–70.2**
Closing carrying amount	**8.7**	**6.5**

Equipment	31 Dec 2020	31 Dec 2019
Opening balance, cost	3.2	0.9
Acquisitions	0.0	2.3
Divestments	–0.5	–0.0
Additions through company acquisitions	0.5	0.0
Reclassification of property, plant and equipment	–2.3	—
Exchange-rate differences	0.0	0.0
Closing balance, cost	**0.8**	**3.2**
Opening balance, depreciation	–0.6	–0.7
Depreciation for the current year	0.0	–0.0
Divestments	0.1	0.0
Additions through company acquisitions	–0.1	0.0
Exchange-rate differences	0.0	0.0
Closing balance, accumulated depreciation	**–0.6**	**–0.6**
Closing carrying amount	**0.2**	**2.5**

Construction in progress and advance payments	31 Dec 2020	31 Dec 2019
Opening balance, cost	1.7	1.2
Acquisitions	0.1	0.5
Divestments	–0.1	0.0
Reclassification of property, plant and equipment	–0.5	
Exchange-rate differences	0.0	0.0
Closing balance, cost	**1.3**	**1.7**
Opening balance, impairment	–1.1	–1.1
Exchange-rate differences	0.0	0.0
Closing balance, accumulated impairment	**–1.1**	**–1.1**
Closing carrying amount	**0.2**	**0.6**
Total closing carrying amount property, plant and equipment	**10.7**	**11.3**

NOTE 15

LEASES

The Group holds leases for properties (warehouse buildings, office buildings and reseller premises), company cars, other vehicles and other equipment used in business operations. Rent for buildings and warehouse buildings generally have rental terms of between three and ten years, while motor vehicles and other equipment in general have rental terms of between three and five years. The Group's obligation in accordance with its lease is determined by the tenants ownership of the leased assets. As a general rule, the Group is restricted from allocating and letting leased assets and certain contracts require the Group to retain certain financial conditions.

The lease term includes the non-cancellable period. If the Group is reasonably certain that it will exercise an opportunity to extend the lease or not use an alternative to terminate the agreement early, this is taken into consideration when determining the lease term. Several rental contracts include extension and cancellation alternatives, particularly in respect of buildings and warehouse premises. Variable leases are uncommon and are only of low value. The Group also holds certain leases for machinery with rental terms less than 12 months and lease equipment of low value.

	31 Dec 2020			
Right-of-use assets	Buildings	Vehicles	Other equipment	Total
Right-of-use assets at 1 January 2020	73.2	6.5	2.1	81.7
Adjustment of right-of-use assets added	29.0	4.7	2.7	36.4
Adjustment of right-of-use assets deducted	–23.1	–1.9	–0.7	–25.6
Additions through company acquisitions	—	—	—	—
Reclassification of property, plant and equipment	0.1	0.1	—	0.1
Exchange-rate differences	1.0	0.0	0.1	1.1
Closing balance, accumulated cost	**80.3**	**9.4**	**4.2**	**93.8**
Accumulated depreciation at 1 January 2020	–13.4	–2.4	–0.7	–16.4
Depreciation for the current year	–14.0	–3.0	–1.0	–18.0
Adjustment of right-of-use assets deducted	4.2	1.1	0.3	5.7
Reclassification of property, plant and equipment	0.0	0.0	—	0.0
Exchange-rate differences	–0.3	0.0	0.0	–0.3
Closing balance, accumulated depreciation	**–23.5**	**–4.4**	**–1.4**	**–29.3**
Closing carrying amount	**56.8**	**5.0**	**2.8**	**64.5**

	31 Dec 2019			
Right-of-use assets	Buildings	Vehicles	Other equipment	Total
Right-of-use assets at 1 January 2019	50.5	5.0	2.1	57.6
Adjustment of added and deducted right-of-use assets	21.4	1.5	–0.1	22.8
Additions through company acquisitions	0.7	0.0	0.0	0.7
Exchange-rate differences	0.6	0.0	0.0	0.6
Closing balance, accumulated cost	**73.2**	**6.5**	**2.1**	**81.7**
Accumulated depreciation at 1 January 2019	—	—	—	—
Depreciation for the current year	–13.3	–2.4	–0.7	–16.5
Adjustment of added and deducted right-of-use assets	0.0	0.1	0.2	0.3
Exchange-rate differences	–0.1	–0.0	–0.0	–0.2
Closing balance, accumulated depreciation	**–13.4**	**–2.4**	**–0.7**	**–16.4**
Closing carrying amount	**59.9**	**4.1**	**1.4**	**65.4**

Note 15 cont.

Amounts recognised in profit or loss	31 Dec 2020	31 Dec 2019
Depreciation of right-of-use assets	–18.0	–16.5
Interest expenses for lease liabilities	–1.3	–1.6
Costs attributable to short-term leases	–0.1	–0.7
Costs attributable to low-value leases	–0.2	–0.1
Costs attributable to variable lease payments not included in the lease liability	0.0	–0.0
Revenue from subleases of right-of-use assets	—	0.6
Total	**–19.6**	**–18.2**

Total cash outflow for leases amounted to EUR 19.2 million (18.0), EUR 1.6 million (0.2) of which from operating activities and EUR 17.6 million (17.8) from financing activities.

Extension options relating to buildings and warehouse premises were exercised for contracts expiring in 2021 with a value of EUR 3.7 million and include additional right-of-use assets. A maturity analysis of the lease liabilities is presented in Note 17.

NOTE 16

HOLDINGS RECOGNISED ACCORDING TO EQUITY METHOD AND INVESTMENT IN SUBSIDIARIES

NOTE 16.1 INVESTMENTS IN ASSOCIATES

No holdings in associates remained at 31 December 2020. The same applied to the comparison period at 31 December 2019.

NOTE 16.2 INVESTMENTS IN SUBSIDIARIES

All subsidiaries are consolidated in the Group. More information regarding investments in subsidiaries on 31 December 2020 are included in comments to the Parent Company's financial statements, in Note 6.

Condensed financial information for the Group's holdings in each subsidiary that has non-controlling interests that are material for the Group is provided below. OptiGroup investments in these subsidiaries amounted to 15 percent of the votes and 100 percent of the net assets and earnings. See note 2.4. The information refers to the amount before inter-company eliminations. The information below pertains to the holdings in 2019 and 2020. The holding was merged with another Group company at the end of 2020 and therefore no longer remained at the end of 2020. See Note 19 Assets held for sale.

	Rosaria Objekt Ettlingen	
Condensed balance sheet	31 Dec 2020	31 Dec 2019
Non-current assets	—	12.0
Current assets	—	1.8
Total assets	—	**13.8**
Non-current liabilities	—	10.1
Current liabilities	—	6.3
Total liabilities	—	**16.4**
Net assets	—	**–2.6**

	Rosaria Objekt Ettlingen	
Condensed income statement and comprehensive income	2020	2019
Other operating income	–0.5	–0.9
Profit/loss for the year	–0.3	1.5
Other comprehensive income	—	—
Total comprehensive income for the year	**–0.3**	**1.5**

NOTE 17

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

Financial assets	Carrying amounts 31 Dec 2020	Market value 31 Dec 2020	Carrying amounts 31 Dec 2019	Market value 31 Dec 2019
Trade receivables and other current receivables[1]	139.3	139.3	198.2	198.2
Convertible loan[2]	16.0	16.0	15.2	15.2
Currency forward contracts[2]	0.4	0.4	0.1	0.1
Cash and bank balances[1]	33.2	33.2	25.6	25.6
Total assets	**188.9**	**188.9**	**239.2**	**239.2**
Financial liabilities				
Non-current financial liabilities[3]	0.0	0.0	0.2	0.2
Non-current interest-bearing borrowings[3]	–0.3	–0.3	44.9	44.9
Financial leases[3]	53.3	53.3	53.7	53.7
Current portion of non-current borrowings[3]	1.7	1.7	2.3	2.3
Contingent consideration[4]	0.9	0.9	1.5	1.5
Current leases[3]	14.6	14.6	14.5	14.5
Trade payables and other current liabilities[3]	151.1	151.1	168.0	168.0
Currency forward contracts[4]	2.0	2.0	1.2	1.2
Total liabilities	**223.3**	**223.3**	**286.3**	**286.3**

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

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

The following tables show the currency split in the different financial assets and liabilities. See Note 17.3 and 17.4 for financial assets.

Carrying amounts, by currency, regarding the Group's borrowings are as follows:	31 Dec 2020	31 Dec 2019
EUR	1.4	55.3
Total	**1.4**	**55.3**

Currency break-down of trade payables	31 Dec 2020	31 Dec 2019
EUR	46.9	62.0
SEK	34.3	35.8
CHF	7.3	9.5
DKK	5.4	7.1
CZK	1.0	0.8
HUF	0.2	0.3
NOK	1.6	1.6
PLN	1.4	1.9
USD	0.0	2.2
Other currencies	0.5	0.5
Total	**98.5**	**121.6**

Currency break-down of other current liabilities	31 Dec 2020	31 Dec 2019
EUR	20.0	25.8
SEK	16.6	11.2
CHF	1.4	2.0
DKK	7.9	2.6
CZK	2.0	2.1
HUF	1.3	1.0
NOK	2.2	1.4
PLN	0.9	0.9
Other currencies	0.3	0.5
Total	**52.7**	**47.4**

Note 17 cont.

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

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

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

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

As per 31 December 2020, a one-percentage-point parallel change up or down in interest rates would impact annual net interest expense by EUR 0.2 million (0.4), assuming that the duration and the funding structure of the Group stays constant during the year.

The total Group floating interest-bearing net debt (cash) position, including cash and bank balances, was approximately EUR 36.1 million (89.8), the average fixed interest-rate period being 0.0 months (3.2). The average fixed interest-rate period for the Group's net interest-bearing liabilities, excluding cash and bank balances, was about 0.3 years (0.3).

Customer credit risk
Credit insurance is used for approx. 55 percent of the customers in the whole Group. In other market areas, measures to reduce credit risks include letters of credit, advance payments and bank guarantees. New customers are credit checked and assessed according to the customer's financial stability, and the scope of the credit assessment depends on the size of the credit sought. Credit granted is evaluated at least annually. Management considers that no significant concentration of credit risk with any individual customer, counterpart or geographical region exists for OptiGroup. The Group recognise a provision for expected credit losses based on historical data and an individual assessment. Age analyses of trade receivables and the provision are presented in Note 17.3.

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

In order to maintain or adjust the capital structure, the Group may, subject to shareholder approval as appropriate, vary the dividend paid to shareholders, reduce share capital for return to shareholders, issue new shares or sell assets to reduce the debt/equity ratio. The Group continuously monitors its capital on the basis of a target debt-to-equity ratio. The ratios in the table below are within range of the target. The agreement with Danske Bank includes a covenant (net debt to EBITDA). OptiGroup fulfilled the covenant for the 2020 financial year.

Liquidity and refinancing risk
Financing risk arises from the difficulty of obtaining finance for operations at a given point in time. OptiGroup's financing policy states that the Group's external loan portfolio is to have a maturity structure ensuring that OptiGroup is not exposed to refinancing risks. Refinancing risk, entailing that maturing debt could not be refinanced in the market, is mitigated by OptiGroup's target of maintaining an even maturity profile of outstanding debt. OptiGroup shall at all times have a liquidity reserve of at least EUR 30 million consisting of cash and/or unused committed credit facilities. The liquidity is monitored by Group Treasury through weekly forecasts from all Group companies.

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

Liquidity and refinancing risk as per 31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Financial lease liabilities	6.7	8.3	15.4	24.3	16.4	**71.1**
Trade and other payables	101.5	46.4	0.3	0.2	0.2	**148.5**
Currency forward contracts	0.8	1.2	—	—	—	**2.0**
Total	**109.0**	**55.9**	**15.7**	**24.5**	**16.6**	**221.6**

Liquidity and refinancing risk as per 31 December 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings (excluding finance leases)	0.7	—	25.0	—	20.0	**45.7**
Financial lease liabilities	3.5	11.2	16.0	24.9	12.6	**68.2**
Interest debt	0.0	0.2	—	—	—	**0.2**
Trade and other payables	152.1	5.8	–0.1	5.7	1.4	**165.0**
Currency forward contracts	0.5	0.7	—	—	—	**1.2**
Total	**156.7**	**17.9**	**40.9**	**30.6**	**34.0**	**280.3**

Financing of the Group	31 Dec 2020	31 Dec 2019
Interest-bearing net debt	20.1	42.0
Total equity	324.4	305.7
Debt/equity ratio (multiples)	**0.06**	**0.14**

Reconciliation of interest-bearing net debt	31 Dec 2020	31 Dec 2019
Interest-bearing loans and borrowings	69.3	115.4
Cash, bank balances and other interest-bearing assets	–49.2	–72.4
Interest-bearing net debt	**20.1**	**42.0**

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2020.

Assets	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Convertible loan	—	—	16.0	16.0
Currency forward contracts	—	0.4	—	0.4

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	—	—	0.9	0.9
Currency forward contracts	—	2.0	—	2.0

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2019.

Assets	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Convertible loan	—	—	15.2	15.2
Currency forward contracts	—	0.1	—	0.1

Liabilities	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss				
Contingent consideration	—	—	1.5	1.5
Currency forward contracts	—	1.2	—	1.2

Note 17 cont.

For Level 3 financial assets measured at fair value in profit or loss, a measuring technique is used in which market rates are set in relation to the nominal interest on the instrument. Since OptiGroup has concluded that the value of the convertible comprises the future cash flows and not the actual conversion right, a present value calculation is made of the guaranteed nominal amounts, after which the monetary flows are present value calculated to establish the carrying amount. A discount rate based on input from similar corporate bonds is used for this. Since the convertible carries a nominal interest rate of 5 percent, the value increases at lower market rates for similar instruments, which was the case in 2020 and resulted in an increase in the carrying amount of EUR 0.8 million.

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

Financial instruments in level 3	Note	31 Dec 2020	31 Dec 2019
Contingent consideration in business combinations			
Opening balance		1.5	9.8
Acquisitions	3	0.4	0.9
Gains and losses recognised in profit or loss		–0.2	–3.0
Settlement of contingent considerations		–0.8	–6.2
Exchange-rate differences		0.0	0.0
Closing balance		**0.9**	**1.5**
Total gains and losses for the period included in profit or loss for assets held at the end of the reporting period		–0.2	–1.9
Change in unrealised gains and losses for the period included in profit or loss for assets held at the end of the reporting period		0.0	–1.9

Contingent liability in connection with business combinations relate to additional purchase price which is determined by the future period result of the acquired entity. The main part of the contingent considerations are based on final outcome of the 2019 and 2020. Assumptions for 2020 are based mainly on approved budget.

The fair value of the contingent consideration is estimated by applying the productive value method.

NOTE 17.1 INTEREST-BEARING LOANS AND BORROWINGS

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

	Note	31 Dec 2020	31 Dec 2019
Non-current:			
Bank loans (fixed interest rate)		—	—
Bank loans (floating interest rate)		—	45.0
Financial lease		53.3	53.7
Capitalised financing costs[1]		–0.3	–0.1
Total non-current liabilities		**53.0**	**98.6**
Current:			
Bank loans (fixed interest rate)		—	1.2
Bank overdraft facilities		1.7	1.1
Financial lease		14.6	14.5
Total current liabilities		**16.3**	**16.8**
Amount of borrowings		**69.3**	**115.4**

1) Capitalised financing costs are allocated over the term of the loan.

Change for the year in interest-bearing loans and borrowings	Note	2020	2019
New bank loans (floating interest rate)		10.0	70.0
Repayment of bank loans (floating interest rate)		–55.0	–65.0
Other repayment		–1.3	–4.1
Change in cheque account		0.5	–1.9
Net change in leases		–0.3	59.9
Reclassified as assets for sale	19	—	–9.2
Change in loan amount		**–46.1**	**49.7**
Change in financial receivables		–0.2	0.1
Translation differences		0.2	0.2
Total changes		**–46.1**	**50.0**

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

	31 Dec 2020				
	6 months or less	6–12 months	1–5 years	Over 5 years	Total
Amount of borrowings	—	—	—	—	—

	31 Dec 2019				
	6 months or less	6–12 months	1–5 years	Over 5 years	Total
Amount of borrowings	—	—	45.0	—	**45.0**

NOTE 17.2 CASH AND BANK BALANCES

	31 Dec 2020	31 Dec 2019
Cash and bank balances	33.2	25.6
Total	**33.2**	**25.6**

Unutilised credit facilities, floating interest rate:	31 Dec 2020	31 Dec 2019
Due date within a year	—	—
Due date after more than a year	108.4	63.9
Total	**108.4**	**63.9**

As per 31 December 2019, the weighted average interest rate on external loans and borrowings, including margins and the effect of derivatives, was 2.75. In 2020, there were no loans and therefore the weighted average interest rate is not applicable.

NOTE 17.3 TRADE RECEIVABLES

	31 Dec 2020	31 Dec 2019
Trade receivables	123.6	146.8
Impairments	–6.1	–5.7
Total	**117.6**	**141.1**

	31 Dec 2020	31 Dec 2019
Collateral for trade receivables	3.3	4.6
Total	**3.3**	**4.6**

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

Note 17 cont.

Age analysis of trade receivables	31 Dec 2020 Trade receivables	Impairments	Trade receivables less impairments
Less than 30 days overdue	8.1	–0.6	7.5
31 to 60 days overdue	1.8	–0.4	1.4
61 to 90 days overdue	0.0	–0.2	–0.2
91 to 180 days overdue	0.4	–0.4	0.0
Over 180 days overdue	4.1	–3.9	0.2
Total overdue receivables	**14.4**	**–5.5**	**8.9**
Trade receivables not overdue	109.3	–0.6	108.7
Total	**123.7**	**–6.1**	**117.6**

Age analysis of trade receivables	31 Dec 2019 Trade receivables	Impairments	Trade receivables less impairments
Less than 30 days overdue	9.9	–0.6	9.3
31 to 60 days overdue	1.2	–0.2	1.0
61 to 90 days overdue	0.5	–0.1	0.4
91 to 180 days overdue	1.0	–0.2	0.8
Over 180 days overdue	2.0	–2.0	0.0
Total overdue receivables	**14.6**	**–3.1**	**11.5**
Trade receivables not overdue	132.2	–2.6	129.6
Total	**146.8**	**–5.7**	**141.1**

Currency break-down of trade receivables	31 Dec 2020	31 Dec 2019
EUR	42.2	53.9
SEK	40.7	44.9
CHF	5.3	7.2
DKK	10.3	12.6
CZK	5.4	4.9
HUF	2.6	3.6
NOK	2.7	3.1
PLN	3.8	5.7
Other currencies	4.5	5.1
Total	**117.6**	**141.1**

Doubtful receivables provision	31 Dec 2020	31 Dec 2019
Doubtful receivables provision at start of year	5.7	5.9
Provisions for the year	1.7	1.4
Provisions utilised	–1.6	–1.5
Recoveries of doubtful receivables previously written off	0.2	0.2
Additions through company acquisitions	0.0	0.0
Less divestment of companies	—	–0.4
Exchange-rate differences	0.0	0.0
Doubtful receivables provision at end of year	**6.1**	**5.7**

NOTE 17.4 OTHER CURRENT RECEIVABLES

Specification of other current receivables	31 Dec 2020	31 Dec 2019
Prepaid expenses and accrued income	16.0	17.5
Other financial assets at amortised cost[1]	—	31.6
Other receivables	6.1	8.0
Total	**22.2**	**57.1**

1) Other financial assets measured at amortised cost include vendor loan note attributable to the sale of the German operations (pertains to 2019). These amounts generally arise from transactions outside the usual operating activities of the Group. Due to short-term nature of the other receivables, their carrying amount is considered to be the same as their fair value.

Currency break-down of other current receivables	31 Dec 2020	31 Dec 2019
EUR	9.5	43.6
SEK	7.8	7.9
CHF	1.6	2.0
DKK	1.3	2.3
CZK	0.6	–0.2
HUF	0.0	0.1
NOK	1.0	1.0
PLN	0.5	0.4
Other currencies	0.0	0.1
Total	**22.2**	**57.1**

NOTE 17.5 PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS

Liabilities to credit institutions	31 Dec 2020	31 Dec 2019
Collateral in shares in subsidiaries	236.7	263.3
Issued floating charge and special liens	198.7	197.2

All pledged assets relate, if applicable, to security for long-term bank loans (floating rate). See note 17.1.

NOTE 17.6 OTHER NON-CURRENT LIABILITIES

	31 Dec 2020	31 Dec 2019
Other liabilities	0.7	1.5
Total	**0.7**	**1.5**

NOTE 17.7 OTHER CURRENT LIABILITIES

	31 Dec 2020	31 Dec 2019
Other liabilities	24.3	22.8
Accrued payroll and personnel costs	13.5	12.5
Accrued expenses and deferred income	15.5	12.1
Total	**53.3**	**47.4**

NOTE 18

INVENTORIES

	31 Dec 2020	31 Dec 2019
Goods for resale	120.8	120.4
Other inventories	0.0	0.1
Impairment of goods to net realisable value	–6.0	–4.2
Total	**114.8**	**116.2**

In the 2020 financial year, cost of goods recognised in profit or loss amounted to EUR –697.0 million (–778.2) under Materials and services.

NOTE 19

ASSETS HELD FOR SALE

Condensed balance sheet

ASSETS	31 Dec 2020	31 Dec 2019
Non-current assets		
Intangible assets	—	—
Property, plant and equipment	11.2	11.6
Deferred tax assets	0.3	0.4
Total non-current assets	**11.5**	**12.0**
Current assets		
Inventory	—	—
Trade receivables	—	—
Other current assets	—	—
Cash and bank balances	—	—
Total current assets	—	—
Total assets held for sale	**11.5**	**12.0**

LIABILITIES	31 Dec 2020	31 Dec 2019
Non-current liabilities		
Post-employment benefit provisions	—	—
Non-current liabilities	—	9.2
Deferred tax liabilities	0.7	1.7
Total non-current liabilities	**0.7**	**10.9**
Current liabilities		
Trade payables	—	—
Other current liabilities	1.4	—
Total current liabilities	**1.4**	—
Total liabilities related to assets held for sale	**2.1**	**10.9**

At 31 December 2020, the property reclassified to assets held for sale in 2019 remained in the company's ownership. The divestment is expected to be completed during the first quarter of 2021.

NOTE 20

EQUITY

	Share capital	Share premium	Convertibles	Total
At 1 January 2019	18.4	241.9	—	260.4
New share issue/non-cash issue	—	—	—	—
Balance at 31 December 2019	**18.4**	**241.9**	—	**260.4**
At 1 January 2020	18.4	241.9	—	260.4
New share issue/non-cash issue	—	—	—	—
Balance at 31 December 2020	**18.4**	**241.9**	—	**260.4**

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

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

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

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

Ordinary shares issued and fully paid	Quotient value	Shares, thousands	EUR million
At 1 January 2020	1	18,197	18.4
At 31 December 2020	1	18,197	18.4

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

NOTE 20.1 EARNINGS PER SHARE

Earnings per share before dilution, continuing operations	2020	2019
Profit for the year attributable to Parent Company shareholders, EUR million	17.7	20.6
Outstanding shares, 1 January	18,197,124	18,197,124
Weighted average of newly issues shares	—	—
Weighted average number of shares before dilution	**18,197,124**	**18,197,124**
Earnings per share before dilution, EUR	0.97	1.13
Result for the year attributable to Parent Company shareholders, EUR million (discontinued operations)	—	–10.7
Earnings per share before dilution, EUR (discontinued operations)	—	–0.59

Note 20 cont.

Earnings per share after dilution	2020	2019
Profit for the year attributable to Parent Company shareholders, EUR million	17.7	20.6
Outstanding shares, 1 January	18,197,124	18,197,124
Dilution effect (convertibles and warrants)	—	—
Weighted average number of shares after dilution	**18,197,124**	**18,197,124**
Earnings per share after dilution, EUR (continuing operations)	0.97	1.13
Result for the year attributable to Parent Company shareholders, EUR million (discontinued operations)	—	–10.7
Earnings per share after dilution, EUR (discontinued operations)	—	–0.59

NOTE 21

OTHER COMPREHENSIVE INCOME

Change in other comprehensive income for the year	2020	2019
Actuarial gains and losses, net of tax (of which 4.4 from discontinued operations in 2019)	–0.9	0.8
Exchange-rate differences on translation of foreign operations	1.9	–0.9
Change for current year	**1.0**	**–0.1**

Total other comprehensive income	31 Dec 2020	31 Dec 2019
Exchange-rate differences on translation of foreign operations	2.3	0.4
Actuarial gains and losses	–11.2	–10.1
Total other comprehensive income before tax, cumulative	**–8.9**	**–9.7**
Income tax effects on other comprehensive income	2.8	2.6
Other comprehensive income cumulative, net after tax	**–6.1**	**–7.1**

	31 Dec 2020		
Tax effects regarding other comprehensive income	Before tax	Tax expense (tax income)	Net of tax
Exchange-rate differences on translation of foreign operations (non-taxable)	2.3	—	2.3
Actuarial gains and losses	–11.2	2.8	–8.4
Total	**–8.9**	**2.8**	**–6.1**

	31 Dec 2019		
Tax effects regarding other comprehensive income	Before tax	Tax expense (tax income)	Net of tax
Exchange-rate differences on translation of foreign operations (non-taxable)	0.4	—	0.4
Actuarial gains and losses	–10.1	2.6	–7.5
Total	**–9.7**	**2.6**	**–7.1**

Changes in tax effect regarding other comprehensive income	2020	2019
Opening balance, 1 January	2.6	2.9
Change for current year:		
Actuarial gains and losses	0.2	–0.3
Closing balance, 31 December	**2.8**	**2.6**

NOTE 22

POST-EMPLOYMENT BENEFIT PROVISIONS

The Group has defined-benefit pension plans in Germany, Switzerland, Belgium, Sweden, the Netherlands, Norway and Italy. The plan in Sweden arose through the acquisition of a subsidiary in 2017 and the plan in Norway through the acquisition of a subsidiary in 2020.

Germany

The benefits provided in the defined-benefit plans in Germany refer to plans providing a fixed pension depending on years of service, fixed pension for the first ten years of service with an subsequent annual increase of an additional fixed pension amount, individual pension commitments such as fixed pensions and final salary–based plans, and deferred remuneration pertaining to annual agreements on the waiver of salary/one-off payment benefit. There are no remaining employees in the plan at the end of 2020. Pension Scheme 1 was reclassified to liabilities related to assets held for sale per 31 December 2018, and subsequently derecognised in connection with the sale of Papyrus Deutschland GmbH & Co. KG in 2019.

Switzerland

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

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

Sweden

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

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

Net defined-benefit expense	2020	2019
Current service cost	–1.4	–1.2
Interest expense	–0.2	–0.5
Recognised return on plan assets	0.0	0.3
Settlements	—	0.3
Past service cost	–0.0	–0.3
Net defined-benefit expense	**–1.6**	**–1.4**
Actual return on plan assets	**0.6**	**1.0**

Expected contributions to the defined-benefit pension plans, for the next reporting period, amount to EUR 1.4 million.

Defined-benefit pension liability, net	31 Dec 2020	31 Dec 2019
Defined-benefit obligation	58.3	55.2
Market value of plan assets	–33.7	–32.1
Net defined-benefit liability	**24.7**	**23.1**

Specification of defined-benefit obligation by country:	2020	2019
Germany	2.7	2.7
Switzerland	14.7	13.0
Belgium	3.9	3.8
Sweden	2.6	2.5
Other countries	0.7	1.1
Total	**24.7**	**23.1**

Note 22 cont.

Changes in defined-benefit obligation	Present value of obligation	Fair value of plan assets	Total
At 1 January 2019	**48.1**	**–29.8**	**18.3**
Pension cost recognised in profit or loss			
Current service cost	1.2	—	**1.2**
Interest expense/(income)	0.5	–0.3	**0.2**
Sub-total included in profit or loss	**1.7**	**–0.3**	**1.4**
Contributions/premiums paid, net	–2.0	1.6	**–0.4**
Re-measurement in other comprehensive income			
Return on plan assets (excl. amounts included in interest expense/(income)	—	–1.2	**–1.2**
Gains/losses arising from changes in demographic assumptions	0.3	—	**0.3**
Gains/losses arising from changes in financial assumptions	5.3	—	**5.3**
Experience adjustments	—	—	—
Settlement of plan	–0.3	0.3	**0.0**
Sub-total included in other comprehensive income	**5.3**	**–0.9**	**4.4**
Contribution from employer/participant	0.8	–1.9	**–1.1**
Acquisition of new companies	—	—	—
Reclassification to assets held for sale	—	—	—
Administrative expenses for defined-benefit plans	–0.1	0.2	**0.1**
Exchange-rate differences	1.4	–1.0	**0.4**
At 31 December 2019	**55.2**	**–32.1**	**23.1**
At 1 January 2020	**55.2**	**–32.1**	**23.1**
Pension cost recognised in profit or loss			
Current service cost	1.4	—	**1.4**
Interest expense/(income)	0.2	–0.1	**0.1**
Sub-total included in profit or loss	**1.6**	**–0.1**	**1.5**
Contributions/premiums paid, net	–0.9	0.8	**–0.1**
Re-measurement in other comprehensive income			
Return on plan assets (excl. amounts included in interest expense/(income)	0.0	–0.5	**–0.5**
Gains/losses arising from changes in demographic assumptions	0.0	0.0	**0.0**
Gains/losses arising from changes in financial assumptions	1.0	0.0	**1.0**
Experience adjustments	0.5	0.0	**0.5**
Settlement of plan	–0.2	0.1	**–0.1**
Sub-total included in other comprehensive income	**1.3**	**–0.4**	**1.0**
Contribution from employer/participant	0.8	–1.9	**–1.1**
Acquisition of new companies	0.2	0.0	**0.2**
Reclassification to assets held for sale	—	—	—
Administrative expenses for defined-benefit plans	–0.1	0.1	**0.0**
Exchange-rate differences	0.2	–0.1	**0.1**
At 31 December 2020	**58.3**	**–33.7**	**24.7**

Major categories of plan assets of the fair value of total plan assets	31 Dec 2020	31 Dec 2019
Quoted in active markets:		
Group insurance	33.7	32.1
Total	**33.7**	**32.1**

Changes in fair value of plan assets	31 Dec 2020	31 Dec 2019
Opening balance, fair value of plan assets	32.1	29.8
Interest income recognised in profit or loss	0.1	0.3
Benefits paid	–0.8	–1.6
Re-measurement on return on plan assets	0.5	1.2
Settlement of plan	–0.1	–0.3
Contributions/premiums paid, net	1.9	1.9
Exchange-rate differences	0.1	1.0
Other	–0.1	–0.2
Closing balance, fair value of plan assets	**33.7**	**32.1**

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

Material assumptions used in determining benefit obligations for the Group's pension plans	2020	2019
Belgium		
Discount rate	0.4%	0.6%
Future salary increases	1.5%	1.5%
Future pension increases	—	—
Average remaining life expectancy among employees, years, men/women	23/26	23/26
Germany		
Discount rate	0.4%	0.7%
Future salary increases	2.2%	2.2%
Future pension increases	1.8%	1.8%
Average remaining life expectancy among employees, years, men/women	20/24	20/24
Switzerland		
Discount rate	0.1%	0.2%
Future salary increases	1.2%	1.3%
Future pension increases	—	—
Average remaining life expectancy among employees, years, men/women	22/24	22/24
Sweden		
Discount rate	0.8%	1.3%
Future salary increases	1.7%	—
Future pension increases	—	—
Average remaining life expectancy among employees, years, men/women	22/24	22/24

Note 22 cont.

Sensitivity analysis regarding reasonably possible changes to material actuarial assumptions 2020

Germany	Change in assumption	Impact on the defined-benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–6.0% (–6.0)	6.0% (7.0)
Future salary increases	0.5% (0.5)	— (—)	— (—)
Pension cost increases	0.5% (0.5)	6.0% (6.0)	–6.0% (–6.0)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		5.0% (4.0)	–4.0% (–4.0)

Belgium	Change in assumption	Impact on the defined-benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–4.9% (–5.5)	5.3% (5.1)
Future salary increases	0.5% (0.3)	4.0% (4.7)	–4.1% (–5.1)
Pension cost increases	— (—)	— (—)	— (—)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		0.10% (0.08)	–0.09% (–0.08)

Switzerland	Change in assumption	Impact on the defined-benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–8.3% (–8.4)	9.6% (9.6)
Future salary increases	0.5% (0.5)	0.8% (0.8)	–0.7% (–0.8)
Pension cost increases	0.5% (0.5)	6.0% (5.9)	–5.5% (–5.3)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		2.5% (2.4)	–2.6% (–2.5)

Sweden	Change in assumption	Impact on the defined-benefit obligation: Increase in assumption	Decrease in assumption
Discount rate	0.5% (0.5)	–6.8% (–6.9)	7.6% (7.7)
Future salary increases	0.0 (0.5)	— (—)	— (—)
Pension cost increases	0.0 (0.5)	— (—)	— (—)
		Increase of 1 year in the assumption	Decrease of 1 year in the assumption
Life expectancy		5.9% (5.7)	–5.8% (5.6)

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

The following payments are expected to be made in future years out of the defined-benefit plans:	2020	2019
Within the next 12 months: (next annual reporting period)	0.7	0.6
Between 2 and 5 years	2.6	3.0
Between 5 and 10 years	4.3	3.7
Beyond 10 years	2.7	2.9
Total expected payments	**10.2**	**10.2**

Weighted average maturity of the defined-benefit obligation	2020	2019
Years		
Germany	12	13
Switzerland	18	18
Belgium	21	20
Sweden	13	13

Defined-contribution pension plans

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

Pension costs for defined-contribution plans amounted to EUR –7.6 million (–9.2) for 2020.

NOTE 23

RESTRUCTURING PROVISION AND OTHER NON-CURRENT PROVISIONS

	31 Dec 2020	31 Dec 2019
Opening balance	6.5	4.9
New provisions during the year	16.8	14.8
Reversed, utilised provisions	–15.3	–13.8
Reclassification to assets held for sale	—	—
Translation differences	0.1	0.5
Closing balance	**8.1**	**6.5**
Of which, recognised as non-current in the balance sheet	*0.8*	*0.7*
Of which, recognised as current in the balance sheet	*7.3*	*5.8*

NOTE 24

CONTINGENT LIABILITIES

The Group has no material contingent liability.

NOTE 25

RELATED-PARTY DISCLOSURES

The following business relationships are conducted according to normal market terms and conditions (“at arm’s length”) and the table below lists the companies that are considered to be related parties. Remuneration of the Board and senior executives is disclosed in Note 8.

Name	Relationship	% of shares
Entities with significant influence over the Group:		
Altor Fund II GP Limited	Shareholder	40.7
Triton via Ply Acquisition AB	Shareholder	39.1
RoosGruppen AB	Shareholder	14.0
Pyramidion Consulting AB	Shareholder	
Kronogaard Invest AB	Shareholder	
Hulelyckan Invest AB	Shareholder	
Stadsing Holding ApS	Shareholder	
Molndala Invest AB	Holder of preference shares	
Forsåker Invest AB	Holder of preference shares	

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

	Entity with significant influence over the Group:			
	Altor Fund II GP Limited/ Altor Equity Partners		Triton Advisers Limited	
Sales to/Purchases from related parties	2020	2019	2020	2019
Sales to related parties	—	—	—	—
Purchases from related parties	0.0	0.0	0.0	0.0
Receivables from related parties	—	—	—	—
Liabilities to related parties	0.0	0.0	0.0	0.0

During the year, transactions took place between Group companies and companies controlled by RoosGruppen AB, for a value of less than EUR 0.2 million (0.1).

NOTE 26

ADJUSTMENTS TO RECONCILE PROFIT BEFORE TAX TO NET CASH FLOW

Adjustments for non-cash flow items:	31 Dec 2020	31 Dec 2019
Depreciation and impairment of property, plant and equipment	3.0	4.4
Amortisation and impairment of intangible assets	6.7	7.5
Depreciation and impairment of right-of-use assets	18.0	18.1
Capital gains/losses on disposal of property, plant and equipment	–1.2	0.1
Capital gains/losses on disposal of subsidiaries	—	6.8
Unrealised currency exchange differences	–1.3	0.8
Change in value of financial assets measured at fair value	–0.9	—
Change in contingent considerations	–0.2	–3.0
Total	**24.0**	**34.7**

Interest paid in the period amounted to EUR 2.5 million (2.7).
Interest received in the period amounted to EUR 2.0 million (0.0).

NOTE 27

SIGNIFICANT EVENTS AFTER THE BALANCE-SHEET DATE

On 1 January, Thomas Eriksson became CFO for OptiGroup AB and a member of OptiGroup Management Team. Thomas succeeds Eva Nilsagård, who held the position on an interim basis. Thomas was most recently employed as CFO at investment company Latour Industries AB.

On 1 March, OptiGroup announced the acquisition of Trend Papir Kft's cleaning and hygiene operations in Hungary. The acquired business will become part of Papyrus Hungaria, OptiGroup's Hungarian company for the distribution of paper and consumables. Through this acquisition, Papyrus Hungaria will broaden its offering to include cleaning and facility management products for large and medium-sized companies in the private and public sectors.

On 1 March a restructuring of the legal structure within the group was made resulting in the parent company OptiGroup AB divesting its shares in Stadsing A/S, Procurator AB and Pac Production AB to book value to the subsidiary OptiGrop FSF AB. The restructuring has no effect on the group and was performed in order to align the legal structure with the operational structure.

On 26 March the acquisition of 100 per cent of the shares in PacsOn Sverige AB was announced. The acquisition is subject to approval by the Swedish Competition Authority and is expected to be completed in the coming months.

Parent Company income statement

EUR million	Note	2020	2019
Net sales		5.5	5.3
Personnel expenses		–5.5	–4.8
Other operating expenses		–3.5	–6.6
Operating profit/loss	2	**–3.5**	**–6.1**
Result from Group shares	3	–15.4	–8.5
Other interest income and similar profit/loss items	3	8.1	5.6
Interest expenses and similar profit/loss items	3	–2.1	–2.6
Net financial items		**–9.4**	**–5.5**
Profit/loss after financial items		**–12.9**	**–11.6**
Appropriations/Group contributions		0.0	6.0
Profit before tax		**–12.9**	**–5.6**
Tax on profit for the year, change in deferred tax		–0.2	0.0
Profit/loss for the year		**–13.1**	**–5.6**

Parent Company statement of other comprehensive income

EUR million	Note	2020	2019
Profit/loss for the year		**–13.1**	**–5.6**
Other comprehensive income		—	—
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		**–13.1**	**–5.6**

Parent Company balance sheet

EUR million	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	4, 6	265.3	276.0
Receivables from Group companies		168.7	0.8
Other non-current receivables		0.3	—
Total non-current assets		**434.3**	**276.8**
Current assets			
Current receivables			
Receivables from Group companies		3.2	6.9
Current tax receivables		0.2	0.1
Other current receivables		0.1	0.0
Prepaid expenses and accrued income		0.2	0.1
Cash and bank balances		19.3	189.4
Total current assets		**23.0**	**196.5**
Total assets		**457.3**	**473.3**

Parent Company balance sheet

EUR million	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital[1]		18.4	18.4
Share premium reserve		241.8	241.8
Non-restricted equity			
Retained earnings		130.4	136.0
Profit/loss for the year		–13.1	–5.6
Total equity	8	**377.5**	**390.6**
Untaxed reserves			
Tax allocation reserve		0.2	—
Total untaxed reserves		**0.2**	—
Non-current liabilities			
Non-current interest-bearing borrowings		—	25.1
Total non-current liabilities	5	**0.0**	**25.1**
Current liabilities			
Trade payables		0.5	0.1
Liabilities to Group companies		75.8	54.3
Other current liabilities		0.3	0.1
Accrued expenses and deferred income		3.0	3.1
Total current liabilities		**79.6**	**57.6**
Total equity and liabilities		**457.3**	**473.3**

Pledged assets and contingent liabilities, see Note 7.
1) for further information about share capital, see Note 20 Group notes

Parent Company statement of cash flows

EUR million	Note	2020	2019
Cash flow from operating activities			
Profit/loss before tax		–12.9	–5.6
Income taxes paid		–0.1	0.1
Non-cash flow items included in profit/loss before tax:			
Write-down of shares in subsidiaries		10.7	12.2
Allocation of financing costs		–0.2	0.1
Interest income		–0.9	0.0
Group contributions not received/paid		5.9	–6.1
Change in untaxed reserves		0.2	—
Cash flow from operating activities before changes in working capital		**2.8**	**0.7**
Changes in working capital			
Changes in operating receivables		–1.5	1.4
Changes in operating liabilities		21.6	3.9
Cash flow from changes in working capital		**20.1**	**5.3**
Net cash flow from operating activities		**22.9**	**6.0**
Cash flow from investing activities		**0.0**	**0.0**
Cash flow from financing activities			
Change in receivables from Group companies		–168.0	0.2
Increase in new borrowings		10.0	70.0
Repayment of borrowings		–35.0	–65.0
Cash flow from financing activities		**–193.0**	**5.2**
Cash flow for the year			
Net change in cash and bank balances		**–170.1**	**11.2**
Cash and bank balances at beginning of the year		189.4	178.1
Cash and bank balances at year-end		**19.3**	**189.4**

Parent Company statement of changes in equity

EUR million	Share capital	Share premium reserve	Retained earnings	Total equity
Opening balance, 1 January 2019	**18.4**	**241.8**	**136.0**	**396.2**
Profit/loss for the year	—	—	–5.6	–5.6
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	**—**	**—**	**–5.6**	**–5.6**
Closing balance, 31 December 2019	**18.4**	**241.8**	**130.4**	**390.6**
Opening balance, 1 January 2020	**18.4**	**241.8**	**130.4**	**390.6**
Profit for the year	—	—	–13.1	–13.1
Other comprehensive income for the year	—	—	—	—
Total comprehensive income for the year	**—**	**—**	**–13.1**	**–13.1**
Closing balance, 31 December 2020	**18.4**	**241.8**	**117.3**	**377.5**

NOTE 1

BASIS OF PREPARATION

Rules and regulations applied

The Parent Company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company is to apply all the International Financial Reporting Standards adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act.

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

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

As from 1 January 2019, the Group adopts IFRS 16 Leases. The Parent Company does not apply the exception in RFR 2 and recognises lease fees straight-line over the leading period.

Financial assets

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

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

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

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

Group contributions

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

NOTE 2

SALARIES TO EMPLOYEES AND OTHER REMUNERATION

Average number of employees

Salaries and remuneration to the Board and CEO for 2020 amounted to EUR 1.1 million (1.7), of which EUR 0.2 million (0.7) pertained to variable remuneration. Social security contributions and pensions to the Board and CEO amounted to EUR 0.4 million (0.6). For significant employment terms for the CEO, see Note 8 for the Group.

Salaries to other employees amounted to EUR 2.8 million (1.6). Social security contributions and pension to other employees amounted to EUR 1.2 million (0.9).

The average number of employees was 19 (13), of whom 74 percent (67) are men. The Board comprises five men (six) and no women (two).

Fees to auditors

Audit fees of EUR 0.1 million (0.1) to the elected auditors, EY, were expensed in 2020. Other fees to EY in the same period amounted to EUR 0.1 million (0.6).

NOTE 3

FINANCIAL INCOME AND EXPENSES

Result from Group shares	2020	2019
Write-down of shares in subsidiaries	–16.4	–12.2
Dividends from subsidiaries	1.0	3.7
Total	**–15.4**	**–8.5**
Other interest income and similar profit/loss items	2020	2019
Interest income from Group companies	5.0	4.2
Exchange-rate differences	3.1	1.4
Total	**8.1**	**5.6**
Interest expenses and similar profit/loss items	2020	2019
Interest expense	–0.5	–1.1
Interest expense from Group companies	–0.0	–0.1
Other financial expenses	–0.7	–0.4
Exchange-rate differences	–0.9	–1.0
Total	**–2.1**	**–2.6**

NOTE 4

FINANCIAL ASSETS

	31 Dec 2020	31 Dec 2019
Participations in Group companies		
OptiGroup Packaging AB	0.2	0.2
Scaldia NV	0.0	0.0
Papyrus AB	105.6	116.3
Papyrus Supplies Group AB (name change after the balance sheet date to OptiGroup FSF AB)	33.0	33.0
Procurator AB	58.5	58.5
Stadsing A/S	48.9	48.9
Pac-Production Sweden AB	19.1	19.1
Carrying amount on balance-sheet date	**265.3**	**276.0**

NOTE 5

OTHER NON-CURRENT LIABILITIES

Due dates regarding non-current borrowings are as follows:
At the end of 2020, the Parent Company had no non-current borrowings. The agreement with Danske Bank was extended at the end of 2019 and the loan was then classified as non-current as a result at the end of 2019. Capitalised financing costs are depreciated over five years and amount to EUR –0.3 million (–0.1).

NOTE 6

PARTICIPATIONS IN GROUP COMPANIES

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

Company name	Country of incorporation	% of share capital
HQ Functions		
Papyrus AB, Corporate Identity Number 556734–1630, registered offices Mölndal, Sweden, equity EUR 4.4 million, number of shares 1,000	Sweden	100
Papyrus Supplies Group AB (name change after the balance sheet date to OptiGroup FSF AB), Corporate Identity Number 556685–2280, registered offices Mölndal, Sweden, equity EUR 32.9 million, number of shares 53,380	Sweden	100
OptiGroup Packaging AB, Corporate Identity Number 559138-8888, registered offices Mölndal, Sweden, equity EUR 8.3 million, number of shares 50,000	Sweden	100
Papyrus GmbH	Germany	100
Other subsidiaries		
Papyrus Sverige AB	Sweden	100
Papyrus A/S	Denmark	100
Papyrus Finland Oy	Finland	100
Papyrus AS	Estonia	100
Papyrus Norge AS	Norway	100
Papyrus SIA	Latvia	100
Papyrus NV/SA	Belgium	100
Scaldia NV	Belgium	100

Company name	Country of incorporation	% of share capital
Scaldia BV	Netherlands	100
Papyrus Groep Nederland BV	Netherlands	100
Papyrus Group Holland BV	Netherlands	100
Packagegroup Moonen B.V	Netherlands	100
Ge Moonen Beheer B.V.	Netherlands	100
Papier Mache BVBA	Belgium	100
Papyrus Schweiz AG	Switzerland	100
Scaldia AG	Switzerland	100
Papyrus Sp. z. o.o.	Poland	100
Papyrus Hungária Zrt.	Hungary	100
UAB Papyrus Lietuva	Lithuania	100
Papyrus Bohemia s r. o.	Czech Republic	100
Papyrus Romania SRL	Romania	100
Proxima Tapes SRL	Romania	100
Proxima Comserv SRL	Romania	100
Oviva Distribution Srl	Romania	100
Papyrus Italia S.r.l.	Italy	100
Papyrus Group Germany GmbH	Germany	100
Procurator Sverige AB	Sweden	100
Supplies Direct Göteborg AB	Sweden	100
Supplies Direct City (Årsta) AB	Sweden	100
Supplies Direct Malmö AB	Sweden	100
Supplies Direct Stockholm Länna AB	Sweden	100
Procurator Danmark A/S	Denmark	100
VeliMark OY	Finland	100
Mercamer Oy	Finland	100
Oy Telpak AB	Finland	100
Walki Medical Oy	Finland	100
Kapkem Oy	Finland	100
Procurator AB	Sweden	100
Procurator A/S	Denmark	100
Procurator Eesti Oü	Estonia	100
Stadsing A/S	Denmark	100
OptiGroup Shared Services Division Kft	Hungary	100
Scaldia AB	Sweden	100
Pac-Production Sweden AB	Sweden	100
City Papper & Städprodukter HÅTE AB	Sweden	100
Sterling Finemballage Aktiebolag	Sweden	100
Aktiebolaget Folie- och Plastförpackningar	Sweden	100
Scaldia A/S	Denmark	100
Ekopack i Sydsverige AB	Sweden	100
Packteam Europe AB	Sweden	100
Skovly-Gruppen AS	Norway	100
Viking Cimex AS	Norway	100
Servicio AS	Norway	100

NOTE 7

PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	31 Dec 2020	31 Dec 2019
Participations in subsidiaries	265.3	276.0
Total pledged assets	**265.3**	**276.0**
Contingent liabilities	None	None

NOTE 8

PROPOSED DISPOSITION OF UNAPPROPRIATED EARNINGS

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

	EUR
Retained earnings	130,315,523
Profit/loss for the year	–13,079,176
Available earnings	**117,236,347**

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

	EUR
To be carried forward	117,236,347

Gothenburg, 28 April 2021

Johan Sjö
Chairman

Jan Johansson
Board member

Bengt Maunsbach
Board member

Håkan Roos
Board member

Sören Gaardboe
President and CEO

Our auditor's report concerning these financial statements was issued on 28 April 2021.
Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

Auditors' Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of OptiGroup AB for the year 2020. The company's annual accounts and consolidated accounts are included on pages 45–106 in this document.

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 the parent company and the group as of December 31, 2020 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.

Other Information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information can be found on pages 1–44 and 109–120 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of OptiGroup AB for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional 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 appro-priations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg 28 April 2021

Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

About the sustainability report

OptiGroup uses sustainability as an umbrella term to describe responsible business operations that encompass social, environmental and economic responsibility. This sustainability report describes OptiGroup's actions during 2020 in those areas that are considered to be material to the business. The report was compiled in accordance with the GRI Standards: Core option. The reader will find relevant sustainability information in the various sections of the annual report. These disclosures provide OptiGroup's stakeholders with information on the Group's sustainability work.

All GRI related data in 2020 reporting refers to OptiGroup's operations in the market where the Group is present unless otherwise noted. It covers all subsidiaries and includes activities occurring at all facilities, owned and leased, where OptiGroup's companies have operational control. The report does not include data from Kapkem, which was acquired in December 2020, and operations divested or discontinued during the year.

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

The report and the sustainability disclosures for 2020 were not audited by a third party. The company's auditor has however submitted an opinion regarding the preparation of the sustainability report.

Feedback

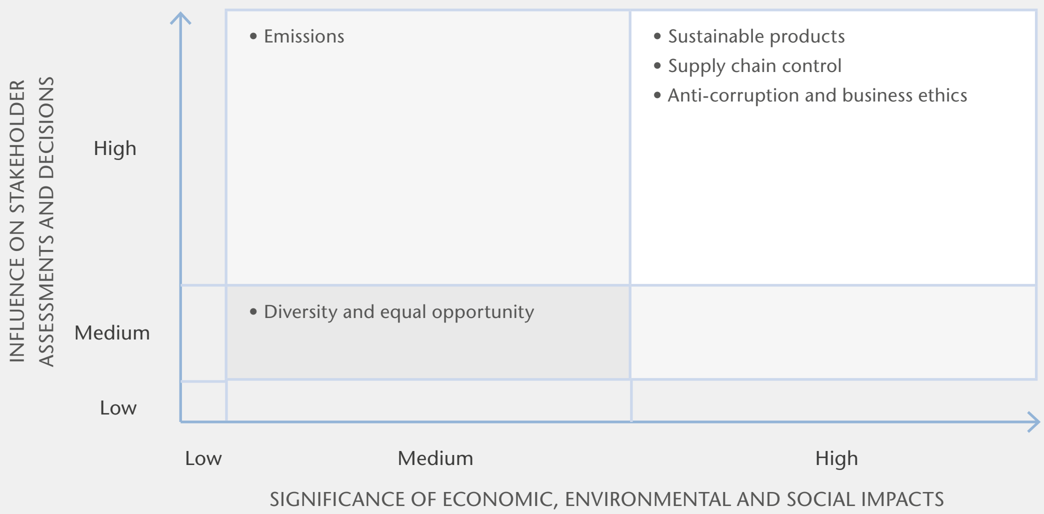
Feedback on this report and on the company's sustainability performance is welcomed. Please send comments to: stefan.sikander@optigroup.com

MATERIALITY ANALYSIS AND SUSTAINABILITY PRIORITIES

OptiGroup uses a materiality matrix to ensure that focus and resources are put on the areas that engage stakeholders most and that have the most impact on OptiGroup. The Group's most recent focused materiality analysis was conducted in 2019. The review was conducted together with an external partner who consulted the company's stakeholders to assess how well the sustainability agenda is adapted to their needs and expectations. The result of the assessment was largely in line with OptiGroup's earlier materiality analysis that was conducted in 2015.

Based on the materiality analysis, OptiGroup identified five focus areas within its sustainability work.

- Sustainable products – Market sustainable products and customer solutions
- Supply chain control – Strict principles for supplyier evaluation
- Emissions – Reduced climate impact in own operations
- Anti-corruption and business ethics – High level of ethical norms in all business contacts
- Diversity and equal opportunity – Engaged employees in equal and safe work environments



Stakeholder dialogue

OptiGroup has the goal of adapting its work methods to its stakeholders' needs and expectations. Stakeholder groups are defined as organisations or individuals who can affect or be affected by OptiGroup's operations. It is important to gather the views of all stakeholder groups because they have different needs regarding sustainability. Feedback and comments are collected in various ways from a broad spectrum of stakeholders. In conjunction with the update of the materiality assessment in 2019, a review of the stakeholder dialogues was conducted in cooperation with an external partner.

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

Sustainability governance

The importance of good business ethics, integrity and responsibility are emphasised in the management of the subsidiaries and is fundamental to OptiGroup's corporate governance. OptiGroup's Board of Directors, through the Management Team, is ultimately responsible for the Group's sustainability work.

Governance of sustainability and ethics

The Management Team decides the company's sustainability and ethical strategy, the preparation of Group-wide policies and key performance indicators, as well as being responsible for their implementation and monitoring. The responsibility for sustainability work lies with the subsidiaries and is to be conducted in accordance with the strategy and basic requirements established by the Management Team. The department for communication and sustainability coordinates the Group's sustainability work and is responsible for the review of the overall strategy.

OptiGroup's internal audit department, which operates at management level under the CFO, is responsible for implementing, directing and overseeing the auditing and compliance programs for the Group's companies. This work involves:

- Implementing policies and business practices, including OptiGroup's Code of Conduct
- Identifying issues for development
- Processes and tools for compliance
- Legal and regulatory business practices

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

Compliance

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

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

The Group's internal audit department is responsible for OptiGroup's regular Corporate Governance Certification Process that ensures that the Group's policies are subject to an annual review and have been implemented in the subsidiaries.

Whistleblowing service

OptiGroup has a whistleblower service that gives all employees the possibility to anonymously report suspicion of serious breaches of the Code of Conduct, Group policies or laws and regulations. The whistleblower service is available to all companies in local languages. The company's internal audit department assists all employees with matters relating to ethical and lawful behaviour.

OptiGroup Corporate Governance Certification Process

OptiGroup performs an annual Corporate Governance Certification Process to ensure that the company's Group Policies are up-to-date and subject to an annual review. Senior managers are to review and confirm their understanding of, and responsibility for, Group Policies annually by:

- Signing and submitting confirmation of compliance, including descriptions of any known deviations.
- Taking appropriate and necessary steps to ensure that the reporting functions and employees are aware of applicable policies and are notified if any changes are made to them.
- Ensuring integration of Group Policies into the companies' own guidelines and processes, and assuring compliance.

Owners of OptiGroup

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

Management approach

OptiGroup works in a structured manner on its five focus areas identified in the materiality analysis. The table below presents the major aspects and the main ambitions for each focus area, as well as the tools and responsible persons associated with them.

FOCUS AREA	ASPECT	KEY AMBITIONS	TOOLS	RESPONSIBILITY
Sustainable products	• Transparent and objective information on the customer offering • Eco-labelled products	• In the ongoing work to develop the range offering, take into consideration the products' environmental impact across their entire life cycle • With open and transparent communication, meet the customers' needs and expectations • Recommend customer solutions that lead to reduced climate impact • Help customers to operate more sustainably and to make well-informed purchase decisions	• Internal training programmes to ensure good product knowledge, logistics expertise and understanding of customers' operations • Product information and eco-labelling available to customers online • KPI monitoring	• Product and category managers • Marketers • Sales managers • KAMs
Supply chain control	• Strict intake processes for new suppliers • Continuous supplier evaluation	• Promote responsibility and transparency in the supplier chain • Compliance with OptiGroup's Supplier Code of Conduct • Supplier evaluation based on quality and sustainability aspects	• Sourcing policy and intake process for new suppliers • Supplier Code of Conduct • Audit and control • KPI monitoring	• Sourcing managers • Product and category managers • Quality & environmental managers
Emissions	• Efficient energy use • Transition to fossil-free energy sources	• Responsibly minimise carbon emissions and reduce environmental impact from own operations • In cooperation with business partners, minimise emissions from purchased transportation services and continuously reduce use of energy in properties	• Efficient use of premises • Selection of energy sources • Increased use of online meetings • KPI monitoring	• Company management • Logistic managers • Quality & environmental managers
Anti-corruption and business ethics	• Anti-corruption • Anti-competitive behaviour	• High awareness and commitment to ethical business practices • Ensuring compliance of operations with Group policies, national laws and local legal requirements • Zero-tolerance for corruption	• Group policies • Annual corporate governance certification process • Whistleblowing service	• Management Team • Company management • Sales managers • Sourcing managers • Legal • Internal audit
Diversity and equal opportunity	• Diversity and equal opportunity • Occupational health and safety	• Attractive employer • Engaged employees in equal and enriching work environments • Inclusive culture, where everyone has the same opportunities • Employee health and accident-free workplaces	• Structured appraisal discussion process • Internal training programmes • Systematic improvement work to prevent occupational injury and work-related illnesses • KPI monitoring	• Company management • Managers and leaders • Human Resources

Environmental indicators

Emissions and climate impact

Energy and CO_2 emissions from buildings	2020	2019
Energy usage from oil, terajoule (TJ)	—	—
Energy usage from gas, terajoule (TJ)	14.4	16.8
Energy usage from district heating, terajoule (TJ)	18.5	20.7
Energy usage from electricity, terajoule (TJ)	15.9	18.5
Energy use renewable sources (TJ)	14.9	15.9
Total energy usage in buildings, terajoule (TJ)	63.7	72.0
Scope 1 – Direct carbon emissions, tonnes CO_2e	757	857
Scope 2 – Indirect carbon emissions, tonnes CO_2e	1,705	2,330

Energy and CO_2 emissions from own distribution	2020	2019
Energy usage from diesel, terajoule (TJ)	53.4	44.8
Energy usage from bio-diesel, terajoule (TJ)	—	—
Energy usage from petrol, terajoule (TJ)	1.4	3.1
Energy usage from Gas/LPG, terajoule (TJ)	—	—
Total energy usage in company-controlled distribution of goods, terajoule (TJ)	54.8	47.9
Scope 1 – Direct carbon emissions, tonnes CO_2e	3,838	3,351

Emission intensity (Scope 1 and 2)	2020	2019
Carbon emissions in relation to sales (tonnes CO_2e/EUR million)	6.6	6.4

CO_2emissions are based on the conversion factors for greenhouse gas reporting provided by Defra and Carbon Footprint.

Water and waste management

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

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

Environmental labelling

FSC and PEFC	2020	2019
Share of FSC and PEFC certified items of the total number of graphic products held in stock, %	83	78

Indicators of diversity and social responsibility

Personnel data	2020	2019
Number of full-time employees at year-end	1,541	1,589
Women, %	38	39
Men, %,	62	61
Age <30, %	10	11
Age 30–50, %	56	56
Age >50, %	34	33
Employee turnover rate, %	13	10

Managers with directly reporting employees	2020	2019
Number of managers	238	240
Women, %	33	29
Men, %,	67	71
Age <30, %	4	2
Age 30–50, %	60	66
Age >50, %	36	32

Management Team	2020	2019
Number of members	7	5
Women, %	0	0
Men, %,	100	100
Age <30, %	0	0
Age 30–50, %	29	20
Age >50, %	71	80

Safety and well-being data	2020	2019
Sickness and accident-related absence as a percentage of theoretical working hours	3.4	3.5
Number of accidents at the workplace per one million hours worked	7.8	10.3
Number of accidents at the workplace with lost worktime per one million hours worked (LTIFR)	3.4	7.7
No. of work-related fatalities	0	0

GRI index

GRI Standard	Disclosure		Page reference
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
ORGANISATIONAL PROFILE			
	102-1	Name of the organisation	Cover
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	102-4	Location of operations	55, 24–32
	102-5	Ownership and legal form	37–39, 111
	102-6	Markets served	55, 24–32
	102-7	Scale of the organisation	6–7, 114
	102-8	Information on employees and other workers	20, 114
	102-9	Supply chain	18–21
	102-10	Significant changes to the organisation and its supply chain	6, 14, 111
	102-11	Precautionary Principle or approach	18–21
	102-12	External initiatives	112
	102-13	Membership of associations	110
STRATEGY			
	102-14	Statement from senior decision-maker	8–9
	102-15	Key impacts, risks, and opportunities	33–36
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	102-16	Values, principles, standards, and norms of behavior	13, 21
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	102-18	Governance structure	37–39, 111–112
STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	110
	102-41	Collective bargaining agreements	20
	102-42	Identifying and selecting stakeholders	109–110
	102-43	Approach to stakeholder engagement	110
	102-44	Key topics and concerns raised	110

GRI Standard	Disclosure		Page reference
REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements	109
	102-46	Defining report content and topic Boundaries	109
	102-47	List of material topics	109
	102-48	Restatements of information	109
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	102-50	Reporting period	109
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	102-53	Contact point for questions regarding the report	109
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ANTI-CORRUPTION			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	18–21, 109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	18–21, 111
	205-3	Confirmed incidents of corruption and actions taken	20, 111
ANTI-COMPETITIVE BEHAVIOUR			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	18–21, 109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	20, 111
ENERGY			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	113
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GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	113
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GRI Standard	Disclosure		Page reference
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GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	18–21
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GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40–43, 114
	405-2	Ratio of basic salary and remuneration of women to men	70
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	18–21
MARKETING AND LABELING			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundary	18–21, 109, 111–112
	103-2	The management approach and its components	109, 111–112
	103-3	Evaluation of the management approach	109, 111–112
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	18–21, 113

Auditor's report on the statutory sustainability report

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

Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report on pages 18–21, 33–36, 109–114 has been prepared in accordance with the Annual Accounts Act

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Gothenburg, 28 April 2021

Ernst & Young AB

Heléne Siberg Wendin
Authorized Public Accountant

Definitions and reconciliations of alternative performance measures

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

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

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

Items affecting comparability for 2020 amounts to EUR –14.0 million net. The costs mainly comprise termination costs for personnel and premises. The corresponding items for 2019 amounted to EUR –1.0 million.

EUR million	2020	2019
Adjusted EBITA	42.7	37.0
Items affecting comparability	–14.0	–1.0
EBITA	**28.7**	**36.0**
Amortisation and impairment of intangible assets	–6.7	–7.5
Operating profit	**22.0**	**28.5**

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

EUR million	2020	2019
Adjusted EBITDA	**63.7**	**56.9**
Depreciation and impairment of property, plant and equipment	–21.0	–19.9
Amortisation and impairment of intangible assets	–6.7	–7.5
Items affecting comparability	–14.0	–1.0
Operating profit	**22.0**	**28.5**

Reconciliation of operating cash flow

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

EUR million	2020	2019
Cash flow from operating activities	**54.9**	**40.6**
Investments in assets	–5.1	–6.6
Operating cash flow	**49.8**	**34.0**

Reconciliation of cash conversion

Cash conversion refers to operating cash flow as a percentage of adjusted EBITA for the last 12 months.

EUR million	2020	2019
Operating cash flow, last 12 months	49.8	34.0
Adjusted EBITA, last 12 months	42.7	37.0
Cash conversion, %	117	92

Reconciliation of organic sales growth per segment

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

EUR million	2020	%
Facility, Safety & Foodservice		
Organic growth	5.8	2.0
Acquisitions/divestments	42.5	14.2
Exchange-rate effects	1.0	0.3
Total growth	**49.4**	**16.5**
Packaging		
Organic growth	–10.7	–7.0
Acquisitions/divestments	5.8	3.8
Exchange-rate effects	0.5	0.3
Total growth	**–4.3**	**–2.8**

EUR million	2020	%
Paper & Business Supplies		
Organic growth	–110.9	–19.3
Acquisitions/divestments	–2.7	0.5
Exchange-rate effects	–9.2	–1.6
Total growth	**–122.7**	**–21.4**
Group operations and eliminations		
Eliminations	–12.9	—
Total Group		
Organic growth	–115.7	–11.3
Acquisitions/divestments	45.7	4.5
Exchange-rate effects	–7.6	–0.7
Total growth	**–77.6**	**–7.6**

Reconciliation of net debt/cash

Net debt is used by the Management Team to monitor the Group's debt trend and to analyse the debt/equity ratio and any refinancing of the Group that may be necessary. See Note 17 for a reconciliation of the Group's net debt/cash.

Reconciliation of net debt/adjusted EBITDA

Net debt as a percentage of adjusted EBITDA is used by the Management Team as a performance measure to monitor the debt trend in relation to the profitability of the Group.

EUR million	2020	2019
Net debt	20.1	42.0
Adjusted EBITDA, last 12 months	63.1	56.9
Net debt/adjusted EBITDA	0.3	0.7

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The first choice for all business communication.

Our annual report is printed on MultiDesign®. The very broad range presents outstanding opportunities for freedom of choice. MultiDesign® can be used for all printed matter requiring uncoated paper, while promoting a uniform image and feel to all corporate communication.

MultiDesign® has superior print quality combined with the excellent properties and appearance of the paper which enhances your creative message – time after time.

Cover paper: MultiDesign original white 300 g/m²
Insert paper: MultiDesign smooth white 150 g/m²
Press: Manroland 700 (s/w)
Screen: Kodak Maxtone
Inks: epple, Premium Cobano CF (Seq. KCMY)
Plates: Kodak, Sonora X
Blankets: UMP- Evolution
Exposure: Kodak Magnus 800 CTP
Ink sequence: KCMY

Production: Solberg
Print: Billes tryckeri
Photo: Jesper Orrbeck,
iStock, Getty Images et al.

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