2019 ANNUAL FINANCIAL REPORT

antalis
Just ask Antalis

General comments

KEY FIGURES ARE BASED ON THE FOLLOWING DEFINITIONS (WHERE NECESSARY AND IN THE INTERESTS OF COMPARABILITY, THE IMPACT OF THE FIRST-TIME APPLICATION OF IFRS 16 – LEASES, ON THESE INDICATORS IN 2019 IS RESTATED OR PRESENTED SEPARATELY):

Gross margin: sales minus the cost of goods and services sold, supplier rebates and cash discounts and movements in provisions for goods for resale inventories.

EBITDA: current operating income plus net additions to depreciation, amortisation and provisions.

Current operating income: operating income before "Other operating income and expenses" (see Chapter 4, Note 22).

Consolidated net debt: debt less cash and cash equivalents (see Chapter 4, Note 17b).

Capital employed: sum of net fixed assets and working capital requirements.

Current operating cash flow: algebraic sum of EBITDA, changes in working capital requirements and investment expenditure.

Gross margin rate: Gross margin divided by sales (expressed as a percentage).

EBITDA margin: EBITDA divided by sales (expressed as a percentage).

Current operating margin: current operating income divided by sales (expressed as a percentage).

"Antalis" or the "Group" refers to Antalis whose shares are admitted to trading on the Euronext Paris market, or to the Group comprising Antalis and all of its subsidiaries.

Information regarding Antalis' positions in its business sectors and its market share in volume and value terms is based on internal studies and competitors' publications available as of the date of this report.

The brands referred to in this report, whether registered or not, are those of Antalis Group companies or third parties which hold them.

This Annual Financial Report notably includes the (i) management report for 2019 prepared in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code *(Code de commerce)* and (ii) the Board of Directors' report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code.

Reference herein to the Annual General Meeting of 30 June 2020 means any General Meeting called to deliberate on the same agenda as that submitted to said Annual General Meeting.

This is a free translation into English of the Company's 2019 Annual Financial Report published in French with the AMF *(Autorité des marchés financiers)*. It is provided solely for information purposes and for the convenience of English speaking readers.

1

PRESENTATION OF THE GROUP 9

- History 9
- Geographical markets 10
- Market sectors 10
- Organisation 14
- Strategy 16
- Growth drivers and value creation 18

5

RISK FACTORS 157

- Financial risks 158
- Operating risks 161
- Legal risks 164
- Insurance and risk management 164

Message from the CEO 4
Overview 5

2

CSR **23**

- Organisational governance 23
- Stakeholders 23
- Main risks and challenges 24
- Environment and circular economy 25
- Product offering 27
- Social responsibility 28
- Human rights, corruption and tax evasion 31
- CSR reporting methodology 32
- Report by an independent third party 34

3

CORPORATE GOVERNANCE **37**

- Board of Directors 37
- Committees of the Board of Directors 44
- Corporate decision-making bodies 46
- Profiles of the Board members and executive management 47
- Report on corporate officer compensation 53
- Compliance with the AFEP-MEDEF corporate governance code 69
- Related-party agreements 70
- Statutory Auditors 71
- Statutory Auditors' special report on related-party agreements 72

4

FINANCIAL STATEMENTS **75**

- Key figures 75
- Comments on the year 76
- Financial data for Q1 2020 79
- Consolidated financial statements 82
- Statutory Auditors' report on the consolidated financial statements 134
- Parent company financial statements 137
- Statutory Auditors' report on the parent company financial statements 151
- Allocation of 2019 net income 154

6

COMPANY INFORMATION **169**

- General information about the Company 169
- Information about the Company's capital and ownership 171
- Stock market information 177

7

APPENDICES **181**

- Person responsible for the Annual Financial Report 181
- Statement by the person responsible for the Annual Financial Report 181
- Auditors 182
- Tables of concordance 183





Message from the Chief Executive Officer

HERVÉ PONCIN
Chief Executive Officer

In 2019, Antalis had to contend with headwinds in many of the markets in which it operates. The business environment deteriorated in Europe, Asia and Latin America, especially during the second-half of the year. Political uncertainty has also weighed upon demand in countries in which the Group has strong market positions (i.e., United Kingdom, Chile, Hong Kong and France). In 2019, the European Papers market contracted sharply by a further 8% and prices – which had been rising – began falling in spring 2019. Moreover, the Group was negatively impacted by the failure of a strategic coated and recycled papers supplier, which accounted for approximately 4% of its 2018 purchases in value terms, and the Group's controlling shareholder went into liquidation. Industrial Packaging, particularly in the German auto sector was also impacted, albeit to a lesser extent.

Nevertheless, our Group proved its resilience in these difficult conditions: sales totalled €2,074 million, down 8.6% on a comparable basis, and EBITDA came in at €54 million, giving an EBITDA margin of 2.6%, thanks in particular to a major cost-cutting drive over the year. These operating performances have once again demonstrated our considerable resilience and expertise, the commitment of our teams, the diversity of our geographies and product portfolio, the support of our strategic suppliers and the steadfast loyalty of our customers. These strengths will almost certainly be tested again in 2020 in dealing with the fallout from the global Covid-19 pandemic.

Consolidating our footprint in Packaging and Visual Communication

These higher value sectors contributed 39% of consolidated gross margin in 2019, two points higher than in 2018, underpinned by our ability to innovate and to anticipate our customers' expectations and constantly provide them with more value. They also vindicate our strategy to transform our business model.

In the industrial Packaging sector, we continue to deploy our commercial strategy of providing unique value in the market, with especially attractive prices for major international accounts. Following the opening of two design centres specialising in bespoke packaging solutions in 2019, our customers now have six centres across Europe catering to their specific requirements and sustainable development imperatives. We have also developed innovative digital customer solutions using the Connect'in initiative. Lastly, our own industrial Packaging brand, Master'in – launched in most European countries and comprising over 500 references – has been enthusiastically received by the market.

In Visual Communication, Antalis has consolidated its position as a leading market player in customised interior decoration. Over 500 candidates from more than 20 countries entered the second Antalis Interior Design Awards. We have expanded our range of eco-friendly products and we continued to grow our Coala range with the launch of Coala Interior Films.

Growing e-commerce

Innovation also guides our omni-channel strategy, particularly in the area of e-commerce. In 2019, we continued to deploy the new version of our e commerce website, with new features offering users an optimal customer journey. We generated sales of €308 million via our e-platforms (e-commerce websites and EDI) in 2019. The e-penetration rate in terms of stock lines ordered via the e-platforms continues to grow and now stands at around 37%. The new version of our e-commerce website, which went live in our main European countries in 2019, will continue to be rolled out to other geographies in 2020. The ramp-up of our digital services and a stronger presence on social networks will not only boost our performances in this area, but most importantly enhance the satisfaction of existing customers and attract new ones.

Drive for excellence

Our drive for excellence is at the heart of our sales strategy and is the foundation of our relationship with our stakeholders. It guides the development of our three businesses and underpins the Group's corporate social responsibility (CSR) commitments in terms of corporate governance, natural resources, human resources and our product and service offering. Most of the objectives of our 2016-2020 plan have been achieved or exceeded, and the 2020-2022 plan includes even more ambitious goals, especially in terms of eco-friendly products, reducing the Group's carbon footprint and employee training. These advances show that CSR is fully integrated into our business model and represents an important driver of success over the medium term for both our Group and its employees.

A new attractive outlook for Antalis with a new shareholding structure

As announced on 31 March 2020, Antalis' search for a new shareholding structure launched in 2019 has culminated in the signature of a binding put option agreement with Kokusai Pulp and Paper Co., Ltd ("KPP") for the purchase of all shares held by Sequana, and an agreement to buy all of the Antalis shares held by Bpifrance Participations (subject to the transfer of the shares held by Sequana to KPP) together with an agreement with its creditors to restructure the syndicated credit facility. This put option was exercised by Sequana on 15 May 2020 and a share purchase and sale agreement was finalised with KPP which should culminate in a change in control of Antalis effective in July 2020. This agreement, which is subject to the usual conditions precedent, paves the way for Antalis to become part of a global leader in the distribution of Papers, Packaging and Visual Communication across four continents, representing annual sales of approximately €5.3 billion. It gives fresh momentum to the development of our Group for the benefit of our customers, suppliers and teams.

Overview

As European leader in the B2B distribution of Papers, industrial Packaging solutions and Visual Communication materials, Antalis has a broad geographical presence and strong local roots. As a key partner for its customers' and suppliers' development, the Group's performance is in line with its commitment to excellence for all of its stakeholders.

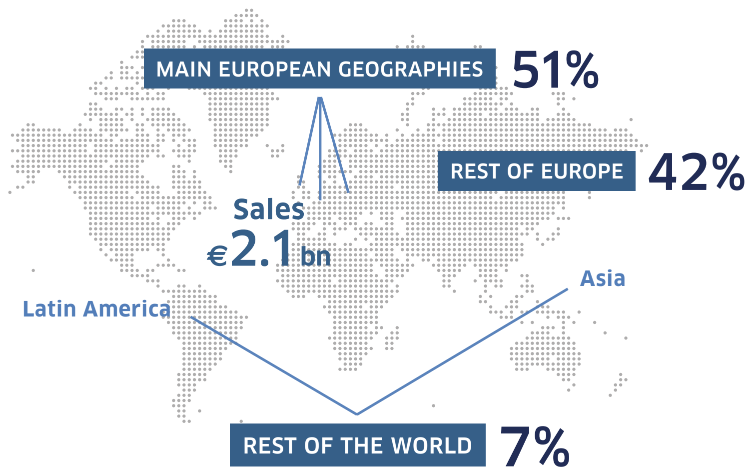
115,000
CUSTOMERS

€308 million
IN E-COMMERCE SALES

37.1%
E-PENETRATION RATE[(1)]

(1) Number of stock order lines via e-commerce websites and EDI

GLOBAL PRESENCE
Operating in 39 countries

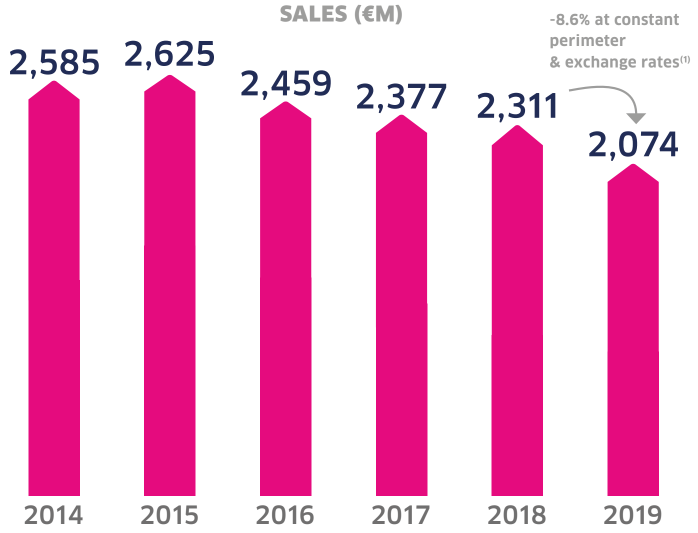


THREE BUSINESS SECTORS

66% Papers
24% Packaging
10% Visual Communication

RESULTS AND OPERATING INDICATORS

SALES (€M)



(1) -10.3% on a reported basis

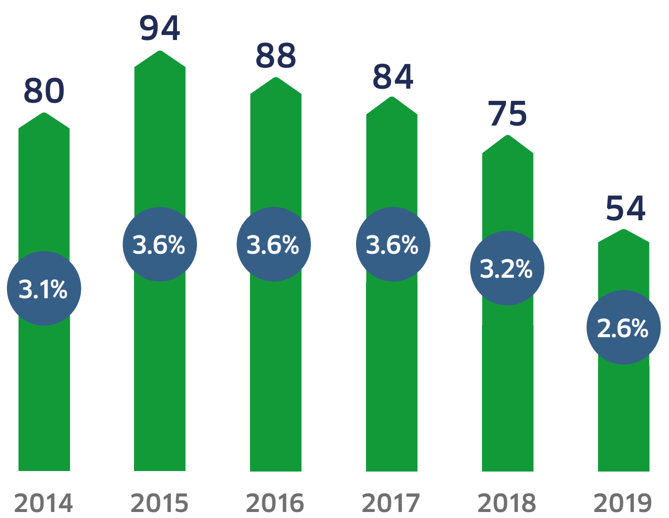
4,700
EMPLOYEES

33%
OF WOMEN MANAGERS

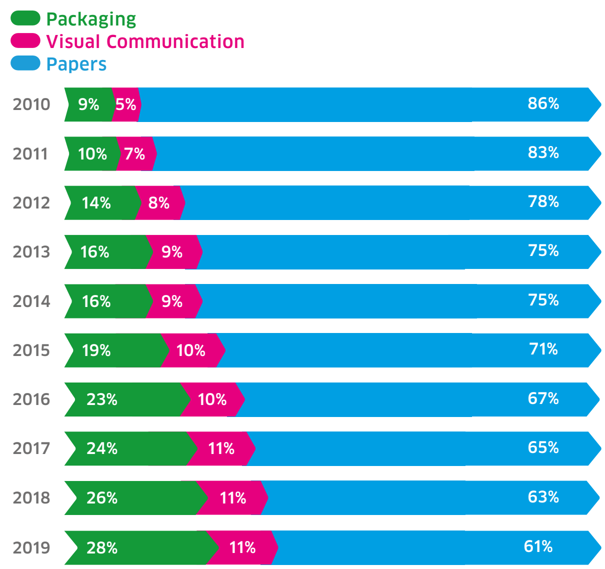
21%
OF WOMEN ON THE EXECUTIVE COMMITTEE

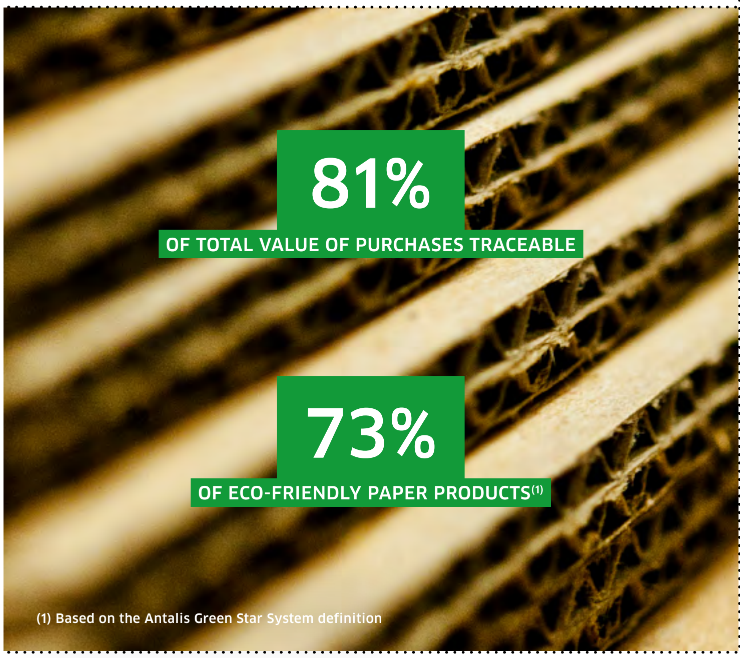
50%
OF WOMEN ON THE BOARD OF DIRECTORS

EBITDA (€M) & EBITDA MARGIN (%)
(pre IFRS 16)



GROSS MARGIN CONTRIBUTION





Presentation of the Group

History 9
Geographical markets 10
Market sectors 10
Organisation 14
Strategy 16
Growth drivers and value creation 18

Presentation of the Group

A B2B distributor of Papers, Packaging products and Visual Communication media, Antalis reported €2,074 million in sales in 2019 and employs around 4,700 people to serve over 115,000 printers and corporate customers.

Antalis has a balanced footprint in Europe, where it operates in 27 countries and mostly enjoys a No. 1 or No. 2 ranking. It also has strong positions in Latin America and Asia.

The Group aims to achieve excellence in its product and service offering as well as in its relations with stakeholders, drawing on its expertise and capacity for innovation along with its strategy focused on sustainable growth.

History

In 2000, the merger of around 40 companies in Europe gave birth to Antalis, which was used as the banner for the distribution business in all of the countries in which the Group was present. Wiggins Teape in the UK, Tomas Redondo in Spain, Arjomari Diffusion in France, Mühlebach in Switzerland, Haseldonckx in Belgium and Haseldonckx Alpha Papier in the Netherlands all began operating under the Antalis banner.

The Group initially developed its Papers distribution business, subsequently diversifying into the high potential, growing businesses of Packaging and Visual Communication while consolidating its positions on its historical market.

In 2004, Antalis began to diversify into Packaging, acquiring Brangs + Heinrich in Germany, Dekker Packaging operating in Belgium, the Netherlands and Luxembourg in 2006, and Paxor in France in 2007.

At the end of 2007, Antalis carried out a major acquisition in paper distribution, taking over Map Merchant Group, making it the No. 1 Papers distributor in Europe. This acquisition also allowed Antalis to expand its footprint into new countries, particularly Scandinavia, the Baltic States and Eastern Europe.

The Group refocused on the Papers and Packaging sectors, divesting its Promotional Products business (2009) and its Office Supplies activities (Ofimarket in Chile in 2010 and Antalis Office Supplies in Spain and Portugal in 2011).

It continued to pursue its diversification strategy on the visual communication market in large format printing (LFP), with the acquisition of German distributor Macron in 2010.

Targeted acquisitions in Packaging continued in 2012: Ambassador in the UK, Pack 2000 in Germany, Abitek in Chile and Branopac in the Czech Republic.

In 2013, the Group further consolidated its positions in Papers distribution by acquiring Xerox Document Supplies Europe (distribution of office papers) operating in 16 Western European countries, as well as the exclusive licence to market and distribute Xerox®-branded office and digital papers in these countries.

In 2015, Antalis stepped up its development in Packaging and Visual Communication with the acquisition of six companies, in the UK (1st Class Packaging, Donington Packaging Supplies and Parkside Packaging), Denmark (PaperlinX A/S), Sweden (Cadorit i Boras AB) and Estonia (Hansapakend). In the same year, the Group acquired Data Copy, an iconic name in the office papers segment, thereby reinforcing its presence on the office papers market.

In 2016, Antalis' strategic development continued apace in the Packaging (acquisition of TFM Industrial in Peru) and Visual Communication (acquisition of Gregersen in Norway) sectors. The Group also continued to consolidate its positions on its historical market, taking over Swan Paper's distribution business in Ireland during that year.

In 2017, Sequana, Antalis' sole shareholder, decided to carry out an initial public offering for Antalis, distributing 18.3% of its share capital to its shareholders. Antalis shares have been listed on Euronext Paris since 12 June 2017.

At 31 December 2019, Sequana held 75.21% of Antalis' share capital and Bpifrance Participations 8.54%, while the remaining 16.25% was in free float.

In 2019 and 2020, Antalis closed two subsidiaries in Latin America and exited the Mexican and Columbian markets.

Transaction with Kokusai Pulp & Paper Co., Ltd.

In April 2018, Sequana indicated that it did not intend to remain as Antalis' controlling shareholder. On 6 February 2019, Antalis informed the markets of its decision – taken in concert with Sequana – to mandate an investment bank (Goldman Sachs) to help it put a new shareholding structure in place over the next few months in the interests of the Company.

On 31 March 2020, Antalis announced (i) the signature of a put option agreement with Kokusai Pulp and Paper Co., Ltd. ("KPP") to purchase all the Antalis shares held by Sequana, at the price of 0.10 euros per share, subject to various conditions precedent; (ii) the signature of a share purchase agreement pursuant to which KPP would purchase all the Antalis shares held by Bpifrance Participations at a price of 0.40 euros per share, subject to the transfer of the shares held by Sequana to KPP; and (iii) the signature of an agreement to restructure Antalis' existing syndicated credit facility, providing for the refinancing of €100 million of the outstanding facility amount through a new loan granted by the Japanese Bank Mizuho, and a write-off of the remainder. This write-off is contingent notably on the closing of the acquisition by KPP of Sequana's and Bpifrance Participations' shares held in Antalis.

On 14 April 2020, Antalis' European Works Council issued a favourable opinion concerning the proposed transaction between Antalis and KPP.

On 22 April 2020, the Supervisory Judge appointed by the Commercial Court of Nanterre authorised the sale of all Antalis shares held by Sequana to KPP, pursuant to Article L. 642-19 of the French Commercial Code. On 28 April 2020 and 12 May 2020, respectively, both Bpifrance Participations and Impala Security Solutions B.V. informed the court-appointed liquidator of Sequana, Selarl C. Basse, represented by Maître Christophe

Basse, that they were releasing their pledges on Antalis shares held by Sequana.

On 15 May 2020, Sequana notified KPP that it was exercising the put option pursuant to the put option agreement signed on 31 March 2020. Furthermore, on 19 May 2020, Sequana and KPP finalised the share purchase agreement covering the Antalis shares held by Sequana. The transfer of ownership of Antalis shares held by Sequana remains subject to various conditions precedent, including the absence of any appeal against the order of the Supervisory Judge dated 22 April 2020.

At the same time as the share purchase agreement was finalised, Antalis and KPP signed an agreement setting out the terms and conditions for a simplified cash tender offer at a price of 0.73 euros per share (the "Offer") to be filed with the French financial markets authority (*Autorité des marchés financiers*) after the effective transfer of the Antalis shares to KPP and covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital. Upon completion of the Offer, KPP intends to request the implementation of a squeeze-out procedure, provided that all regulatory conditions have been met (see Chapter 6 "Company information").

This new ownership structure will enable Antalis to pursue its development and implement its strategic plan.

THE GROUP'S GEOGRAPHICAL MARKETS

Present in 27 countries across Europe, Antalis considers it is the only industry player with such a large geographical footprint, with operations in Latin America and Asia.

This geographical coverage enables it to develop strong partnerships with its strategic suppliers, to achieve economies of scale in terms of information systems and logistics, and to deploy its sales and marketing expertise across the entire Group.

The Group's international presence is a key asset in serving large international corporations, which generally centralise purchasing operations for Papers, Packaging products and Visual Communication media at the European or global level. Antalis has a specific team at its headquarters working closely with local teams to respond to invitations to tender, implement European and global contracts and carry out day-to-day monitoring with local correspondents.

Main European Geographies

In 2019, Antalis generated €1,064 million in sales from its Main European Geographies (Germany, Austria, France, the UK and Ireland), equal to 51% of its total sales. EBITDA for the region was €28 million, or 52% of the Group total.

In the UK and Ireland, Antalis believes it is No. 1 in Papers distribution and No. 2 in the Packaging sector. In 2019, the Group's UK and Ireland sales totalled €542 million, or 26% of its total sales.

Antalis believes it is the No. 1 distributor of Papers in France. In 2019, sales generated by the Group in France totalled €238 million, or 11% of its total sales.

The Group delivered €283 million of its sales in Germany and Austria, or 14% of its total sales for 2019. Antalis believes it is the second-largest distributor of industrial Packaging in Germany and the third-largest distributor of Papers in the country.

Rest of Europe

Antalis operates in 22 countries in the Rest of Europe, where it holds strong positions in the Papers sector.

It believes it is No. 1 in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden and Switzerland, and that it holds the No. 2 spot in Spain, Poland, the Czech Republic, Romania and Slovakia.

The Group's positions in the Papers sector in Europe

In 2019, Antalis generated €865 million in sales in the Rest of Europe (42% of its total sales), and €22 million in EBITDA (41% of its total EBITDA).

Rest of the World

Antalis operates in its three business sectors in four major Latin American countries (Bolivia, Brazil, Chile and Peru). Antalis' footprint in the region allows it to generate a return on its investments, particularly as regards information systems. It also gives it a solid base from which to develop in the growing Packaging and Visual Communication sectors.

Given the structure of the market in this region and the absence of any distributor with international scale, Antalis distributes graphic supplies (plates, ink) as well as Papers, Packaging products and Visual Communication media.

In Asia, the Group operates as a fully-fledged distributor in five countries (China, Hong Kong, Malaysia, Singapore and Thailand) and also has a network of resellers in many countries. In the Asia region, Antalis is mainly positioned on the creative papers market.

In 2019, the Group's sales in the Rest of the World region totalled €145 million (7% of its total sales), while EBITDA for the region totalled €4 million (or 8% of its total EBITDA).

THE GROUP'S MARKET SECTORS

Antalis operates in three main markets: Papers (66% of sales in 2019), Packaging (24% of sales) and Visual Communication (10% of sales).

The Group primarily operates through two distribution models:

- the "stock" model, in which Antalis buys products from manufacturers, stores them in a warehouse and delivers them to customers, whom it bills;

- the "indent" model, in which Antalis places an order with the manufacturer and bills its customer, but the products are shipped directly from the manufacturer's or subcontractor's mills to the end customer. In general, indent orders involve either large volumes and/or longer lead times with regards to standard products, or specific or bespoke products in terms of features such as format, specific assembly and colours.

The value added by the Group lies in its commercial and purchasing capabilities, i.e., its ability to find the best suppliers and products and to offer the shortest lead times in order to meet the needs of all customers, whatever their size.

Antalis generates 71% of its sales from the stock model and 29% from the indent model.

Papers

Antalis believes that it ranks No. 1 in the Papers sector in Europe, where it operates in 27 countries with a market share of around 19% in volume terms, and that it has critical mass in most countries, ranking No. 1 or No. 2 in 17 of the 27 countries in which it is present.

The Papers business generated €1,375 million in sales in 2019 (13% less than in 2018), or 66% of the Group's total sales, and €307 million in gross margin, or 61% of the Group's total gross margin (three percentage points less than in 2018). More detailed information on the operating performance of this sector in 2019 is provided in the "Comments on the year" section (see Chapter 4 "Financial statements").

A shrinking market that still offers opportunities for growth

The paper distribution market covers two business segments: printing papers for publishing and corporate communication, and office papers for photocopiers and printers.

Based on in-house studies, the Group believes that the European market represents some 5.8 million tonnes of printing and office papers.

Demand on the print market is linked to expenditure on printed advertising and corporate communications. Demand for office paper is linked to the consumption of paper for photocopiers, inkjet and laser printers for printing documents and e-mails.

The paper distribution market in Europe is suffering from a structural decline in volumes owing to the widespread use of new communication technologies (such as the Internet and electronic media). Paper production volumes have fallen by around 4% each year since 2008. In 2019, production volumes in the market contracted by around 8% in Europe, the biggest fall since 2009. This decline is the result of price increases driven by soaring pulp prices and the geopolitical and economic climate, which have weighed upon consumption. Since the second quarter of 2019, prices have begun to fall.

Over the next few years, Antalis expects the decline to continue, at a rate of around 5%-6% each year (source: internal Group studies).

However, digital papers are an exception to the trend. Digitalisation has in fact given new energy to paper, with the development of digital printing technologies enabling small runs to be printed and documents to be customised, and with new marketing practices such as web-to-print and transpromotional applications. The digital printing market accounted for 3% of global print production volumes in 2014 and is expected to more than double by 2024. According to estimates, the digital printing market should grow by around 10% per annum in volume terms (source: Smithers Pira).

A highly competitive market that continues to consolidate

The paper distribution sector became very concentrated in Europe from the year 2000 onwards, particularly following Antalis' acquisition of Map Merchant Group in 2007 and of Xerox's office papers business in 2013. After the demise of PaperlinX Europe in 2015 (second-largest player on the market), the wave of consolidation continued, with OptiGroup acquiring Inapa's Swiss operations in 2016 and Inapa acquiring OptiGroup's French subsidiary in 2017. Antalis acquired Igepa's Papers distribution business in Sweden and Norway in 2018, while Inapa acquired OptiGroup's German subsidiary in 2019.

Today, five distribution groups – Antalis, Europapier, Igepa, Inapa and OptiGroup – lead the European paper distribution market.

The Group's competitors generally have a strong presence in a few target regions. Igepa has a strong base in Central Europe (particularly Germany), while OptiGroup has a solid footprint in Northern and Eastern Europe. Inapa has an extensive presence in France, Germany and Portugal, while Europapier operates mainly in Eastern Europe. Antalis itself has a balanced European footprint.

As well as distributors whose businesses are exclusively similar to its own, the Group competes directly with paper producers who are also distributors (Torraspapel), office supply resellers (Lyreco, Staples) and major equipment manufacturers (Canon/OCE).

Excess capacity in the paper sector linked to the ongoing decline in paper volumes, along with the tough economic climate in recent years, have also prompted certain paper manufacturers to increase their direct sales in certain product categories to end customers at the expense of distributors.

Outside Europe, the 2014 merger of Xpedx and Unisource, the two largest distributors in the US, formed Veritiv Corporation, the world's leading distributor on this market in terms of sales, operating exclusively in North America.

Antalis ranks No. 1 in Europe in terms of sales in the European paper distribution market.

Antalis' positioning in the Papers sector

Broadest range of products and services in the market

In paper distribution, Antalis operates in two segments, Print and Office, each of which have specific products and customers.

Printing papers are used in publishing and corporate communication and have various applications (letterheads and business cards, brochures and leaflets, catalogues, annual reports, greeting cards and invitations, envelopes, direct mail) for printers, graphic designers, publishers and advertising agencies.

Antalis believes that it is the distributor with the most extensive range of traditional and digital printing products on the market. The Group offers coated and uncoated papers, papers made from recycled or virgin fibres, creative papers and specialty products such as carbonless and self-adhesive papers. Its product portfolio consists of own brands (Novatech, Print Speed, Olin, Tom & Otto) and high-profile mill brands (Conqueror, Curious Collection, Nautilus, Invercote, Reacto). The Cyclus and Cocoon (recycled papers) brands were acquired in 2019.

In the office segment, Antalis distributes a comprehensive array of reams (for photocopiers and printers) either to large corporations and government organisations or to resellers (central purchasing bodies, office supply dealers and retailers) along with envelopes. These are suitable for a broad range of printing techniques (inkjet, laser jet and digital) and cover the full breadth of its customers' needs. The Group's product portfolio in this segment is based on its own brands (Image, Data Copy), a brand under exclusive licence (Xerox) and mill and OEM brands (HP).

Services tailored to each stage of the customer relationship

Antalis offers a variety of pre-sales (samples, advice, training) and after-sales (returns management) services. With its efficient logistics operations, Antalis has also developed "easyforyou", a comprehensive range of services in this area for commercial, service and printing companies. The Group enables these companies to optimise their supply chains, reduce costs, manage inventories, prepare orders, and ensure that products are delivered on their behalf to their own customers, wherever they may be. Antalis is particularly active in this field in the UK, France and Switzerland. In late 2017, it launched a new vendor-managed inventory service in France, which has been successfully rolled out to its main European countries.

In January 2019, two of the Group's suppliers, representing approximately 8% of the Group's purchases, filed for bankruptcy: Arjowiggins Graphic (AWG), a graphic, coated and uncoated recycled papers supplier, and Arjowiggins Creative Papers (AWCP), a supplier of premium fine papers. AWG ceased production immediately and Antalis had to find alternative suppliers, which impacted its sales. However, AWCP was taken out of administration in September 2019 by an MBO and remains one of the Group's suppliers.

In the office papers segment, Antalis offers resellers exclusive benefits through a loyalty programme. The Group has also developed innovative marketing initiatives for printing papers to help customers grow their own businesses and support them in their sustainable development strategies.

Packaging

Antalis operates in 28 countries in Europe and Latin America and has dedicated sales teams in each of those countries, allowing it to offer reliable expertise in all materials sold by the Group.

Antalis believes that it is the leading distributor of industrial Packaging in Europe in terms of sales, with a market share of approximately 7% to 8%. The Group also believes that it ranks No. 2 in industrial Packaging in Germany and the UK and No. 1 in Denmark.

Antalis generated €498 million in Packaging sales in 2019 (3.7% less than in 2018), or 24% of the Group's total sales, and €141 million in gross margin, or 28% of its consolidated gross margin (two percentage points more than in 2018). More detailed information on the operating performance of this sector in 2019 is provided in the "Comments on the year" section (see Chapter 4 "Financial statements").

Market growth supported by strong underlying drivers

Antalis believes that the European market for secondary and tertiary packaging (consumables and equipment) accessible to distributors is worth around €7 billion. Sales on this market are made through distributors, direct producers and converters.

Demand on the packaging market depends in particular on GDP trends and national and international trade. The development of international trade has resulted in the increasing complexity of assembly lines due to the relocation of production units. This trend is driving demand for packaging that can withstand being transported for long distances and in difficult conditions, along with demand for comprehensive logistics solutions that allow companies to cut costs and improve the productivity of their packaging assembly lines. The surge in online sales has also generated substantial demand for packaging products. In addition, the growing awareness among consumers, companies and governments of the need to preserve scarce resources is also influencing demand for fibre-based packaging products and environmentally friendly solutions.

The market is expected to grow by around 3% per annum over the next few years in Europe (source: Smithers Pira, internal Group studies).

Sales generated by the Group's Packaging business rose at a compound annual growth rate (CAGR) of 8.8% between 2013 and 2019.

A fragmented market sector undergoing consolidation

The packaging distribution market in Europe is made up of many companies that are generally independent, focused on national or regional markets, and are often turning over less than €10 million in sales.

Competition is largely local or regional and only a few other groups enjoy Antalis' international reach, namely Raja and Nefab, the Group's main competitors. No other company operates in more than three or four countries. The main regional groups that compete with Antalis are Prodinger in Germany and Switzerland, and Macfarlane, a listed company operating in the UK and Ireland.

Since it is still highly fragmented, this market offers significant growth potential with numerous consolidation opportunities. Between 2012 and 2018, Antalis acquired eleven companies, in Germany, Estonia, Denmark, the Czech Republic, the UK, Chile, Peru and Sweden. In 2018, OptiGroup (formerly Papyrus) acquired two companies in Romania and Finland, and Antalis acquired the distribution business of a company based in Sweden. Market consolidation continued in 2019 when Raja and Macfarlane acquired packaging products distributors in France, Spain, Italy and the UK.

Antalis' positioning in the Packaging sector

Comprehensive range of consumables and equipment

Antalis distributes consumables and equipment, and provides additional services and solutions for protecting goods in transit and in storage. Its main product offering is in secondary or tertiary packaging which, unlike primary packaging, does not come into direct contact with the product.

The Group's customer base is made up of large manufacturing groups in various sectors (automotive, mechanical engineering, electronics, logistics, e-commerce) and medium-sized companies.

The Group has also developed its Packaging business through cross-selling, i.e., selling packaging products to printers and companies that already purchase printing and office papers from the Group. This one-stop-shop concept allows them to purchase all of their requirements from a single source.

Secondary packaging products are used with goods protected by primary packaging, for example corrugated cardboard, film, padding, foam and boxes. Tertiary packaging products are used with goods protected by primary and secondary packaging, and consist of pallets, stretch film, corner protectors, strapping solutions. Depending on customers' specific features and requirements, the Group provides them with a comprehensive range of standard packaging products (corrugated cardboard boxes, adhesive tape, shrink or stretch film, cushioning and void-fill products such as air pillows, polystyrene chips and bubble wrap), along with strapping, stapling, stretch wrapping and packaging machines.

The Group's product portfolio mainly consists of white brands or manufacturer brands for special products and machines. It also includes Master'in, its pan-European own-brand label of equipment (packaging, stretch wrapping and strapping machines) and consumables (adhesive tape, stretch films).

Bespoke smart services and packaging solutions

The Group offers value-added services ranging from expert advice to lab-based evaluation of product quality and transformation of packaging. It also offers comprehensive logistics design solutions. By combining standard products with complex technical systems, these services allow a company to reduce its costs and increase the productivity of its packaging lines. Antalis also designs bespoke high-end solutions, notably for the export market and to protect industrial goods against corrosion. In providing these services, the Group relies on its 6 design centres, where engineers design solutions tailored to customer requirements using computer-assisted design and manufacturing software.

Visual Communication

Antalis, a market leader

The Visual Communication distribution market in Europe is highly fragmented with over 500 independent distributors in Europe, generally turning over less than €10 million in annual sales.

Competition is generally local and only a few major groups have any sort of international coverage (i.e., Spandex, Vink and Igepa). In the Visual Communication sector, Antalis believes that it is Europe's No. 2 distributor with a market share of around 7% to 8%. Naturally, the market offers attractive consolidation opportunities and Antalis acquired three entities between 2011 and 2018 (in Germany, Sweden and Norway).

In 2019, the Visual Communication business generated €201 million in sales (3.7% less than in 2018) or 10% of the Group's total sales, and a gross margin of €57 million, representing 11% of its total gross margin. More detailed information on the operating performance of this sector in 2019 is provided in the "Comments on the year" section (see Chapter 4 "Financial statements").

A new identity for Visual Communication

Over time, Antalis has developed genuine expertise in this market in Europe and Latin America. Its dedicated sales teams in the 27 countries in which it has a footprint in this sector support our customers in their day-to-day visual communication initiatives, ranging from internal car furnishings, signage and display as well as a growing volume of customised interior decoration. All of these projects seek to create a striking visual impact, which in turn generates emotion. Thus Antalis' brand new Visual Communication strategy – Empowering Visual Emotions – launched in early 2020. Antalis wishes to be a catalyst within the Visual Communication ecosystem, comprising marketing and architecture agencies, brand managers, installers, sign manufacturers and large-format printers.

An innovation-driven market with very different dynamics depending on the product segment and type of application

The European market for visual communication accessible to distributors is worth around €3 billion split into flexible and rigid materials (approximately €2 billion) and large-format printing and finishing equipment, ink and accessories for around €1 billion. Older technologies such as screen printing are being replaced by InkJet printing and the most dynamic market segment is flexible large-format printing media, driven by the launch of innovative new media and greater personalization. This is especially apparent in interior decoration where personalization and new printable materials (textiles, magnetic supports, wallpaper) have created unlimited possibilities for transforming spaces into elegant living areas. During the Antalis Interior Design Awards (AIDA), which ran from September to December 2019, over 500 projects were completed in different types of environments: homes, hotels, restaurants, stores, public spaces, offices and workspaces. This represents a 40% increase on AIDA 2017 and is a testimony to the dynamism of the market. New ranges of large-format printing materials are constantly being launched with increasing potential in terms of quality, print speed and versatility. Textile printing is especially dynamic and innovative and the textile printing market, which remained traditional for many years, has now begun to embrace digital printing.

Coala, the Group's own brand, is experiencing solid growth, along with well-known manufacturer brands

The product portfolio is made up of well-known manufacturer brands such as Avery Dennison, Forex, Priplak and Dibond. It also includes Coala, the Group's own-brand label of flexible large format printing media that are particularly suited to signage, interior and exterior decoration applications. The Coala range was launched in 2012 and is now distributed in the 27 countries in which this sector operates. Sales of the increasingly popular Coala range rose 14% on 2018. After the recent launch of Coala Interior, the range comprises over 1,000 products which will gradually be marketed throughout the European countries. A number of sales applications and samples have been distributed recently to boost sales.

Value-added services for better production management

Antalis provides customers with services appropriate to their activities and assists them at every stage of the production process (choice of materials, vendor-managed inventory service, application of adhesives).

To allow customers to optimise their orders of non-standard formats of synthetic board, Antalis has developed easycut, a bespoke cutting service supported by online solutions that can automatically calculate the number of boards needed based on desired measurements and quantities.

Customers can also download the ICC (International Color Consortium) profile of each product from Antalis' websites in order to facilitate printing and colour management throughout the graphic design chain.

Research and development, patents and licences

Antalis has a portfolio of around 200 registered trademarks around the world, including Antalis, Coala, Image, Master'in', Novatech, Olin, Edixion, Print Speed and Data Copy.

The Group has an exclusive licence to use the Xerox trademark covering the whole of Western Europe.

Antalis also has a portfolio of around 180 domain names.

The Group's intellectual property policy is focused on protecting its brands and domain names. This policy gives rise to either local applications and reservations, or applications and reservations covering all countries in which the Group operates or wishes to preserve its rights. In particular, domain names featuring the name "Antalis" have been reserved with the main generic extensions and the world's main territorial extensions.

The nature of the Group's businesses means that it does not have any material research and development activities. Accordingly, the Group does not own any patents or patent licences.

AN ORGANISATION THAT SUPPORTS THE GROUP'S DEVELOPEMENT

The Group's distribution model is based on a combination of sales and marketing skills on the one hand, and logistics expertise (supply chain, storage and transportation) on the other.

This model allows Antalis to make an average of 11,000 deliveries per day worldwide, which enables it to serve over 115,000 customers and to offer a high level of service at competitive prices.

An omni-channel sales organisation offering added value

The Group's sales model is based on a sales and marketing organisation that involves finely segmenting the customer base, and the use of high-performance customer relationship management (CRM) systems.

The sales organisation is based on specialised salesforces for each business sector and takes into account customer profiles. Supported by managers and technicians who maintain machines and handle complaints, sales teams comprise:

- a field salesforce looking after key accounts in their respective regions;
- sales advisors who assist customers by phone, directly monitor order intake and handle the related administrative tasks;
- telesales staff handling smaller customers or customers who need bespoke solutions, and also carrying out telephone commercial prospection in this customer segment; and
- backselling consultants or backsellers providing advice and expertise to communication agencies and brand owners.

This sales organisation is underpinned by constant specialisation of the sales teams' expertise through innovative training tools and close coordination between the different sales channels thanks to the use of integrated and mobile CRM tools. Antalis is therefore able to grow its market share and increase profitability through improved analysis of customer potential and by developing sales online and through call centres.

By analysing key performance indicators such as the number of outgoing calls per day and the Group's rising proportion of its customers' purchases, the Group can closely track its progress. By setting up a homogeneous sales organisation within the Group, it can also carry out benchmarking between countries and improve existing processes by sharing and taking advantage of best practices.

The Group actively monitors its pricing policy with dedicated pricing managers and thanks to monitoring and profitability tools embedded in its information and CRM systems.

Sales and payment terms and conditions are closely monitored by teams specialising in receivables management in order to optimise cash recovery and minimise bad debt risk. Credit insurance is also used in most countries.

A highly effective logistics organisation

The organisation of Antalis' logistics operations, coupled with major storage capacity, allow it to deliver to customers within 24 hours and even offer same-day service in most major cities where it has a warehouse. The Group uses warehouse management software (WMS) and transport management software (TMS), which enables it to manage its supply chain effectively.

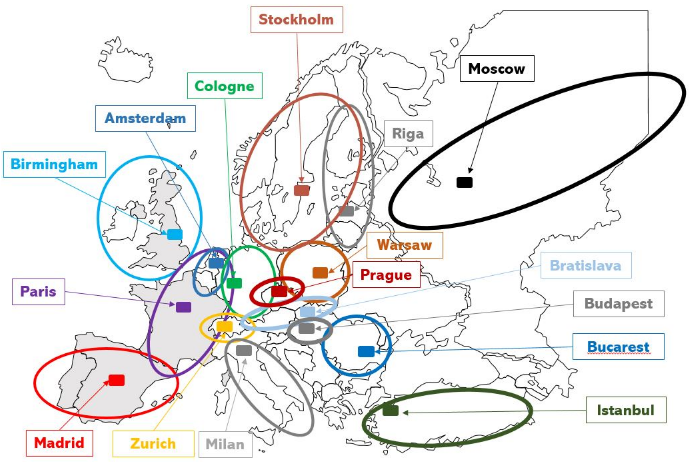
The Group's logistics operations are based on 42 central distribution centres and 75 regional distribution centres. Central distribution centres carry most of the products distributed by the Group and are located in each of the countries in which the Group operates. Regional distribution centres, located in the Group's largest countries, are smaller and carry only part of the Group's product range (i.e., fast movers). The Group's distribution centres are mostly operated under leases and represent a total surface area of 447,000 sq.m. The Group operates most of its central distribution centres itself, and in general subcontracts the management of its regional centres.

With the partial exception of the UK, transportation is outsourced in all of the countries in which Antalis operates, enabling the Group to maintain cost flexibility in line with trends in the stock business. However, the Group thoroughly vets the choice of freight carriers, choosing only those able to provide its customers with the best possible service. In general, Antalis uses several providers in large countries such as France, and a single carrier in smaller countries like Switzerland.

The Group relies on its intercountry organisation to develop supply chain synergies (particularly in Europe by developing cross-border deliveries, for example from Austria to Slovakia) and thereby serves its customers more efficiently.

The Group further leverages its network to offer its customers a comprehensive range of services, from end-to-end services using just-in-time management to optimise the supply chain and deliver goods in accordance with consumption patterns, to the storage of customers' goods and their delivery to the customers' own clients as well as vendor-managed inventory services.

Location of central distribution centres in Europe



An effective purchasing policy

Antalis' suppliers in its three business sectors are often global manufacturers. In order to secure the best possible purchasing conditions, for several years now Antalis has purchased Papers from a limited number of strategic suppliers. In the Packaging and Visual Communication sectors, the supplier portfolio is still relatively fragmented, although the Group is making purchases with fewer and fewer suppliers.

Antalis negotiates strategic agreements with a certain number of suppliers to purchase stock and indent products, together with service-level agreements specifying minimum quantities, lead times and marketing support. These agreements give strategic suppliers easier access to all Group subsidiaries and to their sales teams, and give Antalis greater bargaining power based on its purchasing volumes. This enables the Group to offer a high quality of service through a broad product offering and thereby increase its operating efficiency and profitability. In general, Antalis negotiates annual discounts with its key suppliers based on volume or sales targets.

In 2019, Antalis was impacted by the demise of its coated and recycled papers supplier, Arjowiggins Graphic, which accounted for around 4% of its purchases in 2018. Thanks to the reactivity of the sales teams, the Group managed to source recycled papers for its customers through partnerships with several paper manufacturers.

The Group's 12 biggest suppliers accounted for approximately 77% and no single supplier represented more than 25% of its purchases in value terms in 2019.

High-performance IT systems

Rolling out high-performance information systems across the Group provides Antalis with the flexibility and responsiveness it needs to offer its customers value-added services, among which e-commerce has a prominent place.

The Group has set up high-performance information systems providing an effective interface between all Group functions (sales, purchasing, procurement, marketing, logistics and finance). As regards customers, the information provided by its information system allows the Group to handle quote requests automatically, identify customer requirements and carry out targeted initiatives as part of its customer relationship management approach.

As regards suppliers, the Group has set up an automated electronic data interchange system, allowing it to work closely with suppliers on restocking, preparing orders and delivering products.

The Group's information systems include various applications intended to be deployed in each Group entity, particularly in back office processes (purchasing, procurement, finance, marketing, call centres), customer relationship management (CRM), Group website management and business intelligence tools.

Efficient information systems represent a vital resource for the Group, allowing it to support all functions inherent in its B2B distribution business, and are an important means of harmonising and standardising processes, encouraging synergies between the various regions in which the Group operates and helping with the integration of acquired companies. In this respect, Antalis has adopted a strategy to achieve gradual convergence between its information systems and continually channels significant investments into this area.

The Group's information systems help put distance between Antalis and its competitors, lending it a major competitive edge.

An efficient management organisation and a seasoned management team

The Group's organisation is based on an operational management structure in each of its seven regions, supported by a business line and sector-based structure at head office. This allows it to deploy its strategy quickly and effectively. Its human resources, finance, marketing, purchasing and IT functions are overseen by central teams, which work with counterparts in each region.

Each region has a common structure in terms of logistics, information systems and back office, which allows the Group to unlock synergies between countries and reduce costs. Antalis also improves its operating efficiency by harmonising product ranges between countries and by implementing common marketing initiatives.

The Group's Executive Committee has in-depth knowledge of the Group's markets and solid industry expertise. The Executive Committee comprises both functional (business line) and operational executives of seven different nationalities and benefits from the broad-shouldered, complementary B2B expertise of its members. Under the guidance of the Executive Committee, Antalis has extensively refocused its business model since 2012, cementing its leadership in Papers and accelerating its diversification into Packaging and Visual Communication. The executive management team has also demonstrated its ability to successfully integrate the Group's acquisitions of both large corporations and SMEs.

STRATEGY

The Group's strategy is to diversify on the growing Packaging and Visual Communication markets and to consolidate its leadership in the Papers sector supported by its supply chain infrastructure and information systems.

Continue to transform the Group's business model and focus on the growing and more profitable Packaging and Visual Communication sectors

Successful diversification of the Group's business portfolio

To leverage new sources of growth and diversify its profile, over the past few years Antalis has pursued a targeted acquisitions strategy in Packaging and Visual Communication, sectors that are still fragmented but enjoying steady growth and generating higher gross margins than the Papers sector.

Between 2010 and 2019, the Group acquired 14 companies in these sectors, making Antalis Europe's No. 1 industrial Packaging distributor and No. 2 Visual Communication distributor. Over the same period, the contribution of these sectors to the Group's total gross margin has nearly tripled.

The Packaging sector accounted for 24% of Antalis' sales in 2019, while Visual Communication accounted for 10%. The contribution of these businesses to consolidated gross margin was 39% in 2019, two percentage points more than in 2018.

Continue the growth dynamic through organic expansion and acquisitions

In the Packaging and Visual Communication sectors, Antalis aims to outperform the market by leveraging its dedicated sales organisation, effective supply chain and global presence.

Antalis intends to support its organic growth in both of these sectors through a broader product and service offering and increased capacity for innovation, ensuring that it remains in phase with prevailing market trends and new consumption patterns.

In the Packaging sector, the roll-out of Antalis' strategic project in the Group's main European countries through new business models, greater specialisation and more harmonised marketing and sales processes should lead to an increase in sales and customers.

In the Visual Communication sector, Antalis intends to leverage Coala, its own-brand large format media label, to roll out its products and services in markets with high growth potential, particularly interior decoration and exterior signage. The Group will also aim to strengthen its position as a key player on the interior decoration market.

Lastly, Antalis will continue to diversify its businesses, maintaining an active role in the consolidation of the Packaging and Visual Communication sectors through targeted acquisitions, taking advantage of these markets' fragmented nature. One example of this in 2018 was its acquisition of Alos' packaging products distribution business in Sweden.

Strengthen leadership in Papers

A key role in the consolidation of the European paper distribution market

Antalis considers that consolidation of the European paper distribution market – which began in 2000 – is needed to maintain a scale effect and unlock synergies, particularly cost synergies.

Its acquisition of Map Merchant Group in late 2007 (approximately €1.4 billion in sales) was consistent with this view, enabling the Group to double in size and extending its footprint into new European markets, making it Europe's leading Papers distributor.

This position led Antalis to play a major role in the industry consolidation process, acquiring Xerox's Document Supplies Europe business in 2013 (approximately €300 million in sales) and the Data Copy brand in 2015. These acquisitions helped the Group to reach critical mass in office paper distribution and to reinforce its positions in this sector, particularly among resellers. In 2019, the Group also acquired the Cyclus and Cocoon brands.

As the leading player in paper distribution, Antalis also took full advantage of market consolidation in 2015. The demise of one of the Group's main competitors led to a significant increase in its business levels in the UK and the Netherlands, and led to higher market share in Europe, where the Group was able to consolidate its positions. Similarly, the wave of acquisitions seen in Switzerland and France over the past two years has had a positive impact on Antalis' business.

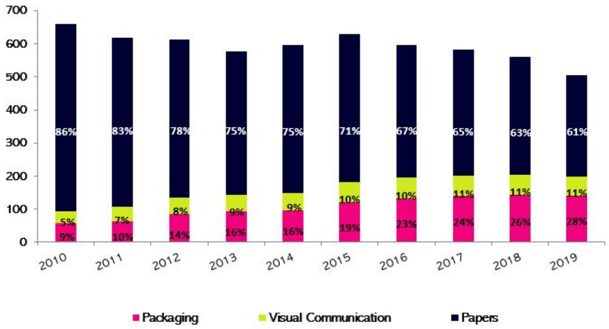
Continue to consolidate the Group's positions

Antalis aims to continue playing an active role in market consolidation and constantly assesses opportunities that exist on the market to consolidate its positions in Europe. The Group acquired the Papers distribution business of various players in Ireland in 2016 and in the Nordic countries (Sweden, Norway) in 2018. It did not make any acquisitions in 2019.

Antalis also intends to continue consolidating its positions by enhancing its range of value-added products and services and capitalising on its industry-leading marketing initiatives in digital printing, environmentally responsible products and creative papers.

This strategy will give Antalis significant operating leverage and enable it to channel its cash flow generation to its diversification into the high-potential Packaging and Visual Communication markets.

2010-2019 gross margin contribution (%) by business sector



Leverage the potential of e-commerce

A driver of operating performance

Antalis considers that its e-platforms (e-commerce websites and EDI) give it a competitive advantage that sets it apart in a market where the penetration of e-commerce is still limited. E-platforms are also an important driver of operating efficiency and are part of the Group's omni-channel strategy focused on two distribution channels (sales teams relying on a paper catalogue and websites via an online catalogue).

The Group's e-commerce websites are in operation in all regions, with the exception of Asia, giving existing and prospective customers 24/7 access to its complete Papers, Packaging and Visual Communication product range.

Users can search by brand or application, or based on profession (traditional or digital printer, designer, purchaser of packaging products, specialist in signage materials) and benefit from specific advice and content.

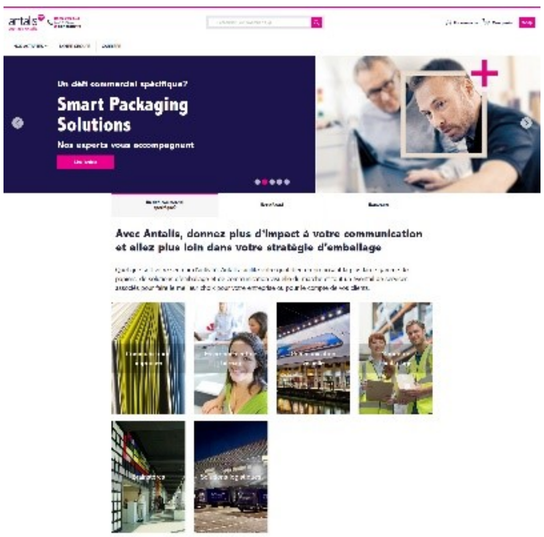
The Group has seen continuing rapid growth in its online sales over the past few years. Its e-platforms generated sales of €308 million in 2019. The penetration rate in terms of stock order lines via e-platforms was 37.1% in the year, a rise of 1.2 points on 2018.

Significant growth potential

Antalis believes that there is major growth potential in the e-commerce sector and continues to make significant investments to deploy and enrich its online sales platforms.

Antalis continued rolling out its new-look e-commerce website to the main European countries in 2019. More intuitive as befits websites targeting end customers, this new version offers an optimal customer journey and fast access to products through a powerful search engine. It also provides customers with customised price lists. Since the fourth-quarter of 2019, customers and prospective customers in France have been able to create an account, place an order and pay online and these features will be available in all of the European countries by end-2020.

Antalis plans to increase the proportion of its sales made online, which helps to reduce overheads and win new customers. The aim is to increase the e-penetration rate (number of stock order lines via e-commerce websites and EDI) by rolling out the new-look website to the main European countries in 2020, and then progressively to the entire Group.



Accelerating Antalis' transformation plan

The search for a new shareholding structure launched in 2019 has culminated in (i) the signature of a share purchase agreement between Sequana, Antalis' majority shareholder, and Japan-based Kokusai Pulp and Paper Co., Ltd ("KPP") for the purchase of all Antalis shares held by Sequana (subject to various conditions precedent, including the absence of any appeal against the order of the Supervisory Judge dated 22 April 2020), (ii) an agreement to buy all of the Antalis shares held by Bpifrance Participations (subject to the transfer of the shares held by Sequana to KPP), (iii) an agreement with Antalis' creditors to restructure the syndicated credit facility, and (iv) an agreement setting out the terms and conditions for a simplified cash tender offer at a price of 0.73 euros per share covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital.

KPP has also announced its intention to request the implementation of a squeeze-out procedure provided that all regulatory conditions have been met (see Chapter 6 "Company information").

These agreements pave the way for Antalis to pursue its development and implement its strategic plan.

GROWTH DRIVERS AND VALUE CREATION

Resilient results in a declining papers market

In a structurally declining papers market, Antalis has made protecting gross margins and strictly managing customer risk central to its strategy.

To manage its margins as closely as possible in each of its business sectors, the Group has acquired tools and skills that enable it to establish its pricing strategy, analyse customer profitability and optimise its purchasing policy. The Group is constantly adjusting its overheads to trends in the stock business, particularly by optimising its supply chain infrastructure.

To counter falling volumes in the Papers sector, Antalis has successfully adapted its product ranges, developed its customer base and made acquisitions that enable it to consolidate its market share.

As well as financing acquisitions, in recent years Antalis has demonstrated its ability to generate solid operating results and manage its debt through strict management of its working capital requirement, particularly by constantly improving inventory levels and trade receivables.

The variable portion of remuneration accruing to all Group managers depends partly on the extent to which their respective entities achieve predefined EBITDA and working capital targets.

Innovative solutions that help to support customer growth and meet their sustainable development needs

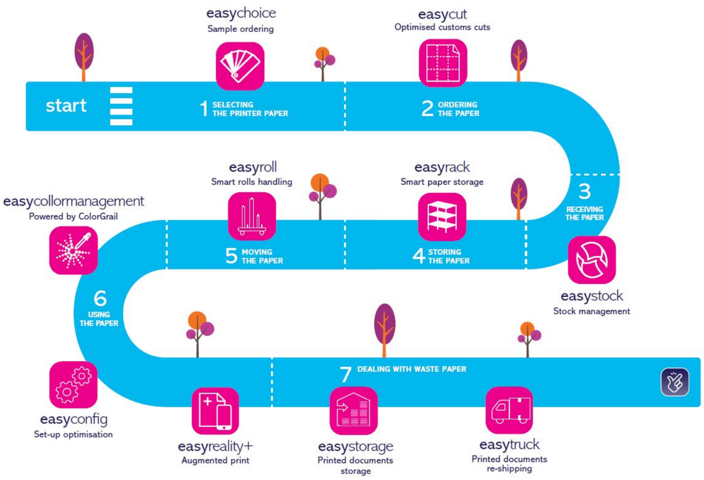
A priority focus for Antalis is to constantly adapt its products and services in line with market trends in order to meet the wide-ranging expectations of its more than 115,000 customers across the globe.

Besides adding more products and services to its existing offers, Antalis has also developed unique and innovative services in its three business sectors. Details are set out in a special catalogue available in each of the Group's countries, and in some cases can include up to 70 different services. Antalis considers services to be an important means of forging a competitive edge, reinforcing its positions and continuing – by billing those services – to generate additional revenue contributing to margin growth.

The Group has also put in place innovative marketing initiatives:

- The Group has formally documented the add-on services it provides in support of its sector-based product ranges, in particular the "easyforyou" range of services. These provide support to printers at each stage of the printed communications production process, from choice of materials to post-print distribution (see diagram below).
- Antalis Creative Power offers agencies and printers creative paper expertise from a global network of backseller consultants together with access to a high-performance sample service and numerous examples of completed projects, an endless source of inspiration that can be consulted in the Group's demonstration and innovation showrooms across Europe.

- To help customers seize growth opportunities created by digital printing, the Group has set up the "d2b" (digital-to-business) programme, through which it organises meetings in partnership with major original equipment manufacturers (OEMs), in the digital web press (mainly Xerox), finishing equipment and software solutions segments.



To determine the extent to which its product and services meet its customers' needs, Antalis regularly conducts satisfaction surveys. The last surveys conducted in early 2018 gave an average overall satisfaction rate of 8 out of 10.

Strong and responsible relations with suppliers and partners

In 2013, Antalis set up its Antrak online product traceability platform to improve supply chain management and increase the percentage of sustainable products in the products it sells.

Dedicated to Antalis Papers, Packaging and Visual Communication suppliers, Antrak holds comprehensive information and documentation on certifications of facilities, regulatory product compliance (REACH, food contact, waste directive), and, more generally, compliance with the Company's fundamental CSR principles (human rights, environmental protection, business ethics).

The Antrak platform also includes a due diligence tool that helps identify potential risks linked to the traceability of raw materials based on the species of tree and/or their geographic origin.

The Group's potential new suppliers are required to fill out a questionnaire before they can be listed and prior to any business dealings, in order to ensure that they uphold the Group's own values and principles.

Through Antrak, Antalis can provide customers with guarantees concerning supply chain management and can also consolidate its relationship with its suppliers by making a tool available that helps forge a common understanding of CSR challenges and improve its products' environmental, social and ethical performance. In 2019, Antrak included 252 suppliers.

Overall, suppliers featured on Antrak represented around 81% of the total value of the Group's purchases and 92% of its paper purchasing volumes.

Antalis also looks to provide its customers with guarantees regarding the environmental impact of its transport operations, which are almost all outsourced by the Group, and it introduced a procedure for measuring the carbon footprint of its deliveries covering 94% of all transport operations in 2019.

A solid value-added individual and collective performance

People are one of the keys to a successful distribution business. Antalis' priority in this respect is to enrich employees' skills and careers at all levels of the organisation and to ensure that by changing behaviour, employees can perform their duties in the best possible conditions.

This is achieved through:

- Training (online, classroom-based and coaching) and best practice groups, particularly in the field of logistics, which enable Antalis to deploy its teams' expertise in all countries in which it operates. This coordinated approach gives Antalis a solid organisation in the areas of sales, marketing, purchasing, finance, human resources, logistics and information systems. In 2019, 87% of Group employees had received training in this respect;
- A safe and secure working environment for employees, particularly in logistics centres which are most exposed to risks;
- A code of business ethics, which includes sections on corruption and competition. An online training programme has been designed to help employees identify risks, rules and the proper conduct to adopt in terms of competition. In 2019, 100% of Group employees had received training in this area;
- In 2019, 73% of employees received GDPR training (the aim is for 100% of employees to receive this training by end-2020).
- A constructive and open dialogue with staff representative bodies.

Our business model

CSR

Organisational governance 23
Stakeholders 23
Main risks and challenges 24
Environment and circular economy 25
Product offering 27
Social responsibility 28
Human rights, corruption and tax evasion 31
CSR reporting methodology 32
Report by an independent third party 34

Corporate Social Responsibility

The aim of Antalis' corporate social responsibility (CSR) strategy is to fully incorporate the priorities identified in the areas of (i) organisational governance, (ii) natural resources, (iii) human resources, and (iv) the product range into its business model. Antalis' CSR strategy is a source of innovation and progress throughout the Group's businesses. It underpins corporate strategy and acts as a global performance driver.

Following on from the 2016-2020 action plan, Antalis set itself a 2022 roadmap with the following main priorities:

- consolidate responsible business practices in all of the countries in which it operates;
- optimise the environmental footprint of its activities;
- increase the share of eco-friendly products in its offering;
- anticipate future labour-related challenges (learning, talent development).

This report is intended as a statement of Antalis' sustainable development objectives and achievements, but above all as a demonstration of its commitment and initiatives complete with concrete facts and examples.

ORGANISATIONAL GOVERNANCE

Decision-making structure and process

The Group's internal decision-making system aims to guarantee the principles of transparency and accountability when taking decisions and devising strategies and the related action plans. Governance processes are continually being strengthened. Antalis thus strives to use financial and natural resources and its human capital in a way that best reflects its commitment to social responsibility. It also aims to achieve a fair balance between the degree of power, responsibility and expertise of its decision-makers. It strives to keep track of the implementation of these decisions in order to ensure that they are applied in a responsible and sustainable manner and to guarantee accountability for the outcomes they may have.

The Company's CSR governance is represented on the Group's highest decision-making body by the Executive Committee, thus ensuring the best possible cross-company exchange.

The CSR department is tasked with:

- drawing up and steering the Group's CSR policy;
- helping all Group players to adapt and implement the policy;
- entering into dialogue with the Group's stakeholders and highlighting the CSR policy both in-house and with third parties.

The Group CSR department heads up a network of CSR correspondents located in each of the regions in which Antalis operates. This community meets regularly to discuss good local practices that could be implemented in other regions. This collaboration stimulates communication among the various Group entities. Regulatory monitoring is also on the agenda during these discussions, as well as the alignment of CSR practices. Local correspondents will receive support in 2020 for the purpose of harmonising practices in this area.

A specific person is identified and assigned specific roles and tasks regarding marketing/communication, human resources, safety, environment, sourcing and business ethics.

STAKEHOLDERS

Dialogue and relations with stakeholders

As a global distribution Group, Antalis' relationship with its different stakeholders is important and based on the principles of transparency, accountability, co-operation and responsible communication. Constructive dialogue is an integral part of forging a well-balanced group in terms of economic, social, environmental and responsibility issues, and a means of guaranteeing Antalis' existence over the long term.

In addition to internal stakeholders, the Group has to deal on an occasional or regular basis with different economic, social and environmental players from the private, institutional or not-for-profit sectors. The main internal and external stakeholders whose needs and expectations need to be considered include:

Employees: employees are kept informed about various CSR-related topics both through information obtained via the Internet, intranet or reports and through dialogue with the various employee representative bodies (European Works Council, staff representatives, Health and Safety Committee). The Group also carries out a study every two years to measure employee opinions about a certain number of the Group's values (My View Survey). All employees take part in the study which assesses their perception of team spirit, delegating and taking responsibility, being open to change, safety at work, respect for diversity, teamwork and mobility within the Group. In 2019, local working groups continued to deploy the action plans initiated in 2018 to enhance interaction between different departments *inter alia*.

In late 2019, the German entity performed a targeted survey of packaging sales to analyse the impacts of agile management practices introduced over the past two years.

Customers: the Group's customers are mainly printers, manufacturing and service companies, paper retailers, professionals specialised in signage systems and public authorities focused mainly on the business-to-business (B2B) sector. Their expectations in terms of CSR vary widely from one country and business to the next. Some require guarantees from the Group that it respects core CSR values and principles while others look to the Group for guidance and inspiration. Communication and dialogue with this population takes place through both the commercial offering and on-site meetings: regular site visits, visits to the Group's showrooms and forward-looking studies to improve understanding of customers' needs and expectations.

Suppliers: the Group works with a large number of suppliers in its distribution business. The expectations of these suppliers is met through a process of constructive, ethical dialogue, and assurance that they also respect and continually enforce the Group's CSR values. Clearly stating its principles and values in any dealings it may have with suppliers both upstream and downstream of its distribution activities is a crucial part of its responsibility. Potentially high-risk suppliers should be helped to engineer positive changes in their businesses. Dialogue with the Group's main suppliers takes place on a regular basis and the Antrak platform is a key tool for exchanging views on CSR issues.

Government and local authorities: the Group's distribution centres must comply with strict local, national and international regulatory requirements. Ongoing dialogue with government bodies is necessary to ensure compliance with these regulations. The Group is regularly in contact with the regulatory or supervisory bodies in the countries in which it operates, either on its own initiative or through the professional organisations to which it belongs.

Local communities: the Group's facilities and warehouses, and particularly its distribution centres, strive to maintain constructive and transparent relations with the local communities in the various rural and urban areas in which they are located. Integrating the sites into the fabric of local industry and community helps forge links between employees and society at large.

NGOs (non-governmental organisations): the Group's activities depend indirectly on various natural resources (wood fibre, energy). Building constructive, transparent dialogue with NGOs on the responsible use of these resources and giving due consideration to all aspects of CSR in strategic decisions is essential. Through this formal or informal dialogue, the Group acknowledges the impacts that its businesses have on the environment while endeavouring to constantly improve performance and lighten its environmental footprint.

Membership of CSR-related organisations

United National Global Compact

In 2012, the Group signed up to the United Nations Global Compact, underscoring its commitment to ten fundamental principles in the areas of human rights, labour, the environment and anti-corruption. Every year, the Group also publishes a "Communication on Progress" for each of these ten fundamental principles. Its last such report covering 2018 was published in July 2019, under the GC Advanced level, reflecting the Group's determination to go beyond minimum reporting requirements. The next report will be published in July 2020 and will cover the 2019 period. The Sustainable Development Goals will be aligned with the Group's CSR strategy.

Act4Nature

Antalis' decision to join the Act4Nature network was from the start carried out in partnership with scientific bodies, environmental protection groups and public authorities. As one of the signatory companies, Antalis has incorporated Act4Nature's ten shared commitments in addition to five specific Group commitments.

Two Sides

Antalis is an active member of this not-for-profit organisation whose goal is to dispel misconceptions among print and paper users whilst seeking to reinforce confidence in the paper industry. Two Sides aspires to ensure that, in a world of scarce resources, print and paper's unique recyclable and renewable qualities can be enjoyed for generations to come. Two Sides is further committed to ensuring that print and paper also remains a versatile, effective and powerful means of marketing and communication, stretching the imagination and imparting knowledge. Antalis contributed to the "Print and Paper Myths and Facts" and "Paper Packaging – The Natural Choice" booklets, two of the organisation's key communication and training tools.

External regional and economic organisations

In 2019, 17 Group entities (representing 63% of the sample) were involved in an official dialogue with external regional and economic organisations.

MAIN RISKS AND CHALLENGES

Materiality matrix

In 2019, Antalis mapped out its strategic CSR priorities on the basis of recognised, sector-based benchmarks such as ISO 26000, and identified seven challenges in the areas of (i) corporate governance, (ii) natural resources, (iii) human resources (iv) the product range, and (v) the environment. Antalis sought out the views of its stakeholders' in order to take their expectations into account. The materiality matrix, which was drawn up in 2019, was also a way for the Group to rank these challenges by order of importance and decide which policies and performance indicators to implement.

Analysis of main risks

	Main objective	Policies	Indicators	2020 objectives	2019 position	2018 position
Environment – Circular economy	Energy	Indirect CO^2 emissions (scope 3)	Percentage of transport volume covered by a carbon footprint calculation	90%	94%	73%
Environment – Circular economy	Product range	Eco-friendly products	Percentage of eco-friendly paper products	-	73%	72%
Social responsibility	Traceability	Responsible sourcing and traceability	Percentage of supplies covered by a traceability procedure including due diligence	85% Zero products identified as presenting risk	81% Zero products identified as presenting risk	82% Zero products identified as presenting risk
Social responsibility	Employee safety	Health and safety	Lost-time accident incident rate	7	8.86	10.59
Social responsibility	Skills and training	Vocational training of employees	Percentage of employees trained	80%	87%	90.2%
Ethics and best practices	Ethics and best practices Tax evasion	Best practices Tax evasion	Percentage of at-risk employees trained in ethics and best practices	100%	100%	100%
Human rights	Human rights	Code of Conduct Membership of UN Global Compact	Roll-out of Code of Conduct to Antalis entities.	100%	99%	100%

** The 2020 objective of 80% together with the Group's training objectives were set in 2016. Antalis quickly exceeded its objective as the resources deployed were highly effective and this objective has been adjusted in the 2020 CSR strategy.*

** 38 entities with over 30 employees were surveyed, covering 92% of the Group's total headcount.*

The following paragraphs feature the policies and actions voluntarily implemented by Antalis, which go beyond merely responding to the main risks. However, reducing food waste, fighting food insecurity, respecting animal welfare and eating responsibly, fairly and sustainably, are deemed irrelevant in light of Antalis' activities.

Environment and circular economy

As a global player in the professional distribution of paper, packaging and visual communication media, the Group is especially dependent on services provided by nature, in particular the availability of wood resources. Its responsibilities in this regard, namely to guarantee the correct use of this natural resource through responsible management, are important for its long-term economic sustainability. The environment reporting scope covers 70 of the Group's 117 distribution centres.

Energy

Climate change mitigation and adaptation

Climate change mitigation and adaptation represent two significant challenges for the Group's businesses, which are energy intensive and therefore automatically linked to both direct and indirect greenhouse gas emissions.

Direct and semi-direct greenhouse gas emissions ("scopes 1 and 2")

These are related to the total energy consumption of the Group's distribution centres and amount to 38,952 MWh. The energy consumed by the buildings, vehicle fleet and machines represents 16,983 tonnes of CO^2 with respect to the environment reporting scope (including 6,442 tonnes connected with the Group's transport of goods, based on the emissions factors of France's environment and energy management agency (*Agence de l'environnement et de la maîtrise énergétique – ADEME*).

Other indirect greenhouse gas emissions ("scope 3") NFIS Risk

In order to guarantee that the emissions categories most representative of its businesses are taken into account, and to comply with new regulatory requirements, the Group wished to base itself on a recognised standard. It used as a benchmark the Corporate Value Chain Accounting and Reporting Standard created jointly by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) within the scope of the Greenhouse Gas Protocol. The GHG Protocol lists 15 material indirect emissions categories, upstream and downstream of the Group's business.

The document used by the Group as its reference is the Antalis France carbon footprint from 2017, which is representative of the distribution activity within the Group. According to this report, the three material items are raw materials needed to make products, goods in transit to downstream markets and product use. The other GHG Protocol categories are not material. These emissions categories therefore fall within the scope of the Group's indirect responsibility and, in the interest of ongoing improvement efforts, suitable solutions should be gradually implemented for each of these impacts.

Raw materials used to manufacture the products

Raw materials used in the manufacture of products are significant for the Group's distribution business and account for over 50% of total emissions. Numerous mitigation measures have already been firmly integrated within the Group. The main trigger for the mitigation of greenhouse gas emissions linked to raw materials purchases involves forest certifications, which guarantee the sustainable management of wood resources and enable optimum carbon capture and storage in forests. Certification (FSC® or PEFC) also guarantees that wooded areas are at least equivalent in volume from year to year, and indeed often increase in size. The Group (73% of the paper sold is certified) thus promotes sustainable, accretive forest management systems, which help mitigate climate change.

Transport

Transport is almost entirely outsourced to transport companies, and therefore linked to "other indirect emissions". In order to manage the transport-related supply chain more effectively, since early 2017, the main suppliers have gradually joined a dedicated platform enabling them to accurately measure the related emissions based on raw data including mileage, tonnage delivered and the type of fuel for each type of distribution (collection, traction, direct distribution). In 2019, out of the 18 main transport suppliers accounting for almost 94% of the Group's transport purchases, indirect emissions represented 87,386 tonnes of CO^2. These results were calculated on the basis of raw data provided by the suppliers in a dedicated questionnaire on the Antrak platform. This questionnaire also gathers data relating to respect for fundamental rights (working conditions, occupational health and safety, human rights) and good practice by transport suppliers (breakdown of truck fleets by Euroclass, biofuel, initiatives to promote environmental responsibility).

Product use

Product use is mainly linked to printer settings or the type of ink used. There is a wide variety and a significant number of end users (companies, printers, individual consumers), which makes it difficult for the Group to implement meaningful action plans (as paper is only the communication medium). The Group nonetheless encourages its customers to become certified in this area through initiatives such as Imprim'Vert in France.

In Visual Communication, Antalis makes sure that most of its media can be printed with latex ink. These water-based, odourless inks are UL Ecologo and UL Greenguard Gold certified, do not emit VOC and are considered international benchmarks in terms of public health. Over 80% of the Coala flexible media range is compatible with latex or water-based print technology.

Energy consumption of the Group's distribution centres

The energy and thermal behaviour of the distribution centres is distinctive, as they comprise two very different areas, namely:

- A logistics area used for preparation and storage activities (including the technical facilities and the loading bays), which represents on average 95% of the building's surface area. The room temperature setpoint to be maintained in these premises is based on three priorities: (i) taking responsibility for employee health and safety, (ii) freeze protecting the fire protection equipment, and (iii) ensuring optimal storage temperature for products.
- An office area representing on average 5% of the total surface area.

Of the 117 distribution centres, only 11 are owned by the Group, while 66 are leased and 40 are fully outsourced. Energy consumption at the sites operated or leased by the Group mainly involves the gas and electricity necessary for the proper functioning of the distribution centres and a few finishing machines. In 2019, that energy consumption amounted to 38,952 MWh or 70 KWh/m2 (including offices).

Optimising energy consumption is therefore a priority for the Group. Local initiatives enhance efforts implemented at Group level. In France and Spain LED lighting is gradually being installed in the distribution centres.

Protection of biodiversity

Since the Earth Summit in Rio in 1992, it is widely acknowledged that the "biodiversity footprint" from human activity is measured by five types of pressure: damage to habitats and ecological continuity, ecosystem pollution, unsustainable use of natural resources, invasive species, and climate change.

In this context, the Group's potential impact on biodiversity means that it must alleviate pressure on natural resources, whether in respect of the source of fibres used or energy resources (gas, electricity).

In order to reduce its impact on natural resources, Antalis focuses on supplies that contribute to preserving biodiversity by giving priority to paper that is FSC® or PEFC certified. FSC® and PEFC certification provide tangible guarantees along the entire value chain that forests have been managed responsibly from the outset. This responsible management includes environmental, social and governance criteria. Protecting biodiversity and ecosystems is therefore one of the fundamental requirements of these certifications. Recycled paper, the Group's other major focus in terms of sourcing, allows it to go even further to alleviate pressure on natural environments. The cellulose fibres used can be recycled up to seven times, making it an ideal secondary raw material for the paper industry. In its role as market leader, the Group has made recycling a priority for the coming years.

Site certification

The Group has set up a multi-site system of FSC® and PEFC certification to guarantee its customers chain of custody traceability at every stage of the production and distribution process, regardless of the country concerned. These multi-site certifications are audited each year by an independent third party.

This system has enabled Antalis to standardise the information to be audited and provide customers with greater transparency. The audits guarantee that these certifications will be renewed and cover aspects relating to logistics (labelling, separate product storage, delivery), information systems (product listing, product categories), and marketing and sales (use of logos, training). By applying identical standards, every country in which Antalis operates must meet the same Group environmental requirements.

The Group also uses other certifications in its distribution centres: ISO 9001 (quality management system), ISO 14001 (environmental management system), ISO 50001 (energy management system) and OHSAS 18001 (occupational health and safety management system). The Group seeks to obtain these certifications for its main warehouses.

Antalis France got a Platinum rating and the Group received a Silver rating from EcoVadis for the quality of its CSR policy, and in particular for obtaining ISO 9001, ISO 14001 and OHSAS 18001 certification.

	ISO 9001	ISO 14001	ISO 50001	OHSAS 18001
Number of certified sites	28*	16*	6	10*

Data calculated based on a scope of 78 of the 117 distribution centres operated or owned by the Group.

* Data excludes four other ISO 9001/14001 certified sites and one additional OHSAS 18001 certified site due to incomplete information.

PRODUCT OFFERING

Eco-friendly products NFIS Risk

The Group's responsibility to consumers mainly concerns health, safety, education and awareness initiatives with respect to responsible consumption. This responsibility extends to both the Group's customers and its end customers.

Although the Group's manufacturing processes have an environmental impact, the nature of the products sold presents minimal danger for the health and safety of customers. Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) requires commercial companies to prove that their products or manufacturing processes are free of any harmful chemical substances. To ensure full compliance with this regulation, all of the Group's suppliers submit REACH-related compliance documents via the Antrak platform. In 2019, all suppliers registered on the platform coded all substances subject to authorisation or restrictions or considered to be of concern in relation to the products that they supply to Antalis. 508 REACH reports were validated in 2019.

All of the requirements associated with these impacts correspond to internationally recognised and respected standards which are considered to provide strong guarantees of environmental performance. For paper to be classified as eco-friendly in terms of the raw materials used, it therefore has to be at least FSC® or PEFC certified and at best be 100% recycled using post-consumer recycled fibres. In terms of the manufacturing process, the mill must be at least ISO 14001 certified and at best carry the European Ecolabel®. Both of these criteria must be met for the paper to be classified as eco-friendly according to the Group's definition. Thanks to this definition, the Group takes stock of products on an annual basis. The definition is a particularly relevant indicator for the Group in view of its position as a leading supplier of eco-friendly products.

Since 2015, the Group has been focusing on its marketing strategy for its range of eco-friendly products and services by implementing the Green Connection programme. This programme includes the Green Star System. To make it easier for its customers to choose from the large number of environmental certifications available, the Group has created its own system for assessing the level of eco-friendliness of a paper type, awarding it a rating of between zero and five stars depending on its environmental performance, the origin of the fibres and the manufacturing process. Products are considered eco-friendly when they have three or more stars. This tool allows sales teams to better showcase the eco-friendly product offer and provides customers with a simple and reliable ratings system. To strengthen its role as trailblazer among its customers, the Group has also developed other tools, including a white paper providing concrete advice on how companies can integrate paper into their sustainable development strategy and the advantages of a properly managed paper sourcing policy. This is accompanied by a brochure providing a comprehensive description of the Green Star System and the five-star paper rating. To counter common misconceptions about paper's negative environmental impact compared to information and communication technologies, the Group has also produced a video entitled "*Did you know?*" describing the benefits of using paper. The Group promotes the use of recycled paper through visits to its suppliers' mills and various events in its showrooms.

Percentage of eco-friendly products(1)	2019	2018
5 stars	4%	5%
4 stars	47%	41%
3 stars	22%	26%
Total 3, 4 and 5 stars	**73%**	**72%**

(1) *Percentage based on the stock business products (in sales).*

Product eco-friendliness is also a priority for the Packaging and Visual Communication sectors.

As regards Packaging, Antalis develops tailor-made, innovative and eco-friendly solutions in its design centres. In Germany, the Group's engineers focus on the use of reusable, single-material packaging, which is generally paper-based. In Poland, recyclable materials such as polyethylene or polypropylene paper are used. In Denmark, in response to the unboxing trend, the Group's engineers take consumer requirements into account to design packaging that is adjusted to the size of the product.

Out of the need to reduce the environmental impact of Visual Communication applications, Antalis has undertaken an eco-friendly initiative that favours the distribution of large format media manufactured using more eco-friendly techniques, eco-design or recyclable materials. Examples of this approach to manufacturing include:

- PVC-free films and textiles;
- adhesives containing neither solvents nor hazardous materials;
- a wide range of papers and cardboard, including for outdoor use;
- selecting suppliers with PEFC or FSC® certification;
- media certified as compatible with cleaner and non-polluting digital printing techniques.

As part of these efforts, Antalis has enhanced its portfolio of sustainable products by distributing the Xanita brand in the United Kingdom. This is a composite-fibre based solution offering an excellent strength-to-weight ratio. Xanita boards are an eco-friendly alternative to polymers such as PVC foam board, polypropylenes and other non-renewable substances typically used for interior and exterior advertising.

Social responsibility

Responsible sourcing policy and traceability

Since 2013, the Group has been rolling out a new responsible sourcing policy for paper and pulp products. This policy applies to all Group entities sourcing products derived from wood fibre and seeks to reassert fundamental values in terms of responsible sourcing. The policy bans all illegally harvested timber, timber from protected areas or from areas with a high conservation value, as well as timber that has been harvested in violation of the traditional or civil rights of local populations. These principles also reiterate the Group's determination to prioritise supplies from sustainably managed forests (FSC®- or PEFC-certified), as well as supplies containing no genetically-modified organisms (GMOs). They also illustrate and confirm the Group's preferred use of recycled paper to reduce the pressure on natural resources. The Antrak platform is used to ensure that the values and principles of this policy are applied by the Group's suppliers.

Regulations against illegal logging

As part of its distribution activities, the Group must comply with all rules against illegal logging. European Union, Regulation No. 995/2010/EU, which came into force in 2013, lays down the obligations of operators who place timber and timber products on the market. The large majority of products distributed by the Group are paper-based and are therefore derived directly from timber sources. In order to comply with this regulation, the Group has set up a due diligence system. This tool to assess country and deforestation risks and the risk of using protected tree species, is included in the platform used to compile suppliers' information, which has been in place since 2013. It is used to automatically assess the level of risk associated with specific product characteristics. In cases where the Group is considered as an "operator", the scope of the due diligence obligation was extended in 2016 to all supplies of products derived from wood. The Group goes above and beyond its regulatory obligations and has set itself the imperative of assessing risk (and, therefore, mitigating such risk if it is identified) with respect to all of its paper products.

Antrak: the traceability and due diligence platform for suppliers NFIS Risk

Since 2013, the Group has been rolling out a platform for compiling, analysing and centralising all of its suppliers' CSR-related information, particularly as regards the various regulations in force in the countries in which the Group is present. In 2019, the Antrak platform covered 252 suppliers representing almost 81% of the total acquisition value (including packaging and visual communication products) and 92% of its paper product purchases. Over 95,021 items of compliance-related information and 11,470 compliance documents were centralised on the platform regarding almost 3,381 distributed products and 1,296 related production sites. Apart from the key strategic suppliers, all suppliers located outside the European Union or who source their raw materials in regions that could be affected by deforestation or labour law issues were invited to answer a series of dedicated questionnaires.

The information compiled concerned compliance with the main international regulations concerning CSR issues (fundamental rights, labour law, worker safety, business ethics) and compliance with regulations relating to products delivered to the Group and to the plants where these products are made. This procedure concerns the suppliers' parent companies, as well as the entities doing direct business with the Group. The information is compiled for three reasons: (i) to guarantee the full regulatory compliance of the Group's supply chain, (ii) to prevent potential environmental or social risks arising from purchases, and (iii) to provide the Group's customers with guarantees on the accountability of the supply chain and in particular the traceability of its products.

Specific care is taken with respect to the traceability of raw materials derived from wood fibre and used in paper-based products. This specific care responds to the Group's dual responsibility to guarantee the total absence of fibres derived from illegally harvested timber (according to EU Timber Regulation No. 995/2010/EC and implementing Regulation No. 607/2012/EC) and to provide proof of a responsible sourcing chain as regards the species of trees used and the country of harvest. All information regarding the certification of products and the manufacturing plants is also compiled.

The Antrak platform also includes a due diligence tool based on the International Union for Conservation of Nature (IUCN) red list of threatened tree species and the Transparency International country risk ratings. The platform allows the risk related to a specific supplier or product to be objectively assessed. If a risk is identified, an *ad hoc* committee made up of purchasing, CSR and legal department representatives meets to decide on the appropriate mitigation measures (requesting additional information, corrective measures in supply sources or delisting). The supplier risk is rated in accordance with four categories: non-existent, negligible, low, real. In the context of its responsibility to mitigate risk, the Group has set itself the imperative of taking corrective measures for any risk identified as "real".

In 2019, the CSR team worked with the Group Procurement Committees to train and inform purchasers about responsible procurement, regulatory changes, and the use of the Antrak platform. All purchasers also received training through the Purchasing Academy. A responsible procurement module is included in the new edition of this certificate course. One member of the CSR team dedicates 70% of their time to responsible procurement and to assessing the platform. This includes regulatory changes and any other matters considered relevant. This person also checks supplier declarations and the documents provided.

In January 2015, another procedure was added for new suppliers. This procedure is applied before a new supplier is listed, and in advance even of any commercial negotiation. A short pre-listing questionnaire allows the Group to make sure that the supplier is committed to complying with the Group's values and principles. The supplier demonstrates this by signing a Code of Conduct and the Group's sourcing policy, and by supplying tangible, public proof of its commitment to complying with international and local regulations in terms of labour law and respect for the environment. In 2019, of the 106 potential new suppliers who filled out this pre-listing questionnaire, 12% did not provide the guarantees required to be listed.

In 2017, a new due diligence module was added to assess the potential supplier risk as regards respect for fundamental rights (labour law, human rights, occupational health and safety, anti-corruption). This new screening system is a way of stepping up requests for additional information and guarantees from suppliers who have not provided sufficient evidence. In 2019, a questionnaire concerning the Sapin II law (on transparency, combatting corruption and the modernization of economic life) was added to the platform. Sapin II lists a number of measures that include procedures for vetting first-tier suppliers.

Employee safety – Health and safety

Employee protection NFIS Risk

The Group's activities involve risks that may potentially cause personal injury or illness. The Group places great emphasis on the health, mental well-being and physical safety of the men and women working to develop its businesses. It relies on a team in charge of personal safety and product security, which audits, supports and co-ordinates the practices and action plans implemented in each of its businesses. Antalis aims to make safety and security issues a force for cohesion within the Group and a driver of ongoing improvement in all business processes. Progress meetings with employee representatives are held several times a year, both locally and within European Works Council meetings. Information on the severity of work-related accidents is also monitored, and the results are used as decision support tools. A warning is sent to all health and safety correspondents as part of the sharing of good practices.

The table below shows how workplace safety indicators have changed over the last two years.

Workplace safety	2019	2018
Lost-time accidents	41	57
Incident rate[(1)]	8.86	10.59
Number of fatal accidents	0	0
Severity rate	0.13	0.21

(1) *Incident rate = number of lost-time accidents/number of full-time employees and temporary personnel x 1,000*

2019 witnessed an improvement in incident and severity rates and the trend observed in Q4 2018 persisted throughout 2019. During the first three quarters of 2019, all three sites performed very well with less than 10 accidents per quarter and the improvement only reversed slightly in Q4 2019. Quarterly meetings of health and safety coordinators are now held to analyse results and provide updates on corrective actions linked to recorded accidents and also to share good practices.

The Group's employees are exposed to various risks, mainly those inherent in commercial, storage, transport and road travel activities. Some converting facilities are also exposed to industrial risks. Safety and security rules form an integral part of the organisation of working practices within the Group, which ensures that these rules are strictly respected at all of its sites. Nevertheless, the Group is working to develop a consistent safety management framework for each of its businesses across major distribution centres that complies with the internationally recognised OHSAS 18001 standard.

Various initiatives were launched to enhance the safety management system in 2019:

- A 2017-2020 roadmap was rolled out locally by each region, in the form of dedicated action plans;
- Health issues were incorporated into the roadmap through the Build the Health and Safety Bridge scheme. This initiative is implemented in conjunction with the World Day for Health and Safety at Work, which is celebrated each year throughout the Group. All of the sites (warehouses and offices) around the world organise activities based on the themes of health and safety with a view to raising awareness about the importance of these issues;
- The creation of a digital app for recording work-related accidents. This provides greater accuracy than Excel spreadsheets and helps standardise reporting;
- Continuation of activities undertaken in previous years, in particular:
  - incident analysis training,
  - team corners and safety talks,
  - safety audits carried out by the Health and Safety representatives of each region or country.

Skills and training

Vocational training of employees NFIS Risk

In order to enhance skills development and anticipate future needs, the human resources department carried out a study of the key skills required now and in the years to come. Employees from all areas of the Company were consulted and the results will make it possible to proactively address the training needs of employees.

In addition to this study, interviews are conducted with regional HR Heads each year in order to map requirements and gain a better understanding of the challenges faced by each region and their requirements in terms of skills development, with a view to proposing appropriate solutions.

In 2018, the launch of the online platform My Learning Home saw multilingual training courses rolled out to all employees in each of the Group's 39 countries. My Learning Home can be used on a computer, tablet or smartphone. The courses on offer use a variety of educational tools such as e-learning, virtual training, classroom-based sessions, videos, reference materials or Small Private Online Courses (SPOCs).

The launch of My Learning Home also facilitated the creation of the Packaging Academy to boost the Group's strategy to develop packaging skills and expertise at both strategic and operational level. Various learning methods and apps are used to stimulate participants, including blended learning, which comprises e-learning, gaming, virtual meetings for fixing knowledge, reading and direct practice out in the field.

Certificate programmes such as the Purchasing Academy and HR Academy round out the employee training offering in connection with the Group strategy.

Managing a team is a complex responsibility and as such the Group has rolled out a Coaching for Performance programme worldwide, with the aim of supporting managers and providing them with the tools they need to coach their employees.

Other training courses on products, regulations (GDPR, anti-rust) and change enablement are offered in accordance with the target population.

Online training	2019	2018
Number of individual users on the online training platform	2,644	3,295
Number of online training modules completed	13,716	13,972

Each employee has an annual average of two days of training. In 2019, there was a focus on more targeted online learning. These modules, which are generated at Group level, are shorter and therefore more effective and accessible, regardless of where employees are actually living. Classroom-based training courses are still offered and tend to be more specific.

Promotion of diversity

Antalis had an average headcount of 4,700 in 2019, with 83.5% in Europe and 16.5% in Latin America and Asia. This international dimension means that the Group is not inclined to differentiate its policies along the lines of national or ethnic criteria but constantly seeks to capitalise on the mutually enriching interplay between various cultures. The Group's Executive Committee comprises eight different nationalities. All of the nationalities present in the Group are represented on the various operating committees and at the regular management meetings, proof of Antalis' multi-cultural and international profile.

However, it is not always easy to foster diversity given the logistics-based nature of the Group's businesses and country-specific regulations on the matter. For example, tracking the number of employees with disabilities is made more complex by different local laws and regulations, which may prevent such data from being collected or may be based on a different definition of disability. Furthermore, 44% of the sites have put specific actions in place to promote the integration of employees with a disability in the workplace. In France, the Group works with companies that help with such integration.

The table below sets out the percentage of employees with a disability in the last two years.

	2019	2018
Percentage of employees with a disability	1.15%	0.91%

Gender diversity is also closely monitored within the Group. The logistics-based nature of the businesses is not conducive to there being a high proportion of women, however, the Group is aware that efforts must be made to achieve a more balanced workforce. Reporting indicators show an improvement in the overall percentage of women in the Company, as well as in management roles. The Group aims to ensure that the percentage of women managers be at least equal to the overall percentage of women in the workforce in each of the regions in which it operates. Moreover, 84% of the sites have put specific initiatives in place to promote gender equality. These initiatives have led to a slight increase in the number of women working throughout the Group, from 36.29% in 2018 to 38.66% in 2019.

The table below shows the breakdown of the workforce by gender in the last two years.

Breakdown by gender	2019	2018
Percentage of women in the Group	38.66%	36.29%
Percentage of men in the Group	61.34%	63.71%

The table below sets out the percentage of managerial positions occupied by women in the last two years.

	2019	2018
Percentage of women in management	32.75%	33.66%

Labour practices

Breakdown of employees

Antalis' average headcount in 2019 breaks down as follows:

The table below shows how the Group's average headcount* in each geographical area has changed over the last two years.

Geographical areas	2019	2018
Main European Countries (*Germany & Austria, France, UK & Ireland*)	1,961	2,062
Rest of Europe	1,980	2,075
Rest of the World	778	1,085
Total	**4,719**	**5,222**

** The average headcount is the sum of the total headcount at the end of each month (registered headcount) divided by 12.*

Working conditions

Compensation policy and social protection

The Group's employees, whether they have an operational role or a cross-functional role, are paid a fixed salary which, for most managerial-level staff, is supplemented by variable compensation. Variable compensation is based on the performance of the Group and employees' individual performance relative to previously defined targets.

The variable compensation policy for sales representatives is adapted in accordance with the business in each country and local legislation.

The Group's employees are also eligible for statutory healthcare, welfare and disability benefits.

Succession plans for managers and talent management

The Group holds yearly performance reviews for all its employees, which help it to ensure that its actions are aligned with its strategic plan and to identify training needs and career aspirations. A regular review of key talents allows Antalis to analyse the development and promotion potential of its management teams and key managers. This in turn helps Antalis to develop its talent pool, which is crucial if it is to provide the best possible response to the Group's current and future requirements.

Lastly, a succession plan for the Group's key executives has been implemented by Antalis' Nominations and Compensation Committee in accordance with the governance rules applied by the Company.

Social dialogue

The Group has an open and direct social dialogue policy, keeping employee representative bodies informed of economic and labour related changes in the Group and its entities, as well as any difficulties they may encounter. It does this transparently and ensures compliance with local laws.

In a morose economic environment, ensuring healthy social dialogue is crucial, particularly in the context of redundancy procedures.

The Group rigorously verifies that all employees affected by such procedures are given the assistance provided for by law.

As well as ensuring strict compliance with local regulations, the Group promotes its own values, providing equal opportunities for employees, ensuring fair treatment and zero discrimination and encouraging social dialogue.

In 2019, 73% of Group entities had an official employee representative body, of which 84% had a specific information procedure for employees and employee representatives, while 72% set up a specific bargaining procedure with their employee representatives.

At Group level, the European Works Council represents more than 4,000 employees across Europe and holds at least one plenary session a year. The meeting is an opportunity for the Company and employee representatives to share information regarding performance, as well as strategy and future initiatives in areas such as health and safety, organisation and communication. The European Works Council can also be consulted throughout the year on major commercial or organisational changes affecting two or more European countries. As mentioned previously, the European Works Council issued a favourable opinion concerning the proposed transaction between Antalis and Kokusai Pulp & Paper Co., Ltd.

Every year, the Group negotiates a number of collective bargaining agreements with employee representative bodies on an individual entity level. Amendments to these agreements are also negotiated. At Group level, 50 agreements were signed with employee representatives in the Group's different legal entities in 2019.

Community involvement and development

Social commitment is based on the Group's partnerships, as well as on community-based initiatives deployed by Antalis in all of the regions in which it is located. These projects are principally centred on culture, outreach, education and health.

In 2019, 31 Antalis France employees ran in the Odyssea race to support the fight against breast cancer.

Antalis France also sponsored initiatives in support of a number of charitable foundations such as the Salvation Army. The Company managed to collect 98 kilos of games and old clothes.

Our teams in Germany together with members of the local emergency services participated in the Hand-in-Hand Donation Run which is involved in projects to help children. All donations went to Stuttgart's hospital for children and young people.

HUMAN RIGHTS, CORRUPTION AND TAX EVASION

Human rights, principles of legality, ethics and transparency

The Group employs a small number of people in developing countries. In accordance with its Code of Conduct – which is based on respect for individuals – the Group complies with International Labour Organisation (ILO) standards in all of the countries where it operates, particularly relating to child labour, occupational health and safety, employee representation and fundamental principles and rights at work. These principles apply both to the Group's relations with its own employees and to subcontracting arrangements. They are taken up and relayed to employees in the Group's Code of Conduct and reinforced through Antalis' membership of the UN Global Compact. The Code of Conduct covers all matters relating to human rights and is the basis for the commitments with which the Group wants to ensure compliance, both within the Group, as well as upstream. Compliance with these fundamental values is monitored by the internal audit department. Implementation and compliance procedures relating to these issues are included in self-assessment questionnaires (SAQs).

2019 Self-Assessment Questionnaire statistics

Subject	Number of entities	Representativeness of the sample
"Does your entity apply the Code of Conduct?"	38	99%
"Is the Code of Conduct formally provided to all new hires?"	38	99%
"Can you confirm that checks are performed to ensure compliance with the law?"	38	100%

** Conducted in 38 entities with more than 30 employees, covering 92% of Group headcount.*

The Group is working to improve the way these issues are dealt with by its suppliers, by including specific requests and proof that suppliers respect the Group's values in the questionnaires sent to them.

Corruption – Business ethics
Tax evasion

Ethics and best practices

NFIS risk

Ethics and best practices are an integral part of the Group's core values. However, it is essential that the Group reaffirms and improves procedures each year in order to ensure that it acts in strict compliance with the laws in force in the countries in which it operates and that the values it upholds are respected.

The Group is responsible for ensuring that rules of business conduct – particularly regarding corruption and unfair competition – are complied with, implemented and monitored in the 39 countries in which it is present via its different entities. The Group also makes sure that relations between its different entities and public bodies, other companies, suppliers, subcontractors, customers and competitors are managed in a fair and responsible manner, to prevent the possibility of corruption or illegal practice.

The Group introduced a new Group Code of Conduct in 2013 to reinforce its procedures. The Code was updated in 2018 and covers all compliance-related topics: commercial relations, anti-trust rules and confidentiality as well as the Group's commitment to safety, conflict of interest resolution, respect and dignity in the workplace and environmental principles. It also includes a comprehensive list of forbidden or authorised practices specific to the Group's businesses. The Code has been sent to all workers. All employees who deal with potential risks in relation to competition law and corruption matters have signed it. The Code of Conduct is checked and disseminated each year through a series of questions included in the self-assessment questionnaire developed as part of the CSR campaign. In 2019, the 37 Group entities with more than 30 employees deployed the Code locally and have procedures ensuring that the Code of Conduct is signed by target populations. In addition, all 37 entities have implemented a procedure whereby all new hires must sign the Code. It should also be noted that in addition to the Group Code of Conduct, 14 entities have their own local code of conduct in the form of internal rules.

With respect to the fight against corruption in particular, France has significantly strengthened its legislative framework with the Sapin II law which entered into force on 1 June 2017, addressing transparency, anti-corruption and economic modernisation. The French anti-corruption agency (*Agence française anticorruption – AFA*) was set up around the same time and is dedicated to preventing corruption and monitoring economic players. Antalis has long been promoting the strict principles recorded in its Code of Conduct, defining the standards of ethical behaviour by which employees are bound in the performance of their duties. The principles of this Code also comply with regulatory provisions. The Code has been translated into all the languages spoken in the Group, ensuring that it is accessible to and understood by all employees around the world.

During their induction, all employees receive mandatory training on Antalis' values.

To comply with the eight measures of Sapin II, Antalis launched a review of the related measures in 2017 and has since endeavoured to complete them:

- the Group has mapped corruption risks and is currently rolling out action plans aimed at reducing such risks;
- procedures are being finalised to ensure the formalisation of due diligence with regard to anti-corruption procedures before contracting with third parties;
- an internal whistleblowing system is currently being rolled out within the Group;
- a specific training programme has been set up for employees particularly exposed to corruption risk. The entire target population has received this training.

As part of its compliance with the new European Data Protection Regulation (GDPR) of 25 May 2018, Antalis devised a governance system based around a Data Protection Officer (DPO) and a GDPR representative for each function at central level, with correspondents in each region. Monitoring meetings are held regularly. A training module was deployed at Group level and translated into various languages so that more employees would have access to it. In 2019, 73% of employees received GDPR training (the aim is for 100% of employees to receive this training by end-2020).

Tax evasion

The Antalis Group undertakes to comply with applicable national tax legislation and international standards, in particular those laid down by the OECD and including the fight against tax evasion. The Group also undertakes to ensure that all of its entities comply with said regulations. The Group's entities pay all of the taxes owed in each state in which they are located.

CSR REPORTING METHODOLOGY

Selection of indicators

The Antalis Group endeavours to provide non-financial information as transparently as possible. In accordance with the "comply or explain" rule provided for by law, Antalis acknowledges that certain minimal information has not been disclosed. The main reasons for non-disclosure may be that (i) no reliable indicators currently exist for the issues concerned, (ii) as a group involved in the professional distribution of paper, packaging products and visual communication media, certain matters do not concern Antalis and are not therefore considered, and (iii) certain information is deemed confidential.

CSR reporting scope

The CSR information provided belongs to different categories which each have their own reporting and consolidation procedures. This is due to the nature of the information compiled, the scope applied and the maturity of the entities included.

Reporting on labour practices includes all of the Group's legal entities and therefore covers all Group employees.

However, discrepancies may arise between some reported data due to differences in how employees are accounted for. All labour-related statistics are calculated on the basis of average headcount for 2019.

Health and safety reporting covers all Group activities and includes local and central offices and head offices.

Dedicated environmental reporting for the warehouses is more specifically concerned with energy consumption (electricity, gas, fuel) and transport-related consumption. Water consumption in Antalis' operations is negligible and limited to cleaning floors and toilets. These data have therefore been excluded from environmental reporting

Land use is not covered because the Group's direct activities have no particular impact on land. Food waste is also not covered because it is not really relevant to the Group's businesses.

Sources and tools used

Data on labour practices is included within the internal financial reporting software (Magnitude). Human Resources reporting packages are completed by the Group's legal entities at 30 June and 31 December each year. The management accountant of these entities is responsible for relaying the request to the competent member of staff and verifying that all information has been supplied. This procedure is enhanced with a data input guide setting out the definitions of all the indicators and their calculation methods.

The environmental information for the distribution centres is compiled via an online questionnaire on the Antrak platform and is available to the distribution centres. The environment reporting scope covers 70 of the Group's 117 distribution centres. 10 sites representing approximately 10% of warehouse surface area have been excluded due to insufficient information.

Health and safety data are compiled on a monthly basis using a digital HR Dashboard platform rounded out by a specific app that may be used to report any accidents. Each has a dedicated verification procedure.

Method used to consolidate and validate indicators

A procedural guide to reporting on labour practices setting out definitions of social indicators is available in the internal financial reporting software. Information on labour practices is compiled by the Group's management accounting department and sent to the Head of CSR responsible for analysing the data along with the human ressources department.

As regards health and safety, the accident "Incident rate" is calculated as the number of lost-time accidents/number of full-time employees and temporary personnel x 1,000.

The environmental questionnaire includes explanatory comments for each indicator. The CSR department must then carry out consistency checks and consolidate the information for publication in the management report. To ensure comparability, the emissions factors are those used last year.

Report by independent third party on the non-financial information statement

Antalis SA

8 rue de Seine

92100 Boulogne-Billancourt – France

For the year ended 31 December 2019

This is a free translation into English of the independent third party's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders of Antalis,

In our capacity as an independent third party and certified by COFRAC under number 3-1048 (whose scope is available at www.cofrac.fr), we hereby report to you on the non-financial information statement for the year ended 31 December 2019 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The Company's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators. The Statement has been prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and are also available on the website or upon request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R. 225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the Company's compliance with other applicable legal and regulatory provisions, in particular regarding duty of care and anti- corruption and tax evasion legislation, or the consistency of products and services with applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Articles A. 225-1 *et seq.* of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional standards applicable in France to such engagements as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities and the related risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labour and environmental information set out in Article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified that the Statement provides the information required under article R. 225-105 II when this is relevant in terms of the main risks and, when necessary, an explanation for the absence of the information required under Article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;

We referred to documentary sources and conducted interviews in order to:

- assess the process used to select and confirm the principal risks together with the consistency of the outcomes and the key performance indicators used with respect to the principal risks and policies presented;

- corroborate the qualitative information (measures and outcomes) that we considered to be the most important – for information concerning certain risks, our work was performed at consolidated entity level, for others at consolidating entity level and in a selection of entities;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L. 233-16 within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the Company has put in place and assessed the data collection process implemented by the Company to ensure the completeness and fairness of the Information;

For the key performance indicators and other quantitative results that we considered to be the most important, we implemented:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on all Group entities and covers 100% of Group employees for social data and 70 distribution centres for environmental data;
- we assessed the overall consistency of the Statement based on our knowledge of the Company.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of four people between February and May 2020.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around ten interviews with the people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial information statement does not comply with applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comment

Without qualifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comment:

as specified in the Statement, the reporting scope for the environmental indicators is limited to 70 of the 117 distribution centres.

Paris-La Défense, 20 May 2020

The independent third party

Deloitte & Associés

Thierry Queron	Julien Rivals
Partner, Audit	Partner, Sustainability Services

(1) Qualitative information: material scope 3 greenhouse gas emission items; PEFC and FSC forest certifications; traceability and due diligence platform for suppliers (Antrak); Code of Conduct.

(2) Quantitative environmental data: total energy consumption of the distribution centres; total greenhouse gas emissions (scopes 1 and 2) of the distribution centres.

(3) Quantitative social data: number of lost-time accidents; incident rate; severity rate; average headcount; percentage of employees trained; percentage of at-risk employees trained in ethics and best practices; annual average number of training days per employee.

Corporate Governance

Board of Directors 37
Committees of the Board of Directors 44
Corporate decision-making bodies 46
Profiles of the Board members and executive management 47
Report on corporate officer compensation 53
Compliance with the AFEP-MEDEF corporate governance code 69
Related-party agreements 70
Statutory Auditors 71
Statutory Auditors' special report on related-party agreements 72

Corporate Governance

Corporate governance code

Since the listing of the Company's shares in June 2017, Antalis has referred to the AFEP-MEDEF corporate governance code as the basis for its corporate governance practices. The more recent version of this code dated January 2020 may be consulted on the AFEP (www.afep.com) and MEDEF (www.medef.com) websites. The Company's application of the code is presented on page 69.

BOARD OF DIRECTORS

Composition of the Board of Directors

At 31 December 2019 and at the date the French version of this report was published, the composition of the Board of Directors was as follows:

	Age	Gender	Nationality	Number of corporate offices held in other listed companies	Independence	Appointed[1]	Expiry of term of office	Time served on Board	Presence on Board committees[2]
Executive corporate officer – Director									
Hervé Poncin *Chief Executive Officer*	56	M		-	No	6 June 2017	2021 AGM	3 years	-
Non-executive corporate officer – Director									
Pascal Lebard *Chairman of the Board*	57	M		2	No	6 June 2017 Renewed on 28 May 2019	2022 AGM	3 years	-
Directors									
Bruno Basuyaux	55	M		-	No	28 May 2019	2020 AGM	1 year	-
Clare Chatfield	62	F		2	Yes	6 June 2017	2021 AGM	3 years	Nominations/ Compensation Committee *Ad hoc* Committee
Delphine Drouets	52	F		-	Yes	6 June 2017 Renewed on 28 May 2019	2022 AGM	3 years	Audit Committee (Chair) *Ad hoc* Committee (Chair)
Cécile Helme-Guizon	54	F		1	No	6 June 2017	2020 AGM	3 years	Audit Committee Nominations/ Compensation Committee *Ad hoc* Committee
Christine Mondollot	65	F		2	Yes	6 June 2017	2020 AGM	3 years	Nominations/ Compensation Committee (Chair) *Ad hoc* Committee
Employee director									
Frédéric Richard	53	M		-	n/a	18 December 2018	2022 AGM	1.5 years	-

(1) *Under the Company's Articles of Association, directors may be appointed for variable terms of office not exceeding four years. The Company's directors were therefore appointed for terms of different lengths at the time of the Board's formation in June 2017, in order to ensure a staggered renewal process.*

(2) *On 5 March 2020, an Ad hoc Committee comprising a majority of independent directors was set up by the Board of Directors to oversee the change of ownership process and appoint an independent expert.*

Changes in the composition of the Board of Directors and its committees in 2019

	Departure	Appointment	Renewal
Board of Directors	Franck Bruel(1)	Bruno Basuyaux(2)	Pascal Lebard(3) Delphine Drouets(3)
Audit Committee	Franck Bruel(1)	-	Delphine Drouets(3)
Nominations and Compensation Committee	-	-	-

(1) On 28 May 2019, Franck Bruel resigned as director of Antalis.
(2) On 28 May 2019, Bruno Basuyaux was appointed as director of Antalis to replace Franck Bruel. His term of office will expire on the same date as Franck Bruel's term of office was due to expire, i.e., at the Annual General Meeting to be held to approve the financial statements for the year ended 31 December 2019. This appointment will be ratified at the Annual General Meeting to be held on June 30 2020.
(3) At the Annual General Meeting of 28 May 2019, the terms of office of Pascal Lebard and Delphine Drouets as directors were renewed for an additional three-year period.

There were no changes in the composition of the Board of Directors and its committees between 31 December 2019 and the date on which the French version of this report was published.

Composition of the Board of Directors recommended to shareholders at the Annual General Meeting of June 30 2020

The terms of office of Bruno Basuyaux, Cécile Helme-Guizon and Christine Mondollot are due to expire at the end of the Annual General Meeting called on June 30 2020 to approve the 2019 financial statements.

At its meeting of 13 May 2020, the Board of Directors, acting on the recommendations of the Nominations and Compensation Committee, decided to recommend that shareholders reappoint the aforementioned directors for a three-year term expiring at the end of the Annual General Meeting to be called to approve the 2022 financial statements.

Therefore, the composition of the Board of Directors of Antalis will remain unchanged until the change of control of the Company, in accordance with the provisional timeline for the takeover by Kokusai Pulp & Paper Co., Ltd. ("KPP"), and the quasi-simultaneous adoption of the reasoned opinion of the Board concerning the Offer, as set out in the different agreements entered into with KPP.

Moreover, under the terms of these agreements, KPP will nominate four directors to sit on the Board, including the Chairman of the Board of Directors. However, these appointments will not become effective until the Antalis shares held by Sequana have been transferred to KPP (i.e., until the change of control has become effective).

Director independence

Each year, an item on the Board of Directors' agenda is devoted to assessing director independence. The Company expects to appoint the directors nominated by KPP in accordance with Article L. 225-24 of the French Commercial Code (*Code de commerce*), following the resignation of four directors currently in office.

In accordance with the AFEP-MEDEF corporate governance code, a director is regarded as "independent" based on the criteria set out below.

1: Employee or corporate officer of the Company over the previous five years

Directors must not be or have been in the course of the previous five years:

- a salaried employee or executive corporate officer of the Company;
- a salaried employee, executive corporate officer or director of a company consolidated by the Company;
- a salaried employee, executive corporate officer or director of the parent company or of a company consolidated by the parent company.

2: Cross directorships

Directors must not be an executive corporate officer of a company in which the Company directly or indirectly holds a directorship, or in which an employee appointed as such or an executive corporate officer of the Company holds a directorship (whether currently or within the last five years).

3: Significant business relations

Directors must not be a major customer, supplier, investment banker or counsel:

- that is material for the Company or its group;
- or for which the Company or Group accounts for a significant portion of business.

In accordance with the recommendations set out in the AFEP-MEDEF corporate governance code in terms of assessing the significance of business relations with the Company or its group, the Board of Directors' meeting of 13 May 2020 adopted the criteria listed below, based on a recommendation of the Nominations and Compensation Committee:

- a quantitative criterion, based on 1% of consolidated sales recorded by the Company with a group in which a director holds a position and/or office;
- qualitative criteria, i.e., the duration and continuity of the business relationship, its importance or intensity (possible financial dependence), and how it is organised (the director's freedom to pursue his or her individual interests).

4: Family ties
Directors must not have any close family ties to a corporate officer.

5: Auditor
Directors must not have been an auditor of the Company in the previous five years.

6: Term of office longer than 12 years
Directors must not have been a director of the Company for more than 12 years. Independent directors lose their independent status once they have been directors for more than 12 years.

7: Non-executive corporate officer
Non-executive corporate officers cannot be considered as independent if they receive variable compensation in the form of cash or shares or any compensation tied to the performance of the Company or its group.

8: Major shareholder

Directors representing major shareholders of the Company or its parent can be considered as independent. When these shareholders have a certain degree of control over the Company, they are automatically disqualified from being independent.

At its meeting of 13 May 2020, the Board of Directors, basing itself on the preliminary work of the Nominations and Compensation Committee and on the criteria listed above, noted that Clare Chatfield, Delphine Drouets and Christine Mondollot could be considered as independent, i.e., at least a third of its members (42.85%). The employee director was not taken into account in the calculation to establish the percentage of independent directors.

Franck Bruel was an independent director of the Company from 1 January to 28 May 2019, at which date 57.14% of the directors on the Board qualified as independent directors.

The proportion of independent directors complies with AFEP-MEDEF corporate governance guidelines, which recommend that at least one-third of the directors of controlled companies like Antalis should be independent. The employee director was not taken into account in the calculation.

The table below assesses the independence of each director in light of the guidelines set out in the AFEP-MEDEF corporate governance code.

In the table, ✔ denotes that the director meets the specified independence criterion, while ✖ indicates that the specified criterion is not met.

	Hervé Poncin	Pascal Lebard	Bruno Basuyaux	Franck Bruel (4)	Clare Chatfield	Delphine Drouets	Cécile Helme-Guizon	Christine Mondollot	Frédéric Richard
1: Corporate officer in the Company's employ over the previous 5 years	✖ (1)	✖ (2)	✔	✔	✔	✔	✖ (5)	✔	n/a
2: Cross directorships	✔	✔	✔	✔	✔	✔	✔	✔	n/a
3: Significant business relations	✔	✖ (2)	✔	✔	✔	✔	✔	✔	n/a
4: Family ties	✔	✔	✔	✔	✔	✔	✔	✔	n/a
5: Auditor	✔	✔	✔	✔	✔	✔	✔	✔	n/a
6: Term of office longer than 12 years	✔	✔	✔	✔	✔	✔	✔	✔	n/a
7: Non-executive corporate officer	✔	✖ (2)	✔	✔	✔	✔	✔	✔	n/a
8: Major shareholder	✔	✖ (2)	✖ (3)	✔	✔	✔	✔	✔	n/a

(1) *Hervé Poncin is Chief Executive Officer and executive corporate officer of the Company.*

(2) *Pascal Lebard is Chairman and Chief Executive Officer of Sequana, i.e., the executive corporate officer of the Company's parent. Part of the variable compensation he may receive from Sequana is linked to the performance of Antalis. Pascal Lebard is also Chairman of Arjowiggins, which was an Antalis supplier. For information, on 15 May 2019, the Nanterre Commercial Court placed Sequana in court-ordered liquidation and appointed Selarl C. Basse, represented by Maître Christophe Basse, as liquidator.*

(3) *Maître Basse, in liaison with Nanterre Commercial Court, requested the appointment of a new director, Bruno Basuyaux, to the Board of Directors of Antalis. Mr Basuyaux was duly appointed as a director by decision of the Board at its meeting of 28 May 2019.*

(4) *Franck Bruel resigned as a director on 28 May 2019.*

(5) *Cécile Helme-Guizon was a director of Sequana, the Company's parent, until 31 January 2020.*

Attendance rates at Board of Directors and committee meetings in 2019

	Attendance rates at Board of Directors meetings	Attendance rates at Audit Committee meetings	Attendance rates at Nominations and Compensation Committee meetings
Hervé Poncin	100%	--	--
Pascal Lebard	100%	--	--
Bruno Basuyaux	100%	--	--
Franck Bruel(1)	64%	100%	--
Clare Chatfield	79%	--	100%
Delphine Drouets	92%	100%	--
Cécile Helme-Guizon	100%	100%	100%
Christine Mondollot	88%	--	100%
Frédéric Richard	96%	--	--

(1) *Franck Bruel resigned as a director on 28 May 2019.*

Balanced representation on the Board of Directors – Diversity policy

At its meeting of 28 March 2019, the Board of Directors examined the composition of the Board and its committees, and based on the recommendations of the Nominations and Compensation Committee, set the following diversity goals which remain unchanged from last year.

Professional qualifications and experience

All directors have extensive professional experience in a wide range of business sectors, and have all held senior positions during their careers. The breadth of skills among directors can be charted as follows:

	Hervé Poncin	Pascal Lebard	Bruno Basuyaux	Franck Bruel	Clare Chatfield	Delphine Drouets	Cécile Helme-Guizon	Christine Mondollot	Frédéric Richard
Distribution / Group business	✓	✓	✓	✓	✓	-	✓	✓	✓
Finance / Audit / M&A	✓	✓	✓	✓	✓	✓	✓	-	-
Legal	-	-	✓	-	-	-	-	-	-
Development strategy	✓	✓	-	✓	✓	-	✓	-	-
International business experience	✓	✓	✓	✓	✓	-	✓	✓	-
Operational management	✓	✓	-	✓	-	✓	✓	✓	-
Governance of a listed company	✓	✓	✓	✓	✓	-	✓	-	-
Digital	✓	✓	-	✓	-	-	✓	-	-

The employee representative on the Board also has an excellent knowledge of the Group dating back many years and brings valuable on-the-ground experience to Board discussions.

The Board considered the current breadth of directors' skills to be highly satisfactory, enabling quick and in-depth understanding of the issues referred to it as well as the various challenges facing the Group. Accordingly, it was recommended that the composition of the Board remain unchanged.

Furthermore, the Board also emphasized the importance of the financial expertise of all Audit Committee members.

Gender equality
The Board of Directors currently has a perfect gender balance, with four female and four male directors (including one employee director). The directors considered this ratio to be highly satisfactory and expressed a wish that it remain unchanged for as long as possible. Having an equal number of men and women on the Board enhances the Board's collective intelligence and brings greater depth to its discussions.

However, men and women are not evenly represented on the Board's committees: since the resignation of Franck Bruel on 28 May 2019, the Nominations and Compensation Committee and the Audit Committee are composed entirely of women. This situation is not likely to change in the short term given the limited number of directors on the Board.

Age
Directors are between 52 and 65 years old with an average age of 58. The Board considered that this average is satisfactory but nevertheless resolved to pay heed to the age limit of 70 for directors set out in the Articles of Association.

Nationality
All directors are French citizens, although two have dual nationality. The directors considered that the Group's international standing was nevertheless well represented on the Board due to the directors' international experience. Accordingly, they did not consider it essential to increase the proportion of directors from outside France in the near term.

Employee representation

In accordance with Article L. 225-27-1 of the French Commercial Code (*Code de commerce*) and the provisions of Law No. 2015-994 of 17 August 2015 on social dialogue and employment, the Annual General Meeting of 23 May 2018 resolved to amend the Company's Articles of Association to provide for the appointment of an employee director. This director was appointed on 18 December 2018 by the CFDT, the employee representative body which received the most votes in the most recent elections of employee representatives for French Group companies.

In accordance with the Company's Articles of Association, the employee director is appointed for a four-year term expiring at the end of the Ordinary Annual General Meeting held in the year in which his or her term of office is set to expire. According to the Company's Articles of Association, if the conditions for applying Article L. 225-27-1 of the French Commercial Code are no longer met, the term of office of the employee director shall terminate at the end of the meeting during which the Board of Directors notes that the Company no longer falls within the scope of the obligation to appoint employee directors.

The director completed a specific training programme for employee directors within a month of his appointment.

Finally, since the proportion of the Company's capital held by Group employees does not exceed the 3% threshold provided for in Article L. 225-23 of the French Commercial Code, no director has been appointed from among employee shareholders.

Internal rules of the Board of Directors

At its first meeting held on 7 June 2018, the Board of Directors adopted the internal rules and regulations for each of its committees setting out the *modus operandi* and duties of each, together with a Directors charter detailing director's duties and obligations.

These rules are applicable to all Company directors, any permanent representatives of legal entities, and – as regards rules that are not specifically related to the office of director and notably those concerning confidentiality, conflict of interest and the prevention of insider dealing – more generally, to anyone participating in or attending Board or committee meetings on a temporary or permanent basis.

Duties of the Board of Directors

Duty of administration
In addition to handling matters that fall within the scope of the powers ascribed to it by law or by regulations, the Board of Directors regularly makes decisions regarding the Group's strategy, internal restructuring operations, and major investment projects designed to generate organic growth.

Duty of review
The Board deliberates on significant acquisitions and sales of equity interests and assets that do not fall within the scope of the strategy it has determined. It also votes on any transactions or commitments that are likely to materially affect the Group's earnings or result in a significant change in its balance sheet structure.

Duty of information (information for the Board)
The Board is kept informed on a regular basis, either directly or through its committees, of any significant event affecting the conduct of the Company's business. It also has the right to obtain information at any time, including between meetings convened to review the financial statements, on any significant change in the Company's financial situation, liquidity position, commitments and risks for the purpose of taking informed decisions concerning its financing and debt situation.

Duty of participation and general interest

All directors must hold a minimum of 300 Antalis shares in registered form throughout their term in office, with the exception of the employee director who is not bound by this duty.

As well as being shareholders themselves, directors must represent the shareholders and act in the Company's best interest at all times. Directors alert the Board as to any information which they are aware of and that they consider could affect the Company's interest. They have a duty of loyalty and must under no circumstances do anything to harm the Company, its subsidiaries or equity interests either by using insider information, engaging in unfair competition or by any other means.

Lastly, as far as the Company is aware and as of the date the French version of this report was published, over the past five years, no director has been convicted of fraud or associated with bankruptcy, receivership or judicial liquidation proceedings; been subject to criminal, public or administrative sanctions by a statutory or regulatory authority; and no director has been prevented by a court from acting as a member of a corporate decision-making or supervisory body or from being involved in the Company's day-to-day management or the conduct of its business.

Stock market ethics

At its meeting of 25 October 2018, the Board of Directors adopted a stock market compliance charter designed to remind executive corporate officers, directors and any persons qualifying as insiders according to applicable regulations, of applicable stock market laws and regulations together with the administrative and criminal penalties that may result from failing to comply with such laws and regulations. This charter also describes the measures deployed throughout the Group to prevent any breaches of stock market compliance obligations.

Pursuant to the EU "Market Abuse" Regulation No. 596/2014 of 16 April 2014, the AFEP-MEDEF corporate governance code and Antalis' internal regulations, directors are forbidden from buying or selling the Company's shares during the period between the date on which they become aware of information of a precise nature concerning the Company's business or forecasts which, if it were made public, could have a significant effect on the share price, and the date that said information is actually made public.

They are also forbidden from trading in the Company's shares:

- during the 31-day period prior to the publication of the annual or interim accounts, or
- between (i) the earlier of either the first trading day immediately after the end of a calendar quarter, or the 16th trading day preceding the publication of quarterly financial statements, and (ii) the date on which the financial statements are made public.

The Company prepares and circulates a non-exhaustive list of "blackout periods", however there may also be other periods during which corporate officers and executives are forbidden from trading in the Company's shares due to their knowledge of specific information concerning Antalis' business or forecasts which, if disclosed could have a material impact on the Company's share price. This list is updated on a regular basis and communicated to the corporate officers, members of the Executive Committee and employees with access to insider information, all of whom must confirm that they are aware of these rules and that they intend to comply with them.

Moreover, pursuant to the EU Market Abuse Regulation and Article L. 621-18-2 of the French Monetary and Financial Code, all senior executives (i.e., Chief Executive Officer, Chairman of the Board of Directors, directors and any persons with executive powers by virtue of their decision-making power over corporate strategy and regular access to insider information), and all persons with close links to senior executives, must notify both the French Financial markets authority (*Autorité des marchés financiers*) and the Company of all of their dealings in the Company's shares above a limit set at €20,000 per calendar year using the procedure stipulated in the Regulation.

Managing conflicts of interest

The Board of Directors' internal regulations stipulate that all directors must inform the Board of any conflict of interest (including any potential conflicts of interest) and abstain from voting during the Board's deliberations on the related matter.

The independent directors have not reported any conflicts of interests that would be likely to raise questions about their independence with regard to the Company or the performance of their duties as corporate officers.

Moreover, none of the members of the corporate decision-making bodies or the executive management team have entered into a service agreement with the Company or any of its subsidiaries providing for the payment of benefits. No director has an employment contract with the Company.

Responsibilities of the Board of Directors

The Board of Directors performs the duties entrusted to it by law and acts in the Company's best interest at all times. It seeks to promote long-term value creation by considering the social and environmental aspects of its activities. It proposes any amendments to the Articles of Association that it deems appropriate.

For information, the Annual General Meeting of 30 June 2020 will deliberate on bringing the Company's Articles of Association into line with Article L. 225-35 of the French Commercial Code, as amended by Law n°2019-486 of 22 May 2019 (known as the *Pacte* Law). There will be a proposal that the new Articles of Association should require the Board of Directors to consider the Company's corporate social responsibility in its decision-making process.

The Board determines the strategy of the Company and of its subsidiaries and ensures that it is duly implemented. It carries out any verifications and checks it considers appropriate, particularly in order to ensure the effective operation of internal control, and makes sure that the information provided to shareholders and to the financial markets is reliable.

The Board also decides on the management arrangements for the Company, and in particular on the separation or combination of the roles of Chairman of the Board of Directors and Chief Executive Officer, and provides information on these matters to shareholders. When defining the expertise of the Chairman and/or Chief Executive Officer, the Board may ascribe to itself areas of expertise above and beyond those set out in the Articles of Association or may define limits above which the Board is required to intervene.

The main activities of the Board of Directors in 2019 and early 2020

The Board met on 24 occasions in 2019, with an average attendance rate of 91%.

The Board's work included the following:

Corporate governance

- the annual review of the *modus operandi* and composition of the Board and its committees,
- deliberating on directors' terms of office due to expire at the forthcoming Annual General Meeting and deciding whether to renew them or not,
- devising a diversity policy for the Board of Directors and studying possibilities for diversity in the Company's governance bodies,
- reviewing compliance with legislative changes (AFEP-MEDEF corporate governance code/*Pacte* law) and taking account of the Company's corporate social responsibility,
- setting the Chief Executive Officer's variable compensation for 2018 and his total compensation for 2019,
- defining a new executive corporate officer compensation policy to be submitted for approval by the shareholders,
- convening a Combined General Meeting, drawing up the report to be submitted to the General Meeting and reviewing the resolutions to be submitted for shareholder approval,
- approving the documents to be circulated to shareholders or for publication,
- reviewing the succession plans prepared by the Nominations and Compensation Committee,

- more generally, reviewing the work of, and, where necessary, the approval of any proposals put forward by the Nominations and Compensation Committee.

In early 2020, up to the date on which the French version of this report was published, the Board's work consisted in:

- the annual assessment of the composition and *modus operandi* of the Board of Directors and its committees,
- deliberating on directors' terms of office due to expire at the forthcoming Annual General Meeting and deciding whether to renew them or not,
- setting up an *Ad hoc* Committee, comprising a majority of independent directors, tasked with proposing the appointment of an independent expert within the scope of the transaction with Kokusai Pulp & Paper Co., Ltd. and overseeing an independent appraisal process,
- devising a diversity policy for the Board of Directors and studying possibilities for diversity in the Company's governance bodies,
- setting the Chief Executive Officer's variable compensation for 2019 and his total compensation for 2020,
- defining a new executive remuneration policy to be submitted for approval by the shareholders,
- convening a Combined General Meeting, drawing up the report to be submitted to the General Meeting and reviewing the resolutions to be submitted for shareholder approval,
- approving the documents to be circulated to shareholders or for publication,
- reviewing cash flow forecasts within the context of the Covid-19 crisis.

Activity, conduct of the Group's operations and financial statements

- taking the decision to mandate an investment bank to set up a new shareholding structure to enable Antalis to pursue its strategic development,
- examining the 2019 budget and Group business plan for 2018-2022,
- examining and signing off on the annual consolidated and parent company financial statements for 2018 and the Annual Financial Report,
- allocating the net loss for 2018,
- reviewing the operations, results and cash position of the Group's main businesses on a regular basis,
- tracking the process of setting up a new shareholding structure and the different alternatives,
- reviewing the Company's share performance on a regular basis,
- reviewing the opportunities for refinancing the Group's debt in detail,
- regularly reviewing planned acquisitions,
- appropriating income and deciding on the distribution of a dividend,
- reviewing the projected management accounts for 2019,
- reviewing the Group's first-quarter 2019 activity and results,
- renewing the delegation of powers granted to the Chief Executive Officer to grant sureties, endorsements and guarantees up to a certain amount,
- reviewing market trends for the first half of 2019,
- examining and signing off on the interim consolidated 2019 financial statements and the half-yearly report,
- reviewing the Group's third-quarter and nine-month 2019 results,
- reviewing market trends through the end of 2019,
- reviewing the Group's position in its different markets, as well as its growth perspectives and strategic opportunities,
- more generally, reviewing the Statutory Auditors' reports, as well as, where necessary, the study and approval of proposals and work submitted by the Audit Committee, and reviewing press releases prior to publication.

In early 2020, up to the date on which the French version of this report was published, the Board's work also consisted in:

- reviewing the project to set up a new shareholding structure,
- appointing an independent expert,
- examining the 2020 budget and Group business plan for 2020-2023,
- examining and signing off on the annual consolidated and parent company financial statements for 2019 and the Annual Financial Report,
- allocating the net loss for 2019,
- more generally, reviewing the operations and results of the Group's main businesses,
- reviewing the Group's first-quarter 2020 results.

Preparing the meetings and work of the Board of Directors and evaluating its performance

The schedule of Board and committee meetings is adopted at the end of a given year for the following year. However, unscheduled meetings may be called where necessary in exceptional circumstances.

Barring exceptional circumstances, prior to each Board meeting, directors are sent a formal notice of the meeting along with the minutes of the previous meeting and any documentation and information necessary to deliberate on the upcoming items on the agenda. These documents are sent to directors via a secure data communication and storage platform intended solely for use by the Board. This platform also provides directors with easy access to all of the documentation necessary for the work of the Board and its committees and for corporate governance in general.

The electronic information pack sent to directors prior to each Board meeting includes comprehensive documentation regarding issues on the agenda. Internal and or external information is provided for each issue on the agenda as well as draft resolutions where appropriate.

Depending on the agenda and nature of the issues to be discussed, the Chairman of the Board may request that one or two of the Board's committees meet before the date of the Board meeting.

The information needed for the Board's discussions is sent to directors several days before the meeting. This timing is compatible with the confidentiality requirements applicable to any transfer of privileged information, and allows directors to thoroughly examine the documents sent before the meeting takes place. The same process applies for committee meetings.

The directors are kept regularly informed of any significant events affecting the conduct of the Company's business and they may access the related information at any time, including during the period between two Board meetings.

The Board of Directors discusses its *modus operandi* every year and in late 2019 it carried out a formal assessment of its own performance.

Finally, once a year the Board of Directors meets without the executive directors or directors who work within the Company being present.

Committees of the Board of Directors

The Board has set up committees tasked with examining certain subjects in detail and reporting back to it with proposals and recommendations. The Board committees are made up of directors of the Company and act within their remit as defined by the Board, however they have no decision-making power. The Board of Directors ensures that each committee is chaired by an independent director.

Audit Committee

In 2019, the Audit Committee met seven times with an attendance rate of 100%.

Composition

The Audit Committee comprises the following members, all of whom have been appointed for the duration of their terms of office as directors:

- Delphine Drouets (Chair)
- Cécile Helme-Guizon

Therefore, half of Audit Committee members are independent (i.e., Delphine Drouets) and none of its members are executive officers of the Company. The AFEP-MEDEF corporate governance code recommends that at least two-thirds of Audit Committee members should be independent, however the relatively small size of Antalis' Board of Directors, comprising only eight directors, means that it is not possible to appoint a second independent director to the Committee with the necessary financial and accounting expertise. Indeed, the Company complies with another recommendation of the AFEP-MEDEF corporate governance code whereby all committee members must be skilled in financial and/or accounting matters and have appropriate training and professional experience (see pages 50 and 51).

Brief

The Audit Committee is tasked with monitoring all matters encompassed by its brief, either under legal provisions or due to the inherent nature of the subjects themselves, or under missions specifically entrusted to it by the Board of Directors.

It monitors matters relating to the preparation and auditing of accounting and financial information and, if necessary, makes recommendations to safeguard the integrity of this information. It assesses the relevance and permanence of the accounting methods adopted and the correct treatment of significant transactions at Group level. It reviews the scope of the entities consolidated and the accounting standards applicable to and applied by the Group and ensures that these have been correctly applied. The Audit Committee reviews the annual and interim consolidated and parent company financial statements along with any financial and accounting issues brought to its attention by executive management, particularly as regards the Group's cash position, financing and compliance with bank covenants.

The Audit Committee is kept up-to-date on the organisation and operation of internal control and risk management procedures by executive management, together with any internal audit issues relating to the preparation and processing of financial and accounting information, without its independence being in any way compromised. It ensures that this system is working effectively and that it complies with a recognised regulatory framework, and it oversees the manner in which all types of risks are tracked and checks they are covered by appropriate insurance policies. As such, the Audit Committee is informed of the risks to which the Group might be exposed and its significant off-balance sheet obligations.

The Audit Committee is also tasked with ensuring the accuracy and consistency of the financial information disclosed by the Board of Directors – notably concerning the information of which it is aware – so that the Board complies with all regulatory requirements.

Finally, the Audit Committee oversees the Statutory Auditor selection process, checks compliance with criteria of independence and issues an opinion on the amount of their fees. It makes a decision on the advisory and other services directly associated with the Statutory Auditors' mission in addition to their task of auditing the Company's accounts, while ensuring that the provision of such services does not contravene Article L. 822-11 of the French Commercial Code and it pre-approves certain "non-audit related services".

The main activities of the Audit Committee in 2019 and early 2020

- reviewing the significant events for each period and the accounting options taken,
- reviewing the work and report of the internal audit unit for the second-half of 2018,
- reviewing the 2018 consolidated and parent company financial statements and the recommendations of the Board concerning the approval of those financial statements,
- reviewing first-quarter 2019 results,
- reviewing the projected management accounts for 2019,
- reviewing the chapter on internal control and risk management procedures contained in the 2018 management report,
- reviewing the interim 2019 consolidated financial statements and the recommendations of the Board concerning their approval,
- reviewing the work and report of the internal audit unit for first-half 2019,
- reviewing compliance procedures related to the GDPR and more generally, the progress of work to ensure compliance with the Sapin II law,
- reviewing the third-quarter and nine-month 2019 results,
- reviewing forecast-full year results,
- systematically reviewing draft financial press releases before they were examined by the Board,
- more generally, reviewing the Statutory Auditors' findings and recommendations together with any follow-up action taken, as part of the statutory audit of the Company's financial statements,
- in early 2020, the Audit Committee reviewed the consolidated and parent company financial statements for

2019, the significant events for each period and the accounting options taken, and it submitted recommendations to the Board concerning their approval,

- reviewing the work and report of the internal audit unit for the second-half of 2019,
- reviewing the renewal of the term of office of one of the Statutory Auditors,
- reviewing the chapter on internal control and risk management procedures contained in the 2019 management report,
- reviewing the Group's first-quarter 2020 results,
- reviewing cash flow forecasts within the context of the Covid-19 crisis.

Nominations and Compensation Committee

In 2019, the Nominations and Compensation Committee met three times with an attendance rate of 100%.

Composition

The Nominations and Compensation Committee comprises the following members, all of whom have been appointed for the duration of their terms of office as directors:

- Christine Mondollot (Chair)
- Clare Chatfield
- Cécile Helme-Guizon

The Chairman of the Board of Directors is kept informed of all of the Committee's deliberations unless these concern him directly.

As recommended by the AFEP-MEDEF corporate governance code, a majority of Nominations and Compensation Committee members are independent (i.e., Christine Mondollot and Clare Chatfield) and none of its members are executive officers of the Company. Moreover, it is chaired by an independent director. The AFEP-MEDEF corporate governance code also recommends that the employee director sit on the Nominations and Compensation Committee. The Board of Directors did not wish to change the current composition of this Committee, which tackles issues other than just compensation. The Board considered that since compensation matters were discussed at a meeting of the Board of Directors in 2019 at which the executive corporate officers were not present, the employee director could freely express his opinion before any compensation decision was made.

Brief

The Nominations and Compensation Committee is tasked with submitting proposals to the Board of Directors when directorships become vacant or expire. It organises a process to select future Board members in accordance with the criteria set out in the AFEP-MEDEF corporate governance code. It assesses the independence of potential candidates and checks that there are no potential conflicts of interest with the Company. It examines the proposals to be submitted to the Board of Directors in the event that the position of Chairman of the Board should become vacant for any reason whatsoever. It examines the proposals of the Chairman of the Board concerning the appointment of a Chief Executive Officer and one or a number of Deputy Chief Executive Officers. Executive officer succession planning and the best way of ensuring this in the event of an unforeseen vacancy are also part of the Committee's brief.

The Committee submits recommendations to the Board concerning the allocation of attendance fees between different Board members and the amount and bases for the payment of compensation to each of the executive corporate officers, i.e., the criteria to be applied for the variable portion of compensation as well as the rules for fixing this variable portion in accordance with the aforementioned criteria. It ensures that these criteria take account of the performances of the people concerned in terms of strategy or the objectives fixed by the Board, and more generally, that they are fully compliant with the recommendations set out in the AFEP-MEDEF corporate governance code. The Nominations and Compensation Committee also submits proposals to the Board concerning the status of executive corporate officers and any benefits they should receive.

The Committee is kept informed of remuneration and benefits policy for non-executive directors of the Group and it assesses the overall remuneration and benefits paid or payable to them by Group companies.

The Committee is also tasked with deliberating on the Company's general free share award and stock option policy. It reviews the plans submitted to it by executive management together with the list of beneficiaries. It makes proposals concerning awards granted to executive corporate officers and the Group's senior managers, performance-related vesting conditions, and any minimum holding requirements applicable to the shares granted.

The main activities of the Committee in 2019 and early 2020

- reviewing the composition of the Board and its committees (independence, gender parity), their organisation and *modus operandi*,
- making recommendations for setting the amount of Hervé Poncin's variable compensation for 2018 (review of whether criteria had been met) and the methods to be used to calculate his variable compensation for 2019, and reviewing the various benefits granted to him,
- reviewing questions related to executive corporate officer remuneration (*ex post* and *ex ante* votes),
- reviewing the compensation policy for the Group's main non-executive corporate officers,
- reviewing the section of the 2018 Annual Financial Report presenting the compensation of executive corporate officers,
- in early 2020, the Committee deliberated upon the composition, organisation and *modus operandi* of the Board and its committees,
- making recommendations to the Board of Directors concerning the renewal of terms of office of directors due to expire,
- proposing a diversity policy for the Board of Directors and studying possibilities for diversity in the Company's governance bodies,
- reviewing compliance with legislative changes (AFEP-MEDEF corporate governance code/*Pacte* law) and taking account of the Company's corporate social responsibility,
- making recommendations on setting Hervé Poncin's variable compensation for 2019 and his compensation for 2020 and more generally, reviewing matters relating to executive corporate officer compensation (*ex post* and *ex ante* votes),

- reviewing the section of the 2019 Annual Financial Report presenting the compensation of executive corporate officers.

Ad hoc Committee

On 5 March 2020, an *Ad hoc* Committee was set up by the Board of Directors to oversee the change of ownership process and appoint an independent expert. Up to the date on which the French version of this report was published, the *Ad hoc* Committee had met six times.

Composition

The *Ad hoc* Committee comprises the following members, all of whom have been appointed for the duration of their terms of office as directors for as long as is necessary to carry out the mission of the Committee:

- Delphine Drouets, independent director
- Clare Chatfield, independent director
- Christine Mondollot, independent director
- Cécile Helme-Guizon, non independent director

Delphine Drouets was appointed as Chair of the *Ad hoc* Committee with a casting vote in the event of a tie. The Committee may be convened by the Chair and its other rules and procedures are the same as those that apply to the Audit Committee, unless otherwise decided by the Board of Directors.

Brief

The task of the *Ad hoc* Committee is to recommend one or several independent experts to the Board of Directors and oversee the work of the expert appointed, and to help the Board to make a decision, especially concerning the change of ownership process, after the independent expert has submitted its report. The *Ad hoc* Committee is also entrusted with:

- approving the business plan along with Antalis management and communicating the plan to the independent expert,
- setting out the work brief of the independent expert as described in the mission statement and the timeline for their mission,
- tracking the information and documentation provided by Antalis to the independent expert,
- taking part in meetings organised with the independent expert,
- submitting recommendations to the Board of Directors concerning the search for a new shareholding structure,
- if necessary, holding discussions with the minority shareholders.

The main activities of the Committee in early 2020

- recommending that the Board of Directors appoint an independent expert as part of the change of ownership process,
- organising face-to-face meetings and conference calls with the firm of Finexsi, which was appointed as independent expert within the scope of the transaction with Kokusai Pulp & Paper Co., Ltd., to oversee the independent appraisal process.

CORPORATE DECISION-MAKING BODIES

Separation of the roles of Chairman of the Board and Chief Executive Officer

In order to maintain an effective balance between control, strategic focus and executive management, at its meeting of 7 June 2017, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer, and to appoint Pascal Lebard as non-executive Chairman of the Board of Directors and Hervé Poncin as Chief Executive Officer of the Company. This decision will enable the Company to benefit from the complementary expertise of these two men, i.e., Hervé Poncin's operational experience and Pascal Lebard's longstanding experience of heading up a board of directors, thus ensuring effective application of best corporate governance practices.

Chairman of the Board of Directors

The Chairman of the Board organises and leads the Board's work and reports back to the shareholders. He ensures that the Company's decision-making bodies operate effectively and that the directors are able to carry out their duties and responsibilities.

Aside from the aforementioned duties entrusted to him by law, Mr Lebard has not been assigned any additional responsibilities as Chairman of the Board.

Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in the Company's name under all circumstances, within the scope of the corporate purpose and subject to the powers vested by law and the Company's Articles of Association in Annual General Meetings and the Board of Directors. He shall represent the Company in its dealings with third parties.

The Chief Executive Officer alone is responsible for leading the Company and for its operational management.

Aside from those cases stipulated by law, no limit has been placed on the powers of the Chief Executive Officer in the Company's Articles of Association or in the Board of Directors' internal regulations.

At its meeting of 7 June 2017, the Board of Directors delegated all necessary powers to the Chief Executive Officer to trade in the Company's shares and authorised him to grant sureties, endorsements and guarantees for a one-year period for a total amount of €50 million. This delegation and authorisation were renewed under the same terms by the Board of Directors on 28 May 2019 and on 13 May 2020.

Executive Committee

Executive management is supported by a 14-member Executive Committee that meets on a monthly basis and is made up of representatives from the operational departments of the Group's main geographies and/or business sectors, the finance marketing and purchasing, information technology, human resources and legal departments and the Company Secretary.

Each member draws upon their own particular skillset to help executive management deploy strategic operations and action plans rolled out from headquarters to the main operational entities.

PROFILES OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

Pascal LEBARD
Chairman of the Board of Directors

Nationality: French

Number of Antalis shares held: 25,744

Expiry of term of office: 2022*

Address: 8 rue de Seine

92100 Boulogne-Billancourt – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Chairman of the Board of Directors of Antalis**

Outside of the Antalis Group

Main position:
Chairman and Chief Executive Officer of Sequana (SA)***

Within the Sequana Group

- Chairman of Arjowiggins
- Chairman of Arjobex *(until May 2019)*
- Chairman of Arjobex Holding *(until May 2019)*
- Director of AW HKK1 Ltd (Hong Kong) *(until May 2019)*
- Chairman of Boccafin *(until May 2019)*
- Chairman of Sequana Ressources et Services *(until May 2019)*
- Chairman of AP Gestion et Financement *(until May 2019)*

Outside of the Sequana Group

- Director and member of the Strategy Committee of Lisi (SA)**
- Director and Chair of the Nominations and Compensation Committee and the Strategy Committee of Bureau Véritas (SA)**
- Chairman of DLMD (SAS)
- Chairman of Pascal Lebard Invest (SAS)

Experience and expertise

Graduate of the EDHEC business school, Pascal Lebard began his career in the banking sector and went on to become an Associate Director of 3i SA before holding several executive management positions in the Exor group (formerly Ifil). He joined the Sequana Group in 2004 as Deputy Managing Director before being appointed Chief Executive Officer in 2007, a role he held alongside that of Chairman of Sequana's Board of Directors from 2013 until 2019.

Directorships and corporate offices held in the past five years

- Chairman of Antalis International (SAS)
- Director of Club Méditerranée (SA)
- Director of Taminco Corp. (USA)
- Director of SGS SA (Switzerland)
- Member of the Supervisory Board of Eurazeo PME (SA)
- Member of the Supervisory Board of Ofi Private Equity Capital
- Chairman of Arjowiggins Security
- Permanent representative of Oaktree Luxembourg Flandre Anchor Sarl on the Board of Directors of Novartex SAS)/Vivarte (also Chairman of the Audit Committee and a member of the Nominations and Compensation Committee)
- Director of CEPI (Confederation of European Paper Industries) (Belgium)

** At the Annual General Meeting of 28 May 2019, Pascal Lebard's term of office was renewed for an additional three-year period. Because Antalis is controlled by Sequana, Pascal Lebard's position as Chairman of Antalis should not be included in the list of corporate offices that he combines.*

*** Companies whose shares are listed on a regulated market.*

**** Sequana's shares were delisted with effect from 19 June 2019 by a decision of Euronext dated 17 June 2019, due to the liquidation of said company ordered by the Nanterre Commercial Court. For information, on 15 May 2019, the Nanterre Commercial Court placed Sequana in court-ordered liquidation and appointed Selarl C. Basse, represented by Maître Christophe Basse, as liquidator.*

Hervé PONCIN
Director and Chief Executive Officer

Nationality: French – Luxembourg
Number of Antalis shares held: 2,333
Expiry of term of office: 2021
Address: 8 rue de Seine
92100 Boulogne-Billancourt – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

Main position:
Chief Operating Officer of Antalis*

- Director of Antalis
- Chairman of Antalis Ressources et Services (SAS)
- Chairman of Antalis Participations (SAS)
- Chairman of Antalis Holding (SAS) (Luxembourg)
- Chairman of Antalis Investments (SAS) (Luxembourg)
- Manager of Antalis GmbH (Germany)
- Manager of Antalis Verpackungen GmbH (Germany)
- Director of Antalis Asia Pacific Pte Ltd (Singapore)
- Director of Map Merchant Holdings BV (Netherlands)

Outside of the Antalis Group

- Member of the Supervisory Board of Analytical Bioventures SCA (Luxembourg), a holding company of Eurofins Scientific*

Experience and expertise

Graduate of the Ecole Centrale de Paris and an IFA certified director, Hervé Poncin began his career at Renault Automation Germany before joining Arthur Andersen & Cie as an organisational consultant. In 1990, he was appointed as Director of Marketing, Key Accounts of Apple France and then of Apple Europe. He joined Arjomari Diffusion in 1994 as Director of Marketing before becoming Chief Executive Officer. He was successively appointed as Director of the Print Services Europe Business Unit of the Antalis Group, Director of Marketing & Purchasing, Chief Executive Officer France & Benelux and then Chief Executive Officer Western Europe. He was appointed Executive Vice-Chairman of Antalis in 2007 and then became its Chief Executive Officer in 2009, a position he has held since.

Directorships and corporate offices held in the past five years

- Chairman of Antalis Holding Sàrl (Luxembourg)
- Chairman of Antalis Investments Sàrl (Luxembourg)
- Chairman of Eugropa (a European association of paper wholesalers)
- Executive Vice-President and member of the Executive Committee of Sequana

** Companies whose shares are listed on a regulated market.*
*** Sequana's shares were delisted with effect from 19 June 2019 by a decision of Euronext dated 17 June 2019, due to the liquidation of said company ordered by the Nanterre Commercial Court.*

Bruno BASUYAUX
Director (since 28 May 2019)

Nationality: French
Number of Antalis shares held: 300
Expiry of term of office: 2020
Address: 7 rue de Phalsbourg
75007 Paris – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Director of Antalis

Outside of the Antalis Group

Main position:
Chief Executive Officer and Director of S.E.M.I.I.C. S.A.

- Director of Centrale Automobile Chérifienne S.A.
- Director and Chief Executive Officer of RISTOM S.A.
- Chairman of the Board of Directors and of the Nominations and Compensation Committee of MODACIN France S.A.S. *(until January 2016)*
- Chairman of the Supervisory Committee of F.H.L, a Luxembourg-based company *(until April 2019)*

Experience and expertise

Bruno Basuyaux is a graduate of Université Paris 1 Panthéon-Sorbonne and the University of San Diego. He worked as a lawyer specialised in corporate M&A and restructuring with Herbert Smith Freehills in Paris and London for more than 20 years advising a wide range of French and international businesses. He also has extensive corporate governance experience having acted at various times as director, Chairman of the Board and of board committees, as well as corporate officer for companies in various sectors (retail, auto industry, real estate development).

Directorships and corporate offices held in the past five years

None

Franck BRUEL
Independent director (until 28 May 2019)

Nationality: French
Number of Antalis shares held: 300
Expiry of term of office: 2019
Address: Engie, Tour T1
1 place Samuel de Champlain
92059 Paris la Défense Cedex – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Independent director of Antalis *(until 28 May 2019)*
- Member of the Audit Committee of Antalis *(until 28 May 2019)*

Outside of the Antalis Group

Main position:
Senior Executive Vice-President of Engie (SA)*

- Member of the Executive Committee of Engie*
- Director of Suez (SA)*

Experience and expertise

Franck Bruel is Senior Executive Vice-President of Engie and a member of the Executive Committee, in charge of the UK / North America and Latin America Business Units. He is a graduate of HEC Paris and has acquired solid experience in the services sector in France and internationally. He began his career at L'Oréal and then worked for Pinault Distribution group and Samse group in sales and marketing positions. In 2000, he joined Saint Gobain where he was successively appointed Chairman of Point P for the Paris region, Chief Executive Officer of Dahl in Scandinavia (2004), and Chief Executive Officer of Point P in charge of Southern Europe (2006). In 2010, he joined the family-owned group Sonepar, a world leader in the distribution of electrical equipment, as director in charge of operations, becoming the Chief Executive Officer of the Sonepar Group in 2013. He began working for Engie in December 2016 as Executive Vice-President of Engie and a member of the Executive Committee, in charge of the B2B France Business Unit and global development of green hydrogen until May 2019.

Directorships and corporate offices held in the past five years

- Chief Executive Officer of Sonepar
- Director of Sonepar France
- Chief Executive Officer of Sonepack
- Director of Inéo (SA)
- Director of Axima Concept (SA)

** Companies whose shares are listed on a regulated market.*

Clare CHATFIELD
Independent director

Nationality: French – British – Brazilian
Number of Antalis shares held: 500
Expiry of term of office: 2021
Address: 11, avenue George Clémenceau, 78110 Le Vésinet - France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Independent director of Antalis
- Member of the Antalis Nominations and Compensation Committee
- Member of the Antalis *Ad hoc* Committee

Outside of the Antalis Group

Main position:
Senior partner at L.E.K. Consulting (SARL)

- Director of Compagnie Daher
- Director of Savencia (SA)*
- Member of the Supervisory Board of XPO Logistics Europe*

Experience and expertise

Clare Chatfield is a senior partner at L.E.K. Consulting, an international firm of management consultants. She holds an undergraduate degree from Cambridge University and a MBA from INSEAD. After first acquiring professional experience in Spain and Venezuela, she began her career at Lloyd's of London where she worked for seven years, before becoming a partner at a broker specialising in French industrial risks. She then joined L.E.K. Consulting in London in 1990. In 1992, she transferred to the Paris office which she managed from 1995 to 2018. As a specialist in the energy field, she manages L.E.K's global Energy and Environment practice and has also developed specific expertise in renewable energies and environmental issues. Her clients include a number of international industrial companies, particularly in the energy sector.

Directorships and corporate offices held in the past five years

- Manager of L.E.K. Consulting

** Companies whose shares are listed on a regulated market.*

Delphine DROUETS
Independent director

Nationality: French
Number of Antalis shares held: 300
Expiry of term of office: 2022*
Address: 32 rue Emile Menier
75116 Paris – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Independent director of Antalis
- Member of the Audit Committee of Antalis
- Member of the Antalis *Ad hoc* Committee

Outside of the Antalis Group

Main position:
Chief Executive Officer of GIE Preventel

- Director of Keyyo SA**
  (until January 2016)

Experience and expertise

Delphine Drouets is Chief Executive Officer of GIE Preventel. A graduate of the Institut d'Études Politiques and a certified IFA administrator, she began her career at KPMG Audit and then Esys-Montenay before joining Cegetel in 1997, where she successively occupied the positions of management controller, Chief Operating Officer in charge of the customer back office (Neuf-Cegetel) and then Chief Financial Officer of the SFR Business Team from 2009 to 2012. She then provided consultancy services in mergers and acquisitions before joining Preventel in 2014.

Directorships and corporate offices held in the past five years

- Director of ATTI

** At the Annual General Meeting of 28 May 2019, Delphine Drouets' term of office was renewed for an additional three-year period.*
*** Formerly a listed company whose shares were delisted following the implementation of a squeeze-out procedure on 7 May 2019.*

Cécile HELME-GUIZON
Director

Nationality: French
Number of Antalis shares held: 300
Expiry of term of office: 2020
Address: 7 rue Gounod
75007 Paris – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Director of Antalis
- Member of the Audit Committee of Antalis
- Member of the Antalis Nominations and Compensation Committee
- Member of the Antalis *Ad hoc* Committee

Outside of the Antalis Group

Main position:
Managing Director of CHG Consulting

- Director and member of the Audit Committee and Strategy Committee of Sequana (SA)* *(until January 2019)*
- Director and member of the Audit Committee of Manitou (SA)**

Experience and expertise

Cécile Helme-Guizon spent 11 years working for PwC in Paris and New York before joining Kingfisher Plc in 1998 as Head of Mergers and Acquisitions. She joined Darty in 2001 and in the period through 2017, she was successively Director of International Development, Managing Director - Services, Chairman and Chief Executive Officer of Mistergooddeal and Strategy Director. Cécile Helme-Guizon was Managing Director of Institut Français des Administrateurs in 2018/2019.

Directorships and corporate offices held in the past five years

- Managing Director of Institut Français des Administrateurs (IFA)
- Director of Strategy of Fnac Darty (SA)
- Deputy Chief Executive Officer and Director of Ménafinance (SA)
- Director of Kesa France
- Director, then Chief Executive Officer, then Chairman and Chief Executive Officer of Mistergooddeal

** Sequana's shares were delisted with effect from 19 June 2019 by a decision of Euronext dated 17 June 2019, due to the liquidation of said company ordered by the Nanterre Commercial Court.*
*** Companies whose shares are listed on a regulated market.*

Christine MONDOLLOT
Independent director

Nationality: French
Number of Antalis shares held: 300
Expiry of term of office: 2020
Address: 40 avenue Bosquet
75007 Paris – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

- Independent director of Antalis
- Chair of the Antalis Nominations and Compensation Committee
- Member of the Antalis *Ad hoc* Committee

Outside of the Antalis Group

- Director and Chair of the Nominations and Compensation Committee of Marie Brizard Wines & Spirits (SA)* *(until February 2019)*
- Director of Fleury Michon (SA)*
- Director of Solendro (SAS)
- Member of the Supervisory Board of Vivescia Industries (SCA)
- Advisor to Alcentra Flandre Ltd (UK)
- Chairman of CM Consultant (SAS)
- Director of Novartex (SAS)/Vivarte *(since December 2019)*
- Permanent representative of Alcentra Flandre Ltd (UK)
- Director of SHCP, family-owned holding company and majority shareholder of Fleury-Michon*

Experience and expertise

Christine Mondollot is a graduate of ESSEC and has recognised experience in the consumer products and retailing sectors acquired within large French and American companies. She was Marketing Director of the Pernod Ricard Group. Between 2000 and 2005, she was Chair of Laboratoires Kodak and Chief Executive Officer of the Consumer and Digital Division. Since 2005, she has worked with companies or subsidiaries of major groups that are in difficulty. She successfully managed the recovery of the BHV group and the development of the Galeries Lafayette group in Morocco, Dubai, Doha, China and Indonesia, as well as turning around the Perfume business. She has been Chairman of Virgin France, International and Digital.

Directorships and corporate offices held in the past five years

- Chair of VSSA Holding (SAS)
- Chair of Virgin France et International
- Chair of Virgin Mega
- Director of Fiskars Corporate (Finland)

** Companies whose shares are listed on a regulated market.*

Frédéric RICHARD
Employee director

Nationality: French
Number of Antalis shares held: 0
Expiry of term of office: 2022
Address: Antalis France,
17 avenue de la Porte des Lilas
75019 Paris – France

Directorships and corporate offices held in 2019 and up to the date on which this report was published

Within the Antalis Group

Main position:
Procurement manager at Antalis France

- Employee director of Antalis
- Member of the Social and Economic Committee of Antalis France *(since 28 March 2019)*
- Member and secretary of the Works Council of Antalis France *(until March 2019)*
- Employee representative of Antalis France *(until March 2019)*
- Union representative of Antalis France

Experience and expertise

Frédéric Richard has worked for Antalis since 1987. His initial duties were preparing orders and later managing purchases. He was appointed Procurement manager in 1999, a position he still holds.

Directorships and corporate offices held in the past five years

- Member and secretary of the Antalis European Works Council

Frédéric Richard is employee director and union representative in a subsidiary of the Antalis Group but does not hold any such office within the Company. Only Antalis (and not its subsidiaries) is concerned by the incompatibility provisions of Article L. 225-30 of the French Commercial Code. However, as Mr Richard was previously a member of the European Works Council of Antalis, he stepped down from this position eight days after his appointment, in accordance with French law.

REPORT ON CORPORATE OFFICER COMPENSATION

This section details the compensation policy and overall compensation and benefits paid during the year to the Company's executive corporate officers in accordance with Articles L. 225-37-2, L. 225-37-3 and L. 225-100 of the French Commercial Code (*Code de commerce*) together with the disclosures required in Appendix 4 of the AFEP-MEDEF corporate governance code.

1. Presentation of the the executive compensation policy approved at the Annual General Meeting of 23 May 2018

Pursuant to Article L. 225-37-2 of the French Commercial Code, the Annual General Meeting of 28 May 2019 voted to largely continue the compensation policy that had been approved by the sole shareholder at the time of the Company's listing in June 2017.

The Chairman of the Board of Directors

The Chairman of the Board of Directors may receive remuneration for his duties allocated according to the rules set by the Board in the same way as any other Company director.

He may also receive fixed compensation based on his experience and the mission entrusted to him as Chairman of the Board.

He may be reimbursed for any expenses incurred with respect to the performance of his duties, on provision of supporting documents.

The Chief Executive Officer

Fixed compensation

The Chief Executive Officer receives fixed compensation which reflects his experience and his responsibilities in defining and deploying the Group's strategy. This fixed compensation is reviewed by the Board every year but, in accordance with the AFEP-MEDEF corporate governance code, it only changes over a relatively long period of time.

Variable compensation

He also receives variable compensation calculated in accordance with quantifiable and qualitative criteria set each year by the Board of Directors on the recommendation of the Nominations and Compensation Committee. This variable compensation may be awarded up to a percentage of his fixed compensation, defined as the target value. This target value is equal to a maximum of 80% of his fixed remuneration. The target value is adjusted according to the achievement by the Chief Executive Officer of objectives regarding quantifiable and qualitative criteria that are set by the Board at the start of the year. They may be purely financial or non-financial criteria relating to the accomplishment of a particular objective, for example associated with the completion of a transaction regarded by the Board as important or a priority for the Group. They are weighted according to the importance of each criterion in terms of the development of the Group's key strategic and financial focuses. In all cases, the quantifiable criteria will predominate.

If the Chief Executive Officer were to leave before the end of the period used to assess the performance criteria, the Board of Directors shall use its discretion to decide whether to maintain all or part of the variable compensation, and provide the reasons for its decision.

Extraordinary compensation

Extraordinary compensation may also be allocated to the Chief Executive Officer, resulting in the variable part of his remuneration exceeding its target value, if justified by events. Such extraordinary compensation is determined at the discretion of the Board of Directors in accordance with the recommendations of the Nominations and Compensation Committee.

Notwithstanding any additional performance-linked compensation, the Chief Executive Officer may also be awarded extraordinary compensation associated with the completion of a transaction regarded as important for the Group that has required the Chief Executive Officer's close involvement. At its meeting of 28 March 2019, the Board of Directors decided to award Hervé Poncin an exceptional bonus in respect of the process launched by Antalis to set up a new shareholding structure to enable the Group to implement its strategy. This bonus is subject to presence and performance conditions linked to the status of the project.

Welcome bonus, severance and other benefits

A welcome bonus may be awarded to a new Chief Executive Officer recruited from outside of the Antalis Group. This bonus can take several forms and is designed to offset the loss of benefits previously accrued by the executive.

In the event of termination of his office, the Chief Executive Officer may receive a termination benefit, subject to the Annual General Meeting's approval of related-party agreements. This severance can only be paid in certain conditions, namely in the event of a forced departure.

This termination benefit is necessarily subject to a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties. When the Chief Executive Officer has been in office for less than two years, the severance is based solely on the percentage of achievement of the last applicable performance conditions.

In the event of termination of his office, the Chief Executive Officer may also be bound by non-competition and/or non-solicitation clauses, subject to the Annual General Meeting's approval of related-party agreements. These clauses would apply during a period not exceeding the time spent as Chief Executive Officer in the Company and up to a maximum period of one year in any case, it being specified that the Company may waive such clauses or shorten the period during which they are applicable.

Long-term compensation

Within the scope of a share award plan, the Chief Executive Officer may be allocated rights to shares subject to demanding performance conditions. These conditions are generally linked to the objectives contained in the Group's long-term business plan, but some of them may also concern the achievement of a particular objective. Such rights may only be allocated in proportion to the authorisation decisions made by the shareholders at the Annual General Meeting (i.e., 15% of the total number of allocations approved pursuant to the authorisation granted by the Annual General Meeting of 23 May 2018 for a period of 38 months) and with applicable holding conditions ensuring that the beneficiaries' interests remain in line with those of the Company's shareholders.

If the Chief Executive Officer were to leave the Company before expiry of the term specified for assessing the share award criteria, the Board of Directors is responsible for deciding whether he would still be eligible for all or part of the free share award, setting out the grounds for its decision.

Benefits in kind

The Chief Executive Officer falls under the mandatory collective supplementary retirement and insurance plan applicable to all Antalis employees. He may also be entitled to the unemployment insurance plan for company executives.

The Chief Executive Officer may have access to a company car (without a driver). He is reimbursed for any expenses incurred in the interests of the Company with respect to the performance of his duties, on provision of supporting documents.

On principle, any employment contract held by the Chief Executive Officer would be interrupted as a result of his duties as corporate officer.

Directors (attendance) fees

If he is also a director of the Company, the Chief Executive Officer receives attendance fees for his participation in Board meetings, in the same way as any other Company director, without any particular additional compensation.

In the event that one or several Deputy Chief Executive Officers are appointed, they may receive fixed and variable compensation and benefits in accordance with the compensation policy approved for the Chief Executive Officer.

2. *Executive compensation policy to be submitted for approval at the Annual General Meeting of 30 June 2020*

Pursuant to Article L. 225-37-2 and R. 225-29-1 of the French Commercial Code, the Annual General Meeting of 30 June 2020 shall be asked to approve draft resolutions fixing the compensation policy for the Chairman of the Board of Directors, the Chief Executive Officer and the other corporate officers.

Every year, the Board of Directors approves the Company's compensation policy in accordance with the recommendations of the Nominations and Compensation Committee.

The executive compensation policy for 2020 is based on the principles set out in paragraph 1 above and incorporated by reference into the policy to be submitted to the Annual General Meeting of 30 June 2020. It complies with the recommendations of the AFEP-MEDEF corporate governance code and notably Article 24-1 covering executive compensation policies, and with Article R. 225-29-1 of the French Commercial Code covering the following principles:

Decision-making process

The general principles applied by Antalis ensure that the interests of its executive managers are aligned with those of the Company, its shareholders and its employees.

The compensation policy is reviewed on an annual basis by the Nominations and Compensation Committee which submits its recommendations to the Board of Directors.

The decision-making process, which covers the determination, review and implementation of the compensation policy, closely involves the Nominations and Compensation Committee, which submits its proposals to the Board of Directors as part of its remit. The Board of Directors subsequently finalises the compensation policy based on these recommendations.

Capping and stability

All of the components of compensation are either capped or calculated based on objective criteria. The components of fixed compensation are stable and reviewed on a regular basis although they are not systematically reviewed each year.

In general:

- the fixed portion of executive compensation reflects market compensation rates for similar functions. It is revalued on a regular basis but is not systematically increased each year;
- the variable portion of compensation is subject to performance conditions which are assessed annually. The variable portion of executive corporate officer remuneration is deferred to the following year as it must be subject to an *ex post* vote;
- variable multi-year compensation takes the form of free share award plans. It is designed to foster loyalty among the management team and to reward exceptional performance. Free share awards are subject to multi-year performance conditions and continued employment with the Company. This exposes executive corporate officers to fluctuations in the Antalis share price.

Balance

The remuneration system aims at achieving a balance between:

- the fixed, variable and exceptional components of compensation;
- short and long-term objectives;
- commercial, financial and CSR performances;
- qualitative and quantitative performance criteria.

Demanding performance criteria

Performance criteria are devised based on past performance and future objectives, and ensuring that the criteria are realistic and consistent with the business plan.

Acting in the best interests of the Company and contributing to its sustainability and business strategy

The aim of the compensation policy – over both the short and long-term – is to define appropriate criteria that ensures the best possible alignment between executive compensation and the interests of the Company and its shareholders. As such, it must:

- factor in both short and long-term objectives that are consistent with both the Company's business plan and business model;
- reflect the size, results and financial resources of the Company, as well as the importance of the work performed by each corporate officer.

Conflict of interest management
For the purpose of avoiding conflicts of interest, when setting the compensation policy: • no executive corporate officer should sit on the Nominations and Compensation Committee; • the Nominations and Compensation Committee should meet at least once a year to recommend the performance criteria that the Board of Directors shall apply to variable compensation and long-term share-based variable compensation. Similarly, the Nominations and Compensation Committee shall provide the Board of Directors with the assessment methods it recommends applying to ensure compliance with the performance criteria for the period just ended; • the Board of Directors shall take decisions on a collegial basis; • the Chairman of the Board of Directors and Chief Executive Officer shall be excluded from deliberating and voting on the components of their own compensation, in accordance with the compensation policy.

The figures shown in the following comparative tables are calculated based on fixed compensation (excluding variable compensation, extraordinary compensation and benefits in kind). Due to the complexity of compiling comparable information for all 39 countries in which the Group is present, the figures below reflect data for employees of the French subsidiary working at the Company's head office.

Equity ratios since the Company's shares were listed

	2019	2018	From June to December 2017
Pascal Lebard *Chairman of the Board of Directors*			
Gross annual compensation	€90,000	-	-
Ratio with mean compensation	1.17	-	-
Ratio with median compensation	1.42	-	-
Hervé Poncin *Chief Executive Officer*			
Gross annual compensation	€650,000	€650,000	€650,000
Ratio with mean compensation	8.46	8.85	8.95
Ratio with median compensation	10.28	10.52	10.74

Calculated based on full-time equivalent over a 12-month period.

Comparative table showing executive corporate officer compensation, mean compensation of employees, and the Company's performance and equity ratios since the Company's shares were listed

	2019-2018	2018-2017
Pascal Lebard *Chairman of the Board of Directors*		
Annual change in compensation	-	-
Change in ratio in relation to mean compensation	-	-
Change in ratio in relation to median compensation	-	-
Hervé Poncin *Chief Executive Officer*		
Annual change in compensation	0%	0%
Change in ratio in relation to mean compensation	-4.37%	-1.12%
Change in ratio in relation to median compensation	-2.29%	-2.03%
Annual change in mean compensation of employees		
Change in absolute figures	3,359	826
% change	4.57%	1.14%

Calculated based on full-time equivalent and over a 12-month period.

	2019	2018	2017
Appropriate Group performance indicator based on EBITDA			
Change in absolute figures	€54.1M	€74.7M	€84.4M
% change	-27.6%	-11.5%	-

Based on these general principles and on this decision-making process, the Board of Directors has set the following compensation policy for each category of corporate officer for 2020:

Hervé Poncin
Chief Executive Officer

Fixed compensation	
Principles	Applicable criteria
The Chief Executive Officer receives fixed compensation which reflects his experience and his responsibilities in defining and deploying the Group's strategy. This fixed remuneration is reviewed by the Board every year but in accordance with the AFEP-MEDEF corporate governance code, it only changes over a relatively long period of time.	Hervé Poncin's fixed remuneration was calculated with regard to his vast experience working in Antalis' various different businesses and his responsibilities in defining and deploying its strategy, and in view of the compensation policies applied for people in this position by other companies listed on a regulated market. At its meeting of 13 May 2020, the Board of Directors decided to maintain the amount of his annual fixed compensation at €650,000 in accordance with the recommendations of the Nominations and Compensation Committee. This decision reflects the Company's compensation policy, which is designed so that the Chief Executive Officer's fixed compensation only changes over a relatively long period of time.

Short-term variable compensation	
Principles	Applicable criteria
The Chief Executive Officer also receives variable compensation calculated in accordance with quantifiable and qualitative criteria set each year by the Board of Directors on the recommendation of the Nominations and Compensation Committee.	This variable compensation may be awarded up to a percentage of his fixed compensation, defined as the target value. This target value is equal to a maximum of 80% of his fixed compensation. The target value is adjusted according to the achievement by the Chief Executive Officer of objectives regarding quantifiable and qualitative criteria that are set by the Board at the start of the year. They may be purely financial or non-financial criteria, or other criteria relating to the accomplishment of a particular objective, for example associated with the completion of a transaction regarded by the Board as important or a priority for the Group. They are weighted according to the importance of each criterion in terms of the development of the Group's key strategic and financial focuses. In all cases, the quantifiable criteria will predominate. At its meeting of 13 May 2020, the Board also decided to maintain the variable portion of his compensation at 80% of his fixed compensation if all the performance conditions are met (i.e., €520,000). These performance conditions were set as follows:

Performance conditions	Weighting
Quantifiable criteria (60%)	
Consolidated 2020 sales	30%
Consolidated 2020 EBITDA	30%
Qualitative criteria (40%)	
Management of the Covid-19 crisis	30%
2020 CSR results	10%

If the Chief Executive Officer were to leave before the end of the period used to assess the performance criteria, the Board of Directors shall use its discretion to decide whether to maintain all or part of the variable compensation, and provide the reasons for its decision.

Long-term variable compensation	
Principles	Applicable criteria
The Chief Executive Officer may be allocated rights to shares as part of a share award plan. These are subject to demanding performance conditions, generally linked to the objectives contained in the Group's long-term business plan, but some of them may also concern the achievement of a particular objective.	Such rights may only be allocated in proportion to the authorisation decisions made by the shareholders at the Annual General Meeting (i.e., 15% of the total number of allocations approved pursuant to the authorisation granted by the Annual General Meeting of 23 May 2018 for a period of 38 months) and with applicable holding conditions ensuring that the beneficiaries' interests remain in line with those of the Company's shareholders. If the Chief Executive Officer were to leave the Company before expiry of the term specified for assessing the share award criteria, the Board of Directors is responsible for deciding whether he would still be eligible for all or part of the free share award, setting out the grounds for its decision.

Extraordinary compensation	
Principles	Applicable criteria
Notwithstanding any additional performance-linked compensation, the Chief Executive Officer may also be awarded extraordinary compensation associated with the completion of a transaction regarded as important for the Group that has required the Chief Executive Officer's close involvement.	As part of the process launched by Antalis to set up a new shareholding structure, at its meeting of 28 March 2019, the Board of Directors decided to award Hervé Poncin extraordinary compensation of €300,000 for 2019 in the event of the receipt of firm offers and completion of a transaction leading to a change of control in 2019. These conditions were not met in 2019 and consequently, no extraordinary compensation was due to the Chief Executive Officer for the financial year ended 31 December 2019. The successful completion of the search for a new shareholding structure for Antalis requires the Chief Executive Officer's total commitment. Consequently, at its meetings held on 14 February 2020 and 13 May 2020, the Board of Directors, based on a recommendation of the Nominations and Compensation Committee, decided to award Hervé Poncin extraordinary compensation for 2020 in the event of the completion of a transaction resulting in a change of control of the Company within the meaning of Article L. 233-3 of the French Commercial Code, by 31 October 2020 at the latest, that would enable the Company to continue its activities. This extraordinary compensation for an amount of €300,000 is also subject to continued employment with the Company (neither resignation nor dismissal for serious or gross misconduct) prior to the completion of the aforementioned mission.

Welcome bonus	
Principles	Applicable criteria
A welcome bonus may be awarded to a new Chief Executive Officer recruited from outside of the Antalis Group.	This bonus can take several forms and is designed to offset the loss of benefits previously accrued by the executive.

Severance and other benefits	
Principles	Applicable criteria
In the event of termination of his office, the Chief Executive Officer may receive a termination benefit, subject to the Annual General Meeting's approval of related-party agreements. This severance can only be paid in certain conditions, namely in the event of a forced departure. In the event of termination of his office, the Chief Executive Officer may also be bound by non-competition and/or non-solicitation clauses, subject to the Annual General Meeting's approval of related-party agreements. These clauses would apply during a period not exceeding the time spent as Chief Executive Officer in the Company and up to a maximum period of one year in any case, it being specified that the Company may waive such clauses or shorten the period during which they are applicable.	This termination benefit is necessarily subject to a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties. When the Chief Executive Officer has been in office for less than two years, the severance is based solely on the percentage of achievement of the last applicable performance conditions.
Benefits in kind	
Principles	Applicable criteria
The Chief Executive Officer falls under the mandatory collective supplementary retirement and insurance plan applicable to all Antalis employees. He may also be entitled to the unemployment insurance plan for company executives. The Chief Executive Officer may have access to a company car (without a driver). He may be reimbursed for any expenses incurred with respect to the performance of his duties, on provision of supporting documents. On principle, any employment contract held by the Chief Executive Officer would be interrupted as a result of his duties as corporate officer.	
Directors (attendance) fees	
Principles	Applicable criteria
If he is also a director of the Company, the Chief Executive Officer receives attendance fees for his participation in Board meetings, in the same way as any other Company director based on the recommendation of the Nominations and Compensation Committee, without any particular additional compensation.	The Board of Directors' meeting of 13 May 2020, based on a recommendation of the Nominations and Compensation Committee, did not consider it necessary to make annual adjustments to the amount of the attendance fees payable to directors, which was initially fixed by a decision taken on 11 May 2017.

In the event that one or several Deputy Chief Executive Officers are appointed, they may receive fixed and variable compensation and benefits in accordance with the compensation policy approved for the Chief Executive Officer.

Pascal Lebard
Chairman of the Board of Directors

Fixed compensation	
Principles	Applicable criteria
The Chairman of the Board of Directors may receive fixed compensation based on his experience and the mission entrusted to him as Chairman of the Board.	For 2019 and 2020, the annual gross amount of this compensation was fixed at €90,000 by the Board of Directors, on the recommendation of the Nominations and Compensation Committee.
Directors (attendance) fees	
Principles	Applicable criteria
The Chairman of the Board of Directors may receive attendance fees for his participation in Board meetings, in the same way as any other Company director, based on the recommendation of the Nominations and Compensation Committee.	At Mr Lebard's own request, the Board of Directors decided that no attendance fees would be paid to Mr Lebard until such time as the Board decides otherwise. Therefore, no attendance fees were paid to Pascal Lebard in relation to his duties as Chairman of the Board of Antalis in 2017, 2018 or 2019.

Members of the Board of Directors

Fixed compensation	
Principles	Applicable criteria
Directors may receive compensation for missions or mandates entrusted to them by the Board of Directors in compliance with applicable laws (Article L. 225-100 of the French Commercial Code).	

Directors (attendance) fees	
Principles	Applicable criteria
Directors may receive attendance fees for their participation in Board meetings based on the recommendation of the Nominations and Compensation Committee.	The Board of Directors' meeting of 13 May 2020, based on a recommendation of the Nominations and Compensation Committee, did not consider it necessary to make annual adjustments to the amount of the attendance fees payable to directors, which was initially fixed by a decision taken on 11 May 2017. Directors may receive additional compensation in the event that they are allocated additional responsibilities such as executive vice-chairman or senior independent director.

3. *Breakdown of compensation paid or allocated to corporate officers for 2019 (subject to ex post validation at the Annual General Meeting of 30 June 2020)*

The proposed compensation presented below will be subject to shareholder approval at the next Annual General Meeting (*ex post* say on pay vote) called to approve a draft resolution of the compensation due or attributable for 2019 in accordance with Article L. 225-100 of the French Commercial Code. Pursuant to Article L. 225-37-2 III of the French Commercial Code, payment of variable and extraordinary compensation will be subject to the approval of said compensation at the Ordinary Annual General Meeting.

Hervé Poncin, Chief Executive Officer (Resolution No. 6)

	Amounts paid during 2019 (in euros)	Amounts allocated for 2019 but not yet paid (in euros)	Comments
Gross annual fixed compensation*	650,000	None	Unchanged since 7 June 2017
Gross annual variable compensation*	104,000	156,000 (to be paid after approval at the Annual General Meeting)	At its meeting of 28 March 2019, the Board of Directors decided that Hervé Poncin's variable compensation for 2019 should represent up to 80% of his fixed compensation, i.e., €520,000, if all the performance conditions are met, and it laid down the quantifiable (*vis à vis* the 2019 budget) and qualitative performance criteria described in the following table:

Performance conditions	Weighting	Achievement of criteria
Quantifiable criteria (70%)		
Consolidated 2019 sales	20%	Criterion not achieved
Consolidated 2019 EBITDA	30%	Criterion not achieved
Working capital requirement at 31 December 2019	20%	Criterion achieved
Qualitative criteria (30%)		
Increase in sales in the Packaging and Visual Communication sectors	20%	Criterion not achieved
2019 CSR results	10%	Criterion achieved

			On 13 May 2020, after noting the extent to which these different criteria were actually achieved, the Board of Directors fixed Mr Poncin's variable compensation for 2019 at an amount of €156,000, or 30% of the target amount.
Gross annual extraordinary compensation*	None	None	At its meeting of 28 March 2019, the Board of Directors decided to award Hervé Poncin extraordinary compensation of €300,000 for 2019 in the event of the receipt of firm offers and completion of a transaction leading to a change of control in 2019. These conditions were not met in 2019 and consequently, no compensation is due to the Chief Executive Officer for the financial year ended 31 December 2019.
Stock options	None	None	No stock subscription or purchase options were granted to executive corporate officers by Antalis or any Antalis Group company in 2017, 2018 or 2019. There are no stock subscription or purchase option plans for the Company's shares currently in force within the Company.
Share award plans	n/a	n/a	Number of shares allocated: 108,000 shares (15% of the total number of shares allocated for the plan as a whole). Vesting period: two years Subject to presence and performance conditions related to the Group's business plan and changes in the Antalis share price. Pursuant to the decision taken by the Board of Director at its meeting of 9 April 2018, Mr Poncin must hold on to 20% of the total number of shares awarded to him until the end of his term of office as Chief Executive Officer. However, since the performance conditions set out in the plan had not been met, on 20 May 2020, the Board decided that no shares would be allocated in 2020. Details of free share awards are disclosed on page 177.
Directors (attendance) fees	58,935	None	
Benefits in kind	3,909	None	Company car (without a driver).
	17,084	None	Unemployment insurance plan (GSC) The Board of Directors meeting of 7 June 2017 also approved an unemployment insurance plan for Mr Poncin This was set up on 1 May 2018 and represented a benefit of €17,084 for 2019.
Total	**833,928**	**156,000**	

** Before social security charges and taxes*

Compensation due or payable for the current year ended that has been or will be subject to approval at the Annual General Meeting as a related-party agreement	Amount submitted for approval (euros)	Comments
Termination benefits	0	At its meeting held on 7 June 2017, the Board of Directors undertook to pay Hervé Poncin termination benefits in the event of termination of his office. Calculation of the related amount is shown in Table 11 summarising "Other compensation and miscellaneous benefits" on page 68. This undertaking was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

Non-competition clause	0	In the event of the termination of Hervé Poncin's duties as Chief Executive Officer, he is subject to a non-compete obligation. The related conditions and financial consideration are set out in Table 11 summarising "Other compensation and miscellaneous benefits" on page 68. This undertaking, approved by the Board on 7 June 2017, was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.
Top-up pension plan	0	Hervé Poncin does not benefit from a supplementary pension scheme and the Company's executive compensation policy does not provide for guaranteed or defined benefit pension plans for corporate officers.

Pascal Lebard, Chairman of the Board of Directors (Resolution No. 5)

	Amounts paid during 2019 (in euros)	Amounts allocated for 2019 but not yet paid (in euros)	Comments
Gross annual fixed compensation*	58,804	None	The Board of Directors, acting on the recommendations of the Nominations and Compensation Committee, decided to award Pascal Lebard gross annual fixed compensation of €90,000 for the performance of his duties as director and Chairman of the Board of Antalis from 28 May 2019. The amount of €58,804 covers the period from 28 May 2019 to 31 December 2019.
Gross annual variable compensation*	None	None	-
Gross annual extraordinary compensation*	None	None	-
Stock options	None	None	-
Share award plans	None	None	-
Directors (attendance) fees*	None	None	At Mr Lebard's own request, the Board of Directors decided that no attendance fees would be paid to Mr Lebard until such time as the Board decides otherwise. Therefore, no attendance fees were paid to Pascal Lebard in relation to his duties as Chairman of the Board of Antalis in 2017, 2018 or 2019.
Benefits in kind	None	None	
Total	**58,804**	**None**	

** Before social security charges and taxes*

Compensation due or payable for the current year ended that has been or will be subject to approval at the Annual General Meeting as a related-party agreement.	Amount submitted for approval (euros)	Comments
Termination benefits	None	-
Non-competition clause	None	-
Top-up pension plan	None	-

4. Non-executive compensation (subject to ex post validation at the Annual General Meeting of 30 June 2020)

The compensation presented below will be subject to shareholder approval at the next Annual General Meeting (*ex post* say on pay vote) in accordance with Article L. 225-100 of the French Commercial Code.

The members of the Board of Directors received attendance fees only.

On 11 May 2017, the Company's shareholder set the annual amount of attendance fees to be allocated to members of the Board of Directors at €450,000 and this amount has not been adjusted since then.

The amount to be allocated between the directors has been divided into two different portions:

- a fixed portion representing 40% of the total (i.e., €180,000) paid in consideration of the work carried out by the directors outside of Board meetings and for the duties entrusted to them, and divided equally among all of the directors,
- a variable portion representing 60% of the total (i.e., €270,000) divided among the members of the Board in accordance with their attendance at meetings of the Board and any committees to which they belong. This variable portion is allocated based on the value of one attendance fee unit and calculated in accordance with the number of members of the Board and its committees and the number of meetings during the year in question. The Chairman of a Board committee meeting receives 1.5 attendance fee units (instead of just one) in view of the extra work and responsibility involved. Any attendance fee units not due because of the absence of a member are not paid out.

In addition, at its meeting of 25 October 2018, the Board of Directors set the fees for the employee director at a fixed amount of €2,000 for each Board meeting attended. This amount is deducted from the total amount of directors' fees available for distribution to other directors.

In 2019, a total amount of €485,923 (i.e., €427,119 for the directors and a fixed amount of €58,804 for the Chairman of the Board) was paid to all members of the Board, in consideration of their work and their attendance at a total of 24 Board of Directors meetings, seven meetings of the Audit Committee and three meetings of the Nominations and Compensation Committee. The total amount of attendance fees not distributed due to absences from Board or committee meetings was €22,881.

Table 3 of Appendix 4 of the AFEP-MEDEF corporate governance code: Attendance fees and other compensation received by non-executive corporate officers

Non-executive corporate officers	Amounts paid during 2018[1]		Amounts paid during 2019[1]	
	Fixed portion	Variable portion	Fixed portion	Variable portion
Pascal Lebard				
Directors (attendance) fees	€0	€0	€0	€0
Other remuneration	-	-	€58,804	-
Bruno Basuyaux				
Directors (attendance) fees	-	-	[3] €13,330	€19,830
Other remuneration	-	-	-	-
Franck Bruel				
Directors (attendance) fees	€27,604	€42,036	[4] €9,047	€16,780
Other remuneration	-	-	-	-
Clare Chatfield				
Directors (attendance) fees	€27,604	€32,335	€22,325	€33,559
Other remuneration	-	-	-	-
Delphine Drouets				
Directors (attendance) fees	€27,604	€54,970	€22,325	€49,576
Other remuneration	-	-	-	-
Cécile Helme-Guizon				
Directors (attendance) fees	€27,604	€54,970	€22,325	€51,864
Other remuneration	-	-	-	-
Christine Mondollot				
Directors (attendance) fees	€27,604	€40,419	€22,325	€38,898
Other remuneration	-	-	-	-
Frédéric Richard				
Directors (attendance) fees	-	-	€46,000	-
Other remuneration	-	-	-	-
Bpifrance Participations				
Directors (attendance) fees	€14,372	€12,934	-	-
Other remuneration	-	-	-	-
Total	**€152,392**	**€237,664**	**€216,481**	**€210,507**
Total amount of attendance fees[2]	**€390,056**		**€426,988**	

(1) *These amounts do not include either attendance fees paid in 2017 to Hervé Poncin, executive corporate officer, which amounted to €30,849 (fixed portion of €14,653 and variable portion of €16,196) or attendance fees paid in 2018 for €53,473 (fixed portion of €27,605 and variable portion of €25,868).*

(2) *These amounts do not include attendance fees paid in 2019 to Hervé Poncin, executive corporate officer, which amounted to €58,935 (fixed portion of €22,325 and variable portion of €36,610).*

(3) *Bruno Basuyaux was appointed as a director by decision of the Board at its meeting of 28 May 2019.*

(4) *Franck Bruel resigned as a director on 28 May 2019.*

5. *Amounts paid to executive corporate officers (Appendix 4 of the AFEP-MEDEF corporate governance code)*

The following tables provide the disclosures required in Appendix 4 of the AFEP-MEDEF corporate governance code.

No stock subscription or purchase options were granted to executive corporate officers by Antalis or any Antalis Group company in 2017, 2018 or 2019. There are no stock subscription or purchase option plans for the Company's shares currently in force within the Company. Consequently, Tables 4, 5 and 8 of Appendix 4 of the AFEP-MEDEF corporate governance code have not been presented.

Table 3 of Appendix 4 of the AFEP-MEDEF corporate governance code is included in the section of this report that presents non-executive compensation subject to *ex post* validation at the Annual General Meeting of 30 June 2020 (see page 64).

Table 1 of Appendix 4 of the AFEP-MEDEF corporate governance code: Table summarising the compensation, options and shares awarded to each executive officer

(Gross amount in euros before tax)	2018	2019
Hervé Poncin *Chief Executive Officer*		
Antalis Compensation awarded in respect of the financial year(detailed in table 2)	€819,089	€886,128
Sequana *Compensation awarded in respect of the financial year (detailed in table 2)*	€10,113	-
Valuation of the stock options awarded during the financial year	-	-
Valuation of the performance shares awarded during the financial year *(detailed in table 6)*	€35,640	-
Valuation of other long-term compensation plans	-	-
Total	€964,842	€886,128

Table 2 of Appendix 4 of the AFEP-MEDEF corporate governance code: Table summarising the compensation of each executive officer

(Gross amount in euros before tax)	2018 Amounts awarded for 2018	2018 Amounts paid for 2018	2019 Amounts awarded for 2019	2019 Amounts paid for 2019
Hervé Poncin *Chief Executive Officer*				
Remuneration payable/paid by Antalis				
Fixed compensation	€650,000	€650,000	€650,000	€650,000
Annual variable compensation	(1) €104 000	€139,275	€156,000	€104 000
Extraordinary compensation	-	-	-	
Directors (attendance) fees	€53,473	€53,473	€58,935	€58,935
Benefits in kind	€11,616	€11,616	€21,193	€21,193
Total	**€819,089**	**€854,364**	**€886,128**	**€834,128**
Remuneration payable/paid by Sequana (2)	-	-	-	-
Fixed compensation	-	€10,113	-	-
Annual variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors (attendance) fees	-	-	-	-
Paid holidays	-	-	-	-
Fringe benefits				
Total	-	€10,113	-	-

(1) *Payment subject to shareholder approval at the Annual General Meeting of 30 June 2020.*

(2) *All of the amounts set out above were paid to Hervé Poncin by Sequana under his employment contract with Sequana which was terminated when he took up his position as CEO of Antalis on 7 June 2017.*

Table 6 of Appendix 4 of the AFEP-MEDEF corporate governance code: Performance shares awarded during the financial year to each executive officer by the issuer and by any Group company

	Number and date of the plan	Number of shares awarded during the financial year	Valuation of the shares according to the method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions
Hervé Poncin *Chief Executive Officer*	None	None	None	None	None	None

Table 7 of Appendix 4 of the AFEP-MEDEF corporate governance code: Performance shares that have become available during the financial year for each executive officer

	Nunber and date of share award plan	Number of shares awarded during the financial year	Valuation of the shares according to the method used for consolidated financial statements	Acquisition date	Availability date	Performance conditions
Hervé Poncin *Chief Executive Officer*	None	None	None	None	None	None

Tables 9 and 10 of Appendix 4 of the AFEP-MEDEF corporate governance code: Past awards of performance shares

On 23 May 2018, the Board of Directors set up a share award plan of Antalis shares for key management personnel and executives considered to play a key role in the Group's development (see page 177). Under this plan, Hervé Poncin was awarded a maximum potential number of 108,000 free shares, corresponding to 15% of the total number of shares allocated under the plan. After a two-year vesting period under the plan, these shares will be definitively awarded in 2020 subject to presence and performance conditions related to the Group's business plan and changes in the Antalis share price.

In accordance with the decision made by the Board of Directors at its meeting of 9 April 2018, Hervé Poncin is required to hold until the end of his term of office as Chief Executive Officer a number of shares corresponding to 20% of the total number of shares definitively awarded to him under this plan.

No free shares were awarded to key management personnel and executives in 2019.

Moreover, since the performance conditions set out in the plan had not been met, on 20 May 2020, the Board decided that no shares would be allocated in 2020.

Information on performance shares awarded under the 23 May 2018 plan	
Date of AGM	23 May 2018
Date of Board of Directors' meeting	23 May 2018
Total number of shares awarded	720,000
o/w number of free shares awarded to Hervé Poncin, Chief Executive Officer	108,000
Value of the shares as calculated in accordance with IFRS	€0.33 per share
Acquisition date of the shares	25 May 2020
Date of the end of the retention period	25 May 2020
Performance conditions	EBITDA and ROCE at 31 December 2019 Antalis share price
Number of shares vested at 31 December 2019	0
Cumulative number of cancelled or lapsed shares at 31 December 2019	111,600
Performance shares outstanding at 31 December 2019	608,400

Table 11 of Appendix 4 of the AFEP-MEDEF corporate governance code: Other compensation and miscellaneous benefits

	Employment contract	Top-up pension plan	Indemnities or benefits payable in the event of termination or a change of position	Indemnities relating to a non-competition clause
Hervé Poncin Chief Executive Officer Beginning of term of office: 7 June 2017 Expiry of term of office: 2021 AGM called to approve the 2020 financial statements	No[(1)]	No	Yes[(2)]	Yes[(3)]
Pascal Lebard Chairman of the Board of Directors Beginning of term of office: 7 June 2017 Expiry of term of office: 2022 AGM called to approve the 2021 financial statements	No	No	No	No

(1) *Until 6 June 2017, Hervé Poncin had an employment contract with Sequana. In accordance with the AFEP-MEDEF corporate governance code, his employment contract was terminated on the effective date of commencement of his functions as an executive corporate officer of Antalis, once the Company had been listed on the stock exchange.*

(2) *Based on a recommendation of the Nominations and Compensation Committee, the Board of Directors' meeting of 7 June 2017 undertook to pay Hervé Poncin, in the event of the termination of his role as Chief Executive Officer of Antalis, an indemnity equal to 1.5 times his annual reference salary. The Board will calculate this amount at the time of termination of his duties, and it will be subject to a performance condition linked to the performance conditions used to calculate the variable portion of compensation paid to Mr Poncin during the two years prior to the termination of his duties. The annual reference salary would be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of the duties in relation to the target variable remuneration used to calculate the variable remuneration. If Mr Poncin's duties were to be terminated before the end of this two-year period, a percentage would be applied based only on the most recent variable compensation approved by the Board in relation to the corresponding target variable remuneration.*

The termination benefit will not be payable (i) if Mr Poncin leaves the Company at his own initiative, (ii) if his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) if he is entitled to claim his retirement pension at the date of his departure.

The undertaking given by the Board on 7 June 2017 was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

(3) *In the event of the termination of Hervé Poncin's duties as Chief Executive Officer for any reason whatsoever, he is subject to a 12-month non-compete obligation beginning on the day he effectively terminates his functions and covering all of Europe. The corresponding indemnity would be equal to four months' compensation calculated based on his average total gross monthly compensation over the 12 months preceding the termination of his duties, to be paid to Mr Poncin on a monthly basis. The Company may opt to discharge Mr Poncin from this non-compete obligation by informing him of its decision no later than 15 days after the Board of Directors meeting that voted or decided to terminate his duties as Chief Executive Officer.*

The undertaking given by the Board on 7 June 2017 was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

The cumulative total of the two indemnities, i.e., termination benefits and non-competition indemnity, may not be greater than two years of his combined fixed and variable compensation.

Hervé Poncin also has a company car (without a driver).

The Board of Directors' meeting of 7 June 2017 also approved an unemployment insurance plan for Mr Poncin, which took effect on 1 May 2018.

Hervé Poncin does not benefit from a supplementary pension scheme.

COMPLIANCE WITH THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

In accordance with the "comply or explain" approach set out in recommendation 27.1 of the AFEP-MEDEF corporate governance code, the table below lists the provisions of this code with which the Group did not comply, along with the relevant explanations.

AFEP-MEDEF recommendations	Antalis practices
15.1 At lease two-thirds of Audit Committee members should be independent	The relatively small size of Antalis' Board of Directors, comprising only eight directors, means that it is not possible to appoint a second independent director to the Committee with the necessary financial and/or accounting expertise. Consequently, the Company complies with another recommendation of the AFEP-MEDEF corporate governance code whereby all committee members must be skilled in financial and/or accounting matters.
17.1 It is recommended that an employee director sit on the Compensation Committee	The Board of Directors did not wish to change the composition of the Nominations and Compensation Committee, which tackles issues other than compensation. The Board considered that since compensation matters are discussed at a yearly meeting of the Board of Directors at which the executive corporate officers are not present, the employee director may freely express his opinion before any compensation decision is made.
25.3.2 Annual variable compensation of executive corporate officers	On an exceptional basis due to the Covid-19 crisis, the Board of Directors decided that the the quantifiable objectives relating to Hervé Poncin's variable compensation calculation for 2020 would be set at a later date in the current year. However, in accordance with the recommendations set out in the AFEP-MEDEF corporate governance code, Mr Poncin's annual variable compensation remains capped at 80% of his annual fixed remuneration, i.e., an amount of €520,000. Moreover, the weighting of the quantitative (60%) and qualitative criteria (40%) has already been fixed by the Board of Directors, together with the performance criteria used (i.e., consolidated sales for 2020, consolidated EBITDA for 2020, management of the Covid-19 crisis and CSR results for 2020) as well as their respective weightings.

RELATED-PARTY AGREEMENTS

Related-party agreements and commitments entered into by the Company in 2019

No related-party agreements or commitments falling within the scope of Article L. 223-38 of the French Commercial Code was entered into or approved in 2019.

Related-party agreements and commitments already approved in previous periods

Commitments given by the Board of Directors to Hervé Poncin on 7 June 2017 regarding the conditions applicable in the event of termination of his duties as Chief Executive Officer

Termination benefits

At its meeting on 7 June 2017, Antalis' Board of Directors decided, in accordance with Article L. 225-42-1 of the French Commercial Code, that Hervé Poncin would be entitled to an indemnity in the event of the termination of his duties as Antalis' Chief Executive Officer. This termination benefit could represent up to 1.5 times Mr Poncin's annual reference compensation and would be determined by the Board of Directors on termination of his duties. Said termination benefit will be contingent on his achieving a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties.

The annual reference salary would be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of his duties in relation to the target variable compensation used to calculate the variable compensation.

If Mr Poncin were to leave his position before expiry of the term specified for application of the performance criteria for the two years prior to termination of his duties, a percentage would be applied, based only on his annual variable compensation for the year prior to his departure, as approved by the Board in relation to the corresponding target variable compensation.

The termination benefit will not be payable (i) if Mr Poncin leaves the Company at his own initiative, (ii) if his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) if he is entitled to claim his retirement pension at the date of his departure.

Non-competition obligation

Under the terms of a Board decision of 7 June 2017, also taken in accordance with Article L. 225-42-1 of the French Commercial Code, in the event of the termination of Hervé Poncin's duties as Chief Executive Officer for any reason whatsoever, he will be subject to a non-competition obligation. The obligation will apply for a period of 12 months as from the date on which his duties are effectively terminated and will cover all European countries.

In return for the non-competition obligation, the Board of Directors has agreed to pay Mr Poncin a non-competition benefit corresponding to four months' compensation, calculated based on the monthly average of his total gross compensation for the 12 months preceding the date of termination of his duties, to be paid monthly. The Company may choose to waive this non-competition obligation, in which case it will inform Mr Poncin of its decision to this effect within no more than 15 days of the meeting during which the Board of Directors acknowledged his decision or decided to terminate his duties as Chief Executive Officer of Antalis.

As the commitments given by the Company to Hervé Poncin on 7 June 2017 constitute related-party agreements within the meaning of Article L. 225-38 of the French Commercial Code, they were approved at the Annual General Meeting of 23 May 2018.

At its meeting of 19 May 2020 and after being informed by the Nominations and Compensation Committee, the Board of Directors noted that this commitment remained in effect in accordance with the terms initially agreed during 2019 and the current financial year.

The annual procedure for qualifying and reviewing related-party agreements

Qualification procedure

The Antalis finance department, in liaison with the legal department and the Nominations and Compensation Committee, assesses whether a draft agreement needs to be treated as a related-party agreement on a case by case basis. As part of this procedure, the Antalis legal department ensures that it qualifies as an ordinary agreement according to the criteria established by case law (i.e., entered into under normal conditions) and is not subject to said procedure. This assessment focuses on the economic and legal terms and conditions of the draft agreement. If the Antalis legal department detects that it may need to be treated as a related-party agreement, it informs the Audit Committee or the Nominations and Compensation Committee, depending on the nature of the agreement, in order to make a decision and submit recommendations to the Board of Directors. Once it has been examined by a Committee, the draft agreement is submitted to the Board of Directors for authorisation.

Annual assessment

By the accounts closing date at the latest, the Audit Committee reviews ordinary agreements to ensure that they still satisfy the criteria and do not need to be tested as related-party agreements. During this annual review process, the Audit Committee may requalify an agreement and subject it to a related-party agreement test, i.e., approval by the Board of Directors followed by ratification at the Annual General Meeting pursuant to Article L. 225-38 *et seq.* of the French Commercial Code.

At its meeting of 19 May 2020 and after being informed by the Nominations and Compensation Committee, the Board of Directors noted that this commitment remained in effect in accordance with the terms initially agreed during 2019 and the current financial year.

STATUTORY AUDITORS

Statutory audit engagements

The principal Statutory Auditors (see below) prepare auditors' reports in respect of the parent company and consolidated financial statements of Antalis:

	Appointment	Renewal of term of office	Expiry of term of office
Principal			
PricewaterhouseCoopers Audit 63, rue de Villiers 92208 Neuilly-sur-Seine Cedex, France represented by Jean-Paul Collignon	21 July 2006	28 May 2019	2025
Constantin Associés (member of Deloitte Touche Tohmatsu Limited) Tour Majunga 9 place de la Pyramide 92059 Paris la Défense Cedex – France represented by Thierry Quéron	11 May 2017		2023

Details of fees paid to the Statutory Auditors are disclosed in Note 31 to the consolidated financial statements (Chapter 4 "Financial statements").

As the terms of office of PricewaterhouseCoopers Audit and Anik Chaumartin as principal and deputy Statutory Auditors, respectively, were due to expire at the end of the Annual General Meeting called to approve the 2018 financial statements, at the Annual General Meeting of 28 May 2019 it was recommended that the shareholders reappoint PricewaterhouseCoopers as principal Statutory Auditor for a further term of six years, i.e., expiring at the end of the Annual General Meeting to be called to approve the 2024 financial statements. This proposal was duly approved.

Moreover, as part of the process of rotating the partner signing off on the financial statements, following the audit of the 2018 financial statements, the PricewaterhouseCoopers Audit signing partner for the Company, Stéphane Basset, was replaced by Jean-Paul Collignon in 2019.

Lastly, since the law allows for the absence of a deputy Statutory Auditor when the office of principal Statutory Auditor is held by a multi-partner legal entity, the Board of Directors noted the expiry of the term of office of Anik Chaumartin as deputy Statutory Auditor and recommended not renewing said term. This proposal was approved at the Annual General Meeting.

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

This is a free translation into English of the Statutory Auditors' special report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Antalis
8 rue de Seine
92100 Boulogne-Billancourt – France

For the year ended 31 December 2019

To the shareholders of Antalis,

In our capacity as Statutory Auditors of Antalis SA, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be submitted for the approval of the Annual General Meeting

Agreements and commitments authorised during the year

We were not informed of any agreements or commitments authorised and entered into during the year to be submitted for approval by the Annual General Meeting, in accordance with the requirements of Article L. 225-40 of the French Commercial Code.

Agreements and commitments previously approved by the Annual General Meeting

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following commitments authorised by the Board of Directors.

Agreements and commitments approved in previous periods

a) that were implemented during the year

None

b) that were not implemented during the year

In addition, we were informed that the following agreements and commitments approved by the Annual General Meeting in previous years were not implemented during the year.

Commitments given by the Board of Directors to Hervé Poncin on 7 June 2017 regarding the conditions applicable in the event of termination of his duties as Chief Executive Officer

Termination benefits

At its meeting on 7 June 2017, Antalis' Board of Directors decided, in accordance with Article L. 225-42-1 of the French Commercial Code, that Hervé Poncin would be entitled to an indemnity in the event of the termination of his duties as Antalis' Chief Executive Officer. This termination benefit could represent up to 1.5 times Mr Poncin's annual reference compensation and will be determined by the Board of Directors on termination of his duties. Said termination benefit will be contingent on him achieving a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties.

This annual reference salary will be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of his duties in relation to the target variable compensation used to calculate the variable compensation.

If Mr Poncin were to leave his position before expiry of the term specified for application of the performance criteria for the two years prior to termination of his duties, a percentage would be applied, based only on his annual variable compensation for the year prior to his departure, as approved by the Board in relation to the corresponding target variable compensation.

The termination benefit will not be payable if (i) Mr Poncin leaves the Company at his own initiative, (ii) his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) he is entitled to claim his retirement pension at the date of his departure.

Non-competition obligation

At its meeting on 7 June 2017, Antalis' Board of Directors decided, in accordance with Article L. 225-42-1 of the French Commercial Code, that in the event of termination of his duties as Chief Executive Officer for any reason and in any form, Hervé Poncin would be subject to a non-competition obligation. The obligation will apply for a period of 12 months as from the date on which his duties are effectively terminated and will cover all European countries.

In return for the non-competition obligation, the Board of Directors has agreed to pay Mr Poncin a non-competition benefit corresponding to four months' compensation, calculated based on the monthly average of his total gross compensation for the 12 months preceding the date of termination of his duties, to be paid monthly. The Company may choose to waive this non-competition obligation, in which case it will inform Mr Poncin of its decision to this effect within no more than 15 days of the meeting during which the Board of Directors acknowledged his decision or decided to terminate his duties as Chief Executive Officer of Antalis.

Paris-La Défense and Neuilly-sur-Seine, 20 May 2020

The Statutory Auditors

Constantin Associés	**PricewaterhouseCoopers Audit**
Member of Deloitte Touche Tohmatsu Limited	
Thierry Queron	Jean-Paul Collignon

Financial statements

Key figures 75
Comments on the year 76
Financial data for Q1 2020 79
Consolidated financial statements 82
Statutory Auditors' report on the consolidated financial statements 134
Parent company financial statements 137
Statutory Auditors' report on the parent company financial statements 151
Allocation of 2019 net income 154

Financial Statements

KEY FIGURES

Income statement before impact of IFRS 16

(€ millions)	2019	2018	Δ
Sales	2,074.0	2,311.0	-10.3%
Gross margin	505.6	560.2	-9.7%
EBITDA	54.1	74.7	-27.6%
EBITDA margin as % of sales	*2.6%*	*3.2%*	*-0.7 pts*
Current operating income	31.1	52.6	-40.9%
EBITDA margin (as % of sales)	*1.5%*	*2.3%*	*-0.8 pts*
Non-recurring income (loss)	(58.0)	(44.4)	
Net financial income (loss)	(37.8)	(38.7)	
Income tax benefit (expense)	(7.4)	0.9	
Non-controlling interest	-	(0.1)	
Net income (loss) attributable to owners	(72.1)	(29.7)	

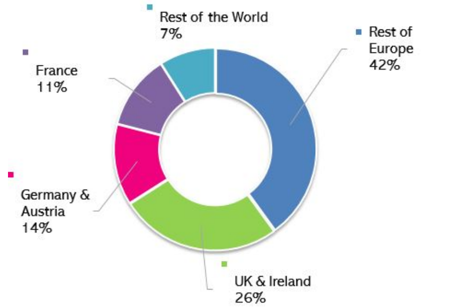
Change in net debt (excluding lease liabilities)

(€ millions)	2019	2018
Consolidated net debt as at 1 January	(287.8)	(247.6)
EBITDA	54.1	74.7
Change in operating working capital requirements	(14.8)	(9.9)
CAPEX	(13.5)	(20.7)
Current operating cash flow	**25.8**	**44.1**
Net financial expenses	(29.0)	(28.1)
Income taxes paid	(8.9)	(6.3)
Restructuring costs	(23.9)	(19.8)
Proceeds from disposal of assets	0.5	3.9
Net impact of changes in scope of consolidation	1.6	(7.6)
Dividends	-	(5.7)
Refinancing and other costs	(7.3)	(9.1)
Pension fund contributions	(5.7)	(5.9)
Foreign exchange gains (losses) and other cash items	(11.0)	(5.7)
Change in debt	**(57.9)**	**(40.2)**
Consolidated net debt as at 31 December	(345.7)	(287.8)

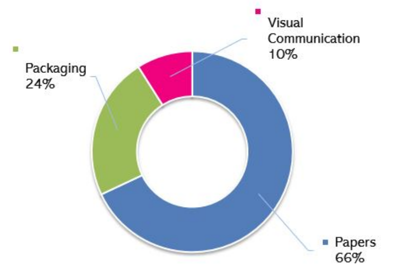
Statement of financial position

(€ millions)	2019	2018
Goodwill	106.8	120.0
Fixed assets	68.7	81.5
Right of use assets	112.2	-
Operating working capital requirement	187.1	177.7
Capital employed	**474.8**	**379.2**
Pension plan assets	74.6	57.0
Other assets (net)	16.5	19.1
Total	565.9	455.3
Shareholders' equity	51.5	112.7
Non-controlling interests	0.2	0.7
Provisions	53.9	54.1
Net debt	345.7	287.8
Lease liabilities	114.6	-
Total	565.9	455.3

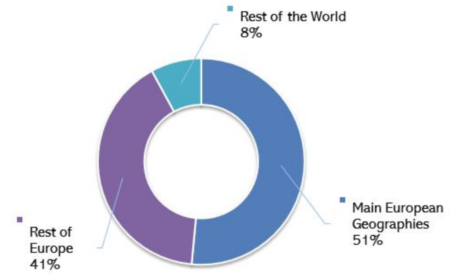
Breakdown of sales by geographical area



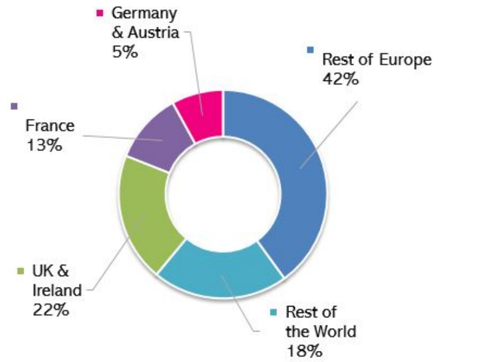
Breakdown of sales by business sector



Breakdown of EBITDA by geographical



Breakdown of headcount by geograhical area



Comments on the year

Highlights

- Search for a new shareholding structure, which continued throughout 2019
- Demise of Arjowiggins and Sequana
- Sourcing of alternative supplies of recycled papers and successful management takeover of the Arjowiggins Creative Papers division
- First-time application of IFRS 16 – Leases
- Extension of factoring programmes
- Very challenging political and business environment in many countries in which the Group is present
- Continued drive for operating efficiency by accelerating roll-out of the omni-channel strategy and optimising Antalis' supply chain

2019 results

Resilient operating performances in very tough market conditions

Antalis' sales were down by 10.3% year-on-year to €2,074 million (down 8.6% on a comparable basis). This drop mainly reflects the 8% decline in European Paper volumes, compounded by the negative impact of the liquidation of one of Antalis' major graphic and recycled papers suppliers, which accounted for approximately 4% of the Group's paper purchases. It also includes the negative impact of the sale of the Group's South African subsidiaries which contributed sales of €44 million in 2018. There was a slightly favourable forex impact amounting to €4 million, mainly attributable to the appreciation of the Swiss franc and sterling against the euro.

Gross margin came in at €506 million, down 9.7% (down 8.4% on a comparable basis). This was mainly attributable to the decline in European Paper volumes, coupled with a decrease in selling prices over the year resulting from a sharp drop in the cost of paper pulp. The gross margin rate rose by 0.2 points thanks to a combination of resilient rates in the Papers business and an increase in the Packaging and Visual Communication margin rate, together with a 2 point increase in the contribution of Packaging and Visual Communication to the Group's consolidated margin to 39%.

EBITDA declined by 27.6% over the year to €54 million before the application of IFRS 16 (down 27.2% on a comparable basis). The gross margin rate was 2.6%, 0.6 points lower than in 2018. The lower gross margin was partially offset by lower fixed and variable costs.

Recurring operating income was €31.2 million before application of IFRS 16 (i.e., down 40.7%).

Other operating income and expenses totalled €58 million and mainly consisted of restructuring costs, impairment losses and the costs involved in setting up the Group's new ownership structure.

After factoring in the full-year impact of first-time application of IFRS 16 (-€3.9 million), net finance costs and income taxes, the net loss for the year amounted to €75.9 million, compared with a net loss of €29.8 million for 2018. In the parent company financial statements, the loss for the year reduced shareholders' equity to less than half the amount of the Company's share capital.

Excluding lease liabilities, net debt stood at €346 million at 31 December 2019, €58 million higher than at 31 December 2018. This increase reflects the drop in EBITDA, high borrowing costs, restructuring costs and the unfavourable impact of accounts payable on working capital requirements with a year-on-year decline of approximately six days.

Accelerated roll-out of omni-channel strategy and enhanced operating efficiency

Antalis generated sales of €308 million via its e-platforms (e-commerce websites, EDI). The e-penetration rate in terms of stock lines ordered via the e-platforms was 37% (a 1.2 point year-on-year increase for e-commerce transactions).

In 2019, Antalis continued to roll out its new-look e-commerce website in the Main European Geographies. Increased availability of digital services and presence on social networks boosts customer satisfaction and marketing possibilities.

Main European Geographies

(€ millions)	2019	2018	Variation
Sales	1,063.7	1,179.4	-9.8%
UK & Ireland	*542.2*	*594.8*	***-8.8%***
France	*238.1*	*275.3*	***-13.5%***
Germany & Austria	*283.4*	*309.3*	***-8.4%***
Gross margin	242.6	267.8	-9.4%
Gross martin rate (as a % of sales)	*22.8%*	*22.7%*	*0.1 pts*
EBITDA	27.6	38.4	-28.1%
EBITDA margin (as a % of sales)	*26%*	*3.3%*	*-0.7 pts*

The Main European Geographies generated sales of €1,064 million, down 9.8% year-on year, reflecting the 8%-10% contraction in Paper volumes, the negative impact – especially in France – of the liquidation of one of Antalis' major graphic and recycled papers suppliers, and a more difficult second-half for Packaging.

Brexit continued to weigh upon demand throughout 2019, especially in Visual Communication with its dependence on the retail trade.

Gross margin declined by 9.4% to €243 million, giving a gross margin rate of 22.8% which was stable year-on-year.

EBITDA for the Main European Geographies fell by 28.1% to €27.6 million (down 8.2% on a comparable basis) with a gross margin rate of 2.6% (0.7 points lower than in 2018), reflecting lower margins, partially offset by lower costs and notably the continued drive for greater flexibility in logistics overheads in the UK.

Rest of Europe

(€ millions)	2019	2018	Δ
Sales	865.4	929.6	-6.9%
Gross margin	220.7	235.4	-6.2%
Gross margin rate (as a % of sales)	*25.5%*	*25.3%*	*+0.2 pts*
EBITDA	22.1	28.2	-21.6%
EBITDA margin (as % of sales)	*2.6%*	*3.0%*	*-0.4 pts*

Full-year sales for the Rest of Europe declined by 6.9% to €865 million, which also reflected the decline in Papers volumes coupled with the erosion of selling prices for papers.

Gross margin was down 6.2% to €221 million, giving a gross margin rate of 25.5%, a slight year-on-year improvement of 0.2 points.

EBITDA fell by 21.6% to €22 million. There were improved performances in Italy, Eastern Europe and in particular the Baltic countries, notably driven by growth in Packaging. EBITDA margin was 2.6%, 0.4 points lower than in 2018.

Rest of the World

(€ millions)	2019	2018	Δ
Sales	145.1	202.0	-28.2%
Gross margin	42.3	57.0	-25.8%
Gross margin rate (as a % of sales)	*29.2%*	*28.2%*	*+1.0 pt*
EBITDA	4.3	8.2	-47.3%
EBITDA margin (as % of sales)	*3.0%*	*4.0%*	*-1.0 pt*

Sales for the Rest of the World were down by 28.2% to €145 million, reflecting the negative €44 million sales impact from the divestment of the Southern African business, the severe impact of civil unrest on demand and on currencies in Latin America in Q4 2019 (Chile, Bolivia and Peru) as well as civil unrest in Hong Kong. However, the Latin American Packaging business continued to deliver profitable growth.

Gross margin declined by 25.8% to €42 million, also reflecting the sale of the Southern African subsidiaries, giving a gross margin rate of 29.2%, 0.9 points more than in 2018.

EBITDA dropped 47.3% to €4.3 million, reflecting the impact from the divestment of the Southern African business and exchange rates, giving an EBITDA margin of 3%, down one point year-on-year.

Analysis by business sector

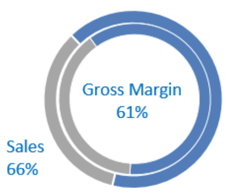
	Sales			Gross margin			Gross margin/sales		
(€ millions)	2019	2018	Δ	2019	2018	Δ	2019	2018	Δ
Papers	1,374.8	1,580.7	-13.0%	307.3	355.9	-13.7%	22.4%	22.5%	*-0.1 pts*
Packaging	497.9	517.2	-3.7%	140.8	144.4	-2.5%	28.3%	27.9%	*0.4 pts*
Visual Communication	201.3	213.1	-5.5%	57.5	59.9	-4.0%	28.6%	28.1%	*0.5 pts*
TOTAL	2,074.0	2,311.0	-10.3%	505.6	560.2	-9.7%	24.4%	24.2%	*0.2 pts*

Papers

In 2019, the European paper market recorded an 8% decline in volumes and was also hit by a drop of around 6% in prices between the first and fourth quarters, attributable to the sharp contraction in paper pulp prices.

In this deflationary context, exacerbated by the problems being encountered by Arjowiggins, Antalis' sales contracted by 13% year-on-year to €1,375 million.

Gross margin dropped by 13.7% to €307 million, however, the gross margin rate remained stable at 22.4% despite the challenging context described previously. The contribution of the papers segment to Antalis' consolidated gross margin continues to decline and now stands at 61%, down 2 points on last year.



In January 2019, two of the Group's suppliers, representing approximately 8% of the Group's purchases, filed for bankruptcy. Arjowiggins Graphic (AWG), a graphic, coated and recycled papers supplier, and Arjowiggins Creative Papers (AWCP), a supplier of premium fine papers. AWG ceased production immediately and Antalis had to find alternative suppliers and this impacted its sales. However, AWCP was taken out of administration in September 2019 by an MBO and remains one of the Group's suppliers.

Against this backdrop, Antalis launched new ranges of recycled papers such as Nautilus and relaunched the Cyclus and Cocoon brands (recycled papers) acquired in 2019. The Company also launched new coated papers brands in Spain.

In the office paper segment, the Group continued streamlining the offering around flagship brands: Image, Pioneer, Xerox, HP, Datacopy and Color Copy. A 3D animated film was produced for each, highlighting their exclusive benefits. The films were used in an online digital communication campaign that was viewed over 3 million times. All of these brands have now been integrated into the A4&More loyalty programme, which offers many benefits to over 1,250 members.

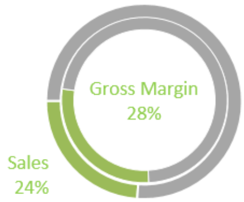
Antalis continued to deploy its "d2b" (digital-to-business) strategy during the year and participated in Dscoop (Digital Solutions Cooperative) – an event that brings together users of HP equipment for graphic design which took place in Spain in May 2019, and in Xerox's European forum organised for the very first time in Portugal. These different actions helped strengthen Antalis' position as a specialist in the digital printing market.

Packaging

The European packaging market continued to perform strongly in the first-half of the year before growth tailed off in the second-half, notably in Germany with Dieselgate and the general slowdown in Asia and then in Europe, particularly in the UK due to the impact of Brexit. Antalis delivered sales of €498 million in this market in 2019, down 3.7% year-on-year.

The countries recorded good performances, particularly Germany, Poland, Italy and Latin America and, to a lesser extent France, Spain & Portugal and the Baltic countries.

Gross margin for packaging amounted to €141 million and represented 28% of the Group's consolidated margin. The gross margin rate improved slightly by 0.4 points to 28.3%, reflecting deployment of our strategy focused on added value products and services for local and international customers. The Packaging sector now contributes 28% of Antalis' consolidated gross margin, up 2 points on the previous year.



Antalis continued to deploy its strategic project, underpinned by new business models and customer segments, specialisation and digital sales processes and standardised marketing solutions that provide businesses with effective and unique value propositions and smart Packaging solutions.

To partner development in the different countries, Antalis has set up and deployed a market intelligence unit and consolidated its international network of product experts throughout Europe that leverage and pool experience in areas such as anti-corrosion solutions where technical expertise is crucial.

The Group has also launched the Connect'in programme to digitise and boost the effectiveness of its customer marketing on the social networks. The aim is to showcase our expertise and ability to support customers by offering them unique experiences.

The Company has deployed its communications strategy based around high value-added content in strategic web-based channels, catalogues for different customer profiles and social networks that help boost Antalis' brand awareness and establish the Group as *the* packaging solutions specialist.

Antalis continued to deploy its key accounts salesforce (sales remained stable year-on-year) to serve large businesses who centralise purchasing at Group level and wish to have access to the same product range and quality of service in every country in which they operate.

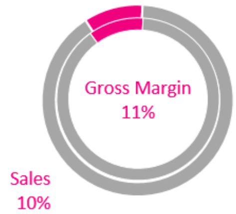
The 2019 launch and roll-out of its own Pan-European brand Master'in is a key plank in this strategy. Master'in is available in 24 countries in Europe and Latin America. It has three additional ranges of supplies and equipment designed to facilitate customer choice and foster loyalty via a targeted offering.

Finally, Antalis has scaled up its innovation capabilities by launching a UK-based cardboard box building and personalisation service and developing the Polish business of the new design centre specialising in bespoke packaging solutions. These centres are fitted out with leading-edge equipment that enables Antalis to respond more rapidly to customers by cutting lead times for design, production and prototype testing.

Visual Communication

In a sluggish European market, the Visual Communication sector reported full-year sales of €201 million, down 3.7% (down 1.8% on a comparable basis).

This decline was essentially due to the impact of Brexit on the retail trade in the UK where signage and display are key markets for the Group's customers, as well as lower sales in Scandinavia, France and Poland.



Gross margin was down 4% year-on-year to €58 million, reflecting a 0.5 point improvement in the gross margin rate due to a focus on higher-margin, large-format printing media. The contribution of Visual Communication to Antalis' consolidated gross margin remained stable year-on-year at 11%.

Sales of the increasingly popular Coala range rose 14% on 2018. After the recent launch of Coala Interior, the range comprises over 1,000 products which will gradually be marketed throughout the European countries. A number of sales applications and samples have been distributed recently to boost sales.

Over time, Antalis has developed genuine expertise in this market. Its dedicated sales teams in the 27 countries in which it has a footprint in this sector supports our customers in their day-to-day visual communication initiatives, ranging from internal car furnishings, signage and display as well as a growing volume of customised interior decoration. All of these projects seek to create a striking visual impact, which in turn generates emotion. Thus Antalis' brand new Visual Communication strategy – Empowering Visual Emotions – launched in early 2020. Antalis wishes to be a catalyst within the Visual Communication ecosystem, comprising marketing and architecture agencies, brand managers, installers, sign manufacturers and large-format printers.

In 2019, Antalis organised the second international Antalis Interior Design Awards to stimulate the interior design sector. Technical breakthroughs in large-format printing and new printable materials are driving growth and creating great new business opportunities for Antalis. The Design Awards brought together architects and designers of stores, hotels, restaurants and public and private spaces as well as a selection of major brand decision-makers wishing to showcase their achievements. Of the 535 projects submitted from 24 countries, 10 winners were selected by an international jury of experts from the sector. A video of the awards ceremony was produced and posted extensively as part of a large multimedia campaign.

Financial data for Q1 2020

Key operating indicators at 31 March 2020 (before application of IFRS 16)

(in € millions)	Q1 2020	Q1 2019	Δ as reported	Δ on a comparable basis[(1)]
Sales	480.8	551.3	-12.8%	-13.5%
Gross margin	118.7	134.5	-11.7%	-12.6%
Gross margin rate (as a % of sales)	*24.7%*	*24.4%*	*+0.3 pts*	
EBITDA	7.4	15.1	-51.0%	-56.6%
EBITDA margin (as a % of sales)	*1.5%*	*2.7%*	*-1.2 pts*	

(1) Changes in comparable figures reflect forex, calendar and perimeter impacts.

The impact of the economic crisis driven by the Covid-19 pandemic began to kick in from March in all countries and especially in Southern and Western Europe. Asia had been impacted from the beginning of January. The European paper market contracted by around 7% in the quarter to the end of March and the Visual Communication market was very badly hit by the cancellation of public events and lock-down measures.

In the quarter to the end of March, sales dropped by 13.5% to €481 million on a comparable basis and at constant accounting methods (down 12.8% on a reported basis). The forex impact on sales over the period was negligible.

Gross margin fell 12.6% to €119 million on a comparable basis and at constant accounting methods (down 11.7% on a reported basis). The gross margin rate improved by 0.3 points to 24.7%, thanks partly to the increased contribution of the higher margin Packaging and Visual Communication sectors to Antalis' overall margin.

In spite of continually lower supply chain and marketing costs, EBITDA before application of IFRS 16 declined by 56.6% to €7.4 million on a comparable basis and at constant accounting methods (down 51% on a reported basis). EBITDA margin was 1.5% (down 1.2 points).

Breakdown of sales by geographical area

(in € millions)	Q1 2020	Q1 2019	Δ as reported
Sales			
Main European Geographies	248.8	288.1	-13.6%
Rest of Europe	204.1	227.1	-10.1%
Rest of the World	27.9	36.1	-22.7%
TOTAL	480.8	551.3	-2.8%

During the first three months of 2020, the Main European Geographies (UK & Ireland, Germany & Austria, France) generated sales of €249 million, down 13.6% on Q1 2019. This decline reflects the impact of the Covid-19 pandemic, particularly in this geography, together with an unfavourable Q1 2020 comparable effect as the demise of two key Group suppliers began to have a serious impact from the second-half of 2019 onwards.

Sales for the Rest of Europe were down by 10.1% to €204 million. At this juncture, business in this geography has been proportionally less impacted by the Covid-19 pandemic.

Sales for the Rest of the World fell 22.7% as reported to €28 million (down 17.7% at constant exchange rates), due to the severe slowdown in Asia linked to the pandemic together with the sharp depreciation in all South American currencies.

Recent events and outlook

Recent events

Thanks to the successful completion of Antalis' search for a new shareholding structure which began in 2019, on 31 March 2020, the Group was able to announce that it had signed a binding put option agreement with Japan-based Kokusai Pulp and Paper Co., Ltd. ("KPP") covering all of the Antalis shares held by Sequana, and a share purchase agreement for all of the Antalis shares held by Bpifrance Participations. These undertakings are linked to an agreement to restructure Antalis' syndicated credit facility, providing for repayment in cash of €100 million of the outstanding facility amount through a new loan granted by a Japanese bank, and a write-off of the remainder (i.e., €187 million at 31 December 2019).

On 15 May 2020, Sequana notified KPP that it was exercising its put option pursuant to the put option agreement signed on 31 March 2020. Furthermore, on 19 May 2020, Sequana and KPP finalised the share purchase agreement covering the Antalis shares held by Sequana. The transfer of ownership of Antalis shares held by Sequana remains subject to the usual conditions precedent, including the absence of any appeal against the order of the Supervisory Judge appointed by the Commercial Court of Nanterre, dated 22 April 2020. At this stage, based on the information at its disposal and its discussions with KPP, Antalis believes that the transfer of shares should take place in July 2020.

At the same time as the share purchase agreement was finalised, Antalis and KPP signed an agreement setting out the terms and conditions for a simplified cash tender offer, covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital. Upon completion of the Offer, KPP intends to request the implementation of a squeeze-out procedure, provided that all regulatory conditions have been met.

Outlook

As the negative economic impacts of the ongoing Covid-19 pandemic continue to weigh upon the Group's activities, there is considerable uncertainty concerning the duration and the extent of the crisis in the various countries as well as solutions for emerging from the crisis. It should be noted that the effects have been quite different across the 39 countries in Europe and the rest of the world in which the Group is present. Therefore, it is not possible at this stage to issue any forecasts for 2020 for Antalis.

The planned transaction with KPP involving the purchase of all Antalis shares together with the simultaneous restructuring of the Group's debt, should reinforce Antalis' balance sheet structure with the backing of a new controlling shareholder capable of supporting its strategic development.

FIVE-YEAR FINANCIAL SUMMARY

€ millions (with the exception of headcount and number of shares)	2019	2018	2017	2016	2015
I - Share capital at year-end					
Share capital	213.0	213.0	213.0	639.0	639.0
Number of ordinary shares outstanding	71,000,000	71,000,000	71,000,000	71,000,000	71,000,000
II - Operations and earnings (€ millions)					
Sales before tax	60.9	69.4	63.4	63.6	66.9
Income (loss) before tax and non-cash expenses (depreciation, amortisation and provisions)	16.3	(51.9)	16.3	14.8	16.6
Income tax benefit (expense)	-	-	-	0.3	-
Income (loss) after tax and non-cash expenses (depreciation, amortisation and provisions)	(148.0)	(112.9)	12.0	(440.5)	91.8
Distributed income	-	5.7	8.0	4.0	8.0
III - Earnings per share (in euros)					
Income (loss) after tax but before non-cash expenses (depreciation, amortisation and provisions)	0.23	(0.73)	0.23	0.20	0.23
Income (loss) after tax and non-cash expenses (depreciation, amortisation and provisions)	(2.08)	(1.59)	0.17	(6.20)	1.29
Net dividend per share	-	0.08	0.11	0.06	0.11
IV - Employees					
Average headcount during the year	-	-	39	94	76
Total payroll for the period	0.7	1.9	3.1	8.4	7.6
Total employee and social benefits paid in the period	1.8	0.9	1.6	4.1	3.5

INFORMATION CONCERNING PAYMENT TERMS

	Article D. 441 I.-1°: Invoices received and due for payment but not settled at the reporting date (in Euro thousands)						Article D. 441 I.-2°: Invoices issued and due for payment but not settled at the reporting date (in Euro thousands)					
	0 days (approx.)	1-30 days	31-60 days	61-90 days	>91 days	Total (≥1 day)	*0 days (approx.)*	1-30 days	31-60 days	61-90 days	>91 days	Total (≥1 day)
Overdue amounts												
Number of invoices concerned	358					228	249					774
Total amounts of invoices concerned (including VAT)	7,570	193	101	(230)	5,585	5,649	6,219	5	235	-	5,013	5,253
Percentage of total amount of purchases for the period concerned (including VAT)	29%	1%	0%	-1%	21%	21%						
Percentage of total amount of sales for the period concerned (including VAT)							10%	0%	0%	0%	8%	8%
(B) Invoices excluded from (A) concerning disputed payables or receivables or unrecorded invoices												
Number of invoices excluded	None						None					
Total amounts of invoices excluded (including VAT)	None						None					
(C) Payment terms of reference used (contractual or legal - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to calculate late payment interest	Contractual payment terms: Net 60 days upon receipt of invoice						Contractual payment terms: Net 30 days upon receipt of invoice					

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2019

The financial statements presented hereinafter include the impacts of first-time adoption of IFRS 16 (Leases) from 1 January 2019. The Group elected to use the modified retrospective transition method and consequently, the comparative period for 2018 has not been restated. The detailed impact of IFRS 16 is disclosed in Notes 2 and 11.

Consolidated statement of financial position

Assets

(€ millions)	Notes	31/12/2019	31/12/2018
Non-current assets			
Goodwill	5	106.8	120.0
Other intangible assets	5	38.3	42.8
Property, plant and equipment	6	30.4	38.7
Right-of-use assets	11	108.7	-
Non-current financial assets	7	5.6	5.9
Deferred tax assets	18	4.4	6.6
Other non-current assets	9	75.1	59.6
Total non-current assets		369.3	273.6
Current assets			
Inventories	8	175.1	194.2
Trade receivables	9	317.6	369.5
Other receivables	9	61.9	71.0
Current financial assets	7	2.8	3.0
Cash and cash equivalents	10	164.7	125.0
Total current assets		722.1	762.7
TOTAL ASSETS		1,091.4	1,036.3

Equity and liabilities

(€ millions)	Notes	31/12/2019	31/12/2018
Equity			
Share capital		213.0	213.0
Additional paid-in capital		50.9	50.9
Cumulative translation adjustment	13	(69.2)	(72.5)
Retained earnings and other consolidated reserves		(146.6)	(78.7)
Shareholders' equity		48.1	112.7
Non-controlling interests		0.2	0.7
TOTAL EQUITY		48.3	113.4
Non-current liabilities			
Provisions	14	45.5	42.7
Long-term debt	16	79.3	257.9
Deferred tax liabilities	18	0.9	0.8
Other non-current liabilities	19	0.4	-
Total non-current liabilities		126.1	301.4
Current liabilities			
Provisions	14	8.6	11.4
Short-term debt	16	545.6	154.9
Trade payables	19	257.3	336.6
Other payables	19	105.5	118.6
Total current liabilities		917.0	621.5
TOTAL EQUITY AND LIABILITIES		1,091.4	1,036.3

The notes are an integral part of the financial statements.

Consolidated income statement

(€ millions)	*Notes*	2019	2018
Sales	*27*	2,074.1	2,311.0
Gross margin		**505.6**	**560.2**
Personnel expenses	*20*	(248.2)	(266.0)
Other selling, general and administrative expenses	*21*	(221.8)	(241.6)
Current operating income		**35.6**	**52.6**
Other operating income		0.4	27.3
Other operating expenses		(58.4)	(76.0)
Other financial income and expenses, net	*22*	**(58.0)**	**(44.4)**
Operating income (loss)		**(22.4)**	**8.2**
Cost of net debt		(43.6)	(35.8)
Other financial income and expenses, net		(2.5)	(2.8)
Net financial income (expense)	*23*	**(46.1)**	**(38.6)**
Income tax benefit (expense)	*25*	(7.4)	0.8
NET INCOME (LOSS)		**(75.9)**	**(29.6)**
Attributable to:			
- Antalis shareholders		(75.9)	(29.8)
- Non-controlling interests		-	0.2

Earnings per share			
- Weighted average number of shares outstanding		70,506,985	70,792,514
- Diluted number of shares		70,506,985	70,792,514
Basic earnings per share (in €)	*12*		
- Consolidated earnings (loss) per share		(1.08)	(0.42)
Diluted earnings per share (in €)	*12*		
- Consolidated diluted earnings (loss) per share		(1.08)	(0.42)

The notes are an integral part of the financial statements.

Consolidated statement of comprehensive income

(€ millions)	2019	2018
Net income (loss) (i)	(75.9)	(29.6)
Items that may be recycled to profit or loss	*3.3*	*(4.9)*
Translation adjustments	3.3	(4.9)
Items that may not be recycled to profit or loss	*8.0*	*29.3*
Actuarial gains and losses related to pension and other post-employment benefit obligations	7.9	34.4
Tax impact of gains and losses related to pension and other post-employment benefit obligations	0.1	(4.8)
Other items	-	(0.3)
Other comprehensive income (loss) (ii)	11.3	24.4
TOTAL COMPREHENSIVE INCOME (LOSS) (i)+(ii)	(64.6)	(5.2)
Of which:		
- Attributable to Antalis shareholders	(64.6)	(5.4)
- Attributable to non-controlling interests	-	0.2

Statement of changes in consolidated equity

(€ millions)	Number of shares issued	Share capital	Additional paid-in capital	Cumulative translation adjustment	Retained earnings and other consolidated reserves	Shareholders' equity	Non-controlling interests	Total equity
Equity at 1 January 2018	71,000,000	213.0	50.9	(67.6)	(72.5)	123.8	0.5	124.3
Net income (loss)	-	-	-	-	(29.8)	(29.8)	0.2	(29.6)
Dividends paid	-	-	-	-	(5.7)	(5.7)	-	(5.7)
Other comprehensive income (loss)	-	-	-	(4.9)	29.3	24.4	-	24.4
Equity at 31 December 2018	71,000,000	213.0	50.9	(72.5)	(78.7)	112.7	0.7	113.4
Net income (loss)	-	-	-	-	(75.9)	(75.9)	-	(75.9)
Other comprehensive income (loss)	-	-	-	3.3	8.0	11.3	0.1	11.4
Changes in scope of consolidation[(1)]	-	-	-	-	0.6	0.6	(0.6)	-
Other items	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Equity at 31 December 2019	71,000,000	213.0	50.9	(69.2)	(146.6)	48.1	0.2	48.3

[(1)] *Exercise of the put option held by the minority shareholders of TFM in Peru.*

The notes are an integral part of the financial statements.

Consolidated statement of cash flows

(€ millions)	*Notes*	2019	2018
Cash flows from operating activities			
Operating income (loss)		(22.4)	8.2
Elimination of non-cash and non-operating income and expenses:			
Depreciation, amortisation and provisions (except on current assets), net	*26*	79.6	44.0
Disposal gains and losses	*26*	(0.4)	3.5
Other non-cash income (expense)	*26*	-	(20.7)
Gross operating cash flow		**56.8**	**35.0**
Income taxes paid		(8.9)	(6.3)
Change in operating working capital	*26*	(12.1)	(8.7)
Change in loans and guarantee deposits		0.3	1.0
Net cash from operating activities (i)		**36.1**	**21.0**
Cash flows from investing activities			
Expenditure on acquisitions of property, plant and equipment and intangible assets		(14.1)	(20.6)
Proceeds from disposals of property, plant and equipment and intangible assets		0.5	4.0
Proceeds from disposals of financial assets		1.0	-
Impact of changes in scope of consolidation	*26*	0.7	(7.0)
Other cash flows from investing activities	*26*	(0.8)	-
Net cash used in investing activities (ii)		**(12.7)**	**(23.6)**
Cash flows from financing activities			
Repayment of lease liabilities		(42.3)	-
Net change in borrowings and debt		86.6	49.0
Net interest paid		(29.0)	(28.1)
Dividends paid	*28*	-	(5.7)
Net cash from financing activities (iii)		**15.3**	**15.2**
Effects of fluctuations in foreign exchange rates (iv)		1.3	(1.6)
CHANGE IN CASH AND CASH EQUIVALENTS (i+ii+iii+iv)		**40.0**	**11.0**
Net cash and cash equivalents at start of year		124.5	113.5
Net cash and cash equivalents at end of year		164.5	124.5
YEAR-ON-YEAR INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**40.0**	**11.0**
Breakdown of net cash and cash equivalents at end of year			
Cash and cash equivalents	*10*	164.7	125.0
Short-term bank borrowings and overdrafts		(0.2)	(0.5)
Net cash and cash equivalents at end of year		**164.5**	**124.5**

The notes are an integral part of the financial statements.

Notes to the consolidated financial statements

Note 1	Significant events of the year and subsequent events	Note 17	Financial instruments
Note 2	Summary of significant accounting policies	Note 18	Deferred taxes
Note 3	Changes in scope of consolidation	Note 19	Other liabilities
Note 4	Measurement of impairment losses	Note 20	Personnel expenses
Note 5	Goodwill and other intangible assets	Note 21	Other selling, general and administrative expenses
Note 6	Property, plant and equipment	Note 22	Other operating income and expenses
Note 7	Financial assets	Note 23	Net financial income (loss)
Note 8	Inventories	Note 24	Foreign exchange gains and losses
Note 9	Other assets	Note 25	Income tax
Note 10	Cash and cash equivalents	Note 26	Analysis of cash flows
Note 11	Right-of-use assets and lease liabilities	Note 27	Segment information
Note 12	Earnings per share	Note 28	Related-party transactions
Note 13	Cumulative translation adjustment	Note 29	Off-balance sheet commitments
Note 14	Provisions	Note 30	Headcount
Note 15	Employee benefits	Note 31	Statutory Auditors' fees
Note 16	Borrowings and debt	Note 32	Scope of consolidation

Note 1

Significant events of the year and subsequent events

Difficulties encountered by Arjowiggins and Sequana

In early January 2019, Sequana announced that Arjowiggins' main production subsidiaries in France and the UK were entering bankruptcy proceedings. This culminated notably in the liquidation of most of the assets of the Arjowiggins Graphic division in late March 2019, which represented approximately 4% of Antalis Group's paper purchases. Consequently, the Group gradually began to secure other sources of supply to enable it to continue serving its customers in this market segment and partially offset the consequences of this disruption to its supply chain.

Arjowiggins Creative Papers remained in business long enough to complete a management buyout, which was finally agreed and announced on 25 September 2019. This successful operation enables Antalis to continue buying fine and creative papers from this longstanding strategic partner.

Moreover, on 15 May 2020, the Nanterre Commercial Court placed Sequana, Antalis' majority shareholder, in court-ordered liquidation.

The difficulties encountered by Sequana and the Arjowiggins group, together with the related uncertainty, had an adverse impact on the perception of the Antalis Group and its business.

Search for a new shareholder and market conditions

In this context, and with the agreement of Sequana – which had already indicated that it did not intend to remain as its controlling shareholder – in Q1 2019, Antalis mandated an investment bank to help it put a new shareholding structure in place that would enable Antalis to pursue its development and provide it with the resources needed to deploy its strategic options. This process lasted throughout 2019 amidst constantly deteriorating market conditions due to the fraught political and business climate in a number of countries (social unrest in Europe, Asia and Latin America, Brexit negotiations) and compounded by uncertainty over Antalis' ownership structure. These developments weighed heavily on the Group's operating performance and cash flow.

Asset write-downs

Under these circumstances and in light of worse-than-forecast results in some of its markets, the Group identified impairment losses on certain assets. Based on impairment tests conducted at year-end, the Group recorded impairment losses of €11 million, mostly against the value of the goodwill allocated to two CGUs (see Note 4). These were in addition to €10 million in impairment losses recognised at 30 June 2019, including an amount of €7 million written off against residual goodwill in the South America CGU, and €3 million against property, plant and equipment and intangible assets in the Benelux CGU.

Subsequent events and accounts closing context

Health crisis and the global economy

The Covid-19 pandemic appeared in early 2020, impacting human health and notably that of Antalis' employees, suppliers, sub-contractors and customers together with the Group's business and financial situation. As of the accounts closing date, Antalis has identified the following key points:

- Human health and safety: Antalis is monitoring the pandemic closely and the health and safety of its employees is the key priority. The Group's operations in the different countries have been adapted to comply with the health guidelines issued by the various governments, while ensuring business continuity. The Group has also introduced preventive measure by using teleworking arrangements for its employees whenever it is possible to work remotely and the necessary equipment is available. Otherwise, Antalis has been promoting barrier gestures among employees and providing them with appropriate hygiene facilities. There is uncertainty concerning the long-term effects of the lockdown measures taken by the authorities and implemented by the Group.
- For the moment, it remains difficult to quantify the impact of the pandemic on Antalis' business and financial situation, especially as it is impossible to predict the duration of the health crisis and lockdown measures or how fast the crisis recovery will be. However, as of the date of publication of this report, we have identified:
  - probable impacts on sales, resulting mainly from a slowdown in business with many customers who are themselves facing a slowdown or even a temporary halt in their own activities. The extent of this slowdown will depend on how quickly restrictions are lifted in each country and the pace of economic recovery;
  - a probable slowdown in investment and related projects;
  - an increased risk of late payment or default among certain customers;
  - a risk of impairment losses on certain assets;
  - impacts on the timeline for deploying the Group's new ownership structure described below.

Faced with this unprecedented situation and the associated risks, Antalis implemented all of the measures available to it as soon as possible to limit the impact of the crisis on its profitability and preserve its cash flow. In particular, the Group has implemented the administrative and fiscal measures introduced by national governments in the countries in which the Group is present, such as the payment of temporary unemployment benefit and postponement of taxes and social security contributions.

Depending on how the situation evolves, other impacts that have not yet been identified may come to light. Because the health crisis emerged after the reporting date, no adjustments have been made to these financial statements to reflect its impacts.

Change of ownership and simultaneous refinancing

Thanks to the successful completion of Antalis' search for a new shareholding structure which began in 2019 and included discussions with the financial stakeholders, on 31 March 2020, the Group was able to announce that it had signed a binding put option agreement with Japan-based Kokusai Pulp and Paper Co., Ltd., ("KPP") covering all of the Antalis shares held by Sequana, and a share purchase agreement for all of the Antalis shares held by Bpifrance Participations. These undertakings are linked to an agreement to restructure Antalis' syndicated credit facility, providing for repayment in cash of €100 million of the outstanding facility amount through a new loan granted by a Japanese bank, and a write-off of the remainder (€187 million at 31 December 2019).

On 14 April 2020, Antalis' European Works Council issued a favourable opinion concerning the proposed transaction between Antalis and KPP. This had constituted one of the conditions precedent that needed to be satisfied.

On 22 April 2020, the Supervisory Judge appointed by the Commercial Court of Nanterre authorised the sale of all Antalis shares held by Sequana to KPP. Moreover, on 28 April 2020 and 12 May 2020, respectively, both Bpifrance Participations and Impala Security Solutions B.V. informed the court-appointed liquidator that they were releasing their pledges on Antalis shares held by Sequana.

On 15 May 2020, Sequana notified KPP that it was exercising its put option pursuant to the put option agreement signed on 31 March 2020. Furthermore, on 19 May 2020, Sequana and KPP finalised the share purchase agreement covering the Antalis shares held by Sequana. The transfer of ownership of Antalis shares held by Sequana remains subject to various conditions precedent, including the absence of any appeal against the order of the Supervisory Judge dated 22 April 2020. At this stage, based on the information at its disposal and its discussions with KPP, Antalis believes that the transfer of shares should take place in July 2020.

At the same time as the share purchase agreement was finalised, Antalis and KPP signed an agreement setting out the terms and conditions for a simplified cash tender offer at a price of 0.73 euro per share (the "Offer") to be filed with the French Financial markets authority (*Autorité des marchés financiers*) after the effective transfer of the Antalis shares to KPP and covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital. Upon completion of the Offer, KPP intends to request the implementation of a squeeze-out procedure, provided that all regulatory conditions have been met.

Liquidity of the Group and going concern basis

In this context, Antalis has strengthened its processes for monitoring cash flow and has regularly updated its short and medium-term cash flow forecasts to ensure that it has the resources needed to meet its obligations. The forecasting process is based on an assessment of business conditions by country and underpinned by operational and financial assumptions which, although updated on a regular basis, remain highly uncertain given the scale and unprecedented nature of the current health and economic crisis and its impacts on Antalis' various business sectors and in the countries in which it operates. It should be noted that the second source of liquidity available to the Group – in addition to its syndicated credit facility – is based on the funds generated from the factoring programmes set up in 2015, which currently cover most of its trade receivables in Europe. This source of financing is closely correlated to the Group's sales and the related amounts of trade receivables, and the slowdown in sales observed in most countries in Q1 2020 has automatically led to a reduction in the amounts of available financing. However, the Group has been able to offset a large part of this reduction by the reduction in working capital requirements due to lower levels of business and by using all the cash protection measures deployed in the context of the Covid-19 crisis, as explained previously.

As of the accounts closing date for the annual consolidated and parent company financial statements for 2019, Antalis senior management provided its Board of Directors with the most recent available cash flow forecasts. These indicate that the Group should have sufficient liquidity until Antalis is taken over by its new shareholder. The parties are planning for this to happen in July. KPP has undertaken to provide its new subsidiary with financial support commensurate with its needs once it takes effective control. It has been informed of the amounts required and has indicated that it expects to have sufficient resources to do so by this time. Once it has been set up, this new ownership structure, combined with a complete restructuring of the Group's debt, will provide Antalis with the stable, long-term resources it needs to pursue its long-term development and strategy.

Based on the foregoing and the information available at this date, at its meeting held on 19 May 2020, the Board of Directors approved the consolidated and parent company financial statements on a going concern basis.

There have been no material changes in the Group's financial or commercial position since 31 December 2019, other than those mentioned above.

Note 2

Summary of significant accounting policies

A - General information

Antalis leads the market – particularly in Europe – for the B2B distribution of paper, packaging products and visual communication materials.

Antalis, the Group holding company (known as "Antalis International" until 1 July 2018), is a French public limited company (*société anonyme*) whose registered office is 8, rue de Seine, 92100 Boulogne-Billancourt.

The Group has a global footprint, operating in 39 countries on four continents.

Pursuant to European Regulation (EC) 1606/2002 of 19 July 2002, the Group's consolidated financial statements for 2019 have been prepared in accordance with the IFRSs (International Financial Reporting Standards) adopted for use by the European Union at 31 December 2019.

These standards can be viewed on the European Commission's website.

The consolidated financial statements for year ended 31 December 2019 were prepared using the same accounting principles as those used to prepare the consolidated financial statements for the year ended 31 December 2018, with the exception of the standards described below which were adopted for use by the European Union and applied by the Group from 1 January 2019.

The consolidated financial statements are presented in euros and rounded to the nearest hundred thousand unless otherwise specified. These consolidated financial statements were approved by the Board of Directors on 19 May 2020 on a going concern basis in the context and based on the assumptions described in Note 1.

A1 - Standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 January 2019

- IFRS 16 – Leases

At the inception of a lease that provides for fixed-term payments, IFRS 16 requires the lessee to recognise a liability corresponding to discounted future payments against a right-of-use asset depreciated over the lease term.

The Group has elected to use the modified retrospective transition method which consists in recognising a liability at the transition date equal to the amount of the discounted residual lease payments only, against a matching asset adjusted for the amount of any prepayments or accrued lease expenses. Among the simplifying measures provided for at the IFRS 16 transition date, the Group has elected to exclude leases with a term of less than 12 months and leases where the underlying asset is of low value. At the transition date, because there were very few leases that qualified as finance leases under IAS 17 and their value was not material, such leases were not restated.

The amount of the matching liability is largely dependent on assumptions made in terms of the lease term commitment, and on the discount rate used to a lesser extent. Because of the Group's broad geographical footprint, it encounters diverse legal arrangements when drawing up leases and consequently, Antalis uses a broad range of different lease terms. The lease term generally used when calculating the liability is that stipulated in the agreement initially negotiated, without factoring in early termination or extension facilities, except when conditions deviating from this hypothesis are realistic in terms of operating forecasts and planned use of the sites concerned. If leases fail to stipulate either a term or a termination date, as is the case with property leases in certain countries, in most cases Antalis has elected to use its business plan horizon to measure the residual lease obligation term. Moreover, this four-year maturity at the transition date is relatively close to the average residual terms observable at this date for the Group's other property leases. Sometimes, the Group may sublet part of leased premises to a third party. In such cases, the asset recognised against the Group's lease liability for the sublet portion constitutes a future income receivable and not a right-of-use asset. This receivable is measured using the same basis and presented in financial assets. Concerning the discount rate, the standard states that this should be determined for each lease by referring to the incremental borrowing rate of the contracting entity and Antalis has taken account of how the Group organises its financing which is mostly contracted or guaranteed by the parent company. In practice, the incremental borrowing rate by country has generally been determined based on the terms and conditions of the Group's cash pooling agreement in which most of the subsidiaries participate. This represents the sum of the risk-free rate for the currency in which the agreement is denominated plus a margin based on Antalis SA's weighted average cost of financing to reflect the Group's credit risk and the maturities of existing facilities. When lease terms were considerably different from these maturities, this rate has been adapted to actual lease terms and spread of the currency concerned has also been projected over the corresponding duration.

The Group uses a dedicated IT application for collecting contractual data and performing the discounting and depreciation calculations, and it uses the results of these calculations to record information directly into the accounting journals that generate accounting and financial information in accordance with IFRS 16.

Most of the Group's leases cover storage warehouses used by Antalis for its distribution businesses and commercial and administrative offices located in the different countries in which it has a footprint. Utility and tourism vehicles also represent material lease obligation commitments.

The detailed impact of first-time application of IFRS 16 on the financial statements is presented in Note 11.

When the simplified retrospective transition method is used, the standard does not permit comparative periods to be restated. Given the importance of leasing for the Group's business activities and in order to present comparable financial information, Antalis has excluded the impact of first-time application of IFRS 16 on the key alternative indicators used for internal reporting purposes, i.e., for monitoring performances and calculating financial ratios within the scope of bank covenants, as well as for financial communication purposes.

Whereas the impact of first-time application on Recurring operating income was non-material, this was not the case for EBITDA as defined by Antalis, which now excludes lease liabilities totalling €42 million for 2019. The impact of lease liabilities on consolidated debt is also analysed separately to ensure the comparability of this indicator.

The other standards, interpretations and amendments adopted by the European Union at 31 December 2019 and mandatory for reporting periods beginning on or after 1 January 2019 do not have a material impact on the consolidated financial statements for the years ended 31 December 2019 or 31 December 2018:

- IFRIC 23 – Uncertainty over Income Tax Treatments

A2 - Standards, amendments and interpretations adopted by the European Union and optional in 2019

Antalis did not elect to early-adopt the following standards and interpretations that could concern the Company but were not mandatory for reporting periods beginning on or after 1 January 2019:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of materiality (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

The Group is currently analysing the practical consequences of the application of these standards.

B - Consolidation, recognition and measurement methods

B1 - Consolidation principles

The full consolidation method is used to consolidate entities that are fully controlled directly or indirectly by Antalis. Control is deemed to exist when the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to direct its relevant activities and affect the amount of the investor's returns.

The existence and effect of potential voting rights that are immediately exercisable or convertible are included when calculating the control exercised by the Group.

The Group does not consolidate any joint ventures held under contractual arrangements and does not exercise significant influence over any entities.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are derecognized from the date that control ceases. The results of companies acquired during the year are included in the consolidated income statement for the period subsequent to the date on which control is transferred to the Group.

B2 - Reporting date

The Antalis Group has a 31 December year-end. The consolidated financial statements include the financial statements of subsidiaries at 31 December, restated to comply with Group accounting policies.

B3 - Estimates and valuations

The preparation of financial statements frequently requires Group management to make certain estimates, evaluations and assumptions that they deem to be both realistic and reasonable.

In order to limit uncertainty, these valuations and estimates are reviewed and analysed regularly based on actual data and experience, as well as on other factors deemed relevant in the light of current economic circumstances. The effects of these reviews are recognised immediately.

In recent years the highly volatile economic and financial environment has made forecasting for the various businesses especially difficult and actual results may differ from the estimates and related assumptions used.

Estimates and assumptions that may have a material impact on the assets and liabilities reported in the consolidated financial statements include:

a) Impairment tests on goodwill

Goodwill is tested for impairment at least once a year or if there is an indication that it may be impaired, in accordance with the method described in Note 2B6. The recoverable amount of Cash-Generating Units (corresponding to value in use or fair value) is estimated by discounting future cash flows to present value (see Notes 4 and 5).

An impairment loss is recognised if a CGU's estimated recoverable amount is lower than its carrying amount.

b) Impairment tests on property, plant and equipment and intangible assets

If there is an indication that an impairment loss should be recognised or reversed, the Group tests the item of property, plant and equipment or the intangible asset for impairment in accordance with the method described in Notes 2B7 and 2B8. An impairment loss is recognised if an asset's estimated recoverable amount is lower than its carrying amount. If the recoverable amount is greater than the carrying amount, it is reversed (see Notes 4, 5 and 6).

c) Provisions for pension and other employee benefit obligations

The present value of the Group's pension and other employee benefit obligations depends on the actuarial assumptions at the end of each reporting period – including the rate used to discount the obligations to present value – and any changes in these assumptions will impact their carrying amount.

At the end of each reporting period, the Group determines the rate used to discount employee benefit obligations and the other related assumptions, particularly market conditions, in accordance with the procedures described in Notes 2B14 and 15.

d) Other provisions

These mainly comprise provisions for legal and environmental contingencies as well as restructuring provisions, and they are recalculated at the end of each reporting period based on the Group's assumptions (see Notes 2B15 and 14).

e) Recognition of deferred tax assets

Deferred tax assets relating to tax losses are recognised in accordance with prior-period results and the prospects of recovering these losses based on the Group's budgets and medium-term business plans (three to five years) (see Notes 2B11 and 18). Similarly, deferred taxes arising from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

f) Duration and discounting of lease commitments

These estimates are required following the application of IFRS 16 from 1 January 2019 (see Note A1).

B4 - Inter-company transactions and balances

Inter-company transactions and balances and gains on transactions between Group companies are eliminated in full on consolidation. Losses resulting from intercompany transactions are only eliminated when there is no indication of impairment.

Gains on transactions between the Group and its associates are eliminated based on the Group's interest in the associate and are recognised as a deduction from the investment. Losses are eliminated in the same way only when there is no indication of impairment of the assets concerned.

B5 - Foreign currency translation

Functional currency and presentation currency

The consolidated financial statements are presented in euros, which is the parent company's (Antalis SA) functional and presentation currency.

Translation of transactions denominated in foreign currency

For each Group company, transactions denominated in a currency other than its functional currency are translated using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated into euros at the closing exchange rate. The corresponding foreign exchange gains and losses are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or hedges of net investments in a foreign operation.

Foreign exchange gains and losses on loans or borrowings with a foreign subsidiary which are, in substance, a part of the Group's net investment in that subsidiary are recognised directly in equity until the investment is sold, when they are recycled to the income statement.

Translation of the financial statements of foreign entities

The results and financial positions of all Group companies that have a functional currency different from the presentation currency are translated into euros as follows:

- assets and liabilities for each period presented are translated at the closing rate at the end of each reporting period (except for equity which is stated at historical cost);
- income and expenses and items presented in the statement of cash flows are translated at average exchange rates, unless a specific exchange rate is applicable;
- all resulting exchange differences are recognised as a separate component in shareholders' equity.

When a foreign operation is sold, translation adjustments initially recognised in equity are recycled to the income statement as part of the disposal gain or loss.

B6 - Goodwill

The purchase method of accounting is used for all business combinations carried out by the Group.

Goodwill corresponds to the difference between:

- the cost of the business combination at the acquisition date plus the amount of any non-controlling interests in the acquiree measured at either (i) fair value (using the full goodwill method) or (ii) the share of non-controlling interests in the fair value of the identifiable net assets acquired (partial goodwill method); and
- the net amount of the assets and liabilities acquired at fair value on the acquisition date.

The Group has a preference for the partial goodwill method but may use the full goodwill method if this is more appropriate for a given acquisition.

Initial accounting for a business combination and measurement of the fair values of assets acquired and liabilities assumed must be completed within 12 months of the acquisition date and any subsequent changes are recognised as retroactive adjustments to the provisional amount of goodwill recorded. After the initial 12-month period, any adjustments to goodwill are recognised directly in profit or loss.

Acquisition costs are expensed directly and no longer included in the cost of the business combination.

Contingent consideration or earn-out payments are measured at their fair value at the acquisition date. They are recognised in equity if payment results in the delivery of a fixed number of equity instruments to the acquiree. Otherwise they are recognised in liabilities. Any adjustments after the 12 months following the acquisition are recognised as a receivable or payable with a matching entry in profit or loss.

Goodwill is recognised in assets as part of the carrying amount of the related entity. Negative goodwill is recognised directly in profit or loss.

After initial recognition, goodwill is not amortised but is tested for impairment and carried at cost less any accumulated impairment losses. Impairment testing is performed at least once a year at the reporting date, or more often if events or changes in circumstances indicate that a risk of impairment exists. For the purpose of these tests, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs likely to benefit from the synergies developed within the scope of the business combination and representing the lowest operational level at which the Group monitors the rate of return on investments.

A goodwill impairment loss is recognised when the carrying amount of the CGU (or group of CGUs) to which it is allocated exceeds its recoverable amount. The recoverable amount corresponds to the higher of fair value less costs to sell and value in use (estimated by discounting future cash flows to present value). Any goodwill impairment loss included in the carrying amount of an associate is recognised in profit or loss based on the Group's share in its earnings.

B7 - Other intangible assets

Other intangible assets acquired separately are initially measured at cost. Intangible assets acquired as part of a business combination are initially measured at their fair value at the acquisition date and amortised over their useful life.

Other intangible assets mainly comprise software, which is either acquired or developed in-house. The related costs are only capitalised when they are identifiable as assets and reliably measurable, and when it is probable that future economic benefits will flow to the Group from their use.

Development costs relating to software for internal use are amortised over the estimated useful life of the software, which is generally between three and eight years.

The Group's other intangible assets have finite useful lives and are amortised from the time that they are ready for use. Amortisation is calculated using the straight-line method based on the following estimated useful lives:

- software — 3 to 8 years
- customer relationships — 7 to 11 years

Amortisation methods and useful lives are reviewed at least once a year at year-end and useful lives may be extended if appropriate.

Intangible assets with indefinite useful lives are tested for impairment at least once a year at the reporting date, and whenever there are adverse changes in certain indicators. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses on intangible assets other than goodwill may be reversed.

B8 - Property, plant and equipment

Property, plant and equipment are stated at (historical) cost, less any accumulated depreciation and impairment losses. Cost includes the acquisition cost and all costs directly attributable to the asset's acquisition or development, transfer to the location of use and preparation in order to enable it to operate in the manner intended by management.

Components of property, plant and equipment with different useful lives are recognised separately.

Expenditure related to the replacement or renewal of a component of an item of property, plant and equipment is recognised as a separate asset and the replaced asset is derecognised. Other subsequent expenditure relating to an item of property, plant and equipment is not recognised in assets unless it is probable that the future economic benefits associated with the expenditure will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is expensed as incurred.

With the exception of land, property, plant and equipment are depreciated from the time that the assets are ready for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- buildings — 10 to 40 years
- industrial machinery and equipment — 5 to 20 years
- other property, plant and equipment — 3 to 25 years

Depreciation methods, residual values and useful lives are reviewed at least at the end of each reporting year and more often if there is an indication of impairment.

An impairment loss is recognised if an asset's estimated recoverable amount is lower than its carrying amount. Impairment losses on property, plant and equipment may be subsequently reversed where appropriate.

Non-current assets held under leases are recognised in the statement of financial position under property, plant and equipment. At the inception of the lease, the asset is recognised for an amount equal to the present value of the minimum lease payments.

Non-current assets held under leases are depreciated on a straight-line basis over the lease term. The corresponding lease obligation, net of interest, is recognised as a debt in liabilities.

The restatement of assets and liabilities held under leases does not lead to the recognition of corresponding deferred taxes.

B9 - Non-derivative financial assets

Initial recognition

Purchases and sales of financial assets are recognised on the trade date corresponding to the date on which Antalis commits to purchasing or selling the assets.

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership to another party without retaining control over the asset.

Financial assets are initially recognised in the statement of financial position at fair value plus transaction costs directly attributable to the purchase or issue of the asset (except for financial assets at fair value through profit or loss, whose transaction costs are recognised in profit or loss).

A financial asset is classified as "current" when the cash flows expected to be derived from the instrument are due within 12 months after the end of the reporting period.

Subsequent measurement

At initial recognition, the Antalis Group classifies financial assets into one of the four categories provided for in IFRS 9 – Financial Instruments: Recognition and Measurement, depending on the purpose for which they were acquired. The assets are subsequently measured at amortised cost or fair value depending on their classification.

Amortised cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the amount payable at maturity.

The fair value of instruments quoted in an active market corresponds to their quoted market price. The fair value of instruments that are not quoted in an active market is determined using valuation techniques including recent arm's length market transactions, reference to a transaction that is substantially the same, or discounted cash flows and option pricing models, using data inputs based on observable market transactions wherever possible. If it is impossible to reliably estimate the fair value of an equity instrument it is stated at historical cost.

The categories of financial assets used by the Group are as follows:

- held-to-maturity investments: non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold until maturity. They are measured at amortised cost and any impairment losses are recognised through profit. For the Group, held-to-maturity investments comprise security deposits, seller loans and certain financial loans;
- loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include short-term loans and trade receivables and are measured at amortised cost using the effective interest method. If they are impaired, an impairment loss is recognised through profit;
- financial assets at fair value through profit or loss: financial assets that are acquired or originated principally for the purpose of selling in the short term. They are marked to market and valuation gains and losses are recognised in profit or loss. This category includes cash and cash equivalents and certain non-consolidated investments;
- available-for-sale financial assets: non-derivative financial assets that are not classified in any of the other categories. They are marked to market and valuation gains and losses are recognised in equity. They include other non-consolidated investments and marketable securities. When available-for-sale financial assets are sold or impaired, cumulative changes in fair value previously recognised in equity are transferred to the income statement. The Group did not have any assets belonging within this category on its books at 31 December 2019.

A provision for impairment is recognised through the income statement if there is an objective indication of impairment, or if there is a risk that the Group will not be able to collect the contractual amounts due (principal plus interest) at the contractual payment dates. The amount of this provision is equal to the difference between the asset carrying amount and the value of estimated recoverable future cash flows, discounted using the initial effective interest rate.

B10 - Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is based on their estimated market value under normal business conditions less costs to sell.

Inventories are measured using the "Weighted Average Cost" (WAC) method or the "First in-First out" (FIFO) method.

Inventories primarily include goods for resale, which are measured based on all purchase costs less any supplier discounts and rebates, and any other costs incurred in bringing the inventories to their present location and condition, mainly duties and taxes and logistics and transportation costs. Borrowing costs are not included in the cost of inventories.

If net realisable value is less than the carrying amount, an impairment loss provision is recognised for the difference. The Group may recognise impairment against obsolescent, damaged or slow-moving inventories.

B11 - Income tax

Current tax is the estimated amount of income tax due on the taxable profit or loss for the period and includes prior-period adjustments.

Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes are calculated for all deductible or taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The following items do not give rise to deferred taxation:

- recognition of goodwill;
- temporary differences on investments in subsidiaries when these will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if they relate to the same tax consolidation group.

The levy based on French subsidiaries' "value added" (*cotisation sur la valeur ajoutée des entreprises – CVAE*) complies with the definition of an income tax provided in IAS 12 – Income Taxes, and is recorded in "Income tax benefit (expense)".

B12 - Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, certain highly liquid marketable securities that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value with maturities of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts appear under "Short-term debt" in current liabilities.

Short-term investments are marked to market at the end of each reporting period.

B13 - Derivative financial instruments and hedging

The Group uses forward contracts and options on foreign currencies to hedge its exposure to risks from exchange rates arising as a result of its operating and financial activities. Derivatives are initially recognised at fair value and are subsequently remeasured at fair value at the end of each reporting period. Changes in fair value are recorded in profit or loss under either financial income or expenses, or current operating income and expenses, depending on the type of instrument, except for the following instruments that qualify for hedge accounting under IFRS:

- cash flow hedges: changes in the fair value of the effective portion of a derivative that is designated and qualifies as a cash flow hedge are recognised directly in equity. Amounts accumulated in equity are recycled to the income statement during the period in which the hedged item affects profit (for example, when a planned sale actually takes place) or when the Group no longer expects the hedged forecast transaction to occur. The gain or loss relating to the ineffective portion of the hedge is recognised in the income statement in financial income or expenses. When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the cumulative fair value adjustments on the hedging instrument that were previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned;
- fair value hedges: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss under the same caption as any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk;
- hedges of net investments in foreign operations: any fair value gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the foreign operation is divested, gains and losses accumulated in equity are transferred to the income statement under the same caption as the disposal gain or loss.

B14 - Provisions for pension and other employee benefit obligations

Antalis and its subsidiaries provide their employees with different types of supplementary employee benefit plans. The specific characteristics of these plans vary depending on the laws, regulations and practices applicable in each of the countries where the Group's employees work.

The plans that have been set up are either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate organisation which frees the employer from all future legal or constructive obligations in the event that plan assets are not sufficient to cover the amounts due to the employees. Therefore, apart from the expense relating to the contributions paid to such organisations, no other related liability is carried in the Group's books.

Defined benefit plans are all post-employment benefit plans other than defined contribution plans. The Group has an obligation to set aside provisions for the future benefits due to its active employees and to pay the benefits of its retired employees. The actuarial risk and investment risk relating to these plans are borne in substance by the Group.

Pension and other post-employment benefit obligations are measured in accordance with the projected unit credit method. The amount of the related provision is calculated on an individual basis using assumptions in terms of life expectancy, employee turnover, increases in salaries, increases in annuities, increases in medical costs and discounting of future sums payable. The specific assumptions for each plan take account of the local economic and demographic circumstances.

According to Revised IAS 19, the rate used to discount employee benefit obligations should be determined by reference to market yields on corporate bonds issued in the monetary zone in question, with maturities similar to the corresponding obligations, and rated "high quality" by the established rating agencies.

Antalis uses the Markit iBoxx indices for the euro and sterling zones. These indices are calculated daily for quite a comprehensive range of bond maturities and ratings and each bond in the index basket complies with specific rating, maturity and liquidity criteria.

The bonds in the basket are weighted according to their amount. Markit updates all of the bonds in the index baskets every month based on any changes to residual maturities or to credit ratings.

Defined benefit plans are sometimes funded by external plan assets. The expected rate of return on the plan assets is calculated using the same discount rate as that used to measure pension benefit obligations and any difference between expected and actual returns is recognised in "Other comprehensive income".

The amount recognised in respect of defined benefit pensions and other long-term benefits is the present value of the projected benefit obligation at the end of the reporting period less the fair value of plan assets. If the result of this calculation is a net commitment, this is recognised as a liability. If the calculated amount is a surplus, the amount of the recognised asset is capped in line with the guidance provided under IFRIC 14 in respect of the limits on defined benefit assets.

Actuarial gains and losses arising on pension benefit obligations, defined as changes related to experience adjustments and actuarial assumptions, are recognised directly in "Other comprehensive income". Actuarial gains and losses arising on other long-term benefits are recognised immediately in profit or loss.

Past service costs within the meaning of Revised IAS 19 are also taken to the income statement:

- gains on changes to pension plans, as a result of a reduction in beneficiary rights or conversions to a defined contribution plan (settlements), are recognised in "Current operating income";
- gains resulting from restructuring measures which lead to staff reductions and therefore a reversal of provisions relating to pension benefit obligations for the employees concerned (curtailments), are recognised in other operating income and expenses.

Defined benefit plans can give rise to the recognition of provisions and mainly concern:

a) pension benefit obligations:

- pension annuity plans;
- lump-sum payments on retirement;
- other pension obligations and supplementary pensions.

b) other long-term benefits:

- long-service awards;
- early retirement plans.

c) other employee benefits:

- healthcare plans;
- employee incentive and/or profit-sharing plans.

B15 - Other provisions

A provision is recognised when the Group has a present obligation (legal or constructive) arising from a past event, whose amount can be estimated reliably, and whose settlement is expected to result in an outflow of resources embodying economic benefits for the Group.

These mainly comprise provisions for restructuring as well as specific conditions attached to certain property leases: this is the case notably in the United Kingdom where leases sometimes contain an obligation for tenants to restore leased buildings to their former condition before vacating them. In such cases, the Group records a provision for the amount of the estimated cost of the work based on the gradual deterioration of the premises, against a matching charge.

Provisions are discounted where the effect of the time value of money is material.

A restructuring provision is recognised when the Group has approved a detailed formal plan for the restructuring and has either started to implement the plan or has publicly announced its main features. Other provisions relate to contingencies and expenses that have been specifically identified.

B16 - Debt

Interest-bearing debt is recognised at cost, which corresponds to the fair value of the amount received less directly attributable transaction costs. Debt is subsequently recognised at amortised cost. The difference between the cash received (less directly attributable transaction costs) and the redemption value is taken to profit based on the effective interest rate over the duration of the borrowings.

Debt is classified as a current liability unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

When a loan is recognised initially, any directly attributable transaction costs are deducted from the fair value if the borrowings are recognised at amortised cost and then factored into the effective interest rate.

Net debt is an important indicator for the Group. It is the sum of short and long-term debt, less cash and cash equivalents. A breakdown is provided in Note 17, "Financial instruments".

B17 - Trade and other payables

Trade and other payables are initially recognised at fair value which in most cases corresponds to their nominal amount.

B18 – Operating income and expenses

- The Group's sales arise mainly from sales of goods and services by subsidiaries, including sales made via the Group's e-commerce websites. Sales are measured at the fair value of the consideration received or receivable in this respect, net of sales tax, and less any trade or volume discount granted, goods returned and intragroup sales. Revenue is recognised in "sales" when the risk and rewards inherent to ownership of the goods have been transferred to the purchaser.
- Gross margin equals sales less the cost of goods and services sold, supplier rebates and cash discounts and the impact of movements in provisions on goods for resale inventories.
- Other selling, general and administrative expenses include all of the Group's logistics, general and sales and marketing costs, and include depreciation and amortisation. This line item includes:
  - communication and marketing expenditure;
  - product transportation costs;
  - distribution centre costs, excluding lease payments (rental charges and maintenance costs);
  - IT expenditure;
  - depreciation and amortisation of property and right-of-use assets;
  - provisions for bad debts;
  - Group head office costs;
  - other general expenses such as rents not covered by IFRS 16, professional fees, travel costs, telecommunications and other ordinary operating costs, insurance, supplies, taxes other than income tax and subcontracting costs.

B19 - Operating income and current operating income

Pursuant to Recommendation 2013-03 of the ANC (France's national accounting standards body) of 7 November 2013, the Group defines the two indicators that it discloses in its consolidated income statement as follows:

- "Operating income" corresponds to all income and expenses that are not related to financing activities and income taxes.
- "Current operating income" is equal to "Operating income" less "Other operating income and expenses, net" (see the definition in Note B20).

The Group considers "EBITDA" to be a meaningful indicator of its operating performance, including at the level of each of its operating segments.

"EBITDA" is equal to "Current operating income", excluding net changes in depreciation, amortisation and provisions related to operating activities.

This indicator is also used to calculate certain ratios (covenants), particularly those tested within the scope of the Group's main borrowing agreements.

B20 - Other financial income and expenses, net

Other operating income and expenses presented separately from current operating income comprise:

- gains or losses on disposals of property, plant and equipment and intangible assets;
- impairment losses on goodwill, intangible assets and property, plant and equipment;
- restructuring expenses, net of reversals of corresponding provisions;
- additions to provisions for certain material claims and litigation;
- more generally, other items whose unusual and infrequent nature mean that they affect the reading of the Group's economic performance when they are material.

B21 - Net financial income (loss)

Net financial income (loss) includes the following two items:

Cost of net debt, which includes:

- income from the investment of cash and cash equivalents and net gains made on their sale;
- interest on debt calculated using the effective interest method, the financial expense arising on discounting non-current liabilities and the costs of early repayment of borrowings or of cancellation of credit facilities;
- interest calculated on lease liabilities;
- foreign exchange gains and losses;
- changes in the fair value of hedging derivatives related to components of net debt.

Other financial income and expenses, which include:

- dividends;
- changes in the fair value of derivatives related to financial assets;
- bank charges and other financial fees and commissions.

B22- Earnings per share

Basic undiluted earnings per share are calculated by dividing net income attributable to owners by the average number of shares outstanding during the year. The Group has not issued any dilutive instruments.

B23 - Segment reporting

Pursuant to IFRS 8, the operating segments reported correspond to the reporting basis used in the internal reports that are regularly reviewed by the Group's operating decision makers (the Chief Executive Officer assisted by members of the Executive Committee).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision maker, and for which discrete financial information is available. Each operating segment is tracked individually for internal reporting purposes based on performance indicators used for all segments.

The segments presented for the purpose of segment reporting correspond to operating segments or groups of operating segments. These correspond to regions composed of countries in which Antalis does business through its distribution subsidiaries.

- The "Main European Geographies" segment includes Antalis' business activities in Germany, Austria, France, the UK and Ireland;
- The "Rest of Europe" segment includes Antalis' business activities in most other European countries in which the Group operates (namely Benelux countries, Spain and Portugal, Eastern Europe, Scandinavia and Switzerland).
- The "Rest of the World" segment includes Antalis' business activities in all the other countries in which the Group operates (namely Chile and South-East Asia and Southern Africa until October 2019).

Management data used to assess a segment's performance is drawn up in accordance with IFRS as applied by the Group to prepare its consolidated financial statements.

Segment assets are the operating assets used by a segment in the context of its activities. They include attributable goodwill, property, plant and equipment and intangible assets as well as most current assets attributable to the segment (inventories and receivables).

Segment liabilities are liabilities which the Group considers are attributable to a segment in the context of its operating activities. They include provisions and most attributable current liabilities (trade payables and other operating liabilities).

Working capital shown for each segment represents attributable current assets less attributable current liabilities.

In addition to geographical segments, the Group also analyses its revenues and operating results by type of product distributed:

- Papers: this market includes the distribution of paper for publishing and corporate communication purposes to printers, graphic designers and publishers, and the distribution of office paper to private and public-sector companies and to resellers;
- Packaging: in this business sector, the Group distributes packaging products and solutions used to package and protect goods during storage and transportation;
- Visual Communication: in this business sector, the Group distributes visual communication materials to digital printers and manufacturers of signage systems for advertising campaigns and for the interior decoration of professional and private spaces.

B24 - Statement of cash flows

The statement of cash flows is prepared in accordance with IAS 7, using the indirect method based on consolidated operating income. Non-cash items are eliminated or offset and cash flows are broken down into three categories:

- cash flows from operating activities (including income taxes); this category, which includes "Gross operating cash flow", included the cash impact of lease payments until 2018. This is now presented in cash flows from financing activities in line with the change in the accounting treatment of leases effective from 1 January 2019;
- cash flows from investing activities (including acquisitions and disposals of subsidiaries and property, plant and equipment and intangible assets);
- cash flows from financing activities, which most notably present the impact of changes in drawdowns on revolving credit facilities and the issue or repayment of loans. In accordance with the option proposed by IAS 7, the Group has chosen to also present outflows relating to the cost of net debt (mainly interest) in this category, considering it to be the most appropriate classification.

Note 3

Changes in scope of consolidation

Acquisitions

2019

The Group did not carry out any major acquisitions in 2019.

The minority shareholders of TFM in Peru – of which Antalis acquired 70% in 2016 – exercised the put option granted to them under the terms of the initial transaction. The impact of this transaction on equity and income attributable to owners for the period was non-material.

2018

Acquisitions within the Group's operational reporting scope

Antalis acquired the Swedish packaging products distribution business of Alos (annual sales of around €6 million), and in Q2 2018, it acquired Igepa's paper distribution business in Sweden and Norway (annual sales of approximately €10 million).

Both operations took the form of an acquisition of the business assets and related operating working capital, essentially comprising inventories. Provisional purchase price allocation resulted in the recognition of goodwill of approximately €1.8 million on the books of Alos, whereas negative goodwill of less than €1 million was recognized against the assets of Igepa in the income statement. The final allocation of the purchase price to assets and liabilities acquired, within 12 months of the acquisition date in accordance with IFRS 3R, did not result in any adjustments to the initial amount of the goodwill.

These two businesses contributed €10 million to sales and €1 million to current operating income for 2018.

Legal transfer of pension rights

As part of the process of Antalis becoming a standalone company, in December 2018, the Company purchased Arjowiggins' UK subsidiary which is a member of APS (Antalis Pension Scheme) for which Antalis is the main employer from a legal standpoint. Obligations for this fund were previously split between Antalis and Arjowiggins in proportion to the number of plan beneficiaries, most of who work in Arjowiggins' UK mills. This subsidiary is now known as Antalis Services Ltd and it carries over half of the fund's accounting assets and liabilities on its books. For a number of years, the value of plan assets has exceeded the value of the accrued benefit obligation under IFRS (see also Notes 5 and 15).

In spite of this surplus, which is reflected as a net asset carried in the consolidated financial statements, each year Antalis makes contributions required by the fund trustees to pay off the "fund deficit" as measured by them. In light of this payment obligation encumbering the interest in the entity acquired by Antalis, the sale price was considerably less than the entity's net carrying amount, essentially comprising the share in plan assets recognised under IFRS.

Consequently, the Group recognised negative goodwill for this operation in the consolidated income statement for the year under other operating income, for an amount of approximately €17 million.

The impact of acquisitions on the statement of financial position can be summarised as follows:

(€ millions)	Acquisitions in 2018
Purchase price (i)	4.2
Pension plan assets	20.0
Working capital requirements	3.6
Provisions	(0.2)
Other assets (liabilities), net	(3.6)
Net assets acquired (ii)	19.8
Calculation of net goodwill (i-ii)	(15.6)

Disposals

2019

The Group did not carry out any major disposals in 2019.

2018

The Group's Southern African subsidiaries (Antalis South Africa Pty Ltd and Antalis Botswana Pty Ltd) were sold in early October 2018 generating a loss on disposal of approximately €9 million. These two businesses contributed €45 million to consolidated sales and €0.5 million to consolidated current operating income for the year through to the date on which the Group relinquished control.

Note 4

Measurement of impairment losses

Acquisitions

Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis, or more frequently if there is an indication that they may be impaired. Property, plant and equipment and other intangible assets with finite useful lives are only tested for impairment if there is an indication that an impairment loss should be recognised or reversed.

For impairment testing purposes, assets are allocated to cash-generating units (CGUs), defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other groups of assets. Goodwill is tested at the level of the CGUs likely to benefit from the synergies developed within the scope of the business combination resulting from the acquisition.

The impairment test compares the carrying amount of the CGU or group of CGUs (including any allocated goodwill) to their recoverable amount, which is the observable market price on an organised market. If no observable market data is available, the recoverable value is deemed to be the value in use, which is determined based on estimates and assumptions. In light of the current highly volatile economic and financial environment, actual future results may differ significantly from forecasts.

Key assumptions used in impairment testing of goodwill:

- Cash flow projections taken from the four-year business plan which reflect expected changes in volumes, selling prices, direct costs and investments over the period, calculated using historical financial data and assumptions concerning market growth and earnings, as well as trends forecast for the period in question in the medium- to long-term business plan. In certain cases, business plan forecasts have been revised downwards to reflect uncertainty over the market outlook related to the tough current economic climate.
- A terminal value calculated by extrapolating the most recent cash flows included in the business plan using a steady long-term growth rate for cash flows beyond the period covered by the plan that is considered appropriate for the market in which the CGU operates. The indefinite growth rates used to calculate the terminal values are determined conservatively in line with factors such as average inflation in the markets in which the CGU or group of CGUs generate their sales.
- Forecast discounted cash flows calculated by reference to a rate based on the Antalis Group's weighted average cost of capital, in the absence of a specific discount rate for the asset being tested. These discount rates are post-tax rates and they vary depending on the country or geographical area in which the CGU is located. They generally correspond to the risk-free rate plus a country and sector-specific risk premium. Other risks are factored into the cash flow projections in the business plans. Discount rates for each monetary zone were determined based on yields on high quality corporate bonds rated BBB with a maturity of ten years.
- For the tests conducted at 31 December 2019, the Group opted to use allowed alternative treatment to reflect the lack of visibility concerning the impacts of IFRS 16: i.e., right-of-use assets are excluded from the carrying amount of the CGUs tested, whereas lease payments continue to be included in the cash flow projections used to determine their recoverable value.

Indefinite growth and discount rates used for impairment testing in the key geographical areas were as follows:

Key assumptions used in impairment calculations for Antalis	Post-tax discount rates		Long-term growth rate	
	2019	2018	2019	2018
France	7.00%	7.00%	-1.50%	0.00%
United Kingdom and Ireland	9.00%	7.50%	-1.50%	0.00%
Industrial Packaging	6.75%	6.00%	1.00%	1.00%
Switzerland	6.00%	6.00%	-1.50%	0.00%
Scandinavia	6.00%	6.00%	-1.50%	0.00%
Poland	8.00%	8.00%	-1.00%	0.00%
Czech Republic	8.75%	7.50%	1.00%	1.00%
Baltic States, Finland, Russia	8.00%	6.75%	0.00%	0.00%
Latin America	9.20%	9.25%	0.00%	1.50%
Benelux countries	6.75%	6.00%	-1.50%	0.00%
Hungary	10.00%	10.00%	-1.00%	0.00%
Asia	8.00%	8.50%	-1.00%	0.00%
Spain and Portugal	6.75%	6.00%	-1.50%	0.00%

Goodwill

In 2019, impairment testing led the Group to book additional impairment expense of €15 million comprising:

- residual goodwill in the South America CGU written down in an amount of €7 million in H1 2019; and
- partial write-down of goodwill allocated to the Poland & Finland, Baltic countries & Russia CGUs (€4 million each). This impairment results from a less favourable outlook for these two regions which have traditionally used high discount rate assumptions.

Property, plant and equipment and intangible assets

Impairment testing of these assets led the Group to book impairment expenses totalling €6.4 million, mainly on the following two CGUs:

- Benelux (€3.4 million, recognised in H1 2019); and
- Hungary (€2.5 million).

Testing sensitivity to key assumptions

Measurement of Group assets allocated to CGUs or a group of CGUs is subject to changes in the key assumptions used to calculate their value in use.

The biggest material impact for the Group concerned goodwill allocated to CGUs for Poland, the Baltic countries, Finland and Russia and to the South America CGU where goodwill has now been written down in full as indicated previously.

Sensitivity to the after-tax discount rate

At 31 December 2019, 1 basis point % increase in the after-tax discount rate would generate additional impairment expense of €7.2 million on these three CGUs.

Sensitivity to the long-term growth rate

A 1 basis point % decline in the long-term growth rate assumption (which would mean negative growth for most CGUs) would generate additional impairment expense of €2.5 million (only on Poland and the Baltic countries, Finland and Russia).

Combined sensitivity to the after-tax discount rate and to the long-term growth rate

A 1 basis point % increase in the after-tax discount rate coupled with 1 basis point % decline in the long-term growth rate would generate additional impairment expense of €9.9 million for these three areas.

Sensitivity to operating cash flow

At 31 December 2019, a 5% decline in operating cash flow in the Group's main CGUs over the period of the business plan would generate additional impairment expense of €2.6 million.

Breakeven analysis

The following table analyses percentage changes in each of the key variables in isolation and presents the increases/decreases necessary for the estimated recoverable amount of the Group's main cash-generating units (CGUs) or groups of CGUs to be equal to their carrying amount if and when the estimated recoverable amount is greater than the carrying amount. Changes in each variable are only shown if they are realistic from an economic perspective:

Breakeven for key assumptions	Test margin (€ millions)	Increase in discount rate needed for recoverable amount to be equal to carrying amount (points)	Decrease in long-term growth rate needed for recoverable amount to be equal to carrying amount (points)	Decline in operating cash flow needed for recoverable amount to be equal to carrying amount (%)
United Kingdom and Ireland	10.0	1.8 points	n/a	-11%
Spain and Portugal	4.6	3.0 points	n/a	-25%
Scandinavia	8.8	6.3 points	n/a	-31%
Czech Republic	2.4	3.9 points	-8.9 points	-34%
Romania	1.6	2.8 points	n/a	-22%
Latin America	2.2	0.6 points	-3.1 points	-5%

Note 5
Goodwill and other intangible assets

Goodwill

(€ millions)	2019	2018
Balance at 1 January		
Gross amount	256.4	239.9
Accumulated impairment	(136.4)	(98.8)
CARRYING AMOUNT	120.0	141.1
First-time consolidated subsidiaries[1]	-	1.8
Translation adjustments	1.8	(1.0)
Impairment losses[2]	(15.0)	(22.0)
Balance at 31 December		
Gross amount	257.4	256.4
Accumulated impairment	(150.6)	(136.4)
CARRYING AMOUNT	106.8	120.0

(1) *See Note 3.*
(2) *See Note 4.*

Impairment losses are shown in the income statement under "Other operating expenses".

Goodwill can be analysed as follows by CGU broken down by geographical segment as of 31 December:

(€ millions)	31/12/2019	31/12/2018
France	11.7	11.7
United Kingdom	26.0	24.8
Germany/Austria - Industrial packaging	26.6	26.6
Switzerland	9.2	8.8
Central and Eastern Europe	8.6	12.5
Baltic States, Finland, Russia	20.4	24.4
Nordic Countries	4.2	4.2
South America	-	7.0
CARRYING AMOUNT – GOODWILL	106.7	120.0

Other intangible assets

(€ millions)	Brands, licences & patents	Software	Other	Total
At 1 January 2018				
Gross amount	13.8	138.6	18.7	171.1
Accumulated amortisation and impairment	(10.1)	(109.0)	(10.3)	(129.4)
CARRYING AMOUNT	3.7	29.6	8.4	41.7
Capital expenditure[1]	-	11.5	0.7	12.2
Amortisation[2]	(1.2)	(10.6)	(1.0)	(12.8)
Impairment losses	-	(0.1)	-	(0.1)
Translation adjustments	(0.1)	(0.1)	-	(0.2)
Reclassifications and other movements	-	2.7	(0.7)	2.0
At 31 December 2018				
Gross amount	13.4	153.0	18.4	184.8
Accumulated amortisation and impairment	(11.0)	(120.0)	(11.0)	(142.0)
CARRYING AMOUNT	2.4	33.0	7.4	42.8
Capital expenditure[1]	0.6	7.3	0.7	8.6
Amortisation[2]	(0.5)	(11.5)	(1.0)	(13.0)
Impairment losses	-	(0.9)	(0.3)	(1.2)
Translation adjustments	-	0.1	-	0.1
Reclassifications and other movements	-	3.2	(2.2)	1.0
At 31 December 2019				
Gross amount	14.0	162.9	17.0	193.9
Accumulated amortisation and impairment	(11.5)	(131.7)	(12.4)	(155.6)
CARRYING AMOUNT	2.5	31.2	4.6	38.3

(1) *This item corresponds to acquisitions and internally-generated non-current assets in the respective amounts of €1.5 million and €10.7 million in 2019 (2018: €3.8 million and €7.8 million, respectively).*

(2) *The amortisation expense recorded in the income statement in respect of ordinary items is shown in "Other selling, general and administrative expenses".*

The Group's capitalised research and development expenses are non-material.

Note 6
Property, plant and equipment

(€ millions)	Land	Buildings	Machinery & equipment	Other	Total
At 1 January 2018					
Gross amount	2.4	41.7	60.0	58.8	162.9
Accumulated depreciation and impairment	-	(26.7)	(46.9)	(47.0)	(120.6)
CARRYING AMOUNT	**2.4**	**15.0**	**13.1**	**11.8**	**42.3**
Capital expenditure	-	0.3	2.0	4.8	7.1
Disposals	(0.3)	(0.1)	-	(0.1)	(0.5)
Depreciation[(1)]	-	(1.1)	(2.6)	(3.7)	(7.4)
Impairment losses	-	-	-	(0.4)	(0.4)
Reclassifications	0.7	(0.5)	(1.0)	(1.1)	(1.9)
Translation adjustments	(0.1)	(0.4)	(0.1)	0.1	(0.5)
At 31 December 2018					
Gross amount	2.7	39.3	59.5	56.0	157.5
Accumulated depreciation and impairment	-	(26.1)	(48.1)	(44.6)	(118.8)
CARRYING AMOUNT	**2.7**	**13.2**	**11.4**	**11.4**	**38.7**
Capital expenditure	-	0.5	1.6	2.7	4.8
Disposals[(2)]	-	(0.3)	(0.1)	(0.1)	(0.5)
Depreciation[(1)]	-	(1.1)	(2.6)	(3.2)	(6.9)
Impairment losses	-	(3.5)	(1.8)	(0.9)	(6.2)
Reclassifications	-	1.3	(0.1)	(0.4)	0.8
Translation adjustments	-	(0.1)	0.1	(0.1)	(0.1)
At 31 December 2019					
Gross amount	2.7	40.6	61.0	55.2	159.5
Accumulated depreciation and impairment	-	(30.5)	(52.6)	(46.0)	(129.1)
CARRYING AMOUNT	**2.7**	**10.1**	**8.4**	**9.2**	**30.4**

(1) The depreciation expense recorded in the income statement in respect of ordinary items is shown in "Other selling, general and administrative expenses". Impairment losses and reversals are included in "Other operating income and expenses, net" and analysed in Note 4 "Measurement of impairment losses".

(2) Sale of a building in Peru in 2018.

Note 7
Financial assets

Analysis of financial assets carried in the statement of financial position

(€ millions)	31/12/2019	31/12/2018
Non-current financial assets	5.6	5.9
Current financial assets	2.8	3.0
TOTAL FINANCIAL ASSETS	8.4	8.9
Gross amount	8.8	9.6
Provision for impairment in value	(0.4)	(0.7)

Movements in gross amount during the year

(€ millions)	31/12/2019	31/12/2018
OPENING BALANCE	9.6	8.7
Increases[1]	1.4	4.4
Decreases and disposals[2]	(3.0)	(3.4)
Other movements	0.5	-
Translation adjustments	-	(0.1)
CLOSING BALANCE	8.5	9.6

[1] *In 2019, the increase corresponds mainly to future income from subleases recognised here in accordance with first-time application of IFRS 16, as described in Note 2.*

[2] *In 2019, this heading included notably the impact of the disposal of a minority stake in a non-consolidated entity.*

Maturity of non-current financial assets

(€ millions)	31/12/2019	31/12/2018
1 to 5 years	4.6	3.6
More than 5 years	1.0	2.3
CLOSING BALANCE	5.6	5.9

Analysis by type of financial asset at year-end

	Non-current financial assets		Non-current financial liabilities	
(€ millions)	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Held-to-maturity investments	5.5	4.4	2.8	3.0
Deposits and guarantees	5.5	4.4	2.8	3.0
Financial assets recognized at fair value	0.1	1.5	-	-
Non-consolidated investments	0.1	1.5	-	-
CLOSING BALANCE	5.6	5.9	2.8	3.0

Note 8
Inventories

(€ millions)	31/12/2019	31/12/2018
Raw materials and other supplies	0.9	1.3
Semi-finished and finished goods	0.3	0.4
Goods held for resale	173.9	192.5
CARRYING AMOUNT	175.1	194.2
Gross amount	187.1	204.1
Provision for impairment in value	(12.0)	(9.9)

Note 9
Other assets

Breakdown by type

(€ millions)	31/12/2019	31/12/2018
OTHER NON-CURRENT ASSETS	75.0	59.6
Defined benefit pension plans with a net surplus(1)	74.4	57.0
Tax credits and current tax receivables	0.6	2.6
Trade receivables	317.6	369.5
Gross amount	330.7	384.8
Provision for impairment in value	(13.1)	(15.3)
OTHER RECEIVABLES	61.9	71.0
Tax credits and current tax receivables	5.1	5.4
Indirect tax receivables	5.8	7.7
Receivables on disposals of non-current assets	3.9	4.6
Advances to suppliers	3.1	4.1
Other current receivables(2)	44.0	49.2

(1) *The year-on-year change is attributable to actuarial gains (see Note 15).*

(2) *Most of this caption relates to accrued trade discounts receivable from Antalis' suppliers of paper for products distributed by the Group pursuant to the terms and conditions in force.*

Movements in provisions for impairment

	31/12/2019	31/12/2019	31/12/2018
(€ millions)	Trade receivables	Other receivables	Trade receivables
OPENING BALANCE	(15.3)	(4.6)	(17.8)
Net (additions to)/reversals of impairment provisions	2.2	1.6	2.0
Translation adjustments	(0.1)	-	0.2
Changes in scope of consolidation	-	-	0.3
CLOSING BALANCE	(13.2)	(3.0)	(15.3)
Of which, current	(13.2)	(3.0)	(15.3)
Of which, non-current portion	-	-	-

Maturity of other assets (net)

(€ millions)	Total	Less than 1 year	1 to 5 years	More than 5 years
At 31 December 2019				
Other non-current assets	75.0	-	0.6	74.4
Trade receivables	317.6	317.6	-	-
Other receivables	61.9	61.9	-	-
At 31 December 2018				
Other non-current assets	59.6	-	0.7	58.9
Trade receivables	369.5	369.5	-	-
Other receivables	71.0	71.0	-	-

Note 10

Cash and cash equivalents

(€ millions)	31/12/2019	31/12/2018
Cash on hand	164.6	124.9
Cash equivalents	0.1	0.1
CLOSING BALANCE	164.7	125.0

Cash and cash equivalents at 31 December 2019 and at 31 December 2018 only include debit bank balances or liquid, risk-free marketable securities.

Note 11

Right-of-use assets and lease liabilities

Lease liabilities recognised at 1 January 2019, upon first-time application of IFRS 16, totalled €127.6 million, and corresponded to the present value of lease commitments under eligible leases at that date.

The average discount rate used at the transition date was around 7.5%.

Right-of-use assets on the same date amounted to €129.2 million and comprised the assets corresponding to the lease liabilities recognised, adjusted for miscellaneous receivables and payables on leases that had been recognised on the books at 31 December 2018.

Impact on the opening statement of financial position

(€ millions)	31/12/2018	Impact of first-time application	31/12/2019
Non-current assets			
Goodwill	120.0	-	120.0
Other intangible assets	42.8	-	42.8
Property, plant and equipment	38.7	-	38.7
Right-of-use to leased assets	-	129.2	129.2
Other non-current assets	72.1	-	72.1
Non-current assets	273.6	129.2	402.8
Current assets	762.7	(1.7)	761.0
TOTAL ASSETS	1,036.3	127.5	1,163.8

(€ millions)	31/12/2018	Impact of first-time application	31/12/2019
Equity			
Shareholders' equity	112.7	-	112.7
Non-controlling interests	0.7		0.7
TOTAL EQUITY	113.4	-	113.4
Non-current liabilities			
Provisions	42.7	-	42.7
Long-term debt	257.9	95.3	353.2
Deferred tax liabilities	0.8		0.8
Total non-current liabilities	301.4	95.3	396.7
Current liabilities			
Provisions	11.4	-	11.4
Short-term debt	154.9	32.3	187.2
Other current liabilities	455.2	(0.1)	455.1
Total current liabilities	621.5	32.2	653.7
TOTAL EQUITY AND LIABILITIES	1,036.3	127.5	1,163.8

Impact on the income statement

	Income statement at 31 December 2019		
(€ millions)	Reported	Of which: impact of IFRS 16	At constant accounting methods
Sales	2,074.1	-	2,074.1
Gross margin	505.6	-	505.6
Personnel expenses	(248.2)	-	(248.2)
Other selling, general and administrative expenses	(221.8)	4.5	(226.3)
Current operating income	35.6	4.5	31.1
Other operating income	0.4	-	0.4
Other operating expenses	(58.4)	-	(58.4)
Other operating income and expenses, net	(58.0)	-	(58.0)
Operating income (loss)	(22.4)	4.5	(26.9)
Cost of net debt	(43.6)	(8.3)	(35.3)
Other financial income and expenses, net	(2.5)	-	(2.5)
Net financial income (expense)	(46.1)	(8.3)	(37.8)
Income tax benefit (expense)	(7.4)	-	(7.4)
NET INCOME (LOSS)	(75.9)	(3.8)	(72.1)

Off-balance sheet commitments

First-time application of IFRS 16 also had a material impact on the amount of commitments that were previously presented off balance sheet but are now recognised as obligations under lease liabilities. Differences between the amounts presented in off balance sheet commitments at 31 December 2018 and lease liabilities measured under IFRS 16 at 1 January 2019 may be broken down as follows:

(€ millions)	
Commitments given under leases at 31 December 2018	124.6
Differences in assumptions	24.7
Effect of discounting	(30.8)
Other items	9.1
Lease liabilities at 1 January 2019 under IFRS 16	127.6

Right-of-use assets

(€ millions)	Offices and warehouses	Transport equipment	IT equipment	Other	Total
Gross amount at 1 January 2019	106.2	17.6	1.1	4.3	129.2
Inception of new leases	18.3	4.2	0.1	0.2	22.8
Impact of changes in assumptions	(3.0)	(1.9)	-	(0.1)	(5.0)
Early terminations	(0.2)	-	-	-	(0.2)
Translation adjustments	1.4	0.6	-	0.3	2.3
Terminations (end of lease)	(3.1)	(1.8)	-	-	(4.9)
Gross amount at 31 December 2019	119.6	18.7	1.2	4.7	144.2

(€ millions)	Offices and warehouses	Transport equipment	IT equipment	Other	Total
Accumulated depreciation at 1 January 2019	-	-	-	-	-
Depreciation	(28.6)	(7.3)	(1.2)	(0.4)	(37.5)
Impairment losses[(1)]	(2.3)	-	-	-	(2.3)
Early terminations	(0.2)	-	-	-	(0.2)
Translation adjustments	(0.2)	(0.1)	-	-	(0.3)
Terminations (end of lease)	3.1	1.8	-	-	4.9
Accumulated depreciation at 31 December 2019	(28.2)	(5.6)	(1.2)	(0.4)	(35.4)

(1) *See Note 15 (Restructuring provisions).*

Lease liabilities

(€ millions)	Lease liabilities (over 1 year remaining)	Lease liabilities (less than 1 year remaining)	Total
Lease liabilities at 1 January 2019	95.3	32.3	127.6
Inception of new leases	18.7	4.7	23.4
Repayment of nominal amount	-	(42.3)	(42.3)
Impact of changes in assumptions	(3.3)	(1.4)	(4.7)
Interest expense for the period	-	8.5	8.5
Impact of changes in exchange rates	1.3	0.7	2.0
Other movements, including transfers	(30.0)	30.0	-
Lease liabilities at 31 December 2019	82.0	32.5	114.5

Note 12
Earnings per share

2019	Net earnings (losses) (€ millions)	Weighted number of shares during the year(1)	Earnings (losses) per share (in €)
Net earnings (loss) attributable to owners	(75.9)	70,506,985	(1.08)
Net earnings (loss) attributable to owners - diluted	(75.9)	70,506,985	(1.08)

2018	Net earnings (losses) (€ millions)	Weighted number of shares during the year(1)	Earnings (losses) per share (in €)
Net earnings (loss) attributable to owners	(29.8)	70,792,514	(0.42)
Net earnings (loss) attributable to owners - diluted	(29.8)	70,792,514	(0.42)

(1) *Excluding treasury shares held by the Group in connection with the liquidity agreement.*

Note 13
Cumulative translation adjustment

Translation adjustments recognised in "Other comprehensive income" can be analysed as follows:

(€ millions)	US dollar	Pound sterling	Chilean peso	Other currencies(1)	Total
At 1 January 2018	5.8	(54.3)	(17.5)	(1.6)	(67.6)
Movements during the year	1.0	(0.4)	(4.0)	(1.5)	(4.9)
At 31 December 2018	6.8	(54.7)	(21.5)	(3.1)	(72.5)
Movements during the year	0.8	4.0	(2.5)	1.0	3.3
At 31 December 2019	7.6	(50.7)	(24.0)	(2.1)	(69.2)

(1) *In 2019, movements relate mainly to the Swiss franc.*

Note 14
Provisions

Analysis by type of provision

	Current portion		Non-current portion	
(€ millions)	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Restructuring costs	6.0	3.1	0.3	0.6
Claims and litigation(1)	1.1	2.5	1.4	2.2
Pensions and other post-employment benefits(2)	0.2	1.1	36.8	34.7
Other provisions(3)	1.3	4.7	7.0	5.2
CLOSING BALANCE	8.6	11.4	45.5	42.7

(1) *At 31 December 2018, this item included a provision set aside for the Chilean tax dispute described below. It still includes provisions for a Brazilian tax dispute amounting to €1.4 million at 31 December 2019.*

(2) *Provisions for pensions and other post-employment benefits are analysed in detail in Note 15.*

(3) *These mainly comprise provisions for rented warehouse restoration costs (see Note B15).*

Expected maturity of non-current provisions

	31/12/2019		31/12/2018	
(€ millions)	1 to 5 years	More than 5 years	1 to 5 years	More than 5 years
Restructuring costs	0.3	-	0.6	-
Litigation and environmental contingencies	1.2	0.2	0.9	1.3
Pensions and other post-employment benefits	3.9	32.9	3.5	31.2
Other provisions	6.1	0.9	4.8	0.4
CLOSING BALANCE	11.5	34.0	9.8	32.9

Movements in provisions in 2019

(€ millions)	Opening balance	Additions	Reversals (utilised provisions)	Reversals (surplus provisions)	Changes in scope of consolidation	Other[1]	Closing balance
Restructuring costs	3.7	10.3	(7.6)	-	-	-	6.4
Litigation and environmental contingencies	4.7	3.6	(2.8)	-	-	(3.3)	2.2
Pensions and other post-employment benefits[1]	35.8	4.1	(8.5)	-	-	5.6	37.0
Other provisions	9.9	1.4	(1.5)	(1.5)	-	0.1	8.4
TOTAL	54.1	19.4	(20.4)	(1.5)	-	2.4	54.0
Impact on income statement captions:							
Personnel expenses	-	4.1	-	-	-	-	-
Other selling, general and administrative expenses	-	0.5	-	-	-	-	-
Other operating expenses	-	14.8	-	(1.5)	-	-	-

(1) *Provisions for pensions and other post-employment benefits are analysed in detail in Note 15.*

Movements in provisions in 2018

(€ millions)	Opening balance	Additions	Reversals (utilised provisions)	Reversals (surplus provisions)	Changes in scope of consolidation	Other[1]	Closing balance
Restructuring costs	1.9	6.5	(4.9)	-	0.2	-	3.7
Litigation and environmental contingencies	5.0	-	-	-	-	(0.3)	4.7
Pensions and other post-employment benefits[1]	44.7	8.5	(9.1)	-	(1.2)	(7.1)	35.8
Other provisions	9.5	2.6	(2.1)	-	-	(0.1)	9.9
TOTAL	61.1	17.6	(16.1)	-	(1.0)	(7.5)	54.1
Impact on income statement captions							
Personnel expenses	-	4.3	-	-	-	-	-
Other selling, general and administrative expenses	-	0.5	-	-	-	-	-
Other operating expenses	-	12.9	-	-	-	-	-

(1) *Provisions for post-employment benefits and actuarial gains and losses are analysed in detail in Note 15.*

Restructuring costs

The Group may need to adopt restructuring measures to streamline and optimise its cost structure in a contracting market. These plans generally involve workforce reduction programmes and measures to support employees made redundant and they can involve significant costs, depending on their extent but also the labour relations and regulatory context of the country concerned. The impacts of these costs are disclosed in the income statement under “Other operating expenses”.

In December 2019, two of the Group’s subsidiaries announced restructuring plans, each providing for the closure of a distribution warehouse in 2020. A provision of approximately €3 million was set aside at 31 December 2019. Moreover, in both cases, right-of-use assets recognised in 2019 for leases on these warehouses were written down by an amount of €2.3 million, reflecting impairment losses taken on these assets because their remaining operational life is less than the remaining lease term. Fixtures and fittings in these warehouses were also written down on the same grounds.

Claims and litigation

Tax dispute in Chile

The merger of three different companies into GMS Productos Graficos Ltda (now known as Antalis Chile Ltda) in June 2006 generated goodwill of €11 million. This goodwill was amortised between 2007 and 2012, which resulted in tax savings of approximately €2 million.

The Chilean tax authorities consider that this amount is unsubstantiated and have refused to allow it to be deducted for tax purposes. A court decision handed down on 10 May 2016 upheld the tax authorities’ position: in addition to the amount of principal being reassessed, interest, late payment penalties and inflation could add another €3 million to the penalty. Although Antalis Chile Ltda had appealed this decision, a provision of approximately €2.5 million was set aside, corresponding to the risk estimated by the Company’s legal advisers based on local practices.

Following an agreement reached with the local tax authorities in the first-quarter of 2019, Antalis withdrew its appeal in exchange for payment of most of the interest due. Consequently, the amount that the Group actually paid in April 2019 – thus bringing this dispute to an end – was close to the provision that had been set aside at 31 December 2018.

Other provisions

“Other provisions” at 31 December 2019 included estimated future site remediation costs in the UK for approximately €5 million (compared to €4 million in 2018).

The balance corresponds to different non-material amounts.

Note 15
Employee benefits

Obligations under defined benefit plans

The Group’s defined pension benefit obligations cover the payment of pensions, supplementary pensions and lump-sum payments on retirement.

The Group’s main pension benefit obligations concern the United Kingdom, France and Switzerland. These countries represent 92% of the Group’s total employee benefit obligations.

In the United Kingdom, the Group’s defined benefit obligations arise under four pension plans:

- the Arjo UK Group Pension Scheme, which covers former employees of the UK subsidiaries of Antalis and Arjowiggins;
- the Antalis Pension Scheme (APS), which covers current employees of these subsidiaries;
- the James McNaughton and Modo Merchants pension plans, which cover former employees of James McNaughton Group, acquired by Antalis in 2007 and merged into the Group.

These four plans are now closed to new entrants and no new rights vest for the beneficiaries. Current Group employees are covered by defined contribution plans.

In France, the main defined benefit plan is the retirement indemnities plan (“IFC”).

Employees of the Group’s Swiss subsidiary are covered by a savings plan with a guaranteed return, topped up by the employer (“Pensionskasse”), where the rights are converted into annuities upon the retirement of employees.

The defined benefit plans of the Group’s UK subsidiaries are managed by trustees with whom the Group is in regular contact, particularly if plan assets are inadequate to cover the projected benefit obligations as determined using specific methods. Companies participating in these plans may be called on to make additional payments to make up any funding shortfall identified.

The trustees may also require participating companies to provide guarantees when they consider this appropriate and the Group has therefore provided joint and several guarantees (see Note 29).

Significant events in 2018

In the UK, a legal decision handed down in October 2018 concerning gender quality (GMP equalization) requires employers to equalise pension rights between men and women dating back to the 1990s. These new guidelines increase the benefit obligation for the James McNaughton, Modo Merchants and Arjo UK pension plans by a total amount of €4.2 million, recognised in past service cost under IAS 19; the matching expense was recognised in the consolidated income statement under other operating expenses.

As mentioned in Note 3, at the end of 2018, Antalis acquired the former Arjowiggins subsidiary that is carrying most of the benefit obligation for the Antalis Pension Scheme in the UK. At 31 December 2018, this entity's share in the plan's accounting surplus represented a net asset of €20 million.

In 2018, a clarification concerning the drafting of the James McNaughton pension fund's legal provisions provided conclusive evidence of the employer's unconditional entitlement to benefit from this surplus at some point in the future. As a result of this change in actuarial assumptions, the Group ceased applying IFRIC 14 in respect of the ceiling on the amount of plan assets recognised at 31 December 2018. The gain resulting from the recognition of the net surplus in "Other comprehensive income" amounted to €33 million (after-tax amount of €27 million).

Change in the projected benefit obligation

(€ millions)	2019	2018
Projected benefit obligation at start of year	**460.7**	**412.6**
Service cost	3.1	3.1
Interest cost	10.6	7.8
Employee contributions	1.4	1.3
Curtailments/changes to plan[1]	-	4.2
Settlements	-	(0.4)
Changes in scope of consolidation and transfers[2]	1.0	77.8
Actuarial gains (losses) generated by changes in demographic assumptions	1.8	(1.2)
Actuarial gains (losses) generated by changes in financial assumptions	54.7	(24.0)
Actuarial gains (losses) based on historical experience	(15.4)	(2.8)
Benefits paid	(28.1)	(18.6)
Translation adjustments	20.8	0.9
Projected benefit obligation at end of year	**510.6**	**460.7**
Breakdown by geographical area		
United Kingdom	353.9	262.0
Other European Union countries	156.7	198.7

(1) *In 2018 these related to the increase in the benefit obligation following the legal decision handed down in the UK.*

(2) *In 2018, most of this item concerned the share in the benefit obligation of APS borne by Antalis Services Ltd, acquired from Arjowiggins (see above). It also comprised the impact of derecognising the Group's healthcare plan commitments for the Southern African subsidiaries, which were sold off during the year.*

Change in plan assets

(€ millions)	2019	2018
Fair value of plan assets at start of year	489.3	417.5
Return on plan assets	12.0	8.2
Employer contributions	8.8	9.0
Employee contributions	1.4	1.3
Changes in scope of consolidation and transfers(1)	0.9	99.9
Benefits paid	(28.1)	(18.6)
Administrative expenses and taxes	(0.9)	(0.8)
Actuarial gains (losses)	51.3	(27.5)
Translation adjustments	23.5	0.4
Fair value of plan assets at end of year	558.0	489.3
Actual return on plan assets	12.85%	-4.17%
Composition of plan assets (by type of investment)		
Equities	33.42%	29.13%
Bonds	40.74%	42.73%
Insurance policies	12.25%	12.29%
Other types of investment	13.58%	15.85%

(1) *In 2018 these related to the share in APS plan assets attributable to Antalis Services Ltd (see above).*

Net amount recognised

(€ millions)	2019	2018
Financial surplus/(deficit) (1)	47.4	28.6
Unrecognised past service cost	n/a	n/a
Ceiling on amount of plan assets	(9.6)	(7.1)
Net amount recognised	37.8	21.6
Breakdown by geographical area		
United Kingdom	58.1	41.4
Other European Union countries	(16.0)	(14.9)
Other countries	(4.2)	(4.9)

(1) *Financial surplus/(deficit) is defined as the difference between the fair value of plan assets and the projected benefit obligation.*

Reconciliation of the net amount recognised with the consolidated statement of financial position

(€ millions)	2019	2018
Provisions for pension and other employee benefit obligations (see Note 14)	(37.0)	(35.8)
Defined benefit pension plans with a net surplus (see Note 9)	74.4	57.0
Amounts for subsidiaries not subject to Revised IAS 19	-	0.4
NET AMOUNT RECOGNISED	37.4	21.6

Analysis of amounts recognised in the statement of comprehensive income

(€ millions)	2019	2018
Actuarial (gains) and losses arising during the year(1)	(10.1)	(0.6)
Increase/(decrease) from impact of ceiling on the amount of plan assets(2)	2.1	(33.3)
Net (gains)/losses recognised in Other comprehensive income	(8.0)	(33.8)

(1) *In 2019, this amount comprises net actuarial losses of €27 million and €28 million in actuarial gains on plan assets. In 2018, these amounts were €11 million and €12 million, respectively.*

(2) *In 2018, most of this item was attributable to the recognition of the net surplus on the James McNaughton Pension Scheme (see above) representing an actuarial gain of €33.3 million.*

Analysis of amounts recognised in the income statement

(€ millions)	2019	2018
Service cost	3.1	3.1
Interest cost	10.6	7.8
Return on plan assets	(12.0)	(8.2)
Interest on capped plan assets	0.1	0.1
Impact of curtailments/changes to plan[1]	-	4.2
Impact of settlements	-	(0.4)
Actuarial (gains) and losses on other long-term benefits	(0.0)	0.0
Administrative expenses and taxes	0.9	0.8
TOTAL NET (BENEFIT)/EXPENSE	2.8	7.5

(1) *In 2018 these related to the increase in the benefit obligation following the legal decision handed down in the UK.*

Average assumptions used

	2019	2018
To determine the benefit obligation at 31 December		
Discount rate including inflation	1.58%	2.37%
Expected rate of increase in salaries	2.31%	2.53%
Expected rate of return on plan assets	n/a	n/a
Rate of increase in pension benefits	1.94%	2.06%
Rate of inflation for medical costs	n/a	n/a
To determine the expense for the year		
Discount rate including inflation	2.37%	1.94%
Expected rate of increase in salaries	2.53%	2.40%
Expected rate of return on plan assets	n/a	n/a
Rate of increase in pension benefits	2.06%	1.96%
Rate of inflation for medical costs	n/a	8.00%

Breakdown of average assumptions used by geographic area:

2019	United Kingdom	Other EU countries	Other countries
Discount rate including inflation	2.08%	0.65%	0.35%
Expected rate of increase in salaries	2.87%	1.98%	1.03%
Rate of increase in pension benefits	2.63%	1.75%	n/a
Rate of inflation for medical costs	n/a	n/a	n/a

2018	United Kingdom	Other EU countries	Other countries
Discount rate including inflation	2.93%	1.50%	0.95%
Expected rate of increase in salaries	3.20%	2.03%	1.05%
Rate of increase in pension benefits	2.81%	1.75%	n/a
Rate of inflation for medical costs	n/a	n/a	n/a

Sensitivity of assumptions

On all employee benefit obligations

(€ millions)	Benchmark discount rate -0.50%	Benchmark discount rate	Benchmark discount rate +0.50%
Benefit obligation at 31 December 2019	559.8	510.6	464.8
Service cost for 2020	3.4	3.2	3.0

On UK employee benefit obligations

(€ millions)	Benchmark inflation rate -0.50%	Benchmark inflation rate	Benchmark inflation rate +0.50%
Benefit obligation at 31 December 2019	329.3	353.9	378.8
Service cost for 2020	-	-	-

Estimated contributions for 2020

The amount of contributions payable by the Antalis Group in respect of pension benefit obligations for 2020 is estimated at €7.6 million, of which €5.4 million relates to the UK.

Impact of the application of IFRIC 14 on limiting recognition of plan assets

As indicated previously, at 31 December 2019, the Group ceased limiting recognition of the surplus on the James McNaughton Pension Scheme.

However, the Modo Merchants plan in the UK and two of the Group's Irish pension plans remain within the scope of IFRIC 14:

- the provision for the Modo plan was raised by €2.6 million to reflect the present value of the plan's projected funding requirements;
- because of changes in 2012 and 2013 to the pension plans guaranteed by Antalis in Ireland, the cumulative surplus on these plans, which totalled €4.5 million at 31 December 2019, has not been recognised in the balance sheet.

Note 16
Debt

16a - Breakdown of debt by maturity

(€ millions)	Less than 1 year	1 to 5 years	More than 5 years	Total
Short-term bank borrowings and overdrafts	0.2	-	-	0.2
Other bank borrowings[(1)]	288.3	-	-	288.3
Lease liabilities[(2)]	35.8	69.1	9.6	114.5
Factoring liabilities[(3)]	220.8	-	-	220.8
Other financial liabilities	0.6	0.5	-	1.1
DEBT at 31 December 2019	**545.7**	**69.6**	**9.6**	**624.9**
Short-term bank borrowings and overdrafts	0.5	-	-	0.5
Other bank borrowings	14.6	257.9	-	272.5
Finance lease obligations	0.5	-	-	0.5
Factoring liabilities[(3)]	138.9	-	-	138.9
Other financial liabilities	0.4	-	-	0.4
DEBT At 31 December 2018	**154.9**	**257.9**	**-**	**412.8**

(1) At 31 December 2019, sums due under the syndicated credit facility are presented in short-term borrowings due to non-compliance with the ratios tested at that date even though this did not trigger early repayment because of the agreement with the lenders described below.

(2) See Note 11.

(3) Most factoring programmes have maturities aligned with that of the syndicated credit facility. In spite of this long-term commitment of the lending organisations, the debt carried in respect of assignments of receivables is presented as a current liability in accordance with the accounting rules applicable to this kind of financing.

16b - Breakdown of debt by interest rate

(€ millions)	Below 3%	Between 3% and 4%	Between 4% and 5%	More than 5%	Total
Short-term bank borrowings and overdrafts	-	-	0.2	-	0.2
Other bank borrowings	12.4	-	-	275.9	288.3
Lease liabilities	3.3	1.1	0.2	109.9	114.5
Factoring liabilities	206.1	2.8	-	11.9	220.8
Other financial liabilities	1.1	-	-	-	1.1
DEBT at 31 December 2019	222.9	3.9	0.4	397.7	624.9
Short-term bank borrowings and overdrafts	-	0.5	-	-	0.5
Other bank borrowings	9.7	-	-	262.8	272.5
Finance lease obligations	-	-	0.3	0.2	0.5
Factoring liabilities	118.3	10.0	-	10.6	138.9
Other financial liabilities	0.4	-	-	-	0.4
DEBT At 31 December 2018	128.4	10.5	0.3	273.6	412.8

In 2019, the full cost of bank debt and factoring liabilities represented a weighted implicit rate of around 7.4% of the average amounts drawn (including the amortisation of capitalised borrowing costs).

16c - Analysis of debt by main currencies

(€ millions)	EUR	GBP	USD	Other	Total
Short-term bank borrowings and overdrafts	-	-	-	0.2	0.2
Other bank borrowings	285.9	-	2.2	0.2	288.3
Lease liabilities	50.7	24.1	0.5	39.2	114.5
Factoring liabilities	170.8	-	-	50.0	220.8
Other financial liabilities	-	-	0.6	0.5	1.1
DEBT at 31 December 2019	507.4	24.1	3.3	90.1	624.9
Short-term bank borrowings and overdrafts	-	-	-	0.5	0.5
Other bank borrowings	267.9	-	0.3	4.3	272.5
Finance lease obligations	0.3	-	-	0.2	0.5
Factoring liabilities	46.8	46.9	-	45.2	138.9
Other financial liabilities	-	-	0.4	-	0.4
DEBT At 31 December 2018	315.0	46.9	0.7	50.2	412.8

Contractual terms of use applicable to credit and liquidity lines

For information, during H1 2018, Antalis signed the legal documentation to complete the refinancing of its syndicated credit facility (then for an amount of €285 million) and its main factoring programme for an amount of €215 million, respectively, on 31 May and end-June 2018. The maturity of both of these agreements had been extended to 31 December 2021. The agreement secured with the lenders of the syndicated facility also revised several terms and conditions applicable to the financing, including provisions for:

- strengthening of pre-existing collateral; in particular, Antalis expanded the list of entities whose assets are pledged to the lenders as well as making it easier to call upon the guarantees;
- revised conditions for interest payable on amounts drawn down, with a portion of interest now able to be gradually capitalised;
- an immediate €25 million reduction in the authorised amount under the credit facility, applying to both the tranches repayable at maturity and the revolving tranche;
- contractual repayments of €10 million per year in proportion to each tranche of debt from 2019;
- maintenance of two main covenants based on revised ratios (see below).

From an accounting perspective, the refinancing terms and conditions represented the extinction of a debt together with the inception of a new debt instrument. Consequently, unamortised capitalised costs under the previous financing agreement were recycled to profit and loss in other operating income for an amount of €1 million in June 2018.

Test date	Leverage ratio[1]	Interest coverage ratio[2]
31 December 2018	≤4.30	≥2.55
31 March 2019	≤5.25	≥2.25
30 June 2019	≤4.95	≥2.25
30 September 2019	≤5.70	≥2.20
31 December 2019	≤4.40	≥2.35
31 March 2020	≤4.85	≥2.40
30 June 2020	≤4.50	≥2.45
30 September 2020	≤5.05	≥2.50
31 December 2020	≤4.10	≥2.55
31 March 2021	≤4.65	≥2.60
30 June 2021	≤4.25	≥2.70
30 September 2021	≤4.80	≥2.80

(1) *Consolidated net debt/EBITDA.*

(2) *Consolidated current operating income/net interest expense.*

Based on tests carried out at 31 December 2019, the Group did not comply with the covenants. Under the terms of the agreement that Antalis finalised in March 2020 (see Note 1), the lenders have waived their rights in the event of any default until after the transaction with KPP has been finalised, when the debt will be extinguished in accordance with the arrangements described in Note 1. Under the terms of the debt restructuring, the lenders have also waived all interest accrued as of the date of the agreement or accruing thereafter.

Note 17
Financial instruments

17a - Breakdown of statement of financial position captions by IFRS 9 financial instrument category

		31/12/2019		Valuation by category of instrument					
(€ millions)	*Notes*	Carrying amount	Fair value	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables carried at amortised cost	Held-to-maturity investments	Financial liabilities carried at amortised cost	Derivative instruments
Non-current financial assets	*7*	5.6	5.6	0.1	-	1.8	3.7	-	-
Other non-current assets	*9*	75.1	75.1	-	-	75.1	-	-	-
Trade receivables	*9*	317.6	317.6	-	-	317.6	-	-	-
Other receivables	*9*	61.9	61.9	-	-	61.9	-	-	-
Current financial assets	*7*	2.8	2.8	-	-	1.1	1.7	-	-
Cash and cash equivalents	*10*	164.7	164.7	164.7	-	-	-	-	-
Long-term debt	*16*	79.3	79.3	-	-	-	-	79.3	-
Short-term debt	*16*	545.6	545.6	-	-	-	-	545.6	-
Trade payables	*19*	257.3	257.3	-	-	-	-	257.3	-
Other payables	*19*	105.5	105.5	-	-	-	-	105.5	-

		31/12/2018		Valuation by category of instrument					
(€ millions)	*Notes*	Carrying amount	Fair value	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Loans and receivables carried at amortised cost	Held-to-maturity investments	Financial liabilities carried at amortised cost	Derivative instruments
Non-current financial assets	*7*	5.9	5.9	1.5	-	1.6	2.8	-	-
Other non-current assets	*9*	59.6	59.6	-	-	59.6	-	-	-
Trade receivables	*9*	369.5	369.5	-	-	369.5	-	-	-
Other receivables	*9*	71.0	71.0	-	-	71.0	-	-	-
Current financial assets	*7*	3.0	3.0	-	-	2.5	0.5	-	-
Cash and cash equivalents	*10*	125.0	125.0	125.0	-	-	-	-	-
Long-term debt	*16*	257.9	257.9	-	-	-	-	257.9	-
Short-term debt	*16*	154.9	154.9	-	-	-	-	154.9	-
Trade payables	*19*	336.6	336.6	-	-	-	-	336.6	-
Other payables	*19*	118.6	118.6	-	-	-	-	118.6	-

Methods and assumptions used to measure financial instruments

The best indicator of the fair value of a contract is the price that would be agreed upon by a buyer and a seller acting under arm's length conditions. This is generally the transaction price at the trade date. The contract is subsequently measured using observable market data that provide the most reliable indicator of fair value.

The fair value of debt is measured using the amortised cost method.

Trade receivables and payables are measured at their carrying amount. Discounting "Trade payables" and "Trade receivables" balances to present value does not materially impact their fair value due to the very short payment and settlement terms applied.

17b - Treasury management - Financial instruments

Analysis of debt

Consolidated debt, excluding lease liabilities recognised under IFRS 16, represented a gross amount of €510.4 million at 31 December 2019 (€412.8 million at 31 December 2018). Net debt was €460.2 million at end-2019, and €345.7 million excluding lease liabilities (€287.8 million at end-2018) and is carried in the following statement of financial position captions:

(€ millions)	2019	2018
Debt	510.4	412.8
Lease liabilities	114.5	-
Cash and cash equivalents	(164.7)	(125.0)
NET DEBT	460.2	287.8

Analyses by maturity and by currency are provided in Note 16.

Note 17c - Risk management - interest rate risk, foreign exchange risk, equity price risk, commodity price risk, credit risk and liquidity risk

Fair value of financial instruments

In order to hedge against fluctuations in interest rates, exchange rates and commodity prices, the Group uses derivatives. Some of these qualify for hedge accounting as cash flow hedges. The Group had only contracted currency hedges for non-material amounts as of 31 December 2019.

Risk management

Interest-rate risk

The Group manages the finances of each subsidiary, along with the related interest rate risk, on a centralised basis tailored to each individual entity.

The Group is exposed to interest rate risk on its debt as its primary sources of financing are at floating rates of one, two or three months in the currency concerned (Euribor for the euro and Libor for the US dollar and pound sterling). Where appropriate, derivatives are used to manage this exposure (mainly swaps and collars).

However there were no such hedges in force at 31 December 2019 or 31 December 2018.

Gross debt can be broken down between fixed and floating rate debt as follows:

(€ millions)	2019	2018
Floating rate debt	498.9	405.9
Fixed rate debt	126.0	6.9
DEBT	624.9	412.8

The increase in fixed rate debt over the period is mainly attributable to first-time recognition of lease liabilities.

Interest rate sensitivity analysis

At end-2019 and end-2018, a 0.5% increase in interest rates at the end of the reporting period would have decreased equity and profit or loss (pre-tax impact) by around €2 million. A corresponding decrease would not have had any material impact.

The sensitivity analysis included all floating rate flows from non-derivative and derivative instruments and it was assumed that the amounts of debt and financial instruments are constant over the year. For the purposes of the analysis, all other variables, particularly exchange rates, are also deemed to remain constant.

Foreign exchange risk

Antalis' exposure to foreign exchange risk concerns subsidiaries outside of the eurozone whose trade receivables and payables may not be denominated in their domestic currencies, especially subsidiaries in Asia, South America and certain Central European countries. Sometimes this exposure is also hedged locally by selling forward or by options for which Antalis does not use hedge accounting. Consequently, all changes in fair value are recognised in profit or loss.

Currency hedges contracted at 31 December 2019 were non-material for the Group as a whole.

Foreign currency sensitivity analysis

Foreign currency sensitivity analyses at 31 December 2019 focused on fluctuations in EUR/GBP, as this is the currency combination to which the Group has the most currency risk exposure. The Group's exposure to fluctuations in other currency combinations was deemed too dispersed to be broken down.

For the purposes of the analysis, all other variables, particularly interest rates, are deemed to remain constant.

Exposure to fluctuations in the EUR/GBP exchange rate at 31 December 2019

(€ millions)				10% increase in GBP against the euro			10% decrease in GBP against the euro		
Type of asset/liability	Nominal amount	Currency of financial instruments	Functional currency of entity concerned	Impact on fair value	Impact on profit or loss	Impact on equity	Impact on fair value	Impact on profit or loss	Impact on equity
Financial receivables	78.7	GBP	EUR	7.9	7.9	-	(7.9)	(7.9)	-
Trade receivables	(1.5)	GBP	EUR	(0.2)	(0.2)	-	0.2	0.2	-
Debt	80.9	GBP	EUR	(8.1)	(8.1)	-	8.1	8.1	-
Trade payables	(1.5)	GBP	EUR	0.2	0.2	-	(0.2)	(0.2)	-
Derivatives	-	GBP	EUR	-	-	-	-	-	-
TOTAL				(0.2)	(0.2)	-	0.2	0.2	-

Exposure to fluctuations in the EUR/GBP exchange rate at 31 December 2018

(€ millions)				10% increase in GBP against the euro			10% decrease in GBP against the euro		
Type of asset/liability	Nominal amount	Currency of financial instruments	Functional currency of entity concerned	Impact on fair value	Impact on profit or loss	Impact on equity	Impact on fair value	Impact on profit or loss	Impact on equity
Financial receivables	70.4	GBP	EUR	7.0	7.0	-	(7.0)	(7.0)	-
Trade receivables	(1.3)	GBP	EUR	(0.1)	(0.1)	-	0.1	0.1	-
Debt	68.5	GBP	EUR	(6.9)	(6.9)	-	6.9	6.9	-
Trade payables	-	GBP	EUR	-	-	-	-	-	-
Derivatives	-	GBP	EUR	-	-	-	-	-	-
TOTAL				-	-	-	-	-	-

Equity price risk

The Group has extremely limited exposure to equity risk.

Credit risk

Credit risk represents the risk that a customer or creditor will breach a contractual obligation and cause the Group to incur a financial loss. This risk primarily arises in relation to marketable securities and trade receivables.

Customer credit risk

Customer credit risk is assessed at the level of each subsidiary based on the size of each sub-group's portfolio of trade receivables. The data in the following table is presented before the elimination of intercompany transactions and there is no material impairment of receivables or customer risk within the Group.

The Group's policy is to classify receivables as past due when payment is still outstanding 30 days after the invoice settlement date. However, the amount of the write-down taken on trade receivables is assessed based on the expected credit loss model introduced following the adoption of IFRS 9.

The Group has taken out extensive credit insurance coverage in most European countries as part of its main factoring programmes.

At 31 December 2019, the Group's trade receivables represented a net value of €317.6 million (end-2018: €369.5 million). This corresponds to a gross amount of €330.7 million and a €13.1 million provision for impairment in value (in 2018, these amounts were €384.8 million and €15.3 million, respectively), representing a provision rate of 4.0% of the consolidated gross trade receivables portfolio (the same ratio as in 2018).

			Past due				
(€ millions)	Balance at 31/12/2019	Not yet due	0-30 days	31-60 days	61-90 days	> 90 days	Disputed receivables
Trade receivables	**330.7**	**282.1**	**29.9**	**5.1**	**1.5**	**2.2**	**9.9**
Provisions for impairment of trade receivables	(13.1)	-	-	-	(1.2)	(2.0)	(9.9)
Trade receivables, net	**317.6**	**282.1**	**29.9**	**5.1**	**0.3**	**0.2**	**-**
Net receivables as a % of gross receivables	96.0%	100.0%	100.0%	100.0%	20.0%	9.1%	0.0%
Net receivables as a % of total receivables		88.8%	9.4%	1.6%	0.1%	0.1%	0.0%

Liquidity risk

In order to meet its commitments and maintain its liquidity, the Group has its own independent resources. Most of these sources of funding are described by type of agreement in Notes 16 and 17b. At 31 December 2019, the Group also had cash instruments totalling €165 million (see Note 10). These instruments are generally centralised under the cash pooling agreements between Antalis and most of its subsidiaries. The portion of these instruments attributable to subsidiaries operating in countries where local regulations restrict the capacity of their parent company to benefit from these instruments is non-material. As indicated in Note 10, they mainly comprise cash at bank balances or highly-liquid, risk-free instruments.

Given the various sources of funding available to Antalis and the current terms of use applicable to these sources, the Group considers that it is able to maintain its liquidity, subject to confirmation of the cash flow forecast assumptions and timeline for the transaction with KPP described in Note 1 and the completion of this transaction.

Maturities of cash flows relating to financial liabilities

The following table analyses the maturities of the future cash outflows for financial liabilities from the last drawdown dates, with principal and interest payments given separately.

At 31 December 2019, given the financing conditions described in Notes 16 and 17b, the maturities of future cash outflows break down as follows:

(€ millions)	Type of financial liability					
Annual cash flow	Bank borrowings	Short-term borrowings	Factoring liabilities	Lease liabilities	Other financial liabilities	Total
Cash flows due within one year						
Interest for the period	(16.8)	-	(3.3)	(7.7)	-	(27.8)
Principal	(288.3)	(0.2)	(220.8)	(35.8)	(0.6)	(545.7)
Cash flows due between one and two years						
Interest for the period	-	-	-	(5.3)	-	(5.3)
Principal	-	-	-	(25.7)	(0.5)	(26.2)
Cash flows due between two and three years						
Interest for the period	-	-	-	(3.4)	-	(3.4)
Capital (including capitalised interest)	-	-	-	(21.1)	-	(21.1)
Cash flows due between three and four years						
Interest for the period	-	-	-	(2.1)	-	(2.1)
Principal	-	-	-	(11.4)	-	(11.4)
Cash flows due between four and five years						
Interest for the period	-	-	-	(1.2)	-	(1.2)
Principal	-	-	-	(10.9)	-	(10.9)
Cash flows due in more than five years						
Interest for the period	-	-	-	(0.4)	-	(0.4)
Principal	-	-	-	(9.6)	-	(9.6)
Total						
Accumulated interest	(16.8)	-	(3.3)	(20.1)	-	(40.2)
Principal (including capitalised interest)	(288.3)	(0.2)	(220.8)	(114.5)	(1.1)	(624.9)

At 31 December 2018, given the financing conditions as of that date, the maturities of future cash outflows broke down as follows:

(€ millions)	Type of financial liability					
Annual cash flow	Bank borrowings	Short-term borrowings	Factoring liabilities	Lease liabilities	Other financial liabilities	Total
Cash flows due within one year						
Interest for the period	(16.5)	-	(2.1)	-	-	(18.6)
Principal	(14.6)	(0.5)	(138.9)	(0.5)	(0.4)	(154.9)
Cash flows due between one and two years						
Interest for the period	(15.8)	-	-	-	-	(15.8)
Principal	(10.0)	-	-	-	-	(10.0)
Cash flows due between two and three years						
Interest for the period	(15.5)	-	-	-	-	(15.5)
Principal	(265.2)	-	-	-	-	(265.2)
Total						
Accumulated interest	(47.8)	-	(2.1)	-	-	(49.9)
Principal	(289.8)	(0.5)	(138.9)	(0.5)	(0.4)	(430.1)

Note 18
Deferred taxes

18a - Breakdown by period of reversal

(€ millions)	Less than 1 year[1]	More than 1 year	Total
Position at 31 December 2019			
Deferred tax assets	1.2	3.3	4.5
Deferred tax liabilities	-	(0.9)	(0.9)
NET POSITION AT YEAR-END	1.2	2.4	3.6
Position at 31 December 2018			
Deferred tax assets	1.8	4.8	6.6
Deferred tax liabilities	-	(0.8)	(0.8)
NET POSITION AT YEAR-END	1.8	4.0	5.8

(1) *Offsetting entries between deferred tax assets and liabilities are allocated first to deferred taxes that reverse in less than one year.*

18b - Deferred tax assets – movements during the year

(€ millions)	Provision for employee benefits	Loss carryforwards	Other items and offsets[1]	Total
At 1 January 2018	4.8	8.2	(5.4)	7.6
(Expense) income for the year	0.4	1.8	4.3	6.5
Other comprehensive income (loss)	(0.5)	-	-	(0.5)
Changes in scope of consolidation	-	-	-	-
Translation adjustments	-	-	(0.2)	(0.2)
Other movements, net	0.7	(5.0)	(2.5)	(6.8)
AT 31 DECEMBER 2018	5.4	5.0	(3.8)	6.6
(Expense) income for the year	0.1	(1.2)	(1.2)	(2.3)
Other comprehensive income (loss)	(0.1)	-	0.1	-
Translation adjustments	0.1	0.1	0.1	0.3
Other movements, net	-	-	-	-
AT 31 DECEMBER 2019	5.5	3.9	(4.8)	4.6

(1) *Offsets between deferred tax assets and liabilities are recorded at tax group level.*

18c - Deferred tax liabilities – movements during the year

(€ millions)	Provision for employee benefits	Property, plant and equipment	Tax depreciation and provisions	Other items and offsets[1]	Total
At 1 January 2018	(0.8)	(0.3)	(1.1)	1.4	(0.8)
(Expense) income for the year	0.7	0.2	-	-	0.9
Other comprehensive income (loss)	(4.3)	-	-	-	(4.3)
Translation adjustments	-	-	-	-	-
Other movements, net	(0.2)	(3.9)	0.1	10.8	6.8
AT 31 DECEMBER 2018	(8.0)	(4.0)	(1.0)	12.2	(0.8)
(Expense) income for the year	-	-	-	0.2	0.2
Other comprehensive income (loss)	0.1	-	-	-	0.1
Changes in scope of consolidation	-	-	-	-	-
Other movements, net	-	-	-	-	-
AT 31 DECEMBER 2019	(8.3)	(4.0)	(1.0)	12.4	(0.9)

(1) *Offsets between deferred tax assets and liabilities are recorded at tax group level.*

18d - Current and deferred taxes on gains and losses recognised in other comprehensive income

(€ millions)	Actuarial gains and losses	Fair value of financial instruments	Total
At 31 December 2019	0.1	-	0.1
At 31 December 2018	(4.8)	-	(4.8)

18e - Analysis of current tax losses and tax credits for which no deferred tax assets have been recognised

Group tax loss carryforwards excluding specific regimes applicable to asset disposals may be broken down by country as follows:

	Expiry (in base tax amounts)					
(€ millions)	Less than 1 year	Between 1 and 4 years	More than 4 years	Unlimited	Total taxable base	Estimated potential savings
Current tax losses (by originating country)						
At 31 December 2019						
France	-	-	-	35.3	35.3	12.2
Germany	-	-	-	34.0	34.0	10.2
United Kingdom	-	-	-	28.6	28.6	5.4
Netherlands	12.5	26.0	34.4	-	72.9	18.2
Spain	-	-	-	23.2	23.2	5.8
Poland	3.9	10.3	-	-	14.2	2.7
Belgium	-	-	-	41.5	41.5	10.4
Denmark	-	-	-	17.9	17.9	3.9
Brazil	-	-	-	14.5	14.5	4.9
Austria	-	-	-	15.1	15.1	3.8
Hungary	0.8	2.3	6.7	-	9.8	0.9
Other countries	1.8	6.2	6.2	18.6	32.8	6.8
TOTAL AT 31 DECEMBER 2019	**19.0**	**44.8**	**47.3**	**228.7**	**339.8**	**85.2**
At 31 December 2018						
France	-	-	-	3.0	3.0	1.0
Germany	-	-	-	33.2	33.2	10.0
United Kingdom	-	-	-	17.4	17.4	6.3
Netherlands	12.8	28.0	36.1	-	76.9	20.7
Czech Republic	2.0	1.6	0.9	-	4.5	1.0
Spain	-	-	-	21.1	21.1	4.8
Poland	2.8	10.9	3.4	-	17.1	3.5
Belgium	-	-	-	38.6	38.6	9.2
Denmark	-	-	-	16.4	16.4	3.1
Brazil	-	-	-	11.4	11.4	3.0
Other countries	2.8	6.0	5.6	26.8	41.2	8.9
TOTAL AT 31 DECEMBER 2018	**20.4**	**46.5**	**46.0**	**167.9**	**280.8**	**71.5**

Note 19
Other liabilities

(€ millions)	31/12/2019	31/12/2018
OTHER NON-CURRENT LIABILITIES	0.4	-
Employee-related liabilities	0.4	-
TRADE PAYABLES	257.3	336.6
OTHER PAYABLES	105.5	118.6
Current tax payables	5.1	5.9
Indirect tax payables	27.0	34.6
Employee-related liabilities	33.3	36.4
Payables arising on acquisition of assets	1.2	1.9
Other payables(1)	38.9	39.8

(1) *Especially amounts owed for trade discounts granted to Group customers as part of its distribution business.*

Maturity of other liabilities

(€ millions)	Total	Less than 1 year	Between 1 and 5 years	More than 5 years
At 31 December 2019				
Other non-current liabilities	0.4	-	0.4	-
Trade payables	257.3	257.3	-	-
Other payables	105.5	105.5	-	-
At 31 December 2018				
Trade payables	336.6	336.6	-	-
Other payables	118.6	118.6	-	-

Note 20
Personnel expenses

(€ millions)	2019	2018
Personnel expenses		
Wages and salaries	(187.6)	(200.3)
Employee and employer social security contributions	(45.8)	(49.3)
Costs of temporary staff	(7.0)	(8.1)
Other components of compensation	(6.4)	(7.2)
Net additions to provisions for pension benefit obligations	(1.3)	(1.1)
TOTAL	(248.1)	(266.0)

Total compensation paid by the Company in 2019 to corporate officers amounted to €1.3 million versus €1.2 million paid for 2018.

Note 21

Other selling, general and administrative expenses

(€ millions)	2019	2018
External expenses including rental charges[1]	(203.0)	(219.2)
Cancellation of rental charges[2]	42.0	-
Depreciation and amortisation of property, plant and equipment and intangible assets	(19.9)	(20.1)
Depreciation of right-of-use assets	(37.5)	-
Net (additions to) reversals of provisions[3]	(1.7)	0.2
Other recurring income (expense) from operations	(1.7)	(2.5)
TOTAL	(221.8)	(241.6)

(1) *As indicated in Note 2B18, this caption includes notably all of the Group's logistics, general, sales and marketing costs, as well as subcontracting costs. Invoicing under the transitional services agreement between Antalis and Sequana through October 2018 (see Note 28) is also presented here up to this date when most of these services were taken in-house.*

(2) *Rents paid under leases covered by IFRS 16 are no longer treated as expenses during the period but as the repayment of lease liabilities recognised when IFRS 16 was applied for the first time on 1 January 2019 (see Notes 2 and 11).*

(3) *Excluding the impact of net provisions for pension benefit obligations included in personnel expenses as indicated in Note 20 below, and excluding net provisions for inventories presented as part of gross margin in accordance with the calculation basis described in Note 2B18.*

Note 22

Other operating income and expenses

(€ millions)	2019	2018
Other operating income		
Gains on disposal of property, plant and equipment and intangible assets[1]	-	5.5
Negative goodwill[2]	-	17.4
Other revenues[3]	0.4	4.4
Sub-total	0.4	27.3
Other operating expenses		
Impairment losses on goodwill[4]	(15.0)	(22.0)
Other net impairment losses and asset write-downs[4]	(10.0)	(4.8)
Losses on disposal of subsidiaries[2]	-	(9.0)
Impairment losses on current assets	-	(4.3)
Net restructuring expenses	(25.2)	(21.3)
Claims and litigation	(0.9)	-
New shareholding structure and impact of refinancing[5]	(3.5)	(9.4)
Other expenses[6]	(3.8)	(5.2)
Sub-total – Other operating expenses	(58.4)	(76.0)
TOTAL	(58.0)	(48.7)

(1) *In 2018, the main transaction comprised the sale of a building in Peru.*

(2) *See Note 3 for a breakdown of the impact of changes in scope of consolidation on the 2018 consolidated income statement.*

(3) *In 2018, this comprised the reimbursement of a fine imposed in 2013 on a former Spanish subsidiary by the local authorities following an investigation into the envelope production market and the subsequent revised court decision.*

(4) *See Note 4 for a breakdown of impairment losses recognised; in 2019, this amount also included right-of-use assets written down as part of restructuring plans (see Note 15).*

(5) *Consulting fees, commissions and expenses incurred in connection with the operations described in Notes 1 and 16. In 2018, this amount included the reversal of unamortised costs under the previous financing agreement for approximately €1 million given the extinction of this debt from an accounting perspective (see Note 16).*

(6) *In 2019, this amount included litigation which has now been settled with the bodies in charge of the liquidation of Arjowiggins Graphic. In 2018, most of this item concerns the expense recorded following the legal decision handed down in the UK concerning pension benefit obligations.*

Note 23
Net financial income (loss)

(€ millions)	2019	2018
Net interest expense paid	(19.9)	(19.3)
Net deferred interest expense[(1)]	(6.9)	(5.3)
Interest expense on lease liabilities[(2)]	(8.3)	(0.1)
Other income and expenses included in cost of debt[(3)]	(8.0)	(7.6)
Net foreign exchange gains (losses)	(0.5)	(3.5)
Cost of net debt	**(43.6)**	**(35.8)**
Other bank charges and financial fees and commissions	(2.5)	(2.8)
Other financial income and expenses, net	**(2.5)**	**(2.8)**
Net financial loss	**(46.1)**	**(38.6)**

(1) See Note 16: the refinancing agreements that came into effect in 2018 contained changes in the interest rates for the syndicated credit facility.

(2) This charge corresponds to unwinding discounts on future lease liabilities recognised since 1 January 2019 when IFRS 16 was applied for the first time (see Note 2).

(3) This caption includes fees incurred to arrange financing agreements, which are capitalised and then gradually included in the amortised cost of the related liability, representing an expense of €1.9 million for 2019, the same amount as for 2018. It also includes borrowing and factoring commissions.

Note 24
Foreign exchange gains and losses

Foreign exchange gains and losses recognised in the income statement can be analysed as follows:

(€ millions)	2019	2018
Sales and other operating income (loss)	(0.4)	0.2
Purchases and other operating expenses	(0.3)	(1.5)
Cost of net debt	(0.5)	(3.5)
FOREIGN EXCHANGE GAINS (LOSSES)	**(1.2)**	**(4.8)**

The exchange rates of the main currencies used by the Group are as follows:

	2019	2018
Closing rate		
Pound sterling	0.85	0.89
Chilean peso	844.86	794.37
Swiss franc	1.09	1.13
US dollar	1.12	1.15
Average rate		
Pound sterling	0.88	0.88
Chilean peso	787.10	753.69
Swiss franc	1.11	1.15
US dollar	1.12	1.18

Note 25
Income tax

The tax expense and tax proof break down as follows:

(€ millions)	2019	2018
Current taxes	(5.3)	(6.6)
Deferred taxes	(2.2)	7.4
INCOME TAX BENEFIT (EXPENSE)	(7.5)	0.8

(€ millions)	2019	2018
Operating income	(22.4)	8.2
Net financial loss	(46.1)	(38.6)
Pre-tax income (loss) from continuing operations	(68.5)	(30.4)
Standard tax rate in France	34.4%	34.4%
Effective tax rate for the Group	-10.9%	2.6%
Theoretical tax expense (i)	23.6	10.5
Actual tax expense (ii)	(7.5)	0.8
DIFFERENCE (ii-i)	(31.1)	(9.7)
This difference can be analysed as follows:		
Difference between the standard rate in France and the rates applicable in other tax jurisdictions	(6.4)	(1.1)
Impact of non-taxation of asset disposals	-	(1.4)
Permanent differences related to impairment losses recognised on goodwill	(3.5)	(5.9)
Other permanent differences	(2.2)	1.6
Recognition/(non-recognition) of deferred tax assets	(18.5)	(5.1)
Tax saving on unrecognised prior-year tax losses	-	0.6
Other items	(0.5)	1.6
DIFFERENCE	(31.1)	(9.7)

Note 26
Analysis of cash flows

(€ millions)	2019	2018
Depreciation, amortisation and provisions		
Impairment losses on goodwill	15.0	22.0
Depreciation and amortisation of property, plant and equipment and intangible assets, net	27.3	20.6
Depreciation and provisions on right-of-use assets	39.8	-
Net additions to (reversals of) other provisions	(2.5)	1.4
NET ADDITIONS TO DEPRECIATION, AMORTISATION AND PROVISIONS	79.6	44.0
Disposal (gains) and losses		
Proceeds from disposals of property, plant and equipment and intangible assets	-	(5.5)
Disposal of subsidiaries	(0.4)	9.0
DISPOSAL (GAINS) AND LOSSES	(0.4)	3.5
Other non-cash income (expense)		
Negative goodwill[1]	-	(17.4)
Other items	-	(3.3)
OTHER NON-CASH INCOME (EXPENSE)	-	(20.7)
Change in operating working capital		
Inventories	20.7	12.4
Trade receivables	56.5	14.8
Trade payables	(82.6)	(23.1)
Other receivables	8.2	(5.0)
Other payables	(14.9)	(7.8)
CHANGE IN OPERATING WORKING CAPITAL	(12.1)	(8.7)
Net impact of changes in scope of consolidation[1]		
Net impact of acquisitions in 2016 (deferred payment)	-	(0.1)
Net impact of acquisitions in 2018	-	(4.2)
Net impact of disposals in 2018	0.7	(2.7)
Other items	-	-
NET IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION	0.7	(7.0)

(1) *See Note 3.*

Note 27
Segment information

27a - Segment analysis of the 2019 income statement

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Total
Sales	1,063.5	865.4	145.0	2,073.9
Gross margin	242.6	220.7	42.3	505.6
EBITDA	27.6	22.1	4.3	54.1
Current operating income	19.4	11.3	0.4	31.1
Operating income (loss)	(7.5)	(28.5)	13.6	(22.4)

Reconciliation of 2019 EBITDA

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Total
Current operating income	19.4	11.3	0.4	31.1
Less depreciation and amortisation	8.1	9.0	2.9	20.0
Less additions to provisions, net of reversals	0.2	1.8	1.1	3.1
EBITDA	27.7	22.1	4.4	54.2

27b - Segment analysis of the 2018 income statement

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Total
Sales	1,179.4	929.6	202.0	2,311.0
Gross margin	267.8	235.4	57.0	560.2
EBITDA	38.4	28.2	8.1	74.7
Current operating income	30.1	18.4	4.1	52.6
Operating income (loss)	15.9	3.3	(11.0)	8.2

Reconciliation of 2018 EBITDA

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Total
Current operating income	30.1	18.4	4.1	52.6
Less depreciation and amortisation	7.9	9.1	3.2	20.2
Less additions to provisions, net of reversals	0.4	0.7	0.8	1.9
EBITDA	38.4	28.2	8.1	74.7

27c - Other segment disclosures at 31 December 2019

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Holding companies and eliminations	Total
Assets and liabilities					
Non-current assets	181.8	115.8	20.7	50.8	369.1
Working capital requirements	71.5	83.0	38.1	2.1	194.8
Provisions	37.0	9.0	2.8	5.3	54.1
Cash flow					
Expenditure on acquisitions of property, plant and equipment and intangible assets	1.9	2.4	2.8	6.3	13.4
Depreciation and amortisation for the period, net of reversals	3.3	4.7	2.1	9.8	19.9
Additions to provisions for impairment losses	1.1	13.9	7.4	-	22.4
Other additions to (reversals of) provisions	(3.7)	(0.3)	1.9	(0.3)	(2.4)
DEPRECIATION, AMORTISATION AND PROVISIONS, NET	0.7	18.3	11.4	9.5	39.9

27d - Other segment disclosures at 31 December 2018

(€ millions)	Main European Geographies	Rest of Europe	Rest of the World	Holding companies and eliminations	Total
Assets and liabilities					
Non-current assets	124.7	74.0	25.3	49.6	273.6
Working capital requirements	49.6	81.2	43.1	8.6	182.5
Provisions	34.4	10.9	3.4	5.4	54.1
Cash flow					
Expenditure on acquisitions of property, plant and equipment and intangible assets	3.4	4.7	2.2	9.0	19.3
Depreciation and amortisation for the period, net of reversals	3.6	5.3	2.3	9.0	20.2
Additions to provisions for impairment losses	0.2	0.3	22.0	-	22.5
(Reversals) of provisions for impairment losses	-	-	-	-	-
Other additions to (reversals of) provisions	1.2	-	-	0.1	1.3
DEPRECIATION, AMORTISATION AND PROVISIONS, NET	5.0	5.6	24.3	9.1	44.0

Breakdown of sales by geographical zone

(€ millions)	2019	2018
United Kingdom and Ireland	542.2	594.8
France	238.1	275.3
Germany and Austria	283.3	309.3
Rest of Europe	865.4	929.6
Rest of the World	145.0	202.0
TOTAL	2,074.0	2,311.0

Breakdown of sales by business sector

(€ millions)	2019	2018
Papers	1,374.8	1,580.7
Packaging	497.9	517.2
Visual Communication	201.3	213.1
TOTAL	2,074.0	2,311.0

Note 28
Related-party transactions

Related parties that control or exercise significant influence over the Antalis Group are Sequana (now in liquidation, see Note 1), which is the Group's majority shareholder, and Bpifrance Participations, which is Sequana's majority shareholder and a minority shareholder of Antalis. However, as indicated previously, Antalis' controlling ownership is set to change completely.

Other related parties are entities controlled by Sequana. In 2018 and 2019, these included the subsidiaries of the Arjowiggins group, which used to be one of Antalis' strategic Papers suppliers (see Note 1).

Non-consolidated investments and associates are not material for the Group. Transactions with related parties are generally carried out on an arm's length basis.

The table below shows the impact of related-party transactions on the main consolidated income and cash flow statement items:

(€ millions)	2019	2018
Sales	1.1	4.6
Purchases and other selling, general and administrative expenses(1)	(34.9)	(166.2)
Dividends paid (to Sequana)	-	(4.3)
Dividends paid (to Bpifrance Participations)	-	(0.5)

(1) *This caption primarily includes the cost of paper purchased from Arjowiggins group subsidiaries. It also includes certain amounts rebilled by Sequana, particularly under the lease of the Group's head office premises and under a service agreement providing Antalis with specific legal and financial assistance through October 2018. In 2018, amounts rebilled under these agreements represented a full-year annual expense of around €5 million.*

Note 29
Off-balance sheet commitments

(€ millions)	31/12/2019	31/12/2018
UNUSED CREDIT FACILITIES	-	25.5
COMMITMENTS GIVEN	228.8	264.6
Guarantees of UK pension benefit obligations(1)	117.5	130.6
Other guarantees, deposits and sureties given(2)	111.3	107.0
Commitments to purchase property, plant and equipment, intangible assets and other items	-	4.9
Forward purchases of goods for resale and commodities	-	22.1
COMMITMENTS RECEIVED	0.8	22.5
Forward sales of goods for resale and commodities	-	22.1
Other commitments received	0.8	0.4

(1) *This item notably concerns a guarantee given by Antalis in relation to the pension benefit funding obligations for past and present employees of their UK subsidiaries that are members of the Antalis Pension Scheme (APS). The amount of the guarantee is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or GBP 85 million (€100 million at 31 December 2019). The buy-out-deficit represents the theoretical amount of the deficit value to be used in the event of the transfer of all of the funds' obligations to an insurance company. Based on the pension fund regulations, the contribution requirements for employer entities and the guarantees given to the trustees by the participating entities, the overall amount of the guarantees currently given by the Group remains capped at GBP 85 million. This item also includes guarantees given by Antalis and its UK subsidiaries concerning the pension benefit obligations for past and present employees under another smaller pension scheme (Arjo UK Group Pension Scheme). At 31 December 2019, these guarantees amounted to €18 million.*

(2) *This item includes the guarantees given by or on behalf of Group subsidiaries within the scope of their commitments under various agreements they have entered into in the normal course of business. These correspond mainly to warehouse or office leases as well as procurement and service agreements related to such areas as logistics.*

Maturities of off-balance sheet commitments at 31 December 2019

(€ millions)	Total	Less than 1 year	1 to 5 years	More than 5 years
Unused credit facilities	-	-	-	-
Commitments given	228.8	40.0	151.3	37.5
Commitments received	0.8	0.8	-	-

Maturities of off-balance sheet commitments at 31 December 2018

(€ millions)	Total	Less than 1 year	1 to 5 years	More than 5 years
Unused credit facilities	25.5	5.5	20.0	-
Commitments given	264.6	37.8	73.9	152.9
Commitments received	22.5	22.5	-	-

Collateral posted in respect of financing agreements

As explained in Note 16, under the terms and conditions for refinancing the syndicated credit facility, in 2018, Antalis provided the lenders with extra collateral; in particular, the Company expanded the list of entities whose assets are pledged to the lenders, which now account for 75% of consolidated EBITDA. It has also become easier to call upon the guarantees. Under the agreements concluded in March 2020, this contract will be terminated (see Note 1) and these pledges will be released.

Other operating contingent liabilities

To the best of the Company's knowledge, no Group company has omitted to report any material commitments.

Note 30
Headcount

Number of employees	2019	2018
Breakdown by geographical area		
France	566	566
United Kingdom and Ireland	997	1,044
Germany and Austria	226	452
Rest of Europe	1,899	2,075
Rest of the World	783	1,085
TOTAL	4,471	5,222

Note 31
Statutory Auditors' fees

The fees charged to the Group by the Company's Statutory Auditors for work carried out over the past two financial years on behalf of Antalis SA and its French subsidiaries are summarised in the following table:

	PricewaterhouseCoopers Audit				Constantin Associés (Deloitte network)			
	Amount		%		Amount		%	
(€ millions, net of taxes)	2019	2018	2019	2018	2019	2018	2019	2018
Audit								
Statutory audit engagement, audit and certification of the individual company and consolidated financial statements	0.5	0.4	*100.0%*	*100.0%*	0.3	0.2	*100.0%*	*100.0%*
Non-audit services	-	-	*0.0%*	*0.0%*	-	-	*0.0%*	*0.0%*
TOTAL	0.5	0.4	*100.0%*	*100.0%*	0.3	0.2	*100.0%*	*100.0%*

Note 32
Scope of consolidation

	Country	% ownership interest	% control
ANTALIS SA	France	Parent company	
ANTALIS ABITEK LTDA	Chile	100	100
ANTALIS AB	Sweden	100	100
ANTALIS AG	Switzerland	100	100
ANTALIS AS	Estonia	100	100
ANTALIS A/S	Denmark	100	100
ANTALIS A/S	Norway	100	100
ANTALIS, AS	Slovakia	100	100
ANTALIS ASIA PACIFIC PTE LTD	Singapore	100	100
ANTALIS AUSTRIA GMBH	Austria	100	100
ANTALIS AUSTRALIA PTY LIMITED	Australia	100	100
ANTALIS BOLIVIA SRL	Bolivia	100	100
ANTALIS BV	Netherlands	100	100
ANTALIS BULGARIA EOOD	Bulgaria	100	100
ANTALIS CADORIT AB	Sweden	100	100
ANTALIS CHILE LTDA	Chile	100	100
ANTALIS DO BRAZIL PRODUTOS PARA A INDUSTRIA GRAFICA LTDA	Brazil	100	100
ANTALIS GMBH	Germany	100	100
ANTALIS GROUP HOLDINGS LIMITED	United Kingdom	100	100
ANTALIS GROUP (PRIVATE UNLIMITED COMPANY)	United Kingdom	100	100
ANTALIS HOLDINGS LIMITED	United Kingdom	100	100
ANTALIS HOLDING SARL	Luxembourg	100	100
ANTALIS HUNGARY KFT	Hungary	100	100
ANTALIS IBERIA SA	Spain	100	100
ANTALIS IQUIQUE SA	Chile	100	100
ANTALIS INVESTMENTS SARL	Luxembourg	100	100
ANTALIS IRELAND LIMITED	Ireland	100	100
ANTALIS JAPAN CO LTD	Japan	100	100
ANTALIS LIMITED	United Kingdom	100	100
ANTALIS NV/SA	Belgium	100	100
ANTALIS OVERSEAS HOLDINGS LIMITED	United Kingdom	100	100
ANTALIS OY	Finland	100	100
ANTALIS PACKAGING ITALIA SRL	Italy	100	100
ANTALIS PARTICIPATIONS	France	100	100
ANTALIS PERU SA	Peru	100	100
ANTALIS POLAND SPOLKA ZOO	Poland	100	100
ANTALIS PORTUGAL S.A	Portugal	100	100
ANTALIS SA	Romania	100	100
ANTALIS FRANCE	France	100	100
ANTALIS RESSOURCES ET SERVICES	France	100	100
ANTALIS SERVICES LIMITED	United Kingdom	100	100
ANTALIS SRO	Czech Republic	100	100

	Country	% ownership interest	% control
ANTALIS VERPACKUNGEN GMBH	Germany	100	100
ANTALIS VERPACKUNGEN GMBH	Austria	100	100
ANTALIS 2000 A/S	Denmark	100	100
ANTALIS (HONG KONG) LIMITED	Hong Kong	100	100
ANTALIS (MALAYSIA) SDN BHD	Malaysia	100	100
ANTALIS (PROPRIETARY) LTD	South Africa	100	100
ANTALIS (SHANGHAI) TRADING CO. LIMITED	China	100	100
ANTALIS (SINGAPORE) PTE LTD	Singapore	100	100
ANTALIS (THAILAND) LIMITED	Thailand	90	90
ANTALOGNE 2	France	100	100
ANTALOGNE 3	France	100	100
AS ANTALIS	Latvia	100	100
BRANOPAC CZ SRO	Czech Republic	100	100
BRANOPAC PACKING S.R.O	Czech Republic	100	100
ESPACOL LTDA	Colombia	100	100
GST GRAPHIC SERVICE TEAM LTDA	Brazil	99.88	99.88
INTERPAPEL SA	Mexico	100	100
INVERSIONES ANTALIS HOLDINGS SPA	Chile	100	100
ANTALIS MACRON GMBH	Germany	100	100
MAP MERCHANT GROUP LIMITED	United Kingdom	100	100
MAP MERCHANT HOLDINGS BV	Netherlands	100	100
MAP MERCHANT HOLDINGS GMBH	Germany	100	100
MAP MERCHANT SWEDEN AB	Sweden	100	100
OOO MAP MERCHANT RUSSIA	Russia	100	100
OY MAP MERCHANT AB	Finland	100	100
PAPPERSHUSET FASTIGHETS AB	Sweden	100	100
SIMGE ANTALIS	Turkey	100	100
TFM INDUSTRIAL SA	Peru	70	70
UAB ANTALIS	Lithuania	100	100
ZAO MAP UKRAINE	Ukraine	100	100

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Antalis
8 rue de Seine
92100 Boulogne-Billancourt – France

For the year ended 31 December 2019

To the shareholders of Antalis,

Opinion

In compliance with the engagement entrusted to us by the sole shareholder, we have audited the accompanying consolidated financial statements of Antalis SA for the year ended 31 December 2019. These consolidated financial statements were approved by the Board of Directors on 19 May 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matters set out in:

- Note 1 "Significant events of the year and subsequent events" to the consolidated financial statements, which describes the background and the main assumptions used by the Company in preparing its consolidated financial statements in accordance with the going concern principle, taking into account in particular the takeover of Antalis by the Japanese group Kokusai Pulp and Paper Co., Ltd ("KPP"), which is due to be finalised in July 2020. These assumptions are nevertheless subject to major uncertainties, particularly in view of the extent and unprecedented nature of the current health and economic crisis.
- Note 2 "Summary of significant accounting policies" and Note 11 "Right-of-use assets and lease liabilities" to the consolidated financial statements which set out the consequences of the first-time application of IFRS 16 – Leases, with effect from 1 January 2019.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recoverable amount of goodwill (see Notes 2B, 4 and 5 to the consolidated financial statements)

Description of risk

At 31 December 2019, goodwill represented a net amount of €106.8 million out of total assets of €1,091.4 million.

Antalis recognised various amounts of goodwill on external growth transactions carried out over the period. Goodwill corresponds to the difference between (i) the acquisition price plus the amount of any non-controlling interests in the acquired targets measured either at their fair value ("full" goodwill method), or on the basis of the Group's share in the fair value of the identifiable net assets acquired ("partial" goodwill method), and (ii) the fair value of the identifiable assets acquired and liabilities assumed. As indicated in Notes 2B3 and 2B6 to the consolidated financial statements, it is allocated to cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies developed through the combination, representing the lowest operational level at which the Group monitors the rate of return on investments.

Goodwill is not amortised but is tested for impairment at least once a year at the year-end or more frequently if there is an indication of impairment. The objective of the impairment test is to ensure that the carrying amount of the tested assets is not higher than their recoverable amount. The recoverable amount is determined by management by discounting the estimated future cash flows of the activities to which goodwill is allocated. The measurement of these cash flows relies on numerous estimates and assumptions, including revenue growth rates, the operating margin rate and the discount rate, which can, particularly in the segments in which Antalis operates, fluctuate over time and vary significantly from actual future performance.

We deemed the measurement of the recoverable amount of goodwill to be a key audit matter due to the significant amounts at stake and the high degree of judgement and estimation required from management in a highly volatile economic and financial environment.

How our audit addressed this risk

We examined the methodology used by management to determine the recoverable amount of goodwill, and assessed its compliance with current accounting standards.

We also performed a critical assessment of the implementation of this methodology and, in particular, carried out the following procedures:

- validated the consistency of the CGUs with the cash flow projections;
- gained an understanding of the process for preparing the Antalis four-year business plan as defined by Management and presented to the Board of Directors on 10 January 2020;
- obtained the tests prepared by management and reconciled the value of the assets tested with the underlying accounting data;
- compared the cash flows used in the tests with the four-year business plan defined by management and presented to the Board of Directors on 10 January 2020;
- conducted, with the help of our valuation experts, a critical assessment of the methods used to calculate the recoverable amount and assessed the discount rates used;
- assessed the projected future cash flows, in particular the revenue growth rates, based on our knowledge of the relevant business segment and the economic and financial environment in which Antalis operates, and compared them with market data when available.

Lastly, we examined the disclosures provided in the notes to the consolidated financial statements, in particular the information concerning the analyses of the sensitivity of the recoverable amount to variations in the main assumptions used.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report adopted on 19 May 2020. Regarding events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed, Management has informed us that they will be reported to the shareholders' meeting called to approve these financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Board of Directors' management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Antalis SA by decision of the sole shareholder on 21 July 2006 for PricewaterhouseCoopers Audit and on 11 May 2017 for Constantin Associés.

At 31 December 2019, PricewaterhouseCoopers Audit and Constantin Associés were in the fourteenth and the third consecutive year of their engagement, respectively, and for both firms, the third year since the Group's securities were admitted to trading on a regulated market.

Responsibilities of Management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. 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 internal control procedures relevant to the 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the Management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 20 May 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Constantin Associés
	Member of Deloitte Touche Tohmatsu Limited

PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of financial position

Assets

(€ millions) (amounts shown net)	*Notes*	31/12/2019	31/12/2018
Property, plant and equipment and intangible assets	*3*	26.6	30.1
Investments	*4*	412.9	536.3
Total fixed assets		**439.5**	**566.4**
Operating receivables[1]		29.7	34.1
Other receivables[1]	*5*	102.4	113.8
Cash on hand		71.7	17.9
Total current assets		**203.8**	**165.8**
Accrual accounts		1.5	1.9
Unrealised translation losses	*10*	5.1	8.6
TOTAL ASSETS		**649.9**	**742.7**
[1] Of which, due in less than one year.		*131.5*	*149.2*

Equity and liabilities

(€ millions)	*Notes*	31/12/2019	31/12/2018
Share capital		213.0	213.0
Additional paid-in capital		50.9	50.9
Legal reserve		14.9	14.9
Other reserves		40.4	40.4
Retained earnings		(112.2)	0.7
Net income (loss) for the year		(148.0)	(112.9)
Regulated provisions		7.1	9.4
Equity	*6*	**66.1**	**216.4**
Provisions for contingencies and losses	*16*	5.4	8.9
Debt	*7*	287.2	270.3
Trade payables		24.4	38.8
Tax and social security liabilities		1.0	1.9
Other payables	*8*	261.8	205.8
Total payables[1]		**574.4**	**516.8**
Unrealised translation gains	*10*	4.0	0.6
TOTAL EQUITY AND LIABILITIES		**649.9**	**742.7**
[1] Of which, due in less than one year.		*573.9*	*256.0*

Income statement

(€ millions)	*Notes*	2019	2018
Sales		60.9	69.4
Total operating income		**60.9**	**69.4**
Purchases consumed		(22.1)	(27.4)
Taxes other than income taxes		(0.4)	(0.6)
Personnel expenses		(2.5)	(2.8)
Depreciation, amortisation and provisions		(10.0)	(11.9)
Other operating expenses		(19.0)	(20.3)
Total operating expenses		**(54.0)**	**(63.0)**
Operating income	*9*	**6.9**	**6.4**
Financial income		53.6	46.0
Financial expenses		(208.3)	(251.5)
Net financial income (loss)	*10*	**(154.7)**	**(205.5)**
Income (loss) before non-recurring items and tax		**(147.8)**	**(199.1)**
Non-recurring income		3.7	311.0
Non-recurring expenses		(3.9)	(224.8)
Net non-recurring income (expense)	*11*	**(0.2)**	**86.2**
Income (loss) before tax		**(148.0)**	**(112.9)**
Income tax	*12*	-	-
NET INCOME (LOSS)		**(148.0)**	**(112.9)**

Notes to the parent company financial statements

Note 1	Significant events of the year and subsequent events	Note 10	Net financial income (loss) and translation adjustments
Note 2	Summary of significant accounting policies	Note 11	Net non-recurring income (expense)
Note 3	Intangible assets and property, plant and equipment	Note 12	Income tax
Note 4	Investments	Note 13	Compensation of corporate officers
Note 5	Other receivables	Note 14	Related companies
Note 6	Statement of changes in equity	Note 15	Off-balance sheet commitments
Note 7	Debt	Note 16	Provisions
Note 8	Other payables	Note 17	List of subsidiaries and associates at 31 December 2019
Note 9	Operating income (loss)		

Note 1
Significant events of the year and subsequent events

Difficulties encountered by Arjowiggins and Sequana

In early January 2019, Sequana announced that its main production subsidiaries in France and the UK were entering bankruptcy proceedings. This culminated notably in the liquidation of most of the assets of the Arjowiggins Graphic division in late March 2019, which represented approximately 4% of Antalis Group's paper purchases. Consequently, the Group gradually began to secure other sources of supply to enable it to continue serving its customers in this market segment and partially offset the consequences of this disruption to its supply chain.

Arjowiggins Creative Papers remained in business long enough to complete a management buyout, which was finally agreed and announced on 25 September 2019. This successful operation will enable Antalis to continue buying fine and creative papers from this longstanding strategic partner.

Moreover, on 15 May 2020, the Nanterre Commercial Court placed Sequana, Antalis' majority shareholder, in court-ordered liquidation.

The difficulties encountered both by Sequana and the Arjowiggins group together with the related uncertainty, had an adverse impact on the perception of the Antalis Group and its business.

Search for a new shareholder and market conditions

In this context, and with the agreement of Sequana – which had already indicated that it did not intend to remain as its controlling shareholder – in Q1 2019, Antalis mandated an investment bank to help it put a new shareholding structure in place that would enable Antalis to pursue its development and provide it with the resources needed to deploy its strategic options. This process lasted throughout 2019 amidst constantly deteriorating market conditions due to the fraught political and business climate in a number of countries (social unrest in Europe, Asia and Latin America, Brexit negotiations) and compounded by uncertainty over Antalis' ownership structure. These developments weighed heavily on the Group's operating performance and cash flow.

Impairment losses on investments

In light of worse-than-forecast results and a less favourable business outlook, annual testing of the carrying amount of investments resulted in recognition of a €152 million provision for impairment losses (see Notes 2 and 4).

Subsequent events and accounts closing context

Health crisis and global economy

The Covid-19 pandemic appeared in early 2020, impacting human health and notably that of Antalis' employees, suppliers, sub-contractors and customers together with the Group's business and financial situation. As of the accounts closing date, Antalis has identified the following key points:

- Human health and safety: Antalis is monitoring the pandemic closely and the health and safety of its employees is the key priority. The Group's operations in the different countries have been adapted to comply with the health guidelines issued by the various governments, while ensuring business continuity. The Group has also introduced preventive measure by using teleworking for its employees whenever it is possible to work remotely and the necessary equipment is available. Otherwise, Antalis has been promoting barrier gestures whenever possible among employees and providing them with appropriate hygiene facilities. There is uncertainty concerning the long-term effects of the lockdown measures taken by the authorities and implemented by the Group.
- For the moment, it remains difficult to quantify the impact of the pandemic on Antalis' business and financial situation, especially as it is impossible to predict the duration of the health crisis and lockdown measures or how fast the crisis recovery will be. However, as of the date of publication of this report, we have identified:
  - probable impacts on sales, resulting mainly from a slowdown in business with many customers who are themselves facing a slowdown or even a temporary halt in their own activities. The extent of this slowdown will depend on how quickly restrictions are lifted in each country and the pace of economic recovery;
  - a probable slowdown in investment and related projects;
  - an increased risk of late payment or default among certain customers;
  - impacts on the timeline for deploying the Group's new ownership structure described below.

Faced with this unprecedented situation and the associated risks, Antalis implemented all of the measures available to it as soon as possible to limit the impact of the crisis on its profitability and preserve its cash flow. In particular, the Group has implemented the administrative and fiscal measures introduced by national governments in the countries in which the Group is present, such as temporary unemployment benefit and postponement of taxes and social security contributions.

Depending on how the situation evolves, other impacts that have not yet been identified may come to light.

Change of ownership and simultaneous refinancing

Thanks to the successful completion of Antalis' search for a new shareholding structure which began in 2019 and included discussions with the financial stakeholders, on 31 March 2020, the Group was able to announce that it had signed a binding put option agreement with Japan-based Kokusai Pulp and Paper Co., Ltd. ("KPP") covering all of the Antalis shares held by Sequana, and a share purchase agreement for all of the Antalis shares held by Bpifrance Participations. These undertakings are linked to an agreement to restructure Antalis' syndicated credit facility, providing for repayment in cash of €100 million of the outstanding facility amount through a new loan granted by a Japanese bank, and a write-off of the remainder (€187 million at 31 December 2019).

On 14 April 2020, Antalis' European Works Council issued a favourable opinion concerning the proposed transaction between Antalis and KPP. This had constituted one of the conditions precedent that needed to be satisfied.

On 22 April 2020, the Supervisory Judge appointed by the Commercial Court of Nanterre authorised the sale of all Antalis shares held by Sequana to KPP. Moreover, on 28 April 2020 and 12 May 2020, respectively, both Bpifrance Participations and Impala Security Solutions B.V. informed the court-appointed liquidator that they were releasing their pledges on Antalis shares held by Sequana.

On 15 May 2020, Sequana notified KPP that it was exercising its put option pursuant to the put option agreement signed on

31 March 2020. Furthermore, on 19 May 2020, Sequana and KPP finalised the share purchase agreement covering the Antalis shares held by Sequana. The transfer of ownership of Antalis shares held by Sequana remains subject to various conditions precedent, including the absence of any appeal against the order of the Supervisory Judge dated 22 April 2020. At this stage, based on the information at its disposal and its discussions with KPP, Antalis believes that the transfer of shares should take place in July 2020.

At the same time as the share purchase agreement was finalised, Antalis and KPP signed an agreement setting out the terms and conditions for a simplified cash tender offer at a price of 0.73 euro per share (the "Offer") to be filed with the French Financial markets authority (*Autorité des marchés financiers*) after the effective transfer of the Antalis shares to KPP and covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital. Upon completion of the Offer, KPP intends to request the implementation of a squeeze-out procedure, provided that all regulatory conditions have been met.

Liquidity of the Group and going concern

In this context, Antalis has strengthened its processes for monitoring cash flow and regularly updated its short and medium-term cash flow forecasts to ensure that it has the resources needed to meet its obligations. The forecasting process is based on an assessment of business conditions by country and underpinned by operational and financial assumptions which, although updated on a regular basis, remain highly uncertain given the scale and unprecedented nature of the current health and economic crisis and its impacts on Antalis' various business sectors and in the countries in which it operates. It should be noted that the second source of liquidity available to the Group – in addition to its syndicated credit facility – is based on the funds generated from the factoring programmes set up in 2015, which currently cover most of its trade receivables in Europe. This source of financing is closely correlated to the Group's sales and the related amounts of trade receivables, and the slowdown in sales observed in Q1 2020 in most countries has automatically led to a reduction in the amounts of available financing. However, the Group has been able to offset this reduction to a large extent by the reduction in working capital requirements due to lower levels of business and thanks to all the cash protection measures deployed in the context of the Covid-19 crisis, as explained previously.

As of the accounts closing date for the annual parent company financial statements for 2019, Antalis senior management provided its Board of Directors with the most recent available cash flow forecasts. These indicate that the Group should have sufficient liquidity until Antalis is taken over by its new shareholder. The different parties are planning for this to happen in July. KPP has undertaken to provide its new subsidiary with financial support commensurate with its needs once it takes effective control. It has been informed of the amounts required and has indicated that it expects to have sufficient resources to do so by this time. Once it has been set up, this new ownership structure, combined with a complete restructuring of the Group's debt, will provide Antalis with the stable, long-term resources it needs to pursue its long-term development and strategy.

Based on the foregoing and the information available at this date, at its meeting held on 19 May 2021, the Board of Directors approved the consolidated and parent company financial statements on a going concern basis.

There have been no material changes in the Company's financial or commercial position since 31 December 2019, other than those mentioned above.

Note 2

Summary of significant accounting policies

The parent company financial statements are prepared in accordance with French generally accepted accounting principles based on the General Chart of Accounts as set out in ANC Regulation No. 2016-07 of 4 November 2016 issued by the French accounting standards authority (*Autorité des Normes Comptables*). The Company also prepares consolidated financial statements in accordance with IFRS (International Financial Reporting Standards). These financial statements were approved by the Board of Directors on 19 May 2020 on a going concern basis in the context and based on the assumptions described in Note 1.

The basic method used to value items recorded in the accounting books is the historical cost method.

The usual accounting conventions have been applied in compliance with the principle of prudence and:

- the going concern principle;
- the consistency principle; and
- the accrual basis principle.

Accounting policies

Intangible assets

Intangible assets are measured at acquisition cost (purchase price plus any ancillary expenses), or at their contributed net carrying amount.

Software is amortised on a straight-line basis, pro rata over a period of between one and eight years.

Capitalised IT project costs are amortised on a straight-line basis over eight years (SAP projects), or over five years (other projects).

These costs include a portion of personnel expenses relating to time spent by Antalis employees on IT projects that meet the capitalisation criteria as well as external consultancy fees.

Property, plant and equipment

Property, plant and equipment are stated at cost (purchase price plus any ancillary expenses), or at their contributed net carrying amount.

Straight-line depreciation is considered to be representative of economic depreciation for property, plant and equipment:

Useful lives are as follows:

- Technical facilities: 10 years
- Fixtures and fittings: 10 years
- General facilities: 8 to 10 years
- Office and IT equipment: 3 to 5 years
- Office furniture: 8 to 10 years

Investments in subsidiaries and associates

Investments in subsidiaries and associates are initially stated at cost. Where appropriate, acquisition fees are included in the cost of these items.

At regular intervals, and particularly at the date of any inventory, the entity determines the value in use of its investments. If the value in use of an investment is less than its cost, a provision for impairment is recognised. If the value in use of an investment exceeds its cost, no unrealised capital gains are booked.

The value in use of investments in subsidiaries and associates is determined based on enterprise value net of debt, whereas that of operating entities is determined by management based on the present value of future cash flows and, where appropriate, on independent valuation reports. The value in use of non-operating entities equals their net book assets.

If value in use calculated as described above is less than the value of the investment in a subsidiary's net assets, a provision for impairment is booked for the difference in these amounts. If value in use once again exceeds the carrying amount, the provision is written back accordingly.

Related acquisition fees are capitalised with the investments concerned within assets and are subject to accelerated tax depreciation over a period of five years.

Movements in provisions are included within financial income and expenses.

Cash pooling agreement

The Company and most of its subsidiaries are parties to a framework agreement pursuant to which cash surpluses are regularly invested with the parent company and pooled in order to meet the Group's day-to-day financing requirements. The resulting current account lending and borrowing positions may be settled at any time. Since the introduction of factoring programmes, certain subsidiaries may carry significant cash surpluses and are constantly lenders with regard to the Company. The cash pooling agreement sets out the interest terms applicable to current account positions based on several different inputs (key lending rates, borrowing costs).

Treasury shares

A liquidity agreement has been set up with Oddo & Cie to improve the liquidity of the Antalis share and share price stability without distorting the workings of the market. Treasury shares acquired within the scope of the liquidity agreement are recognised at cost within investments and a provision for impairment is booked if their carrying amount is less than the average share price during the last month prior to the reporting date. Any gain or loss on the disposal of treasury shares is recognised in non-recurring income or expense.

Recognition of transactions denominated in foreign currency

All receivables and payables denominated in foreign currency are translated into euros at the closing exchange rate and the resulting differences are recognised in "Exchange differences" in the statement of financial position.

A provision is set aside for exchange differences and calculated currency by currency when there is a potential foreign exchange loss on an overall foreign exchange position. Overall positions exclude exchange differences on hedging instruments and hedged items.

No income is recognised in profit or loss for potential gains on an overall foreign exchange position, in accordance with French Gaap.

Tax regime

Between 2002 and 2016, the Company was a member of Sequana's tax consolidation group.

The tax group was modified on 1 January 2013 to allow the taxable earnings of the tax group's French companies (primarily Antalis France) to be directly reallocated to the Company in its capacity as intermediate holding company and head of a sector-specific group.

Sequana's distribution of 18% of its shares held in Antalis in June 2017 led to the exit of Antalis and of its French subsidiaries from Sequana's tax group with retroactive effect from 1 January of the same year. In this regard Sequana filed an advance ruling request with the tax authorities seeking confirmation that certain provisions of the French General Tax Code duly applied to the safeguard procedure then applying to Sequana and thereby allowed it to form a tax group composed of Antalis and Antalis France effective as of 1 January 2017. Antalis is still awaiting the tax authorities' response and consequently, the new tax group composed of Antalis and its French subsidiaries was only effective as from 1 January 2018.

Estimates and inputs requiring judgement

The preparation of the parent company financial statements requires management to make certain estimates, evaluations and assumptions that they deem to be both realistic and reasonable. In order to limit uncertainty, these valuations and estimates are reviewed and analysed regularly based on actual data and experience, as well as on other factors deemed relevant in the light of current economic circumstances.

In recent years the highly volatile economic and financial environment has made forecasting for the various businesses especially difficult and actual results may differ from the estimates and related assumptions used. The estimates and assumptions used by the Company may have a material impact on the measurement of financial assets in the financial statements.

Note 3
Intangible assets and property, plant and equipment

(€ millions)	31/12/2018	Acquisitions	Disposals	Inter-account transfers	31/12/2019
Intangible assets	108.4	-	-	7.6	116.0
Intangible assets in progress	3.2	6.1	-	(7.6)	1.7
Other property, plant and equipment	3.4	0.2	-	-	3.6
Total gross amount	**115.0**	**6.3**	**-**	**-**	**121.3**
Amortisation of intangible assets	(81.5)	(9.8)	-	-	(91.3)
Depreciation of other property, plant and equipment	(3.4)	-	-	-	(3.4)
Accumulated depreciation and amortisation	**(84.9)**	**(9.8)**	**-**	**-**	**(94.7)**
CARRYING AMOUNT	30.1	(3.5)	-	-	26.6

Note 4
Investments

(€ millions)	31/12/2018	Increase	Decrease	31/12/2019
Investments in subsidiaries and associates	453.9	1.0	-	454.9
Loans and receivables due from subsidiaries and associates	311.5	28.3	(2.0)	337.8
Other	0.4	0.5	(0.5)	0.4
GROSS AMOUNT	**765.8**	**29.8**	**(2.5)**	**793.1**
Impairment of investments in subsidiaries and associates	(227.2)	(151.8)	-	(379.0)
Impairment of loans and receivables due from subsidiaries and associates	(2.3)	-	1.0	(1.3)
Other impairment	-	0.1	-	0.1
Total impairment	**(229.5)**	**(151.7)**	**1.0**	**(380.2)**
CARRYING AMOUNT	536.3	(121.9)	(1.5)	412.9

"Other" essentially concerns treasury shares held by the Company within the scope of the liquidity agreement with Oddo Corporate Finance (see Note 2). At 31 December 2019, the Company held 501,062 treasury shares with a historical value of €0.5 million. As the average price of these treasury shares at end-December 2019 was lower than their historical cost, an impairment provision was recognised for an amount of €0.1 million.

Movements in investments in 2019

(€ millions)	
Carrying amount at 31 December 2018	536.3
Investments in subsidiaries and associates	
Equity interests acquired:	
• TFM Industrial (Peru)	1.0
Loans and receivables due from subsidiaries and associates	
• Antalis Participations (France)	24.6
• Inversiones Antalis Holdings Ltda (Chile)	2.3
• OOO Map Merchant Russia	(0.2)
• Antalis Simge (Turkey)	(0.2)
• Other (valuation of loans denominated in foreign currency)	(0.2)
Other investments	
Payment of guarantee deposit	0.2
Movements in provisions for impairment of investments in subsidiaries and associates:	
• Antalis Investments Sàrl (Luxembourg)	(149.8)
• Antalis Abitek Ltda (Chile)	(1.4)
• Antalis Proprietary Ltd (South Africa)	(0.6)
Movements in provisions for impairment of loans and receivables due from subsidiaries and associates:	
• OOO Map Merchant Russia	1.0
Other movements in provisions for impairment:	
Treasury shares	(0.1)
Carrying amount at 31 December 2019	412.9

In 2018, most of Antalis' directly-owned subsidiaries were transferred into an intermediate holding company, Antalis Participations SAS, whose shares were pledged to the lenders of the syndicated facility. Some of the subsidiaries were contributed at net book value, while others were sold at fair value and paid up by offsetting the corresponding amount against the vendor loan held by Antalis against Antalis Participations. This €285 million receivable bears interest at the same rate as the syndicated credit facility and is presented below under loans and receivables due from subsidiaries and associates (including accrued interest).

All of these transfers generated a net gain of nearly €80 million in non-recurring income (see Note 11) with no impact on the Company's taxable results.

In accordance with the principle outlined in the section on investments in Note 2, the value of operating subsidiaries and associates is estimated by discounting future cash flows to present value. This method is based around certain assumptions for which the Company needs to use its judgement by factoring in various different inputs. Changes in the values of these inputs from one period to another can result in considerable volatility in the resulting valuations, as has been the case over the past few years. Adjustments to the provisions at 31 December 2019 resulted in a total write-down of €152 million recorded as a financial expense (see Note 10). It mainly reflects the impairment of the underlying assets owned by Antalis Participations in the context outlined in Note 1. A write-down of €208 million was recognised in 2018.

Note 5
Other receivables

(€ millions)	31/12/2019	31/12/2018
Amounts owed by suppliers, accrued credit notes	-	0.9
Tax and social security receivables	3.5	5.9
Group current accounts	98.9	107.0
TOTAL	102.4	113.8

Maturity of other receivables

(€ millions)	Total	Less than 1 year	1 to 5 years	More than 5 years
At 31 December 2019				
Amounts owed by suppliers, accrued credit notes	-	-	-	-
Tax and social security receivables	3.5	2.9	0.6	-
Group current accounts	98.9	98.9	-	-
TOTAL	102.4	101.8	0.6	-
At 31 December 2018				
Amounts owed by suppliers, accrued credit notes	0.9	0.9	-	-
Tax and social security receivables	5.9	5.3	0.6	-
Group current accounts	107.0	107.0	-	-
TOTAL	113.8	113.2	0.6	-

Change in current account receivables

(€ millions)	31/12/2018	Change	31/12/2019
Group current accounts	180.3	3.1	183.4
GROSS AMOUNT	180.3	3.1	183.4
Impairment	(73.3)	(11.2)	(84.5)
CARRYING AMOUNT	107.0	(8.1)	98.9

Note 6
Statement of changes in equity

(€ millions)	Number of shares issued	Share capital	Additional paid-in capital	Reserves: Legal reserves	Reserves: Tax-related reserves	Reserves: Other reserves	Retained earnings	Net income (loss) for the year	Regulated provisions	Total equity
Equity at 1 January 2018	71,000,000	213.0	50.9	14.6	0.5	40.0	(5.4)	12.0	21.8	347.4
Allocation of 2017 net income	-	-	-	0.3	-	-	11.7	(12.0)	-	-
Reduction in share capital	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	(5.7)	-	-	(5.7)
Net loss for 2018	-	-	-	-	-	-	-	(112.9)	-	(112.9)
Other changes in the period	-	-	-	-	-	-	-	-	(12.4)	(12.4)
Equity at 31 December 2018	71,000,000	213.0	50.9	14.9	0.5	40.0	0.6	(112.9)	9.4	216.4
Allocation of 2018 net loss	-	-	-	-	-	-	(112.9)	112.9	-	-
Reduction in share capital	-	-	-	-	-	-	-	-	-	-
Dividends distributed	-	-	-	-	-	-	-	-	-	-
Net loss for 2019	-	-	-	-	-	-	-	(148.0)	-	(148.0)
Other changes in the period	-	-	-	-	(0.1)	-	0.1	-	(2.3)	(2.3)
Equity at 31 December 2019	71,000,000	213.0	50.9	14.9	0.4	40.0	(112.2)	(148.0)	7.1	66.1

Note 7
Debt

Debt at 31 December 2019

(€ millions)	Total	Due in 1 year or less	Due in more than 1 year
Syndicated credit facility[(1)]	275.9	275.9	-
Accrued interest[(1)]	11.3	11.3	-
TOTAL	287.2	287.2	-

(1) *At 31 December 2019, sums due under the syndicated credit facility are presented in short-term borrowings due to non-compliance with the ratios tested at that date even though this did not trigger early repayment because of the agreement with the lenders obtained in March 2020 (see below).*

Debt at 31 December 2018

(€ millions)	Total	Due in 1 year or less	Due in more than 1 year
Syndicated credit facility	265.0	10.0	255.0
Accrued interest	5.3	-	5.3
TOTAL	270.3	10.0	260.3

During H1 2018, Antalis signed the legal documentation to complete the refinancing of its €285 million syndicated credit facility and its main factoring programme (representing an amount of €290 million at 31 December 2019). The maturity of both of these agreements was extended to 31 December 2021. The 2018 agreement secured with the lenders of the syndicated facility also revised several terms and conditions applicable to the financing, including provisions for:

- strengthening of pre-existing collateral; in particular, Antalis expanded the list of entities whose assets are pledged to the lenders as well as making it easier to call upon the guarantees (see Note 4);
- revised conditions for interest payable on amounts drawn down, with a portion of interest now able to be gradually capitalised;

- an immediate €25 million reduction in the authorised amount under the credit facility, the tranches repayable at maturity and the revolving tranche;
- contractual repayments of €10 million per year beginning in 2019;
- maintenance of two main covenants based on ratios revised as from the 30 June 2018 test.

Based on tests carried out at 31 December 2019, the Group did not comply with the covenants. Under the terms of the agreement that Antalis finalised in March 2020 (see Note 1), the lenders have waived their rights in the event of any default until after the transaction with KPP has been finalised, when the debt will be extinguished in accordance with the arrangements described in Note 1. Under the terms of the restructuring, the lenders have also waived all accrued interest as of the date of the agreement.

Note 8

Other payables

Other payables at 31 December 2019

(€ millions)	Total	Due in 1 year or less	Due in more than 1 year
Payable to customers, accrued credit notes	0.1	0.1	-
Cash current accounts[1]	261.2	261.2	-
Sundry Group creditors[1]	0.5	-	0.5
TOTAL	261.8	261.3	0.5

[1] *See Note 14.*

Other payables at 31 December 2018

(€ millions)	Total	Due in 1 year or less	Due in more than 1 year
Payable to customers, accrued credit notes	0.2	0.2	-
Cash current accounts[1]	205.1	205.1	-
Sundry Group creditors[1]	0.5	-	0.5
TOTAL	205.8	205.3	0.5

[1] *See Note 14.*

Note 9

Operating income (loss)

Operating expenses primarily include central Group overheads, namely payroll costs relating to employees at the Group's head office, including executive management and employees in corporate departments (legal, HR, finance, etc.) as well as marketing, purchasing and IT departments, part of which falls under head office functions. Since 2017, these costs have been rebilled to the Company by Antalis Ressources et Services, which is the new employer of these staff members.

Operating income results mainly from rebilling the large majority of the aforementioned costs to Group subsidiaries under a management fee service agreement. In the context of head office trade negotiations with suppliers considered strategic to the Group's distribution business, the Company bills these suppliers listing fees which represent a significant portion of its sales.

Note 10

Net financial income (loss)

(€ millions)	2019	2018
Dividends received	0.7	9.1
Interest income receivable from Group entities	40.9	25.4
Interest expense payable to third parties	(25.7)	(25.2)
Interest expense payable to Group entities	(5.1)	(2.8)
Reversals of provisions for impairment of investments, loans and current account balances	9.8	-
Additions to provisions for impairment of investments, loans and current account balances	(168.2)	(212.0)
Foreign exchange gains	2.2	11.5
Foreign exchange losses	(9.3)	(11.5)
Net financial income (expense)	(154.7)	(205.5)

The following provisions for exchange differences were recognised based on remeasurement of receivables and payables denominated in foreign currency at the closing exchange rate:

	Assets		Equity and liabilities	
(€ millions)	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Loans	1.3	7.9	-	0.1
Trade receivables	-	0.2	-	-
Current accounts	3.2	0.4	2.5	0.4
Cash and cash equivalents	0.6	0.1	1.5	0.1
TOTAL	5.1	8.6	4.0	0.6

Note 11

Net non-recurring income (expense)

(€ millions)	2019	2018
Income on disposals and gains on securities	-	303.5
Carrying amount of securities sold	-	(223.6)
Reversals of provisions for contingencies and losses	-	0.1
Additions to provisions for contingencies and losses	-	(0.1)
Reversals of accelerated tax depreciation and amortisation	3.4	3.0
Additions to accelerated tax depreciation and amortisation	(1.1)	(1.0)
Other non-recurring income	0.3	4.4
Other non-recurring expenses(1)	(2.8)	(0.1)
Net non-recurring income (expense)	(0.2)	86.2

(1) *In 2019, this amount included litigation which has now been settled with the bodies in charge of the liquidation of Arjowiggins Graphic.*

Note 12

Income tax

(€ millions)	2019	2018
Income (loss) before tax	(148.0)	(112.9)
Income tax	-	-
NET INCOME (LOSS)	(148.0)	(112.9)

The tax group headed up by the Company was loss-making in 2018 and 2019 and tax loss carryforwards at 31 December 2019 amounted to €28.1 million.

The tax losses transmitted by the Company to Sequana when the latter headed up the tax consolidation group (see Note 2) were automatically recovered by the Company when it exited these group relief arrangements after Sequana entered a safeguard procedure. The tax losses duly recovered were set off in full against the Company's earnings for 2018 and 2019.

Note 13

Compensation of corporate officers

Total compensation paid by the Company in 2019 to corporate officers amounted to €1.3 million versus €1.2 million paid for 2018.

Note 14

Related companies

Related parties that control or exercise significant influence over the Antalis Group are Sequana, which is Antalis' majority shareholder, and Bpifrance Participations, which is Sequana's majority shareholder and a minority shareholder of Antalis. The Company's financial statements are no longer consolidated by Sequana which is now in liquidation.

Other related parties are entities controlled by Sequana, which included the subsidiaries of the Arjowiggins group, which used to be Antalis' strategic paper suppliers until the end of 2018.

Entities that are fully controlled directly or indirectly by Antalis are also related parties.

As indicated in Note 1, Sequana and most of the subsidiaries of Arjowiggins have entered bankruptcy proceedings and most are now in liquidation.

Transactions with related parties are generally carried out on an arm's length basis.

The table below shows the impact of related-party transactions on the main income statement and statement of financial position items:

(€ millions)	2019	2018
Assets and liabilities		
Loans	337.8	311.5
Operating receivables	22.0	28.9
Other receivables(1)	98.9	108.0
Operating payables	14.7	31.0
Other payables(1)	261.7	205.8
Income statement		
Operating income	30.2	31.4
Operating expenses	18.6	15.8
Net interest expense	35.6	22.6
Income from investments in subsidiaries and associates	0.7	9.1

(1) *Mainly cash current accounts with Group subsidiaries.*

Note 15
Off-balance sheet commitments

(€ millions)	31/12/2019	31/12/2018
COMMITMENTS GIVEN	211.6	250.7
Guarantees of UK pension benefit obligations(1)	117.5	130.6
Joint guarantees and other first call guarantees given(2)	94.1	120.1

(1) *This item notably concerns a guarantee given by Antalis in relation to the pension benefit funding obligations for past and present employees of their UK subsidiaries that are members of the Antalis Pension Scheme (APS). The amount of these guarantees is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or GBP 85 million (€100 million at 31 December 2019). The buy-out-deficit represents the theoretical amount of the deficit value to be used in the event of the transfer of all of the funds' obligations to an insurance company. Based on the pension fund regulations, the contribution requirements for employer entities and the guarantees given to the trustees by the participating entities, the overall amount of the guarantees currently given by the Group remains capped at GBP 85 million. This item also includes guarantees given by Antalis and its UK subsidiaries concerning the pension benefit obligations for past and present employees under another smaller pension scheme (Arjo UK Group Pension Scheme). At 31 December 2019, this guarantee amounted to €18 million.*

(2) *This item includes the guarantees set up on behalf of Group subsidiaries within the scope of their commitments under various agreements they have entered into in the normal course of business. These correspond mainly to warehouse or office leases as well as procurement and service agreements related to such areas as logistics.*

Collateral posted in respect of financing agreements

In accordance with the obligations under its syndicated credit facility and to secure its existing borrowing commitments, in 2018 Antalis granted a pledge on the shares of certain subsidiaries – notably Antalis Participations (see Note 4) – to the lender banks, in addition to existing pledges. Under the agreements concluded in March 2020, this contract will be terminated (see Note 1) and these pledges will be released.

Note 16
Provisions

(€ millions)	31/12/2018	Additions	Reversals (utilised provisions)	Reversals (surplus provisions)	31/12/2019
Foreign exchange risk	8.6	5.1	(8.6)	-	5.1
BIC sellers' warranty	0.2	-	-	-	0.2
Other provisions	0.1	-	-	-	0.1
TOTAL	**8.9**	**5.1**	**(8.6)**	**-**	**5.4**

At 31 December 2019, provisions for contingencies and losses relating to Antalis mainly include provisions for foreign exchange losses.

Note 17

List of subsidiaries and associates at 31 December 2019

(€ millions)	Share capital	Equity other than capital before allocation of net income (loss)	% ownership	Carrying amount of investment Gross	Carrying amount of investment Net	Outstanding loans and advances granted by the Company	Guarantees given by the Company	2019 net sales	2019 net income (loss)	Dividends received by the Company during the year	Observations
A) Detailed disclosures for investments with a carrying amount in excess of 1% of the Company's share capital:											
1 - Subsidiaries (more than 50%-owned by the Company)											
Inversiones Antalis Holdings Ltda (Chile)	23.5	40.1	59.0	16.8	16.8	-	-	-	-	-	
Antalis Proprietary Ltd (South Africa)	-	(0.7)	100.0	25.0	1.4	-	-	-	-	0.7	
Antalis Abitek Ltda (Chile)	3.5	4.5	100.0	1.4	-	-	-	-	-	-	
TFM Industrial S.A. (Peru)	0.6	1.2	70.0	3.3	3.3	-	-	-	-	-	
Antalis Ressources et Services (France)	0.6	0.5	100.0	1.3	1.3	-	-	20.4	-	-	
Antalogne 2 (France)	-	-	100.0	-	-	-	-	-	-	-	
Antalis Investments SARL (Luxembourg)	407.1	-	100.0	407.1	53.1	-	-	-	-	-	
2 - Associates (10%- to 50%-owned by the Company)											
3 - Other investments (less than 10%-owned by the Company)											
B) Aggregate data concerning other subsidiaries and associates:											
1 - Subsidiaries not included in section A:											
a) French companies											
b) Foreign companies											
2 - Associates not included in section A											
a) French companies											
b) Foreign companies											
TOTAL				454.9	75.9						

STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report on the parent company financial statements issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Antalis
8 rue de Seine
92100 Boulogne-Billancourt – France

For the year ended 31 December 2019

To the Shareholders of Antalis,

Opinion

In compliance with the engagement entrusted to us by the sole shareholder, we have audited the accompanying financial statements of Antalis SA for the year ended 31 December 2019. These financial statements were approved by the Board of Directors on 19 May 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to Note 1 "Significant events of the year and subsequent events" to the financial statements, which describes the background and the main assumptions used by the Company in preparing its financial statements in accordance with the going concern principle, taking into account in particular the takeover of Antalis by the Japanese group Kokusai Pulp and Paper Co., Ltd ("KPP"), which is due to be finalised in July 2020. These assumptions are nevertheless subject to major uncertainties, particularly in view of the extent and unprecedented nature of the current health and economic crisis.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and associates (Notes 2, 4 and 17 to the financial statements)

Description of risk

At 31 December 2019, investments in subsidiaries and associates totalled a net amount of €75.9 million, after accumulated impairment losses of €379 million and out of total assets of €649.9 million.

Investments are carried in the statement of financial position at cost plus acquisition fees. If the value in use is less than the carrying amount, a provision for impairment is booked for the difference in these amounts. If the value in use then subsequently rises above the carrying amount, the provision is reversed.

As indicated in Note 2 to the financial statements, value in use is determined based on the enterprise value, net of debt. The enterprise value of non-operating entities equals their net assets at the carrying amount, whereas that of operating entities is determined by Management based on the present value of future cash flows and, where appropriate, on independent valuation reports. These values rely on numerous estimates and assumptions, including revenue growth rates, operating margins and the discount rate, which can, particularly in the segments in which Antalis operates, fluctuate over time and vary significantly from actual future performance.

Measurements are carried out periodically, especially during the inventory.

We deemed the measurement of the value in use of investments to be a key audit matter due to the significant amounts at stake and the high degree of judgement and estimation required from Management in a highly volatile economic and financial environment.

How our audit addressed this risk

We examined the methodology used by Management to determine the value in use of these investments, and assessed its compliance with current accounting standards.

We also performed a critical assessment of the implementation of this methodology and, in particular, carried out the following procedures:

- gained an understanding of the process for preparing the Antalis four-year business plan as defined by Management and presented to the Board of Directors on 10 January 2020;
- obtained the tests prepared by Management and reconciled the value of the investments tested, as well as the amounts of net debt at 31 December 2019, with the underlying accounting data;
- compared the cash flows used in the tests with the four-year business plan defined by Management;
- reconciled the net assets of non-operating companies with the underlying accounting data;
- conducted, with the help of our valuation experts, a critical assessment of the methods used to calculate the value in use and assessed the discount rates used;
- assessed the projected future cash flows, in particular the revenue growth rates, based on our knowledge of the relevant business segment and the economic and financial environment in which Antalis operates, and compared them with market data when available.

Lastly, we examined the related disclosures on investments in subsidiaries and associates provided in the notes to the financial statements.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report adopted on 19 May 2020 and in the other documents provided to the shareholders with respect to the financial position and the financial statements. Regarding events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed, Management has informed us that they will be reported to the shareholders' meeting called to approve these financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-4 of the French Commercial Code.

Information relating to corporate governance

We attest that the section of the Board of Directors' report devoted to corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L .225-37-3 of the French Commercial Code relating to remuneration and benefits received by or awarded to corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from companies controlled by it and included in the scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code relating to those items the Company has deemed likely to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Antalis SA by decision of the sole shareholder on 21 July 2006 for PricewaterhouseCoopers Audit and on 11 May 2017 for Constantin Associés.

At 31 December 2019, PricewaterhouseCoopers Audit and Constantin Associés were in the fourteenth and the third consecutive year of their engagement, respectively, and the third year for both firms since the securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 taken by users on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. 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 internal control procedures relevant to the 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 internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 20 May 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Constantin Associés
	Member of Deloitte Touche Tohmatsu Limited

ALLOCATION OF NET INCOME FOR 2019

The Company ended 2019 with a net loss of €147,932,286.82.

At the Annual General Meeting to be held on 30 June 2020, Antalis' Board of Directors will recommend allocating the net loss for the year (€147,932,286.82) to retained earnings/accumulated losses, which will therefore total (€260,146,590.13).

No dividends will therefore be paid to shareholders in respect of 2019.

Pursuant to Article 243*bis* of the French Tax Code, the dividends paid by the Company over the last three years were as follows:

Year	Number of shares carrying dividend rights	Total dividend distributed (€)
2016	71,000,000	-
2017	70,829,680(1)	5,666,374.40
2018	70,590,665(2)	-

(1) *The aforementioned dividend was not paid on the 170,320 treasury shares held at the dividend payment date.*

(2) *Of which, 409,335 treasury shares held at 31 December 2018.*

The Company has also carried out the following exceptional distributions of reserves out of "Other reserves":

- €4,000,000 on 29 July 2015;
- €4,000,000 on 3 August 2015;
- €4,000,000 on 1 July 2016;
- €8,000,000 on 3 May 2017.

5 Risk Factors

Financial risks 158
Operating risks 161
Legal risks 164
Insurance and risk management 164

Risk Factors

Investors are requested to review all of the information presented in this document, including this chapter on risk exposure, prior to taking a decision to acquire Antalis shares or any other financial instruments issued by Antalis. The risks described are those risks existing as of the date of this document which, in the opinion of Group management and in the event that they crystallise, may have a material adverse impact on Antalis' business, financial position, results, development prospects or more generally, its ability to achieve its objectives. Investors should bear in mind that as of the date on which the French version of this document was published, other unidentified risks or risks not deemed by management as constituting a material potential risk may also exist.

The Group last updated its risk map in July 2018 and considers that there are no material risks other than those presented below.

The risks to which the Group is exposed are mainly of a financial, operating and legal nature. Their significance is assessed in terms of probability and estimated impact for the purpose of ranking them within each category presented in this chapter.

Financial risks	Operating risk	Legal risks
- Relative weight of the Group's debts and restrictive covenants in financing agreements - Liquidity - Credit and/or counterparties - Changes to assumptions used for determining the book value of certain assets and liabilities - Retirement benefit commitments	- Pandemics (Covid-19 crisis) - Business conditions and the Paper, Packaging and Visual Communication markets - Brexit – Withdrawal of the United Kingdom from the European Union - Competitive environment - Dependence on certain suppliers - International nature of the Group's activities - Failure of the Company's information, telecommunications and cyber-security systems - Attracting and retaining talent CSR	- Environmental law and health and safety in the workplace, breaches of the Code of Ethics and CSR legislation - Legal disputes

CSR Risks described in Chapter 2 "Corporate social responsibility".

Financial risks

Relative weight of the Group's debts and restrictive covenants in financing agreements

Group debt

The Group's total debt and net debt is disclosed in Chapter 4, "Financial statements", Notes 16 and 17 of this report.

The level of the Group's debt could have negative consequences, such as:

- allocating a significant part of the cash flow from operating activities to the interest on and repayment of the Group's debt, thus reducing its ability to allocate available cash flow to finance its organic growth and acquisitions and make investments, and to the other general requirements of the business;
- increasing the Group's vulnerability to a slowdown in the business or in economic conditions;
- limiting the ability of the Group and its subsidiaries to borrow additional funds or to raise capital in the future, and to increase the cost of such additional financing.

Furthermore, the Group's ability to honour its obligations, to pay interest on its borrowings or to repay them in accordance with their terms and conditions, depend on its future operational performance and could be affected by many factors, some of which are outside the Group's control (economic circumstances, money market conditions, regulatory developments).

In the event that it lacks liquidity to service its debt, the Group might be obliged to reduce or defer acquisitions or investments, to sell assets, to refinance its debt or to seek additional financing, and this could have an adverse impact on its gross margin or financial position. The Group might not be in a position to refinance its debt or to obtain additional financing on satisfactory terms.

Restrictive covenants in financing agreements

The Group's syndicated credit facility and other financing agreements require it to refrain from certain actions and to comply with certain obligations, notably financial covenants based on financial ratios. In the event of non-compliance, the lender banks may call in the loans or call upon the guarantees they have been given. Two ratios in particular are tested quarterly: the leverage ratio (consolidated net debt/EBITDA) and the interest coverage ratio (consolidated current operating income/consolidated net interest). These tests are detailed in Chapter 4, Note 16 of this report. The third financial covenant is tested annually and calculated as the maximum annual amount of expenditure on intangible assets and property, plant and equipment, capped at €23 million. There is also a cross default clause between the syndicated credit facility and the Group's main factoring programme.

Based on tests carried out at 31 December 2019, the Group did not comply with the two quarterly covenants tested thereon. The signature of a binding put option agreement with Kokusai Pulp and Paper Co., Ltd. ("KPP") for the purchase of all shares held by Sequana, an agreement to buy all of the Antalis shares held by Bpifrance Participations (subject to the transfer of the shares held by Sequana to KPP) together with an agreement with its creditors to restructure the syndicated credit facility (see Chapter 6 "Company information"), enabled Antalis to negotiate an agreement with the lenders to waive their rights in respect of any potential or actual event of default until the transaction with KPP has been finalised. This should happen in July 2020.

This credit facility remains in effect as of the date of this report and the Group also remains bound by other clauses, limiting its ability, among other things, to

- contract any debt;
- provide sureties;
- pay dividends or make certain payments;
- make certain investments, annual investments in intangible assets and property, plant and equipment in particular being limited by the aforementioned covenants, while the amounts of authorised acquisitions are expressly provided for each year;
- sell, transfer, assign or lease assets; and
- merge or combine with other companies.

However, the majority of such transactions can be authorised, subject to compliance with certain conditions such as limits of amount.

The restrictions contained in the Group's financing agreements could affect its ability to carry on business and limit its ability to respond to market conditions or to seize commercial or external growth opportunities that present themselves. By way of example, these restrictions could affect the Group's ability to finance the investments of its businesses, to make strategic acquisitions, investments or alliances, to restructure its organisation or to finance its capital requirements. Furthermore, the Group's ability to comply with these restrictive clauses might be affected by events outside its control, such as economic, financial and industrial conditions. If the Group breached its obligations or these restrictions, this could result in a default under the terms of the aforementioned agreements, whereby the lenders could terminate their commitment and/or call in all outstanding amounts immediately.

However, the lenders of the syndicated facility are bound, as indicated by their temporary waiver, not to exercise their rights in respect of any potential or actual event of default, except for an event of defaut of insolvency proceedings opened against Antalis. The refinancing operation that the Group is preparing to implement with the support of its future shareholder will considerably reduce its debt and the cost of servicing this debt.

Interest rate risk

The Group is exposed to fluctuations in interest rates because most of its debt is indexed to European monthly interbank rates (essentially Euribor and Libor). At 31 December 2019, the outstanding amount of the Group's debt at variable rates was €499 million.

Risk management

Given its financing structure, the Group must track its level of debt very closely and proactively to ensure that it is able to meet current and future obligations under its financing agreements. Interest rate sensitivity analyses are provided in Note 17 to the consolidated financial statements (see Chapter 4 "Financial statements").

Liquidity

Aside from its own operating cash flow, the Group uses two other main sources of financing for maintaining its liquidity and meeting its obligations: its syndicated credit facility and its factoring programmes. For information, on 29 March 2018, the Group finalised a refinancing agreement with the lenders of its syndicated credit facility to extend the maturity of the facility through to 31 December 2021. The agreement also revised certain terms and conditions. At the same time, an agreement was signed in respect of the primary trade receivables factoring programme that was extended until the same maturity date. The main provisions of the Group's existing financing agreements are set out in Chapter 4 "Financial statements" of this report. The amount authorised under the main factoring programme increased from €215 million in 2018 to €290 million in 2019, thanks to the involvement of a new financial partner. The objective of these factoring programmes, apart from optimising the management and recovery of receivables, is to have the necessary cash available to finance its operations and external growth while pursuing its strategy of development and transformation in the medium term. The amounts drawn down under all of the factoring programmes represented a daily outstanding average amount of €172 million in 2019 and the Group had cash on hand of €168 million at 31 December 2019 (€125 million at 31 December 2018).

Antalis and most of its subsidiaries are parties to a cash pooling agreement pursuant to which cash surpluses are regularly upstreamed and lent to the parent company and pooled in order to meet the Group's day-to-day financing requirements. Since the introduction of factoring programmes, certain subsidiaries may carry significant cash surpluses which they are able to lend to the Company.

In the current context of uncertainty due to the Covid-19 pandemic (see "Operating risks"), sales have fallen and the new shareholding structure is not yet in place. Consequently, Antalis has strengthened its processes for monitoring cash flow and regularly updating its short and medium-term cash flow forecasts to ensure that it has the resources necessary to meet its obligations, especially by negotiating with its strategic suppliers. Both the Company and its subsidiaries have implemented all government measures for dealing with the crisis – particularly the deferral of taxes and social security payments as well as temporary unemployment benefit payments – in order to protect its available cash.

As well as adding to its operating and cash management risks, the pandemic is also affecting the availability and capacity of factoring lines. Because the sums lent by the factoring organisations are secured by trade receivables, the amount and quality of those receivables have a direct impact on the financing available. Even a temporary decline in the Group's activity – as is currently happening in most countries due to the crisis – would inevitably result in a rapid reduction in the amounts due from customers on which the grant of the lines of credit is based, which could, in the event that this decline continued, represent a risk to the Group's liquidity. This would also apply in the event of a significant deterioration in the financial position of Antalis' customers, since it may affect the lenders' assessment of the quality of the receivables. Although this risk is limited due to the major diversification of the Group's customer portfolio and the existence of a programme of credit insurance associated with the main factoring programmes, late payments or default could impact the Group's liquidity.

Moreover, any deterioration in the coverage provided by credit insurers in respect of the transferred receivables would also result in a reduction in the amounts due from customers on which the grant of the lines of credit is based, which could, in the event that this decline continued, also represent a risk to the Group's liquidity. Lastly, in the event that the companies concerned failed to comply with their obligations in respect of the factoring programme, the programme might be terminated.

However, in the current context, the Group has been strengthened by the impending deployment of its new shareholding structure, the announcement of which has improved its standing among its main commercial and financial partners. The transaction with KPP described in this chapter (see "Restrictive covenants in financing agreements") provides for a complete restructuring of the Group's debt which, as indicated previously, will significantly reduce both the amount and the cost of servicing its debt.

Moreover, once it has taken effective control, KPP has undertaken to provide its new subsidiary with financial support commensurate with its needs, which will provide Antalis with the stable, long-term resources it needs to pursue its long-term development and strategy. The transfer of ownership of Antalis shares held by Sequana remains subject to the usual conditions precedent, including the absence of any appeal against the order of the Supervisory Judge appointed by the Commercial Court of Nanterre, dated 22 April 2020. At this stage, based on the information at its disposal and its discussions with KPP, Antalis believes that the transfer of shares should take place during July 2020.

Liquidity risk also covers contingencies described in this chapter which could give rise to an increase in the Group's commitments, particularly in the event of a deterioration in supplier credit risk (see the following paragraph) or the deployment of restructuring measures (see "Operating risks").

The Company has carried out a review of its liquidity risk and, as of the date of this report, it believes that it is in a position to honour its obligations for at least the next 12 months. This assumption is based on its most recent available cash flow forecasts for the period up to the takeover of the Group and on the timetable agreed between the parties for this transaction.

Risk management

Liquidity risk concerns the Company's ability to have sufficient financial resources to meet its obligations.

The Group manages its liquidity risk by means of suitable reserves, lines of bank credit and reserve lending facilities, while preparing cash flow forecasts and monitoring actual cash flow against the forecasts, and also by trying to achieve the best balance between the maturity profile of assets and financial liabilities. In this context, the Group is dependent on its banks to conduct daily operational transactions such as cash pooling.

Credit and/or counterparty risks

Credit and/or counterparty risk is the risk that a party to a contract concluded with the Group will breach its contractual obligations, resulting in a financial loss for the Group.

The financial assets which could expose the Group to credit and/or counterparty risks are mainly its receivables in respect of customers, suppliers or partners (particularly in the event of default of payment or non-compliance with payment terms), cash flow or cash equivalents, investments and derivative financial instruments. Overall, the book value of the financial assets recorded in the Group's consolidated financial statements at 31 December 2019, net of depreciation, represents the Group's maximum exposure to credit risk.

Antalis' exposure to supplier credit risk may be adversely impacted in an indirect manner by the perception that certain stakeholders may have of the Group's situation and of the general situation in the paper market. A reduction in the coverage provided by credit insurers in respect of the Group's supplier creditors would have a negative impact on its liquidity and capacity to comply with its obligations under the syndicated credit facility, especially the related financial covenants.

Moreover, the Group benefits from annual discounts from its main strategic suppliers, granted in respect of purchases of products made by the Group, and to a lesser extent from contributions to marketing initiatives, which are paid by the suppliers after payment for the products purchased by the Group. The failure of a strategic supplier and its inability to honour these commitments would consequently be likely to have a material adverse impact on the Group.

In view of the Group's current financial situation, its financial investments are either used to invest excess cash drawn down under bank credit facilities or to put up collateral for its subsidiaries. The Group's policy is to only put up financial collateral for subsidiaries in which it has a controlling interest.

More detailed information on credit and/or counterparty risks is given in Note 17c to the consolidated financial statements in Chapter 4, "Financial statements" of this report.

Risk management

The Group considers that it has a very limited exposure to concentrations of credit risk relating to customer receivables. The substantial number and wide dispersal of customers and the credit insurance put in place within the Group mean that problems of concentration of customer risk are not significant at the level of the Group's consolidated statement of financial position. The Group uses the strong ties it has forged with its suppliers to deal with the potential risk of a deterioration in supplier credit. These relationships are described in this chapter under "Operating risks".

Furthermore, the Group may enter into hedging contracts with financial institutions, and currently regards the risk of breach by its counterparties of their obligations to be very low, since the financial exposure of each of those financial institutions is limited.

Changes to assumptions used for determining the book value of certain assets and liabilities

Goodwill represents the additional amount paid by the Group upon a business combination, by reference to the fair value of the net assets identifiable on the acquisition date.

At 31 December 2019, the Group's goodwill amounted to €107 million.

This amount is broken down by country and by activity in Chapter 4, "Financial statements", Note 5 to the consolidated financial statements.

In accordance with IFRS, the Group carries out impairment tests on its goodwill at least once a year, the value of tangible and intangible fixed assets only being tested in the event of evidence of loss of value. Based on tests carried out in 2019, the Group recognised impairment on the value of the goodwill allocated to the Cash Generating Units (CGUs) for Latin America (€7 million), Poland (€4 million) and Finland/Baltic countries (€4 million).

Impairment loss expenses were also recognised for an amount of almost €7 million against property, plant and equipment and intangible assets.

Note 4 to the consolidated financial statements in Chapter 4, "Financial statements" of this report, describes the parameters used by the Group to assess the recoverable value of its assets, such as the discount rate or the operating assumptions used in the preparation of business plans.

Following first-time adoption of IFRS 16 (Leases) from 1 January 2019, Antalis recognised right-of-use assets for over €100 million against its lease liabilities. In light of first-time adoption transition measures, these assets were not tested for impairment at 31 December 2019, and it is difficult to forecast the impact that the end of these measures will have on impairment tests conducted by Antalis from 2020 on.

Lastly, the Covid-19 pandemic which emerged in 2020 increases the risk of impairment losses on assets for most groups and Antalis is no exception as these losses will weigh on future cash flows in the business plan. However, at this early stage, the Group is unable to estimate the amounts involved. The consequences of the pandemic may also result in an increase in discount rates used.

Risk management

Most of the assumptions the Group uses when measuring changes in the value of its assets and liabilities under accounting standards are contingent on macroeconomic parameters which are outside of Antalis' control. However, these parameters are closely tracked by the Group to anticipate changing trends and ensure that the manner in which they are measured complies with applicable guidelines based on maturity and geographical segment.

Moreover, when deploying its acquisition strategy, the Group seeks to ensure that the profitability prospects of the targets it is considering justify the assets' long-term value in light of geographical considerations, particularly when discount rates are high due to the target's location.

Retirement benefit commitments

Some of the Group's past and current employees located abroad (particularly in the United Kingdom and in Switzerland) are registered with funded defined benefits pension schemes. The bodies responsible for protecting the rights of beneficiaries sometimes require a guarantee from employers to secure the funding of these plans.

When the amounts owed in respect of benefits upon retirement become due and payable, should the available plan assets or the insurance policies concluded to cover future disbursements prove to be insufficient or the management of the assets prove to be inadequate, the Group could be obliged to make additional payments in respect of pension benefits for potentially material amounts. In the United Kingdom in particular, the Group is already committed to making periodic payments intended to cover the deficit on certain pension plans in line with a schedule of contributions giving rise to annual disbursements of around €5 million.

United Kingdom

The Group's UK pension plans are regularly reviewed in liaison with their independent trustees in order to bring them into line with local regulations.

The most important pension fund in existence within the Group is the Antalis Pension Scheme ("APS").

The participating companies fund the pension scheme in line with a funding plan reviewed every three years with the trustees. Their contributions are based on beneficiary risk and the return on plan assets.

The measurement of the funding obligation for UK pension schemes in terms of funded plan assets can depend on the fund's position, as well as the ability of the employer(s) (or their guarantors, where applicable) to meet their obligations. The obligations of the companies participating in the APS have, since 2010, been secured by joint and several guarantees in favour of the trustees responsible for the management of the APS. The amount of the guarantee is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or GBP 85 million (around €100 million at 31 December 2019). The buy-out-deficit is determined annually on a unilateral basis by actuaries appointed by the fund trustees. It represents the theoretical amount of the deficit that would be retained in the event of the assignment of all the obligations of the fund to an insurance company (see Note 15 to the consolidated financial statements in Chapter 4, "Financial statements" of this report).

In the case of the APS, the expiry date of these guarantees, which are renewable, is 8 January 2024.

In the United Kingdom there are three other smaller pension funds. For one of these funds only, the obligations of the main employer (Antalis Ltd) are guaranteed by Antalis in a maximum amount of 15 million pounds sterling (€18 million) at 31 December 2019. Guarantees given for the other two funds were withdrawn in 2019 as their deficit was eliminated.

Risk management

A working group composed of representatives from the finance department assisted by experts meets on a regular basis to identify and address risks related to the management of pension plans and other post-employment benefits. More specifically, it reviews plan funding and the performance of plan assets. It is kept informed of any significant events concerning employee benefits and their financial impact, as well as any changes to regulations.

OPERATING RISKS

Pandemics (Covid-19 crisis)

As the negative economic fallout from the ongoing Covid-19 pandemic impacts the Group's activities, there is considerable uncertainty concerning the duration and extent of the crisis in the various countries as well as solutions for emerging from the crisis. It should be noted that the effects have been quite different across the 39 countries in Europe and the rest of the world in which the Group is present, reflecting the manner in which the pandemic has spread and the different measures taken by local governments. The different businesses have also been impacted differently: demand has remained more resilient in Packaging and Paper reams than in print paper or Visual Communication. As of the date of publication of this report, we have identified:

- probable impacts on sales, resulting mainly from a slowdown in business with many customers who are themselves facing a slowdown or even a temporary halt in their own activities. The extent of this slowdown will depend on how quickly restrictions are lifted in each country and the pace of economic recovery;
- a probable slowdown in investment and related projects;
- an increased risk of late payment or default among certain customers.

Risk management

The Group quickly took important steps to protect its employees by introducing all of the measures recommended by governments – notably working from home whenever possible – while running its central warehouses at reduced capacity. The Group has deployed a process for updating its business forecasts more frequently over the coming months with a view to adjusting its purchases of products, its inventory levels and its cost structure to serve its customers more effectively. All of the economic measures introduced by governments to deal with the effects of the pandemic have been activated across the different countries (i.e., unemployment benefit payments, deferred social security payments). The Group is tracking its liquidity proactively on a daily basis and renegotiating payments with suppliers and customers in order to manage the crisis more effectively.

Business conditions and the Paper, Packaging and Visual Communication markets

Demand for the Group's products and services depends mainly on advertising and communication investment and on demand from private businesses and government organisations.

Demand for printing and office papers is particularly sensitive to changes in the economic environment. Paper volumes have declined since 2008 due both to the structural decline in demand linked to increased computerisation and the tough business environment. This situation has created new consumer patterns: a reduction by businesses of marketing and communication expenditure against a backdrop of economic crisis, and a reduction in paper usage due to the widespread use of electronic tools and the internet. With the appearance of these new tools in the private and professional environments, new consumer habits have formed, favouring e-mail and online advertising and communication. These consumption trends are maintained by the increasing ownership and use of personal computers and tablets.

Furthermore, greater awareness of environmental issues has reduced the physical printing of electronic documents, leading to lower demand for office paper.

With the exception of the digital printing papers segment, the structural shrinkage in the paper market is expected to continue in the next few years. Should the trend continue, and should the Group be unable to adapt to new consumer habits to differentiate itself from its competitors and to develop in the Packaging and Visual Communication business sectors, such a trend could have a material adverse impact on the Group.

To deal with this market decline, the Group may need to adopt restructuring plans to streamline and optimise its cost structure. These plans generally involve workforce reduction programmes and measures to support employees made redundant and they can involve significant costs, depending on their extent but also the labour relations and regulatory context of the country concerned.

Demand on the market for the distribution of packaging products and solutions is also linked to changes in gross domestic product and domestic and international trade in the countries in which the Group operates. The development of international trade has resulted in the increasing complexity of assembly lines due to the relocation of production units and the increase in imports of consumer goods. The surge in online sales in the last few years has also generated substantial requirements for packaging products. A slowdown in economic activity, in international trade and in online sales is likely to have a material adverse impact on the Group.

Demand on the market for the distribution of visual communication media is also sensitive to changes in the economic environment and to the level of businesses' advertising and communication expenditure. In the area of interior and exterior decoration, demand is mainly driven by the need for increasingly bespoke products. A slowdown in economic activity and a change in the pattern of demand are also likely to have a material adverse impact on the Group.

The Group's business is particularly vulnerable to the economic situation in Europe, where it generated 93% of its sales in 2019. Any reversal of the economic situation in Europe or any slowdown, could have a material adverse impact on the Group.

Risk management

The Group tracks the paper market very closely to anticipate trends, monitors its margins closely and focuses on moving its product mix towards more profitable products.

Antalis participates in the consolidation of the paper market and continues to deploy its strategic plan by diversifying into the Packaging and Visual Communication sectors for which it has set up dedicated sales and marketing structures.

Brexit – Withdrawal of the United Kingdom from the European Union

While the United Kingdom has now agreed its terms of departure from the European Union with a transition period of 12 months, the exact basis of future trade has not been determined. This will be negotiated during this transition period which ends on 31 December 2020. The Group does not know whether the Covid-19 pandemic or the solutions for emerging from the crisis will have any impact on the dates agreed for the transition phase.

If no deal is agreed with the European Union, trade will take place in accordance with World trade Organisation rules. A "no-deal Brexit" may negatively impact the UK's economic and market conditions at EU and global level and may also accentuate instability in the international financial and currency markets, including volatility in the sterling-euro exchange rate. Brexit may also lead to legal uncertainty and to divergent legislation as the UK determines which EU rules it intends to keep or replace.

Brexit impacts the Group's UK activities, particularly as regards its main British subsidiary, Antalis Ltd, which is faced with a contraction of local demand. Its approach to this risk includes increasing its market share, improving its product mix and adjusting its costs base. If such actions prove insufficient to offset the decline in sales, this could adversely impact its gross margin and results.

Moreover, a decline in the value of sterling against the euro or changes to free-trade agreements, may push up the prices of goods that the Group imports for resale. The Group might not be in a position to pass on all such increases in its sale prices, which could have an adverse impact on its gross margin and its results.

Finally, the depreciation of the pound sterling against the euro would have an adverse exchange rate impact on the contribution of the UK subsidiaries to the Group's consolidated income statement, which could worsen should that depreciation increase, particularly as for several years, that country has been the biggest contributor in terms of the Group's sales and EBITDA, accounting for approximately one quarter of the Group's consolidated sales.

The exchange rate between the pound sterling and the euro also has a material impact on the changes in consolidated equity.

Each of these Brexit-related effects, and any others that cannot be anticipated, could have a material adverse impact on the business and the Group.

Risk management

The Group, and particularly the UK operating teams, closely track the UK business environment, which affects all sector players equally, and regularly update different scenarios and internal processes impacting its operations for the purpose of managing these more effectively. These factors are incorporated into the budgeting process and may give rise to adjustments. The Group has also deployed a process to make its overheads more flexible, especially its supply chain.

Competitive environment

The market for the wholesale distribution of papers, packaging products and visual communication media is very competitive and includes international, regional and local players. The future competitive landscape will undoubtedly be impacted by the fallout from the Covid-19 pandemic.

In the wholesale paper distribution sector, the Group's main competitors are other distributors whose activity is exclusively similar to the Group's, distributors integrated with producers, paper producers, resellers of office supplies and major equipment manufacturers. The paper distribution sector became very concentrated in Europe from the year 2000 onwards. Antalis acquired Igepa's papers distribution business in Sweden and Norway in 2018 and in 2019, OptiGroup's German subsidiary was acquired by Inapa.

Some of the Group's competitors may decide not to maintain their margins in order to gain market share, which could have a material adverse impact on the Group's market share and earnings and on its ability to retain customers in the future.

The overcapacities in the paper sector associated with the decline in volumes of printing and office papers, and the difficult economic circumstances of the last few years, have encouraged certain paper manufacturers, including some of the Group's suppliers, to increase direct sales of certain categories of products to end customers, to the detriment of distributors. This trend became more pronounced in 2014 in Germany, Benelux and France. End customers might decide to obtain more supplies directly from manufacturers, which would reduce the outlets for and intensify competition between distributors.

New entrants on the Group's markets could take advantage of the development of new internet communication tools to target some of the Group's customers and thus capture some of its market share. The Group considers that competition from other online trade suppliers could intensify, whether directly or in the marketplace.

Should the Group fail to develop its online trade distribution channel at an appropriate pace, this competition could result in pressure on the Group's sale prices and a loss of market share.

These various sources of competition force the Group to constantly step up its competitiveness in order to convince its customers of the quality and added value of its products and associated services. The Group also has to regularly develop new products and services in order to maintain or improve its competitive position. In spite of its efforts, the Group's customers may not recognise the quality and added value of its offering, particularly in comparison with that of its competitors.

Finally, the plans to diversify the Group's activities in new markets for B2B distribution of packaging products and solutions and visual communication media could be affected and slowed down due to competitors already being present on those new markets. Those markets are still very fragmented and the Group is to a large extent competing with local or regional players who have built strong relationships and established local roots. Only a few groups have international coverage.

Risk management

The Group's market position is essential in this context. The Group plays an active role in the consolidation of the sector and has cemented its relations with its strategic suppliers while continuing to leverage the key differentiating factors that set it apart from its competitors, benefiting from its extensive range of high value-added products and solutions and its highly efficient supply chain.

Moreover, faced with this threat from new entrants, the Group has developed its internet sales websites since the beginning of the millennium and continues to develop these resources. E-commerce represents a significant and growing proportion of the Group's sales (14.9% of the Group's consolidated sales in 2019 and 37.1% of its stock order lines).

Dependence on certain suppliers

In order to secure the best possible purchasing conditions, Antalis purchases from a limited number of strategic suppliers.

In 2019, the Group's twelve largest suppliers represented about 53% in value of its total purchases and none of its suppliers represented more than 20%.

However, the Group cannot guarantee that its relationships with its suppliers will be maintained or renewed in the future, or that they will be maintained or renewed on equivalent economic and financial terms. Any lasting breakdown of supplies or significant price increase on the part of the Group's strategic suppliers and any deterioration or alteration in the relationships with those suppliers would be likely to have a material adverse impact on the Group.

Risk management

The Group has already had to deal with this type of situation over the past few years and, thanks to its international presence, it benefits from a very substantial portfolio of suppliers which enables it to replace all or part of the products obtained from a defaulting supplier.

In addition, Antalis markets certain products under its own brands and has more flexibility to makes changes to procurement arrangements for its products if this becomes necessary.

International nature of the Group's activities

The Group is present in certain countries where the political, economic and legal systems are less predictable than in countries with institutional structures that have long been established and which, in some cases, are subject to common rules. In 2019, 93% of the Group's sales were generated in Europe and 7% in the rest of the world.

Consequently, the Group's operations are subject to the local economic, fiscal, monetary, regulatory, operational and political conditions of the countries in which the Group operates. Political, economic or legislative changes affecting the systems in force could have a material adverse impact on the Group's operations in those countries, and consequently on the income generated by the investments made by the Group in its operations in those countries, and on the value of those investments. Investments or supplies in those countries might also be exposed to other risks and uncertainties (i.e., an unfavourable tax regime, commercial restrictions, inflation, monetary fluctuations or nationalisation). Moreover, currency restrictions in certain emerging countries may prevent the Group from transferring profits or selling on investments made in these countries. Although currently no exchange controls significantly affect the Group in the countries in which it is established, it is not certain that those countries will not introduce such controls in the future.

Furthermore, the Group's activities are sensitive to macro-economic conditions on the markets in which the Group operates.

Each of the Group's subsidiaries concentrates its activity on its domestic market, with rare exceptions so that its commercial transactions are all denominated in the currency of the country where it operates, as are the sums that it may lend to or borrow from the Company, so that the exchange rate risk to which each is subject is low.

Antalis holding company is subject to foreign exchange risk principally due to its centralising role in respect of the Group's cash pooling and financing arrangements, which result in it lending or borrowing substantial sums to or from its subsidiaries (particularly in pounds sterling and Swiss francs).

Finally, the Group is subject to complex tax legislation in the various countries in which it is present. In particular, due to its international operations, it is subject to transfer pricing rules, which can be particularly complex and subject to conflicting interpretations. Changes in various local tax legislation could have material adverse consequences for the Group's tax situation, its effective tax rate or the amount of tax to which it is subject.

Risk management

The Group hedges these risks when deemed appropriate, mainly using forward contracts and currency swaps and to a lesser extent, currency options.

Analyses of sensitivity to exposure to fluctuations in exchange rates, and in particular to the pound sterling, the materialisation of this risk within the Group, the associated hedging methods and the valuation at their fair value of exchange rate risk hedging instruments, are detailed in Note 17c to the consolidated financial statements in Chapter 4, “Financial statements” of this report.

Finally, the Group uses the services of tax consultants to help it with local or international legal issues in its operations.

Failure of the Company’s information, telecommunications and cyber-security systems

The Group’s activities particularly depend on the effectiveness of its information and telecommunications systems, which underpin the Group’s operational and support functions and its logistical organisation. Failure of, or a significant breakdown in information and telecommunication systems could prevent the Group from processing and preparing customer orders and invoices, or from handling calls from customers or suppliers. Should customers be unable to access price lists and obtain information about product availability, this could affect the Group’s sales. The Group also relies on the development of EDI messages to its suppliers and customers to exchange information and process some of its orders.

The Group’s competitiveness is particularly reliant on efficient logistics with delivery on “D+1” or even on the same day in certain large cities where the Group operates warehouses. Consequently, the Group is exposed to a risk of disruption in its strategic and operating information systems.

Furthermore, the performance and reliability of the Group’s websites are crucial in the context of the Group’s strategy to develop e-commerce. The Group might be affected by events outside its control, which are likely to cause interruptions or prolonged slowdowns of its websites or of the servers on which they are hosted. Cyber-security risks could take the form of a violation of confidentiality or an attack on system integrity or the availability of data and transactions processed by the information system. They may originate from external (attempted intrusion, cyber attacks) or internal (malicious acts, violation of data confidentiality) threats. Such acts may disrupt and limit the use of information systems and negatively impact the Group’s sales.

Risk management

To manage this risk, the Group has devised contingency plans, set up an in-house team and contracted specialised external service providers to ensure that their information systems and websites work smoothly.

Attracting and retaining talent CSR

The Group’s performance and ability to deploy its strategy depend on the efforts, skills and business-specific know-how of its senior executives and key operating managers. The Group’s activities could be adversely affected if for any reason a certain number of these directors or key employees were to leave the Group. There may only be a few individuals on the market who have the skills required to occupy these positions and the Group might not be able to replace these key employees with employees with equivalent qualifications on acceptable terms, which could affect its operational performance.

The Group’s future success requires retaining the services of its directors or key employees, and continuing to attract and foster the loyalty of competent personnel. The Group is constantly having to recruit and retain qualified personnel in order to meet the challenges of sustainable growth and enhance its efficiency.

In addition, in the event that the directors or other key employees joined a competitor or formed a competing business, the Group could lose customers, part of its know-how and the key employees who might follow them.

Risk management

The Group constantly reviews its recruitment, compensation and career development policies, and ensures that it attracts and retains competent employees.

LEGAL RISKS

Environmental law, health and safety in the workplace, breaches of the Code of Ethics and legislation CSR

The Group is subject to numerous laws and regulations in France and abroad in relation to its Papers distribution activities, particularly as regards labour law, customs law, competition law, consumer and data protection, e-commerce, product liability, advertising, safety standards and reception of the public, as well as being subject to security, health and safety and environmental standards. Specifically, the Group is subject to regulations on the traceability of products and the potential risks of a connection with illegal supplies of wood.

These risks together with how they are managed are described in Chapter 2 “Corporate social responsibility”.

Legal disputes

In the normal course of their business, Group companies may be involved in a certain number of judicial, administrative, criminal or arbitration proceedings, particularly in commercial matters (mainly associated with the recovery of receivables from customers in financial difficulty or in liquidation), and in labour, civil liability, product liability, competition, intellectual property, tax or industrial, environmental and discrimination matters.

INSURANCE AND RISK MANAGEMENT

Group insurance policy

The Group’s policy regarding insurance is coordinated by the finance and legal departments.

Antalis’ worldwide insurance programmes are intended to protect its subsidiaries against any negative operational and financial consequences that might arise in connection with its activities. Every two to three years, the Group updates the identification and description of insured and insurable risks, in order to ensure that its cover is adequate and competitive. Based on this information, the finance department negotiates with the major insurance companies to arrange the most suitable insurance to cover the risks affecting its activities.

In general, the arrangement of insurance policies is based on a determination of the level of cover necessary to deal with the occurrence of reasonably estimated liability, damage or other risks. This assessment takes the appraisals made by the insurers as the underwriters of the risks into account.

Uninsured risks are those for which no offer of cover exists on the insurance market, for which the offer of insurance comes at a disproportionate cost compared to its potential benefit, or for which the Group considers that insurance cover is not required.

The Group's main insurance policies, taken out with insurance companies with an international reputation, are as follows:

- general civil liability for operations and products, for damage of any nature caused to third parties (personal injury, physical or pure economic damage);
- physical damage to real property and its contents and consequential operating losses (computer equipment, miscellaneous equipment, stock);
- damage suffered by employees and/or their personal possessions during business travel;
- damage to goods in transit;
- losses resulting from fraud and/or malicious acts;
- comprehensive environmental liability; and
- liability of directors and corporate officers.

The main insurance programmes are common to each of the operational subsidiaries. They are taken out in Antalis' name on its own behalf and on behalf of its subsidiaries, in the majority of countries where the Group is established. Each of the Company's operational subsidiaries thus benefits from the same terms of cover and amounts of indemnification.

For reasons of confidentiality, and due to the structural complexity of the policies in question, the Group does not consider it appropriate to disclose a breakdown of the costs and coverage level for each of the insured risks. However, the maximum amounts covered for the following risk areas are set out in the table below.

(in millions of euros per claim per year)	Amount
Property damage and business interruption	150
Civil liability	65

The Group regards its existing insurance cover, including the amounts covered and the insurance terms, as providing it with appropriate protection against the potential risks associated with its business. However, the Group cannot guarantee that it will not suffer any loss, or that no legal action will be brought against it, which is not within the scope of the cover provided by its existing insurance.

However, the insurance policies taken out by the Group contain exclusions, limits of indemnity, sub-limitations for certain risks and excesses which could expose it to adverse consequences in the event of a significant claim or legal action brought against it. Furthermore, the possibility cannot be excluded that in certain cases, the Group may be obliged to pay substantial compensation that is not covered by the insurance policies in place, or may have to incur very significant expenses that are not reimbursed or that are insufficiently reimbursed by its insurance policies.

Risk management

Internal control and risk management system

Objectives

The control of risks is carefully monitored by the Group's executive management, in close association with internal control. The Group's risk management and internal control systems rely on a range of resources, procedures and actions intended to ensure that the necessary steps are taken to identify, analyse and control:

- significant risks likely to have an impact on the assets of the business, whether they are of a financial nature (risks that could jeopardize the reliability and transparency of financial information, risks of mistakes or fraud) or of an operational nature (risks arising from the Company's business and that of its subsidiaries);
- significant risks likely to have an impact on the objective of compliance with current laws and regulations and with the internal practices developed within the Group.

Organisational framework

A major proportion of the process of management of risks and internal control is currently monitored by the Group's executive management.

Executive management determines the Group's internal control strategy and oversees the implementation of all the related measures.

Risk management and internal control are constantly managed by the operational and functional departments of the Company and its subsidiaries.

The internal audit department reports to the Chief Executive Officer of the Group. It coordinates all audit processes at Group level, independently assesses the quality of internal control at each level of the Group's organisation and assists executive management in assessing the effectiveness of the risk management systems. It also monitors the proper application of the procedures put in place and evaluates the compliance with ethical rules and ensures that potential failings are resolved. After each audit mission, the internal audit department issues a report to the Group's executive management and to the executive management of the audited unit, together with recommendations.

The other functional departments involved in risk management and internal control are centralised at Group level: the finance, legal, corporate social responsibility and the information technology departments.

In the light of risk mapping, the Group's executive management together with the Audit Committee examine the audit plan of the Group's main operational subsidiaries, as drawn up by the internal audit department, and review the summary of the annual self-assessment process. The internal audit department also presents executive management with the results of this work on a regular basis.

Risk management and internal control system

The Group's risk management and internal control system is based on a number of elements, and in particular:

- the development of principles, procedures and organisation, whether in terms of accounting and finance, traditional management (separation of the commitment and settlement of expenses, separation of cash and accounting functions, limitation of bank signatures, limitation of the system of delegation of powers and authority), in the area of human resources or ethics and integrity;
- the development of procedures to monitor various specific subjects in legal matters (intellectual and industrial property, economic and competition law regulations, the prevention of counterfeiting, site, building and mill security, work safety, the prevention of clandestine labour and protection of the environment) followed by staff training and inspections;
- an annual self-assessment process using detailed internal control questionnaires;
- the organisation of visits by the internal audit department to Group entities followed by the preparation of reports on each mission together with recommendations;
- the follow-up of those recommendations;
- the mapping of the Group's major risks followed by the preparation of an annual audit plan;
- the supervision of the Group's internal control system.

Risk-reduction measures

- Every year, each of the Group's main entities is required to complete a self-assessment process based on detailed internal control questionnaires (270 questions concerning 12 key processes). In 2018, the self-assessment questionnaire was totally reorganised using a governance, risk and compliance application (GRC) and 49 Group entities completed the questionnaire in 2019 throughout the Antalis Group.
- The responses to this questionnaire are centralised and analysed by the internal audit department, which then issues a report for each entity, as well as a report dealing with each key process on a Group-wide basis. An annual summary of this process is submitted to executive management and to the Audit Committee. The results of the self-assessment process are satisfactory.
- Internal audits were conducted in 12 Antalis entities during the year and in each case a report complete with recommendations was sent to Group executive management and to the executive management of the audited entity.
- The recommendations issued are being followed up on to ensure that the action plans deemed necessary at the time of the audit are correctly applied. All of the Group's subsidiaries are internally audited about every three years and progress has been noted in critical processes in all entities without exception since periodic audits were introduced.

Mapping of the main risks

In the context of its risk management procedure, the Group maps its principal risks. The risk mapping preparation and review process makes it possible to identify the principal risks to which the Group is exposed, and to assess, for each of those risks, their potential impact and the implemented action plan, and in particular the persons responsible within the Group for the associated monitoring and controls. This risk map is regularly updated, which enables the Group to define and monitor the various specific action plans implemented to reduce or control the risks identified. The risk map was updated most recently in July 2018.

The ethical mechanism and organisation of CSR

Ethical behaviour is one of the Group's core values and one of its major preoccupations. CSR processes are detailed in Chapter 2 "Corporate social responsibility".

Compliance programme

The Group is conscious of the need to maintain dynamic, healthy and fair competition, as well as its ethical reputation. For this purpose, it has put in place a programme to promote compliance with anti-trust rules and to raise awareness of anti-corruption practices. This programme is particularly intended to ensure strict compliance by the Group's employees with the laws and regulations relating to competition law, and to require them to observe best practice.

This programme is based on (i) training sessions and initiatives to foster awareness among employees of anti-trust legislation and the latest developments in this area, and (ii) procedures for identifying, flagging and stamping out any non-compliant practices.

Company Information

General information about the Company 169
Information about the Company's capital and ownership 171
Stock market information 177

Company Information

GENERAL INFORMATION ABOUT THE COMPANY

Company details

Corporate name

On 23 May 2018, the Annual General Meeting decided to change the Company's corporate name from Antalis International to **Antalis** with effect from 1 July 2018.

Address and registered office

Antalis' registered office is located at:
8 rue de Seine, 92100 Boulogne-Billancourt – France

The Company's postal address is:
8 rue de Seine, 92517 Boulogne-Billancourt cedex, France

Telephone contact details

Tel.: +33 (0)1 58 04 21 00

Date of incorporation and term

The Company was incorporated on 29 November 1996 for a term expiring on 18 December 2095, unless extended or dissolved before such time.

Legal form and governing law

Since 6 June 2017, Antalis has been a French joint stock company (*société anonyme*) governed by French commercial law, in particular the French Commercial Code (*Code de commerce*).

Prior to this, Antalis was a French simplified joint stock company (*société par actions simplifiée*).

Registration and LEI code

Antalis is registered with the Nanterre Trade and Companies Registry under number 410 336 069.

Its SIRET (business identification) number is: 410 336 069 00050 and its APE (business sector) code is 7010Z.

Its LEI (Legal Entity Identifier) code is:
9695003PPW06L597WF15.

Financial year

The Company's financial year covers a twelve-month period from 1 January to 31 December.

Website:

www.antalis.com

Information that can be found on the Company's website is not an integral part of this report, except if incorporated by reference into said report.

Corporate purpose

Antalis' purpose in all countries is:

1. designing, manufacturing, purchasing, selling, trading, processing and distributing any and all paper, cardboard, and plastic products and those in any related or derivative materials, any and all communication materials, items, including those in which paper, cardboard and paper fibres are one of the components, any and all items that may be produced on paper and cardboard machinery and products of which the development is related to paper and cardboard, such as but not limited to stationery, office supplies, office equipment, promotional items, IT, desktop or photocopying-related items, packaging and conditioning, health and safety products
2. marketing services of any and all kinds, including logistics or distribution-related services or selling the products referred to in paragraph 1
3. acquiring, operating, selling or transferring any patents, licences, copyrights, processes and manufacturing secrets, techniques, models, brands or software related to the products and materials designated in paragraph 1;
4. designing, acquiring, operating, selling or granting a service concession (*affermage*) to any and all industrial or commercial companies, plants, warehouses, distribution centres, plant and equipment of any kind, necessary or useful for the furtherance of its corporate purpose
5. establishing shareholdings in any companies, irrespective of their corporate form, associations and groupings in France and elsewhere, regardless of their corporate purpose and their business activities
6. managing shares and securities, investing by any means, including through acquisitions, capital increases, absorptions and mergers
7. designing, acquiring, letting or securing a concession to, operating any businesses in France or abroad, irrespective of their activities and notably in the financial, industrial, commercial, mining, agricultural or forestry sectors, or those related to the activities laid down in paragraph 1
8. managing its assets and property, both tangible and intangible, and any portfolios, irrespective of their composition

Antalis may participate, directly or indirectly, in any commercial or industrial ventures related to the corporate purpose, by setting up new companies, contributing assets, limited partnerships, subscription or purchase of shares or interests, mergers, absorptions, joint ventures, intercompany partnerships or otherwise.

And, more generally, Antalis may carry out all industrial, commercial, financial, movable and real property transactions relating, directly or indirectly, in whole or in part, to any of the purposes set out above, and to all similar or related purposes.

Rights, preferences, obligations and restrictions attached to shares pursuant to the Articles of Association

Form of shares and shareholder identification
(Article 9 of the Articles of Association)

The Company's shares – which may be held in either registered or bearer form – are recorded in shareholders' accounts in accordance with applicable laws and regulations.

The Company may ask to receive information, from any authorised body or intermediary, on the identity of its shareholders or holders of other securities conferring voting rights in the Company, either immediately or in the future, the number of securities they hold, and any restrictions on said securities, in accordance with and subject to the penalties provided by the legislation in force.

In compliance with applicable laws and regulations, any intermediary registered on behalf of a shareholder in accordance with Article L. 228-1 of the French Commercial Code is required to disclose the identity of the person or entity in the name of whom it is acting, upon simple request by the Company or its representative, which may be made at any time.

Clauses governing changes in the share capital

Any changes in the share capital attached to shares are subject to applicable laws and regulations as the Company's Articles of Association do not contain any specific provisions in this respect. Changes in the voting rights attached to the shares, excluding those subject to applicable laws and regulations, are described below.

Voting rights
(Article 21 of the Articles of Association)

Subject to the following provisions, the voting rights attached to the Company's shares are based on the proportion of capital those shares represent, with each share carrying at least one vote.

Double voting rights are granted to all fully paid-up shares whose holders can prove they have been registered in the same name for at least two years.

Double voting rights cease automatically with respect to any shares converted into bearer form or transferred, except as expressly provided by law.

In the event of a capital increase paid up by capitalising reserves, profits or issue premiums, double voting rights will, from the date of issue, be allocated to shares awarded free of charge to eligible shareholders based on the number of existing shares held in registered form.

Transfer of shares
(Article 10 of the Articles of Association)

The sale and transfer of shares shall be unrestricted.

Dividends
(Articles 12 and 22 of the Articles of Association)

Each share entitles its holder to a proportion of the Company's profits and net assets equal to the proportion of capital represented by the share.

At least 5% of profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one-tenth of the share capital. Further annual transfers are made on the same basis if the legal reserve falls below one-tenth of the share capital.

Distributable income is composed of profit for the year less any prior year losses and amounts appropriated to reserves in compliance with the law or the Articles of Association, plus any retained earnings.

Shareholders in a General Meeting may decide to appropriate all or part of this amount to any discretionary reserves or to retained earnings.

The balance is then distributed among shareholders pro rata to their shareholding.

The Company's shareholders may decide to pay a dividend out of distributable reserves or premiums, stipulating the reserve or premium accounts from which the dividend is to be deducted.

The methods of payment for dividends are determined by shareholders in a General Meeting or by the Board of Directors in the absence of a decision by the shareholders.

The General Meeting may offer shareholders the option of receiving all or part of the dividend in the form of cash, new shares in the Company or other assets. The Board of Directors may also offer this option in relation to an interim dividend in compliance with the law. In addition, the General Meeting may decide in respect of part or all of the dividend, interim dividend, reserves or premiums distributed that the dividend, reserves or premiums will be paid out in kind through remittance of the Company's assets, including investment securities.

Disclosure thresholds
(Article 12 of the Articles of Association)

In addition to the regulatory requirements concerning the statutory disclosure thresholds in force (5%, 10%, 15%, 20%, 25%, 30%, 33.3%, 50%, 66.6%, 90% and 95%), any individual or legal entity that raises its interest in the Company, held directly or indirectly, through one or more of the legal entities that it controls within the meaning of Article L. 233-3 of the French Commercial Code, to 0.5% of the share capital, is required to disclose to the Company by registered letter, with return receipt requested, the total number of shares owned. Said disclosure formalities must be carried out within five trading days of the date the threshold is crossed and must be respected each time a shareholder's interest is raised to above or reduced to below any 0.5% threshold, even if the thresholds crossed are higher or lower than those provided for by law. An intermediary registered as holding shares on behalf of a shareholder in accordance with applicable laws and regulations is required, without prejudice to the obligations of the shareholder concerned, to make the above-mentioned disclosures with respect to all of the shares registered in the intermediary's account. In the case of fund management companies, said disclosure formalities must be carried out for all of the Company's shares held by the funds that they manage.

If a shareholder fails to comply with the above disclosure rules, the shares not disclosed pursuant to the law or the provisions described above will be stripped of voting rights at all General Meetings for a period of two years as from the date on which the omission is remedied. This sanction will only apply upon request by one or more shareholders owning at least 5% of the Company's capital, duly recorded in the minutes of a General Meeting.

General Meetings – Notice of meetings and participation (Article 20 of the Articles of Association)

General Meetings are called by the Board of Directors or, where necessary, by the Statutory Auditors or any duly authorised person. Only matters on the agenda may be discussed at these meetings.

Irrespective of the number of shares held and in accordance with applicable law and regulations, all shareholders have the right to participate in General Meetings, either in person, by proxy, or by casting a postal vote, subject to presentation of proof of identity and registration of their shares.

In accordance with applicable law and regulations, shareholders may send their proxy/postal voting forms for Ordinary or Extraordinary General Meetings either in paper format or, if authorised by the Board of Directors in the notice of meeting, in electronic form.

The Company's Articles of Association state that postal and proxy votes will only be taken into account if received by the Company at least three days before the General Meeting, and that this period may be shortened if authorised by the Board of Directors Meeting. Electronic voting forms may also be received by the Company until 3.00 p.m. CET on the day preceding the meeting.

Once shareholders have cast a postal or electronic vote, appointed a proxy or requested an admission card or share ownership certificate for the purpose of attending a General Meeting, they may not participate in the meeting in any other way. Such shareholders may still sell or otherwise transfer all or some of their shares, but where the sale or transfer takes place prior to midnight CET on the second business day preceding the meeting, the Company will cancel or amend the related proxy, postal or electronic vote, admittance card or share ownership certificate accordingly.

Public consultation of corporate documents

In accordance with the law, the Company's corporate documents and historical financial information can be consulted at Antalis' registered office located at 8 rue de Seine – 92100 Boulogne-Billancourt – France.

Regulated information within the meaning of Article 221-1 of the AMF's General Regulations is also available in both English and French on the Company's website at www.antalis.com.

Further information on the Antalis Group may be obtained free of charge by writing to:

Antalis, 8 rue de Seine, 92517 Boulogne-Billancourt cedex, France.

INFORMATION ABOUT THE COMPANY'S CAPITAL AND OWNERSHIP

Changes in share capital in 2019 and over the last five years

At 31 December 2018, Antalis' share capital amounted to €213,000,000, divided into 71,000,000 shares of the same class, each with a par value of €3.00.

As no new shares were created for any purpose during the year, the Company's share capital at 31 December 2019 still stood at €213,000,000, divided into 71,000,000 shares, each with a par value of €3.

There were no significant changes in the Company's share capital between 31 December 2019 and the date on which this report was published.

Changes in share capital over the last five years

	Date of the transaction	Increase or decrease (in €)	Number of shares created or cancelled	Number of shares making up the share capital	Par value of shares (in €)	Total share capital (in €)
Position at 31 December 2015				71,000,000	9.00	639,000,000
Position at 31 December 2016				71,000,000	9.00	639,000,000
Capital reduction	21/04/2017	(426,000,000)	0	71,000,000	3.00	213,000,000
Position at 31 December 2017				71,000,000	3.00	213,000,000
Position at 31 December 2018				71,000,000	3.00	213,000,000
Position at 31 December 2019				71,000,000	3.00	213,000,000

Ownership structure and voting rights

In 2016, the 71,000,000 shares comprising Antalis' share capital and voting rights were fully-owned by Sequana.

On 12 June 2017, Sequana distributed 12,995,373 of the Company's shares – i.e., 18.30% of its share capital – to its shareholders, leaving Sequana with an 81.70% stake in the Company's capital, and all of Antalis' shares were listed on the regulated Euronext Paris stock market.

When the Company's shares were listed on 12 June 2017, its ownership structure and voting rights were as follows:

	12 June 2017					
	Number of shares	% capital	Theoretical number of voting rights	% of theoretical voting rights	Number of voting rights exercisable at General Meetings	% of voting rights exercisable at General Meetings
Sequana	58,004,627	81.70	58,004,627	81.70	58,004,627	81.70
Bpifrance Participations	2,009,966	2.83	2,009,966	2.83	2,009,966	2.83
Free float	10,985,407	15.47	10,985,407	15.47	10,985,407	15.47
Treasury shares	0	-	0	-	0	-
Total	71,000,000	100.00	71,000,000	100.00	71,000,000	100.00

On 25 September 2017, Antalis was informed by its main shareholder, Sequana, of the transfer of 4,609,479 Antalis shares, i.e., 6.49% of its share capital, to partially repay loans granted to it on 6 November 2016 by Bpifrance Participations and Impala Security Solutions BV. Including these transfers, Antalis' ownership structure and voting rights were as follows on 31 December 2017(1):

	31 December 2017					
	Number of shares	% capital	Theoretical number of voting rights	% of theoretical voting rights	Number of voting rights exercisable at General Meetings	% of voting rights exercisable at General Meetings
Sequana	53,395,148	75.21	53,395,148	75.21	53,395,148	75.34
Bpifrance Participations	6,064,946	8.54	6,064,946	8.54	6,064,946	8.56
Free float	11,408,694	16.07	11,408,694	16.07	11,408,694	16.10
Treasury shares	131,212	0.18	131,212	0.18	0	-
Total	71,000,000	100.00	71,000,000	100.00	70,868,788	100.00

(1) *The 554 499 shares transferred to Impala Security Solutions BV were reclassified in the free float.*

There were no significant changes in the Company's ownership structure in 2018 and 2019 aside from changes within the scope of its liquidity agreement, which Antalis has entrusted to Oddo BHF.

On 12 June 2019, double voting rights were granted to shareholders whose shares have been registered in the same name for at least two years. This increased the theoretical number of voting rights from 71,000,000 to 126,516,881.

To the best of the Company's knowledge, and based on the information available to it, Antalis' ownership structure and voting rights were as follows on 30 April 2019:

30 April 2020						
	Number of shares	% capital	Theoretical number of voting rights	% of theoretical voting rights	Number of voting rights exercisable at General Meetings	% of voting rights exercisable at General Meetings
Sequana	53,395,148	75.21	106,790,296	82.47	106,790,296	82.79
Bpifrance Participations[(1)]	6,064,946	8.54	11,073,989	8.55	11,073,989	8.58
Free float	11,039,964	15.55	11,126,230	8.59	11,126,230	8.63
Treasury shares	499,942	0.70	499,942	0.39	0	-
Total	71,000,000	100.00	129,490,457	100.00	128,990,515	100.00

(1) Bpifrance Participations holds 6,064,946 Antalis shares in unrestricted ownership and 14,525,054 Antalis shares by assimilation under Article L. 233-9, I 4° of the French Commercial Code whereby, as a result of loans contracted with Sequana, Bpifrance Participations may request these shares from Sequana at any time by giving five business days' notice. Bpifrance Participations has undertaken not to request payment in the form of Antalis shares as this would take its holding above the threshold of 29% of Antalis' capital and voting rights. Moreover, Bpifrance Participations has entered into an agreement with Kokusai Pulp & Paper Co., Ltd. ("KPP") to sell all the Antalis shares it holds to KPP at a price of 0.40 euros per share (subject to the transfer of the shares held by Sequana to KPP).

There were no significant changes in the Company's ownership structure between 31 December 2019 and the date on which the French version of this report was published.

On July 5 2019, Bpifrance Participations declared that on 1 July 2019, its voting rights in Antalis fell below the threshold of 25% and then 20%. On the same day, EPIC Bpifrance, a public industrial and commercial undertaking, declared that its holding had indirectly fallen below the same thresholds via Bpifrance Participations. Both declarations were published by the AMF on 5 July 2019, under disclosure numbers 219C1111 and 219C1112. These threshold disclosures resulted from an increase in the Company's total number of voting rights. For information, Bpifrance Participations holds 14,525,054 Antalis shares by assimilation under Article L. 233-9, I 4° of the French Commercial Code, under the terms of loans contracted with Sequana and this agreement subsequently expired on 31 January 2020.

To the Company's knowledge, no shareholder other than those mentioned previously owns directly or indirectly, alone or in concert, more than 5% of the Company's capital or voting rights as of the date of publication of this report.

As far as the Company is aware, 1,940 shareholders held Antalis shares in registered form at 31 December 2019, compared with 2,132 shareholders at 31 December 2018 (source: *BNP Paribas Securities Services*), representing 82% of the Company's capital and 90% of its voting rights.

At 31 December 2019, the proportion of the Company's share capital held by employees of Antalis in their own name was non-material.

No Sequana shares are held by any of its subsidiaries.

Voting rights

As described in "General information about the Company – Voting rights", all shares in the Company carry one voting right, except for registered shares carrying double voting rights. The Company's Articles of Association provide for double voting rights for all shares registered in the name of the same holder for at least two years from the first day of trading of the Company's shares, i.e., 12 June 2017. Shares may therefore carry double voting rights as from 12 June 2019.

No shareholders hold any special voting rights.

At 31 December 2019, the 71,000,000 shares making up the Company's capital carried 129,512,884 theoretical voting rights and 129,011,822 voting rights exercisable at General Meetings. At 30 April 2020, the 71,000,000 shares making up the Company's capital carried 129,490,457 theoretical voting rights and 128,990,515 voting rights exercisable at General Meetings. Only treasury shares do not carry any voting rights, in accordance with Article L. 225-210 of the French Commercial Code (which accounts for differences between the theoretical number of voting rights and the number of voting rights exercisable at General Meetings).

Shareholders agreement – Action in concert

No shareholders' agreements or action in concert exist between any of Antalis' shareholders.

Control of the Company

As of the date on which the French version of this report was published, Antalis is controlled exclusively by Sequana, which holds 75.2% of its share capital and 82.46% of its voting rights.

To ensure that this control is not exercised in an abusive manner, 42.85% of the members of Antalis' Board of Directors are independent, i.e., a higher proportion that required under the AFEP-MEDEF corporate governance code for controlled companies, and all of the Board committees are chaired by an independent director.

For information, on 15 May 2019, the Nanterre Commercial Court placed Sequana in court-ordered liquidation and appointed Selarl C. Basse, represented by Maître Christophe Basse, as liquidator. On 3 December 2019, the Supervisory Judge appointed by the Commercial Court of Nanterre issued an order authorising the sale of all Antalis shares held by Sequana's liquidator, subject to the share purchase agreement and authorisation of the terms and conditions of sale.

Transaction with Kokusai Pulp & Paper Co., Ltd. ("KPP")

In April 2018, Sequana indicated that it did not intend to remain as Antalis' controlling shareholder. On 6 February 2019, Antalis informed the markets of its decision – taken in concertation with Sequana – to mandate an investment bank (Goldman Sachs) to help it put a new shareholding structure in place over the next few months that would enable the Company to pursue its development and to implement its strategic plan. On 31 March 2020, Antalis announced that a put option had been agreed with KPP to purchase all of the Antalis shares held by Sequana, at the price of 0.10 euros per share, subject to various conditions precedent.

Antalis was also informed that on 31 March 2020, KPP had agreed to purchase all of the shares held by Bpifrance Participations at a price of 0.40 euro per share, subject to the transfer of the shares held by Sequana to KPP.

At the same time as the put option was signed, KPP, Antalis, and Antalis' creditors signed an agreement to restructure Antalis' existing syndicated credit facility, providing for the refinancing of €100 million of the outstanding facility amount through a new loan granted by the Japanese Bank Mizuho, and a write-off of the remainder. This write-off is contingent notably on the closing of the acquisition by KPP of the Antalis shares held by Sequana and Bpifrance Participations. For information, the total amount outstanding on Antalis' syndicated credit facility amounted to €287.1 million at 31 December 2019.

After Sequana exercised the put option on 15 May 2020, Sequana and KPP finalised the share purchase agreement covering the Antalis shares held by Sequana on 19 May 2020. The transfer of ownership of Antalis shares held by Sequana remains subject to the usual conditions precedent, including the absence of any appeal against the order of the Supervisory Judge appointed by the Commercial Court of Nanterre, dated 22 April 2020. At this stage, based on the information at its disposal and its discussions with KPP, Antalis believes that the transfer of shares should take place during July 2020.

At the same time as the share purchase agreement was finalised, Antalis and KPP signed an agreement setting out the terms and conditions for a simplified cash tender offer at a price of 0.73 euros per share (the "Offer") to be filed with the French Financial markets authority (*Autorité des marchés financiers*) after the effective transfer of the Antalis shares to KPP and covering all Antalis shares not owned by KPP at the date of the Offer, i.e., 16.25% of the share capital. KPP intends to request the implementation of a "squeeze-out" procedure, provided that all regulatory conditions have been met.

Change of control – Information likely to have an impact in the event of a public offering

Antalis' Articles of Association do not contain any provisions likely to delay, postpone or prevent a change of control of the Company.

The Articles of Association do not contain any specific rules likely to have an impact in the event of a public offering, apart from the Company's entitlement to trade in its own shares under certain conditions, including when a public offering is in progress (see "Share buyback programmes").

Mandatory disclosure of changes in holdings

In 2019, and up to the date on which the French version of this report was published, Antalis received the following notifications that thresholds provided for in the Articles of Association had been crossed:

	Date of notification	Increase/ Decrease	Threshold crossed (% of capital and voting rights)
Bpifrance Participations	5 July 2019	Decrease	20% and 25% of voting rights
EPIC Bpifrance	5 July 2019	Decrease	20% and 25% of voting rights
Georgette Rouvroy	19 August 2019	Increase	0.5% of capital

Dealings in the Company's shares by Antalis executives, related parties and members of their family

During 2019, no disclosures were filed with or published by the AMF in accordance with Article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 19 of the EU "Market Abuse" Regulation No. 596/2014 of 16 April 2014.

Pursuant to the put option signed on 3 April 2020, Sequana filed a related disclosure with the AMF relating to 53,395,148 Antalis shares (at a price of 0.10 euro per share), under disclosure number 2020DD677832.

Pledges of the Company's shares

As far as the Company is aware, at 31 December 2019 and up to the date on which the French version of this report was published, pledges have been given on a total of 53,395,148 Antalis shares held in fully registered form (i.e., approximately 75.21% of its share capital).

Share buyback programmes

On 28 May 2019, in the 9th resolution of the General Meeting and pursuant to Articles L. 225-100 *et seq.* of the French Commercial Code (*Code de commerce*), the Company's shareholders granted an authorisation to the Board of Directors and, by delegation, any other duly authorised person, to buy back Antalis shares representing a maximum of 10% of the Company's capital at a maximum price of 3 euros per share. This authorisation was granted for 18 months, expiring in any event at the close of the General Meeting called to approve the 2019 financial statements.

For information, on 3 July 2018, Antalis signed an amendment to the liquidity agreement concluded with Oddo BHF on 19 June 2017, with the allocation of a further €350,000, bringing the total amount to €750,000 as of 4 July 2018.

All share buyback transactions in 2019 were carried out within the scope of the liquidity agreement as amended on 20 December 2019.

Between 1 January and 31 December 2019, 379,708 Antalis shares were purchased and 287,981 Antalis shares were sold.

At 31 December 2019, Antalis held 501,062 treasury shares as part of the liquidity agreement, representing 0.70% of the Company's capital.

On 10 April 2020, Antalis announced that it was suspending the liquidity agreement with Oddo BHF with effect from 31 March 2020, due to KPP's planned offer for Antalis shares, in accordance with the terms of AMF decision no. 2018-01 of 2 July 2018.

Authorized, unissued capital - Financial authorisations in force

To date, the Company has the following authorisations and delegations of authority granted by the Shareholders' Meetings of 28 May 2019 and 11 May 2017, which may lead to the issue of shares in the Company:

Purpose of the authorisation	Maximum nominal amount authorised	Expiry/Duration of the authorisation or delegation of authority	Date of delegation / resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares or to debt securities, with pre-emptive subscription rights for existing shareholders	Shares: €100 million Debt securities: €600 million	July 2021 (26 months)	28 May 2019 11th resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights for existing shareholders but with the possibility of granting a priority subscription period	Shares: €80 million Debt securities: €600 million	July 2021 (26 months)	28 May 2019 12th resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights for existing shareholders, as part of an offer referred to under section II of Article L. 411-2 of the French Monetary and Financial Code	Shares: 15% of the share capital Debt securities: €600 million	July 2021 (26 months)	28 May 2019 13th resolution
Authorisation granted to the Board of Directors to increase the number of securities issued in the event of a capital increase with or without pre-emptive subscription rights for existing shareholders pursuant to the two aforementioned delegations of authority	15% of the issue	July 2021 (26 months)	28 May 2019 14th resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights, as a result of the issuance by a related company of securities carrying rights to shares of the Company	Shares: €80 million Debt securities: €600 million	July 2021 (26 months)	28 May 2019 15th resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares as payment for shares tendered to a public exchange offer or similar operation	Shares: €80 million Debt securities: €600 million	July 2021 (26 months)	28 May 2019 16th resolution
Authorisation granted to the Board of Directors to set the share issue price in the event of a capital increase without pre-emptive subscription rights	10% of capital (per year)	July 2021 (26 months)	28 May 2019 17th resolution
Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares as consideration for contributions in kind granted to the Company in the form of shares or securities carrying rights to the share capital of third-party companies	10% of capital	July 2021 (26 months)	28 May 2019 18th resolution
Delegation of authority granted to the Board of Directors to increase the Company's capital by capitalising premiums, reserves, profit or other eligible items	Total amounts available for capitalisation	July 2021 (26 months)	28 May 2019 20th resolution
Issue of shares and/or securities carrying rights to shares, reserved for employees who are members of an employee savings plan	5 % of capital(1)	July 2021 (26 months)	28 May 2019 21st resolution
Issue of shares and/or securities carrying rights to shares, reserved for employees of foreign subsidiaries of the Group	5% of capital(2)	November 2020 (18 months)	28 May 2019 22nd resolution
Authorisation to grant stock options	5% of capital(3)	July 2020 (38 months)	11 May 2017 28th resolution
Authorisation to award free shares	5% of capital(4)	July 2021 (38 months)	23 May 2018 13th resolution
Authorisation to implement a share buyback programme	10% of capital	18 months(5)	28 May 2019 9th resolution
Authorisation to reduce the Company's share capital	10% of capital	18 months(5)	28 May 2019 10th resolution

(1) The total number of shares and securities issued to employees of foreign subsidiaries is included in this ceiling.

(2) The total number of shares and securities issued to employees who are members of an employee savings plan is included in this ceiling.

(3) The total number of share awards is included in this ceiling.

(4) The total number of stock subscription or purchase options granted by the Board is included in this ceiling.

(5) Authorisation expiring on the date of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2019.

The aggregate maximum amount of any capital increases that may be carried out in accordance with these authorisations – excluding shares issued to members of an employee savings plan and employees of foreign subsidiaries – is capped at €100 million, and the issue of debt securities is capped at €600 million. The ceiling on capital increases does not apply to the delegation of authority granted to the Board of Directors to increase the Company's capital by capitalising premiums, reserves, profit or other eligible items.

In 2019 and up to the date of this report, the following authorisations were used:

- The authorisation granted to the Board of Directors by the Annual General Meeting of 23 May 2018 to trade in the Company's shares on the market was used from 1 January 2019 to 28 May 2019 in connection with the liquidity agreement managed by Oddo & Cie;
- The authorisation granted to the Board of Directors by the Annual General Meeting of 28 May 2019 to trade in the Company's shares on the market was used from 29 May 2019 to 31 March 2020 in connection with the same liquidity agreement managed by Oddo & Cie.

Antalis did not use any of the other authorisations and delegations of authority granted.

Potential share capital

On 23 May 2018, a share award plan was set up for 40 beneficiaries with the aim of incentivising key Group executives and managerial-grade staff and giving them a stake in Antalis' future performance. This plan, which was decided by the Board of Directors using the authorisation granted to it by the Annual General Meeting of 23 May 2018, covers a maximum total number of 720,000 shares which may vest in 2020 following a two-year vesting period with no lock-up period.

All shares granted under this plan – regardless of the beneficiary – are subject to presence and performance conditions related to the Group's business plan and changes in the Antalis share price.

The shares awarded under this plan will be new shares issued by Antalis through the capitalisation of reserves, profit or issue premiums.

However, since the performance conditions set out in the plan had not been met, on 20 May 2020, the Board decided that no shares would be allocated in 2020.

At the date on which the French version of this report was published, there was no other potential share capital in any form.

STOCK MARKET INFORMATION

Antalis share data

Market	Euronext Paris The shares were listed in Segment B on 12 June 2017 and transferred to Segment C on 26 January 2018.
Indices	CAC Small – CAC Mid & Small
Stock market codes	ISIN: FR0013258589 Ticker symbol: ANTA Reuters ticket: ANTA.PA Bloomberg ticker: ANTA:FP

Trading volumes, share performance and market capitalisation

Période	Number of shares traded	Value of capital traded (in € millions)	High (in €)	Low (in €)	Market capitalisation (month-end) (in € millions)
January 2019	405,132	0.37	0.94	0.89	64.89
February 2019	487,587	0.54	1.34	0.81	78.81
March 2019	284,522	0.31	1.13	1.02	76.68
April 2019	302,471	0.32	1.09	0.97	69.58
May 2019	195,340	0.17	0.98	0.79	56.09
June 2019	242,735	0.18	0.81	0.72	53.25
July 2019	204,211	0.15	0.80	0.72	56.80
August 2019	234,450	0.20	0.92	0.75	64.75
September 2019	609,133	0.62	1.09	0.87	61.77
October 2019	565,707	0.42	0.88	0.69	51.83
November 2019	373,292	0.30	0.85	0.71	58.22
December 2019	353,123	0.29	0.84	0.78	56.37
January 2020	524,388	0.36	0.80	0.53	39.90
February 2020	973,226	0.51	0.60	0.41	30.25
March 2020	1,351,831	0.75	0.72	0.35	48.71
April 2020	2,094,190	1.46	0.72	0.68	50.69

Source Euronext

Dividend policy

The Annual General Meeting of 23 May 2018 resolved to pay a dividend of €0.08 per share in respect of 2017. However, the Annual General Meeting of 28 May 2019 decided not to pay a dividend.

On the date on which the French version of this report was published, the Company had not yet defined a dividend payout policy for the coming years. For information, the terms of the Group's financing agreements prevent the Company from paying any dividends in respect of the period 2018-2020 in order to ensure the best conditions for its development and transformation plan.

At the Annual General Meeting of 30 June 2020, there will be a proposal not to pay a dividend.

Dividends and reserves paid by the Company over the past five years

Year	Total amount of dividends paid for year concerned (in €)	Total amount of dividends paid during year concerned (in €)	Total amount of reserves paid during year concerned (in €)
2019	-	-	-
2018	-	5,666,374	-
2017	5,666,374	-	8,000,000
2016	-	4,000,000	4,000,000
2015	4,000,000	-	8,000,000

Shareholder information

Antalis regularly reports to its individual and institutional shareholders – and the wider financial community – concerning its activities, strategy and outlook. It provides the market with quarterly updates on its key operational indicators and strategic focuses, and publishes full or condensed financial statements twice a year. A financial notice is published in the French media in connection with the Group's annual and half-yearly earnings announcements.

All of the Company's economic and financial information is available in both English and French on the Antalis website at www.antalis.com. The website may be used to consult the share price in real time and to obtain the latest press releases, results presentations and regulated information. An e-mail alert service informs all interested parties of the latest news releases.

The Antalis communication & investor relations department deals with any queries or requests for information sent:

By mail, addressed to:

Antalis
8 rue de Seine
92517 Boulogne Billancourt cedex – France

Via the Group's website: www.antalis.com

By e-mail to: contact@antalis.com

By telephone: +33 1 58 04 21 00

Moreover, shareholders who hold their shares in fully-registered form are exempted from custody fees and receive personalised mailings of information published by the Group, including Notice of the Annual General Meeting.

Shareholders who wish to register their Antalis shares should contact BNP Paribas Securities Services, the Company's share account manager:

BNP Paribas Securities Services
Investor Relations
9 rue du Débarcadère
93500 Pantin, France
Tel.: 0 826 109 119 (France only)

Appendices

Person responsible for the Annual Financial Report 181

Statement by the person responsible for the Annual Financial Report 181

Auditors 182

Tables of concordance 183

Appendices

Person responsible for the Annual Financial Report

Mr Hervé Poncin

Chief Executive Officer

Antalis

8 rue de Seine – 92100 Boulogne-Billancourt

France

Statement by the person responsible for the Annual Financial Report

I further declare that, to the best of my knowledge, the financial statements for 2019 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the management report presented in this report includes a fair view of the operations, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they they face.

Boulogne-Billancourt, 20 May 2020

Mr Hervé Poncin

Chief Executive Officer

AUDITORS

Statutory Auditors

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine Cedex
represented by Mr Jean-Paul Collignon

Constantin Associés
Member of Deloitte Touche Tohmatsu Limited
6 place de la Pyramide
92908 Paris La Défense cedex
represented by Mr Thierry Quéron

PricewaterhouseCoopers Audit and Constantin Associés (member of Deloitte Touche Tohmatsu Limited) are registered as Statutory Auditors with the Versailles *Compagnie Régionale des commissaires aux comptes* and fall under the authority of the *Haut Conseil du commissariat aux comptes*.

Information relating to the Statutory Auditors and their terms of office is provided on page 71.

TABLE OF CONCORDANCE FOR THE ANNUAL FINANCIAL REPORT

Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 the AMF's General Regulations	Pages
Parent company financial statements for the year ended 31 December 2019	137
Consolidated financial statements for the year ended 31 December 2019	82
Board of Directors' management report including the corporate governance report	see table of concordance below
Statement by the person responsible for the Annual Financial Report for 2019	181
Statutory Auditors' report on the parent company financial statements for the year ended 31 December 2019	151
Statutory Auditors' report on the consolidated financial statements for the year ended 31 December 2019	134
Statutory Auditors' fees	131
Statutory Auditors' report on the Board of Directors Management Report (Article L. 225-38 of the French Commercial Code)	see table of concordance below

TABLE OF CONCORDANCE FOR THE BOARD OF DIRECTORS' MANAGEMENT REPORT

Articles L. 225-100 *et seq.* and L. 232-1 II of the French Commercial Code	Pages
COMPANY AND GROUP ACTIVITIES	
Objective and exhaustive analysis of the Company's business development, results and financial position, and in particular its borrowings relative to the volume and complexity of the business	9 *et seq.*, 75 *et seq.*
Important events which have occurred between the end date of the financial year and the date when this report is prepared	76, 87-88, 140-141
Foreseeable development in the Company's and Group's position and future prospects	79-80
Key performance indicators of a financial and non-financial nature which relate to the Company's and Group's specific business, such as information pertaining to environmental issues and personnel matters	25, 75-76
Description of main risks and uncertainties and use of financial instruments by the Company and the Group	93, 116-117, 157
Significant acquisitions of interests during the year in companies with a registered office in France	n/a
Description of principal risks and uncertainties	157
Information about financial risks associated with the effects of climate change and presentation of measures taken to reduce carbon emissions	25
Material features of internal control and risk management procedures relating to the preparation and processing of financial and accounting information	165
Activities in terms of research and development	14
CSR INFORMATION	
Information on corporate social responsibility	28
Specific disclosures for companies operating at least one "Seveso" or "high threshold" site	n/a
Vigilance plan	n/a

CORPORATE GOVERNANCE	
Reference to the Company's corporate governance code	37
List of directorships and positions held by each corporate officer in the Company	47 *et seq.*
Conditions for preparing and organising the work of the Board of Directors	43-44
Gender equality on the Board of Directors	37, 41
Compensation and benefits of all kinds paid during the financial year to each corporate officer	53 *et seq.*
Principles and rules approved by the Board to determine all compensation and benefits of all kinds awarded to corporate officers	53 *et seq.*
Agreements between a director or significant shareholder and a subsidiary, related-party agreements and Statutory Auditors' reports on related-party agreements	70, 72
Restrictions on the Chief Executive Officer's powers	46
SHARE OWNERSHIP AND SHARE CAPITAL	
Legal entities or individuals holding directly or indirectly over 5% of the Company's capital or voting rights and changes during the year	173
Transactions carried out by corporate officers, directors and certain managers of the Company and related persons	175
Transactions carried out by the Company in its own shares	175
Employee share ownership	41
Shares acquired by employees in an employee buyout	n/a
Requirement to hold shares for directors who are beneficiaries of free shares	67
Adjustments to stock option plans	n/a
Summary of current delegations of powers granted by the General Meeting for the purposes of capital increases	176
Information likely to have an impact in the event of a public offering	174
Shareholder participation at the Annual General Meeting	171
Dividend payments over the past five years	178
OTHER INFORMATION	
Five-year financial summary	80
Information concerning customer and supplier payment terms	81
Montant des prêts interentreprises consentis	n/a
Amount of intercompany loans granted	n/a
List of existing branches/offices	n/a
Injunctions or financial penalties for anti-competitive practices	n/a

TABLE OF CONCORDANCE FOR THE REPORT ON CORPORATE GOVERNANCE

Articles L. 225-37 *et seq.* of the French Commercial Code	Pages
Company's corporate governance code and any provisions ruled out of order	37
List of directorships and positions held by each corporate officer in the Company	47 *et seq.*
Conditions for preparing and organising the work of the Board of Directors	43
Gender equality on the Board of Directors	37, 41
Compensation and benefits of all kinds paid during the financial year to each corporate officer	53 *et seq.*
Principles and rules approved by the Board to determine all compensation and benefits of all kinds awarded to corporate officers	53 *et seq.*
Agreements between a director or significant shareholder and a subsidiary, related-party agreements	70
Exercise of the powers of general management	46
Restrictions on the Chief Executive Officer's powers	46
Summary of current delegations of powers granted by the General Meeting for the purposes of capital increases	176
Shareholder participation at the Annual General Meeting	171
Information likely to have an impact in the event of a public offering	174
Statutory Auditors' report on the report on corporate governance	152

Cover and Group profile section designed by
TERRE DE SIENNE

Photo credits
Photothèque Antalis
All rights reserved
Cyril Abad/Capa Pictures
David André
Julien Lutt/Capa Pictures
Wlad Simitch/Capa Pictures

Printer
Déjà Link, Imprim'Vert®, FSC® et PEFC™ certified

This document is printed on environmentaly friendly paper: 300g Olin Regular High White for the cover and 90g for the interior pages. This FSC® certified, high-quality, premium offset paper is an Antalis product and brand.

FSC www.fsc.org MIX Paper from responsible sources FSC® C131468

Printed in France in June 2020

Just ask Antalis

Antalis
8, rue de Seine
92100 Boulogne-Billancourt
Tel.: +33 1 58 04 21 00
www.antalis.com