



Interim report
January-June 2019

“All business areas reported improved EBITA compared with the same period the previous year.”

Mårten Andersson, CEO

Interim report January-June 2019

Q2 April-June 2019

- Net sales increased by 24 percent to SEK 1,776 (1,428) million
- EBITDA increased to SEK 229 (114) million
- EBITA increased to SEK 129 (86) million
- Organic EBITA growth was 3 percent
- Profit after tax amounted to SEK 60 (61) million
- Earnings per ordinary share after deduction of preference share dividends amounted to SEK 0.52 (0.54)

Period January-June 2019

- Net sales increased by 19 percent to SEK 3,321 (2,783) million
- EBITDA increased to SEK 365 (191) million
- EBITA increased to SEK 166 (137) million
- Organic EBITA growth was 5 percent
- Profit after tax amounted to SEK 59 (78) million
- Earnings per ordinary share after deduction of preference share dividends amounted to SEK 0.31 (0.56)

Events after the reporting period

- All warrants held by a former employee were repurchased after the reporting period
- Volati has convened an EGM on 30 September to decide whether to authorise some of the subsidiaries' CEOs to acquire shares in their own companies.

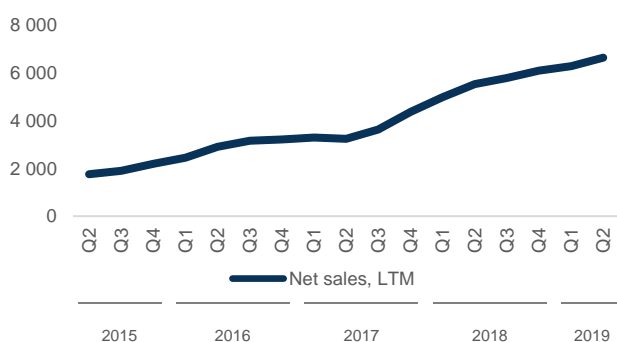
Key figures

The introduction of IFRS 16 Leases on 1 January 2019 affects some of the key figures presented below. As the comparative figures have not been restated, we have added extra columns showing what the figures would have been prior to IFRS 16 to make the information more comparable for the reader. Further information on the definition of alternative performance measures can be found in the note information later in the report.

SEK million	Apr-Jun 2019	Apr-Jun 2019*)	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2019*)	Jan-Jun 2018	LTM	LTM*)	Full year 2018
Net sales	1,776	1,776	1,428	3,321	3,321	2,783	6,622	6,622	6,084
EBITDA	229	157	114	365	226	191	727	587	552
EBITA	129	122	86	166	157	137	463	453	433
Organic EBITA growth, %	3	3	-6	5	5	-2	3	3	0
EBIT	115	108	70	140	130	109	397	387	366
Profit after tax	60	63	61	59	69	78	255	265	274
Net debt/Adjusted EBITDA, x	2.4	2.4	1.7	2.4	2.4	1.7	2.4	2.4	1.7
Cash conversion, LTM, %	69	69	82	69	69	82	69	69	86
Earnings per ordinary share, SEK	0.52	0.56	0.54	0.31	0.43	0.56	2.33	2.46	2.58
Equity per ordinary share, SEK	20.62	20.62	19.64	20.62	20.62	19.64	20.62	20.62	21.63
Return on adjusted equity, LTM, %	11	11	11	11	11	10	11	11	13
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

*To provide a more comparative picture, the columns show what the figures would have been before the introduction of IFRS 16.

Net sales, SEK million



EBITA, SEK million



Strong growth in earnings during the quarter



The improvement in the quarter has been driven by contributions from acquired operations and good development in our existing operations.

We continued to focus on acquisitions during the quarter, completing two add-on acquisitions within the Industry business area – Stenentreprenader and Mundus Maskin. We continuously evaluate a large number of potential acquisition candidates, with a clear focus on add-on acquisitions that create value for our existing business units. However, we note that price expectations for sales are currently high. This has meant that we have decided against proceeding in a number of acquisition processes.

Good development for Trading

The Trading business area had a good quarter, increasing EBITA by 10 percent. Our successful strengthening of the operations of companies that work with their own brands has had a positive effect on margins. We have also worked successfully on cost efficiencies and price increases in response to the Swedish krona's weak development. The slight decline in sales for the quarter is an effect of the ongoing consolidation in the builders' hardware and construction materials sector. It is our assessment that the market climate is good and that our market shares are increasing.

Akademibokhandeln's positive trend continues

Akademibokhandeln showed positive development during the quarter, with EBITA improving by SEK 8 million from the previous year. We are still experiencing good effects from the work on purchasing and cost efficiency that was carried out in 2018, which has brought a clear improvement in earnings. In addition, the business area has increased sales in a stable market by broadening the product range and establishing new distribution channels with the audio book streaming service Bokus Play. The Bokus e-commerce channel has increased its sales volume while margins have also improved – a development that is both pleasing and of long-term importance to the industry.

Industry increases sales and earnings

Industry increased its sales and EBITA grew by 59 percent. The figures were affected by the acquisition of S:t Eriks, which was consolidated with effect from 1 September 2018. We also had stable, good development for the majority of the existing operations. The process of integrating and strengthening

“Volati delivered a good set of results for the second quarter. Net sales increased by 24 percent to SEK 1,776 million and EBITA increased by 50 percent to SEK 129 million. All business areas reported improved EBITA compared with the same period the previous year.”

S:t Eriks' operations has been successful. When it was acquired, the company had a downward profitability trend. This was turned around as early as the first quarter of 2019 and the company has delivered in line with our investment hypothesis during the second quarter. Industry's business unit that rents out water damage restoration products as a result of flooding is, as we have mentioned earlier, strongly affected by weather and wind. The hot and dry summer in much of Europe has resulted in low demand, which has had an adverse effect on both sales and earnings.

Improved earnings for Consumer

Consumer reported a good quarter, with EBITA growth of 11 percent. The changed inspection intervals, which we have referred to in previous interim reports, affected market conditions in the vehicle inspection sector. We have handled the associated challenges well and the profitability of the business has developed positively during the quarter. In addition to working on cost savings and price increases, we have also established several new inspection stations during the quarter. We still have challenges in two of Consumer's business units and we are working with them to take relevant measures and we are continuing to monitor the operations closely.

Creating long-term value growth

Volati advocates executive ownership. We want the key personnel who lead the business units to invest their own money in the business. This creates a common focus on long-term value creation. After the reporting period, the Board has therefore convened an EGM of Volati to decide whether some of the business units' key personnel may acquire ownership shares in their respective business units at market values.

Profit after tax and earnings per share were affected by the introduction of IFRS 16 and the remeasurement of tax items from prior periods, while the corresponding quarter of 2018 included positive remeasurements of tax liabilities as a result of changed income taxation. Without the tax remeasurements and introduction of IFRS 16, earnings per share for the quarter would have increased by 124 percent to SEK 0.67 (0.30).

In summary, I am pleased with how the operations have developed during the second quarter. Volati is in very good shape and we look forward to continuing our efforts to create long-term value growth – both through acquisitions and by developing existing operations.

Mårten Andersson, President and CEO

This is Volati

Volati acquires well-managed companies with strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation. Acquiring companies that have stable and sustainable cash flows from the outset creates a stable base for operations. These cash are then used for further acquisitions. Through active long-term corporate development efforts, Volati creates favourable conditions for organic growth.

Strategy for long-term value creation

A strong operating cash flow in the business units...

SEK 475 million

Operating cash flow 2018

...is used for further acquisitions of companies with strong cash flows...

36%

Average acquired EBITA growth, 2013-2018

...at reasonable valuations

5.9x

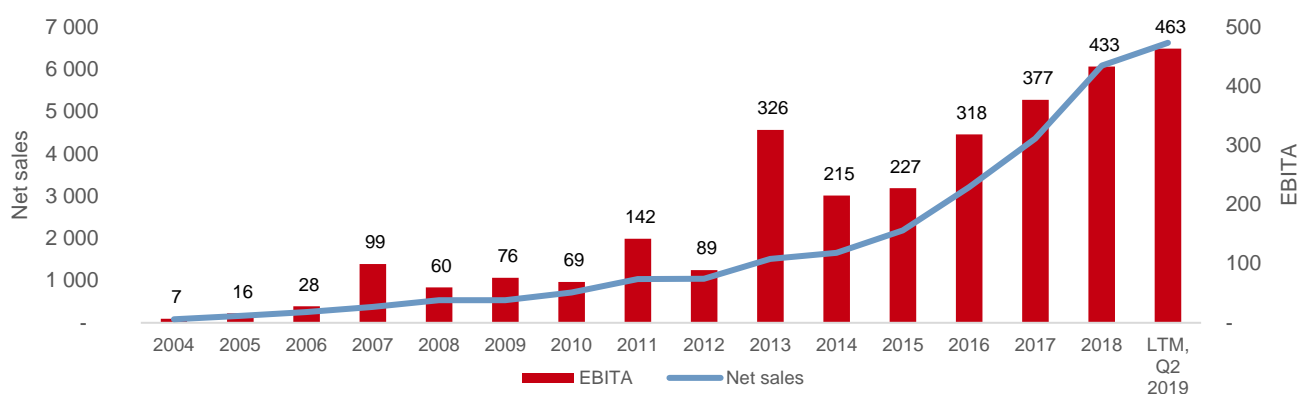
Average acquisition multiple (EV/EBITDA) since 2004

...and with a focus on long-term value creation.

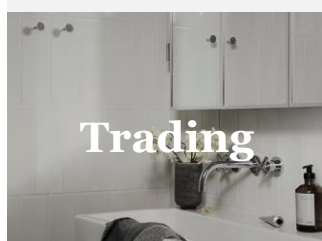
7%

Average organic EBITA growth, 2013-2018

Net sales and EBITA trends 2004 – Q2 2019, SEK million



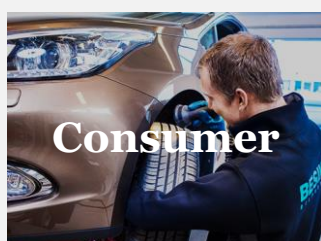
Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademibokhandeln and Industry.



Trading

35%

of the Group's EBITA



Consumer

19%

of the Group's EBITA



**Akademi-
bokhandeln**

17%

of the Group's EBITA



Industry

29%

of the Group's EBITA

The figures above refer to the twelve-month period July 2018 - June 2019 and show the business areas' share of EBITA without the effects of IFRS 16, as the business areas are monitored excluding IFRS 16. Acquired operations are included from the acquisition closing date and are calculated net of central costs.

Consolidated financial trend

Net sales

The Group's net sales for Q2 2019 amounted to SEK 1,776 (1,428) million, an increase of 24 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Net sales for the first six months 2019 amounted to SEK 3,321 (2,783) million, an increase of 19 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Earnings

+50%

EBITA
Q2 2019

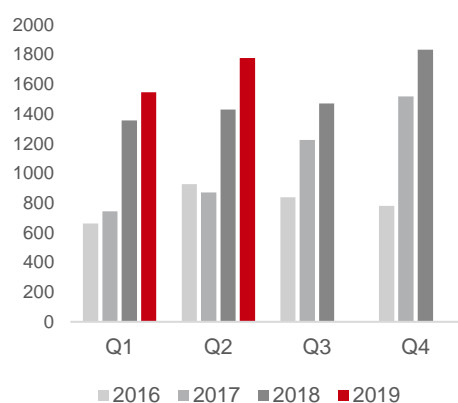
EBITDA for Q2 2019 increased to SEK 229 (114) million, mainly driven by good earnings growth in the operations, the previous year's acquisitions and an effect of SEK 72 million from the introduction of IFRS 16 Leases. EBITA increased by 50 percent to SEK 129 (86) million in Q2. Organic EBITA growth was 3 percent.

EBITDA for the first six months 2019 increased to SEK 365 (191) million, mainly driven by good earnings growth in the operations, the previous year's acquisitions and an effect of SEK 139 million from the introduction of IFRS 16 Leases. EBITA amounted to SEK 166 (137) million in Q2. Organic EBITA growth was 5 percent during the period.

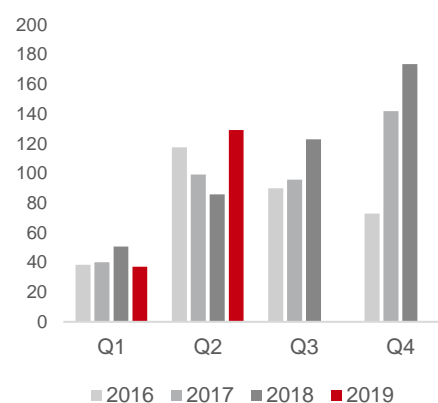
Profit after tax for Q2 2019 was SEK 60 (61) million. IFRS 16 had a negative effect of SEK 3 million on the quarter and deferred tax from prior years had a negative effect of SEK 9 million, unlike the previous year which had a positive effect of SEK 20 million from a remeasurement following the tax rate reduction and a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent amounted to SEK 58 (60) million during the period. Profit after tax attributable to non-controlling interests was SEK 3 (1) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 0.52 (0.54). Net of tax remeasurements and IFRS 16, earnings per share for the quarter would have increased by 124 percent to SEK 0.67 (0.30).

Profit after tax for the first six months 2019 was SEK 59 (78) million. IFRS 16 had a negative effect of SEK 10 million on the six-month period and deferred tax from prior years had a negative effect of SEK 9 million, unlike the previous year which had a positive effect of SEK 20 million from a remeasurement following the tax rate reduction and a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent amounted to SEK 57 (77) million in Q2. Profit after tax attributable to non-controlling interests was SEK 3 (1) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 0.31 (0.56) during the period. Net of the year's tax remeasurements and IFRS 16, earnings per share for the first six months would have increased by 71 percent to SEK 0.54 (0.32).

Net sales, SEK million



EBITA, SEK million



Seasonal variations

Volati's operates in several different sectors and markets, and the Group's seasonal variations are also affected by any acquisitions made during the financial year. Overall, the Group is affected by seasonal variations, with the fourth quarter generally having the strongest cash flow and earnings, and the first quarter the weakest. The season pattern is further accentuated by the acquisition of S:t Eriks, which normally reports a negative operating profit during the first quarter due to seasonal effects. Volati's cash flow and earnings are also affected by the conditions in the business areas' respective markets. This means that Volati's operations, sales and earnings development is best monitored on an LTM basis.

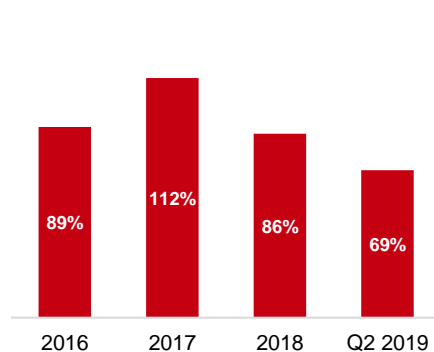
Cash flow

Cash flow from operating activities for Q2 2019 amounted to SEK 96 (13) million. The largest difference from the previous year is related to IFRS 16. Cash flow from operating activities for the last twelve months amounted to SEK 498 (448) million. The cash conversion rate for the last twelve months was 69 (86) percent. The change in cash conversion compared with the full year 2018 is a consequence of negative seasonal variations during the first six months, further accentuated by the acquisition of S:t Eriks. Investments in non-current assets for the quarter amounted to SEK 20 (21) million and were primarily related to business development investments in the form of newly established inspection stations, IT systems and ongoing investments in machinery and equipment.

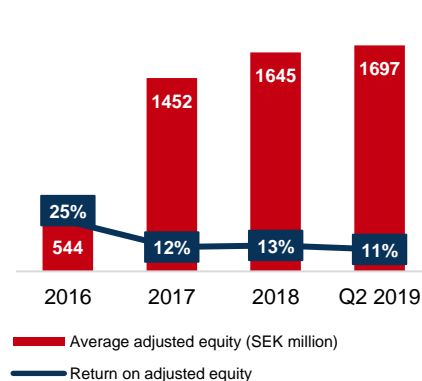
69%

Cash conversion
Q2 2019

Cash conversion, %



Equity and return on adjusted equity



11%

Return on adjusted equity
LTM, Q2 2019

2.4x

Net debt/
adjusted EBITDA
Q2 2019

Equity

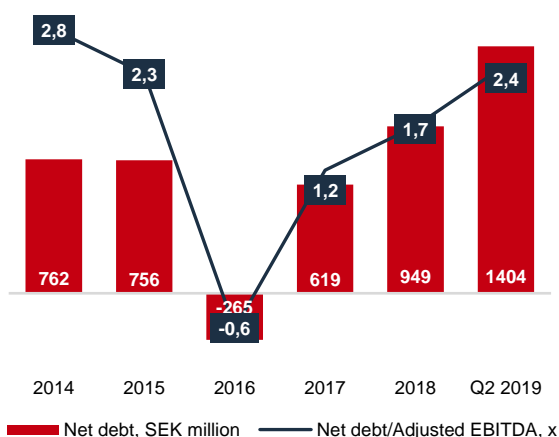
Total equity for the Group for Q2 amounted to SEK 2,466 (2,567) million. Equity attributable to holders of the Parent's ordinary shares, adjusted for preference share capital, declined from SEK 1,731 million at 31 December 2018 to SEK 1,630 million at 30 June 2019. The dividend to shareholders and share buy-back reduced equity by SEK 188 million. The equity ratio at 30 June 2019 was 37 percent, compared with 46 percent at the end of 2018. The return on adjusted equity for the last twelve months was 11 (13) percent.

Net debt

The Group had net debt of SEK 2,217 million at the end of Q2, compared with SEK 949 million at 31 December 2018. Factors that have increased net debt include the introduction of IFRS 16, share buy-backs, dividend payments, acquisitions and normal seasonality effects. Net debt excluding IFRS 16 amounted to SEK 1,404 million at 30 June 2019. The alternative performance measure net debt/adjusted EBITDA shows the ratio without the effects of IFRS 16. For a definition see note 7 on page 27 in the report.

Total liabilities amounted to SEK 4,165 million at 30 June 2019, compared with SEK 3,005 million at 31 December 2018, with the introduction of IFRS 16 being responsible for most of the increase. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 2,336 million at the end of Q2, compared with SEK 1,217 million at 31 December 2018. At the end of Q2, the unutilised portion of the overdraft facility amounted to SEK 70 million, while the unutilised portion of the revolving credit facility was SEK 0 million and cash & cash equivalents totalled SEK 104 million.

Capital structure trend



Net debt

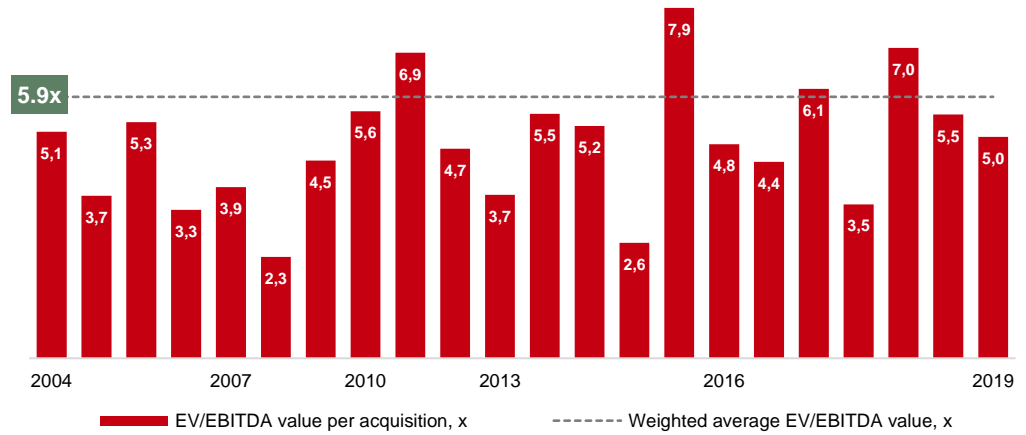
The Group had net debt (excl. IFRS 16) of SEK 1,404 million at the end of the quarter, with a net debt/adjusted EBITDA ratio of 2.4x.

Acquisitions during and after the period

Acquisitions are a core element of Volati's strategy for creating long-term value growth, and the Company continuously evaluates both complementary acquisitions and acquisitions in new business areas. It is Volati's assessment that there is a lower risk level for add-on acquisitions and acquisitions of business units than for acquisitions in new business areas, as in-depth industrial know-how and a recipient organisation are already in place in the acquiring company and business unit.

As mentioned in the previous interim report, Volati acquired all shares in Stenentreprenader i Hesselholm AB and Mundus Maskin AB on 11 April 2019. Stenentreprenader is one of the major natural stone contractors in Sweden, while Mundus delivers and installs handling systems for grain and other raw materials for the agriculture and industry sectors in Sweden. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquired companies had combined annual sales of SEK 125 million and an EBITDA of SEK 16 million in 2018. The acquisitions are consolidated with effect from April 2019. The acquisitions are expected to have a positive effect on Volati's results for 2019 and contribute to an increase in return on equity.

Acquisition multiples for completed acquisitions

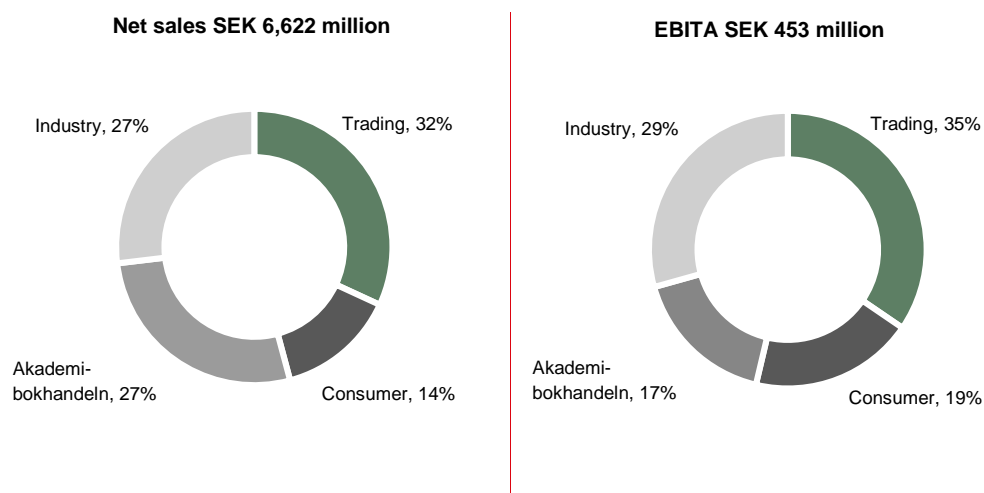


The weighted average acquisition multiple since Volati's establishment is 5.9x. (Enterprise value/EBITDA). The diagram above shows the acquisition multiples for each acquisition with an Enterprise value in excess of SEK 10 million.

Volati's business areas

Volati's net sales and earnings by business area

The diagrams refer to the twelve-month period from 1 July 2018 to 30 June 2019 and show the business areas' share of EBITA without the effects of IFRS 16 as the business areas are monitored excluding IFRS 16. Acquired operations are included from the acquisition closing date and their proportion is calculated net of central costs.



Trading

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Net sales, SEK million	589	607	1,085	1,075	2,118	2,107
EBITDA, SEK million	63	58	95	81	190	176
EBITA, SEK million	59	53	87	72	173	158
EBITA margin, %	10	9	8	7	8	7
EBIT, SEK million	56	51	82	67	162	147
ROCE excl. goodwill, %	38	35	38	35	38	37

The Trading business area's operations are mainly concentrated on providing products in builders hardware, consumables and material for construction, home and garden, packaging, and agriculture and forestry through dealers, retail chains, e-commerce channels and directly to customers. The business units in Trading have similar business models and customers, and are integrated through a number of functions and areas of cooperation such as logistics and IT systems, finance and other administrative functions. The customer base shared between the business units enables cross sales, cooperation between sales personnel and the opportunity to offer integrated customer solutions.

Trading had a good second quarter in which the business area strengthened the operations, and therefore the margins, of the companies that work with their own brands. The businesses also continued the successful work on cost efficiencies and price increases in response to the weak Swedish krona which affects us negatively. The slight decline in sales for the quarter is an effect of the ongoing consolidation in the builders' hardware and construction materials sector. It is our assessment that the market climate is good and that our market shares are increasing.

Consumer

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Net sales, SEK million	248	249	470	487	906	923
EBITDA, SEK million	54	50	66	75	128	138
EBITA, SEK million	46	41	50	58	96	104
EBITA margin, %	18	17	11	12	11	11
EBIT, SEK million	43	38	44	53	85	93
ROCE excl. goodwill, %	237	212	237	212	237	233

The Consumer business area's operations are focused on various B2C niches and are driven by strong local entrepreneurship. All of the businesses have large customer databases, which create opportunities to collaborate, and are included in central initiatives to develop operations. Such areas include digitalisation and e-commerce as well as tools to create deeper customer relationships and increased customer loyalty.

Volati has continued its effective response to the challenging market conditions in the vehicle inspection sector due to the changed inspection intervals, and the profitability of the operations has developed positively during the quarter. In addition to working on cost savings and price increases, the business unit has also established several new inspection stations during the quarter. Volati still have challenges in two of Consumer's business units and we are working with them to take relevant measures and continuing to monitor the operations closely.

Akademibokhandeln

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Net sales, SEK million	328	315	781	751	1,814	1,784
EBITDA, SEK million	-19	-27	-14	-28	114	100
EBITA, SEK million	-26	-34	-28	-41	85	72
EBITA margin, %	-8	-11	-4	-5	5	4
EBIT, SEK million	-32	-40	-40	-53	61	48
ROCE excl. goodwill, %	108	94	108	94	108	92

The Akademibokhandeln business area is the leading bookstore chain in Sweden with a strong offering in all product and delivery formats. With stores nationwide, and online sales under the Akademibokhandeln and Bokus brands, the company operates modern and profitable sales channels focused on consumers, companies and the public sector.

The business area developed positively during the quarter. The business is still experiencing the effects of the purchasing and cost efficiency drive in 2018, which has brought a clear improvement in earnings. The business area has also increased sales by broadening the product range in a stable market. The Bokus e-commerce channel has increased its sales volume while margins have also improved – a development that is both pleasing and of long-term importance to the industry.

Industry

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Net sales, SEK million	612	257	985	470	1,786	1,271
EBITDA, SEK million	75	45	103	84	202	183
EBITA, SEK million	60	38	73	70	147	144
EBITA margin, %	10	15	7	15	8	11
EBIT, SEK million	58	37	69	69	140	140
ROCE excl. goodwill, %	27	63	27	63	27	43

The Industry business area's operations are focused on Business-to-Business niches and are driven by strong local entrepreneurship in combination with cooperation in selected areas. The units cooperate and exchange experience in areas such as acquisitions, expansion into new markets and production efficiency.

Industry showed an increase in both sales and earnings. The figures were affected by the acquisition of S:t Eriks, which was consolidated with effect from 1 September 2018, and the business area also experienced stable, good development for the majority of the existing operations. The process of integrating and strengthening S:t Eriks' operations has been successful. The company has delivered in line with our investment hypothesis during the second quarter.

Industry's business unit that rents out water damage restoration products as a result of flooding is, as we mentioned earlier, strongly affected by weather and wind. The hot and dry summer in much of Europe has resulted in low demand, which has had an adverse effect on both sales and earnings.

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs arising in the Group. EBITA for Q2, net of IFRS 16, was SEK -15 (-12) million.

Other information

Share capital

Volati has two classes of shares, ordinary shares and preference shares, which are listed on Nasdaq Stockholm under the tickers VOLO and VOLO PREF. The number of shareholders at the end of Q2 was 6,298.

On 25 April 2019, Volati repurchased 1 million ordinary shares using the mandate granted by the AGM on 16 May 2018.

The number of ordinary shares outstanding at the end of the period was 80,406,571, of which 1,000,000 were repurchased treasury shares. The number of preference shares was 1,603,774 at the end of Q2. Share capital amounted to SEK 10 million at 30 June 2019. At the end of the quarter, Volati also had 4,174,570 warrants issued to a former senior executive, carrying entitlement to subscription for 834,914 ordinary shares. All the warrants were repurchased by Volati during July. See also Events after the end of the reporting period on page 12.

Related-party transactions

In accordance with a resolution of the 2019 AGM, two percent of the shares in Volati Infrastruktur AB were transferred to the CEO of S:t Eriks AB at a purchase price of SEK 1 million in Q2.

No significant related-party transactions have occurred in addition to what is stated in the Annual Report for 2018. All related-party transactions have been conducted at market conditions.

Events after the end of the reporting period

After the end of the reporting period, the warrants held by a former Volati senior executive were repurchased by Volati on 30 July 2019 at their market value.

Volati has convened an extraordinary general meeting on 30 September to consider whether to authorise some of the subsidiaries' CEOs to acquire shares in their own companies.

Financial calendar

- Interim Report, Jan-Sep 2019 24 October 2019
- 2019 Year-end Report 20 February 2020

Declaration by the Board of Directors

The Board of Directors and the CEO hereby certify that this interim report provides a fair overview of the Parent Company's and the Group's operations, financial position and performance and describes material risks and uncertainties faced by the Parent Company and Group companies.

Volati AB (publ)
The Board of Directors and CEO
Stockholm, 16 August 2019

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Christina Tillman
Board Member

Louise Nicolin
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Mårten Andersson
CEO

This interim report has not been reviewed by the Company's auditors.

This information is information that Volati AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (MAR) and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 7.45 a.m. CEST on 16 August 2019.

Conference call

CEO Mårten Andersson and CFO Mattias Björk will present the interim report in a conference call on 16 August at 9.00. The presentation will be conducted in Swedish.
Phone number to access the conference call: 08-505 583 58.
For a webcast of the conference call, go to www.volati.se.

For more information, please contact:

Mårten Andersson, CEO, +46 (0)72-735 42 84, marten.andersson@volati.se
Mattias Björk, CFO, +46 (0)70-610 80 89, mattias.bjork@volati.se

Volati AB (publ)

Corporate reg. no. 556555-4317
Engelbrektsplan 1, SE-114 34 Stockholm
Tel: +46 8-21 68 40
www.volati.se

Financial targets

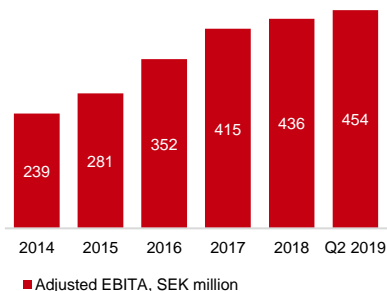
Volati's overall objective is to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and capacity for continuous development. Volati has established the following financial targets, which should be evaluated as a whole.

Note that the introduction of IFRS 16 Leases has affected the calculation of the targets (definitions in note 7 in the report).

1 Earnings growth

Adjusted EBITA of SEK 700 million by the end of 2019. Average annual organic EBITA growth of 5 percent.

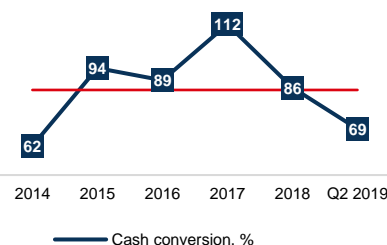
At the end of Q2, adjusted EBITA for the last twelve months was SEK 454 million. Annual organic EBITA growth has averaged 7 percent between 2013 and 2018. Organic EBITA growth varies over the years and amounted to 3 percent in Q2 2019.



2 Cash conversion

Annual cash conversion of at least 85 percent.

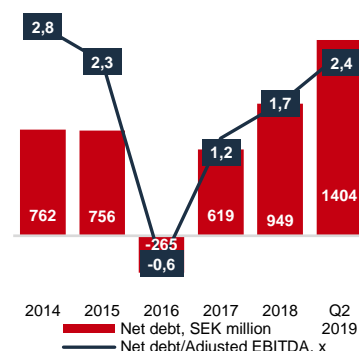
At the end of Q2, cash conversion for the last twelve months was 69 percent.



3 Capital structure

Long-term target: Net debt/Adjusted EBITDA ratio (LTM) of less than 3.0x.

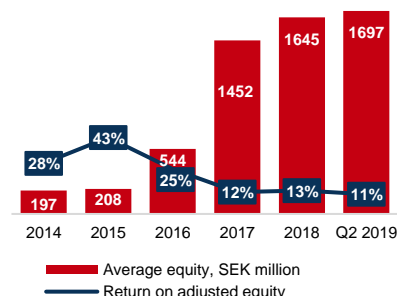
At the end of Q2, net debt/adjusted EBITDA was 2.4x.



4 Return on adjusted equity

Long-term target: Return on adjusted equity (calculated as average equity over the last four quarters) of at least 20 percent.

At the end of Q2, the return on adjusted equity was 11 percent.



5 Dividend policy

To distribute a dividend of 10–30 percent of net earnings attributable to the Parent Company's shareholders, after taking into consideration future acquisition potential, development potential in existing companies, the financial position and other material factors.

The dividend for 2018 amounted to SEK 1.00 per ordinary share, which corresponds to 30 percent of net profit attributable to the Parent Company's shareholders for the 2018 financial year. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00.

Dividend 2018

1.00
per share

Financial Statements

Consolidated income statement

SEK million	Apr-Jun 2019	Apr-Jun 2019*	Apr-Jun 2018	Jan- Jun 2019	Jan-Jun 2019*)	Jan- Jun 2018	LTM	LTM*)	Full year 2018
Operating income									
Net sales	1,776	1,776	1,428	3,321	3,321	2,783	6,622	6,622	6,084
Operating expenses									
Raw materials and supplies	-981	-984	-784	-1,836	-1,841	-1,548	-3,663	-3,667	-3,375
Other external costs	-164	-234	-216	-349	-484	-429	-774	-909	-853
Personnel expenses	-406	-406	-312	-781	-781	-617	-1,483	-1,483	-1,318
Other operating income	4	4	1	15	15	8	25	25	18
Other operating expenses	-1	-1	-2	-4	-4	-7	-1	-1	-4
EBITDA	229	157	114	365	226	191	727	587	552
Depreciation/amortisation	-100	-35	-28	-199	-69	-54	-264	-134	-119
EBITA	129	122	86	166	157	137	463	453	433
Acquisition-related amortisation	-14	-14	-12	-27	-27	-24	-52	-52	-49
Goodwill impairment	-	-	-4	-	-	-4	-14	-14	-18
EBIT	115	108	70	140	130	109	397	387	366
Finance income and costs									
Finance income	4	4	10	9	9	13	25	25	29
Finance costs	-28	-18	-24	-58	-36	-43	-95	-73	-80
Profit before tax	91	94	55	91	103	79	328	340	316
Tax	-30	-31	5	-32	-34	0	-73	-75	-42
Net profit	60	63	61	59	69	78	255	265	274
Attributable to:									
Owners of the Parent	58	61	60	57	67	77	251	261	272
Non-controlling interests	3	2	1	3	2	1	3	3	2
Earnings per ordinary share, SEK									
Earnings per ordinary share, SEK	0.52	0.56	0.54	0.31	0.43	0.56	2.33	2.46	2.58
Diluted earnings per ordinary share, SEK									
Diluted earnings per ordinary share, SEK	0.52	0.56	0.54	0.31	0.43	0.56	2.33	2.45	2.58
No. of ordinary shares									
No. of ordinary shares	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares									
Average no. of ordinary shares	79,681,296	79,681,296	80,406,571	80,041,930	80,041,930	80,406,571	80,225,749	80,225,749	80,406,571
Average no. of ordinary shares after dilution									
Average no. of ordinary shares after dilution	79,945,888	79,681,296	80,611,166	80,306,522	80,306,522	80,611,166	80,490,341	80,490,341	80,469,822
No. of preference shares									
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK									
Preference share dividend, SEK	10.00	10.00	10.00	20.00	20.00	20.00	40.00	40.00	40.00

*To provide a more comparative picture, the columns show what the figures would have been before the introduction of IFRS 16.

Consolidated statement of comprehensive income

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan- Jun 2019	Jan- Jun 2018	LTM	Full year 2018
Net profit	60	61	59	78	255	274
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences for the period	8	17	28	50	-3	19
Total	8	17	28	50	-3	19
Total comprehensive income for the period	68	78	87	128	252	293
Total comprehensive income attributable to:						
Owners of the Parent	65	77	84	126	248	290
Non-controlling interests	3	1	3	2	3	2

Condensed consolidated statement of financial position

SEK million	30 Jun 2019	30 Jun 2018	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets	3,180	2,948	3,126
Property, plant and equipment	333	236	404
Right-of-use assets	918	-	-
Financial assets	6	10	8
Deferred tax assets	54	90	59
Total non-current assets	4,491	3,284	3,597
Current assets			
Inventories	935	624	895
Trade receivables	799	631	558
Current tax assets	90	95	27
Other current receivables	60	50	67
Derivatives	-	0	0
Prepayments and accrued income	151	165	186
Cash and cash equivalents	104	275	241
Total current assets	2,140	1,839	1,975
Total assets	6,631	5,123	5,571
EQUITY AND LIABILITIES			
Equity			
Share capital	10	10	10
Other paid-in capital	1,995	1,995	1,995
Other reserves	61	64	34
Retained earnings, incl. profit for the period	392	320	520
Equity attributable to owners of the Parent	2,458	2,390	2,560
Non-controlling interests	8	15	7
Total equity	2,466	2,404	2,567
Liabilities			
Non-current interest-bearing liabilities	622	967	974
Non-current lease liabilities	641	-	-
Non-current non-interest-bearing liabilities	88	79	89
Pension obligations	2	2	2
Warranties and other provisions	5	4	10
Deferred tax	296	258	287
Total non-current liabilities	1,655	1,310	1,361
Current interest-bearing liabilities	829	195	241
Current lease liabilities	242	-	-
Advances from customers	135	90	73
Trade payables	609	507	706
Current tax liabilities	97	98	61
Derivatives	1	1	0
Accruals and deferred income	374	306	379
Other current liabilities	223	211	184
Total current liabilities	2,510	1,408	1,644
Total liabilities	4,165	2,719	3,005
Total equity and liabilities	6,631	5,123	5,571

Condensed consolidated cash flow statement

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan- Jun 2019	Jan- Jun 2018	LTM	Full year 2018
Operating activities						
Profit before tax	91	55	91	79	328	316
Adjustment for non-cash items	138	53	258	93	369	204
Interest paid	-24	-12	-45	-17	-67	-39
Interest received	0	0	1	1	2	2
Income tax paid	-6	-20	-54	-53	-54	-53
Cash flow from operating activities before changes in working capital	200	77	250	103	577	430
Cash flow from changes in working capital						
Change in inventories	5	-24	-35	-8	-89	-62
Change in operating receivables	-172	-104	-244	-172	-34	37
Change in operating liabilities	64	63	-33	-35	44	43
Cash flow from changes in working capital	-103	-65	-312	-215	-79	18
Cash flow from operating activities	96	13	-62	-112	498	448
Investing activities						
Investments in property, plant & equipment and intangible assets	-20	-21	-40	-35	-87	-83
Sale of property, plant & equipment and intangible assets	0	0	1	1	2	2
Investments in Group companies	-65	-7	-65	-7	-603	-545
Investments in financial assets	-	-	-2	-	-6	-4
Divestments of financial assets	0	0	0	0	0	0
Cash flow from investing activities	-85	-27	-106	-41	-694	-629
Financing activities						
Dividend on preference shares	-16	-16	-32	-32	-64	-64
Dividend on ordinary shares	-79	-41	-79	-41	-79	-41
Share buy-back	-45	-	-45	-	-45	-
Transactions with owners	1	1	1	1	1	1
Repayment of lease liabilities	-68	-5	-132	-11	-147	-26
Repayment of borrowings	4	71	-302	-19	-350	-67
Proceeds from borrowings	215	86	615	86	708	179
Cash flow from financing activities	11	95	25	-17	25	-18
Cash flow for the period	23	81	-142	-170	-171	-199
Cash & cash equivalents at beginning of period	80	192	241	438	275	438
Exchange differences	1	2	5	7	0	2
Cash & cash equivalents at end of period	104	275	104	275	104	241

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
IFRS 9 and IFRS 15 transition effect, net of tax	-	-	-	-3	0	-3
Opening balance, 1 Jan 2018	10	1,995	16	328	13	2,362
Net profit	-	-	-	77	1	78
Other comprehensive income	-	-	49	-	1	50
Comprehensive income for the period	-	-	49	77	2	128
Dividend	-	-	-	-105	0	-105
Remeasurement of non-controlling interests	-	-	-	20	-	20
Closing balance, 30 Jun 2018	10	1,995	64	320	15	2,404

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2019	10	1,995	34	520	7	2,567
Net profit	-	-	-	57	3	59
Other comprehensive income	-	-	27	-	0	28
Comprehensive income for the period	-	-	27	57	3	87
Dividend	-	-	-	-144	-	-144
Share buy-back	-	-	-	-45	-	-45
Remeasurement of non-controlling interests	-	-	-	3	-2	0
Closing balance, 30 Jun 2019	10	1,995	61	392	8	2,466

Key figures²⁾

SEK million	Apr-Jun 2019	Apr-Jun 2019 ¹⁾	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2019 [*]	Jan-Jun 2018	LTM	LTM ¹⁾	Full year 2018
Net sales, SEK million	1,776	1,776	1,428	3,321	3,321	2,783	6,622	6,622	6,084
Net sales growth, %	24	24	64	19	19	72	33	33	36
Organic net sales growth, %	-3	-3	6	-1	-1	5	0	0	1
EBITDA, SEK million	229	157	114	365	226	191	727	587	552
Adjusted EBITDA, SEK m	160	160	114	593	593	510	593	593	573
EBITA, SEK million	129	122	86	166	157	137	463	453	433
EBITA margin, %	7	7	6	5	5	5	7	7	7
EBITA growth, %	50	42	-13	22	15	-2	24	21	18
Adjusted EBITA, LTM, SEK million	125	125	86	454	454	408	454	454	436
EBITA excl. central costs and items affecting comparability, SEK million	138	138	98	182	182	159	501	501	478
Organic EBITA growth, %	3	3	-6	5	5	-2	3	3	0
EBIT, SEK million	115	108	70	140	130	109	397	387	366
Profit after tax	60	63	61	59	69	78	255	265	274
Basic earnings per ordinary share, SEK ¹⁾	0.52	0.56	0.54	0.31	0.43	0.56	2.33	2.46	2.58
Diluted earnings per ordinary share, SEK ¹⁾	0.52	0.56	0.54	0.31	0.43	0.56	2.33	2.45	2.58
Equity per ordinary share, SEK	20.62	20.62	19.64	20.62	20.62	19.64	20.62	20.62	21.63
Return on equity, %	10	10	10	10	10	9	10	10	11
Return on adjusted equity, %	11	11	11	11	11	10	11	11	13
Equity ratio, %	37	37	47	37	37	47	37	37	46
Cash conversion, LTM, %	69	69	82	69	69	82	69	69	86
Operating cash flow, SEK million	36	36	28	-130	-130	-59	405	405	475
Net debt/EBITDA, x	2.4	2.4	1.7	2.4	2.4	1.7	2.4	2.4	1.7
No. of employees	2,110	2,110	1,683	2,110	2,110	1,683	2,110	2,110	1,871
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares outstanding	79,681,296	79,681,296	80,406,571	80,041,930	80,041,930	80,406,571	80,225,749	80,225,749	80,406,571
Average no. of ordinary shares outstanding after dilution	79,945,888	79,945,888	80,611,166	80,306,522	80,306,522	80,611,166	80,490,341	80,490,341	80,469,822
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

* To provide a more comparative picture, the column shows what the figures would have been before the introduction of IFRS 16.

- 1) When calculating earnings per ordinary share, the preference share dividend of SEK 16 million per quarter is deducted for the period.
- 2) All performance measures, apart from net sales and earnings per share, are non-IFRS performance measures – see also the alternative performance measures section below.

Quarterly overview

SEK million	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Operating income										
Net sales	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224	872	744
Operating expenses										
Raw materials and supplies	-981	-856	-997	-830	-784	-764	-824	-651	-409	-344
Other external costs	-164	-185	-223	-202	-216	-212	-214	-203	-130	-137
Personnel expenses	-406	-376	-409	-292	-312	-304	-314	-253	-214	-202
Other operating income	4	11	4	6	1	7	3	3	1	1
Other operating expenses	-1	-3	3	0	-2	-5	-2	-2	-2	-4
EBITDA	229	136	210	152	114	77	166	119	117	57
Depreciation/amortisation	-100	-98	-36	-29	-28	-26	-24	-23	-18	-17
EBITA	129	37	173	123	86	51	142	96	99	40
Acquisition-related amortisation	-14	-13	-13	-13	-12	-12	-13	-9	-5	-5
Goodwill impairment	-	-	-14	-	-4	-	-	-	-	-
EBIT	115	24	147	110	70	39	129	87	94	36
Finance income and costs										
Finance income	4	5	14	3	10	3	2	1	2	3
Finance costs	-28	-29	-20	-17	-24	-18	-20	-16	-7	-6
Profit before tax	91	0	141	96	55	24	110	72	90	33
Tax	-30	-1	-19	-22	5	-6	-18	-19	-21	-5
Net profit	60	-1	121	74	61	18	93	53	68	28
Attributable to:										
Owners of the Parent	58	-1	121	74	60	18	92	52	68	28
Non-controlling interests	3	0	0	1	1	0	0	1	1	0
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales, SEK million	2019	2019	2018	2018	2018	2018	2017	2017	2017	2017
Trading	589	496	509	524	607	468	453	394	428	339
Industry	612	373	467	334	257	213	197	205	190	155
Akademibokhandeln	328	453	634	398	315	436	627	402	-	-
Consumer	248	222	222	214	249	238	241	222	253	249
Internal eliminations	0	0	-1	0	0	0	0	0	0	0
Total net sales	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224	871	744
EBITDA, SEK million										
Trading	63	33	36	59	58	23	29	45	45	16
Industry	75	27	46	53	45	38	19	37	30	19
Akademibokhandeln	-19	5	109	19	-27	-1	94	22	-	-
Consumer	54	12	27	35	50	26	43	33	55	36
Items affecting comparability	-1	5	12	-	-	0	-7	1	1	-3
Central costs	-14	-13	-20	-14	-12	-10	-13	-19	-14	-11
Total excl. IFRS 16	157	69								
IFRS 16 effect	72	67								
Total EBITDA	229	136	210	152	114	77	166	119	117	57
EBITA, SEK million										
Trading	59	28	32	54	53	19	26	42	43	14
Industry	60	13	30	44	38	32	13	31	24	12
Akademibokhandeln	-26	-2	101	12	-34	-7	88	17	-	-
Consumer	46	4	19	27	41	17	35	25	46	28
Items affecting comparability	-1	5	12	-	-	-	-7	1	1	-3
Central costs	-15	-14	-20	-14	-12	-10	-13	-19	-15	-11
Total excl. IFRS 16	122	35								
IFRS 16 effect	7	3								
Total EBITA	129	37	173	123	86	51	142	96	99	40

Notes to consolidated financial statements

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those applied by the Group in the 2018 annual report. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded, which means that certain tables do not always add up exactly. This applies where figures are stated in thousands, millions or billions. Pages 1-12 of this report are an integral part of the interim report.

New accounting policies for 2019

IFRS 16 Leases is effective from 1 January 2019 and requires assets and liabilities attributable to leases, with some exceptions, to be recognised in the balance sheet. Implementation of the new lease standard has resulted in the majority of the Group's leases being reported in the balance sheet, as a distinction between operating and finance leases is no longer made. IFRS 16 provides a choice of introduction method: the full retrospective approach, whereby all leases are remeasured from their inception date, or the modified retrospective approach, whereby historical obligations are not remeasured from their inception date but are assumed to have been entered into on 1 January 2019. Volati has chosen the modified retrospective approach, mainly applying the practical expedients concerning short-term leases and low-value leases, see also note 2.

New balance sheet presentation

With effect from 1 January 2019, we have moved the previous finance leases from the 'property, plant and equipment' line to the 'right-of-use assets' line so that they are classified in the same place as operating leases under IFRS 16.

Key assumptions

Key assumptions about the future are described in note 25 of the 2018 annual report. The introduction of IFRS 16 means that important new assumptions involving judgements have arisen. Within the Volati Group, the assessment of the extension options regarding right-of-use assets has been taken into account, have been taken into account if exercise of such options is reasonably certain. Use of the discount rate on leases also represents judgement in terms of what asset it refers to, the financial risk and length in years for the underlying market interest rate. An incorrect assessment of the above factors can result in right-of-use assets and lease liabilities being over- or undervalued.

Note 2 Transition to IFRS 16

To calculate the effect of IFRS 16, the length of the right of use has been based on the remaining lease terms, although extension options have been taken into account if exercise of such an option is reasonably certain. In addition, the calculation has been based on the leases that existed at the end of the 2018 financial year. For all contracts where the interest rate implicit in the lease could not be determined from the obligation, the discount rate used to measure of the obligation has been adjusted according to the type of leased asset it refers to, the geographical location of the asset and the estimated financial risk associated with the lessee. The discount rate used for obligations varies between 2 and 20 percent depending on these different assumptions.

The effects on assets, liabilities and equity that arose on transition on 1 January 2019 are shown below

SEK million	31 Dec 2018	Reclassification due to IFRS 16	Restatement, IFRS 16	Restated Balance sheet items 1 Jan 2019
ASSETS				
Non-current assets				
Intangible assets	3,126			3,126
Property, plant and equipment	404	-76		328
Right-of-use assets	-	76	901	977
Financial assets	8			8
Deferred tax assets	59			59
Total non-current assets	3,597		901	4,498
Current assets				
Inventories	895			895
Trade receivables	558			558
Tax assets	27			27
Other current receivables	67			67
Derivatives	0			0
Prepayments and accrued income	186		-59	127
Cash and cash equivalents	241			241
Total current assets	1,975		-59	1,916
Total assets	5,571		842	6,413
EQUITY AND LIABILITIES				
Equity				
Share capital	10			10
Other paid-in capital	1,995			1,995
Other reserves	34			34
Retained earnings, incl. profit for the period	520			520
Equity attributable to owners of the Parent	2,560			2,560
Non-controlling interests	7			7
Total equity	2,567			2,567
Liabilities				
Non-current interest-bearing liabilities	974	-49		925
Non-current lease liabilities	-	49	648	697
Non-current non-interest-bearing liabilities	89			89
Pension obligations	2			2
Warranties and other provisions	10			10
Deferred tax	287			287
Total non-current liabilities	1,361		648	2,008
Current interest-bearing liabilities	241	-26		215
Current lease liabilities	-	26	208	235
Advances from customers	73			73
Trade payables	706			706
Tax liabilities	61			61
Derivatives	0			0
Accruals and deferred income	379		-14	364
Other current liabilities	184			184
Total current liabilities	1,644		194	1,838
Total liabilities	3,005		842	3,846
Total equity and liabilities	5,571		842	6,413

The introduction of IFRS 16 has had a positive effect of SEK 72 million on EBITDA for Q2 2019 and a positive effect of SEK 7 million on EBITA. The introduction of IFRS 16 has resulted in depreciation for the period increasing by SEK 65 million and interest expenses by SEK 11 million. Profit after tax was negatively affected by SEK 3 million in Q2 and by SEK 10 million in the first six

months. Interest-bearing liabilities have increased by SEK 814 million at 30 June 2019 as a result of the transition to IFRS 16. Cash flow from operating activities has been positively affected by SEK 62 million, while cash flow from financing activities has been negatively affected by the corresponding amount. Volati AB's financial commitments under bank loan agreements are based on the accounting policies that existed at the inception of the loans, which is why the associated covenants are not affected by the introduction of IFRS 16. Net debt/adjusted EBITDA at 30 June 2019 was 2.4x.

Note 3 Risks and uncertainties

A detailed description of the Group's material risks and uncertainties can be found in the 2018 Annual Report.

Note 4 Segment reporting

At the end of Q4, Volati consisted of four business areas: Trading, Industry, Akademibokhandeln and Consumer.

Net sales, SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Trading	589	607	1,085	1,075	2,118	2,107
Industry	612	257	985	470	1,786	1,271
Akademibokhandeln	328	315	781	751	1,814	1,784
Consumer	248	249	470	487	906	923
Internal eliminations	0	0	-1	-1	-2	-1
Total net sales	1,776	1,428	3,321	2,783	6,622	6,084

Sales between segments are not disclosed as they are immaterial.

EBITDA, SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Trading	63	58	95	81	190	176
Industry	75	45	103	84	202	183
Akademibokhandeln	-19	-27	-14	-28	114	100
Consumer	54	50	66	75	128	138
Items affecting comparability	-1	-	4	-	15	12
Central costs	-14	-12	-28	-22	-62	-56
Total EBITDA excl. IFRS 16	157	114	226	191	587	552
IFRS 16 effect	72	-	139	-	139	-
Total EBITDA	229	114	365	191	727	552

EBITA, SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Trading	59	53	87	72	173	158
Industry	60	38	73	70	147	144
Akademibokhandeln	-26	-34	-28	-41	85	72
Consumer	46	41	50	58	96	104
Items affecting comparability	-1	-	4	-	15	12
Central costs	-15	-12	-28	-22	-62	-57
Total EBITA excl. IFRS 16	122	86	157	137	453	433
IFRS 16 effect	7	-	9	-	9	-
Total EBITA	129	86	166	137	463	433
Acquisition-related amortisation	-14	-12	-27	-24	-52	-49
Goodwill impairment	-	-4	-	-4	-13	-18
Net financial items	-25	-14	-49	-30	-69	-50
Profit before tax	91	55	91	79	328	316

EBIT, SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Trading	56	51	82	67	162	147
Industry	58	37	69	69	140	140
Akademibokhandeln	-32	-40	-40	-53	61	48
Consumer	43	38	44	53	85	93
Goodwill impairment	-	-4	-	-4	-14	-18
Items affecting comparability	-1	-	4	-	15	12
Central costs	-15	-12	-28	-23	-63	-57
Total EBIT excl. IFRS 16	109	70	130	109	387	366
IFRS 16 effect	7	-	9	-	9	-
Total EBIT	115	70	140	109	397	366

Note 5 Acquisitions and divestments of companies and operations

Two deferred purchase considerations were settled during Q2: SEK 1 million related to the acquisition of S:t Eriks and SEK 5 million related to Vinninga Cementvarufabrik (an acquisition S:t Eriks made prior to its own acquisition by Volati).

Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquisitions are consolidated with effect from April. The acquisitions are expected to have a positive effect on Volati's results for 2019 and contribute to an increase in return on equity. The impact of the acquisitions on the Volati Group's balance sheet is set out below.

Impact of acquisitions on balance sheet (SEK million)	30 Jun 2019
Intangible assets	16
Property, plant and equipment	5
Financial receivables	5
Deferred tax assets	0
Inventories	2
Trade receivables	11
Other receivables	10
Cash and cash equivalents	39
Deferred tax liabilities	-5
Warranty provisions	-1
Non-current interest-bearing liabilities	-3
Current interest-bearing liabilities	-1
Current liabilities	-18
	59
Goodwill	44
Purchase price for shares	103
Purchase price for shares	-103
Consideration settled against existing receivable	5
Cash & cash equivalents in the acquired company at the acquisition date	39
Impact on the Group's cash & cash equivalents on acquisition date	-59

Impact of acquisitions on balance sheet (SEK million)	Net sales		EBITDA		EBITA		EBIT	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Industry	33	33	5	5	5	5	4	4
Volati Group	33	33	5	5	5	5	4	4

Impact of acquisitions on balance sheet (SEK million)	EBITDA excl. IFRS 16		EBITA excl. IFRS 16		EBIT excl. IFRS 16	
	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun	Apr-Jun	Jan-Jun
Industry	5	5	5	5	4	4
Volati Group	5	5	5	5	4	4

Transaction costs of SEK 1 million for the acquisitions have been charged to the Group's earnings. If the acquisitions had been consolidated with effect from 1 January 2019, their contribution to the Group's income statement, excluding transaction costs, for the period January-June 2019 would have been as follows: sales SEK 58 million, EBITDA SEK 6 million, EBITA SEK 5 million and operating profit SEK 5 million. Goodwill of SEK 44 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares.

Note 6 Financial Instruments

Financial instruments: carrying amounts and fair values by measurement category

	30 Jun 2019			31 Dec 2018		
	IFRS 9 category ¹⁾	Carrying amount	Fair value	IFRS 9 category ¹⁾	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	4	4	2	5	5
Other non-current financial assets	1.2	2	2	1.2	2	2
Derivatives held for trading	2	-	-	2	0	0
Trade receivables	1	799	799	1	558	558
Cash and cash equivalents	1	104	104	1	241	241
Financial liabilities						
Bonds	4	600	614	4	893	911
Loans from credit institutions	4	702	702	4	102	102
Derivatives held for trading	5	1	1	5	0	0
Trade payables	4	609	609	4	706	706
Additional consideration	5	23	23	5	29	29
Put options	6	72	72	6	71	71
Other current liabilities	4	64	64	4	32	32

1) applicable IFRS categories

1= Financial assets at amortised cost

2= Financial assets at fair value through profit or loss

3= Financial assets at fair value through OCI

4= Financial liabilities at amortised cost

5= Financial liabilities at fair value through profit or loss

6= Financial liabilities at fair value through equity

For a description of what is included in the various items and the measurement method, see note 21 of the 2018 annual report.

Financial instruments measured at fair value

	30 Jun 2019				31 Dec 2018			
	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3
Financial assets								
Derivatives	-	-	-	-	0	0	-	-
Financial liabilities								
Derivatives	1	1	-	-	0	0	-	-
Put options	72	-	-	72	71	-	-	71
Additional consideration ¹⁾	23	-	-	23	29	-	-	29

1) Additional consideration is often contingent on the financial performance of the acquired business over a specific period and is measured on the basis of management's best estimate. Discounting to present value is applied for large amounts or long durations.

Note 7 Alternative performance measures

The new guidelines from the European Securities and Markets Authority (ESMA) on alternative performance measures came into force with effect from the 2016 financial year. Volati is therefore publishing an explanation of how these performance measures should be used, together with definitions and comparisons between the alternative performance measures (APMs) and reporting in line with IFRS.

The financial reports published by Volati include the APMs, which supplement the metrics defined or specified in the applicable rules for financial reporting, such as revenue, profit or loss and earnings per share. APMs are specified when they, in their context, provide clearer or more in-depth data than those metrics defined in the applicable rules for financial reporting. The basis for APMs is that they are used by management to assess financial performance and can thus be considered to give analysts and other stakeholders valuable information.

Volati regularly uses APMs as a complement to the key metrics that comprise generally accepted accounting policies. The APMs derive from Volati's consolidated accounts and do not comprise measures of financial performance or liquidity in accordance with IFRS and, accordingly, should not be considered as alternatives to net income, operating profit or other key metrics that are derived pursuant to IFRS or as an alternative to cash flow as a measure of consolidated liquidity. As a result of the new standard IFRS 16 Leases that came into effect on 1 January 2019, Volati has changed the definition of some of the alternative key ratios compared with previous years and also in the 2018 annual report, see the definition below.

Alternative performance measures

The following table sets out definitions for Volati's key figures. The calculation of APMs is presented separately below.

Non-IFRS APMs and key metrics	Description	Reason for use
Organic net sales growth^{*)}	Calculated as net sales for the period, adjusted for total acquired and divested net sales and currency effects, compared with net sales for the same period the previous year, as if the relevant business unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	This metric is used by management to monitor the underlying, non-acquired and non-currency-affected, net sales growth in existing operations.
Adjusted net sales	Calculated as net sales for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted EBITA, adjusted net sales and adjusted EBITDA provide management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used together with EBITA to clarify earnings before the effects of depreciation and amortisation, and earnings before amortisation of acquisition-related intangible assets, in order to provide a view of the profit generated by operating activities.
Adjusted EBITDA^{*)}	Calculated as EBITDA, excl. IFRS 16 adjustments, for the last 12 months for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months, and adjusted for transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and other income and expenses considered to be non-recurring.	Together with adjusted net sales and adjusted EBITA, adjusted EBITDA provides management and investors with a view of the size of the operations included in the Group at the reporting date, as it does not include items not directly attributable to day-to-day operations.
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
Adjusted EBITA^{*)}	Calculated as adjusted EBITDA, excl. IFRS 16 adjustments, less acquisition-related amortisation for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted net sales and adjusted EBITDA, adjusted EBITA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITA excl. items affecting comparability^{*)}	Calculated as EBITA, excl. IFRS 16, adjusted for remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
EBITA excl. central costs and items affecting comparability^{*)}	Calculated as EBITA, excl. IFRS 16, adjusted for central costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the operations in the Group.
Organic EBITA growth^{*)}	Calculated as EBITA, excl. IFRS 16, excluding central costs and items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding central costs and items affecting comparability for the same period the previous year, as if the relevant business unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	Used by management to monitor the underlying earnings growth for existing operations.

^{*)} Updated compared with the 2018 annual report, mainly regarding the exclusion of IFRS 16 effects.

Non-IFRS APMs and key metrics	Description	Reason for use
Return on equity^{*)}	Net profit (including share attributable to non-controlling interests) divided by average equity (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested in the Company by shareholders.
Return on adjusted equity	Net profit (including share attributable to non-controlling interests) less the preference share dividend divided by average equity for the last four quarters (including share attributable to non-controlling interests) less the preference share capital.	Shows the return generated on the ordinary share capital invested in the Company by owners of ordinary shares.
Return on capital employed (ROCE excl. GW)^{*)}	EBITA, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, for the last 12 months.	Shows the return on capital employed generated by each business area and the Group without taking into consideration acquisition-related intangible assets with indefinite useful lives.
Return on capital employed including goodwill (ROCE incl. GW)	EBITA, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, including goodwill and other intangible assets with indefinite useful lives for the last 12 months.	Shows the return on capital employed generated by each business area and the Group.
Equity ratio	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The metric can be used to assess financial risk.
Cash conversion^{*)}	Calculated as operating cash flow for the last twelve months divided by EBITDA excl. IFRS 16.	Cash conversion is used by management to monitor how efficiently the Company is managing working capital and ongoing investments.
Operating cash flow^{*)}	Calculated as EBITDA, excl. IFRS 16, less the difference between investments in/divestments of property, plant & equipment and intangible assets, after adjustment for cash flow from changes in working capital, excl. IFRS 16.	Operating cash flow is used by management to monitor cash flow generated by operating activities.
Net debt/Adjusted EBITDA^{*)}	Net debt, excl. IFRS 16 adjustments, at the end of the period in relation to adjusted EBITDA for the period.	The metric can be used to assess financial risk.

^{*)} Updated compared with the 2018 annual report, mainly regarding the exclusion of IFRS 16 effects.

Calculations of alternative performance measures are presented separately below.

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Calculation of organic net sales growth						
Net sales	1,776	1,428	3,321	2,783	6,622	6,084
Acquired/divested net sales	-385	-490	-543	-1,074	-1,101	-1,636
Currency effects	-4	-11	-12	-12	-	-41
Comparative figure for previous year	1,387	926	2,765	1,697	5,521	4,407
Organic net sales growth, %	-3	6	-1	5	0	1
EBITA excl. central costs and items affecting comparability						
EBITA	129	86	166	137	463	433
Reversal of IFRS 16 effect	-7	-	-9	-	-9	-
Adjustment for items affecting comparability	1	-	-4	-	-15	-12
EBITA excl. items affecting comparability	124	86	153	137	438	421
Adjustment for central costs	15	12	28	22	62	57
EBITA excl. central costs and items affecting comparability	138	98	182	159	501	478
Adjusted net sales						
Net sales, LTM	6,622	5,524	6,622	5,524	6,622	6,084
Acquired companies	274	210	274	210	274	690
Adjusted net sales	6,896	5,733	6,896	5,733	6,896	6,773
Adjusted EBITA and EBITDA						
EBITDA, LTM	229	114	727	475	727	552
Reversal of IFRS 16 effect	-72	-	-139	-	-139	-
Acquired companies	-	-	16	17	16	30
Impairment, associates	1	-	1	-	1	-
Transaction costs	1	0	5	11	5	3
One-time payments	-	-	-3	7	-3	2
Additional consideration remeasurement	-	-	-14	0	-14	-14
Adjusted EBITDA	160	114	593	510	593	573
Depreciation/amortisation	-100	-28	-264	-101	-264	-119
Reversal of IFRS 16 effect	66	-	130	-	130	-
Depreciation/amortisation, acquired companies	-	-	-5	-1	-5	-18
Adjusted EBITA	125	86	454	408	454	436
Calculation of organic EBITA growth						
EBITA	129	86	166	137	463	433
Reversal of IFRS 16 effect	-7	-	-9	-	-9	-
Adjustment for items affecting comparability	1	-	-4	-	-15	-12
Adjustment for central costs	15	12	28	22	62	57
EBITA excl. central costs and items affecting comparability	138	98	182	159	501	478
Total acquired/divested EBITA	-37	7	-14	5	-51	-34
Currency effects	0	0	0	0	-	-1
Comparative figure for previous year	101	106	167	164	449	443
Organic EBITA growth, %	3	-6	5	-2	3	0

	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018	excl. IFRS 16 Apr-Jun 2019	excl. IFRS 16 Jan-Jun 2019	excl. IFRS 16 LTM
Basic earnings per ordinary share									
Net profit attributable to owners of the Parent	58	60	57	77	251	272	61	67	261
Deduction for preference share dividend	16	16	32	32	64	64	16	32	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	42	44	25	45	187	208	45	35	197
Average no. of ordinary shares	79,681,296	80,406,571	80,041,930	80,406,571	80,225,749	80,406,571	79,681,296	80,041,930	80,225,749
Earnings per ordinary share, SEK	0.52	0.54	0.31	0.56	2.33	2.58	0.56	0.43	2.46
Diluted earnings per ordinary share									
Net profit attributable to owners of the Parent, adjusted for preference share dividend	42	44	25	45	187	208	45	35	197
Average no. of ordinary shares after dilution	79,945,888	80,611,166	80,306,522	80,611,166	80,490,341	80,469,822	79,945,888	80,306,522	80,490,341
Diluted earnings per ordinary share, SEK	0.52	0.54	0.31	0.56	2.33	2.58	0.56	0.43	2.45
Equity per ordinary share									
Equity at end of period including non-controlling interests		2,466	2,407	2,466	2,407	2,466	2,407	2,466	2,567
Preference share capital		828	828	828	828	828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital		1,638	1,579	1,638	1,579	1,638	1,579	1,638	1,739
No. of ordinary shares outstanding at end of period	79,406,571	80,406,571	80,406,571	80,406,571	79,406,571	80,406,571	79,406,571	80,406,571	80,406,571
Equity per ordinary share, SEK		20.62	19.64	20.62	19.64	20.62	19.64	20.62	21.63
Calculation of return on equity									
(A) Net profit, LTM, including non-controlling interests		255	224	255	224	255	224	255	274
Adjustment for preference share dividends, including dividends accrued but not yet paid		-64	-64	-64	-64	-64	-64	-64	-64
(B) Net profit, adjusted		191	160	191	160	191	160	191	210
(C) Average total equity		2,525	2,323	2,525	2,371	2,525	2,371	2,525	2,473
(D) Average adjusted equity		1,697	1,495	1,697	1,542	1,697	1,542	1,697	1,645
(A/C) Return on total equity, %		10	10	10	9	10	10	10	11
(B/D) Return on adjusted equity, %		11	11	11	10	11	11	11	13
Calculation of equity ratio									
Equity including non-controlling interests		2,466	2,407	2,466	2,407	2,466	2,407	2,466	2,567
Total assets		6,631	5,122	6,631	5,122	6,631	5,122	6,631	5,571
Equity ratio, %		37	47	37	47	37	47	37	46

Calculation of operating cash flow and cash conversion, %	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
(A) EBITDA excl. IFRS 16 effect	157	114	226	191	587	552
(B) adjustment for non-cash items	2	-	-3	-	-17	-14
Change in working capital	-103	-65	-312	-215	-79	-18
Reversal of IFRS 16 effect on working capital	0	-	-2	-	-2	-
Net investments in property, plant & equipment and intangible assets	-20	-20	-39	-34	-85	-81
(C) Operating cash flow	36	28	-130	-59	405	475
(C/A) Cash conversion, %	23	25	-57	-31	69	86

Calculation of Net debt/Adjusted EBITDA, x

Net debt

Cash and cash equivalents	-104	-275	-104	-275	-104	-241
Unrealised derivative contract assets	-	0	-	0	-	0
Pension obligations	2	2	2	2	2	2
Non-current interest-bearing liabilities	666	967	666	967	666	974
Current interest-bearing liabilities	854	195	854	195	854	241
Unrealised derivative contract liabilities	1	1	1	1	1	0
Accrued interest expenses	7	7	7	7	7	7
Pension assets	-2	-2	-2	-2	-2	-2
Adjustment for nominal value of bond liability	5	-12	5	-12	5	-6
Adjustment for shareholder loans	-25	-23	-25	-23	-25	-25
Net debt	1,404	860	1,404	860	1,404	949
Adjusted EBITDA	593	510	593	510	593	573
Net debt/Adjusted EBITDA, x	2.4	1.7	2.4	1.7	2.4	1.7

ROCE %, at 30 June 2019	Trading	Industry	Akademibokh andeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	173	147	85	96	-62	438
<i>Capital employed at 30 June 2019</i>						
Intangible assets	942	828	846	849		3,180
Adjustment for goodwill, patent/technology, brands	-938	-810	-784	-788		-3,034
Property, plant and equipment	30	230	32	26		333
Financial right-of-use assets	21	43	3	3		70
Inventories	381	367	165	21		935
Trade receivables	390	346	19	45		799
Other current receivables	5	29	23	3		60
Prepayments and accrued income excl. IFRS 16	37	101	48	22		212
Adjustment for non-working-capital-related current receivables						-2
Advances from customers	-2	-120	-1	-9		-135
Trade payables	-248	-213	-115	-29		-609
Accruals and deferred income	-87	-131	-83	-62		-374
Other current liabilities	-47	-40	-35	-30		-223
Adjustment for non-working-capital-related current liabilities						14
Adjusted for preference share dividend						64
Capital employed at 30 June 2019	484	629	119	50		1,290
Adjustment for average capital employed, LTM	-29	-84	-40	-10	0	-172
2) Average capital employed, LTM	455	545	79	40		1,117
ROCE excl. GW 1)/2), %	38	27	108	237		39
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives						
	1,309	981	729	814		3,819
ROCE incl. goodwill 1)/3), %	13	15	12	12		11

ROCE %, at 31 December 2018	Trading	Industry	Akademi- bokhandeln	Consumer	Central costs	Volati Group
1) EBITA excl. IFRS 16 effect R12	297	256	151	192	-103	792
Capital employed at 30 June 2018						
Intangible assets	936	772	859	844		3,126
Adjustment for goodwill, patent/technology, brands	-932	-753	-794	-779		-2,972
Property, plant and equipment	54	263	40	31		328
Inventories	346	324	196	29		895
Trade receivables	292	201	30	36		558
Other current receivables	10	26	28	2		67
Prepayments and accrued income	38	74	50	23		186
Adjustment for non-working-capital-related current receivables						0
Advances from customers	-2	-60	0	-11		-73
Trade payables	-220	-169	-260	-54		-706
Accruals and deferred income	-83	-136	-94	-54		-379
Other current liabilities	-32	-28	-52	-27		-184
Adjustment for non-working-capital-related current liabilities						18
Adjusted for preference share dividend						32
Capital employed at 31 December 2018	407	513	3	40		896
Adjustment for average capital employed, LTM	25	-177	75	5		-72
2) Average capital employed, LTM	432	336	78	45		824
ROCE excl. GW 1)/2), %	69	76	193	428		96
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1,284	669	728	817		3,493
ROCE incl. goodwill 1)/3), %	23	38	21	23		23

Parent Company Volati AB (publ)

The Parent Company Volati AB acts as a holding company and the members of Volati's management are employed within the Parent Company. The figures below for 2019 are shown including IFRS 16 effects.

Parent Company condensed income statement

SEK million	Apr-Jun 2019	Apr-Jun 2018	Jan-Jun 2019	Jan-Jun 2018	LTM	Full year 2018
Net sales	4	3	9	6	17	14
Operating expenses	-14	-11	-28	-23	-53	-48
Operating profit ¹⁾	-10	-8	-19	-17	-36	-34
Profit/loss from financial investments	494	531	529	557	603	632
Profit after financial items	484	523	510	540	567	598
Appropriations	-	-	-	-	-101	-101
Tax for the period	-2	-6	-8	-10	2	0
Net profit	482	517	502	531	468	497
Total comprehensive income	482	517	502	531	468	497

1) Operating profit includes bank charges.

Parent Company condensed statement of financial position

SEK million	30 Jun 2019	31 Dec 2018
Non-current assets	1,633	1,594
Current assets	4,370	4,072
Total assets	6,003	5,666
Equity	3,557	3,244
Untaxed reserves	54	54
Pension obligations	1	1
Non-current liabilities	618	740
Current liabilities	1,773	1,628
Total equity and liabilities	6,003	5,666