2020

volati.

volati.

Volati in brief

Volati is a Swedish industrial group that acquires and develops well-managed companies with a focus on long-term value creation. Through an active acquisition strategy and its vision to be regarded as Sweden's best owner of medium-sized companies, Volati has delivered strong and sustainable growth in profitability since the start in 2003.

Volati primarily owns Nordic companies, predominantly in Sweden. The Company has been listed on Nasdaq Stockholm since 2016.

16
COUNTRIES

1,800
EMPLOYEES

10
BUSINESS UNITS

THREE BUSINESS AREAS

SALIX GROUP[1)]

AKADEMIBOKHANDELN

INDUSTRY

[1)] Formerly Trading.

Contents

About the Annual Report: The Consumer business area was closed down during Q4 2020 after the operations of the business area were divested. This means that the income statements for 2019 and 2020 have been restated, in accordance with applicable financial reporting standards, and exclude the Consumer business area. The descriptions of operations and companies in this annual report focus on continuing operations unless otherwise stated.

The formal annual report, which Volati's auditors have examined, is found on pages 53–56, 71–73 and 90–145. The statutory sustainability report can be found on pages 57–69.

This report is a translation of the Swedish original. In the event of discrepancies, the Swedish version shall prevail.

Volati in 2020

2020 was an eventful and successful year for Volati, with continued strong earnings growth EBITA increased by 26 percent.

- Net sales increased by 13 percent to SEK 6,696 (5,938) million.
- EBITA for continuing operations increased by 26 percent to SEK 488 (388) million.
- Operating cash flow amounted to SEK 623 (403) million.
- Volati completed four acquisitions in 2020, all of which were value-creating add-on acquisitions for existing operations.
- The Consumer business area was discontinued as a result of the divestment of its operations.
- An EGM held on 2 February 2021 adopted an extra dividend of SEK 10.00 per share and SEK 30.80 per preference share.
- The Board proposes an ordinary dividend of SEK 1.20 per share to ordinary shareholders and a preference share dividend to be paid in accordance with the Company's articles of association. and also distribute shares in the subsidiary Bokusgruppen AB (publ).[1)]
- Andreas Stenbäck has been appointed the new CEO with effect from 1 May 2021.

Volati continued its high acquisition rate in 2020.
Four add-on acquisitions were made – Heco, Beneli, Pisla and Märkas.

[1)] Renamed from Volati Bok AB.

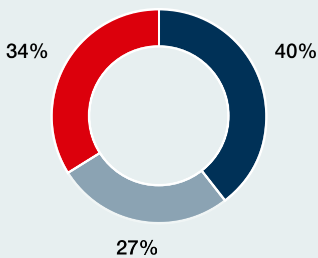
Key figures*

	Full year 2020	Full year 2019	Full year 2018	Full year 2017	Full year 2016
Net sales	6,696	5,938	6,084	4,356	3,206
EBITA	488	388	433	377	318
EBIT	437	345	366	345	301
Profit for the year	977	–2	274	241	200
Profit for the year from continuing operations	263	245	–	–	–
Operating cash flow	623	403	475	513	343
Net debt/adjusted EBITDA, x	–0.8	1.5	1.7	1.2	–0.6
Earnings per ordinary share, SEK	11.37	0.13	2.58	2.19	2.07
Earnings per ordinary share, continuing operations, SEK	2.37	2.17	–	–	–
Return on adjusted equity, %	51	–4	13	12	25

* The years 2019–2020 do not include discontinued operations. See also Note 5.

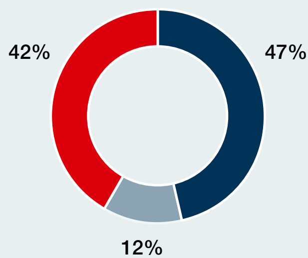
Distribution by business area

Net sales by business area



- Salix Group, SEK 2,665 million
- Akademibokhandeln, SEK 1,775 million
- Industry, SEK 2,258 million

EBITA by business area



- Salix Group, SEK 265 million
- Akademibokhandeln, SEK 67 million
- Industry, SEK 236 million

The distribution by business area is not calculated proforma for the year's acquisitions. Acquired companies are therefore only included in the above calculation from the acquisition closing date. The business areas' shares are calculated excluding central costs. Divested operations are included in the relevant business area up to the divestment date.

A successful year in a challenging world

2020 was an intensive, challenging and successful year for Volati. The year was dominated by the global coronavirus pandemic and our main priority was the health and safety of our employees, while also ensuring continuity and profitability for the business. This meant that we were able to maintain a high acquisition rate and deliver strong earnings growth during the year.

I have repeatedly had reason to be impressed by employees in the Volati Group during the year. There has been evidence of magnificent leadership in every part of the business, which meant that we were able to act quickly and decisively when the coronavirus spread during spring.

We took immediate measures to adapt the organisation to stricter health and safety guidelines, protect liquidity and ensure continuity and profitability for our companies. Among other things, we were affected by the fact that the Group had store operations, regulated inspection operations, manufacturing in Italy and important supply chains in China and India. I am proud of the strength with which we have responded to these challenges, while also successfully meeting increased demand in many parts of the business. All in all, this therefore enabled us to deliver another strong year in terms of earnings, with EBITA growth of 26 percent. We achieved all financial targets during the year.

High acquisition rate continues

Acquisition-driven growth is a key component of Volati's strategy. I am very pleased that we have maintained a high acquisition rate, with four excellent add-on acquisitions during the year. We actually added more EBITA through acquisitions than in 2019. The acquisitions of Heco and the Finnish company Pisla enable the Salix Group business area (formerly Trading) to strengthen its position as a leading Nordic supplier of fittings for the hardware and building materials retail sector. In turn, the acquisitions of Beneli and Märkas make the Ettiketto business unit Sweden's largest label supplier. In January 2021, we made a further acquisition – the Finnish company JPT-Industria. This is an add-on acquisition for the Tornum business unit whose Nordic market position is strengthened as a result.

Business area development

The Salix Group business area reported another year of very strong growth in both sales and earnings. They have been particularly efficient in ensuring delivery capacity during this corona-dominated year. This has enabled the business area, with its strong brands, to benefit from high demand, notably in the consumer-driven area of building materials, hardware retail and garden centres.

Akademibokhandeln is the business areas that has been most affected by the coronavirus pandemic and they have done a fantastic job in a challenging external environment. Despite the pandemic having affected retail trade for most of the year, Akademibokhandeln was heading for growth in both sales and earnings. Unfortunately, the important Christmas shopping period was negatively affected by stronger government recommendations not to visit stores in the weeks before Christmas. Sales and earnings were therefore just below the previous year. One of the great joys of the year was the strong growth in Akademibokhandeln's digital channels, which helped to compensate for much of the lost store sales in the wake of the coronavirus pandemic. Sales in the digital channels increased by 25 percent compared with 2019 and accounted for a total of 44 percent of Akademibokhandeln's sales during the year.

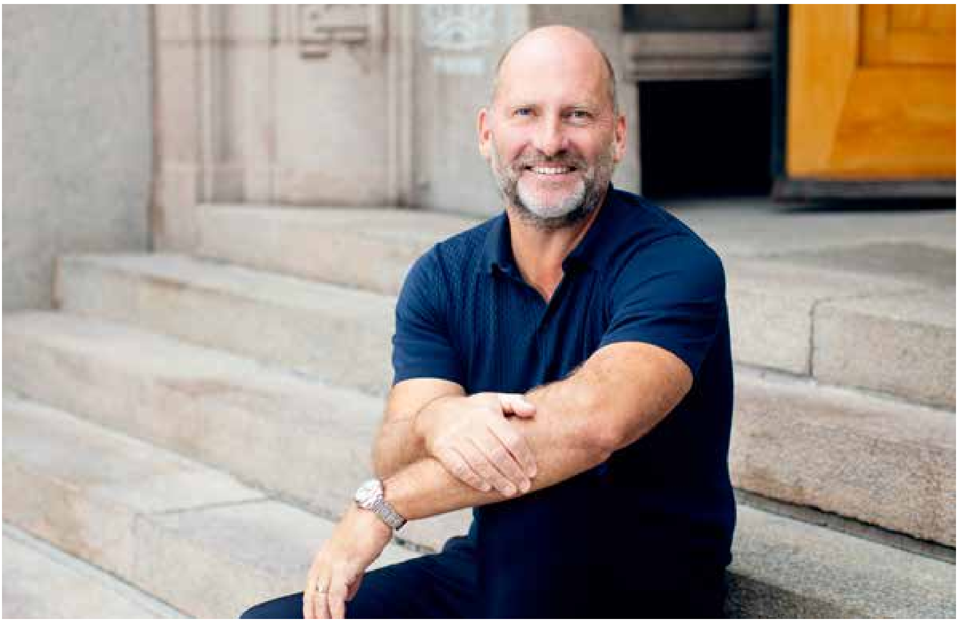
The Industry business area also delivered another year of strong growth in sales and earnings. We have four excellent, profitable and successful business units in the business area. All have the potential for further development, including through add-on acquisitions, in order to eventually become independent business areas with clear industrial logic. Within the business area, we also see good opportunities to broaden operations to attractive new areas through acquisitions.

Closure of Consumer business area

In 2020, we sold both Besikta Bilprovning and NaturaMed Pharma, which also resulted in our decision to close down the Consumer business area. Sales of companies are not normally part of our strategy. However, in both cases there were compelling reasons to sell.

We have had a highly successful journey with Besikta, with management and employees joining to build one of the best and most profitable vehicle inspection companies in Sweden. These qualities were reflected in the offer we received from the Spanish company Applus+, resulting in a good transaction for Volati, with a capital gain of SEK 750 million. At the same time, Besikta gained an industrial owner with a global presence and the best conditions to develop the company further in the future.

NaturaMed Pharma has shown weak growth since its acquisition in 2014 and we have not been able to modernise its business model at a satisfactory pace. In that situation, we consid-



ered that it was right to sell the company to an industrial owner that knows the industry and has good conditions to develop the company.

The Consumer business area has generated a very good overall return with a total capital gain of approximately SEK 335 million and a total cash flow, including acquisition and divestment consideration, of SEK 760 million. We have strengthened our balance sheet, which means that we can continue to develop Volati and at the same time pay an extra dividend to our shareholders, as decided by an EGM at the beginning of 2021.

More decentralised control of Salix Group

Volati's main strengths are in acquiring, owning and developing medium-sized companies. The result of successful development work is that the companies are growing strongly. The Salix Group business area is an example of this, having shown tremendous growth in recent years. The business area currently operates largely as a group, with clear industrial logic and common structures for logistics and administration. At the beginning of 2021, we established a more decentralised governance structure to give the operations even better conditions for continuing growth, including decision-making closer to the business. We have appointed a separate board for the business area, which has received an ownership directive from the Volati Board. Through this, the business area's board is given increased powers to decide on matters such as acquisitions, investments and strategy. To clarify the change, we changed the name of the business area – from Trading to Salix Group.

Evaluating whether Akademibokhandeln is better placed for growth as an independent company

In February, it was announced that the Volati Board had asked management to evaluate a possible distribution and separate listing of the Akademibokhandeln business area. Akademibokhandeln has developed positively since its acquisition in 2017. The business is characterised by good profitability and, as I mentioned earlier, strong growth in the digital channels. With fantastic brands in Akademibokhandeln and Bokus, 44 million online visitors annually, 18 million in-store visitors and 2 million members of the customer club, the business area is in a unique position to increase the pace of the digital transition and drive growth over the next 3–5 years. The company also has a clear ambition to continue this journey and increase the growth rate for the digital channels through continued investments in business development. To provide the Akademibokhandeln business area with the best opportunities for future development, we are therefore evaluating whether the business area is better placed to accelerate its growth-oriented work as an independent company.

Strong position for the future

Volati leaves a successful 2020 in very good shape. We achieved high earnings growth and have a strong balance sheet. Our good results during this challenging year are really the result of teamwork, with our employees going the extra mile.

After the end of the year, we signed up to the UN Global Compact. This means that we are intensifying our sustainability work and that we back the Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption.

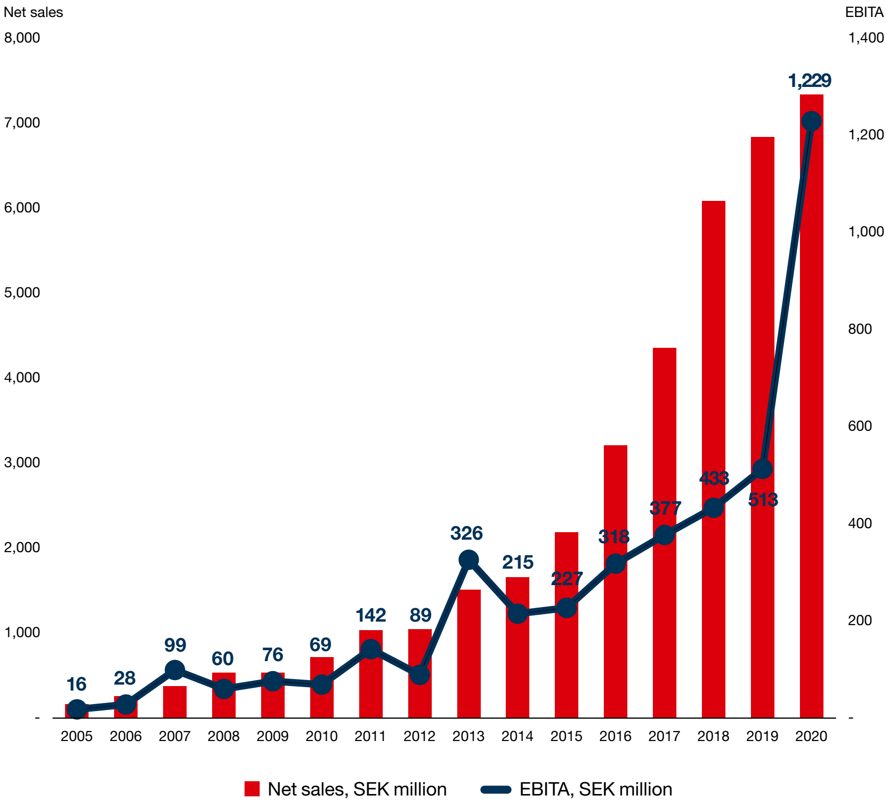
I would like to thank you very sincerely for your professionalism and commitment during the year. Our ambition is to continue to develop Volati at a fast pace. The evaluations and changes I have described are made with the aim of taking maximum advantage of growth opportunities in all business areas – thereby enabling significant value creation for shareholders also in the future.

MÅRTEN ANDERSSON, CEO VOLATI
Stockholm, March 2021

Long-term value growth

Volati's overall goal is to generate long-term value growth.

Volati's net sales and earnings development since the Company was founded.
The figures include discontinued operations.



Our vision

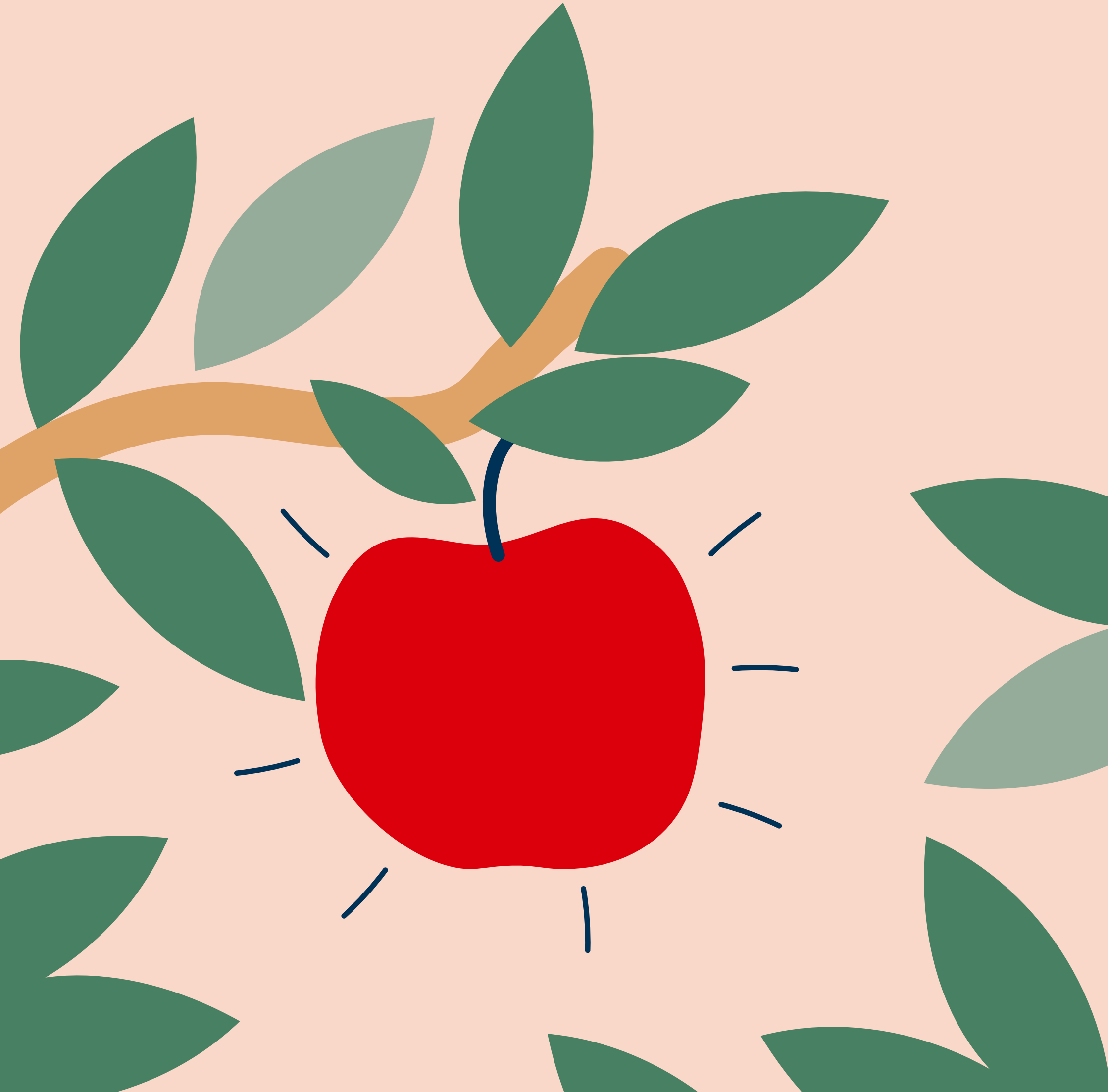
Volati's vision is to be regarded as Sweden's best owner of medium-sized companies.

Our business concept

Volati creates value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation.

Financial targets

Volati's financial targets are designed to support continuing successful operations in accordance with our business model. The targets should be assessed on an overall basis.



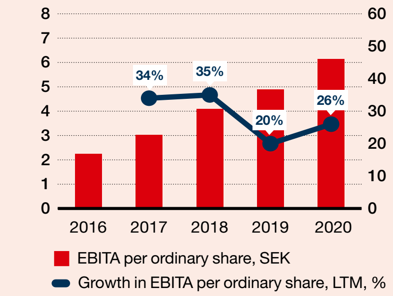
EBITA growth

Target 15%

The target is average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.

Outcome 2020: 26 percent

Background to the target: The target reflects Volati's continuing ambition to grow, both through acquisitions and organic growth, with a strong focus on creating long-term value for our shareholders.



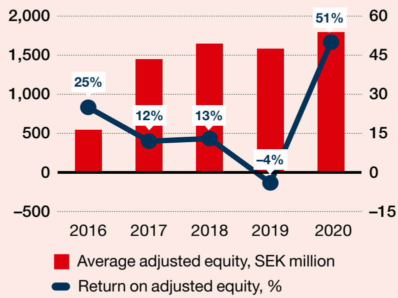
Return on adjusted equity

Target 20%

The long-term target is a return on adjusted equity* of 20 percent.

Outcome 2020: 51 percent

Background to the target: Volati aims to generate good returns on shareholders' invested capital. The target is defined on the basis of a balanced capital structure in line with Volati's capital structure target.



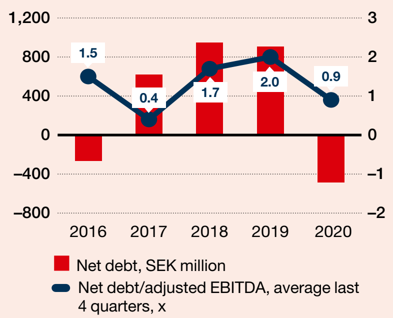
Capital structure

Target 2–3 ×

The target is a net debt/adjusted EBITDA* ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.

Outcome 2020: 0.9 times

Background to the target: In addition to using cash flow from its own activities, Volati is also able to raise capital for acquisitions. The target is based on a balanced level of borrowing to avoid excessive financial risk while ensuring an attractive return on equity.



* See note 28, pages 131–133, for definitions of alternative performance measures.

Continuing acquisitive growth during the year

Acquisitions are a key component of Volati's growth strategy. The Company has a solid position in the acquisition market and a strong financial position, which provides a solid basis for continuing growth through acquisitions.

Volati makes two different types of acquisition. The first category consists of add-on acquisitions that strengthen existing business units in the Volati Group. The second category is what we call platform acquisitions, i.e., acquisitions that can form a new business unit in one of Volati's business areas or a new business area within Volati.

Rapid growth through add-on acquisitions

Volati continued to grow at a rapid pace in 2020 with four acquisitions. The Company has a clear ambition to create strong business units that can be developed through acquisitions which, for example, complement the existing product offering or take the business unit into new markets. The basis is a stable business with good fundamental earnings capacity, a strong management team and a clear strategy. Once these components are in place, the business units are ready for further growth through add-on acquisitions. One example is Ettiketto, which made two acquisitions during the year, thereby creating Sweden's largest label business.

"With add-on acquisitions, a key factor is the companies' earnings potential with us. Ettiketto's

Andreas Stenbäck, CFO and Head of M&A at Volati.

ACQUISITIONS IN 2020

Heco Nordiska

Add-on acquisition for Salix Group business area

Acquired in January 2020

Reason for acquisition

- Creates Sweden's second-largest company in fastenings for the hardware and building materials retail sector.
- Cross-fertilisation through product, marketing, sales and purchasing synergies.
- Accelerates internationalisation and creates a new channel to the industrial segment.

SALES
220
SEK MILLION

Beneli

Add-on acquisition for Industry business area and Ettiketto business unit

Acquired in June 2020

Reason for acquisition

- Complements Ettiketto's offering in graphic labels, which brings cost synergies – creates potential to reach Ettiketto's market-leading margins.
- Expands the range to a new product area – smart labels, e.g. for medical applications.

SALES
155
SEK MILLION

Märkas

Add-on acquisition for Industry business area and Ettiketto business unit

Acquired in September 2020

Reason for acquisition

- Complements Ettiketto's offering in graphic labels.
- Significant cost synergies from moving production to Ettiketto's existing production facilities – creates potential to reach Ettiketto's market-leading margins.
- Expands the offering in challenging industrial applications.

SALES
169
SEK MILLION

Pisla

Add-on acquisition for Salix Group business area and Habo business unit

Acquired in September 2020

Reason for acquisition

- Market leadership in fittings in Finland and access to the Baltic markets.
- Enables internationalisation of strong new consumer brands in existing channels.
- Realises synergies linked to costs, purchasing and capital.

SALES
260
SEK MILLION
(EUR 23.5 MILLION)

“An important criterion when we look at large acquisitions is that the companies have the potential for development and growth within Volati well into the future.”

acquisition of Märkas is a good example. The company struggled with profitability challenges with its previous owner. We are confident that the company will be profitable with us by taking advantage of synergies and moving production to Ettiketto’s existing production facilities,” says Andreas Stenbäck, Volati CFO and Head of M&A.

Andreas singles out S:t Eriks as another company that is now ready for add-on acquisitions.

“Since the acquisition in 2018, we have invested time in creating a strong and profitable company. A new management team is in place and the company has carried out extensive strategy work, defining a vision, business concept, targets and strategies in accordance with Volati’s model. S:t Eriks is now ready to step up the pace of its work on add-on acquisitions – as a way of accelerating the strategy – and has also conducted a study of the market to identify interesting acquisition candidates,” says Andreas Stenbäck.

Increased focus on platform acquisitions

Volati continuously evaluates a large number of opportunities for major platform acquisitions that can form a new business area within Volati or a new business unit in an existing business area. The potential candidates must be companies that have established business models, strong market positions and good cash flows. In recent years, Volati has focused on implementing processes and structures in the business area organisation to enable the business areas themselves to manage add-on acquisitions for their business units. These processes are now in place, which means that, at central level, Volati can increase the focus on identifying opportunities for large platform acquisitions.

“An important criterion when we look at large acquisitions is that the companies have the potential for development and growth within Volati well into the future. The aim is that they will eventually be able to develop into separate Volati business areas. A good example is Lomond Industrier, which we acquired in 2015 and which forms the basis of the Salix Group business area. We saw a strong platform that could be developed and grow into a new business area by measures such as add-on acquisitions. Today, the Salix Group business area is more than twice the size it was when acquired and the growth journey continues,” says Andreas Stenbäck.

Five reasons to invest in Volati

1

Quality company with good earnings: Volati's operations are based on a clear business model. Volati acquires well-managed companies with proven business models, leading market positions and strong cash flows. This has contributed to Volati being a diversified industrial group with strong business units that show good earnings.

2

Successful acquirer: Volati is an established player in the acquisition market and has made 37 acquisitions since 2003. With a strong acquisition organisation and disciplined acquisition strategy, Volati has been able to acquire companies at reasonable valuations in the face of changing market conditions.

3

Proven and scalable operational model: Volati's operational model is based on decentralised governance of the business units, which means that daily decision-making takes place in the operations. With clear business monitoring and support with knowledge, tools and financing, Volati contributes to an environment where the business units can grow in a climate of good profitability and optimum development.

4

Attractive financial profile: Volati has historically shown strong financial development, driven by profitable business units with good organic growth combined with value-creating acquisitions. This has resulted in strong growth and cash conversion, and a good return on equity.

5

Experienced Management Group, Board and strong organisation: Volati is led by an experienced management group, whose experience is supplemented by a history of creating long-term value. Management is supported by a committed and active Board with relevant and diversified backgrounds. Volati has a strong and competent organisation that continues to drive the Group forward.

Comments from the Chairman

“The year’s events have given us proof of the strength of our company and our organisation.”

Dear shareholders,
The outbreak of the coronavirus pandemic has presented major challenges for people, communities and companies around the world. Volati has put a lot of effort into dealing with these challenges during the year. I am pleased that we have succeeded fantastically well so far and that we were able to deliver a strong financial result for 2020.

The Board and I would like to say a big thank you to Group management and to management teams and employees in our subsidiaries for their fantastic efforts. During the year, we were impressed by their drive and the results that were achieved.

Resilience is created in good times
This year’s events have given us proof of the strength of our company and our organisation. The most important part of the work on responding to challenges takes place in good times – before the challenges are a fact. This is the time to get your house in order, which includes a healthy balance sheet and strong structures to guide the Company through troubled times.

We had a balance sheet that was in good shape and stable financing in place, with plenty of liquidity, which gave us financial strength. In the same way, we have placed great emphasis on establishing a strong, clear governance model, which creates drive and fast, efficient decision-making – from the Board all the way down to the companies. One of the Board's priority areas is strategic skills supply to ensure that Group companies have access to the right competence at board and management level. With the right people in the right place, a strong sense of confidence is created in the organisation. When my Board colleagues and I have confidence in Group management, and they in turn have confidence in the business area heads and CEOs of the subsidiaries – and vice versa – this is an excellent basis for successfully meeting challenges. These were all important reasons why we were able to act quickly, decisively and in a coordinated way throughout the Group when the coronavirus began to spread in Europe.

Long-term vision important in challenging times
The Board and I consider it important for Volati to maintain a long-term perspective during these times, rather than taking short-term measures that would negatively affect the Company’s continuing competitiveness. One example I would like to highlight is acquisitions.

Märkas, which was acquired in 2020, is a specialist in comprehensive solutions för labels and application equipment. Customers consist of both local and global brands in, among other things, the engineering industry, trade, vehicles, food and logistics.

Volati has maintained the acquisition processes that were started before the coronavirus pandemic really efficiently. I am proud that we had both the financial capacity and the courage to make three add-on acquisitions – Beneli, Pisla and Märkas – during the pandemic. All acquisitions were fully in line with the long-term strategies of the acquiring companies – Ettiketto and Habo.

Sale of Besikta Bilprovning

One of the Board's most important decisions during the year was the sale of Besikta Bilprovning to the global inspection company Applus+. The offer from Applus+ was financially attractive. At the same time, we had successfully developed Besikta as intended and saw some possible future challenges for the inspection market in terms of, for example, more electric cars and changed car ownership through car-pooling. It was also our assessment that Applus+ had everything in place to be an excellent owner of Besikta and, by virtue of its international experience and strong technical expertise, to help the company meet these challenges and take the next step in its

“Volati has maintained the acquisition processes that were started before the coronavirus pandemic really efficiently.”

development. It was therefore our conclusion that the transaction was favourable for both Volati and Besikta Bilprovning.

Dividend on ordinary and preference shares

In March, the Board withdrew the proposal to pay a dividend to ordinary shareholders, like many listed companies in Sweden. We considered this to be an appropriate precautionary measure that strengthened liquidity at a time when the coronavirus pandemic had just begun to spread and the market situation was still uncertain. A couple of months later, we also withdrew the proposal for a dividend on the preference shares. The decision was based on a lack of clarity regarding interpretation of the short-time work allowance rules in relation to preference share dividends that are regulated by the Articles of Association.

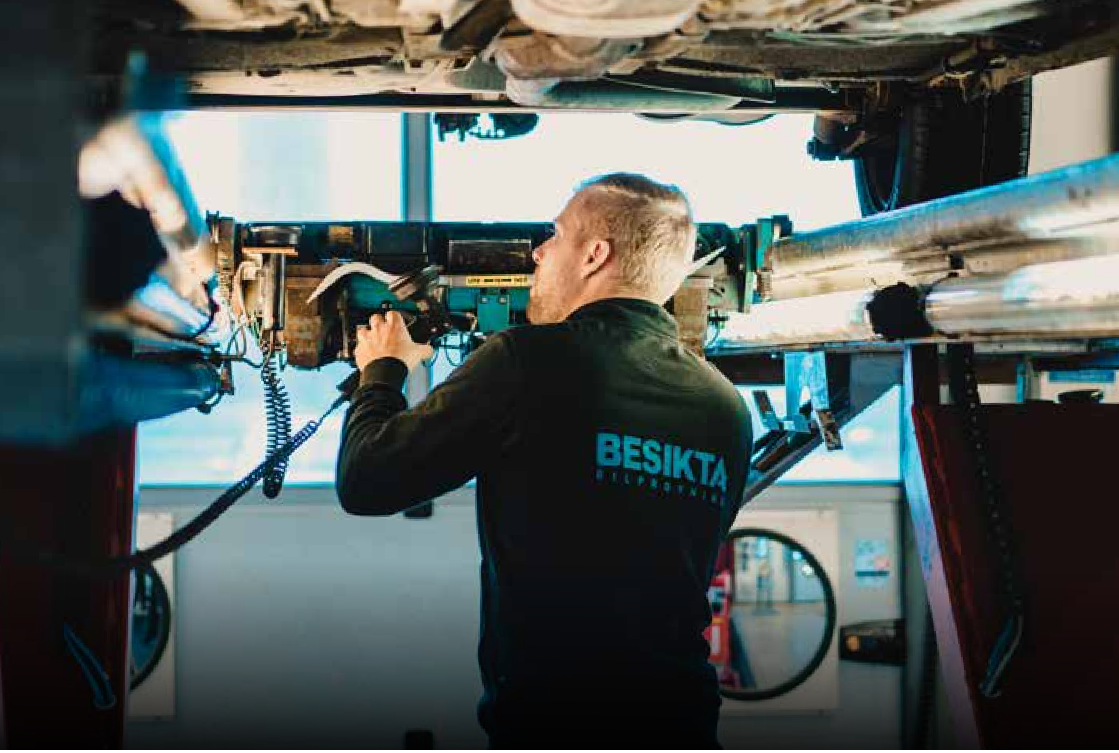
In early 2021, after reassessing the effects of the coronavirus pandemic, the short-time work allowance rules and the Company’s financial position after the divestment of Besikta Bilprovning, the Board recommended that an Extraordinary General Meeting restore the preference share dividend and pay an extra dividend of SEK 10 per share to ordinary shareholders.

Appropriate capital structure

The sale of Besikta Bilprovning left Volati overcapitalised in relation to the target of an average net debt/adjusted EBITDA ratio of 2 to 3 times over the last four quarters. This makes it more difficult for the Company to achieve the target of an annual return on adjusted equity of 20 percent.

It is the Board’s assessment that the extra dividend gives Volati an appropriate capital structure. The debt level remains well below the financial target, which gives the Company plenty of scope for acquisitions. Volati therefore remains well placed to develop the Company in line with the target of average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle – both through acquisitions and continuing growth for the existing companies.

PATRIK WAHLÉN
Chairman of the Board



CASE

Besikta Bilprovning

In October, Besikta Bilprovning was sold to the Spanish company Applus+. For Volati, this marked the end of a fantastic journey. Over seven years, Volati, Besikta's management and its employees have built one of the leading vehicle inspection companies in Sweden.

When Volati bought Besiktningskluster 2 from the Swedish state in 2013, it was after a long and complicated acquisition process. Interest from potential buyers was lukewarm and there were clear risks – the buyer would be getting a business without a brand, IT system and management team. On the plus side, it was fundamentally a good business with stable and non-cyclical demand.

"In reality, everyone saw just the risks. After some work, we were confident that we could handle these risks. We were able to buy at a reasonable valuation due to the conditions and actually created significant value when we acquired the company," says Mårten Andersson.

Mårten had joined Volati just before the acquisition and was asked if he could take care of the new company in the role of CEO. He was CEO until 2014 and is now (until 1 May 2021) President and CEO of Volati.

Becoming the leading inspection company

Risk management began immediately. An interim management team was appointed, the Besikta Bilprovning brand was established and the process of building an IT system began. The strategy that was adopted from the start was focused on becoming the leading inspection company, with innovation capacity, quality and high customer satisfaction enabling price leadership in the market. Over the years, the business has been expanded, based on the concept of being as close to the customers as possible, which has meant that Besikta currently has the largest station network in the market.

"I had worked in regulated businesses before and knew how important it was for all stakeholders to be satisfied – the state, customers, employees and us as owners. At an early stage, we took on significant responsibility for the industry and for ensuring quality in everything we did. I think that has also been confirmed over the years. After a few years, state-owned Bilprovningen decided to license our IT system to use in its business. When the competitor ClearCar encountered accreditation problems due to quality deficiencies, we were a priority buyer thanks to the control and quality we had in the business. That is something we are proud of," says Mårten Andersson.

Sale to Applus+

In 2020, Volati was contacted by the Spanish inspection giant Applus+, which was interested in buying Besikta as a route into the Swedish market. Besikta was now a completely different company from the one that Volati acquired seven years earlier. Under Volati's active ownership, the number of stations had increased from 56 to 185 through acquisitions and organic expansion. Earnings had basically doubled and the brand was the strongest in the market.

In other words, the company was in excellent shape, which was also reflected in the purchase price that Applus+ was willing to pay. Despite this, it was not a natural choice for Volati to sell.

"We do not normally sell companies but n this case, we received a financially attractive offer and were able to realise high values. No less important was the fact that Besikta was gaining a good industrial owner. The inspection industry is likely to face changes, for example through electrification and changed car ownership through car-pooling. Here, I think it is a great advantage for Besikta to have a well-resourced industrial owner that can be part of this development at European level," says Mårten Andersson.

Value creation in all parts

Mårten emphasises that Besikta is a good example of how Volati works with its companies to create long-term value growth.

"We acquired a fine, reasonably valued business when no one else was comfortable with the risks. We managed the risks and worked with the company to define the right strategy. We proactively expanded the business and built the strongest brand and customer offering in the industry. For that, we were well paid by a leading industrial player. We have created value in all phases – acquisition, company development and sale. That gives us great satisfaction," says Mårten Andersson.

The sale in figures

Enterprise value for Besikta Bilprovning: SEK 1,050 million

Capital gain for Volati: SEK 750 million

A value-creating business model

Volati grows and creates value by acquiring and developing well-managed companies. The strong cash flows that the companies generate are reinvested in the business and used for further acquisitions. We have a well-developed work process that contributes to long-term and sustainable company development – both for Volati and our companies.

The following description represents the basis of Volati's business model. When the business areas have come a long way on their development journey, the governance model is adapted to an increased degree of independence. The Salix Group and Akademibokhandeln business areas have their own group boards. Volati manages the business areas through ownership directives to the boards and through defined financial targets.

ACQUISITION

1

Acquire good companies

The basis of Volati's model for creating long-term value is to acquire good medium-sized companies. The companies must have strong cash flows, a proven business model and be a market leader or have a strong market position in their niche. They must also have the potential for development and growth over time in order to eventually become independent business areas within Volati.

Two types of acquisition

Volati makes two different types of acquisition – platform acquisitions and add-on acquisitions. Platform acquisitions are acquisitions of companies that either form a new business unit in one of our existing business areas or form a separate business area within Volati.

Add-on acquisitions are made in order to accelerate the business units' work on achieving their strategic goals by, for example, broadening

Ettiketto is one of the leading label and labelling systems suppliers in Sweden. The company is currently the only full-service supplier in Sweden that can offer both self-adhesive labels and proprietary labelling systems.

Muurikka, with its popular outdoor cooking products, has been part of Volati's Salix Group business area since the acquisition of Pisla in 2020.

the product range, reaching new geographical markets or creating a stronger market position in their sector. In these cases, Volati is an industrial buyer and benefits from concrete synergies, which means that the evaluation criteria for the acquisitions may differ from how Volati otherwise evaluates acquisition candidates.

Disciplined process

Volati's business concept is based on using cash flow from our business units to finance acquisitions of new companies, thereby creating long-term value development for Volati. We therefore prioritise stable profitability and value potential acquisitions based on their average profitability.

We have a disciplined acquisition process and clear criteria about which acquisitions to make. The assessment of what is a reasonable valuation is affected by several factors, such as company-specific characteristics, market conditions and the company's ability to create value within the Volati Group.

Strong brand in the acquisition market

Volati is not confined to acquiring companies in a specific sector, which gives us broad acquisition scope. We have good relationships with active consultancies in Sweden, Denmark, Norway and Finland. They contact us on an ongoing basis with potential acquisition candidates.

Volati is passionate about entrepreneurship and business enterprise. Over a long period, we have built up a strong brand for entrepreneurs in the Nordic region by stating what we stand for and how we create value as a good owner of medium-sized companies. This means that we also receive enquiries from entrepreneurs themselves in search of new owners for their company.

We also engage in regular proactive dialogue with companies we have identified as potential acquisition candidates for Volati. Many of the acquisition ideas are also generated in our business units.

Attractive offering for platform acquisitions

Volati has a strong offering for companies seeking new owners. We want to give these companies better conditions to develop as part of Volati than would be possible as an independent company. We contribute, among other things, business development expertise, leadership supply, knowledge and financial resources. We are also an experienced and reliable counterparty in acquisition transactions.

We are a long-term owner: Volati acquires companies for ownership far into the future. Our decentralised model preserves both the companies' independence and local entrepreneurship. This appeals to many entrepreneurs who care about their employees and want to see their company remain and develop in the locality. This makes Volati a prioritised investor in many acquisition processes.

We are a reliable counterparty: We only engage in an acquisition process when we believe that it is highly likely that a transaction can be completed. When we make an offer, we will normally have Board approval and financing already in place. We will also have formed an impression of whether there is consensus on the price expectations for the company. This creates security for both the owner of the company and any advisers in the process.

We handle processes with short lead times: Volati has a rapid process for both due diligence and decision-making, which can be crucial in competitive acquisition processes. We have broad expertise and experience internally, and undertake much of the due diligence ourselves. This also enables us to build a relationship with the company during the acquisition process. A committed board of directors contributes to short decision-making paths.

Heco Nordiska was acquired in 2020. The company develops and sells a wide range of screws and fastenings – from the latest screw innovations to conventional wood screws.

We handle complex transactions: Volati's long-standing acquisition experience enables us to handle complex transactions. We endeavour to utilise the difference between perceived risk and actual risk in a transaction, which clearly affects the ability to conduct acquisitions at reasonable valuations. Strong internal expertise and acquisition experience also create the flexibility to "think outside the box" and contribute to an optimal solution for both the seller and Volati.

We offer part ownership: We can offer sellers the opportunity to retain a minority ownership in their companies, provided they remain engaged in the business. Volati is a supporter of the "pilot school" and offers key management personnel the opportunity of part ownership in their business unit.

Industrial buyer in add-on acquisitions

In 2020, Volati focused on add-on acquisitions for existing business units and four acquisitions were made during the year. The acquisition processes are controlled by the business area manager with the support of the relevant business unit's board and management. Add-on acquisitions are not dependent on size or geography. Instead, the decisive factor is whether they are strategically interesting and contribute to value creation. In the case of add-on acquisitions, Volati is an industrial buyer that can benefit from synergies, such as cost rationalisations. A key part of the evaluation is therefore the company's earnings capacity as part of Volati, which means that we can evaluate companies without the stable historical results that Volati would normally require.

Beneli was acquired in 2020 as an add-on acquisition for Ettiketto. Beneli is a market-leading player in embellished graphic labels and smart labels for medical applications.

The Nibra solar roof tile from **S:t Eriks** is an attractive and durable clay tile with integrated solar cells that finally makes it possible to have solar cells on the roof without spoiling its appearance.

ORGANIC DEVELOPMENT

2

Right strategic direction

Decentralised leadership is a cornerstone of Volati's model for control and development of the business units. It requires the board and CEO of each business unit to take ownership of their operations. In this way, we ensure that local entrepreneurship is retained and that important decisions about operations are made in proximity to customers and the market.

The decentralised governance model requires Volati and each business unit to share a common vision on the future development of the operations. This is partly to realise the investment hypotheses on which the acquisition was based and partly to ensure that the business achieves profitable growth and contributes to Volati's total value creation. A key aspect of this process involves determining the strategic agenda by working with the business units to draw up the vision, business concept, goals and strategy.

Operating through the business area managers

Volati operates through the business area managers, who are responsible for value creation and development of their business units. Our business area managers have relevant experience of the sectors and markets in which their business units operate, which is a prerequisite for successfully contributing to their development. To assist them, they have competent boards in the business units. Volati Board Academy ensures that we have good access to external expertise for the business units' boards. The aim is to have a well-composed board with relevant specialist expertise to develop the business. Factors such as priority development areas and each business unit's challenges are taken into account.

3

High quality in board and management

Volati's decentralised governance model places significant demands on the business units' board and management. It is their expertise, capacity and commitment that makes it possible to develop the businesses in line with goals, thereby creating economic value. Volati has a clear strategy for management and skills supply, which is one of our main priority areas.

We make extensive investments to ensure that the business units always have access to the right expertise at both board and manage-

Habo is the Nordic region's leading supplier of functional fittings for home and leisure – with good design, high quality and smart features.

Miljöcenter develops and markets environmentally-smart products for home and garden in Europe. They are marketed under strong brands such as Berglund, Silverline, GreenLine, Neudorff and FamilyMatters.

ment level and in key positions, and that these persons are continuously developed and supported to reach their full potential. Through these efforts, we want to ensure that the business units have industry-leading expertise at all levels, providing a sustainable competitive advantage.

Skills supply initiatives

Volati runs four main initiatives to ensure skills supply in the Group – Volati Management Program, Volati Academy, Volati Board Academy and Volati Management Meeting.

Volati Management Program

Under the Volati Management Program, we recruit individuals with university or college degrees and a few years' relevant professional experience. This is a 18-month programme in which participants are pre-assigned to a management position in one of the Group's business units.

The training programme encompasses areas such as strategy, leadership and Volati's values. During the programme, the participants rotate between Volati and at least two business units. The programme attracts many qualified candidates and gives the Group's business units access to individuals they might otherwise have found it difficult to attract.

Volati Academy

Volati Academy is a 12-month leadership programme aimed at employees at management group level in the business units. Participants attend both internal and external lectures and perform common assignments linked to value creation in the Group. They also carry out their own work aimed at developing their own operations, which are presented to the business unit's board. The aims of the programme are twofold: to strengthen participants' expertise in areas such as financial analysis, strategy and leadership, and to establish a common view for these areas in all of Volati's business units.

Volati Board Academy
Volati Board Academy consists of two parts. The first part is about ensuring we have continuous access to board expertise when needs arise in our business units. We have a current list of candidates with the expertise we require.

The second part is about strengthening board work, creating a Group-wide view of board work and utilising the gathered experience and best practice. This takes place at meetings where board members in the Volati Group come together. An external speaker, usually one of Sweden's most experienced and qualified board members, also participates on each occasion.

Volati Management Meeting
Volati Management Meeting is held every two years as an opportunity for the business units' management and key personnel to meet at a three-day conference. The conference includes workshops and lectures within selected areas. It also serves as a platform to address important shared issues within the Group and to create networks promoting collaboration between individuals from the Group's different companies.

Kellfri is a comprehensive supplier of affordable Swedish-designed products for all types of agriculture.

Tornum is a leading global supplier of reliable and efficient high-quality facilities for both the grain industry and agriculture. The acquisition of JPT-Industria in early 2021 further strengthened the market position in the Nordic region.

4

High operational efficiency

A key part of Volati's business model is to create value by developing successful companies. In partnership with the business units, long-term value is created primarily through sales growth and profitability improvements.

A strong business area organisation with clear mandates for the business area managers means we can offer our business units support in conducting improvement initiatives and continuously increase operational efficiency The business area managers and business unit board chairmen work closely with the companies and may offer new perspectives for growth and profitability, and set requirements for checking that operations and measures are developing according to plan.

Contributing with knowledge and tools

Volati supports its business units by providing them with expertise and tools to improve their business processes. This is achieved by means of the Volati Knowledge concept, which is aimed at harnessing best practice within the Group's business units and adding new expertise and tools.

Under the Volati Knowledge concept, we have conducted a number of Group-wide results improvement programmes, which involve combining training with implementation of new working methods in the business units in areas such as sales, negotiation, purchasing, pricing and digitisation of activities. In many cases, these lead to directly quantifiable results. In addition to the programmes, there are also training sessions, workshops and talks by experts.

REINVESTMENT

5

Reinvest for continued growth

Volati creates long-term value by reinvesting the cash flows generated in the business units. We do this in two ways. First, we invest in existing business units to realise the potential for growth that exists in the companies. Second, we invest in the acquisition of new companies, which represents the largest part of our total reinvestments.

Cash conversion from our activities (operating cashflow/EBITDA) has averaged 95 percent over the last five years, giving us a sound and sustainable basis to conduct reinvestments.

Effective capital allocation

Volati handles the balance sheets of all companies to ensure optimal capital allocation in the Group. This means that capital for larger investments, such as new machines or market campaigns, is allocated centrally to the individual business units on the best possible basis for Volati, thereby optimising value creation for the Group as a whole. Under this model, business units can gain access to financing of much larger investments and initiatives than would be possible if they were independent.

The distribution is based on ongoing discussions by the board of each business unit with regard to investment requirements. This ensures that the needs of all business units are taken into account – whether they require maintenance investments, investments to remain competitive or investments to expand operations.

Sørbø – part of the Salix Group business area – is a leading supplier of fittings and fastenings for the Norwegian door and window industry.

Akademibokhandeln has a strong focus on developing a leading omni-channel offering and harmonising the online and physical store experience.

Volati Management Program: Isak Nilsson, Ajla Odzak and Greta Josefsson.

Training leaders of the future

Volati Management Program is Volati's development programme for young managers. Since the start in 2015, a total of 16 individuals have completed the programme and now have exciting roles, in leading positions, around the Volati Group. In autumn 2020, a new group of future leaders at Volati started their training: Isak Nilsson, Ajla Odzak and Greta Josefsson.

Why did you apply for Volati Management Program?
Isak Nilsson: The program gives you the opportunity to work with different CEOs early in your career, learn from their experiences and skills and assist in management and board work within the Volati Group. You are also given a great deal of responsibility and trust in the assignments you run. I noticed this in my first placement at T-Emballage where I was immediately given an important role in the ongoing change management work. That combination makes Volati Management Program unique.

Which company was your first placement and what did you get to do there?
Greta Josefsson: My first placement was at Tornum, which is also the company I will be working for at the end of the programme. I immediately became involved in several change projects, including implementation of a new project model and inventory optimisation. What has been most rewarding has been working with so many different people in the organisation and being able to take great responsibility from day one.

What happens when the programme is finished?
Ajla Odzak: When the programme is finished, I will be joining Habo Group. Habo was also my first placement during the programme. It was a very educational period, during which I was given great responsibility, including for the integration of a newly acquired company, and got to work closely with the management team. It will be exciting to return. This is a company that is growing and developing, and I look forward to working again with such driven and inspiring people.

BUSINESS AREA

Salix Group

The Salix Group business area offers products for building and industry, primarily hardware, consumables, material and packaging. The business area also has a strong offering of products for home and garden, and agriculture and forestry. The products are primarily own brands, but the Salix Group business area also offers distributed brands.

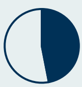
Market

The Salix Group business area's main market is the Nordic region – in particular Sweden, which accounts for almost 70 percent of sales. The largest customer segment is building materials retail and related retail segments, which account for about 65 percent of sales. Other customer segments include the building and wood industry, forestry and agriculture, and the packaging industry. Sales are through dealers, retail chains, e-commerce channels and directly to customers.

Organisation

The business area is marked by a clear industrial logic, with the business units' operations gathered within clearly defined market segments. This creates the conditions for synergies – both market and operational. The service company Volati Handel Service offers functions such as logistics, IT systems and finance. It creates efficiency gains through both economies of scale and increased quality. The business area has five business units, which together have operations in six countries.

Share of the Group's EBITA



47%

Trademarks

Berglund, Blomstra, Bårebo, Demerx, ETC, Fast, Greenline, Habo, Heco, Kellfri, Lantbutiken.se, Muurikka, Pisla, Serva, Silverline, Swekip, Sørbø, T-Emballage, Teshell, Wallco.

Net sales, SEK million	EBITA, SEK million	EBITA growth, %	ROCE excl. goodwill, %
2,665	265	49	38
(2,138)	(178)	(12)	(28)

"We have strong structural capital in the business area and managers who are proficient at running companies – a combination that guarantees strong long-term value creation."

Håkan Karlström
Head of Business Area Salix Group

How would you sum up 2020 for Salix?
It has been a year unlike anything we have experienced before. The pandemic has presented us with major challenges, while the fact that people have spent more time at home has increased demand for many of the products we offer. About 65 percent of our sales go to Nordic building materials retailers and related segments, and demand has been high. There has been a colossal amount of renovation and work in homes and gardens in our markets. Our companies' sales of decking screws alone this year would be enough for wooden decking corresponding to an area of 2,000 football pitches. This, together with cost efficiencies, means that in principle all business units delivered their best results ever during the year.

How has the business area been affected by the coronavirus pandemic?
Just like other companies in the Volati Group, we were quick to introduce protective measures for our employees, while at the same time

placing great emphasis on ensuring our continuing delivery capacity. The pandemic outbreak initially brought enormous challenges in the supply chain. One reason is that we make large purchases in China and India and have been affected by the restrictions that were introduced there. Our buyers and logistics experts have fought relentlessly to ensure that we were able to meet the high demand from the market. The leadership demonstrated in our business units under these challenging conditions is truly impressive. We have stuck together, stayed healthy and managed to deliver to our customers.

Can you tell us about the acquisitions you made this year?
We have made two large acquisitions, namely Heco and Pisla. They are the business area's two largest acquisitions ever after T-Emballage in 2017, and Pisla is by far our largest acquisition abroad. This is particularly pleasing as both companies were high on the list of acquisitions we really wanted to make.

By merging Heco with FAST, our existing fastener business, and concentrating these operations on Heco in Hillerstorp, we have created Sweden's second-largest company for fasteners for the building materials retail sector. Heco is a good, value-creating acquisition for us in many ways. The product ranges, for example, complement each other extremely well with minimal overlap in the offering. Heco is also very strong in product development and purchasing, which complements FAST, which is strong in marketing and in-store display concepts. Heco also offers fasteners to industry, which is a market segment with great potential that we want to develop further.

Pisla was in turn an add-on acquisition for the Habo Group. Pisla is market leader in fittings in the Finnish market and Habo's largest competitor in Finland. Together, the companies will be the dominant player in Finland. Through the acquisition, we also gain access to several other strong brands, such as Muurikka and its popular products for outdoor cooking. I am very pleased that we are consolidating our position as a key Nordic player through the acquisition. Another positive effect is that we have had an increased inflow of new acquisition opportunities in Finland.

How do you work to maintain growth and long-term value creation?
We have strong structural capital in the business area and managers who are proficient at running companies – a combination that guarantees strong long-term value creation. We are careful to never lose the basic profitability of the business and to ensure that the growth strategies for all companies mean that they grow in a profitable way. This creates a stable platform and a positive environment where we then bring in additional good companies through acquisitions and help them become even better. I am also pleased that in February 2021, the Volati Board decided to give the business area increased independence through a special ownership directive, which we also manifested by renaming the business area as Salix Group AB in spring.

SALIX GROUP

BUSINESS AREA

Akademibokhandeln

The Akademibokhandeln business area is the leading bookstore chain in Sweden. Under the brands Akademibokhandeln (nationwide store network and e-commerce), Bokus (e-commerce) and Bokus Play (audio book and e-book subscription), the business area offers the broadest range of books in all formats, and inspiring products for everyone who loves to write, draw, do craft work, play, plan and keep things.

Market

The business area's offering is aimed at consumers, companies, libraries and the public sector throughout Sweden. Through its nationwide store network, digital channels and subscription services, the Akademibokhandeln business area makes books and reading experiences available to more Swedish individuals than anyone else. Availability both in store and online, in physical and digital formats, for one-time purchases and subscription, and at different prices, ensures that there is something to suit everyone.

Organisation

The Akademibokhandeln business area is characterised by a high degree of integration of important functions to create efficiency benefits. This means, for example, that book purchasing is negotiated collectively for all brands. All logistics and infrastructure for e-commerce are common to the business area's e-commerce channels.

Share of the Group's EBITA

12%

Trademarks

Akademibokhandeln, Bokus, Bokus Play.

Net sales, SEK million	EBITA, SEK million	EBITA growth, %	ROCE excl. goodwill, %
1,775	67	–1	26
(1,793)	(76)	(–1)	(94)

"We continuously develop Akademibokhandeln's omni-channel offering by harmonising the online and physical store experience, and continue to sharpen our Bokus e-commerce offering."

Maria Edsman
Head of Business Area Akademibokhandeln

How would you sum up 2020 for Akademibokhandeln?
A very special and challenging year. We started the year in a fantastic way, with strong demand and good results. When the pandemic struck in March, we had a sharp reduction in the number of visitors to the stores, like the entire retail trade. We balanced this through cost savings and some support in the form of the short-time work allowance. The situation in the stores gradually started to improve during summer. In parallel with this, we saw a very strong 25 percent sales increase in the digital channels during the year, which now account for 44 percent of total sales. With more people staying at home, there was high demand for books, but in particular for games, jigsaw puzzles and crafts. October was actually the best October ever, with store visits at normal levels and high e-commerce sales continuing. However, increased restrictions and stronger government recommendations not to visit physical stores affected store sales during the important Christmas shopping period. In terms of volume, this was offset by strong growth in the digital channels, but the shift to these channels had a temporary negative effect on profitability.

How has the coronavirus pandemic affected work in the stores?
We have invested a great deal of resources in making the store environment as safe and secure as possible during the pandemic. We also continue to receive high customer ratings for the stores despite these adaptations, which is very pleasing. We were quick to introduce solutions to spread out purchasing and increase distancing in the store. We have also placed marshals at store entrances with instructions to close the doors temporarily when the maximum number of visitors is reached. On the website, customers have been able to search and save goods, then click and collect, which has reduced visiting time. Some stores have supplemented this with direct home delivery from the store. I would like to extend a sincere thank you to our talented store staff who have been the real heroes during the year. They have put in an incredible amount of work to ensure that customers have a safe and positive shopping experience, while obviously worrying about themselves.

How have you developed the offering during the year?
We continue to invest heavily in our IT platform and develop the digital channels at a fast pace, with a focus on the customer experience through, among other things, faster and more flexible payment solutions and delivery options. We have added more digital ways to shop and obtain inspiration, such as live shopping and digital events. We have also added e-books to Bokus Play's offering during the year and introduced family subscriptions.

A priority area is the non-book range, which we want to make even more inspiring and unique to us. A large part of this focus area involves own brands and has a positive effect on the margin. Just in time for the Christmas shopping period, we launched a series of products designed by Efva Attling, including notebooks, diaries and key rings, which received a fantastic response from customers. At present, the 'other products' category accounts for about 36 percent of sales in Akademibokhandeln's stores and the proportion is increasing every year.

What steps have you taken in sustainability work during the year?
Sustainability is a high priority for us – it is important for us and our customers. In 2020, we placed extra focus on product range, which is one of our four sustainability strategies. This is where we have the most impact in the value chain and product safety is a priority area to ensure that all suppliers have safe and effective manufacturing. Through an overall supplier screening process, we have identified where our efforts should be directed and on this basis, we have continued working with suppliers to correct and provide help with their ongoing sustainability action plans. We have performed social audits at factories in high-risk countries that produce products for Akademibokhandeln's own brand and reviewed all parts of suppliers' management systems and working conditions in production.

An important sustainability area during the year has also been a safe working environment for our employees during the pandemic – both for our store staff and our office employees working from home.

How do you work to strengthen long-term value creation?
Our strength is that we meet customers' needs for books and reading no matter how they want to buy them and in what format they want them. Some choose Akademibokhandeln's way of delivering experiences, others choose Bokus and those who want a digital subscription go for Bokus Play. We continuously develop Akademibokhandeln's omni-channel offering by harmonising the online and physical store experience, and continue to sharpen our Bokus e-commerce offering. We inspire reading in our stores through our knowledgeable sales staff, interesting events and digital channels. An important part of long-term value creation is also to continue to be successful in cost-efficiency work, optimisation of the store network, margin improvement through supplier negotiations and price optimisation.

BUSINESS AREA

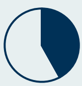
Industry

The Industry business area consists of four business units with strong positions in their market niches – grain handling, moisture and water damage restoration, labels and labelling solutions, and stone and cement products for infrastructure, paving and roofing.

Market
The business units' main market is Sweden, which accounts for approximately 78 percent of sales. Two of the business units, Corroventa and Tornum, also have a strong international presence – Corroventa with a focus on western Europe and Tornum with a focus on the UK and eastern Europe.

Organisation
The business area affiliation creates the conditions for clear follow-up and guidance of the operations towards the goal of long-term value creation. In the business area, value is created through common programmes for, among other things, sourcing, cost efficiency and pricing. There is strong experience and expertise in product development, production efficiency and international expansion of operations, which creates development opportunities for all business units through knowledge sharing. The business area consists of four business units with operations in 14 countries.

Share of the Group's EBITA



Business units

Corroventa, Ettiketto, S:t Eriks, Tornum.

Net sales, SEK million	EBITA, SEK million	EBITA growth, %	ROCE excl. goodwill, %
2,258	**236**	**32**	**29**
(2,008)	(179)	(16)	(20)

"Our ambition is to build larger integrated groups from our business units, as the example of Ettiketto clearly shows."

Nicklas Margård
Head of Business Area Industry

How would you sum up 2020 for Industry?
It has obviously been a challenging year due to the ongoing pandemic. I am pleased that we handled the situation so well, that all operations developed well during the year and that we delivered a strong financial result. In fact, both Ettiketto and Tornum achieved their best results ever, with Tornum improving its earnings by almost 50 percent. The business area's strong earnings are the result of teamwork. Our employees in the business units have made extraordinary efforts during the year and I would like to say a big thank you to everyone for their professionalism and commitment.

How has the coronavirus pandemic affected the business?
Our main priorities during the year have been to protect staff and at the same time ensure continuity in operations. Ettiketto and S:t Eriks have experienced stable overall demand

despite the coronavirus pandemic. Some parts of the product range have seen increased demand, while demand in other parts has been negatively affected.

We have been challenged by delays in the supply chain due to the lockdowns imposed in many countries. This has particularly been the case for Tornum with suppliers in Italy. They have done a fantastic job with both suppliers and customers to ensure delivery of their products - an important reason for their good results during the year.

Corroventa has operations in many European markets and was affected by their temporary closure. They were quick to adapt the business to the conditions and used the time well by building up a stock of products. This meant that they were a front runner in meeting customers' pent-up demand when restrictions were eased. This resulted in stronger earnings than in the year before – despite the temporary market closures and the lack of flooding.

Can you tell us about the acquisitions you made this year?
We made two add-on acquisitions for Ettiketto during the year – the label producers Beneli and Märkas. We have a very strong platform in Ettiketto and our stated ambition is to build on this and consolidate the sector. Through the acquisitions, we have doubled sales in our label business, which is now the largest in Sweden. The acquisitions give us synergy effects in production and also synergies on the purchasing side by virtue of our size. The acquisition of Beneli also gives us access to exciting new customer groups, notably in medical technology.

What progress have you made in sustainability?
S:t Eriks has taken further steps in its sustainability work during the year, in line with its vision to be the obvious choice in sustainable community building. For a long time, it has led the way in using cement types with lower carbon dioxide emissions and continuously strives to reduce the amount of cement in products, without affecting strength. During the year, S:t Eriks was the first company in the industry to introduce third-party certified environmental product declarations to provide an even clearer picture of the products' environmental impact from a life cycle perspective. We see this as an important competitive advantage in areas such as infrastructure tendering processes.

How do you work on development of the business area?
Our ambition is to build larger integrated groups from our business units, as the example of Ettiketto clearly shows. A key part of this is the strategy work conducted in the business units' boards and management groups. This work results in clearly identified growth opportunities, which the business units follow. Another example is S:t Eriks – during the first years of our ownership we have laid the foundation for a platform of growth drivers, e.g., continuing add-on acquisitions.

The Volati share

Shares and share capital

Volati's ordinary and preference shares are listed on Nasdaq Stockholm. At the end of 2020, the number of ordinary shares was 79,406,571 and the number of preference shares was 1,603,774. Volati's share capital on 31 December 2020 totalled SEK 10,251,293.13, divided into 81,010,345 shares. Each ordinary share entitles the holder to one (1) vote and each preference share to one-tenth (1/10) of a vote.

Share price development

Volati's ordinary share showed a positive price development of 153 percent in 2020. The highest closing price during the year was SEK 103.60 on 30 December. The lowest was SEK 28.80 on 27 March. Volati's preference share showed a negative price development of 3 percent in 2020. The highest closing price during the year was SEK 694.00 on 23 and 24 January. The lowest was SEK 460.00 on 18 March.

Share trading volume

A total of 13,701,403 ordinary shares and 649,949 preference shares were traded during 2020. The average daily trading volume was 53,371 for the ordinary share and 2,579 for the preference share.

Dividend policy

Volati's dividend policy for ordinary shares is to distribute 10–30 percent of the Group's net profit attributable to the Parent Company's shareholders. The Board of Directors proposes a dividend of SEK 1.20 per ordinary share to ordinary shareholders, corresponding to 11 percent of net profit in 2020, and a preference share dividend to be paid in accordance with the Company's articles of association.

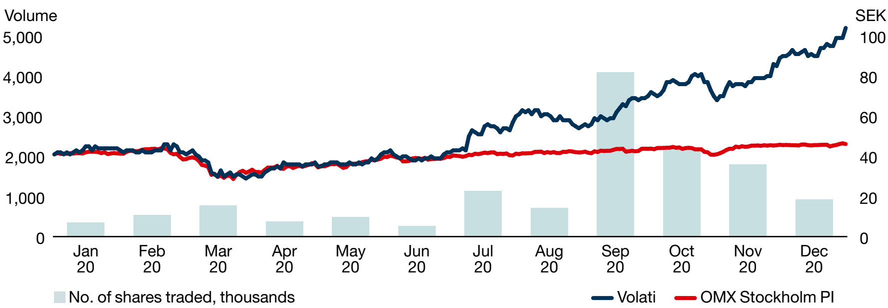
Shareholder structure

The Number of Volati shareholders at the end of 2020 was 7,840 (6,746), with the 15 largest shareholders holding 91.5 (92.2) percent of the share capital and 92.2 (93.2) percent of the votes. Investors outside Sweden owned 2.2 (2.9) percent of the share capital and 2.1 (3.4) percent of the votes.

Authorisation to acquire own ordinary shares and preference shares

The AGM authorised the Board of Directors to decide on the acquisition of the Company's ordinary and preference shares. Acquisition of ordinary shares is contingent on the Company having decided on and implemented a preference share dividend in accordance with the articles of association at the time of the

Share price development, ordinary share



repurchase. Acquisitions may take place on Nasdaq Stockholm or through an offer to all shareholders or to all holders of the class of shares that the Board decides to acquire. The purpose of the acquisition of own shares is to achieve an optimised capital structure or, for acquisitions of own preference shares, to enable the Company to use the preference shares to pay for or finance acquisitions of companies or businesses. The maximum number of shares that may be acquired is the number of shares that at any given time will not result in the Company's holding of own shares exceeding one-tenth of all shares in the Company.

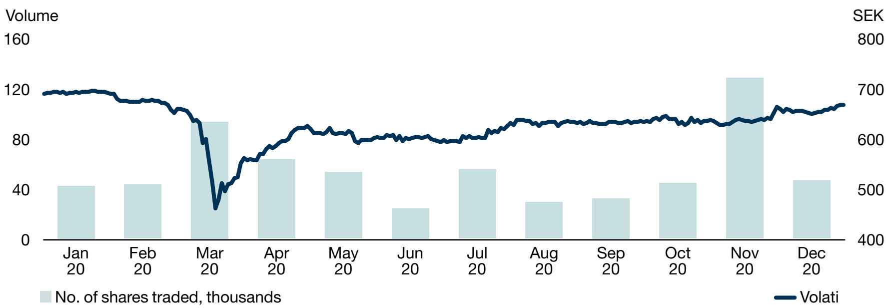
Authorisation to transfer own preference shares

The AGM authorised the Board of Directors to decide on the transfer of the Company's own preference shares. Transfers of own preference shares may take place on Nasdaq Stockholm and by means other than on Nasdaq Stockholm. Transfers of own preference shares on Nasdaq Stockholm may only take place at a price within the price interval registered at any given time. Transfers of own preference shares by means other than on Nasdaq Stockholm may be made with a derogation from shareholders' preferential rights at a price per preference share that does not fall below what is market-based, meaning that a market-based discount on the preference share's price may be applied. The reason for a possible derogation from shareholders' preferential rights when transferring own preference shares by means other than on Nasdaq Stockholm shall be to enable the Company to use its own preference shares as payment for or financing of acquisitions of companies or businesses.

Authorisation to issue new preference shares

The Annual General Meeting authorised the Board, on one or more occasions before the next AGM, to decide on new issues of up to 320,754 preference shares (corresponding to about 20 percent of the present number of preference shares issued) with or without preferential rights for shareholders. The purpose of the authorisation, and the reason for allowing a derogation from shareholders' preferential rights, is to ensure that new shares can be issued to enable the Company to use preference shares as payment for or financing of acquisitions of companies or businesses.

Share price development, preference share



Share capital development

The following table shows the changes in share capital as from Volati's formation.

Year	Event	Change in number of ordinary shares	Change in number of preference shares	Total number of shares	Change in share capital	Total share capital	Par value (SEK)
1998	New formation	1,000	–	1,000	100,000	100,000	100
2006	Bonus issue	49,000	–	50,000	4,900,000	5,000,000	100
2007	Share split 400:1	19,950,000	–	20,000,000	–	5,000,000	0.25
2011	Warrants	505,656	–	20,505,656	126,414	5,126,414	0.25
2011	Decrease through withdrawal of shares	–305,656	–	20,200,000	–76,414	5,050,000	0.25
2015	Share split 10:1	181,800,000	–	202,000,000	–	5,050,000	0.025
2015	New share issue	–	6,603,773	208,603,773	165,094.3	5,215,094.3	0.025
2015	Private placement to main owner	–	1,415,094	210,018,867	35,377.3	5,250,471.7	0.025
2016	Non-cash issue[1)]	95,722,508	–	305,741,375	2,393,062.7	7,643,534.4	0.025
2016	New share issue[2)]	2	3	305,741,380	0.125	7,643,534.5	0.025
2016	Reverse share split 1:5	–238,178,008	–6,415,096	61,148,276	–	7,643,534.5	0.125
2016	New share issue[3)]	20,862,069	–	82,010,345	2,607,758.625	10,251,293.13	0.125
2019	Decrease through withdrawal of shares	–1,000,000	–	81,010,345	–125,000	10,126,293.13	0.125
2019	Bonus issue	–	–	81,010,345	125,000	10,251,293.13	0.125

1) In January 2016, the share swap in Volati AB (publ), announced and adopted by the AGM, took place, whereby Patrik Wahlén (Board member), Mårten Andersson (CEO) and Mattias Björk (CFO at that time) swapped their shares in Volati 2 AB for shares in Volati AB (publ) under a non-cash issue.

2) In connection with the reverse share split in September 2016, three preference shares and two ordinary shares were issued, in order to achieve an even number of shares in the Company before the reverse split. The preference shares were issued at a subscription price of SEK 106 per preference share and the ordinary shares at a subscription price of SEK 0.025 per ordinary share (the par value of the shares at that time).

3) The new issue coincided with the listing of Volati's ordinary shares in November 2016.

Ownership structure, 31 December 2020

The tables below present information about the ownership structure in Volati AB at 31 December 2020.

Voting rights and percentage of share capital

Class of shares	Number	Voting rights per share	Number of votes	Share of capital	Share of votes
Ordinary shares	79,406,571	1.0	79,406,571.0	98.02%	99.80%
Preference shares	1,603,774	0.1	160,377.4	1.98%	0.20%
Total	**81,010,345**	**–**	**79,566,948.4**	**100.00%**	**100.00%**

Shareholders by country

	Number of shareholders	Number of shares	Share of capital	Share of votes
Sweden	7,598	79,215,964	97.8%	97.9%
Other countries	242	1,794,381	2.2%	2.1%
Total	**7,840**	**81,010,345**	**100.0%**	**100.0%**

Shareholders by size

Number of shares	Number of shareholders	Share of capital	Share of votes
1–500	6,821	0.8%	0.5%
501–1,000	452	0.4%	0.3%
1,001–5,000	392	1.0%	0.8%
5,001–10,000	63	0.6%	0.5%
10,000–	112	97.2%	98.0%
Total	**7,840**	**100.0%**	**100.0%**

The 15 largest shareholders[1)]

	Number of shares		Share of	
Name	Ordinary shares	Preference shares	Capital	Votes
Perlhagen, Karl	34,440,000	309,190	42.9%	43.3%
Gunnarsson Wahlén, Patrik	19,356,283	0	23.9%	24.3%
Fjärde AP-Fonden	5,332,966	0	6.6%	6.7%
Andersson, Mårten	2,511,532	1,887	3.1%	3.2%
Handelsbanken fonder	2,081,731	0	2.6%	2.6%
Swedbank Robur Fonder	1,984,451	0	2.4%	2.5%
Lannebo fonder	1,874,652	0	2.3%	2.4%
Björk, Mattias	1,666,705	0	2.1%	2.1%
Andra AP-fonden	802,027	0	1.0%	1.0%
CMU/Secfin Pooled Account	768,112	0	0.9%	1.0%
Försäkringsaktiebolaget, Avanza Pension	528,346	149,797	0.8%	0.7%
Aktiebolag 1909 Gruppen	634,758	29,739	0.8%	0.8%
Nordea Livförsäkring Sverige AB	280,800	310,921	0.7%	0.4%
Andersson, Mats	537,101	3,500	0.7%	0.7%
SEB Investment management	517,810	0	0.6%	0.7%
Total 15 largest shareholders	**73,317,274**	**805,034**	**91.5%**	**92.2%**
Other shareholders	6,089,297	798,740	8.5%	7.8%
Total number of shares	**79,406,571**	**1,603,774**	**100.0%**	**100.0%**

1) Based on information from Euroclear Sweden as of 30 December 2020.

Volati Annual Report

CONTENTS

Administration Report

The Board of Directors and CEO of Volati AB, corp. reg. no. 556555-4317, registered office in Stockholm, hereby present the annual report and consolidated financial statements for the 2020 financial year.

Volati's operations

Volati is an industrial group comprising 10 business units, organised in three business areas: Salix Group (formerly Trading), Akademibokhandeln and Industry. During the year, the operations of the Consumer business area were divested in their entirety. The income statements have therefore been restated and the divested operations are reported as discontinued operations in accordance with current financial reporting standards.

Acquisitions are a central component of Volati's strategy. Volati mainly acquires companies with proven business models, leading market positions and strong cash flows at reasonable valuations and develops them with a focus on long-term value creation. Volati's corporate-development strategy is based on retaining the companies' entrepreneurial spirit and adding leadership, expertise, processes and financial resources. Volati's flexible organisation enables fast decision-making and its decentralised governance model means that day-to-day decisions are made in the operations, with limited involvement from Volati. The decentralised business model is a key success factor as it creates a high level of entrepreneurship in the business units, provides a clear responsibility framework and helps to ensure that Volati can continue to grow without excessive central resources.

In total, the Group has about 50 operating companies in 16 countries, with Sweden accounting for the largest share of net sales. The business areas' share of the Group's total EBITA for 2020 was as follows: Salix Group 47 percent, Akademibokhandeln 12 percent and Industry 42 percent.

The years 2019 and 2020 have been restated in the financial statements in accordance with current financial reporting standards and exclude the discontinued operations of the Consumer business area. Earnings effects in the discontinued operations are reported separately as discontinued operations in the consolidated income statement in accordance with IFRS 5.

Salix Group: The Salix Group (formerly Trading) business area consists of five business units with 20 operating companies in six countries. The business area's companies primarily offer products within builders hardware, consumables and material for construction, home and garden, packaging, and agriculture and forestry. Distribution to customers is via dealers, retail chains, e-commerce channels and directly to customers.

The business area manager is chairman of the business unit's board and is responsible for coordinating Volati's central support and for supporting acquisition processes.

Akademibokhandeln: The Akademibokhandeln business area consists of one business unit with two operating companies in Sweden. These are Sweden's leading bookstore chain Akademibokhandeln and the online bookstore Bokus including Bokus Play (audiobook subscription). The business area focuses on omni-channel sales of books and paper products. The business area manager is responsible for coordinating Volati's central support and for supporting acquisition processes.

Industry: The Industry business area consists of four business units with 29 operating companies in 13 countries. The business area focuses on various B2B niches and is driven by a combination of strong local entrepreneurship and collaboration in selected areas, such as expansion into new markets and production efficiency. The business area manager is chairman of the business unit's board and is responsible for coordinating Volati's central support and for supporting acquisition processes.

Consumer: The Consumer business area was discontinued during the year when the operations of the business area were divested.

Acquisitions, disposals, new establishments and restructuring

A central part of Volati's strategy is to continue growing by acquiring well-managed companies, both as a complement to existing business units and as entirely new types of business. The acquisition market in 2020 was still exposed to competition. Volati made four add-on acquisitions, Heco Nordiska AB, Beneli AB, Pisla Group and Märkas AB, during the year. Besikta Bilprovning i Sverige Holding AB and Volati Life AB were divested during the year.

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. In spring 2020, updated financial targets and an updated dividend policy were drawn up. Volati has defined the following updated financial targets, which should be evaluated as a whole.

- **EBITA growth**: The target is average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.
- **Return on adjusted equity**: The long-term target is a return on adjusted equity of 20 percent.
- **Capital structure:** The target is a net debt/ adjusted EBITDA ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.
- **Dividend policy**: Volati's target for ordinary shares is to distribute 10–30 percent of the Group's net profit attributable to the Parent Company's shareholders. When determining dividends, net debt in relation to the Company's targets is taken into account, together with future acquisition opportunities, scope for development in existing companies and other factors that Volati's Board considers significant. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00, in accordance with the Articles of Association.

The financial targets are guidelines and are not, and should not, be regarded as forecasts or estimates of Volati's future earnings. The targets are based on a number of assumptions concerning Volati's operations, and the industry and macroeconomic environment in which Volati operates. As a result of what is stated above and other factors, Volati's actual earnings may deviate from the above targets.

Development during the year

Of Volati's three business areas, both Salix Group and Industry showed positive financial development during the year, while the Akademibokhandeln business area reported earnings that were slightly lower than in the previous year, which is an effect of lower demand in stores due to the ongoing Covid-19 pandemic.

Net sales and earnings

The Group's net sales for 2020 amounted to SEK 6,696 (5,938) million, an increase of 13 percent compared with the previous year. The increase is driven by both organic and acquired growth.

EBITA for 2020 amounted to SEK 488 (388) million, an increase of 26 percent. The increase in profitability was driven by a positive earnings trend in the Salix Group and Industry business areas and by acquisitions completed during the previous year. Organic EBITA growth for the year was 30 percent.

Profit after tax for continuing operations in 2020 was SEK 263 (245) million. Profit after tax attributable to non-controlling interests was SEK 10 (–77) million. Earnings per ordinary share for continuing operations, after deduction of preference share dividends, amounted to SEK 2.37 (2.17) for the year. Earnings per ordinary share, including discontinued operations, amounted to SEK 11.37 (0.13) for the year.

Companies acquired or divested during the year are included from the date on which control is obtained or until the date on which control ceases.

Cash flow

Cash flow from operating activities for 2020 amounted to SEK 956 (759) million. Cash flow from operating activities attributable to discontinued operations for 2020 amounted to SEK 131 (179) million. The cash conversion rate, including discontinued operations, for 2020 was 107 (83) percent. Investments in non-current assets in the business units for 2020 amounted to SEK 76 (98) million and were primarily related to business development investments in the form of IT systems and ongoing investments in machinery and equipment. Investments in Group companies in 2020 mainly concerned four add-on acquisitions: Heco Nordiska AB, Beneli AB, Pisla Group and Märkas AB. Total cash flow for 2020 was SEK 722 (203) million.

Development expenses

The Group's research and development expenses are either expensed as they arise or capitalised and amortised over their estimated useful lives, depending on the nature of the project and operations. Development expenses of SEK 32 (31) million were capitalised during the year and were primarily related to business development within Akademibokhandeln, Consumer and Industry. In addition, the Group's earnings were affected by development expenses of SEK 1 (1) million.

Employees
The average number of employees during the year, calculated as full-time equivalents (FTEs), was 1,771 (1,570).

Equity
The Group's total equity at the end of the period amounted to SEK 3,235 (2,360) million. Equity attributable to owners of the Parent, adjusted for preference share capital, increased from SEK 1,523 million at 31 December 2019 to SEK 2,391 million at 31 December 2020. The equity ratio at 31 December 2020 was 50 percent, compared with 38 percent at the end of 2019. The average return on adjusted equity for 2020 was 51 (–4) percent.

Share capital
There were 79,406,571 ordinary shares and 1,603,774 preference shares at the end of 2020. Volati's share capital on 31 December 2020 totalled SEK 10,251,293.13, divided into 81,010,345 shares. All shares are issued and fully paid, each with a par value of SEK 0.125. No shares in the Company are held by the Company itself, on its behalf or by its subsidiaries. Each ordinary share gives entitlement to one (1) vote and each preference share gives entitlement to one-tenth (1/10) of a vote at the AGM, and all shareholders with voting rights may vote for the full number of shares owned and represented, without any restrictions on voting rights.

Net debt
The Group had a net cash position of SEK 485 million at the end of the year, compared with net debt of SEK 907 million on 31 December 2019. Total liabilities on 31 December 2020 amounted to SEK 3,270 million, compared with SEK 3,796 million on 31 December 2019. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 1,375 million at the end of the year, compared with SEK 2,094 million on 31 December 2019. At the end of the year, the unutilised portion of the overdraft facility was SEK 300 (111) million, the unutilised portion of the revolving credit facility was SEK 900 (100) million and cash & cash equivalents were SEK 1,160 million.

In addition, Volati issued preference shares in 2015 at a nominal amount of SEK 850 million, classified as equity. Preference shares carry entitlement to a quarterly dividend payment of total SEK 16 million.

Volati's financing agreements are subject to customary terms and conditions, i.e. covenants, from Volati's bank. The financial covenant attached to the loan agreement is the net debt/EBITDA ratio, which may not exceed a certain level. The Group has not breached this covenant during the year. Volati has not provided special security for bank financing. The Parent Company has provided surety for all subsidiaries' obligations with Volati's bank. The Group has one outstanding listed bond. In 2017, the Parent Company issued a 5-year bond of SEK 600 million. The bond does not contain any financial covenants to be maintained on an ongoing basis. However, certain key figures must be achieved, to ensure that the companies are able to undertake certain activities such as dividend distributions and borrowing. No covenants in the bond terms and conditions were breached in 2020.

Future development
Volati is not making any financial forecasts for next year's development. The assessment is that Volati enters 2021 financially strong and that the Company has the financial conditions to continue operating in accordance with the established strategy and defined financial targets, including the conditions to make further acquisitions during the coming years. Volati will carefully follow the development of Covid-19, which had limited financial effects for the Group during 2020, but as there still remains uncertainty about the course of the pandemic, it is important to regularly update assessments and quantify the future financial effects for Volati.

Shareholders
Volati AB's ordinary and preference shares have been listed on Nasdaq Stockholm since November 2016. The number of shareholders at the end of the year was 7,840. The largest shareholders at the end of the year were the founders Karl Perlhagen, with 43.3 percent

of the votes, and Patrik Wahlén, with 24.3 percent of the votes.

2021 Annual General Meeting

Volati AB's 2021 Annual General Meeting will be held on Wednesday, 28 April 2021. A notice of the Annual General Meeting, including the agenda, is available at www.volati.se.

Due to the Covid-19 pandemic and the restrictions introduced to reduce the spread of infection, the Board has decided that the AGM will be conducted without the physical presence of shareholders, proxies or third parties and that shareholders will have the opportunity to exercise their voting rights by post before the meeting.

Shareholders will have the opportunity to submit written questions before the meeting. The questions and answers will be published on Volati's website no later than five days before the meeting, together with a webcast in which the Chairman of the Board and the CEO give their views on the year 2020.

Notification

Shareholders wishing to participate in the AGM must:

- be entered in the share register kept by Euroclear Sweden AB as of Tuesday, 20 April 2021 or, if the shares are nominee-registered, ask the nominee to re-register the shares no later than Thursday, 22 April 2021; and
- have provided notification of their participation by submitting their postal vote to be received by Volati no later than Tuesday, 27 April 2021. Please note that notification of participation in the AGM can only be made through postal voting.

Further information about the AGM can be found at www.volati.se.

Events after the reporting date

In a press release on 29 January 2021, it was announced that Volati had acquired JPT-Industria OY, Finland, with annual sales of EUR 7.5 million.

At the Extraordinary General Meeting on 2 February 2021, an extra dividend of 10.00 SEK per share and a dividend of SEK 30.80 per preference share were adopted.

In a press release on 19 February 2021, it was announced that Volati was evaluating a distribution and separate listing of the Akademibokhandeln business area. At the same time, Volati announced that the Trading business area was being renamed as Salix Group AB.

In a press release on 24 February 2021, it was announced that CFO Andreas Stenbäck would be taking over from Mårten Andersson as President and CEO from 1 May 2021.

Proposed appropriation of profits

The Board of Directors proposes that:

	SEK
Retained earnings	1,159,620,368.36
Extra dividend, February 2021	–843,461,949.20
Net profit	305,513,009.42
Share premium reserve	2,376,398,417.10
be appropriated as follows:	
Dividend of SEK 1.20 per ordinary share, total	95,287,885.20
Dividend of SEK 40.00 per preference share, total	64,150,960.00
Non-cash distribution of SEK 3.20 per ordinary share, total*	254,317,141.00
Carried forward	2,584,313,859.48

*Proposed non-cash distribution:
It is proposed that the Annual General Meeting resolve that all Volati's shares in the subsidiary Bokusgruppen AB (formerly Volati Bok AB), corp. reg. no. 559025-8637, be distributed to ordinary shareholders, whereby five (5) ordinary Volati shares, as of the dividend record date, carry entitlement to one (1) share in Bokusgruppen AB. The value of the distribution of shares in Bokusgruppen AB is determined based on the carrying amount on the date of distribution of the shares to Volati's shareholders and on applicable financial reporting rules. On 31 December 2020, Volati held approximately 97.99 percent of the shares in Bokusgruppen AB, corresponding to a carrying amount of SEK 254,317,141. This value is expected to be affected by Volati's conversion of receivables of approximately SEK 165,000,000 into shares in Bokusgruppen AB (through a set-off issue), in order to achieve a suitable debt and cash structure in Bokusgruppen AB. The carrying amount of the shares on the distribution date is therefore estimated to amount to SEK 419,317,141.

Board statement on the proposed dividend

The proposed dividend reduces the Parent Company's equity ratio from 59.5 percent to 54.2 percent including distribution of Bokusgruppen at the carrying amount on the distribution date. The equity ratio is satisfactory in view of the fact that the Company's operations continue to be conducted profitably.
The assessment is that the Company's liquidity can be maintained at a similarly satisfactory level. The Board's understanding is that the proposed dividend will not prevent the Company from discharging its obligations in the short or long term or making necessary investments. The proposed dividend distribution can therefore be justified pursuant to Chapter 17, Sections 3.2 and 3.3, of the Swedish Companies Act (the precautionary principle).

Sustainability Report

This is Volati's fourth sustainability report and it covers the sustainability work carried out by Volati and its business units during the year.

During the year, Volati signed up to the UN Global Compact. In doing so, we have undertake to follow the Global Compact's ten principles in the four areas of human rights, labour, the environment and anti-corruption. An important prerequisite for Volati's sustainability work is a willingness, based on our conditions and our business model, to contribute to realising the UN's global sustainability goals. On the following pages, we describe how Volati and our business units work on key sustainability issues.

Ambitions and goals for sustainability work

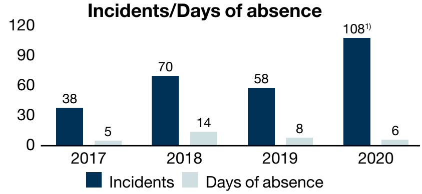
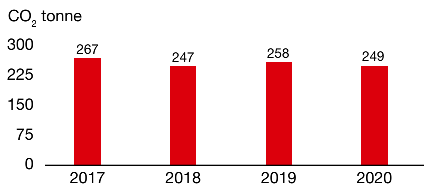
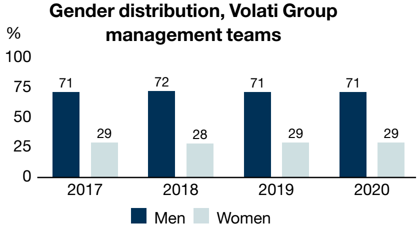
Volati's ambition is to build a business with long-term profitability and sustainability. To achieve long-term competitiveness, we are convinced that we need to integrate sustainability into everything we do. For Volati, sustainability is not just about minimising and managing risks, but above all about identifying and taking advantage of the opportunities that effective sustainability work can create. We will increase the focus and intensity of the work on our sustainability agenda in the coming years, when we will also face new requirements – from investors, decision-makers and last but not least our current and future employees. One such requirement being implemented is the EU Taxonomy Regulation, for which we do not yet have sufficient information to analyse the consequences for Volati. We are following developments and will evaluate this further in 2021.

Sustainability is an integral part of our business concept and business model. As an owner of successful companies, we have a responsibility to set requirements, integrate and monitor sustainability in connection with investments and as part of our operations' business plans and results.

Volati's contribution to the global goals

Volati has identified four focus areas from the materiality analysis conducted during the year. The focus areas are based on five key sustainability aspects which in turn contribute to the UN's global goals and targets. For each target, we have defined our ambitions, which will be further developed in 2021. To monitor how well we achieve the ambitions, one or two indicators are linked to each area. We shall be develop this work in the coming years – we have high ambitions for sustainability work within the Group.

Key issue	Global goals and targets
Good business ethics includes ethical business conduct, anti-corruption and human rights Good working conditions and compliance with laws throughout the value chain in all our operations	**16.5** – Substantially reduce corruption and bribery
Safe and healthy work environment and workplace	**8.8** – Protect labour rights and promote safe and secure working environments for all work-ers
Reducing climate footprint through more efficient use of energy and cutting CO_2 emissions Sound resource management and minimisa-tion of waste and wastage in our operations	**13.1** – Strengthen resilience and adaptive capacity to climate-related disasters **13.3** – Build knowledge and capacity to meet climate change
Equal value of all human beings No discrimination or victimisation Equal gender distribution in decision-making positions	**5.5** – Ensure women's full and participation in leadership and decision-making

Target	Development of indicators
Zero vision – Group	**0** **Zero incidents reported since 2017**
Zero vision – Group	**Incidents/Days of absence**  [1] The majority of the increase is due to the introduction of a digital monitoring tool in the Industry business area in 2020, which facilitated the reporting of incidents.
Start measuring CO_2 emissions at Group level in 2021 and define ambitious targets in the area	**CO_2 emissions, Akademibokhandeln business area[1]**  [1] Excluding Schenker's transports for Bokus.
40/60 female/male distribution in leading positions by 2030	**Gender distribution, Volati Group management teams** 

Sustainability governance at Volati

The Board of Volati AB has ultimate responsibility for Volati's and the business units' sustainability work and long-term sustainability targets. Sustainability work in the business units is primarily conducted through active board work at company level.

In Volati's business units, there is a wide spread in terms of the operations, which means that they face different sustainability-related risks and opportunities. To ensure that all Volati's business units operate on a responsible and sustainable basis, there is a common Group sustainability framework. This framework is summarised in Volati's sustainability policy and concerns every aspect of our activities – from considering sustainability issues in acquisition and investment processes to considering how the individual business units are expected to operate as sustainable companies. As the Group applies a decentralised model for corporate governance, the majority of the operational sustainability work is conducted in each business unit. During 2021, Volati will work further to create conditions for implementing Group-wide sustainability training and to integrate sustainability even more clearly into its strategy work and investment decisions.

Volati's code of conduct is an important tool in the sustainability work. It describes how we do business, behave and act in our daily work and our relationships with the outside world. The code of conduct includes human rights, working conditions, equality, diversity, anti-corruption and environmental responsibility and is based on the UN Global Compact, the ILO's fundamental conventions and the OECD Guidelines for Multinational Enterprises. It applies to all companies and all employees. The code of conduct is updated and revised annually by the Board. The code is available on our website www.volati.se. Any malpractice or irregularities that are in conflict with our code of conduct must be reported to our whistleblower function, which enables all employees in the Group to anonymously report irregularities that contravene the Group's or their own business unit's code of conduct.

The Group and the business units also have additional sustainability-related policies, such as the HR policy, purchasing policy, investment policy and communication policy, which highlight the applicable compliance requirements.

Responsible investments

Since Volati was founded in 2003, we have completed 37 acquisitions of companies active in a range of industries. Volati's investment activities and actions as a responsible owner are based on the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Principles for Responsible Investment (UNPRI). Volati does not acquire companies it considers to violate the UN Global Compact's principles in the areas of human rights, labour, environment and anti-corruption.

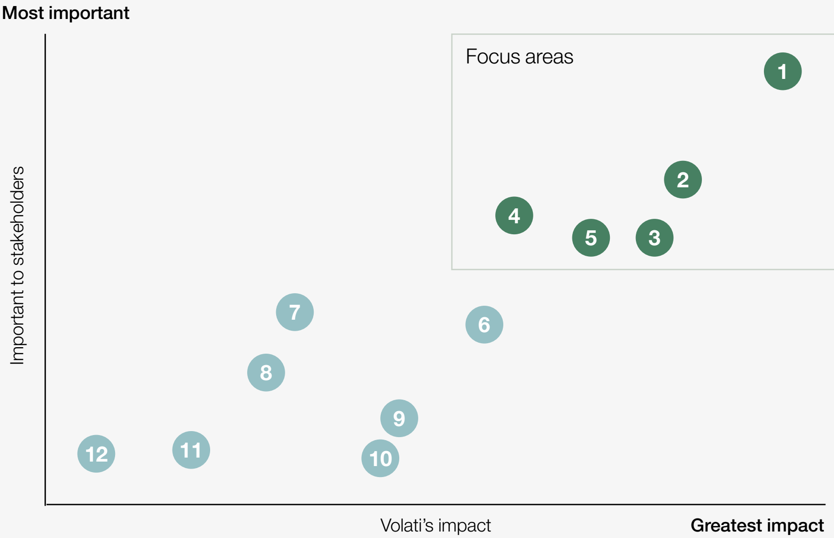
Sustainability is an integral part of the acquisition process, which means that environmental, social and corporate governance aspects are taken into account in analyses and investment decisions. We shall work to ensure greater transparency on environmental and social issues and governance in the companies we invest in.

All Volati business units are covered by a code of conduct

100%

All employees have access to an anonymous whistleblower service

100%



1. Good business ethics
2. Safe and healthy work environment and workplace
3. Reducing climate footprint, energy use, emissions, transport and waste
4. Diversity and inclusion, equal conditions for all
5. Good working conditions at all levels and compliance with laws
6. Contributing to a sustainable society through our companies' products and services
7. Financial return taking into account sustainability
8. Training and skills development
9. Promoting non-toxic products, clear labelling/classification of products and services at stages
10. Conscious material choices from a sustainability perspective
11. Contributing to innovation and digitisation independently or through partnerships
12. Good social player

Materiality analysis

In 2020, Volati conducted a materiality analysis. The Group's first materiality analysis was conducted in 2016 and updated in 2017.

The purpose of updating the materiality analysis is to ensure that Volati works on the sustainability areas where we have most influence externally and which our stakeholders consider most important. The results of the materiality analysis form the basis of our continuing sustainability work and our external reporting.

An internal working group compiled 12 key sustainability aspects for Volati's sustainability work based on the UN's 17 global goals and targets. Internal and external stakeholders were then asked to prioritise and rank the list of aspects. We received a total of about 50 responses. About thirty of them were from internal stakeholders consisting of employees in the Volati Group and about 20 were from external stakeholders, including board representatives, advisors, auditors and bank representatives.

Four focus areas

Volati has identified four focus areas from the materiality analysis which are based on five key sustainability aspects for continuing sustainability work.

In addition to the four Group-wide focus areas, most of our business units have identified their own key sustainability aspects on which they are focusing. For example, Akademibokhandeln appointed a sustainability manager and conducted a review of its sustainability work in 2020. The business area has held several workshops analysing sustainability strategies, sustainability areas and overall objectives. The work will continue in 2021 and the business area plans to conduct a materiality analysis and continue the process of developing and defining its goals.

Focus area	Key issues	Impact
Business ethics	• Good business ethics means ethical business conduct, anti-corruption and human rights • Good working conditions and compliance with laws throughout the value chain in all operations	The impact happens throughout the Group and Volati has both a direct and indirect impact
Health and safety	• Safe and healthy work environment and workplace	The impact happens mainly in Volati's business units and Volati has an indirect impact
Environment and climate	• Reducing climate footprint through more efficient use of energy and cutting CO_2 emissions • Sound resource management and minimisation of waste and wastage in our operations	The impact happens mainly in Volati's business units and Volati has an indirect impact
Diversity and inclusion	• Equal value of all human beings • No discrimination or victimisation	The impact happens throughout the Group and Volati has both a direct and indirect impact

Business ethics and anti-corruption

Volati requires good business ethics and proactive anti-corruption work to be implemented in all companies. Business ethics includes laws, rules and guidelines, as well as norms and values. All companies have implemented the Group-wide code of conduct. All employees have a responsibility to report any action that they suspect is a violation of the Company's code of conduct. To enable anonymous reporting of incidents, Volati has procured an external whistleblower service, Whistle B.

Volati and our business units have operations in 16 countries, with an emphasis on the Nordic countries. Based on Transparency International's corruption index, it is Volati's general assessment that the risk of the business units being directly involved in unethical business conduct, such as violations of human rights, is low. However, there is always a risk that corruption may arise. In the business units there may be indirect impacts and exposure to suppliers that do not have the same low tolerance for unethical business conduct as companies operating in the Nordic countries. With this in mind, we work actively on auditing suppliers. Most of our business units require suppliers to sign a supplier code of conduct before entering into an agreement. Most supplier audits and supplier assessments are carried out on an ongoing basis. Due to the fact that Covid-19 has restricted travel, our business units have been unable to conduct supplier audits to a normal extent during the year. The aim is to return to normal processes for supplier audits as soon as possible in 2021.

Risks

Some of the Group's business units operate in sectors or territories that bring exposure to and increased risk of bribery and corruption. This may involve bribes offered in return for turning a blind eye to irregularities or for sharing investment information. Both Volati and the business units have zero tolerance for bribery and corruption. Purchasing products and components from regions such as eastern Europe and Asia brings a risk of human rights violations in the supply chain. The business units work systematically to prevent this by establishing dialogue, setting requirements and auditing suppliers.

Total number of known cases/notifications of corruption offences and violations of human rights. No incidents were reported in 2020.

EXAMPLE FROM THE BUSINESS

Supplier audits

The Akademibokhandeln business area has developed procedures for supplier audits. This is based on a requirement for all suppliers and their own sub-contractors to sign a code of conduct.

Within parts of the product range, a risk analysis has been carried out to identify the suppliers that should be examined by third parties through site visits according to sales, geographical location and the strategic importance of the supplier.

All new contracts also contain an environmental appendix that clarifies the environmental cooperation between Akademibokhandeln and its suppliers.

Health and safety

Volati considers its employees to be the single most important success factor in creating long-term competitiveness. The overall objective is for everyone in the Group to experience a good, safe and secure work environment. Volati requires every business unit to have a clear process for work environment management and to have, as a minimum, a work environment policy and drug and alcohol policy in place.

Volati is convinced that healthy employees not only reduce sickness absence and the risk of stress and burn-out, but also contribute to a positive atmosphere and improved performance. Volati therefore offers all employees a fitness allowance, training and other activities to encourage a healthier lifestyle.

Under Volati's decentralised governance model, the majority of work environment responsibility is handled by senior executives in each of the business units. Managers are responsible for safeguarding employees' welfare and ensuring a good work/life balance.

Risks

Due consideration of our employees' health and safety is of key importance to Volati and the Group's business units. Within many of the business units there are duties that involve a risk of occupational injuries and accidents, and of stress. Both Volati and the business units work actively to prevent accidents and ensure a good work/life balance.

EXAMPLE FROM THE BUSINESS

Health and safety – SWEM

At Volati, systematic work environment management (SWEM) is considered an important part of every manager's everyday life. The health and safety of our employees is of the utmost importance. The basis for this is the work environment policy and other relevant policies, such as the alcohol and drug policy. To ensure continuous improvement work, most business units have safety committees that meet regularly.

Attracting, developing and retaining employees is crucial to achieving success and achieving good results, and this is followed up by measures such as annual employee interviews. Employees are also offered regular training in relevant areas, ranging from fire safety and cardiopulmonary resuscitation to Excel, materials and leadership.

Indicator for health and safety

Number of reported incidents and days of absence[1)]

	Number of reported incidents	Of which resulting in sick leave (after 7th day)
Salix Group	14	3
Akademibokhandeln	0	0
Industry	94	3
	108	**6**

1) The majority of the increase in the Industry business area is due to the introduction of a digital follow-up tool in 2020, which facilitated the reporting of incidents.

Environment and climate

Volati's clear ambition is to continuously reduce its environmental and climate impact in all parts of its business. Covid-19 and the restrictions caused by the pandemic have meant fewer business trips and less commuting to and from work for Volati's business units in 2020.

It is of great importance that Volati and our business units, as a minimum requirement, follow current laws and regulations in the environmental area.

According to Volati's policy, all business units must seek to reduce their climate impact by always:

- Complying with local environmental legislation.
- Aiming to ensure sustainable management of resources and to limit emissions of hazardous substances and toxic waste.
- Aiming to ensure energy efficiency and to limit emissions of greenhouse gases, unless there are significant business reasons for not doing so.
- Being aware of other significant environmental issues.

In addition to these more general principles, each business unit has its own sustainability policy, which is often more extensive, with clear goals for reduced environmental impacts. Akademibokhandeln and S:t Eriks currently have tools for ongoing measurement and monitoring of CO_2 emissions.

Volati aims to carry out an investigation in 2021 and evaluate the Group's climate impact, including the Group's total CO_2 emissions. Based on the outcome of the investigation, the ambition is to identify clear climate impact targets that are to be monitored continuously.

The Volati Group has not received any fines or sanctions related to environmental issues during 2020.

Risks

Through its business units, Volati has certain operations that are notifiable environmentally hazardous activities. In addition, some companies operate at properties that have some degree of environmental pollution, while certain companies have operated at properties that have become polluted due to historical activities.

Parts of our operations are also exposed to climate-related risks and give rise to climate impacts in the value chain.

All business units endeavour to reduce their climate impact by always:

Complying with local environmental legislation.

Aiming to ensure sustainable management of resources and to limit emissions of hazardous substances and toxic waste.

Aiming to ensure energy efficiency and to limit emissions of greenhouse gases, unless there are significant business reasons for not doing so.

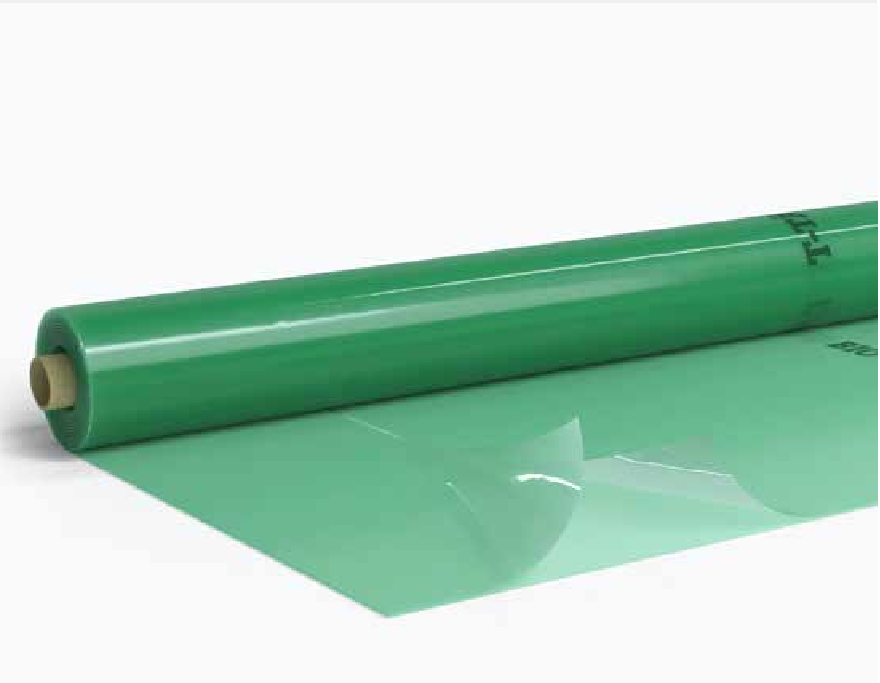
Being aware of other significant environmental issues.

EXAMPLE FROM THE BUSINESS

Climate work

Most initiatives to reduce the climate impact are in progress within the Group. These include T-Emballage Bygg's development of the industry's first fossil-free air and vapour barrier based on green bio-plastic and Salix Group's conversion to LED lighting at its warehouse, reducing energy consumption by 25 percent since 2017.

För Akademibokhandeln, environment and climate are a priority area. In 2019, major work was carried out to reduce the climate impact of transport by replacing e-commerce packaging with an alternative, enabling 100 percent sorting as paper packaging. The new packaging is also more adaptable, resulting in more efficient logistics and fewer emissions. Work is in progress to ensure that suppliers update their vehicle fleets to enable more eco-efficient freight.



T-Emballage Bygg has developed the industry's first fossil-free air and vapour barrier based on green bio-plastic.

EXAMPLE FROM THE BUSINESS

Environmental work at S:t Eriks

The greatest environmental impact comes from carbon dioxide emissions caused by the raw material cement in the value chain. Cement is an important component of concrete. To actively lower its carbon footprint, the business unit has, for many years, worked actively to use cement types with a lower carbon footprint and optimised cement quantities in its recipes.

In February 2020, Therese Kvarnström was appointed sustainability manager at S:t Eriks in order to take this environmental work a step further.

During the year, a number of initiatives were launched to reduce the environmental impact, including a reduction in kg Co_2 from cement/tonne of concrete produced of just over 2 percent compared with the previous year, which was a little above the target. Great focus has been placed on reducing scrapping during the year, which has resulted in a 25 percent reduction compared with the previous year. Since the beginning of 2020, all electricity consumption consists of renewable wind power electricity labelled with the Swedish Society for Nature Conservation's Bra Miljöval eco-label. For the majority of the products, third-party audited and registered EPDs (Environmental Product Declarations) have been produced. The EPDs are a tool to give us and our customers an increased understanding of concrete's environmental impact during different life cycle stages. During 2021, S:t Eriks will continue developing these and other areas in its work to reduce the climate footprint.

Therese Kvarnström
Sustainability manager at S:t Eriks

Diversity and inclusion

Diversity creates a more attractive and long-term profitability and is therefore one of Volati's focus areas. Volati has stakeholders from different cultures and backgrounds, both in the Swedish operations and among the business units, customers and suppliers in other countries. The ability to interact with and manage our stakeholders in the right way is important and requires a diversified workforce that is reflective of the society in which we operate. This helps to ensure strong skills supply, thereby safeguarding Volati's long-term competitiveness.

Volati has a Group-wide HR policy that all business units are required to follow, as a minimum level. The policy establishes the equal value of all people and stipulates that Volati and the business units must ensure fair conditions between individuals and groups. No-one shall suffer discrimination or victimisation, and each business unit must have guidelines and instructions describing how to act should this occur.

The chairmen and CEOs of the business units are responsible for equality work. Equality is an integral part of HR on the agendas of the company boards. As part of the annual work, an equality analysis must be conducted, which includes a current status description, challenges, priorities, measures and follow-up. Volati also ensures an equality perspective in the Group-wide skills development programmes: Volati Academy, Volati Knowledge and Volati Management Program.

Risks

Volati and our business units benefit from a workplace that is inclusive and where differences are welcomed, respected, valued and nurtured. This contributes to ensuring satisfied and productive employees. With an excessively homogeneous workforce, there is a danger of overlooking the potential and benefits offered by diversity and adopting a unilateral approach to risks and opportunities.

In 2020, Volati supported the work of Hand in Hands and Doctors without Borders (MSF) to give people the opportunity for a better life.

EXAMPLE FROM THE BUSINESS

Equality work at Volati

For the last two years, we have been working on our processes related to equality. It should be noted that we have come a long way but we have some way to go before we are satisfied. This includes all aspects of equality such as the shaping of our strategic HR initiatives, selection of candidates, processes and suppliers. For the Group-wide programmes, the stated ambition is to recruit and engage a significant predominance of women. An annual evaluation of the business units' equality work is conducted by Volati's management and reported to the Board.

For Volati Management Program, Volati has achieved a good gender distribution. However, the distribution does not look as good for Volati Academy, the program for management group members, as it reflects the composition of the business units' management groups.

Indicator for diversity, equality and non-discrimination

Gender distribution, Board, Volati AB[1)]

Men, 57% Women, 43%

Gender distribution, Volati Management Program, since 2016

Men, 56% Women, 44%

Gender distribution, employees, total[1)]

Men, 65% Women, 35%

[1)] For a more detailed description, see note 6 on pages 107–109.

Risks and uncertainties

Volati's financial position is dependent on a number of risks, categorised as financial risks and operational risks. Financial risks take the form of financing risk, interest rate risk, credit risk and currency risk, while operational risks are related to effects on the business units' operations, as well as legal and regulatory risks.

Active risk management is necessary for the Volati Group to operate a successful business. The Group has a structured and proactive way of monitoring and minimising the most important risks. Volati applies the definition of risk as "a future event that threatens the Company's ability to achieve its vision, business concept, objectives and strategy". Volati and the business units conduct an annual overall risk assessment aimed at identifying, evaluating and managing risks that could have a negative impact on the Group's vision, business concept, objectives and strategy. The management groups conduct the risk assessment within the following categories: strategic risks, operational risks, compliance risks and financial risks.

Identified risks are then analysed based on the following three criteria:

1. Impact on the business concept, vision and objectives. The rating scale is from "low" to "very serious".
2. Probability that the risk will occur within the planning period. The rating scale is from "unlikely" to "likely".
3. The efficiency of existing control activities is qualitatively evaluated in accordance with separate instructions.

The risks are documented in a uniform format and each year, the business unit's management presents an updated risk analysis to its board and Volati's Group management. Based on the business units' reporting, the CEO identifies the risks affecting the Group's business concept, vision and objectives. The CEO presents an overall risk analysis to the Company's Board annually. Significant changes in the risk situation or major risk exposures are reported to each Board concerned. An action plan for top priority risks is also presented to each business unit's Board and to the Volati Group management and Board.

Financial risks

The main financial risks are *credit risk, liquidity risk, refinancing risk* and *obligations under credit agreements*, *interest rate risk* and *currency risk*. More information about these risks can be found in note 22.

Macroeconomic factors

The Group's business units operate in a number of different sectors. Volati is dependent on market demand for the products and services that are produced and provided by the business units, which in turn are dependent on factors such as functionality and price. Demand is greatly affected by macroeconomic factors that are outside Volati's control, and demand for the Group's products and services may be lower during an economic downturn. Conditions in the global capital market and the economy as a whole affect the Group's operations, earnings and financial position. Factors such as consumption, corporate investments, inflation and the capital market's volatility and mood affect the business and economic climate. A weakening of these conditions in all or some of the Group's markets could have material adverse effects on the Company's operations, earnings and financial position. Pandemics like the one caused by the coronavirus may seriously affect demand for our products and services – in the short term or over a longer period. New rules and regulations adopted in response to a pandemic could also lead to temporary closures of our production sites and sales outlets. Pandemics may therefore have significant negative effects on the Company's operations, earnings and financial position.

Risks related to acquisitions and transfers of companies
A significant part of Volati's strategy involves growth through company acquisitions that either complement or broaden the Group's existing operations. There is a risk of Volati being unable to identify suitable acquisition targets or make acquisitions on acceptable terms. Corporate acquisitions also involve considerable risks in relation to the acquiree. The target company may be affected by unforeseeable costs, such as customer losses, regulatory charges or other unforeseen expenses following the acquisition. This could mean lower returns than expected and unforeseeable capital contributions. Integration costs may also be higher than Volati calculated and expected synergies or efficiency effects may not materialise or be realised to the expected extent. These scenarios may have a negative effect on Volati's operations, earnings and financial position.

Operational risk
All business activities in the Group's business units are subject to the risk of losses due to inadequate action, with the risk of irregularities and/or other internal or external events disrupting or damaging operations. Inadequate operational safety and security may have a significant negative effect on the Group's operations, earnings and financial position. Unauthorised access to information or computer systems can result in data loss. There is also a risk that unplanned interruptions can lead to production loss, revenue shortfalls or delayed deliveries to customers. Several of Volati's business units are dependent on one or more places of business or distribution and warehouse facilities, including supplies of goods from other countries. If one of these establishments were destroyed or closed for some reason, such as storms, floods, other natural disasters, riots, work blockades and industrial actions, fire, sabotage, acts of terrorism or government interventions, or if items of operating equipment or stock were significantly damaged, the business unit concerned would probably have difficulty in distributing its products or services.

Political risk
Volati operates in 16 countries, with the majority of its operations in the Nordic region, and the political and social developments in these countries affect the Group. The Group's operations are affected by developments in the EU's single market, with free movement of goods, services, capital and people within the European Union. Changes in the functioning of the single market or turbulent political and social conditions in Volati's markets may have a negative effect on Volati's operations, earnings and financial position.

Disputes
There is a risk of the Group being involved in disputes. The outcome of such potential disputes may lead to significant expenses for Volati, have an adverse effect on Volati's reputation and distract senior management from their normal activities. If Volati were to be held responsible in a dispute, this could have a material negative effect on the Company's operations, earnings and financial position.

Regulatory risks

Competition law issues
If the Group acts in contravention of applicable competition regulations, this could result in charges and other sanctions for the parties involved. An example of this could be a business unit being deemed as abusing a position of dominance or participating in illicit anti-competitive cooperation in some context. In the case of acquisitions and divestments, the company itself cooperates with counterparties and their advisors to conduct analyses and report on matters pertaining to competition law and other change-of-ownership issues to competition authorities and other relevant government authorities. If such an analysis is inadequate and/or the competition authorities or some other authority calls into question the transactions, analyses and/or reports, this could result in charges for the parties involved and, in certain cases, the invalidation of implemented transactions.

Tax-related risks
Volati conducts its operations in business units located in a number of countries and is affected by the applicable tax regulations at any time in these countries. These include corporate tax, property tax, value-added tax, regulations on tax-free disposal of shares, other governmental and municipal duties, and interest deductions and subsidies.

Tax rules are continuously subject to change by national tax authorities which may affect the Group's earnings and financial position.

Legislative amendments
Laws, directives and regulations or new interpretations that affect Volati's operations could be introduced. These could give rise to increased costs for the Group, which could ultimately affect shareholders' return, or could result in changes to the Group's legal

structure or require a service or product to be changed or discontinued. This in turn could lead to the Company and its shareholders facing increased costs or other detrimental consequences, such as a less favourable tax situation or reduced sales revenues. Such risks could have negative consequences for the Group's operations, earnings and financial position.

Political risk
The Group's business is exposed to general political and social risks in its countries of operation. These risks include potential government intervention and regulations, and potential inflation or deflation.

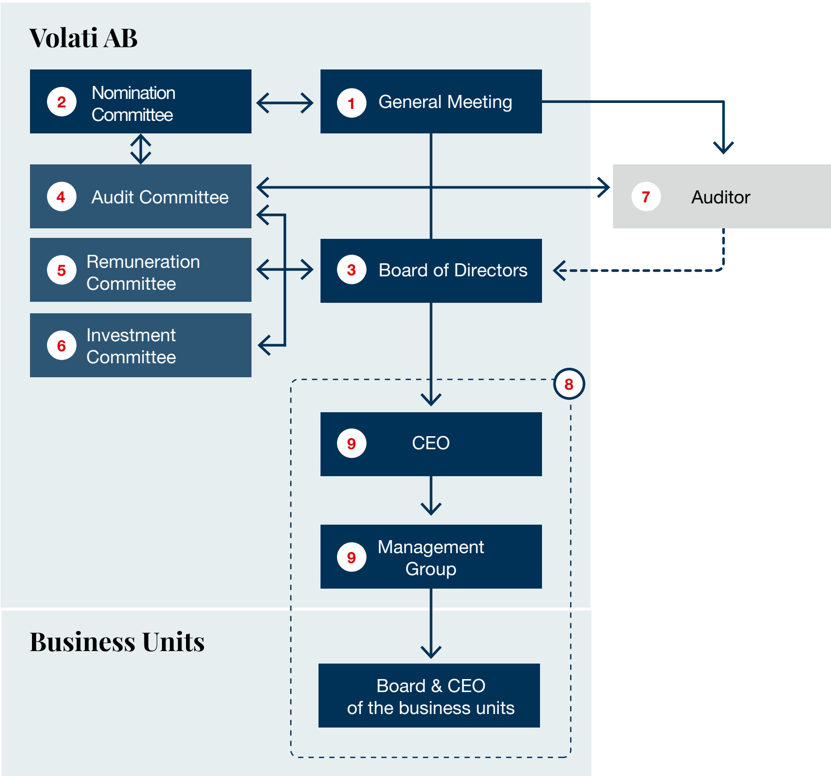
Product liability, product recalls and project liability
Some of the business units manufacture products that could cause personal injury or damage a customer's property if used incorrectly. The business units could thereby be exposed to product liability and requirements for product recall if use of the relevant company's products cause, allegedly cause or are likely to cause injury or material damage. Volati does not have any control of how the products are actually used, and end customers may use them in a way that causes injury or material damage. There is a risk that faults in the Group's products or incorrect use of the products could give rise to product liability. This in turn could result in significant financial obligations and negative publicity, which could have adverse effects on the Company's financial position and earnings. Although Volati takes out customary liability and product liability insurance, there is a risk that Volati's insurance cover may be limited due to, for example, monetary thresholds and excess payment requirements.

Intellectual property rights
The business units' intellectual property rights comprise registered patents and patent applications, registered trademarks and trademark applications, registered designs and domain names. The Group's operations are not deemed to be directly dependent on any individual intellectual property rights. However, there is a risk that competitors may, in various ways, challenge or circumvent the Group's IP protection, which could adversely affect the Group's or the relevant business unit's operations.

Environmental impact
Through its subsidiaries, Volati has certain operations that are environmentally hazardous and notifiable. In addition, some companies operate at properties that have some degree of environmental pollution, while certain companies have operated at properties that have become polluted due to previous activities.

Corporate Governance Report

CORPORATE GOVERNANCE AT VOLATI



Volati AB is a public limited liability company whose ordinary and preference shares are listed on Nasdaq Stockholm. Governance and control of Volati are exercised by shareholders at general meetings and otherwise by the Board, the CEO and other members of management. Governance and control are based on the Swedish Companies Act, the Articles of Association, Nasdaq's Rules, the Swedish Corporate Governance Code ("the Code") and internal rules and regulations. Volati believes that the Company has followed the Code throughout the year without any derogation. The Company's auditors have conducted a statutory review of the corporate governance report.

① General Meeting

The general meeting is Volati's highest decision-making body and it is by participating in general meetings that shareholders exercise their influence. The annual general meeting is held within six months of the end of the financial year. The financial statements are adopted at the AGM and resolutions are passed on matters that include appropriation of the Company's profit, Board and auditor elections, remuneration of Board members and auditors, and other statutory business to be dealt with at the AGM. Notice of the AGM and any extraordinary general meetings must be given in accordance with the Articles of Association. Shareholders who wish to have business dealt with at the AGM should submit a written request to bolagsstamma@volati.se or to Volati AB (publ), attn: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. To guarantee inclusion in the notice of the Annual General Meeting, the request must have been received well in advance of the AGM. Further information on how and when to provide notification of attendance will be published in advance of the Meeting.

Volati's ordinary shares entitle holders to one vote per share, while preference shares carry entitlement to one-tenth of a vote per share. Dividends on preference shares are regulated in the Articles of Association and have priority over ordinary shares. Preference shares represented 2.0 percent of Volati's share capital at the end of the year. As preference shares carry entitlement to one-tenth of a vote, this means that the share of votes in Volati from preference shares corresponds to 0.2 percent.

2020 Annual General Meeting

At the Annual General Meeting on 25 June 2020 at Hotell Birger Jarl in Stockholm, 66,622,487 ordinary shares and 31,676 preference shares were represented, totalling 66,625,654.60 votes, which corresponds to 82.28 percent of the total number of shares and 83.74 percent of the total number of votes in the Company. The minutes are available at www.volati.se/sv/om-volati/bolagsstyrning. The meeting was held in Swedish. All members of the Board and the Group's chief auditor were present at the Meeting.

The AGM decided on the election of the Board and auditors and also passed a resolution not to pay a dividend to ordinary or preference shareholders. The AGM authorised the Board of Directors to decide on acquisitions of the Company's ordinary and preference shares and to decide on transfers of the Company's own preference shares and new issues of preference shares in accordance with the Board's proposal. Under this mandate, the Board may, on one or more occasions during the period until the next AGM, decide on the acquisition of ordinary shares and the acquisition, transfer or new issue of the Company's own preference shares. The acquisition may take place on Nasdaq Stockholm or in accordance with an offer to all preference shareholders to acquire a number of preference shares that results in the Company's holding of its own preference shares amounting to no more than one-tenth of all shares in the Company. The authorisation therefore means that the Board can decide to acquire one-tenth of the ordinary shares or all preference shares in the Company. The purpose of the acquisition, transfer or new issue of own preference shares is to enable an optimised capital structure and to allow the Company to use its own preference shares as payment for or financing of acquisitions of companies or businesses.

EGM, February 2021

At an Extraordinary General Meeting on 2 February 2021, 68,320,328 ordinary shares and 2,640 preference shares were represented, totalling 68,320,592 votes, which corresponds to 84.3 percent of the total number of shares and 85.9 percent of the total number of votes in the Company.

The meeting adopted an extra dividend of SEK 10.00 per ordinary share and SEK 30.80 per preference share.

The minutes are available at www.volati.se/sv/om-volati/bolagsstyrning. The meeting was held in Swedish.

2021 Annual General Meeting

Volati AB's 2021 Annual General Meeting will be held on Wednesday, 28 April 2021. A notice of the Annual General Meeting, including the agenda, is available at www.volati.se.

Due to the Covid-19 pandemic and the restrictions introduced to reduce the spread of infection, the Board has decided that the AGM will be conducted without the physical presence of shareholders, proxies or third parties and that shareholders will have the opportunity to exercise their voting rights by post before the meeting.

② Nomination Committee

The AGM decides on the process for the election of the Board and auditors. The 2020 AGM adopted instructions for the establishment of a nomination committee, which apply until further notice. These instructions require the Nomination Committee to have a minimum of three members, one of whom may be the Chairman of the Board. If the Chairman of the Board is on the Committee,the other members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the two largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – to appoint a representative to serve on the Nomination Committee.

If the Chairman of the Board is not on the Committee, the members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the three largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – to appoint a representative to serve on the Nomination Committee. If any of the shareholders declines the right to appoint a member, the right shall pass to the next largest shareholder.

The Chairman of the Nomination Committee is the member representing the largest shareholder by votes, unless the members agree otherwise. However, neither the Chairman of the Board nor any other Board member may serve as Chairman of the Nomination Committee. At least one member of the Nomination Committee must be independent of the largest shareholder of the Company in terms of votes or group of shareholders that collaborates on the Company's management. Should a shareholder represented on the Nomination Committee reduce its ownership so that the shareholding would no longer qualify them to appoint a member of the Nomination Committee, the member appointed by the said shareholder shall, if the Nomination Committee so decides, be asked to stand down and another of the Company's shareholders shall be invited to appoint a member in their place as described above. Should a shareholder not represented on the Nomination Committee increase its ownership so that the shareholding would qualify them to appoint a member of the Nomination Committee (and this shareholder is not in connection herewith invited to appoint a member of the Nomination Committee on the basis of what is set out in the previous sentence) such shareholder shall, if the Nomination Committee so decides, be invited to appoint a member without necessitating the resignation of a member appointed by another shareholder. However, the number of Nomination Committee members must never exceed six (6) and already elected members will take precedence in this context. Shareholders who have appointed a member of the Nomination Committee have the right to substitute such member for another to serve as a member of the Nomination Committee, and if a member leaves the Nomination Committee before the new Nomination Committee has been formed, the shareholder who appointed the member shall have the right to appoint a replacement.

The composition of the Nomination Committee must be announced no later than six months prior to the AGM. The Nomination Committee's mandate period extends until a new Committee has been formed. The Nomination Committee's tasks are to prepare and submit proposals to the AGM for: the Meeting Chairman, Board members, Chairman of the Board, fees to the Chairman and individual Board members, other remuneration for Board assignments, fees to the Company's auditor and, where applicable, the election of an auditor. The Nomination Committee also prepares and recommends principles for the composition of the Nomination Committee. Shareholders are given the opportunity to submit nomination proposals to the Nomination Committee.

The Nomination Committee for the 2020 Annual General Meeting consisted of three members. Carin Wahlén, representing Patrik Wahlén, led the Nomination Committee's work. In the nomination work prior to the 2020 AGM, the Nomination Committee assessed both the composition and size of the current Board, and the Volati Group's operations. Special emphasis was placed on Volati's strategies and objectives, and what the Group's future direction is expected to mean for the Board. As a diversity policy, the Nomination Committee has applied point 4.1 of the Code, taking into account that the Board must have an appropriate composition, characterised by diversity and breadth with regard to Board members' skills, experience and background, that is appropriate to Volati's operations, stage of development and other circumstances. The Nomination Committee also worked on the goal of achieving a balanced gender distribution on the Board. The Nomination Committee recommended the re-election of Patrik Wahlén as Chairman of the Board and the re-election of Karl Perlhagen, Björn Garat, Louise Nicolin, Christina Tillman, Anna-Karin Celsing and Magnus Sundström as Board members for the period up to the end of the next AGM. After the election at the 2020 AGM, three of the seven meeting-elected Board members are women (the CEO is not included in the total number of Board members). A report on the work of the Nomination Committee was submitted in the Nomination Committee's explanatory statement which was published prior to the 2020 AGM.

Nomination Committee for the 2021 AGM

On 21 October 2020, the Company published the composition of the Nomination Committee for the 2021 AGM: Carin Wahlén (chair) representing Patrik Wahlén, Jannis Kitsakis representing Fjärde AP-fonden, and Karl Perlhagen representing himself.

Shareholders wishing to submit proposals to the Nomination Committee can do so at the Company's address or by e-mail to bolagsstamma@volati.se.

The AGM decides on the following:

- Adoption of the Annual Report.
- Dividend.
- Discharge from liability for Board and CEO.
- Election of Board members and, if applicable, auditors.
- Remuneration of the Board and auditors.
- Guidelines for remuneration of Group management.
- Other important business.

The Nomination Committee's tasks include submitting recommendations to the next AGM concerning:

- Chairman of the Meeting.
- Board members including number of members.
- Chairman of the Board.
- Fees to Board members.
- Other remuneration for Board tasks and any committee work.
- Election of auditors, if applicable, and auditor's fees.
- Changes to the Nomination Committee's instructions, as required.

③ Board of Directors

According to the Articles of Association, the Board of Directors of Volati shall consist of a minimum of three and a maximum of ten ordinary members. The Articles of Association do not contain any provisions on the appointment or dismissal of Board members or amendments to the Articles of Association.

The Board and the Board's work

The Board's overall task is to manage the Company's affairs and be responsible for its organisation on behalf of shareholders. The Board's work is led by its Chairman. The Board holds an annual statutory meeting following the AGM. In addition to this, the Board is required to meet at least five times annually. At the statutory Board meeting, the Company's signatories are appointed, and the Board's formal work plan, instructions for the CEO and the Board's instructions on reporting to the Board (referred to as the reporting instruction) are reviewed and adopted. The Company's Board meetings deal with business such as the Company's financial situation, acquisition-related matters, evaluation of the business units and other relevant issues concerning Group companies. The Company's auditor attends and reports at the Board meetings at least once a year and more often when necessary.
A quorum of the Board is attained when more than half of the members are present. At present, Volati's Board consists of seven members. Sixteen meetings of the Volati Board were held in 2020. Board members' attendance is presented in the table on page 77.

The Board has decided to perform an annual evaluation of the Board's work, whereby Board members are able to give their views on forms of work, Board materials, their own and other members' input, and the scope of the assignment. According to the evaluation, the work of the Board is considered to be functioning very well. All Board members are seen to be contributing constructively to strategic discussions and governance, and the discussions are viewed as open and dynamic. Dialogue between the Board and management is also considered to be very good.

Composition of the Board

Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK million)	Meeting attendance in 2020	Meeting attendance, Audit committee 2020
Patrik Wahlén	Chairman	2006	No	No	0.5	16/16	4/4
Karl Perlhagen	Member	2003	No	No	0.2	16/16	–
Björn Garat	Member	2015	Yes	Yes	0.2	16/16	–
Louise Nicolin	Member	2016	Yes	Yes	0.2	16/16	–
Christina Tillman	Member	2016	Yes	Yes	0.2	16/16	–
Anna-Karin Celsing	Member	2018	Yes	Yes	0.3	16/16	4/4
Magnus Sundström	Member	2018	Yes	Yes	0.3	16/16	4/4

Board of Directors

Board of Directors

1. Patrik Wahlén
2. Karl Perlhagen
3. Björn Garat
4. Louise Nicolin
5. Christina Tillman
6. Anna-Karin Celsing
7. Magnus Sundström

1. Patrik Wahlén

Chairman of the Board since 2018, Board member 2005–2017. Born 1969.

Education: Business and Economics studies at Lund University.

Background: Patrik founded Volati in 2003 together with Karl Perlhagen. He has previously worked for Kemira Group and Ernst & Young Management Consulting AB.

Shareholding in the Company: 19,356,283 ordinary shares.

2. Karl Perlhagen

Chairman of the Board 2005–2017, Board member since 2018. Born 1970.

Education: Business and Economics studies at Lund University.

Other assignments: Chairman of the Board of Fridhem Fastighetsutveckling AB and Ullna Golf AB, Board member of Italo Invest AB (and assignments in subsidiaries of Italo Invest AB) and KPVS Holding AB.

Background: Karl founded Volati in 2003 together with Patrik Wahlén, having previously founded Cross Pharma AB.

Shareholding in the Company: 34,440,000 ordinary shares and 309,190 preference shares (through companies).

3. Björn Garat

Board member since 2015. Born 1975.

Education: B.Sc., International Economics, Linköping University.

Other assignments: CFO and Deputy CEO at AB Sagax (and assignments in subsidiaries of AB Sagax), Board member of Manolo Holding AB and Paco Holding AB, and deputy Board member of LMG Distribution Aktiebolag.

Background: Partner and Head of Corporate Finance at Remium Nordic AB and financial analyst. CFO and Deputy CEO at AB Sagax since 2012.

Shareholding in the Company: 45,855 ordinary shares.

4. Louise Nicolin

Board member since 2016. Born 1973.

Education: M.Sc. Engineering, Uppsala University, eMBA, Stockholm University, and International Directors Programme at INSEAD.

Other assignments: Chairman of the Board of AB Better Business World Wide, Board member of VBG Group AB (publ), Enzymatica AB, Seafire AB (publ), Atterviks Bil AB and Optinova Holding AB.

Background: Since 2011, Louise has run Nicolin Consulting AB, focusing on business development and quality assurance. Previously worked as Business Unit Manager and Consultant Manager at PlantVision AB.

Shareholding in the Company: 16,642 ordinary shares (including family).

5. Christina Tillman

Board member since 2016. Born 1968.

Education: B.Sc. in Business and Economics, Stockholm University.

Other assignments: Chairman of the Board of NF11 Holding AB, Board member of Corem Property Group AB (publ), Grimalid Industri AB, Cycleurope AB, Clean6 Holding AB, and Deputy Board member of Kattvik Financial Services Aktiebolag and Stocksunds Fastighets AB.

Background: Christina's previous roles include among others CEO of Odd Molly International AB and Gudrun Sjödén Group AB.

Shareholding in the Company: 6,000 ordinary shares.

6. Anna-Karin Celsing

Board member since 2018. Born 1962.

Education: MBA, Stockholm School of Economics.

Other assignments: Board member of Carnegie Investment Bank, Landshypotek Bank AB, Lannebo Fonder AB, OX2 Group and Peas industries AB. Tim Bergling Foundation, Stiftelsen Beckmans Designhögskola.

Background: Head of Investor Relations at Swedbank, Head of Communications at Ratos AB, Director of Swedish Financial Supervisory Authority. Various advisory roles and directorships within strategy, finance and corporate governance.

Shareholding in the Company: 9,000 ordinary shares and 700 preference shares.

7. Magnus Sundström

Board member since 2018. Born 1954.

Education: M.Sc., Industrial Economics, Linköping University.

Other assignments: CEO and owner of 1909 Gruppen AB and joint owner (50%) of B2B IT-Partner AB.

Background: Board member and Chairman of Tricorona AB.

Shareholding in the Company: 634,758 ordinary shares and 29,739 preference shares through associated company.

Management Group

Management Group

1. Mårten Andersson
2. Lars Ingman
3. Andreas Stenbäck
4. Håkan Karlström
5. Nicklas Margård
6. Maria Edsman

1. Mårten Andersson

CEO since 2014. Born 1971.

Education: B.Sc. in Business and Economics, Lund University and General Manager Program at Harvard Business School.

Other assignments: –

Background: Mårten previously served as CEO of Försäkringsbolaget Skandia and has held a number of international positions at Skandia.

Shareholding in the Company: 2,511,532 ordinary shares and 1,887 preference shares.

2. Lars Ingman

Interim Finance Manager since September 2020. Born 1960.

Education: Economics studies at Uppsala University.

Other assignments: –

Background: Lars has previously worked as CFO at Onemed AB, Cederroth AB, Evidensia Djursjukvård AB and other companies.

Shareholding in the Company: –

3. Andreas Stenbäck

CFO/CIO since 2019. Born 1979.

Education: M.Sc., Royal Institute of Technology, and B.Sc. in Business Administration and Economics, Stockholm University.

Other assignments: –

Background: Andreas has previously worked at Keystone Advisers and MCF Corporate Finance.

Shareholding in the Company: 2,800 ordinary shares. Purchase option for 800,000 ordinary shares.

4. Håkan Karlström

Head of Business Area Salix Group since 2018. Born 1961.

Education: Business and Economics studies at Lund University.

Other assignments: –

Background: Håkan was CFO for Salix Group in the period 2015–2018. Prior to that, he was CFO in the business area's former ownership sphere from 1996.

Shareholding in the Company: 30,000 ordinary shares, 7,000 ordinary shares through companies, 1,060 preference shares (via pension insurance), 2 percent of the shares in Salix's parent company Volati Handel.

5. Nicklas Margård

Head of Business Area Industry since 2017. Born 1969.

Education: Studied Economics at Lund University. MBA Studies at Concordia University, Montreal, Canada.

Other assignments: –

Background: Nicklas was CEO of Besikta Bilprovning in the period 2014–2017 and has served on the Board of Tornum since 2005. Nicklas previously worked as CEO of John Bean Technologies AB and was also responsible for Asia at JBT FoodTech.

Shareholding in the Company: 170,000 ordinary shares, and 2 percent of the shares in Industry's parent company Volati Industri.

6. Maria Edsman

Head of Business Area Akademibokhandeln since 2018. Born 1968.

Education: M.Sc. in Business Administration, Stockholm School of Economics and studies at University of Chicago Business School

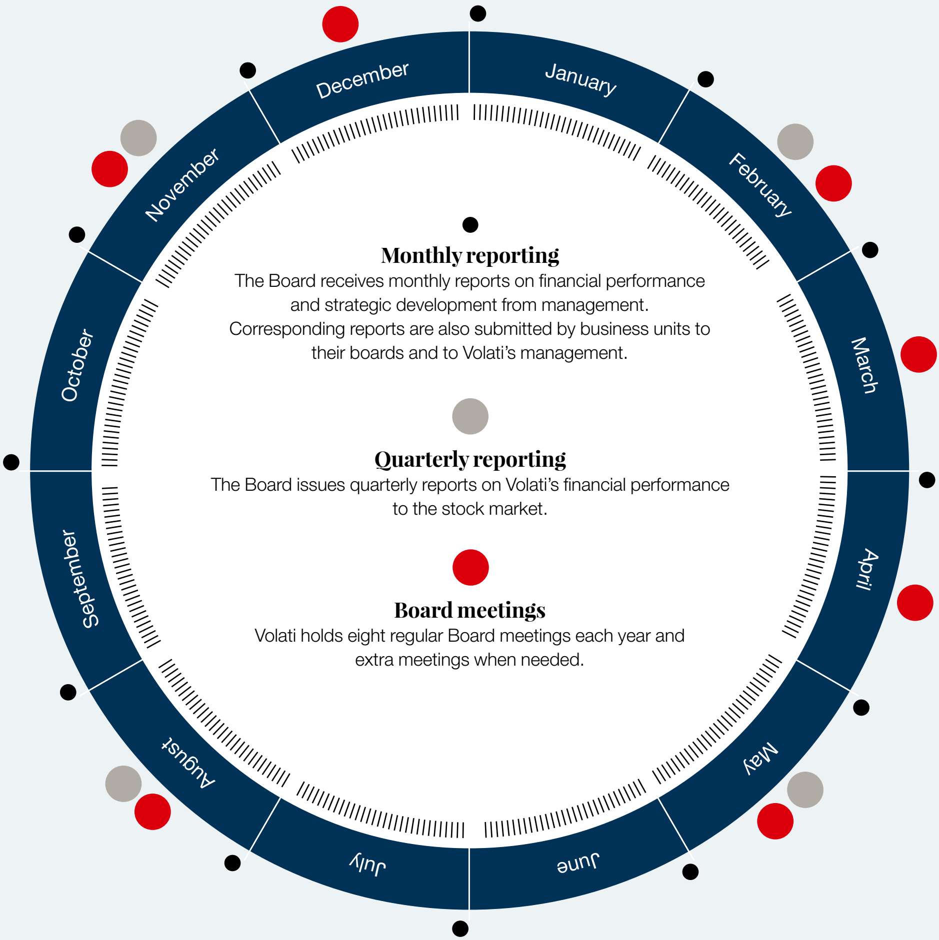
Other assignments: Board member of Rusta AB.

Background: Maria was previously Retail Director at Akademibokhandeln, CEO of Polarn O. Pyret and CEO of Brothers & Sisters.

Shareholding in the Company: 0.75 percent of the shares in Akademibokhandeln.

Clear and methodical follow-up

Volati has an annual calendar scheduling selected topics for discussion by the Board at each Board meeting. Correspondingly, Volati's management has an annual calendar with Board meetings for each business unit.



Monthly reporting

The Board receives monthly reports on financial performance and strategic development from management. Corresponding reports are also submitted by business units to their boards and to Volati's management.

Quarterly reporting

The Board issues quarterly reports on Volati's financial performance to the stock market.

Board meetings

Volati holds eight regular Board meetings each year and extra meetings when needed.

4 *Audit Committee*

The Board has established an Audit Committee. The Audit Committee consists of three members, Magnus Sundström (Chairman), Patrik Wahlén and Anna-Karin Celsing. The Committee always includes the Chairman of the Board, but the Committee Chairman must be a member who is independent of the Company and its shareholders. The Audit Committee shall fulfil the tasks specified in the Swedish Companies Act and the Auditing Ordinance. These obligations mainly include the following tasks:

- monitoring the Company's financial reporting and making recommendations and proposals to ensure the reliability of the reporting;
- monitoring the efficiency of the Company's internal control, internal audit and risk management in the area of financial reporting;
- staying informed about the audit of the annual accounts and consolidated accounts, and the conclusions of the quality control by the Supervisory Board of Public Accountants (Revisionsnämnd);
- informing the Board of the results of the audit, how the audit contributed to the reliability of financial reporting and what was the Committee's function;
- examining and monitoring the auditor's impartiality and independence and in doing so, noting in particular whether the auditor provides the Company with services other than audit services;
- assisting in the preparation of proposals for resolution on the appointment of auditors at general meetings; and
- preparing the Board's decisions in the above matters.

5 *Remuneration Committee*

The Board has decided not to establish a remuneration committee, as the Board considers it more appropriate for the full Board to carry out the tasks incumbent on a remuneration committee in accordance with the Swedish Companies Act and the Code.

In terms of remuneration matters, this means that the Board will:

- prepare decisions on matters concerning remuneration principles, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration of senior executives; and
- monitor and evaluate the application of the guidelines for remuneration of senior executives, which are legally required to be decided on at the AGM, and remuneration structures and remuneration levels in the Company.

6 *Investment Committee*

The Board has established an Investment Committee. The Investment Committee consists of Chairman of the Board Patrik Wahlén (Chairman), Board member Karl Perlhagen, CEO Mårten Andersson and CFO Andreas Stenbeck. The Investment Committee's primary task is to examine and ensure the quality of decision-support material for acquisitions and divestments. In addition, the Committee has been given an investment and divestment mandate authorising it to make decisions on the acquisition and divestment of shares or operations of up to SEK 100 million per acquisition or divestment for the Group as a whole.

The Board appoints the members and Chairman of the Investment Committee, which must consist of a minimum of three and maximum of five members. The Investment Committee meets as necessary, and minutes of the meeting are kept.

7 *Audit*

An auditor is appointed annually by the AGM. The auditor's tasks are, on behalf of the shareholders, to audit Volati's annual accounts and consolidated accounts, and to examine the corporate governance report and administration of the Board of Directors and CEO. The audit process and audit report are presented at the AGM. At the 2020 AGM, Ernst & Young Aktiebolag (EY) was elected as the auditing firm until the next AGM. EY has appointed Rickard Andersson as chief auditor. Auditor's fees are paid in accordance with a separate agreement made in accordance with the AGM's decision. In 2020, the Parent Company's audit fees to EY were SEK 1 million, the Group's fees were SEK 7 million and fees for Other auditing services were SEK 1 million.

8 *Volati's operational model*

Volati's operational model is based on decentralised governance of the business units, which means that daily decision-making takes place in the operations, with limited involvement by Group management. The Group's strategy and governance model are based on the vision of being the best owner of medium-sized companies. This will be achieved by preserving the companies' independence while the Group creates long-term conditions and support for change. This is mainly accomplished through six areas: decentralised leadership, corporate governance, strategic capital allocation, strategic HR, expertise and business tools, and support related to acquisitions. Volati has a flexible organisation which facilitates fast decision-making. A decentralised governance model creates a high level of entrepreneurship in the business units, provides a clear responsibility framework and helps to ensure that Volati can continue to grow with limited central resources. Volati believes that decentralised leadership is a key success factor for a scalable business model with several business units operating in different sectors. A strong focus on local entrepreneurship creates the right conditions for effective and informed decisions. In order to secure value creation throughout Volati, a vision and a long-term strategy are developed for each business unit. The long-term strategy is given concrete form through action plans and clear financial targets that are continuously monitored. The financial targets for each business unit are focused on value creation and include growth, EBITDA margin, cash conversion and return on capital employed.

Decentralised leadership involves great responsibility and confidence in the business units' management, both in terms of delivering results and upholding Volati's values. Achievement of goals is ensured by creating clear incentives, such as part ownership, and facilitating career development for the Group's employees.

Corporate governance at Volati

To create conditions for value creation in a decentralised business model, Volati focuses on maintaining a high level of professional corporate governance within the Group.

Group management governs, controls and monitors the Group's operations. This is primarily done by appointing business area managers, and CEOs and boards for several of the business units, and also by continuously monitoring developments as part of normal board work and monthly reporting from the business units. The boards of the business units comprise one or more individuals from Group management, including the business area manager and, where applicable, external board members. The business area manager is the chairman of the business unit's board.

The Board meets in accordance with a carefully planned schedule aimed at maximising the business unit's long-term potential and maintaining profitability, even in a short-term perspective. Four annual Board meetings that deal with various matters are combined with monthly reports to follow up strategic and financial targets.

In addition to a well-established calendar of Board meetings, Volati has introduced a structured model for following up results which permeates the entire Group and each business unit. Monthly Board reports and meetings are complemented by informal contacts between Group and business unit management on a daily basis, continuous risk assessment of the business unit, and annual assessments of profitability, market outlook and long-term strategy. Group management and the business area manager hold monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

9 *CEO and Management Group*

Volati's CEO is responsible for the Company's day-to-day management in accordance with the rules of the Swedish Companies Act, and the instructions for the CEO and the reporting instruction established by the Board. The CEO's responsibilities include acquisitions and divestments, human resources, financial and accounting matters, and regular contact with the Group's stakeholders and the financial market. In addition, the CEO prepares delegation regulations for the Group's senior executives, and also employs and dismisses senior executives and establishes their terms and conditions (within the scope of the guidelines adopted by the AGM).

The CEO reports to the Company's Board and implements the Board's decisions. The CEO ensures that the Board, in accordance with the current reporting instruction, receives the information it needs in order to make informed decisions. The CEO also ensures that the Board is presented with matters that are required to be addressed by the Board under applicable legislation, the Articles of Association and internal policies and guidelines. The CEO attends and reports at all Board meetings, apart from occasions when the CEO is under evaluation by the Board and when the Board meets the Company's auditor without the presence of members of Company management.

The CEO has appointed a Group management that has day-to-day responsibility for different operations. In addition to the CEO, Group management consists of Volati's CFO, Finance Manager and the Heads of Business Areas. Group management meets regularly to manage and monitor current projects, Group-wide development issues and organisational matters.

Guidelines for remuneration of senior executives

The AGM on 25 June 2020 adopted guidelines for the remuneration of senior executives at the date of the AGM. The guidelines apply to remuneration that is agreed, and changes to already agreed remuneration, after the date on which the guidelines were adopted by the AGM.

The basic principle is that senior executives' remuneration and other employment terms and conditions must be competitive in order to ensure that the Group is able to attract and retain qualified employees. Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance. Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies. For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration. The AGM may decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders. Other forms of remuneration and benefits, such as pension benefits, company car and health insurance, must be market-based. The total remuneration during the period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months.

The Board is entitled to deviate from the above guidelines if this is justified by special circumstances in individual cases. Any such deviation from the guidelines must be reported, with reasons for the deviation, in the remuneration report that the Board is required to make available to shareholders on Volati's website no later than three weeks before the AGM in accordance with Chapter 8, section 53a, of the Swedish Companies Act (2005:551).

The guidelines for remuneration of senior executives set out below were adopted by the 2020 AGM, in accordance with Chapter 7, section 61, and Chapter 8, sections 51–53, of the Swedish Companies Act and the Swedish Corporate Governance Code, to apply until further notice (but not beyond the 2024 AGM).

In this context, the term senior executives refers to the CEO of Volati AB and the other members of Group management.

The guidelines' promotion of the Company's business strategy, long-term interests and-sustainability

Volati's business strategy, in brief, is aimed at creating value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and developing them with a focus on long-term value creation. More detailed information about Volati's strategic priorities is provided in the Company's annual report and on the Company's website.

Successful implementation of Volati's business strategy and safeguarding of its long-term interests is dependent on Volati being able to recruit, develop and retain senior executives with relevant experience, expertise and qualified leadership skills. It is therefore important for Volati to be able to offer its senior executives a competitive total remuneration.

On this basis, the Company shall endeavour to offer its senior executives conditions that are market-based and motivating, as well as well-balanced and reasonable based on the competence, responsibility and performance of the senior executives.

The remuneration guidelines are intended to provide a clear framework for remuneration of Volati's senior executives so that conditions can be formulated that benefit Volati's business strategy and long-term interests, including its sustainability, lasting growth and profitability.

Forms of remuneration

Remuneration may take the following forms:

- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

Guidelines for fixed remuneration
Each senior executive shall receive fixed cash remuneration, i.e. a fixed monthly basic salary. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance.

Guidelines for variable remuneration
Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies.

For variable remuneration, limits for the maximum payment shall be set for each individual senior executive concerned. Variable remuneration is paid in arrears and is conditional on the fulfilment of the linked targets or criteria. It shall also be shown to be sustainable in the long term and shall not have any material detrimental effect on Volati's position.

The AGM may also decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders.

Whether the agreed targets or criteria for variable remuneration have been achieved will be determined when the relevant measurement period has ended. The Board is responsible for any evaluation of variable remuneration paid to the CEO. The CEO is responsible for any evaluation of variable remuneration paid to the senior executive concerned. For financial targets, the evaluation shall be based on Volati's most recently published financial information.

For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration.

Guidelines for pension benefits
Pension benefits shall generally be paid in accordance with rules, collective agreements (which may involve a right to early retirement), and, if relevant, practice in the country where the senior executive resides permanently. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Pension benefits shall be defined-contribution, unless the individual in question is covered by a defined-benefit pension in accordance with compulsory collective agreement provisions. Pension benefits are vested when they have accrued. Variable remuneration shall only form the basis for pension benefits if it follows from compulsory collective agreement rules.

For each senior executive concerned, defined-contribution pension benefits may represent a maximum of 33 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 19 percent of the total remuneration.

Guidelines for other benefits
Senior executives may be entitled to both general benefits offered to all employees and additional benefits. The benefits contribute to attracting and retaining qualified employees. Examples of other benefits that may be received by senior executives include car allowance, health insurance, household-related services and financial protection for family/survivors.

For each senior executive concerned, other benefits may represent a maximum of 15 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 9 percent of the total remuneration.

Guidelines for termination and severance pay
Employment contracts between Volati and its senior executives are normally permanent. The contracts may be terminated without objective grounds by either party. Salary during the period of notice and any severance pay due shall generally be in accordance with rules, collective agreements and practices. In addition, the following shall apply: If Volati terminates the employment, the period of notice shall not exceed 12 months. In addition, severance pay based on fixed monthly salaries may be paid for a maximum of 12 months. The total remuneration during the

period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months. If termination of employment is at the senior manager's request, the period of notice shall not exceed six months and severance pay shall not be paid. If Volati chooses to apply a non-compete agreement in certain cases, fixed remuneration may be paid during the relevant period.

Consideration of remuneration and terms of employment for other employees

In preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for Volati's other employees have been taken into account by ensuring that information about the Company's total salary costs and other personnel expenses is included in the Board's support material for these guidelines. This information is also included in the Board's annual remuneration report, which will be issued for the first time in 2021.

Decision-making process for establishing, reviewing and implementing the guidelines

The Volati Board or the Remuneration Committee, if such a committee has been established by the Board to fulfil its tasks, shall follow and evaluate the application of the guidelines for remuneration of senior executives, current programmes and programmes completed during the year for variable remuneration paid to senior executives and applicable remuneration structures and remuneration levels within Volati.

The Board shall prepare a remuneration report for each financial year and make the report available to shareholders on Volati's website no later than three weeks before the AGM.

If a Remuneration Committee is established by the Volati Board, it shall prepare the Board's proposal for guidelines for remuneration of senior executives. Every four years, or earlier if there is a need for significant amendments to the guidelines, the Board shall prepare proposed guidelines for resolution by the AGM, and if the Board has established a Remuneration Committee, the committee's recommendation in this regard shall form the basis for the Board's proposal. The Meeting shall decide on the proposal.

The guidelines shall apply to each remuneration obligation to senior executives, and any change to such obligation, decided after the meeting at which the guidelines were adopted. The guidelines do not therefore have any effect on previously binding contractual obligations. The guidelines shall apply until the new guidelines are adopted by the AGM and made available to the public on Volati's website.

When the Board considers and decides on remuneration-related matters, the CEO and other members of Group management are not present, insofar as they are affected by the matters.

Right to decide on deviations from these guidelines

On occasions, the Board may decide to deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to meet Volati's long-term interests, including its sustainability, or to ensure Volati's financial viability. As stated above, the tasks of any Remuneration Committee appointed include preparing the Board's decisions in the area of remuneration, including decisions to deviate from the guidelines. In its annual remuneration report, the Board shall report and explain any deviations.

Review of the guidelines, changes and explanation of how shareholders' views have been considered

These guidelines were adopted by the Annual General Meeting in 2020, and shareholders did not have the opportunity to comment on the guidelines over and above their normal right to make proposals before the Annual General Meeting.

Internal control and risks

In accordance with the Swedish Companies Act, the Board is responsible for the internal control and governance of the Company. In order to maintain and develop a functioning control environment, the Board has adopted a number of fundamental documents of key importance to financial reporting. These include the Board's formal work plan, the instructions for the CEO and the reporting instruction. In addition, a functioning control environment requires an established structure with continuous supervision. The main responsibility for day-to-day maintenance of the control environment lies with the Company's CEO. The CEO reports to the Company's Board on a regular basis. This is done in accordance with the current reporting instruction and the procedures set out below.

To ensure a relevant level of control, the Company's Group management and each business unit establish a number of control activities to counteract the most significant risks identified in the risk analysis. These control activities serve as a basis for determining the minimum level of control that must be established and functioning within the Group and the relevant business unit.

The Group and business unit keep a list of identified risks and the control activities that must be established in order to counteract the risks, together with a description of how the control activities are monitored efficiently.

A self-assessment of minimum requirements is conducted annually and reported to the Board of each business unit. The CEO of each business unit is responsible for the self-assessment process. The CEO compiles an annual summary of the main conclusions from the business units' self-assessments for the Company's Board.

Volati has not appointed an internal audit function, as this is not considered necessary for maintaining internal control. The corresponding tasks will be conducted instead by management, the boards and external auditors.

Process for financial reporting

Volati has a Group-wide reporting system, Ocra, for all business units. The business units also have separate accounting systems that are customised to their particular operations. Each business unit reports on a monthly basis via Ocra.

Reporting from the business units

Volati has a fixed schedule for financial reporting, with all companies submitting a complete monthly report package comprising an income statement, balance sheet, cash flow, specific notes, employment matters and investments. In addition, qualitative comments from each business unit or business area are also submitted. The reporting is implemented based on the relevance for each business unit or business area, with the aim of allowing for efficient monitoring and analysis. The report package complies with laws, regulations and accounting practice. Volati works continuously to provide training for the business units and further develop the reporting process, in order to streamline the processes and improve data for the analysis of operations in a cost-efficient way.

2 Qualitative comments from the business units

Each unit submits monthly qualitative comments on developments in the last month in the areas of financial performance and specific strategic initiatives. The reports are submitted to Volati's management and to each business unit's board. Group management and the business area manager hold monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

3 Reconciliation

When Volati has received the reports, a reconciliation process is conducted to ensure that the reporting was done correctly and implemented in a technically correct way. The reconciliation is performed by Volati's function for consolidated financial statements.

4 Analysis

Volati's management analyses the reporting based on the available knowledge about each business unit and, together with the business area manager, holds monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

5 Consolidation

Any deviations identified in the compilation of legal and operational monitoring or the analysis and reconciliation process are rectified following dialogue with the business unit. The consolidation process comprises the reconciliation of equity, intra-Group transactions, tax, investments and cash flow.

6 Reporting to the Board

Volati's management submits monthly reports to the Board on the Group's financial performance, information about the Group's development, the financial position, ongoing projects and certain specific key figures. The Board continuously monitors financial performance against Volati's financial targets. The

Board receives more comprehensive material prior to each regular Board meeting, which may contain additional in-depth data about issues relevant to the theme for the meeting.

7 External reporting (quarterly)
Volati publishes quarterly reports and press releases. The Annual Report is printed and sent to all major shareholders, employees, subscribers and other stakeholders, as well as to potential acquisition targets and business partners. Current and previous financial reports are available on the Company's website.

The Company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR) which contains strict requirements on how companies handle inside information. These include how inside information is to be disclosed to the market, under what circumstances disclosure may be postponed and in what way a company is obliged to keep a list (log book) of people who work for the company and who have access to inside information.

Volati uses the StrictLog digital tool to ensure that its management of inside information meets the requirements of MAR and the Company's insider policy – all the way from the decision to postpone publication of inside information to the notice being submitted to Swedish Financial Supervisory Authority when the insider event is over and the information has been made public. Only authorised persons in the Company may access StrictLog.

8 Audit
EY is the auditor for the Parent Company and Group as a whole. Although the business units have EY as their local auditor, there are a few exceptions for some of the business units' minor subsidiaries that are newly acquired or based outside Sweden. In the autumn, the auditor conducts a review of internal control and management, which is reported to the business units and Volati's management. For the year-end report, an audit is performed in December and the auditors are present for physical inventory counts. Meetings are also held with Volati's accounting function to discuss accounting estimates and other relevant issues during the audit of the year-end report. The auditor submits significant auditors' notes to the Board of Directors and the auditor attends Board meetings as required. The audit reporting process includes a traffic-light system whereby the observations are graded by risk, materiality and control. Each business unit draws up an action plan to ensure that the auditors' notes are addressed. During the next review of internal control and management, the auditor checks that actions have been taken.

Consolidated Income Statement

SEK million	Note	2020	2019
Operating income			
Net sales	3	6,696	5,938
Operating expenses			
Raw materials and supplies		–4,182	–3,672
Other external costs	7	–452	–431
Personnel expenses	6	–1,239	–1,150
Other operating income	2	10	30
Other operating expenses	2	–18	–5
Gain on disposal	4	–	0
EBITDA		**815**	**711**
Depreciation/amortisation excluding acquired surplus values.	11, 12, 13	–328	–323
EBITA		**488**	**388**
Acquisition-related amortisation	11, 12, 13	–50	–43
Operating profit		**437**	**345**
Finance income and costs			
Finance income	8	17	13
Finance costs	8	–114	–93
Profit before tax		**340**	**265**
Tax	9	–77	–21
Profit for the year from continuing operations		**263**	**245**
Profit from discontinued operations		714	–247
Net profit		**977**	**–2**
Profit for the year attributable to:			
Owners of the Parent		967	74
Non-controlling interests		10	–77
Basic and diluted earnings per ordinary share, continuing operations, SEK	10	2.37	2.17
Basic and diluted earnings per ordinary share, SEK	10	11.37	0.13

Consolidated Statement of Comprehensive Income

SEK million	Note	2020	2019
Net profit		**977**	**–2**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Reversal of translation differences attributable to divested operations		7	–18
Translation differences for the year	22	–18	11
Total		–12	–8
Other comprehensive income for the year		**–12**	**–8**
Total comprehensive income for the year		**966**	**–10**
Total comprehensive income attributable to:			
Owners of the Parent		955	66
Non-controlling interests		11	–77
Total comprehensive income for the year attributable to owners of the Parent has arisen from:			
Continuing operations		234	228
Discontinued operations		721	–162
		955	**66**

Consolidated Statement of Financial Position

SEK million	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Intangible assets	11	2,413	2,853
Property, plant and equipment	12	299	336
Right-of-use assets	13	772	832
Other non-current financial assets	14	2	2
Other shares and interests	14	5	4
Deferred tax assets	9	35	58
Total non-current assets		**3,526**	**4,086**
Current assets			
Inventories	15	969	865
Trade receivables	22	698	574
Current tax receivables		7	8
Other current receivables		45	46
Prepayments and accrued income	16, 19	101	128
Cash and cash equivalents	22	1,160	447
Total current assets		**2,979**	**2,070**
Total assets		**6,506**	**6,156**
EQUITY AND LIABILITIES			
Equity	1		
Share capital		10	10
Other paid-in capital		1,995	1,995
Other reserves		14	44
Retained earnings, including net profit		1,200	301
Equity attributable to owners of the Parent		3,219	2,351
Non-controlling interests		16	10
Total equity		**3,235**	**2,361**
Liabilities			
Non-current interest-bearing liabilities	17, 22	603	599
Non-current lease liabilities	13, 22	556	579
Non-current non-interest-bearing liabilities	22	156	56
Pension obligations		2	2
Warranties and other provisions	19, 20	8	4
Deferred tax	9	282	290
Total non-current liabilities		**1,606**	**1,531**
Current interest-bearing liabilities	17, 22	0	689
Current lease liabilities	13	214	225
Advances from customers	19	65	62
Trade payables		711	706
Current tax liabilities		86	48
Derivatives	22	0	0
Accruals and deferred income	21	407	354
Other current liabilities		180	183
Total current liabilities		**1,664**	**2,266**
Total liabilities		**3,270**	**3,796**
Total equity and liabilities		**6,506**	**6,156**

For information on the Group's pledged assets and contingent liabilities, see note 23.

Consolidated Cash Flow Statement

SEK million	Note	2020	2019
Operating activities			
Profit before tax including discontinued operations		1,073	34
Adjustment for non-cash items			
Depreciation, amortisation and impairment of non-current assets		440	451
Impairment of non-current assets		–	328
Capital gain/loss on sale of non-current assets		3	–2
Unrealised exchange differences		21	–7
Gain on disposal		–647	–13
Additional consideration remeasurement		4	–17
Restructuring provision		8	–
Reversal of financial items		80	82
Share of profit/loss of associates		–	2
Other provisions		16	–6
Total adjustments for non-cash items		**–75**	**818**
Interest paid, excl. lease interest		–34	–39
Lease interest paid		–45	–46
Interest received		1	1
Income tax paid		–26	–40
Cash flow from operating activities before changes in working capital		**895**	**728**
Cash flow from changes in working capital			
Change in inventories		65	27
Change in operating receivables		–37	30
Change in operating liabilities		32	–26
Cash flow from changes in working capital		**61**	**31**
Cash flow from operating activities		**956**	**759**
Investing activities			
Investments in property, plant & equipment and intangible assets	3, 11, 12	–76	–98
Sale of property, plant & equipment and intangible assets		17	2
Investments in Group companies	4	–258	–122
Investments in financial assets		0	–2
Divestments of financial assets		0	0
Divestments of subsidiaries	5	1,086	–5
Cash flow from investing activities		**769**	**–225**
Financing activities			
Dividend on preference shares		–32	–64
Dividend on ordinary shares		–	–79
Share buy-back		–	–45
Warrant buyback		–	–13
Owner transactions		–	–11
Repayment of lease liabilities		–242	–269
Sale and leaseback		36	–
Proceeds from borrowings	18	300	700
Repayment of borrowings	18	–1,064	–550
Cash flow from financing activities		**–1,002**	**–331**
Cash flow for the year		**722**	**203**
Cash and cash equivalents at beginning of year		447	241
Exchange differences		–10	3
Cash and cash equivalents at end of year		**1,160**	**447**

Consolidated Statement of Changes in Equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2019	10	1,995	34	520	7	2,567
Net profit	–	–	–	74	–77	–2
Other comprehensive income	–	–	–8	–	0	–8
Total comprehensive income	–	–	–8	74	–77	–10
Dividend	–	–	–	–144	–	–144
Share buy-back	–	–	–	–45	–	–45
Warrant buyback	–	–	–	–13	–	–13
Shareholder contributions	–	–	–	–8	8	0
Remeasurement of NCI	–	–	–	14	–7	6
Divestment of operations	–	–	–	–79	79	0
Other owner transactions	–	–	–	0	–2	–1
Closing balance, 31 Dec 2019	**10**	**1,995**	**26**	**320**	**9**	**2,360**

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2020	10	1,995	26	320	9	2,360
Net profit	–	–	–	967	10	977
Other comprehensive income	–	–	–12	–	0	–12
Total comprehensive income	–	–	–12	967	11	966
Remeasurement of non-controlling interests	–	–	–	–79	–10	–90
Other owner transactions	–	–	–	–7	7	–1
Closing balance, 31 Dec 2020	**10**	**1,995**	**14**	**1,200**	**16**	**3,235**

Notes to consolidated financial statements

NOTE 1 | Accounting policies

General information
The Parent Company Volati AB (publ), corporate reg. no. 5565554317, is a Swedish limited liability company with its registered office in Stockholm. The postal and visiting address of the head office is Engelbrektsplan 1, SE-114 34 Stockholm.

Presentation of the financial statements
The financial statements and notes are presented in millions of Swedish kronor (SEK million) unless otherwise stated.

Basis of preparation
The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission for application within the EU.

The following standards and amendments are applied by Volati with effect from 1 January 2020:
- Definition of Material – Amendments to IAS 1 and IAS 8
- Definition of a Business – Amendments to IFRS 3
- Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

The new standards and amendments have not had any material effect on Volati's financial statements for the current year. A number of new standards and interpretations, effective for annual periods beginning on or after 1 January 2020, have not been applied in the preparation of this annual report but are expected to have a material effect for the current and future periods.

IFRS 3 Business Combinations
For an acquisition to be considered a business under the amended definition, it must include inputs (resources) and a substantive process that together significantly contribute to the ability to create output.

The new financial reporting standard did not have an effect on reporting of acquisitions in 2020, but it could do in the coming years.

New income statement presentation
As the Consumer business area's operations were divested during the year and the business area is classified and accounted for as a discontinued operation under IFRS 5, Volati has changed the income statement presentation, with Profit from discontinued operations on a separate line after Profit for the year from continuing operations. Comparative figures for 2019 have been restated for the income statement and its related notes and for certain alternative performance measures.

Basis of consolidation
Subsidiaries are entities over which Volati AB has control.

Subsidiaries are reported using the acquisition method. This means that an acquisition is treated as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's cost is determined by means of an acquisition analysis conducted when the acquisition takes place. The analysis determines the cost of the shares or business and the acquisition-date fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or business comprises the fair values, at the transfer date, of assets, incurred or assumed liabilities, and issued equity instruments used as consideration in exchange for the acquired net assets. Acquisition-related costs are expensed as incurred. For business combinations where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is recognised as goodwill. If the difference is negative, it is recognised directly in profit or loss.

Acquisition and divestment of companies
For acquisitions, subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. Income and expenses for companies divested during the year are included in the consolidated income statement until the date on which control ceases.

Discontinued operations
A discontinued operation is a business area or a significant independent business unit that has been divested. Profit from discontinued operations is reported separately after Profit for the year from continuing operations near the bottom of the income statement.

Transactions eliminated on consolidation
Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full.

Foreign currency
Transactions
Foreign currency transactions are translated into the functional currency at the exchange rate on the transaction date.

Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate on the reporting date. Changes in value due to the translation of operating assets and liabilities are recognised in operating profit or loss.

Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets recognised at fair value are translated into the functional currency at the exchange rate on the fair value measurement date. Exchange-rate changes are then recognised in the same way as other changes in value for the asset or liability.

The following exchange rates were used for the principal currencies:

	2020		2019	
	Closing rate	Average rate	Closing rate	Average rate
EUR	10.034	10.487	10.447	10.589
NOK	0.958	0.979	1.059	1.075
USD	9.299	9.460	9.299	9.460

The consolidated financial statements use SEK as the presentation currency, which is the Parent Company's functional currency.

Financial statements of foreign entities
Assets and liabilities of foreign entities, including goodwill and other fair value adjustments, are translated into Swedish kronor using the exchange rate prevailing at the reporting date. Income and expenses for foreign entities are translated into Swedish kronor at average exchange rates representing an approximation of the rates prevailing on the transaction dates. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. When a foreign operation is divested, the accumulated exchange differences are reclassified from the translation reserve to discontinued operations in the income statement.

Revenue from contracts with customers
The Group has diversified operations. Revenue recognition differs depending on the type of business but is based on the principle that the Group recognises revenue when the Group satisfies a performance obligation, which is when promised goods or services are delivered to the customer and the customer takes over the control of the goods. Control of a performance obligation can be transferred over time or at a point in time. Revenue consists of the amount that the Group expects to receive for the transferred goods or services.

In note 3 below, there is a summary of the most common performance obligations and payment terms that are found within Volati's different business areas.

Sale of goods, services and other

Sales of goods are partly conducted under framework agreements. For recognition of revenue, orders in combination with framework agreements are treated as contracts with customers and each separate product in the order is considered to be a performance obligation. In cases where there is a material right to receive discounts, this right is considered to be a separate performance obligation. The transaction price is affected by elements of variable consideration, which normally consist of a right of return. Revenue is recognised at a certain point in time, as none of the criteria for the transfer of control over time are met. Control is normally passed on completion of delivery in accordance with applicable terms of delivery, which is the point when risks and rewards are transferred to the customer.

Performance obligations satisfied over time

When control is passed over time, revenue is recognised based on the progress towards satisfaction of the performance obligation. The choice of method for measuring progress requires judgement and is based on the type of product or service in question. The cost by cost method is generally used to measure the contract's stage of completion as it best represents the transfer of control to the customer, which is the point when we incur costs on our performance obligations. Use of the cost by cost method measures the stage of completion based on costs incurred at a given point time in relation to the total calculated costs to fulfil the contract. Revenue including estimated fees or profits is recognised proportionately as costs are incurred. Costs incurred to fulfil a contract include salaries, materials and any subcontractors' costs, other direct costs and any material and manufacturing overheads.

Warranties
In certain business units, the Group recognises a provision for service warranties, reported as costs and liabilities at the inception of a contract, based on the contractual requirements that may arise and are considered probable.

In some contracts, a business unit in the Group provides extended service warranties of up to ten years in addition to fixing defects that existed at the time of sale. Under IFRS 15, such service warranties are treated as separate performance obligations, whereby part of the revenue is allocated and apportioned over the term of the obligation. See also note 20.

Variable consideration
Returns – The Group recognises a repayment liability for the elements of revenue which at the time of sale are considered uncertain, linked to future returns. To assess the repayment liability, which is thus a reduction in revenue until the risk of returns is no longer probable, the Group uses statistical models based on historical customer data. Most of the returns take place within days, which means that the Group recognises a provision and reduction in revenue during this period.

The Group also recognises an asset corresponding to the cost of the portion considered to be uncertain, linked to the right of return at the time of the transaction. This cost refers to the portion of the cost of sale associated with the right of return less the Group's costs to resell the product.

Discounts – Volume discounts are handled as a reduction in revenue at the time of the transaction for every performance obligation. This is based on the estimated discount under the customer agreement.

Gift vouchers – For sales of gift vouchers, the majority of the amount is reported as other liabilities and is recognised as a revenue only when the gift voucher is used or when its validity expires. However, the smaller part which the Company does not expect to be used during the period of validity is recognised as revenue over time.

Contract assets and liabilities
A contract asset or a contract liability arises when either party in a contract with a customer performs. When the Group satisfies an obligation by delivering a product or a service, a right to receive payment from the customer arises (contract asset). If the customer pays for the promised goods or services in advance, a contract liability arises.

Contract assets are tested for impairment in accordance with IFRS 9. See note 22.

Government grants
Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with any conditions attached to the grant. The grant is recognised as a reduction in the cost item to which the grant relates in the period in which the cost has arisen. Support in the form of short-time work allowance and sick pay support has been received during 2020.

Income from investments in associates
Income from investments in associates is reported in the income statement, net of tax, under Other operating income, as this does not have a material effect on the Group's earnings.

Finance income and costs
Net financial items includes dividends, interest income and expenses, interest charges on leases, costs for securing financing, bank charges, factoring charges and exchange rate changes relating to financial assets and liabilities. Capital gains/losses and impairment of financial assets are also reported under net financial items. Interest income is distributed over the relevant period using the effective interest method. When the value of a receivable has declined, the Group reduces the carrying amount to the recoverable amount and continues to recognise the discount effect as interest income. The recoverable amount is determined by means of an analysis conducted for each reporting period to measure expected credit losses, using historical data on the debtor's financial position, the general economic situation in the debtor's industry and an assessment of both present and forecast conditions on the reporting date.

Interest income on impaired loans is reported at the original effective interest rate. Dividend income is recognised when the right to receive payment is established. Changes in the value of financial assets are measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting. Impairment of financial instruments is not reported on a separate line in the income statement, as the value is immaterial.

Intangible assets

Goodwill

In a business combination, if a positive difference arises between the cost of acquisition and the fair value of the acquired identifiable assets and assumed liabilities, this is recognised as goodwill.

Goodwill is measured at cost less any accumulated impairment. Goodwill is tested annually for impairment. See also note 11. Goodwill arising from the acquisition of associates is included in the carrying amount of investments in associates.

Capitalised development expenses

Development expenses that are directly attributable to the development and testing of identifiable and unique products and business systems controlled by the Group are reported as intangible assets when the following criteria are met:

- The technical feasibility of completing the product so that it will be available for use;
- The intention to complete the product and use or sell it;
- The ability to use or sell the product;
- The product will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the product; and
- The ability to measure reliably the expenditure attributable to the product.

After initial recognition, internally generated intangible assets are recognised at cost less accumulated amortisation and impairment. Amortisation begins when the asset is available for use. In the Group, these items consist largely of ERP systems and development projects.

Other development expenditure that does not meet these criteria is expensed as it arises.

Other intangible assets

Other intangible assets acquired by the Group, often in business combinations, are recognised at the Group's cost less impairment and, if the asset has a finite useful life, accumulated amortisation.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the intangible assets' estimated useful life.

Intangible assets with a finite useful life are amortised from the date when the asset is available for use.

Estimated useful lives:

	Number of years
Patents	5
Trademarks	10–20
Technology	3–10
Customer relationships	10–20
Customer databases	5
Capitalised development expenses	3–7

Property, plant and equipment

Owned assets

Items of property, plant and equipment are recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably.

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Examples of directly attributable costs are delivery and handling costs, installation, title expenses, consultancy and legal services. Parts of an item of property, plant and equipment with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expenses.

Depreciation

Depreciation is applied on a straight-line basis over the estimated useful life of the asset. Land is not depreciated.

	Number of years
Buildings	20–50
Machinery and equipment	3–10

The residual values and useful lives of assets are reviewed annually.

Calculation of recoverable amount of assets

If there is an indication that an asset may be impaired, the recoverable amount is calculated. The recoverable amount is the higher of fair value less costs of disposal and value in use. See note 11 for a detailed description of the recoverable amount for intangible assets.

Reversal of impairment of assets

Goodwill impairment is not reversed. Impairment of assets is reversed if there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

Leases

Leases

Right-of-use assets and lease liabilities are recognised in the statement of financial position for most contracts or components of contracts that qualify as leases. Exemptions are made for leases with a low value (new price for underlying asset) and short-term leases (lease term shorter than twelve months). When calculating the right-of-use asset, the lease term has been used, taking into account extension options if the exercise of such options is reasonably certain. See also note 13.

Right-of-use assets

The right-of-use asset (the leased asset) is initially measured at the value of the lease liability and in subsequent reporting periods at at the value of the lease liability less accumulated depreciation and impairment, adjusted for remeasurement of the lease liability. These right-of-use assets essentially consist of rents for premises and warehouses etc. and leased cars and trucks.

Lease liabilities

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, at the incremental borrowing rate. Lease liabilities are subsequently adjusted for interest and lease payments, as well as changes to the contract.

Financial assets and liabilities

At initial recognition, financial instruments are classified according to the purpose for which they were acquired and are managed. This classification determines how the instruments are measured. Financial instruments recognised in the balance sheet include derivatives, cash and cash equivalents, securities, other financial receivables, trade receivables, loan receivables, trade payables, bonds and loan liabilities.

Classification and measurement of financial assets

Classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the characteristics of the asset's contractual cash flows.

Assets are classified as follows:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI

Financial assets at amortised cost and fair value

The Group's financial assets are classified as at amortised cost, apart from derivatives and other shares and interests, which are classified as at fair value through profit or loss or through OCI. Under the business model, assets classified as at amortised cost are held for collection of contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets classified as at amortised cost are measured at fair value plus transaction costs. However, trade receivables are initially recognised at the amount expected to be received.

The assets are covered by a loss allowance for expected credit losses.

Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Liabilities are classified as follows:

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

Classification and measurement of financial liabilities
Financial liabilities are classified at amortised cost, with the exception of derivatives, put options and additional consideration, which are recognised at fair value in the income statement or equity. At initial recognition, financial liabilities classified as at amortised cost are measured at fair value plus transaction costs. They are subsequently measured using the effective interest method. The Group's derivatives are classified and recognised as financial liabilities measured at fair value through profit or loss.

Impairment of financial assets
The Group's impairment model is based on expected credit losses, and takes into account forward-looking information. A loss allowance is recognised when there is exposure to credit risk, normally on initial recognition of an asset or receivable. In accordance with the financial reporting standard, the Group applies a simplified approach for its receivables and contract assets, as they have short credit periods.

Cash and cash equivalents
Cash and cash equivalents consist of cash and demand deposits with banks and similar institutions.

Other shares and participations and other non-current financial assets
Other shares and participations are recognised at fair value through profit or loss, apart from investments in associates, which are initially measured at cost on the acquisition date. Associates' profit or loss and impairment losses are subsequently recognised on an ongoing basis under profit/loss from investments in associates if they are considered material; otherwise, they are reported under other operating expenses or income. Other non-current financial assets are recognised at fair value through profit or loss.

Financial liabilities/borrowings
Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in profit or loss over the term of the loan using the effective interest method.

Put options over non-controlling interests
Put options over non-controlling interests are agreements concluded with non-controlling interests entitling the holders to sell their shares in the company at fair value. The agreement, i.e. the put option, which corresponds to the purchase price of the shares, is recognised as a liability. On remeasurement of the liability, the change in value is recognised in equity. When the put option is initially recognised as a liability, equity is reduced by an amount corresponding to its fair value. Volati has chosen to report this in equity attributable to non-controlling interests in the first instance and, if this is not sufficient, in equity attributable to owners of the Parent. See also note 22 on financial risks. On the reporting date, these put options were measured at a market value based on a multiple analysis adjusted for the net debt in each business unit.

Derivatives
Volati uses derivative financial instruments to cover risks associated with exchange rate movements. Currency hedging measures are applied for commercial exposure within the framework of each business unit's financial policy. All derivatives are recognised at fair value in the balance sheet. Changes in value arising from remeasurement may be recognised differently, depending on whether or not the derivative is classified as a hedging instrument. The Group does not apply hedge accounting as the qualifying criteria are not met. If the derivative is not classified as a hedging instrument, the change in value is recognised directly in the income statement under the items other operating income or other operating expenses. If the derivative is classified as a hedging instrument, the change in value is recognised in other comprehensive income and unrealised gains and losses are recognised in the hedging reserve in equity. If hedge accounting is discontinued before the end of the derivative's term, the derivative's future change in value are recognised directly in profit or loss, and the gains and losses already accumulated in equity are reclassified to profit or loss.

Equity

Share capital/other paid-in capital
A specification of share capital development can be found under 'Share information' in this annual report. Transaction costs directly attributable to the issue of new shares are recognised in equity, net of tax, as a deduction from the issue proceeds. In addition, costs attributable to transactions with minorities are recognised directly in equity.

Other reserves
Other reserves comprise the translation reserve, which includes all exchange differences arising on translation of foreign operations' reports prepared in a currency other than the Group's presentation currency. The Group's and the Company's presentation currency is Swedish kronor (SEK).

Retained earnings, including net profit
Retained earnings, including net profit, consists of the earnings of the Company and its subsidiaries.

Preference shares
Preference shares are reported under equity. Preference shares were issued in May 2015, giving entitlement to a priority dividend of SEK 40 per preference share (in quarterly payments of SEK 10). Following a General Meeting resolution, the preference shares are redeemable at a fixed amount which is gradually reduced from SEK 725 per share up to the fifth anniversary of the issue; to SEK 675 per share up to the tenth anniversary; and to SEK 625 per share for the period thereafter.

Inventories
Inventories, including self-constructed goods, are measured at the lower of cost and net realisable value.

Cost is calculated according to the first in-first out principle or using methods based on weighted average less obsolescence allowance. The cost of self-constructed finished and semi-finished goods comprises the cost of conversion and a reasonable proportion of indirect costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Inventories also consist of return assets that are associated with the right to return products. The right of return is measured as the cost of sale for the product less the Group's costs to resell it.

Employee benefits
Obligations under defined-contribution plans are recognised as an expense in the income statement as incurred.

Provisions
A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability. The provisions are mainly attributable to guarantees.

Tax
Income tax consists of current tax and deferred tax. Taxes are recognised in the income statement except when the underlying transaction is recognised directly in equity or other comprehensive income, in which case the related tax effect is also recognised in equity or other comprehensive income.

Deferred tax is recognised on the basis of the difference between the carrying amounts of assets and liabilities and their corresponding tax bases,

Deferred income tax is determined using tax rates and tax rules that have been enacted or substantively enacted by the reporting date.

Deferred tax assets on temporary differences and deferred tax assets arising from loss carryforwards are only recognised to the extent that it is probable that they can be utilised within the next few years. The carrying amounts of deferred tax assets are reduced when it is no longer considered probable that they can be utilised.

Contingent liabilities
A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities are mainly attributable to pledged shares. See also note 23 Pledged assets and contingent liabilities.

Segment reporting
The Group's operations are governed and reported primarily by business area. Segments are consolidated in accordance with the same principles as for the Group as a whole. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the operating segments' performance. In the Group, this function has been identified as the CEO. The CEO reports the Group's financial performance to the Board at business-area level and,

accordingly, both internal and external reporting correspond. A segment's assets include all operating assets used by the segment and primarily comprise intangible assets, property, plant and equipment, inventories, external trade receivables, other receivables, prepaid expenses and contract assets.

A segment's liabilities include all operating and interest-bearing liabilities used by the segment and primarily consist of provisions, deferred tax liabilities, external trade payables, other current liabilities, accrued expenses, contract liabilities and deferred income. Unallocated assets and liabilities mainly include the Company's assets, liabilities and Group eliminations of internal balances.

NOTE 2 | Other operating income and expenses

Other operating income	2020	2019
Income from sale of machinery and equipment	3	2
Insurance compensation	0	1
Additional consideration remeasurement	–	17
Settlement compensation	1	7
Acquisition of insolvency estate	3	–
Currency effects	2	2
Other	1	2
	10	**30**

Other operating expenses	2020	2019
Income from sale of machinery and equipment	–8	0
Currency effects	–6	–1
Charitable contributions	0	0
Profit/loss from investments in associates	–	–2
Additional consideration remeasurement	–4	–
Other	0	0
	–18	**–5**

NOTE 3 | Segment reporting

	2020			2019		
Net sales[1)]	External net sales	Internal net sales	Net sales	External net sales	Internal net sales	Net sales
Salix Group	2,663	2	2,665	2,137	1	2,138
Industry	2,257	1	2,258	2,008	0	2,008
Akademibokhandeln	1,775	–	1,775	1,793	–	1,793
Internal eliminations	–	–2	–2	–	–2	–2
	6,696	**0**	**6,696**	**5,938**	**0**	**5,938**

Distribution of revenue 2020

Net sales[1)]	Sale of goods	Services	Other	Total revenue from contracts with customers	Equipment leasing	Other	Total
Salix Group	2,663	–	–	2,663	–	1	2,663
Industry	2,017	199	15	2,231	27	–	2,258
Akademibokhandeln	1,735	–	–	1,735	–	39	1,775
	6,415	**199**	**15**	**6,629**	**27**	**40**	**6,696**

Distribution of revenue 2019

Net sales[1)]	Sale of goods	Services	Other	Total revenue from contracts with customers	Equipment leasing	Other	Total
Salix Group	2,137	–	–	2,137	–	0	2,137
Industry	1,835	134	11	1,980	28	–	2,008
Akademibokhandeln	1,761	–	–	1,761	–	31	1,793
	5,733	**134**	**11**	**5,879**	**28**	**32**	**5,938**

[1)] The business areas include acquired entities from the acquisition date and divested operations until the date of disposal. See separate notes on acquisitions and disposals completed during the respective periods.

Revenue categories	Performance obligation	Payment
Sale of goods	For the Salix Group and Akademibokhandeln business areas, the performance obligation is satisfied at a point in time, i.e. when the customer has received the goods or has control over the goods. Within Industry, some of the performance obligations are satisfied over time. Returns are made at a point in time. Provisions for variable consideration such as returns are recognised according to historical data. Discounts are treated as a reduction in revenue and measured based on an assessment by management.	Payment is immediate in some cases but no later than 30 days.
Services	Most services are found within the Industry business area. The associated performance obligation is satisfied at a point in time, which is when the customer has had the service carried out. There are also services in Industry, and here too the performance obligation is satisfied at a point in time.	Payment is in advance in some cases, but no later than 30 days.
Equipment leasing	This takes place in the Industry business area and here the performance obligation is satisfied over time. Performance obligations for warranties are also satisfied over time.	Payment is in advance in some cases, but no later than 30 days.

See also note 1 for a further description of revenue streams.

Net sales by country[1) 2)]	2020	2019
Sweden	5,915	5,215
Norway	345	362
Finland	154	67
Germany	68	75
Poland	35	36
Denmark	59	57
UK	23	17
Ukraine	14	45
France	12	13
Hungary	19	22
Austria	15	11
Russia	24	12
Romania	0	0
Hong Kong	13	6
	6,696	**5,938**

1) The business areas include acquired entities from the acquisition date and divested operations until the date of disposal. See separate notes on acquisitions and disposals completed during the respective periods.

2) Net sales by country refers to the country in which the Group company that delivered the product or service has its registered office, which is usually the same as the end customer's market.

EBITA[1)]	2020	2019
Salix Group	265	178
Industry	236	179
Akademibokhandeln	67	76
Items affecting comparability[2)]	–29	15
Central costs	–51	–59
Total EBITA	**488**	**388**
Acquisition-related amortisation	–50	–43
Net financial items	–97	–80
Profit before tax	**340**	**265**
Tax	–77	–35
Net profit	**263**	**231**

1) The business areas include acquired entities from the acquisition date and divested operations until the date of disposal. See separate notes on acquisitions and disposals completed during the respective periods.

2) See note 28 for definition.

Operating profit[1]	2020	2019
Salix Group	251	167
Industry	224	171
Akademibokhandeln	43	53
Items affecting comparability	–29	15
Central costs	–51	–60
Total EBIT	**437**	**345**

Depreciation[1]	2020	2019
Salix Group	74	63
Industry	122	115
Akademibokhandeln	178	185
Parent Company/Other	4	3
	378	**366**

[1] The business areas include acquired entities from the acquisition date. See separate note on acquisitions completed during the respective periods.

	2020		2019	
Assets[1]	**Total assets**	**Of which intangible assets and property, plant & equipment**	**Total assets**	**Of which intangible assets and property, plant & equipment**
Salix Group	2,449	1,257	2,997	1,197
Industry	2,064	1,093	2,298	1,063
Akademibokhandeln	1,571	1,116	2,138	1,080
Consumer	–	–	1,152	659
Unallocated assets	422	20	–2,429	23
	6,506	**3,484**	**6,156**	**4,021**

Liabilities[1]	2020	2019
Salix Group	2,000	2,637
Industry	2,196	2,496
Akademibokhandeln	1,093	1,677
Consumer	–	1,088
Unallocated liabilities	–2,019	–4,101
	3,270	**3,796**

Acquisition value of intangible and tangible investments[1]	2020	2019
Salix Group	12	8
Industry	27	39
Akademibokhandeln	28	21
Parent Company/Other	–	–
	68	**68**

[1] The business areas include acquired entities from the acquisition date and divested operations until the date of disposal. See separate notes on acquisitions and disposals completed during the respective periods.

Note 4 | Corporate acquisitions

2020

On 4 December 2019, Volati acquired all shares in Swekip Sweden AB and on 21 January all shares in Heco Nordiska AB. The acquisitions were completed and consolidated with effect from January 2020. Both acquisitions are add-on acquisitions for the Salix Group business area. The Heco Nordiska AB acquisition included a property which was sold during the year in a sale & leaseback transaction at a price of SEK 48 million, with an earnings effect of SEK 0 million. On 25 June, Volati acquired all shares in Beneli AB. The acquisition is an add-on acquisition fo r the Industry business area and the Ettiketto business unit. The acquisition was consolidated from the end of June 2020. On 2 September, Volati acquired all shares in Pisla Oy and Demerx i Kinda AB (Pisla Group). The acquisition is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 1 September. On 22 September, Volati acquired all shares in Märkas AB. The acquisition is an add-on acquisition for the Industry business area. The acquisition was consolidated with effect from the end of September 2020. During the year, Volati's Industry business area also acquired a small insolvency estate, which resulted in a gain of SEK 3 million on preparation of the acquisition analysis. This was due to the estimated value of the assets acquired being higher than the acquisition price. The gain is recognised as an item affecting comparability. The Group's earnings were affected by transaction costs of SEK 6 million for the above acquisitions. Goodwill of SEK 26 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares. The impact of the acquisitions on the Volati Group's balance sheet is set out below.

Impact of acquisitions on acquisition date (SEK million)	2020
Intangible assets	92
Property, plant and equipment	132
Financial receivables	0
Deferred tax asset	4
Inventories	183
Trade receivables	104
Other receivables	9
Cash and cash equivalents	46
Deferred tax liabilities	–24
Non-current interest-bearing liabilities	–71
Current interest-bearing liabilities	–21
Current liabilities	–158
Net assets	**297**
Goodwill	26
Purchase price for shares	**324**
Purchase price for shares	–324
Deferred variable consideration	23
Deferred fixed consideration	10
Cash & cash equivalents in the acquired company at the acquisition date	46
Impact on the Group's cash & cash equivalents on acquisition date	**–245**

Impact of acquisitions on income statement (SEK million)	Net sales	EBITDA	EBITA	EBIT
	Full year 2020	Full year 2020	Full year 2020	Full year 2020
Salix Group	325	28	20	18
Industry	113	13	8	4
Volati Group	**439**	**41**	**28**	**23**

If the acquisitions had been consolidated with effect from 1 January 2020, their contribution to the Group's income statement, excluding transaction costs, for the period January-December 2020 would have been as follows: sales SEK 804 million, EBITDA SEK 78 million, EBITA SEK 51 million and operating profit SEK 42 million.

2019

On 13 September 2019, Volati acquired all shares in Väggmaterial i Sverige AB. The company develops and markets a wide range of innovative products including corner protection, putty and glass-fibre fabric. The acquisition is an add-on acquisition for the Salix Group business area. The acquisition was completed and consolidated with effect from October 2019.

Two deferred purchase considerations were settled during 2019: 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 impact of the acquisitions on the Volati Group's balance sheet on the acquisition date is set out below.

Impact of acquisitions on balance sheet (SEK million)	2019
Intangible assets	30
Property, plant and equipment	6
Financial receivables	5
Deferred tax asset	0
Inventories	12
Trade receivables	24
Other receivables	10
Cash and cash equivalents	39
Deferred tax liabilities	–8
Non-controlling interests	–1
Non-current interest-bearing liabilities	–3
Current interest-bearing liabilities	–2
Current liabilities	–28
Net assets	**86**
Goodwill	74
Purchase price for shares	**160**
Purchase price for shares	–160
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	**–116**

Impact of acquisitions on income statement (SEK million)	Net sales	EBITDA	EBITA	EBIT
	Full year 2019	Full year 2019	Full year 2019	Full year 2019
Salix Group	16	1	1	1
Industry	83	11	10	9
Volati Group	**100**	**12**	**11**	**10**

The Group's earnings were affected by transaction costs of SEK 1 million for the acquisitions. 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–December 2019 would have been as follows: sales SEK 178 million, EBITDA SEK 18 million, EBITA SEK 16 million and operating profit SEK 13 million. Goodwill of SEK 74 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares.

Note 5 | Divestment of shares in subsidiaries

On 21 December, Volati sold all shares in Volati Life AB ("NMP") to the Belgian company Vision Healthcare. The transaction took place at a price of SEK 77 million and generated a capital loss of SEK 97 million, including transaction costs of SEK 1 million. NMP has been a relatively small business with little in common with Volati's other business units and has shown weak growth since its acquisition in 2014, which is why Volati has chosen to sell the company in order to focus on other business areas with greater potential. On 11 November, all shares in Besikta Bilprovning i Sverige Holding AB ("Besikta Bilprovning") were sold to the Spanish company Applus. The transaction took place at a price of SEK 1,072 million and generated a capital gain of SEK 744 million, including transaction costs of SEK 11 million. Besikta Bilprovning has shown excellent development since the acquisition in 2013 and the sale creates additional scope for development as Applus has international industry experience, technical expertise and financial capacity to enable growth. At the same time, the sale strengthens Volati's financial position, which creates further opportunities for Volati to grow rapidly through add-on investments in existing businesses and through new platform acquisitions. The Consumer business area also included me&i until Volati converted its ownership in the company on 7 November 2019. Following the divestment of NMP, no operations remain in the Consumer business area and the Board has therefore decided to close the business area. As a result, the operations of the Consumer business area are classified as discontinued operations in accordance with IFRS 5.

The income statement and cash flow information presented below refers to the period up to the divestment date for the discontinued operations.

Profit/loss attributable to discontinued operations	Full year 2020	Full year 2019
Net sales	641	895
Operating expenses	–485	–709
EBITDA	**156**	**186**
Depreciation	–61	–74
EBITA	**95**	**112**
Acquisition-related amortisation	–1	–339
EBIT	**94**	**–227**
Finance income and costs	–8	–16
Profit before tax	**86**	**–243**
Tax for the period	–19	–16
Profit/loss from discontinued operations	**67**	**–259**
Gain/loss on sale of operation	**647**	**12**

Profit/loss attributable to discontinued operations	Full year 2020	Full year 2019
Total profit/loss attributable to discontinued operations	**714**	**–247**
Attributable to:		
Owners of the Parent	715	–163
Non-controlling interests	–1	–84
Earnings per ordinary share attributable to owners of the Parent	8.20	–2.84

Cash flow from discontinued operations	Full year 2020	Full year 2019
Cash flow from operating activities	131	179
Cash flow from investing activities	1,078	–29
Cash flow from financing activities	–42	–39
Total cash flow from discontinued operations	**1,167**	**111**

Investing activities for 2020 include an inflow flow of SEK 1,086 million attributable to the divestment of Besikta and NMP.

Impact of discontinued operations on the Group's balance sheet on divestment date and at end of previous year

	2020	2019
Intangible assets	472	501
Property, plant and equipment	35	37
Right-of-use assets	143	121
Other non-current assets	4	7
Current operating assets	51	53
Cash and cash equivalents	52	178
Total assets	**757**	**895**
Deferred tax liabilities	20	23
Non-current interest-bearing liabilities	–	2
Non-current lease liabilities	92	69
Current lease liabilities	47	45
Current operating liabilities	133	142
Total liabilities	**292**	**281**
Net assets	**465**	**615**

NOTE 6 | Employees and personnel expenses

	2020			2019		
Number of employees per country	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Volati Head Office	**7**	**6**	**13**	**7**	**4**	**11**
Akademibokhandeln						
Akademibokhandeln Holding AB	0	1	**1**	0	1	**1**
Bokhandelsgruppen i Sverige AB	79	300	**378**	94	330	**423**
Bokus AB	22	9	**31**	19	12	**31**
Industry						
Volati Industri AB	1	0	**1**	0	0	**0**
Corroventa						
Corroventa Sweden	26	6	**32**	28	7	**35**
Corroventa Poland	1	0	**1**	1	0	**1**
Corroventa Germany	14	3	**16**	12	3	**15**
Corroventa England	4	0	**4**	4	0	**4**
Corroventa Austria	2	1	**3**	2	1	**3**
Corroventa France	4	1	**5**	3	1	**4**
Corroventa Norway	2	0	**2**	2	0	**2**
Ettiketto						
Etiketto AB	56	19	**75**	52	18	**70**
Ettiketto Åtvidaberg AB	25	4	**29**	23	5	**28**
Beneli AB[1)]	32	25	**57**	0	0	**0**
Märkas AB[2)]	45	26	**71**	0	0	**0**
Salix Group						
Volati Handel Service AB	91	27	**118**	64	19	**83**
Thomée Gruppen AB	32	13	**45**	32	13	**45**
Volati Handel AB	2	0	**2**	0	0	**0**
Habo Gruppen AB	20	11	**31**	19	10	**29**
Habo Denmark A/S	5	1	**6**	5	1	**6**
Habo Finland OY	4	2	**6**	4	2	**6**
Habo Norge AS	11	5	**16**	12	5	**17**
Miljöcenter i Malmö AB	13	9	**22**	12	10	**22**
Kellfri Sweden	40	14	**54**	42	11	**53**
Kellfri Denmark	0	0	**0**	2	0	**2**
Kellfri Norway	0	0	**0**	2	0	**2**
Kellfri Finland	3	0	**3**	3	0	**3**
Sørbø Industribeslag AS	30	1	**31**	27	1	**28**
T-Emballage Bygg AB	11	7	**18**	46	20	**66**
Väggmaterial Sverige AB	7	1	**8**	3	0	**3**
T-Emballage Förpackning AB	7	7	**14**	0	0	**0**
Volati Hem och Beslag Finland AB[3)]	0	0	**0**	0	0	**0**
Pisla OY[4)]	16	19	34	0	0	**0**
Demerx i Kinda AB[5)]	2	1	**3**	0	0	**0**
Heco Nordiska AB	19	34	**53**	0	0	**0**
Volati JBF AB	1	0	**1**	0	0	**0**
Swekip AB	3	0	**3**	0	0	**0**

Number of employees per country	2020 Men	2020 Women	2020 Total	2019 Men	2019 Women	2019 Total
S:t Eriks						
Stenentreprenader i Hessleholm AB	23	3	**26**	11	4	**15**
S:t Eriks Group AB	0	0	**0**	1	0	**1**
S:t Eriks AB	334	50	**384**	325	48	**373**
Nordskiffer AB	3	4	**7**	3	2	**5**
S:t Eriks Norge AS	0	0	**0**	1	0	**1**
Stenteknik i Karlstad AB	10	3	**13**	27	4	**30**
Vinniga Cementvarufabrik AB	47	2	**49**	37	1	**38**
Tornum						
Tornum Sweden	48	9	**57**	54	9	**63**
Tornum Finland	1	0	**1**	1	0	**1**
Tornum Poland	5	1	**6**	8	2	**10**
Tornum Hungary	3	0	**3**	3	0	**3**
Tornum Romania	6	0	**6**	6	0	**6**
Tornum Russia	3	1	**4**	4	1	**5**
Tornum Bulgaria	0	0	**0**	0	0	**0**
Tornum Ukraine	8	1	**9**	9	1	**10**
Tornum Thailand	1	0	**1**	2	0	**2**
Silokonsult Processteknik Sweden AB	5	0	**5**	5	0	**5**
Lidköpings Plåtteknik	9	0	**9**	7	0	**7**
Mundus Maskin	5	0	**5**	4	0	**4**
	1,147	**624**	**1,771**	**1,026**	**545**	**1,570**

1) Beneli AB was consolidated from 1 July 2020 and the number of employees is shown as FTEs for the period of consolidation into Volati.

2) Märkas AB was consolidated from 1 October 2020 and the number of employees is shown as FTEs for the period of consolidation into Volati.

3) Volati Hem och Beslag Finland AB was consolidated from 1 September 2020 and the number of employees is shown as FTEs for the period of consolidation into Volati.

4) Pisla OY was consolidated from 1 September 2020 and the number of employees is shown as FTEs for the period of consolidation into Volati.

5) Dermex i Kinda AB was consolidated from 1 September 2020 and the number of employees is shown as FTEs for the period of consolidation into Volati.

Number of employees per country	2020 Men	2020 Women	2020 Total	2019 Men	2019 Women	2019 Total
Denmark	5	1	**6**	7	1	**8**
England	4	0	**4**	4	0	**4**
Finland	24	21	**44**	8	2	**10**
France	4	1	**5**	3	1	**4**
Norway	43	6	**49**	44	6	**50**
Poland	6	1	**7**	9	2	**11**
Romania	6	0	**6**	6	0	**6**
Russia	3	1	**4**	4	1	**5**
Sweden	1,025	589	**1,614**	914	528	**1,441**
Thailand	1	0	**1**	2	0	**2**
Germany	14	3	**16**	12	3	**15**
Ukraine	8	1	**9**	9	1	**10**
Hungary	3	0	**3**	3	0	**3**
Austria	2	1	**3**	2	1	**3**
	1,147	**624**	**1,771**	**1,026**	**545**	**1,570**

Distribution of senior executives on reporting date, %	2020 Men	2020 Women	2019 Men	2019 Women
Volati AB Board members	57%	43%	57%	43%
Other members of senior management, including CEO	71%	29%	71%	29%

Salaries and other benefits	2020	2019
Board and CEO, Sweden	2	2
Other employees, Sweden	757	677
Other employees, outside Sweden	55	68
	814	**747**
Of which bonuses to Board and CEO	–	–

Social security contributions	2020	2019
Contractual and statutory social security contributions	242	236
Pension costs for Board and CEO	0	0
Other pension costs	82	76
	324	**312**

Remuneration of Parent Company Board and senior executives

Volati's Board 2020, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.450	–	–	0.450
Karl Perlhagen	–	0.200	–	–	0.200
Björn Garat	–	0.200	–	–	0.200
Anna-Karin Celsing	–	0.250	–	–	0.250
Louise Nicolin	–	0.200	–	–	0.200
Christina Tillman	–	0.200	–	–	0.200
Magnus Sundström	–	0.275	–	–	0.275

Volati's senior executives 2020, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Mårten Andersson, CEO	1.5	–	0.0	0.3	1.8
Other senior executives (6)*	14.5	0.0	0.0	2	16.5

* The Company's CEO holds 800,000 purchase options issued by Volati's principal owner which expire in June 2023. As the purchase options were acquired at a market price, no cost or increase in equity has been reported, in accordance with IFRS 12.

Volati's Board 2019, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.450	–	–	0.450
Karl Perlhagen	–	0.200	–	–	0.200
Björn Garat	–	0.200	–	–	0.200
Anna-Karin Celsing	–	0.250	–	–	0.250
Louise Nicolin	–	0.200	–	–	0.200
Christina Tillman	–	0.200	–	–	0.200
Magnus Sundström	–	0.275	–	–	0.275

Volati's senior executives 2019, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Mårten Andersson, CEO	1.5	–	0.0	0.3	1.8
Other senior executives (6)	13.9	3.3	0.0	2.3	19.6

Remuneration of the CEO

Pension arrangements

The pension is a defined-contribution plan. There is no contractually agreed retirement age. The CEO has an individual pension, whereby pension contributions can be made as the CEO decides, but the cost of such a pension is deducted from the CEO's salary.

Termination of employment

The reciprocal period of notice is six months. Volati AB does not have any agreements concerning termination benefits for the CEO.

Other senior executives

Variable consideration

The majority of senior executives are entitled to variable remuneration. A certain business area manager is entitled to variable remuneration which is individually tailored to the business area's operations. Underlying parameters for that manager's variable remuneration are profitability and individually defined parameters. The ceiling for variable remuneration is 25 percent of the fixed remuneration.

Pension arrangements

The majority of senior executives have individual pensions, whereby pension contributions can be made as each particular senior executive decides, but the cost of such a pension is deducted from the executive's salary. One senior executive has special pension arrangements, with monthly contributions to a defined-benefit pension plan, based on an individual plan for which the pension premiums corresponded to about 30 percent of the pensionable salary in 2020. The majority of senior executives have a contractually agreed retirement age of 67.

Termination of employment

Volati AB does not have any agreements concerning termination benefits for any of the senior executives. The majority of senior executives have a a notice period of six months. However, certain senior executives have a notice period of 12 months in the event of termination of employment by the Company.

Note 7 | Auditors' fees and remuneration

Ernst & Young AB	2020	2019
Audit services	6	5
Other auditing services	0	1
Tax advisory services	0	0
Other services	–	–
	7	**6**

Other auditors	2020	2019
Audit services	1	0
Tax advisory services	0	0
Other services	0	0
	1	**1**

Note 8 | Finance income and costs

Finance income	2020	2019
Interest income on bank deposits[1)]	0	1
Exchange gains	16	10
Revaluation and redemption of bond loan	–	2
Other finance income	1	0
	17	**13**

Finance costs	2020	2019
Interest expenses on loans[1)]	–11	–12
Interest expenses on bond[1)]	–22	–26
Interest expenses on leases	–37	–39
Interest expenses on derivatives	0	–1
Exchange losses	–34	–7
Other finance costs[2)]	–10	–9
	–114	**–93**

1) Interest income and expenses accounted for using the effective interest method.

2) Other finance costs include costs of securing financing, bank and factoring charges.

NOTE 9 | Tax

	2020	2019
Current tax expense	–65	–9
Deferred tax	–12	–11
Tax expense for the year	**–77**	**–21**

	2020		2019	
Reconciliation of effective tax	**SEK million**	**%**	**SEK million**	**%**
Profit before tax	340	–	265	–
Tax at applicable tax rate	–73	21%	–57	21%
Tax at other tax rates	0	0%	0	0%
Non-deductible expenses	–5	1%	0	0%
Non-taxable income	1	0%	3	–1%
Standard interest on tax allocation reserve	0	0%	0	0%
Temporary differences in balance sheet items	–5	2%	0	0%
Change in tax losses	6	–2%	30	–11%
Tax attributable to prior years	–1	0%	2	–1%
Other	–1	0%	0	0%
Recognised effective tax	**–77**	**23%**	**–21**	**8%**

Tax recognised in equity was SEK 0 (-) million in 2020.

Deferred tax	2020	2019
Property, plant & equipment and intangible assets	21	12
Inventories	0	0
Trade receivables	1	2
Untaxed reserves	–16	–5
Unused losses from prior years	–18	–1
Remeasurement effect of changed future income tax rates	1	–
Other temporary differences	–1	–10
Deferred tax attributable to prior years	1	–10
Deferred tax on temporary differences for the year	**–12**	**–11**

Deferred tax asset	2020	2019
Property, plant & equipment and intangible assets	11	12
Inventories	1	1
Unused losses from prior years	15	31
Trade receivables	4	7
Other temporary differences	3	7
	35	**58**

Deferred tax liabilities	2020	2019
Property, plant & equipment and intangible assets	162	184
Untaxed reserves	105	95
Other temporary differences	15	11
	282	**290**

NOTE 10 | Earnings per share

The calculation of earnings per preference and ordinary share for 2020 was based on profit attributable to owners of the Parent, which was SEK 967 (74) million, and profit from continuing operations attributable to owners of the Parent, which was SEK 252 (237) million. The figure for earnings per ordinary share was reduced by the preference shareholders' proportionate share of the dividend for 2020, which was SEK 64 (64) million.

Earnings per preference share was based on the dividend adopted for the year until the 2021 AGM, which means a share of earnings of SEK 64 million divided by 1,603,773 preference shares. The remaining portion of the earnings, SEK 10 million, was divided by the average number of ordinary shares, which was 79,406,571.

	2020	2019
Profit attributable to owners of the Parent	967	74
Deduction for preference share dividend	64	64
Profit attributable to owners of the Parent adjusted for preference share dividend	903	10
Profit from continuing operations attributable to owners of the Parent	252	237
Deduction for preference share dividend	64	64
Profit from continuing operations attributable to owners of the Parent adjusted for preference share dividend	188	173
Ordinary shares outstanding	79,406,571	79,406,571
Average no. of ordinary shares	79,406,571	79,721,639
Basic and diluted earnings per share	11.37	0.13
Basic and diluted earnings per share, continuing operations	2.37	2.17
Basic and diluted earnings per preference share	40.00	40.00
Preference shares outstanding	1,603,774	1,603,774

NOTE 11 | Intangible assets

Cost	Goodwill	Patents/ Technology	Brands/Other	Capitalised development expenses	Total
1 January 2019	**2,343**	**14**	**861**	**329**	**3,547**
Investments	–	–	0	31	31
In new companies on acquisition	74	–	30	–	104
Disposals	1	–	0	–3	–2
Reclassifications	–	–	–	–	–
Translation differences	17	–	1	0	18
Discontinued operations	–214	–	–19	–9	–242
1 January 2020	**2,222**	**14**	**872**	**348**	**3,456**
Investments	–	0	3	32	35
In new companies on acquisition	28	1	88	2	118
Disposals	2	–	–2	–2	–2
Reclassifications	–	–	–	1	1
Translation differences	–36	0	–4	0	–40
Discontinued operations	–516	–	–79	–116	–711
31 December 2020	**1,700**	**14**	**878**	**265**	**2,857**
Accumulated amortisation					
1 January 2019	**–104**	**–11**	**–130**	**–176**	**–420**
Amortisation/impairment for the year	–310	0	–65	–45	–420
Disposals	–1	–	0	3	2
Reclassifications	–	–	–	–	–
Translation differences	–1	–	–1	0	–2
Discontinued operations	214	–	19	4	237
1 January 2020	**–202**	**–12**	**–176**	**–213**	**–603**
Amortisation/impairment for the year	–	0	–44	–43	–87
Disposals	–3	–	2	0	0
Reclassifications	–	–	–	–	–
Translation differences	5	0	3	0	8
Discontinued operations	100	–	61	78	239
31 December 2020	**–99**	**–12**	**–154**	**–178**	**–443**
Carrying amount					
31/12/2019	2,020	2	696	135	2,854
31/12/2020	1,600	2	724	87	2,414

	2020		2019	
Distribution of the Group's goodwill and other intangible assets with indefinite useful lives	**Goodwill**	**Other intangible assets**	**Goodwill**	**Other intangible assets**
Tornum	56	–	56	–
Corroventa	84	–	84	–
Ettikettoprintcom	102	5	91	5
S:t Eriks	190	32	190	32
Besikta	–	–	298	–
NMP	–	–	132	20
Akademibokhandeln	410	240	410	240
Salix Group	758	148	757	124
Total	**1,600**	**425**	**2,020**	**421**

During impairment testing, goodwill and other intangible assets with indefinite useful lives are allocated to the business areas or business units which are considered to be cash generating units. The goodwill value of each cash generating unit is tested annually against the calculated recoverable amount, which is either the value in use or the fair value less costs of disposal.

Value in use

Value in use is calculated as the Group's share of the present value of projected future cash flows generated by the cash generating unit.

The cash flow projection is based on reasonable and verifiable assumptions that represent Volati's best estimate of the economic conditions that will exist, and considerable emphasis is therefore placed on external factors. The assessment of future cash flows is based on forecasts arising from the most recent budgets, projections and business plans submitted by each cash generating unit. These include the budget for the coming years and a projection for the subsequent four to five years. Cash flows after the forecast period are estimated based on an assumption of a long-term annual growth rate of 2 percent after the forecast period.

Cash flow projections do not include cash inflows and outflows from financing activities. The estimated value in use is comparable with the carrying amount of the subsidiary group. Key assumptions used for the calculations include the discount rate, sales growth. EBITDA margins, development of working capital and investment needs. Various assumptions have been made due to each subsidiary group operating as an independent unit with its own unique conditions. The key assumptions used for each subsidiary group are described below

Key assumptions used for value in use per cash generating unit

Discount rate

Future cash flows for each cash generating unit have been discounted to present value using a discount rate. Volati has chosen to calculate the present value of cash flows after tax. The discount rate reflects market assessments of the time value of money and the risks specific to each cash generating unit. The discount rate does not reflect such risks that are taken into account when calculating future cash flows. The calculation of the discount rate is based on the company's weighted average capital cost, the company's incremental borrowing rate and other market interest rates on loans independent from Volati's capital structure. The required rate of return for loan capital is based on an interest expense for risk-free loans of 2.6 percent adjusted for an interest margin of 1.0 percent and a tax rate of 20.6 percent. The required rate of return for equity is based on a risk-free interest rate, plus a market risk premium of 5.2–5.8 percent, a company-specific risk premium of 5.0–6.0 percent and a beta value for each cash generating unit of 0.96–1.33. The discount rates used by Volati vary between 8.6 and 12.2 percent depending on the conditions for each cash generating unit.

Tornum

The cash flow projection for Tornum is based on the company's capacity to leverage its market position in the markets where it is established, with local financing and EU grants enabling the start-up of projects in these countries. The key assumptions used to calculate value in use for Tornum are net sales growth, EBITDA margin and investment needs. Volati considers that long-term demand for Tornum's products in the company's established markets continues to be good and that there is an underlying need for modernisation investments in these markets. Based on this, Volati assumes that growth in net sales will be higher than GDP growth, while the EBITDA margin is expected to show a slightly increasing trend during the forecast period. If major macroeconomic events were to occur and adversely impact development and the willingness to invest in Eastern Europe, Russia and Ukraine, the trend could be worse than forecast. The assessment is that no reasonable changes in key assumptions will result in Tornum's calculated value in use falling below the carrying amount.

Corroventa

Corroventa's projected cash flows have been based on the company's ability to obtain returns on investments in developing the product range and to leverage its geographic establishment. The key assumptions used to calculate Corroventa's value in use are net sales growth, EBITDA margin and investment needs. In addition, it is considered likely that the historic frequency and extent of weather-related flooding will continue into future forecast periods. Based on these factors, Volati anticipates that net sales growth will be higher than GDP growth and that the EBITDA margin will increase slightly during the forecast period. If the frequency of weather-related flooding falls during the forecast period, the trend may be below the forecast. The assessment is that no reasonable changes in key assumptions will result in Corroventa's calculated value in use falling below the carrying amount.

S:t Eriks

The forecast cash flows for S:t Eriks have been based on the companies' ability to obtain returns on the investments and efficiency improvements that are taking place, and on no significant changes taking place in the market. Volati estimates that long-term demand for S:t Eriks' products in the Swedish market, where the company is established, is relatively good. Based on this, Volati assumes that growth in net sales will be somewhat higher than GDP growth, while the EBITDA margin is expected to improve during the forecast period. The assessment is that no reasonable changes in key assumptions will result in S:t Eriks' calculated value in use falling below the carrying amount.

Ettiketto

The forecast cash flows for Ettiketto have been based on the company's ability to obtain returns on its existing non-current assets and no significant changes to behaviour of the company's major customers. The key assumptions used to calculate Ettiketto's value in use are net sales growth, EBITDA margin and investment needs. Based on this, Volati assumes net sales growth slightly above GDP growth, while the EBITDA margin is expected to remain largely unchanged during the forecast period. The assessment is that no reasonable changes in key assumptions will result in Ettiketto's calculated value in use falling below the carrying amount.

Salix Group

The Salix Group business area is treated as one cash-generating unit as its components largely share the same platform. The projected cash flows for Salix are based on the fact that the companies can benefit from their market position in the Nordic region, while the underlying economy does not decline significantly. The key assumptions used to calculate value in use for Salix are net sales growth and EBITDA margin. Volati estimates that long-term demand for Salix's products in the markets where the Company is established is relatively good. Based on this, Volati assumes that growth in net sales will be higher than GDP growth, while the EBITDA margin is expected to be stable during the forecast period. If major macroeconomic events were to occur and adversely impact development and the willingness to invest in the Nordic region, the trend could be worse than forecast. The assessment is that no reasonable changes in key assumptions will result in Salix's calculated value in use falling below the carrying amount.

Akademibokhandeln

The forecast cash flows for Akademibokhandeln have been based on the company's ability to benefit from its strong market position in Sweden, with customer behaviour not changing at a faster rate than historical developments regarding formats or channels for book sales. The key assumptions used to calculate value in use for Akademibokhandeln are net sales growth and EBITDA margin. Volati estimates that long-term demand for Akademibokhandeln's products in the markets where the company is established is relatively good. Based on these factors,Volati expects net sales growth to be in line with GDP growth, while the EBITDA margin is expected to be stable during the forecast period. If significant events were to occur in the market or in customer behaviour which adversely affect development, the trend could be worse than forecast. The assessment is that no reasonable changes in key assumptions will result in Akademibokhandeln's calculated value in use falling below the carrying amount.

Sensitivity analysis

The value in use for each cash generating unit is dependent on the assumptions used to calculate discounted cash flows. Volati has made simulations of value in use in the event of changes to key assumptions used for the calculation. When testing the carrying amount in relation to value in use with an assumption of an EBITDA margin that is twenty percent below the forecasts for all years in the forecast period, the value in use for all cash generating units would be higher than the carrying amount. For corresponding testing of growth after the end of the forecast period, i.e. year 5 and beyond, annual growth of one percent rather than the forecast's two percent would still result in the value in use for all units being higher than the carrying amount. In a simulation where the discount rate is increased by one percentage point, the value in use for all units would still be higher than the carrying amount.

Impairment

No impairment losses on goodwill or intangible assets were recognised during 2020. No impairment was identified at the end of 2020 after comparing the companies' value in use with the Group's carrying amount for each cash generating unit.

In 2019, impairment totalling SEK 328 million was recognised for discontinued operations in the Consumer business area.

NOTE 12 | Property, plant & equipment

Cost	Land and buildings	Machinery and equipment	Equipment with finance leases	Total
1 January 2019	**120**	**762**	**125**	**1,007**
Investments	1	81	–	82
In new companies on acquisition	–	2	–	2
Completed contracts	–	–24	–	–24
Translation differences	–	1	–125	–124
Discontinued operations	–	–1	–	–1
1 January 2020	**121**	**820**	**0**	**941**
Investments	1	39	–	40
In new companies on acquisition	77	14	–	91
Completed contracts	–59	–29	–	–89
Translation differences	–1	–4	–	–4
Reclassifications	0	–2	–	–2
Discontinued operations	–	–122	–	–122
31 December 2020	**140**	**717**	**0**	**856**
Accumulated depreciation				
1 January 2019	**–22**	**–531**	**–49**	**–602**
Depreciation for the year	–4	–71	–	–75
Completed contracts	–	23	–	23
Reclassifications	–	–	49	49
Translation differences	–	–1	–	–1
Discontinued operations	–	1	–	1
1 January 2020	**–26**	**–579**	**0**	**–605**
Depreciation for the year	–6	–69	–	–75
Sales/disposals	11	23	–	34
Reclassifications	0	0	–	0
Translation differences	0	3	–	3
Discontinued operations	–	87	–	87
31 December 2020	**–22**	**–535**	**0**	**–557**
Carrying amount				
31/12/2019	95	242	0	336
31/12/2020	118	181	0	299

NOTE 13 | Leases

Right-of-use assets

Volati's right-of-use assets and lease liabilities are mainly related to rents for premises and warehouses and leased cars and trucks.

Some leases also involve exposure regarding non-lease components such as costs of water, heating etc. However, their value is considered non-material to the Group.

The future lease payments are discounted at the interest rate implicit in the lease, if that rate can be readily determined, Otherwise, the incremental borrowing rate is calculated based on 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 14 percent depending on these different assumptions.

Volati's calculation of the length of the obligations is based on the remaining lease terms, but extension options have been taken into account if the exercise of such options is reasonably certain.

Cost	Land and buildings	Machinery and equipment	Total
1 January 2019	**879**	**151**	**1,030**
Investments	106	41	148
Acquisition of companies	4	1	5
Completed contracts	–29	–22	–51
Reclassifications	–	–	–
Translation differences	1	0	1
Discontinued operations	–2	0	–3
1 January 2020	**960**	**171**	**1,130**
Investments	292	34	326
Acquisition of companies	34	15	49
Completed contracts	–84	–24	–108
Reclassifications	–	–	–
Translation differences	–5	–1	–6
Discontinued operations	–214	–26	–240
31 December 2020	**983**	**169**	**1,152**
Accumulated depreciation			
1 January 2019	**–**	**–53**	**–53**
Depreciation for the year	–246	–38	–284
Completed contracts	26	13	39
Reclassifications	–	–	–
Translation differences	0	0	1
Discontinued operations	1	0	1
1 January 2020	**–219**	**–78**	**–297**
Depreciation for the year	–241	–36	–278
Completed contracts	81	14	96
Reclassifications	–	–	–
Translation differences	2	1	2
Discontinued operations	76	21	97
31 December 2020	**–301**	**–78**	**–380**
Carrying amount			
31/12/2019	740	92	833
31/12/2020	682	91	773

Amounts reported in income statement	2020	2019
Depreciation of right-of-use assets	–238	–237
Interest expenses for lease liabilities	–37	–39
Costs attributable to short-term leases	–7	–6
Costs attributable to low-value leases	–1	–2
Costs attributable to percentage rent not included in the lease liability measurement	0	0
Revenue from sub-leasing right-of-use assets	–	–
Total earnings effect	**–284**	**–284**

Cash flow from leases	2020	2019
Lease interest paid	–45	–46
Repayment of lease liabilities	–242	–269
Lease payments made for short-term leases	–15	–16
Lease payments made for low-value leases	–3	–5
Variable lease payments made	0	–1
Total cash flow	**–305**	**–336**

For a maturity analysis of lease liabilities, see note 22.

On 31 December 2020, the Group's obligations under short-term leases were SEK 2 (4) million.

Future cash flows

There are future cash flows to which the Group could potentially be exposed that are not reflected in the measurement of the lease liability. These include exposure attributable to:

- Variable lease payments
- Extension options
- Residual value guarantees
- Leases agreed but not yet commenced

Variable lease payments generally exist only in certain of the Group's property leases. These are then governed by the sales in each store under a lease contract.

Variable payment terms are used to link the lease payments to the stores' cash flow and reduce the fixed payments. The lease payments for these stores are distributed as follows:

(SEK million)	2020	2019
Fixed payments	–243	–243
Variable lease payments	0	–1
Total lease payments	**–243**	**–244**

In total, variable lease payments amount to less than 1 percent of the Group's total lease payments. The Group estimates that this distribution will be relatively constant over the coming years. The variable lease payments are based on sales and therefore on financial development over the next few years. Taking into account the expected development of sales over the next three years, the variable lease payments are expected to account for a similar proportion of the lease payments.

Assessment of the extension options is on the basis that exercise of such options is reasonably certain. For Volati, residual value guarantees do not represent a material amount.

Leases that have been agreed but have not yet commenced are not considered to have any material impact on cash flow.

Note 14 | Non-current financial assets

Other shares and interests	2020	2019
Opening cost	4	5
Investments	0	2
Acquisition	0	–
Impairment	–	–1
Other	–	–1
	4	**4**

Other non-current financial assets	2020	2019
Opening cost	2	2
Investments	1	1
Repayments	–1	–1
Disposals	0	–
	2	**2**

Note 15 | Inventories

	2020	2019
Raw materials and supplies	98	93
Products in progress	9	1
Finished goods and merchandise	830	753
Return assets	2	2
Work in progress for third parties	8	4
Advances to suppliers	22	11
	969	**865**

Of which obsolescence write-down of SEK –24 million.

Note 16 | Prepayments and accrued income

	2020	2019
Accrued supplier bonus	26	22
Accrued income, percentage of completion projects	12	42
Prepaid cost of sales	10	0
Prepaid rent	55	68
Prepaid leases	5	3
Prepaid insurance	5	4
Other prepayments	25	31
Other interim receivables	13	19
	151	**189**

Note 17 | Interest-bearing liabilities

Non-current liabilities	2020	2019
Bond liabilities	600	600
Lease liabilities	556	579
Liabilities to shareholders	2	2
Other interest-bearing liabilities	3	1
	1,161	**1,182**

Current liabilities	2020	2019
Overdraft facilities	0	88
Liabilities to credit institutions[1]	–	600
Lease liabilities	214	225
Other interest-bearing liabilities	0	0
	215	**913**

[1] See note 22 for information about contractual dates for interest-rate renegotiations.

At the end of 2020, the unutilised portion of the overdraft facility was SEK 300 (111) million, the unutilised portion of the revolving credit facility was SEK 900 (100) million and cash & cash equivalents were SEK 1,160 (447) million.

Note 18 | Changes to loans in cash flow from financing

	2020	2019
31 December	2,151	1,315
Non-cash changes		
Effect of transition to IFRS 16, 1 January	–	856
Loans in acquired companies	126	–
Lease liabilities in divested companies	–115	
Remeasurement to market value	91	–21
Translation differences	–4	1
Non-cash change in lease liabilities	303	138
Other non-cash changes	–4	–2
Cash changes		
Repayment of loans in acquired companies	–41	–6
Proceeds from borrowings	300	700
Repayment of borrowings	–1,021	–550
Repayment of lease liabilities	–242	–269
Owner transactions	–2	–11
31 December	**1,542**	**2,151**

Note 19 | Contract assets and liabilities

Contract assets	2020	2019	Classification in statement of financial position
Accrued income from projects	10	16	Prepayments and accrued income
	10	**16**	

Contract liabilities	2020	2019	Classification in statement of financial position
Short-term advances for inspection services	–	10	Advances from customers
Short-term advances for other services[1)]	38	25	Advances from customers
Provisions for extended warranties	3	3	Warranties and other provisions
	41	**38**	

[1)] Other services are mainly installations, assembly and paving.

The decline in contract assets from SEK 16 million in 2019 to SEK 10 million in 2020 is mainly due to the decline in outstanding unfinished projects at the end of 2020. The increase in contract liabilities from SEK 38 million in 2019 to SEK 41 million in 2020 is mainly due to the increase in outstanding projects with contractual terms that require advances. SEK 32 million of the closing contract liabilities of SEK 38 million in December 2019 was recognised as revenue during the year. None of the revenue recognised during the year relates to performance obligations satisfied during previous periods. The absolute majority of remaining performance obligations fall due within one year of the reporting date.

NOTE 20 | Warranty commitments and other provisions

	2020	2019
Closing balance, 31 Dec previous year	4	10
Warranty provisions in acquired companies	–	0
Warranty provisions	4	0
Provisions used	0	–1
Reversal of unused provisions	–	–5
Closing balance, 31 Dec	**8**	**4**

Note 21 | Accruals and deferred income

Accrued expenses	2020	2019
Accrued personnel expenses	205	208
Accrued customer bonuses	68	50
Accrued interest expenses	6	6
Accrued rental discounts	14	12
Accrued cost of goods sold	41	34
Accrued audit expenses	3	3
Other	61	36
Deferred income	**398**	**350**
Other	9	4
Total	**407**	**354**

Note 22 | Financial risk management and financial instruments

The Volati Group is exposed to various types of financial risk in the course of its operations. Some of Volati's operations are conducted outside Sweden. This exposes the Group to several different types of financial risks which could result in fluctuations in net profit, cash flow or equity, due to exchange rate movements. In addition, Volati has exposure in the form of loan financing with floating interest expenses and various risks associated with the duration of financing. The Parent Company manages the financial risks attributable to loan financing.

For currency risks, each business unit has its own procedures for when and how to manage currency exposure.

Credit risk

Credit risk involves exposure to losses if a counterparty fails to discharge its financial obligations to the Group. If counterparties are unable to fulfil their financial obligations to the Group, this may have a negative effect on the Company's operations, financial position and earnings.

In its ongoing sales, Volati is exposed to credit risk in outstanding trade receivables. This risk is reduced as some companies in the Group have trade receivables with a short expected maturity, distributed among a large number of customers at low amounts per customer and measured, without discounting, at the amounts initially invoiced less allowances for expected losses. In addition, the risk in some larger and longer projects is reduced by means of credit insurance. Historically, overall customer losses have been low throughout the Group. The total gross value of outstanding trade receivables at 31 December was SEK 707 (587) million. These were written down by a total of SEK –9 (–13) million. The age analysis of trade receivables at 31 December and the Group's loss allowance policy is described later in this note.

Currency risk

Volati's main currency risks are associated with the translation of equity and earnings in foreign subsidiaries, and the effect on earnings of the flows of goods between countries with different currencies.

Currency risk is based on exchange rate changes having an impact on the Company's earnings, and arises when transactions take place in foreign currency, i.e. when the Group makes purchases or sales in foreign currency, and when assets and liabilities are held in foreign currency. When consolidating foreign subsidiaries, the relevant country's currency is translated to Swedish kronor, which may have a negative effect on the Group's financial position. Large amounts of purchases are from suppliers in countries with different currencies, while many customer sales are in another currency. Future currency fluctuations can therefore have a negative effect on the Group's earnings and financial position. Volati's main exposure is to USD, EUR and NOK. USD exposure is due to a certain proportion of the Group's purchases being transacted in this currency, while revenue in USD is considerably lower. The Group's total exposure to EUR is mainly due to net purchases outweighing revenue in EUR, but the exposure varies from business area to business area, which means that financial development for a business area can be affected by EUR exchange rate movements. Exposure to NOK is related to revenue in NOK being significantly higher than expenditure. From time to time, the business units may use financial instruments to temporarily hedge their cash flows.

Transaction exposure

As the Group's companies have revenues and expenses in different currencies, it is exposed to risks associated with currency fluctuations. Transaction risks are managed in the business units based on each business unit's circumstances, risks and controls, which are formulated and adopted separately for each subsidiary. Some of the business units engage in active currency hedging, whereby purchases and income are hedged to varying degrees by forward exchange contracts. The degree of currency hedging varies from business unit to business unit, mainly in terms of the companies' ability to transfer currency exposures to customers or suppliers. At the reporting date, there were forward exchange contracts with a total nominal value of SEK 6 million, in which USD was hedged against SEK with durations about 3 months and EUR was hedged against SEK with durations of 1–6 months.

The table below shows the Group's net currency exposure to customers and suppliers at the reporting date (customers + and suppliers –) in the largest currencies.

Net currency exposure assets and liabilities, major currencies	Currency exposure 2020	Currency exposure 2019
EUR	45	–28
USD	–18	–8
NOK	18	3
PLN	16	12
SEK	–3	–4
CNY	–3	–2

Translation exposure

Volati AB presents its income statements and balance sheets in SEK. Foreign companies have different presentation currencies. This means that the Group's earnings and equity are exposed during consolidation when foreign currencies, primarily EUR, NOK and DKK, are translated to SEK. At the reporting date, there was a significant amount of translation exposure, primarily EUR exposure arising from acquisitions of business units in Salix Group. NOK translation exposure in equity is lower than in the previous year due to the divestment of NMP. Although Volati AB can hedge its translation exposure by borrowing in matching currencies, equity hedging had not been used at the reporting date.

The table below shows the Group's translation exposure in equity in the three largest currencies at the reporting date.

Translation exposure in equity in the balance sheet, major currencies, SEK million	Currency exposure 2020	Currency exposure 2019
NOK	175	386
EUR	33	37
DKK	32	41

The table below shows the impact on the Group's EBITA in the event of a 10 percent decline in the Swedish krona against the three largest currencies, with all other variables remaining constant.

Translation exposure in the income statement, major currencies, SEK million	Currency exposure 2020	Currency exposure 2019
NOK	–2	–3
HKD	0	0
DKK	0	0
GBP	0	0

Capital risk

The Group strives to achieve a solvency ratio that enables it to conduct operations in accordance with the strategic plan. However, the solvency ratio for the entire Group is not a true indicator of the Company's assessment of its financial position as it does not take into account the value growth of underlying holdings when calculating equity. The capital structure reflects the Group's relatively low operational risks. The level of debt gives scope for generating a good return for shareholders, while equity is sufficient to safeguard the Group's long-term ability to continue operating. Cash and cash equivalents that cannot be invested in accordance with the Company's objectives and investment strategy are distributed to the owners within the framework of Volati's dividend policy.

Interest rate risk

Interest rate risk is the risk that the Volati's net financial items will be affected by changes in market interest rates. In the longer term, interest rate changes will have a significant effect on Volati's earnings and cash flow. The Group's total interest expenses for bank loans and bond loans for the financial year 2019 amounted to SEK 33 (38) million and for lease obligations SEK 37 (39) million. The average interest rate on the bond loan at 31 December 2020 was 3.6 percent. The discount rate used for lease obligations varies between 2 and 14 percent.

If the prevailing interest rates were to change and/or the Company failed to pay interest in the future, the Company's operations, earnings and financial position could be adversely affected.

The bonds have durations of three months. Based on the loan volumes at the reporting date, a change of one (1) percentage point in the borrowing interest rate would have an effect of SEK 5 million on Volati's profit after tax.

Volati continuously monitors interest rate trends and, on this basis, assesses which interest terms are best for the Group in the long and short term.

Financing and liquidity risk

Financing risk is defined as the risk of being unable to discharge payment obligations as a result of insufficient liquidity or difficulties in obtaining external financing. Liquidity risk is the risk of the Company being unable to discharge its payment obligations as a result of insufficient liquidity at the due date without a significant increase in the associated cost of obtaining funds. If the Company's sources of financing prove to be inadequate, this could have a material adverse effect on the Group's operations, earnings and financial position.

Volati is dependent on obtaining financing through lenders. The Company's financing needs include both operating activities and preparedness for future investments. The availability of financing is influenced by factors such as general availability of risk capital and the Group's creditworthiness.

Volati manages financing risk at a consolidated level. Volati endeavours to have available cash and cash equivalents or unutilised credit facilities in order to manage any significant disruptions in the financing market. The available liquidity margin varies during the year and is dependent on whether there have been any significant acquisitions or divestments.

Volati's borrowing from credit institutions is mainly in SEK and at floating interest rates.

Volati's borrowing from credit institutions consists of two different financing frameworks, one of which is a revolving credit facility of SEK 900 million, with the tranches able to have different maturities, while the other is an overdraft facility of SEK 300 million. SEK 0 million of the revolving credit facility had been used at the reporting date. The revolving credit facility can be used until March 2022. At the end of the year, the unused portion of the overdraft facility amounted to SEK 300 million. The overdraft facility has a duration of 12 months and is automatically extended by another 12 months each year unless the bank has stated otherwise. Loan agreements are dependent on the Company's financial performance meeting certain covenants, including the net debt to EBITDA ratio. Volati AB has not breached any covenants during 2020.

In addition, Volati has chosen to make certain investments in property, plant & equipment under finance leases. See note 13 for information about these lease liabilities.

In addition, Volati issued a bond loan totalling SEK 600 million in 2017. Volati AB's bond loan, which is unsecured and non-subordinated, has a remaining term of four years with an interest rate of STIBOR (3 months) plus 350 basis points.

Volati has agreements with shareholders with non-controlling interests in certain business units which include put options on their company shares. The shareholder agreements entitle these shareholders, under certain conditions and on certain occasions, to sell the shares to Volati at market prices. On the reporting date, these put options were measured at a market value based on a multiple analysis adjusted for the net debt in each business unit.

Due dates

The due dates for non-interest-bearing and interest-bearing financial assets are mainly within one year.

The liquidity risk table below shows the due dates for Volati's financial assets and liabilities. The amounts in the table are undiscounted and include known future interest payments.The exact amounts are therefore not presented in the balance sheet.

Liquidity risk

	2020			2019		
	Within one year	1–5 years	>5 years	Within one year	1–5 years	>5 years
Assets						
Cash and cash equivalents	1,160	–	–	447	–	–
Trade receivables	698	–	–	574	–	–
Other shares and interests	5	–	–	4	–	–
Other non-current financial assets	–	0	2	–	0	2
Liabilities						
Bond liabilities	–21	–621	–	–21	–600	–
Liabilities to credit institutions	–1	–3	–	–603 [1)]	–1	–
Overdraft facilities	–2	0	–	–	–89	–
Liabilities to shareholders	–	–	–	–2 [2)]	–	–
Additional consideration	–16	–11	–	–6	–	–
Put options	–145	–	–	–56	–	–
Lease liabilities	–214	–468	–86	–225	–402	–178
Derivatives	0	–	–	0	–	–
Other current liabilities	–	–	–	–32 [3)]	–	–
Trade payables	–711	–	–	–706	–	–
Net	**751**	**–1,102**	**–84**	**–625**	**–1,091**	**–175**

1) Maturities based on the contractual terms of each loan. However, management intends to extend the majority of the loans under its existing credit agreement.

2) All existing shareholder loans have indefinite due dates. Interest on existing shareholder loans is capitalised quarterly

3) Refers to adopted dividend to preference shareholders for Q1 and Q2 2020. A new resolution on dividends to preference shareholders was passed at the 2020 AGM.

Financial instruments: carrying amounts and fair values by measurement category

	2020			2019		
	IFRS 9 category[1]	Carrying amount	Fair value	IFRS 9 category[1]	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	5	5	2	4	4
Other non-current financial assets	1.2	2	2	1.2	2	2
Trade receivables	1	698	698	1	574	574
Cash and cash equivalents	1	1,160	1,160	1	447	447
Financial liabilities						
Bonds	4	600	604	4	600	613
Loans from credit institutions	4	4	4	4	601	601
Derivatives held for trading	5	0	0	5	0	0
Trade payables	4	711	711	4	706	706
Additional consideration	5	26	26	5	6	6
Put options	6	145	145	6	56	56
Other current liabilities	4	–	–	4	32	32

[1] applicable IFRS 9 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

The fair value of non-current borrowing is based on observable data from discounted cash flows to market interest rates, while the fair value for current receivables and liabilities is considered to correspond to the carrying amount. As interest charges are variable in relation to the debt, the carrying amount represents the fair value.

Financial instruments measured at fair value

	2020				2019			
	Carrying amount	Quoted prices	Observable inputs	Unobservable inputs	Carrying amount	Quoted prices	Observable inputs	Unobservable inputs
Financial assets								
Other shares and interests	5	–	–	5	4	–	–	4
Financial liabilities								
Derivatives	0	0	–	–	0	0	–	–
Put options	145	–	–	145	56	–	–	56
Additional consideration[1]	26	–	–	26	6	–	–	6

[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.

Derivatives outstanding at 31 December

	31 December 2020			31 December 2019		
Instruments	**Positive market value**	**Negative market value**	**Nominal value**	**Positive market value**	**Negative market value**	**Nominal value**
Currency derivatives	–	0	6	0	0	1
Total	**–**	**0**	**6**	**0**	**0**	**1**

Trade receivables

	2020	2019
Trade receivables	707	587
Allowance for expected credit losses	–9	–13
	698	**574**

	2020			2019		
Maturity analysis	**Nominal**	**Impairment**	**Carrying amount**	**Nominal**	**Impairment**	**Carrying amount**
Not past due	609	–1	608	487	–2	485
Past due, less than 3 months	72	0	72	82	–1	80
Past due, more than 3 months	25	–7	18	19	–10	9
Total	**707**	**–9**	**698**	**587**	**–13**	**574**

As the Group includes companies within widely differing sectors, there is no general scale for loss allowances. Instead, the loss allowance is assessed for each business unit. The allowance is distributed as follows: receivables not overdue, less than one percent, up to 30 days, about one percent to a few percent, between 30– 60 days, a few percent to 50 percent, and over 90 days, often 100 percent.

Loss allowance

The Volati Group's loss allowance model is based on expected losses, which means that the reduction in value is recognised immediately when the receivable arises. Volati applies the simplified approach for trade receivables. As the Group's business units operate in very different sectors and have different counterparties as customers, from government authorities to private individuals in other countries, the calculation basis for the loss allowance also differs. The underlying calculation for the loss allowance has therefore been adapted to each business unit. Generally, expected credit losses on trade receivables have been estimated for all companies using a provision matrix, which is based on the debtor's payment history, and an analysis of the debtor's current financial position, adjusted for factors specific to the debtor, the general economic situation in the debtor's industry and an assessment of both current and forecast conditions on the reporting date.

The average credit period differs greatly within the companies in the Group, from a large proportion of advance payments in certain operations to over 90 days in other business units, but the majority have payment terms of 30 days. No interest is charged on outstanding trade receivables.

The Group writes off a trade receivable when there is information that indicates that the debtor is in financial hardship and there are no realistic prospects of recovery, e.g. when the debtor has gone into liquidation or has filed for bankruptcy.

Year's change in allowance for expected credit losses	2020	2019
Opening balance	13	10
Acquisitions and disposals	–1	0
Established losses	–7	–2
Reversal of unused amounts	–1	–2
Allowance for expected credit losses	4	8
Currency effects	0	0
Closing balance	**9**	**13**

Trade receivables by currency	2020	2019
SEK	519	457
EUR	95	44
NOK	56	55
GBP	14	8
DKK	10	9
USD	2	1
PLN	2	5
HUF	0	0
Other currencies	8	8
	707	**587**

NOTE 23 | Pledged assets and contingent liabilities

Pledged assets	2020	2019
Finance leases	23	27
Pensions	2	2
Bank guarantee	18	–
	43	**29**

Contingent liabilities	2020	2019
Other obligations[1)]	3	3
	3	**3**

[1)] Other obligations consist of customs bonds.

NOTE 24 | Investments in Group companies

Subsidiary, corp. reg. no., registered office	Number	Holding
Akademibokhandeln		
Volati Bok Holding AB (publ), 559233-6746, Stockholm	1,000	100%
Volati Bok AB, 559025-8637, Stockholm	7,839,200	97.99%
Akademibokhandeln Holding AB (publ), 559101-0938, Stockholm	8,000,000	100%
Akademibokhandelsgruppen AB, 559013-5033, Stockholm	800,000	100%
Bokhandelsgruppen i Sverige AB, 556204-5004, Stockholm	431,706	100%
Bokus AB, 556493-0492, Stockholm	100	100%
Corroventa		
Volati Luftbehandling Holding AB, 559046-2239, Bankeryd	960	96%
Volati Luftbehandling AB, 556717-4122, Bankeryd	1,000	100%
Corroventa Avfuktning AB, 556393-4669, Bankeryd	1,000	100%
Corroventa Entfeuchtung GmbH, Willich, Germany	–	100%
Corroventa Entfeuchtung GmbH, Austria	–	100%
Corroventa Ltd, Manchester, UK	50,000	100%
Corroventa Finland Oy Ab, Esbo, Finland	100	100%
Corroventa Avfuktning Norge AS, Oslo, Norway	–	100%
Corroventa Déshumidification S.A., Paris, France	–	100%
Corroventa Osuszanie Sp.z.o.o, Poland	250	100%
Ventotech AB, 556699-5485, Bankeryd	142,513	100%
Ettiketto		
Volati 1 Holding AB, 559026-2282, Malmö	480	96%
Volati Tryck Holding AB, 556656-4786, Malmö	6,096,991	100%
Ettiketto AB, 556195-2465, Malmö	10,000	100%
Ettiketto Åtvidaberg AB, 556533-7473, Åtvidaberg	35,520	100%
Ettiketto Fastighets AB, 556186-7804, Åtvidaberg	30,000	100%
Märkas AB, 556692-2422, Åstorp	1,000	100%
Beneli AB, 556913-9719, Helsingborg	50,000	100%
Salix Group		
Volati Handel Holding AB (publ), 559233-6763, Stockholm	1,000	100%
Volati Handel AB, 559016-1500, Malmö	926	92.6%
Volati Handel Service AB, 556805-9090, Malmö	1,000	100%
Habo Gruppen AB, 556199-2149, Habo	25,000	100%
Habo Danmark A/S, 10367484, Hinnerup, Denmark	–	100%
Habo Finland OY, 1524026-9, Vanda, Finland	–	100%
Habo Norge AS, 979 746 881, Trondheim, Norway	–	100%
Volati Hem och Beslag Ab, 3122950-2, Helsinki, Finland	100	100%
Pisla Oy, 2659337-7, Viitasaari, Finland	1,524,200	100%
Pisla OOO, 1097746457533, Moscow, Russia	–	100%
Dermex i Kinda AB, 556204-3769, Kisa	4,000	100%
Sørbø Industribeslag AS, 998 327 865, Trondheim, Norway	–	100%
Miljöcenter i Malmö AB, 556424-9018, Arlöv	2,000	100%
Miljöcenter Green Technology Hong Kong Limited, 2234277, Hong Kong	100	100%
Volati Agri Supply AB, 556795-4325, Skara	1,000	100%
Kellfri AB, 556471-9101, Skara	10,000	100%
Oy Kellfri AB, 20299787-6, Helsinki	1,000	100%
Swekip Sweden AB, 556890-0707, Umeå	1,000	100%
Kellfri Aps, 29404569, Fredericia, Denmark	125	100%
Volati JBF AB, 556251-0999, Malmö	10,000	100%
T-Emballage Bygg AB, 556191-0737, Vetlanda	10,000	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
Salix Group, cont'd		
T-Emballage Förpackning AB, 556497-9986, Vetlanda	2,000	100%
Väggmaterial Sverige AB, 556597-3996, Kungsbacka	1,000	100%
Thomée Gruppen AB, 556014-1896, Malmö	12,000	100%
Heco Nordiska AB, 556370-9954	8,000	100%
S:t Eriks		
Volati Infrastruktur AB, 559162-9612, Stockholm	490	98%
Stenentreprenader i Hessleholm AB, 556509-4702, Hässleholm	5,000	100%
S:t Eriks Group AB, 556993-9829, Staffanstorp	782,500	100%
S:t Eriks Holding AB, 556793-4970, Staffanstorp	1,000,000	100%
S:t Eriks AB, 556203-4750, Staffanstorp	22,222	100%
NoFo2 AB, 556777-2255, Staffanstorp	100,000	100%
NoFo3 AB, 556777-6736, Staffanstorp	100,000	100%
S:t Eriks Norge AS, 990918635, Slattum, Norway	1,000	100%
S:t Eriks i Töreboda AB, 556510-5524, Staffanstorp	1,000	100%
S:t Eriks Blommendal, 559245-5504, Staffanstorp	250	100%
Stenteknik i Karlstad AB, 556701-9566, Kil	86	100%
Vinninga Cementvarufabrik AB, 556693-3957, Vinninga	300	100%
Nordskiffer AB, 556443-1103, Höganäs	1,000	100%
Håle Stenbrott AB, 556949-2068. Staffanstorp	500	100%
Tornum		
Volati Agri Holding AB,559214-8638, Stockholm	480	96%
Volati Agri AB, 556744-8955, Skara	1,000	100%
Tornum AB, 556552-1399, Kvänum	1,000	100%
Oy Tornum AB, 19633318, Paipis, Finland	100	100%
Tornum Polska Sp. z.o.o., 7752500766, Kutno, Poland	100	100%
Tornum Kft., 01-09-880602, Debrecen, Hungary	100	100%
Tornum S.R.L., 24851384, Bucharest, Romania	100	100%
OOO Tornum, 1123444005640, Volgograd, Russia	100	100%
Tornum EOOD, 202029045, Sofia, Bulgaria	100	100%
Tornum LLC, 38908992, Kiev, Ukraine	100	100%
Lidköpings Plåtteknik AB, 556908-3305, Lidköping	500	100%
Tornum Asia Co., Ltd., 0105559188441, Bangkok, Thailand	–	100%
Silokonsult Processteknik Sweden AB, 556369-6581, Skara	1,000	100%
Mundus Maskin AB, 556508-5619, Ystad	10,000	100%
Other		
Fastighetsaktiebolaget Strömsmeden 1 AB, 556750-6117, Stockholm	1,000	100%
LHJHA Förvaltning AB, 556722-1410, Stockholm	300,000	100%
Marum Kontorshus i Väst AB, 556181-7726, Skara	1,000	100%
Oxid Finans AB, 556683-6812, Stockholm	1,000	100%
Piplöken 3 AB, 556714-0123, Stockholm	1,000	100%
Volati Industri AB, 556880-6235, Stockholm	490	98%
Volati 2 AB, 556809-7975, Stockholm	1,051,854	100%
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%
Volati Angelo AB, 556151-8258, Stockholm	5,000	100%
Volati Finans AB, 556762-3334, Stockholm	1,000	100%
Volati Italiano AB, 556345-3108, Stockholm	100,000	100%
Volati Ostran AB, 556036-8101, Stockholm	25,000	100%
Volati Tako AB 556495-9327, Stockholm	5,000	100%
Volati Treasury AB, 556847-3399, Stockholm	1,000	100%

Note 25 | Key assumptions

The most important assumptions about future accounting estimates at the reporting date are as follows:

Goodwill impairment testing

The value of subsidiaries, including goodwill, is tested annually by calculating the recoverable amount, i.e. the value in use for each company. Calculation of these values requires several assumptions about future conditions and estimates of parameters to be made, such as discount rates and future cash flows. The procedure is described in note 11. The assessment is that no reasonable changes in key assumptions will result in the calculated recoverable amount falling below the carrying amount. Although the impairment testing involves assumptions about the future, there is not considered to be a significant risk of material adjustments to the carrying amounts of goodwill during the next financial year.

The carrying amount of goodwill at the end of 2020 was SEK 1,600 (2,020) million. In all cases, goodwill reported in the Group has been allocated to each Group company as a further breakdown to a level below this is not considered relevant.

Business acquisitions

Volati acquires businesses on a regular basis. An acquisition analysis is prepared for each acquisition, in which assets and liabilities are measured at fair value. The fair value measurement is to some extent based on management's assessment of the acquired company's future earnings capacity. Certain acquisitions are subject to an additional consideration, which is based on the outcome of the acquired company's earnings during a predetermined period. Management makes regular evaluations of the fair value of the additional consideration that is recognised as a liability, which also includes an assessment of future earnings development for the acquisition. An incorrect assessment can result in the acquired assets and liabilities in the additional consideration being overvalued.

Further information can be found in note 4, Corporate acquisitions.

Put options

Volati recognises a liability for put options over non-controlling interests. The liability is measured at fair value in equity and the calculation requires management's assessment of, among other things, profit multiples for the operations where put options exist. The carrying amount of the liability at the end of 2020 was SEK 145 (56) million. An incorrect assessment of the above can result in the liability recognised for the put options being over- or undervalued, which could have a material effect on the Company's financial position. More information can be found in note 22.

Extension options and discount rate

The introduction of IFRS 16 in 2019 means that new key assumptions regarding the assessment of extension options and discount rates have been made. Within the Volati Group, the assessment of the extension options regarding right-of-use assets has 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 26 | Events after the reporting period

On 29 January, all shares in JPT Industria OY were acquired. See separate press release.

An EGM held on 2 February 2021 adopted an extra dividend of SEK 10.00 per share and SEK 30.80 per preference share.

In a press release on 19 February, it was announced that it had been decided to examine the conditions for a separate listing of Akademibokhandeln and to rename Trading as Salix Group AB.

In a press release on 24 February, it was announced that Andreas Stenbäck would be taking over from Mårten Andersson as President and CEO.

NOTE 27 | Related parties

Personnel expenses for Board members and senior executives who are also shareholders are presented in note 6.

During the year, two of the business units rented premises from companies owned by a member of Volati's Board. Rent for these premises during the year amounted to SEK 5 (5) million.

In June 2020, Volati repurchased shares in subsidiaries and redeemed shareholder loans from key personnel in Volati Life AB. The transaction was conducted at market conditions.

There are no loans between minority shareholders of Volati AB's subsidiaries.

Note 28 | Alternative performance measures

The financial reports published by Volati include alternative performance measures (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 represent 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.

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
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	Together with EBITA, EBITDA provides 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.	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. Also used in our covenant calculations for the bank.
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
EBITA excl. items affecting comparability	Calculated as EBITA, adjusted for transaction-related costs, restructuring 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 Group.
EBITA growth per ordinary share	Calculated as EBITA divided by the number of ordinary shares outstanding at the end of the period compared with the same period the previous year.	Used to illustrate earnings per ordinary share generated by operating activities.
Organic EBITA growth	Calculated as EBITA excluding items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding 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.
Return on equity	Net profit (including share attributable to non-controlling interests) 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 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 by average equity for the last four quarters (including share attributable to non-controlling interests) less the preference share capital.	Shows the underlying return generated on ordinary share capital invested in the Company by owners of ordinary shares.
Return on capital employed (ROCE excl. GW)	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed 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 excluding items affecting comparability for the last 12 months divided by average capital employed 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.

Non-IFRS APMs and key metrics	Description	Reason for use
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, adjusted for non-cash items, 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.
Net debt/Adjusted EBITDA average 4 quarters	Net debt, excl. IFRS 16 adjustments, at the end of the period in relation to adjusted EBITDA for the period. This is an average over the four most recent quarters.	The metric can be used to assess financial risk.

Calculations of alternative performance measures are presented separately below.

Adjusted EBITDA	Full year 2020	Full year 2019
EBITDA, LTM	815	909
Reversal of IFRS 16 effect	–236	–282
Acquired and divested companies	28	1
Items affecting comparability	29	–23
Adjusted EBITDA	**637**	**604**

Calculation of organic EBITA growth, %	Full year 2020	Full year 2019
EBITA	488	388
Reversal of IFRS 16 effect	–	–18
Adjustment for items affecting comparability	29	–11
EBITA excl. items affecting comparability	**517**	**358**
Total acquired/divested EBITA	–29	–25
Currency effects	2	0
Comparative figure for previous year	491	333
Organic EBITA growth, %	**30**	**4**

Calculation of EBITA growth per ordinary share, %	Full year 2020	Full year 2019
EBITA	488	388
No. of ordinary shares outstanding at end of period	79,406,571	79,406,571
EBITA per ordinary share, SEK	**6.14**	**4.89**
EBITA per ordinary share for same period previous year	4.89	4.09
EBITA growth per ordinary share, %	**26**	**20**

Basic and diluted earnings per ordinary share, SEK	Full year 2020	Full year 2019
Net profit attributable to owners of the Parent	967	74
Deduction for preference share dividend	64	64
Net profit attributable to owners of the Parent, adjusted for preference dividend	**903**	**10**
Average no. of ordinary shares	79,406,571	79,721,639
Earnings per ordinary share, SEK	**11.37**	**0.13**

Basic and diluted earnings per ordinary share, continuing operations, SEK	Full year 2020	Full year 2019
Total profit attributable to discontinued operations	263	245
Deduction for profit attributable non-controlling interests	11	8
Deduction for preference share dividend	64	64
Net profit attributable to owners of the Parent, adjusted for preference dividend	**188**	**173**
Average no. of ordinary shares	79,406,571	79,721,639
Earnings per ordinary share, SEK	**2.37**	**2.17**

Calculation of return on equity	Full year 2020	Full year 2019
(A) Net profit, LTM, including non-controlling interests	977	–2
Adjustment for preference dividend, including dividend accrued but not yet paid	–64	–64
(B) Net profit, adjusted	913	–67
(C) Average total equity	2,622	2,411
(D) Average adjusted equity	1,794	1,583
(A/C) Return on total equity, %	**37**	**0**
(B/D) Return on adjusted equity, %	**51**	**–4**

Calculation of equity ratio	Full year 2020	Full year 2019
Equity including non-controlling interests	3,235	2,360
Total assets	6,506	6,156
Equity ratio, %	**50**	**38**

Calculation of operating cash flow and cash conversion	Full year 2020	Full year 2019
EBITDA	815	711
Reversal of IFRS 16 effect	–236	–223
(A) EBITDA excl. IFRS 16 effect	**580**	**488**
(B) adjustment for non-cash items	17	–35
Change in working capital*	77	18
Net investments in property, plant & equipment and intangible assets	–51	–68
(C) Operating cash flow	623	403
(C/A) Cash conversion, %	**107**	**83**

Calculation of Net debt/adjusted EBITDA, x	Full year 2020	Full year 2019
Net debt		
Cash & cash equivalents and other interest-bearing assets	–1,162	–449
Non-current interest-bearing liabilities	655	646
Current interest-bearing liabilities	21	711
Net debt	**–485**	**907**
Adjusted EBITDA	637	604
Net debt/adjusted EBITDA, x	**–0.8**	**1.5**

Calculation of Net debt/adjusted EBITDA, average last 4 quarters, x	Full year 2020	Full year 2019
Current quarter	–0.8	1.5
Previous quarter	1.4	2.2
Previous quarter –1	1.3	2.4
Previous quarter –2	1.9	2.1
Average last four quarters, x	**0.9**	**2.0**

ROCE %, 31 December 2020	Salix Group	Industry	Akademi-bokhandeln	Central costs and other	Volati Group
1) EBITA, LTM	**265**	**236**	**67**	**–51**	**517**
Capital employed, 31 December 2020					
Intangible assets	1,016	581	817		2,413
Adjustment for goodwill, patent/technology, brands	–1,010	–561	–755		–2,326
Property, plant and equipment	45	214	25		299
Right-of-use assets	196	298	274		772
Operating receivables	880	673	257		1,811
Operating liabilities	–473	–449	–413		–1,343
Capital employed, 31 December 2020	**654**	**755**	**206**		**1,627**
Adjustment for average capital employed, LTM	44	68	50	0	165
2) Average capital employed, LTM	**698**	**823**	**256**		**1,792**
ROCE excl. GW 1)/2), %	**38**	**29**	**26**		**29**
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	**1,604**	**1,285**	**906**		**3,813**
ROCE incl. goodwill 1)/3), %	**17**	**18**	**7**		**14**

ROCE %, 31 December 2019	Salix Group	Industry	Akademi-bokhandeln	Central costs and other	Volati Group
1) EBITA, LTM	**178**	**179**	**76**	**–59**	**373**
Capital employed, 31 December 2019					
Intangible assets	977	538	836		2,352
Adjustment for goodwill, patent/technology, brands	–973	–520	–774		–2,267
Property, plant and equipment	31	223	30		300
Right-of-use assets	189	302	213		712
Operating receivables	674	620	262		1,560
Operating liabilities	–301	–403	–413		–1,128
Capital employed, 31 December 2019	**597**	**760**	**155**		**1,527**
Adjustment for average capital employed, LTM	49	96	138	0	282
2) Average capital employed, LTM	**646**	**856**	**293**		**1,809**
ROCE excl. GW 1)/2), %	**28**	**21**	**26**		**21**
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	**1,507**	**1,305**	**943**		**3,782**
ROCE incl. goodwill 1)/3), %	**12**	**14**	**8**		**10**

Income Statement, Parent Company

SEK million	Note	2020	2019
Operating income			
Net sales		22	24
Operating expenses			
Other external costs	2	–21	–28
Personnel expenses	3	–32	–35
Other operating expenses		–1	–3
Depreciation of property, plant and equipment		0	0
Operating profit		**–32**	**–43**
Profit/loss from financial investments			
Profit/loss from investments in Group companies	4	162	364
Interest and similar income	5	185	180
Interest and similar expenses	6	–39	–37
Profit after financial items		**276**	**465**
Appropriations	7	30	39
Tax	8	0	0
Net profit		**306**	**505**

Statement of Comprehensive Income, Parent Company

SEK million	Note	2020	2019
Net profit and Comprehensive income for the year		**306**	**505**

Statement of Financial Position, Parent Company

SEK million	Note	31/12/2020	31/12/2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	0	0
Other shares and interests		1	1
Other non-current financial assets		2	1
Investments in subsidiaries	10	2,119	2,027
Total non-current assets		**2,122**	**2,029**
Current assets			
Receivables from Group companies		2,670	5,380
Prepayments and accrued income		3	4
Current tax receivables		0	–
Other receivables		1	2
Cash and cash equivalents		1,105	422
Total current assets		**3,779**	**5,807**
Total assets		**5,901**	**7,836**
EQUITY AND LIABILITIES			
Equity	11		
Restricted equity			
Share capital		10	10
Unrestricted equity			
Share premium reserve		2,376	2,377
Retained earnings		1,160	655
Net profit		306	505
Total equity		**3,852**	**3,547**
Untaxed reserves			
Tax allocation reserve		49	48
Liabilities			
Non-current liabilities			
Interest-bearing bond liability		597	596
Non-current non-interest-bearing liabilities		22	22
Pension obligations		2	1
Total non-current liabilities		**621**	**619**
Current liabilities			
Liabilities to Group companies		1,366	2,884
Trade payables		3	5
Current tax liabilities		–	–
Current interest-bearing liabilities		–	689
Other current liabilities		1	4
Accruals and deferred income	13	10	40
Total current liabilities		**1,380**	**3,622**
Total equity and liabilities		**5,901**	**7,836**

For information on the Parent Company's pledged assets and contingent liabilities, see note 12.

Cash Flow Statement, Parent Company

SEK million	2020	2019
Operating activities		
Profit after financial items	276	465
Adjustment for non-cash items		
Depreciation	0	0
Reversal of dividend from subsidiary	–162	–473
Reversal of financial items	–146	–32
Total adjustments for non-cash items	**–308**	**–505**
Interest paid	–36	–34
Interest received	58	119
Tax paid	0	–2
Cash flow from operating activities before changes in working capital	**–10**	**43**
Cash flow from changes in working capital		
Change in receivables	1	–2
Change in operating liabilities	–3	2
Cash flow from changes in working capital	**–2**	**1**
Cash flow from operating activities	**–12**	**44**
Investing activities		
Investments in subsidiaries	–	–1
Cash flow from investing activities	**0**	**–1**
Financing activities		
Share buy-back	–	–45
Warrant buyback	–	–13
Dividends paid	–32	–144
Dividends received	162	473
Change in intra-Group transactions	1,255	–405
Repayment of loans	–989	–240
Proceeds from borrowings	300	700
Owner transactions	–	–1
Cash flow from financing activities	**696**	**325**
Cash flow for the year	**683**	**368**
Cash and cash equivalents at beginning of year	422	54
Cash and cash equivalents at end of year	**1,105**	**422**

Statement of Changes in Equity, Parent Company

SEK million	Share capital	Share premium reserve	Retained earnings	Net profit	Total equity
Closing balance, 31 Dec 2018	**10**	**2,435**	**301**	**497**	**3,244**
Other appropriations of profits	–	–	497	–497	0
Warrant buyback	–	–13	–	–	–13
Share buy-back	–	–45	–	–	–45
Dividend on ordinary shares	–	–	–79	–	–79
Dividend on preference shares	–	–	–64	–	–64
Comprehensive income for the year	–	–	–	505	505
Closing balance, 31 Dec 2019	**10**	**2,377**	**655**	**505**	**3,547**
Other appropriations of profits	–	0	505	–505	0
Comprehensive income for the year	–	–	–	306	306
Closing balance, 31 Dec 2020	**10**	**2,376**	**1,160**	**306**	**3,852**

Notes to the Parent Company's accounts

NOTE 1 | Accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements from the Swedish Financial Reporting Board's Emerging Issues Task Force. RFR 2 requires the Parent Company, as a legal entity, to prepare separate financial statements in accordance with International Financial Reporting Standards (IFRS) and statements adopted by the EU to the extent allowed within the framework of the Swedish Annual Accounts Act, and taking into account the relationship between tax expense and accounting profit. The recommendation also specifies permissible IFRS exemptions and additions, and the Company has decided to use the exemption from applying IFRS 9 in its reporting. Differences between the Group's and the Parent Company's accounting policies are described below.

The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Revenue recognition

Dividends to the Parent Company are recognised as revenue.

Leases

The Parent Company applies the exemption rule in RFR 2 and recognises lease payments as an expense on a straight-line basis over the lease term.

Property, plant and equipment

The Parent Company recognises property, plant and equipment at cost less accumulated depreciation and impairment.

Depreciation

Depreciation is applied on a straight-line basis over the useful life of the asset.

	Number of years
Equipment	3–10

The residual values and useful lives of assets are reviewed annually.

Financial instruments

The Parent Company applies the IFRS 9 exemption rules in RFR 2 and financial instruments are therefore recognised at cost less impairment.

Group contributions

The Parent Company recognises Group contributions paid and received as appropriations in the income statement.

Tax

Deferred tax assets arising from tax loss carryforwards or other future tax deductions are recognised to the extent that it is likely that the loss can be offset against future profits.

Investments in subsidiaries

The Parent Company only recognises an impairment loss on the carrying amount of investments in subsidiaries when the value of a subsidiary is less than its value in use, as described in Group note 11.

Note 2 | Auditors' fees and remuneration

Ernst & Young AB	2020	2019
Audit	1	1
Other auditing services	0	1
Tax advisory services	–	0
	1	**2**

The items 'audit' and 'other auditing services' refer to examination of the annual financial statements, accounting records and administration of the business by the CEO and Board, other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of these other procedures. Anything else is classified as other services.

NOTE 3 | Employees and personnel expenses

The average number of employees in the Parent Company was 13 (11), of whom 7 (7) were men. In 2020, six of the senior executives were employed by the Parent Company. One is employed in the Group (Akademibokhandeln)

	2020	2019
Salaries and other benefits		
Board and CEO	3	4
Other employees	18	19
	22	**23**
Social security contributions		
Contractual and statutory social security contributions	6	7
Pension costs, Board and CEO (incl. payroll tax)	0	0
Other pension costs	2	1
	9	**9**

NOTE 4 | Profit/loss from investments in subsidiaries

	2020	2019
Dividends from subsidiaries	162	473
Impairment of shares in subsidiaries	0	–109
	162	**364**

NOTE 5 | Interest and similar income

	2020	2019
Interest income from Group companies	185	180
Interest income from bank deposits	0	0
	185	**180**

NOTE 6 | Interest and similar expenses

	2020	2019
Interest expenses to Group companies	–2	–1
Interest expenses on bonds	–23	–22
Interest expenses on loans	–11	–10
Other interest expenses	0	0
Exchange losses	0	–1
Other finance costs	–3	–3
	–39	**–37**

NOTE 7 | Appropriations

	2020	2019
Group contributions paid	–	–
Group contributions received	30	34
Change in tax allocation reserve	0	5
Change in accelerated depreciation	0	0
	30	**39**

NOTE 8 | Tax

	2020	2019
Current tax expense	0	0
Deferred tax	–	–
Tax expense for the year	**0**	**0**

Reconciliation of effective tax	2020	2019
Profit before tax	305	505
Tax at applicable tax rate	–65	–108
Tax effect of non-taxable income	66	132
Tax effect of non-deductible expenses	0	–24
Tax effect, other	0	0
Recognised effective tax	**0**	**0**

NOTE 9 | Property, plant & equipment

Equipment	2020	2019
Accumulated cost		
Opening cost	1	1
Investments	–	–
Closing accumulated cost	**1**	**1**
Accumulated scheduled depreciation		
Opening depreciation	0	0
Depreciation for the year	0	0
Disposals	0	0
Closing accumulated depreciation	**0**	**0**
Closing scheduled residual value	0	0

NOTE 10 | Investments in Group companies

Accumulated cost	2020	2019
1 January	2,027	1,592
Investments	–	24
Shareholder contributions	92	520
Impairment	–	–109
31 December	**2,119**	**2,027**

			Carrying amount	
Subsidiary, corp. reg. no., registered office	**Number**	**Holding**	**2020**	**2019**
Volati Treasury AB, 5569473399, Stockholm	1,000	100%	0	0
Volati Industri AB, 556880-6235, Stockholm	500	98%	631	560
Volati 2 AB, 556809-7975, Stockholm	1,051,854	100%	5	5
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%	663	663
Marum Kontorshus i Väst AB, 556181-7726, Skara	1,000	100%	9	9
Volati Finans AB, 556762-3334, Stockholm	1,000	100%	18	18
Volati Handel AB, 559016-1500, Malmö	1,000	93%	538	517
Volati Bok, 559025-8637, Stockholm	8,000,000	98%	254	254
Volati Bok Holding AB, 559233-6746, Stockholm	1,000	100%	1	1
Volati Handel Holding AB, 559233-6753, Stockholm	1,000	100%	1	1
			2,119	**2,027**

NOTE | 11 Equity

Dividend
In 2020, Volati AB distributed SEK 0 (79) million to ordinary shareholders and SEK 0 (64) million to preference shareholders.

Retained earnings
Retained earnings comprise unrestricted equity from previous years. Together with net profit for the year, this comprises total unrestricted equity, i.e., the amount that is available for distribution to shareholders.

Proposed appropriation of profits
Information on the Board's proposed appropriation of profits can be found in the administration report in this Annual Report and below.

The Board of Directors proposes that:

	SEK
Retained earnings	1,159,620,368.36
Extra dividend, February 2021	–843,461,949.20
Net profit	305,513,009.42
Share premium reserve	2,376,398,417.10
be appropriated as follows:	
Dividend of SEK 1.20 per ordinary share, total	95,287,885.20
Dividend of SEK 40.00 per preference share, total	64,150,960.00
Non-cash distribution of SEK 3.20 per ordinary share, total	254,317,141.00
Carried forward	2,584,313,859.48

NOTE 12 | Pledged assets and contingent liabilities

Pledged assets	2020	2019
Shares in subsidiaries	–	–

Contingent liabilities	2020	2019
Rental guarantee	8	11
Guarantees for subsidiaries	–	–
	8	**11**

See Group note 23 for information on the Group's pledged assets.

NOTE 13 | Accrued expenses

Accumulated cost	2020	2019
Accrued personnel expenses	1	1
Accrued social security contributions on accrued personnel expenses	1	0
Accrued interest on bond	5	5
Accrued liability for preference share dividend	–	32
Other accruals	3	2
	10	**40**

NOTE 14 | Related parties

The Parent Company has a related party relationship with its Group companies and owners. See Group note 27. During the year, Group contributions and dividends were received from subsidiaries. In addition, the Parent Company has invoiced its subsidiaries for services rendered during the year at an amount of SEK 22 (24) million. Personnel expenses for owners are shown in Group note 6.

The Board and CEO hereby confirm that the consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial performance and position. The Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Company's financial performance and position. The Board of Directors' Report for the Group and the Parent Company provides a fair overview of the development of the Group and the Parent Company's operations, financial position and performance and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 26 March 2021

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Louise Nicolin
Board Member

Christina Tillman
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Mårten Andersson
CEO

Our audit report was submitted on 26 March 2021

Ernst & Young AB

Rickard Andersson
Chief Auditor

Auditor's report

To the general meeting of the shareholders of Volati AB (publ.), corporate identity number 556555-4317

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Volati AB (publ.) for the year 2020 except for the corporate governance statement on pages 74–89 and the statutory sustainability report on pages 57–69 and consolidated accounts of the company are included on pages 53–145 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 74–89 and the statutory sustainability report on pages 57–69. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and the statement of financial position for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment test of goodwill and intangible assets with an indefinite useful life

Description

As Per 31 December 2020, the company's goodwill amounts to SEK 1 600 million and intangible assets with an indefinite useful life amount to SEK 425 million. Notes 1 and 11 describe the impairment test to be carried out annually or when there are indications of impairment. Goodwill and intangible assets with indefinite useful lives acquired through acquisitions are allocated to the company's cash generating units (CGU). When the book value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the highest of a CGUs net realizable value and value in use, meaning the discounted present value of future cash flows. The cash flow forecasts are based on group management's forecasts that originate in the business units next year's budgets and forecasts for another four to five years. As disclosed in note 11, these forecasts include assumptions concerning, inter alia, net sales growth, profit margin, working capital and discount rates.

Note 11 describes significant assumptions used in the calculation of value and includes a sensitivity analysis for changes in key assumptions. Due to the assumptions required to calculate the recoverable amount, we have assessed that the valuation of goodwill and intangible assets with an indefinite useful life is a key audit matter in our audit.

How our audit addressed this key audit matter

Our review has included, among other things, the following audit procedures:

- Evaluation of the company's process to prepare and carry out impairment tests.
- Review of the company's identification of cash-generating units (CGUs) and how the operations are monitored internally.
- Review of each CGUs discount rate and long-term growth, and where possible by comparison with other companies active in the same industry.
- Evaluation, using valuation experts, of used valuation methods and impairment models, assessed the reasonableness of assumptions, sensitivity analysis, comparison of historical outcomes and reliability of previous forecasts.
- We also assessed whether the information disclosed is appropriate.

Business combinations

Description

The Company acquires companies on a continuous basis. As described in note 1, the Company's acquisition value is determined through a purchase price allocation in connection with the acquisition. Contingent consideration is included in the acquisition cost and is reported at fair value at the time of acquisition. Subsequent effects of revaluations of contingent consideration are recognized in the income statement. Acquired identifiable assets and liabilities assumed are initially recognized at fair value at the time of acquisition and the difference between the acquisition value and the fair value of identifiable assets and liabilities assumed is recognized as Goodwill.

As described in note 25, management is required to make assessments and assumptions in order to estimate the fair value of acquired assets and liabilities, especially when identifying and valuing intangible assets and accounting for contingent consideration. In some cases, the contingent consideration is determined on the basis of the financial performance of the acquired business over a predetermined period. The fair value measurement attributable to business combinations, including contingent considerations involves, to a large extent management's judgment based on the company's own assumptions and therefore constitutes a key audit matter in our audit.

Established fair values for the Company's acquisitions are reported in Note 4. As Per 31 December 2020, contingent considerations amount to SEK 16 million and are presented in note 22. Important assumptions used in the determination of fair value are described in note 25.

How our audit addressed this key audit matter

Our review has included, among other things, the following audit procedures;

- Review of significant acquisition agreements including any contingent deferred considerations.
- Evaluation of management's process for preparing purchase price allocations.
- Evaluation of management's assessments and valuation of identified assets and liabilities assumed, including contingent considerations.
- Reconciliation of purchase price allocation to accounting records.
- Evaluating, using valuation experts, used valuation methods and management assessments and assumptions.
- We also assessed whether the information disclosed is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–51. The renumeration report for the financial year 2020 also contains other information. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

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

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

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

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

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

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 74–89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 57–69 and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Ernst & Young AB with Rickard Andersson as the auditor in charge, Box 7850, 103 99 Stockholm was appointed auditor of Volati AB by the general meeting of the shareholders on the 25 June 2020 and has been the company's auditor since the 16 May 2018.

Stockholm, 26 March 2021
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

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