



Year-end report
January–December 2019

“A stable end to a good year”

Mårten Andersson, CEO

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish original and the translation, the Swedish shall have precedence.

Year-end report January–December 2019

Q4 October–December 2019

- Net sales amounted to SEK 1,801 (1,831) million
- EBITDA increased to SEK 291 (210) million
- EBITA increased by 12 percent to SEK 194 (173) million
- Organic EBITA growth was 3 percent
- Profit after tax increased by 35 percent to SEK 163 (121) million
- Earnings per ordinary share increased by 40 percent to SEK 1.82 (1.30)

Events after the reporting period

- On 21 January, all of the shares in the screws and fastenings supplier Heco Nordiska AB were acquired
- Volati's Board has decided to adopt new financial targets

Period January–December 2019

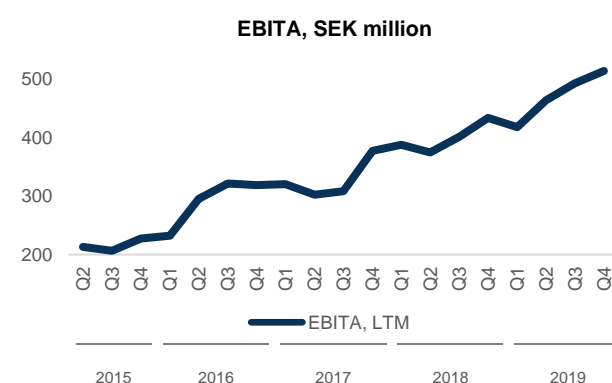
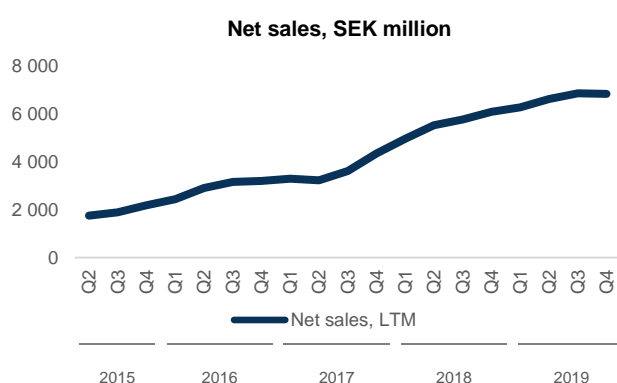
- Net sales increased by 12 percent to SEK 6,833 (6,084) million
- EBITDA increased to SEK 909 (552) million
- EBITA increased by 18 percent to SEK 513 (433) million
- Organic EBITA growth was 4 percent
- Impairment of intangible assets of SEK 328 million in the Consumer business area
- Profit after tax amounted to SEK -2 (274) million. Adjusted profit after tax, excluding impairment of intangible assets of SEK 324 million after tax, was SEK 322 million
- Earnings per ordinary share amounted to SEK 0.13 (2.58). Excluding impairment of intangible assets, adjusted earnings per ordinary share amounted to SEK 3.12
- The Board proposes a dividend of SEK 1.10 (1.00) per share

Key figures

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

SEK million	Oct–Dec 2019	Oct–Dec 2019 ¹⁾	Oct–Dec 2018	Full year 2019	Full year 2019 ^{*)}	Full year 2018
Net sales	1,801	1,801	1,831	6,833	6,833	6,084
EBITDA	291	219	210	909	627	552
EBITA	194	185	173	513	490	433
Organic EBITA growth, %	3	3	2	4	4	0
EBIT	180	171	147	130	108	366
Profit after tax	163	164	121	-2	14	274
Adjusted profit after tax	163	164	121	322	338	274
Net debt/Adjusted EBITDA, x	1.5	1.5	1.7	1.5	1.5	1.7
Cash conversion, LTM, %	83	83	86	83	83	86
Earnings per ordinary share, SEK	1.82	1.82	1.30	0.13	0.32	2.58
Adjusted earnings per ordinary share, SEK	1.82	1.82	1.30	3.12	3.32	2.58
Equity per ordinary share, SEK	19.29	19.29	21.63	19.29	19.29	21.63
Return on adjusted equity, %	15	15	13	15	15	13
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

¹⁾To provide a more comparative picture, the columns show what the figures would have been before the introduction of IFRS 16.



A stable end to a good year

EBITA for the fourth Q4 increased by 12 percent to SEK 194 million and for the full year by 18 percent to SEK 513 million. Organic EBITA growth was 3 percent in the fourth Q4. The good earnings and strong operating cash flow of SEK 439 million in Q4 mean that net debt is low and we therefore continue to have good acquisition capacity.

Good development for Trading continues

The Trading business area showed a strong earnings trend in Q4. This development is particularly pleasing given that the business area was challenged by a weak Swedish krona throughout the year. The business area currently acts as a group of companies which have a clear industrial logic between them and a common platform for logistics, IT and finance. This means, among other things, that we can identify and deliver synergies when making acquisitions in the business area, giving us good opportunities to continue to grow and create value.

Strong quarter for Industry

The Industry business area also delivered a strong result in Q4, with all business units contributing. Looking at the full year, EBITA for the Industry business area is good, but our expectations were at a higher level. Operations in the business area are affected by fluctuations in demand due to project sales and by weather-related fluctuations. These fluctuations in demand have had a negative impact on earnings for the full year. During the year, we successfully implemented major changes in S:t Eriks, leaving us well equipped for growth in the business unit in the coming years.

Akademibokhandeln – good development for stores during the quarter, temporary challenges for e-commerce

The Akademibokhandeln business area has shown very positive development during the year, with growing sales and considerable success in the non-books range. It is therefore particularly disappointing that the Bokus e-commerce store was affected by temporary delivery problems during the important fourth quarter. During the year, the company changed its logistics management with its 3PL supplier to offer customers even faster delivery times. However, the change did not go according to plan for deliveries during the Christmas trading period. In addition to creating problems for customers, sales volumes were negatively affected while costs related to customer service staffing increased. The business area has worked intensively to deal with the delivery problems and we believe that these will gradually subside. The challenges for Bokus meant that both sales and earnings declined during Q4 compared with the same period the previous year, despite an otherwise good performance for Akademibokhandeln. I would particularly highlight good store sales during the quarter – notably during the Christmas trading period.

Earnings improvement for Consumer

The Consumer business area delivered a 30-percent improvement in earnings in Q4. The inspection business



continues to develop well and we are very pleased with the successful work that has been done to adapt the operations to the changed inspection rules.

Many acquisition opportunities

In recent years, Volati has made extensive efforts to engage the business area organisation and business units in the process of identifying and driving forward potential value-creating add-on acquisitions. This has worked well and we have seen results in the form of an increased inflow of acquisition candidates during the year. Four acquisitions were made during 2019 and a further acquisition were made after the end of the period – all of them add-on acquisitions for existing operations. When making add-on acquisitions, Volati is even more of an industrial buyer and sees synergies as a way of creating value in the businesses.

New financial targets

Since Volati's ordinary shares were listed on Nasdaq Stockholm in 2016, the Company's net sales have more than doubled and EBITA has increased by 61 percent. On the basis that Volati has developed as a company in several respects since then, the Board has decided to adopt new financial targets for Volati, to coincide with this year-end report. These are described in detail on page 12.

The new targets do not involve any change of direction for Volati. We will continue to develop the Company at a high rate, with a strong focus on creating long-term value for our shareholders. Volati enters 2020 with a strong financial position. With a net debt of 1.5x EBITDA at the end of the year, we have the financial capacity to continue building Volati in accordance with the Group's strategy.

Mårten Andersson, President and CEO

This is Volati

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

Strategy for long-term value creation

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

SEK 523 million

Operating cash flow 2019

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

30

Number of completed acquisitions 2004-2019

...at reasonable valuations

6.0x

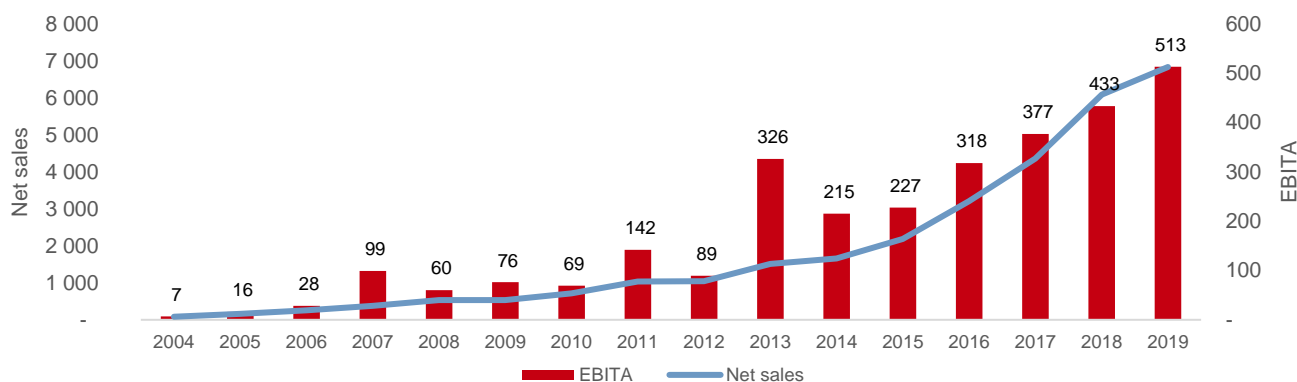
Average acquisition multiple (EV/EBITDA) 2004-2019

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

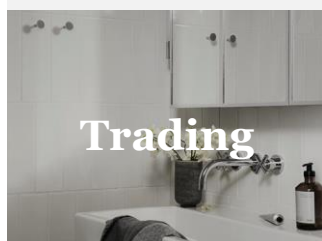
23%

CAGR EBITA 2015-2019

Net sales and EBITA trends 2004 – 2019, SEK million



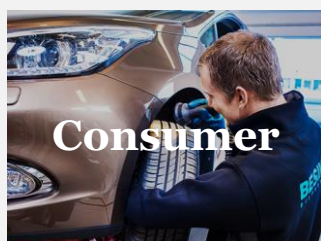
Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademi-bokhandel and Industry.



Trading

34%

of the Group's EBITA



Consumer

21%

of the Group's EBITA



Akademi-bokhandel

13%

of the Group's EBITA



Industry

32%

of the Group's EBITA

The figures above refer to the twelve-month period between January 2019 and December 2019 and show the business areas' share of EBITA without the effects of IFRS 16, as the business areas are monitored excluding IFRS 16. Acquired operations are included in the relevant business area from the acquisition closing date and are calculated net of central costs. Divested operations are included in the relevant business area up to the divestment date.

Consolidated financial trend

Net sales

The Group's net sales for Q4 2019 amounted to SEK 1,801 (1,831) million, a decline of 2 percent compared with the same period the previous year. The decline is mainly attributable to divested operations and reduced sales in the Akademibokhandeln business area.

Net sales for the full year 2019 amounted to SEK 6,833 (6,084) million, an increase of 12 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Earnings

+18%

EBITA
2019

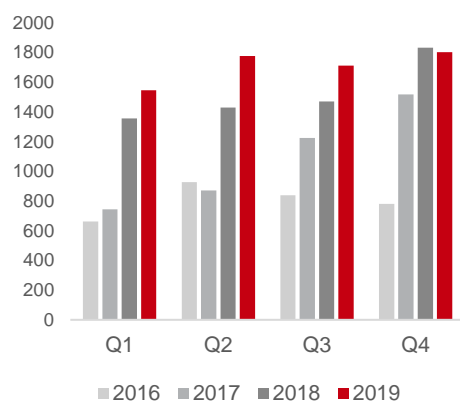
EBITDA for Q4 2019 increased to SEK 291 (210) million, mainly driven by positive earnings growth in the operations, the previous year's acquisitions and an effect of SEK 72 million from the introduction of IFRS 16 Leases. EBITA for Q4 increased by 12 percent to SEK 194 (173) million. Organic EBITA growth for Q4 was 3 percent.

EBITDA for the full year 2019 increased to SEK 909 (552) million, mainly driven by positive earnings growth in the operations, the previous year's acquisitions and an effect of SEK 282 million from the introduction of IFRS 16 Leases. EBITA for the full year amounted to SEK 513 (433) million. Organic EBITA growth during the period was 4 percent.

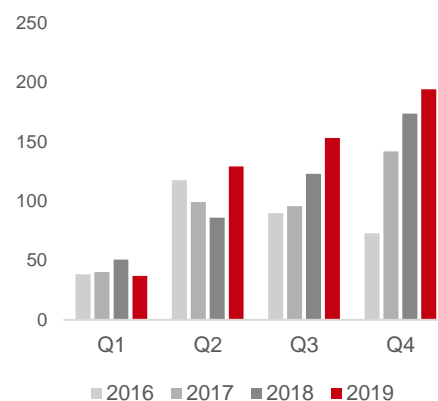
Profit after tax for Q4 2019 increased to SEK 163 (121) million, with IFRS 16 having a negative effect of SEK 1 million. Tax expenses were positively affected by a one-time effect of SEK 43 million due to a remeasurement of tax losses. Profit after tax attributable to owners of the Parent for Q4 amounted to SEK 160 (74) million. Profit after tax attributable to non-controlling interests was SEK 3 (0) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 1.82 (1.30).

Profit after tax for the full year 2019 was SEK -2 (274) million. Adjusted profit after tax, excluding significant impairment, was SEK 322 million. IFRS 16 had a negative effect of SEK 16 million on the full year, and remeasurement of tax losses and deferred tax from prior years had a positive impact of SEK 33 million on earnings. The previous year also had a positive effect of SEK 20 million as a result of a remeasurement due to a tax rate reduction and a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent amounted to SEK 74 (272) million in 2019. Profit after tax attributable to owners of the Parent, excluding impairment, was SEK 313 million. Profit after tax attributable to non-controlling interests was SEK -77 (2) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 0.13 (2.58) for the full year. Adjusted earnings per ordinary share, excluding significant impairment made during Q3 2019, for the full year was SEK 3.12 (2.58).

Net sales, SEK million



EBITA, SEK million



Seasonal variations

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

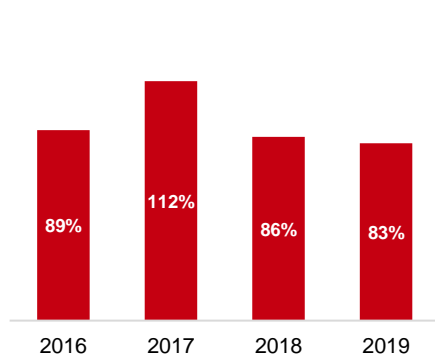
Cash flow

Cash flow from operating activities for Q4 2019 amounted to SEK 544 (426) million. The largest difference from the previous year is related to IFRS 16. Cash flow from operating activities for the last twelve months amounted to SEK 759 (448) million. The cash conversion rate for the last twelve months was 83 (86) percent. Investments in non-current assets for Q4 2019 amounted to SEK 39 (34) million and were primarily related to business development investments in the form of newly established inspection stations, IT systems and ongoing investments in machinery and equipment.

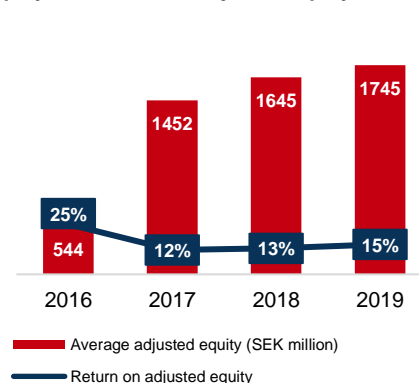
83%

Cash conversion
2019

Cash conversion, %



Equity and return on adjusted equity



Equity

Equity for the Group amounted to SEK 2,360 (2,567) million at the end of the period. Equity attributable to holders of the Parent's ordinary shares, adjusted for preference share capital, declined from SEK 1,731 million on 31 December 2018 to SEK 1,523 million on 31 December 2019. Impairment of intangible assets had a negative effect of SEK 239 million on equity attributable to holders of the Parent's ordinary shares, while dividends to shareholders and repurchasing of shares and warrants reduced equity by SEK 202 million. Divestment of operations also reduced equity by SEK 97 million. The equity ratio on 31 December 2019 was 38 percent, compared with 46 percent at the end of 2018. The return on adjusted equity, excluding significant impairment, for the last twelve months was 15 (13) percent.

15%

Return on adjusted
equity
2019

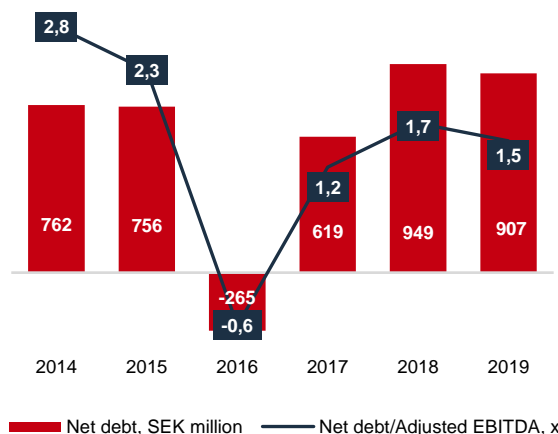
1.5x
Net debt/
adjusted EBITDA
2019

Net debt

The Group had net debt of SEK 1,646 million at the end of the year, compared with SEK 949 million on 31 December 2018. Factors that have increased net debt include the introduction of IFRS 16, share and warrant buy-backs, dividend payments, acquisitions and normal seasonality effects. Net debt excluding IFRS 16 amounted to SEK 907 million on 31 December 2019. The alternative performance measure Net debt/adjusted EBITDA shows the ratio without the effects of IFRS 16. For a definition see note 7 on page 28 of the report.

Total liabilities amounted to SEK 3,795 million at the end of the year, compared with SEK 3,005 million on 31 December 2018. Most of the increase was due to the introduction of IFRS 16. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 2,094 million at the end of Q4, compared with SEK 1,217 million on 31 December 2018.

Capital structure trend



Net debt

The Group had net debt, excluding IFRS 16, of SEK 907 million at the end of the quarter, with a net debt/adjusted EBITDA ratio of 1.5 x.

Acquisitions and disposals during and after the period

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

As announced in a press release on 8 November 2019, Volati has changed its ownership of me&i, a business unit in the Consumer business area. Volati previously owned 65 percent of the shares in the business unit, but has now converted the ownership into preference shares. The change means that Volati has the possibility to receive up to SEK 83 million in future payments from me&i. Volati no longer consolidates me&i after the change in ownership.

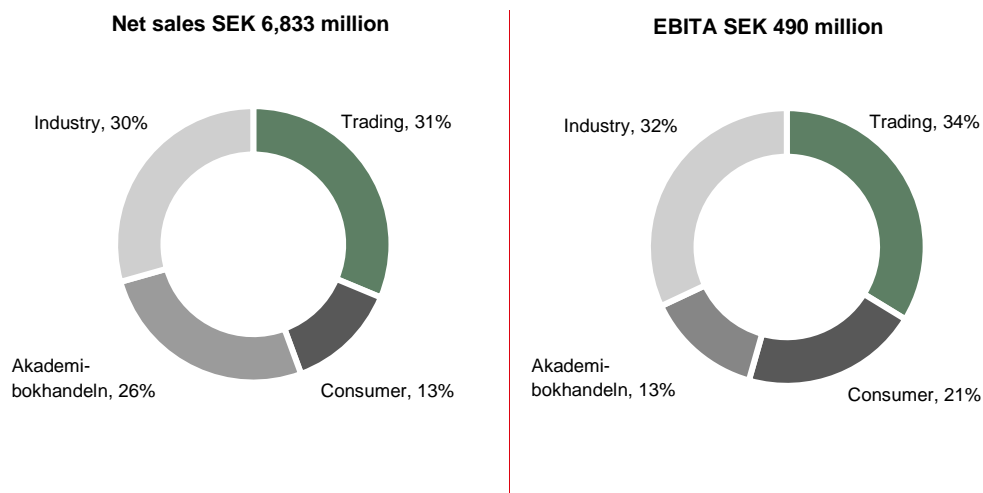
As announced in a press release on 4 December 2019, Volati has acquired all of the shares in Swekip Sweden AB. The acquisition is an add-on acquisition for the Trading business area. Swekip reported sales of SEK 23 million in 2019. Swekip has its head office in Umeå and is an established supplier of wheel loaders to the Swedish market. The acquisition has been financed through Volati's existing credit facilities and the company will be consolidated from January 2020. The acquisition is not expected to have any significant impact on Volati's earnings for 2020.

As announced in a press release on 21 January 2020, Volati has acquired all of the shares in the screws and fastenings supplier Heco Nordiska AB. The acquisition is an add-on acquisition for the Trading business area. Heco reported sales of SEK 183 million in 2019. Heco has its registered office in Hillerstorp and is a long-established partner to professional customers in construction, steel and sheet metal contract work. The company develops and markets a wide range of screws and fastenings from the very latest screw innovations to conventional wood screws. The products are found in the hardware, garden and building materials retail sector. The acquisition has been financed through Volati's existing credit facilities and the company will be consolidated from January 2020. The acquisition is not expected to have any significant impact on Volati's earnings for 2020.

Volati's business areas

Volati's net sales and earnings by business area

The diagrams refer to the twelve-month period 1 January 2019 to 31 December 2019 and show the business areas' share of EBITA without the effects of IFRS 16 as the business areas are monitored excluding IFRS 16. Acquired operations are included in the relevant business area from the acquisition closing date and their proportion is calculated net of central costs. Divested operations are included in the relevant business area up to the divestment date.



Trading

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	518	509	2,138	2,107
EBITDA, SEK million	44	36	192	176
EBITA, SEK million	39	32	176	158
EBITA margin, %	8	6	8	7
EBIT, SEK million	36	29	165	147
ROCE excl. goodwill, %	37	37	37	37

The Trading business area's businesses offer products for building and industry, primarily hardware, consumables, material and packaging. Within the business area, there is also a strong offering of products for home and garden, and agriculture and forestry. The products consists of both own brands and distributed brands. Sales are through dealers, retail chains, e-commerce channels and directly to customers. 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 ended the year strongly with improved profitability. This is despite the year being dominated by challenges in the form of a weak Swedish krona. The business area has been able to meet the challenge well by working on cost and price adjustments. The business area made one add-on acquisition during the quarter and one in January 2020.

Consumer

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	201	222	895	923
EBITDA, SEK million	32	27	139	138
EBITA, SEK million	25	19	108	104
EBITA margin, %	13	8	12	11
EBIT, SEK million	22	16	97 ¹⁾	93
ROCE excl. goodwill, %	294	233	294	233

1) Excluding impairment of intangible assets in Q3 2019.

The Consumer business area comprises the business units that offer products and services directly to end consumers. Despite the business units operating in two different market niches – vehicle inspection and nutritional supplements – the business area affiliation creates the conditions for clear and strong follow-up and guidance of the operations towards the goal of long-term value creation. The business units also share a number of characteristics that are important to their business. They work on marketing with the help of large customer databases, and on digital tools and e-commerce to create deeper customer relationships and increased customer loyalty. Through experience and knowledge sharing, and the business area's overall improvement programme, the business units can benefit from best practice in these areas.

The business area had a strong fourth quarter with a good improvement in earnings for continuing operations. Within the inspection business, successful efforts have been made to adapt operations to the regulatory changes in the sector. Ownership of me&i was changed during the quarter and Volati no longer consolidates the business unit from November. Me&i is included in the above table up to the date of the change in ownership.

Akademibokhandeln

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	595	634	1,793	1,784
EBITDA, SEK million	91	109	99	100
EBITA, SEK million	84	101	71	72
EBITA margin, %	14	16	4	4
EBIT, SEK million	78	96	47	48
ROCE excl. goodwill, %	94	92	94	92

The Akademibokhandeln business area is the leading bookstore chain in Sweden. Under the Akademibokhandeln (nationwide store network and e-commerce), Bokus (e-commerce) and Bokus Play (audio book subscription) brands, the business area operates modern and profitable sales channels for consumers, companies and the public sector. The business is characterised by a high degree of integration of important functions to create efficiency benefits. This means, for example, that book purchasing is negotiated jointly for all brands. All logistics and infrastructure for e-commerce are common to the business area's e-commerce channels.

The business area developed positively in the first nine months of the year and had a strong fourth quarter in its stores. Unfortunately, e-commerce was affected by temporary delivery problems during the important fourth quarter when the company changed the logistics management with its 3PL supplier to offer customers faster delivery times. The business area has worked intensively to deal with the delivery problems that have negatively affected customers and sales volumes and have also led to increased staffing costs. The assessment is that the problems will gradually ease off.

Industry

	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net sales, SEK million	487	467	2,008	1,271
EBITDA, SEK million	62	46	228	183
EBITA, SEK million	46	30	167	144
EBITA margin, %	9	6	8	11
EBIT, SEK million	44	28	159	140
ROCE excl. goodwill, %	28	43	28	43

The Industry business area offers products and solutions for companies within four different market niches – grain handling, moisture and water damage restoration, labels for brand manufacturers, and stone and cement products for infrastructure, paving and roofing. The business area affiliation creates the conditions for clear and strong 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 Industry business area had a strong end to the fourth quarter, with all business units contributing. Demand for the business area's products has remained good. The table's figures for the full year were affected by the acquisition of S:t Eriks, which is consolidated from 1 September 2018.

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs arising in the Group. EBITA, net of IFRS 16 effects, was SEK -20 (-20) million for Q4 and SEK -59 (-57) million for the full year.

Other information

Share capital

Volati has two classes of shares, ordinary shares and preference shares, which are listed on Nasdaq Stockholm under the tickers VOLO and VOLO PREF. The number of shareholders at the end of Q4 was 6,746.

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

The total number of shares outstanding and votes has changed as a result of the redemption of 1,000,000 ordinary shares, owned by the company, which was approved by an Extraordinary General Meeting of Volati on 30 September 2019 and registered with the Swedish Companies Registration Office in October 2019. The number of ordinary shares was 79,406,571 and the number of preference shares was 1,603,774 at the end of 2019. Share capital amounted to SEK 10 million at 31 December 2019.

Nomination Committee

The Nomination Committee for the 2020 Annual General Meeting was appointed during October and the three largest shareholders are represented. The Committee consists of Carin Wahlén (chair) representing Patrik Wahlén, Karl Perlhagen representing himself and Jannis Kitsakis representing Fjärde AP-fonden.

2020 Annual General Meeting

Volati AB's 2020 Annual General Meeting will be held at 17.00 on 6 May 2020 at Hotel Birger Jarl, conference entrance Birger Jarlsgatan 61a, Stockholm. Shareholders who wish to have business dealt with at the AGM must 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 by 6 March 2020. Further information on how and when to provide notification of attendance will be published well in advance of the Meeting.

Dividend

In view of Volati's strong financial position and the good cash flows in 2019, the Board proposes a dividend to ordinary shareholders of SEK 1.10 (1.00) per ordinary share, corresponding to a total of SEK 87 million, and a dividend to preference shareholders, in accordance with the Articles of Association, of SEK 40 per preference share, to be paid quarterly, corresponding to a total of SEK 64 million. The ordinary share dividend corresponds to 118 percent of net profit attributable to the Parent Company's shareholders for the 2019 financial year and 28 percent of net profit attributable to the Parent Company's shareholders adjusted for significant non-cash impairment losses.

Related-party transactions

As announced in a press release on 8 November 2019, Volati has changed its ownership of me&i, and the company's former minority shareholder become new majority shareholders.

After the end of the reporting period, the warrants held by a former Volati senior executive were repurchased by Volati on 30 July 2019 at their market value. In August, Volati repurchased shares in subsidiaries and redeemed shareholder loans from key personnel in Volati's business units, which affects non-controlling interests. In October, Volati sold shares in subsidiaries to key personnel in Volati's business units in accordance with the decision of the EGM on 30 September 2019. These transactions reflect a part of Volati's business model, which is to create mutual interest with key individuals within its business units or business areas by way of co-investments.

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

No other significant related-party transactions of any other nature have occurred in addition to what is stated in the annual report for 2018. All related-party transactions have been conducted at market conditions.

Events after the end of the reporting period

On 21 January, all of the shares in the screws and fastenings supplier Heco Nordiska AB were acquired. See separate press release.

Volati's Board has adopted new financial targets and an updated dividend policy. The strategic direction stands firm, but with the new targets, the Company wants to consolidate its strong long-term focus on value growth.

Volati's overall objective remains to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and capacity for continuous development.

New financial targets

The Board has established the following long-term 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 equity¹⁾ of 20 percent.
- **Capital structure:** The target is a net debt/adjusted EBITDA²⁾ ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.

¹⁾ See pages 130-131 of the 2018 Annual Report for definitions of alternative performance measures. This is different from how the alternative performance measure is presented in the year-end report. See page 30.

²⁾ See definition under alternative performance measures on page 29.

Updated dividend policy:

Volati will normally distribute 10–30 percent of the Company'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.

Financial calendar

- 2019 Annual Report: Week 13
- Interim Report January–March 2020: 5 May 2020
- 2020 Annual General Meeting: 6 May 2020
- Interim Report January–June 2020: 18 August 2020
- Interim Report January–September 2020: 5 November 2020

Declaration by the Board of Directors

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

Volati AB (publ)
The Board of Directors and CEO
Stockholm, 20 February 2020

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Christina Tillman
Board Member

Louise Nicolin
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Mårten Andersson
CEO

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

This information is information that Volati AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07.45 CEST on 20 February 2020.

Conference call

CEO Mårten Andersson and CFO Andreas Stenbäck will present the interim report in a conference call at 15.00 on 20 February. The presentation will be conducted in Swedish.

Phone number to access the conference call: +46 8 505 583 51

For a webcast of the conference call, go to www.volati.se.

For more information, please contact:

Mårten Andersson, CEO Volati AB, +46 72 735 42 84, marten.andersson@volati.se

Andreas Stenbäck, CFO Volati AB, +46 70 889 09 60, andreas.stenback@volati.se

Volati AB (publ)

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Financial targets up to 2019

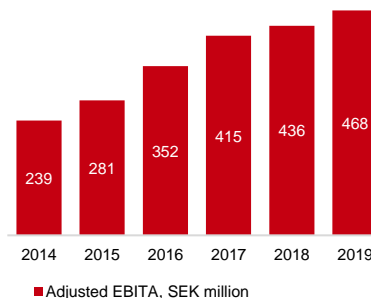
Volati's overall objective is to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and capacity for continuous development. Up to 2019, Volati had the following financial targets, which should be evaluated as a whole.

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

1 Earnings growth

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

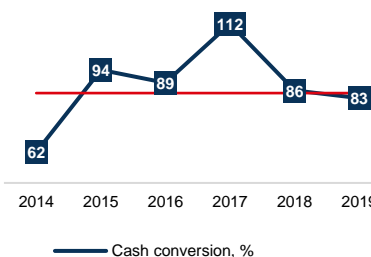
At the end of 2019, adjusted EBITA for the last twelve months was SEK 468 million. Organic EBITA growth varies over the years and amounted to 4 percent during the year.



2 Cash conversion

Annual cash conversion of at least 85 percent.

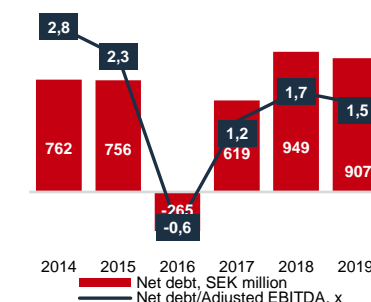
At the end of 2019, cash conversion for the last twelve months was 83 percent.



3 Capital structure

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

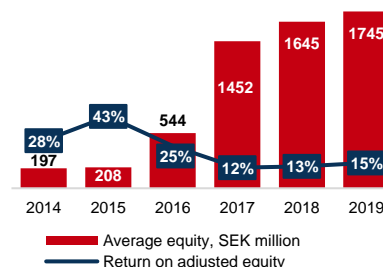
At the end of 2019, net debt/adjusted EBITDA was 1.5x.



4 Return on adjusted equity

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

At the end of 2019, the return on adjusted equity, excluding significant impairment, was 15 percent.



5 Dividend policy

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

The Board proposes a dividend of SEK 1.10 per ordinary share for 2019, which corresponds to 118 percent of net profit attributable to the Parent Company's shareholders for the 2019 financial year (and 28 percent adjusted for significant non-cash impairment losses). Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00.

Proposed dividend for 2019

1.10
per share

Financial Statements

Consolidated income statement

SEK million	Oct–Dec 2019	Oct–Dec 2019 ¹⁾	Oct–Dec 2018	Full year 2019	Full year 2019 ²⁾	Full year 2018
Operating income						
Net sales	1,801	1,801	1,831	6,833	6,833	6,084
Operating expenses						
Raw materials and supplies	-955	-957	-997	-3,756	-3,765	-3,375
Other external costs	-166	-236	-223	-672	-945	-853
Personnel expenses	-405	-405	-409	-1,533	-1,533	-1,318
Other operating income	-1	-1	4	30	30	18
Other operating expenses	3	3	3	-5	-5	-4
Gain on disposal	13	13	-	13	13	-
EBITDA	291	219	210	909	627	552
Depreciation	-98	-34	-36	-397	-137	-119
EBITA	194	185	173	513	490	433
Acquisition-related amortisation	-14	-14	-13	-54	-54	-49
Impairment of intangible assets	-	-	-14	-328	-328	-18
EBIT	180	171	147	130	108	366
Finance income and costs						
Finance income	-1	-1	14	14	14	29
Finance costs	-29	-19	-20	-110	-67	-80
Profit before tax	149	151	141	34	55	316
Tax	14	13	-19	-37	-41	-42
Net profit	163	164	121	-2	14	274
Attributable to:						
Owners of the Parent	160	161	121	74	90	272
Non-controlling interests	3	4	0	-77	-76	2
Earnings per ordinary share, SEK	1.82	1.82	1.30	0.13	0.32	2.58
Adjusted earnings per ordinary share, SEK	1.82	1.82	1.30	3.12	3.32	2.58
Diluted earnings per ordinary share, SEK	1.82	1.82	1.30	0.13	0.32	2.58
No. of ordinary shares	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares	79,406,571	79,406,571	80,406,571	79,721,639	79,721,639	80,406,571
Average no. of ordinary shares after dilution	79,406,571	79,406,571	80,469,822	79,721,639	79,721,639	80,469,822
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK	10	10	10	40	40	40

¹⁾To provide a more comparative picture, the columns show what the figures would have been before the introduction of IFRS 16.

Consolidated statement of comprehensive income

SEK million	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Net profit	163	121	-2	274
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Reversal of translation differences attributable to divested operations	-18	-	-18	-
Translation differences for the period	-17	-23	11	19
Total	-35	-23	-8	19
Total comprehensive income for the period	128	98	10	293
Total comprehensive income attributable to:				
Owners of the Parent	207	98	66	290
Non-controlling interests	-79	0	-77	2

Condensed consolidated statement of financial position

SEK million	31 Dec 2019	31 Dec 2018
ASSETS		
Non-current assets		
Intangible assets	2,853	3,126
Property, plant and equipment	336	404
Right-of-use assets	832	-
Financial assets	7	8
Deferred tax assets	58	59
Total non-current assets	4,086	3,597
Current assets		
Inventories	865	895
Trade receivables	574	558
Current tax assets	8	27
Other current receivables	46	67
Derivatives	-	0
Prepayments and accrued income	128	186
Cash and cash equivalents	447	241
Total current assets	2,070	1,975
Total assets	6,156	5,571
EQUITY AND LIABILITIES		
Equity		
Share capital	10	10
Other paid-in capital	1,995	1,995
Other reserves	44	34
Retained earnings, incl. profit for the period	301	520
Equity attributable to owners of the Parent	2,351	2,560
Non-controlling interests	9	7
Total equity	2,360	2,567
Liabilities		
Non-current interest-bearing liabilities	599	974
Non-current lease liabilities	579	-
Non-current non-interest-bearing liabilities	56	89
Pension obligations	2	2
Warranties and other provisions	4	10
Deferred tax	290	287
Total non-current liabilities	1,531	1,361
Current interest-bearing liabilities	689	241
Current lease liabilities	225	-
Advances from customers	62	73
Trade payables	706	706
Current tax liabilities	48	61
Derivatives	0	0
Accruals and deferred income	354	379
Other current liabilities	183	184
Total current liabilities	2,266	1,644
Total liabilities	3,796	3,005
Total equity and liabilities	6,156	5,571

Condensed consolidated cash flow statement

SEK million	Oct-Dec 2019	Oct-Dec 2018	Full year 2019	Full year 2018
Operating activities				
Profit before tax	149	141	34	316
Adjustment for depreciation/amortisation and impairment	112	63	779	186
Adjustment for other non-cash items	8	-3	39	18
Interest paid	-22	-14	-85	-39
Interest received	0	0	1	2
Income tax paid	24	19	-40	-53
Cash flow from operating activities before changes in working capital	271	206	728	430
Cash flow from changes in working capital				
Change in inventories	63	-20	27	-62
Change in operating receivables	185	200	30	37
Change in operating liabilities	25	40	-26	43
Cash flow from changes in working capital	274	220	31	18
Cash flow from operating activities	544	426	759	448
Investing activities				
Investments in property, plant & equipment and intangible assets	-39	-34	-98	-83
Sale of property, plant & equipment and intangible assets	1	1	2	2
Acquisition	-57	-119	-122	-545
Divestments of Group companies	-5	-	-5	1
Investments in financial assets	-	-4	-2	-4
Divestments of financial assets	0	0	0	0
Cash flow from investing activities	-100	-156	-225	-629
Financing activities				
Dividend on preference shares	-16	-16	-64	-64
Dividend on ordinary shares	-	-	-79	-41
Share buy-back	0	-	-45	-
Warrant buyback	-	-	-13	-
Owner transactions	23	-	-11	-
Repayment of lease liabilities	-63	-9	-241	-26
Repayment of borrowings	-214	-50	-577	-67
Proceeds from borrowings	100	-90	700	179
Cash flow from financing activities	-170	-166	-331	-18
Cash flow for the period	274	104	203	-199
Cash & cash equivalents at beginning of period	175	141	241	438
Exchange differences	-2	-4	3	2
Cash & cash equivalents at end of period	447	241	447	241

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2018	10	1,995	34	520	7	2,567
Net profit	-	-	-	74	-77	-2
Other comprehensive income	-	-	-8	-	0	-8
Comprehensive income for the period	-	-	-8	74	-77	-10
Dividend	-	-	-	-144	-	-144
Share buy-back	-	-	-	-45	-	-45
Warrant buyback	-	-	-	-13	-	-13
Shareholder contributions	-	-	-	-8	8	0
Remeasurement of non-controlling interests	-	-	-	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 including net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
IFRS 9 and IFRS 15 transition effect, net of tax	-	-	-	-3	0	-3
Opening balance, 1 Jan 2018	10	1,995	16	328	13	2,362
Net profit	-	-	-	272	2	274
Other comprehensive income	-	-	18	-	0	19
Comprehensive income for the period	-	-	18	272	2	293
Dividend	-	-	-	-105	0	-105
Remeasurement of non-controlling interests	-	-	-	23	-	23
Other owner transactions	-	-	-	3	-8	-5
Closing balance, 31 Dec 2018	10	1,995	34	520	7	2,567

Key figures²⁾

SEK million	Oct–Dec 2019	Oct–Dec 2019 ¹⁾	Oct–Dec 2018	Full year 2019	Full year 2019 ¹⁾	Full year 2018
Net sales, SEK million	1,801	1,801	1,831	6,833	6,833	6,084
Net sales growth, %	-2	-2	21	12	12	40
Organic net sales growth, %	-4	-4	0	-1	-1	1
EBITDA, SEK million	291	219	210	909	627	552
Adjusted EBITDA, LTM, SEK million	604	604	573	604	604	573
EBITA, SEK million	194	185	173	513	490	433
EBITA margin, %	11	10	9	8	7	7
EBITA growth, %	12	7	22	18	13	15
Adjusted EBITA, LTM, SEK million	468	468	436	468	468	436
EBITA excl. central costs and items affecting comparability, SEK million	194	194	182	523	523	478
Organic EBITA growth, %	3	3	2	4	4	0
EBIT, SEK million ³⁾	180	171	147	130	108	366
Profit after tax	163	164	121	-2	14	274
Adjusted profit after tax	163	164	121	322	338	274
Basic earnings per ordinary share, SEK ¹⁾	1.82	1.82	1.30	0.13	0.32	2.58
Adjusted basic earnings per ordinary share, SEK ¹⁾	1.82	1.82	1.30	3.12	3.32	2.58
Diluted earnings per ordinary share, SEK ¹⁾	1.82	1.82	1.30	0.13	0.32	2.58
Equity per ordinary share, SEK	19.29	19.29	21.63	19.29	19.29	21.63
Return on equity, %	0	0	11	0	0	11
Return on adjusted equity, %	15	15	13	15	15	13
Equity ratio, %	38	38	46	38	38	46
Cash conversion, LTM, %	83	83	86	83	83	86
Operating cash flow, SEK million	439	439	383	523	523	475
Net debt/EBITDA, x	1.5	1.5	1.7	1.5	1.5	1.7
No. of employees	2,304	2,304	2,287	2,304	2,304	2,287
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,721,639	79,721,639	80,406,571
Average no. of ordinary shares outstanding after dilution	79,406,571	79,406,571	80,469,822	79,721,639	79,721,639	80,469,822
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

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

1) When calculating earnings per ordinary share, the preference share dividend of SEK 16 million per quarter is deducted for the period.

2) All performance measures, apart from net sales and earnings per share, are non-IFRS performance measures – see also the alternative performance measures section below.

Quarterly overview

SEK million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Operating income										
Net sales	1,801	1,711	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224
Operating expenses										
Raw materials and supplies	-955	-965	-981	-856	-997	-830	-784	-764	-824	-651
Other external costs	-166	-157	-164	-185	-223	-202	-216	-212	-214	-203
Personnel expenses	-405	-347	-406	-376	-409	-292	-312	-304	-314	-253
Other operating income	-1	15	4	11	4	6	1	7	3	3
Other operating expenses	3	-4	-1	-3	3	0	-2	-5	-2	-2
Capital gain on sale of Group company	13	-	-	-	-	-	-	-	-	-
EBITDA	291	253	229	136	210	152	114	77	166	119
Depreciation	-98	-101	-100	-98	-36	-29	-28	-26	-24	-23
EBITA	194	153	129	37	173	123	86	51	142	96
Acquisition-related amortisation	-14	-14	-14	-13	-13	-13	-12	-12	-13	-9
Impairment of intangible assets	-	-328	-	-	-14	-	-4	-	-	-
EBIT	-180	-189	115	24	147	110	70	39	129	87
Finance income and costs										
Finance income	-1	7	4	5	14	3	10	3	2	1
Finance costs	-29	-24	-28	-29	-20	-17	-24	-18	-20	-16
Profit before tax	149	-206	91	0	141	96	55	24	110	72
Tax	14	-19	-30	-1	-19	-22	5	-6	-18	-19
Net profit	163	-225	60	-1	121	74	61	18	93	53
Attributable to:										
Owners of the Parent	160	-206	58	-1	121	74	60	18	92	52
Non-controlling interests	3	-19	3	0	0	1	1	0	0	1
Net sales, SEK million	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Trading	518	535	589	496	509	524	607	468	453	394
Industry	487	536	612	373	467	334	257	213	197	205
Akademibokhandeln	595	416	328	453	634	398	315	436	627	402
Consumer	201	224	248	222	222	214	249	238	241	222
Internal eliminations	0	0	0	0	-1	0	0	0	0	0
Total net sales	1,801	1,711	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224
EBITDA, SEK million										
Trading	44	53	63	33	36	59	58	23	29	45
Industry	62	64	75	27	46	53	45	38	19	37
Akademibokhandeln	91	23	-19	5	109	19	-27	-1	94	22
Consumer	32	41	54	12	27	35	50	26	43	33
Items affecting comparability	11	13	-1	5	12	-	-	0	-7	1
Central costs	-20	-11	-14	-13	-20	-14	-12	-10	-13	-19
Total excl. IFRS 16	219	182	157	69						
IFRS 16 effect	72	71	72	67						
Total EBITDA	291	253	229	136	210	152	114	77	166	119
EBITA, SEK million										
Trading	39	50	59	28	32	54	53	19	26	42
Industry	46	49	60	13	30	44	38	32	13	31
Akademibokhandeln	84	15	-26	-2	101	12	-34	-7	88	17
Consumer	25	33	46	4	19	27	41	17	35	25
Items affecting comparability	11	13	-1	5	12	-	-	-	-7	1
Central costs	-20	-11	-15	-14	-20	-14	-12	-10	-13	-19
Total excl. IFRS 16	185	148	122	35						
IFRS 16 effect	9	4	7	3						
Total EBITA	194	153	129	37	173	123	86	51	142	96

Notes to consolidated financial statements

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those applied by the Group in the 2018 annual report. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded, which means that certain tables do not always add up exactly. This applies where figures are stated in thousands, millions or billions. Pages 1-13 of this report are an integral part of the interim report.

New accounting policies for 2019

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

New balance sheet presentation

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

Key assumptions

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

Note 2 Transition to IFRS 16

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

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

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

The introduction of IFRS 16 has had a positive effect of SEK 72 million on EBITDA for Q4 2019 and a positive effect of SEK 9 million on EBITA. IFRS 16 has also resulted in depreciation for the period increasing by SEK 63 million and interest expenses by SEK 10 million. Profit after tax for Q4 was negatively affected by SEK 1 million and by SEK 16 million for the full year 2019.

Interest-bearing liabilities have increased by SEK 739 million at 31 December 2019 as a result of the transition to IFRS 16. Cash flow from operating activities has been positively affected by SEK 62 million during Q4, while cash flow from financing activities has been negatively affected by the corresponding amount. Volati AB's financial commitments under bank loan agreements are based on the accounting policies that existed at the inception of the loans, which is why the associated covenants are not affected by the introduction of IFRS 16. Net debt/adjusted EBITDA at 31 December 2019 was 1.5x.

Note 3 Risks and uncertainties

It is the assessment that the Group's material risks and uncertainties are unchanged from those described in detail in the 2018 Annual Report.

Note 4 Segment reporting

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

Net sales, SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Trading	518	509	2,138	2,107
Industry	487	467	2,008	1,271
Akademibokhandeln	595	634	1,793	1,784
Consumer	201	222	895	923
Internal eliminations	0	-1	-2	-1
Total net sales	1,801	1,831	6,833	6,084

Sales between segments are not disclosed as they are immaterial.

EBITDA, SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Trading	44	36	192	176
Industry	62	46	228	183
Akademibokhandeln	91	109	99	100
Consumer	32	27	139	138
Items affecting comparability	11	12	27	12
Central costs	-20	-20	-59	-56
Total EBITDA excl. IFRS 16	219	210	627	552
IFRS 16 effect	72	-	282	-
Total EBITDA	291	210	909	552

EBITA, SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Trading	39	32	176	158
Industry	46	30	167	144
Akademibokhandeln	84	101	71	72
Consumer	25	19	108	104
Items affecting comparability	11	12	27	12
Central costs	-20	-20	-59	-57
Total EBITA excl. IFRS 16	185	173	490	433
IFRS 16 effect	9	-	22	-
Total EBITA	194	173	513	433
Acquisition-related amortisation	-14	-13	-54	-49
Impairment of intangible assets	-	-14	-328	-18
Net financial items	-31	-6	-96	-50
Profit before tax	149	141	34	316

EBIT, SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Trading	36	29	165	147
Industry	44	28	159	140
Akademibokhandeln	78	96	47	48
Consumer	22	16	97	93
Impairment of intangible assets	0	-14	-328	-18
Items affecting comparability	-2	12	27	12
Central costs	-20	-20	-60	-57
Total EBIT excl. IFRS 16	171	147	108	366
IFRS 16 effect	9	0	22	0
Total EBIT	180	147	130	366

Note 5 Acquisitions and divestments of companies and operations

Acquisition

After the end of the quarter, on 21 January 2020, an agreement was signed to acquire all of the shares in Heco Nordiska AB. Heco reported sales of SEK 183 million in 2019 and is not expected to have any significant impact on Volati's earnings for 2020. The acquisition was completed and consolidated with effect from January 2020. The acquisition analysis will be presented in the interim report for the first quarter of 2020.

On 4 December 2019, Volati acquired all of the shares in Swekip Sweden AB. Swekip reported sales of about SEK 23 million in 2019 and is not expected to have any significant impact on Volati's earnings for 2020. The acquisition was completed and consolidated with effect from January 2020. The acquisition analysis will be presented in the interim report for the first quarter of 2020.

On 13 September 2019, Volati acquired all of the shares in Vägghmaterial 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 Trading business area. The acquisition was completed and consolidated with effect from October 2019.

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

Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquisitions are consolidated with effect from April. The table below shows the impact of the acquisitions of Stenentreprenader, Mundus and Vägghmaterial on the Volati Group's balance sheet.

Impact of acquisitions on balance sheet (SEK million)	31 Dec 2019
Intangible assets	30
Property, plant and equipment	6
Financial receivables	5
Deferred tax assets	0
Inventories	12
Trade receivables	24
Other receivables	10
Cash and cash equivalents	39
Deferred tax liabilities	-8
Non-current interest-bearing liabilities	-3
Current interest-bearing liabilities	-2
Current liabilities	-28
	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 balance sheet (SEK million)	Net sales		EBITDA		EBITA		EBIT	
	Oct–Dec	Full year 2019	Oct–Dec	Full year 2019	Oct–Dec	Full year 2019	Oct–Dec	Full year 2019
Trading	16	16	1	1	1	1	1	1
Industry	27	83	3	11	3	10	2	9
Volati Group	44	100	4	12	4	11	3	10

Impact of acquisitions on balance sheet (SEK million)	EBITDA excl. IFRS 16		EBITA excl. IFRS 16		EBIT excl. IFRS 16	
	Oct–Dec	Full year 2019	Oct–Dec	Full year 2019	Oct–Dec	Full year 2019
Trading	1	1	1	1	1	1
Industry	3	10	3	10	2	9
Volati Group	4	12	4	11	3	10

Transaction costs of SEK 1 million for the acquisitions have been charged to the Group's earnings. If the acquisitions had been consolidated with effect from 1 January 2019, their contribution to the Group's income statement, excluding transaction costs, for the period January–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.

Divestment

On 7 November, Volati entered into an agreement to convert its ownership of me&i into preference shares without voting rights. The effect of the conversion means that Volati loses control of me&i and has deconsolidated me&i from the agreement date. Me&i was part of the Consumer business area prior to the divestment. The earnings effect of the ownership change was SEK 12 million, including transaction costs of SEK 1 million, and is reported in EBITDA under Gain on disposal. Volati has the possibility to receive up to SEK 83 million in future payments from me&i (including receivables of SEK 10 million from me&i). The change in ownership had a negative impact of SEK 5 million on the Group's cash and cash equivalents.

During the period 1 January to 7 November, me&i's contribution to the consolidated income statement was as follows: sales of SEK 120 million, EBITDA of SEK 18 million (of which SEK 12 million as an earnings effect of the ownership change), EBITA of SEK 16 million (of which SEK 12 million as an earnings effect of the ownership change), EBIT of SEK -212 million (of which SEK 12 million as an earnings effect of the ownership change and SEK -228 million in impairment of intangible assets) and profit after tax of SEK -209 million (of which SEK 12 million as an earnings effect of the ownership change and SEK -224 million in impairment of intangible assets including tax effect).

For the 2018 financial year, me&i contributed sales of SEK 147 million, EBITDA of SEK 11 million, EBITA of SEK 11 million, EBIT of SEK 6 million and profit after tax of SEK 5 million. During the period 1 January to 7 November, me&i contributed SEK -2 million to the Group's cash flow from operating activities. For the 2018 financial year, me&i contributed SEK 15 million to the Group's cash flow from operating activities. On the divestment date, me&i's net assets amounted to SEK -22 million, while its net assets on 31 December 2018 were SEK 168 million.

Parent Company shareholders' share of Earnings per share attributable to divested operations for the period 1 January to 7 November 2019 was SEK -1.64 (0.06) and for Q4 SEK 0.16 (0.03). Parent Company shareholders' share of Adjusted earnings per share attributable to divested operations for the period 1 January to 7 November 2019 was SEK 0.19 (0.06) and for Q4 SEK 0.16 (0.03).

In 2018, four percent of the shares in Volati 1 Holding AB were transferred to the CEO of Ettikettoprintcom AB at a purchase price of SEK 1 million. The transaction had a positive effect of SEK 1 million on cash and cash equivalents and a negative effect of SEK 1 million on other current liabilities.

Note 6 Financial Instruments

Financial instruments: carrying amounts and fair values by measurement category

	31 Dec 2019			31 Dec 2018		
	IFRS 9 category ¹⁾	Carrying amount	Fair value	IFRS 9 category ¹⁾	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	4	4	2	5	5
Other non-current financial assets	1.2	2	2	1.2	2	2
Derivatives held for trading	2	0	0	2	0	0
Trade receivables	1	574	574	1	558	558
Cash and cash equivalents	1	447	447	1	241	241
Financial liabilities						
Bonds	4	600	613	4	893	911
Loans from credit institutions	4	601	601	4	102	102
Derivatives held for trading	5	0	0	5	0	0
Trade payables	4	706	706	4	706	706
Additional consideration	5	6	6	5	29	29
Put options	6	56	56	6	71	71
Other current liabilities	4	32	32	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

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

Financial instruments measured at fair value

	31 Dec 2019				31 Dec 2018			
	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3
Financial assets								
Other shares and interests	4	-	-	4	5	-	-	5
Derivatives	-	-	-	-	0	0	-	-
Financial liabilities								
Derivatives	0	0	-	-	0	0	-	-
Put options	56	-	-	56	71	-	-	71
Additional consideration ¹⁾	6	-	-	6	29	-	-	29

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

Note 7 Alternative performance measures

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

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

Alternative performance measures

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

Non-IFRS APMs and key metrics	Description	Reason for use
Organic net sales growth^{*)}	Calculated as net sales for the period, adjusted for total acquired and divested net sales and currency effects, compared with net sales for the same period the previous year, as if the relevant business unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	This metric is used by management to monitor the underlying, non-acquired and non-currency-affected, net sales growth in existing operations.
Adjusted net sales	Calculated as net sales for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted EBITA, adjusted net sales and adjusted EBITDA provide management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used together with EBITA to clarify earnings before the effects of depreciation and amortisation, and earnings before amortisation of acquisition-related intangible assets, in order to provide a view of the profit generated by operating activities.
Adjusted EBITDA^{*)}	Calculated as EBITDA, excl. IFRS 16 adjustments, for the last 12 months for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months, and adjusted for transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and other income and expenses considered to be non-recurring.	Together with adjusted net sales and adjusted EBITA, adjusted EBITDA provides management and investors with a view of the size of the operations included in the Group at the reporting date, as it does not include items not directly attributable to day-to-day operations.
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
Adjusted EBITA^{*)}	Calculated as adjusted EBITDA, excl. IFRS 16 adjustments, less acquisition-related amortisation for the last 12 months at the reporting date for the companies included in the Group at the reporting date, as if they had been owned for the last 12 months.	Together with adjusted net sales and adjusted EBITDA, adjusted EBITA provides management and investors with a view of the size of the operations included in the Group at the reporting date.
EBITA excl. items affecting comparability^{*)}	Calculated as EBITA, excl. IFRS 16, adjusted for remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
EBITA excl. central costs and items affecting comparability^{*)}	Calculated as EBITA, excl. IFRS 16, adjusted for central costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and properties, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the operations in the Group.
Adjusted profit after tax¹⁾	Profit after tax, excluding significant impairment	Used by management to monitor the underlying earnings growth for the operations in the Group.
Organic EBITA growth^{*)}	Calculated as EBITA, excl. IFRS 16, excluding central costs and items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding central costs and items affecting comparability for the same period the previous year, as if the relevant business unit had been owned for the same length of time in the comparative period as the length of time it has been legally consolidated in the current period.	Used by management to monitor the underlying earnings growth for existing operations.
Adjusted earnings per ordinary share¹⁾	Profit attributable to holders of the Parent's ordinary shares, excluding significant impairment, divided by the number of shares outstanding	Used to illustrate the underlying earnings per share in the Group.

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

¹⁾ New or updated APM since 2018 annual report, which excludes significant impairment.

Non-IFRS APMs and key metrics	Description	Reason for use
Return on equity¹⁾	Net profit (including share attributable to non-controlling interests) divided by average equity (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested in the Company by shareholders.
Return on adjusted equity¹⁾²⁾	Net profit excluding significant impairment (including share attributable to non-controlling interests) less preference share dividend divided by average equity for the last four quarters (including share attributable to non-controlling interests) less 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)¹⁾	EBITA, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, for the last 12 months.	Shows the return on capital employed generated by each business area and the Group without taking into consideration acquisition-related intangible assets with indefinite useful lives.
Return on capital employed including goodwill (ROCE incl. GW)	EBITA, excl. IFRS 16, excluding items affecting comparability for the last 12 months divided by average capital employed, excl. IFRS 16, including goodwill and other intangible assets with indefinite useful lives for the last 12 months.	Shows the return on capital employed generated by each business area and the Group.
Equity ratio	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The metric can be used to assess financial risk.
Cash conversion¹⁾	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 flow¹⁾	Calculated as EBITDA, excl. IFRS 16, less the difference between investments in/divestments of property, plant & equipment and intangible assets, after adjustment for cash flow from changes in working capital, excl. IFRS 16.	Operating cash flow is used by management to monitor cash flow generated by operating activities.
Net debt/Adjusted EBITDA¹⁾	Net debt, excl. IFRS 16 adjustments, at the end of the period in relation to adjusted EBITDA for the period.	The metric can be used to assess financial risk.

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

1) New or updated APM since 2018 annual report, which excludes significant impairment.

2) The return on adjusted equity in 2019 was exclusive of significant impairment. With the adoption of the new financial targets in February 2020, the definition now reverts to what it was in the 2018 Annual Report.

Calculations of alternative performance measures are presented separately below.

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Calculation of organic net sales growth				
Net sales	1,801	1,831	6,833	6,084
Acquired/divested net sales	-33	-302	-788	-1,636
Currency effects	-9	-18	-22	-41
Comparative figure for previous year	1,760	1510	6,023	4,407
Organic net sales growth, %	-4	0	-1	1
EBITA excl. central costs and items affecting comparability				
EBITA	194	173	513	433
Reversal of IFRS 16 effect	-9	-	-22	-
Adjustment for items affecting comparability	-11	-12	-27	-12
EBITA excl. items affecting comparability	174	162	463	421
Adjustment for central costs	20	20	59	57
EBITA excl. central costs and items affecting comparability	194	182	523	478
Adjusted net sales				
Net sales, LTM	6,833	6084	6,833	6,084
Acquired companies	79	690	79	690
Divested operations	-120	-120	-120	0
Adjusted net sales	6,792	6,773	6,792	6,773
Adjusted EBITA and EBITDA				
EBITDA, LTM	291	210	909	552
Reversal of IFRS 16 effect	-72	-	-282	-
Acquired companies	-	-	6	30
Divested companies	-1	-	-5	-
Impairment, associates	-	-	1	-
Capital gain/loss on disposal	-13	-	-13	-
Transaction costs	1	1	3	3
One-time payments	2	2	1	2
Additional consideration remeasurement	-	-14	-17	-14
Adjusted EBITDA	209	199	604	573
Depreciation	-98	-36	-397	-119
Reversal of IFRS 16 depreciation	63	-	260	-
Depreciation, acquired companies	-	-	0	-18
Depreciation, divested operations	0	-	1	-
Adjusted EBITA	175	163	468	436
Calculation of organic EBITA growth				
EBITA	194	173	513	433
Reversal of IFRS 16 effect	-9	-	-22	-
Adjustment for items affecting comparability	-11	-12	-27	-12
Adjustment for central costs	20	20	59	57
EBITA excl. central costs and items affecting comparability	194	182	523	478
Total acquired/divested EBITA	-7	-17	-26	-34
Currency effects	0	0	0	-1
Comparative figure for previous year	188	165	496	443
Organic EBITA growth, %	3	2	4	0

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018	excl. IFRS 16 Oct–Dec 2019	excl. IFRS 16 Full year 2019
Adjusted profit after tax						
Profit after tax	163	121	-2	274	164	14
Adjustment for significant impairment	-	-	324	-	-	324
Adjusted profit after tax	163	121	322	274	164	338

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018	excl. IFRS 16 Oct–Dec 2019	excl. IFRS 16 Full year 2019
Basic earnings per ordinary share						
Net profit attributable to owners of the Parent	160	121	74	272	161	90
Deduction for preference share dividend	16	16	64	64	16	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	144	105	10	208	145	26
Average no. of ordinary shares	79,406,571	80,406,571	79,721,639	80,406,571	79,406,571	79,721,639
Earnings per ordinary share, SEK	1.82	1.30	0.13	2.58	1.82	0.32
Adjusted basic earnings per ordinary share, SEK						
Net profit attributable to owners of the Parent	160	121	74	272	161	90
Adjustment for significant impairment						
Parent Company's share	-	-	239	-	-	239
Deduction for preference share dividend	16	16	64	64	16	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	144	105	249	208	145	264
Average no. of ordinary shares	79,406,571	80,406,571	79,721,639	80,406,571	79,406,571	79,721,639
Earnings per ordinary share, SEK	1.82	1.30	3.12	2.58	1.82	3.32
Diluted earnings per ordinary share						
Net profit attributable to owners of the Parent, adjusted for preference share dividend	144	105	10	208	145	26
Average no. of ordinary shares after dilution	79,406,571	80,469,822	79,721,639	80,469,822	79,406,571	79,721,639
Diluted earnings per ordinary share, SEK	1.82	1.30	0.13	2.58	1.82	0.32
			Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Equity per ordinary share						
Equity at end of period including non-controlling interests			2,360	2,567	2,360	2,567
Preference share capital			828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital			1,532	1,739	1,532	1,739
No. of ordinary shares outstanding at end of period			79,406,571	80,406,571	79,406,571	80,406,571
Equity per ordinary share, SEK			19.29	21.63	19.29	21.63
Calculation of return on equity						
(A) Net profit, LTM, including non-controlling interests			-2	274	-2	274
Reversal of impairment			324	-	324	-
Adjustment for preference share dividends, including dividends accrued but not yet paid			-64	-64	-64	-64
(B) Net profit, adjusted			258	210	258	210
(C) Average total equity			2,411	2,473	2,411	2,473
(D) Average adjusted equity			1,745	1,645	1,745	1,645
(A/C) Return on total equity, %			0	11	0	11
(B/D) Return on adjusted equity, %			15	13	15	13
Calculation of equity ratio						
Equity including non-controlling interests			2,360	2,567	2,360	2,567
Total assets			6,156	5,571	6,156	5,571
Equity ratio, %			38	46	38	46

	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Calculation of operating cash flow and cash conversion, %				
(A) EBITDA excl. IFRS 16 effect	219	210	627	552
(B) adjustment for non-cash items	-15	-14	-35	-14
Change in working capital	274	220	31	18
Reversal of IFRS 16 effect on working capital	-1	-	-3	-
Net investments in property, plant & equipment and intangible assets	-38	-33	-96	-81
(C) Operating cash flow	439	383	523	475
 (C/A) Cash conversion, %	200	183	83	86
Calculation of Net debt/Adjusted EBITDA, x				
Net debt				
Cash and cash equivalents	-447	-241	-447	-241
Unrealised derivative contract assets	-	0	-	0
Pension obligations	2	2	2	2
Non-current interest-bearing liabilities	642	974	642	974
Current interest-bearing liabilities	711	241	711	241
Unrealised derivative contract liabilities	0	0	0	0
Accrued interest expenses	-	7	-	7
Pension assets	-2	-2	-2	-2
Adjustment for nominal value of bond liability	4	-6	4	-6
Adjustment for shareholder loans	-2	-25	-2	-25
Net debt	907	949	907	949
Adjusted EBITDA	604	573	604	573
Net debt/Adjusted EBITDA, x	1.5	1.7	1.5	1.7

ROCE %, at 31 December 2019	Trading	Industry	Akademibokhandeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	176	167	71	108	-59	463
<i>Capital employed at 31 December 2019</i>						
Intangible assets	977	538	836	501		2,853
Adjustment for goodwill, patent/technology, brands	-973	-520	-774	-451		-2,717
Property, plant and equipment	31	223	30	37		336
Financial right-of-use assets	23	39	2	1		66
Inventories	342	318	198	8		865
Trade receivables	296	217	28	33		574
Other current receivables	1	21	21	1		46
Prepayments and accrued income excl. IFRS 16	42	74	48	22		190
Adjustment for non-working-capital-related current receivables						-2
Advances from customers	-2	-49	-1	-10		-62
Trade payables	-186	-211	-254	-51		-706
Accruals and deferred income	-79	-116	-100	-49		-354
Other current liabilities	-34	-27	-58	-23		-183
Adjustment for non-working-capital-related current liabilities						12
Adjusted for preference share dividend						32
Capital employed at 31 December 2019	438	508	-23	20		951
Adjustment for average capital employed, LTM	33	80	98	17	0	220
2) Average capital employed, LTM	471	588	75	37		1,172
ROCE excl. GW 1)/2), %	37	28	94	294		40
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1,332	1,037	726	703		3,801
ROCE incl. goodwill 1)/3), %	13	16	10	15		12

ROCE %, at 31 December 2018	Trading	Industry	Akademi- bokhandeln	Consumer	Central costs	Volati Group
1) EBITA excl. IFRS 16 effect R12	158	144	72	104	-57	421
Capital employed at 31 December 2018						
Intangible assets	936	772	859	844		3,126
Adjustment for goodwill, patent/technology, brands	-932	-753	-794	-779		-2,972
Property, plant and equipment	54	263	40	31		404
Inventories	346	324	196	29		895
Trade receivables	292	201	30	36		558
Other current receivables	10	26	28	2		67
Prepayments and accrued income	38	74	50	23		186
Adjustment for non-working-capital-related current receivables						0
Advances from customers	-2	-60	0	-11		-73
Trade payables	-220	-169	-260	-54		-706
Accruals and deferred income	-83	-136	-94	-54		-379
Other current liabilities	-32	-28	-52	-27		-184
Adjustment for non-working-capital-related current liabilities						18
Adjusted for preference share dividend						32
Capital employed at 31 December 2018	407	513	3	40		972
Adjustment for average capital employed, LTM	25	-177	75	5		-72
2) Average capital employed, LTM	432	336	78	45		900
ROCE excl. GW 1)/2), %	37	43	92	233		47
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1,284	669	728	817		3,493
ROCE incl. goodwill 1)/3), %	12	21	10	13		12

Parent Company Volati AB (publ)

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

Parent Company condensed income statement

SEK million	Oct–Dec 2019	Oct–Dec 2018	Full year 2019	Full year 2018
Net sales	11	5	24	14
Operating expenses	-14	-13	-59	-48
Operating profit ¹⁾	-3	-7	-35	-34
Profit/loss from financial investments	-62	38	501	632
Profit after financial items	-66	30	465	598
Appropriations	39	-101	39	-101
Tax for the period	13	16	0	0
Net profit	-14	-54	504	497
Comprehensive income for the period	-14	-54	504	497

1) Operating profit includes bank charges.

Parent Company condensed statement of financial position

SEK million	31 Dec 2019	31 Dec 2018
Non-current assets	2,029	1,594
Current assets	5,807	4,072
Total assets	7,836	5,666
Equity	3,547	3,244
Untaxed reserves	48	54
Pension obligations	1	1
Non-current liabilities	618	740
Current liabilities	3,622	1,628
Total equity and liabilities	7,836	5,666