



Year-end report. January–December 2016

“We can sum up 2016 as an extremely active and successful year for Volati. Above all else, this was a year of continued growth. We completed a total of five acquisitions during the year and, in parallel, our existing business units developed vigorously and posted organic earnings growth of 28%.

Moreover, a successful new share issue at the end of the year and the implementation of a new operating structure means we are well prepared for continued growth and development of Volati.”

Mårten Andersson, CEO

volati.

Year-end report for January–December 2016.

October–December 2016.

- Net sales totalled SEK 779.5m (731.4)
- EBITDA amounted to SEK 90.2m (94.7)
- EBITA amounted to SEK 72.8m (75.4)
- EBITA excluding items affecting comparability²⁾ was SEK 83.4m (75.6)
- Organic growth in EBITA totalled 12.4%
- Net profit after tax amounted to SEK 45.5m (44.8)
- Net profit attributable to the Parent Company's shareholders amounted to SEK 44.7m (38.5)
- Earnings per common share after deduction of preference share dividends amounted to SEK 0.43 (0.56)
- Cash flows from operating activities totalled SEK 135.6m (134.3)
- On 30 November 2016, a new issue of common shares was completed and the common and preference shares were listed on the Nasdaq Stockholm. The proceeds from the new issue totalled SEK 1,210m before issue costs.

Full-year 2016.

- Net sales totalled SEK 3,206.5m (2,187.6)
- EBITDA amounted to SEK 385.4m (274.5)
- EBITA amounted to SEK 318.4m (227.3)
- EBITA excluding items affecting comparability²⁾ was SEK 352.2m (218.9)
- Organic growth in EBITA totalled 28.1%
- Net profit after tax was SEK 200.5m (125.9)
- Net profit attributable to the Parent Company's shareholders amounted to SEK 196.2m (92.7)
- Earnings per common share after deduction of preference share dividends amounted to SEK 2.07 (1.37)
- Cash flows from operating activities totalled SEK 285.2m (247.0)

Events after the reporting period.

- The Board proposes a dividend to holders of common shares of SEK 40.2m, corresponding to SEK 0.50 per common share and a dividend of SEK 64.2m to holders of preference shares, corresponding to SEK 40.00 per preference share. The preference share dividend is payable at SEK 10.00 per share each quarter until the 2018 Annual General Meeting.

Key figures.

SEK m	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales	779.5	731.4	3,206.5	2,187.6
EBITDA	90.2	94.7	385.4	274.5
EBITA	72.8	75.4	318.4	227.3
EBITA margin, %	9.3	10.3	9.9	10.4
EBITA excl. items affecting comparability ²⁾	83.4	75.6	352.2	218.9
EBIT	68.3	71.7	301.0	214.3
Net debt/Adjusted EBITDA, ratio	-0.6	2.3	-0.6	2.3
Cash conversion, %	154.4	130.1	89.1	94.3
Earnings per common share, SEK	0.43	0.48	2.07	1.37
Equity per common share, SEK	17.78	5.51	17.78	5.51
Return on adjusted equity, %	25.1	42.6	25.1	42.6
Weighted Avg. No. of common shares outstanding ¹⁾	66,574,112	40,400,000	63,753,873	40,400,000
Common shares outstanding ¹⁾	80,406,571	40,400,000	80,406,571	40,400,000
Weighted Avg. No. of common shares outstanding after dilution ¹⁾	67,064,906	40,400,000	64,197,604	40,400,000
Number of preference shares outstanding ¹⁾	1,603,774	1,603,774	1,603,774	1,603,774

+28%
organic
EBITA
growth
2016

**SEK
264m**
Net cash
2016

1) Expressed in number of shares. In September 2016, a 1:5 reverse share split was carried out, meaning for every five shares held, one share was received.

2) EBITA excl. items affecting comparability is calculated excluding nonrecurring items, such as listing expenses, which amounted to SEK 10.6m for the quarter and SEK 33.8m for the full-year 2016.

COMMENTS FROM THE CEO

Another stride forward.

We can sum up 2016 as successful and active year for Volati. Above all else, this was a year of continued growth. We completed five acquisitions of solid operations at reasonable valuations. In parallel, our existing business units developed well and posted organic earnings growth of 28%. Moreover, a successful new share issue at the end of the year and the implementation of a new operating structure means we are well prepared for continued growth and development of Volati.

**A strong trend**

Volati developed strongly in 2016, and our twelve business units performed well. Altogether, we increased net sales by almost 47% to slightly more than SEK 3.2 billion and EBITA rose 40% to SEK 318m. We also posted a positive fourth-quarter earnings trend with organic growth in EBITA of 12%¹. It is pleasing to note that organic growth was possible without any major capital investments in operations, which means a continued healthy cash conversion rate.

Focused on the long term

A key component of our business model is continuously working with refining operations in a wise and efficient manner — improving a little every day. The strong organic growth during the year demonstrates that, together as a Group, we have succeeded well with this. We were helped by high demand for Corroventa's dehumidifiers and a positive trend for Besikta, with the successful integration of the acquired ClearCar stations.

Our focus at Volati is to enable the success of our business units. Important building blocks in our operating model is therefore; decentralised leadership, clear management and follow-up combined with support for key functions. Our business units should experience the best imaginable support from Volati in the business units' respective areas of focus. This could be investments for expansion, recruitment, skills reinforcement and complementary acquisitions.

During the year, we continued successfully with our long-term efforts to secure the right leadership for our business units through the Volati Management Program for future managers and the Volati Academy for our most senior management.

Successful new issue and listing

The successful new issue of common shares and the subsequent listing on Nasdaq Stockholm completed in

November 2016 was a milestone for Volati. Volati thereby raised funds of SEK 1,210m and gained more than 6,000 new holders of common shares. Volati now has net cash position of SEK 264m and unutilised credit facilities of SEK 750m, which provides us with capacity for continued acquisitions. In thirteen years, Volati has developed in to an industrial group with twelve business units and operations in 16 countries. Volati's listing is a wonderful achievement and ensures that we are able to continue with our acquisition strategy — to buy solid companies at reasonable valuations. To continue this journey together with so many new shareholders is very motivating.

We are continuing our efforts to evaluate potential acquisitions — we look at a total of more than 100 companies each year to identify the acquisition opportunities that we assess as meeting our requirements in terms of valuation, stability and development potential. In today's market, our assessment is that acquisition multiples have been driven up to historic highs, particularly for slightly larger companies. However, looking back at 2016, we can note that despite this, we were able to complete five add-on acquisitions at attractive valuations.

In conjunction with the listing, new financial targets were set for Volati that include increasing underlying EBITA to SEK 700m before the end of 2019 — in part, through organic growth of 5% and in part, through acquisitions. According to these financial targets, the average return on equity is to exceed 20% per year. In 2016, it was 25%. However, as a result of the new share issue our capital base will grow and in the short term we will experience a decrease in the return, but as we complete acquisitions, we will achieve long-term returns. With the listing and the new issue behind us, we look forward to continue to develop and grow Volati. Our sleeves are already rolled back!

Mårten Andersson, CEO

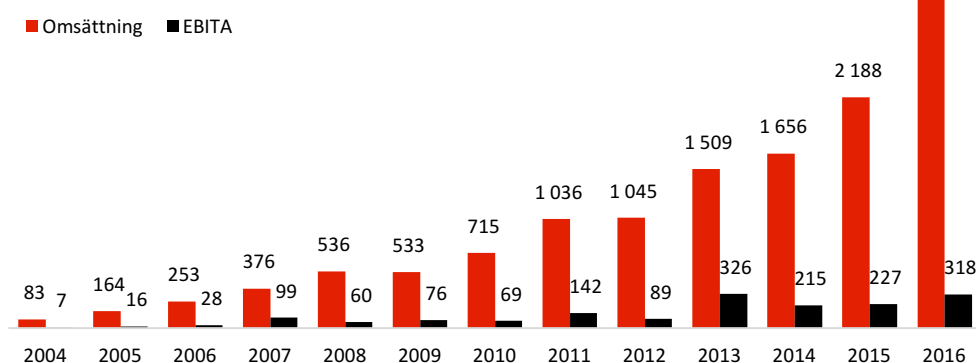
¹ Refer to the note on alternative performance measures to see the calculation of organic EBITA growth, which is based on the business area's profitability trends after adjustment for items affecting comparability.

About Volati.

Volati is a Swedish industrial group that acquires companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and develops these with an emphasis on long-term value creation. Volati's corporate-development strategy is based on retaining the entrepreneurial spirit of companies and supplementing leadership, expertise, processes and financial resources. Identifying growth potential and improving cash flows is of great importance.

Since 2003, Volati has built an industrial group that, as of 31 December 2016, comprised twelve business units with around 40 operating companies that were organised under the three business areas Trading, Consumer and Industry. Volati has operations in 16 countries and a total of 1,164 employees. The financial trend since the start of operations is presented in the adjacent diagram.

Net sales and EBITA trends
2004–2016 LTM, SEK m



Financial targets

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

- Earnings growth:** Volati's target is to attain an Adjusted EBITA¹ of SEK 700m by the end of 2019, which entails a healthy doubling compared with adjusted EBITA for the full-year 2016. The target for average annual organic EBITA growth is 5%. In 2016, adjusted EBITA grew 56% and organic EBITA growth was 28%.
- Cash conversion** Volati's target is to achieve a cash conversion rate in excess of 85% per year. In 2016, the cash conversion rate was 89%.
- Capital structure:** Volati's long-term target is for net debt in relation to LTM Adjusted EBITDA not to exceed a multiple of 3.0. At the close of 2016, Volati had a net cash reserve and therefore the ratio was negative 0.6.
- Dividend policy:** Volati's target for common shares is to distribute approximately 10–30% of the net earnings attributable to the Parent Company's shareholders. When assessing dividends, consideration is given to future acquisition potential, development potential in existing companies, the financial position and other factors deemed to be significant by Volati's Board of Directors. Dividends on preference shares are to be issued at an annual amount of SEK 40.00 per preference share, through quarterly payments of SEK 10.00. The proposed dividend of SEK 0.50 per common share corresponds to 20% of net earnings attributable to the Parent Company's shareholders for the 2016 financial year.
- Return on adjusted equity** Volati's long-term target is a return on adjusted equity (calculated as average equity over the last four quarters) in excess of 20%. In 2016, the return on adjusted equity was 25%.

¹ Adjusted EBITA — refer to the definition in the note for alternative performance measures.

Consolidated financial trend.

Sales

In the fourth quarter, consolidated net sales amounted to SEK 779.5m (731.4), corresponding to a year-on-year increase of 6.6%. The growth was an effect of the acquisitions completed during the year. Measured organically, growth declined 1.8% in the fourth quarter due to lower sales in the Industry Business Area. The exchange-rate effect was a positive 1.8%, as a result of the softening of the SEK primarily against the EUR and the NOK in the fourth quarter, in relation to the corresponding quarter last year.

For the full-year 2016, consolidated net sales were SEK 3,206.5m (2,187.6), corresponding to a year-on-year increase of 46.6%. Growth was driven by both strong organic expansion of 9.7% and a positive effect of acquisitions of 37.4%. The exchange-rate effect was negative at 0.5%.

+47%
Net sales
2016

Earnings

In the fourth quarter, EBITA amounted to SEK 72.8m (75.4). EBITA excluding items affecting comparability, such as listing expenses, was SEK 83.4m (75.6) in the fourth quarter. Organic EBITA growth was 12.4% and mainly an effect of Corroventa's positive trend as a result of the flooding during the year and Besikta Bilprovning's improved margin. The performance-improving measures in the form of enhanced cost-efficiency and price adjustments implemented by Besikta following the acquisition of ClearCar had a positive impact in the fourth quarter. The exchange-rate effect was a positive 0.8%.

For the full-year 2016, EBITA amounted to SEK 318.4m (227.3), corresponding to an increase of 40.1%. EBITA excluding items affecting comparability was SEK 352.2m (218.9) During the period, earnings were charged with costs of SEK 33.8m¹ pertaining to listing expenses, restructuring costs relating to ClearCar, termination costs and one-off bonuses for personnel and an earn-out revaluation. Growth was driven by strong organic expansion² of 28.1% and a positive effect of acquisitions totalling 27.9%.

+40%
EBITA
2016

Net profit after tax increased 59.2% to SEK 200.5m (125.9) for the full-year 2016. Net profit after tax attributable to the Parent Company's owners increased to SEK 196.2m (92.7) for the year. The minority share of earnings was SEK 4.3m (33.3).

Acquisitions during and after the period

Acquisitions comprise a core element of Volati's strategy for creating long-term value growth and the company continuously evaluates complementary acquisitions and acquisitions in entirely new business areas. In Volati's assessment, risk levels with add-on acquisitions are lower than for acquisitions in new business areas, since in-depth industry know-how and an organisation for receiving the acquired company are already in place. In 2016, Volati acquired four companies: Ventotech AB, Pagnol Gruppen AB, ClearCar AB and Lantbutiken AB. Moreover, Volati entered into agreements to acquire the label printing assets with transfer in the first quarter of 2017. The operations being conducted with these assets reported sales of SEK 17m in its most recent financial year ending in April 2016.

¹ Refer to the note relating to alternative performance measures under Adjusted EBITA for a specification of the items affecting comparability.

² Refer to the note relating to alternative performance measures under calculation of organic growth in EBITA for a specification of how growth is calculated.

89%
Cash
conversion
2016

Cash flow

Cash flows from operating activities amounted to SEK 135.6m (134.3) in the fourth quarter. In the fourth quarter, the cash conversion rate was 154.4% (130.1) and 89.1% (94.3) for the full-year 2016. The year-on-year change in cash flows was mainly attributable to an increase in tied-up working capital as a result of a lower share of deferred income for the Tornum business unit and increased inventories. Investments in non-current assets in the business units amounted to SEK 33.4m (68.5) and pertained primarily to ongoing investments in machinery and development of products and systems. Sales of financial fixed assets totalled SEK 10.0m (3.4) and pertained to cash received from the vendor's mortgage from the sale completed in 2015 of Sandberg & Söner. Cash flow from financing activities totalled SEK 158.9m (472.4). Cash flow from financing activities was mainly impacted by funds raised from the new issue of common shares and the concurrent redemption of loans. Total cash flows for the full-year 2016 were SEK 160.5m (59.3).

Equity

Total equity for the Group amounted to SEK 2,257.5m (1,050.9) at the end of the period. The change in Group equity was mainly attributable to the new issue of common shares in November, which resulted in a net increase in equity of SEK 1,169.3m after issue costs and the dividend paid to shareholders. During the year, equity increased SEK 106.3m as a result of the remeasurement of non-controlling interests in conjunction with the restructuring of me&i ownership and the acquisition of an 18% minority holding in Volati Parts, which is the parent company of the Trading Business Area. During the year, equity attributable to the Parent Company's shareholders adjusted for preference share capital increased from SEK 141.7m at 31 December 2015 to SEK 1,411.7m at 31 December 2016.

70%
Equity ratio
2016

As a result of the new issue, the equity ratio increased to 69.6% compared with 37.2% at the end of 2015. The new issue completed in November 2016 meant an increase in equity in parallel with a reduction in borrowing. The increase in equity meant that the average return on adjusted equity for the full-year 2016 was 25.1% (42.6).

Net debt

Following the new issue of common shares in November 2016, the external bank financing of SEK 973.8m was settled. At the end of the year, the Group had net cash of SEK 264.5m compared with a net debt of SEK 756.2m at 31 December 2015. Total liabilities amounted to SEK 985.7m compared with SEK 1,774.9m at 31 December 2015. At the end of the year, interest-bearing liabilities including pension provisions were SEK 129.4m compared with SEK 1,042.5m at 31 December 2015. At the end of the year, the unutilised portion of the overdraft facility amounted to SEK 200.0m, the unutilised portion of the revolving credit facility was SEK 550.0m and cash and cash equivalents totalled SEK 370.7m.

Seasonal variations

Volati's business areas operate in several different branches and markets. Overall, the Group is impacted by seasonal variations in terms of cash flow and earnings, where the fourth quarter generally has the strongest cash flow and the second and third quarters the strongest earnings, while the first quarter has the lowest cash flow and earnings.

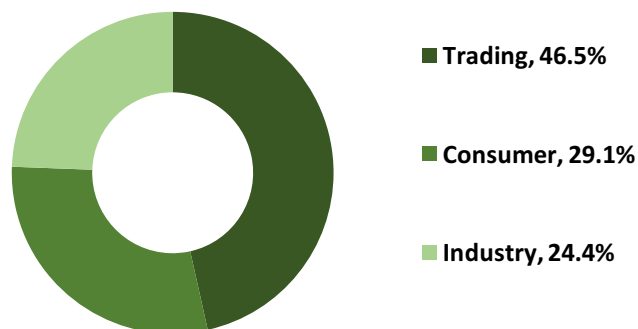
Volati's business areas.

Volati's twelve business units² and some 40 operating companies are organised in three business areas: Trading, Consumer and Industry.

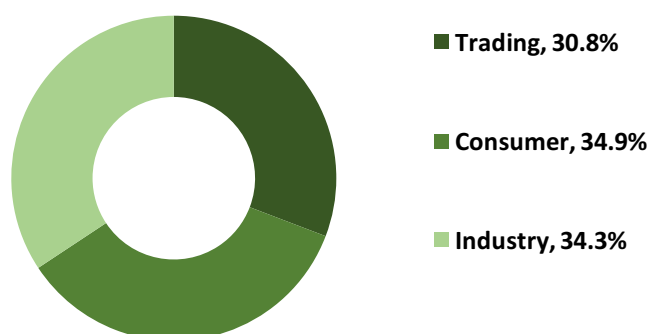
Breakdown of Volati's net sales and earnings by business area

For the full-year January 2016–December 2016¹

Sales SEK 3,206m



EBITA SEK 318m



- 1) The business areas' share has not been calculated pro forma for the acquisitions carried out during the year, which is why the acquired operations in the above calculation are only included from the date possession was taken of the respective business and are calculated exclusive of central costs.

² On 31 December 2016, two of the Norwegian business units, Sörbö and Industribeslag, were merged and thereafter the number of business units became twelve.



Trading

The Trading Business Area comprises six business units with some 15 operating companies in six countries. The business area focuses on three market segments: the building materials sector, home and garden, and agriculture and forestry. The business units under Trading have similar business models and customers, and are integrated through several functions and spheres of cooperation. Three business units share a logistics centre in Malmö, which enables coordination gains through the synchronisation of deliveries, flexibility in staffing schedules and cost advantages through bulk purchasing. Most of the operations also share an IT system, which allows for standardised processes and the coordination of purchases, support and service. Finance and other administrative functions are centrally coordinated, which generates cost advantages and the customer base shared between the business units enables cross sales, cooperation between sellers and the opportunity to offer integrated customer solutions. The business area manager is responsible for coordinating Volati's central support function and for supporting acquisition processes.

Fourth-quarter net sales amounted to SEK 372.3m (324.7) and EBITA rose to SEK 22.9m (27.0). Changes in the ROT (Repairs, Conversion, Extension) tax reduction rules in 2016 compared with the fourth quarter of 2015 and investments in developing own brands have had a negative effect on profitability. The integration of the acquired business units is continuing as planned. At the end of 2016, the two Norwegian business units Sörbö and Industribeslag merged in to one business unit, Sörbö Industribeslag.

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK m	372.3	324.7	1,492.7	648.2
Organic growth, % (Net sales)	4.9	35.6	15.5	20.2
EBITDA, SEK m	24.9	29.8	131.6	56.1
EBITA, SEK m	22.9	27.0	121.3	49.9
Organic growth, % (EBITA)	-16.2	108.2	-1.6	-13.6
EBITA margin, %	6.2	8.3	8.1	7.7
EBIT, SEK m	21.5	25.7	115.9	47.8
ROCE excl. goodwill, %	41.1	27.5	41.1	27.5



Consumer

The Consumer Business Area has three business units with a total of nine operating companies in five countries. The business units focus on various B2C niches and are driven by a combination of strong local entrepreneurship and cooperation in selected areas, such as database marketing, digitalisation and e-commerce. The business area manager is responsible for coordinating Volati's central support function and for supporting acquisition processes.

Fourth-quarter net sales amounted to SEK 244.1m (209.5) and EBITA rose to SEK 44.7m (29.8). The increase was mainly attributable to operations at Besikta, which were positively impacted during the quarter by the stations acquired in 2016 through ClearCar as well as by the cost efficiency of the vehicle inspection operations.

	Oct-Dec 2016	Oct-Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK m	244.1	209.5	932.2	838.4
Organic growth (Net sales)	3.4	-1.8	3.7	-5.1
EBITDA, SEK m	53.2	35.8	167.7	132.5
EBITA, SEK m	44.7	29.8	137.6	117.1
Organic growth (EBITA)	58.9	-7.6	20.0	-34.7
EBITA margin, %	18.3	14.2	14.8	14.0
EBIT, SEK m	41.9	27.4	127.0	107.4
ROCE excl. goodwill, %	196.1	265.1	196.1	265.1



Industry

The Industry Business Area comprises three business units with a total of 18 operating companies in 14 countries. The business area focuses on various B2B niches and is driven by the combination of strong local entrepreneurship with cooperation in selected areas, such as international expansion, lean manufacture and HR. The business area manager is responsible for coordinating Volati's central support function and for supporting acquisition processes.

Fourth-quarter net sales amounted to SEK 163.3m (197.2) and EBITA rose to SEK 24.9m (27.4). The decrease mainly pertained to lower sales for Tornum and Corroventa where, unlike the fourth quarter of 2015, no major flooding occurred in Europe, which led to lower machine rental volumes.

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK m	163.3	197.2	782.2	702.2
Organic growth (Net sales)	-18.4	14.2	11.6	12.2
EBITDA, SEK m	31.7	37.1	161.0	110.8
EBITA, SEK m	24.9	27.4	135.1	86.2
Organic growth (EBITA)	-10.0	-12.6	56.3	7.3
EBITA margin, %	15.3	13.9	17.3	12.3
EBIT, SEK m	24.6	27.2	133.8	85.0
ROCE excl. goodwill, %	79.1	51.3	79.1	51.3

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs or other non-operational items arising in the Group. In the fourth quarter, Head Office posted an EBITA of negative SEK 19.7m (neg: 8.7). During the fourth quarter, costs of SEK 10.6m (0.1) were charged to earnings and pertained primarily to the listing of the common and preference shares on Nasdaq Stockholm as well as earn-out revaluations.

Other information.

Share capital

Volati has two classes of shares, common shares and preference shares, which have been listed on Nasdaq Stockholm under the symbols VOLO and VOLO PREF respectively since 30 November 2016. At the end of the year, the number of shareholders was 6,289.

The number of common shares outstanding was 80,406,571 and the number of preference shares outstanding was 1,603,774 at the end of the year. Accordingly, the share capital amounted to SEK 10.3m at 31 December 2016. In addition, Volati has issued 4,174,570 warrants to senior executives, which carry entitlement to subscription for 834,914 common shares.

Nomination Committee

A Nomination Committee for the 2017 AGM has been appointed in accordance with the instructions adopted at the 2016 AGM. The Nomination Committee comprises Carin Wahlén as Chairman representing Patrik Wahlén, Nicklas Granath representing Norron Fonder, and Karl Perlhagen as Chairman of the Board. The Nomination Committee's proposals for the AGM will be published not later than in conjunction with the notice calling the AGM. To contact the Nomination Committee, please send an email to bolagsstamma@volati.se.

2017 Annual General Meeting

Volati AB's 2017 AGM will be held on 18 May 2017 at Nalen, David Bagares Gata 17, Stockholm. The premises will open its doors at 3:45 p.m. (CET). Shareholders wishing to have matters addressed at the AGM should submit their proposals in writing to bolagsstamma@volati.se or to Volati AB (publ), Att: CFO, Engelbrektsplan 1, 114 34 Stockholm, Sweden. To be certain that a proposal will be included in the notice of the meeting, requests must be submitted not later than seven weeks prior to the AGM. Further information on how and when to provide notice to attend will be published in advance of the AGM.

Shareholder structure 31 December 2016

Voting rights and percentage of share capital

Class of shares	Number	Voting rights per share	No. of votes	Share of votes	Percentage of share capital
Common Shares	80,406,571	1.0	80,406,571	99.80%	98.04%
Preference Shares	1,603,774	0.1	160,377	0.20%	1.96%
Total	82,010,345		80,566,948	100.00%	100.0%

Shareholders by country

	Number	Share of votes
Sweden	6,157	96.31%
Other countries	132	3.69%
Total	6,289	100.0%

Number of shareholders

Number of shares	Number of shareholders
1–500	5,472
501–1,000	332
1,001–10,000	386
10,001–	99
Total	6,289

Shareholder structure ¹⁾

Name	Number of shares		Share of	
	Common shares	Preference shares	Share capital	Votes
Karl Perlhagen	34,440,000	204,174 ²⁾	42.24%	42.77%
Patrik Wahlén	19,046,954	10,129	23.24%	23.64%
Didner & Gerge Fonder Aktiebolag	3,817,154	-	4.65%	4.74%
The Fourth Swedish National Pension Fund (AP4)	3,468,275	-	4.23%	4.30%
Handelsbanken Fonder	3,334,983	-	4.07%	4.14%
Mårten Andersson	2,511,532	1,887	3.06%	3.12%
Mattias Björk	2,166,705	1,887	2.64%	2.69%
Mats Andersson	1,379,311	-	1.68%	1.71%
Nordnet Pensionsförsäkring	781,074	64,878	1.03%	0.98%
SEB S.A. Client asset ucits	495,000	72,651	0.69%	0.62%
Didner & Gerge Small and Micro cap Fond	493,190	-	0.60%	0.61%
AFA Försäkring	481,000	-	0.59%	0.60%
Catella Fondförvaltning	443,157	-	0.54%	0.55%
Försäkringsaktiebolaget Avanza Pension	261,548	167,793	0.52%	0.35%
SEB Life International	400,000	-	0.49%	0.50%
Total, 15 largest shareholders	73,519,883	523,399	90.29%	91.32%
Other shareholders	6,886,688	1,080,375	9.71%	8.68%
Total	80,406,571	1,603,774	100.00%	100.00%

- 1) The shareholder structure is based on information from Euroclear Sweden as of 31 December 2016.
- 2) Includes ownership indirectly through companies.

Related-party transactions

In conjunction with the share swap completed on 16 January 2016, a legal simplification of the Group structure was carried out, whereby a smaller shareholding in Urb-it AB was divested to Volati shareholders for SEK 3.6m and the shares outstanding in the part-owned subsidiary Volati Ventures AB, which were owned by shareholders of Volati AB, were acquired for SEK 20,600. In January 2016, Corroventa's CEO Per Ekdahl acquired 4.0% of the shares in Corroventa. In October 2016, the ownership of me&i was restructured and thereafter Volati's holding in me&i increased from 60% to 65%. In conjunction with this, the CEO of me&i acquired 15% of the shares in the company from a former minority shareholder. In conjunction with the stock-exchange listing, Volati acquired shares in the parent company of the Trading Business Area from Mats Andersson, a former minority shareholder, thereby increasing Volati's holding from 74.2% to 92.2%. In parallel with the acquisition of the shares in Trading, a loan including accrued interest of around SEK 80m from former owners of Lomond Industrier was settled. On the sale of the shares, Mats Andersson received a promissory note from Volati 2 AB, which he used to pay for the acquisition of shares in Volati AB from former holders of common shares, which he executed in parallel. Volati 2 AB subsequently settled the SEK 80m promissory note through its repayment to the holders of common shares. During the year, two of the business units have leased premises from companies owned by Volati's Chairman. The rent for these premises amounted to SEK 5.0m (5.0) for the year. All related-party transactions were carried out at market rates. No other material transactions with related parties took place in the fourth quarter.

Events after the close of the reporting period.

No significant events took place after the end of the reporting period.

Financial calendar

• Annual Report	Mid-April 2017
• Interim report January-March 2017	11 May 2017
• Annual General Meeting 2017	18 May 2017
• Interim report January-June 2017	17 August 2017
• Interim report January-September 2017	9 November 2017
• Year-end report 2017	22 February 2018

Dividends 2017

The Board proposes a dividend to holders of common shares of SEK 40.2m, corresponding to SEK 0.50 per common share and a dividend of SEK 64.2m to holders of preference shares, corresponding to SEK 40.00 per preference share. The preference share dividend is payable at SEK 10.00 per preference share each quarter until the 2018 Annual General Meeting. The following table sets out the dates for payment of the preference share dividends until the 2017 AGM:

May 2017

• Last day of trading before the share goes ex-dividend	3 May 2017
• The record date for dividend payments	5 May 2017
• The expected date for payments from Euroclear ¹	10 May 2017

The Board of Directors and the CEO hereby certify that the year-end report provides a fair view of the Parent Company's and the Group's operations, position and performance and describes the material risks and uncertainties facing the Parent Company and the companies included in the Group.

Volati AB (publ)
The Board of Directors and CEO
Stockholm, 21 February 2017

Karl Perlhagen
Chairman of the Board

Patrik Wahlén
Board member

Björn Garat
Board member

Louise Nicolin
Board member

Christina Tillman
Board member

Mårten Andersson
CEO

This interim report has not been subject to review by the company's auditors.

The information contained in this report is such that Volati AB is obliged to disclose under the Market Abuse Regulation (MAR). This information was submitted for publication at 7:45 a.m., 21 February 2017.

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Financial statements.

Consolidated income statement

SEK m	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Operating revenue				
Net sales	779.5	731.4	3,206.5	2,187.6
Operating costs				
Raw materials and supplies	-350.6	-353.8	-1,526.0	-933.1
Other external costs	-132.0	-105.6	-515.8	-413.0
Personnel costs	-200.9	-176.9	-771.0	-582.1
Other operating revenue	-1.9	1.7	3.7	18.4
Other operating costs	-3.9	-2.1	-11.9	-3.3
EBITDA	90.2	94.7	385.4	274.5
Depreciation	-17.4	-19.3	-67.0	-47.2
EBITA	72.8	75.4	318.4	227.3
Acquisition-related amortisations and write-downs	-4.5	-3.8	-17.4	-12.9
EBIT	68.3	71.7	301.0	214.3
Financial income and costs				
Financial income	3.4	6.6	19.0	22.6
Financial costs	-16.5	-22.5	-66.3	-75.6
Profit before tax	55.2	55.7	253.8	161.3
Tax	-9.8	-10.9	-53.3	-35.4
Net profit	45.5	44.8	200.5	125.9
Attributable to:				
Parent Company's owners	44.7	35.4	196.2	92.7
Non-controlling interests	0.8	9.4	4.3	33.3
Earnings per common share, SEK ¹⁾	0.43	0.48	2.07	1.37
Earnings per common share after dilution, SEK	0.43	0.48	2.06	1.37
No. of common shares	80,406,571	40,400,000	80,406,571	40,400,000
No. of common shares after full dilution	81,241,485	40,400,000	81,241,485	40,400,000
Avg. No. of common shares	66,574,112	40,400,000	63,753,873	40,400,000
Avg. No. of common shares after dilution	67,064,906	40,400,000	64,197,604	40,400,000
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK ²⁾	10.0	10.0	40.0	20.0

1) Calculation of the earnings per common share deducts preference share dividends of SEK 16.0m per quarter for the period after 8 June 2015.

2) The annual preference share dividend totals SEK 40.00 per preference share and is paid in an amount of SEK 10.00 per quarter.

Consolidated statement of comprehensive income

SEK m	Oct–Dec	Oct–Dec	Jan–Dec	Jan–Dec
	2016	2015	2016	2015
Net profit	45.5	44.8	200.5	125.9
Other comprehensive income				
Remeasurement of net pension obligations	-0.7	-	-0.7	-
Deferred tax pertaining to net pension obligations	0.2	-	0.2	-
Translation differences for the period	-0.6	-13.1	49.1	-33.7
Other comprehensive income for the period	-1.1	-13.1	48.5	-33.7
Total comprehensive income for the period	44.3	31.7	249.0	92.2
Total comprehensive income for the period attributable to:				
Parent Company's owners	43.9	28.9	244.0	77.0
Non-controlling interests	0.4	2.8	5.0	15.2

Key figures²

	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Net sales, SEK m	779.5	731.4	3,206.5	2,187.6
Net sales growth, %	6.6	66.5	46.6	32.1
Organic growth in net sales, %	-1.8	8.6	9.7	4.6
EBITDA, SEK m	90.2	94.7	385.4	274.5
Adjusted EBITDA, SEK m	100.8	94.9	420.9	332.9
EBITA, SEK m	72.8	75.4	318.4	227.3
EBITA margin, %	9.3	10.3	9.9	10.4
EBITA growth, %	-3.5	38.1	40.1	5.6
Adjusted EBITA, SEK m	83.4	75.6	352.4	280.7
EBITA excl. central costs and items affecting comparability, SEK m	92.5	84.1	394.0	253.1
Organic EBITA growth, %	12.4	-4.3	28.1	-20.1
EBIT, SEK m	68.3	71.7	301.0	214.3
Earnings per common share before dilution, SEK ¹⁾	0.43	0.48	2.07	1.37
Earnings per common share after dilution, SEK ¹⁾	0.43	0.48	2.06	1.37
Equity per common share, SEK	17.78	5.51	17.78	5.51
Return on equity, %	14.6	15.2	14.6	15.2
Return on adjusted equity, %	25.1	42.6	25.1	42.6
Equity ratio, %	69.6	37.2	69.6	37.2
Cash conversion, %	154.4	130.1	89.1	94.3
Adjusted cash conversion, %	155.2	133.6	90.9	105.6
Operating cash flow, SEK m	139.3	123.3	343.5	258.8
Adjusted operating cash flow, SEK m	140.0	126.6	350.4	289.9
Net debt/EBITDA, ratio	-0.6	2.3	-0.6	2.3
No. of employees	1,164	1,038	1,164	1,038
No. of common shares outstanding	80,406,571	40,400,000	80,406,571	40,400,000
No. of common shares outstanding after dilution	81,241,485	40,400,000	81,241,485	40,400,000
Weighted Avg. No. of common shares outstanding	66,574,112	40,400,000	63,753,873	40,400,000
Weighted Avg. No. of common shares outstanding after dilution	67,064,906	40,400,000	64,197,604	40,400,000
No. of preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774

1) The calculation of earnings per common share deducts preference share dividends during the period of SEK 16.0m per quarter for the period after 8 June 2015.

2) All performance measures, except for net sales and earnings per share, are non-IFRS performance measures — refer to the alternative performance measures section below.

Quarterly summary

SEK m	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Operating revenue										
Net sales	779.5	839.1	926.5	661.3	731.4	584.2	467.3	404.7	439.2	442.3
Operating costs										
Raw materials and supplies	-350.6	-414.7	-450.8	-309.9	-353.8	-282.2	-167.5	-129.7	-144.7	-159.6
Other external costs	-132.0	-129.3	-135.4	-119.2	-105.6	-99.5	-105.4	-102.6	-95.2	-89.6
Personnel costs	-200.9	-188.6	-208.2	-173.3	-176.9	-136.8	-137.6	-130.8	-135.7	-114.0
Other operating revenue	-1.9	2.3	2.7	0.7	1.7	10.8	5.7	0.2	0.6	0.9
Other operating costs	-3.9	-2.0	-0.1	-6.0	-2.1	-1.1	0.0	-0.1	-1.1	-0.5
EBITDA	90.2	106.9	134.8	53.5	94.7	75.5	62.6	41.7	63.1	79.5
Depreciation	-17.4	-17.1	-17.4	-15.1	-19.3	-11.4	-8.4	-8.1	-8.5	-8.7
EBITA	72.8	89.8	117.4	38.4	75.4	64.0	54.2	33.6	54.6	70.8
Acquisition-related amortisations and write-downs	-4.5	-4.6	-4.5	-3.9	-3.8	-3.4	-2.9	-2.9	-4.6	-1.6
Goodwill impairment	-	-	-	-	-	-	-	-	-52.5	-
EBIT	68.3	85.2	112.9	34.5	71.6	60.7	51.3	30.7	-2.5	69.2
Financial income and costs										
Financial income	3.4	4.8	6.5	4.2	6.6	6.3	8.5	1.1	-4.2	7.3
Financial costs	-16.5	-18.3	-16.8	-14.6	-22.5	-18.4	-19.7	-15.0	-39.1	-23.4
Profit/loss before tax	55.2	71.8	102.6	24.1	55.7	48.6	40.2	16.8	-45.8	53.1
Tax	-9.8	-20.5	-16.3	-6.8	-10.9	-9.0	-9.3	-6.2	14.2	-13.0
Net profit/loss	45.5	51.3	86.4	17.4	44.8	39.6	30.9	10.6	-31.6	40.1
Attributable to:										
Parent Company's owners	44.7	49.5	84.6	17.5	35.4	33.2	21.3	2.8	-27.5	26.4
Non-controlling interests	0.8	1.8	1.8	-0.1	9.4	6.4	9.6	7.8	-4.2	13.7

Consolidated statement of financial position

SEK m	31 Dec 2016	31 Dec 2015
ASSETS		
Non-current assets		
Intangible assets	1,840.3	1,688.6
Tangible fixed assets	191.0	180.2
Financial fixed assets	7.9	20.3
Deferred tax assets	42.1	32.8
Total non-current assets	2,081.2	1,921.9
Current assets		
Inventories	386.7	327.7
Accounts receivable	301.7	290.2
Tax assets	10.4	13.1
Other current assets	18.1	22.1
Prepaid expenses and accrued income	74.4	50.3
Cash and cash equivalents	370.7	200.4
Total current assets	1,162.0	903.8
Total assets	3,243.2	2,825.8
EQUITY AND LIABILITIES		
Equity		
Share capital	10.3	5.3
Other capital contributions	1,994.8	828.1
Other reserves	34.4	-13.9
Retained earnings including net profit	200.3	150.3
Non-controlling interests	17.7	81.1
Total equity	2,257.5	1,050.9
Liabilities		
Non-current interest-bearing liabilities	54.0	908.1
Non-current non-interest-bearing liabilities	80.0	66.3
Pension provisions	2.5	1.8
Contingent liabilities	6.4	4.9
Deferred tax liabilities	123.7	111.7
Total non-current liabilities	266.6	1,092.8
Current interest-bearing liabilities	73.0	132.6
Deferred income	56.3	45.9
Accounts payable	267.4	238.7
Tax liabilities	34.6	27.6
Derivatives	-	4.1
Accrued expenses and deferred income	176.3	149.9
Other current liabilities	111.6	83.4
Total current liabilities	719.1	682.1
Total liabilities	985.7	1,774.9
Total equity and liabilities	3,243.2	2,825.8

Consolidated cash-flow statement

SEK m	Oct–Dec 2016	Oct–Dec 2015	Jan–Dec 2016	Jan–Dec 2015
Operating activities				
Profit after financial items	55.2	55.7	253.8	161.3
Adjustments for non-cash items, etc.	39.8	40.5	121.6	96.4
Interest paid	-13.1	-7.7	-39.2	-45.0
Interest received	-0.1	0.5	0.5	1.2
Income tax paid	-3.6	3.7	-41.5	-18.5
Cash flows from operating activities before changes in working capital	78.2	92.7	295.2	195.5
Cash flows from changes in working capital				
Change in inventories	15.1	32.8	-28.8	17.9
Change in operating receivables	73.5	35.4	-1.1	-16.4
Change in operating liabilities	-31.2	-26.5	20.0	50.0
Cash flows from changes in working capital	57.4	41.6	-10.0	51.4
Cash flows from operating activities	135.6	134.3	285.2	247.0
Investing activities				
Investments in tangible and intangible assets	-8.7	-13.6	-33.4	-68.5
Divested tangible and intangible assets	0.3	0.5	1.4	1.4
Investments in subsidiaries	-125.3	-4.3	-261.4	-605.8
Investments in financial assets	-	-1.5	-0.2	-4.5
Divested financial assets	-	3.4	10.0	3.4
Divested subsidiaries	-	-	-	14.1
Cash flow from investing activities	-133.6	-15.5	-283.6	-660.0
Financing activities				
Dividend paid on preference share	-16.0	-16.0	-64.2	-48.1
Dividend paid on common share	-	-	-24.5	-
New share issue	1,175.8	0.1	1,176.8	823.1
Shareholders' contributions	23.8	-	24.3	12.9
Change in pension liability	-	-77.6	-	-77.6
Change in borrowings	-973.8	19.8	-953.5	-237.9
Cash flow from financing activities	209.7	-73.8	158.9	472.4
Cash flow for the period	211.7	45.0	160.5	59.3
Opening cash and cash equivalents	160.4	162.7	200.4	156.2
Exchange-rate differences in cash and cash equivalents	-1.4	-7.3	9.8	-15.1
Closing cash and cash equivalents	370.7	200.4	370.7	200.4

Consolidated statement of changes in equity

SEK m	Share capital	Other capital contributions	Other reserves	Retained earnings incl. net income	Non-controlling interests	Total equity
Opening balance 1 Jan 2015	5.1	-	1.8	119.1	73.4	199.4
Comprehensive income for the period	-	-	-15.7	92.7	15.3	92.2
Dividends	-	-	-	-72.2	-7.9	-80.2
New issue of preference shares	0.2	828.1	-	-	-	828.3
Shareholders' contributions	-	-	-	5.9	58.0	63.9
Remeasurement of non-controlling interests	-	-	-	6.1	-58.3	-52.3
Other transactions with owners	-	-	-	-1.1	0.7	-0.5
Closing balance 31 Dec 2015	5.3	828.1	-13.9	150.3	81.1	1,050.9

SEK m	Share capital	Other capital contributions	Other reserves	Retained earnings incl. net income	Non-controlling interests	Total equity
Opening balance 1 Jan 2016	5.3	828.1	-13.9	150.3	81.1	1,050.9
Net profit	-	-	-	196.2	4.3	200.5
Other comprehensive income	-	-	48.3	-0.5	0.7	48.5
Total comprehensive income	-	-	48.3	195.7	5.0	249.0
Dividends	-	-	-	-88.6	-	-88.6
Quotient value, issued common shares	2.6	1,166.7	-	-	-	1,169.3
Non-cash issue ¹⁾	2.4	-	-	69.0	-71.6	-0.2
Warrants issue	-	-	-	1.0	-	1.0
Shareholders' contributions	-	-	-	19.4	4.4	23.8
Remeasurement of non-controlling interests	-	-	-	-104.7	-1.6	-106.3
Other transactions with owners	-	-	-	-41.8	0.4	-41.3
Closing balance 31 Dec 2016	10.3	1,994.8	34.4	200.3	17.7	2,257.5

1) Pertains to the issue completed in January 2016 in conjunction with a swap of Volati 2 AB shares to Volati AB shares.

Notes to the consolidated accounts:

Note 1 Accounting policies

This year-end report has been prepared in accordance with IAS 34. The accounting policies are based on the International Financial Reporting Standards as adopted by the EU. Furthermore, the appropriate provisions of the Swedish Annual Accounts Act have been applied. No significant changes have occurred in the accounting policies compared with the 2015 Annual Report, with the exception of the introduction of segment reporting, which is set out under Note 3. This year-end report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded off, which means that certain tables do not always add up correctly. This applies where figures are stated in thousands, millions or billions. Pages 1–14 of this report comprise an integrated part of the year-end report.

Note 2 Risks and uncertainties

A detailed description of the Group's material risks and uncertainties is provided in the 2015 Annual Report.

Note 3 Segment reporting

Volati is an industrial group comprising twelve business units, organised into three business areas: Trading, Industry and Consumer.

	Oct– Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Net sales, SEK m				
Trading	372.3	324.7	1,492.7	648.2
Industry	163.3	197.2	782.2	702.2
Consumer	244.1	209.5	932.2	838.4
Internal eliminations	-0.2	0.0	-0.7	-1.2
Total net sales	779.5	731.4	3,206.5	2,187.6

	Oct– Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
EBITDA, SEK m				
Trading	24.9	29.8	131.6	56.1
Industry	31.7	37.1	161.0	110.8
Consumer	53.2	35.8	167.7	132.5
Items affecting comparability	-10.6	-0.1	-33.8	8.4
Central costs	-8.9	-7.9	-41.1	-33.3
Total EBITDA	90.2	94.7	385.4	274.5

	Oct– Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
EBITA, SEK m				
Trading	22.9	27.0	121.3	49.9
Industry	24.9	27.4	135.1	86.2
Consumer	44.7	29.8	137.6	117.1
Items affecting comparability	-10.6	-0.1	-33.8	8.4
Central costs	-9.1	-8.6	-41.8	-34.2
Total EBITA	72.8	75.4	318.4	227.3
Amortisation attributable to acquired surplus values	-4.5	-3.8	-17.4	-12.9
Net financial items	-13.1	-15.9	-47.2	-53.0
Profit before tax	55.2	55.7	253.8	161.3

EBIT, SEK m	Oct–	Oct–Dec	Full-year	Full-year
	Dec	2015	2016	2015
Trading	21.5	25.7	115.9	47.8
Industry	24.6	27.2	133.8	85.0
Consumer	41.9	27.4	127.0	107.4
Items affecting comparability	-10.6	-0.1	-33.8	8.4
Central costs	-9.2	-8.6	-42.0	-34.2
Total EBIT	68.3	71.7	301.0	214.3

Note 4 Business and company acquisitions

During the full-year 2016, Volati acquired four companies: Ventotech AB, Pagnol Gruppen AB, ClearCar AB and Lantbutiken AB. Moreover, Volati entered into agreements to acquire the label printing assets with transfer in the first quarter of 2017.

Ventotech was acquired 1 March 2016 and comprises an add-on acquisition to Corroventa's operations in the Industry Business Area which provides patents, systems and know-how regarding controlled ventilation of confined spaces, such as unheated attics, to avoid moisture damage. The acquisition allowed the strengthening of Corroventa's offering to construction and decontamination companies in the Nordic region. In 2015, Ventotech AB recorded sales of SEK 0.3m.

Pagnol Gruppen AB was acquired 16 May 2016. The acquisition is part of a long-term strategy to broaden activities in the Trading Business Area through a presence in new market segments, thereby broadening the customer base and the product offering in home and garden as well as generating greater leverage of the warehouse and logistics platform. Pagnol Gruppen AB includes Bröderna Berglund AB and Miljöcenter i Malmö AB, which are leading home and garden product suppliers. In 2015, Pagnol Gruppen AB posted sales of about SEK 100m.

ClearCar AB was acquired 8 April 2016. The acquisition of ClearCar was an add-on acquisition to Besikta Bilprovning's operations under the Consumer Business Area. The acquisition strengthened Besikta's position in compulsory inspections of motor vehicles and means increased growth and profitability. ClearCar reported sales of approximately SEK 82m in 2015.

Lantbutiken AB, acquired on 25 July 2016, is a Swedish e-commerce business with products for use in agriculture and by people living in the countryside. Lantbutiken represents an add-on acquisition for the Kellfri business unit, which is operated under the Trading Business Area, and contributes to accelerating Kellfri's transition from physical mail order to e-commerce. Lantbutiken reported sales of approximately SEK 45m for the financial year which ended 30 June 2016.

Balance sheet impact of acquisitions, SEK m	31 Dec 2016
Intangible assets	39.0
Tangible fixed assets	30.5
Deferred tax assets	17.1
Inventories	25.5
Accounts receivable	19.2
Other receivables	6.1
Cash and cash equivalents	29.8
Deferred tax liabilities	-12.9
Non-current interest-bearing liabilities	-3.4
Current interest-bearing liabilities	-19.5
Current liabilities	-46.7
Goodwill	85.0
Acquisition value	176.1

Bargain purchases	-5.4
Transactions with owners	41.5
Unpaid earn-out	-0.9
Cash and cash equivalents in acquired operations on acquisition	-29.8
Impact on consolidated cash and cash equivalents	181.4

Income statement impact of acquisitions, SEK m	Net sales		EBITDA		EBITA		EBIT	
	Oct–Dec	Full-year 2016	Oct–Dec	Full-year 2016	Oct–Dec	Full-year 2016	Oct–Dec	Full-year 2016
Trading	26.6	90.9	0.7	11.5	0.4	10.9	0.4	10.9
Industry	0.1	0.4	0.1	0.4	0.1	0.4	0.1	0.4
Consumer	0.3	21.1	2.5	-0.5	1.3	-4.8	1.0	-5.8
Volati group	27.0	112.4	3.3	11.3	1.8	6.4	1.5	5.4

Since their acquisition, the acquired companies' sales in 2016 were SEK 112.4m, EBITDA totalled SEK 11.3m, EBITA amounted to SEK 6.4m and the operating profit was SEK 5.4m. Restructuring costs attributable to the business combinations since the acquisitions of SEK 7.2m were charged to earnings. In addition, transaction costs for the acquisitions of SEK 1.5m were charged to consolidated earnings and integration costs of SEK 3.4m were charged to earnings. If the acquisitions had been consolidated as of 1 January 2016, including the restructuring and integration costs of SEK 10.6m, their contribution to the consolidated income statement would have been: sales of SEK 190.5m for the full-year 2016 and SEK 25.2m for Q4 2016; EBITDA of SEK 2.1m for the full-year 2016 and SEK 3.3m for Q4 2016; EBITA of negative SEK 5.3m for the full-year 2016 and SEK 1.8m for Q4 2016; and an operating loss of SEK 6.2m for the full-year 2016 and an operating profit of SEK 1.4m for Q4 2016. Goodwill corresponding to SEK 91.1m that arose in connection with the transactions is the result of several factors that cannot be individually quantified. The most important of these are the synergies that Volati expects to achieve when these add-on acquisitions are merged with existing operations. Goodwill is also attributable to the personnel in the acquired companies.

During the fourth quarter Volati acquired minorities in two of the business units for a cash flow of total SEK 121.4m. In addition two minor holding companies were acquired for a total consideration of SEK 12.1m.

Note 5 Alternative performance measures

The new guidelines from the European Securities and Markets Authority (ESMA) regarding alternative performance measures entered force for the 2016 financial year. Therefore, Volati is publishing an explanation of how these performance measures should be used, definitions and comparisons between the alternative performance measures and reporting in line with IFRS.

The financial reports published by Volati specify the alternative performance measures used, which supplement the metrics defined or specified in the applicable rules for financial reporting, such as revenue, profit or loss and earnings per share. Alternative performance measures 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 alternative performance measures is that they must be used by management to assess financial performance and can thus be considered to give analysts and other stakeholders valuable information.

Volati regularly uses alternative performance measures as a complement to the key metrics that comprise generally accepted accounting policies. The alternative performance measures 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 alternative performance measures is presented separately below.

Non-IFRS APMs and key metrics	Description	Reasoning
Organic growth in net sales	Calculated as net sales, adjusted for total acquired and divested net sales and exchange-rate effects, during the period compared with net sales in the year-earlier period, as if the business unit in question had been owned in the comparative period.	This metric is used by the management to monitor the underlying growth in net sales of existing operations.
Adjusted net sales	This is calculated as net sales for the last 12-month period at the relevant reporting date for the companies included in the Group as of the reporting date, as if the companies had been owned for the past 12 months.	Together with adjusted EBITA, adjusted net sales and adjusted EBITDA provide management and investors with a picture of the size of the operations included in the Group at the reporting date.
EBITDA	Earnings before interest, tax, amortisation, depreciation and impairment.	Together with EBITA, EBITDA provides an image of the profit generated by operating activities.
Adjusted EBITDA	This is calculated as EBITDA for the relevant comparative period for the companies included in the Group at the reporting date, as if the companies had been owned for the relevant comparative period and adjusted for transaction-related costs, restructuring costs, remeasurements of earn-outs, capital gains/losses on the sale of operations and other revenue and costs deemed of a non-recurring nature.	Together with adjusted net sales and adjusted EBITA, adjusted EBITDA provides management and investors with a picture of the size of the operations included in the Group at the reporting date.
EBITA	Earnings before interest, tax and acquisition-related amortisations and write-downs.	Together with EBITDA, EBITA provides an image of the profit generated by operating activities.
Adjusted EBITA	This is calculated as adjusted EBITDA less acquisition-related amortisations and write-downs and impairment for the relevant comparative period for the companies included in the Group at the reporting date, as if the companies had been owned for the relevant comparative period.	Together with adjusted net sales and adjusted EBITDA, adjusted EBITA provides management and investors with a picture of the size of the operations included in the Group at the reporting date.
EBITA excl. items affecting comparability	This is calculated as EBITA adjusted for remeasurements of purchase considerations, capital gains/losses on the sale of operations and properties, and other revenue deemed of a non-recurring nature.	This is used by the management to monitor the underlying earnings growth of the Group.
EBITA excl. central costs and items affecting comparability	This is calculated as EBITA adjusted for central costs, remeasurements of purchase considerations, capital gains/losses on the sale of operations and properties, and other revenue and costs deemed of a non-recurring nature.	This is used by the management to monitor the underlying earnings growth of the operations in the Group.
Organic EBITA growth	Calculated as EBITA excluding central costs and items affecting comparability, adjusted for total acquired and divested EBITA and exchange-rate effects, during the period compared with EBITA excluding central costs and items affecting comparability in the year-earlier period, as if the business units in question had been owned in the comparative period.	This is used by the management to monitor the underlying earnings growth of existing operations.
Return on equity	Net income (including share attributable to non-controlling interests) divided by the weighted average of equity (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested by all shareholders in the company.

Non-IFRS APMs and key metrics	Description	Reasoning
Return on adjusted equity	Net income (including share attributable to non-controlling interests) less the preference share dividend divided by the weighted average of equity for the last four quarters (including share attributable to non-controlling interests) less the preference share capital.	Shows the return generated on the common share capital invested by owners of common shares in the company.
Return on capital employed (ROCE)	Earnings before interest, tax and acquisition-related amortisations and write-downs excluding items affecting comparability for the last 12-month period in relation to average capital employed for the last 12-month period.	Shows the returns generated by the business area and the Group on capital employed without taking in to consideration acquisition-related intangible assets with an indefinite useful life.
Return on capital employed including goodwill (ROCE incl. GW)	Earnings before interest, tax and acquisition-related amortisations and write-downs excluding items affecting comparability for the last 12-month period in relation to average capital employed including goodwill and other intangible assets with indefinite useful life for the last 12-month period.	Shows the returns generated by the business area and the Group on capital employed.
Equity ratio	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The key metric can be used to assess financial risk.
Cash conversion	Calculated as operating cash flow divided by EBITDA.	Cash conversion is used by the management to monitor how efficiently the company is managing working capital and ongoing investments.
Adjusted cash conversion	Calculated as adjusted operating cash flow divided by EBITDA.	Adjusted cash conversion is used by the management to monitor how efficiently the company is managing working capital and normalised ongoing investments.
Operating cash flow	Calculated as EBITDA less net investments in and divested tangible and intangible assets, and after adjustment for cash flows from changes in working capital.	The operating cash flow is used by the management to monitor cash flows generated by operating activities.
Adjusted operating cash flow	Calculated as operating cash flow excluding material investments of a non-recurring nature, such as development expenditure related to Besikta Bilprovning's IT system.	The adjusted operating cash flow is used by the management to monitor normalised cash flows generated by operating activities.
Net debt/adjusted EBITDA	Closing net debt in relation to adjusted EBITDA for the period.	The key metric can be used to assess financial risk.

The calculation of alternative performance measures is presented in the following tables.

	Oct– Dec 2016	Oct– Dec 2015	Full- year 2016	Full- year 2015
Calculation of organic growth in net sales				
Net sales	779.5	731.4	3,206.5	2,187.6
Acquired/divested net sales	-48.0	-256.8	-817.5	-455.3
Currency effects	-13.3	2.3	11.4	-0.7
Comparative figures for preceding years	718.2	476.9	2,400.4	1,731.6
Organic growth in net sales, %	-1.8	8.6	9.7	4.6
EBITA excl. central costs and items affecting comparability				
EBITA	72.8	75.4	318.4	227.3
Adjustments for items affecting comparability	10.6	0.1	33.8	-8.4
EBITA excl. items affecting comparability	83.4	75.6	352.2	218.9
Adjustment for central costs	9.1	8.6	41.8	34.2
EBITA excl. central costs and items affecting comparability	92.5	84.1	394.0	253.1
Adjusted net sales				
Net sales R12M	3,206.5	2,187.6	3,206.5	2,187.6
Acquired companies	81.6	672.6	81.6	672.6
Adjusted net sales	3,288.0	2,860.2	3,288.0	2,860.2
Adjusted EBITA and EBITDA				
EBITDA	90.2	94.7	385.4	274.5
Acquired companies	-	-	0.2	61.3
Restructuring costs	-0.3	-	6.9	-
Integration costs	-	-	3.4	-
Transaction costs	-	-	1.5	5.5
Listing costs, common share	5.9	-	9.9	-
One-off remuneration	0.7	-	5.4	-
Earn-out revaluation	4.2	0.1	8.2	-8.4
Adjusted EBITDA	100.8	94.9	420.9	332.9
Depreciation/amortisation	-17.4	-19.3	-67.0	-47.2
Acquired companies depreciation	-	-	-1.5	-5.0
Adjusted EBITA	83.4	75.6	352.4	280.7
Calculation of organic growth in EBITA				
EBITA	72.8	75.4	318.4	227.3
Adjustments for items affecting comparability	10.6	0.1	33.8	-8.4
Adjustment for central costs	9.1	8.6	41.8	34.2
EBITA excl. central costs and items affecting comparability	92.5	84.1	394.0	253.1
Total acquired/divested EBITA	2.7	-24.2	-70.6	-57.7
Currency effects	-0.7	-0.7	0.8	-0.9
Comparative figures for preceding years	94.6	59.2	324.3	194.5
Organic growth in EBITA, %	12.4	-4.3	28.1	-20.1

	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Earnings per common share before dilution				
Net profit attributable to parent company's owners	44.7	35.4	196.2	92.7
Deduction for preference share dividend	16.0	16.0	64.2	37.4
Net profit attributable to Parent Company's owners, adjusted for preference share dividend	28.6	19.4	132.1	55.2
Avg. No. of common shares	66,574,112	40,400,000	63,753,873	40,400,000
Earnings per common share, SEK	0.43	0.48	2.07	1.37
Earnings per common share after dilution				
Net profit attributable to Parent Company's owners, adjusted for preference share dividend	28.6	19.4	132.1	55.2
Avg. No. of common shares after dilution	67,064,906	40,400,000	64,197,604	40,400,000
Earnings per common share after dilution, SEK	0.43	0.48	2.06	1.37
Equity per common share				
Closing equity including share attributable to non-controlling interests	2,257.5	1,050.9	2,257.5	1,050.9
Preference share capital	828.1	828.1	828.1	828.1
Closing equity including share attributable to non-controlling interests after adjustment of preference share capital	1,429.4	222.8	1,429.4	222.8
No. of common shares at the end of the period	80,406,571	40,400,000	80,406,571	40,400,000
Equity per common share, SEK	17.78	5.51	17.78	5.51
Calculation of return on equity				
(A) Net profit, R12M, including non-controlling interests	200.5	125.9	200.5	125.9
Adjustment for preference share dividends, including accrued but as yet unpaid dividends	-64.2	-37.4	-64.2	-37.4
(B) Net profit, adjusted	136.3	88.5	136.3	88.5
(C) Average total equity	1,371.8	829.0	1,371.8	829.0
(D) Average adjusted equity	543.7	207.5	543.7	207.5
(A/C) Return on total equity, %	14.6	15.2	14.6	15.2
(B/D) Return on adjusted equity, %	25.1	42.6	25.1	42.6
Calculation of equity ratio				
Equity including share attributable to non-controlling interests	2,257.5	1,050.9	2,257.5	1,050.9
Total assets	3,243.2	2,825.8	3,243.2	2,825.8
Equity ratio, %	69.6	37.2	69.6	37.2

	Oct–Dec	Oct–Dec	Full-year	Full-year
Calculation of operating cash flow and cash conversion	2016	2015	2016	2015
(A) EBITDA	90.2	94.7	385.4	274.5
Change in working capital	57.4	41.6	-10.0	51.4
Net investments in tangible and intangible fixed assets	-8.3	-13.0	-32.0	-67.2
(B) Operating cash flow	139.3	123.3	343.5	258.8
Adjustment for net investments relating to Besikta Bilprovning's IT system	0.7	3.3	6.9	31.1
(C) Adjusted operating cash flow	140.0	126.6	350.4	289.9
(B/A) Cash conversion, %	154.4	130.1	89.1	94.3
(C/A) Adjusted cash conversion, %	155.2	133.6	90.9	105.6

	Oct–Dec	Oct–Dec	Full-year	Full-year
Calculation of net debt	2016	2015	2016	2015
Net debt				
Cash and cash equivalents	-370.7	-200.4	-370.7	-200.4
Pension provisions	2.5	1.8	2.5	1.8
Non-current interest-bearing liabilities	54.0	908.1	54.0	908.1
Current interest-bearing liabilities	73.0	132.6	73.0	132.6
Unrealised derivative contracts	-	4.1	0.0	4.1
Pension assets	-1.5	-1.1	-1.5	-1.1
Adjustment for shareholder loans	-21.7	-88.9	-21.7	-88.9
Net debt	-264.5	756.2	-264.5	756.2
Adjusted EBITDA	420.9	332.9	420.9	332.9
Net debt/adjusted EBITDA, ratio	-0.6	2.3	-0.6	2.3

ROCE %, 2016	Trad- ing	Industry	Consumer	Central costs	Volati KC
1) EBITA R12	121.3	135.1	137.6	-41.8	352.2
Capital employed at 31 December 2016					
Intangible assets	695.0	540.3	890.2		1,840.3
Adjustment for goodwill, patent/technology, brands	-693.3	-512.2	-805.0		-1,724.7
Tangible fixed assets	44.8	75.8	50.4		191.0
Inventories	269.3	91.6	25.8		386.7
Accounts receivable	185.5	81.0	35.4		301.7
Other current assets	1.2	11.2	3.0		18.1
Prepaid expenses and accrued income	30.8	22.5	18.8		74.4
Adjustment for non-working-capital-related current assets					-0.9
Deferred income	-0.5	-33.3	-22.4		-56.3
Accounts payable	-150.2	-43.9	-51.2		-267.4
Accrued expenses and deferred income	-64.0	-40.6	-54.4		-176.3
Other current liabilities	-23.9	-10.8	-31.5		-111.6
Adjustment for non-working-capital-related current liabilities			1.8		12.8
Adjusted for preference share dividend					32.1
Adjusted for accrued issue costs					18.0
Capital employed at 31 December 2016	294.6	181.7	61.0	0.7	538.0
Adjustment for LTM average capital employed	0.3	-10.9	9.2		38.8

2) LTM average capital employed	295.0	170.8	70.2		576.8
ROCE 1)/2), %	41.1	79.1	196.1		61.1
3) LTM average capital employed incl. goodwill and other intangible assets with an indefinite useful life	941.6	393.3	814.3		2,154.9
ROCE incl. goodwill 1)/3), %	12.9	34.4	16.9		16.3
ROCE %, 2015	Trading	Industry	Consumer	Central costs	Volati KC
1) EBITA R12	49.9	86.2	117.1	-34.2	218.9
Capital employed at 31 December 2015					
Intangible assets	596.0	302.5	837.7		1,688.6
Adjustment for goodwill, patent/technology, brands	-593.5	-271.5	-745.4		-1,562.8
Tangible fixed assets	61.0	83.6	32.4		180.2
Inventories	227.6	77.7	22.4		327.7
Accounts receivable	158.3	92.1	39.8		290.2
Other current assets	2.4	15.4	2.9		22.1
Prepaid expenses and accrued income	27.3	8.8	13.1		50.3
Adjustment for non-working-capital-related current assets					
Deferred income	-0.3	-27.0	-18.5		-45.9
Accounts payable	-130.5	-54.6	-51.2		-238.7
Accrued expenses and deferred income	-57.7	-34.2	-51.5		-149.9
Other current liabilities	-18.7	-10.7	-20.9		-83.4
Adjustment for non-working-capital-related current liabilities					1,679
Adjusted for preference dividend					32.1
Capital employed at 31 December 2015	271.9	182.0	60.8	-2.5	512.3
Adjustment for LTM average capital employed					
	-90.7	-14.1	-16.7		-122.7
2) LTM average capital employed	181.3	167.9	44.1		389.7
ROCE 1)/2), %	27.5	51.3	265.1		56.2
3) LTM average capital employed incl. goodwill and other intangible assets with an indefinite useful life	459.1	389.7	814.3		1,609.6
ROCE incl. goodwill 1)/3), %	10.9	22.1	14.4		13.6

Parent Company Volati AB (publ)

The Parent Company Volati AB acts as a holding company and Volati's management have been employed by the Parent Company as of 2016. Since the Group's external borrowings are not recognised in the Parent Company, this company mostly recognises interest income on internal receivables. From January 2016, the Parent Company has been charged with the majority of the Group's head office costs.

Parent Company income statement

SEK m	Oct–Dec 2016	Oct–Dec 2015	Full-year 2016	Full-year 2015
Operating revenue	2.6	3.0	10.8	12.3
Operating costs	-10.5	-6.3	-56.2	-22.7
Operating loss	-8.0	-3.3	-45.5	-10.4
Profit from financial investments	5.6	13.3	89.1	43.1
Profit/loss after financial items	-2.3	10.0	43.6	32.7
Net profit	32.0	7.8	76.2	26.6

Parent Company statement of financial position

SEK m	31 Dec 2016	31 Dec 2015
Non-current assets	782.1	388.7
Current assets	3,641.1	905.1
Total assets	4,423.1	1,293.7
Equity	2,846.2	1,238.9
Untaxed reserves	12.5	12.4
Non-current liabilities	-	-
Current liabilities	1,564.4	42.4
Total equity and liabilities	4,423.1	1,293.7