2017

volati.

volati.

This annual 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.

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The year in brief

- Net sales increased by 35.9% to SEK 4,356m (3,207).
- Operating profit (EBITA) increased by 18.3% to SEK 377m (318).
- Operating cash flow amounted to SEK 513m (343).
- Three acquisitions were achieved, which contributed SEK 139m in EBITA to Volati on an annual basis.
- The Board of Directors proposes dividend distribution of SEK 0.50 per common share. The dividend rate for preference shares is SEK 40.00/share.

Key figures

	2017	2016	2015	2014	2013
Net sales, SEKm	4,356.1	3,206.5	2,187.6	1,655.6	1,509.4
EBITDA, SEKm	458.9	385.4	274.5	249.0	358.6
EBITA, SEKm	376.5	318.4	227.3	215.3	326.1
Organic EBITA growth, %	–18.1	28.1	–20.1	15.4	35.3
Operating profit/EBIT, SEKm	345.3	301.0	214.3	155.1	319.3
Adjusted EBITDA	511.2	420.9	332.9	273.1	202.4
Net debt, SEKm	619.2	–264.5	756.2	762.1	482.8
Net indebtedness/adjusted EBITA, x	1.2	–0.6	2.3	2.8	2.4
Cash flow generation, %	111.8	89.1	94.3	62.3	89.9
Profit per common share, SEK	2.19	2.07	1.37	0.35	5.54
Equity per common share, SEK	19.11	17.78	5.51	4.94	3.80
Return on adjusted equity, %	12.2	25.1	42.6	31.5	109.9
Outstanding common shares	80,406,571	80,406,571	40,400,000	40,400,000	40,400,000
Outstanding preference shares	1,603,774	1,603,774	1,603,774	–	–
Average number of employees	1,750	1,122	908	860	985
Dividend per common share, SEK	0.50	0.50	–	–	–
Dividend per preference share, SEK	40.00	40.00	20.00	–	–

Akademibokhandeln is Sweden's leading bookstore chain

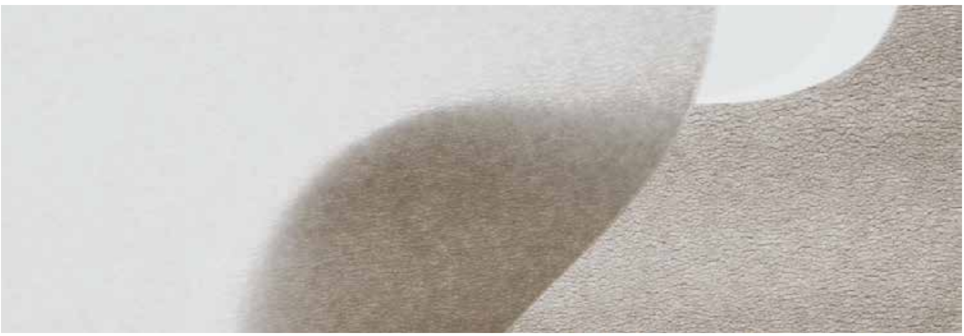
Akademibokhandeln On 3 July, Volati completed the acquisition of Akademibokhandeln and Bokus, forming a separate business area within the Volati Group. Akademibokhandeln is Sweden's leading bookstore chain, with 107 shops across the country. Akademibokhandeln also runs an e-store under its own brand and via the online bookstore, Bokus. The acquisition took place with an EV/EBITDA multiple of 6.1x based on the 2016 figures.

Tornum is strengthened with the acquisition of Silokonsult

Industry On 5 July, Silokonsult Göran Persson AB was acquired and became part of the Tornum business unit. This acquisition strengthens Tornum's position as a supplier to the Swedish grain industry. The acquisition took place with an EV/EBITDA multiple of 3.5x based on normalised profitability.

T-Emballage is a new business unit within the Trading business area

Trading On 10 November, Volati completed the acquisition of T-Emballage, forming a new business unit within the Trading business area. T-Emballage is a provider of packaging solutions for industry and sawmills, as well as high-quality construction materials for the house building industry and the professional building materials trade. The acquisition took place with an EV/EBITDA multiple of 7.0x based on the 2016 figures.



1,900
EMPLOYEES

14
BUSINESS UNITS

This is Volati

PRESENCE IN
16
COUNTRIES

4.4
BILLION
IN REVENUE

Volati is a Swedish industrial group that acquires and develops well-managed companies with an emphasis on long-term value creation. We primarily own Nordic companies, predominantly in Sweden.

Four business areas

Trading – The Trading business area comprises seven business units offering products within hardware and home improvements, homes and gardens, packaging, and agriculture and forestry. The business units offer their products to both companies and consumers. Within the business units, there are a total of 16 operating companies in six countries.

SEE PAGES 42–47

Akademibokhandeln – The Akademibokhandeln business area consists of one business unit with two operating companies in Sweden: Akademibokhandeln and Bokus. Akademibokhandeln is Sweden's leading chain of bookstores, with sales of books and paper goods from both shops and online.

SEE PAGES 52–55

Consumer – The Consumer business area comprises three business units focused on three different markets. Sales take place directly to consumers. Within the business units, there are a total of nine operating companies in five countries.

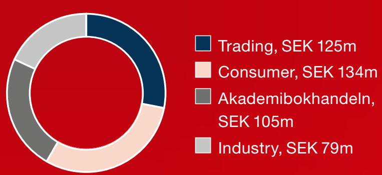
SEE PAGES 48–51

Industry – The Industry business area comprises three business units focused on three different markets. The business units all sell exclusively to companies. Within the business units, there are a total of 21 operating companies in 14 countries.

SEE PAGES 56–59

Net sales

EBITA



The business areas' shares are not calculated pro forma for the acquisitions during the year, so that in the above calculation the acquired companies are only included as from the transfer date. The business areas' shares are calculated excluding central costs.

In 2017 we continued to build Volati. Since this journey began in 2003, we have delivered average annual profit growth of 36%. Our map is our tried and tested business model, while the fine development from the outset must be credited to our systematic approach. We acquire well-managed, profitable companies at reasonable valuations. We create an environment in which companies can continue to develop successfully.

Continued good growth, but we are disappointed with 2017

We completed three acquisitions of good companies, which drove our growth during the year. The Group's revenue increased by 36% to SEK 4,356m, and EBITA increased by 18% to SEK 377m.

On the other hand, organic EBITA growth in 2017 was a negative 18%. As long-term owners of operating companies, we are aware that profitability can fluctuate over time, with major variation between years and even quarters. It is also the, rule rather than the exception, that every year one or more of these companies will face challenges. In 2017, however, there were more challenges than normal, and too many of our companies failed to deliver the expected results, which is naturally unsatisfactory.

Weak development in a number of business units

This development primarily reflects weak results in the Corroventa, Tornum, NaturaMed Pharma and me&i business units.

Corroventa fundamentally developed well in 2017. On the other hand, revenue from rental activities declined considerably since Europe avoided major rainfall and flooding during the year. This resulted in a lower rental rate for Corroventa, which has one of Europe's largest parks of rental products to manage emergency water damage, giving a poorer result than in 2016.

Tornum achieved a good sales volume, but weak project profitability, which had a negative impact on the result. me&i and NaturaMed Pharma both faced structural challenges to their respective business models, due to changes in consumer behaviour.

The year also presented several positive surprises, in particular the Besikta Bilprovning and Ettikettoprintcom business units, which both saw record years in terms of both sales and results.

Strengthened management model

A key aspect of our business model is to create the right conditions for the companies' optimal development. We do this with a clear business management model. Together with the companies, we achieve consensus concerning strategy and follow up development in terms of agreed objectives. We also contribute investment capital and add-on acquisitions, as well as knowledge and tools within areas that are important for the companies' future development.

The development in 2017 led us to review the organisation of our business areas. We

“In 2017, however, there were more challenges than normal, and too many of our companies failed to deliver the expected results, which is naturally unsatisfactory.”

have brought new business area managers on board – Håkan Karlström, Nicklas Margård and Johan Ekström – with greater responsibility. They will work close to the business units as board chairmen with responsibility for business development and for monitoring operations. This will enable us to take good and rapid decisions close to the activities, thereby giving the business units' management teams good opportunities to develop their activities and deliver results.

The business area managers are also responsible for driving Volati's acquisition agenda, together with the Group management. This will enable us to take a broader approach to acquisition issues, while the founders' involvement will ensure that the acquisition strategy that built Volati so successfully remains intact.

Access to skilled managers

We work strategically with succession planning and management expertise throughout the Volati Group – from the Group Board of Directors down to the line managers in our business units. A key aspect of this work is to ensure that our business units have access to skilled managers, since we know how important this is for a company's development. We offer competence development to existing managers through Volati Academy, and we also recruit and train future managers under the Volati Management Program. The first intake of talents have completed the programme and are now doing a fantastic job in various managerial positions in some of our business units.

During the year, we appointed new CEOs to Besikta Bilprovning and me&i – in both cases by internal recruitment. I am very pleased to note that through our strong efforts and competence development initiatives we are creating opportunities for skilled employees to develop and also ensuring a pipeline of internal management talent.

Three successful acquisitions

The year's most positive achievement was our three completed acquisitions. All three are typical Volati acquisitions of well-managed, profitable companies which generate strong cash flows and have a strong market position in their respective niche markets. With the acquisition of Akademibokhandeln, we added a new business area to the Volati Group. This is one of Sweden's best-known brands with what we consider to be a unique position to continue to deliver good stories to its over four million customers – whichever channel or format they prefer. The brand completed an exciting business development initiative, and in early 2018 launched a new streaming service for audiobooks.

The acquisition of Silokonsult was an add-on acquisition to Tornum and an important element of the strategy to strengthen their position as a supplier to the grain industry.

Finally, with T-Emballage we gained a new business unit to strengthen our offering in the Trading business area. T-Emballage had long been on our internal list of companies we would like to acquire. Being given the opportunity to take over the rudder in this family-owned company confirms that we have an attractive offering for company owners and entrepreneurs. Besides being an extremely well-run company, T-Emballage is an acquisition that creates opportunities for synergies with the other companies in the business area, in terms of market campaigns and sales.

Completed bond financing

Access to good, long-term financing is vital if we are to continue to create value in Volati through acquisitions. In Q4 we therefore completed a bond issue for SEK 600m and we also consider the bond market to be interesting for future financing solutions. At the close of the year we had low indebtedness, with a net debt/EBITDA ratio of 1.2. We had unutilised credit facilities of SEK 739m and cash reserves of SEK 438m, giving us good capacity for future acquisitions.

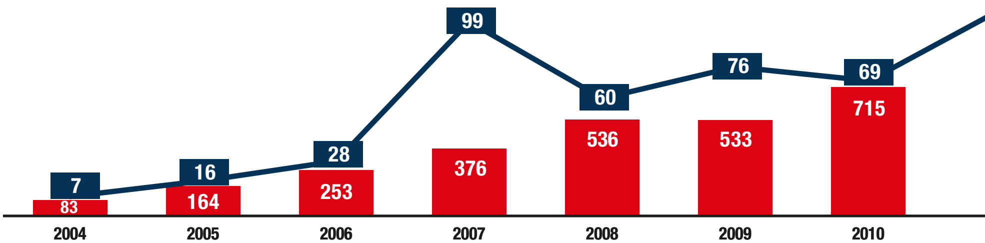
We are well-prepared to continue to build Volati

Looking back on 2017, in some respects I am disappointed with how the year developed. It is particularly burdensome that this has affected our first year as a listed company with a large number of new owners of Volati. Yet I am confident that with our tried and tested business model, and capacity to tackle challenges when they arise, we will be able to continue to deliver long-term value – just as we have done since the start 14 years ago.

We have strengthened both financing and our governance model. The acquisitions we achieved during 2017 also confirmed our good position in the acquisition market and that we can acquire good companies at reasonable valuations, despite a market in which price expectations are generally high. In other words, we are well-prepared to continue to build Volati, and we are doing this with the same strict discipline as before, always remembering that it is better to turn down a good deal than to risk making a bad one.

Stockholm, March 2018
Mårten Andersson, CEO, Volati

Vision, mission and business concept



Our vision

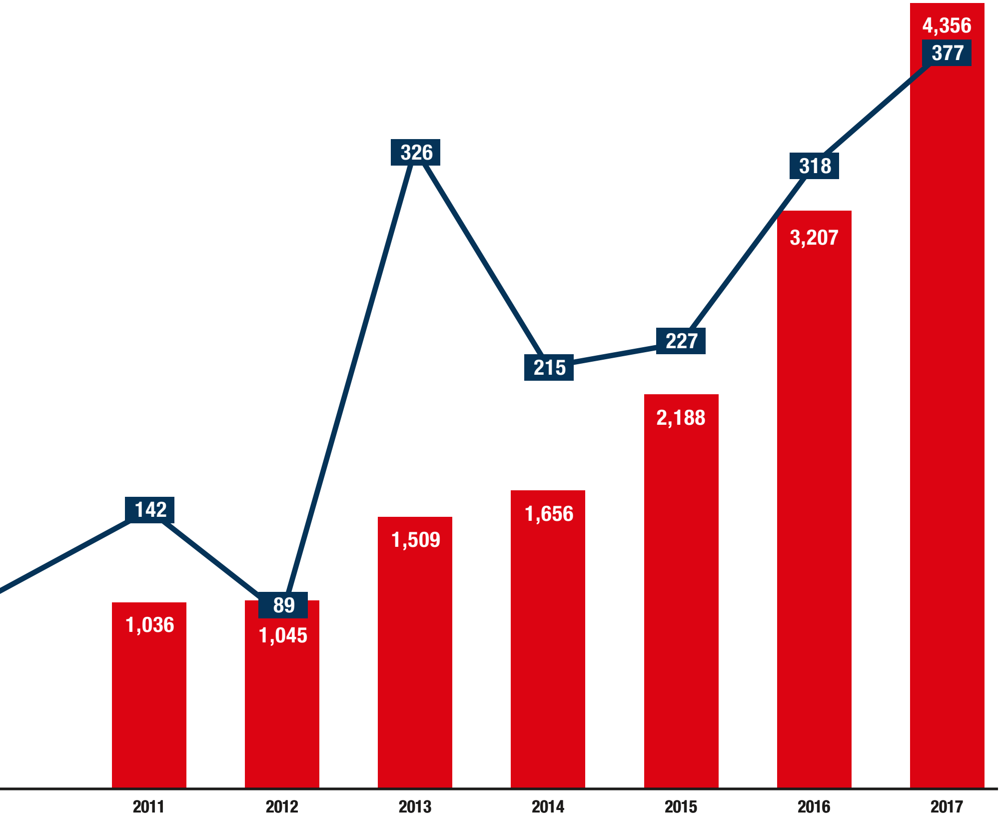
Volati's vision is to be regarded as Sweden's best owner of medium-sized companies.

Our mission

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 founders Karl Perlhagen and Patrik Wahlén report on Volati's vision and values on pages 16–19.

See pages 12–15 for a presentation and follow-up on Volati's financial targets.



Our business concept

Volati's business concept is to create value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and by developing these with an emphasis on long-term value creation.

The graph shows the development in Volati's net sales and results since the company was founded.

Net sales, SEKm EBITA, SEKm

Financial targets

Our financial targets are intended to support successful activities in accordance with our business model, and must be assessed on an overall basis. Our activities and companies are also managed and followed up according to these parameters.

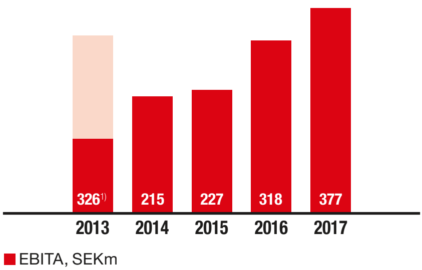
01

EBITA growth

Volati's target is to reach an adjusted EBITA of SEK 700m by the end of 2019. The target for average annual organic EBITA growth is 5%.

Background to the target

Historically, Volati has achieved an average annual EBITA growth, including acquisitions, of approximately 36%. Our target to reach an adjusted EBITA of SEK 700m reflects our ambition to maintain the same rate of growth going forward and entails a doubling of our EBITA since our listing in 2016. Another important aspect of our business model is to create EBITA growth by continuously developing the Group's business units, which is reflected in the target for organic EBITA growth.



1) EBITA of SEK 326m contains a capital gain of SEK 189m regarding the divestment of the shares in TeamOlmed.

Comments on the outcome

Total EBITA growth in 2017 amounted to 18%, which mainly reflects the acquisitions made during the year. Organic EBITA growth was negative at 18%, primarily due to weak results in Corroventa, Tornum, NaturaMed Pharma and me&i. Average organic EBITA growth was 8% for the 2013–2017 period.

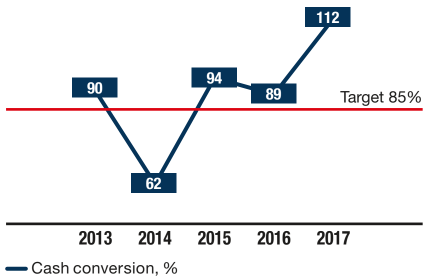
02

Cash conversion

Volati aims to achieve an annual cash conversion of at least 85%. This entails that 85% of our EBITDA must be cash flow after investments and changes in working capital.

Background to the target

Volati's business model is based on how the cash flow generated in the Group's companies is re-invested in new acquisitions and in developing our existing activities. Acquisition-driven growth is also a condition for achieving our target of adjusted EBITA of SEK 700m. In other words, it is vital for us to generate strong cash conversion from our activities, as the target shows.



Comments on the outcome

The cash conversion was 112% at the end of 2017. Cash conversion during 2017 was affected positively by the acquisition of Akademibokhandeln in July 2017. This company is subject to seasonal fluctuations, entailing strong cash conversion in the second half-year. Average cash conversion was 89% for the 2013–2017 period.

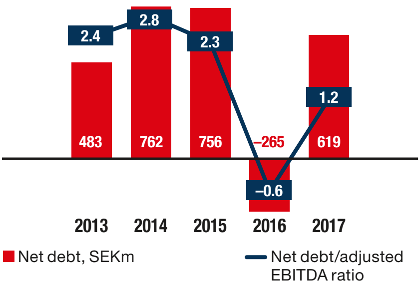
03

Capital structure

Volati's long-term objective is a net debt ratio of less than three times LTM-adjusted EBITDA.

Background to the target

Volati can, in addition to using cash conversion from its own activities, raise capital for acquisitions. The target is based on a balanced level of borrowing to avoid excessive financial risk while ensuring an attractive return on equity.



Comments on the outcome

At the close of 2017, Volati had net debt of SEK 619m. The net debt/adjusted EBITDA ratio was 1.2. The average net debt/adjusted EBITDA ratio was 1.6 for the 2013–2017 period.

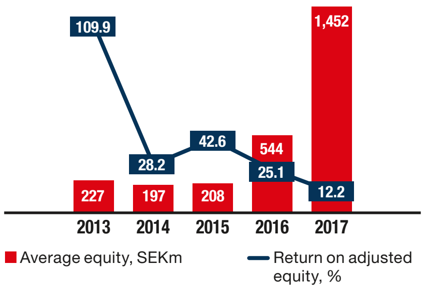
04

Return on adjusted equity

Volati's objective is a return on adjusted equity of at least 20%.

Background to the target

Volati will generate good returns on shareholders' invested capital, as the target shows. The target is closely related to net indebtedness, since high indebtedness gives a higher return on equity, while low indebtedness gives a lower return. The target is set on the basis of a balanced capital structure whereby net debt is between 2.0 and 2.5 times adjusted EBITDA.



Comments on the outcome

In 2017, the return on adjusted equity was 12%, which was below the target return of 20%. The deviation from the target was a consequence of how the liquidity from the new issue in 2016 was not fully invested in new acquisitions. The average return was 44% for the 2013–2017 period.

05

Dividend policy

Volati's target for common shares is to distribute 10–30% of the Group's net earnings attributable to the parent company's owners. Dividends on preference shares are to be issued at an annual amount of SEK 40.00 per preference share.

Background to the target

The target shows the annual dividend rate which shareholders can expect from investing in Volati. Our business model is based on the re-investment of profits (cash flow) in company acquisitions and development. This is prioritised rather than distributing a large proportion of the profit for the year to the shareholders.

Dividend distribution 2017

SEK 0.50

Proposed by the Board of Directors

Comments on the outcome

For 2017, the proposed dividend amounted to SEK 0.50 per common share, corresponding to 17% of the Group's net earnings attributable to the parent company's owners, and SEK 40.00 per preference share.


PATRIK WAHLÉN AND KARL PERLHAGEN
VOLATI’S FOUNDERS

2003

Volati was founded by Karl Perlhagen and Patrik Wahlén in 2003, since when it has developed into an industrial group with annual revenue exceeding SEK 5bn. This development is based on a clear business concept and business model, strong values, and the vision to be Sweden’s best owner of medium-sized companies.

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

PW: Our vision is to create en environment in which good companies and their managements have opportunities to develop and improve continuously. We have great faith in decentralised company management. When we, as the Board of Directors, and the company's management have agreed on the strategy, we give the management a lot of freedom to develop the company.

This decentralised management model is based on trust and loyalty between Volati and the companies in the Group, which has been a fundamental element of the strategy since the beginning. Over the years, Volati has also continuously developed the work of adding value to its companies.

KP: We contribute in several different ways. We always appoint a good board of directors with external members who have the experience and expertise required to help the company to develop. We also use Volati's brand and size to attract, recruit and develop skilled people for our companies. This includes the Volati Management Program and the Volati Academy which are our recruitment and leadership programs. Finally, we ensure that the companies have access to expertise and tools within central areas, so that they can develop their activities.

Entrepreneurship and a long-term approach

Entrepreneurship and a long-term approach to both ownership and value creation are values that are fundamental to how Volati operates.

KP: We are entrepreneurs ourselves, and love building companies. For us, local entrepreneurship is a key aspect. The company's CEO and management team know

“For us, it is less important that our business units maximise their short-term earnings. Instead, our business model is based on their positive development over time.”

their company, and always carry it in their thoughts and reflections. To achieve successful companies, we need strong local entrepreneurship, with a good CEO and management who will develop the company.

Volati has no ambition to revolutionise the companies we acquire, and this is not necessary, either, since Volati acquires good companies at reasonable valuations. Instead, Volati always operates on a long-term basis according to what is best for the company’s development and can generate most value in the longer term.

PW: With Volati, companies gain a truly long-term owner. Many other operators have a defined exit strategy, for example because they are obliged to have a fund structure similar to a venture capital company. Instead, we acquire companies that we will own and be proud of long into the future.

Karl Perlhagen names investment as an area that tends to be characterised by long-term ownership. Volati’s companies can make investments that are important to long-term development, but may only yield their full potential after five to ten years. In a company structure with a short-term ownership perspective, these investments may be replaced by measures to maximise value in the short term.

Long-term value development

Volati’s long-term approach to ownership is also central to how its own activities are built up and developed in the long term.

PW: The markets often attach great weight to a company’s quarterly development. We take a rather different view. For us, it is less important that our business units maximise their short-term earnings. Instead, our business model is based on their positive development over time, generating stable and increasing cash flow, year after year. We use this cash flow for further acquisitions, thereby building value for Volati.

Transparent

Entrepreneurial

Inspiring

Unpretentious

Analytical

Value-creating

Volati's keywords define the shared values which characterise managers in the Volati Group.

Karl Perlhagen
Founder and Chairman of the Board of Directors

Patrik Wahlén
Founder and member of the Board of Directors

A value-adding business model

Volati's success has been created with a tried and tested business model that is the same today as when the company was founded in 2003. It is based on four mutually reinforcing fundamental principles.

Strong operating cash flow in the business units…

SEK 513m

Operating cash flow 2017

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

42%

Average acquired EBITA growth, 2013–2017

…at reasonable valuations…

6.0×

Average acquisition multiple (EV/EBITDA) since 2004

… and with focus on long-term value creation.

8%

Average organic EBITA growth, 2013–2017

Volati acquires well-managed companies with strong cash flows at reasonable valuations, which are then developed with focus on long-term value creation. Acquiring companies with a stable and sustained cash flow from the outset creates a good foundation for the activities. These cash flows are then used for further acquisitions. By working actively for the long-term development of the companies, Volati creates a sound basis for organic growth.

Besikta Bilprovning is setting a new standard for motor vehicle inspections. Several of their inspection packages include extra safety inspections and advice – at no extra cost – on how to best prevent faults.

Strong operating cash flow in the companies

Acquisition of companies with tried and tested business models, leading market positions, low capital binding and strong cash flows is a fundamental aspect of our business model. In other words, we acquire companies which are already achieving stable and sustainable profits. In turn, this enables us to achieve strong and sustainable operating cash flows from the activities. Volati's operating cash flow amounted to SEK 513m in 2017.

Acquisition-driven growth

The cash flows generated in the companies are used to finance additional acquisitions. During the past five years, the cash conversion from our activities (operating cash flow/EBITDA) has averaged 89%, giving us a sound and sustainable basis to finance acquisition-driven EBITA growth. During the last five years, the annual acquired EBITA growth has averaged 42%.

Acquiring companies at reasonable valuations

Being able to acquire well-managed companies at reasonable valuations is an important aspect of our business model. It is not only the basis for continued acquisition growth, but also a precondition for long-term ownership. We have a tried and tested, disciplined acquisition model, and a strong position in the acquisition market. These are important contributing factors which, over time, have enabled us to make acquisitions at reasonable valuations, irrespective of market conditions.

Since 2004, as a weighted average, we have paid an EV/EBITDA-multiple[1] of 6.0x.

READ MORE ABOUT HOW VOLATI WORKS WITH ACQUISITIONS ON PAGES 34–39.

Long-term organic value creation in the companies

Volati acquires companies in order to own them, and we take a long-term approach to value creation. Since we make acquisitions at reasonable valuations there is no requirement to make immediate extensive changes to the companies, to achieve short-term growth and profit maximisation. Instead, we can develop the companies on long-term basis, which in turn ensures security for the business units acquired. With our well-developed, successful business management and development model, over the last five years we have generated average organic EBITA growth of 8% per annum.

READ MORE ON PAGES 24–33 ABOUT VOLATI'S MODEL FOR MANAGING AND DEVELOPING COMPANIES.

[1] EV/EBITDA is a multiple commonly used for the valuation of companies. It concerns the company's total value (EV), including net debt, as a ratio of the company's profit (EBITDA).

"With our well-developed, successful business management and development model, over the last five years we have generated average organic EBITA growth of 8% per annum."

Eliminating wear and tear. me&i focuses on functional and resilient clothing of high quality. Sustainable manufacturing is just as important.

Giving companies the right conditions to grow

Volati acquires and develops companies. We strive to develop the full potential of each individual company. This is the starting point for Volati's management and development of the Group's companies.

Developing companies through boards of directors

- Decentralised leadership
- Consensus on value creation
- Strategic capital allocation

Developing companies through operative support

- Strategic HR support
- Expertise and tools

Volati's model for managing and developing the Group's business units is based on our vision: to be seen as the best owner of medium-sized companies. We create this environment by maintaining the business units' independence, so that the day-to-day activities and decision-making are handled by the company's management with limited involvement of Volati. Instead, our task is to give the business units the best possible conditions and support for their long-term development. Our model comprises five areas: decentralised leadership through the board of directors and CEO; consensus on value creation; strategic capital allocation; strategic HR support; and access to business development expertise and tools.

Decentralised leadership through the board of directors and CEO

Decentralised leadership is a cornerstone of Volati's model for the management and development of companies. This requires the board of directors and CEO of each business unit to take full ownership of their activities. In this way we ensure that we retain local entrepreneurship in our companies and that important decisions concerning the activities are taken in close proximity to customers and markets.

Volati operates through the boards of directors of its business units, and through the business area managers who are responsible for coordinating Volati's central support and for supporting acquisition processes. We contribute actively by ensuring that each business unit has a well-composed board of directors with the expertise required to develop the company. Account is taken of such parameters as prioritised development areas and the challenges faced by the company.

The boards of directors comprise Volati representatives, as well as external members who contribute strategic, industry-specific and operational expertise. In some cases, the previous owners stay on their company's board of directors during a transition phase. This ensures all-important continuity in the company and that history and traditions, and the corporate culture, are retained. During 2017, Volati commenced the further development of including external expertise in the companies' boards of directors, which will be further reinforced during 2018.

Volati can see great value in using internal recruitment to fill managerial positions in the Group's companies. For example, we have very successfully identified people in several of our companies with the right competences and qualities to step up to the role of CEO. In this way, we can benefit from their knowledge of the company and its culture, thereby reducing the recruitment risk.

Consensus on value creation

A decentralised management model requires consensus between Volati and the respective business units on how value should be created in the company. We work through the board of directors and together with the CEO and management of the respective business units to set a clear course for the company's profitable growth. A key aspect of this work is to jointly create the Vision, Business Concept, Objectives and Strategy. These are subsequently followed up in accordance with agreed key metrics.

For some business units, add-on acquisitions are a strategically interesting alternative to create growth and value in the

"Decentralised leadership is a cornerstone of Volati's model for management and development of companies."

Tornum's grain drier is at the heart of an effective grain drying facility. The company has solutions for the entire grain drying process – from intake to loading onto lorries, trains or ships.

companies, and to smooth their paths towards the targets set. During 2017 we devoted resources to training the business units in the craft of identifying acquisition candidates and actively processing them, as well as the due diligence and acquisition process, supported by Volati. Tornum's acquisition of Silokonsult during 2017 is an excellent example of a business unit which itself held the main responsibility for achieving the acquisition.

Strategic capital allocation

Volati handles the balance sheets of all companies in order to ensure the most effective capital allocation possible in the Group. This entails that we allocate capital for investments – such as new machines or market campaigns – to the individual business units on the best possible basis for Volati, thereby optimising value creation for the overall Group.

> "Volati handles the balance sheets of all companies in order to ensure the most effective capital allocation possible in the Group."

The distribution basis is the ongoing discussion of investment requirements within the board of directors of each business unit, to ensure that account is taken of the needs of all business units – whether this concerns maintenance investments, investments to preserve competitiveness, or investments to expand activities. Under this model, a business unit can gain access to financing of larger investments and initiatives that would otherwise be possible.

Strategic HR support

A key success factor for Volati is that the Group's companies have access to the right

An annual CEO meeting is held at which Volati and the business units' CEOs can meet to exchange knowledge and experience.

expertise at management level and for key positions, and that these key people are continuously developed and supported in achieving their full potential. Through our HR work we will also establish Volati as an attractive Group that can attract the best talent. We do this within three primary areas – Volati Management Program, Volati Academy and Volati Management Meeting. In 2017, we commenced the preparations for further expansion of the strategic HR work at Group level, with the ambition to introduce both a CEO development programme and a programme for future managers.

Volati Management Program

Within the framework of the Volati Management Program we recruit talents with university or college degrees and a few years' relevant professional experience. This is a 15-month programme in which the managers are assigned to management positions in some of the Group's business units. The programme handles such areas as strategy, leadership and Volati's values. During the programme, the managers rotate between Volati and at least two business units. The programme attracts many qualified candidates and gives the Group's business units access to individuals that it might otherwise be difficult to attract.

Volati Academy

Volati Academy is an 18-month leadership programme that is aimed at employees at management team level in the business units. Participants attend both internal and external lectures. The aims of the

“A key success factor for Volati is that the Group’s companies have access to the right expertise at management level and for key positions.”

programme are twofold: to strengthen participants’ expertise within such areas as financial analysis, strategy and leadership, and to establish a shared view of these areas in all of Volati’s business units.

Volati Management Meeting

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

Access to business development expertise and tools

Volati supports its business units by providing them with expertise and tools to improve their business processes. This is achieved with the Volati Knowledge concept, which concerns leveraging best practice within the Group’s business units, and also adding new expertise and tools. Within Volati Knowledge, we have, among other things, driven a number of shared Group programmes to improve results, in which training is combined with the implementation of new working methods in the company within e.g. purchasing, pricing and digitisation of activities. In several cases, these have led to directly quantifiable results in the business units. Besides the programmes, training sessions, workshops and lectures by external experts are also held.

Volati also encourages “Shared Services” within the Group, as a means to achieve scale benefits and the increased professionalisation of key business-supporting functions. One example is how the Lomond Industrier business unit today handles finance, IT and logistics for a number of other companies within the Trading business area.

Successful journey with Volati

Ettikettoprintcom, based in Malmö, Sweden, is a provider of self-adhesive labels and labelling machines, primarily to the food industry, and was acquired by Volati in 2011. This was the start of a successful shared journey and in 2017, this business unit achieved an all-time high in terms of both revenue and results.

Appreciation of Volati's business management model

Rikard Ahlin has worked at the company since 1998 and took on the role of CEO in 2016.

RA: The structured strategy work which was initiated when Volati took over was what really made a difference for us. Today, we have tools and a systematic process to take fact-based decisions on how we should develop the company, and this has yielded clear results.

The strategy work takes place as collaboration based on trust between board of directors and management.

RA: As CEO, I really appreciate how Volati manages its companies. Naturally, demands are made of us, but we also have a lot of freedom to run the company ourselves. We initiate business development measures for consideration by the board of directors, who also offer support when needed. This strengthens the commitment of the people working in the company.

Expansion through acquisitions

Under Volati's ownership, Ettikettoprintcom has gained new opportunities to expand its activities. One example is the add-on acquisition of Etiketten, which was integrated with Ettikettoprintcom in March, adding annual revenue of around SEK 15m. Rikard Ahlin also highlights opportunities for competence development as an area contributing to the company's development.

RA: Both I and our finance director have attended Volati Academy and taken part in Volati's procurement programme run via Volati Knowledge. As a relatively small company, it would have been difficult and expensive to gain this expertise by other means. Volati Academy gave me, as an engineer, valuable financial expertise and an ownership perspective that is important to my development of the company in my role as CEO.

Access to new expertise

Ettikettoprintcom has also gained competent new employees through the Volati Management Program. Hanna Pettersson was

Rikard Ahlin
CEO, Ettikettoprintcom

appointed by Volati and came to the company in 2016 to help to develop the activities that are based on customised labelling machines. After only a short period of time, her role was adjusted and instead she was given responsibility for the entire department with 12 employees. Today, she holds a permanent position at Ettikettoprintcom as Head of System Operations.

RA: Hanna is a really skilled engineer who would never have found us, had it not been for Volati. There is tough competition for engineers today. So it means a lot to get this boost from the Volati Management Program.

Hanna Petterson Head of System Operations at Ettikettoprintcom

"You should never stop challenging yourself"

When Anna Stenberg started as the new CEO of me&i in October 2017, she was already well-known at the company. She started as a sales executive when me&i came to Finland in 2007. She later became country manager in Finland, and then sales manager for the entire Nordic region.

"For us, Anna was a natural choice for the CEO position. We know her well, as sales manager at me&i and as a Volati Academy participant, where she made a really good impression. Anna is an enthusiastic manager with the drive and commitment to develop our activities," says Mårten Andersson, Group CEO of Volati. Anna, who lived in Finland, had no current plans to move to Sweden, but she did not hesitate when she got the offer from Volati.

"Through Volati I have the opportunity to continuously develop my own skills. For me&i, ownership by Volati has created new opportunities in terms of both finances and knowledge. Being offered an exciting new job in a new country was a positive challenge, and you should never stop challenging yourself," says Anna Stenberg.

SEE THE FILM ABOUT ANNA AT ARSREDOVISNING.VOLATI.SE

Growth through acquisitions

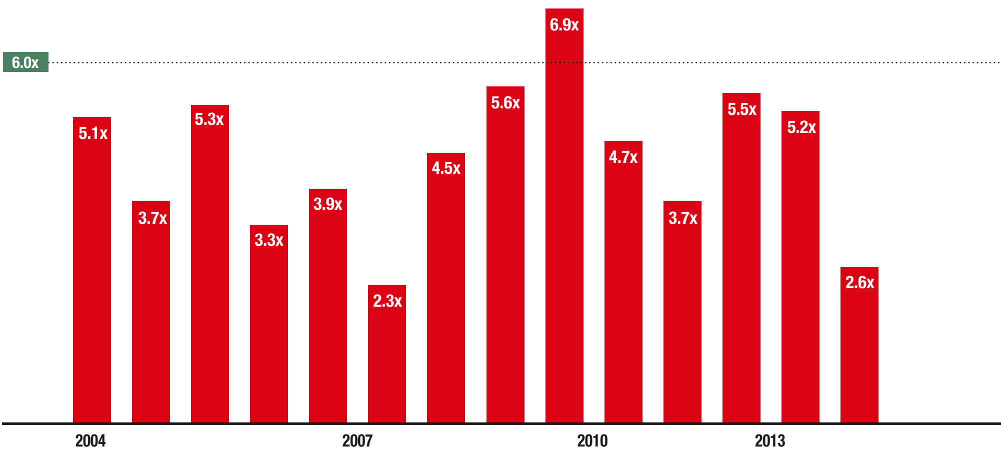
Volati has a long history of successful acquisitions. A disciplined and tried and tested acquisition model and an attractive offering for companies looking for new owners are key elements of Volati's ongoing value creation through acquisitions.

Growth through acquisitions is a key aspect of Volati's business model and pursuit of our objectives. We primarily undertake two different types of acquisition. The first type is "platform acquisitions", which are typically major acquisitions of companies to either form a new business unit within one of our existing business areas, or a separate business area within Volati. The acquisition of Akademibokhandeln in 2017 is an example of a platform acquisition to form a separate new business area, while T-Emballage became a business unit within the Trading business area. The other type of acquisition is add-on acquisitions to existing business units. The acquisition of Silokonsult in 2017 took place in order to strengthen Tornum's offering to industrial customers.

Many potential acquisition targets

Volati is not restricted to acquiring companies within a specific industry, which gives us broad acquisition opportunities. We assess that there are over 4,000 potential acquisition targets in Sweden alone. These are companies with revenue of between SEK 10m and

Over time, Volati has completed acquisitions at reasonable valuations.



2bn, and with operating profit before depreciation (EBITDA) of up to SEK 200m.

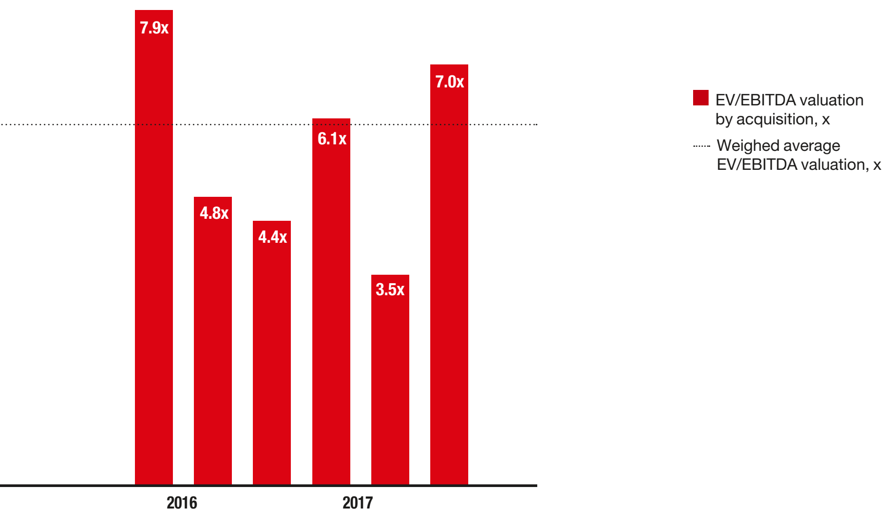
We face competition for acquisition targets primarily from other industrial groups and from industrial operators that have add-on acquisitions as their core activity. These operators' strategy is often close to Volati's, as they acquire companies for the purpose of long-term ownership. For large platform acquisitions, Volati can also encounter competition from venture capital companies.

Volati's competitive advantages

Volati wishes to build trust as a good owner and as a serious and reliable counterparty in acquisition transactions. These are important conditions for us to be able to continue to acquire good companies at reasonable valuations. Today, we are an established and experienced operator in the acquisition market, with an attractive offering for companies and entrepreneurs seeking new owners for their activities.

A long-term ownership perspective: Volati is value-oriented and acquires companies that we can be proud to own long into the future. Our decentralised model preserves the company's independence, as well as local entrepreneurship. This is attractive to many entrepreneurs who care about their employees and wish to see their companies continue to exist and be further developed. This means that Volati can be a prioritised investor, where price is not the only factor in the acquisition process.

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



We handle processes with short lead times: Volati has a rapid process for both due diligence and decision-making, which can be decisive in competitive acquisition processes. We have broad expertise and experience internally, and undertake a large proportion of due diligence ourselves. This also gives us an opportunity to build relations with the company during the acquisition process. A dedicated board of directors, with the principal owners active in the company, contributes to short decision-making paths.

We handle complex transactions: Volati's longstanding acquisition experience, as well as the internal breadth of our expertise and professional experience, enable us to handle complex transactions. This also means that we can utilise differences between experienced and actual risk in a business transaction, contributing to opportunities for acquisitions at reasonable valuations. One example is Besikta Bilprovning, which was acquired from the Swedish state in 2013 as part of the re-regulation of the Swedish motor vehicle inspection industry, without an existing management, trademark and IT system. Volati was able to make use of its extensive network and, as of the acquisition date, had recruited a qualified CEO and found solutions for handling the trademark and IT system.

Acquisitions at reasonable valuations

Volati will acquire well-managed companies at reasonable valuations, as specified in our business concept, and as an important part of our business model. Since the start, we have acquired companies at a weighed average EV/EBITDA valuation of 6.0x. In the acquisitions which Volati completed in 2017 the average EV/EBITDA valuation was 6.2x, which means that the valuations were in line with the historical average. We can see that Volati holds a sound position in the acquisition market and has been successful in fulfilling its ambition to acquire well-managed companies at reasonable valuations, irrespective of market conditions and company size.

> "Over a long period, we have built up a strong brand in relation to entrepreneurs in the Nordic region."

Strong inflow of interesting companies

On an annual basis Volati considers around 150 potential acquisitions. We have gained the market's trust in Volati as a reliable counterparty in acquisition processes and have good relations with more then 40 consultancies in Sweden, Norway and Finland. They contact us on an ongoing basis with potential acquisition candidates.

Volati is passionate about entrepreneurship and business enterprise. Over a long period, we have built up a strong brand in relation to entrepreneurs in the Nordic region by describing what we stand for and how we create value as a sound owner of small to medium-sized companies. This means that we also receive enquiries from entrepreneurs themselves in search of new owners for their companies. We are also engaged in ongoing proactive dialogue with companies that we identify as potential acquisition candidates for Volati.

Acquisition ideas are also generated via our own network, in particular from within our business units, which consider add-on acquisitions as a means to create value in their own activities.

Clear acquisition criteria

Volati has a disciplined acquisition process and clear criteria for which acquisitions we make. A cornerstone of this work is that it is better to turn down a good deal than to risk making a bad one. At an early stage, we assess our price expectations, and seek mutual dialogue with the company in which price is not the only important factor.

Detailed screening of acquisition candidates

Of the companies that Volati considers on an ongoing basis, relatively few pass the initial screening, as a consequence of Volati's disciplined process and clear acquisition criteria. During 2017, we made an initial review of about 130 companies and in-depth screening of 27. We submitted eight bids and three of these led to completed acquisitions during 2017. In other words, we have a high ratio of completed transactions compared to the number of bids made. This is a consequence of how we only engage in processes with good conditions for an acquisition to be achieved, and that, once we have taken an acquisition decision, we work on a targeted basis to achieve a deal.

Typical Volati acquisitions share a number of common denominators

Types of company

Volati acquires well-managed companies with a history of good profitability. A company must have strong cash flows, a tried and tested business model and be a market leader, or have a strong market position in its niche area.

Geographies

Acquisition of companies to build new business units or a new business area takes place in the Nordic region, with emphasis on Sweden. Add-on acquisitions for existing companies may take place in other Nordic and European countries.

Types of business

Volati primarily acquires privately-owned companies, which are often family-owned businesses or subsidiaries of larger groups. We always acquire at least a majority interest in the shares, so that we can fully control and consolidate the acquisition.

Size of the company

On acquiring a company to form new business units or a new business area, the company's EBITDA should be at least SEK 20m. Add-on acquisitions are not based on size, since instead it is assessed whether the acquisition is strategically interesting and contributes to creating value.

“Shared values and view of the company”

On 10 November, Volati acquired the family-owned company T-Emballage, based in Vetlanda in Småland, Sweden.

“T-Emballage had long been on our “golden list” of companies we would like to acquire. It’s a really well-run company with a good reputation in the industry, fine products and good profitability. We’re proud to take over the rudder of Håkan and Elisabeth Thuresson’s life’s work,” says Patrik Wahlén, founder and member of Volati’s Board of Directors. T-Emballage was actually on the look-out for its own add-on acquisitions as a way of broadening the company. After meeting Volati, the idea was born that there was considerable development potential in becoming part of the Volati Group.

“We hit it off at our first meeting and we discovered that we shared the same values and view of the company. We could see that sale to Volati could be a way for T-Emballage to develop its activities and I’m certain that this is a good deal for the company and the staff,” says Håkan Thuresson, former principal owner of T-Emballage.

SEE THE FILM ABOUT T-EMBALLAGE AT ARSREDOVISNING.VOLATI.SE

Four business areas

Trading

The Trading business area comprises seven business units offering products within hardware and home improvement, homes and gardens, packaging, and agriculture and forestry. The business units offer their products to both companies and consumers. Within the business units, there are a total of 16 operating companies in six countries. Many of the business units have similar business models and target the same customers. The business units therefore cooperate closely to create synergies in their sales work. This work is supported by integrating several of the business units via shared IT structures, logistics and finance functions, which also helps to reduce costs.

Key figures	2017	2016
Net sales, SEKm	1,615	1,493
Organic growth in net sales, %	–2	16
EBITA, SEKm	125	121
Organic EBITA growth, %	–4	–2
ROCE excl. goodwill, %	35	41

Akademibokhandeln

The Akademibokhandeln business area is a new business area within Volati. It comprises one business unit with two operating companies in Sweden, which are Akademibokhandeln and Bokus. Akademibokhandeln is Sweden's leading bookstore chain, with sales of books and paper goods from both stores and online to consumers, companies and public enterprises.

Key figures	2017	2016
Net sales, SEKm	1,029	–
Organic growth in net sales, %	–	–
EBITA, SEKm	105	–
Organic EBITA growth, %	–	–
ROCE excl. goodwill, %	187	–

Consumer

The Consumer business area comprises three business units focused on three different markets. Sales take place directly to consumers. Within the business units, there are a total of nine operating companies in five countries.

The business units all have large customer databases, creating opportunities for cooperation and centralised initiatives to develop the activities. Digitisation and ecommerce, as well as tools to build deeper customer relationships and increase customer loyalty, are examples of these areas.

Key figures	2017	2016
Net sales, SEKm	966	932
Organic growth in net sales, %	1	4
EBITA, SEKm	134	138
Organic EBITA growth, %	1	20
ROCE excl. goodwill, %	206	196

Industry

The Industry business area comprises three business units focused on three different markets. The business units all sell exclusively to companies. Within the business units, there are a total of 21 operating companies in 14 countries.

Even though the business units focus on different markets, there are common themes which allow for cooperation and exchange of experience within the business area. Examples of these themes are growth through acquisitions, expansion to new markets, and streamlining of production.

Key figures	2017	2016
Net sales, SEKm	747	782
Organic growth in net sales, %	–6	12
EBITA, SEKm	79	135
Organic EBITA growth, %	–41	56
ROCE excl. goodwill, %	46	79

Trading

For the Trading business area, 2017 was a year of continued development and increased cooperation. The year's major event was naturally the acquisition of T-Emballage, which delivers packaging solutions for industry and sawmills, as well as building materials for the house industry and professional building materials suppliers.

HK: T-Emballage is a very well-run company, with a product offering that is a good match for the Trading business area. We can e.g. see good synergy potential with our other business units in terms of market campaigns and sales.

Increased synergies

The Trading business area is working continuously to create synergies through collaboration between the different business units. This generates cost savings, but also new sales opportunities through shared customer databases. This is possible thanks to Lomond Industrier, which today is exclusively a service company handling logistics, IT and finances for many of the business units within the Trading business area.

HK: During 2017 we successfully integrated Kellfri in the joint structure. Centralisation ensures lower costs, as well as enhanced professionalism within areas that are important for the business units' development and competitiveness. One future option is to also offer these services to other Volati companies.

Merger of Thomée and Bårebo

During 2017, Thomée and Bårebo Nordic were merged into one single business unit. This was a logical step, since a large part of Bårebo's sales took place through Thomée.

HK: Bårebo has developed an attractive offering of building hardware components that are sold under its own brand. The best-known example is FAST, which are products for most types of fixing. By combining Bårebo and Thomée, we will power up sales of the proprietary brands in this business area. This is important to securing competitive advantage and opportunities to improve margins.

Development in 2017

Net sales for the Trading business area totalled SEK 1,615m (1,493) and EBITA was

1,615

Sales, SEKm

125

Operating profit (EBITA), SEKm

35%

ROCE excl. goodwill

Håkan Karlström
Head of Business Area Trading

SEK 125m (121). The increase in sales and results is related to the consolidation of the T-Emballage acquisition as from November 2017. Organic EBITA growth was negative in 2017 at 1.6%.

Several of the companies in the business area focus on the Swedish hardware and building components trades. There is a strong consolidation trend in the industry, with stores being bought up, thereby creating larger constellations.

HK: This has primarily affected Thomée, which in 2017 saw how several customers were bought up by chains with which the company is not so well-represented. In the short term, this has affected both sales volumes and EBITA results negatively. We are continuing to increase the integration between the business units, with the ambition to improve margins.

Habo

Habo supplies functional fittings, locks and security fittings for the home. Most of the products are sold under the proprietary Habo brand, and customers comprise the hardware and building components trades, as well as DIY retail outlets. Habo has sales companies in all the Nordic countries and holds a leading position in the market.

Percentage of the business area's sales

26%

Habo
Number of employees: 60
CEO: Carl-Axel Svensson

16%

Kellfri
Number of employees: 61
CEO: Carl-Axel Svensson

6%

Miljöcenter
Number of employees: 20
CEO: Veronica Kajrup

Lomond Industrier[1)]
Number of employees: 82
CEO: Marc Palm

1) Lomond Industrier is the business area's Shared Service Centre and therefore has no external sales.

Lomond Industrier

Lomond Industrier is the business area's Shared Service Centre. The company provides a number of services within warehousing and logistics, finance, IT, and environment and quality from its premises and distribution centre in Malmö. Scale benefits are leveraged to create value and efficiency for the other business units. The company annually handles more than 25,000 items, 3.1 million order lines and 400,000 invoices.

Kellfri

Kellfri develops and sells affordable agricultural and forestry equipment to small-scale agroforestry customers. Products include groundscare machinery, trailers, and snow and ice tools and machinery, under both proprietary and third-party brands. Sales are mainly directly to end-customers via ecommerce and telephone, as well as distributors in selected markets. Kellfri is active in the Nordic markets, besides the UK and Poland.

Miljöcenter

Miljöcenter develops and sells environmentally friendly products and solutions for the home and garden, under three proprietary brands. This includes products for pest and weed control, plant protection, composting and secure post management. Customers are retail chains, the hardware and building components industry, garden centres and wholesalers and distributors. The primary market is Sweden. The company also has distribution to selected markets in the Nordic region and Europe.

Sørbø Industribeslag

Sørbø Industribeslag is a supplier to the Norwegian window and door industries. The products include customised fittings and mountings, aluminium profiles and slot ventilators. Customers are door and window manufacturers, and glaziers and professional craftsmen. Sørbø Industribeslag is active in the Norwegian market.

Percentage of the business area's sales

10%

Sørbø Industribeslag
Number of employees: 25
CEO: Jon Berg

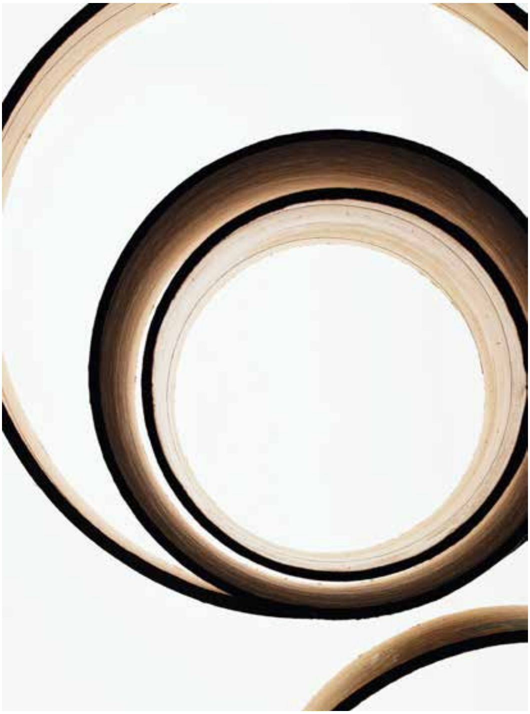
6%

T-Emballage[1)]
Number of employees: 62
CEO: Urban Alverhed

36%

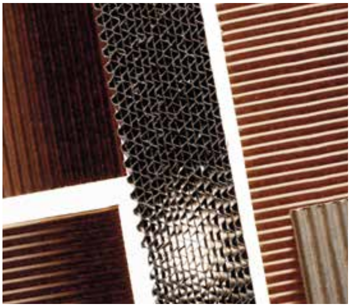
Thomée
Number of employees: 46
CEO: Roger Andersson

1) Impact in 2017 since the acquisition on November 10th.



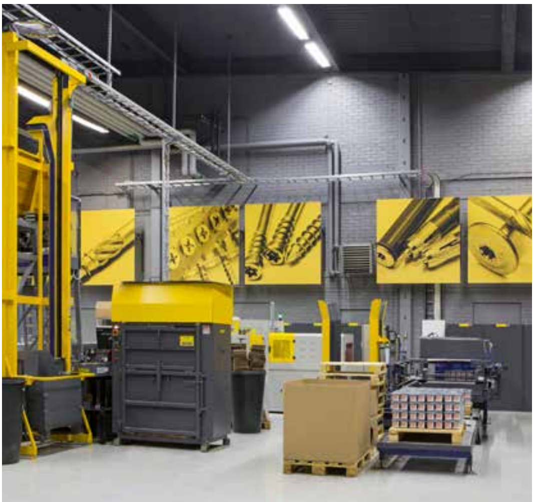
T-Emballage

T-Emballage develops and markets high-quality building materials for the house industry and the professional building supplies trade, as well as customised packaging solutions for industry and sawmills. Its products include construction foil, moisture barriers, radon barriers for healthy homes, timber covering and production line packaging. T-Emballage has a strong position in the Swedish market.



Thomée

Thomée is a wholesaler and distributor of hardware and building materials, mountings and tools, from proprietary and leading brands. The customers are primarily the hardware and building materials trade, and DIY retail outlets. Thomée is active in the Swedish market. The proprietary brands are also distributed via the other business units and selected partners in the Baltic region.



Consumer

For the Consumer business area, 2017 was a year of ongoing development for the business units, as well as organisational changes, since both Besikta and me&i gained new CEOs.

Good year for Besikta

For Besikta Bilprovning, the single most important task in 2017 was the integration of ClearCar, acquired in 2016, which among other things entailed ensuring that ClearCar's inspection stations fulfil Besikta's high quality requirements.

JE: Today, Besikta and ClearCar are one combined company in every respect, and have had an extremely successful year. We have a large market share, with satisfied customers and employees, and are ready to build on the position as the leading inspection provider when it comes to traffic safety. I'm also pleased to welcome Daniel Hjortström as new CEO; now that Nicklas Margård is focusing fully on his role as head of the business area. Daniel was previously market manager at Besikta and we consider him to be the right person to lead the continued development of the company.

New CEO of me&i

It is vital for the me&i business unit to continuously develop clothing collections of high quality that are relevant for mothers of all ages, and their children. An example of this work is the collection for children with motifs from "Babblarna" that was developed in 2017 and launched in the 2018 spring and summer collection. Babblarna is an educational concept with books, films and music that is very popular in Swedish pre-schools, and me&i has the exclusive right to use these motifs on its clothing items.

JE: I'm also very pleased that Anna Stenberg has taken the step up to become CEO of me&i. She started in the company as a salesperson, was country manager in Finland, before taking on the role of sales manager in the Nordic region. She did a fantastic job building up a successful company in Finland. Anna is an enthusiastic manager with the drive and commitment to develop our activities.

NaturaMed Pharma is developing its range

During the year, NaturaMed Pharma further developed its product range. An important element of this work was to create a concentrated product offering that is relevant for

966

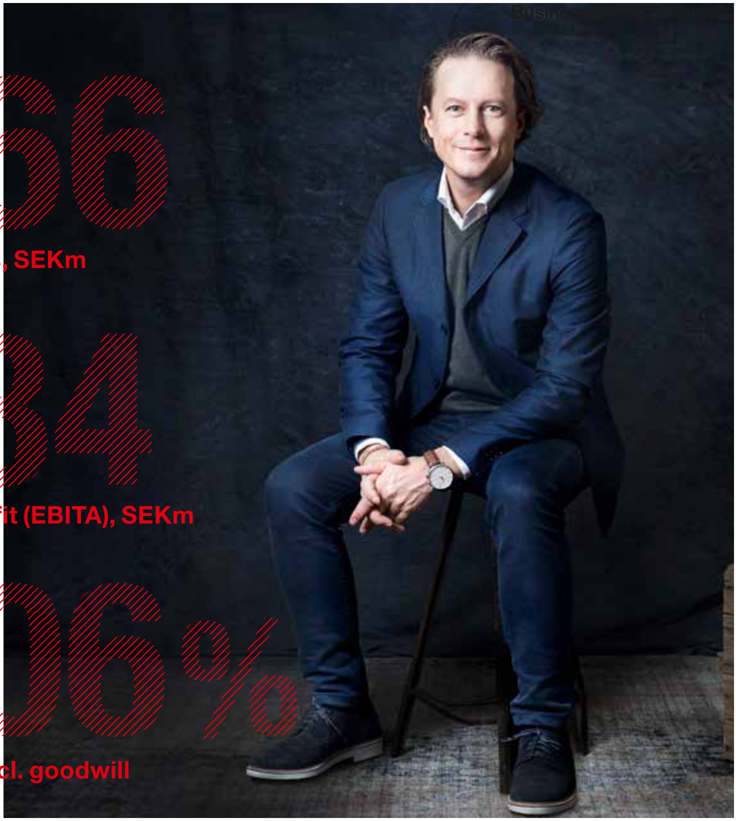
Sales, SEKm

134

Operating profit (EBITA), SEKm

206%

ROCE excl. goodwill



Johan Ekström
Head of Business Area Consumer

customers within clearly defined product categories, which also entailed reducing the number of products in the range.

JE: From a profitability perspective, it is vital that customers make recurring purchases. A concentrated offering with strong product brands creates the right conditions for higher consumer recognition and, as a result, effective marketing. The ambition is for this to contribute to increased sales, as well as streamline both warehousing and administration.

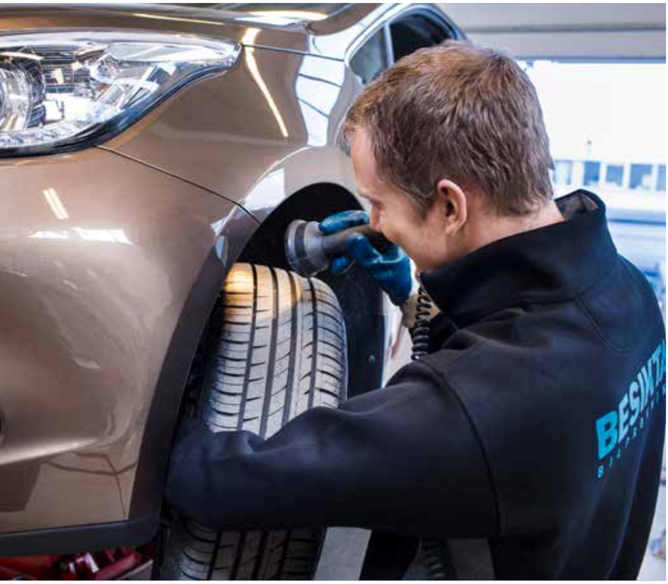
Development in 2017

Net sales for the Consumer business area totalled SEK 966m (932) and EBITA was SEK 134m (138). Organic EBITA growth was 1%.

JE: Both the sales growth and organic EBITA growth were a result of Besikta Bilprovning's fine development in 2017. For the overall business area, to some extent this compensated for the weaker development in the results of both NaturaMed Pharma and me&i. We how have measures in place to support NaturaMed Pharma and me&i in the work of improving financial performance going forward.

me&i

me&i designs, manufactures and sells quality clothing for women and children. Sales take place at home parties arranged by the around 850 sales consultants associated with the company, and through e-commerce. me&i operates in the Nordic region and Germany.



Besikta Bilprovning

Besikta is one of the leading motor vehicle inspection companies in Sweden, with approximately 150 motor vehicle inspection stations distributed at 130 locations, predominantly in southern Sweden. Besikta offers inspection of most vehicle types, and control of enhanced security and fault prevention. Customers are mostly private individuals, but also professional vehicle owners and state authorities.

Percentage of the business area's sales

65%

Besikta Bilprovning
Number of employees: 563
CEO: Daniel Hjortström

17%

me&i
Number of employees: 26
CEO: Anna Stenberg

18%

NaturaMed Pharma
Number of employees: 30
CEO: Bodil Arnesen

NaturaMed Pharma

NaturaMed Pharma markets OTC health supplements, medicinal products and health products, predominantly under its own brands. Sales take place directly to end-customers via ecommerce and mail order, and as subscription-based solutions. NaturaMed Pharma is active in Sweden, Norway and Finland, where the company has strong market positions within its niche area.

Akademi bokhandeln

Akademibokhandeln and Bokus were acquired in July 2017 and comprise their own business area within the Volati Group.

2017 was an eventful year for Akademibokhandeln for several reasons besides the company's new domicile. The business unit continued to focus on business development and a stronger customer offering. A new store concept was developed and installed in 6 out of 80 own stores during the year.

MH: We wished to create a store environment that makes it easier and more inspiring for customers to buy from us. This includes completely new children's books departments and stronger campaign sites to generate increased sales in the stores.

Developing our offering

Measures were also taken to develop the part of our product offering other than books. This includes our own series of notebooks and decorative prints for the walls of the home.

MH: A key aspect of our development work is the omni-channel offering that combines inspiring stores with digital services. We operate in a sector where ecommerce accounts for a large part of growth, which makes it essential for us to continuously strengthen our digital offering.

Store chain of the year

One of the year's highlights was the naming of Akademibokhandeln as Store Chain of the Year in the Swedish Retail Awards. A high service level, inspiring stores and a carefully selected range were some of the reasons for this award.

MH: This award is a real confirmation that our initiatives are noticed and appreciated. I'm also proud and pleased that this year our customer club, Friends of Akademibokhandeln, achieved 1.6 million members, and we're working hard to continuously provide the club members with attractive offerings and other added value.

1,029
Sales, SEKm

105
Operating profit (EBITA), SEKm

187%
ROCE excl. goodwill

Maria Hamrefors
Head of Business Area Akademibokhandeln

Bokus celebrated its 20th anniversary in 2017, as one of the true pioneers within Swedish ecommerce. Activities during the year included further development of the site in order to enhance the customer experience. A new brand platform was also developed, to reflect Bokus' position as a true book specialist for online book buyers.

Development in 2017

Akademibokhandeln has been part of Volati since July 2017. Net sales for the period as from the acquisition totalled SEK 1,029m, and EBITA was SEK 105m.

MH: Q4 is always our most important quarter since Christmas sales have such a great impact on our sales and results. Q4 sales in 2017 were in line with previous years. Our gross margin was somewhat lower, however, since a higher proportion of sales took place online. We also had somewhat higher costs during the year, as a consequence of our business development initiatives. One exciting example is our streaming service for audiobooks, which was launched during the spring of 2018.


GÄST
BOK


A4
A4
A5
A5

Akademibokhandeln
Akademibokhandeln is Sweden's leading bookstore chain, with 107 shops across the country. Customers are offered a wide range of books, stationary and office supplies, in both physical and ecommerce stores. Customers are private individuals, companies and public enterprises throughout Sweden. Akademibokhandeln also includes the online bookstore, Bokus.

Percentage of the business area's sales

100%

Number of employees: 634
CEO: Maria Hamrefors

Industry

2017 was a year which presented both successes and challenges within the Industry business area. Tornum successfully achieved the acquisition of Silokonsult, which strengthened the business unit's market position as a key supplier of solutions for grain handling facilities for the Swedish grain industry.

NM: Tornum's acquisition of Silokonsult is a direct result of the pilot project we initiated to increase the acquisition rate in the business area. This included the introduction of a systematic working method to identify potential acquisition targets. The project was initially run together with Tornum and the ambition, if it goes well, is to broaden its scope to include the other business units.

Geographical expansion

In recent years, Tornum has taken steps to broaden its geographical presence. In 2017, the company gained its first order in the Asian market via the sales office that was opened in Bangkok during 2016.

NM: Asia is an interesting market for Tornum due to its extensive rice production and the business unit has developed new applications especially adapted to this.

Challenge for Corroventa

For Corroventa, 2017 was a challenging year for the rental activities compared with 2016 when the rental rate was very high. This company has one of Europe's largest rental parks of products for cleaning up after extensive water damage. In 2017, Europe avoided major floods and heavy rainfall, which resulted in a lower rental ratio for Corroventa.

NM: Nonetheless, Corroventa's basic activities – sales and development of products for cleaning up moisture, odours and radon – showed sound development. Important factors are the continued successful development of the product portfolio and that the company improved both cost control and the activities' capital efficiency.

Best result ever achieved

Ettikettoprintcom, a leading supplier of self-adhesive labels to the food industry, among others, had a very successful year and achieved its best result ever. During the year, the acquisition in 2016 of the activities of the Stockholm-based printing works, Etiketten, was integrated in the company.

747

Sales, SEKm

79

Operating profit (EBITA), SEKm

46%

ROCE excl. goodwill

Nicklas Margård
Head of Business Area Industry

Ettikettoprintcom took over the customer book and, in other words, contributed increased volume to existing production, which generated synergy effects and a stronger market position in the Stockholm region.

Development in 2017

Net sales for the Industry business area totalled SEK 747m (782) and EBITA was SEK 79m (135). Organic EBITA growth was negative at 41%.

NM: 2017 was a really challenging year in terms of sales and results. The decline in Corroventa's rental activity gave them a tough year in terms of both sales and results, even though the activities otherwise developed well. Tornum had a good order intake during the year. A changed product mix, with a higher ratio of goods for resale compared to proprietary products and solutions, had a negative impact on project profitability, however, which affected results, predominantly in Q4.

Corroventa

Corroventa is a market-leading manufacturer of products and solutions within water damage, humidity, ventilation and radon. Besides selling products and solutions, Corroventa offers one of Europe's largest rental parks of water-damage management equipment for emergency situations and floods. Customers include remediation companies, insurance companies and construction companies in most major markets in Europe.

Percentage of the business area's sales

25%

Corroventa
Number of employees: 58
CEO: Per Ekdahl

31%

Ettikettoprintcom
Number of employees: 92
CEO: Rikard Ahlin

44%

Tornum
Number of employees: 101
CEO: Per Larsson

Ettikettoprintcom

Ettikettoprintcom is a Swedish supplier of self-adhesive labels and labelling systems. The company has a wide selection of self-adhesive labels for various applications, such as the food packaging that consumers find in their grocery stores. The company also has a comprehensive range of customised labelling machines. Ettikettoprintcom is active in the Swedish market, with the food industry as its largest customer group.

Tornum

Tornum is a leading European manufacturer of grain handling equipment for the agricultural and grain industry. The product range includes grain driers, silos and transport equipment, besides a wide range of accessories and automatic electrical systems. Customers are mainly individual farmers, cooperatives and industrial customers. Tornum is active in a number of markets in western and eastern Europe, and also in Asia.

Sustainability with a clear focus

Comments from the CEO

This is Volati's first sustainability report and, as previously described, this work is focused on two main areas: diversity, equality and non-discrimination; and health and safety. These areas are important for both our own and our business units' activities, and we have good opportunities to exert influence and contribute to sustainable development. Besides the aforementioned areas, on a Group basis we work with anti-corruption and human rights, as well as environmental issues.

In May 2017, the Board of Directors adopted Volati's first Group sustainability policy, which is an important milestone in our sustainability work. During the year, we also launched a programme to increase equality and diversity in the Group.

Below, we give a more detailed account of how Volati and our business units work with sustainability issues.

Mårten Andersson, CEO VOLATI

Sustainability at Volati

Volati has a clear and simple business concept: to acquire companies with tried and tested business models at reasonable valuations, and to further develop these with an emphasis on long-term value creation.

Since Volati was founded in 2003, we have completed 25 acquisitions of companies active in a wide range of industries. To ensure that all of Volati's business units operate on a responsible and sustainable basis, we have developed a shared Group framework for our sustainability initiatives. This framework is summarised in Volati's sustainability policy and concerns every aspect of our activities – from observing sustainability aspects of the investment process, to how the individual business units are expected to operate as sustainable companies.

Volati's investment activities and actions as a responsible owner must reflect the ten principles of the UN Global Compact, the OECD's Guidelines for Multinational Enterprises, and the United Nations Principles for Responsible Investment (UNPRI).

This entails that Volati does not acquire companies that operate activities which breach the aforementioned conditions, or when Volati does not believe it would be possible to take measures after the acquisition to ensure that the activities fulfil the conditions.

Volati has performed a materiality analysis for all business units in the Group and has then, at Group level, set the overriding ambition to promote sustainable development within four selected focus areas: Diversity, equality and non-discrimination, health and safety, anti-corruption and human rights, and environmental issues.

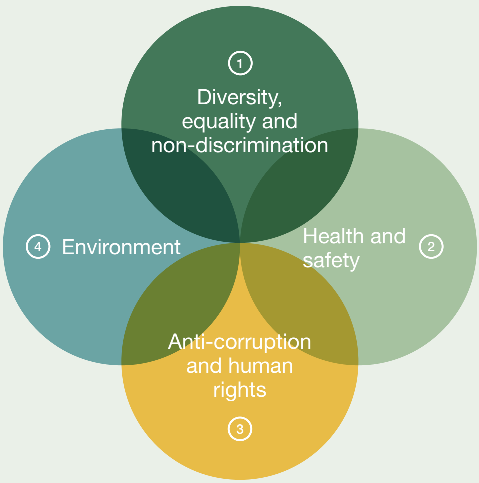
1 Diversity, equality and non-discrimination

Volati has previously identified *diversity, equality and non-discrimination* as a prioritised area.

Together with its business units, Volati has stakeholders from different cultures and backgrounds, both in its Swedish activities and also via business units, customers and suppliers in other countries. The ability to interact with and handle our stakeholders in the right way is important and requires a diversified workforce which reflects the society in which we operate. This helps to safeguard Volati's long-term competitiveness.

During 2017, Volati introduced a Group-wide HR policy that all business units are required to follow, as a minimum level. This policy states the equal value of all people and that Volati must have fair conditions between individuals and groups. No-one may suffer discrimination or victimisation and each business unit must have guidelines and instructions describing how to act should this occur.

Volati predominantly has men in managerial positions, with the exception of some companies that have a more equal gender balance, such as Akademibokhandeln and Miljöcenter, while me&i mainly has women managers.



During the year, we commenced the work of identifying the measures needed to increase equality. In addition, together with the CEO of each business unit, we have initiated a programme to ensure that the internal Group career paths are more attractive to women, and to strengthen the employer branding of Volati and our business units in relation to women.

Risks

Volati and our business units benefit from a workplace that is inclusive and in which differences are welcomed, respected, valued and maintained. This contributes to ensuring satisfied and productive employees. An excessively homogeneous workforce risks overlooking the potential and the benefits of diversity and can lead to a one-sided approach to risks and opportunities.

Case: Diversity in the workforce – A competitive advantage for Besikta

Greater diversity and equality in the workforce is a prioritised development area for Besikta Bilprovning. As a distinctively consumer-focused company with many customer contacts on a daily basis, it is a great advantage that the employee breakdown reflects society in general in terms of both background and gender. This contributes to closer customer relations and greater understanding of customers' needs, which ultimately leads to increased profitability. Historically, motor vehicle inspection has been a male-dominated sector, and Besikta works actively to increase the ratio of women employed. This entails a focus on recruiting women when applicants have equivalent qualifications.

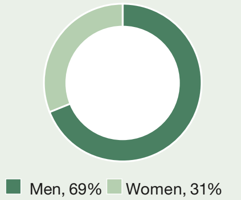
2 Health and safety

Volati considers its employees to be the single most important success factor and that they create Volati's long-term competitiveness. The overall objective is for everyone in the Group to experience a good, safe and secure working environment. Volati requires every business unit to have a clear process for its health and safety work and that, as a minimum, there is a working environment policy and a drug and alcohol policy.

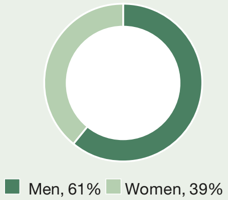
Volati is convinced that healthy employees will not only reduce absence due to illness and the risk of stress and burn-out, but also contribute to a positive atmosphere and improved performance. Volati offers all employees healthy living grants, training

Indicator for diversity, equality and non-discrimination

Gender distribution of the business units' management groups[1)]



Gender distribution of employees, total[1)]



1) See Note 6 on page 116 for a more detailed description.

and other activities to encourage a healthy lifestyle.

Volati's decentralised governance model entails that a large share of the responsibility for a safe and healthy working environment is held by leading decision-makers in the business units. Managers are responsible for safeguarding the employees' welfare and a good work/life balance.

Risks

Due consideration of our employees' health and safety is key for Volati and the Group's business units. Within many of the business units there are work tasks which entail a risk of occupational injuries and accidents, as well as stress-related conditions. Both Volati and the business units work actively to prevent accidents and ensure a good work/life balance.

Case: Health and safety a top priority at Ettikettoprintcom

At Ettikettoprintcom, there is a clear and structured programme for the employees' health, welfare and safety.

Important aspects of this are healthy living grants, and regular health checks for both production and office staff. These health checks include test and interviews from both a physical and a psychosocial perspective. Besides presenting each employee with his or her own results, these results are also presented to the management group in a summarised and anonymous form. This is an important tool for future measures and activities to further safeguard employees' health and welfare.

The occupational health service ensures that all employees also get information on ergonomically-correct working positions, as this has proved to have good results for health and welfare. Computer work in a standing position, on rubber mats, has many physical benefits.

To ensure continuous improvement in the working environment, the company's health and safety committee meets four times a year. One objective is to work proactively to prevent any risks arising in the course of the day-to-day work.

Current training in relevant areas is offered, in order to strengthen employee's skills and competitiveness. There is training in everything from fire safety and CPR, to Excel, correct use of materials and leadership.

Indicator for health and safety

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

	Number of reported incidents	Of which resulting in sick leave (after the 7th day)
Tornum	4	–
Corroventa	–	–
EP	2	–
Besikta	23	4
me&i	–	–
NMP	–	–
Trading	8	1
AKB	1	–
	38	**5**

1) All persons have now made a full recovery and are fully fit for work.

③ Anti-corruption and human rights

Volati and our business units have activities in 16 countries, with emphasis on the Nordic countries. For this reason, Volati generally considers the risk to be low that the business units might be directly involved in unethical business conduct, such as corruption and infringements of human rights. In the business units there may, on the other hand, be indirect impacts and exposure to suppliers who do not have the same low risk of unethical business conduct as companies with activities in the Nordic countries.

The Group therefore actively audits suppliers. This involves full-time employees who are solely engaged in supplier audits and assessments. Several of the business units also require suppliers to sign a supplier code of conduct before an agreement can be established.

Risks

Anti-corruption

Some of the Group's business units are active in sectors or territories that entail exposure to and increased risk of bribery and corruption. This may concern the offer of bribes in return for disregarding faults or defects, or for sharing investment information. Both Volati and the business units take a zero-tolerance stance on bribery and corruption.

Human rights

Procurement of products and components from such regions as eastern Europe and Asia entail a risk of human rights infringements in the supply chain. The business units seek to prevent this through dialogue, and by setting requirements of and auditing suppliers.

Indicator for anti-corruption and human rights

Total number of cases/notifications of anti-corruption infringements and infringements of human rights. *No incidents were reported in 2017.*

Case: Supplier audits at Habo

The Habo business unit has a well-developed supplier audit procedure. The starting point is a code of conduct which all suppliers are required to sign and which also includes any subsuppliers. Habo has a Sourcing Manager who is responsible for performing regular supplier assessments, also reviewing processes and working practices of the supplier. Supplier audits take place as on-site visits and via external auditors.

④ Environment

Volati and our business units are active in many different sectors and it is extremely important that all adhere to the laws and regulations governing the environmental area. The Group also has some business units with a pronounced environmental focus, such as me&i and Akademibokhandeln, as described below.

Volati's Sustainability Policy states:
Environmental issues – Seek to reduce negative environmental impacts by:

- Compliance with local environmental legislation.
- Seeking to ensure sustainable management of resources and to limit emissions of hazardous substances and toxic waste.
- Seeking to ensure energy efficiency and to limit emissions of greenhouse gases, unless there are significant business reasons for them.
- Being aware of other significant environmental issues.

Risks

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

Indicator for environmental issues

Significant fines and non-monetary sanctions for non-compliance with statutory and/or regulatory environmental provisions. *The Volati Group has not received any fines or sanctions related to environmental issues during 2017.*

Case: Environmental work at Akademibokhandeln

Issues related to sustainability and product safety are prioritised at Akademibokhandeln. This includes continuous efforts to ensure that there are no hazardous materials and substances in the product range offered, primarily concerning other products such as pencils and toys. All product managers receive general training in sustainability issues, as well as more specific training concerning chemicals and product safety.

Like many other traders, Akademibokhandeln has started to charge for plastic bags and some of the income is contributed to the "Keep Sweden Clean" foundation. Akademibokhandeln has also recently joined FSC Sweden (the Forest Stewardship Council) and supports their work for more sustainable forestry all over the world.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Volati AB (publ), corporate identity number 556555-4317

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2017 on pages 60–65 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm March 21 2018
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

The Volati share

Share development in 2017

In 2017, Volati's common share developed negatively, at 17.8%. The highest closing rate of the year, SEK 84, was listed on 30 May. The lowest closing rate was SEK 58.5, on 27 September. The preference share developed positively, at 18.3%. It reached the highest closing rate of SEK 646 on 31 October and the lowest closing rate, SEK 546, on 7 February.

Share trading volume

In 2017, trading volume comprised 9,975,902 common shares and 421,698 preference shares. The average daily trading volume amounted to 39,475 shares for the common share and for the preference share to 1,680 shares.

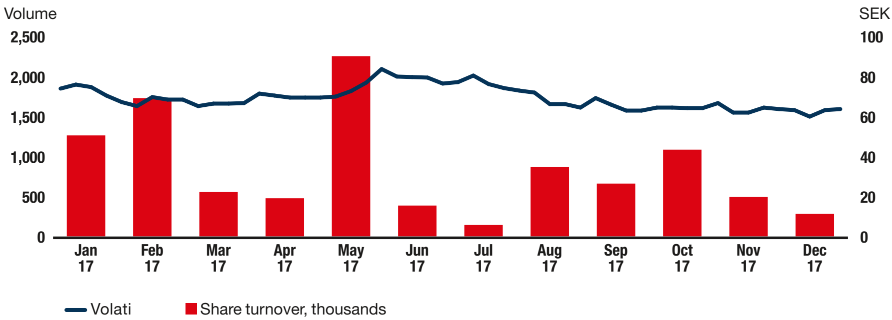
Dividend and distribution policy

Volati's Board has adopted a dividend policy entailing that dividends on common shares correspond to 10–30% of the Group's net profit attributable to the Parent Company's owners. When assessing dividends, consideration is given to future acquisition opportunities, development potential in existing companies, the Group's financial position and other factors deemed to be significant by Volati's Board of Directors. The Board proposes a dividend of SEK 0.50 kronor per common share, corresponding to a total dividend of SEK 40,203,285.50, for the 2017 financial year. The dividend on the common shares corresponds to around 17% of net profit after tax. Dividends on preference shares are to be issued at an annual amount of SEK 40.00 per preference share, corresponding to a total dividend of SEK 64,150,960, through quarterly payments of SEK 10.00 per share, in accordance with the Articles of Association.

Shares and share capital, etc.

Volati's shares have been issued in accordance with Swedish law and are electronically registered to holders at Euroclear. Euroclear also maintains the company's

Share price devlopment, common share



share register. The company's shares are denominated in Swedish kronor (SEK).

According to the Articles of Association, the company's share capital shall amount to a minimum of SEK 5,000,000 and a maximum of SEK 20,000,000, distributed over a minimum of 40,000,000 and a maximum of 160,000,000 shares. Further to the Articles of Association, the company may issue shares of two share classes: common shares and preference shares. At year-end 2017, there were a total of 80,406,571 common shares and 1,603,774 preference shares. At 31 December 2017, Volati's share capital was SEK 10,251,293.13 distributed over 82,010,345 shares.

All of the shares are issued and fully paid for, and each has a quotient value of SEK 0.125. No shares in the company are held by the company itself, on its behalf or by its subsidiaries. The company is a limited liability company and is regulated by the Swedish Companies Act (2005:551). The rights associated with the shares in accordance with the company's Articles of Association may only be changed pursuant to the regulations of the Swedish Companies Act.

Shareholders' rights

General meeting and voting rights

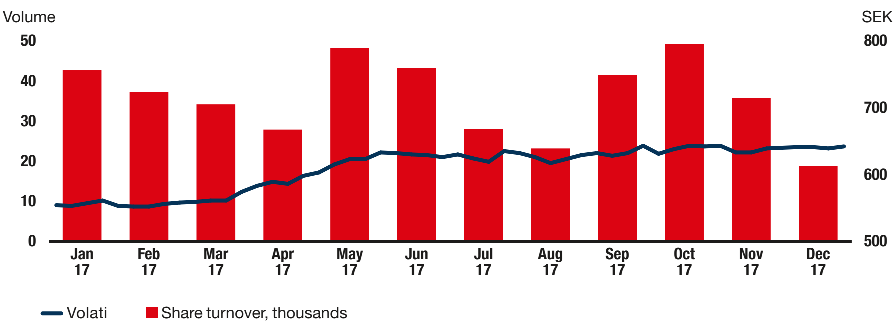
Each common share entitles the holder to one (1) vote and each preference share entitles the holder to one-tenth (1/10) of a vote at the general meeting, and every shareholder who is entitled to vote may vote for the full number of owned and represented shares without being subject to any limitations in voting rights. Shareholders' rights may only be amended by the general meeting in accordance with the Swedish Companies Act.

To participate in the general meeting, a shareholder must be listed in a transcript of the share register with respect to the conditions five weekdays prior to the meeting and shall have registered with the company by no later than the date set forth in the notice of the meeting.

Preferential rights to new shares

If the company decides to issue new shares through a cash or offset issue, the shareholders as a main rule have preferential rights to subscribe for new shares of the same share class in relation to the number of shares the holder already owns (primary preferential rights). Shares not subscribed for on the basis of primary preferential rights shall be offered for subscription to all

Share price development, preference share



shareholders (subsidiary preferential rights). If the company decides to issue new warrants or convertibles through a cash or offset issue, the shareholders have, as a general rule, preferential rights in relation to the number of shares they already own.

Right to dividends and surpluses upon dissolution

The preference shares have priority over the common shares to an annual dividend of SEK 40 per preference share (defined as a "preference dividend" in the company's Articles of Association), with quarterly disbursements as of the date of the first disbursement. Dividends are subject to the approval of the general meeting. The record dates for dividends are 5 February, 5 May, 5 August and 5 November, or the bank day immediately prior, if the record date falls on a public holiday. Preference shares otherwise entail no rights to dividends. If, during a quarter, the general meeting should resolve not to issue a dividend or issue a dividend that is less than the preference dividend, the preference shares shall entail a right to, in addition to future preference dividends, receive an amount evenly distributed over each preference share, corresponding to the difference between the

Development in the share capital

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

Year	Event	Change in no. of common shares	Change in no. of preference share	Total no. of shares	Change in share capital	Total share capital	Quotient value (SEK)
1998	New formation	1,000	–	1,000	100,000	100,000	100
2006	Bonus issue	49,000	–	50,000	4,900,000	5,000,000	100
2007	Share split 400:1	19,950,000	–	20,000,000	–	5,000,000	0.25
2011	Warrants	505,656	–	20,505,656	126,414	5,126,414	0.25
2011	Decrease through withdrawal of shares	–305,656	–	20,200,000	–76,414	5,050,000	0.25
2015	Share split 10:1	181,800,000	–	202,000,000	–	5,050,000	0.025
2015	New share issue	–	6,603,773	208,603,773	165,094.3	5,215,094.3	0.025
2015	Private placement to main owner	–	1,415,094	210,018,867	35,377.3	5,250,471.7	0.025
2016	Non-cash issue[1)]	95,722,508	–	305,741,375	2,393,062.7	7,643,534.4	0.025
2016	New share issue[2)]	2	3	305,741,380	0,125	7,643,534.5	0.025
2016	Reverse share split 1:5	–238,178,008	–6,415,096	61,148,276	–	7,643,534.5	0.125
2016	New share issue[3)]	20,862,069	–	82,010,345	2,607,758,625	10,251,293.13	0.125

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

2) In conjunction with the reverse share split in September 2016, three preference shares and two common shares were issued, in order to achieve an even number of shares in the company before the reverse share split. The preference shares were issued for a subscription price of SEK 106 per preference share and the common shares were issued for a subscription price of SEK 0.025 per common share (equivalent to the shares' quotient value at that time).

3) The new issue took place in conjunction with the listing of Volati's common shares in November 2016.

Ownership structure

The tables below present information concerning the largest shareholders at 31 December 2017.

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	6,766	97.53%
Other countries	171	2.47%
Total	**6,951**	**100.00%**

Number of shareholders

Number of shares	Number of shareholders
1–500	6,074
501–1,000	352
1,001–10,000	416
10,001–	95
Total	**6,951**

Shareholder structure[1]

	Number of shares		Share of	
Name	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	4,414,000	–	5.38%	5.48%
The Fourth Swedish National Pension Fund (AP4)	4,056,490	–	4.95%	5.03%
Handelsbanken fonder	3,349,180	–	4.08%	4.16%
Mårten Andersson	2,511,532	1,887	3.06%	3.12%
Mattias Björk	2,181,705	1,887	2.66%	2.71%
SEB Investment Management	1,752,536	–	2.14%	2.18%
Mats Andersson	668,111	–	0.81%	0.83%
Danske Capital Sverige AB	655,951	–	0.80%	0.81%
Catella Fondförvaltning	531,822	–	0.65%	0.66%
Försäkringsaktiebolaget Avanza Pension	467,308	151,796	0.75%	0.60%
SEB Life International	400,000	–	0.49%	0.50%
AMF Försäkring och Fonder	346,000	–	0.42%	0.43%
SEB S.A. Client Assets UCITS	326,000	84,955	0.50%	0.42%
Total, 15 largest shareholders	**75,147,589**	**454,828**	**92.17%**	**93.34%**
Other shareholders	5,258,982	1,148,946	7.83%	6.66%
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 2017.

[2] Includes ownership indirectly through companies.

amount that would have been paid out and the actual amount paid out (defined as "Amount Outstanding" in the company's Articles of Association). No dividends may be paid to holders of common shares until the holders of preference shares have received preference dividends in full, including any Amount Outstanding.

Following resolution by the general meeting, preference shares may be redeemed, in part or in full, at a set amount: until the fifth anniversary of the first issue of preference shares (defined as the "Initial Issue" in the company's Articles of Association), an amount equivalent to (i) SEK 725, plus (ii) any accrued portion of the preference dividend, plus (iii) any Amount Outstanding adjusted upwards by annual interest as per above. However, the redemption amount for every redeemed preference share shall never be below the share's quotient value. As from the fifth anniversary of the Initial Issue, the percentage according to item (i) above shall be SEK 675 and as from the tenth anniversary of the Initial Issue and thereafter, an amount equivalent to SEK 625. All common shares entitle the holder to an equal share in Volati's assets, profits and any surpluses in the event of liquidation. In the event of the winding up of the company, preference shares have priority over common shares to receive, from the company's assets, an amount per preference share corresponding to the redemption amount applicable at that time, before any distribution to holders of common shares.

Preference shares shall otherwise not confer any entitlement to any additional dividend.

Authorisation for the Board

The AGM in May 2017 authorised the Board of Directors to decide on the acquisition and transfer of the company's own preference shares in accordance with the Board's proposal. The authorisation means that the Board, on one or more occasions during the period until the next AGM, will decide on the acquisition or transfer of the company's own preference shares. The acquisition may take place at Nasdaq Stockholm or in accordance with an acquisition offer to all holders of preference shares to purchase, at the most, sufficient preference shares for the company's holdings of own preference shares to amount to maximum one tenth of all shares in the company. The authorisation thus entailed that the Board of Directors may decide to acquire all preference shares in the company.

Central securities depositary

The Company's shares shall be registered in a control registry in accordance with the Act on Accounting of Financial Instruments (1998:1479). The register is maintained by Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, Sweden. No share certificates are issued for the company's shares. Nordea Bank AB (publ) is the account-operating institute. The ISIN code for the common shares is SE0009143662 and the ISIN code for the preference shares is SE0009143670.

Warrants

Volati has one warrants programme outstanding, for Voria Fattahi, which is presented in the table below.

Issued warrants	Highest no. of new common shares based on warrants outstanding	Highest increase in share capital	Highest increase in no. of shares and votes
Issued warrants of series 2016/2019	834,914	SEK 104,364.25	1.02% of the shares and 1.03% of the votes

Volati
Annual Report

Administration report

The Board of Directors and CEO of Volati AB (publ), corp. reg. no. 556555-4317, with its registered office in Stockholm, hereby present the Annual Report and the consolidated accounts for the 2017 financial year.

Volati's operations

Volati is an industrial group comprising 14 business units, organised into four business areas: Trading, Consumer, Akademibokhandeln and Industry.

Acquisitions are a central feature of Volati's strategy. Volati primarily 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. Volati has a flexible organisation that facilitates fast decision-making and a decentralised governance model that entails day-to-day decision-making at the operations level, with limited involvement from Volati. The decentralised business model is a key success factor since it encourages a high level of entrepreneurship in the business units, creates a clear framework of responsibilities and allows for Volati's continued growth with limited central resources.

In total, the Group has some 50 operating companies in 16 countries, with Sweden accounting for the largest share of net sales. Of the Group's total EBITA for 2017, 28% was attributable to the Trading Business Area, 19% to the Industry Business Area, 23% to Akademibokhandeln, and 30% to the Consumer Business Area.

Trading: The Trading Business Area consists of seven business units with 16 operating companies in six countries. The business area's companies primarily offer products within the hardware and home improvement sector, homes and gardens, and agriculture and forestry. Distribution to customers is via dealers, store chains, e-commerce channels, and directly to customers.

The Head of Business Area is responsible for coordinating Volati's central support and supporting the acquisition processes.

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 collaboration in selected areas, such as database marketing, digitisation and e-commerce. The Head of Business Area is responsible for coordinating Volati's central support and supporting the acquisition processes.

Akademibokhandeln: The Akademibokhandeln Business Area comprises one business unit with two operating companies in Sweden. Akademibokhandeln comprises Sweden's leading bookstore operator Akademibokhandeln, and the online bookstore, Bokus. The business area focuses on omni-channel sales of books and paper products. The Akademibokhandeln business area includes a business unit comprising two operating companies: Akademibokhandeln and Bokus. The Head of Business Area is responsible for coordinating Volati's central support and supporting the acquisition processes.

Industry: The Industry Business Area comprises three business units with a total of 21 operating companies in 14 countries. The business area focuses on various B2B niches and is driven by the combination of strong local entrepreneurship with collaboration in selected areas, such as international expansion, lean manufacturing and HR. The Head of Business Area is responsible for coordinating Volati's central support and supporting the acquisition processes.

Acquisitions and new establisments

A central part of Volati's strategy is to continue growing through acquisitions of well-managed companies, both as a complement to existing business units and within entirely new business fields. In 2017, the acquisition market continued to face competition, but we assess that Volati holds a position from which acquisitions can be made on attractive terms. During the year, we completed the acquisition of label printing activities, the acquisition of Akademibokhandeln, the acquisition of Silokonsult and the acquisition of T-Emballage, as well as acquiring a small holding company.

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.

- **EBITA growth:** Volati's target is to attain an Adjusted EBITA of SEK 700m by the end of 2019, which entails a healthy doubling compared with the LTM Adjusted EBITA at 30 September 2016. The target for average annual organic EBITA growth is 5%.
- **Cash conversion:** Volati's target is to achieve a cash conversion rate exceeding 85% per year.
- **Return on equity:** Volati's long-term target is a return on adjusted equity exceeding 20%.
- **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.
- **Dividend policy:** Volati's target for common shares is to distribute approximately 10–30% of the Group's net earnings attributable to common shares. When assessing dividends, consideration is given to future acquisition potential, development potential in existing companies, the Group's 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, in accordance with the Articles of Association.

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

Developments during the year

Since Volati's business areas operate within different sectors, the performances of these different operations have varied during the year. Within the various business areas, financial performance has varied, depending on changes in the market segment's development, but also as consequence of various company-specific events, which has resulted in some business areas reporting a positive trend, while other business areas were adversely impacted by specific events.

Net sales and earnings

For the full-year 2017, consolidated net sales were SEK 4,356.1m (3,206.5), corresponding to a year-on-year increase of 35.9%. Growth was driven by acquired growth of 37.8% and negative organic expansion of 2.3% The exchange-rate effect was positive at 0.4%.

For the full-year 2017, EBITA amounted to SEK 376.5m (318.4), corresponding to an increase of 18.3%. The increase is primarily related to the acquisition of Akademibokhandeln, which contributed to profitability. Organic EBITA development for the full year was –18.1%. The exchange-rate effect was positive at 0.2%.

Net profit for the full-year 2017 was SEK 241.4m (200.5). Net profit after tax attributable to the Parent Company's owners increased to SEK 239.9m (196.2). The minority share of earnings was SEK 1.5m (4.3). The profit per common share, after deduction of distribution for preference shares, was SEK 2.19 (2.07).

Companies that were acquired or divested during the year are included from the date of acquisition or divestment, or from the date that controlling influence was transferred.

Cash flow

Cash flows from operating activities before changes in operating capital totalled SEK 368.9m (295.2) in 2017. The cash conversion rate was 111.8% (89.1) for 2017. Investments in non-current assets in the business units amounted to SEK 57.3m (33.4) for the full-year 2017 and pertained primarily to investments in the companies' business development, in the form of IT systems, as well as ongoing investments in machinery and equipment. Investments in the Group's companies during 2017 primarily concerned the acquisitions of Akademibokhandeln and T-Emballage. Total cash flows for the full-year 2017 were SEK 71.3m (160.5).

Development expenditure

The Group's expenses for research and development that are dependent on the nature of the project and operations are either expensed on an ongoing basis or capitalised and amortised over the course of their expected economic life. Development expenditure of SEK 21.7m (13.4) was capitalised in the balance sheet during the year. The development expenditure primarily relates to the business development within Akademibokhandeln. In addition, the Group's earnings were charged with development expenditure totalling SEK 1.5m in profit or loss.

Employees

The average number of employees during the year, calculated as full-time equivalents (FTEs), was 1,750 (1,122).

Equity

Total equity for the Group amounted to SEK 2,364.7m (2,257.5) at the end of the period. Equity attributable to the Parent Company's shareholders, adjusted for preference share capital, increased from SEK 1,411.7m at 31 December 2016 to SEK 1,523.6m at 31 December 2017. The equity ratio on 31 December 2017 was 47.2%, compared to 69.6% at the end of 2016. Net debt increased during the year, as a consequence of the acquisition of Akademibokhandeln, Silokonsult and T-Emballage. The average return on adjusted equity for the full-year 2017 was 12.2% (25.1).

Share capital

At the end of 2017, there were a total of 80,406,571 common shares and 1,603,774 preference shares. Volati's share capital at 31 December 2017 amounted to SEK 10,251,293.13, distributed on 82,010,345 shares. All shares have been issued and are fully paid up, each with a quotient value of SEK 0.125. No shares in the company are held by the company itself, on its behalf or by its subsidiaries. Each common share gives entitlement to one (1) vote and each preference share gives entitlement to a one-tenth (1/10) vote at the AGM, and each shareholder with voting rights may vote for the full number of shares owned and represented, without any limitation of the voting rights.

Net debt

At the end of the year, the Group had net debt of SEK 619.2m compared with net cash of SEK 264.5m at 31 December 2016. The change in net debt is attributable to the acquisitions of Akademibokhandeln, Silokonsult and T-Emballage during the second half of 2017. Total liabilities amounted to SEK 2,641.7m compared with SEK 985.7m at 31 December 2016. At the end of the year, interest-bearing liabilities including pension provisions were SEK 1.092.3m compared with SEK 129.4m at 31 December 2016. At the end of the year, the unutilised portion of the overdraft facility amounted to SEK 189.0m, the unutilised portion of the revolving credit facility was SEK 550.0m, and cash and cash equivalents totalled SEK 438.2m.

In addition, Volati issued preference shares at a nominal amount of SEK 850m, which was classified as equity. Preference shares are entitled to receive a quarterly dividend payment of SEK 16.0m.

Volati's financing agreements comprise customary terms and conditions, known as covenants, from Volati's bank. In accordance with the loan agreement, the existing financial covenants stipulate specific levels that net debt in relation to EBITDA and EBITDA in relation to net interest income may not exceed. The Group has not breached any covenants during the year. Volati has not provided any security for bank financing. The parent company has provided surety for all subsidiaries' bank obligations. The Group two outstanding listed bond issues. The parent company has issued a bond for SEK 600m with a duration of five years, and in addition, the subsidiary Akademibokhandelsgruppen AB has issued a bond for SEK 500m, of which Volati AB has acquired SEK192m, which matures in March 2021, but with the option of early redemption in March 2019, at 103% of the nominal amount. Neither the Volati AB nor the Akademibokhandeln bond includes any financial covenants to be maintained on an ongoing basis. However, certain key financial metrics must be fulfilled, to ensure that the company is able to undertake certain activities such as dividend distribution and borrowing. None of these covenants in the bond terms were breached during 2017.

Future performance

Volati is not issuing any financial forecasts for next year's performance. The assessment is that Volati is financially well-prepared for 2018 and that it has the financial capacity to continue pursuing operations in accordance with its established strategy and adopted financial targets, which also enables further acquisitions of businesses during 2018, if the right opportunity should appear.

Shareholders

Volati AB's common shares and preference shares have been listed on Nasdaq Stockholm since November 2016. At the end of the year, the number of shareholders was 6,951. At year-end, the largest shareholders comprised the founders Karl Perlhagen and Patrik Wahlén, who held 42.77% and 23.64% of the votes in the company, respectively.

2018 Annual General Meeting

Volati AB's 2018 AGM will be held at 15:30 on 16 May 2018 at Nalen, lokal Stacken, David Bagares Gata 17, Stockholm. The doors to the AGM premises will open at 15:00.

Sustainability report

In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, Volati has presented a Sustainability Report separately from the Annual Report. The Sustainability Report can be found on pages 60–65. The Sustainability Report was submitted to the auditors at the same time as the Annual Report.

Events occuring after the balance sheet date

No significant events took place after the balance-sheet date.

Proposed appropriation of profits

The Board of Directors proposes that:

	SEK
Retained earnings	295,784,427.22
Net profit	109,945,709.02
Share premium reserve	2,435,166,768.10
Be appropriated as follows:	
Shareholders be paid SEK 0.50 per common share, totalling	40,203,285.50
Shareholders be paid SEK 40.00 per preference share, totalling	64,150,960.00
To be carried forward:	2,736,542,658.84

The Board of Directors' statement about the proposed appropriation of profits

The proposed dividend reduces the Parent Company's equity ratio from 47% to 45%. With the company's underlying operations, the equity ratio continues to be managed profitably and satisfactorily. The company's liquidity is deemed to be maintainable at a similar satisfactory level. The Board's understanding is that the proposed dividend will not prevent the company from fulfilling its short- or long-term obligations, nor from implementing any requisite investments. The proposed dividend distribution can thereby be justified as stipulated in Chapter 17, Section 3(2)–(3) of the Swedish Companies Act (the precautionary principle).

Risks and uncertainties

Volati's financial position is dependent on a number of risks that are partly financial – in the form of financing risk, interest-rate risk, credit risk and currency risk – and partly operational, in the form of, for example, effects on business units' operations, as well as legal and regulatory risks.

Financial risks

Credit risk

Credit risk entails exposure to losses in cases where a counterparty cannot honour its financial obligations to the Group. If these counterparties cannot fulfil their financial obligations to the Group, this could have an adverse impact on the company's operations, financial position and earnings. At 31 December 2017, the Group's accounts receivable amounted to SEK 454.9m (301.7).

Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations when they are due without a significant increase in the cost of obtaining the funds. At the end of the year, the unutilised portion of the overdraft facility amounted to SEK 189.0m, the unutilised portion of the revolving credit facility was SEK 550.0m, and cash and cash equivalents totalled SEK 438.2m. Should the company's sources of financing prove to be insufficient, this could have a material negative impact on the Group's operations, earnings and financial position.

Refinancing risk and financial obligations in credit agreements

Volati is dependent on obtaining financing through creditors. The company's financing needs comprise operating activities and preparedness for possible future investments. The availability of financing depends on factors such as the general availability of risk-bearing capital and the Group's credit rating.

Interest-rate risk

Interest-rate risk refers to the risk that changes in interest rates will affect Volati's interest expenses. In the longer term, changes in interest rates have a material effect on Volati's earnings and cash flow. The Group's total interest expenses for bank loans and bond loans for the 2017 financial year were SEK 19.3m (33.5). The average interest rate on bank loans at 31 December 2017 was 2.5%, and on bond loans 3.0% for the Volati AB bond and 6.0% for the Akademibokhandeln bond. Should the prevailing interest-rate levels change and/or the company fail to pay interest in the future, the company's operations, earnings and financial position could consequently be adversely impacted.

Risks related to currency risk

Currency risk is defined as changes in exchange rates that have an impact on the company's earnings and which occur in conjunction with transactions in foreign currency, which arise when the Group conducts purchases and sales in foreign currency, and when assets and liabilities are held in foreign currencies. When consolidating foreign subsidiaries, the currency of each country is translated into Swedish kronor, which could have a negative impact on the Group's financial position. A considerable portion of the purchasing is from suppliers located in countries with a different currency, while many sales to customers are in a different currency. Accordingly, future currency fluctuations could adversely impact the Group's earnings and financial position. Volati is primarily exposed to USD, EUR and NOK. USD exposure is a consequence of a portion of the Group's purchases transacted in this currency, while revenue in USD is considerably lower. In EUR, the Group is relatively well-balanced in its total exposure of net purchases compared to revenue in EUR, but the exposure among the different business areas varies, so that financial development in a business area can be affected by exchange rate fluctuations in EUR. The exposure in NOK is related to how revenue in NOK significantly exceeds expenditure. From time to time, the business units may use financial instruments to temporarily hedge their cash flows.

Macroeconomic risks

Macroeconomic factors

The Group's business units have operations in various different sectors. Volati depends on the success of and demand for the products and services produced and provided by the business units, which in turn depend on such factors as functionality, price and general market demand. This demand is impacted to a great extent by macroeconomic factors that are beyond Volati's control, and the demand for the Group's products and services may be considerably lower during an economic downturn. The conditions in the global capital market and the economy as a whole affect the Group's operations, earnings and financial position. Factors such as consumption, corporate investments, volatility and capital market sentiment, as well as inflation, affect the business and economic climate. A weakening of these conditions in all or some of the markets where the Group is active could entail material adverse effects on the company's operations, earnings and financial position.

Risks related to the acquisition and transfer of companies

A significant portion of Volati's strategy consists of growth by acquisition, which either complements or broadens the Group's existing holdings. There is a risk that Volati may not be able to identify suitable acquisition targets or implement acquisitions on acceptable terms. Corporate acquisitions also involve considerable risks in relation to the acquired company. The target company may be subjected to, for example, customer losses, regulatory difficulties or unforeseen expenses following the completion of the acquisition. This may require additional capital contributions from Volati or failure to deliver the expected return. Integration costs may also turn out to be higher than expected or Volati may have paid more than what the acquired object is worth. Furthermore, there is a risk of expected synergies or optimisation effects failing to materialise or not being realised to the expected extent, which could have a negative impact on Volati's operations, earnings and financial position.

Operational risk

All of the business operations in the Group's are subject to the risk of losses due to inadequate procedures, and that irregularities and/or other internal or external events disrupt or damage operations. Operating security breaches can have a significant negative impact on the Group's operations, earnings and financial position. Several of Volati's business units are dependent on one or more places of business and/or distribution and warehouse facilities. If such a place of business or facility should be destroyed or closed for some reason, for example, due to storms, floods, other natural disasters, riots, work blockades and industrial actions, fire, sabotage, acts of terrorism or government interventions, or if operating equipment or inventory should be significantly damaged, the business unit concerned would probably have difficulties in distributing its products and/or services.

Political risk

Volati has operations in 16 countries and, to a varying extent, the political and societal development of these countries has an impact on the Group. A key component of the Group's business and customer offering comprises the EU's internal market, meaning the common market and free movement of goods, services, capital and individuals within the EU. Changes in the internal market's method or operation, or turbulent political or societal conditions in Volati's markets, could adversely impact Volati's operations, earnings and financial position.

Disputes
There is a risk of the Group being involved in future disputes. The outcome of such potential disputes may lead to significant expenses for Volati, adversely impact Volati's reputation and interfere with the senior management's focus on other activities. If Volati were to be held responsible in a dispute, this could have a material negative impact on the company's operations, earnings and financial position.

Regulatory risks
Competition and anti-trust regulation issues
To the extent that the Group is deemed to have acted in conflict with applicable anti-trust regulations, this could result in fees and other sanctions for the parties involved, for example, in the event that a business unit in some context is deemed as abusing its position of dominance or participating in illicit anti-competitive collaborations. In conjunction with acquisitions and divestments, the company cooperates with counterparties and their advisors to perform analyses and report on issues pertaining to competition law and other change-of-ownership issues to competition authorities and other relevant government authorities. In the event that such an analysis is inadequate and/or the competition authorities or other authority calls into question the transactions, analyses and/or reports, this could result in fees for the parties involved and, in certain cases, the invalidation of implemented transactions.

Tax-related risks
Volati pursues its operations through business units located in a number of countries and is impacted by the applicable tax regulations at any time in these countries. These include corporate tax, property tax, value-added tax, regulations pertaining to the tax-free disposal of shares, other governmental and municipal duties, and interest deductions and subsidies. The Group's tax situation is also impacted by whether its intra-Group transactions are deemed to be priced at market rates.

Amended tax regulations
Tax regulation is subject to constant change and a review is currently underway on issues such as the proposed changes to rules on interest-deduction limitation. At present, it is uncertain how a future proposal on limitation regulations might be formulated and when these regulations may come into force. When the new regulations enter into force, they may have a negative impact on the Group's financial position and earnings. Other changes in the regulatory framework that governs corporate tax and other taxes and duties could also impact the conditions for the Group's business and thus impact its earnings. Such decisions or changes could, potentially with retroactive effect, to a significant extent adversely impact the Group's earnings and financial position.

Altered legal conditions
Laws, directives or ordinances, or their new interpretations, that concern Volati's operations could be introduced from time to time, which could result in increased administrative costs for the Group, or in the Group being forced to implement changes to its legal structure, or in a service or product offering being required to be changed or discontinued. This could result in cost increases or other unfavourable consequences, such as a deteriorated tax situation or reduced sales revenues, for the company and its shareholders. Such risks could have negative consequences for the Group's operations, earnings and financial position.

Political risks
The Group's business is exposed to general political and societal risks in the countries in which it operates, comprising potential government intervention and regulations or potential inflation or deflation in such countries.

Product liability, product recall and project liability

Some of the business units manufacture products that, if used incorrectly, could cause personal injury or damage to a customer's property. The business units could thereby be exposed to product liability and subject to requirements for product recall in the event that the use of the relevant company's products causes, allegedly causes or is suspected of potentially causing harm to individuals or property. Volati does not have any control of how the products are actually used, and end customers may use them in a manner that causes personal injury or damage to property. There is a risk that faults in the Group's products or the actual usage of the products could result in product liability, which in turn could result in significant financial obligations and negative publicity, which could have an adverse impact on the company's financial position and earnings. Although Volati is well-covered by customary liability and product liability insurance, there is a risk that Volati's insurance coverage may be limited due to, for example, limitations of amounts and excess requirements.

Intellectual property rights

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

Environmental impact

Volati's subsidiaries pursue some operations that are hazardous and subject to notification requirements. Some of these companies are also operating on properties that have a certain degree of environmental contamination, and some of the operations have pursued activities on properties that were contaminated due to past activities on those properties.

Corporate Governance Report

Volati AB is a public limited liability company with privately owned common shares and preference shares listed on Nasdaq Stockholm. The governance and control of Volati are exercised by shareholders through general meetings of shareholders and otherwise by the Board, the CEO and other members of the management team. Governance and control are based on the Swedish Companies Act, the Articles of Association, Nasdaq First North's Rulebook for Issuers and the Swedish Corporate Governance Code (the "Code"), as well as internal rules and regulations. Volati believes that it has adhered to the Code during the year without exception. The company's auditors have performed a statutory review of the corporate governance report.

General meeting

The general meeting is Volati's highest decision-making body, and shareholders exercise their influence over the company by participating in general meetings. The annual general meeting (AGM) is held annually within six months of the end of the financial year. At the AGM, the financial statements are adopted and resolutions are passed regarding the appropriation of the company's profit, elections and remuneration of Board members and auditors, and other matters to be addressed at the AGM by law. Notice to attend the AGM and any extraordinary general meetings must be given in accordance with the Articles of Association. Shareholders wishing to have matters considered at the AGM should submit their proposals in writing to bolagsstamma@volati.se or to Volati AB (publ), attn: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sverige. 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.

Volati's common shares entitle shareholders to one vote per share, while preference shares are entitled to one tenth of a vote per share. Dividends on preference shares are regulated in the Articles of Association and carry preferential rights over common shares. Altogether, preference shares represented 2.0% of Volati's share capital at year-end. Since preference shares are entitled to one tenth of a vote, this means that the share of votes from preference shares in Volati corresponds to 0.2%.

2017 Annual General Meeting

At the Annual General Meeting on 18 May 2017 at Nalen in Stockholm, 71,080,652 common shares and 68,199 preference shares were represented, totalling 71,087,471.90 votes, which corresponds to 86.76% of the total number of shares, and 88.23% of the total number of the votes in the company represented. The CEO's report was transmitted directly on the Group's website and, like the minutes, is available at www.volati.se/sv/om-volati/bolagsstyrning/ The AGM was held in Swedish. All members of the Board of Directors and the Group's main auditor responsible were present at the AGM.

Resolutions passed at the AGM included the election of a Board, auditor and a dividend of SEK 0.50 per common share, corresponding to a total of SEK 40,203,285.50. The AGM also resolved on a dividend of SEK 40.00 per preference share, corresponding to a total of SEK 64,150,960, to be paid on a quarterly basis at SEK 10.00 per share. The AGM authorised the Board of Directors to decide on the acquisition and transfer of the company's own preference shares in accordance with the Board's proposal. The authorisation means that the Board, on one or more occasions during the period until the next AGM, will decide on the acquisition or transfer of the company's own preference shares. The acquisition may take place at Nasdaq Stockholm or in accordance with an acquisition offer to all holders of preference shares to purchase, at the most, sufficient preference shares for the company's holdings of own preference shares to amount to maximum one tenth of all shares in the company. The authorisation thus entailed that the Board of Directors may decide to acquire all preference shares in the company. The purpose of the acquisition of own preference shares is to provide for an optimised capital structure and the use of the company's own preference shares as liquid funds for or financing of the acquisition of companies or activities.

2018 Annual General Meeting

Volati's next Annual General Meeting will be held on Wednesday, 16 May 2018 at 15:30 at Nalen in Stockholm.

Nomination Committee

The AGM adopts the process for the election of the Board of Directors and auditors. The 2016 AGM resolved to approve instructions for the establishment of a nomination committee. Pursuant to these instructions, the Nomination Committee is to comprise at least three members, of whom one must be the Chairman of the Board. The other members are appointed by means of the Chairman of the Board no later than six months before the AGM offering each of the two largest shareholders – based on Euroclear Sweden AB's list of registered shareholders at the last banking day of September of the current year – the possibility of appointing a representative to be a member of the Nomination Committee.

The Chairman of the Nomination Committee should be the member representing the largest shareholder by votes, unless the members agree otherwise. However, the Chairman of the Board may not be the Chairman of the Nomination Committee. At least one of the Nomination Committee's members should be independent, either in relation to the largest shareholder of the company in terms of votes, or to a group of shareholders that collaborates with respect to the company's management. Changes in the composition of the Nomination Committee may occur due to shareholders who have appointed a member to the Nomination Committee selling all or part of their shareholdings in the company.

The composition of the Nomination Committee is to be announced a minimum of six months prior to the AGM. The Nomination Committee's mandate period extends until a new nomination committee has been appointed.

The names of the representatives in the Nomination Committee and of the shareholders they represent must be published as soon as they are nominated. The Nomination Committee's proposals are published by no later than in conjunction with the notice convening the AGM. Shareholders may submit nomination proposals to the Nomination Committee.

Prior to the 2017 AGM, the Nomination Committee had three members. Carin Wahlén, representing Patrik Wahlén, led the Nomination Committee's work. In the nomination work prior to the 2017 AGM, the Nomination Committee assessed both the composition and size of the current Board, and the Volati Group's activities. Special emphasis was given to Volati's strategies and objectives, and the demands which the future direction of the Group are expected to make of the Boars. The Nomination Committee also assessed that the members of the Boars represent diversity and breadth in terms of age, nationality, gender, educational background, experience, competence and length of service. The Nomination Committee proposed re-election of Karl Perlhagen, Patrik Wahlén, Björn Garat, Louise Nicolin and Christina Tillman as members of the Board for the period up to the end of the next AGM. Karl Perlhagen was re-elected as Chairman for the same period. After the election at the 2017 AGM, two out of five of the Board members elected by the AGM are women (in this calculation the CEO is not included in the total number of Board members). A report on the work of the Nomination Committee was submitted in the Nomination Committee's reasoned opinion which was published prior to the 2017 AGM.

Nomination Committee prior to the 2018 AGM

On 8 November 2017, the company published the composition of the Nomination Committee: Carin Wahlén (Chair), representing Patrik Wahlén, and Carl Gustafsson, representing Didner & Gerge Fonder AB, as well as Karl Perlhagen, as Chairman of the Board.

Shareholders wishing to submit proposals to the Nomination Committee can do so via e-mail to bolagsstamma@volati.se.

The AGM adopts the following:
- Approval of the Annual Report.
- Distribution of dividend.
- Election of members of the Board, and auditors, as appropriate.
- Remuneration of the Board and auditors.
- Guidelines for remuneration of the Group Management.
- Other important matters.

The tasks of the Nomination Committee include submitting proposals for the next AGM concerning:
- Chair of the AGM.
- Members of the Board.
- Chair of the Board.
- Fees to the members of the Board.
- Other remuneration for Board tasks and for any committee work.
- Election of auditors, as appropriate, and auditor fees.
- Changes in the instructions for the Nomination Committee, as required.

The Board of Directors
In accordance with the Articles of Association, the Board of Directors of Volati has at least three and at most ten ordinary members. The Articles of Association do not entail any provisions for the appointment or withdrawal of members of the Board of Directors.

The Board and the Board's work
The Board's overall task is to manage the company's affairs and to be responsible for the company's organisation on behalf of shareholders. The Board's work is led by the Chairman of the Board. The Board holds an annual statutory meeting following the AGM. In addition to this, the Board is to meet at least five times annually. At the statutory Board meeting, the Chairman of the Board is appointed, the company's signatories are appointed, and the Board's formal work plan, the terms of reference for the CEO and the Board's instructions regarding reporting to the Board (what is referred to as the "reporting instruction") are reviewed and adopted. At the company's Board meetings, the company's financial situation, acquisition-related issues, evaluation of the business units and other relevant issues pertaining to Group companies are addressed. The company's auditor attends and reports at the Board meetings at least once a year and more often when necessary. The Board forms a quorum when more than half of the members are present. At present, Volati's Board consists of five members. In 2017, 12 Board meetings were held in Volati and the participation of the Board members throughout the year is presented in the table below.

The Board has resolved to perform an annual evaluation of the Board's work, through which Board members will have the opportunity to offer their views on work forms, Board materials, their own and other members' efforts, as well as the scope of their assignment. According to the evaluation, Board work is deemed to be functioning excellently. All Board members are deemed to be contributing in a constructive manner to strategic discussions and company governance, and the discussions are open and dynamic in their nature. The dialogue between the Board and management is also deemed to be excellent.

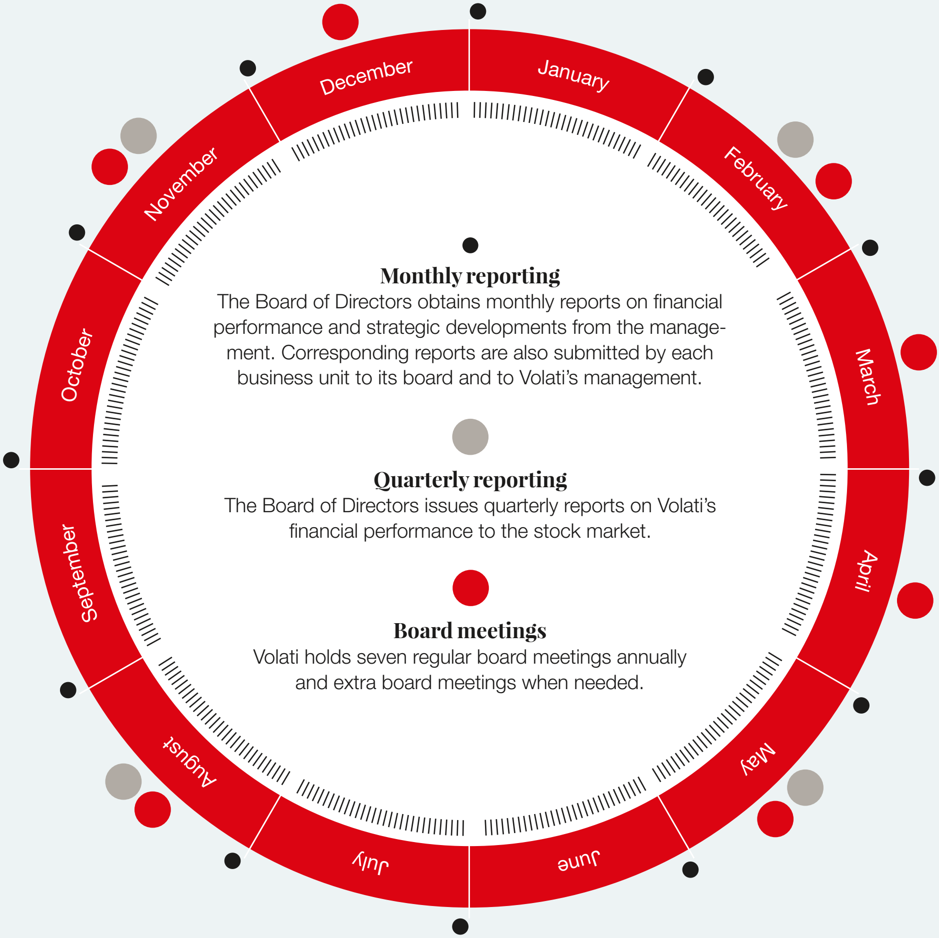
Composition of the Board

Name	Position	Elected	Independent of the company	Independent of large shareholders	Total fees (SEKm)	Attendance of meetings during 2017
Karl Perlhagen	Chairman	2003	No	No	0.2	12
Patrik Wahlén	Member, Chairman of the Investment Committee	2006	No	No	0[1)]	12
Björn Garat	Member	2015	Yes	Yes	0.2	12
Louise Nicolin	Member	2016	Yes	Yes	0.2	12
Christina Tillman	Member	2016	Yes	Yes	0.2	12

1) Patrik Wahlén does not receive any Board fees as he is also employed by Volati AB.

Clear and methodical follow-up

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



Monthly reporting

The Board of Directors obtains monthly reports on financial performance and strategic developments from the management. Corresponding reports are also submitted by each business unit to its board and to Volati's management.

Quarterly reporting

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

Board meetings

Volati holds seven regular board meetings annually and extra board meetings when needed.

Board of Directors

From the left:
Karl Perlhagen, Louise Nicolin, Christina Tillman, Patrik Wahlén och Björn Garat.

Karl Perlhagen

Board member since 2003 and Chairman of the Board since 2006. Born in 1970. Until 10 October 2016, Karl Perlhagen was employed at Volati as a senior advisor.

Education: Business and Economics studies at Lund University.

Other assignments: Chairman of the Board of Fridhems Intressenter Gladan AB, Fridhem Fastighetsutveckling Stockholm AB and Fridhem Grönskogen AB, Board member of Italo Invest AB (as well as assignments in subsidiaries of Italo Invest AB) and Ullna Golf Aktiebolag.

Assignments concluded during the past five years: Member of the Boards of Corem Property Group AB, PharmaSurgics in Sweden AB, Fastighets AB Italo and Imed AB.

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

Shareholding in the company: 34,440,000 common shares and 204,174 preference shares (via companies).

Patrik Wahlén

Board member since 2006. Born in 1969. Patrik Wahlén is employed at Volati as a senior advisor and is Chairman of the Investment Committee.

Education: Business and Economics studies at Lund University.

Other assignments: Deputy Board member of Italo Invest AB (as well as subsidiaries of Italo Invest AB) and Wahlén & Partner AB.

Assignments concluded during the past five years: Deputy Board member of Fastighets AB Italo.

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

Shareholding in the company: 19,246,954 common shares and 10,129 preference shares.

Björn Garat

Board member since 2015. Born in 1975.

Education: BSc in International Economics from Linköping University.

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

Assignments concluded during the past five years: Board member of Söderport Göta AB and deputy Board member of Bastian Holding AB and TEMG Holding AB.

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

Shareholding in the company: 20,000 common shares and 400 preference shares (via pension insurance).

Louise Nicolin

Board member since May 2016. Born in 1973.

Education: MSc Engineering from Uppsala University, eMBA from Stockholm University and International Directors Programme from INSEAD.

Other assignments: Chair of AB Better Business World Wide, Board member of VBG Group AB (publ), Dellner Couplers Aktiebolag. Enzymatica AB (publ) and Uppdragshuset Sverige AB and deputy Board member of Arts for a reason AB.

Assignments concluded during the past five years: Board member of Aktiebolaget Lofab, Dellner Tools AB and My Reed AB and deputy Board member of Aktiebolaget Svenska Precisionsverktyg.

Background: Since 2000, Louise has run Nicolin Consulting AB, focusing on business development and quality assurance. Previously worked as Business Unit Manager and Consultant Manager at PlantVision AB.

Shareholding in the company: 11,737 common shares (including family).

Christina Tillman

Board member since September 2016. Born in 1968.

Education: BSc in Business and Economics from Stockholm University.

Other assignments: CEO Happy Plugs AB, Chair of the Board of House of Dagmar AB, Board member of Coop Sverige AB, Coop Logistik AB, Corem Property Group AB, Corem Logistik Holding AB (publ) and Tobin Properties AB, and deputy Board member of Kattvik Financial Services Aktiebolag and Stocksunds Fastighet AB.

Assignments concluded during the past five years: Chair of PFG Group AB (and subsidiaries of PFG Group AB), member of the Board of Boozt AB (and subsidiaries of Boozt AB), G13 IT-utveckling i Stockholm AB, Wonderful Times Group AB and YPO Service AB, CEO of Odd Molly International AB, Gudrun Sjödén Group AB (and subsidiaries of Gudrun Sjödén Group AB), CEO and deputy Board member of Vincent Shoe Store Sweden AB and deputy Board member of Nordic Kids Shoes AB, Stocksunds Financial Management AB and the Association of Swedish Fashion Brands economic association.

Background: Christina Tillman's previous roles include CEO of Odd Molly and CEO of Gudrun Sjödén Design.

Shareholding in the company: 6,000 common shares.

Audit Committee

The Board has resolved to not establish a separate audit committee, but that the Board as a whole will fulfil the tasks that such a committee would have under the Code. These obligations mainly include the following tasks:

- Monitoring the company's financial reporting and providing recommendations and proposals to ensure the reliability of the reporting.
- With regard to the financial reporting, monitoring the efficiency of the company's internal control, internal audit and risk management.
- Staying informed of the audit of the annual accounts and the consolidated accounts and the Supervisory Board of Public Accountants' quality control.
- Addressing the issue of the manner in which the audit contributed to the reliability of financial reporting and the Board's specific functions.
- Auditing and monitoring the auditor's impartiality and independence and thereby noting, in particular, whether the auditor provides the company with services other than audit services.
- Assisting in the preparation of proposals for resolution at general meetings regarding the appointment of auditors.
- Preparing the Board's decisions in the matters above.

Remuneration Committee

The Board has resolved not to establish a remuneration committee, for the reason that the Board considers it more appropriate that the Board as a whole fulfils the assignments incumbent on the remuneration committee in accordance with the Code.

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

- prepare decisions in matters concerning guidelines for remuneration and other terms of employment for senior executives,
- monitor and evaluate ongoing programmes and programmes concluded during the year for the variable remuneration of senior executives, and
- monitor and evaluate the outcome of variable remuneration and the manner in which the company applies the guidelines to senior executives, as adopted by the general meeting.

Investment Committee

The Board has established an Investment Committee. The Investment Committee includes Board member Patrik Wahlén (Chairman), Board Chairman Karl Perlhagen, CEO Mårten Andersson and CFO Mattias Björk. The Investment Committee's primary task is to examine and quality-assure the decision data pertaining to acquisitions and divestments. In addition, the Committee has been delegated an investment and divestment mandate that authorises it to make decisions on the acquisition and divestment of shares or operations, of up to SEK 50m per acquisition or divestment, for the Group as a whole.

The Board appoints the members and Chairman of the Investment Committee, which is to comprise a minimum of three and maximum of five members. The Investment Committee meets as necessary, and minutes of the meeting are kept and included as material for the next Board meeting.

Audit

An auditor is appointed annually by the AGM. The auditor is assigned to review, on behalf of shareholders, Volati's annual report and consolidated accounts, the Board of Directors and CEO's management, and the corporate governance report. The audit process and auditor's report are presented at the AGM. At the 2017 AGM, Öhrlings PricewaterhouseCoopers (PwC) was elected as the auditing firm until the next AGM. PwC has appointed Niklas Renström as auditor-in-charge. Auditor's fees are paid in accordance with separate agreements made in accordance with the AGM's resolutions. In 2017, the Parent Company's auditor's fees totalled SEK 0.5m, while the Group's totalled SEK 4.3m. In addition, expenses for valuation services totalled SEK 1.1m and other audit assignments totalled SEK 0.5m. Fees to auditors other than PwC totalled SEK 0.3m.

Volati's operational model

Volati's operational model is based on the decentralised governance of its business units, which entails day-to-day decision-making at the operations level, with limited involvement by Group management. The Group's strategy and governance model are based on the vision to be the best owner of medium-sized companies, which is to be achieved by preserving the companies' independence while the Group supports and creates long-term conditions conducive to change. This is mainly accomplished through six areas: decentralised leadership, corporate governance, strategic capital allocation, strategic HR, expertise and business tools, as well as support in connection with acquisitions. Volati has a flexible organisation that facilitates fast decision-making and a decentralised governance model that encourages a high level of entrepreneurship in the business units, creates a clear framework of responsibilities and allows for Volati's continued growth with limited central resources. Volati believes that decentralised leadership is a key success factor for a scalable business model that comprises several business units operating within a variety of industries.

A distinct emphasis on local entrepreneurship engenders conditions favourable for efficient and well-founded decisions. In order to secure value creation throughout Volati, a vision and a long-term strategy are developed for each business unit. The long-term strategy is made tangible through action plans and clear financial targets that are continuously monitored. The financial target for each business unit is focused on value creation and includes aspects such as growth, EBITA or EBITDA margins, cash conversion and return on capital employed, or return on working capital.

A decentralised leadership entails considerable responsibility and confidence in the business units' management teams, not only to deliver results, but also as upholders of Volati's values. The fulfilment of goals is ensured by the creation of clear incentives, such as through partnership, and by enabling career opportunities for the Group's employees.

Corporate governance at Volati

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

Group management governs, controls and monitors the Group's operations, primarily by appointing heads of business areas, as well as managing directors and boards for several of the business units, and by continuously monitoring developments through customary Board work and the monthly reports of respective business units. The boards of the business units typically comprise one or more persons from Group management, the head of the business area and, where applicable, external board members. The chairman of a business unit's board is either Volati's CEO or the head of the business area.

The board is convened in accordance with a carefully planned meeting calendar aimed at maximising the business unit's long-term potential together with retained profitability, even in the short-term perspective. Four annual board meetings that deal with various topics are combined with monthly reports to follow up strategic and financial targets.

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

CEO and management group

Volati's CEO is responsible for the company's continuous management in accordance with the rules of the Swedish Companies Act, as well as the instructions to the CEO and the reporting procedures established by the Board. The CEO's responsibilities include acquisitions and divestments, human resources, financial and accounting matters, and continuous contact with the Group's stakeholders and the financial market. In addition, the CEO is to prepare delegation regulations for the Group's senior executives, and to employ, dismiss and establish the terms and conditions for such (within the scope of the guidelines adopted by the AGM).

The CEO reports to and implements the resolutions passed by the company's Board. The CEO is to ensure that the Board, in accordance with current reporting instructions, receives requisite information to make well-founded decisions. The CEO shall also ensure that the Board is presented with matters that must be addressed by the Board under applicable legislation, the Articles of Association and internal policies and guidelines. The CEO attends and presents reports at all Board meetings, except on the occasions that the CEO is under evaluation by the Board and when the Board meets exclusively with the company's auditor without the presence of members of company management.

The CEO has appointed the Group management, which has continuous responsibility for various operational aspects. Group management comprises the CEO, and Volati's CFO, Investment Director, and the respective Head of Business Development. Group management meets regularly to manage and monitor current projects, shared Group development issues and organisational matters.

Management Team

Mårten Andersson

CEO since 2014. Born in 1971.

Qualifications: BSc in Business and Economics from Lund University and completed the General Manager Program at Harvard Business School.

Other assignments: –

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

Shareholding in the company: 2,511,532 common shares and 1,887 preference shares.

Mattias Björk

CFO since 2009. Born in 1975.

Qualifications: Master of Laws and BSc in Business and Economics from Lund University.

Other assignments: Deputy Board member of VQ Legal AB, deputy Board member of Virtual Intelligence VQ AB, deputy Board member of VQ Systems AB and deputy Board member of Ridderwold Bygg & Design AB.

Background: Mattias previously worked at Modern Times Group MTG AB, Investment AB Kinnevik and Invik & Co AB.

Shareholding in the company: 2,181,705 common shares and 1,887 preference shares.

Håkan Karlström

Head of Business Area Trading since 2018. Born in 1958.

Qualifications: Studied Economics at Lund University.

Other assignments: –

Background: Since 1996, worked as CFO in the business area's subsidiaries and for the Group, including Board member in former holding company during this period. Since 2015 CFO of Volati Handel. Before 1996, auditor at E & Y and various economics management jobs in Swedish Industry and Trade.

Shareholding in the company: 8,000 common shares, and option with the right to acquire 20,000 shares, 460 preference shares.

Karin Rosenthal

Finance Manager since 2017. Born in 1978.

Qualifications: Bachelor's degree from Stockholm University.

Other assignments: –

Background: Karin has previously worked at Klarna and Fabege, among others.

Shareholding in the company: 1,000 common shares.

Johan Ekström

Head of Business Area Consumer since 2018. Born in 1970.

Qualifications: PhD in Business (M&A strategies) and a BSc in Business Administration from Lund University.

Other assignments: –

Background: Johan was previously Head of Operations at Volati in 2017 and prior to that was Business Area head at Skandia, Partner/Senior Executive at Accenture, and researcher and lecturer at the School of Economics and Management at Lund University.

Shareholding in the company: 18,393 common shares and 1,973 preference shares.

Nicklas Margård

Head of Business Area Industry since 2017. Born in 1969.

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

Other assignments: Board member of Micvac AB.

Background: Nicklas has worked as CEO of Besikta Bilprovning since 2014 and has served on the board at Tornum since 2005. Nicklas has previously worked as CEO of John Bean Technologies AB and has also been responsible for Asia at JBT FoodTech.

Shareholding in the company: 115,000 common shares, and option with the right to acquire 200,000 common shares.

Maria Hamrefors

Head of Business Area Akademibokhandeln since 2017. Born in 1956.

Qualifications: Studies in International Economics at the University of Gothenburg, IFL leadership program.

Other assignments: Chair of Vi Media, Board member of Blomstergruppen

Background: Maria has previously been CEO of KF Media, Norstedts Publishing Group, Liber and Thomson Sverige.

Shareholding in the company: 2% equity ownership in Akademibokhandeln.

Guidelines and principles for the remuneration of senior executives

The 2017 AGM passed resolutions on guidelines for the remuneration of individuals who were senior executives at the date of the AGM. The guidelines apply to employment contracts that are established following the AGM's approval of the guidelines and to changes in existing employment contracts that are signed thereafter.

The basic principle is that remuneration and other employment terms and conditions to management must be competitive in order to ensure the Volati Group's ability to attract and retain competent senior executives. The management's fixed remuneration is to be competitive and based on the individual's experience, areas of responsibility and performance. Other forms of remuneration and benefits, such as pension benefits, company car and health insurance, are to be at market rates. Severance pay may total a maximum of 12 months' salary. No compensation for termination shall apply. Senior executives may receive variable remuneration in addition to their fixed remuneration. Variable remuneration must be connected to predetermined objectives and measurable criteria; and be designed in order to promote the company's long-term value creation. Variable remuneration paid in cash may not exceed 50% of the annual fixed remuneration.

The AGM may adopt variable remuneration as share-based remuneration in both the company and its subsidiaries. Besides promoting long-term value creation, share-based remuneration must be designed to promote an increased community of interests between leading decision-makers and the company's shareholders.

The Board is entitled to deviate from the above guidelines if this is justified by special circumstances in individual cases. Any such deviations from the guidelines are to be reported at the next AGM.

The Board of Directors' proposal for new guidelines for the remuneration of the Group Management

Prior to the AGM no significant changes are proposed to the principles for remuneration and other terms of employment of the Group Management.

Internal controls and risks

In accordance with the Swedish Companies Act, the Board is responsible for the internal control and governance of the company. To maintain and develop a well-functioning control environment, the Board has established a number of fundamental documents of significance to financial reporting. These include the Board's formal work plan, the terms of reference for the CEO and the reporting instructions. In addition, an established structure with continuous supervision is requisite to a functioning control environment. Responsibility for the day-to-day work of maintaining the control environment primarily rests with the company's CEO. The CEO regularly reports to the company's Board in accordance with current reporting instructions and the procedures presented below.

Volati applies the definition of risk as "A future event that threatens the company's ability to achieve its Vision, Business Concept, Objectives and Strategy (VAMS)." Volati and the business units are to individually conduct an annual assessment of overall risks, with the aim of identifying, evaluating and managing risks that threaten the Group's vision, business concept, objectives and strategy. The risk assessment is to be performed by the management of each company, within the framework of strategic risk categories, as well as operational, compliance and financial risks.

Identified risks are analysed based on the following three criteria:

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

The risks are documented in a uniform format. The business unit's management annually presents an updated risk analysis to its Board and the company's Group management. Based on the business units' reporting, the CEO identifies the risks impacting the Group's business concept, vision and objectives. The CEO presents an updated risk analysis to the company's Board annually. Significant changes in the risk situation or major risk exposures are reported to each Board concerned. An action plan with respect to the risks of highest priority is also presented to the respective business unit's Board, and the company's Group management and Board.

The company's Group management and respective business units are to establish a number of control activities that counteract the risks of greatest significance identified by the analysis, with the aim of ensuring a pertinent level of control. These control activities serve as a basis for the minimum level of control that must be established and function within the Group and each business unit.

The Group and each business unit are to maintain a list of identified risks and the control activities that must be established in order to counteract such risks, as well as a description of the follow-up on the efficiency of such control activities.

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

Volati has not appointed any internal audit function, as this is deemed unnecessary for maintaining internal control. Instead, the corresponding assignment will be implemented by management, the Boards and external auditors.

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

1 Reporting from the business units
Volati has a fixed schedule for financial reporting, through which all the companies submit a complete monthly report package comprising earnings, balance sheet, cash flow, specific notes, employment matters and investments. In addition, qualitative comments are submitted from each business unit or business area. The reporting is implemented based on the relevance of each business unit or business area, with the aim of allowing for efficient follow-up and analysis. The report package adheres to laws, regulations and accounting practices. Volati works continuously to provide training to the business units and to further develop the reporting process, in order to streamline the processes and improve data for the analysis of operations in a cost-efficient manner.

2 Qualitative comments from the business units
Each unit submits monthly qualitative comments on developments in the past month, pertaining to financial performance and specific strategic initiatives. The reports are submitted to Volati's management and to each business unit's Board. Group management and the head of the business area jointly hold monthly status meetings with the respective business unit's managing director and CFO, to follow up on the business unit's financial development and strategic initiatives.

3 Reconciliation
When Volati has received the reports, reconciliation is performed in order to ensure that the reporting was correctly performed and implemented in a technically correct manner. Reconciliation is performed on Volati's consolidated accounts.

4 Analysis
Volati's management analyses the reports based on the available knowledge about each business unit and, jointly with the head of the business area, holds monthly status meetings with the respective business unit's managing director and CFO, to follow up on the business unit's financial development and strategic initiatives.

5 Consolidation
Any deviations from the compilation of legal and operational monitoring or analysis and reconciliation work that are discovered are rectified following a dialogue with the business unit. The consolidation process comprises the reconciliation of equity, intra-Group transactions, tax, investments and cash flow.

6 Reporting to the Board
Volati's management reports to the Board of Directors on a monthly basis concerning the Group's financial development, information about the Group's development, financial position, ongoing projects and some specific key metrics. The Board of Directors continuously monitors financial performance against Volati's financial targets. The Board obtains more comprehensive materials prior to each scheduled Board meeting, which, depending on theme of the Board meeting, may contain additional in-depth data about relevant issues.

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

8 Audit
PwC is the auditor of the Parent Company and Group as a whole. Although the business units engage PwC as their local auditor, there are exceptions for some of the business units' minor subsidiaries that are based outside Sweden. In the autumn, auditors perform a review of internal controls and management, which is presented to the business units and Volati's management. For the year-end report, an audit is performed in December and the auditors are present on location for stocktaking. Meetings are also held with Volati's accounting function to discuss assessment items and other relevant issues during the audit of the year-end report. The auditor submits significant auditors' notes to the Board of Directors and the auditor attends Board meetings as required. The audit reporting process comprises a traffic-light system through which observations can be graded according to the level of risk, materiality and control. Each business unit implements measures to ensure that the auditors' notes are addressed. At the next auditing of internal controls and management, the auditor follows up to ensure that the measures have been taken.

Consolidated income statement

SEKm	Note	2017	2016
Operating revenue			
Net sales	3	4,356.1	3,206.5
Operating costs			
Raw materials and supplies		–2,228.1	–1,526.0
Other external costs	7, 22	–683.9	–515.8
Personnel costs	6	–983.2	–771.0
Depreciation/amortisation and impairment		–113.6	–84.4
Other operating revenue	2	7.4	3.7
Other operating costs	2	–9.4	–11.9
Capital gain on divestments of subsidiaries	4	–	–
EBIT		**345.3**	**301.0**
Financial income and costs			
Financial income	8	8.5	19.0
Financial costs	8	–48.8	–66.3
Profit before tax		**304.9**	**253.8**
Tax	9	–63.5	–53.3
Net profit		**241.4**	**200.5**
Net profit attributable to:			
Parent Company's owners		239.9	196.2
Non-controlling interests		1.5	4.3
Earnings per common share, SEK	10	2.19	2.07
Earnings per common share after dilution, SEK	10	2.17	2.06

Consolidated statement of comprehensive income

SEKm	Note	2017	2016
Net profit		241.4	200.5
Other comprehensive income			
Remeasurement of net pension obligations		–0.4	–0.7
Deferred tax pertaining to net pension obligations		0.1	0.2
Translation differences for the year	21	–19.3	49.1
Other comprehensive income for the year		–19.6	48.5
Total comprehensive income for the year		**221.8**	**249.0**
Total comprehensive income for the year attributable to:			
Parent Company's owners		220.8	244.0
Non-controlling interests		1.0	5.0

Consolidated statement of financial position

SEKm	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	11	2,933.8	1,840.3
Tangible fixed assets	12	240.7	191.0
Financial fixed assets	13	4.0	4.1
Other non-current marketable securities	13	6.0	3.7
Deferred tax assets	9	58.6	42.1
Total non-current assets		**3,243.1**	**2,081.2**
Current assets			
Inventories	14	609.9	386.7
Accounts receivable	21	454.9	301.7
Tax assets		57.7	10.4
Other current assets		48.5	18.1
Derivatives		0.1	–
Prepaid expenses and accrued income	15	154.0	74.4
Cash and cash equivalents	21	438.2	370.7
Total current assets		**1,763.3**	**1,162.0**
Total assets		**5,006.4**	**3,243.2**
EQUITY AND LIABILITIES			
Equity	1		
Share capital		10.3	10.3
Other capital contributions		1,994.8	1,994.8
Other reserves		15.6	34.4
Retained earnings including net profit		331.0	200.3
Non-controlling interests		13.0	17.7
Total equity		**2,364.7**	**2,257.5**
Liabilities			
Non-current interest-bearing liabilities	16, 21, 22	984.1	54.0
Pension provisions		2.0	2.5
Contingent liabilities	18	6.0	6.4
Deferred tax liabilities	9	267.6	123.7
Other non-current non-interest-bearing liabilities	21	98.1	80.0
Total non-current liabilities		**1,357.7**	**266.6**
Current interest-bearing liabilities	16, 21, 22	106.3	73.0
Deferred income	18	64.5	56.3
Accounts payable		606.9	267.4
Tax liabilities		74.7	34.6
Other current liabilities		167.0	111.6
Derivatives	21	0.1	–
Accrued expenses and deferred income	20	264.6	176.3
Total current liabilities		**1,284.0**	**719.1**
Total liabilities		**2,641.7**	**985.7**
Total equity and liabilities		**5,006.4**	**3,243.2**

For information about the Group's pledged assets and contingent liabilities, refer to Note 23.

Consolidated cash-flow statement

SEKm	Note	2017	2016
Operating activities			
Profit after financial items		304.9	253.8
Adjustments for non-cash items			
Depreciation/amortisation and impairment		113.6	84.4
Capital loss on sale of non-current assets		0.7	–0.7
Transaction costs reported in equity		–1.0	–
Unrealised exchange-rate differences		7.7	–12.6
Unrealised interest-rate and currency derivatives		0.7	–
Earn-out revaluation		1.3	8.2
Impairment of financial assets		–	3.0
Reversal of financial items		25.1	37.9
Other provisions		–2.5	1.5
Total adjustments for non-cash items		**145.6**	**121.6**
Interest paid		–21.1	–39.2
Interest received		1.3	0.5
Income tax paid		–61.7	–41.5
Cash flows from operating activities before changes in working capital		**368.9**	**295.2**
Cash flows from changes in working capital			
Change in inventories		–18.1	–28.8
Change in operating receivables		–32.2	–1.1
Change in operating liabilities		156.1	20.0
Cash flows from changes in working capital		**105.9**	**–10.0**
Cash flows from operating activities		**474.8**	**285.2**
Investing activities			
Investments in tangible and intangible assets	3, 11, 12	–57.3	–33.4
Divested tangible and intangible assets		5.7	1.4
Investments in subsidiaries	4	–553.1	–261.4
Investments in financial assets		–	–0.2
Divested financial assets		–	10.0
Divested subsidiaries	5	1.2	–
Cash flow from investing activities		**–603.5**	**–283.6**
Financing activities			
Shareholders' contributions		–	24.3
New issue of common shares		–0.9	1,175.8
Warrants issue		–	1.0
Dividend paid on preference share		–64.2	–64.2
Dividend paid on common share		–41.0	–24.5
Redemption of pension liability		–24.3	–
Investments in new loans	17	593.3	43.1
Amortisations	17	–263.0	–996.6
Cash flows from financing activities		**200.0**	**158.9**

SEKm	Note	2017	2016
Cash flow for the year		**71.3**	**160.5**
Opening cash and cash equivalents		370.7	200.4
Exchange-rate differences in cash and cash equivalents		–3.8	9.8
Closing cash and cash equivalents		**438.3**	**370.7**

Consolidated statement of changes in equity

SEKm	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	150.4	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	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**

	Share capital	Other capital contributions	Other reserves	Retained earnings incl. net income	Non-controlling interests	Total equity
Opening balance 1 Jan 2017	10.3	1,994.8	34.4	200.3	17.7	2,257.5
Net profit	–	–	–	239.9	1.5	241.4
Other comprehensive income	–	–	–18.9	–0.3	–0.4	–19.6
Total comprehensive income	–	–	–18.9	239.6	1.1	221.8
Dividends	–	–	–	–105.6	–	–105.6
Quotient value issued common shares	–	–	–	–0.7	–	–0.7
Shareholders' contributions	–	–	–	12.5	–	12.5
Remeasurement of non-controlling interests	–	–	–	–13.0	–	–13.0
Other transactions with owners	–	–	–	–2.1	–5.7	–7.8
Closing balance 31 Dec 2017	**10.3**	**1,994.8**	**15.6**	**331.0**	**13.0**	**2,364.7**

Notes to the consolidated accounts

NOTE 1 Accounting policies

General information

The parent company Volati AB (publ), corporate no. 556555-4317, is a limited liability company registered in Sweden and domiciled in Stockholm. The postal and visitors' address of the head office is Engelbrektsplan 1, SE-114 34 Stockholm.

Basis for the financial statements

The consolidated accounts are prepared pursuant to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application within the EU. The Swedish Financial Reporting Board's recommendations in RFR 1 and RFR 2 are also applied.

No amendments to the IFRS have entailed any material changes to the consolidated accounts between the years 2016 and 2017.

As from 1 January 2018, IFRS 15 Revenue from Contracts with Customers, and IFRS 9 Financial Instruments, enter into force. During 2017, a project took place to analyse the impact of the new principles on the Group. The project proceeded according to plan, and was completed during Q4, 2017.

IFRS 15 Revenue from Contracts with Customers The new principles first of all entail that revenue is to be recognised when the customer obtains control of the sold goods or services and has the opportunity to use or obtain the benefits from the goods or service. Volati has applied the transition to IFRS 15 prospectively and can note that the new standard will not have any effect on the Group's financial statements other than the enhanced disclosure requirements in IFRS 15. Analysis and follow-up are based on the five-stage model, and deeper analysis is performed where potential differences are identified. The final assessment is that the introduction of IFRS 15 will not affect the Group's financial position.

IFRS 9 Financial Instruments

The most important impact concerns a partly new process for credit losses, which is based on expected credit losses, instead of actual credit losses. Volati has applied the transition prospectively and can note that the new standard will not have any material impact on the Group's financial statements. The effect of implementation on the Group's financial statements at end-December 2017 amounts to SEK 0.5m, which will be stated as an equity item, effect of amended accounting standard, in the report for Q1, 2018.

IFRS 16 Leases

As from 2019, IFRS 16 "Leases" will enter into force. This requires all assets and liabilities attributable to leasing agreements, with a few exceptions, to be recognised in the balance sheet. This recognition is based on the approach that the lessee is entitled to use an asset during a specific period of time while simultaneously being liable to pay for this right. IFRS 16 replaces IAS 17 Leases and the associated interpretations, IFRIC 4, SIC-15 and SIC-27. The standard is applicable for financial years commencing on 1 January 2019 or later. The company will not make use of advance application. The standard has been adopted by the EU. The standard will mainly affect the reporting of the Group's operating leases.

The implementation of the new leasing standard (IFRS 16 Leases) will entail that most of the Group's leasing contracts are recognised in the balance sheet, since in future no distinction will be made between operational and financial leasing agreements.

To illustrate how the Group's financial position and earnings are affected if the Group's operation leasing agreements, which are mainly lease agreements for the Group's activities, had been recognised as assets and liabilities in the balance sheet, a calculation has been made on the basis of the following assumptions. The calculation is an estimate that may deviate from the complete implementation of IFRS 16 and can thus solely provide an indication of the effect of the new standard on the Group's earnings and financial position.

The following assumptions were made:

- The remaining contract term and the current rent level were applied
- Renewal options were not observed
- A discount rate of 4% was applied to all agreements
- Any non-leasing components were not eliminated
- The simplification rule of solely considering future leasing payments as from the application date was used
- For a full-year effect pro forma, Akademibokhandeln's leasing agreement for the full-year 2017 was included in the calculation.

Based on the aforementioned assumptions, EBITDA pro forma for the 2017 financial year is affected positively at SEK 223m, and EBITA pro forma is affected positively at SEK 10m, as the leasing costs are replaced by amortisation and interest costs. The profit after tax would be affected negatively at SEK 13m. View over the duration of the leasing commitment, the total net profit after tax is not affected by the introduction of IFRS 16. However, individual years may be affected positively or negatively. 2017 would be affected negatively, since we use the prospective method, with higher financial costs as a consequence of the higher initial debt. Over time, the debt, and thereby the financial costs, will decline and the profit after tax will consequently be affected positively. Furthermore, total assets would increase pro forma by initially SEK 634m, since a right of use and leasing debt would be recognised.

Consolidated accounts

Subsidiaries are companies that are under Volati AB's controlling influence.

Subsidiaries are recognised in accordance with the acquisition method. This method entails that the acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The consolidated cost is determined on the basis of an acquisition analysis performed when the acquisition takes place. The analysis determines the acquisition value of the interests or operations, as well as the fair value, on the acquisition date, of acquired identifiable assets and assumed liabilities and contingent liabilities. The acquisition values of subsidiary shares and operations comprise the fair values, at the transfer date, of the assets incurred or assumed liabilities, and issued equity instruments submitted as consideration in exchange for the acquired net assets, as well as transaction costs directly attributable to the acquisition. Acquisition-related costs are expensed as they are incurred. For business combinations where the cost exceeds the net value of acquired assets plus assumed liabilities and contingent liabilities, the difference is recognised as goodwill. When the difference is negative, this is recognised directly in profit or loss.

Acquisition and divestment of companies

For acquisitions, subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. The revenue and expenses of companies divested during the year are included in the consolidated income statement, until the date that the controlling influence ceases.

Transactions eliminated on consolidation

Intra-Group receivables and liabilities, income and expenses, and unrealised gains or losses arising from intra-Group transactions are eliminated in their entirety.

Foreign currency

Transactions

Transactions in foreign currency are translated to the functional currency at the exchange rate on the date of the transaction.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate on the balance-sheet date. Translation differences arising from the translations are recognised in other comprehensive income. Changes in value due to currency translation with respect to operational assets and liabilities are recognised in profit or loss.

Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets that are recognised at fair value are translated into the functional currency at the prevailing exchange rate on the date of the fair-value measurement. Exchange-rate fluctuations are then recognised in the same manner as other changes in value with respect to the asset or liability.

The following exchange rates were used for the translation of the principal currencies:

	2017		2016	
	Closing rate	Average rate	Closing rate	Average rate
EUR	9.844	9.633	9.639	9.470
NOK	1.000	1.033	1.068	1.020
USD	8.208	8.538	9.249	8.561

Financial statements for foreign operations

Assets and liabilities in foreign operations, including goodwill and other consolidated surpluses and deficits, are translated into SEK in accordance with the exchange rate prevailing on the balance-sheet date. The revenue and costs of a foreign operation are translated into SEK in accordance with the average exchange rate that constitutes an approximation of the rates at each transaction date. Translation differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve recognised in equity.

Revenue recognition

Revenue recognition occurs when the material risks and advantages associated with the companies' goods are transferred to the buyer and it is probable that the financial benefits will be transferred to the company. In addition, revenue is recognised only when the revenue and the expenses that have been incurred or are expected to be incurred as a consequence of the transaction can be calculated in a reliable manner.

Revenue and costs from fixed-priced assignments are recognised in the period that the services were rendered. The revenues are calculated by establishing the degree of completion of the particular assignment, meaning the extent the overall assignment has been completed.

Interest income is recognised distributed over the duration with the application of the effective-interest method. When the value of a receivable declines, the Group reduces the recognised value to the recoverable value, which comprises the expected future cash flow, discounted by the original effective interest of the instrument, and continues to redeem the discounting effect as interest income. Interest income on impaired loans is recognised at the original effective interest rate. Dividend income is recognised when the right to receive dividends has been established.

Financial income and costs

Items such as dividends, interest, costs for securing financing, cash-handling expenses, bank charges, factoring charges, redemption fees for credit-card processing, credit sales costs, value handling costs and exchange-rate fluctuations with respect to financial assets and liabilities are recognised under net financial items. Capital gains/losses and impairment of financial assets are also recognised under net financial items. Changes in value with respect to financial assets are measured at fair value through profit or loss, including derivatives that, due to hedge accounting, are not recognised under other comprehensive income.

In addition, payments with respect to finance leases are divided between interest expenses and capital repayments. Interest expenses are recognised as financial costs.

Intangible assets

Goodwill

If the acquisition of an operation results in any positive differences between the cost and the fair value of the acquired assets, assumed liabilities and contingent liabilities, the difference constitutes goodwill.

Goodwill is measured at cost less any accumulated impairment. Goodwill is tested annually for any need for impairment. Goodwill arising from the acquisition of associated companies is included in the recognised value for participations in associated companies.

Capitalised development expenditure

Development expenditure that is directly attributable to the development and testing of identifiable and unique products, as well as business systems that are controlled by the Group, is recognised under intangible assets when the following criteria are met:

- it is technically possible to complete the product so that it can be used;
- the company's intention is complete the product and to use or sell it;
- the potential to use or sell the product exists;
- how the product will generate probable future financial benefits can be demonstrated;
- adequate technical, financial and other resources are available for completing the development and for using or selling the product; and
- the expenditure that is attributable to the product and its development can be reliably calculated.

Following initial recognition, internally created intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment. Amortisation commences when the asset is usable.

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

Other intangible assets

Other intangible assets acquired by the Group are recognised at cost less impairment and, if the asset has a determinable useful life, accumulated amortisation.

Amortisation

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

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

The estimated useful lives are:

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

Tangible fixed assets

Owned assets

Tangible fixed assets are recognised as assets in the balance sheet when it is probable that future financial benefits will accrue to the Group and the cost of the asset can be reliably calculated.

Tangible fixed assets are recognised in the Group at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to transporting the asset to the site and putting it in the condition intended by the acquisition. Examples of directly attributable costs included in the acquisition value are the costs for delivery and handling, installation, registration, and consultancy and legal services.

Tangible fixed assets that consist of components with varying useful lives are treated as separate components of tangible fixed assets.

The carrying amount of a tangible asset is derecognised from the balance sheet on disposal or divestment, or when no future financial benefits are expected from the use or scrapping/divestment of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating revenue/costs.

Leased assets
Leases are classified in the consolidated accounts as either finance or operating leases. Finance leases exist when the financial risks and benefits associated with ownership are essentially transferred to the lessee. If this is not the case, the lease is deemed to be an operating lease.

Depreciation methods
Depreciation is implemented on a straight-line basis over the estimated useful life of the asset; land values are not depreciated. The Group applies component depreciation, which entails that depreciation is based on the components' estimated useful lives.

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

An asset's residual value and useful life is tested annually.

Calculation of recoverable amounts
The recoverable amount is the highest of the fair value less selling expenses and value in use. For a detailed description, refer to Note 11.

Reversal of impairment
Impairment of goodwill is not reversed.

Impairment of other assets is reversed if a change has been made to the assumptions on which the calculation of the recoverable amount was based. An impairment is only reversed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that the asset would have had if no impairment had been implemented, with respect to the depreciation/amortisation that should have been implemented.

Financial assets and liabilities
Financial instruments that are recognised in the balance sheet include derivatives, cash and cash equivalents, securities, other financial receivables, accounts receivable, loan receivables, accounts payable, bonds payable and loans payable. Accounts receivable and loan receivables are initially measured at fair value, while subsequent measurements are at amortised cost.

Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. A financial liability is derecognised from the balance sheet when the contractual obligation has been fulfilled or otherwise extinguished.

Cash and cash equivalents
Cash and cash equivalents comprise cash, as well as immediately available balances at banks and corresponding financial institutions, short-term liquid investments and vendor's mortgages with a term of less than three months from the date of procurement that run no real risk of fluctuations in value.

Accounts receivable and loan receivables
Accounts receivable and loan receivables are financial assets with fixed payments or with payments that can be fixed, and which are not listed in an active market. These assets are measured at amortised cost. Amortised cost is determined based on the effective interest rate calculated at the acquisition date. Accounts receivable have short remaining terms and are

thus measured as nominal amounts without discount.

This category includes accounts receivable, loan receivables and other receivables. Accounts receivable are recognised at the amount expected to be paid, less individual assessments of doubtful receivables. Impairments of accounts receivable are recognised under operating costs.

With respect to loan receivables and other receivables, if the expected holding period exceeds one year, the receivables are to be classified as non-current receivables, or otherwise as other receivables.

Securities and financial receivables

Securities and financial receivables that are intended for long-term holding are recognised at acquisition cost. Impairments are implemented if permanent depreciation is established. Short-term financial holdings are recognised at cost, which essentially corresponds to the market value. All transactions are recognised at the settlement date.

Financial liabilities/borrowings

Borrowings are initially recognised at fair value, net after transaction costs. Borrowings are subsequently recognised at amortised cost, and any differences between the amount received (net after transaction costs) and the repayment amount are recognised in profit or loss distributed over the term of the loan applying the effective-interest method.

Option to sell for non-controlling interests

Agreements signed with non-controlling interests that entitle such owners to sell shares in the company at fair value. The agreement, put option and corresponding purchase price for the shares are recognised as liabilities. When remeasuring the liability, the change in value is recognised in equity. When a sell option is initially recognised as a liability, equity is reduced by its corresponding fair value, and Volati has chosen, in the first instance, to recognise it against the equity of non-controlling interests and, if this should be insufficient, against equity attributable to the Parent Company's owners.

Derivatives

Volati utilises derivatives to cover risks pertaining to interest-rate and exchange-rate fluctuations. Exchange-hedging measures are taken for commercial exposures within the framework of each subsidiary's financial policy. All derivatives are recognised at fair value in the balance sheet. Changes in value arising from remeasurements may be recognised differently, depending on whether or not the derivative is classified as a hedging instrument.

If the derivative is not classified as a hedging instrument, a change in value is recognised directly in profit or loss. If the derivative is classified as a hedging instrument, a change in value is recognised in other comprehensive income.

To fulfil the requirements of hedge accounting pursuant to IAS 39, there must be a distinct connection to the hedged item. The hedge must also efficiently protect the hedged item, documentation must be created, and the efficiency must be shown to be sufficiently high, through efficiency measurements. The outcome of hedges is recognised in profit or loss concurrently with the recognition of the hedged items.

If hedge accounting is interrupted prior to the derivative's maturity date, the derivative's change in value is shifted to fair value, to be recognised directly in profit or loss.

Equity

For a specification of share capital trends, refer to the Volati Share section of this Annual Report. Transaction costs that are directly attributable to new share issues are recognised in equity as net amounts after tax, as a deduction from the issue proceeds. Furthermore, costs attributable to transactions with minorities are recognised directly in equity.

Reserves
The translation reserve encompasses all exchange-rate differences that arise when translating the financial statements of foreign operations that have prepared their reports in a currency other than the presentation currency in the consolidated financial statements. The company and the Group present their financial statements in Swedish kronor (SEK).

Retained earnings, including net profit
The earnings of the company and its Group companies are included in retained earnings including net profit for the year.

Preference shares
The preference shares issued in May 2015 are entitled to prioritised dividends of SEK 40 per preference share (with quarterly payments of SEK 10). Following the resolution of the General Meeting, the preference shares are redeemable at a fixed amount that is gradually reduced from SEK 725 per share up to the fifth anniversary of the issue; to SEK 675 per share up to the tenth anniversary of the issue; and to SEK 625 per share for the period thereafter.

Inventories
Inventories are measured at the lower of cost or net realisable value.

The cost is calculated in accordance with the first-in-first-out principle, or using methods based on the weighted average, less reasonable obsolescence provisions. Proprietarily developed finished and semi-manufactured items are measured at the items' manufacturing cost plus a reasonable portion of indirect costs.

The net realisable value is the estimated selling price in operating activities, less estimated completion costs and selling expenses.

Remuneration to employees
Liabilities with respect to fees for defined-contribution plans are recognised as a cost in profit or loss as they arise.

Provisions
A provision is recognised in the balance sheet when the Group has an existing legal or informal obligation as a result of an event that has occurred, and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the effect of when payment occurs is significant, provisions are calculated by discounting the expected future cash flow using an interest rate before tax that reflects current market assessments of the monetary value over time and, if appropriate, the risks related to the liability.

Tax
Income tax comprises current tax and deferred tax. Income taxes are recognised in profit or loss except when the underlying transactions are recognised directly in equity, whereupon the associated tax effect is recognised under equity.

Deferred tax is calculated based on the difference between the carrying amount and the tax value of assets and liabilities. Measurement is based on the tax rates and tax regulations that are determined or announced on the balance-sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable they will be utilised within the next few years. The value of the deferred tax assets is reduced when it is no longer considered likely that they can be utilised.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment originating from events that have occurred and whose occurrence is confirmed only by one or several uncertain future events or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Segment reporting

The Group's operations are governed and reported on a per business-area basis. Segments are consolidated in accordance with the same principles as the Group in its entirety. Operating segments are reported in a manner that corresponds to the internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for the allocation of resources and assessment of the operating segments' results. In the Group, this function has been identified as the CEO. The CEO reports the Group's financial performance to the Board at business-area level and, accordingly, both internal and external reporting correspond. The segments' earnings represent their contribution to the Group's earnings. A segment's assets include all the operational assets utilised by the segment and primarily comprise intangible assets, tangible fixed assets, inventories, external accounts receivable, other receivables, prepaid expenses and accrued income. A segment's liabilities include all of the operational and interest-bearing liabilities utilised by the segment and primarily comprise provisions, deferred tax liabilities, external accounts payable, other current liabilities, accrued expenses and deferred income. Undistributed assets and liabilities primarily include the company's assets, liabilities and Group eliminations of intra-Group transactions.

NOTE 2 Other operating revenue and operating costs

Other operating revenue	2017	2016
Earnings from the sale of machinery and equipment	1.1	1.2
Insurance compensation	0.4	0.2
Recycled giftcards and non-retrieved advanced payments	3.0	–
Earn-out revaluation	0.2	–
Exchange-rate effects	–	1.2
Other	2.8	1.1
	7.4	**3.7**

Other operating costs	2017	2016
Earnings from the sale of machinery and equipment	–2.3	–1.2
Exchange-rate effects	–3.9	–0.5
Charitable donations	–1.7	–1.8
Earn-out revaluation	–1.3	–8.2
Other	–0.3	–0.2
	–9.4	**–11.9**

NOTE 3 Segment reporting

	2017			2016		
Net sales[1)]	**External net sales**	**Internal net sales**	**Net sales**	**External net sales**	**Internal net sales**	**Net sales**
Trading	1,614.6	0.1	1,614.6	1,492.0	0.7	1,492.7
Industry	746.9	–	746.9	782.2	–	782.2
Akademibokhandeln	1,029.1	–	1,029.1	–	–	–
Consumer	965.6	–	965.6	932.2	–	932.2
Internal eliminations	–	–0.1	–0.1	–	–0.7	–0.7
	4,356.1	**0.0**	**4,356.1**	**3,206.5**	**0.0**	**3,206.5**

Distribution of revenue 2017[1)]

Net sales	Sale of goods	Services	Equipment leasing	Other	Total
Trading	1,614.5	–	–	0.0	1,614.6
Industry	668.4	36.9	30.8	10.8	746.9
Akademibokhandeln	1,029.1	–	–	–	1,029.1
Consumer	333.5	624.6	–	7.5	965.6
	3,645.6	**661.4**	**30.8**	**18.3**	**4,356.1**

Distribution of revenue 2016[1)]

Net sales	Sale of goods	Services	Equipment leasing	Other	Total
Trading	1,492.0	–	–	0.0	1,492.0
Industry	667.0	35.7	64.6	15.0	782.2
Consumer	353.3	574.2	–	4.6	932.2
	2,512.3	**609.9**	**64.6**	**19.6**	**3,206.5**

Net sales by country[1) 2)]	2017	2016
Sweden	3,463.9	2,303.2
Norway	409.7	402.3
Finland	158.5	178.3
Germany	104.7	120.9
Denmark	72.7	73.6
Poland	50.8	41.4
Ukraine	34.7	6.8
UK	19.7	29.5
Russia	12.2	7.4
France	9.3	27.7
Hungary	9.1	9.5
Austria	5.8	5.5
Hong Kong	4.4	0.1
Romania	0.6	0.3
Thailand	0.1	0.0
Bulgaria	0.0	0.0
	4,356.1	**3,206.5**

EBITDA[1)]	2017	2016
Trading	135.8	131.6
Industry	105.9	161.0
Akademibokhandeln	115.7	–
Consumer	166.9	167.7
Items affecting comparability	–8.6	–33.8
Central costs	–56.9	–41.1
EBITDA	**458.9**	**385.4**

1) The business areas include acquired entities from the acquisition date. Refer to the separate note regarding acquisitions completed during the respective periods.

2) Net sales per country is calculated on the country in which the group company that delivered the product or service has its registered office.

EBITA[1)]	2017	2016
Trading	125.4	121.3
Industry	79.0	135.1
Akademibokhandeln	104.6	–
Consumer	133.9	137.6
Items affecting comparability	–8.6	–33.8
Central costs	–57.7	–41.8
EBITA	**376.5**	**318.4**
Amortisation attributable to acquired surplus values	–31.2	–17.4
Net financial items	–40.4	–47.2
Profit before tax	**304.9**	**253.8**
Tax	–63.5	–53.3
Net profit	**241.5**	**200.5**

EBIT[1)]	2017	2016
Trading	118.9	115.9
Industry	77.4	133.8
Akademibokhandeln	92.8	–
Consumer	122.9	127.0
Items affecting comparability	–8.6	–33.8
Central costs	–58.2	–42.0
	345.3	**301.0**

Depreciation/Amortisaton[1)]	2017	2016
Trading	16.9	15.7
Industry	28.5	27.2
Akademibokhandeln	23.0	–
Consumer	43.9	40.6
Parent company / Other	1.3	0.9
	113.6	**84.4**

	2017		2016	
Assets[1)]	Total assets	Of which tangible and intagible assets	Total assets	Of which tangible and intagible assets
Trading	2,028.2	995.4	1,597.3	739.8
Industry	1,188.1	629.7	1,064.1	616.1
Akademibokhandeln	1,390.9	922.0	–	–
Consumer	1,126.7	895.4	1,269.4	940.6
Undistributed assets	–727.5	–268.0	–687.7	–265.3
	5,006.4	**3,174.5**	**3,243.2**	**2,031.2**

Liabilities[1)]	2017	2016
Trading	1,792.4	1,401.9
Industry	1,006.5	911.7
Akademibokhandeln	1,064.3	–
Consumer	1,012.1	1,191.9
Undistributed assets	–2,233.6	–2,519.8
	2,641.7	**985.7**

Investments[1)]	2017	2016
Trading	10.6	6.7
Industry	16.2	13.3
Akademibokhandeln	22.3	–
Consumer	7.9	12.7
Parent company / Other	0.1	0.7
	57.3	**33.4**

1) The business areas include acquired entities from the acquisition date. Refer to the separate note regarding acquisitions completed during the respective periods.

NOTE 4 Coroprate acquisitions

2017

In the January to December 2017 period, Volati acquired three companies: Akademibokhandeln Holding AB, Silokonsult Göran Persson AB and T-Emballage Thureson AB. Futhermore, a smaller holding company was acquired for SEK 5.0m.

Akademibokhandeln Holding AB – Sweden's leading bookstore chain with a successful omnichannel strategy and the online retailer Bokus – was acquired on 3 July 2017 and formed a fourth business area from the third quarter of 2017. Volati's holding amounts to 95.04% and the management of Akademibokhandeln has holdings of around 4.96% of the shares in Volati Bok, which is the parent company of Akademibokhandeln Holding AB. The acquisition is expected to have a positive impact on Volati's earnings and return on equity for 2017. In 2016, Akademibokhandeln had net sales of around SEK 1.8 billion and an EBITDA of SEK 125m.

Silokonsult Göran Persson AB was acquired on 5 July 2017. The acquisition of Silokonsult was an add-on acquisition to Tornum's operations under the Industry Business Area. Silokonsult Göran Persson AB is a Swedish supplier of machinery and project planning for the grain and milling industries. The acquisition of Silokonsult Göran Persson AB strengthens Tornum's position as a supplier of grain handling systems to industrial customers in Sweden.

T-Emballage Thureson AB was acquired on 10 November 2017 and comprises one business unit in the Trading Business Area. Volati's holding is 94% of the shares in Volati Emballage AB, which is the Parent Company of T-Emballage Thureson AB, and the remaining shares are held by the company's CEO and deputy CEO. T-Emballage Thureson AB develops and supplies products and solutions in three product areas: building products for builders' merchants and house manufacturers, packaging solutions for industry and sawmills, and logistic services. T-Emballage Thureson AB is expected to be able to leverage the established sales channels of the business area's existing operations in the Nordic region. T-Emballage has 70 employees and, in 2016, reported sales of SEK 584m.

Income statement impact of acqusitions	Net sales 2017	EBITDA 2017	EBITA 2017	EBIT 2017
Akademibokhandeln	1,029.1	115.8	104.6	92.8
T-Emballage	99.0	6.8	6.2	5.4
Other acquisitions	5.0	–0.1	–0.1	–0.1
The Volati Group	**1,133.0**	**122.5**	**110.7**	**98.1**

The acquired companies' contributed net sales of SEK 1,133.0m for the full year 2017, an EBITDA of SEK 122.5m and EBITA of SEK 110.7m and an operating profit of SEK 98.1m for the full year. In addition, SEK 12.8m was charged to consolidated earnings and SEK 1.0m was charged to equity in respect of transaction costs for the acquisitions. If the acquisitions had been consolidated as of 1 January 2017, their contribution to the consolidated income statement for the January to December 2017 period would have been: net sales of SEK 2.423.8m; an EBITDA of SEK 164.4m; an EBITA of SEK 138.7m and an operating profit of SEK 110.2m. Earnings for the January–June period were positively impacted by refunds from pension companies of SEK 12.5m. Goodwill corresponding to SEK 199.1m that arose in connection with the transactions is the result of several factors that are largely attributable to the market shares of the acquired companies.

During the year, a non-controlling interest was acquired from a former minority shareholder, which resulted in the elimination of the minority in the subsidiary. Volati Tryck Holding ceased and Volati 2 now owns 100% of the shares in the subsidiary.

Balance sheet impact of acqusitions (SEKm)	**Akademi-bokhandeln**	**T-Emballage**	**Other acquisitions**	**31 Dec 2017**
Intangible assets	868.5	81.5	–	950.0
Tangible fixed assets	39.0	12.6	–	51.6
Financial assets	–	2.3	–	2.3
Deferred tax assets	13.7	3.5	11.1	28.3
Inventories	153.7	55.2	–	208.9
Accounts receivable	19.2	132.2	0.8	152.2
Other receivables	98.2	14.8	11.5	124.5
Cash and cash equivalents	6.2	44.4	25.7	76.3
Deferred tax liabilities	–109.9	–29.8	–3.8	–143.6
Pension liability	–	–24.3	–	–24.3
Other provisions	–	–	–1.6	–1.6
Non-controlling interest	–	–	5.7	5.7
Non-current interest-bearing liabilities	–582.9	–3.4	–	–586.3
Current interst-bearing liabilities	–3.4	–2.0	–	–5.4
Current liabilities	–253.8	–129.9	–4.2	–387.8
	248.5	**157.0**	**45.2**	**450.8**
Goodwill	15.1	173.5	10.5	199.1
Acquisition value	**263.7**	**330.5**	**55.7**	**649.9**
Non-cash issue	–12.5	–	–	–12.5
Transactions with owners	–	–	2.3	2.3
Low price acquisition	–	–	–6.6	–6.6
Paid earn-out	–	–	3.1	3.1
Unpaid earn-out	–	–	–6.9	–6.9
Cash and cash equivalents in acquired operations on acquisition date	–6.2	–44.4	–25.7	–76.3
Impact on consolidated cash and cash equivalents	**245.0**	**286.1**	**22.0**	**553.1**

2016

During the full-year 2016, Volati acquired four companies: Ventotech AB. Pagnol Gruppen AB. ClearCar AB and Lantbutiken AB, Moreover, Volati signed agreements to acquire 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.

Income statement impact of acqusition (SEKm)	**Net sales 2016**	**EBITDA 2016**	**EBITA 2016**	**EBIT 2016**
Trading	90.9	11.5	10.9	10.9
Industry	0.4	0.4	0.4	0.4
Consumer	21.1	–0.5	–4.8	–5.8
The Volati Group	**112.4**	**11.3**	**6.4**	**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 EBIT 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 for the full-year 2016 would have been: sales of SEK 190.5m; an EBITDA of SEK 2.1m; an EBITA of negative SEK 5.3m and a negative EBIT of SEK 6.2m. 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 the minority holdings in the business unit me&i and the Trading Business Area for a cash flow totalling SEK 121.4m. In the fourth quarter. two smaller holding companies were acquired for a purchase consideration of SEK 12.1m.

Balance sheet impact of acquisitions	**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
	85.0
Goodwill	91.1
Acquisition value	**176.1**
Bargain purchases	–5.4
Transactions with owners	121.5
Unpaid earn-out	–0.9
Cash and cash equivalents in acquired operations on acquisition date	–29.8
Impact on consolidated cash and cash equivalents	**261.4**

NOTE 5 Divestment of subsidiaries

During 2017 0.48% of the shares in Volati Bok AB, that is the holding company of Akademibokhandeln, were sold to the CEO and senior executives of the company. The transaction had a positive impact on cash and cash equivalent with SEK 1.2m and a negative impact on equrty of SEK 1.2m.

No subsidiaries were divested in 2016.

NOTE 6 Emplyees and personell costs

	2017			2016		
	Men	Women	Total	Men	Women	Total
Tornum						
Tornum Sweden	43	10	**53**	41	10	**51**
Tornum Finland	1	0	**1**	2	0	**2**
Tornum Poland	10	3	**13**	10	4	**14**
Tornum Hungary	3	0	**3**	3	0	**3**
Tornum Romania	7	0	**7**	7	0	**7**
Tornum Russia	2	1	**3**	2	1	**3**
Tornum Bulgaria	1	0	**1**	1	0	**1**
Tornum Ukraine	6	1	**7**	5	0	**5**
Silokonsult Göran Persson AB[1)]	2	0	**2**	0	0	**0**
Lidköpings Plåtteknik	7	0	**7**	8	0	**8**
Corroventa Avfuktning						
Corroventa Sweden	26	5	**31**	27	4	**31**
Corroventa Poland	1	0	**1**	1	0	**1**
Corroventa Germany	12	3	**15**	13	5	**18**
Corroventa UK	4	0	**4**	3	0	**3**
Corroventa Austria	2	0	**2**	2	0	**2**
Corroventa France	3	2	**5**	3	2	**5**
Corroventa Norway	1	0	**1**	1	0	**1**
Ettikettoprintcom						
Ettikettoprintcom	51	14	**65**	50	14	**64**
Ettikettoprintcom Åtvidaberg	22	5	**27**	22	4	**26**
Besikta						
Besikta Bilprovning i Sverige AB	519	51	**570**	467	47	**514**
Besikta Holding AB	1	0	**1**	0	0	**0**
Meandi						
Meandi AB	0	1	**1**	0	2	**2**
Meandi Holding	3	18	**21**	1	17	**18**
Meandi AS	0	0	**0**	0	1	**1**
Meandi GmbH	0	1	**1**	1	2	**3**
Meandi OY	0	1	**1**	0	1	**1**
Meandi SC Ltd	0	0	**0**	0	0	**0**
Naturamed-Pharma						
Naturamed-Pharma AB	3	3	**6**	3	5	**8**
Naturamed-Pharma AS	5	18	**23**	5	17	**22**
Pharmapolar AS	1	2	**3**	1	2	**3**
Lomond Industrier						
Lomond Industrier AB	71	18	**89**	67	17	**84**
Thomée Gruppen AB	22	10	**32**	23	9	**32**
Bårebo Nordic AB	12	3	**15**	12	2	**14**
Habo Gruppen AB	21	10	**31**	21	9	**30**

	2017			2016		
	Men	Women	Total	Men	Women	Total
Habo Denmark	6	1	**7**	6	1	**7**
Habo Finland OY	4	2	**6**	4	2	**6**
Habo Norway AS	12	5	**17**	12	5	**17**
Pagnol Gruppen AB[2)]	0	0	**0**	1	1	**2**
Miljöcenter i Malmö AB[2)]	11	9	**20**	8	4	**12**
Kellfri Sweden	38	11	**49**	33	21	**54**
Kellfri Denmark	2	0	**2**	2	0	**2**
Kellfri Finland	4	0	**4**	4	0	**4**
Kellfri Poland	0	1	**1**	4	1	**5**
Lantbutiken Sverige AB[3)]	3	3	**6**	1	2	**3**
Industribeslag AS	22	1	**23**	6	1	**7**
B Sörbö AS[4)]	0	0	**0**	13	1	**14**
T-Emballage Thureson AB[5)]	45	18	**63**	0	0	**0**
Innovexa AB[5)]	3	1	**4**	0	0	**0**
Akademibokhandeln[6)]						
Akademibokhandelsgruppen AB	0	2	**2**	0	0	**0**
Bokhandelsgruppen i Sverige AB	41	423	**464**	0	0	**0**
Bokus AB	15	14	**29**	0	0	**0**
Volati headoffice	**8**	**3**	**11**	**8**	**4**	**12**
	1,076	**674**	**1,750**	**904**	**218**	**1,122**

1) Silokonsult Göran Persson AB has been consolidated from 1 juli 2017 and therefore the number of employees for the period during which it has been consolidated into Volati is shown as full-time equivalents (FTEs).

2) Pagnol Gruppen and Miljöcenter i Malmö have been consolidated from 17 maj 2016 and therefore the number of employees for the period during which Pagnol Gruppen and Miljöcenter I Malmö have been consolidated into Volati is shown as full-time equivalents (FTEs). Pagnol Gruppen has during 2017 been consolidated with Miljöcenter i Malmö.

3) Lantbutiken was consolidated from 26 juli 2016 and therefore the number of employees for the period during which it has been consolidated into Volati is shown as full-time equivalents (FTEs).

4) B Sörbö has during 2017 been merged with Industribeslag.

5) T-Emballage Thureson AB and Innovexa AB were consolidated from 10 november 2017 and therefore the number of employees for the period during which T-emballage Thureson AB and Innovexa have been consolidated into Volati is shown as full-time equivalents (FTEs).

6) Akademibokhandeln was consolidated from 1 juli 2017 and therefore the number of employees for the period during which it has been consolidated into Volati is shown as full-time equivalents (FTEs).

	2017			2016		
Number of employees per country	Men	Women	Total	Men	Women	Total
Austria	2	0	2	2	0	2
Bulgaria	1	0	1	1	0	1
Denmark	8	1	9	8	1	9
Finland	9	3	12	10	3	13
France	3	2	5	3	2	5
Germany	12	4	16	14	7	21
Hungary	3	0	3	3	0	3
Norway	41	26	67	38	27	65
Poland	11	4	15	15	5	20
Rumania	7	0	7	7	0	7
Russia	2	1	3	2	1	3
Sweden	967	632	1,599	793	172	965
UK	4	0	4	3	0	3
Ukraine	6	1	7	5	0	5
	1,076	**674**	**1,750**	**904**	**218**	**1,122**

Distribution of senior executives on balance-sheet date, %	2017 Men	2017 Women	2016 Men	2016 Women
Board members	60	40	60	40
Other members of senior management, including the CEO	71	29	100	0

Salaries and other remuneration	**2017**	**2016**
Board of Directors and CEO, Sweden	27.7	20.0
Board of Directors and CEO, outside Sweden	6.5	6.0
Other employees, Sweden	550.7	413.0
Other employees, outside Sweden	82.6	84.7
	667.5	**523.8**
Of which bonus payments to Board and CEO	2.3	2.8

Payroll overheads	**2017**	**2016**
Payroll overheads – statutory and by agreement	204.0	157.4
Pension costs for the boards and managing directors	6.1	5.4
Other pension costs	54.0	36.5
	264.1	**199.3**

Remuneration of Volati's Board and senior executives

Volati's Board of Directors 2017	**Salaries**	**Board fees**	**Other benefits**	**Pension costs**	**Total**
Karl Perlhagen, chairman of the Board	–	0.2	–	–	0.2
Patrik Wahlén, board member[2)]	1.8	–	–	–	1.8
Björn Garat	–	0.2	–	–	0.2
Louise Nicolin	–	0.2	–	–	0.2
Christina Tillman	–	0.2	–	–	0.2

Volatis' senior executives 2017	**Basic salary**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Total**
Mårten Andersson, CEO	1.5	–	–	0.3	1.8
Other senior executives (8)	12.5	2.8	0.2	2.0	17.5

Volati's Borard of directors 2016	**Salary**	**Board feese**	**Other benefits**	**Pension costs**	**Total**
Karl Perlhagen, chairman of the Board	2.0	–	0.0	0.0	2.0
Patrik Wahlén, board member[2)]	1.6	–	0.0	0.0	1.6
Björn Garat	–	0.2	–	–	0.2
Anna-Karin Eliasson Celsing	–	0.1	–	–	0.1
Louise Nicolin	–	0.1	–	–	0.1
Christina Tillman[3)]	–	0.1	–	–	0.1

Volatis' senior executives 2016	**Basic salary**	**Variable remuneration**	**Other benefits**	**Pension costs**	**Total**
Mårten Andersson, CEO	1.4	–	–	0.4	1.8
Other senior executives (5)	8.9	0.7	0.2	1.4	11.1

1) No fees are paid for Board work. The remuneration to Karl Perlhagen pertains to his salary as an executive of the company until autumn 2016.

2) No fees are paid for Board work. The remuneration to Patrik Wahlén pertains to his salary as an executive of the company.

3) Christina Tillman was elected to the Board in September 2016.

Remuneration to the CEO

Pension terms and conditions

The pension is a defined-contribution plan. There is no contractually agreed age of retirement. The CEO's pension plan is personal, whereby pension provisions are made as per the CEO's personal decision, but the cost of such a pension is deducted from the CEO's salary.

Terms and conditions for severance pay

A mutual notice period of six months applies. Volati AB has no agreements concerning severance pay for the CEO.

Other senior executives

Variable remuneration

A number of senior executives who are business area managers have the possibility of variable remuneration that is individually tailored for their respective businesses. Underlying parameters for their variable remuneration are profitability and individually set parameters. For a number of business area managers, variable remuneration has no ceiling. No other variable remuneration is paid to other executives.

Pension terms and conditions

The majority of the senior executives have personal pension plans, whereby pension provisions are made as per each executive's personal decision, but the cost of such a pension is deducted from the executive's salary. Separate pension terms are available to senior executives who are heads of business areas, whereby a provision is made each month to a defined-contribution pension based on individual plans. For 2016, the pension premiums amounted to around 35% of pensionable salary. The majority of the senior executives have a contrractually agreed age of retirement of 67.

Terms and conditions for severence pay

None of the senior executives have a severance pay agreement. For the majority of the senior executives, a notice period of six months applies. However, for certain senior executives, a notice period of 12 months applies from the company.

NOTE 7 Fees and remuneration to auditors

Öhrlings PricewaterhouseCoopers AB	2017	2016
Audit assignments	4.3	3.6
Valuation services[1]	1.1	–
Tax assignments	0.2	0.4
Other assignments[2]	0.3	4.0
	5.9	**8.0**

Other auditors	2017	2016
Audit assignments	0.3	0.4
Tax assignments	0.1	0.0
	0.4	**0.4**

1) SEK 1.1m in 2017 refers to services in connection with the acquisition of Akademibokhandeln AB, of which SEK 0.2m is reported directly in equity.

2) SEK 3.7m in 2016 pertains services ahead of the common share issue of which SEK 1.1m is recognized directly in equity.

NOTE 8 Financial income and costs

Financial income	2017	2016
Interest income on bank balances	1.2	1.1
Exchange-rate gains	7.0	15.0
Changes in the value of fixed-income derivatives	–	3.0
Other financial income	0.3	–
	8.5	**19.0**

Financial costs	2017	2016
Interest expenses on loans	–19.3	–33.5
Interest expenses on finance leases	–2.3	–2.3
Interest expenses on derivative contracts	–0.8	–3.5
Exchange-rate losses	–6.9	–10.5
Other financial costs[1]	–19.5	–16.5
	–48.8	**–66.3**

1) Other financial expenses include costs for financing, cash handling costs, bank charges, factoring fees, redemption charges for credit card management, credit selling costs and cash handling costs.

NOTE 9 Taxes

	2017	2016
Current tax expense	–57.8	–50.6
Deferred tax	–5.7	–2.7
Tax expense for the year	**–63.5**	**–53.3**

Reconcilliation of effective tax	**2017**	**2017**	**2016**	**2016**
Profit before tax	304.9	–	253.8	–
Tax according to applicable tax rate	–67.1	22%	–55.8	22%
Tax in accordance with other tax rates	–0.1	0%	–2.4	1%
Non-deductible costs	–4.8	2%	–4.4	2%
Non-taxable income	0.5	0%	0.2	0%
Tax. standard interest on allocation reserve	–0.2	0%	–0.2	0%
Temporary differences	8.8	–3%	–11.2	4%
Revaluation of deficits from previous years	4.8	–2%	22.7	–9%
Income tax from previous years	0.2	0%	0.5	0%
Other	0.1	0%	–0.1	0%
Recognised effective tax	**–57.8**	**19%**	**–50.6**	**20%**

In 2017, tax recognised in equity was SEK 0.3m (11.5).

Deferred tax	**2017**	**2016**
Tangible and intangible assets	7.4	15.4
Inventories	–0.9	0.4
Untaxed reserves	–12.7	–5.4
Unutilised deficits from previous years	2.7	–12.9
Other temporary differences	–2.2	–0.2
Deferred tax pertaining to temporary differences	**–5.7**	**–2.7**

Deferred tax assets	**2017**	**2016**
Tangible and intangible assets	12.1	15.8
Inventories	3.4	1.8
Unutilised deficits from previous years	31.4	21.7
Other temporary differences	11.7	2.8
	58.6	**42.1**

Deferred tax liabilities	**2017**	**2016**
Tangible and intangible assets	188.2	85.3
Untaxed reserves	78.5	37.6
Other temporary differences	0.9	0.8
	267.6	**123.7**

NOTE 10 Earnings per share

The calculation of earnings per preference – and common share for 2017 was based on net profit for the year attributable to the Parent Company's shareholders, of SEK 239.9m (2016: 196.2). The earnings per common share were reduced by the preference shareholders' pro rata share of the dividend attributable to 2017 of SEK 64.2m (2016: 64.2).

Earnings per preference share were distributed based on approved dividends until the 2018 AGM, which entails dividing a portion of the earnings of SEK 64.2m on 1,603,773 preference shares. The remaining portion of the net profit for the year totaling SEK 175.8m was divided by the average number of common shares of 80,406,571.

	2017	2016
Earnings attributable to Parent Company's owners	239.9	196.2
Deduction for preference share dividend	64.2	64.2
Earnings attributable to Parent Company's owners adjusted for preference share dividend	175.8	132.1
Common shares outstanding	80,406,571	80,406,571
Avg. No. of common shares	80,406,571	63,753,873
Earnings per share	2.19	2.07
Earnings per preference share	40.00	23.33
Avg. No. of common shares after dilution	80,838,878	64,197,604
Earnings per share after dilution	2.17	2.06
Earnings per preference share after dilution	40.00	40.00
Preference shares outstanding	1,603,774	1,603,774

NOTE 11 Intagible assets

Costs	Goodwill	Patent/ Technology	Brands/ Other	Capitalised development-cost	Total
At 1 January 2016	**1,452.9**	**10.3**	**217.9**	**147.7**	**1,828.8**
Investments	–	–	–	13.4	13.4
In new companies on acquisition	91.1	3.2	35.8	–	130.2
Reclassifications	–	–	–0.3	0.3	0.0
Translation differences	48.0	–	3.8	0.0	51.9
At 1 January 2017	**1,592.1**	**13.5**	**257.2**	**161.4**	**2,024.2**
Investments	–	–	6.7	21.7	28.4
In new companies on acquisition	594.1	–	518.0	117.7	1,229.8
Divestments	–	–	–	–5.4	–5.4
Reclassifications	–	–	–	0.0	0.0
Translation differences	–21.4	–	–2.3	0.0	–23.8
At 31 December 2017	**2,164.8**	**13.5**	**779.6**	**295.3**	**3,253.2**

Accumulated amortizations	Goodwill	Patent/ Technology	Brands/ Other	Capitalised development-cost	Total
At 1 January 2016	**–87.7**	**–9.1**	**–21.5**	**–21.8**	**–140.1**
Amortisation/impairment for the year	–	–1.2	–15.0	–24.1	–40.3
In new companies on acquisition	–	–	–	–	–
In divested companies	–	–	–	–	–
Translation differences	–2.4	–	–1.2	0.2	–3.5
At 1 January 2017	**–90.0**	**–10.3**	**–37.8**	**–45.8**	**–183.9**
Amortisation/impairment for the year	–	–0.5	–27.3	–32.6	–60.3
In new companies on acquisition	–	–	–23.2	–57.5	–80.7
Divestments	–	–	–	2.9	2.9
Translation differences	1.6	–	1.1	0.0	2.6
At 31 December 2017	**–88.5**	**–10.8**	**–87.1**	**–133.0**	**–319.4**
Carrying amount					
31 Dec 2016	1,502.1	3.2	219.4	115.6	1,840.3
31 Dec 2017	2,076.3	2.7	692.5	162.3	2,933.8

	2017		2016	
Distribution of the Group's goodwill and other intangible assets with an indefinite useful life	**Goodwill**	**Other intangible assets**	**Goodwill**	**Other intangible assets**
Tornum	52.5	–	42.0	–
Corroventa	84.1	–	84.1	–
Ettikettoprintcom	91.4	5.0	91.4	5.0
Besikta	298.2	–	298.2	–
me&i	201.5	18.5	199.9	18.5
NMP	223.1	20.0	233.8	20.0
Akademibokhandeln	410.1	240.1	–	–
Trading	715.3	123.5	552.7	90.0
	2,076.3	**407.1**	**1,502.1**	**133.5**

Goodwill and other intangible assets with an indefinite useful life is allocated through impairment testing to separate subsidiary groups that are deemed to constitute cashgenerating units (CGUs). The subsidiary groups correspond to the respective business unit with the exception of those business units within the Trading Business Area, which are assessed as one CGU. The goodwill value per subsidiary is tested annually against the expected recoverable amount, which is either the value in use or the fair value less selling expenses. At 30 September 2017, all of the holdings were tested against the value in use.

Value in use

Value in use is calculated as the Group's share of the present value of expected future cash flows generated by the subsidiary group.

The assessment of future cash flow is based on reasonable and verifiable assumptions that constitute Volati's best estimates of the financial relationships that will prevail, and considerable emphasis is thus placed on external factors. The assessment of future cash flows is based on the most recent budgets and projections submitted by each subsidiary group. These comprise budgets for the next year and a projection for the subsequent three-year period. Cash flows after the forecast period are estimated based on the assumption of a long-term annual growth rate of 2% after the forecast period. Estimates of future cash flows do not include future payments attributable to future measures that the subsidiary group has yet to commit to implementing. Once the subsidiary group commits itself to implementing measures, future cash flows will include savings and other benefits expected from the measures and payments.

Estimated future cash flows do not include incoming or outgoing payments to/from financing activities. The estimated value in use is comparable with the carrying amount of the subsidiary group. Key assumptions used for the calculations include the discount rate, sales growth. EBITDA margins, development of working capital and investment needs. Various assumptions have been made due toeach subsidiary group operating as an independent unit with unique conditions. The key assumptions used for each subsidiary group are described below.

Key assumptions with respect to value in use per subsidiary group

Discount rate

A discount rate was factored into the calculation of the present value of future cash flows for each subsidiary group. Volati has chosen to calculate the present value of cash flows after tax. The discounting factor reflects market assessments of the time value of money and the specific risks associated with each subsidiary group. The discounting factor does not reflect such risks that are taken into account when calculating future cash flows. The calculation of the discount rate is based on the company's weighted average capital cost, the company's marginal interest rate on loans and other market interest rates on loans independent from Volati's capital structure. The yield requirement for loan capital is based on an interest expense for risk-free loans of 0.6% adjusted for an interest margin of 3% and adjusted for a tax rate of 22.0–23.5%. The yield requirement for equity is based on risk-free interest, adjusted for a market-risk premium of 6.5% a company-specific risk premium of 4.0–5.5% a scaled premium of 1.3% and a beta coefficient for each subsidiary of between 0.73 and 1.48. The discount interest rates used by Volati vary from 9.1–13.1% depending on the conditions for each subsidiary group.

Tornum

The cash flow projection for Tornum is based on the company's capacity to leverage its market position in the markets where it is established in parallel with EU subsidies enabling the start-up of projects in these countries. The most crucial assumptions used in the calculation of value in use for Tornum consist of net sales growth, EBITDA margin and investment needs. Volati deems that the long-term demand for Tornum's products in the company's established markets continues to be healthy and that an underlying need exists for investment in modernisation in these markets. Based on these factors, Volati anticipates growth in net sales to surpass the GDP trend, while the EBITDA margin is expected to remain unchanged during the forecast period. If major macroeconomic events should occur and adversely impact the development of and the willingness to invest in Eastern

Europe, Russia and Ukraine, the trend could be worse than projected. The assessment is that no reasonable changes in key assumptions will result in Tornum's expected value in use falling below the carrying amount.

Corroventa
Corroventa's projected cash flows are based on the company's capacity to obtain returns on the investments in the development of their product range and its capacity to leverage its geographic establishments of the past few years. The most crucial assumptions used in the calculation of Corroventa's value in use comprise net sales growth, EBITDA margin and investment needs. In addition, it is deemed that the historic frequency and scope of weather-related flooding will probably continue into future forecast periods. Based on these factors, Volati anticipates that growth in net sales will surpass the GDP trend and that the EBITDA margin will remain unchanged during the forecast period. The assessment is that no reasonable changes in key assumptions will result in Corroventa's anticipated value in use falling below the carrying amount.

Ettikettoprintcom
The forecasted cash flows for Ettikettoprintcom are based on the company's ability to return its existing fixed assets and that no significant changes are made to the customer behavior of the company's major customers. The most important assumptions in the calculation of the net asset value of Ettikettoprintcom are net sales growth, EBITDA margin and investment needs. Volati assumes, based on this, net revenue growth slightly above GDP, while EBITDA margins are expected to remain unchanged during the forecast period. The assessment is that no reasonable changes in important assumptions lead to the estimated value in use of Ettikettoprintcom below the carrying amount.

Besikta Bilprovning
The forecasted cash flows for Visible Car Testing are based on the company's market position maintained during the forecast period and that the pace of establishment in the market over time is diminished and the price level of services is not significantly reduced. Furthermore, it is assumed that no significant changes are made to the regulatory conditions for the company's operations, for example, changes in statutory inspections in Sweden in addition to the determined interval change, which means that the control period has been extended from every 12 months to 14 months.The most important assumptions in the calculation of the value of Visible Vehicle Testing are net sales growth, EBITDA margin, and investment requirements for new establishments of stations. Volati assumes, based on this, net sales growth in line with GDP development, while EBITDA margins are expected to remain unchanged during the forecast period. Should significant changes to the regulatory conditions for the company's operations change, this may mean that the company's value in use is less than Volati's consolidated value.

me&i
me&i's projected cash flows are based on the company's establishment in a number of European markets with an established sales organisation that supports the stability of the company's existing major markets, and that there is growth potential primarily in the UK and Germany. The key assumptions are that the company will be able to maintain its historical level of recruitment of new salespersons and that this will also be achievable in the UK and Germany. The most crucial assumptions used in the calculation of me&i's value in use comprise net sales growth, EBITDA margin and the recruitment rate of new salespersons, as well as the depletion rate of the existing sales force. Based on these factors, Volati anticipates growth in net sales to surpass the GDP trend, while the EBITDA margin is expected to weaken slightly during the forecast period. If material changes should occur to the pace of recruitment of new salespersons or the depletion of existing salespersons, this could entail a decline in the company's value in use below that of Volati's consolidated value. Should such changes occur that cause the company's EBITDA margin to be

below the forecast each year by five percentage points, this would imply a potential impairment requirement of approximately SEK 45m. Should a significant change in the number of sellers or the productivity of the existing sellers in comparison with the forecasted developments occur, this may mean that there is a potentially greater need for impairment.

NaturaMed Pharma
NaturaMed Pharma's projected cash flows are based on the company having an existing customer base in the Nordic countries with a historical subscription behaviour that enables NaturaMed Pharma to market its products to the relevant target groups in a cost-efficient manner and thereby retain and expand its subscription base. The most crucial assumptions used in the calculation of NaturaMed Pharma's value in use, comprise assumptions regarding recruitment and depletion with respect to the subscription trend and the cost efficiency of marketing. Based on these factors,Volati anticipates growth in net sales to surpass the GDP trend, while the EBITDA margin is expected to remain stable during the forecast period. Should such changes occur that cause the company's EBITDA margin to be below the forecast each year by five percentage points this would mean a potential impairment requirement of approximately SEK 50m. Should significant changes to the regulatory conditions for the company's operations change in terms of restrictions on marketing, this may imply a potential impairment requirement that is even greater.

Trading
Trading is seen as one unit as they share the same platform to a great extent. The forecasted cash flows for Trading are based on the fact that the companies can benefit from their market position in the Nordic region, while the underlying economy does not fall sharply. The main assumptions in the calculation of the value in use for Trading are net sales growth and EBITDA margin. Volati estimates that the long-term demand for Trading products in the markets where the company is established is relatively good. Furthermore, the new business unit T-Emballage is assumed to enable further growth through collaboration between the business business units of various business units. Volati assumes, based on this,net sales growth in excess of GDP, while EBITDA margins are expected to remain stable during the forecast period. Should major macroeconomic events occur which adversely affect development and investment willingness in the Nordic region, development may be worse than forecasted. The assessment is that no reasonable changes in important assumptions lead to the estimated value in use of trade being less than the carrying amount.

Sensitivity analysis
The value in use of each subsidiary group is dependent on the assumptions applied when calculating discounted cash flows. Volati has simulated the value in use to test for changes in the key assumptions applied in the calculations. In tests of the carrying amount in relation to the value in use and with the assumption of an EBITDA margin two percentage points lower than that forecast for each year in the projection, the value in use for all subsidiary groups except me&i would still be higher than the carrying amount. In corresponding tests on whether growth following the expiry of the forecast period, meaning five years and forward, would be 1% annually compared with the projected 2% annual growth, the value in use of all the subsidiary groups would still be higher than the carrying amount. A simulation further indicated that with an increase of one percentage point in the discount interest rate, the value in use for all the subsidiary groups.

Impairment
No impairment was deemed necessary in 2017 or 2016, following measurement of the companies' value in use against the Group's carrying amounts for each subsidiary group.

NOTE 12 Tangible fixed assets

Cost	Land and bulidings	Equipments	Equipment with finance leases	Total
At 1 January 2016	**56.9**	**305.8**	**67.4**	**430.1**
Investments	1.0	19.1	9.4	29.4
In new companies on acquisition	0.4	13.8	20.0	34.2
Sales/Disposals	–	–13.0	–14.4	–27.4
Reclassifications	0.6	–0.6	–	–
Translation differences	–	2.5	0.6	3.1
At 1 January 2017	**58.9**	**327.6**	**83.1**	**469.5**
Investments	0.3	32.8	26.3	43.4
In new companies on acquisition	–0.6	300.1	10.3	325.8
Sales/Disposals	–2.4	–11.7	–12.5	–26.5
Reclassifications	0.6	–0.6	–	0.0
Translation differences	–	–1.2	–0.3	–1.5
At 31 December 2017	**56.8**	**647.0**	**106.9**	**810.7**
Accumulated depreciation				
At 1 January 2016	**–16.4**	**–206.8**	**–26.8**	**–250.0**
Depreciation for the year	–1.6	–27.8	–14.8	–44.1
In new companies on acquisition	0.0	–3.4	–0.6	–4.1
Sales/Disposals	–	12.3	9.5	21.8
Reclassifications	–0.1	0.1	0.0	–
Translation differences	–	–1.9	–0.2	–2.1
At 1 January 2017	**–18.1**	**–227.6**	**–32.8**	**–278.5**
Depreciation for the year	–1.6	–35.3	–16.3	–53.3
In new companies on acquisition	0.1	–256.6	–1.7	–258.2
Sales/Disposals	0.5	10.4	8.2	19.0
Reclassifications	–0.1	0.1	–	–
Translation differences	–	0.9	0.0	1.0
At 31 December 2017	**–19.2**	**–508.2**	**–42.7**	**–570.0**
Carrying amount				
31 Dec 2016	40.8	100.0	50.2	191.0
31 Dec 2017	37.6	138.8	64.3	240.7

NOTE 13 Other non-current marketable securities

Non-current marketable securities	2017	2016
Opening cost	4.1	13.3
Investments	0.1	–
Settled receivables	–0.4	–6.4
Impairment of receivables	–	–3.0
Other	0.2	0.2
	4.0	**4.1**

	2017	2016
Other non-current interest-bearing receivables	4.0	4.1
	4.0	**4.1**

Other non-current marketable securities	2017	2016
Opening cost	3.7	7.0
Receivables in acquired companies	2.3	0.1
Investments	–	0.3
Divestments	–	–3.6
	6.0	**3.7**

NOTE 14 Inventories

	2017	2016
Raw materials and supplies	65.0	28.1
Work-in-progress	1.3	0.9
Finished goods and goods for resale	520.4	319.9
Work-in-progress on behalf of another party	2.2	16.3
Advance payments to suppliers	21.0	21.6
	609.9	**386.7**

NOTE 15 Prepaid expenses and accrued income

	2017	2016
Accrued supplier bonus	20.9	21.2
Accrued interest income	–	0.5
Accrued income from percentage of completion method	40.4	15.2
Prepaid rent	53.2	17.1
Prepaid leasing fees	2.6	2.5
Prepaid insurance fees	3.9	3.2
Other prepaid expenses	29.2	10.0
Other accrued income	3.8	4.7
	154.0	**74.4**

NOTE 16 Interst-bearing liabilities

Non-current loans	2017	2016
Bond debt	920.3	–
Finance leases	40.4	32.3
Liabilities to shareholders	23.4	21.7
	984.1	**54.0**

Current loans	2017	2016
Overdraft facilities	83.6	55.2
Finance leases	21.6	16.2
Other interest-bearing liabilities	1.0	1.5
	106.3	**73.0**

Refer to note 21 for information about contractual dates for interest-rate renegotiations.
At the end of 2017 the unutilised portion of the overdraft facility was SEK 189.0m (200.0), the unutilised portion of the revolving credit facility was SEK 550.0m (550.0) and cash and cash equivalents amounted to SEK 438.2m (370.7).

NOTE 17 Change in loans in cash flow financing operations

	2017	2016
At 1 January	**219.7**	**1,106.9**
Loans in acquired companies	598.6	23.4
Investments	593.3	43.1
Amortization	–263.0	–996.6
Translation difference	1.3	7.7
Other non-cash changes	45.5	35.2
At 31 December	**1,195.3**	**219.7**

NOTE 18 Deferred income

	2017	2016
Deferred inspection revenue	17.0	22.4
Deferred projects	45.5	32.5
Other deferred income	2.1	1.4
	64.5	**56.3**

NOTE 19 Contingent liabilities

	2017	2016
Opening balance	6.4	4.9
Guarantee reserve in acquired companies	1.6	–
Guarantee reserve	–	2.0
Utilised reserves	–0.8	–0.5
Reversal of unused reserves	–1.2	–
	6.0	**6.4**

NOTE 20 Accrued expenses and deferred income

Accrued expenses	2017	2016
Accrued personnel costs	175.5	107.4
Accrued customer bonus	41.1	39.0
Accrued interest expenses	2.3	–
Other	44.4	27.3
	263.3	**173.7**
Deferred income		
Other	1.3	2.6
	1.3	**2.6**
Total	**264.6**	**176.3**

NOTE 21 Financial risk management and financial instruments

The Volati Group is exposed to various financial risks through its operations. Parts of Volati's operations are pursued outside of Sweden. This exposes the Group to several different types of financial risks that could result in fluctuations in net profit, cash flow or equity, due to exchange-rate fluctuations. In addition, Volati is exposed by loan financing with floating interest expenses and various duration risks from financing. The Parent Company administers financial risks attributable to loan financing. With respect to currency risks,each subsidiary group has its own procedures for when and how to manage currency exposure.

Currency risk

Currency risks primarily impact Volati through the translation of equity, the translation of earnings in foreign subsidiaries and through the earnings effect on the flow of goods between countries with different currencies.

Transactions exposure

The Group companies' revenues and expenses comprise various currencies, which exposes the Group to risks with respect to exchange-rate fluctuations. The subsidiary groups manage transaction risks based on the respective subsidiary group's circumstances, risks and controls, which are formulated and adopted separately by the respective subsidiary. Some of the subsidiary groups have an active currency hedging arrangement, whereby purchases and revenue are hedged to varying degrees by forward exchange contracts. The degree of currency hedging varies from subsidiary group to subsidiary group, primarily depending on the companies' opportunity to transfer currency exposures to customers or suppliers. At the balance sheet date, some minor forward hedging existed with a total nominal value of SEK 5.1m, where USD is hedged against SEK with two to six months duration.

The table below shows the Group's net currency exposure to customers and suppliers at the balance-sheet date (customers + and suppliers –) with respect to the largest currencies.

	Currency exposure	
Net currency exposure to customers and suppliers with respect to major currencies	**2017**	**2016**
EUR	–34.1	3.6
SEK	–13.8	–4.7
USD	–7.7	–16.3
GBP	6.0	7.5
DKK	–3.8	–4.1
NOK	3.2	2.4

Translation exposure

Volati AB reports its profit and loss and balance sheet in SEK. The accounting of foreign companies is in other currencies. This means that when consolidating its accounts, the Group's earnings and equity are exposed when foreign currencies, primarily EUR, NOK, DKK, GBP and PLN are translated to SEK. At the balance-sheet date, a significant amount of translation exposure primarily pertained to exposure in NOK arising from the acquisition of Lomond Industrier and NaturaMed Pharma. Although Volati AB has the possibility to hedge the translation exposure by borrowing in matching currencies, at the balance-sheet date no hedged equity instruments were utilized.

The table below shows the Group's translation exposure on equity at the balance-sheet date, with respect to the three largest currencies.

	Currency exposure	
Translation exposure on equity in the balance sheet with respect to major currencies	**2017**	**2016**
NOK	362.4	391.3
EUR	175.8	184.3
DKK	35.0	35.0

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

	Currency exposure	
Translation exposure in profit and loss pertaining to major currencies	**2017**	**2016**
NOK	–2.0	–4.5
EUR	–0.5	–1.4
DKK	–0.3	–0.3

Capital risk

The Group strives to achieve a solvency ratio that enables it to pursue activities in accordance with its strategic plans. However. the consolidated solvency ratio is not a true anfair indicator of the company's assessment of its own financial position, as it does not take into account the value-growth trend of underlying holdings when calculating equity. The capital structure is a reflection of the Group's relatively low operational risks. The indebtedness allows for the generation of solid returns for shareholders while providing sufficient equity to secure the Group's longterm capacity to continue its operations. Cash and cash equivalents that cannot be invested in accordance with the company's objectives and investment strategy are distributed to shareholders within the scope of Volati's dividend policy.

Interest-rate risk

Interest-rate risk refers to the risk that changes in market interest rates will affect Volati's net financial items. Most of the Group's loans are payable at floating interest rates or have durations of up to three months. Based on the loan volumes at the balance-sheet date, a change of one (1) percentage point in the borrowing interest rate would have an impact of SEK 10.8m on Volati's net profit after tax. Volati continuously monitors interest-rate trends and, based on these, determines the best long- and short-term interest terms for the Group.

Financing risk and liquidity risk

Financing risk is defined as the risk of not being able to meet payment obligations as a result of insufficient liquid funds or difficulties in obtaining external financing. Volati manages financing risks at a consolidated level. Volati endeavours to have accessible cash and cash equivalents or unutilised credit for managing any significant disruptions to the financing market. The available liquidity margin varies during the year and is dependent on whether significant acquisitions or divestments are implemented Volati's borrowing from credit institutions is mainly in SEK and is subject to floating interest rates.

Volati's borrowing from credit institutions comprises two different financing frameworks, of which one portion is a revolving credit facility of SEK 550m where each loan may have a different tenor, and one portion is an overdraft facility of SEK 200m. At the balance-sheet date, the revolving credit facility was unutilised. The revolving credit facility may be utilised until 31 December 2019. At the end of the year, unutilized part of the overdraft facility amounted to SEK 189.0m. The overdraft facility has a term of 12 months and is automatically extended each year for another 12 months unless otherwise notified by the bank. Loan agreements are subject to the company's financial position fulfilling certain limit values, known as covenants, such as net debt divided by earnings before depreciation and amortization, and earnings in relation to net interest income. Volati AB has not breached any covenants in 2017. Furthermore, Volati has chosen to implement certain investments in tangible fixed assets through finance leases – refer to Note 22 concerning these lease liabilities.

Financing from other lending institutions mainly comprises subordinated SEK loans to credit institutions, with varying terms, and which are primarily subject to fixed interest rates. Financing from other lenders primarily consists of loans without predefined terms from minority shareholders, known as noncontrolling interests, in Lomond Industrier and NaturaMed Pharma.

Volati and its subsidiary Akademibokhandeln Holding issued bonds totaling SEK 908m during the year. Volati AB's bond loans are unsecured and non-subordinated and expire in five years with an interest rate of STIBOR (3m) plus 350 basis points interest rates. Akademibokhandeln Holding AB bond loans are senior and secured and last for four years with interest on STIBOR (3m) plus 600 basis points. The loan can be settled by the company for 103% of outstanding loan amount as of March 2019. As long as the bond loan is outstanding, there are restrictions on how Volati can benefit from cash flow from the activities of the Akademibokhandeln, Volati has shareholder agreements with certain shareholders with non-controlling interests in Lomond Industrier, NaturaMed Pharma, me&i and Akademibokhandeln with respect to options to sell their company holdings. In accordance with the shareholder agreements, these shareholders are entitled, under certain conditions and on certain occasions, to sell shares to Volati at market prices. At the balance-sheet date, these sell options were valued in accordance with an internal cash valuation.

Due dates

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

The “Liquidity risks” table shows the dates of Volati's financial assets and liabilities. The amounts in the table are undiscounted and include known future interest payments. Consequently, the exact amounts are not presented in the balance sheet.

Liquidity risk

	2017			2016		
	Within one year	1–5 year	>5 year	Within one year	1–5 year	>5 year
Assets						
Cash and cash equivalents	438.2	–	–	370.7	–	–
Accounts receivable	454.9	–	–	301.7	–	–
Other shares and participations	–	–	4.4	–	–	2.1
Other financial assets	–	0.2	5.5	–	0.2	5.5
Derivatives	0.1	–	–	–	–	–
Liabilities						
Bond debts	–61.5	–1,004.7	–	–	–	–
Overdraft facilities	–87.3	–	–	–56.3	–	–
Liabilities to shareholders[1)]	–	–	–23.4	–	–	–21.7
Earn-outs	–6.9	–	–	–12.7	–	–
Other non-current non-interest-bearing liabilities[2)]	–	–	–98.1	–	–	–79.2
Finance leases	–22.0	–41.8	–3.1	–16.9	–32.8	–2.3
Derivatives	–0.1	–	–	–	–	–
Other current liabilities	–32.1[4)]	–	–	–32.1[3)]	–	–
Accounts payable	–606.9	–	–	–267.4	–	–
Net	**76.4**	**–1,046.2**	**–114.7**	**287.0**	**–32.7**	**–95.5**

1) All of the existing shareholder loans have indefinite due dates. Interest on existing shareholder loans is capitalized quarterly. No capitalised interest was included in the interval exceeding five years.

2) All other non-current non-interest-bearing liabilities are debts without maturity dates.

3) Pertains to approved dividends to preference shareholders with respect to Q1 and Q2 2017. A new resolution on dividends to preference shareholders was passed at the 2017 AGM.

4) Pertains to approved dividends to preference shareholders with respect to Q1 and Q2 2018. A new resolution on dividends to preference shareholders will be taken at the 2018 AGM.

Financial instruments: carrying amount and fair value per measurement category

		2017		2016	
	IAS 39 category*	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Other shares and participations	3	4.4	4.4	2.1	2.1
Other financial assets	1	5.7	5.7	5.7	5.7
Derivative Instrument holdings for Trade	2	0.1	0.1	–	–
Accounts receivable	1	454.9	454.9	301.7	301.7
Cash and cash equivalents	1	438.2	438.2	370.7	370.7
Financial liabilities					
Bond debts	4	908.0	940.6	–	–
Derivative Instrument holdings for Trade	2	0.1	0.1	–	–
Accounts payable	4	606.9	606.9	267.4	267.4
Earn-outs	2	6.9	6.9	12.7	12.7
Other non-current non-interest-bearing liabilities	6	98.1	98.1	79.2	79.2
Other current liabilities	4	32.1	32.1	32.1	32.1

* Applicable IAS categories.
1=Loan receivables and accounts receivable.
2=Financial instruments measured at fair value through profit or loss.
3=Available-for-sale financial assets.
4=Financial liabilities at amortised cost.
5=Derivative hedge accounting.
6=Put options measured at the assessed market value of the underlying asset.

The fair value of non-current borrowing is based on observable data through discounted cash flows at market interest rates, while the fair value of current receivables and liabilities is deemed to correspond to their carrying amounts.

Fair value is deemed to correspond to the carrying amount, since the interest charge is variable in relation to indebtedness, which is why the carrying amount represents the fair value.

Financial instruments: measured at fair value

	2017				2016			
	Carrying amount	Listed prices	Observable data	Non-observable data	Carrying amount	Listed prices	Observable data	Non-observable data
Financial assets								
Derivatives	0.1	0.1	–	–	–	–	–	–
Financial liabilities								
Derivatives	0.1	0.1	–	–	–	–	–	–
Earn-outs[1)]	6.9	–	–	6.9	12.7	–	–	12.7

1) Earn-outs are usually dependent on the earnings performance of acquired operations for a specific duration and earn-out measurement is based on the company management's best assessment. Discounting to present value is implemented for larger amounts or long durations

Derivatives outstanding at 31 December

	31 December 2017			31 December 2016		
Instruments	Positive market value	Negative market value	Nominal amount	Positive market value	Negative market value	Nominal amount
Currency derivatives	0.1	0.1	5.1	–	–	–
Total	**0.1**	**0.1**	**5.1**	**–**	**–**	**–**

Accounts receivable

	2017	2016
Account receivable	463.3	308.1
Provision for doubtful accounts receivable	–8.5	–6.4
	454.9	**301.7**

	2017			2016		
Maturity analysis	Nominal amount	Impairment	Carrying amounte	Nominal amount	Impairment	Carrying amounte
Accounts receivable not overdue	380.5	–	380.5	261.7	–	261.7
Overdue less than 3 months	65.2	–0.9	64.3	29.8	–0.8	29.1
Overdue more than 3 months	17.6	–7.5	10.1	16.6	–5.7	10.9
	463.3	**–8.5**	**454.9**	**308.1**	**–6.4**	**301.7**

Year's changes in the provision for doubtful receivables	2017	2016
Opening balance	6.4	4.4
Acquisitions and divestments	0.0	–
Realised losses	0.6	–0.8
Reversed unutilised amounts	–1.0	–0.6
Provision for doubtful accounts receivable	2.4	3.4
Currency effects	0.0	0.0
Closing balance	**8.4**	**6.4**

Accounts receivable by currency	2017	2016
SEK	335.7	184.8
EUR	38.1	32.2
GBP	8.8	9.6
USD	5.6	1.2
PLN	6.3	1.4
NOK	55.7	57.7
DKK	12.0	14.6
Other currencies	1.1	6.7
	463.3	**308.1**

NOTE 22 Leasing

The Group's leasing fees pertaining to operating leases and future fees for signed agreements total:

Operating lease fees	2017	2016
Paid during the year	168.1	96.7
Fees within one year	215.7	95.5
Between one and five years	365.7	225.3
Longer than five years	62.5	49.9
	812.0	**467.4**

The Group's finance lease obligations pertain to a number of machines and vehicules for which Group companies have signed leases with leasing terms of up to ten years.

Finance leases	2017	2016
Present value of lease contracts that expire:		
Within one year	21.6	15.4
Within more than one year but less than five years	38.5	31.9
More than five years	1.8	1.3
	62.0	**48.5**
Future minimum lease payments		
Within one year	22.0	18.0
Within more than one year but less than five years	41.8	31.8
More than five years	3.1	2.3
	66.9	**52.1**
Future lease payments and their present values		
Future minimum lease payments	66.9	52.1
Less interest charges	–4.9	–3.5
Present value of future minimum lease payments	**62.0**	**48.5**

NOTE 23 Pledged assets and contingent liabilities

Pledged assets	2017	2016
Floating charges	–	–
Property mortgages	–	–
Finance leases	62.0	50.2
Pensions	2.0	2.5
Shares in subsidiaries[1]	836.7	–
	900.7	**52.7**

Contingent liabilities	2017	2016
Rent guarantee	18.1	32.4
Other undertakings[2]	12.3	0.2
	30.4	**32.6**

1) Shares pledged for bond. The carrying value of the debt amounts to SEK 308m.

2) Other commitments consist of completion guarantees as well as of customs guarantees. Of these SEK 4.9m expires within one year and SEK 6.3m within two years. Volati AB see no material financial risk in these.

NOTE 24 Participations in Group companies

Subsidiary Corp. Reg. No. registered office	Number	Percentage
Corroventa		
Volati Luftbehandling Holding AB, 559046-2239, Bankeryd, Sweden	960	96%
Volati Luftbehandling AB, 556717-4122, Bankeryd, Sweden	1,000	100%
Corroventa Avfuktning AB, 556393-4669, Bankeryd, Sweden	1,000	100%
Corroventa Entfeuchtnung GmbH, Meerbusch, Germany	–	100%
Corroventa Entfeuchtnung GmbH, Austria	–	100%
Corroventa Ltd, Southampton, United Kingdom	50,000	100%
Corroventa Finland Oy Ab, Esbo, Finland	100	100%
Corroventa AS, Norway	–	100%
Corroventa Déshumidification S.A., Paris, France	–	100%
Corroventa Osuszanie, Poland	250	100%
Ventotech AB, 556699-5485, Bankeryd, Sweden	142,513	100%
Tornum		
Volati Agri AB, 556744-8955, Vara, Sweden	960	96%
Tornum AB, 556552-1399, Vara, Sweden	1,000	100%
Oy Tornum AB, 19633318, Paipis, Finland	100	100%
Tornum Polska Sp. Z.O.O., 7752500766, Kutno, Poland	100	100%
Tornum Kft., 01-09-880602, Debrecen, Hungary	100	100%
Tornum S.R.L., 24851384, Bukarest, Rumania	100	100%
OOO Tornum, 1123444005640, Volgograd, Russia	100	100%
Tornum EOOD, 202029045, Sofia, Bulgaria	100	100%
Tornum LLC, 38908992, Kiev, Ukraine	100	100%
Lidköpings Plåtteknik AB, 556908-3305, Stockholm, Sweden	500	100%
Tornum Asia Co., Ltd., 0105559188441, Bangkok, Thailand	–	100%
Silokonsult Göran Persson AB, 556369-6581, Skara, Sweden	1,000	100%
Ettikettoprintcom		
Volati Tryck Holding AB, 556656-4786, Stockholm, Sweden	6,096,991	100%
Ettikettoprintcom AB, 556195-2465, Malmö, Sweden	10,000	100%
Ettikettoprintcom Åtvidaberg AB, 556533-7473, Åtvidaberg, Sweden	35,520	100%
Ettikettoprintcom Fastighets AB, 556186-7804, Åtvidaberg, Sweden	30,000	100%
Besikta		
Volati Besiktning, 556968-9051, Stockholm, Sweden	5,000	100%
Besikta Förvaltning, 556848-9404, Stockholm, Sweden	5,000	100%
Volati Bil AB, 556873-5666, Stockholm, Sweden	1,000	100%
Besikta Bilprovning i Sverige Holding AB, 556910-0943, Malmö, Sweden	1,000,000	100%
Besikta Bilprovning i Sverige AB, 556865-1359, Malmö, Sweden	50,000	100%
ClearCar AB, 556862-8290, Malmö, Sweden	60,158	100%

Subsidiary Corp. Reg. No. registered office	Number	Percentage
me&i		
Volati A Holding AB,0559072-8456, Stockholm, Sweden	50,000	65%
Volati Förvaltning AB, 556948-5997, Stockholm, Sweden	100,000	100%
Meandi Holding AB, 556664-2509, Malmö, Sweden	1,000	100%
Meandi AB, 556853-2765, Malmö, Sweden	50,000	100%
Meandi Oy, 21313487, Helsingfors, Finland	–	100%
Meandi AS, 993453633, Ullensaker, Norway	–	100%
Meandi Deutschland GmbH, HRB 202660, Wolfenbüttel, Germany	–	100%
Meandi Deutschland Mitte GmbH, HRB 202633, Wolfenbüttel, Germany	–	100%
Meandi Deutschland Süd GmbH, HRB 202688 Wolfenbüttel, Germany	–	100%
Meandi SC Ltd, 07422566, London, United Kingdom	–	100%
NMP		
Volati Life AB, 556968-9077, Stockholm, Sweden	930	93%
Volati Life Holding AS, Drammen, Norway	300	100%
NaturaMed Pharma AS, Drammen, Norway	–	100%
NaturaMed Pharma AB, 556596-3799, Hammarö, Sweden	1,000	100%
Pharmapolar AS, 00106007187, Drammen, Norway	100	100%
Lomond		
Volati Parts AB, 559016-1500, Stockholm, Sweden	922	92.2%
Lomond Industrier AB, 556805-9090, Malmö, Sweden	1,000	100%
Bårebo Nordic AB, 556251-0999, Malmö, Sweden	10,000	100%
Habo Gruppen AB, 556199-2149, Habo, Sweden	25,000	100%
Habo Danmark A/S, 10367484, Hinnerup, Denmark	–	100%
Habo Finland OY, 1524026-9, Vanda, Finland	–	100%
Habo Norge AS, 979,746,881, Trondheim, Norway	–	100%
Industribeslag AS, 998,327,865, Trondheim, Norway	–	100%
Thomée Gruppen AB, 556014-1896, Malmö, Sweden	12,000	100%
Miljöcenter i Malmö AB, 556424-9018, Arlöv, Sweden	2,000	100%
Miljöcenter Green Technology Hong Kong Limited, 2234277, Hong Kong	100	100%
Volati Agri Supply AB, 556795-4325, Stockholm, Sweden	1,000	100%
Kellfri Holding AB, 556302-4594, Skara, Sweden	47,500	95%
Kellfri AB, 556471-9101, Skara, Sweden	10,000	100%
Oy Kellfri Ab	1,000	100%
Kellfri Aps, 29404569, Fredericia, Denmark	125	100%
Kellfri Sp.z.o.o, 7752643945, Kutno, Poland	–	100%
Lantbutiken Sverige AB, 556867-7602, Malmö, Sweden	500	100%
Volati Emballage AB, 559026-0179, Stockholm, Sweden	940	94%
T-Emballage Thureson Aktiebolag, 556191-0737, Vetlanda, Sweden	10,000	100%
Innovexa AB, 556497-9986, Vetlanda, Sweden	2,000	100%

Subsidiary Corp. Reg. No. registered office	Number	Percentage
Akademibokhandeln		
Volati Bok, 559025-8637, Stockholm, Sweden	7,603,200	95.04%
Akademibokhandeln Holding AB (publ), 559101-0938, Stockholm, Sweden	8,000,000	100%
Akademibokhandelsgruppen AB, 559013-5033, Stockholm, Sweden	800,000	100%
Bokhandelsgruppen i Sverige AB, 556204-5004, Stockholm, Sweden	431,706	100%
Bokus AB, 556493-0492, Stockholm, Sweden	100	100%
Övriga		
Volati Treasury AB, 556847-3399, Stockholm, Sweden	1,000	100%
Volati 1 AB, 556880-6235, Stockholm, Sweden	500	100%
Volati 1 Holding AB, 559026-2282, Stockholm, Sweden	500	100%
Volati 2 AB, 556809-7975, Stockholm, Sweden	1,051,854	100%
Volati 3 AB, 556947-0064, Stockholm, Sweden	1,000	100%
LHJHA Förvaltning AB, 556722-1410, Stockholm, Sweden	300,000	100%
Volati Finans AB, 556762-3334, Stockholm, Sweden	1,000	100%
Oxid Finans AB, 556683-6812, Stockholm, Sweden	1,000	100%
Fastighetsaktiebolaget Strömsmeden 1, 556750-6117, Stockholm, Sweden	1,000	100%
Riche Finance S.A, B 71358, Luxembourg	–	90%
Piplöken 3 AB, 556714-0123, Stockholm, Sweden	1,000	100%
Marum Kontorshus i Väst AB, 556181-7726, Skara, Sweden	1,000	100%
Volati Angelo AB, 556151-8258, Stockholm, Sweden	5,000	100%
Volati Ostran AB, 556036-8101, Stockholm, Sweden	25,000	100%
Volati Tako AB 556495-9327, Stockholm, Sweden	5,000	100%

NOTE 25 Key assumptions

The most crucial assumptions about future estimates at the balance-sheet date pertained to:

Tests of carrying amounts for goodwill
The value of subsidiaries including goodwill is tested annually by calculating their recoverable amount, meaning the value in use of each company. The calculation of these values requires several assumptions about future conditions and estimates of parameters to be carried out, such as discount rates and future cash flows. A description of the procedure is presented in Note 11. The assessment is that no reasonable changes in any of the key assumptions will result in the anticipated recoverable amount falling below the carrying amount. Although impairment testing entails assumptions about the future, this practice is not deemed to constitute any significant risk for material adjustments to the carrying amount for goodwill during the next financial year.

At the balance-sheet date 2017, the carrying amount for goodwill was SEK 2,076.3m (2016: 1,502.1). In all cases, the Group's recognised goodwill was attributable to the respective Group company, since a further breakdown to a level below this is deemed to be irrelevant.

Tests of the carrying amounts of loss carryforwards
The value of the Group's reported loss carryforwards is based on Volati's assessed outcome with respect to opportunities for the Group to utilise the loss carryforward.

NOTE 26 Events after the balance-sheet day

No significant events took place after the balance-sheet date.

NOTE 27 Related parties

The personnel costs for the Board members and senior executives who are also shareholders are presented in Note 6.

During the year, two of the business units leased premises from companies owned by Volati's chairman of the board. The rent for these premises amounted to SEK 5.1m (5.0) during the year. Furthermore, Volati ABs' Chairman of the board, has invoiced conference rent to the amount of SEK 0,1m. All transactions with related parties have been made on market terms.

In 2017, Volati 2 AB acquired the shares of the former minority owner and the CEO of Ettikettoprintcom, which resulted in the minority of the subsidiary Volati Tryck Holding ceased and Volati 2 now owns 100% of the shares in the subsidiary.

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 with no effect on the results 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 percent 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.There are loans from and to minority shareholders to subsidiaries of Volati AB. The loan is on market terms.

NOTE 28 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.

Volati regularly uses alternative key ratios as a complement to key ratios that generally constitute good accounting practice. The alternative key figures are derived from Volati's consolidated financial statements and are not measurements of financial performance or liquidity in accordance with IFRS, so they should not be considered as alternatives to net profit, operating profit or other key figures deriving from IFRS or as an alternative to cash flow as a measure.

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, amortization, 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 transactionrelated 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 acquisitionrelated 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 andinvestors with a picture of the size of the operations included in the Group at the reporting date.

Non-IFRS APMs and key metrics	Description	Reasoning
EBITA excl. 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 the operations in the Group.
Return on equity	Net income (includingshare 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.
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 noncontrolling 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 acquisitionrelated 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 into consideration acquisition-related intangible assets with an indefinite useful life.

Non-IFRS APMs and key metrics	Description	Reasoning
Return on capital employed including goodwill (ROCE incl. GW)	Earnings before interest, tax and acquisitionrelated 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.	Equity (including share attributable to non-controlling interests) as a percentage of total assets.
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 normalized 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 tomonitor normalized cash flows generated by operating activities.
Net dept / 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 separately below.

	2017	2016
Calculation of organic growth in net sales		
Net sales	4,356.1	3,206.5
Acquired/divested net sales	–1,210.7	–817.5
Currency effects	–13.6	11.4
Comparative figures for preceding years	3,131.7	2,400.4
Organic growth in net sales, %	**–2.3**	**9.7**
EBITA excl. central costs and items affecting comparability		
EBITA	376.5	318.4
Adjustments for items affecting comparability	8.6	33.8
EBITA excl. items affecting comparability	**385.2**	**352.2**
Adjustment for central costs	57.7	41.8
EBITA excl. central costs and items affecting comparability	**442.9**	**394.0**
Adjusted net sales		
Net sales LTM	4,356.1	3,206.5
Acquired companies	1,290.8	81.6
Adjusted net sales	**5,646.8**	**3,288.0**
Adjusted EBITDA and EBITA		
EBITDA LTM	458.9	385.4
Acquired companies	41.9	0.2
Restructuring costs	–	6.9
Integration costs	–	3.4
Transaction costs	14.3	1.5
Listing costs. common share	0.3	9.9
One-off remuneration	–5.4	5.4
Earn-out revaluation	1.3	8.2
Adjusted EBITDA	**511.2**	**420.9**
Depreciation/amortization	–82.3	–67.0
Acquired companies depreciation	–13.9	–1.5
Adjusted EBITA	**415.0**	**352.4**
Calculation of organic growth in EBITA		
EBITA	376.5	318.4
Adjustments for items affecting comparability	8.6	33.8
Adjustment for central costs	57.7	41.8
EBITA excl. central costs and items affecting comparability	**442.9**	**394.0**
Total acquired/divested EBITA	–119.5	–70.6
Currency effects	–0.6	0.8
Comparative figures for preceding years	322.7	324.3
Organic growth in EBITA, %	**–18.1**	**28.1**

	2017	2016
Earnings per common share before dilution		
Net profit attributable to Parent Company's owners	239.9	196.2
Deduction for preference share dividend	64.2	64.2
Net profit attributable to Parent Company's owners, adjusted for preference share dividend	175.8	132.1
Avg. No. of common shares	80,406,571	63,753,873
Earnings per common share, SEK	**2.19**	**2.07**
Earnings per common share after dilution		
Net profit attributable to Parent Company's owners adjusted for preference dividend	175.8	132.1
Avg. No. of common shares after dilution	80,838,878	64,197,604
Earnings per common share after dilution, SEK	**2.17**	**2.06**
Equity per common share		
Closing equity including share attributable to non-controlling interests	2,364.7	2,257.5
Preference share capital	828.1	828.1
Closing equity including share attributable to non-controlling interests after adjustment of preference share capital	1,536.6	1,429.4
No. of common shares at the end of the period	80,406,571	80,406,571
Equity per common share, SEK	**19.11**	**17.78**
Calculation of return on equity		
(A) Net profit, LTM, including non-controlling interests	241.4	200.5
Adjustment for preference share dividends including accrued but as yet unpaid dividends	–64.2	–64.2
(B) Net profit, adjusted	177.3	136.3
(C) Average total equity	2,280.6	1,371.8
(D) Average adjusted equity	1,452.5	543.7
(A/C) Return on total equity, %	10.6	14.6
(B/D) Return on adjusted equity, %	12.2	25.1
Calculation of equity ratio		
Equity including share attributable to non-controlling interests	2,364.7	2,257.5
Total assets	5,006.4	3,243.2
Equity ratio, %	**47.2**	**69.6**

	2017	2016
Calculation of operating cash flow and cash conversion		
(A) EBITDA	**458.9**	**385.4**
Change in working capital	105.9	–10.0
Net investments in tangible and intangible fixed assets	–51.6	–32.0
(B) Operating cash flow	**513.2**	**343.5**
Adjustment for net investments relating to Besikta Bilprovning's IT system	2.4	6.9
Adjustment for issue costs	18	–
(C) Adjusted operating cash flow	**533.6**	**350.4**
(B/A) Cash conversion, %	**111.8**	**89.1**
(C/A) Adjusted cash conversion, %	**116.3**	**90.9**
Calculation of net debt		
Net debt		
Cash and cash equivalents	–438.2	–370.7
Unrealised derivative assets	–0.1	–
Pension provisions	2.0	2.5
Non-current interest-bearing liabilities	984.1	54.0
Current interest-bearing liabilities	106.3	73.0
Unrealised derivative contracts	0.1	0.0
Accrued interest costs	2.3	–
Pension assets	–1.5	–1.5
Adjustment for bond debt at nominal value	–12.3	–
Adjustment for shareholder loans	–23.4	–21.7
Net debt	**619.2**	**–264.5**
Adjusted EBITDA	511.2	420.9
Net debt/adjusted EBITDA, ratio	**1.2**	**–0.6**

ROCE %, 2017	Trading	Industry	Akademi-bokhandeln	Consumer	Central costs and other	Volati KC
1) EBITA LTM	**125.4**	**79.0**	**104.6**	**133.9**	**–57.7**	**385.2**
Capital employed at 31 December 2017						
Intangible assets	935.6	548.0	879.0	856.6		2,933.8
Adjustment for goodwill, patent/technology, brands	–933.1	–527.3	–813.7	–783.2		–2,771.5
Tangible fixed assets	59.7	81.8	43.0	38.9		240.7
Inventories	315.1	77.3	188.9	28.6		609.9
Accounts receivable	289.8	98.8	24.0	42.4		454.9
Other current assets	7.4	6.3	31.9	2.6		48.5
Prepaid expenses and accrued income	34.7	48.9	50.5	18.0		154.0
Deferred income	–1.7	–45.5	–0.3	–17.0		–64.5
Accounts payable	–216.9	–55.1	–279.6	–51.1		–606.9
Accrued expenses and deferred income	–82.8	–44.4	–67.4	–52.5		–264.6
Other current liabilities	–31.2	–11.6	–56.9	–27.4		–167.0
Adjustment for current liabilities not working capital-related	–	–	–	–		10.0
Adjusted for preference dividend	–	–	–	–		32.1
Adjusted for accrued non-recurring costs	–	–	–	–		7.1
Capital employed at 31 December 2017	**376.5**	**177.1**	**–0.7**	**55.8**		**616.4**
Adjustment for LTM average capital employed	–19.8	–7.0	56.7	9.1		12.2
2) LTM average capital employed	**356.8**	**170.2**	**55.9**	**64.9**		**628.6**
ROCE 1)/2), %	**35.2**	**46.4**	**187.0**	**206.3**		**61.3**
3) LTM average capital employed incl. goodwill and other intangible assets with an indefinite useful life	**1,032.5**	**392.7**	**751.3**	**822.9**		**2,643.1**
ROCE incl. GW 1)/3), %	**12.1**	**20.1**	**13.9**	**16.3**		**14.6**

ROCE %, 2016	Trading	Industry	Consumer	Central costs and other	Volati KC
1) EBITA LTM	**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	–	–	–		–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 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. GW 1)/3), %	**12.9**	**34.4**	**16.9**		**16.3**

NOTE 29 Information about the parent company

Volati AB (publ) Corporate no 556555-4317 is a Swedish limited-liability company with its registered office in Stockholm. The postal and street address of the head office is Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. The consolidated accounts for 2017 encompass the Parent Company and its subsidiaries, collectively known as the Group.

Parent Company income statement

SEKm	Note	2017	2016
Operating revenue			
Net sales		11.1	10.8
Operating costs			
Other external costs	2	–18.5	–26.3
Personnel costs	3	–30.5	–24.4
Other operating costs		–3.7	–3.7
Depreciation of tangible fixed assets		–0.1	0.0
EBIT		**–41.7**	**–43.7**
Earnings from financial investments			
Earnings from participations in Group companies	4	0.0	40.0
Interest income and similar items	5	133.1	54.8
Interest expenses and similar items	6	–36.1	–7.5
Earnings after financial items		**55.3**	**43.6**
Year-end appropriations	7	86.8	44.2
Tax	8	–32.2	–11.6
Net profit		**109.9**	**76.2**

Parent Company statement of comprehensive income

SEKm	Note	2017	2016
Net profit and total comprehensive income for the year		109.9	76.2

Parent Company statement of financial position

SEKm	Note	2017–12–31	2016–12–31
ASSETS			
Fixed assets			
Non-current assets			
Tangible fixed assets	9	0.3	0.3
Other non-current assets		1.3	1.3
Participations in Group companies	10	280.4	780.4
Total non-current assets		**282.0**	**782.1**
Current assets			
Receivables from Group companies		3,926.6	3,297.4
Prepaid expenses and accrued income		2.8	1.3
Other receivables		0.3	2.5
Cash and cash equivalents		279.6	339.9
Total current assets		**4,209.4**	**3,641.1**
Total assets		**4,491.4**	**4,423.1**
EQUITY AND LIABILITIES			
Equity	11		
Restricted equity			
Share capital		10.3	10.3
Unrestricted equity			
Share premium reserve		2,435.2	2,435.8
Retained earnings		295.8	323.9
Net profit		109.9	76.2
Total equity		**2,851.1**	**2,846.2**
Untaxed reserves			
Allocation reserves		61.0	12.5
Liabilities			
Non-current liabilities			
Interest-bearing external bond debt		593.4	–
Total non-current liabilities		**593.4**	**–**
Current liabilities			
Liabilities to Group companies		815.1	1,435.2
Accounts payable		4.2	22.1
Tax liabilities		32.0	0.0
Other current interest-bearing liabilities		86.0	58.7
Current liabilities		1.1	0.8
Accrued expenses and deferred income	13	47.5	47.6
Total current liabilities		**985.9**	**1,564.4**
Total equity and liabilities		**4,491.4**	**4,423.1**

Cash-flow statement

SEKm	2017	2016
Operating activities		
Profit after financial items	55.3	43.6
Adjustments for non-cash items		
Depreciation/amortization	0.1	0.0
Reversal of financial items	–106.5	–89.0
Total adjustments for non-cash items	**–106.4**	**–88.9**
Interest paid	–25.3	–5.7
Interest received	125.7	6.2
Tax paid	0.0	0.0
Cash flows from operating activities before changes in working capital	**49.3**	**–44.8**
Cash flows from changes in working capital		
Change in operating receivables	0.5	–1.3
Change in operating liabilities	–18.3	13.1
Cash flows from changes in working capital	**–17.8**	**11.8**
Cash flows from operating activities	31.5	–33.0
Investing activities		
Investments in tangible fixed assets	–0.1	–0.1
Investments in subsidiaries	–	–4.4
Liquidation of subsidiaries	0.0	–
Cash flow from investing activities	**–0.1**	**–4.5**
Financing activities		
New issue of common shares	–0.9	1,175.8
Warrants issue	–	1.0
Dividends paid	–104.3	–88.0
Dividends received	500.0	100.0
Change in intra-Group transactions	–1107.2	–899.8
Borrowings	620.6	58.7
Cash flow from financing activities	**–91.8**	**347.7**
Cash flow for the year	**–60.3**	**310.1**
Opening cash and cash equivalents	339.9	29.8
Closing cash and cash equivalents	**279.6**	**339.9**

Parent Company statement of changes in equity

SEKm	Share capital	Share premium reserve	Retained earnings	Net profit	Total equity
Closing balance 31 Dec 2015	**5.3**	**821.8**	**385.3**	**26.6**	**1,238.9**
Other appropriations of profits	–	–	26.6	–26.6	–
Dividend paid on common share	–	–	–23.8	–	–23.8
Dividend paid on preference share	–	–	–64.2	–	–64.2
Warrants issue	–	1.0	–	–	1.0
Quotient value issued common shares	2.6	1,166.7	–	–	1,169.3
Non-cash issue	2.4	446.3	–	–	448.7
Comprehensive income for the year	–	–	–	76.2	76.2
Closing balance 31 Dec 2016	**10.3**	**2,435.8**	**323.9**	**76.2**	**2,846.2**
Other appropriations of profits	–	–	76.2	–76.2	–
Dividend paid on common share	–	–	–40.2	–	–40.2
Dividend paid on preference	–	–	–64.2	–	–64.2
Quotient value issued common shares	–	–0.7	–	–	–0.7
Comprehensive income for the year	–	–	–	109.9	109.9
Closing balance 31 Dec 2017	**10.3**	**2,435.2**	**295.8**	**109.9**	**2,851.1**

Notes to the Parent Company's accounts

NOTE 1 Accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements from the Swedish Financial Reporting Board's Emerging Issues Task Force. RFR 2 entails that in the annual report for the legal entity, the Parent Company must apply all EU-adopted IFRS standards and statements as far as possible within the framework of the Swedish Annual Accounts Act and with regard to the relation between accounting and taxation. The recommendation describes the exceptions that may be made from and additions that may be made to IFRS. Differences between the Group's and the Parent Company's accounting policies are described below. The following accounting policies for the Parent Company have been applied consistently in all periods that are presented in the Parent Company's financial statements.

Revenue recognition
Dividends to Parent Company shareholders are recognised as revenue.

Tangible fixed assets
The Parent Company recognises tangible fixed assets at cost less accumulated depreciation and any impairment

Depreciation methods
Depreciation takes place in a straight line over the estimated useful life of the asset.

	Number of years
Equipment	3–10

An asset's residual value and useful life is tested annually.

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

Tax
Deferred tax assets pertaining to loss carry-forwards or other future fiscal deductions are recognised to the extent that the loss is likely to be offset against future profits.

Participations in Group companies
The Parent Company only recognises impairment of the carrying amount for a participations in a subsidiary when the value of the subsidiary is less than the value in use in accordance with Note 11 in the notes to the consolidated accounts.

NOTE 2 Fees and remuneration to auditors

Öhrlings PricewaterhouseCoopers AB	2017	2016
Audit assignment	0.5	0.4
Auditary operations beyond the auditary assignment	–	–
Tax consultancy	0.0	0.2
Other services[1)]	0.0	3.8
	0.5	**4.4**

1) Of SEK 3.7m 2016 pertain services ahead of the issue of common shares. of which SEK 1.1m were recognised directly in equity.

Audit assignments include examination of the Annual Report and financial statement, as well as the administration of the Board of Directors and the CEO, other work assignments that are the responsibility of the company's auditor, and guidance and assistance occasioned by observations in conjunction with such reviews or the completion of such other duties. Everything else is other assignments.

NOTE 3 Employees and personnel costs

The average number of employees at the Parent Company was 11 (12) of which 8 (8) were men. Since the start of 2017, six of the senior executives at Volati are employed by the Parent Company.

	2017	2016
Salaries and other remuneration		
The Board and CEO	4.4	5.3
Other employees	16.3	11.3
	20.7	**16.6**
Payroll overheads		
Payroll overheads – statutory and by agreement	6.5	5.3
Pension costs for the Board and CEO (incl. employer's contributions)	0.4	0.5
Other pension costs	1.6	0.9
	8.5	**6.7**

NOTE 4 Earnings from participations in group companies

	2017	2016
Dividends from subsidiaries	500.0	100.0
Impairment of participations in subsidiaries	–500.0	–60.0
	0.0	**40.0**

NOTE 5 Interest income and similar items

	2017	2016
Interest income from Group companies	133.1	54.7
Interest income on bank balances	0.0	0.0
Exchange-rate gains	–	0.1
	133.1	**54.8**

NOTE 6 Interest expenses and similar items

	2017	2016
Interest expenses to Group companies	–24.0	–5.5
Interest expenses on loans	–2.6	–0.1
Interest expenses on derivative contracts	–	–0.1
Exchange-rate losses	0.0	0.0
Exchange rate differences on current receivables /liabilities	–4.4	–
Other financial costs	–5.1	–1.8
	–36.1	**–7.5**

NOTE 7 Year-end appropriations

	2017	2016
Group contributions paid	–65.5	–48.1
Group contributions received	200.7	92.4
Change in allocation reserve	–48.4	–0.1
Change in accelerated depreciation	–	–0.0
	86.8	**44.2**

NOTE 8 Taxes

	2017	2016
Current tax expense	–32.2	–11.6
Deferred tax	–	–
Tax expense for the year	**–32.2**	**–11.6**

Reconciliation of effective tax	2017	2016
Profit before tax	142.1	87.8
Tax according to applicable tax rate	–31.3	–19.3
Non-taxable income	110.0	22.0
Non-deductible costs	–110.9	–14.2
Other	–0.0	–0.0
Recognised effective tax	**–32.2**	**–11.6**

NOTE 9 Tangible fixed assets

Equipment	2017	2016
Accumulated cost		
Opening cost	**0.5**	**0.4**
Investments	0.1	0.1
Closing accumulated cost	**0.6**	**0.5**
Accumulated depreciation according to plan		
Opening balance. depreciation	**–0.1**	**–0.1**
Depreciation for the year	–0.2	–0.0
Closing accumulated depreciation	**–0.3**	**–0.1**
Closing residual value according to plan	0.3	0.4

NOTE 10 Participations in group companies

Accumulated cost, SEK thousand	2017	2016
At 1 January	780.4	387.1
Invested	–	453.3
Impairment	–500.0	–60.0
	280.4	**780.4**

			Carrying amount, SEK thousand	
Subsidiary. Corp. Reg. No., registered office	**Antal**	**Andel**	**2017**	**2016**
Volati Treasury AB, 556947-3399, Stockholm	1,000	100%	280.4	780.4
Volati Ventures AB, 559005-1149, Stockholm	–	–	0.0	0.0
			280.4	**780.4**

Volati Ventures was liquidated in October 2017.

NOTE 11 Equity

Dividend
In 2017 Volati AB distributed SEK 40.1m (23.8) to holders of common shares and SEK 64.2m (64.2) to holders of preference shares.

Retained earnings
Retained earnings comprise unrestricted equity from previous years. Together with net profit for the year, this comprises total unrestricted equity in other words the total funds available for distribution to shareholders.

Proposed appropriation of profit
Refer to the appropriation of earnings in the administration report in this Annual Report for the Board's proposed appropriation of earnings.

Proposed appropriation of profit
Appropriation of the board:

	SEK
Retained earnings	295,784,427.22
Net profit	109,945,709.02
Share premium reserve	2,435,166,768.10
Be appropriated as follows:	
Shareholders to be paid a total of SEK 0.50 per common share	40,203,285.50
Shareholders be paid a total of SEK 40.00 per preference share	64,150,960.00
To be carried forward	2,736,542,658.84

NOTE 12 Pledged assets and contingent liabilities

Pledged assets	2017	2016
Shares in subsidiaries	–	–

Contingent liabilities	2017	2016
Rent guarantee	17.9	32.0
Guarantee commitments on behalf of subsidiaries	–	–
	17.9	**32.0**

NOTE 13 Accrued costs

Accrued expenses	2017	2016
Accrued personell costs	8.8	2.9
Accrued social charges on accrued personell costs	3.3	1.2
Accrued interest on bond loans	1.3	–
Accrued debt on dividend preference shares	32.1	32.1
Other accrued expenses	2.1	11.4
	47.5	**47.6**

NOTE 14 Related parties

The Parent Company has close relationships with its subsidiaries and owners; refer to Note 27 for the Group. During the year, Group contributions and dividends were received from several subsidiaries. Personnel costs to the owners are detailed in Note 6 for the Group.

The Board of Directors and the CEO hereby certify that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a fair representation of the Group's position and performance. The Annual Report has been prepared in accordance with the generally accepted accounting practices in Sweden and accurately reflects the Parent Company's financial position and performance. The Administration Report for the Group and the Parent Company provides a true and fair view of trends in the Group's and Parent Company's operations, financial position and performance, and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 21 March 2018

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

Our audit report was submitted on 21 March 2018

Öhrlings PriceWaterhouseCoopers AB

Niklas Renström
Auditor in Charge

Auditor's report

To the general meeting of the shareholders of Volati AB (publ), corporate identity number 556555-4317

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Volati AB (publ) for the year 2017 except for the corporate governance statement on pages 80–95. The annual accounts and consolidated accounts of the company are included on pages 72–163 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 80–95. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Overview and Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

The group is comprised of a number of operating companies with their registered offices in Sweden and other countries. The majority of the companies are subject to statutory audits and PwC performs the audit in all of the Nordic subsidiaries. Our audit of the consolidated accounts includes all significant companies in the Nordic Region which implies that we audit the majority of the group's assets and liabilities and net sales and results for the year.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Ket audit matter

Valuation of assets with indefinite useful lives

At the end of the year, Volati had 8 business units whereby each unit comprises a cash generating unit. Intangible fixed assets with indefinite useful lives, comprised primarily of goodwill and brands, totalled SEK 2,483m, which is a significant portion of the balance sheet total of SEK 5,006m.

Assets with indefinite useful lives are not written off on an ongoing basis but their value is, instead, tested annually for a write-down requirement.This testing and, thereby the reported value, is dependent on the Board of Directors' and managements' judgments and assumptions regarding, amongst other things, growth, future profitability and the discount rate. Future events and new information can change these assessments and estimates and it is, therefore, particularly important that management assess, on an ongoing basis, as to whether the value of the acquisition-related intangible assets can be motivate in consideration of the applied assumptions.

This testing showed that the recoverable amount was in excess of the reported value and that there was no impairment requirement. However, company management's sensitivity analysis of the significant assumptions indicated that there is a limited write-down requirement in two of the subsidiaries in the group. See Note 11 for further information.

The above implies that we have determined that the valuation of intangible assets with indefinite useful lives comprises a key audit matter in our audit.

How our audit addressed the key audit matter

We have undertaken a number of audit measures to verify whether the impairment testing Volati has executed is based on generally accepted valuation principles, whether they are mathematically correct and whether they are based on reasonable assumptions as regards growth, future profitability and the discount rate. In performing our audit, we have obtained copies of company management's cash flow forecasts and of the esimates and judgments comprising the basis of these. We have examined and assessed the reasonability of the assumptions regarding the annual growth rate, future profitability and the discount rate presented to us by company management. As a stage in our audit of management's estimates and judgments, we have compared previous periods' estimates and judgments against actual outcome to, in this manner, assess management's capability to undertake realistic esimates. We have also ensured that the cash flow forecast agrees with the business plan adopted by the Board of Directors.

We have also assessed the disclosures in the Notes in relation to IAS 36 and IAS1.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–71. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen’s website www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Volati AB (publ) for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 80–95 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, SE-113 97 Stockholm, was appointed auditor of Volati AB by the general meeting of the shareholders on May 18th 2017 and has been the company's auditor since May 24th 2006.

Stockholm March 21st 2018
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorized Public Accountant

Production: Volati in cooperation
with Hallvarsson & Halvarsson.
Photo: Johanna Fond, p. 55.
Juliana Fälldin, p. 8, 49.
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43, 53, 57, 84, 90, 91, 92.

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