

Corporate Governance Report 2016

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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 is exercised by shareholders through general meetings of shareholders and otherwise by the Board, the CEO and other management individuals. 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. Since, during the year, Volati's preference share was listed on Nasdaq First North until its transfer to Nasdaq Stockholm, Volati has applied the Code throughout 2016. 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 info@volati.se or to Volati AB (publ), Att: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. To be certain that a proposal will be included in the notice of the meeting, requests must be submitted not later than seven weeks prior to the AGM. Further information on how and when to provide notice to attend will be published in advance of the AGM.

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%.

2016 Annual General Meeting.

Resolutions passed at the AGM included the election of a Board, auditor and a dividend of SEK 0.08¹ per common share, corresponding to a total of SEK 23,817,800.64. The AGM also resolved on a dividend of SEK 8.00¹ per preference share, corresponding a total of SEK 64,150,936, to be paid on a quarterly basis with SEK 2.00¹ per share. The AGM authorised the Board of Directors to

decide on the acquisition and transfer of the company's own shares in accordance with the Board's proposal. The authorisation means that the Board, pursuant to the following terms and conditions, on one or more occasions during the period until the next AGM, will decide on the acquisition and transfer of such classes of the company's own shares that, at the date that the authorisation is utilised, are being traded on Nasdaq Stockholm.

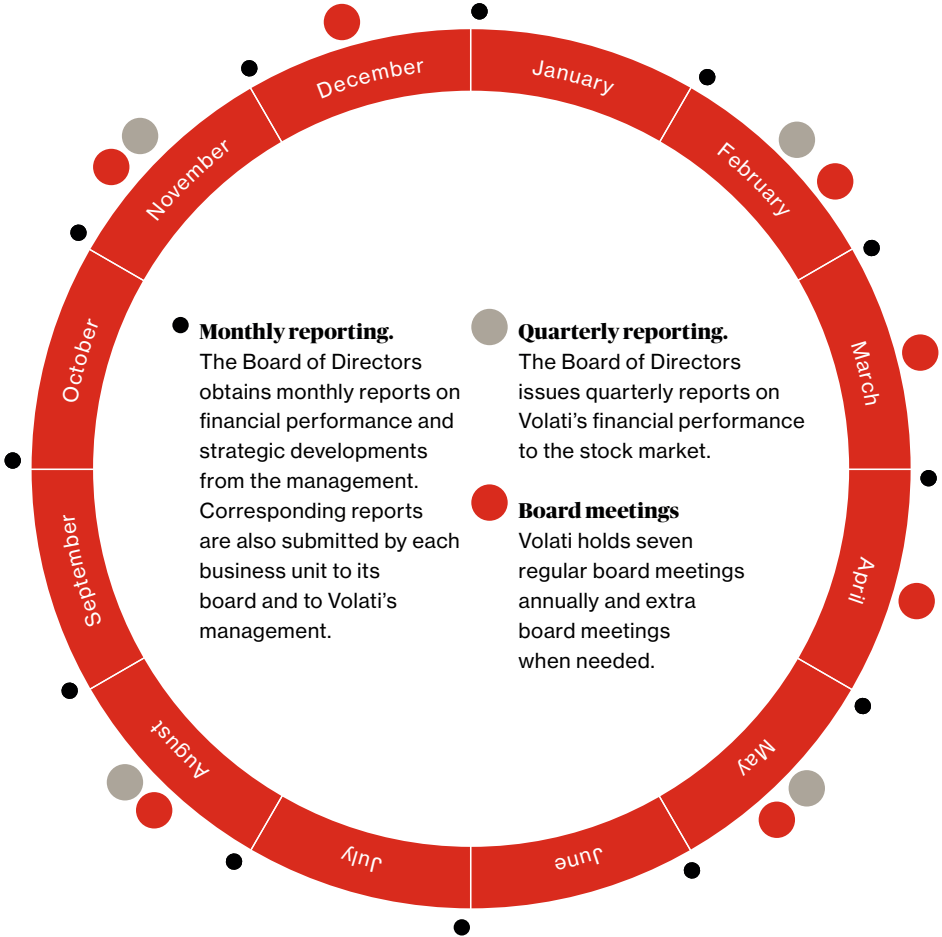
Extraordinary General Meeting 2016

The EGM resolved in accordance with the Board's proposal to reduce the number of shares in the company through a 1:5 reverse split of the company's shares, meaning that every five shares would be consolidated into one share. The EGM also resolved to implement various measures to enable the reverse split to be carried out, including an amendment to the limits set in the Articles of Association with respect to the number of shares in the company and a new issue of a total of three preference shares and two common shares in order to ensure that the number of shares in the company is evenly divisible by five in preparation for the reverse share split. As a result of the reverse split, the dividend on the company's preference share will be adjusted so that the dividend per preference share totals SEK 10.00 per preference share quarterly. The EGM resolved to authorise the Board to make decisions regarding new issues of common shares, with the possibility to disapply the shareholders' preferential rights. The reason for disapplying the shareholders' preferential rights would be to enable payment for acquisitions

¹ Based on the amount calculated per share before the 1:5 reverse split that took place in September 2016.

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.



» of companies or operations to be made using treasury shares or to offer shares to investors in connection with the raising of capital and/or diversification of ownership. In the event that the shareholders' preferential rights are disapplied when issuing new shares, the new share issue is to be conducted at a market rate set by the Board in consultation with the company's financial advisors. The EGM also resolved to elect Christina Tillman to replace Anna-Karin Eliasson Celsing as a Board member.

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 2016, 19 Board meetings were held in Volati and the participation of the Board members throughout the year is presented in the table below. During the year, Anna-Karin Celsing stepped down from the Board, due to securing external employment that could entail a conflict of interest. »

COMPOSITION OF THE BOARD

Namn	Assignment	Elected in	Independent from the company	Independent to major shareholders	Total fee SEK m	Present at meetings during 2016 ²
Karl Perlhagen	Chairman	2003	No	No	0.0	19
Patrik Wahlén ¹	Member, Chairman Investment committee	2006	No	No	0.0	19
Björn Garat	Member	2015	Yes	Yes	0.2	19
Louise Nicolin	Member	2016	Yes	Yes	0.1	13
Christina Tillman	Member	2016	Yes	Yes	0.1	9
Anna-Karin Celsing	Member	2015	Yes	Yes	0.1	10

¹ Patrik Wahlén does not receive any board fees due to his concurrent employment at Volati AB.

² Anna-Karin Celsing was present at all meetings until she stepped down from the position in September 2016. Christina Tillman took up her position from September 2016 and was present at all subsequent meetings. Louise Nicolin was present at the 2016 AGM and present at all subsequent meetings.



1. 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. 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.

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

2. Björn Garat

Board member since 2015. Born in 1975. 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.

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: 1,820 preference shares (via pension insurance).

5.



3. Christina Tillman

Board member since September 2016. Born in 1968.

BSc in Business and Economics from Stockholm University.

Other assignments: Chairman of the Board of House of Dagmar AB, Board member of Coop Sverige 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.

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.

4. 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.

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.

Background: Patrik Wahlén 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: 19,391,782 common shares and 10,129 preference shares.

5. Louise Nicolin

Board member since May 2016. Born in 1973.

MSc Engineering from Uppsala University and MBA from the Stockholm School of Business.

Other assignments: Chairman of AB Better Business World Wide, Board member of VBG Group AB (publ), Enzymatica AB (publ) and Dellner Couplers Aktiebolag.

Background: Since 2000, Louise Nicolin 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: 1,000 common shares.

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- » 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.

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 reporting's reliability.
- 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 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 and Chairman Patrik Wahlén, CEO Mårten Andersson and the company's Investment Director, Voria Fattahi. 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.

Nomination Committee

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 which one should be the Chairman of the Board. The other members are appointed by means of the Chairman of the Board 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 Nomination Committee prepares and submits proposals to the general meeting on: the Chairman of the general meeting, Board members, Chairman of the Board, Board fees to each of the Board members and the Chairman of the Board, and other remuneration for Board assignments, fees for the company's auditor and, where applicable, proposals on the choice of auditors. In addition, the Nomination Committee prepares and submits proposals to the general meeting regarding principles for the composition of the Nomination Committee.

In connection with the issue of the interim report for the third quarter of 2016, the company announced the formation of the Nomination Committee, comprising: Carin Wahlén (Chairman) representing Patrik Wahlén, Nicklas Granath representing Norron Fonder, and Karl Perlhagen as Chairman of the Board.

Audit

An auditor is appointed annually by the AGM. The auditor is assigned to

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» 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 2016 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 2016, the Parent Company's auditor's fees totalled SEK 0.4m, while the Group's totalled SEK 3.6m. In addition, expenses for other audit assignments totalled SEK 4.4m. Fees to auditors other than PwC totalled SEK 0.4m.

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 is 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 to a scalable business model that comprises several business units operating within a variety of industries. A distinct emphasis on local entrepreneurship engenders conditions favourable to 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 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, Volati's CFO, Head of Business Development and Investment Director. Group management meets regularly to

Group management.

1. Pär Warnström

Head of Business Development since 2013. Born in 1980.

Qualifications: BSc in Business and Economics from the Stockholm School of Economics and studies at the Royal Institute of Technology in Stockholm.

Other assignments: Member of the Board of Konstapel Stockholm AB.

Background: Pär previously worked at General Electric and Occam Associates.

Shareholding in the company: Option with the right to acquire 50,000 common shares.

2. Voria Fattahi

Investment Director since 2015. Born in 1982.

Qualifications: BSc in Business and Economics from the Stockholm School of Economics and MBA from INSEAD.

Other assignments: Board member of Vostok Emerging Finance Ltd.

Background: Voria previously worked at Investment AB Kinnevik, Apax Partners and JP Morgan.

Shareholding in the company: 140 preference shares and warrants entitling subscription for 834,914 common shares.

3. Mattias Björk, CFO

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: 2,166,705 common shares and 1,887 preference shares.

4. Mårten Andersson, CEO

CEO since 2014. Born in 1971.

Qualifications: BSc in Business and



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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.

Senior executives:

Mårten Sundberg

Head of Trading since 2016. Born in 1958.

Qualifications: BSc in Business and Economics from Lund University.

Other assignments: Chairman of PGA Sweden National

Background: Mårten has worked as CEO of the Trading Business Area's subsidiary since 2000 and served as CEO of Lomond Industrier since 2010. Mårten Sundberg previously held a number of international positions in the French listed company SOMFY.

Shareholding in the company: Option with the right to acquire 50,000 common shares.

Nicklas Margård

Head of Consumer since 2016. Born in 1969.

Qualifications: BSc in Business and Economics from Lund University and MBA from Concordia University in Montreal, Canada.

Other assignments: Board member of Micvac AB.

Background: Nicklas has served as CEO of Besikta Bilprovning since 2014 and been a Board member of Tornum since 2005. He previously worked as CEO of John Bean Technologies AB and was responsible for JBT Foodtech's Asian operations.

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

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- » manage and monitor current projects and financial developments, and to address personnel-related and organisational matters. Group management also holds meetings on overall strategy once a year to analyse the Group's risks and follow-up on the Group's control functions.

Guidelines and principles for the remuneration of senior executives.

The 2016 AGM passed resolutions on guidelines for the remuneration of individuals who were senior executives at the date of the AGM. The guidelines will apply to employment contracts that are included 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. Management is not to receive any variable remuneration. 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.

The Board is entitled to deviate from the above guidelines if it is justifiable by special circumstances in individual cases. Any such deviations from the guidelines are to be reported at the next AGM. Following the 2016 AGM, Volati's corporate

governance was changed through the introduction of business areas and, therewith, business area managers were created and have been designated as senior executives. However, the business area manager's terms and conditions are not encompassed by the guidelines for senior executives that were set by the 2016 AGM, since their terms of remuneration existed prior to their appointments as business area managers.

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 proceeds from 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 "high."
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 on minimum requirements is conducted annually and reported to the boards of each business unit. The managing director 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

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» 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 discovered deviations from the compilation of legal and operational monitoring or analysis and reconciliation work are rectified following a dialogue with the business unit. The consolidation process comprises the reconciliation of equity, intra-Group transactions, 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 Auditing.

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 of 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. In 2016, the auditor participated in three Board meetings. 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. ●

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