

Interim Report

January–September 2019

**“Continuation of good growth in sales
and EBITA in Q3”**

Mårten Andersson, CEO

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

Interim Report January–September 2019

Q3 July–September 2019

- Net sales increased by 16 percent to SEK 1,711 (1,470) million
- EBITDA increased to SEK 253 (152) million
- EBITA increased to SEK 153 (123) million
- Organic EBITA growth was 4 percent
- Impairment of intangible assets of SEK 328 million in the Consumer business area
- Profit after tax amounted to SEK -225 (74) million. Adjusted profit after tax, excluding impairment of intangible assets of SEK 324 million after tax, was SEK 99 million
- Earnings per ordinary share was SEK -2.00 (0.72). Adjusted earnings per ordinary share, excluding impairment of intangible assets of SEK 328 million, was SEK 1.01

Period January–September 2019

- Net sales increased by 18 percent to SEK 5,032 (4,252) million
- EBITDA increased to SEK 618 (343) million
- EBITA increased to SEK 319 (259) million
- Organic EBITA growth was 5 percent
- Impairment of intangible assets of SEK 328 million in the Consumer business area
- Profit after tax amounted to SEK -166 (153) million. Adjusted profit after tax, excluding impairment of intangible assets of SEK 324 million after tax, was SEK 159 million
- Earnings per ordinary share was SEK -1.68 (1.28). Adjusted earnings per ordinary share, excluding impairment of intangible assets of SEK 328 million, was SEK 1.31

Events after the reporting period

- Andreas Stenbäck took over as CFO of Volati AB (publ) on 1 October
- Vägghmaterial i Sverige AB was consolidated with effect from 2 October
- During October, 1 million ordinary shares held by the Company were withdrawn. In addition, shares in subsidiaries were transferred to key individuals in Volati's business units, both in accordance with the decision of the Extraordinary General Meeting on 30 September

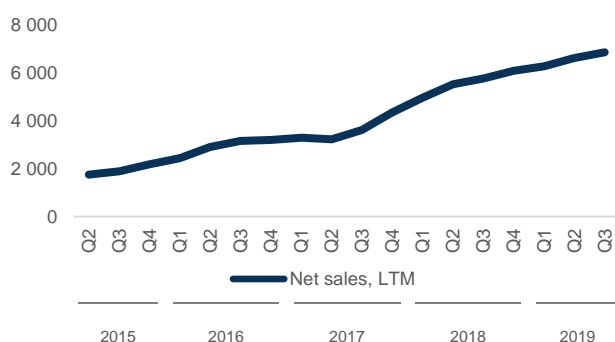
Key figures

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

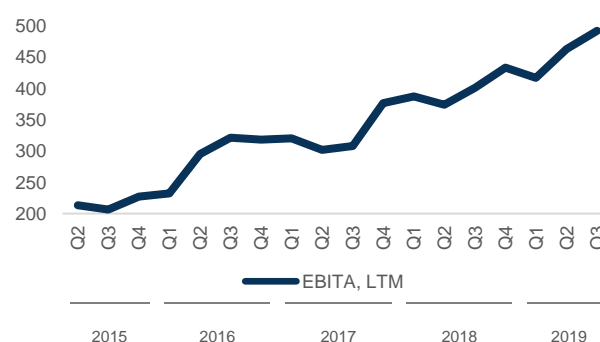
SEK million	Jul-Sep 2019	Jul-Sep 2019 ^{*)}	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2019 ^{*)}	Jan-Sep 2018	LTM	LTM ^{*)}	Full year 2018
Net sales	1,711	1,711	1,470	5,032	5,032	4,252	6,863	6,863	6,084
EBITDA	253	182	152	618	408	343	828	617	552
EBITA	153	148	123	319	305	259	492	479	433
Organic EBITA growth, %	4	4	0	5	5	-1	4	4	0
EBIT	-189	-193	110	-49	-63	219	98	84	366
Profit after tax	-225	-220	74	-166	-151	153	-44	-30	274
Adjusted profit after tax	99	105	74	159	173	153	280	295	274
Net debt/Adjusted EBITDA, x	2.2	2.2	2.1	2.2	2.2	2.1	2.2	2.2	1.7
Cash conversion, LTM, %	76	76	88	76	76	88	76	76	86
Earnings per ordinary share, SEK	-2.00	-1.94	0.72	-1.68	-1.50	1.28	-0.37	-0.19	2.58
Adjusted earnings per ordinary share, SEK	1.01	1.06	0.72	1.31	1.49	1.28	2.62	2.80	2.58
Equity per ordinary share, SEK	17.70	17.70	20.57	17.70	17.70	20.57	17.70	17.70	21.63
Return on adjusted equity, LTM, %	13	13	9	13	13	9	13	13	13
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

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

Net sales, SEK million



EBITA, SEK million



Continuation of good growth in sales and EBITA in Q3

Net sales increased by 16 percent to SEK 1,711 million and EBITA increased by 24 percent to SEK 153 million. Behind the figures are contributions from acquired companies and continuing good development for the existing operations. Organic EBITA growth was 4 percent. It is our assessment that the medium-term profit trend for two of Consumer's business units, NaturaMed Pharma and me&i, does not measure up to our previous expectations of improved profitability. This has unfortunately resulted in impairment of goodwill and intangible assets of SEK 328 million in Q3.

Akademibokhandeln increased sales and earnings

The Akademibokhandeln business area continued its positive trend during Q3. Both sales and earnings improved compared with the same period the previous year. The business area experienced good demand in the core range and strong development in its non-book segment during the quarter. This, together with a continued focus on costs and margins, has had a positive impact on profitability. The Bokus e-commerce channel also continued the trend from Q2, increasing its sales volume while improving margins.

Stable quarter for the Trading business area

Throughout the year, the Trading business area has been challenged by the weaker krona, as most of the companies import their products. We are very pleased with how well the business area has managed to meet the challenge by working on both costs and price adjustments. We can confirm that demand for the business area's products has remained good during the quarter.

Sales and earnings growth for the Industry business area

We are pleased with the performance of the business area, which has increased both its sales and earnings. However, the business area's operations are subject to natural fluctuations in demand, as we also deal with project sales and other operations affected by seasonality. These fluctuations in demand have had a negative impact on earnings.

Impairment of goodwill and intangible assets in the Consumer business area

In Q3, we recognised a total impairment loss of SEK 328 million on goodwill and intangible assets in two of Consumer's business units – NaturaMed Pharma and me&i. This was based on our assessment that the medium-term profit trend for the business units will be lower than our previous expectations. We continue to work closely with the business units on relevant measures. Both NaturaMed Pharma and me&i are profitable. The vehicle inspection business in the Consumer business area had a good third quarter. Besikta has handled the effects of the rule changes introduced in 2018 very efficiently. In simple terms, the rules have extended inspection intervals from 12 to



14 months, which has had an adverse effect on the customer base for the entire sector. By working on staffing, costs and pricing, the business unit is now back to profitability in line with how it was before the change, with a strong market position.

Large inflow of potential acquisitions

During the quarter, we were able to welcome Vägghmaterial AB into the Volati family. The acquisition, an add-on acquisition for Trading, broadens the business area's offering to the Swedish building materials and paint retail sector. We have seen an increased inflow of potential acquisition candidates during the quarter. We have a strong brand in the acquisition market and are a good owner of companies in a range of sectors, notably in building materials and hardware. What is more, the number of companies seeking new owners has increased in the current phase of the economic cycle. It is vital for us to strike the right balance in terms of the acquisitions we should go for and the ones we should reject. The focus is, as always, on companies' capacity for long-term earnings and value creation.

Good financial position and scope for acquisitions

As I mentioned at the start, the operations have performed well during Q3 and we continue to show a good financial position. Net debt to EBITDA ended the quarter at 2.2x, which is well within our target of net debt to EBITDA of no more than 3.0x. Due to seasonality, it is also important to remember that Q4 is normally Volati's strongest quarter for earnings and cash flow. In other words, we have good financial scope to make further acquisitions when the right opportunities arise.

Mårten Andersson, President and CEO

This is Volati

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

Strategy for long-term value creation

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

SEK 475 million

Operating cash flow 2018

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

36%

Average acquired EBITA growth, 2013-2018

...at reasonable valuations

5.9x

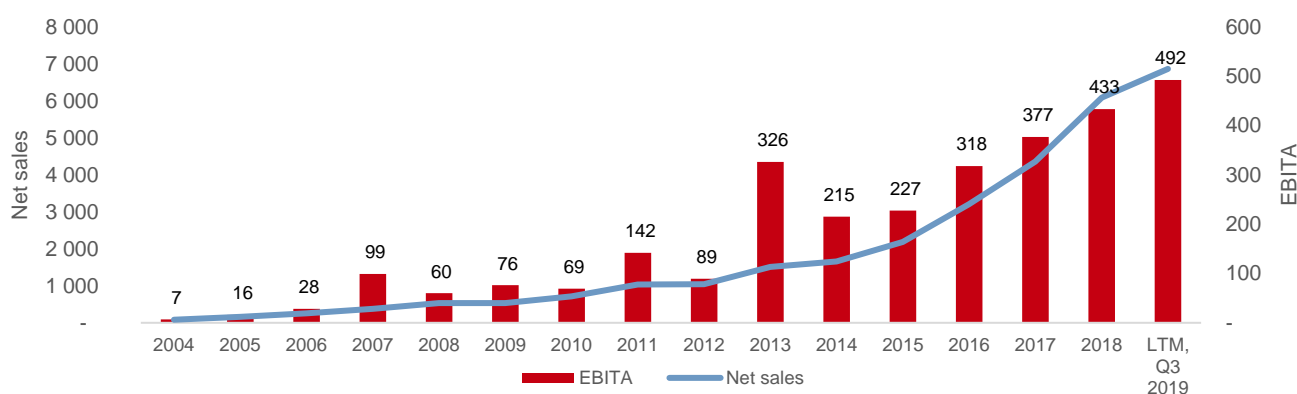
Average acquisition multiple (EV/EBITDA) 2004-2018

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

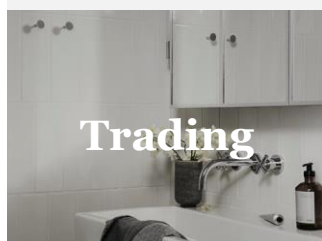
7%

Average organic EBITA growth, 2013-2018

Net sales and EBITA trends 2004 – Q3 2019, SEK million



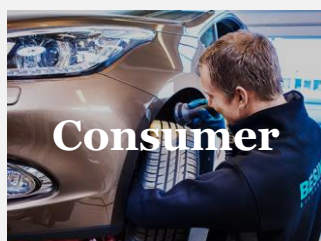
Since 2003, Volati has built an industrial group organised in four business areas: Trading, Consumer, Akademi- bokhandeln and Industry.



Trading

33%

of the Group's EBITA



Consumer

20%

of the Group's EBITA



Akademi- bokhandeln

17%

of the Group's EBITA



Industry

30%

of the Group's EBITA

The figures above refer to the twelve-month period October 2018 to September 2019 and show the business areas' share of EBITA without the effects of IFRS 16, as the business areas are monitored excluding IFRS 16. Acquired operations are included in the relevant business area from the acquisition closing date and are calculated net of central costs.

Consolidated financial trend

Net sales

The Group's net sales for Q3 2019 amounted to SEK 1,711 (1,470) million, an increase of 16 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Net sales for the first nine months of 2019 improved to SEK 5,032 (4,252) million, an increase of 18 percent compared with the same period the previous year. The increase is mainly due to acquisitions completed during the previous year.

Earnings

+24%

EBITA
Q3 2019

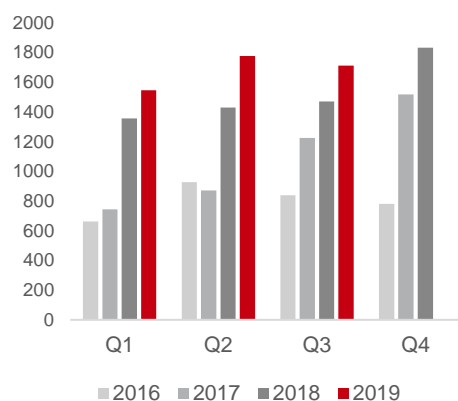
EBITDA for Q3 2019 increased to SEK 253 (152) million, mainly driven by positive earnings growth in the operations, the previous year's acquisitions and an effect of SEK 71 million from the introduction of IFRS 16 Leases. EBITA increased by 24 percent to SEK 153 (123) million in Q3. EBITA includes items affecting comparability of SEK 14 million, where a revaluation of additional consideration for S:t Eriks had a positive effect of SEK 17 million. In addition, IFRS 16 had a positive effect on EBITA of SEK 4 million. Organic EBITA growth was 4 percent.

EBITDA for the first nine months of 2019 increased to SEK 618 (343) million, mainly driven by positive earnings growth in the operations, the previous year's acquisitions and an effect of SEK 211 million from the introduction of IFRS 16 Leases. EBITA for the first nine months of 2019 amounted to SEK 319 (259) million. Organic EBITA growth during the period was 5 percent.

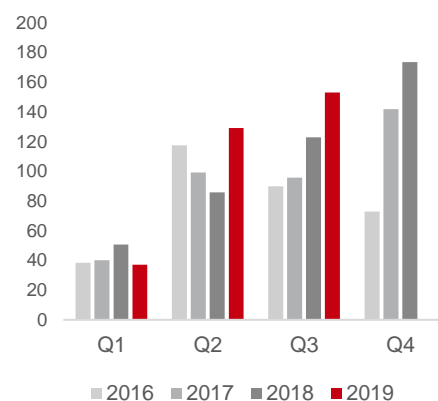
Profit after tax for Q3 2019 was SEK -225 (74) million, with IFRS 16 having a negative effect of SEK 5 million. Adjusted profit after tax, excluding significant impairment, amounted to SEK 99 million in Q3. Profit after tax attributable to owners of the Parent for Q3 amounted to SEK -143 (74) million. Profit after tax attributable to owners of the Parent, excluding impairment, was SEK 96 million. Profit after tax attributable to non-controlling interests was SEK -82 (1) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK -2.00 (0.72). Adjusted earnings per ordinary share for the quarter amounted to SEK 1.01 (0.72).

Profit after tax for the first nine months increased to SEK -166 (153) million. Adjusted profit after tax, excluding significant impairment, was SEK 159 million. IFRS 16 had a negative effect of SEK 14 million on the nine-month period and deferred tax from prior years had a negative effect of SEK 9 million, unlike the previous year which had a positive effect of SEK 20 million from a remeasurement following the tax rate reduction and a remeasurement of acquired tax losses. Profit after tax attributable to owners of the Parent for the first nine months of 2019 was SEK -86 (151) million. Profit after tax attributable to owners of the Parent, excluding impairment, was SEK 153 million. Profit after tax attributable to non-controlling interests was SEK -80 (2) million. Earnings per ordinary share, after deduction of preference share dividends, for the first nine months amounted to SEK -1.68 (1.28). Adjusted earnings per ordinary share, excluding significant impairment, for the first nine months was SEK 1.31 (1.28). Net of the year's tax remeasurements, non-recurring items and IFRS 16, adjusted earnings per share for the first nine months would have increased by 36 percent to SEK 1.41 (1.04).

Net sales, SEK million



EBITA, SEK million



Seasonal variations

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

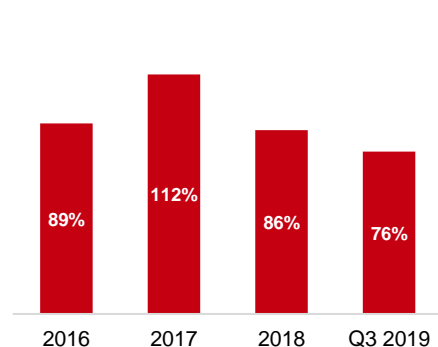
Cash flow

Cash flow from operating activities for Q3 amounted to SEK 276 (134) million. The largest difference from the previous year is related to IFRS 16. Cash flow from operating activities for the last twelve months amounted to SEK 640 (448) million. The cash conversion rate for the last twelve months was 76 (86) percent. The change in cash conversion compared with the full year 2018 is a consequence of normal seasonal variations, further accentuated by the acquisition of S:t Eriks. Investments in non-current assets for Q3 amounted to SEK 19 (14) million and were primarily related to business development investments in the form of newly established inspection stations, IT systems and ongoing investments in machinery and equipment.

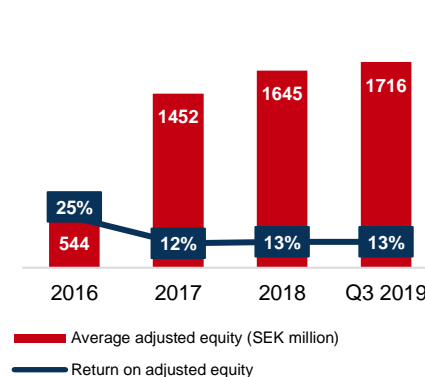
76%

Cash conversion
LTM, Q3 2019

Cash conversion, %



Equity and return on adjusted equity



Equity

The Group's equity at the end of Q3 amounted to SEK 2,233 (2,567) million. Equity attributable to holders of the Parent's ordinary shares, adjusted for preference share capital, fell from SEK 1,731 million at 31 December 2018 to SEK 1,485 million at 30 September 2019. Impairment of intangible assets has had a negative effect of SEK 239 million on equity attributable to holders of the Parent's ordinary shares, while dividends to shareholders and the repurchase of shares and warrants have reduced equity by SEK 202 million. The equity ratio at 30 September 2019 was 36 percent, compared with 46 percent at the end of 2018. The return on adjusted equity, excluding significant impairment, for the last twelve months was 13 (13) percent.

13%

Return on adjusted
equity
LTM, Q3 2019

2.2x

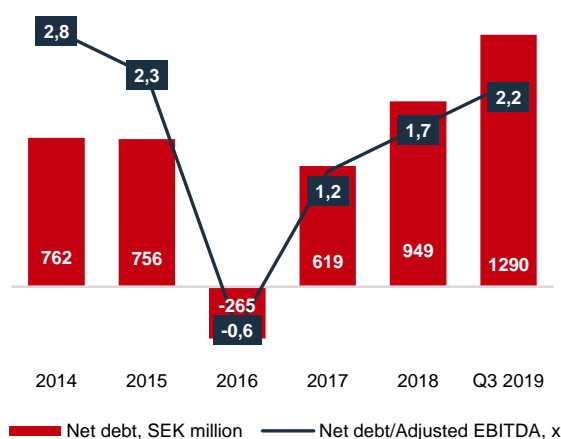
Net debt/
adjusted EBITDA
Q3 2019

Net debt

The Group had net debt of SEK 2,066 million at the end of Q3, compared with SEK 949 million at 31 December 2018. Factors that have increased net debt include the introduction of IFRS 16, share and warrant buy-backs, dividend payments, acquisitions and normal seasonality effects. Net debt excluding IFRS 16 amounted to SEK 1,290 million at 30 September 2019. The alternative performance measure Net debt/adjusted EBITDA shows the ratio without the effects of IFRS 16. For a definition see note 7 on page 27 of the report.

Total liabilities amounted to SEK 4,004 million at 30 September 2019, compared with SEK 3,005 million at 31 December 2018. The introduction of IFRS 16 was responsible for most of the increase. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 2,240 million at the end of Q3, compared with SEK 1,217 million at 31 December 2018.

Capital structure trend



Net debt

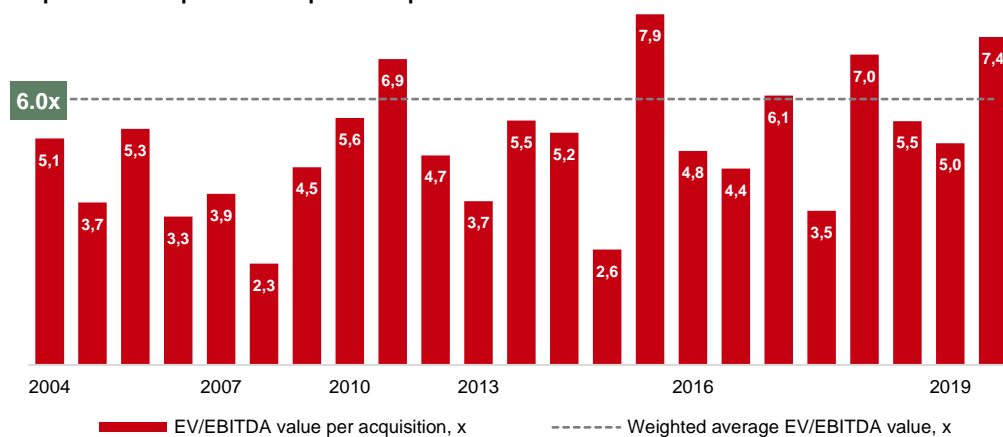
The Group had net debt, excluding IFRS 16, of SEK 1,290 million at the end of the quarter, with a net debt/adjusted EBITDA ratio of 2.2x.

Acquisitions during and after the period

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

As communicated by press release, Volati agreed on acquisition of all of the shares in Vägghmaterial i Sverige AB on 13 September 2019. Vägghmaterial has its head office in Fjärås and is an established supplier to the Swedish paint retail sector. The company develops and markets a wide range of innovative products including corner protection, putty and glass-fibre fabric. The acquisition is an add-on acquisition for the Trading business area. Vägghmaterial reported sales of SEK 66 million in 2018. The acquisition was completed and consolidated from October 2019. The acquisition is not expected to have any significant impact on Volati's earnings for 2019.

Acquisition multiples for completed acquisitions

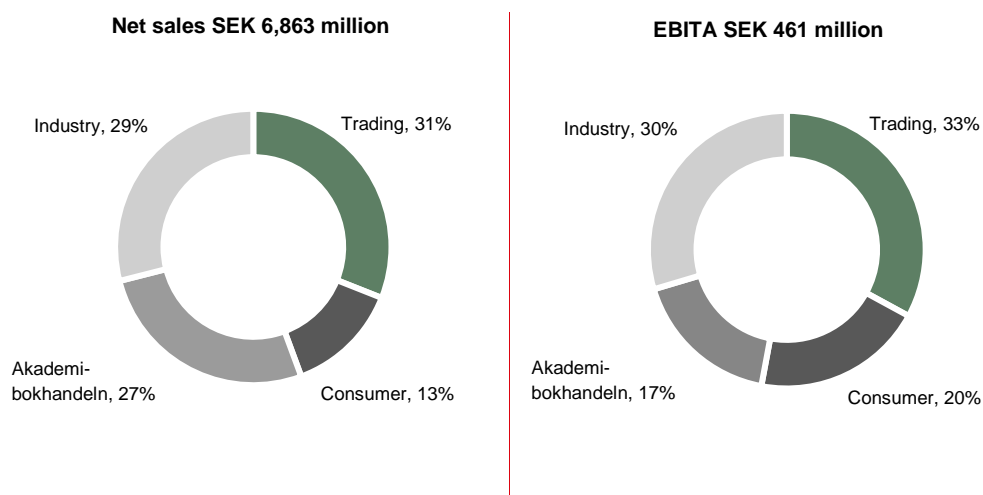


The weighted average acquisition multiple since Volati's establishment is 6.0x. (Enterprise value/EBITDA). The diagram above shows the acquisition multiples for each acquisition with an Enterprise value in excess of SEK 10 million.

Volati's business areas

Volati's net sales and earnings by business area

The diagrams refer to the twelve-month period 1 October 2018 to 30 September 2019 and show the business areas' share of EBITA without the effects of IFRS 16 as the business areas are monitored excluding IFRS 16. Acquired operations are included in the relevant business area from the acquisition closing date and their proportion is calculated net of central costs.



Trading

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net sales, SEK million	535	524	1,620	1,598	2,129	2,107
EBITDA, SEK million	53	59	148	140	184	176
EBITA, SEK million	50	54	137	126	169	158
EBITA margin, %	9	10	8	8	8	7
EBIT, SEK million	47	51	129	118	158	147
ROCE excl. goodwill, %	36	36	36	36	36	37

The Trading business area's operations are mainly concentrated on providing products in builders hardware, consumables and material for construction, home and garden, packaging, and agriculture and forestry through dealers, retail chains, e-commerce channels and directly to end customers. The business units in Trading have similar business models and customers, and are integrated through a number of functions and areas of cooperation such as logistics and IT systems, finance and other administrative functions. The part of the customer base that is common to the business units enables cross sales, cooperation between sales personnel and the opportunity to offer integrated customer solutions.

The business area continued to be challenged by the weaker krona during the third quarter, as most of the businesses import their products. The business area has been able to meet the challenge well by working on cost and price adjustments. Market conditions for the business area have remained good during the quarter.

Consumer

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net sales, SEK million	224	214	694	702	916	923
EBITDA, SEK million	41	35	107	111	133	138
EBITA, SEK million	33	27	83	86	102	104
EBITA margin, %	15	13	12	12	11	11
EBIT, SEK million ¹⁾	30	24	75	77	91	93
ROCE excl. goodwill, %	264	237	264	237	264	233

1) Excluding impairment of intangible assets in Q3 2019.

The Consumer business area's operations are focused on various B2C niches and are driven by strong local entrepreneurship. All of the businesses have large customer databases, which create opportunities to collaborate, and are included in central initiatives to develop operations. Such areas include digitalisation and e-commerce as well as tools to create deeper customer relationships and increased customer loyalty.

During the annual impairment review, Volati has identified impairment of goodwill and intangible assets for the me&i and NaturaMed Pharma business units in the Consumer business area. The impairment amounts to SEK 328 million. Both business units are profitable, but the impairment reflects the assessment that profit development in the medium term will be lower than previous expectations. Volati continues to work closely with the units on relevant measures.

Other parts of the business area are progressing well. Earnings for the quarter are positive compared with the previous year, with the businesses handling the effects of regulatory changes in the vehicle inspection sector efficiently.

Akademibokhandeln

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net sales, SEK million	416	398	1,198	1,150	1,832	1,784
EBITDA, SEK million	23	19	9	-9	118	100
EBITA, SEK million	15	12	-13	-30	89	72
EBITA margin, %	4	3	-1	-3	5	4
EBIT, SEK million	9	6	-31	-47	65	48
ROCE excl. goodwill, %	114	79	114	79	114	92

The Akademibokhandeln business area is the leading bookstore chain in Sweden with a strong offering in all product and delivery formats. With stores nationwide, and online sales under the Akademibokhandeln and Bokus brands, the company operates modern and profitable sales channels focused on consumers, companies and the public sector.

The business area continued to develop positively, experiencing good demand for both its core range, books, and its non-core range. The business area's continuing focus on cost and margin improvements has had a positive impact on profitability. The Bokus e-commerce channel continued to increase its sales volume while strengthening margins.

Industry

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net sales, SEK million	536	334	1,521	804	1,988	1,271
EBITDA, SEK million	64	53	166	137	212	183
EBITA, SEK million	49	44	121	114	151	144
EBITA margin, %	9	13	8	14	8	11
EBIT, SEK million	46	43	115	112	144	140
ROCE excl. goodwill, %	26	51	26	51	26	43

The Industry business area's operations are focused on Business-to-Business niches and are driven by strong local entrepreneurship in combination with cooperation in selected areas. The units cooperate and exchange experience in areas such as acquisitions, expansion into new markets and production efficiency.

The Industry business area showed positive development, with the work on cost and price adjustments having a favourable effect on earnings. Demand for the business area's products has remained good. The figures in the table above were affected by the acquisition of S:t Eriks, which was consolidated from 1 September 2018. Consequently, only one month of the comparative period includes S:t Eriks.

Head Office

Head Office comprises the central costs in the Parent Company Volati AB and associated operations including the acquisition costs arising in the Group. EBITA for Q3, net of IFRS 16, was SEK -11 (-14) million.

Other information

Share capital

Volati has two classes of shares, ordinary shares and preference shares, which are listed on Nasdaq Stockholm under the tickers VOLO and VOLO PREF. The number of shareholders at the end of Q3 was 6,538.

On 25 April 2019, Volati repurchased 1 million ordinary shares using the mandate granted by the AGM on 16 May 2018.

The number of ordinary shares at the end of the period was 80,406,571, of which 1,000,000 were repurchased ordinary shares held in treasury. The repurchased ordinary shares held in treasury were redeemed during October. See below under events after the end of the reporting period. The number of preference shares was 1,603,774 at the end of Q3. Share capital amounted to SEK 10 million at 30 September 2019.

Nomination Committee

The Nomination Committee for the 2019 Annual General Meeting was appointed during October and the three largest shareholders are represented. The Committee consists of Carin Wahlén (chair) representing Patrik Wahlén, Karl Perlhagen representing himself and Jannis Kitsakis representing Fjärde AP-fonden.

Related-party transactions

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

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

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

Events after the end of the reporting period

Andreas Stenbäck took over as CFO of Volati AB (publ) on 1 October.
Väggmaterial i Sverige AB was consolidated with effect from 2 October.

In October, Volati reduced the share capital of Volati AB (publ) by withdrawing 1 million ordinary shares held by the Company. A bonus issue was implemented concurrently with the withdrawal in order to restore the share capital. After the withdrawal and bonus issue, share capital is unchanged. The number of ordinary shares in the Company has declined by 1,000,000 to 79,406,571, while the number of preference shares is unchanged at 1,603,774. In addition, shares in subsidiaries were transferred to key individuals in Volati's business units in accordance with the decision of the EGM on 30 September.

Financial calendar

- Year-end Report 2019: 20 February 2020
- Interim Report January–March 2020: 5 May 2020
- 2020 Annual General Meeting: 6 May 2020
- Interim Report January–June 2020: 18 August 2020
- Interim Report January–September 2020: 5 November 2020
- Year-end Report 2020: 19 February 2021

Declaration by the Board of Directors

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

Volati AB (publ)
The Board of Directors and CEO
Stockholm, 24 October 2019

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Christina Tillman
Board Member

Louise Nicolin
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Mårten Andersson
CEO

This interim report has been reviewed by the Company's auditors. See the Auditors' Review Report on page 35.

This information is information that Volati AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07.45 CEST on 24 October 2019.

Conference call

CEO Mårten Andersson and CFO Andreas Stenbäck will present the interim report in a conference call on 24 October at 15.00. The presentation will be conducted in Swedish.
Phone number to access the conference call: +46 (0)8-566 426 92
For a webcast of the conference call, go to www.volati.se.

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Financial targets

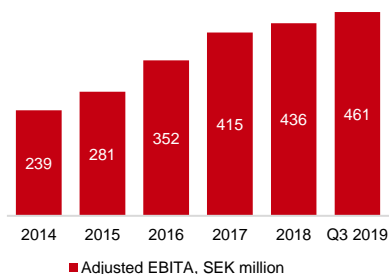
Volati's overall objective is to generate long-term value growth by building an industrial group of profitable companies with solid cash flows and capacity for continuous development. Volati has established the following financial targets, which should be evaluated as a whole.

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

1 Earnings growth

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

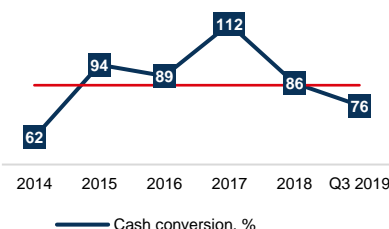
At the end of Q3, adjusted EBITA for the last twelve months was SEK 461 million. Annual organic EBITA growth has averaged 7 percent between 2013 and 2018. Organic EBITA growth varies over the years and amounted to 4 percent in Q3 2019.



2 Cash conversion

Annual cash conversion of at least 85 percent.

At the end of Q3, cash conversion for the last twelve months was 76 percent.



3 Capital structure

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

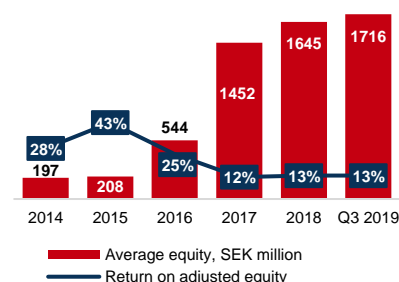
At the end of Q3, net debt/adjusted EBITDA was 2.2x.



4 Return on adjusted equity

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

At the end of Q3, the return on adjusted equity, excluding significant impairment, was 13 percent.



5 Dividend policy

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

The dividend for 2018 amounted to SEK 1.00 per ordinary share, which corresponds to 30 percent of net profit attributable to the Parent Company's shareholders for the 2018 financial year. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00.

Dividend 2018
SEK 1.00
 per share

Financial Statements

Consolidated income statement

SEK million	Jul-Sep 2019	Jul-Sep 2019 ^{*)}	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2019 ^{*)}	Jan-Sep 2018	LTM	LTM ^{*)}	Full year 2018
Operating income									
Net sales	1,711	1,711	1,470	5,032	5,032	4,252	6,863	6,863	6,084
Operating expenses									
Raw materials and supplies	-965	-967	-830	-2,802	-2,809	-2,378	-3,798	-3,805	-3,375
Other external costs	-157	-226	-202	-506	-710	-631	-729	-932	-853
Personnel expenses	-347	-347	-292	-1,128	-1,128	-909	-1,537	-1,537	-1,318
Other operating income	15	15	6	31	31	14	35	35	18
Other operating expenses	-4	-4	0	-8	-8	-7	-6	-6	-4
EBITDA	253	182	152	618	408	343	828	617	552
Depreciation/amortisation	-101	-33	-29	-299	-102	-83	-335	-139	-119
EBITA	153	148	123	319	305	259	492	479	433
Acquisition-related amortisation	-14	-14	-13	-40	-40	-36	-53	-53	-49
Impairment of intangible assets	-328	-328	-	-328	-328	-4	-342	-342	-18
EBIT	-189	-193	110	-49	-63	219	98	84	366
Finance income and costs									
Finance income	7	7	3	16	16	15	29	29	29
Finance costs	-24	-13	-17	-81	-49	-59	-101	-69	-80
Profit before tax	-206	-199	96	-115	-96	175	26	44	316
Tax	-19	-20	-22	-50	-54	-22	-70	-74	-42
Net profit	-225	-220	74	-166	-151	153	-44	-30	274
Attributable to:									
Owners of the Parent	-143	-138	74	-86	-72	151	35	49	272
Non-controlling interests	-82	-81	1	-80	-79	2	-79	-79	2
Earnings per ordinary share, SEK									
Earnings per ordinary share, SEK	-2.00	-1.94	0.72	-1.68	-1.50	1.28	-0.37	-0.19	2.58
Adjusted earnings per ordinary share, SEK	1.01	1.06	0.72	1.31	1.49	1.28	2.62	2.80	2.58
Diluted earnings per ordinary share, SEK	-2.00	-1.94	0.72	-1.68	-1.50	1.28	-0.37	-0.18	2.58
No. of ordinary shares									
No. of ordinary shares	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares	79,406,571	79,406,571	80,406,571	79,827,816	79,827,816	80,406,571	79,973,694	79,973,694	80,406,571
Average no. of ordinary shares after dilution	79,406,571	79,406,571	80,594,347	79,827,816	79,827,816	80,594,347	79,973,694	79,973,694	80,469,822
No. of preference shares									
No. of preference shares	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774
Preference share dividend, SEK	10.00	10.00	10.00	30.00	30.00	30.00	40.00	40.00	40.00

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

Consolidated statement of comprehensive income

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net profit	-225	74	-166	153	-44	274
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Translation differences for the period	0	-7	27	42	4	19
Total	0	-7	27	42	4	19
Total comprehensive income for the period	-225	67	-138	195	-40	293
Total comprehensive income attributable to:						
Owners of the Parent	-144	66	-59	193	39	290
Non-controlling interests	-81	1	-79	2	-79	2

Condensed consolidated statement of financial position

SEK million	30 Sep 2019	30 Sep 2018	31 Dec 2018
ASSETS			
Non-current assets			
Intangible assets	2,831	3,200	3,126
Property, plant and equipment	328	397	404
Right-of-use assets	872	-	-
Financial assets	7	7	8
Deferred tax assets	55	98	59
Total non-current assets	4,093	3,703	3,597
Current assets			
Inventories	937	877	895
Trade receivables	731	755	558
Current tax assets	102	111	27
Other current receivables	54	51	67
Derivatives	0	0	0
Prepayments and accrued income	145	204	186
Cash and cash equivalents	175	141	241
Total current assets	2,144	2,141	1,975
Total assets	6,237	5,843	5,571
EQUITY AND LIABILITIES			
Equity			
Share capital	10	10	10
Other paid-in capital	1,995	1,995	1,995
Other reserves	61	57	34
Retained earnings, incl. profit for the period	247	410	520
Equity attributable to owners of the Parent	2,313	2,472	2,560
Non-controlling interests	-80	7	7
Total equity	2,233	2,479	2,567
Liabilities			
Non-current interest-bearing liabilities	599	975	974
Non-current lease liabilities	607	-	-
Non-current non-interest-bearing liabilities	30	230	89
Pension obligations	2	2	2
Warranties and other provisions	6	10	10
Deferred tax	289	308	287
Total non-current liabilities	1,533	1,525	1,361
Current interest-bearing liabilities	797	386	241
Current lease liabilities	236	-	-
Advances from customers	94	90	73
Trade payables	665	650	706
Current tax liabilities	124	113	61
Derivatives	-	0	0
Accruals and deferred income	347	383	379
Other current liabilities	209	217	184
Total current liabilities	2,471	1,839	1,644
Total liabilities	4,004	3,364	3,005
Total equity and liabilities	6,237	5,843	5,571

Condensed consolidated cash flow statement

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Operating activities						
Profit before tax	-206	96	-115	175	26	316
Adjustment for depreciation/amortisation and impairment	442	42	668	123	730	186
Adjustment for other non-cash items	-1	9	32	21	29	18
Interest paid	-18	-8	-63	-26	-77	-39
Interest received	0	1	1	2	1	2
Income tax paid	-10	-19	-64	-72	-45	-53
Cash flow from operating activities before changes in working capital	207	120	457	223	664	430
Cash flow from changes in working capital						
Change in inventories	-2	-34	-37	-42	-57	-62
Change in operating receivables	88	9	-155	-163	44	37
Change in operating liabilities	-17	38	-51	3	-11	43
Cash flow from changes in working capital	69	13	-243	-201	-24	18
Cash flow from operating activities	276	134	214	22	640	448
Investing activities						
Investments in property, plant & equipment and intangible assets	-19	-14	-59	-49	-93	-83
Sale of property, plant & equipment and intangible assets	0	0	1	1	2	2
Acquisitions	-	-419	-65	-426	-184	-545
Divestments of Group companies	-	-	-	-	1	1
Investments in financial assets	-	-	-2	-	-6	-4
Divestments of financial assets	0	-	0	0	0	0
Cash flow from investing activities	-19	-432	-124	-473	-280	-629
Financing activities						
Dividend on preference shares	-16	-16	-48	-48	-64	-64
Dividend on ordinary shares	-	-	-79	-41	-79	-41
Share buy-back	0	-	-45	-	-45	-
Warrant buyback	-13	-	-13	-	-13	-
Owner transactions	-35	-1	-34	-	-34	-
Repayment of lease liabilities	-46	-5	-178	-17	-188	-26
Repayment of borrowings	-61	3	-363	-16	-414	-67
Proceeds from borrowings	-15	184	600	270	510	179
Cash flow from financing activities	-187	166	-162	148	-328	-18
Cash flow for the period	70	-132	-72	-303	33	-199
Cash & cash equivalents at beginning of period	104	275	241	438	141	438
Exchange differences	0	-1	5	6	1	2
Cash & cash equivalents at end of period	175	141	175	141	175	241

Consolidated statement of changes in equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Closing balance, 31 Dec 2017	10	1,995	16	331	13	2,365
IFRS 9 and IFRS 15 transition effect, net of tax	-	-	-	-3	0	-3
Opening balance, 1 Jan 2018	10	1,995	16	328	13	2,362
Net profit	-	-	-	151	2	153
Other comprehensive income	-	-	41	-	1	42
Comprehensive income for the period	-	-	41	151	2	195
Dividend	-	-	-	-105	0	-105
Remeasurement of non-controlling interests	-	-	-	33	-	33
Other owner transactions	-	-	-	3	-8	-5
Closing balance, 30 Sep 2018	10	1,995	57	410	7	2,479

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings including net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2019	10	1,995	34	520	7	2,567
Net profit	-	-	-	-86	-80	-166
Other comprehensive income	-	-	27	-	0	27
Comprehensive income for the period	-	-	27	-86	-79	-138
Dividend	-	-	-	-144	-	-144
Share buy-back	-	-	-	-45	-	-45
Warrant buyback	-	-	-	-13	-	-13
Remeasurement of non-controlling interests	-	-	-	17	-6	11
Other owner transactions	-	-	-	-2	-2	-4
Closing balance, 30 Sep 2019	10	1,995	61	247	-80	2,233

Key figures²⁾

SEK million	Jul-Sep 2019	Jul-Sep 2019 ¹⁾	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2019 ¹⁾	Jan-Sep 2018	LTM	LTM ¹⁾	Full year 2018
Net sales, SEK million	1,711	1,711	1,470	5,032	5,032	4,252	6,863	6,863	6,084
Net sales growth, %	16	16	20	18	18	50	38	38	40
Organic net sales growth, %	1	1	-2	0	0	2	1	1	1
EBITDA, SEK million	253	182	152	618	408	343	828	617	552
Adjusted EBITDA, LTM, SEK million	600	600	571	600	600	571	600	600	573
EBITA, SEK million	153	148	123	319	305	259	492	479	433
EBITA margin, %	9	9	8	6	6	6	7	7	7
EBITA growth, %	24	21	29	23	18	10	32	28	15
Adjusted EBITA, LTM, SEK million	461	461	439	461	461	439	461	461	436
EBITA excl. central costs and items affecting comparability, SEK million	147	147	137	328	328	296	510	510	478
Organic EBITA growth, %	4	4	0	5	5	-1	4	4	0
EBIT, SEK million ³⁾	-189	-193	110	-49	-63	219	98	84	366
Profit after tax	-225	-220	74	-166	-151	153	-44	-30	274
Adjusted profit after tax	99	105	74	159	173	153	280	295	274
Basic earnings per ordinary share, SEK ¹⁾	-2.00	-1.94	0.72	-1.68	-1.50	1.28	-0.37	-0.19	2.58
Adjusted basic earnings per ordinary share, SEK ¹⁾	1.01	1.06	0.72	1.31	1.49	1.28	2.62	2.80	2.58
Diluted earnings per ordinary share, SEK ¹⁾	-2.00	-1.94	0.72	-1.68	-1.50	1.28	-0.37	-0.19	2.58
Equity per ordinary share, SEK	17.70	17.70	20.57	17.70	17.70	20.57	17.70	17.70	21.63
Return on equity, %	-2	-2	9	-2	-2	9	-2	-2	11
Return on adjusted equity, %	13	13	9	13	13	9	13	13	13
Equity ratio, %	36	36	53	36	36	53	36	36	46
Cash conversion, LTM, %	76	76	88	76	76	88	76	76	86
Operating cash flow, SEK million	214	214	152	85	85	93	467	467	475
Net debt/EBITDA, x	2.2	2.2	2.1	2.2	2.2	2.1	2.2	2.2	1.7
No. of employees	2,125	2,125	2,143	2,125	2,125	2,143	2,125	2,125	2,287
Ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571	79,406,571	79,406,571	80,406,571
Average no. of ordinary shares outstanding	79,406,571	79,406,571	80,406,571	79,827,816	79,827,816	80,406,571	79,973,694	79,973,694	80,406,571
Average no. of ordinary shares outstanding after dilution	79,406,571	79,406,571	80,594,347	79,827,816	79,827,816	80,594,347	79,973,694	79,973,694	80,469,822
Preference shares outstanding	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774	1,603,774

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

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

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

Quarterly overview

SEK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Operating income										
Net sales	1,711	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224	872
Operating expenses										
Raw materials and supplies	-965	-981	-856	-997	-830	-784	-764	-824	-651	-409
Other external costs	-157	-164	-185	-223	-202	-216	-212	-214	-203	-130
Personnel expenses	-347	-406	-376	-409	-292	-312	-304	-314	-253	-214
Other operating income	15	4	11	4	6	1	7	3	3	1
Other operating expenses	-4	-1	-3	3	0	-2	-5	-2	-2	-2
EBITDA	253	229	136	210	152	114	77	166	119	117
Depreciation/amortisation	-101	-100	-98	-36	-29	-28	-26	-24	-23	-18
EBITA	153	129	37	173	123	86	51	142	96	99
Acquisition-related amortisation	-14	-14	-13	-13	-13	-12	-12	-13	-9	-5
Impairment of intangible assets	-328	-	-	-14	-	-4	-	-	-	-
EBIT	-189	115	24	147	110	70	39	129	87	94
Finance income and costs										
Finance income	7	4	5	14	3	10	3	2	1	2
Finance costs	-24	-28	-29	-20	-17	-24	-18	-20	-16	-7
Profit before tax	-206	91	0	141	96	55	24	110	72	90
Tax	-19	-30	-1	-19	-22	5	-6	-18	-19	-21
Net profit	-225	60	-1	121	74	61	18	93	53	68
Attributable to:										
Owners of the Parent	-143	58	-1	121	74	60	18	92	52	68
Non-controlling interests	-82	3	0	0	1	1	0	0	1	1
Net sales, SEK million	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Trading	535	589	496	509	524	607	468	453	394	428
Industry	536	612	373	467	334	257	213	197	205	190
Akademibokhandeln	416	328	453	634	398	315	436	627	402	-
Consumer	224	248	222	222	214	249	238	241	222	253
Internal eliminations	0	0	0	-1	0	0	0	0	0	0
Total net sales	1711	1,776	1,544	1,831	1,470	1,428	1,355	1,517	1,224	871
EBITDA, SEK million										
Trading	53	63	33	36	59	58	23	29	45	45
Industry	64	75	27	46	53	45	38	19	37	30
Akademibokhandeln	23	-19	5	109	19	-27	-1	94	22	-
Consumer	41	54	12	27	35	50	26	43	33	55
Items affecting comparability	13	-1	5	12	-	-	0	-7	1	1
Central costs	-11	-14	-13	-20	-14	-12	-10	-13	-19	-14
Total excl. IFRS 16	182	157	69							
IFRS 16 effect	71	72	67							
Total EBITDA	253	229	136	210	152	114	77	166	119	117
EBITA, SEK million										
Trading	50	59	28	32	54	53	19	26	42	43
Industry	49	60	13	30	44	38	32	13	31	24
Akademibokhandeln	15	-26	-2	101	12	-34	-7	88	17	-
Consumer	33	46	4	19	27	41	17	35	25	46
Items affecting comparability	13	-1	5	12	-	-	-	-7	1	1
Central costs	-11	-15	-14	-20	-14	-12	-10	-13	-19	-15
Total excl. IFRS 16	148	122	35							
IFRS 16 effect	4	7	3							
Total EBITA	153	129	37	173	123	86	51	142	96	99

Notes to consolidated financial statements

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting policies are consistent with those applied by the Group in the 2018 annual report. The Parent Company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. Some figures in this report have been rounded, which means that certain tables do not always add up exactly. This applies where figures are stated in thousands, millions or billions. Pages 1-12 of this report are an integral part of the interim report.

New accounting policies for 2019

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

New balance sheet presentation

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

Key assumptions

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

Note 2 Transition to IFRS 16

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

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

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

The introduction of IFRS 16 has had a positive effect of SEK 71 million on EBITDA for Q3 2019 and a positive effect of SEK 4 million on EBITA. The introduction of IFRS 16 has resulted in depreciation for the period increasing by SEK 67 million and interest expenses by SEK 11 million. Profit after tax was negatively affected by SEK 5 million in Q3 and by SEK 15 million in the first nine

months. Interest-bearing liabilities have increased by SEK 776 million at 30 September 2019 as a result of the transition to IFRS 16. Cash flow from operating activities has been positively affected by SEK 61 million during Q3, while cash flow from financing activities has been negatively affected by the corresponding amount. Volati AB's financial commitments under bank loan agreements are based on the accounting policies that existed at the inception of the loans, which is why the associated covenants are not affected by the introduction of IFRS 16. Net debt/adjusted EBITDA at 30 September 2019 was 2.2x.

Note 3 Risks and uncertainties

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

Note 4 Segment reporting

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

Net sales, SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Trading	535	524	1,620	1,598	2,129	2,107
Industry	536	334	1,521	804	1,988	1,271
Akademibokhandeln	416	398	1,198	1,150	1,832	1,784
Consumer	224	214	694	702	916	923
Internal eliminations	0	0	-1	-1	-2	-1
Total net sales	1,711	1,470	5,032	4,252	6,863	6,084

Sales between segments are not disclosed as they are immaterial.

EBITDA, SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Trading	53	59	148	140	184	176
Industry	64	53	166	137	212	183
Akademibokhandeln	23	19	9	-9	118	100
Consumer	41	35	107	111	133	138
Items affecting comparability	13	0	16	0	28	12
Central costs	-11	-14	-39	-36	-59	-56
Total EBITDA excl. IFRS 16	182	152	408	343	617	552
IFRS 16 effect	71	-	211	-	211	-
Total EBITDA	253	152	618	343	828	552

EBITA, SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Trading	50	54	137	126	169	158
Industry	49	44	121	114	151	144
Akademibokhandeln	15	12	-13	-30	89	72
Consumer	33	27	83	86	102	104
Items affecting comparability	13	0	16	0	28	12
Central costs	-11	-14	-39	-36	-60	-57
Total EBITA excl. IFRS 16	148	123	305	259	479	433
IFRS 16 effect	4	0	14	0	14	0
Total EBITA	153	123	319	259	492	433
Acquisition-related amortisation	-14	-13	-40	-36	-53	-49
Impairment of intangible assets	-328	-	-328	-4	-342	-18
Net financial items	-17	-14	-66	-44	-72	-50
Profit before tax	-206	96	-115	175	26	316

EBIT, SEK million	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	LTM	Full year
	2019	2018	2019	2018		
Trading	47	51	129	118	158	147
Industry	46	43	115	112	144	140
Akademibokhandeln	9	6	-31	-47	65	48
Consumer	30	24	75	77	91	93
Impairment of intangible assets	-328	-	-328	-4	-342	-18
Items affecting comparability	13	-	16	-	28	12
Central costs	-11	-14	-40	-37	-60	-57
Total EBIT excl. IFRS 16	-193	110	-63	219	84	366
IFRS 16 effect	4	-	14	-	14	-
Total EBIT	-189	110	-49	219	98	366

Note 5 Acquisitions and divestments of companies and operations

On 13 September 2019, Volati acquired all of the shares in Vägghmaterial i Sverige AB. The acquisition was completed and consolidated from October 2019. The acquisition analysis will be presented in the year-end report.

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

Volati acquired all shares in Stenentreprenader i Hessleholm AB and Mundus Maskin AB on 11 April 2019. The acquisitions are add-on acquisitions for Volati's Industry business area and the S:t Eriks and Tornum business units. The acquisitions are consolidated with effect from April. The acquisitions are expected to have a positive effect on Volati's results for 2019 and contribute to an increase in return on equity. The impact of the acquisitions on the Volati Group's balance sheet is set out below.

Impact of acquisitions on balance sheet (SEK million)	30 Sep 2019
Intangible assets	16
Property, plant and equipment	5
Financial receivables	5
Deferred tax assets	0
Inventories	2
Trade receivables	11
Other receivables	10
Cash and cash equivalents	39
Deferred tax liabilities	-5
Warranty provisions	-1
Non-current interest-bearing liabilities	-3
Current interest-bearing liabilities	-1
Current liabilities	-18
	59
Goodwill	44
Purchase price for shares	103
Purchase price for shares	-103
Consideration settled against existing receivable	5
Cash & cash equivalents in the acquired company at the acquisition date	39
Impact on the Group's cash & cash equivalents on acquisition date	-59

Impact of acquisitions on balance sheet (SEK million)	Net sales		EBITDA		EBITA		EBIT	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Industry	23	56	3	8	3	7	2	7
Volati Group	23	56	3	8	3	7	2	7

Impact of acquisitions on balance sheet (SEK million)	EBITDA excl. IFRS 16		EBITA excl. IFRS 16		EBIT excl. IFRS 16	
	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep	Jul-Sep	Jan-Sep
Industry	3	8	3	7	2	7
Volati Group	3	8	3	7	2	7

Transaction costs of SEK 1 million for the acquisitions have been charged to the Group's earnings. If the acquisitions had been consolidated with effect from 1 January 2019, their contribution to the Group's income statement, excluding transaction costs, for the period January-September 2019 would have been as follows: sales SEK 81 million, EBITDA SEK 9 million, EBITA SEK 8 million and operating profit SEK 7 million. Goodwill of SEK 44 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares.

Note 6 Financial Instruments

Financial instruments: carrying amounts and fair values by measurement category

	30 Sep 2019			31 Dec 2018		
	IFRS 9 category ¹⁾	Carrying amount	Fair value	IFRS 9 category ¹⁾	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	4	4	2	5	5
Other non-current financial assets	1.2	2	2	1.2	2	2
Derivatives held for trading	2	0	0	2	0	0
Trade receivables	1	731	731	1	558	558
Cash and cash equivalents	1	175	175	1	241	241
Financial liabilities						
Bonds	4	600	615	4	893	911
Loans from credit institutions	4	701	701	4	102	102
Derivatives held for trading	5	-	-	5	0	0
Trade payables	4	665	665	4	706	706
Additional consideration	5	6	6	5	29	29
Put options	6	30	30	6	71	71
Other current liabilities	4	48	48	4	32	32

1) applicable IFRS categories

1= Financial assets at amortised cost

2= Financial assets at fair value through profit or loss

3= Financial assets at fair value through OCI

4= Financial liabilities at amortised cost

5= Financial liabilities at fair value through profit or loss

6= Financial liabilities at fair value through equity

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

Financial instruments measured at fair value

	30 Sep 2019				31 Dec 2018			
	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3	Carrying amounts	Quoted prices Level 1	Observable inputs Level 2	Unobservable inputs Level 3
Financial assets								
Other shares and interests	4	-	-	4	5	-	-	5
Derivatives	0	0	-	-	0	0	-	-
Financial liabilities								
Derivatives	-	-	-	-	0	0	-	-
Put options	30	-	-	30	71	-	-	71
Additional consideration ¹⁾	6	-	-	6	29	-	-	29

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

Note 7 Alternative performance measures

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

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

Alternative performance measures

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

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

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

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

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

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

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

Calculations of alternative performance measures are presented separately below.

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Calculation of organic net sales growth						
Net sales	1,711	1,470	5,032	4,252	6,863	6,084
Acquired/divested net sales	-213	-260	-756	-1,334	-1,058	-1,636
Currency effects	-9	-11	-19	-29		-41
Comparative figure for previous year	1,490	1,199	4,258	2,890	5,805	4,407
Organic net sales growth, %	1	-2	0	2	1	1
EBITA excl. central costs and items affecting comparability						
EBITA	153	123	319	259	492	433
Reversal of IFRS 16 effect	-4	-	-14	-	-14	-
Adjustment for items affecting comparability	-13	-	-16	-	-28	-12
EBITA excl. items affecting comparability	136	123	289	259	451	421
Adjustment for central costs	11	14	39	36	60	57
EBITA excl. central costs and items affecting comparability	147	137	328	296	510	478
Adjusted net sales						
Net sales, LTM	6,863	5,770	6,863	5,770	6,863	6,084
Acquired companies	62	992	62	992	62	690
Adjusted net sales	6,925	6,761	6,925	6,761	6,925	6,773
Adjusted EBITA and EBITDA						
EBITDA, LTM	253	152	828	508	828	552
Reversal of IFRS 16 effect	-71	-	-211	-	-211	-
Acquired companies	-	3	7	52	7	30
Impairment, associates	-	-	1	-	1	-
Transaction costs	0	1	3	3	3	3
One-time payments	4	-	1	7	1	2
Additional consideration remeasurement	-17	-	-30	-	-30	-14
Adjusted EBITDA	169	156	600	571	600	573
Depreciation	-101	-29	-335	-101	-335	-119
Reversal of IFRS 16 depreciation	67	-	197	-	197	-
Depreciation, acquired companies	-	-4	0	-1	0	-18
Adjusted EBITA	136	122	461	468	461	436
Calculation of organic EBITA growth						
EBITA	153	123	319	259	492	433
Reversal of IFRS 16 effect	-4	-	-14	-	-14	0
Adjustment for items affecting comparability	-13	-	-16	-	-28	-12
Adjustment for central costs	11	14	39	36	60	57
EBITA excl. central costs and items affecting comparability	147	137	328	296	510	478
Total acquired/divested EBITA	-4	-23	-18	-17	-35	-34
Currency effects	0	0	-1	-1	-	-1
Comparative figure for previous year	143	115	309	278	475	443
Organic EBITA growth, %	4	0	5	-1	4	0

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018	excl. IFRS 16 Jul-Sep 2019	excl. IFRS 16 Jan-Sep 2019	excl. IFRS 16 LTM
Adjusted profit after tax									
Profit after tax	-225	74	-166	153	-44	274	-220	-151	-30
Adjustment for significant impairment	324		324		324		324	324	324
Adjusted profit after tax	99	74	159	153	280	274	105	173	105

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018	excl. IFRS 16 Jul-Sep 2019	excl. IFRS 16 Jan-Sep 2019	excl. IFRS 16 LTM
Basic earnings per ordinary share									
Net profit attributable to owners of the Parent	-143	74	-86	151	35	272	-138	-72	49
Deduction for preference share dividend	16	16	48	48	64	64	16	48	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	-159	58	-134	103	-29	208	-154	-120	-15
Average no. of ordinary shares	79,406,571	80,406,571	79,827,816	80,406,571	79,973,694	80,406,571	79,406,571	79,827,816	79,973,694
Earnings per ordinary share, SEK	-2.00	0.72	-1.68	1.28	-0.37	2.58	-1.94	-1.50	-0.19

Adjusted basic earnings per ordinary share, SEK

Net profit attributable to owners of the Parent	-143	74	-86	151	35	272	-138	-72	49
Adjustment for significant impairment Parent Company's share	239		239		239		239	239	239
Deduction for preference share dividend	16	16	48	48	64	64	16	48	64
Net profit attributable to owners of the Parent, adjusted for preference share dividend	80	58	105	103	210	208	84	119	224
Average no. of ordinary shares	79,406,571	80,406,571	79,827,816	80,406,571	79,973,694	80,406,571	79,406,571	79,827,816	79,973,694
Earnings per ordinary share, SEK	1.01	0.72	1.31	1.28	2.62	2.58	1.06	1.49	2.80

Diluted earnings per ordinary share

Net profit attributable to owners of the Parent, adjusted for preference share dividend	-159	58	-134	103	-29	208	-154	-120	-15
Average no. of ordinary shares after dilution	79,406,571	80,594,347	79,827,816	80,594,347	79,973,694	80,469,822	79,827,816	79,973,694	79,406,571
Diluted earnings per ordinary share, SEK	-2.00	0.72	-1.68	1.28	-0.37	2.58	-1.94	-1.50	-0.19

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Equity per ordinary share						
Equity at end of period including non-controlling interests		2,233	2,482	2,233	2,482	2,233
Preference share capital		828	828	828	828	828
Equity at end of period including non-controlling interests, adjusted for preference share capital		1,405	1,654	1,405	1,654	1,405
No. of ordinary shares outstanding at end of period	79,406,571	80,406,571	79,406,571	80,406,571	79,406,571	80,406,571
Equity per ordinary share, SEK	17.70	20.57	17.70	20.57	17.70	21.63

Calculation of return on equity

(A) Net profit, LTM, including non-controlling interests	-44	245	-44	245	-44	274
Reversal of impairment	324	-	324	-	324	-
Adjustment for preference share dividends, including dividends accrued but not yet paid	-64	-64	-64	-64	-64	-64
(B) Net profit, adjusted	216	181	216	181	216	210
(C) Average total equity	2,463	2,422	2,463	2,422	2,463	2,473
(D) Average adjusted equity	1,716	1,594	1,716	1,594	1,716	1,645
(A/C) Return on total equity, %	-2	10	-2	10	-2	11
(B/D) Return on adjusted equity, %	13	11	13	11	13	13

Calculation of equity ratio

Equity including non-controlling interests	2,233	2,482	2,233	2,482	2,233	2,567
Total assets	6,237	5,843	6,237	5,843	6,237	5,571
Equity ratio, %	36	42	36	42	36	46

Calculation of operating cash flow and cash conversion, %

	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
(A) EBITDA excl. IFRS 16 effect	182	152	408	343	617	552
(B) adjustment for non-cash items	-17		-20		-34	-14
Change in working capital	69	13	-243	-201	-24	18
Reversal of IFRS 16 effect on working capital	-1	-	-3	-	-3	-
Net investments in property, plant & equipment and intangible assets	-19	-13	-58	-48	-91	-81
(C) Operating cash flow	214	152	85	93	467	475
(C/A) Cash conversion, %	118	100	21	27	76	86

Calculation of Net debt/Adjusted EBITDA, x**Net debt**

Cash and cash equivalents	-175	-141	-175	-141	-175	-241
Unrealised derivative contract assets	0	0	0	0	0	0
Pension obligations	2	2	2	2	2	2
Non-current interest-bearing liabilities	642	975	642	975	642	974
Current interest-bearing liabilities	821	386	821	386	821	241
Unrealised derivative contract liabilities	-	0	-	0	-	0
Accrued interest expenses	-	6	-	6	-	7
Pension assets	-2	-2	-2	-2	-2	-2
Adjustment for nominal value of bond liability	4	-12	4	-12	4	-6
Adjustment for shareholder loans	-2	-23	-2	-23	-2	-25
Net debt	1,290	1,190	1,290	1,190	1,290	949
Adjusted EBITDA	600	571	600	571	600	573
Net debt/Adjusted EBITDA, x	2.2	2.1	2.2	2.1	2.2	1.7

ROCE %, at 30 September 2019

	Trading	Industry	Akademi- bokhandeln	Consumer	Central costs	Volati Group
1) EBITA, LTM	169	151	89	102	-60	451
<i>Capital employed at 30 June 2019</i>						
Intangible assets	939	539	839	514		2,831
Adjustment for goodwill, patent/technology, brands	-935	-522	-779	-457		-2,693
Property, plant and equipment	28	226	30	28		328
Financial right-of-use assets	23	40	2	2		68
Inventories	400	316	193	27		937
Trade receivables	354	306	32	41		731
Other current receivables	2	34	16	2		54
Prepayments and accrued income excl. IFRS 16	39	95	48	20		207
Adjustment for non-working-capital-related current receivables						-2
Advances from customers	0	-79	-1	-14		-94
Trade payables	-254	-185	-184	-42		-665
Accruals and deferred income	-87	-120	-73	-54		-347
Other current liabilities	-48	-37	-33	-34		-209
Adjustment for non-working-capital-related current liabilities						14
Adjusted for preference share dividend						48
Capital employed at 30 September 2019	462	614	90	33		1,209
Adjustment for average capital employed, LTM	2	-31	-12	6	0	-46
2) Average capital employed, LTM	464	583	78	39		1163

ROCE excl. GW 1)/2), %	36	26	114	264	39	
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1318	1023	728	814	3858	
ROCE incl. goodwill 1)/3), %	13	15	12	13	12	
ROCE %, at 31 December 2018	Trading	Industry	Akademi- bokhandeln	Consumer	Central costs	Volati Group
1) EBITA excl. IFRS 16 effect R12	158	144	72	104	-57	421
Capital employed at 31 December 2018						
Intangible assets	936	772	859	844		3,126
Adjustment for goodwill, patent/technology, brands	-932	-753	-794	-779		-2,972
Property, plant and equipment	54	263	40	31		404
Inventories	346	324	196	29		895
Trade receivables	292	201	30	36		558
Other current receivables	10	26	28	2		67
Prepayments and accrued income	38	74	50	23		186
Adjustment for non-working-capital-related current receivables						0
Advances from customers	-2	-60	0	-11		-73
Trade payables	-220	-169	-260	-54		-706
Accruals and deferred income	-83	-136	-94	-54		-379
Other current liabilities	-32	-28	-52	-27		-184
Adjustment for non-working-capital-related current liabilities						18
Adjusted for preference share dividend						32
Capital employed at 31 December 2018	407	513	3	40		972
Adjustment for average capital employed, LTM	25	-177	75	5		-72
2) Average capital employed, LTM	432	336	78	45		900
ROCE excl. GW 1)/2), %	37	43	92	233		47
3) Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	1,284	669	728	817		3,493
ROCE incl. goodwill 1)/3), %	12	21	10	13		12

Parent Company Volati AB (publ)

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

Parent Company condensed income statement

SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	LTM	Full year 2018
Net sales	4	3	13	9	18	14
Operating expenses	-17	-13	-45	-35	-58	-48
Operating profit ¹⁾	-13	-10	-32	-27	-39	-34
Profit/loss from financial investments	34	37	563	594	601	632
Profit after financial items	21	27	531	567	562	598
Appropriations	-	-	-	-	-101	-101
Tax for the period	-5	-6	-13	-16	3	0
Net profit	17	21	518	551	464	497
Comprehensive income for the period	17	21	518	551	464	497

1) Operating profit includes bank charges.

Parent Company condensed statement of financial position

SEK million	30 Sep 2019	31 Dec 2018
Non-current assets	1,879	1,594
Current assets	4,434	4,072
Total assets	6,313	5,666
Equity	3,560	3,244
Untaxed reserves	54	54
Pension obligations	1	1
Non-current liabilities	845	740
Current liabilities	1,852	1,628
Total equity and liabilities	6,313	5,666

Auditor's review report

To the board of directors of Volati AB (Publ), corporate identity number 556555-4317

Introduction

We have reviewed the interim report for Volati AB (Publ) as at September 30, 2019 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, 24 October 2019

Ernst & Young AB

Rickard Andersson
Authorised Public Accountant