2021

volati.

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About the Annual Report: In Q2 2021, a separate listing of the Bokusgruppen business area was carried out. In Q4 2020, the Consumer business area was closed down after its operations were divested. This means that the income statements for 2020 and 2021 have been restated, in accordance with applicable financial reporting standards, and exclude the Consumer and Bokusgruppen business areas.
The descriptions of operations and companies in the annual report focus on continuing operations unless otherwise stated.

The formal annual report is on pages 47–141. The statutory sustainability report can be found on pages 51–65.

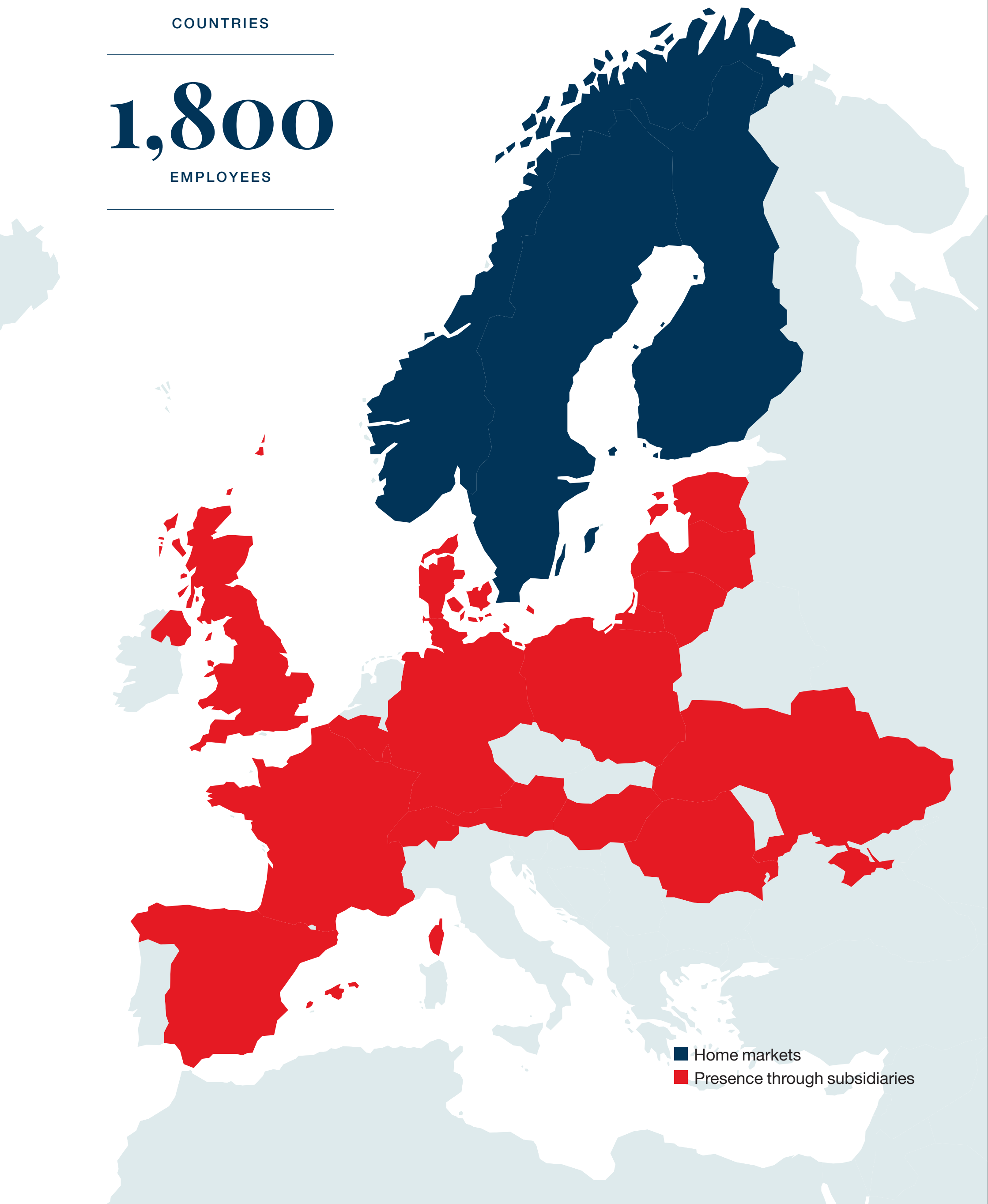
This report is a translation of the Swedish original. In the event of discrepancies, the Swedish version shall prevail.

18

COUNTRIES

1,800

EMPLOYEES



Volati in brief

Volati acquires and develops strong, successful businesses, with a focus on creating long-term value growth. Through an active acquisition strategy and its vision to be regarded as Sweden's best owner of medium-sized companies, Volati has delivered strong and sustainable growth in profitability since the start in 2003. Volati primarily owns Nordic companies, predominantly in Sweden. Volati has been listed on Nasdaq Stockholm since 2016.

TWO BUSINESS AREAS

Salix Group

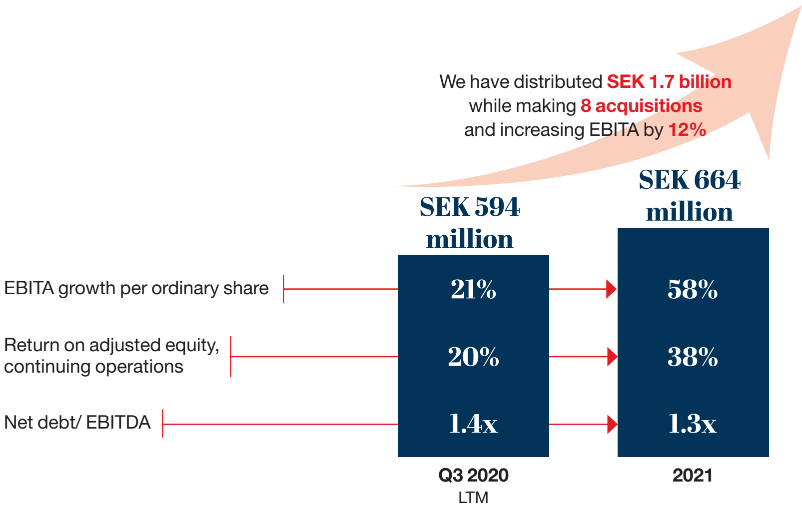
A Nordic market-leading trading group with a hundred-year history.

Industry

Five platforms with market-leading positions and high growth potential.

A stronger Volati

Over the last 15 months, we have focused the business and built a stronger Volati.



Despite the discontinuation of two business areas and a total distribution of SEK 1.7 billion to Volati's shareholders, Volati has increased EBITA by 12 percent and strengthened all key figures compared with Q3 2020 when the Company consisted of four business areas.

- The closure of the Consumer business area was completed at the end of 2020.
- In June, the distribution of Bokusgruppen to Volati's ordinary shareholders was completed.
- During the year, shareholders received a total of SEK 1.7 billion in cash dividend payments and the in-kind distribution of Bokusgruppen.
- Eight acquisitions added 1.1 billion in annual sales. Seven of these were add-on acquisitions with synergies that will eventually increase EBITA by 50 percent in the acquired companies.
- During the year, appointments were made under our management succession plan – Andreas Stenbäck, President and CEO, Martin Aronsson, CFO, and Martin Hansson, CEO and Head of Business Area Salix Group.
- Volati has successfully dealt with the challenges in the wake of the pandemic and these have had only a limited impact on margins.

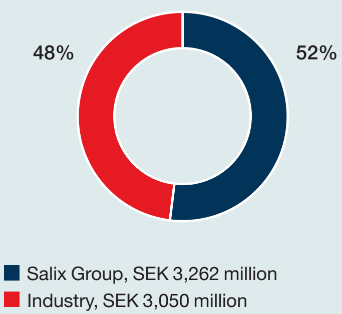
Key figures

	Full year 2021	Full year 2020	Full year 2019	Full year 2018	Full year 2017
Net sales*	6,309	4,921	4,145	6,084	4,356
EBITA*	664	421	312	433	377
EBIT*	620	394	292	366	345
Net profit	522	977	–2	274	241
Profit for the year from continuing operations*	442	246	184	–	–
Operating cash flow*	487	550	310	475	513
Net debt/adjusted EBITDA, x	1.3	–0.8	1.5	1.7	1.2
Earnings per ordinary share, SEK	5.42	11.37	0.13	2.58	2.19
Earnings per ordinary share, continuing operations, SEK*	4.42	2.15	1.42	–	–
Return on adjusted equity, %	40	51	–4	13	12

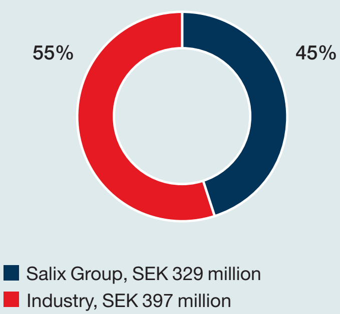
* The years 2019–2020 do not include discontinued operations. For the years 2020–2021, see also note 5.

Distribution by business area

Net sales by business area



EBITA by business area



The distribution by business area is not calculated proforma for the year's acquisitions. Acquired companies are included in the above calculation from the acquisition closing date. The business areas' shares are calculated excluding central costs. Divested operations are included in the relevant business area up to the divestment date.

A strong Group in great shape

2021 was an eventful and successful year for Volati. We implemented a clear streamlining of the Group during the year, and Volati is currently very well positioned with two fast-growing business areas, Salix Group and Industry, and an acquisition model that creates long-term value.

We can look back on an intense year in which we completed the streamlining of Volati and at the same time created significant value by successfully growing and developing the Group. The results of these efforts speak for themselves. Compared with rolling 12-month figures for Q3 2020 – when the Group still consisted of four business areas – we have significantly strengthened key performance measures. EBITA is higher and the growth rate has increased from an EBITA growth per ordinary share of 21 to 58 percent. Our growth is also clearly value-creating, with a return on equity that has increased from 20 to 38 percent. Despite eight completed acquisitions and a distribution of SEK 1.7 billion to share-holders – in the form of cash dividends and the Bokusgruppen distribution – we have a low and unchanged net debt/EBITDA ratio of 1.3 times. This is a development we are proud of.

Creating value through active ownership

Volati's vision is to be regarded as Sweden's best owner of medium-sized companies. What sets us apart from many other acquiring companies is that a significant part of our value creation takes place during our ownership of the companies, not at the time of acquisition. We focus on giving our businesses the tools to become even better. Strong local entrepreneurship is important, but to deliver a high return over the long term, it is our firm belief that an owner must actively contribute to the companies' value creation. As an active owner, we add value both in strategic work and through structured work on leadership supply and development, training initiatives and knowledge sharing.

I am particularly proud of our leadership programmes Volati Academy and, in particular, Volati Management Program, which is our programme for young managers of the future. We invest significant resources in developing talented managers, which is a key competitive advantage for us and a strength in terms of succession planning. And this is reflected in the fact that 15 of our 22 CEOs are internal recruits. It is particularly pleasing that our two most recent CEO recruitments – Christos Selman to Heco Nordiska and Emma Sandin Hansson to Väggmaterial – also come from Volati Management Program.

Strong platforms for continued growth

Add-on acquisitions are an important and successful part of our model for creating long-term value in the existing businesses and building strong platforms for continued acquisition-driven growth. Salix Group is a good example of where, after the acquisition of Lomond Industrier in 2015, we built an independent business area with a clear industrial logic. In the Industry business area, we have several businesses with similar potential, such as Ettiketto Group. Add-on acquisitions for Ettiketto Group, in both Sweden and Norway, have increased its annual turnover from about SEK 250 million to about SEK 850 million in just a few years and it currently has a leading position in the Nordic label market. The aim is that some of our platforms will develop into separate business areas with a clear industrial logic. By creating business areas that become increasingly independent over time, we create the conditions for Volati to maintain a high growth rate.

In add-on acquisitions, significant value is created through synergies – linked to purchasing, sales and improved production utilisation, for example – and by refining the operational model of the acquired companies. We place great emphasis on ensuring that our businesses identify and reinforce what makes them successful in the marketplace. These success factors can then be applied to the companies we acquire, enabling them to perform better with us than before. In the add-on acquisitions made in 2021, we have identified synergies that are expected on average to improve the acquired companies' EBITA by about 50 percent.

High acquisition rate and developed acquisition model

Volati had a high acquisition rate in 2021. We made total of eight acquisitions, seven of which were add-on acquisitions for existing platforms. The year's acquisitions added SEK 1.1 billion in annual sales and about SEK 800 million of this amount was attributable to add-on acquisitions.

We have developed our acquisition model to focus primarily on add-on acquisitions. This makes me confident, for a number of reasons, that we will be able to maintain our current acquisition rate. In our add-on acquisitions, we are an industrial buyer, which enables us to create the above-mentioned synergies. This enables us to maintain a good return in a market with higher valuations of the acquisition targets. If it is an acquisition we really want to make, we are virtually always able to pay what it takes.

The acquisition process for add-on acquisitions is also decentralised to our businesses, which increases scalability and enables us to maintain a high acquisition rate without building up a large central acquisition organisation. During the year, we further developed and strengthened our acquisition training for senior executives, to provide them with all the tools for active acquisition work and to ensure quality execution.

We continue to see good opportunities for add-on acquisitions in the sectors where our platforms are present. We know the sectors well and in most cases have known the acquisition targets for many years. This also means that we are looking at acquisitions outside the Nordic home market for many of our businesses.

Growth with a focus on shareholder value

2021 was a very successful year for Volati, with strong results delivered and both our business areas taking important steps forward. I would like to thank all the management and employees of our businesses for their outstanding efforts during the year. They have worked extremely hard to meet high demand, from customers while being challenged by both extended lead times and higher prices for components, raw materials and freight. It is impossible to overestimate the importance of their contribution to this year's excellent results.

As I mentioned at the beginning, following the streamlining during the year, we feel that we are well positioned for continued growth and value creation going forward. We have the processes and platforms in place in the form of two fast-growing and growth-oriented business areas. As we grow, we do so with a clear focus on shareholder value, which means that we are very cautious about issuing new shares or using our shares in acquisitions. In fact, during the year we maintained a high growth rate while distributing significant amounts to our shareholders. With a low debt/equity ratio and a good return on equity, we see continued opportunities to grow using internal resources and create long-term value for our shareholders.

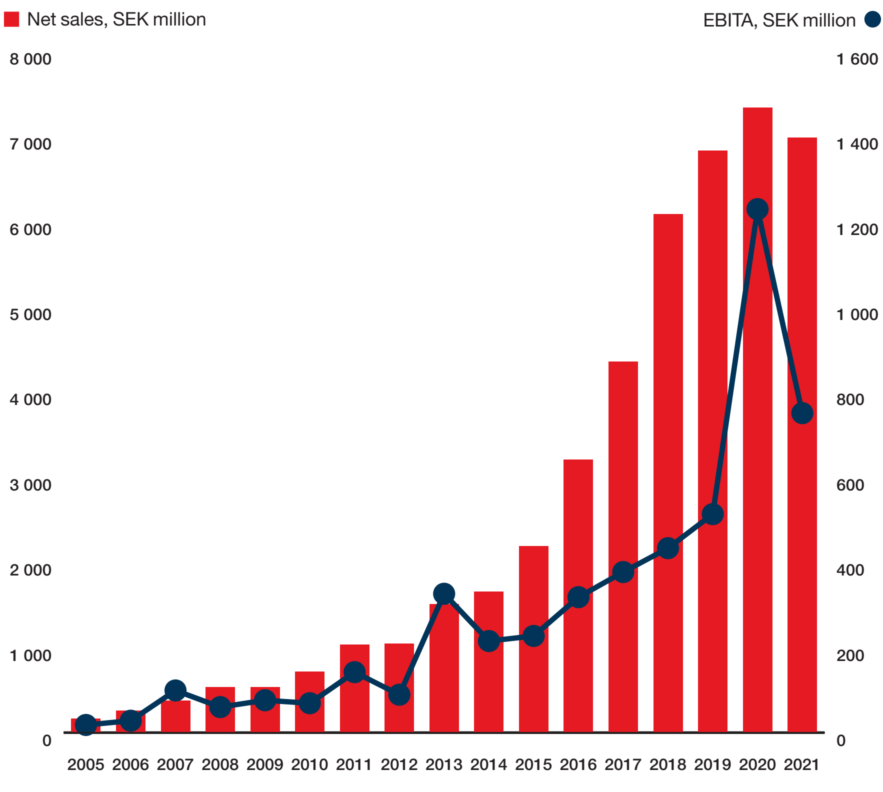
ANDREAS STENBÄCK, CEO OF VOLATI
Stockholm, March 2022

Long-term value growth

Volati's overall goal is to generate long-term value growth.

Strong net sales and earnings development since Volati was founded.

The figures include discontinued operations.



Our vision

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

Our business concept

Volati creates value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and develops them with a focus on long-term value creation.

The business concept means that Volati:

...adds value to local entrepreneurship

Local entrepreneurship is of key importance to us. It ensures that business decisions are made close to the customer and enables us to harness the inherent forces for growth and development that lie in our businesses. As an active owner, we add further value to secure long-term value growth and good returns. This includes ensuring strategic direction and proper management, capital allocation, strategic leadership supply, training initiatives and knowledge sharing between the businesses.

... builds strong platforms

We focus on developing our businesses both organically and through value-creating add-on acquisitions. The ambition is to make the businesses into increasingly larger and stronger platforms, some of which may eventually form new business areas within Volati.

...focuses on value-creating growth

Growth is only value-creating if the return on equity is sufficiently high. This is clearly reflected in our financial targets, which measure growth per ordinary share and return on equity. A good growth rate and a high return on equity show that the acquisitions we make are creating real value and that we have good growth in the underlying business. The acquisitions we make are at reasonable valuations, also taking into account the value of the synergies we can create.

...acts in a long-term and sustainable way

A long-term approach to both ownership and value creation is of fundamental importance for us, and we always act based on what is best for Volati's value development in the long term. Acting sustainably is a prerequisite for long-term success, and by continuously developing and strengthening our sustainability initiatives, we create value for customers, owners and society. We acquire and own companies that will be successful well into the future. At the same time, we have the courage to act when we are no longer the best long-term owner of a business.

Financial targets

Volati's financial targets are designed to support continuing successful operations in accordance with our business model. The targets should be assessed on an overall basis.

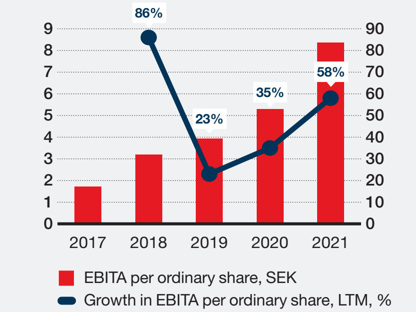
EBITA growth

Target 15%

The target is average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.

Outcome 2021: 58 percent

Background to the target: The target reflects our ambition to maintain a high rate of growth, both through acquisitions and organic growth, with a focus on creating long-term value for our shareholders.



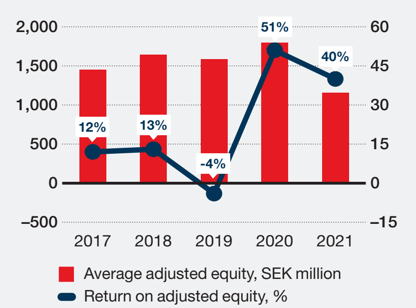
Return on adjusted equity

Target 20%

The long-term target is a return on adjusted equity* of 20 percent.

Outcome 2021: 40 percent

Background to the target: We aim to generate good returns on shareholders' invested capital. The target is defined on the basis of a balanced capital structure in line with Volati's capital structure target.



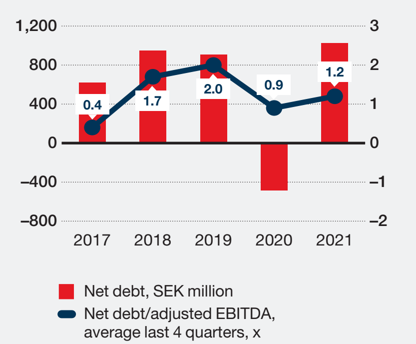
Capital structure

Target 2-3 ×

The target is a net debt/adjusted EBITDA* ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.

Outcome 2021: 1.2 times

Background to the target: In addition to using cash flow from our own activities, we are also able to raise capital for acquisitions. The target is based on balanced borrowing to also ensure a balanced financial risk, while generating an attractive return on equity.



* See note 28, pages 127–132, for definitions of alternative performance measures.

Acquisitions

Acquisitions are a key component of Volati's growth strategy. Eight acquisitions were made in 2021, adding approximately SEK 1.1 billion in annual sales.

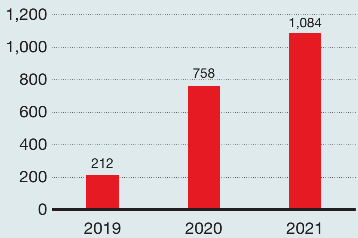
High acquisition rate maintained in 2021

In recent years, Volati has concentrated its acquisition-oriented work on value-creating add-on acquisitions for the Group's businesses. We build on the strong acquisition platforms we have created in Salix Group and in Industry's businesses and add new companies that strengthen the businesses and create further value through synergies. By decentralising the acquisition work to our businesses – with support from Volati – we ensure high quality in acquisition work and integration of the acquired companies. This provides scalability for Volati as a Group, enabling it to make a larger number of acquisitions than before. Volati had a high rate of value-creating add-on acquisitions in 2021, with seven during the year.

We complement the add-on acquisitions with acquisitions of selected companies that can form new platforms for growth. The acquisition work is then managed centrally at Volati and the potential candidates must be companies that have established business models, strong market positions and good cash flows.

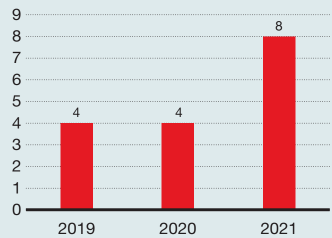
Overview of acquisitions over the last three years

Acquired net sales per year*, SEK million



* Net sales on acquisition date

Number of acquisitions per year



ACQUISITIONS IN 2021

Add-on acquisitions for Salix Group

Duschprodukter
Acquired in March 2021

Reason for acquisition

– Broadens Habo's product portfolio with quality bathroom products.

– Accelerates internationalisation of Habo's product range thanks to established market channels in the Nordic region and Baltics.

SALES
100
SEK MILLION

Add-on acquisitions for Ettiketto

StrongPoint Labels
Acquired in June 2021

Reason for acquisition

– Creates the market-leading label supplier in Sweden.

– Gives Ettiketto a clear growth platform in Norway with local production.

– Creates significant cost synergies, for example in purchasing and production.

SALES
185
SEK MILLION

Jigraf
Acquired in November 2021

Reason for acquisition

– Strengthens Ettiketto's production capacity and market position in Sweden.

– Creates significant cost synergies, for example in purchasing and production.

SALES
29
SEK MILLION

Add-on acquisitions for S:t Eriks

Byggsystem Direkt
Acquired in June 2021

Reason for acquisition

– Accelerates S:t Eriks' growth strategy.

– Strengthens S:t Eriks' offering in a niche with high growth and profitability – foundations for houses and apartment buildings.

SALES
60
SEK MILLION

Meag Va-system
Acquired in October 2021

Reason for acquisition

– Creates a strong supplier of solutions for water and sewage infrastructure in Sweden.

– Complements S:t Eriks' offering with new product ranges.

– Creates significant cost synergies, for example in purchasing and production.

SALES
190
SEK MILLION

ACQUISITIONS IN 2021

Add-on acquisitions for Tornum

JPT-Industria

Acquired in January 2021

Reason for acquisition

- Complements Tornum's offering in grain handling in Finland.
- Broadens the offering to related applications, strengthening the position as a systems and turnkey supplier.
- Accelerates internationalisation.

SALES
102
SEK MILLION

Apisa

Acquired in June 2021

Reason for acquisition

- Strengthens Tornum's position as a leading supplier in Europe, where the Spanish grain handling market is one of the largest.
- Complements the product portfolio and make Tornum a significant turnkey supplier of grain and biomass plants.
- Enables considerable sales synergies, with Tornum's products replacing third-party products in Apisa's deliveries.

SALES
150
SEK MILLION

New company in the Industry Business Area

Scanmast

Acquired in June 2021

Reason for acquisition

- Broadens Volati's operations to a new area with growth potential – infrastructure for telecom and lighting.
- Gives further exposure to the infrastructure area, where Volati already has a significant presence though S:t Eriks.

SALES
294
SEK MILLION

Comments from the Chairman

Patrik Wahlén, Chairman of the Board.

Dear shareholders,
Volati's overall goal is to generate long-term value growth. In a very eventful 2021, the Company has continued to successfully deliver on its target. EBITA growth per ordinary share was a massive 58 percent. Growth only creates value if it generates an attractive return and does not dilute equity. It is therefore pleasing to note the return on equity of 38 percent for continuing operations.

One of the Board's key tasks is to ensure that the Company is positioned for continued long-term value growth. A priority for us has therefore been the extensive structural changes implemented during the year. Our aim was for the changes to streamline the structure, which we saw would create benefits from a governance and value creation perspective, while providing even better conditions for continuing growth. The divestment of the Consumer business area in 2020, the decision to give the Salix Group business area more autonomy and the distribution and separate listing of Bokusgruppen have all been important elements in this realignment.

Streamlined structure created growth momentum

The Board expected that the streamlined structure would also unlock additional growth momentum. Simplified governance of the Group enabled us to recruit a CEO with a clear acquisition profile during the year and also freed up management time to work on acquisitions. We appointed CFO Andreas Stenbäck as the new Volati CEO and subsequently recruited a new CFO, Martin Aronsson, who also has extensive experience in company acquisitions. Another new member of Group management is Martin Hansson, who took over as the new CEO of the Salix Group business area during the year. With Andreas and Martin at the helm, we now have a management team with strong acquisition expertise that has delivered very well on our growth agenda, with eight acquisitions during the year.

We prioritise a good return on equity

Capital allocation is an important task for the Board of a company like Volati. We therefore spend a significant part of our time on matters related to this. Volati's acquisition agenda is discussed on an ongoing basis Twice a year, the Board also reviews the balance sheet and checks that Volati has a well-balanced capital structure. As a result of the sale of Besikta Bilprovning, Volati had a very low debt/equity ratio in early 2021. The Board therefore decided on an extra dividend to shareholders of approximately SEK 700 million, or SEK 8.90 per ordinary share, which was paid in February 2021. In addition, shareholders received ordinary dividends of approximately SEK 300 million and the Bokusgruppen distribution of approximately 700 million.

At the heart of our allocation model is our aim to achieve a return on adjusted equity of 20 percent – whether we allocate resources for investments in existing businesses or for new acquisitions. Over the years, we have shown that we do this well, both in different economic cycles and when, as is currently the case, competition for acquisition targets is high. In recent years, we have concentrated largely on add-ion acquisitions for existing businesses. This enables us to take advantage of synergies, which means that we continue to have a high growth rate while maintaining a good return on equity, even in a market where acquisition prices have been high.

Focus on long-term value creation

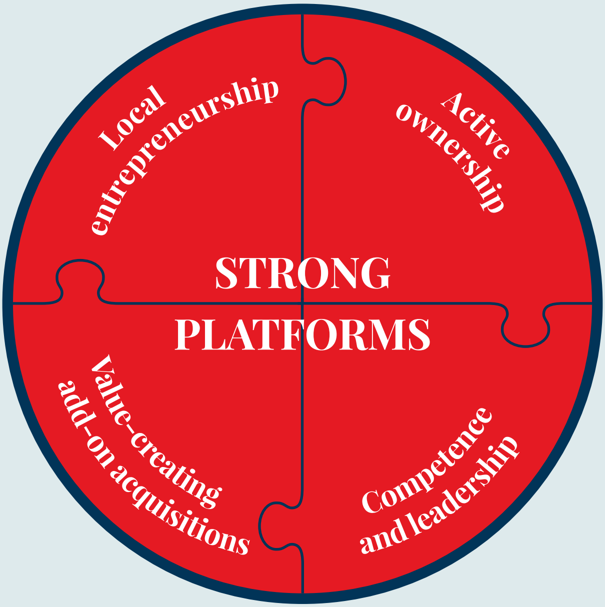
With successful changes behind us, it is my view that Volati is now in an even better position than before to create value going forward, barring any cyclical changes that are beyond our control. When we grow, we do so with a focus on long-term value creation for our shareholders, employees, suppliers and customers – a prerequisite for any enduringly successful company.

We will continue to build on what makes Volati unique. We are an acquiring company, but above all we add clear value through active ownership. In fact, more and more of our value creation now takes place during our ownership of the companies, rather than at the time of acquisition. We add value by making add-on acquisitions for the existing businesses and, particularly important, through strategic HR. It is the people at Volati who ensure our continuing success in the future. This is why we run ambitious skills and leadership development programmes that enable our employees to grow and also benefit us from a management supply perspective. Through active ownership, we are building increasingly larger and stronger units within Volati with good conditions for continued growth and long-term value creation. I hope you will join us as we journey forward!

PATRIK WAHLÉN
Chairman of the Board

A value-creating business model

Volati creates value by acquiring and developing strong platforms. Our business model contributes to long-term and sustainable business development.



Volati is an active owner. The four core points of the business model ensure that we show responsible ownership and add value to our businesses. This supports their successful development and contributes to strong and long-term value creation for Volati.

Local entrepreneurship

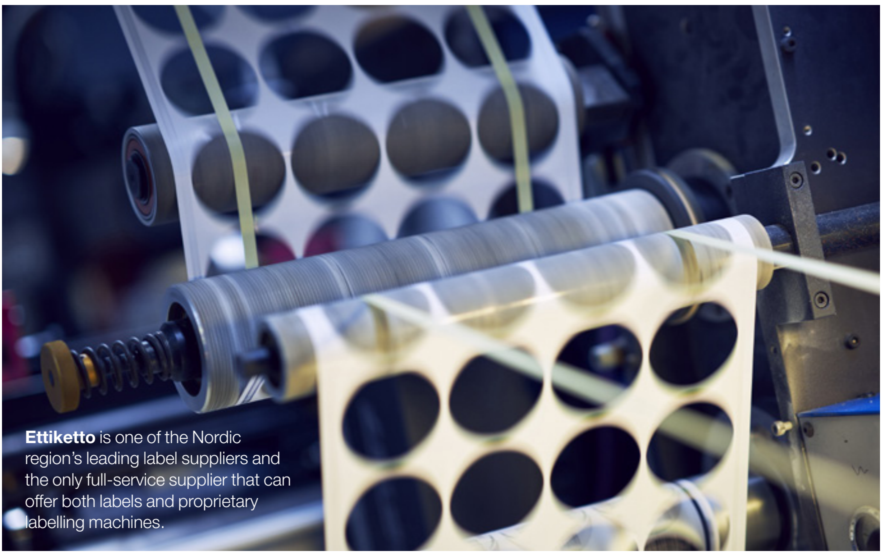
At Volati, management and employees of the businesses are heroes. We believe in entrepreneurship and it is our view that the best business decisions are made close to customers and the market. For this reason, we have a decentralised governance model that preserves the independence of the businesses and local entrepreneurship. This means that we apply governance through the boards of our businesses, and that the CEOs of our companies have full ownership of their business.

We offer selected key individuals part ownership of their business. This gives them the same incentives to develop the business as Volati and ensures that our goals are aligned.

Values

We value the unique corporate culture of each individual business, as it is often an important reason for their successful development. However, regardless of the corporate culture, it is important to share a common vision of entrepreneurship. Volati's key words reflect the common values that characterise a leader at Volati.

Transparent
Entrepreneurial
Inspirational
Down-to-earth
Analytical
Value-creating



Ettiketto is one of the Nordic region's leading label suppliers and the only full-service supplier that can offer both labels and proprietary labelling machines.

Actively-owning

Volati is a responsible and active owner. We follow the development of our businesses closely, as we want to ensure optimal conditions for them to develop towards increased value creation. We take clear responsibility for board and management appointments, strategic direction, capital allocation, sustainability work, guidelines and policies.

Board and management appointments

The decentralised governance model places great demands on the management of our businesses. It is their expertise, capacity and commitment that makes it possible to develop the businesses in line with defined goals, thereby creating earnings growth that contributes to Volati's long-term value creation. Ensuring we have the best possible CEO in place in each business is one of our top priorities.

15 of our 22 CEOs are internally recruited

Strategic direction

The decentralised governance model requires Volati and our businesses to share a common vision on future development. We have a structured process for setting the strategic agenda together with our businesses. We call this VAMS in Swedish and it involves working through the vision, business concept, goals and strategy together with the businesses. We support them in reaching their full potential and ensure that their development contributes to Volati's long-term value creation.

Capital allocation

Volati handles capital allocation in the Group centrally. This means that we allocate capital for larger investments and add-on acquisitions for the businesses in a way that creates most value for the Group as a whole. It also means that a business can gain access to financing of much larger investments and initiatives than would be possible if it was independent. The allocation is based on the regular discussions on investment needs and acquisition opportunities that take place in the boards of each business. In 2021, SEK 660 million was allocated to acquisitions and investments aimed at expanding the businesses.

In the last two years, we have generated a cash flow of SEK 1,400 million available for acquisitions, investments and dividends

Sustainability

As an owner, we set requirements and monitor sustainability aspects in connection with investments and as part of our operations' business plans and results monitoring. An important aspect is also about identifying and taking advantage of the opportunities that effective sustainability work creates for our businesses.

In 2021, a climate inventory of all businesses was conducted to enable a systematic reduction of our climate footprint

Guidelines and policies

Volati contributes to the professionalisation of guidelines and policies in the Group's businesses. As a listed company, we have high compliance requirements to which our businesses must adapt. For the individual businesses, this means a clear improvement in control and governance, which creates added value for them.

Competence and leadership

In a competitive acquisition market, it is not enough to manage the pure ownership issues in a responsible way. We have a clear ambition to add value to our businesses to ensure a good return over time. In simple terms, this means giving management teams the best conditions to develop their companies.

Volati has a clear strategy for management and skills supply. We make extensive investments to ensure that our businesses always have access to the right expertise at both management level and in key positions, and that these persons are continuously developed and supported to reach their full potential. Through these efforts, we want to ensure that the businesses have industry-leading expertise at all levels, providing a sustainable competitive advantage.

Volati Academy

Volati Academy is a one-year leadership programme aimed at employees at management group level. Participants attend both internal and external lectures and perform common assignments linked to value creation in the Group. They also carry out their own work aimed at developing their own operations, which is presented to each board. The main purpose is to strengthen participants' expertise in areas such as financial analysis, strategy and leadership. It also enables us to establish a common view on these areas within Volati and gives us the opportunity to get to know the key people in our businesses.


Habo – part of Salix Group – is the Nordic region's leading supplier of functional fittings for the home, with good design, high quality and smart features.

42 individuals at management level have taken part in Volati Academy

Volati Management Program

Volati Management Program is our programme for attracting future managers. The programme recruits young potentials who have worked for 2–3 years and have a university education with good academic results. Volati Management Program runs for one and a half years, with participants spending one period at Volati's head office and a further two periods at two selected businesses. On completion of the programme, a leadership role in one of the businesses follows. Since the start in 2015, a total of 21 individuals have completed the programme and now have 17 exciting roles in leading positions around the Volati Group, and two are working at Bokusgruppen. Volati Management Program attracts many qualified candidates and gives our businesses access to individuals they might otherwise have found difficult to recruit.

Out of 21 individuals who have competed the programme, 17 are still employed at Volati and two at Bokusgruppen

Volati Knowledge

Volati Knowledge is a collective name for the skills development initiatives we run at Volati. This is about nurturing best practice within the Group and adding new expertise and tools. Our ambition is to develop the organisation with a focus on the areas of purchasing, pricing, acquisitions and sustainability. We conduct regular training in each area.

Succession planning

Succession and development planning for the CEO and key personnel is a strategic priority area for Volati. A key objective is to ensure that our businesses have the right expertise in their management teams both today and in the next 3-5 years, taking into account new requirements related to their strong growth.

Value-creating add-on acquisitions

Volati wants to create strong platforms for continued growth and long-term value creation. As part of this, we focus on add-on acquisitions for existing businesses. These acquisitions strengthen the businesses' market positions and accelerate the rate of growth and development in line with their strategies. In other words, add-on acquisitions create significantly more value for Volati than if we had only acquired stand-alone companies. As the acquisitions are closely linked to the existing businesses, this also enables further value creation through synergies, such as cost rationalisation and sales synergies. In many cases, our businesses can also improve the underlying operations of acquired companies through a more developed operating model. This means that we can pay slightly more for acquisitions but still at good returns.

In add-on acquisitions, Volati is a strongly industrial buyer. This fact also gives us a strong inflow of acquisition candidates. We know the industry inside out and are passionate about continuing its long-term development with the companies we acquire. This makes us a prioritised investor in many acquisition processes.

The acquisition process for add-on acquisitions is decentralised to our businesses, which is a great advantage for Volati as it increases the scalability of acquisitions. This enables us to maintain a high acquisition rate without building up a large central acquisition organisation, while at the same time increasing the quality of the integration work. To ensure quality of execution, senior executives undergo acquisition training as part of Volati Knowledge. To provide further support to the businesses, Volati has an acquisition manual and access to a network of people in the Group with extensive experience in acquisitions.

In the seven add-on acquisitions made in 2021, synergies have been identified that increase the acquired companies' earnings by 50% on average

S:t Eriks is Sweden's leading supplier of slabs, paving stones, walls and water & sewage systems in concrete and natural stone. With a a clear environmental focus, both in terms of products and operations, S:t Eriks aims to be the obvious choice in sustainable community building.

CASE

Ettiketto Group

Ettiketto Group's stated vision is to become the Nordic region's leading label company. To get there, it has an ambitious plan for acquisition-driven growth, which has seen sales increasing from about SEK 250 million to about SEK 850 million in less than two years.

Ettiketto Group has grown at a fast rate over the last two years. It has made five add-on acquisitions during that period and is currently the market-leading label company in Sweden.

– We want to have a strong market position in our chosen markets as this gives us great advantages. The bigger you are, the better able you are to take advantage of economies of scale. We also want to be the best partner for our customers. This requires both high capacity and breadth in the product portfolio. The acquisitions of StrongPoint Labels and Skipnes Etikett gave us an excellent platform in Norway with local production, so it makes sense to try to strengthen the Norwegian market position further, says Ettiketto CEO Rikard Ahlin.

High acquisition rate no coincidence

The many acquisitions in recent years are no coincidence. Acquisition-driven growth is at the heart of the strategy jointly developed by Ettiketto Group and Volati. Ettiketto Group has also been preparing for several years, with measures such as investments in scalable IT and production systems with a high degree of automation.

– We have a clear idea of which companies we want to buy, based on how they strengthen our offering and market position. We also have a successful model for how we integrate the acquired companies into Ettiketto in the best way, and systems that are prepared for expansion. At the same time, we have very well-functioning daily operations in Ettiketto, which frees up resources for integration work. In other words, we are well prepared to handle a high growth rate, says Rikard Ahlin.

Adding value to the companies

It is Ettiketto's ambition to be an industry leader in all aspects of operational efficiency, from purchasing and production to sales, HR and overheads. This means that a lot of value can be added to the acquired companies, which are often smaller and do not have the same resources as Ettiketto Group.

– The companies we acquire should be stable and have a reasonably good gross margin. Then we know that they have been efficient at pricing and buy their materials at the right prices. We then contribute our knowledge and systems in areas such as production efficiency, purchasing and sales to make the companies as good and profitable as they can be. When you have operationally efficiency in the business, then the synergies also come, says Rikard Ahlin.

Strength with Volati as owner

Rikard Ahlin says that one of the main advantages in having Volati as an owner is the successful method for business development work.

– Working according to Volati's structure, which follows a clear annual cycle, has made us very efficient at strategy development and given us a full understanding of what parts of the business make us successful. This gives us a clear advantage in the market and also enables us to create a great deal of value in the companies we acquire. We have also benefited greatly from

About Rikard Ahlin

Rikard has been with Ettiketto since 1998 and was appointed CEO in 2016. He has taken part in Volati Academy and has previously held various roles in sales, purchasing and production.

Volati Management Program, Volati's development program for young managers. Frida, Hannes, Isak and Ajla, who are VMP participants, have been involved in every acquisition we have made – from due diligence to acquisition transaction and integration. Their contribution has been enormous and you actually feel spoiled to have access to such competent resources all the time, says Rikard Ahlin.

Strong corporate culture

Rikard believes that the strong, positive corporate culture that exists at Ettiketto Group is a key success factor and valuable as the business grows.

– We have a flat organisation and work to create a culture where people are able to, want to and dare to do new things. We have fantastic employees and high energy. This rubs off – both on our customers and on the new companies coming into Ettiketto Group, concludes Rikard Ahlin.

Volati Management Program

Volati Management Program is Volati's development programme for young managers. Since the start in 2015, 21 individuals have completed the programme and now have leading roles around the Volati Group. Christos Selman, 30, started Volati Management Program in 2019. He has been CEO of Heco Nordiska since 1 January 2022.


Christos Selman, CEO of Heco Nordiska.

What made you apply to Volati Management Program?
I was working as a management consultant and got a call from a recruiter. When I started the process, my impression was that this was a very well-conceived programme and an exciting opportunity to work on acquisitions and to develop skills in leadership, strategy and much more. The stated goal of preparing you to assume a leadership position in one of the Group's companies early on sounded both enjoyable and challenging, and with the benefit of hindsight I can say that the programme exceeded my expectations.

What makes Volati Management Program unique?
What makes the programme unique is that you learn to think from both an owner's perspective – successfully acquiring, owning and developing businesses – and an operational perspective – running and developing companies and leading people. I think that's a combination that would be hard to find anywhere else. You get a great

understanding of Volati's business model as the programme allows you to work with different parts of it. At the same time, you are given a great deal of responsibility right from the start, and this continues both during and after the programme.

What did you do during the program?
I did my first company rotation at S:t Eriks, which was a relatively new company in the Group at that time. I worked closely with the CEO, management team and board to develop the company's strategy and strategic plans for the coming years. My second company rotation was at Thomée Gruppen and Heco. I also shadowed the CEO and board there, and had a particular focus on the acquisition of Heco – from acquisition to integration. I led key integration projects and the development of the company's strategy, which included the decision to merge the FAST brand, then a part of Thomée, with Heco. This is why it's really exciting to have the opportunity, first as Marketing Manager and now as CEO, to implement the integration and drive development forward together with our colleagues at Heco. I completed the programme at Volati's head office where I worked on M&A projects, including the divestment of Besikta Bilprovning. There too, I had the opportunity to work closely with Volati's CEO and management team in order to create the broadest possible understanding of the Group.

How are you liking your new CEO role?
I have really exciting and varied days that involve dealing with operational challenges in the day-to-day business, making a wide range of decisions and at the same time leading and steering towards the long-term plan we have produced. It's especially pleasing to do this in a company like Heco, which is growing and characterised by real entrepreneurial drive. This year, with 70 or so colleagues at Heco, we are focusing particularly on managing external factors, working on production efficiency, digitalisation and positioning of our brands and offerings.

In autumn we welcomed four new colleagues to Volati Management Program – Sandra Barkstedt, Erik Svenstrup, Hanna Liang and Markus Byström.

Business Area Salix Group

A Nordic market-leading trading group with a century-long history.

Salix Group is a Nordic trading group with businesses that supply materials to the construction industry and building materials retail. The Group also offers an attractive range of products for both home and garden. The offering consists of market-leading own brands and distributed brands. The Group has been characterised by stable and increasing growth over the last five years, both organic and through value-creating add-on acquisitions.

Strong Nordic market presence
Salix Group's main market is the Nordic region – in particular Sweden, which accounts for about 70 percent of sales. The largest customer segment is building materials retail and related retail segments, which account for about 65 percent of sales. Other customer segments include the building and wood industry, forestry and agriculture, and the packaging industry. Sales are through dealers, retail chains, e-commerce channels and directly to customers.

Share of the Group's EBITA

Net sales, SEK million	EBITA, SEK million
3,262	329
(2,665)	(265)

EBITA growth, %	ROCE excl. goodwill, %
24	40
(49)	(38)

Salix Group's business units

Salix Group's operations are divided into five business units. The aim is to take maximum advantage of the synergies that exist in each business unit in order to strengthen the customer offering and competitiveness and drive growth and profitability.

Consumables Industry

The business unit comprises Sørbø Industribeslag, a leading Norwegian supplier to the door and window industry and the related construction market. The product range includes customised fittings and fastenings, aluminium profiles and trickle vents under both its own and distributed brands.

Trademarks: Sørbø

Consumables Trade

The business unit consists of Thomée, Sweden's leading wholesaler for the building materials retail segment, and Heco, a leading supplier of screws and fastenings for the Nordic market. The products consists of both own brands and distributed brands. Customers include the building and hardware trade and the largest consumer chains in the area. The business unit has a leading market position in Sweden with a growing Nordic presence. The business unit also includes the service company Salix Business Partner.

Trademarks: Bårebo, ETC, Fast, Heco, Serva

Home & Fittings

The business unit includes Habo Gruppen, a leading Nordic supplier of functional fittings and interior details, and Pisla, the market leader in fittings in Finland and a developer of well-known brands for the building materials trade. Duschprodukter, a well-established supplier of showers and bathroom accessories, was acquired during the year. The business unit's offering consists primarily of its own leading brands. The companies in the business unit have strong market positions in the Nordic building and hardware trade and a growing Baltic presence.

Trademarks: Arrow, Demerx, Duschy, Habo, Muurikka, Opa, Pisla, Lumo, HTT

Construction & Packaging Solutions

The business unit includes T-Emballage, a leading supplier of material-independent packaging solutions to sawmills and other industries, TECCA, which supplies innovative and sustainable climate control solutions to the building and small house industry, and Vägg-material, which supplies the market's widest range of corner protection to the paint retail sector. The offering consists primarily of own brands and all businesses have leading market positions in Sweden within their market segments.

Trademarks: TECCA, TESHELL, TEPROTECT, T-Emballage

Agriculture, Forest & Garden

The business unit includes Kellfri and Swekip, which supplies affordable machinery and equipment for small-scale agriculture and forestry. The business unit also includes Miljöcenter, which supplies environmentally-friendly products for home and garden under several of its own brands. Kellfri and Swekip sell their products directly to consumers, while Miljöcenter's products are distributed through builders' merchants and garden centres. The businesses are market leaders in their segments and both Kellfri and Miljöcenter have a clear Nordic market presence.

Trademarks: Kellfri, Lantbutiken.se, Swekip, Berglund, Blomstra, Greenline, Silverline, Wallco

Interview with Martin Hansson – new CEO of Salix Group

You took over as CEO in September. What image do you have of Salix Group after this first period?
Salix Group is a group with a strong history of growth and high ambitions for the future. In 2021, it was decided that Salix Group would become a more autonomous business area within Volati – with its own name, its own Group Board and expanded mandates. This has created very positive drive throughout the organisation as we continue the growth journey. We are building on a clear position of strength, with well-managed businesses and market-leading brands. I would like to take this opportunity to thank my predecessor Håkan Karlström and his management team for taking the business to the strong market position that characterises Salix Group today. I bring with me experience from successful growth companies focused on internationalisation, and I hope to contribute positively to Salix Group's continued growth. We continue to build an increasingly strong position in the Nordic region and have several brands with the capacity for geographic expansion. This is just one example of our exciting opportunities to develop the business in the long term.

How would you sum up 2021 for Salix Group?
It has been an eventful and successful year with positive momentum in the market. We also delivered a strong result, with EBITA growth of 24 percent. We have benefited from the stay-at-home trend and increased interest in renovating

"Acquisitions are a key part of our growth strategy and a high priority for all business units"

homes, building patios and doing up gardens. This has created a good basis for growth for our customers and ourselves. Towards the end of the year, we have also seen the professional market gain momentum, with stronger demand from these customers. The entire organisation has worked extremely hard to meet the high demand, while being challenged by both extended lead times and higher prices for raw materials and freight. I would like to thank all our employees for their fantastic work in ensuring deliveries and a high level of service to our customers in these challenging conditions.

How does your new organisation contribute to the continued growth journey?

Since 1 January 2022, we have organised our operations into five business units, placing customers and business very clearly at the centre. In each business unit, we bring together businesses that can benefit from common synergies to further strengthen their competitiveness. Our ambition is clear – to build on the strengths we have and create ever stronger synergies to ensure good organic growth for Salix Group. One example of a strategically important area for synergies is purchasing and logistics, where we can both reduce costs and increase the level of service to customers. Another area is sales synergies. Together, our businesses have an immensely good customer network in the Nordic region. By adding new products and brands to those customer relationships, there is attractive potential to drive sales growth.

How do you work to create value through acquisitions?

Acquisitions are a key part of our growth strategy and a high priority for all business units. We are a strongly industrial buyer in acquisitions. This means that the acquisitions create clear synergies for us, which is important for our long-term value creation. The acquisition of Duschprodukter during the year is a good example. This is an established supplier of bathroom products in the Nordic and Baltic markets. The acquisition, which was an add-on acquisition for Habo Gruppen, strengthens our market position in bathrooms through the two quality brands Duschy and Arrow. It also gives us a stronger presence in the Baltic region, which among other things enables a faster geographical expansion of Habo's existing range. Similarly, the acquired companies benefit from synergies that make them more competitive as a part of Salix Group.

Our strategy for add-on acquisitions is to build on the areas in which we are strong today. However, this is not an exclusive strategy; we are also curious about acquisition opportunities in attractive related areas.

Business Area Industry

Five businesses with market-leading positions and high growth potential.

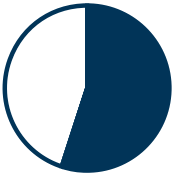
The Industry business area consists of five businesses with leading market positions in their own niches. The businesses are manufacturing suppliers of solutions in various sectors – grain handling, moisture and water damage restoration, labels and labelling solutions, infrastructure for telecom and lighting, and stone and cement products for infrastructure, paving and roofing.

The businesses have shown rapid growth with a clear focus on long-term value creation. In the businesses, Volati has created strong platforms with potential for continued growth through competence enhancement and value-creating add-on acquisitions.

Comments from Nicklas Margård, Head of Business Area

“2021 has been a tremendously successful year, with all the businesses we have owned during the year delivering their best ever results. Overall, EBITA increased by 68 percent. At the same time, we have had a record high acquisition rate, with seven acquisitions, which underlines our ambition to develop the businesses into increasingly larger and stronger platforms through add-on acquisitions. With the acquisition of Scanmast, we also added operations in another attractive area – infrastructure for telecom, lighting and industry. The market has generally been good, while, like most companies, we have been challenged by supply chain disruptions and higher prices for raw materials, components and freight. I would like to say a big thank you to our employees who deal with these challenges so brilliantly every day. Their efforts have been crucial to our delivery of such a strong result during the year.”

Share of the Group's EBITA



55%

Net sales, SEK million	EBITA, SEK million
3,050	397
(2,258)	(236)

EBITA growth, %	ROCE excl. goodwill, %
68	42
(32)	(29)

Businesses in the Industry Business Area

Corroventa

Corroventa is a European market leader in products and solutions for managing water damage, moisture, odours and radon. In addition to the sale of products and solutions, Corroventa has Europe's largest rental park for water damage equipment for emergency situations and floods. Customers include remediation companies, insurance companies and construction companies in 10 markets across Europe.

Part of Volati since 2007
CEO: Per Ekdahl
Number of employees: 62
Share of the business area's net sales: 11%

Ettiketto

Ettiketto is a Nordic market-leading full-service supplier of self-adhesive labels and labelling machines. The company has a broad range of self-adhesive labels for various applications, e.g. for the food packaging that consumers encounter at the supermarket. Ettiketto also has a comprehensive range of labelling machines that are integrated into customers' production lines. Ettiketto operates in Sweden and Norway, with the food industry as its largest customer group.

Part of Volati since 2011
CEO: Rikard Ahlin
Number of employees: 275
Share of the business area's net sales: 21%
Add-on acquisitions 2021: StrongPoint Labels (Norway) and Jigraf (Sweden), which together brought additional revenue of approximately SEK 215 million.

Scanmast

Scanmast is a Nordic market-leading supplier of infrastructure, mainly in the form of masts and towers for telecom, lighting, and surveillance, and pipeline bridges for the industrial and transport sectors. The company is a turnkey supplier, delivering complete projects – from design and project planning to construction, installation and maintenance. Scanmast operates primarily in Sweden, Norway and Finland.

Part of Volati since 2021
CEO: Ann-Charlotte Andersson
Number of employees: 82
Share of the business area's net sales: 6%

S:t Eriks

S:t Eriks is a leading Swedish supplier of concrete and natural stone products for infrastructure, paving, roofing and water & sewage. The products are used primarily in infrastructure projects and landscape architecture. The majority of sales are to professional customers in infrastructure and construction in Sweden and Norway, supplemented by sales through building materials retail.

Part of Volati since 2018
CEO: Tomaz Lewander
Number of employees: 548
Share of the business area's net sales: 41%
Add-on acquisitions 2021: Byggsystem (Sweden) and Meag Va-system (Sweden), which together brought additional revenue of approximately SEK 250 million.

Tornum

Tornum is a globally leading supplier of grain handling systems for agriculture and the grain industry. Products include grain dryers, silos, transport equipment and a wide range of accessories and electrical automation. Customers are farmers, cooperatives and industrial customers in 15 markets in west and east Europe and in Asia.

Part of Volati since 2004
CEO: Jerker Funnemark
Number of employees: 171
Share of the business area's net sales: 21%
Add-on acquisitions 2021: JPT-Industria (Finland) and Apisa (Spain), which together brought additional revenue of approximately SEK 250 million.

The Volati share

Shares and share capital

Volati's ordinary and preference shares are listed on Nasdaq Stockholm. At the end of 2021, the number of ordinary shares was 79,406,571 and the number of preference shares was 1,603,774. Volati's share capital on 31 December 2021 totalled SEK 10,251,293.13, divided into 81,010,345 shares. Each ordinary share entitles the holder to one (1) vote and each preference share to one-tenth (1/10) of a vote.

Share price development

Volati's ordinary share showed a positive price development of 119 percent in 2021. The highest closing price during the year was SEK 227.00 on 18 November. The lowest was SEK 93.10 on 21 June. Volati's preference share showed a price development of 0 percent in 2021. The highest closing price during the year was SEK 692.00 on 3 February and 22 August. The lowest was SEK 626.00 on 22 February.

Share trading volume

A total of 12,679,472 ordinary shares and 502,007 preference shares were traded during 2021. The average daily trading volume was 50,116 for the ordinary share and 1,984 for the preference share.

Dividend policy

Volati's dividend policy for ordinary shares is to distribute 10-30 percent of the Group's net profit attributable to the Parent Company's shareholders. The Board of Directors proposes a dividend of SEK 1.70 per ordinary share to ordinary shareholders, corresponding to 27 percent of net profit for 2021, and a preference share dividend to be paid in accordance with the Company's articles of association.

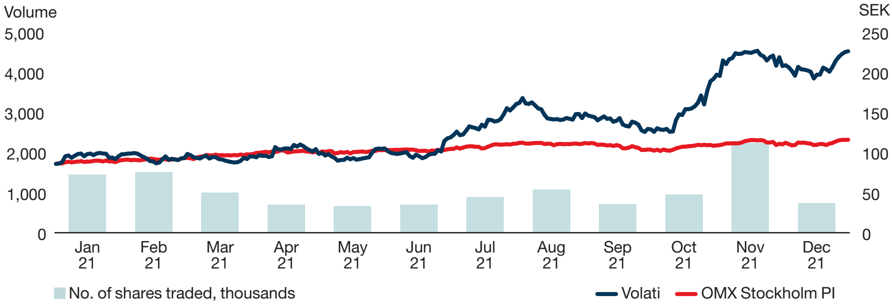
Shareholder structure

The number of Volati shareholders at the end of 2021 was 11,211 (7,840), with the 15 largest shareholders owning 91.4 (91.5) percent of the share capital and 92.1 (92.2) percent of the votes. Investors outside Sweden owned 3.6 (2.2) percent of the share capital and 3.5 (2.1) percent of the votes.

Authorisation to acquire own ordinary shares and preference shares

The AGM authorised the Board of Directors to decide on the acquisition of the Company's ordinary and preference shares. Acquisitions

Share price development, ordinary share



may take place on Nasdaq Stockholm or through an offer to all shareholders or to all holders of the class of shares that the Board decides to acquire. The purpose of the acquisition of own shares is to achieve an optimised capital structure or, for acquisitions of own preference shares, to enable the Company to use the preference shares to pay for or finance acquisitions of companies or businesses. The maximum number of shares that may be acquired is the number of shares that at any given time will not result in the Company's holding of own shares exceeding one-tenth of each of the classes of shares in the Company.

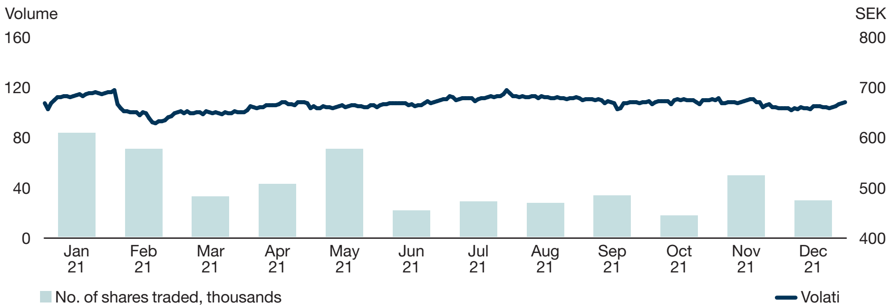
Authorisation to transfer own preference shares

The AGM authorised the Board of Directors to decide on the transfer of the Company's own preference shares. Transfers of own preference shares may take place on Nasdaq Stockholm and by means other than on Nasdaq Stockholm. Transfers of own preference shares on Nasdaq Stockholm may only take place at a price within the price interval registered at any given time. Transfers of own preference shares by means other than on Nasdaq Stockholm may be made with a derogation from shareholders' preferential rights at a price per preference share that does not fall below what is market-based, meaning that a market-based discount on the preference share's price may be applied. The reason for a possible derogation from shareholders' preferential rights when transferring own preference shares by means other than on Nasdaq Stockholm shall be to enable the Company to use its own preference shares as payment for or financing of acquisitions of companies or businesses.

Authorisation to issue new preference shares

The Annual General Meeting authorised the Board, on one or more occasions before the next AGM, to decide on new issues of up to 320,754 preference shares (corresponding to about 20 percent of the present number of preference shares issued) with or without preferential rights for shareholders. The purpose of the authorisation, and the reason for allowing a derogation from shareholders' preferential rights, is to ensure that new shares can be issued to enable the Company to use preference shares as payment for or financing of acquisitions of companies or businesses.

Share price development, preference share



Share capital development

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

Year	Event	Change in number of ordinary shares	Change in number of preference shares	Total number of shares	Change in share capital	Total share capital	Par value (SEK)
1998	New formation	1,000	–	1,000	100,000	100,000	100
2006	Bonus issue	49,000	–	50,000	4,900,000	5,000,000	100
2007	Share split 400:1	19,950,000	–	20,000,000	–	5,000,000	0.25
2011	Warrants	505,656	–	20,505,656	126,414	5,126,414	0.25
2011	Decrease through withdrawal of shares	–305,656	–	20,200,000	–76,414	5,050,000	0.25
2015	Share split 10:1	181,800,000	–	202,000,000	–	5,050,000	0.025
2015	New share issue	–	6,603,773	208,603,773	165,094.3	5,215,094.3	0.025
2015	Private placement to main owner	–	1,415,094	210,018,867	35,377.3	5,250,471.7	0.025
2016	Non-cash issue[1)]	95,722,508	–	305,741,375	2,393,062.7	7,643,534.4	0.025
2016	New share issue[2)]	2	3	305,741,380	0.125	7,643,534.5	0.025
2016	Reverse share split 1:5	–238,178,008	–6,415,096	61,148,276	–	7,643,534.5	0.125
2016	New share issue[3)]	20,862,069	–	82,010,345	2,607,758.625	10,251,293.13	0.125
2019	Decrease through withdrawal of shares	–1,000,000	–	81,010,345	–125,000	10,126,293.13	0.125
2019	Bonus issue	–	–	81,010,345	125,000	10,251,293.13	0.125

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

2) In connection with the reverse share split in September 2016, three preference shares and two ordinary shares were issued, in order to achieve an even number of shares in the Company before the reverse split. The preference shares were issued at a subscription price of SEK 106 per preference share and the ordinary shares at a subscription price of SEK 0.025 per ordinary share (the par value of the shares at that time).

3) The new issue coincided with the listing of Volati's ordinary shares in November 2016.

Ownership structure, 31 December 2021

The tables below show information related to the ownership structure in Volati AB at 31 December 2021.

Voting rights and percentage of share capital

Class of shares	Number	Voting rights per share	Number of votes	Share of capital	Share of votes
Ordinary shares	79,406,571	1.0	79,406,571.0	98.02%	99.80%
Preference shares	1,603,774	0.1	160,377.4	1.98%	0.20%
Total	**81,010,345**	**–**	**79,566,948.4**	**100.00%**	**100.00%**

Shareholders by country

	Number of share-holders	Number of shares	Share of capital	Share of votes
Sweden	10,925	78,088,311	96.4%	96.5%
Other countries	286	2,922,034	3.6%	3.5%
Total	**11,211**	**81,010,345**	**100.0%**	**100.0%**

Shareholders by size

Number of shares	Number of shareholders	Share of capital	Share of votes
1–500	10,039	1.1%	0.8%
501–1,000	557	0.5%	0.4%
1,001–5,000	455	1.2%	0.9%
5,001–10,000	50	0.4%	0.3%
10,000-	110	96.8%	97.6%
Total	**11,211**	**100.0%**	**100.0%**

The 15 largest shareholders[1)]

	Number of shares		Share of	
Name	Ordinary shares	Preference shares	Share capital	Votes
Perlhagen, Karl	34,458,500	300,174	42.9%	43.3%
Gunnarsson Wahlén, Patrik	19,356,283	0	23.9%	24.3%
Fjärde AP-fonden	5,335,661	0	6.6%	6.7%
Swedbank Robur Fonder	3,419,074	0	4.2%	4.3%
Andersson, Mårten	2,201,782	1,887	2.7%	2.8%
Lannebo fonder	1,645,599	0	2.0%	2.1%
Handelsbanken fonder	1,640,398	0	2.0%	2.1%
Björk, Mattias	1,417,168	0	1.7%	1.8%
Andra AP-fonden	802,027	0	1.0%	1.0%
Aktiebolag 1909 Gruppen	634,758	29,739	0.8%	0.8%
Försäkringsaktiebolaget, Avanza Pension	507,672	152,085	0.8%	0.7%
SEB Investment Management	571,387	0	0.7%	0.7%
Nordea Livförsäkring Sverige AB	261,397	307,999	0.7%	0.4%
State Street Bank and Trust CO	525,610	0	0.6%	0.7%
Andersson, Mats	437,101	3,500	0.5%	0.5%
Total 15 largest shareholders	**73,214,417**	**795,384**	**91.4%**	**92.1%**
Other shareholders	6,192,154	808,390	8.6%	7.9%
Total number of shares	**79,406,571**	**1,603,774**	**100.0%**	**100.0%**

1) Based on information from Euroclear Sweden as of 30 December 2021.

Volati Annual Report

CONTENTS

Administration Report

The Board of Directors and CEO of Volati AB, corp. reg. no. 556555-4317, registered office in Stockholm, hereby present the annual report and consolidated financial statements for the 2021 financial year.

Volati's operations

Volati is an industrial group comprising ten business units, organised in the two business areas Salix Group and Industry. During the year, the Akademibokhandeln was closed through a separate listing of a separate listing of Bokusgruppen and the income statements have therefore been restated in accordance with applicable reporting standards, with the separately listed business reported as a discontinued operation.

Acquisitions are a central component of Volati's strategy. Volati mainly acquires companies with proven business models, leading market positions and strong cash flows at reasonable valuations and develops them with a focus on long-term value creation. Volati's corporate-development strategy is based on retaining the companies' entrepreneurial spirit and adding leadership, expertise, processes and financial resources. Volati's flexible organisation enables fast decision-making and its decentralised governance model means that day-to-day decisions are made in the operations, with limited involvement from Volati. The decentralised business model is a key success factor as it creates a high level of entrepreneurship in the business units, provides a clear responsibility framework and helps to ensure that Volati can continue to grow without excessive central resources.

In total, the Group has about 60 operating companies in 18 countries, with Sweden accounting for the largest share of net sales. The business areas' share of total EBITA for 2021 was as follows: Salix Group 45 percent and Industry 55 percent.

The years 2020 and 2021 have been restated in the following financial statements in accordance with current financial reporting standards and exclude the discontinued operations of the Consumer business area (divested in 2020) and the Akademibokhandeln business area (separate listing of Bokusgruppen in 2021). Earnings effects in the discontinued operations are reported separately as discontinued operations in the consolidated income statement in accordance with IFRS 5.

Salix Group: The Salix Group business area consists of five business units with 24 operating companies in eight countries. The businesses offer products for building and industry, primarily hardware, consumables, material and packaging. The business area also offers a broad range of products for home and garden, and agriculture and forestry. Distribution to customers is via dealers, retail chains, e-commerce channels and directly to customers.

The business area manager is chairman of the business unit's board and is responsible for coordinating Volati's central support and for supporting acquisition processes.

Industry: The Industry business area consists of five business units with 33 operating companies in 13 countries. The business area focuses on various B2B niches and is driven by a combination of strong local entrepreneurship and collaboration in selected areas, such as expansion into new markets and production efficiency. The business area is active in five different market niches – grain handling, moisture and water damage restoration, labels and labelling solutions, stone and cement products for infrastructure, paving and roofing, and the supply of critical infrastructure to customers in telecom and other sectors. The business area manager is chairman of the business unit's board and is responsible for coordinating Volati's central support and for supporting acquisition processes.

Akademibokhandeln: After the separate listing of Bokusgruppen during the year, the Akademibokhandeln business area was closed and is now treated as a discontinued operation.

Acquisitions, disposals, new establishments and restructuring

A central part of Volati's strategy is to continue growing by acquiring well-managed companies, both as a complement to existing business units and as entirely new types of business. The acquisition market in 2021 was still exposed to competition. Volati made eight acquisitions during the year: JPT-Industria OY, Duschprodukter Sweden AB, Scanhold AB (Scanmast), StrongPoint's labels business in Sweden and Norway, Byggsystem Direkt AB, Apisa S.L., Meag Va-system AB and Jigraf AB. A separate listing of Bokusgruppen AB was carried out during the year.

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. In spring 2020, updated financial targets and an updated dividend policy were drawn up, and these also applied for 2021. Volati has defined the following updated financial targets, which should be evaluated as a whole.

- **EBITA growth**: The target is average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.
- **Return on adjusted equity**: The long-term target is a return on adjusted equity of 20 percent.
- **Capital structure:** The target is a net debt/adjusted EBITDA ratio of 2 to 3 times as an average over the last four quarters, and not exceeding 3.5 times.
- **Dividend policy**: Volati's target for ordinary shares is to distribute 10-30 percent of the Group's net profit attributable to the Parent Company's shareholders. When determining dividends, net debt in relation to the Company's targets is taken into account, together with future acquisition opportunities, scope for development in existing companies and other factors that Volati's Board considers significant. Dividends on preference shares are issued at an annual amount of SEK 40.00 per preference share, in quarterly payments of SEK 10.00, in accordance with the Articles of Association.

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

Development during the year

Volati's two business areas, Salix Group and Industry, both delivered a positive financial performance during the year, driven by strong demand for their products. Salix Group has benefited from a strong market for products for professional customers and for the do-it-yourself consumer. The business units within Industry have also seen strong demand for their products, and growth has been positively affected by Industry's seven acquisitions during the year. The year's acquisitions have generated significant synergies.

The pandemic has affected the external environment, and this posed operational challenges during the year in the form of high material and freight prices, component shortages, supply chain disruptions and short-term absences. Our organisation has responded efficiently to these challenges through customer communication, pricing, cost control and a focus on growth.

Net sales and earnings

The Group's net sales for 2021 amounted to SEK 6,309 (4,921) million, an increase of 28 percent compared with the previous year. The increase is driven by both organic and acquired growth.

EBITA for 2021 amounted to SEK 664 (421) million, an increase of 58 percent. The increase in profitability was driven by a positive earnings trend in Salix Group and Industry and by acquisitions. Synergies from the acquisitions also contributed positively during the year. Organic EBITA growth for the year was 36 percent.

Profit after tax for continuing operations in 2021 was SEK 442 (246) million. Profit after tax attributable to non-controlling interests was SEK 26 (10) million. Earnings per ordinary share for continuing operations, after deduction of preference share dividends, amounted to SEK 4.42 (2.15) for the year. Earnings per ordinary share, including discontinued operations, amounted to SEK 5.42 (11.37) for the year.

Companies acquired or divested during the year are included from the date on which control is obtained or until the date on which control ceases.

Cash flow

Cash flow from operating activities for 2021 amounted to SEK 460 (956) million. The cash conversion rate in 2021 for continuing operations was 66 (113) percent. Cash flow from operating activities attributable to discontinued operations for 2021 amounted to SEK –83 (342) million. Investments in non-current assets in the business units for 2021 amounted to SEK 89 (76) million and were primarily related to business development investments in the form of IT systems and ongoing investments in machinery and equipment. Investments in Group companies in 2021 mainly concerned eight acquisitions: JPT-Industria OY, Duschprodukter Sweden AB, Scanhold AB (Scanmast), StrongPoint's labels business in Sweden and Norway, Byggsystem Direkt AB, Apisa S.L., Meag Va-system AB and Jigraf AB. Total cash flow for 2021 was SEK –961 (722) million.

Development expenses

The Group's research and development expenses are either expensed as they arise or capitalised and amortised over their estimated useful lives, depending on the nature of the project and operations. Development expenses of SEK 12 (10) million attributable to continuing operations were capitalised during the year and were primarily related to business development within Industry. In addition, the Group's earnings were affected by development expenses of SEK 1 (1) million.

Employees

The average number of employees during the year, calculated as full-time equivalents (FTEs), was 1,723 (1,361).

Equity

The Group's total equity at the end of the period amounted to SEK 1,890 (3,235) million. Equity attributable to the Parent Company's shareholders, adjusted for preference share capital, fell from SEK 2,391 million on 31 December 2020 to SEK 1,044 million on 31 December 2021. The equity ratio on 31 December 2021 was 34 percent, compared with 50 percent at the end of 2020. The average return on adjusted equity for 2021 was 40 (51) percent.

Share capital

There were 79,406,571 ordinary shares and 1,603,774 preference shares at the end of 2021. Volati's share capital on 31 December 2021 totalled SEK 10,251,293.13, divided into 81,010,345 shares. All shares are issued and fully paid, each with a par value of SEK 0.127. No shares in the Company are held by the Company itself, on its behalf or by its subsidiaries. Each ordinary share gives entitlement to one (1) vote and each preference share gives entitlement to one-tenth (1/10) of a vote at the AGM, and all shareholders with voting rights may vote for the full number of shares owned and represented, without any restrictions on voting rights.

Net debt

The Group had net debt of SEK 1,024 million at the end of the year, compared with a net cash position of SEK 485 million on 31 December 2020. Total liabilities on 31 December 2021 amounted to SEK 3,733 million, compared with SEK 3,270 million on 31 December 2020. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 1 736 million at the end of the year, compared with SEK 1,375 million on 31 December 2020. During the year, credit facilities were increased from SEK 1,200 million to SEK 2,200 million and at the end of the year, the unutilised overdraft facility was SEK 300 (300) million, the unutilised revolving credit facility was SEK 800 (900) million and cash & cash equivalents were SEK 203 million.

In addition, Volati issued preference shares in 2015 at a nominal amount of SEK 850 million, classified as equity. Preference shares carry entitlement to a quarterly dividend payment of SEK 16 million in total. Volati's financing agreements are subject to customary terms and conditions, i.e. covenants, from Volati's bank. The financial covenant attached to the loan agreement is the net debt/EBITDA ratio, which may not exceed a certain level. The Group has not breached this covenant during the year. Volati has not provided special security for bank financing. The Parent Company has provided surety for all subsidiaries' obligations with Volati's bank. During the year, the Group redeemed the listed bond loan of SEK 600 million issued in 2017.

Future development

Volati is not making any financial forecasts for next year's development. The assessment is that Volati enters 2022 financially strong and that the Company has the financial conditions to continue operating in accordance with the established strategy and defined financial targets, including the conditions to make further acquisitions during the coming years. Volati is closely monitoring the development of Covid-19, which had a limited financial impact on the Group in 2021 as the business units worked actively to mitigate the effects of the pandemic. As there is still uncertainty about the pandemic's future impact, it is important to make regular updated assessments and quantify future financial effects for Volati.

At the end of February 2022, Russia attacked Ukraine, creating a humanitarian disaster in the country. The war also brings great uncertainty to macroeconomic developments in the future, and as the effects are currently unclear, Volati attaches great importance to continuously updating the financial impact on the Group.

Shareholders

Volati AB's ordinary and preference shares have been listed on Nasdaq Stockholm since November 2016. The number of shareholders at the end of the year was 11,211. The largest shareholders at the end of the year were the founders Karl Perlhagen, with 43.3 percent of the votes, and Patrik Wahlén, with 24.3 percent of the votes.

2022 Annual General Meeting

Volati AB's 2022 Annual General Meeting will be held at 17.00 on 27 April 2022 at Congressen, Hotel Birger Jarl, Birger Jarlsgatan 61a in Stockholm.

Notification

Shareholders may participate in the meeting in person, through a proxy or by postal voting. Shareholders wishing to participate in the AGM must:

- be entered in the share register kept by Euroclear Sweden AB as of Tuesday, 19 April 2021 or, if the shares are nominee-registered, ask the nominee to re-register the shares no later than Thursday, 21 April 2022; and
- have provided notification of their participation no later than Thursday 21 April 2022. A postal vote is counted as a notification.

Further information about the AGM can be found at www.volati.se.

Events after the reporting date

In a press release on 17 January 2022, it was announced that Volati had acquired the Norwegian company Skipnes Etikett AS (annual sales approximately SEK 72 million in 2020).

In February 2022, Russia attacked Ukraine. In 2021, Volati had net sales of SEK 32 million in these two countries through Tornum. In addition to the direct exposure, the attack increases macroeconomic uncertainty.

In a press release on 1 March 2022, Volati announced the acquisition of the Norwegian company Gunnar Eiklid AS, with annual sales of approximately NOK 36 million in 2021.

On March 23 Volati communicated the expected negative effect on earnings during quarter 1, 2022 from Volatis exposure to Ukraine and Russia through the business unit Tornum, as well as from the lack of supply of production material for Ettiketto Group related to a strike at the paper producer UPM. For more information see the separate press release.

Proposed appropriation of profits

The Board of Directors proposes that:

	SEK
Retained earnings	36,150,869.06
Net profit	110,847,294.72
Share premium reserve	2,376,398,417.10
be appropriated as follows:	
Dividend of SEK 1.70 per ordinary share, total	134,991,170.70
Dividend of SEK 40.00 per preference share, total	64,150,960.00
Carried forward	2,324,254,450.18

Board statement on the proposed distribution

The proposed dividend reduces the Parent Company's equity ratio from 57.2 percent to 55.2 percent. The equity ratio is satisfactory in view of the fact that the Company's operations continue to be conducted profitably. The assessment is that the Company's liquidity can be maintained at a similarly satisfactory level. The Board's understanding is that the proposed dividend will not prevent the Company from discharging its obligations in the short or long term or making necessary investments. The proposed dividend distribution can therefore be justified pursuant to Chapter 17, Sections 3.2 and 3.3, of the Swedish Companies Act (the precautionary principle).

Sustainability Report

Sustainability is an important building block in Volati's ambitions to create long-term value over time. The sustainability report describes Volati's and the business units' sustainability work.

To continue to grow and be competitive in the long term, we need to integrate sustainability into everything we do. For Volati, this means identifying and harnessing the opportunities that well-developed sustainability work can create, combined with managing and minimising risks associated with sustainability. An important part of this involves responding to increased interest and requirements related to sustainability from customers, employees, investors and regulators. Through our sustainability work we want contribute to the achievement of the UN Sustainable Development Goals, based on our circumstances and our business model. Volati signed up to the UN Global Compact in 2020 and in doing so, we have undertake to follow the Global Compact's ten principles on human rights, labour, the environment and anti-corruption.

Sustainability is an integral part of our business concept and business model, and an important consideration in investment decisions. We set requirements, integrate and monitor sustainability in connection with investments and in the business plans and results monitoring of our businesses.

In 2021, we developed Volati's sustainability work, which included starting to measure the Group's climate impact in a climate inventory and implementing the EU Taxonomy Regulation.

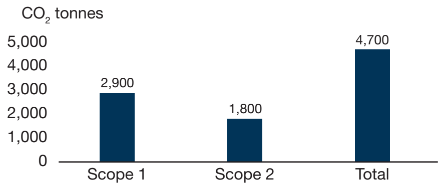
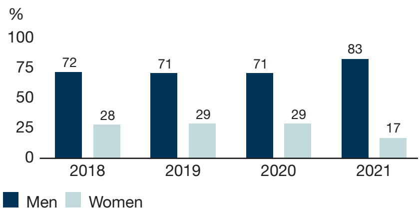
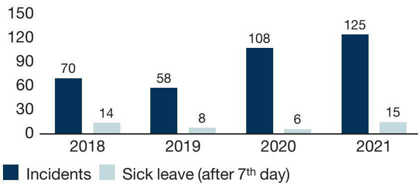
Volati's contribution to the global goals

Volati's sustainability work is based on four Group-wide focus areas – Business Ethics, Health & Safety, Environment & Climate and Diversity & Inclusion – which were developed in the materiality analysis conducted in 2020. The analysis identified five key sustainability aspects, based on the UN's 17 global goals and targets, which form the basis of our sustainability work. For each area we have defined targets and indicators. The selection from the UN global goals was made from a Group perspective. Goals that only affect individual business units have not been included, but are left to the business units' sustainability work.

In 2021, we updated our environmental and climate targets. The previous target was to initiate measurement of CO_2 emissions at Group level, which was done in 2021. The new target is to define measures to reduce the carbon footprint based on the measurements.

In addition to the Group-wide focus areas, most business units have identified key sustainability aspects on which they are focusing. Scanmast, for example, has selected three of the UN's global goals for extra focus in its sustainability work – Gender Equality, Industry, Innovation and Infrastructure, and Climate Action. Scanmast makes an annual analysis of the status and opportunities for improvement in working conditions, parenting and work, harassment/sexual harassment, career/training, pay surveys and recruiting for a gender-equal industry. Scanmast also has an annual goal to reduce CO_2 emissions from its own transport relative to sales.

Focus area	UN global goals and targets	Key issue
Business ethics	**Peaceful and inclusive societies** 16.5 Substantially reduce corruption and bribery	Good business ethics includes ethical business conduct, anti-corruption and human rights Good working conditions and compliance with laws throughout the value chain in all our operations
Environment and climate	**Combat climate change** 13.1 Strengthen resilience and adaptive capacity to climate-related disasters 13.3 Build knowledge and capacity to meet climate change	Reducing climate footprint through more efficient use of energy and cutting CO_2 emissions Sound resource management and minimisation of waste and wastage in our operations
Diversity and inclusion	**Gender equality** 5.5 Ensure women's full and effective participation in leadership and decision-making	Equal value of all human beings No discrimination or victimisation Equal gender distribution in decision-making positions
Health and safety	**Decent work and economic growth** 8.8 Protect labour rights and promote safe and secure working environments for all workers	Safe and healthy work environment and workplace

Target	Development of indicators
Zero vision – Group	**0** Zero incidents reported since 2017
Define measures to reduce the carbon footprint	**CO_2 emissions, Volati Group 2021**  Explanations of "Scope" can be found on page 56.
40/60 female/male distribution in leading positions by 2030	**Gender distribution, Volati Group management teams**  The main reason for lower female representation in management groups in 2021 was the closure of the Bokusgruppen business area where there was a higher proportion of women than in the Group's other businesses.
Zero vision – Group	**Incidents/Sick leave**  Some of the increase in 2020 and 2021 is due to the introduction of a digital monitoring tool in the Industry business area, which facilitated the reporting of incidents.

Sustainability governance at Volati

The Board of Volati AB has ultimate responsibility for Volati's sustainability work and long-term sustainability targets. Sustainability work in the business units is primarily conducted through active board work at company level. Sustainability is one of the aspects taken into account in Volati's strategy work and investment decisions.

Volati's business units have a wide spread of operations, which means that they face different sustainability-related opportunities and risks. To ensure that all business units operate on a responsible and sustainable basis, there is a Group-wide sustainability framework. This framework is summarised in Volati's sustainability policy and covers all aspects of the business – from sustainability issues in acquisition and investment processes to how the individual business units are expected to act. As the Group applies decentralised corporate governance, most operational sustainability work is conducted in each business unit. In 2022, Group-wide sustainability training will be provided for senior executives in the business units.

Volati's code of conduct is an important tool in the sustainability work. It describes how we do business and act in our daily work on and our relationships with the outside world. The code of conduct includes human rights, working conditions, equality, diversity, anti-corruption and environmental responsibility and is based on the UN Global Compact, the ILO's fundamental conventions and the OECD Guidelines for Multinational Enterprises. It applies to all companies and all employees and is reviewed annually by the Board. The code is available on our website www.volati.se. Volati has also set up a whistleblower function that enables all Group employees to anonymously report irregularities that violate the Group's or their own business unit's codes of conduct. The Group and the business units also have additional sustainability-related policies, such as the HR policy, purchasing policy, investment policy and communication policy, which highlight the applicable compliance requirements.

Responsible investments

Since Volati was founded in 2003, we have completed 45 acquisitions of companies active in a range of industries. Volati's investment activities and actions as a responsible owner are based on the ten principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the UN Principles for Responsible Investment (UNPRI). Volati does not acquire companies it considers to violate the UN Global Compact's principles in the areas of human rights, labour, environment and anti-corruption.

Sustainability is an integral part of the acquisition process, which means that environmental, social and corporate governance aspects are taken into account in analyses and investment decisions. We shall work to ensure greater transparency on environmental and social issues and governance in the companies we invest in.

All Volati business units are covered by a code of conduct

100%

All employees have access to an anonymous whistleblower service

100%

Business ethics and anti-corruption

Volati requires good business ethics and proactive anti-corruption work to be implemented in all companies. Business ethics includes laws, rules and regulations, as well as norms and values. All companies have implemented the Group-wide code of conduct. All employees have a responsibility to report any action that they suspect is a violation of the Company's code of conduct. To enable anonymous reporting of incidents, Volati has procured an external whistleblower service, Whistle B. Companies must also conduct risk analyses and take measures to manage identified risks.

Volati has operations in 18 countries, with an emphasis on the Nordic countries. Based on Transparency International's corruption index, it is Volati's assessment that in most cases the business units operate in countries that have a low risk of direct involvement in unethical business conduct. However, in the business units there may be indirect impacts and exposure to suppliers that do not have the same low tolerance for unethical business conduct as companies in the Nordic countries. With this in mind, we work actively on auditing suppliers. Most of our business units require suppliers to sign a supplier code of conduct before entering into an agreement. Supplier audits and supplier assessments are carried out on an ongoing basis. However, Covid-19 has restricted the ability to conduct a normal number of supplier audits during the year. The aim is to return to normal processes for supplier audits as soon as possible in 2022.

Risks

Some of the Group's business units operate in sectors or territories that bring exposure to and increased risk of bribery and corruption. This may involve bribes in return for turning a blind eye to irregularities or for sharing investment information. Both Volati and the business units have zero tolerance for bribery and corruption. Purchasing products and components from regions such as eastern Europe and Asia brings a risk of human rights violations in the supply chain. The business units work systematically to prevent this by establishing dialogue, setting requirements and auditing suppliers.

Total number of known cases/notifications of corruption offences and violations of human rights. No incidents were reported in 2021.

EXAMPLE FROM THE BUSINESS

Supplier audits

Habo, in Salix Group, has defined procedures for supplier audits. A key component of the process is the code of conduct, which all suppliers and their sub-suppliers are required to sign.

Habo also carries out a risk analysis of its suppliers based on sales, geography and strategic significance, in order to identify about10 companies to be audited through on-site visits.

Suppliers are audited on the basis of Code of Conduct integration, Environment, Working Conditions and Health & Safety, and the supplier is then informed of any deviations.

Environment and climate

Volati's ambition is to continuously reduce its environmental and climate impact in all parts of the business. All business units must endeavour to reduce their climate impact by always:

- Complying with local environmental legislation.
- Aiming to ensure sustainable management of resources and to limit emissions of hazardous substances and toxic waste.
- Striving for energy efficiency and, in the short and long term, creating a profitable business with a low carbon footprint.

In addition to these more general principles, some of the Group's business units have their own sustainability policies, which are often more extensive with clear goals for reducing environmental impacts.

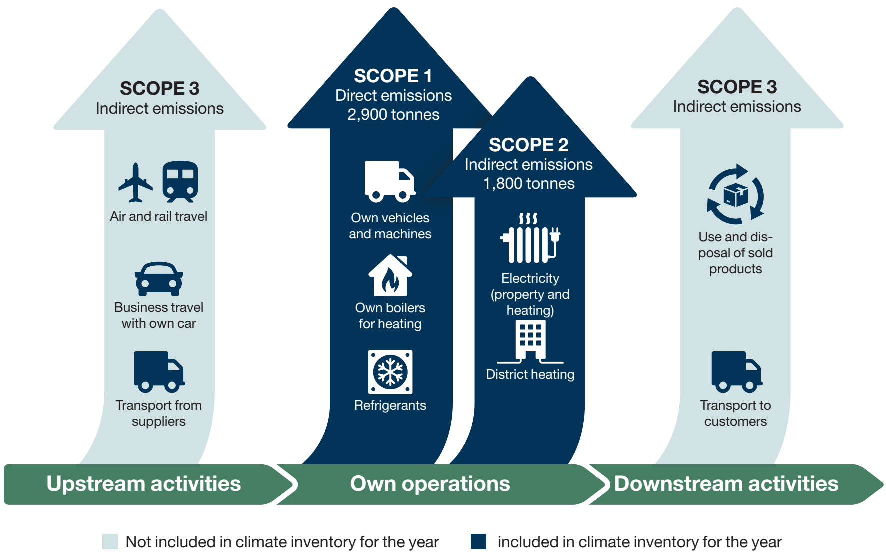
In 2021,Volati ran two Environment and Climate projects. One was a climate inventory, calculating the Group's carbon emissions, and the other was the implementation of the EU Taxonomy Regulation.

Climate inventory

Volati's first climate inventory to calculate the Group's impact on the climate was conducted in 2021. The inventory included all business units and was carried out in accordance with *The Greenhouse Gas Protocol (GHGP)*. The GHPG classifies measurement of carbon emissions into three parts – Scope 1, 2 and 3, which is the same classification that Volati uses. This year, Volati has chosen to measure carbon emissions in Scope 1 and 2 and will evaluate which parts of Scope 3 are to be included in the 2022 measurement.

The fact that Volati has started to measure its carbon emissions brings several benefits:

- Annual follow-up increases interest.
- Increased transparency of climate impact.
- Identifying sources of emissions enables concrete measures to be defined.
- Better transparency for risks related to greenhouse gas emissions.
- Support data in investment decisions.



As 2021 was the first year the Group's emissions were measured, it will be the base year from which we set and evaluate long-term and short-term CO_2 emissions targets. In 2022, Volati will review the areas where we have the greatest environmental impact and define a plan of activities to be implemented to reduce the Group's climate impact.

Results from 2021 climate inventory

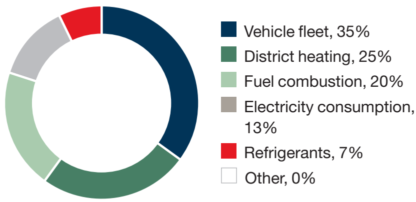
The climate inventory showed that total CO_2 emissions from the Volati Group in 2021 were approximately 4,700 tonnes for Scope 1 and 2 (diagram 1). The Industry business area accounted for 79 percent of total emissions, which is due to the fact that its business units are manufacturing companies. Salix Group has a lower carbon footprint as the Group consists only of trading companies. We have chosen to divide emissions into six areas: vehicle fleet, district heating, fuel combustion, electricity consumption, refrigerants and other emissions. The distribution of emissions by category is illustrated in diagram 2.

Vehicle fleet

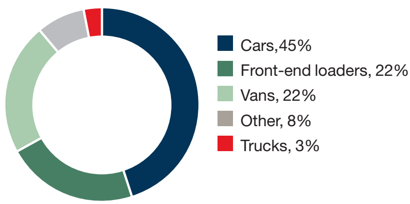
There are a total of 350 vehicles in the Group. The breakdown by vehicle type is shown in diagram 3. 42 percent of the vehicles are powered by environmentally friendly fuels (electricity or biofuel) and about half of the fleet is powered by diesel (diagram 4).

Rapid technological development means that there are currently several alternative fuels with the potential to replace diesel. The vehicle fleet is the category that contributes most to Volati's total emissions (in Scope 1 and 2) but it is also the category where we see great potential for rapid improvement. In 2022, Volati will therefore review the options available to increase the proportion of vehicles powered by environmentally friendly fuels.

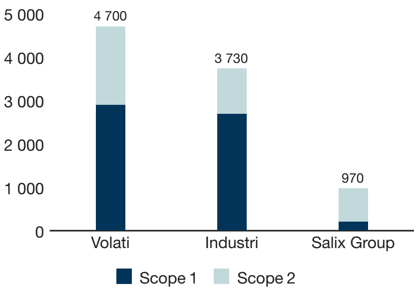
Emissions by category (diagram 2)



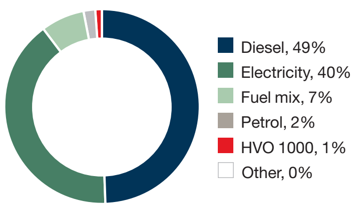
Vehicle fleet (diagram 3)



Emissions by scope and business area (diagram 1)



Fuels (diagram 4)



District heating

A large proportion of the Group's companies heat their properties with district heating. In total, district heating accounted for 1,200 tonnes, which is approximately 25 percent of the Group's total emissions.

Emissions from district heating depend partly on consumption and partly on the fuel used by the local district heating supplier in its production. Measures to reduce emissions from district heating include actively purchasing green district heating in buildings where this is possible, and looking at ways to improve the energy efficiency of buildings with the highest consumption. Volati will evaluate possible options in 2022 to decide on a plan going forward.

Fuel combustion

Fuel combustion within the Group is mainly for heating buildings through the combustion of oil, natural gas and wood pellets. The majority of properties that use energy fuel combustion are outside Volati's control. For these properties, Volati needs to encourage the property owner to take improvement measures. For the premises owned by Volati, the improvement options are more numerous. In 2022, Volati will review the possibility of switching to alternative fuels for combustion in existing boilers – for example, moving to different biofuels such as biodiesel or biogas. Another possible option is switching to district or geothermal heating, which is already used in some of the businesses.

Electricity consumption

Electricity consumption within the Group accounts for 13 percent* of the Group's total CO_2 emissions. Reported electricity consumption includes electricity used for heating buildings, production machinery and other electricity consumption in the properties. 54 percent of total electricity consumption comes from renewable sources, as several of Volati's business units have chosen to purchase renewable electricity. In 2022, Volati will examine the possibility of increasing the use of renewable electricity to reduce CO_2 emissions. The potential reduction is approximately 600 tonnes of CO_2 emissions if all companies opt to purchase renewable electricity.

Refrigerants

Emissions from recharging due to refrigerant leakage account for 7 percent of the Group's emissions. Emissions in this category can be minimised by ensuring that service and maintenance is carried out in such a way that leakage does not occur, and by evaluating the underlying need. In 2022, Volati will review these options and define a plan going forward to reduce climate impacts in this area.

Other emissions

Other emissions include district cooling and industrial processes. Emissions in these areas account for 4 kg of CO_2 emissions.

* Emissions from the Group's electricity consumption are calculated using the market-based allocation method. If they had been calculated using the location-based allocation method instead, the CO_2 emissions for electricity consumption would have been 660 tonnes.

EU Taxonomy Regulation

In 2021, the EU decided to implement the EU Taxonomy Regulation. The taxonomy is a tool for comparing and identifying sustainable investments. The aim is to increase transparency for the public and investors regarding which economic activities are environmentally sustainable. The taxonomy is still in its early stages, and all economic activities are not yet included in the framework. For example, trading in goods is not covered by the Taxonomy Regulation, which means that Salix Group's entire activities fall outside the defined areas of the Taxonomy.

Volati implemented the EU Taxonomy Regulation during the year and complies with the reporting requirements for the 2021 reporting period. This means that the Group has identified the proportion of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) related to taxonomy-eligible economic activities.

Outcome of the EU Taxonomy regulation analysis

The result of the analysis of Volati's economic activities for 2021 in accordance with the EU Taxonomy Regulation is shown in table 1. The analysis was carried out on the basis of the main revenue-generating economic activities of the business units. The analysis shows that a very small proportion of turnover is related to taxonomy-eligible economic activities. Based on 2021 turnover, less than 1 percent of total turnover is taxonomy-eligible. The analysis also shows that no part of identified OpEx or CapEx is related to taxonomy-eligible economic activities.

Assessment of qualification under the EU Taxonomy Regulation

The majority of the Group's activities are considered not to be taxonomy-eligible economic activities currently described in the EU Taxonomy. The economic activities identified as relevant are listed and described in table 2.

Of all the companies in the Volati Group, only two have some taxonomy-eligible economic activity based on their products/technologies/services. The first is S:t Eriks' and the company's production of solar cell roof tiles. This product falls within the scope of 3.1. 'Manufacture of renewable energy technologies' in the Annex to the Taxonomy. The second company is Scanmast, which is eligible under 4.9, as

Table 1

	Total (SEK million)	Proportion of taxonomy-eligible economic activities (%)	Proportion of non-taxonomy-eligible economic activities (%)
Turnover	6,309	0.45	99.55
CapEx	125	0.0	100
OpEx	129	0.0	100

Table 2

EU Taxonomy economic activity	The company's products/technologies/services
3.1 Manufacture of renewable energy technologies	S:t Eriks' solar cell roof panels as small-scale production of renewable energy.
4.9 Transmission and distribution of electricity	Scanmast's contract work for maintenance and new construction related to electricity networks and electricity supply.
7.3 Installation, maintenance and repair of energy efficiency equipment	Scanmast's services that include installation and replacement of energy efficient light sources such as LED lamps in stadiums.

Scanmast carries out maintenance and new construction related to electricity networks and electricity supply. Scanmast is also eligible under 7.3, as its services include installation and replacement of energy efficient light sources.

The turnover, CapEx and OpEx relevant to the taxonomy from the qualifying companies and their activities have been reported separately by each company. S:t Eriks and Scanmast did not have any CapEx and OpEx linked to one or more of the eligible economic activities in 2021.

Comments on the results

The taxonomy regulation is still at an early stage, and a large proportion of economic activities in the market are not yet covered by the regulation, but priority has been given to areas where major environmental improvements can be achieved. We note that our survey shows Volati is not engaged in the activities assessed by the EU as having the highest negative impact on the environment, which we see as positive.

Reporting principles for the EU Taxonomy Regulation

Below is an explanation of how each of the three KPIs, turnover, CapEx and OpEx, has been produced, including the methodology used.

Turnover

Total turnover for 2021 for the Group (SEK 6,309 million), S:t Eriks (SEK 1,250 million) and Scanmast (SEK 195 million) is prepared and determined separately by the three companies and no notable assumptions or estimates have been made. This has been done according to the taxonomy definition of turnover as set out in Directive 2013/34/EU on annual financial statements, consolidated financial statements and related reports. Turnover includes revenue recognised in accordance with IAS 1.82a.

CapEx

Total capital expenditure for the Group (SEK 125 million) is calculated as the sum of investments in assets, accounted for in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property, IAS 41 Agriculture (biological assets: agriculture and forestry) and IFRS 16 Leases (additions to right-of-use assets).

Neither S:t Eriks nor Scanmast had any CapEx linked to taxonomy-eligible economic activities in 2021.

OpEx

Total operating expenditure for the Group (SEK 129 million) consists of direct expenses related to R&D, building renovation, short-term leases, maintenance & repair and all other direct expenditure related to the daily maintenance of property, plant and equipment – carried out by the Company or a third party hired for this purpose – required to ensure the continued and proper functioning of these assets. Examples of items included from the consolidated income statement are direct costs for Tools, Repair and maintenance of machinery, and Development costs.

Neither S:t Eriks nor Scanmast had any OpEx linked to taxonomy-eligible economic activities in 2021.

Contextual information

The reported CapEx and OpEx information for taxonomy-eligible economic activities for S:t Eriks and Scanmast is zero for 2021. These economic activities do not include investments that are part of a CapEx plan for R&D projects aimed at launching new taxonomy-adapted products or making taxonomy-eligible products taxonomy-adjusted.

Plan going forward

In 2021, Volati gained a better understanding of the Group's carbon emissions. In 2022, we will review the areas with the highest emissions based on the results of the climate inventory and produce an action plan for reducing the climate impact. The climate work will continue during the coming year and we will evaluate which Scope 3 elements are to be included in the climate inventory for 2022.

Volati has also gained a greater understanding and identification of environmentally positive investments with the help of the EU Taxonomy Regulation analysis in 2021. Volati will use the EU taxonomy extension to identify and review its investments in order to promote environmentally positive investments in the future.

Risks

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

Volati's compliance with laws and regulations in 2021 meant that no fines or sanctions related to environmental issues were imposed.

EXAMPLES FROM THE BUSINESS

Miljöcenter

Miljöcenter has carried out a project to reduce its carbon footprint by reviewing its product packaging and POS (Point Of Sales) materials. As a result of the project, Miljöcenter has reduced packaging sizes where possible, leading to more efficient logistics and lower emissions. In addition, the corrugated plastic used in POS materials will be phased out and replaced by cardboard/paper – recycled materials wherever possible.

Miljöcenter is also reviewing existing freight companies in order to identify options for choosing more environmentally efficient freight solutions. As a result, it has been decided to take the current transport from France via intermodal transport. The work continues in 2022.

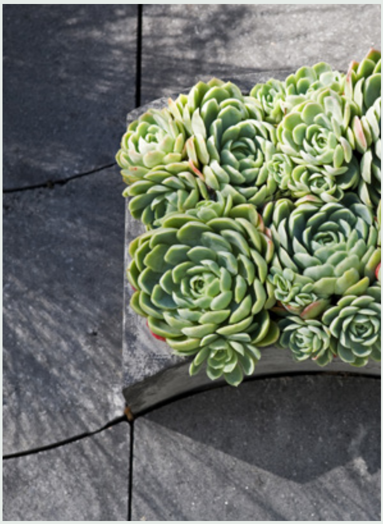
S:t Eriks

S:t Eriks has set a long-term target to become climate neutral by 2045.

S:t Eriks has a number of products that are extra durable. Work on expanding the range and further reducing the carbon footprint of the products is underway. One example is Terrakomp – prefabricated modules for speed calming – where the range has been extended to include roundabout modules. Another example is the super range of concrete slabs, which are made with a special production method that makes them extra strong. The carbon footprint is reduced by up to 40 percent compared with using a standard slab.

Efforts to reduce scrap have been in progress for several years. In 2021, there was a further 15-percent reduction compared with the previous year. Since the turn of year 2018/2019, scrap has been reduced by approximately 38 percent. The next step for S:t Eriks is to look at circular flows/recycled material in new concrete. Trials are in progress to further reduce the climate impact of concrete through tests using other admixtures, recycled concrete and even trials with no cement at all.

S:t Eriks is an active partner in several initiatives and networks, working with other companies, organisations, public services and universities on improvements and joint projects to reduce the carbon footprint. Examples include the Concrete Initiative, the Swedish Stone Industry Association and the Uppsala Climate Protocol.



Diversity and inclusion

Diversity helps to create a more attractive and enduringly successful business and is therefore one of Volati's priority focus areas. Volati has stakeholders from different cultures and with different backgrounds, both in the Swedish operations and among the business units, customers and suppliers in other countries. The ability to interact with our stakeholders in the right way is important and requires a diversified workforce that is reflective of the society in which we operate. This helps to ensure strong skills supply, thereby safeguarding Volati's long-term competitiveness.

Volati has a Group-wide HR policy that all business units are required to follow, as a minimum level. The policy establishes the equal value of all people and stipulates that Volati and the business units must ensure fair conditions between individuals and groups. No-one shall suffer discrimination or victimisation, and each business unit must have guidelines and instructions on how to act should this occur.

The chairmen and CEOs of the business units are responsible for equality work. Gender equality is an integral part of HR work on the company boards' agenda. As part of the annual work, an equality analysis must be conducted, which includes a current status description, challenges, priorities, measures and follow-up. Volati also ensures an equality perspective in the central skills development programmes: Volati Academy, Volati Knowledge and Volati Management Program.

Risks

Volati and our business units benefit from a workplace that is inclusive and where differences are welcomed, respected, valued and nurtured. This contributes to ensuring satisfied and productive employees. With an excessively homogeneous workforce, there is a danger of overlooking the potential and benefits offered by diversity and adopting a unilateral approach to risks and opportunities.

EXAMPLE FROM THE BUSINESS

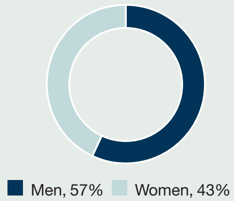
Equality work at Volati

For the last two years, we have been working on our processes related to equality. This includes all aspects of equality such as the shaping of our strategic HR initiatives, selection of candidates, processes and suppliers. For the Group-wide programmes, the stated ambition is to recruit in a way that achieves greater gender equality in the long term. An annual evaluation of the business units' equality work is conducted by Volati's management and reported to the Board.

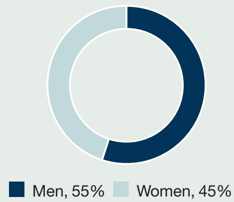
For Volati Management Program, Volati has achieved a good gender distribution. However, the female proportion is lower for Volati Academy, the program for management group members, as it reflects the composition of the business units' management groups.

Indicator for diversity, equality and non-discrimination

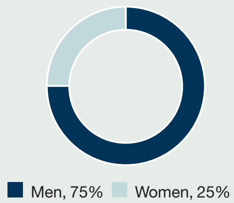
Gender distribution, Board, Volati AB[1)]



Gender distribution, Volati Management Program, since 2016



Gender distribution among employees, total[1)]



1) For a detailed description, see note 6 on pages 103–106.

Health and safety

Volati considers its employees to be the single most important success factor in creating long-term competitiveness. The overall objective is for everyone in the Group to experience a good, safe and secure work environment. Volati requires every business unit to have a clear process for work environment management and to have a work environment policy and drug and alcohol policy in place.

Volati is convinced that healthy employees not only reduce sickness absence and the risk of stress and burn-out, but also contribute to a positive atmosphere and improved performance. Volati therefore offers all employees a fitness allowance, training and other activities to encourage a healthier life.

Under Volati's decentralised governance model, the majority of work environment responsibility is handled by senior executives in each of the business units. Managers are responsible for safeguarding employees' welfare and ensuring a good work/life balance.

Risks

Within many of the business units there are duties that involve a risk of occupational injuries and accidents, and of stress. Both Volati and the business units work actively to prevent workplace accidents and ensure a good work/life balance.

EXAMPLE FROM THE BUSINESS

Systematic work environment management – SWEM

At Volati, systematic work environment management (SWEM) is considered an important part of every manager's everyday life. The basis for this is the work environment policy and other relevant policies, such as the alcohol and drug policy. To ensure continuous improvement work, most business units have safety committees that meet regularly.

Attracting, developing and retaining employees is crucial to achieving success and achieving good results, and this is followed up by measures such as annual employee interviews. Employees are also offered regular training in relevant areas, ranging from fire safety and cardiopulmonary resuscitation to Excel, materials and leadership.

Indicator for health and safety

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

	Number of reported incidents	Of which resulting in sick leave (after 7th day)
Salix Group	18	2
Industry	107	13
	125	**15**

1) The majority of the increase in the Industry business area is due to the introduction of a digital follow-up tool in 2020, which facilitated the reporting of incidents.

Risks and uncertainties

Volati's financial position is dependent on a number of risks, categorised as financial risks and operational risks. Financial risks take the form of financing risk, interest rate risk, credit risk and currency risk, while operational risks are related to effects on the business units' operations, as well as legal and regulatory risks.

Active risk management is necessary for the Volati Group to operate a successful business. The Group has a structured and proactive way of monitoring and minimising the most important risks. Volati applies the definition of risk as "a future event that threatens the Company's ability to achieve its vision, business concept, objectives and strategy". Volati, the business areas and the business units conduct an annual overall risk assessment aimed at identifying, evaluating and managing risks that could have a negative impact on the Group's vision, business concept, objectives and strategy. The management groups conduct the risk assessment within the following categories: strategic risks, operational risks, compliance risks and financial risks.

Identified risks are then analysed based on the following three criteria:

1. Impact on the business concept, vision and objectives. The rating scale is from "low" to "very serious".
2. Probability that the risk will occur within the planning period. The rating scale is 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 and the business unit's management presents an updated risk analysis to its board and the Volati's Group management each year. Based on the business units' reporting, the CEO identifies the risks affecting the Group's vision, business concept, goals and strategy. The CEO presents an overall 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 for top priority risks is also presented to each business unit's Board and to the Volati Group management and Board.

Financial risks

The main financial risks are *credit risk, liquidity risk, refinancing risk* and *obligations under credit agreements*, *interest rate risk* and *currency risk*. More information about these risks can be found in note 22.

Macroeconomic factors

The Group's business units operate in a number of different sectors. Volati is dependent on market demand for the products and services produced and provided by the business units, which in turn are dependent on factors such as functionality and price. Demand is greatly affected by macroeconomic factors that are outside Volati's control, and demand for the Group's products and services may be reduced during an economic downturn. Conditions in the global capital market and the economy as a whole affect the Group's operations, earnings and financial position. Factors such as consumption, corporate investments, inflation and the capital market's volatility and mood affect the business and economic climate. A weakening of these conditions in all or some of the Group's markets could have material adverse effects on the Company's operations, earnings and financial position. Pandemics like the one caused by the coronavirus may seriously affect demand for our products and services – in the short term or over a longer period. New rules and regulations adopted in response to a pandemic could also lead to temporary closures of our production sites and sales outlets. Pandemics may therefore have significant negative effects on the Company's operations, earnings and financial position.

The current war between Russia and Ukraine affects us all, but above all it is a humanitarian disaster for the Ukrainian people. Volati has nine employees in Ukraine and we are trying to help them as much as possible. Volati's direct economic exposure to Russia and Ukraine is relatively small, but the war is also causing turbulence in the world markets, increasing macroeconomic uncertainty. The impact on the economy as a whole is difficult to fathom at the moment and we are monitoring developments closely.

Risks related to acquisitions and transfers of companies
A significant part of Volati's strategy involves growth through company acquisitions that either complement or broaden the Group's existing operations. There is a risk of Volati being unable to identify suitable acquisition targets or make acquisitions on acceptable terms. Corporate acquisitions also involve considerable risks in relation to the acquiree. The target company may be affected by unforeseeable costs, such as customer losses, regulatory charges or other unforeseen expenses following the acquisition. This could mean lower returns than expected and unforeseeable capital contributions. Integration costs may also be higher than calculated for Volati and expected synergies or efficiency effects may not materialise or be realised to the expected extent. These scenarios may have a negative effect on Volati's operations, earnings and financial position.

Operational risk
All business activities in the Group's business units are subject to the risk of losses due to inadequate action, with the risk of irregularities and/or other internal or external events disrupting or damaging operations. Inadequate operational safety and security may have a significant negative effect on the Group's operations, earnings and financial position. Unauthorised access to information or data systems can result in data loss. There is also a risk that unplanned interruptions can lead to production loss, revenue shortfalls or delayed deliveries to customers. Several of Volati's business units are dependent on one or more places of business or distribution and warehouse facilities, including supplies of goods from other countries. If one of these establishments were destroyed or closed for some reason, such as storms, floods, other natural disasters, riots, work blockades and industrial actions, fire, sabotage, acts of terrorism or government interventions, or if items of operating equipment or stock were significantly damaged, the business unit concerned would probably have difficulty in distributing its products or services.

Political risk
Volati operates in 18 countries, with the majority of its operations in the Nordic region, and the political and social developments in these countries affect the Group. The Group's operations are affected by developments in the EU's single market, with free movement of goods, services, capital and people within the European Union. Changes in the functioning of the single market or turbulent political and social conditions in Volati's markets may have a negative effect on Volati's operations, earnings and financial position. In November, the Swedish Government decided to grant Cementa a temporary permit to continue quarrying limestone in Slite. Cement is a key input, particularly for S:t Eriks, one of the Industry business area's five business units, and we are therefore continuing to monitor developments closely.

Disputes
There is a risk of the Group being involved in disputes. The outcome of such potential disputes may lead to significant expenses for Volati, have an adverse effect on Volati's reputation and distract senior management from their normal activities. If Volati were to be held responsible in a dispute, this could have a material negative effect on the Company's operations, earnings and financial position.

Regulatory risks

Competition law issues
If the Group acts in contravention of applicable competition regulations, this could result in charges and other sanctions for the parties involved. An example of this could be a business unit being deemed as abusing a position of dominance or participating in illicit anti-competitive cooperation in some context. In the case of acquisitions and divestments, the company itself cooperates with counterparties and their advisors to conduct analyses and report on pertaining to competition law and other change-of-ownership issues to competition authorities and other relevant government authorities. If such an analysis is inadequate and/or the competition authorities or some other authority calls into question the transactions,

analyses and/or reports, this could result in charges for the parties involved and, in certain cases, the invalidation of implemented transactions. In early February, the Swedish Competition Authority decided to request a competition notification regarding S:t Eriks' acquisition of Meag Va-system AB.

Tax-related risks

Volati conducts its operations affected in business units located in a number of countries and is impacted by the applicable tax regulations at any time in these countries. These include corporate tax, property tax, value-added tax, regulations on tax-free disposal of shares, other governmental and municipal duties, and interest deductions and subsidies.

Tax rules are continuously subject to change which may affect the Group's earnings and financial position.

Legislative amendments

Laws, directives and regulations or new interpretations that affect Volati's operations could be introduced. These could give rise to increased costs for the Group, which could ultimately affect shareholders' return, or could result in changes to the Group's legal structure or require a service or product to be changed or discontinued. This in turn could lead to the Company and its shareholders facing increased costs or other detrimental consequences, such as a less favourable tax situation or reduced sales revenues. Such risks could have negative consequences for the Group's operations, earnings and financial position.

Political risk

The Group's business is exposed to general political and social risks in its countries of operation. These risks include potential government intervention and regulations, and potential inflation or deflation.

Product liability, product recalls and project liability

Some of the business units manufacture products that could cause personal injury or damage a customer's property if used incorrectly. The business units could thereby be exposed to product liability and requirements for product recall if use of the relevant company's products cause, allegedly cause or are likely to cause injury or material damage. Volati does not have any control of how the products are actually used, and end customers may use them in a way that causes injury or material damage. There is a risk that faults in the Group's products or incorrect use of the products could give rise to product liability. This in turn could result in significant financial obligations and negative publicity, which could have adverse effects on the Company's financial position and earnings. Although Volati takes out customary liability and product liability insurance, there is a risk that Volati's insurance cover may be limited due to, for example, monetary thresholds and excess payment requirements.

Intellectual property rights

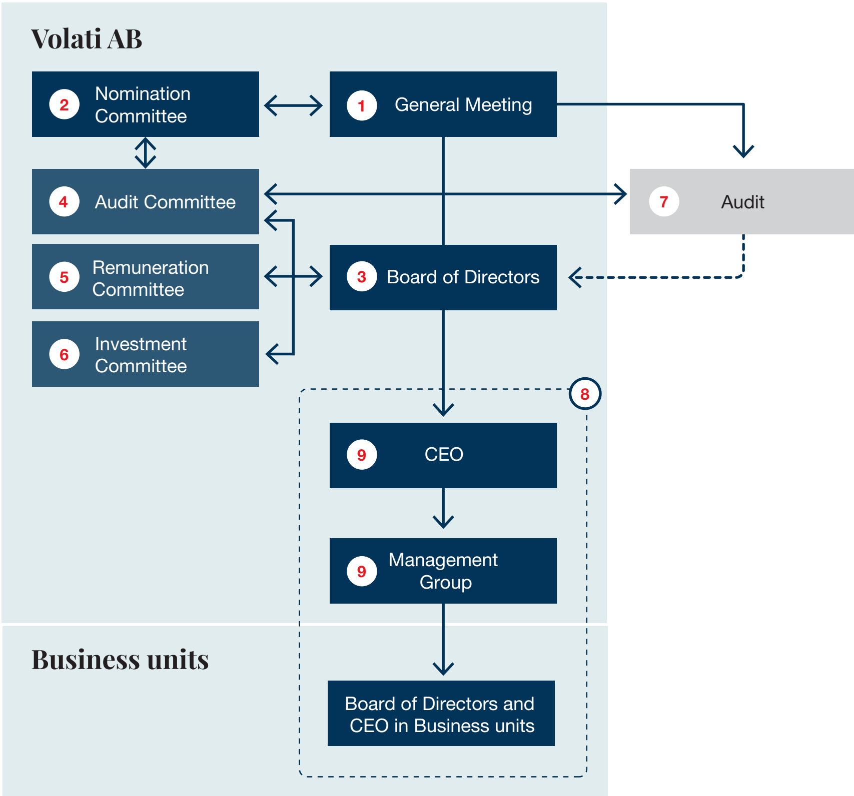
The business units' intellectual property rights comprise registered patents and patent applications, registered trademarks and trademark applications, registered designs and domain names. The Group's operations are not deemed to be directly dependent on any individual intellectual property rights. However,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

Environmental impact

Through its subsidiaries, Volati has certain operations that are environmentally hazardous and notifiable. In addition, some companies operate at properties that have some degree of environmental pollution, while certain companies have operated at properties that have become polluted due to previous activities.

Corporate Governance Report

CORPORATE GOVERNANCE AT VOLATI



Volati AB is a public limited liability company whose ordinary and preference shares are listed on Nasdaq Stockholm. Governance and control of Volati are exercised by shareholders at general meetings and otherwise by the Board, the CEO and other members of management. Governance and control are based on the Swedish Companies Act, the Articles of Association, Nasdaq's Rules, the Swedish Corporate Governance Code ("the Code") and internal rules and regulations. Volati believes that the Company has followed the Code throughout the year without any derogation. The Company's auditors have conducted a statutory review of the corporate governance report.

① *General Meeting*

The general meeting is Volati's highest decision-making body and it is by participating in general meetings that shareholders exercise their influence. The annual general meeting is held within six months of the end of the financial year. The financial statements are adopted at the AGM and resolutions are passed on matters that include appropriation of the Company's profit, Board and auditor elections, remuneration of Board members and auditors, and other statutory business to be dealt with at the AGM. Notice of the AGM and any extraordinary general meetings must be given in accordance with the Articles of Association. Shareholders who wish to have business dealt with at the AGM should submit a written request to bolagsstamma@volati.se or to Volati AB (publ), attn: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. To guarantee inclusion in the notice of the Annual General Meeting, the request must have been received well in advance of the AGM. Further information on how and when to provide notification of attendance will be published in advance of the Meeting.

Volati's ordinary shares entitle holders to one vote per share, while preference shares carry entitlement to one-tenth of a vote per share. Dividends on preference shares are regulated in the Articles of Association and have priority over ordinary shares. Preference shares represented 2.0 percent of Volati's shares at the end of the year. As preference shares carry entitlement to one-tenth of a vote, this means that the share of votes in Volati from preference shares corresponds to 0.2 percent.

2021 Annual General Meeting

At the Annual General Meeting on 28 April 2021, conducted without the physical presence of shareholders, proxies or third parties, 71,329,629 ordinary shares and 14,603 preference shares were represented, totalling 71,331,089.3 votes, which corresponds to 88.1 percent of the total number of shares and 89.6 percent of the total number of votes in the Company. The minutes are available at www.volati.se/sv/om-volati/bolagsstyrning. The meeting was held in Swedish.

The AGM decided on, among other matters, the election of the Board and auditors, and a cash dividend to ordinary and preference shareholders. The meeting also decided on an in-kind distribution of the Company's shares in Bokusgruppen to holders of ordinary shares. The AGM authorised the Board of Directors to decide on acquisitions of the Company's ordinary and preference shares and to decide on transfers of the Company's own preference shares and new issues of preference shares in accordance with the Board's proposal. Under this mandate, the Board may, on one or more occasions during the period until the next AGM, decide on the acquisition of ordinary shares and the acquisition, transfer or new issue of the Company's own preference shares. The acquisition may take place on Nasdaq Stockholm or in accordance with an offer to all preference shareholders to acquire a number of shares or preference shares that results in the Company's holding of its own shares or preference shares amounting to no more than one-tenth of each of the classes of shares in the Company. The purpose of the acquisition, transfer or new issue of own preference shares is to enable an optimised capital structure and to allow the Company to use its own preference shares as payment for or financing of acquisitions of companies or businesses.

EGM, February 2021

At an Extraordinary General Meeting on 2 February 2021, 68,320,328 ordinary shares and 2,640 preference shares were represented, totalling 68,320,592 votes, which corresponds to 84.3 percent of the total number of shares and 85.9 percent of the total number of votes in the Company.

The meeting adopted a dividend of SEK 10.00 per ordinary share (SEK 1.1: deferred ordinary dividend for 2020 and SEK 8.9: extra dividend) and SEK 30.80 per preference share.

The minutes are available at
www.volati.se/sv/om-volati/bolagsstyrning
The meeting was held in Swedish.

2022 Annual General Meeting

Volati AB's 2022 AGM will be held at 17.00 on Wednesday, 27 April 2022 at Congressen, Hotel Birger Jarl in Stockholm.

② *Nomination Committee*

The AGM decides on the process for the election of the Board and auditors. The 2021 AGM adopted instructions for the establishment of a nomination committee, which apply until further notice. These instructions require the Nomination Committee to have a minimum of three members, one of whom may be the Chairman of the Board. If the Chairman of the Board is on the Committee,the other members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the two largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – to appoint a representative to serve on the Nomination Committee.

If the Chairman of the Board is not on the Committee, the members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the three largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – the opportunity to appoint a representative to serve on the Nomination Committee. If any of the shareholders declines the right to appoint a member, the right shall pass to the next largest shareholder.

The Chairman of the Nomination Committee is the member representing the largest shareholder by votes, unless the members agree otherwise. However, neither the Chairman of the Board nor any other Board member may serve as Chairman of the Nomination Committee. At least one member of the Nomination Committee must be independent of the largest shareholder of the Company in terms of votes or group of shareholders that collaborates on the Company's management. Should a shareholder represented on the Nomination Committee reduce its ownership so that the shareholding would no longer qualify them to appoint a member of the Nomination Committee, the member appointed by the said shareholder shall, if the Nomination Committee so decides, be asked to stand down and another of the Company's shareholders shall be invited to appoint a member in their place as described above. Should a shareholder not represented on the Nomination Committee increase its ownership so that the shareholding would qualify them to appoint a member of the Nomination Committee (and this shareholder is not in connection herewith invited to appoint a member of the Nomination Committee on the basis of what is set out in the previous sentence) such shareholder shall, if the Nomination Committee so decides, be invited to appoint a member without necessitating the resignation of a member appointed by another shareholder. However, the number of Nomination Committee members must never exceed six (6) and already elected members will take precedence in this context. Shareholders who have appointed a member of the Nomination Committee have the right to substitute such member for another to serve as a member of the Nomination Committee, and if a member leaves the Nomination Committee before the new Nomination Committee has been formed, the shareholder who appointed the member shall have the right to appoint a replacement. The composition of the Nomination Committee must be announced no later than six months prior to the AGM. The Nomination Committee's mandate period extends until a new Committee has been formed. The Nomination Committee's tasks are to prepare and submit proposals to the AGM for: the Meeting Chairman, Board members, Chairman of the Board, fees to the Chairman and individual Board members, other remuneration for Board assignments, fees to the Company's auditor and, where applicable, the election of an auditor. The Nomination Committee also prepares and recommends principles for the composition of the Nomination Committee. Shareholders are given the opportunity to submit nomination proposals to the nomination committee.

The Nomination Committee for the 2021 Annual General Meeting consisted of three members. Carin Wahlén, representing Patrik Wahlén, led the Nomination Committee's work.

In the nomination work prior to the 2021 AGM, the Nomination Committee assessed both the composition and size of the current Board, and the Volati Group's operations. Special emphasis was placed on Volati's strategies and objectives, and what the Group's future direction is expected to mean for the Board. As a diversity policy, the Nomination Committee has applied point 4.1 of the Code, taking into account that the Board must have an appropriate composition, characterised by diversity and breadth with regard to Board members' skills, experience and background, that is appropriate to Volati's operations, stage of development and other circumstances. The Nomination Committee also worked on the goal of achieving a balanced gender distribution on the Board. The Nomination Committee recommended the re-election of Patrik Wahlén as Chairman of the Board and the re-election of Karl Perlhagen, Björn Garat, Louise Nicolin, Christina Tillman, Anna-Karin Celsing and Magnus Sundström as Board members for the period up to the end of the next AGM. After the election at the 2021 AGM, three of the seven meeting-elected Board members are women (the CEO is not included in the total number of Board members). A report on the work of the Nomination Committee was submitted in the Nomination Committee's explanatory statement which was published prior to the 2021 AGM.

Nomination Committee for the 2022 AGM

On 19 October 2021, the Company published the composition of the Nomination Committee for the 2021 AGM: Carin Wahlén (chair) representing Patrik Wahlén, Jannis Kitsakis representing Fjärde AP-fonden, and Karl Perlhagen representing himself.

Shareholders wishing to submit proposals to the Nomination Committee can do so at the Company's address or by e-mail to bolagsstamma@volati.se.

The AGM decides on the following:

- Adoption of the Annual Report.
- Dividend.
- Discharge from liability for Board and CEO.
- Election of Board members and, if applicable, auditors.
- Remuneration of the Board and auditors.
- Guidelines for remuneration of Group management.
- Other important business.

The Nomination Committee's tasks include submitting recommendations to the next AGM concerning:

- Chairman of the Meeting.
- Board members including number of members.
- Chairman of the Board.
- Fees to Board members.
- Other remuneration for Board tasks and any committee work.
- Election of auditors, if applicable, and auditor's fees.
- Changes to the Nomination Committee's instructions, as required.

3 *Board of Directors*

According to the Articles of Association, the Board of Directors of Volati shall consist of a minimum of three and a maximum of ten ordinary members. The Articles of Association do not contain any provisions on the appointment or dismissal of Board members or amendments to the Articles of Association.

The Board and the Board's work

The Board's overall task is to manage the Company's affairs and be responsible for its organisation on behalf of shareholders. The Board's work is led by its Chairman. The Board holds an annual statutory meeting following the AGM. In addition to this, the Board is required to meet at least five times annually. At the statutory Board meeting, the Company's signatories are appointed, and the Board's formal work plan, instructions for the CEO and the Board's instructions on reporting to the Board (referred to as the reporting instruction) are reviewed and adopted. The Company's Board meetings deal with business such as the Company's financial situation, acquisition-related matters, evaluation of the business units and other relevant issues concerning Group companies. The Company's auditor attends and reports at the Board meetings at least once a year and more often when necessary. A quorum of the Board is attained when more than half of the members are present. At present, Volati's Board consists of seven members. In 2021, 16 meetings of the Volati Board were held and Board members' attendance is presented in the table below.

The Board has decided to perform an annual evaluation of the Board's work, whereby Board members are able to give their views on forms of work, Board materials, their own and other members' input, and the scope of the assignment. According to the evaluation, the work of the Board is considered to be functioning very well. All Board members are seen to be contributing constructively to strategic discussions and governance, and the discussions are viewed as open and dynamic. Dialogue between the Board and management is also considered to be very good.

Composition of the Board

Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK million)	Meeting attendance in 2021	Meeting attendance, Audit committee 2021
Patrik Wahlén	Chairman	2006	No	No	0.5	16/16	5/5
Karl Perlhagen	Member	2003	No	No	0.2	15/16	–
Björn Garat	Member	2015	Yes	Yes	0.2	16/16	3/3
Louise Nicolin	Member	2016	Yes	Yes	0.2	16/16	–
Christina Tillman	Member	2016	Yes	Yes	0.2	16/16	–
Anna-Karin Celsing	Member	2018	Yes	Yes	0.3	16/16	2/2
Magnus Sundström	Member	2018	Yes	Yes	0.3	16/16	5/5

Board of Directors

1. Patrik Wahlén
2. Karl Perlhagen
3. Björn Garat
4. Louise Nicolin
5. Christina Tillman
6. Anna-Karin Celsing
7. Magnus Sundström

1. Patrik Wahlén

Chairman of the Board since 2018, Board member 2005-2017. Born 1969.

Education: Business and Economics studies at Lund University.

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

Shareholding in the Company: 19,356,283 ordinary shares.

2. Karl Perlhagen

Chairman of the Board 2005-2017, Board member since 2018. Born 1970.

Education: Business and Economics studies at Lund University.

Other assignments: Chairman of the Board of Fridhem Fastighetsutveckling AB and Ullna Golf AB, Board member of Italo Invest AB (and assignments in subsidiaries of Italo Invest AB) and KPVS Holding AB.

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

Shareholding in the Company: 34,461,500 ordinary shares and 300,174 preference shares (through companies).

3. Björn Garat

Board member since 2015. Born 1975.

Education: B.Sc., International Economics, Linköping University.

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

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

Shareholding in the Company: 60,000 ordinary shares.

4. Louise Nicolin

Board member since 2016. Born 1973.

Education: M.Sc. Engineering, Uppsala University, eMBA, Stockholm University, and International Directors Programme at INSEAD.

Other assignments: Board member of VBG Group AB (publ), Enzymatica AB, Seafire AB (publ), Atterviks Bil AB and Optinova Holding AB.

Background: Louise runs 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: 12,062 ordinary shares.

5. Christina Tillman

Board member since 2016. Born 1968.

Education: B.Sc. in Business and Economics, Stockholm University.

Other assignments: Acting CEO of Hunter Sales i Stockholm AB, Chairman of the Board of NF11 Holding AB, Board member of Corem Property Group AB, Grimaldi Industri AB, MBRS AB, Deputy Board member of Kattvik Financial Services AB, Stocksunds Financial Management AB and Stocksund Financial Services AB.

Background: Previous roles include CEO of Odd Molly International AB and Gudrun Sjödén Group AB.

Shareholding in the Company: 2,000 ordinary shares and 300 preference shares.

6. Anna-Karin Celsing

Board member since 2018. Born 1962.

Education: MBA, Stockholm School of Economics.

Other assignments: Board member of Carnegie Investment Bank, Landshypotek Bank AB, Lannebo Fonder AB, OX2 Group and Castellum AB. Tim Bergling Foundation, Stiftelsen Beckmans Designhögskola.

Background: Head of Investor Relations at Swedbank, Head of Communications at Ratos, Chairman of SVT, Director of Swedish Financial Supervisory Authority. Several advisory roles and directorships within strategy, finance and corporate governance.

Shareholding in the Company: 10,000 ordinary shares and 1,000 preference shares.

7. Magnus Sundström

Board member since 2018. Born 1954.

Education: M.Sc., Industrial Economics, Linköping University.

Other assignments: CEO and owner of 1909 Gruppen AB and joint owner (50%) of B2B IT-Partner AB.

Background: Board member and Chairman of Tricorona AB.

Shareholding in the Company: 634,758 ordinary shares and 29,739 preference shares through associated company.

Management Group

1. Andreas Stenbäck
2. Martin Aronsson
3. Nicklas Margård
4. Martin Hansson

1. Andreas Stenbäck

CEO since 2021. Born 1979.

Education: M.Sc., Royal Institute of Technology, and B.Sc. in Business Administration and Economics, Stockholm University.

Other assignments: –

Background: Andreas comes most recently from his role as Volati CFO. He has previously worked at Keystone Advisers and MCF Corporate Finance.

Shareholding in the Company: 2,800 ordinary shares. Purchase option for 800,000 ordinary shares.

2. Martin Aronsson

CFO since 2021. Born 1980.

Education: M.Sc. (Eng), Linköping University of Technology, and B.Sc., Linköping University.

Other assignments: –

Background: Martin has previously worked at Sweco and McKinsey & Company.

Shareholding in the Company: Purchase option for 225,000 ordinary shares.

3. Nicklas Margård

Head of Business Area Industry since 2017. Born 1969.

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

Other assignments: –

Background: Nicklas was CEO of Besikta Bilprovning in the period 2014-2017 and has served on the Board of Tornum since 2005. Nicklas previously worked as CEO of John Bean Technologies AB and was also responsible for Asia at JBT FoodTech.

Shareholding in the Company: 170,000 ordinary shares, and 2 percent of the shares in Industry's parent company Volati Industri.

4. Martin Hansson

Head of Business Area Salix Group since 2021. Born 1975.

Education: Law degree, University of Gothenburg.

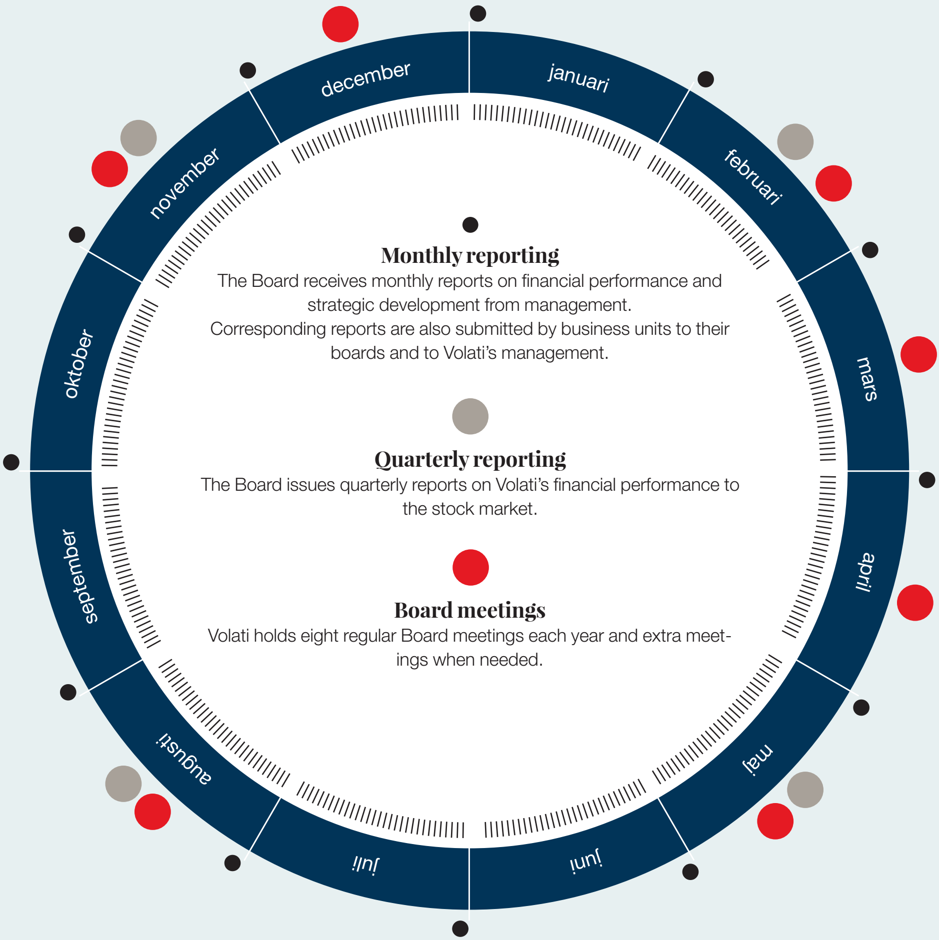
Other assignments: –

Background: Martin previously worked for 4.5 years at the German holding company Maxingvest and before that for 17 years at IKEA.

Shareholding in the Company: 10,404 ordinary shares and 0.3% of the shares in Salix Group, and purchase options in Salix Group.

Clear and methodical follow-up

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



Monthly reporting

The Board receives monthly reports on financial performance and strategic development from management.
Corresponding reports are also submitted by business units to their boards and to Volati's management.

Quarterly reporting

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

Board meetings

Volati holds eight regular Board meetings each year and extra meetings when needed.

④ *Audit Committee*

The Board has established an Audit Committee. The Audit Committee consists of three members, Magnus Sundström (Chairman), Patrik Wahlén and Björn Garat. The Committee always includes the Chairman of the Board, but the Committee Chairman must be a member who is independent of the Company and its shareholders. The Audit Committee shall fulfil the tasks specified in the Swedish Companies Act and the Auditing Ordinance. These obligations mainly include the following tasks

- monitoring the Company's financial reporting and making recommendations and proposals to ensure the reliability of the reporting;
- monitoring the efficiency of the Company's internal control, internal audit and risk management in the area of financial reporting;
- staying informed about the audit of the annual accounts and consolidated accounts, and the conclusions of the quality control by the Supervisory Board of Public Accountants;
- informing the Board of the results of the audit, how the audit contributed to the reliability of financial reporting and what was the Committee's function;
- examining and monitoring the auditor's impartiality and independence and in doing so, noting in particular whether the auditor provides the Company with services other than audit services;
- assisting in the preparation of proposals for resolution on the appointment of auditors at general meetings; and
- preparing the Board's decisions in the above matters.

⑤ *Remuneration Committee*

The Board has decided not to establish a remuneration committee, as the Board considers it more appropriate for the full Board to carry out the tasks incumbent on a remuneration committee in accordance with the Swedish Companies Act and the Code.

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

- prepare decisions on matters concerning remuneration principles, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration of senior executives; and
- monitor and evaluate the application of the guidelines for remuneration of senior executives, which are legally required to be decided on at the AGM, and remuneration structures and remuneration levels in the Company.

⑥ *Investment Committee*

The Board has established an Investment Committee. The Investment Committee consists of Chairman of the Board Patrik Wahlén (Chairman), Board member Karl Perlhagen, CEO Andreas Stenbäck and CFO Martin Aronsson. The Investment Committee's primary task is to examine and ensure the quality of decision-support material for acquisitions and divestments. In addition, the Committee has been given an investment and divestment mandate authorising it to make decisions on the acquisition and divestment of shares or operations of up to SEK 100 million per acquisition or divestment for the Group as a whole.

The Board appoints the members and Chairman of the Investment Committee, which must consist of a minimum of three and maximum of five members. The Investment Committee meets as necessary, and minutes of the meeting are kept.

⑦ *Audit*

An auditor is appointed annually by the AGM. The auditor's tasks are, on behalf of the shareholders, to audit Volati's annual accounts and consolidated accounts, and to examine the corporate governance report and administration of the Board of Directors and CEO. The audit process and audit report are presented at the AGM. At the 2021 AGM, Ernst & Young Aktiebolag (E&Y) was elected as the auditing firm until the next AGM. E&Y has appointed Rickard Andersson as chief auditor. Auditor's fees are paid in accordance with a separate agreement made in accordance with the AGM's decision. In 2021, the Parent Company's audit fees to EY were SEK 1 million, the Group's fees were SEK 7 million and fees for Other auditing services were SEK 1 million.

⑧ *Volati's operational model*

Volati's operational model is based on decentralised governance of the business units, which means that daily decision-making takes place in the operations, with limited involvement by Group management. The Group's strategy and governance model are based on the vision of being the best owner of medium-sized companies. This will be achieved by preserving the companies' independence while the Group creates long-term conditions and support for change. This is mainly accomplished through four areas: local entrepreneurship, active ownership, competence & leadership and value-creating add-on acquisitions. Volati has a flexible organisation which facilitates fast decision-making. A decentralised governance model creates a high level of entrepreneurship in the business units, provides a clear responsibility framework and helps to ensure that Volati can continue to grow with limited central resources. Volati believes that decentralised leadership is a key success factor for a scalable business model with several business units operating in different sectors. A strong focus on local entrepreneurship creates the right conditions for effective and informed 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 given concrete form through action plans and clear financial targets that are continuously monitored. The financial targets for each business unit are focused on value creation and include growth, EBITDA margin, cash conversion and return on capital employed.

Decentralised leadership involves great responsibility and confidence in the business units' management, both in terms of delivering results and upholding Volati's values. Achievement of goals is ensured by creating clear incentives, such as part ownership, and facilitating career development for the Group's employees.

Corporate governance at Volati

To 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. This is primarily done by appointing business area managers, and CEOs and boards for several of the business units, and also by continuously monitoring developments as part of normal Board work and monthly reporting from the business units. The Boards of the business units comprise one or more individuals from Group management, including the business area manager and, where applicable, external Board members. The business area manager is the chairman of the business unit's Board.

The Board meets in accordance with a carefully planned schedule aimed at maximising the business unit's long-term potential and maintaining profitability, even in a short-term perspective. Four annual Board meetings that deal with various matters are combined with monthly reports to follow up strategic and financial targets.

In addition to a well-established calendar of Board meetings, Volati has introduced a structured model for following up results which permeates the entire Group and each business unit. Monthly Board reports and meetings are complemented by informal contacts between Group 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 business area manager hold quarterly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

9 *CEO and Management Group*

Volati's CEO is responsible for the Company's day-to-day management in accordance with the rules of the Swedish Companies Act, and the instructions for the CEO and the reporting instruction established by the Board. The CEO's responsibilities include acquisitions and divestments, human resources, financial and accounting matters, and regular contact with the Group's stakeholders and the financial market. In addition, the CEO prepares delegation regulations for the Group's senior executives, and also employs and dismisses senior executives and establishes their terms and conditions (within the scope of the guidelines adopted by the AGM).

The CEO reports to the Company's Board and implements the Board's decisions. The CEO ensures that the Board, in accordance with the current reporting instruction, receives the information it needs in order to make informed decisions. The CEO also ensures that the Board is presented with matters that are required to be addressed by the Board under applicable legislation, the Articles of Association and internal policies and guidelines. The CEO attends and reports at all Board meetings, apart from occasions when the CEO is under evaluation by the Board and when the Board meets the Company's auditor without the presence of members of Company management.

The CEO has appointed a Group management that has day-to-day responsibility for different operations. In addition to the CEO, Group management consists of Volati's CFO and the Heads of Business Areas. Group management meets regularly to manage and monitor current projects, Group-wide development issues and organisational matters.

Guidelines for remuneration of senior executives
The AGM on 25 June 2020 adopted guidelines for the remuneration of senior executives at the date of the meeting. These were confirmed without any amendments at the 2021 AGM. The guidelines apply to remuneration that is agreed, and changes to already agreed remuneration, after the date on which the guidelines were adopted by the AGM.

The basic principle is that senior executives' remuneration and other employment terms and conditions must be competitive in order to ensure that the Group is able to attract and retain qualified employees. Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance. Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies. For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration. The AGM may decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders. Other forms of remuneration and benefits, such as pension benefits, company car and health insurance, must be market-based. The total remuneration during the period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for twelve months plus the fixed monthly salary for twelve months.

The Board is entitled to deviate from the above guidelines if this is justified by special circumstances in individual cases. Any such deviation from the guidelines must be reported, with reasons for the deviation, in the remuneration report that the Board is required to make available to shareholders on Volati's website no later than three weeks before the AGM in accordance with Chapter 8, section 53a, of the Swedish Companies Act (2005:551).

The guidelines for remuneration of senior executives set out below out below were adopted by the 2020 AGM, in accordance with Chapter 7, section 61, and Chapter 8, sections 51-53, of the Swedish Companies Act and the Swedish Corporate Governance Code, to apply until further notice (but not beyond the 2024 AGM). The guidelines were confirmed without any amendments at the 2021 AGM.

In this context, the term senior executives refers to the CEO of Volati AB and the other members of Group management.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability
Volati's business strategy, in brief, is aimed at creating value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and developing them with a focus on long-term value creation. More detailed information about Volati's strategic priorities is provided in this document and on the Company's website.

Successful implementation of Volati's business strategy and safeguarding of its long-term interests is dependent on Volati being able to recruit, develop and retain senior executives with relevant experience, expertise and qualified leadership skills. It is therefore important for Volati to be able to offer its senior executives a competitive total remuneration.

On this basis, the Company shall endeavour to offer its senior executives conditions that are market-based and motivating, as well as well-balanced and reasonable based on the competence, responsibility and performance of the senior executives.

The remuneration guidelines are intended to provide a clear framework for remuneration of Volati's senior executives so that conditions can be formulated that benefit Volati's business strategy and long-term interests, including its sustainability, lasting growth and profitability.

Forms of remuneration
Remuneration may take the following forms:
- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

Guidelines for fixed remuneration

Each senior executive shall receive fixed cash remuneration, i.e. a fixed monthly basic salary. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance.

Guidelines for variable remuneration

Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies.

For variable remuneration, limits for the maximum payment shall be set for each individual senior executive concerned. Variable remuneration is paid in arrears and is conditional on the fulfilment of the linked targets or criteria. It shall also be shown to be sustainable in the long term and shall not have any material detrimental effect on Volati's position.

The AGM may also decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders.

Whether the agreed targets or criteria for variable remuneration have been achieved will be determined when the relevant measurement period has ended. The Board is responsible for any evaluation of variable remuneration paid to the CEO. The CEO is responsible for any evaluation of variable remuneration paid to the senior executive concerned. For financial targets, the evaluation shall be based on Volati's most recently published financial information.

For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration.

Guidelines for pension benefits

Pension benefits shall generally be paid in accordance with rules, collective agreements (which may involve a right to early retirement), and, if relevant, practice in the country where the senior executive resides permanently. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Pension benefits shall be defined-contribution, unless the individual in question is covered by a defined-benefit pension in accordance with compulsory collective agreement provisions. Pension benefits are vested when they have accrued. Variable remuneration shall only form the basis for pension benefits if it follows from compulsory collective agreement rules.

For each senior executive concerned, defined-contribution pension benefits may represent a maximum of 33 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 19 percent of the total remuneration.

Guidelines for other benefits

Senior executives may be entitled to both general benefits offered to all employees and additional benefits. The benefits contribute to attracting and retaining qualified employees. Examples of other benefits that may be received by senior executives include car allowance, health insurance, household-related services and financial protection for family/survivors.

For each senior executive concerned, other benefits may represent a maximum of 15 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 9 percent of the total remuneration.

Guidelines for termination and severance pay

Employment contracts between Volati and its senior executives are normally permanent. The contracts may be terminated without objective grounds by either party. Salary during the period of notice and any severance pay due shall generally be in accordance with rules, collective agreements and practices. In addition, the following shall apply: If Volati terminates the employment, the period of notice shall not exceed twelve months. In addition, severance pay based on fixed monthly salaries may be paid for a maximum of twelve months. The total remuneration during the period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for twelve months plus the fixed monthly salary for twelve months. If termination of employment is at the senior manager's request, the period of notice shall not exceed six months and severance pay shall not be paid. If Volati chooses to apply a non-compete agreement in certain cases, fixed remuneration may be paid during the relevant period.

Consideration of remuneration and terms of employment for other employees

In preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for Volati's other employees have been taken into account by ensuring that information about the Company's total salary costs and other personnel expenses is included in the Board's support material for these guidelines. This information is also included in the Board's annual remuneration report which was issued to the 2021 AGM.

Decision-making process for establishing, reviewing and implementing the guidelines

The Volati Board or the Remuneration Committee, if such a committee has been established by the Board to fulfil its tasks, shall follow and evaluate the application of the guidelines for remuneration of senior executives, current programmes and programmes completed during the year for variable remuneration paid to senior executives and applicable remuneration structures and remuneration levels within Volati.

The Board shall prepare a remuneration report for each financial year and make the report available to shareholders on Volati's website no later than three weeks before the AGM.

If a Remuneration Committee is established by the Volati Board, it shall prepare the Board's proposal for guidelines for remuneration of senior executives. Every four years, or earlier if there is a need for significant amendments to the guidelines, the Board shall prepare proposed guidelines for resolution by the AGM, and if the Board has established a Remuneration Committee, the committee's recommendation in this regard shall form the basis for the Board's proposal. The Meeting shall decide on the proposal. The guidelines shall apply to each remuneration obligation to senior executives, and any change to such obligation, decided after the meeting at which the guidelines were adopted. The guidelines do not therefore have any effect on previously binding contractual obligations. The guidelines shall apply until the new guidelines are adopted by the AGM and made available to the public on Volati's website.

When the Board considers and decides on remuneration-related matters, the CEO and other members of Group management are not present, insofar as they are affected by the matters.

Right to decide on deviations from these guidelines

The Board may decide to occasionally derogate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and such derogation is necessary to safeguard Volati's long-term interests, including its sustainability, or to ensure Volati's financial viability. As stated above, the tasks of any Remuneration Committee appointed include preparing the Board's decisions in the area of remuneration, including decisions to deviate from the guidelines. In its annual remuneration report, the Board shall report and explain any deviations.

Review of the guidelines, changes and explanation of how shareholders' views have been considered

These guidelines were adopted by the 2020 AGM, and were confirmed without amendments by the 2021 AGM, and shareholders did not have the opportunity to comment on the guidelines over and above their normal right to make proposals before the AGM.

Internal control and risks

In accordance with the Swedish Companies Act, the Board is responsible for the internal control and governance of the Company. In order to maintain and develop a functioning control environment, the Board has adopted a number of fundamental documents of key importance to financial reporting. These include the Board's formal work plan, the instructions for the CEO and the reporting instruction. In addition, a functioning control environment requires an established structure with continuous supervision. The main responsibility for day-to-day maintenance of the control environment lies with the Company's CEO. The CEO reports to the Company's Board on a regular basis. This is done in accordance with the current reporting instruction and the procedures set out below.

To ensure a relevant level of control, the Company's Group management and each business unit establish a number of control activities to counteract the most significant risks identified in the risk analysis. These control activities serve as a basis for determining the minimum level of control that must be established and functioning within the Group and the relevant business unit.

The Group and business unit keep a list of identified risks and the control activities that must be established in order to counteract the risks, together with a description of how the control activities are monitored efficiently.

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

Volati has not appointed an internal audit function, as this is not considered necessary for maintaining internal control. The corresponding tasks will be conducted instead by management, the boards and external auditors.

Process for financial reporting

Volati has a Group-wide reporting system, Ocra, for all business units. The business units also have separate accounting systems that are customised to their particular 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, with all companies submitting a complete monthly report package comprising an income statement, balance sheet, cash flow, specific notes, employment matters and investments. In addition, qualitative comments from each business unit in each business area are also submitted. The reporting is implemented based on the relevance for each business unit or business area, with the aim of allowing for efficient monitoring and analysis. The report package complies with laws, regulations and accounting practice. Volati works continuously to provide training for the business units and further develop the reporting process, in order to streamline the processes and improve data for the analysis of operations in a cost-efficient way.

2 Qualitative comments from the business units

Each unit submits monthly qualitative comments on developments in the last month in the areas of 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 business area manager hold quarterly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

3 Reconciliation

When Volati has received the reports, a reconciliation process is conducted to ensure that the reporting was done correctly and implemented in a technically correct way. The reconciliation is performed by Volati's function for consolidated financial statements.

4 Analysis

Volati's management analyses the reporting based on the available knowledge about each business unit and, together with the business area manager, holds quarterly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

5 Consolidation

Any deviations identified in the compilation of legal and operational monitoring or the analysis and reconciliation process are rectified following dialogue with the business unit. The consolidation process comprises the reconciliation of equity, intra-Group transactions, tax, investments and cash flow.

6 Reporting to the Board

Volati's management submits monthly reports to the Board on the Group's financial performance, information about the Group's development, the financial position, ongoing projects and certain specific key figures. The Board continuously monitors financial performance against Volati's financial targets. The Board receives more comprehensive material prior to each regular Board meeting, which may contain additional in-depth data about issues relevant to the theme for the meeting.

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

The Company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR) which contains strict requirements on how companies handle inside information. These include how inside information is to be disclosed to the market, under what circumstances disclosure may be postponed and in what way a company is obliged to keep a list (log book) of people who work for the company and who have access to inside information.

Volati uses the StrictLog digital tool to ensure that its management of inside information meets the requirements of MAR and the Company's insider policy – all the way from the decision to postpone publication of inside information to the notice being submitted to Swedish Financial Supervisory Authority when the insider event is over and the information has been made public. Only authorised persons in the Company may access StrictLog.

8 Audit
EY is the auditor for the Parent Company and Group as a whole. Although the business units have EY as their local auditor, there are a few exceptions for some of the business units' minor subsidiaries that are newly acquired or based outside Sweden. In the autumn, the auditor conducts a review of internal control and management, which is reported to the business units and Volati's management. For the year-end report, an audit is performed in December and the auditors are present for physical inventory counts. Meetings are also held with Volati's accounting function to discuss accounting estimates and other relevant issues during the audit of the year-end report. The auditor submits significant auditors' notes to the Board of Directors and the auditor attends Board meetings as required. The audit reporting process includes a traffic-light system whereby the observations are graded by risk, materiality and control. Each business unit draws up an action plan to ensure that the auditors' notes are addressed. During the next review of internal control and management, the auditor checks that actions have been taken.

Consolidated income statement

SEK million	Note	2021	2020
Operating income			
Net sales	3	6,309	4,921
Operating expenses			
Raw materials and supplies		–3,897	–3,074
Other external costs	7	–361	–277
Personnel expenses	6	–1,201	–967
Other operating income	2	26	9
Other operating expenses	2	–8	–18
Gain on disposal		0	0
EBITDA		**869**	**594**
Depreciation/amortisation excluding acquired surplus values.	11, 12, 13	–204	–173
EBITA		**664**	**421**
Acquisition-related amortisation	11, 12	–45	–27
Operating profit		**620**	**394**
Finance income and costs			
Finance income	8	27	17
Finance costs	8	–81	–102
Profit before tax		**566**	**309**
Tax	9	–124	–63
Profit for the year from continuing operations		**442**	**246**
Profit from discontinued operations	5	80	731
Net profit		**522**	**977**
Profit for the year attributable to:			
Owners of the Parent		496	967
Non-controlling interests		26	10
Basic and diluted earnings per ordinary share, continuing operations, SEK	10	4.42	2.15
Basic and diluted earnings per ordinary share, SEK	10	5.42	11.37

Consolidated statement of comprehensive income

SEK million	Note	2021	2020
Net profit		**522**	**977**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Reversal of translation differences attributable to divested operations		–	7
Translation differences for the year	22	15	–18
Total		15	–12
Other comprehensive income for the year		**15**	**–12**
Total comprehensive income for the year		**537**	**966**
Total comprehensive income attributable to:			
Owners of the Parent		511	955
Non-controlling interests		26	11
Total comprehensive income for the year attributable to owners of the Parent has arisen from:			
Continuing operations		432	217
Discontinued operations		79	738
		511	**955**

Consolidated Statement of Financial Position

SEK million	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Intangible assets	11	2,188	2,413
Property, plant and equipment	12	368	299
Right-of-use assets	13	557	772
Other non-current financial assets	14	8	2
Other shares and interests	14	2	5
Deferred tax assets	9	40	35
Total non-current assets		**3,162**	**3,526**
Current assets			
Inventories	15	1,169	969
Trade receivables	22	922	698
Current tax receivables		4	7
Other current receivables		70	45
Prepayments and accrued income	16, 19	92	101
Cash and cash equivalents	22	203	1,160
Total current assets		**2,461**	**2,979**
Total assets		**5,623**	**6,506**
EQUITY AND LIABILITIES			
Equity	1		
Share capital		10	10
Other paid-in capital		1,995	1,995
Other reserves		29	14
Retained earnings, including net profit		–162	1,200
Equity attributable to owners of the Parent		1,872	3,219
Non-controlling interests		18	16
Total equity		**1,890**	**3,235**
Liabilities			
Non-current interest-bearing liabilities	17, 22	18	603
Non-current lease liabilities	13, 22	448	556
Non-current non-interest-bearing liabilities	22	290	156
Pension obligations		5	2
Warranties and other provisions	19, 20	17	8
Deferred tax	9	293	282
Total non-current liabilities		**1,071**	**1,606**
Current interest-bearing liabilities	17, 22	1,132	0
Current lease liabilities	13	132	214
Advances from customers	19	63	65
Trade payables		689	711
Current tax liabilities		100	86
Derivatives	22	–	0
Accruals and deferred income	21	373	407
Other current liabilities		173	180
Total current liabilities		**2,662**	**1,664**
Total liabilities		**3,733**	**3,270**
Total equity and liabilities		**5,623**	**6,506**

For information on the Group's pledged assets and contingent liabilities, see note 23.

Consolidated Cash Flow Statement

SEK million	Note	2021	2020
Operating activities			
Profit before tax including discontinued operations		637	1,073
Adjustment for non-cash items			
Depreciation, amortisation and impairment of non-current assets		316	440
Capital gain/loss on sale of non-current assets		–8	3
Unrealised exchange differences		–9	21
Gain on disposal		–115	–647
Additional consideration remeasurement		1	4
Restructuring provision		–	8
Reversal of financial items		62	80
Other provisions		3	16
Total adjustments for non-cash items		**250**	**–75**
Interest paid, excl. lease interest		–31	–34
Lease interest paid		–32	–45
Interest received		2	1
Income tax paid		–82	–26
Cash flow from operating activities before changes in working capital		**744**	**895**
Cash flow from changes in working capital			
Change in inventories		–189	65
Change in operating receivables		–37	–37
Change in operating liabilities		–58	32
Cash flow from changes in working capital		**–284**	**61**
Cash flow from operating activities		**460**	**956**
Investing activities			
Investments in property, plant & equipment and intangible assets	3, 11, 12	–89	–76
Sale of property, plant & equipment and intangible assets	11, 12	15	17
Business acquisitions	4	–749	–258
Investments in financial assets		–	0
Divestments of financial assets		2	0
Divestments of subsidiaries	5	–2	1,086
Cash flow from investing activities		**–823**	**769**
Financing activities			
Dividend on preference shares		–98	–32
Dividend on ordinary shares		–901	–
Owner transactions		–29	–
Repayment of lease liabilities		–166	–242
Sale and leaseback		–	36
Proceeds from borrowings	18	1,207	300
Repayment of borrowings	18	–611	–1,064
Cash flow from financing activities		**–598**	**–1,002**
Cash flow for the year		**–961**	**722**
Cash and cash equivalents at beginning of year		1,160	447
Exchange differences		5	–10
Cash and cash equivalents at end of year		**203**	**1,160**

Consolidated Statement of Changes in Equity

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2020	10	1,995	26	320	9	2,360
Net profit	–	–	–	967	10	977
Other comprehensive income	–	–	–12	–	0	–12
Total comprehensive income	**–**	**–**	**–12**	**967**	**11**	**966**
Remeasurement of non-controlling interests	–	–	–	–79	–10	–90
Other owner transactions	–	–	–	–7	7	–1
Closing balance, 31 Dec 2020	**10**	**1,995**	**14**	**1,200**	**16**	**3,235**

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2021	10	1,995	14	1,200	16	3,235
Net profit	–	–	–	496	26	522
Other comprehensive income	–	–	15	–	0	15
Total comprehensive income	**–**	**–**	**15**	**496**	**26**	**537**
Dividend	–	–	–	–1,003	–3	–1,006
Non-cash distribution of Bokusgruppen	–	–	–	–714	–	–714
Remeasurement of non-controlling interests	–	–	–	–140	–23	–163
Other owner transactions	–	–	–	–2	2	0
Closing balance, 31 Dec 2021	**10**	**1,995**	**29**	**–162**	**18**	**1,890**

Notes to consolidated financial statements

NOTE 1 | Accounting policies

General information
The Parent Company Volati AB (publ), corporate reg. no. 5565554317, is a Swedish limited liability company with its registered office in Stockholm. The postal and visiting address of the head office is Engelbrektsplan 1, SE-114 34 Stockholm.

Presentation of the financial statements
The financial statements and notes are presented in millions of Swedish kronor (SEK million) unless otherwise stated.

Basis of preparation
The consolidated accounts are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission for application within the EU.

The following standards and amendments are applied by Volati with effect from 1 January 2021:
- Covid-19-Related Rent Concessions – amendments to IFRS16.
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The new standards and amendments have not had any material effect on Volati's financial statements for the current year. A number of new standards and interpretations, effective for annual periods beginning on or after 1 January 2021, have not been applied in the preparation of this annual report but are expected to have a material effect for the current and future periods.

New IFRIC statement
During the year, IFRIC issued a statement on capitalisation of costs for cloud computing arrangements. The statement clarifies that assets related to cloud computing arrangements do not qualify for control under IAS 38 and their associated costs cannot therefore be capitalised. The statement has not had any material impact on Volati's financial statements and is not expected to have any material impact on its financial reporting in the coming years.

Basis of consolidation
Subsidiaries are entities over which Volati AB has control.

Subsidiaries are reported using the acquisition method. The acquisition is treated as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The Group's cost is determined by means of an acquisition analysis conducted when the acquisition takes place. The analysis determines the cost of the shares or business and the acquisition-date fair value of the acquired identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or business comprises the fair values, at the transfer date, of assets, incurred or assumed liabilities, and issued equity instruments used as consideration in exchange for the acquired net assets. Acquisition-related costs are expensed as incurred. For business combinations where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is recognised as goodwill. If the difference is negative, it is recognised directly in profit or loss.

Acquisition and divestment of companies
For acquisitions, subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. Income and expenses for companies divested during the year are included in the consolidated income statement until the date on which control ceases.

Discontinued operations
A discontinued operation is a business area or a significant independent business unit that has been divested. The consolidated income statement for the comparative year has been restated and operations divested during the year are included in Profit from discontinued operations. Profit from discontinued operations is reported separately after Profit for the year from continuing operations near the bottom of the income statement. Assets, liabilities and equity related to discontinued operations are included in the consolidated statement of financial position until the date of divestment. The consolidated cash flow statement includes discontinued operations until the date

of divestment. The transaction for the business divested during the year was conducted as a non-cash distribution to the ordinary shareholders and accounted for in accordance with IFRIC 17. The non-cash distribution was recognised at fair value based on a volume-weighted average price based on two days of trading at the time of the Bokusgruppen listing. Discontinued operations are accounted for in accordance with IFRS 5. See note 5 Divestment of shares in subsidiaries for further information about discontinued operations.

Transactions eliminated on consolidation

Intra-group receivables and liabilities, income and expense, and unrealised gains or losses arising from intra-group transactions are eliminated in full.

Foreign currency

Transactions

Foreign currency transactions are translated into the functional currency at the exchange rate on the transaction date.

Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate on the reporting date. Changes in value due to the translation of operating assets and liabilities are recognised in operating profit or loss.

Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate on the transaction date. Non-monetary assets recognised at fair value are translated into the functional currency at the exchange rate on the fair value measurement date. Exchange-rate changes are then recognised in the same way as other changes in value for the asset or liability.

The following exchange rates were used for the principal currencies:

	2021		2020	
	Closing rate	Average rate	Closing rate	Average rate
EUR	10.250	10.145	10.034	10.487
NOK	1.026	0.998	0.958	0.979
USD	9.050	8.582	9.299	9.460

The consolidated financial statements use SEK as the presentation currency, which is the Parent Company's functional currency.

Financial statements of foreign entities

Assets and liabilities of foreign entities, including goodwill and other fair value adjustments, are translated into Swedish kronor using the exchange rate prevailing at the reporting date. Income and expenses for foreign entities are translated into Swedish kronor at average exchange rates representing an approximation of the rates prevailing on the transaction dates. Exchange differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated in the translation reserve in equity. When a foreign operation is divested, the accumulated exchange differences are reclassified from the translation reserve to divested operations in the income statement.

Revenue

The Group has diversified operations. Revenue recognition differs depending on the type of business but is based on the principle that the Group recognises revenue when the Group satisfies a performance obligation, which is when promised goods or services are delivered to the customer and the customer takes over the control of the goods. Control of a performance obligation can be transferred over time or at a point in time. Revenue consists of the amount that the Group expects to receive for the transferred goods or services after deductions for discounts.

In note 3 below, there is a summary of the most common performance obligations and payment terms that are found within Volati's different business areas.

The Group's revenue categories consist of revenue from the sale of goods and services, revenue from machine rental and other.

Sales of goods are partly conducted under framework agreements. For recognition of revenue, orders in combination with framework agreements are treated as contracts with customers and each separate product in the order is considered to be a performance obligation. In cases where there is a material right to receive discounts, this right is considered to be a separate performance obligation. Revenue is recognised at a certain point in time, as none of the criteria for the transfer of control over time are met. Control is normally passed on completion of delivery in accordance with applicable terms of delivery, which is the point when risks and rewards are transferred to the customer.

When control is passed over time, revenue is recognised based on the progress towards satisfaction of the performance obligation. The choice of method for measuring progress requires judgement and is based on the type of product or service in question. The cost by cost method is generally used to measure the contract's stage of completion as it best represents the transfer of control to the customer, which is the point when we incur costs on our performance obligations. Use of the cost by cost method measures the stage of completion based on costs incurred at a given point time in relation to the total calculated costs to fulfil the contract. Revenue including estimated fees or profits is recognised proportionately as costs are incurred. Costs incurred to fulfil a contract include salaries, materials and any subcontractors' costs, other direct costs and any material and manufacturing overheads.

In certain business units, the Group recognises a provision for service warranties, reported as costs and liabilities at the inception of a contract, based on the contractual requirements that may arise and are considered probable.

In some contracts, a business unit in the Group provides extended service warranties of up to ten years in addition to fixing defects that existed at the time of sale. Under IFRS 15, such service warranties are treated as separate performance obligations, whereby part of the revenue is allocated and apportioned over the term of the obligation, see also note 20.

The Group has contracts with variable remuneration in the form of volume discounts. Volume discounts are handled as a reduction in revenue at the time of the transaction for every performance obligation. This is based on the estimated discount under the customer agreement.

Contract assets and liabilities

A contract asset or a contract liability arises when either party in a contract with a customer performs. When the Group satisfies an obligation by delivering a product or a service, a right to receive payment from the customer arises (contract asset). If the customer pays for the promised goods or services in advance, a contract liability arises.

Contract assets are tested for impairment in accordance with IFRS 9, see note 22.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and that the Group will comply with any conditions attached to the grant. The grant is recognised as a reduction in the cost item to which the grant relates in the period in which the cost has arisen.

Finance income and costs

Net financial items includes dividends, interest income and expenses, interest charges on leases, costs for securing financing, bank charges, factoring charges and exchange rate changes relating to financial assets and liabilities. Capital gains/losses and impairment of financial assets are also reported under net financial items. Interest income is distributed over the relevant period using the effective interest method. When the value of a receivable has declined, the Group reduces the carrying amount to the recoverable amount and continues to recognise the discount effect as interest income. The recoverable amount is determined by means of an analysis conducted for each reporting period to measure expected credit losses, using historical data on the debtor's financial position, the general economic situation in the debtor's industry and an assessment of both present and forecast conditions on the reporting date.

Interest income on impaired loans is reported at the original effective interest rate. Dividend income is recognised when the right to receive payment is established. Changes in the value of financial assets are measured at fair value through profit or loss, including derivative instruments that are not recognised in other comprehensive income due to hedge accounting.

Impairment of financial instruments is not reported on a separate line in the income statement, as the value is immaterial.

Intangible assets

Goodwill

In a business combination, if a positive difference arises between the cost of acquisition and the fair value of the acquired identifiable assets and assumed liabilities, this is recognised as goodwill.

Goodwill is measured at cost less any accumulated impairment. Goodwill is tested annually for impairment, see also note 11. Goodwill arising from the acquisition of associates is included in the carrying amount of investments in associates.

Capitalised development expenses

Development expenses that are directly attributable to the development and testing of identifiable and unique products and business systems controlled by the Group are reported as intangible assets when the following criteria are met:

- The technical feasibility of completing the product so that it will be available for use;
- The intention to complete the product and use or sell it;
- The ability to use or sell the product;
- The product will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the product; and
- The ability to measure reliably the expenditure attributable to the product.

After initial recognition, internally generated intangible assets are recognised at cost less accumulated amortisation and impairment. Amortisation begins when the asset is available for use. In the Group, these items consist largely of ERP systems and development projects.

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

Other intangible assets

Other intangible assets acquired by the Group, often in business combinations, are recognised at the Group's cost less impairment and, if the asset has a finite useful life, accumulated amortisation.

Amortisation

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

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

Estimated useful lives:

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

Property, plant and equipment

Owned assets

Items of property, plant and equipment are recognised as an asset when it is probable that future economic benefits associated with the asset will flow to the Group and the cost can be measured reliably.

Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Examples of directly attributable costs are delivery and handling costs, installation, title expenses, consultancy and legal services. Parts of an item of property, plant and equipment with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the disposal of an item of property, plant and equipment is the difference between the selling price and the asset's carrying amount less direct costs to sell. Gains and losses are reported under other operating income/expenses.

Depreciation

Depreciation is applied on a straight-line basis over the estimated useful life of the asset. Land is not depreciated.

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

The residual values and useful lives of assets are reviewed annually.

Calculation of recoverable amount of assets

If there is an indication that an asset may be impaired, the recoverable amount is calculated. The recoverable amount is the higher of fair value less costs of disposal and value in use. See note 11 for a detailed description of the recoverable amount for intangible assets.

Reversal of impairment of assets

Goodwill impairment is not reversed. Impairment of assets is reversed if there has been a change in the assumptions on which the calculation of recoverable amount was based. An impairment loss is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been determined, net of depreciation where applicable, had no impairment loss been recognised.

Leases

Leases

Right-of-use assets and lease liabilities are recognised in the statement of financial position for most contracts or components of contracts that qualify as leases. Exemptions are made for leases with a low value (new price for underlying asset) and short-term leases (lease term shorter than twelve months). When calculating the right-of-use asset, the lease term has been used, taking into account extension options if the exercise of such options is reasonably certain. See also Note 13.

Right-of-use assets

Right-of-use assets are initially measured at the amount of the lease liability and thereafter at cost less accumulated depreciation and impairment. Right-of-use assets consist essentially of rents for premises and warehouses etc. and leased cars and trucks.

Lease liabilities
Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, at the incremental borrowing rate. Lease liabilities are subsequently adjusted for interest and lease payments, as well as changes to the contract.

Financial assets and liabilities

At initial recognition, financial instruments are classified according to the purpose for which they were acquired and are managed. This classification determines how the instruments are measured. Financial instruments recognised in the balance sheet include derivatives, cash and cash equivalents, securities, other financial receivables, trade receivables, loan receivables, trade payables, bonds and loan liabilities.

Classification and measurement of financial assets
Classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the characteristics of the asset's contractual cash flows.

Assets are classified as follows:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI

Financial assets at amortised cost and fair value
The Group's financial assets are classified as at amortised cost, apart from derivatives and other shares and interests, which are classified as at fair value through profit or loss or through OCI. Under the business model, assets classified as at amortised cost are held for collection of contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition, financial assets classified as at amortised cost are measured at fair value plus transaction costs. However, trade receivables are initially recognised at the amount expected to be received.

The assets are covered by a loss allowance for expected credit losses.

Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Liabilities are classified as follows:
- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through equity

Classification and measurement of financial liabilities
Financial liabilities are classified at amortised cost, with the exception of derivatives, put options and additional consideration, which are recognised at fair value in the income statement or equity. At initial recognition, financial liabilities classified as at amortised cost are measured at fair value plus transaction costs. They are subsequently measured using the effective interest method. The Group's derivatives are classified and recognised as financial liabilities measured at fair value through profit or loss.

Impairment of financial assets
The Group's impairment model is based on expected credit losses, and takes into account forward-looking information. A loss allowance is recognised when there is exposure to credit risk, normally on initial recognition of an asset or receivable. In accordance with the standard, the Group applies a simplified approach for its receivables and contract assets, as they have short credit periods.

Cash and cash equivalents
Cash and cash equivalents consist of cash and demand deposits with banks and similar institutions.

Other shares and participations and other non-current financial assets
Other shares and participations are recognised at fair value through profit or loss. Other non-current financial assets are recognised at fair value through profit or loss.

Financial liabilities/borrowings
Borrowing is initially recognised at fair value, net of transaction costs. Borrowings are subsequently recognised at amortised cost, and any difference between the amount received (net of transaction costs) and the repayment amount is recognised in profit or loss over the term of the loan using the effective interest method.

Put options over non-controlling interests
Put options over non-controlling interests are agreements with owners with non-controlling interests entitling them to sell their shares in the company at fair value. The agreement, i.e. the put option, which corresponds to the purchase price of the shares, is recognised as a liability. On remeasurement of the liability, the change in value is recognised in equity. When the put option is initially recognised as a liability, equity corresponding to its fair value is reduced, whereby Volati has chosen to account for primarily non-controlling interests' in equity and, if this is not

sufficient, in equity attributable to owners of the Parent Company. See also note 22 Financing risk. On the reporting date, these put options were measured at a market value based on a multiple analysis adjusted for the net debt in each business unit.

Derivatives
Volati uses derivative financial instruments to cover risks associated with exchange rate movements. Currency hedging measures are applied for commercial exposure within the framework of each business unit's financial policy. All derivatives are recognised at fair value in the balance sheet. Changes in value arising from remeasurement may be recognised differently, depending on whether or not the derivative is classified as a hedging instrument. The Group does not apply hedge accounting as the qualifying criteria are not met. If the derivative is not classified as a hedging instrument, the change in value is recognised directly in the income statement under the items other operating income or other operating expenses. If the derivative is classified as a hedging instrument, the change in value is recognised in other comprehensive income and unrealised gains and losses are recognised in the hedging reserve in equity. If hedge accounting is discontinued before the end of the derivative's term, the derivative's future change in value are recognised directly in profit or loss, and the gains and losses already accumulated in equity are reclassified to profit or loss.

Equity

Share capital/other paid-in capital
A specification of share capital development can be found under 'Share information' in this annual report. Transaction costs directly attributable to the issue of new shares are recognised in equity, net of tax, as a deduction from the issue proceeds. In addition, costs attributable to transactions with minorities are recognised directly in equity.

Other reserves
Other reserves comprise the translation reserve, which includes all exchange differences arising on translation of foreign operations' reports prepared in a currency other than the Group's presentation currency. The Group's and the Company's presentation currency is Swedish kronor (SEK).

Retained earnings, including net profit
Retained earnings, including net profit, consists of the earnings of the Company and its subsidiaries.

Preference shares
Preference shares are reported under equity. Preference shares were issued in May 2015, giving entitlement to a priority dividend of SEK 40 per preference share (in quarterly payments of SEK 10). Following a General Meeting resolution, the preference shares are redeemable at a fixed amount which is gradually reduced from SEK 725 per share up to the fifth anniversary of the issue; to SEK 675 per share up to the tenth anniversary; and to SEK 625 per share for the period thereafter.

Inventories
Inventories, including self-constructed goods, are measured at the lower of cost and net realisable value.

Cost is calculated according to the first in-first out principle or using methods based on weighted average less obsolescence allowance. The cost of self-constructed finished and semi-finished goods comprises the cost of conversion and a reasonable proportion of indirect costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Employee benefits
Obligations under defined-contribution plans are recognised as an expense in the income statement as incurred.

Provisions
A provision is recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of financial resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, provisions are estimated by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability. The provisions are mainly attributable to guarantees.

Tax
Income tax consists of current tax and deferred tax. Taxes are recognised in the income statement except when the underlying transaction is recognised directly in equity or other comprehensive income, in which case the related tax effect is also recognised in equity or other comprehensive income.

Deferred tax is recognised on the basis of the difference between the carrying amounts of assets and liabilities and their corresponding tax bases.

Deferred income tax is determined using tax rates and tax rules that have been enacted or substantively enacted by the reporting date.

Deferred tax assets on temporary differences and deferred tax assets arising from loss carryforwards are only recognised to the extent that it is probable that they can be utilised within the next few years. The carrying amounts of deferred tax assets are reduced when it is no longer considered probable that they can be utilised.

Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities are mainly attributable to customs bonds. See also note 23 Pledged assets and contingent liabilities.

Segment reporting

The Group's operations are governed and reported primarily by business area. Segments are consolidated in accordance with the same principles as for the Group as a whole. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the operating segments' performance. In the Group, this function has been identified as the CEO. The CEO reports the Group's financial performance to the Board at business-area level and, accordingly, both internal and external reporting correspond. A segment's assets include all operating assets used by the segment and primarily comprise intangible assets, property, plant and equipment, inventories, external trade receivables, other receivables, prepaid expenses and contract assets.

A segment's liabilities include all operating and interest-bearing liabilities used by the segment and primarily consist of provisions, deferred tax liabilities, external trade payables, other current liabilities, accrued expenses, contract liabilities and deferred income. Unallocated assets and liabilities mainly include the Company's assets, liabilities and Group eliminations of internal balances.

NOTE 2 | Other operating income and expenses

Other operating income	2021	2020
Income from sale of machinery and equipment	9	3
Fora repayment	8	–
Insurance compensation	2	0
Settlement compensation	–	1
Acquisition of insolvency estate	–	3
Currency effects	4	1
Other	4	1
	26	**9**

Other operating expenses	2021	2020
Income from sale of machinery and equipment	–1	–8
Currency effects	–6	–6
Additional consideration remeasurement	–1	–4
Other	0	–1
	–8	**–18**

NOTE 3 | Segment reporting

Net sales[1]	2021 External net sales	2021 Internal net sales	2021 Net sales	2020 External net sales	2020 Internal net sales	2020 Net sales
Salix Group	3,260	2	3,262	2,663	2	2,665
Industry	3,049	1	3,050	2,257	1	2,258
Internal eliminations		–3	–3	–	–2	–2
	6,309	**0**	**6,309**	**4,921**	**0**	**4,921**

Distribution of revenue 2021

Net sales[1]	Sale of goods	Services	Other	Total revenue from contracts with customers	Equipment leasing	Other	Total
Salix Group	3,259	–	1	3,260	–	–	3,260
Industry	2,651	318	0	2,969	79	1	3,049
	5,910	**318**	**1**	**6,228**	**79**	**1**	**6,309**

Distribution of revenue 2020

Net sales[1]	Sale of goods	Services	Other	Total revenue from contracts with customers	Equipment leasing	Other	Total
Salix Group	2,663	–	–	2,663	–	1	2,663
Industry	2,017	199	15	2,231	27	–	2,258
	4,680	**199**	**15**	**4,894**	**27**	**1**	**4,921**

[1] The business areas include acquired entities from the acquisition date. See note 4 on acquisitions completed during the respective periods.

The main revenue categories, performance obligations and payment terms are set out below.

Revenue categories	Performance obligation	Payment
Sale of goods	For the Salix Group and Industry business areas, the performance obligation is satisfied at a point in time, i.e. when the customer has received the goods or has control over the goods. Within Industry, some of the performance obligations are satisfied over time. Variable types of consideration such as discounts are treated as a reduction in revenue and measured based on management's assessment. In the Industry business area, performance obligations for warranties are satisfied over time.	Payment is immediate in some cases but no later than 30 days.
Services	Most services are found within the Industry business area. The associated performance obligation is satisfied at a point in time, which is when the customer has had the service carried out. There are also services in Industry, and here too the performance obligation is satisfied at a point in time.	Payment is in advance in some cases, but no later than 30 days.
Equipment leasing	This takes place in the Industry business area and here the performance obligation is satisfied over time.	Payment is in advance in some cases, but no later than 30 days.

See also note 1 for a further description of revenue streams.

Net sales by country[1) 2)]	2021	2020
Sweden	5,016	4,140
Norway	462	345
Finland	370	154
Germany	147	68
Spain	98	–
Denmark	66	59
UK	27	23
Russia	23	24
France	22	12
Austria	15	15
Poland	11	35
Hungary	11	19
Estonia	11	0
Ukraine	9	14
Hong Kong	7	13
Latvia	7	–
Lithuania	7	–
Romania	1	0
	6,309	**4,921**

1) The business areas include acquired entities from the acquisition date. See note 4 on acquisitions completed during the respective periods.

2) Net sales by country refers to the country in which the Group company that delivered the product or service has its registered office, which is usually the same as the end customer's market.

EBITA[1)]	2021	2020
Salix Group	329	265
Industry	397	236
Items affecting comparability[2)]	–10	–29
Central costs	–52	–51
Total EBITA	**664**	**421**
Acquisition-related amortisation	–45	–27
Net financial items	–54	–85
Profit before tax	**566**	**309**
Tax	–124	–63
Net profit	**442**	**246**

1) The business areas include acquired entities from the acquisition date. See note 4 on acquisitions completed during the respective periods.

2) See note 28 for definition and specification.

Operating profit[1)]	2021	2020
Salix Group	315	251
Industry	367	224
Items affecting comparability[2)]	–10	–29
Central costs	–52	–51
Total EBIT	**620**	**394**

Depreciation[1)]	2021	2020
Salix Group	88	74
Industry	157	122
Parent Company/Other	3	4
	249	**199**

1) The business areas include acquired entities from the acquisition date. See note 4 on acquisitions completed during the respective periods.

2) See note 28 for definition and specification.

Assets[1)]	2021 Total assets	2021 Of which intangible assets and property, plant & equipment	2020 Total assets	2020 Of which intangible assets and property, plant & equipment
Salix Group	2,866	1,284	2,449	1,257
Industry	3,379	1,805	2,064	1,093
Bokusgruppen	–	–	1,571	1,116
Unallocated assets	–622	24	422	20
	5,623	**3,112**	**6,506**	**3,484**

Liabilities[1)]	2021	2020
Salix Group	2,000	2,000
Industry	3,307	2,196
Bokusgruppen	–	1,093
Unallocated liabilities	–1,574	–2,019
	3,733	**3,270**

Acquisition value of intangible and tangible investments[1)]	2021	2020
Salix Group	17	12
Industry	54	27
Bokusgruppen	18	28
Parent Company/Other	–	–
	89	**68**

1) The business areas include acquired entities from the acquisition date and divested operations until the date of disposal. See separate notes on acquisitions and disposals completed during the respective periods.

NOTE 4 | Corporate acquisitions

2021

On 29 January, Volati acquired all shares in JPT-Industria OY. This is an add-on acquisition for the Industry business area and the Tornum business unit. The acquisition was consolidated with effect from 1 February. On 2 March, Volati acquired all shares in Duschprodukter Sweden AB. This is an add-on acquisition for the Salix Group business area and the Fittings & Bathrooms business unit. The acquisition was consolidated with effect from 1 March. On 30 June, Volati acquired all shares in Scanhold AB (Scanmast). The acquired company is now a new business unit in the Industry business area. The acquisition was consolidated with effect from 30 June. On 1 July, Volati acquired StrongPoint's labels business through the acquisition of all shares in StrongPoint Labels AB and StrongPoint Labels AS. This is an add-on acquisition for the Industry business area and the Ettiketto Group business unit. The Swedish part of the business was consolidated with effect from 1 July and the Norwegian part from 1 September. On 1 July, Volati acquired all shares in Byggsystem Direkt AB. This is an add-on acquisition for the Industry business area and the S:t Eriks business unit. The acquisition was consolidated with effect from 1 July. On 6 July, Volati acquired all shares in Apisa S.L. This is an add-on acquisition for the Industry business area and the Tornum business unit. The acquisition was consolidated with effect from July. On 21 October, Volati acquired all shares in Meag Va-system AB. This is an add-on acquisition for the Industry business area and the S:t Eriks business unit. The acquisition was consolidated with effect from 21 October. On 1 November, Volati acquired all shares in Jigraf AB. This is an add-on acquisition for the Industry business area and the Ettiketto Group business unit. The acquisition was consolidated with effect from 1 November. The Group's earnings were affected by transaction costs of SEK 9 million for the above acquisitions. Goodwill of SEK 274 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares. Cash settlements of additional and deferred purchase consideration during the year amounted to SEK 29 million. Liabilities of SEK 80 million related to the acquisitions have been repaid. SEK 6 million of the year's preliminary consideration settlement of SEK 11 million has been repaid. The impact of the acquisitions on the Volati Group's balance sheet on the acquisition date is set out below.

Impact of acquisitions on acquisition date (SEK million)	Scanmast	Other	Total
Intangible assets	111	231	342
Property,plant and equipment	18	167	184
Deferred tax asset	0	13	13
Inventories	18	142	160
Trade receivables	55	114	169
Other receivables	50	19	69
Cash and cash equivalents	6	98	104
Deferred tax liability and other provisions	–32	–75	–107
Non-current interest-bearing liabilities	–9	–81	–89
Current interest-bearing liabilities	–35	–96	–131
Current liabilities	–51	–173	–224
Net assets	**132**	**358**	**490**
Goodwill	91	183	274
Purchase price for shares	**223**	**541**	**764**
Purchase price for shares	–223	–541	–764
Repaid liabilities at the acquisition date	–30	–50	–80
Settlement of preliminary consideration	—	–11	–11
Deferred fixed consideration	—	3	3
Deferred variable consideration	—	21	21
Consideration settled against non-cash issue	1	—	1
Cash & cash equivalents in acquired companies at the acquisition date	6	98	104
Acquisition-date impact of acquisitions on the Group's cash & cash equivalents	**–246**	**–480**	**–726**

Impact of acquisitions on income statement (SEK million)	Net sales	EBITDA	EBITA	EBIT
	Full year 2021	Full year 2021	Full year 2021	Full year 2021
Salix Group	78	11	5	5
Scanmast	195	19	16	10
Other acquisitions in Industry	313	17	13	5
Volati Group	**586**	**48**	**34**	**20**

If the acquisitions had been consolidated with effect from 1 January 2021, their contribution to the Group's income statement, excluding transaction costs, for the full year 2021 would have been as follows: sales SEK 1,156 million, EBITDA SEK 113 million, EBITA SEK 76 million and operating profit SEK 42 million.

2020

On 4 December 2019, Volati acquired all shares in Swekip Sweden AB and on 21 January all shares in Heco Nordiska AB. The acquisitions were completed and consolidated with effect from January 2020. Both acquisitions are add-on acquisitions for the Salix Group business area. The Heco Nordiska AB acquisition included a property which was sold during the year in a sale & leaseback transaction at a price of SEK 48 million, with an earnings effect of SEK 0 million. On 25 June, Volati acquired all shares in Beneli AB. The acquisition is an add-on acquisition for the Industry business area and the Ettiketto business unit. The acquisition was consolidated with effect from the end of June 2020. On 2 September, Volati acquired all shares in Pisla Oy and Demerx i Kinda AB (Pisla Group). The acquisition is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 1 September. On 22 September, Volati acquired all shares in Märkas AB. The acquisition is an add-on acquisition for the Industry business area. The acquisition was consolidated with effect from the end of September 2020. During the year, Volati's Industry business area also acquired a small insolvency estate, which resulted in a gain of SEK 3 million on preparation of the acquisition analysis. This was due to the estimated value of the assets acquired being higher than the acquisition price. The gain is recognised as an item affecting comparability. The Group's earnings were affected by transaction costs of SEK 6 million for the above acquisitions. Goodwill of SEK 26 million arising from the transactions is supported by several factors, largely attributable to the acquired companies' synergies, employees and market shares. The impact of the acquisitions on the Volati Group's balance sheet is set out below.

Impact of acquisitions on balance sheet (SEK million)	2020
Intangible assets	92
Property, plant and equipment	132
Financial receivables	0
Deferred tax asset	4
Inventories	183
Trade receivables	104
Other receivables	9
Cash and cash equivalents	46
Deferred tax liabilities	–24
Non-current interest-bearing liabilities	–71
Current interest-bearing liabilities	–21
Current liabilities	–158
Net assets	**297**
Goodwill	26
Purchase price for shares	**324**
Purchase price for shares	–324
Deferred variable consideration	23
Deferred fixed consideration	10
Cash & cash equivalents in acquired companies at the acquisition date	46
Acquisition-date impact of acquisitions on the Group's cash & cash equivalents	**–245**

Impact of acquisitions on income statement (SEK million)	Net sales	EBITDA	EBITA	EBIT
	Full year 2020	Full year 2020	Full year 2020	Full year 2020
Salix Group	325	28	20	18
Industry	113	13	8	4
Volati Group	**439**	**41**	**28**	**23**

If the acquisitions had been consolidated with effect from 1 January 2020, their contribution to the Group's income statement, excluding transaction costs, for the full year 2020 would have been as follows: sales SEK 804 million, EBITDA SEK 78 million, EBITA SEK 51 million and operating profit SEK 42 million.

NOTE 5 | Divestment of shares in subsidiaries

On 4 June 2021, a non-cash distribution of the shares in Bokusgruppen AB to ordinary shareholders was implemented through a listing of Bokusgruppen shares on Nasdaq First North Premier Growth Market. A capital gain of SEK 115 million on the distribution was recognised in Volati AB, while Volati AB's equity was reduced by the corresponding amount and no cash flows arose from the distribution. Since being acquired by Volati in 2017, Bokusgruppen has shown positive development through profitability improvement measures and digital business development, which have strengthened its market position. A listing helps to make Bokusgruppen's value transparent and creates interest in the company in general and among new investor groups. On 21 December 2020, Volati sold all shares in Volati Life AB ("NMP") to the Belgian company Vision Healthcare. The transaction took place at a price of SEK 77 million and generated a capital loss of SEK 97 million, including transaction costs of SEK 1 million. NMP has been a relatively small business with little in common with Volati's other business units and has shown weak growth since its acquisition in 2014. On 11 November 2020, all shares in Besikta Bilprovning i Sverige Holding AB ("Besikta Bilprovning") were sold to the Spanish company Applus. The transaction took place at a price of SEK 1,072 million and generated a capital gain of SEK 744 million, including transaction costs of SEK 11 million. Besikta Bilprovning has shown excellent development since the acquisition in 2013 and the sale creates additional scope for development as Applus has international industry experience, technical expertise and financial capacity to enable growth. At the same time, the sale strengthens Volati's financial position, which creates further opportunities for Volati to grow rapidly through add-on investments in existing businesses and through new platform acquisitions. The Consumer business area also included me&i until Volati converted its ownership in the company on 7 November 2019. Following the divestment of NMP, no operations remained in the Consumer business area and the Board therefore decided to close the business area. As a result, the operations of the Consumer business area are classified as discontinued operations in accordance with IFRS 5.

The income statement and cash flow information presented below refers to the period up to the divestment date for the discontinued operations.

Profit/loss attributable to discontinued operations	Full year 2021	Full year 2020
Net sales	674	2,416
Operating expenses	–645	–2,038
EBITDA	**29**	**377**
Depreciation	–58	–215
EBITA	**–28**	**162**
Acquisition-related amortisation	–10	–25
EBIT	**–38**	**137**
Finance income and costs	–5	–20
Profit before tax	**–43**	**117**
Tax for the period	9	–33
Profit/loss from discontinued operations	**–35**	**84**
Gain/loss on sale of operation	**115**	**647**
Total profit/loss attributable to discontinued operations	**80**	**731**
Attributable to:		
Owners of the Parent	79	732
Non-controlling interests	1	–1
Earnings per ordinary share attributable to owners of the Parent	0.99	9.22

Cash flow from discontinued operations	Full year 2021	Full year 2020
Cash flow from operating activities	–83	342
Cash flow from investing activities	–18	1,049
Cash flow from financing activities	66	–151
Total cash flow from discontinued operations	**–35**	**1,240**

Investing activities for 2020 include an inflow flow of SEK 1,086 million attributable to the divestment of Besikta and NMP.

Impact of discontinued operations on the Group's balance sheet on divestment date and at end of previous year

	2021	2020
Intangible assets	814	817
Property,plant and equipment	24	25
Right-of-use assets	259	274
Other non-current assets	2	3
Current operating assets	216	285
Cash and cash equivalents	2	167
Total assets	**1,317**	**1,571**
Deferred tax liabilities	93	92
Non-current lease liabilities	156	152
Non-current non-interest-bearing liabilities	6	–
Current lease liabilities	103	105
Current interest-bearing liabilities	103	–
Current operating liabilities	270	430
Total liabilities	**731**	**778**
Net assets	**586**	**792**

NOTE 6 | Employees and personnel expenses

	2021			2020		
Number of employees per country	Men	Women	Total	Men	Women	Total
Volati Head Office	**6**	**7**	**13**	**7**	**6**	**13**
Industry						
Volati Industri AB	1	0	**1**	1	0	**1**
Corroventa						
Corroventa England	4	0	**4**	4	0	**4**
Corroventa France	2	1	**3**	4	1	**5**
Corroventa Norway	2	0	**2**	2	0	**2**
Corroventa Poland	1	0	**1**	1	0	**1**
Corroventa Sweden	26	8	**34**	26	6	**32**
Corroventa Germany	13	3	**16**	14	3	**16**
Corroventa Austria	2	0	**2**	2	1	**3**
Ettiketto						
Beneli AB	26	22	**48**	32	25	**57**
Ettiketto AB	69	25	**94**	56	19	**75**
Ettiketto AS[1)]	14	11	**25**	0	0	**0**
Ettiketto Produktion Malmö AB[2)]	25	19	**44**	0	0	**0**
Ettiketto Åtvidaberg AB	28	5	**33**	25	4	**29**
Jigraf AB[3)]	7	5	**12**	0	0	**0**
Märkas AB	31	14	**45**	45	26	**71**
Salix Group						
Arrow Skandinavien AB[4)]	7	2	**9**	0	0	**0**
Demerx i Kinda AB	2	0	**2**	2	1	**3**
Duschprodukter Sweden AB[4)]	6	4	**10**	0	0	**0**
Duschy Marketing OU[4)]	4	2	**6**	0	0	**0**
Habo Danmark A/S	6	1	**7**	5	1	**6**
Habo Finland OY	4	2	**6**	4	2	**6**
Habo Gruppen AB	21	11	**33**	20	11	**31**
Habo Norge AS	11	5	**16**	11	5	**16**
Heco Nordiska AB	36	28	**64**	19	34	**53**
Kellfri AB	39	19	**57**	40	14	**54**
Kellfri Oy	4	0	**4**	3	0	**3**
Miljöcenter i Malmö AB	12	11	**23**	13	9	**22**
Pisla Oy	55	55	**110**	16	19	**34**
Salix Hem & Beslag AB	1	0	**1**	0	0	**0**
Salix Business Partner AB	93	24	**117**	91	27	**118**
Salix Group AB	4	2	**6**	2	0	**2**
Salix Bygg och Emballagelösningar AB	2	1	**3**	1	0	**1**
SIA Duschy Marketing[4)]	4	2	**6**	0	0	**0**
Sørbø Industribeslag AS	34	3	**37**	30	1	**31**
Swekip Sweden AB	3	1	**4**	3	0	**3**
T-Emballage Bygg AB	12	11	**23**	11	7	**18**
T-Emballage Förpackning AB	9	8	**17**	7	7	**14**
Thomée Gruppen AB	22	11	**33**	32	13	**45**
UAB Duschy[4)]	5	1	**6**	0	0	**0**
Väggmaterial i Sverige AB	5	1	**6**	7	1	**8**

Number of employees per country	2021 Men	2021 Women	2021 Total	2020 Men	2020 Women	2020 Total
Scanmast[5]						
Scanhold AB	0	1	**1**	0	0	**0**
Scanmast AB	51	7	**58**	0	0	**0**
Scanmast AS	18	2	**20**	0	0	**0**
S:t Eriks						
Byggsystem Direkt AB[6]	7	1	**7**	0	0	**0**
MEAG VA-System AB[7]	12	12	**24**	0	0	**0**
Nordskiffer AB	3	4	**7**	3	4	**7**
S:t Eriks AB	339	61	**400**	334	50	**384**
Stenentreprenader i Hessleholm AB	15	3	**18**	23	3	**26**
Stenteknik i Karlstad AB	2	1	**2**	10	3	**13**
Vinninga Cementvarufabrik AB	48	4	**52**	47	2	**49**
Tornum						
Apisa S.L.[8]	19	1	**20**	0	0	**0**
JPT Industria Oy[9]	30	3	**33**	0	0	**0**
Lidköpings Plåtteknik AB	7	0	**7**	9	0	**9**
Tornum Finland	0	0	**0**	1	0	**1**
Tornum Poland	4	2	**6**	5	1	**6**
Tornum Romania	6	0	**6**	6	0	**6**
Tornum Russia	3	1	**4**	3	1	**4**
Tornum Sweden	54	9	**62**	58	9	**67**
Tornum Thailand	0	0	**0**	1	0	**1**
Tornum Ukraine	8	2	**10**	8	1	**9**
Tornum Hungary	3	0	**3**	3	0	**3**
	1,285	**438**	**1,723**	**1,046**	**315**	**1,361**

[1] Ettiketto AS was consolidated from 1 September 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[2] Ettiketto Produktion Malmö AB was consolidated from 1 July 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[3] Jigraf AB was consolidated from 1 November 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[4] Duschprodukter Sweden AB and subsidiaries were consolidated from 1 March 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[5] Scanhold AB and subsidiaries were consolidated from 30 June 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[6] Byggsystem Direkt AB was consolidated from 1 July 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[7] MEAG VA-System AB was consolidated from 21 October 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[8] Apisa S.L. was consolidated from 1 July 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[9] JPT-Industria OY was consolidated from 1 February 2021 and the number of employees is shown as FTEs for the period of consolidation into Volati.

Number of employees per country	2021 Men	2021 Women	2021 Total	2020 Men	2020 Women	2020 Total
Denmark	6	1	**7**	5	1	**6**
England	4	0	**4**	4	0	**4**
Estonia	4	2	**6**	0	0	**0**
Finland	93	60	**153**	24	21	**44**
France	2	1	**3**	4	1	**5**
Norway	79	21	**100**	43	6	**49**
Latvia	4	2	**6**	0	0	**0**
Lithuania	5	1	**6**	0	0	**0**
Poland	5	2	**7**	6	1	**7**
Romania	6	0	**6**	6	0	**6**
Russia	3	1	**4**	3	1	**4**
Spain	19	1	**20**	0	0	**0**
Sweden	1,029	341	**1,370**	924	280	**1,204**
Thailand	0	0	**0**	1	0	**1**
Germany	13	3	**16**	14	3	**16**
Ukraine	8	2	**10**	8	1	**9**
Hungary	3	0	**3**	3	0	**3**
Austria	2	0	**2**	2	1	**3**
	1,285	**438**	**1,723**	**1046**	**315**	**1,361**

Distribution of senior executives on reporting date, %	2021 Men	2021 Women	2020 Men	2020 Women
Volati AB Board members	57%	43%	57%	43%
Other members of senior management, including CEO	100%	0%	71%	29%

Salaries and other benefits	2021	2020
Board and CEO, Sweden	3	2
Other employees, Sweden	683	546
Other employees, outside Sweden	74	55
	760	**602**
Of which bonuses to Board and CEO	–	–

Social security contributions	2021	2020
Contractual and statutory social security contributions	212	176
Pension costs for Board and CEO	0	0
Other pension costs	87	60
	299	**236**

Remuneration of Parent Company Board and senior executives

Volati's Board 2021, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.450	–	–	0.450
Karl Perlhagen	–	0.200	–	–	0.200
Björn Garat	–	0.200	–	–	0.200
Anna-Karin Celsing	–	0.250	–	–	0.250
Louise Nicolin	–	0.200	–	–	0.200
Christina Tillman	–	0.200	–	–	0.200
Magnus Sundström	–	0.275	–	–	0.275

Volati's senior executives 2021, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Mårten Andersson, CEO until 30 April 2021	0.5	–	0.0	0.1	0.6
Andreas Stenbäck, CEO from 1 May 2021[1)]	2.4	–	0.0	0.3	2.7
Other senior executives (3)[2)]	9.2	0.0	0.0	1.4	10.6

[1)] The Company's CEO holds 800,000 purchase options issued by Volati AB's principal owner which expire in June 2023. As the purchase options were acquired at a market price, no cost or increase in equity has been reported, in accordance with IFRS 2.

[2)] Bokusgruppen senior executives are included until the separate listing on 4 June. The Company's CFO holds 225,000 purchase options issued by Volati AB's principal owner which expire in June 2025. As the purchase options were acquired at a market price, no cost or increase in equity has been reported, in accordance with IFRS 2.

Volati's Board 2020, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.450	–	–	0.450
Karl Perlhagen	–	0.200	–	–	0.200
Björn Garat	–	0.200	–	–	0.200
Anna-Karin Celsing	–	0.250	–	–	0.250
Louise Nicolin	–	0.200	–	–	0.200
Christina Tillman	–	0.200	–	–	0.200
Magnus Sundström	–	0.275	–	–	0.275

Volati's senior executives 2020, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Mårten Andersson, CEO	1.5	–	0.0	0.3	1.8
Other senior executives (6)[1)]	14.5	0.0	0.0	2.0	16.5

[1)] Consumer business area senior executives included until August 2020.

Remuneration of the CEO

Pension arrangements

The contractually agreed retirement age is 67. The CEO has an individual pension, whereby pension contributions can be made as the CEO decides, but the cost of such a pension is deducted from the CEO's salary.

Termination of employment

The reciprocal period of notice is six months. Volati AB does not have any agreements concerning termination benefits for the CEO.

Other senior executives

Variable consideration

In accordance with the Group's guidelines, senior executives are entitled to variable remuneration A business area manager is entitled to variable remuneration which is individually tailored to the business area's operations. Underlying parameters for that manager's variable remuneration are profitability and individually defined parameters. The ceiling for variable remuneration is 25 percent of the fixed remuneration.

Pension arrangements

Senior executives have individual pensions, whereby pension contributions can be made as each particular senior executive decides, but the cost of such a pension is deducted from the executive's salary. Senior executives have a contractually agreed retirement age of 67.

Termination of employment

None of the senior executives are entitled to termination benefits. The mutual notice period for senior executives is six or twelve months.

NOTE 7 | Auditors' fees and remuneration

Ernst & Young AB	2021	2020
Audit services	6	5
Other auditing services	1	0
Tax advisory services	0	0
	7	**6**

Other auditors	2021	2020
Audit services	1	1
Tax advisory services	0	0
Other services	–	0
	1	**1**

NOTE 8 | Finance income and costs

Finance income	2021	2020
Interest income on bank deposits[1)]	1	0
Exchange gains	25	16
Other finance income	1	1
	27	**17**

Finance costs	2021	2020
Interest expenses on loans[1)]	–15	–11
Interest expenses on bond[1)]	–14	–22
Interest expenses on leases	–27	–27
Interest expenses on derivatives	0	0
Exchange losses	–13	–34
Other finance costs[2)]	–11	–9
	–81	**–102**

1) Interest income and expenses accounted for using the effective interest method.

2) Other finance costs include costs of securing financing, bank and factoring charges.

NOTE 9 | Tax

	2021	2020
Current tax expense	–109	–54
Deferred tax	–15	–9
Tax expense for the year	**–124**	**–63**

	2021		2020	
Reconciliation of effective tax	**SEK million**	**%**	**SEK million**	**%**
Profit before tax	566	–	309	–
Tax at applicable tax rate	–117	21%	–66	21%
Tax at other tax rates	–2	0%	0	0%
Non-deductible expenses	–3	1%	–4	1%
Non-taxable income	2	0%	1	0%
Standard interest on tax allocation reserve	0	0%	0	0%
Temporary differences in balance sheet items	–	0%	0	0%
Change in tax losses	1	0%	6	–2%
Tax attributable to prior years	0	0%	1	0%
Other	–5	1%	–1	0%
Recognised effective tax	**–124**	**21%**	**–63**	**21%**

Tax recognised in equity was SEK 2 (0) million in 2021.

Deferred tax	2021	2020
Property, plant & equipment and intangible assets	8	5
Inventories	0	0
Trade receivables	–1	0
Untaxed reserves	–17	–12
Unused losses from prior years	–1	–3
Remeasurement effect of changed future income tax rates	–	0
Other temporary differences	–1	–1
Deferred tax attributable to prior years	–3	1
Deferred tax on temporary differences for the year	**–15**	**–9**

Deferred tax asset	2021	2020
Property, plant & equipment and intangible assets	10	11
Inventories	2	1
Unused losses from prior years	15	15
Trade receivables	4	4
Other temporary differences	9	3
	40	**35**

Deferred tax liabilities	2021	2020
Property, plant & equipment and intangible assets	173	162
Untaxed reserves	113	105
Other temporary differences	7	15
	293	**282**

NOTE 10 | Earnings per share

The calculation of earnings per preference - and ordinary share for 2021 was based on profit attributable to owners of the Parent, which was SEK 496 (967) million, and profit from continuing operations attributable to owners of the Parent, which was SEK 417 (235) million. The figure for earnings per ordinary share was , reduced by the preference shareholders' proportionate share of the dividend for 2021, which was SEK 65 (64) million.

Earnings per preference share was based on the dividend adopted for the year until the 2022 AGM, which means a share of earnings of SEK 65 million divided by 1,603,773 preference shares. The remaining portion of the earnings, SEK 430 million, was divided by the average number of ordinary shares, which was 79,406,571.

	2021	2020
Profit attributable to owners of the Parent	496	967
Deduction for preference share dividend	65	64
Profit attributable to owners of the Parent adjusted for preference share dividend	430	903
Profit from continuing operations attributable to owners of the Parent	417	235
Profit from continuing operations attributable to owners of the Parent adjusted for preference share dividend	351	171
Ordinary shares outstanding	79,406,571	79,406,571
Average no. of ordinary shares	79,406,571	79,406,571
Basic and diluted earnings per share	5.42	11.37
Basic and diluted earnings per share, continuing operations	4.42	2.15
Basic and diluted earnings per preference share	40.80	40.00
Preference shares outstanding	1,603,774	1,603,774

NOTE 11 | Intangible assets

Cost of acquisition	Goodwill	Patents/ Technology	Brands/Other	Capitalised development expenses	Total
1 January 2020	**2,222**	**14**	**872**	**348**	**3,456**
Investments	–	0	3	32	365
Business acquisitions	28	1	88	2	118
Disposals	2	–	–2	–2	–2
Reclassifications	–	–	–	1	1
Translation differences	–36	0	–4	0	–40
Discontinued operations	–516	–	–79	–116	–711
1 January 2021	**1,700**	**15**	**878**	**265**	**2,857**
Investments	0	0	1	27	28
Business acquisitions	275	0	340	1	616
Disposals	–1	0	0	0	–1
Reclassifications	0	0	0	0	0
Translation differences	13	0	0	0	14
Discontinued operations	–410	0	–437	–201	–1,048
31 December 2021	**1,577**	**15**	**782**	**92**	**2,466**
Accumulated amortisation					
1 January 2020	**–202**	**–12**	**–176**	**–213**	**–603**
Amortisation/impairment for the year	–	0	–44	–43	–87
Disposals	–3	–	2	0	0
Reclassifications	–	–	–	–	–
Translation differences	5	0	3	0	8
Discontinued operations	100	–	61	78	239
1 January 2021	**–99**	**–12**	**–154**	**–178**	**–443**
Amortisation/impairment for the year	–	–1	–49	–19	–66
Disposals	–	–	0	0	0
Reclassifications	–	–	–	–	–
Translation differences	–4	0	0	0	–4
Discontinued operations	0	–	100	134	234
31 December 2021	**–103**	**–13**	**103**	**–60**	**–279**
Carrying amount					
31/12/2020	1,600	2	724	87	2,414
31/12/2021	1,474	2	679	32	2,187

	2021		2020	
Distribution of the Group's goodwill and other intangible assets with indefinite useful lives	**Goodwill**	**Other intangible assets**	**Goodwill**	**Other intangible assets**
Tornum	78	–	56	–
Corroventa	84	–	84	–
Ettiketto Group	218	5	102	5
S:t Eriks	234	32	190	32
Scanmast	91	–	–	–
Bokusgruppen	–	–	410	240
Salix Group	768	148	758	148
Total	**1,474**	**185**	**1,600**	**425**

During impairment testing, goodwill and other intangible assets with indefinite useful lives are allocated to the business areas or business units which are considered to be cash generating units. The goodwill value of each cash generating unit is tested annually against the calculated recoverable amount, which is either the value in use or the fair value less costs of disposal.

Value in use

Value in use is calculated as the Group's share of the present value of projected future cash flows generated by the cash generating unit.

The cash flow projection is based on reasonable and verifiable assumptions that represent Volati's best estimate of the economic conditions that will exist, and considerable emphasis is therefore placed on external factors. The assessment of future cash flows is based on forecasts arising from the most recent budgets, projections and business plans submitted by each cash generating unit. These include the budget for the coming years and a projection for the subsequent four to five years. Cash flows after the forecast period are estimated based on an assumption of a long-term annual growth rate of 2 percent after the forecast period.

Cash flow projections do not include cash inflows and outflows from financing activities. The estimated value in use is comparable with the carrying amount of the subsidiary group. Key assumptions used for the calculations include the discount rate, sales growth. EBITDA margins, development of working capital and investment needs. Various assumptions have been made due to each subsidiary group operating as an independent unit with its own unique conditions. The key assumptions used for each subsidiary group are described below.

Key assumptions used for value in use per cash generating unit

Discount rate

Future cash flows for each cash generating unit have been discounted to present value using a discount rate. Volati has chosen to calculate the present value of cash flows after tax. The discount rate reflects market assessments of the time value of money and the risks specific to each cash generating unit. The discount rate does not reflect such risks that are taken into account when calculating future cash flows. The calculation of the discount rate is based on the company's weighted average capital cost, the company's incremental borrowing rate and other market interest rates on loans independent from Volati's capital structure. The required rate of return for loan capital is based on an interest expense for risk-free loans of 2.4 percent adjusted for an interest margin of 1.0 percent and a tax rate of 20.6 percent. The required rate of return for equity is based on a risk-free interest rate, plus a market risk premium of 4.7 percent, a company-specific risk premium of 5.0 percent and a beta value for each cash generating unit of 0.64–1.17. The discount rates used by Volati vary between 9.7 and 11.7 percent depending on the conditions for each cash generating unit.

Tornum

The cash flow projection for Tornum is based on the company's capacity to leverage its market position in the markets where it is established, with local financing and EU grants enabling the start-up of projects in these countries. The key assumptions used to calculate value in use for Tornum are net sales growth, EBITDA margin and investment needs. Volati considers that long-term demand for Tornum's products in the company's established markets continues to be good and that there is an underlying need for modernisation investments in these markets. Based on this, Volati assumes that growth in net sales will be higher than GDP growth, while the EBITDA margin is expected to show a slightly increasing trend during the forecast period. Major macroeconomic events adversely affecting development and willingness to invest in Eastern Europe, Russia and Ukraine may have a negative effect on the trend. However, the current exposure to Russia and Ukraine is not sufficiently large for the ongoing conflict to cause Tornum's calculated value in use to fall below its carrying amount.

Corroventa

Corroventa's projected cash flows have been based on the company's ability to obtain returns on investments in developing the product range and to leverage its geographic establishment. The key assumptions used to calculate Corroventa's value in use are net sales growth, EBITDA margin and investment needs. In addition, it is considered likely that the historic frequency and extent of weather-related flooding will continue into future forecast periods. Based on these factors, Volati anticipates that net sales growth will be higher than GDP growth and that the EBITDA margin will increase slightly during the forecast period. If the frequency of weather-related flooding falls during the forecast period, the trend may be below the forecast. The assessment is that no reasonable changes in key assumptions will result in Corroventa's calculated value in use falling below the carrying amount.

S:t Eriks

The forecast cash flows for S:t Eriks have been based on the companies' ability to obtain returns on the investments and efficiency improvements that are taking place, and on no significant changes taking place in the market. Volati estimates that long-term demand for S:t Eriks' products in the Swedish market, where the company is established, is relatively good. Based on this, Volati assumes that growth in net sales will be somewhat higher than GDP growth, while the EBITDA margin is expected to improve during the forecast period. The assessment is that no reasonable changes in key assumptions will result in S:t Eriks' calculated value in use falling below the carrying amount.

Ettiketto

The forecast cash flows for Ettiketto have been based on the company's ability to obtain returns on its existing non-current assets and no significant changes to behaviour of the company's major customers. The key assumptions used to calculate Ettiketto's value in use are net sales growth, EBITDA margin and investment needs. Based on this, Volati assumes net sales growth slightly above GDP growth, while the EBITDA margin is expected to remain largely unchanged during the forecast period. The assessment is that no reasonable changes in key assumptions will result in Ettiketto's calculated value in use falling below the carrying amount.

Salix Group

The Salix Group business area is treated as one cash-generating unit as its components largely share the same platform. The projected cash flows for Salix Group are based on the fact that the companies can benefit from their market position in the Nordic region, while the underlying economy does not decline significantly. The key assumptions used to calculate value in use for Salix Group are net sales growth and EBITDA margin. Volati estimates that long-term demand for Salix Group's products in the markets where the company is established is relatively good. Based on this, Volati assumes that growth in net sales will be higher than GDP growth, while the EBITDA margin is expected to be stable during the forecast period. If major macroeconomic events were to occur and adversely impact development and the willingness to invest in the Nordic region, the trend could be worse than forecast. The assessment is that no reasonable changes in key assumptions will result in Salix Group's calculated value in use falling below the carrying amount.

Sensitivity analysis

The value in use for each cash generating unit is dependent on the assumptions used to calculate discounted cash flows. Volati has made simulations of value in use in the event of changes to key assumptions used for the calculation. When testing the carrying amount in relation to value in use with an assumption of an EBITDA margin that is twenty percent below the forecasts for all years in the forecast period, the value in use for all cash generating units would be higher than the carrying amount. For corresponding testing of growth after the end of the forecast period, i.e. year 5 and beyond, annual growth of one percent rather than the forecast's two percent would still result in the value in use for all units being higher than the carrying amount. In a simulation where the discount rate is increased by one percentage point, the value in use for all units would still be higher than the carrying amount.

Impairment

No impairment losses on goodwill or intangible assets were recognised during 2021. No impairment was identified at the end of 2021 after comparing the companies' value in use with the Group's carrying amount for each cash generating unit. No impairment was recognised in 2020.

NOTE 12 | Property, plant & equipment

Cost of acquisition	Land and buildings	Machinery and equipment	Total
1 January 2020	**121**	**820**	**941**
Investments	1	39	40
Business acquisitions	77	14	91
Completed contracts	–59	–29	–89
Translation differences	–1	–4	–4
Discontinued operations	–	–122	–122
1 January 2021	**140**	**717**	**856**
Investments	4	57	61
Business acquisitions	61	40	101
Completed contracts	–8	–44	–52
Translation differences	0	3	3
Reclassifications	1	–1	0
Discontinued operations	–	–257	–257
31 December 2021	**197**	**515**	**712**
Accumulated depreciation			
1 January 2020	**–26**	**–579**	**–605**
Depreciation for the year	–6	–69	–75
Completed contracts	11	23	34
Reclassifications	–	–	–
Translation differences	–	3	3
Discontinued operations	–	87	87
1 January 2021	**–22**	**–535**	**–557**
Depreciation for the year	–6	–58	–65
Sales/disposals	3	42	45
Reclassifications	–	2	2
Translation differences	0	–2	–2
Discontinued operations	–	233	233
31 December 2021	**–26**	**–318**	**–344**
Carrying amount			
31/12/2020	118	181	299
31/12/2021	171	196	368

NOTE 13 | Leases

Right-of-use assets

Volati's right-of-use assets and lease liabilities are mainly related to rents for premises and warehouses and leased cars and trucks.

Some leases also involve exposure regarding non-lease components such as costs of water, heating etc. However, their value is considered non-material to the Group.

The future lease payments are discounted at the interest rate implicit in the lease, if that rate can be readily determined, Otherwise, the incremental borrowing rate is calculated based on 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 17 percent depending on these different assumptions.

Volati's calculation of the length of the obligations is based on the remaining lease terms, but extension options have been taken into account if the exercise of such options is reasonably certain.

Cost of acquisition	Land and buildings	Machinery and equipment	Total
1 January 2020	**960**	**171**	**1,130**
Investments	292	34	326
Business acquisitions	34	15	49
Completed contracts	–84	–24	–108
Translation differences	–5	–1	–6
Discontinued operations	–214	–26	–240
1 January 2021	**983**	**169**	**1,152**
Investments	120	36	156
Business acquisitions	65	19	84
Completed contracts	–12	–29	–42
Reclassifications	0	0	–
Translation differences	3	1	3
Discontinued operations	–455	–5	–460
31 December 2021	**704**	**189**	**893**
Accumulated depreciation			
1 January 2020	**–219**	**–78**	**–297**
Depreciation for the year	–241	–36	–278
Completed contracts	81	14	96
Translation differences	2	1	2
Discontinued operations	76	21	97
1 January 2021	**–301**	**–78**	**–379**
Depreciation for the year	–142	–45	–186
Completed contracts	10	23	33
Reclassifications	0	–2	–2
Translation differences	–2	0	–2
Discontinued operations	197	2	200
31 December 2021	**–237**	**–99**	**–336**
Carrying amount			
31/12/2020	682	91	773
31/12/2021	467	90	557

Amounts reported in income statement	2021	2020
Depreciation of right-of-use assets	–141	–113
Interest expenses for lease liabilities	–27	–27
Costs attributable to short-term leases	–4	–1
Costs attributable to low-value leases	–8	–1
Costs attributable to percentage rent not included in the lease liability measurement	0	0
Total earnings effect	**–180**	**–141**

Amounts recognised in the income statement exclude profit from discontinued operations.

Cash flow from leases	2021	2020
Lease interest paid	–32	–45
Repayment of lease liabilities	–166	–242
Lease payments made for short-term leases	–9	–15
Lease payments made for low-value leases	–4	–3
Variable lease payments made	0	0
Total cash flow	**–211**	**–305**

Cash flow from leases includes profit from discontinued operations.

For a maturity analysis of lease liabilities, see note 22.

On 31 December 2021, the Group's obligations under short-term leases were SEK 5 (2) million.

Future cash flows

There are future cash flows to which the Group could potentially be exposed that are not reflected in the measurement of the lease liability. These include exposure attributable to:

- Extension options
- Residual value guarantees
- Leases agreed but not yet commenced

Assessment of the extension options is on the basis that exercise of such options is reasonably certain. For Volati, residual value guarantees do not represent a material amount.

Leases that have been agreed but have not yet commenced are not considered to have any material impact on cash flow.

NOTE 14 | Non-current financial assets

Other shares and interests	2021	2020
Opening cost	5	4
Investments	0	0
Acquisitions	–	0
Disposals	–2	–
	2	**5**

Other non-current financial assets	2021	2020
Opening cost	2	2
Investments	1	1
Repayments	0	–1
Disposals	–	0
Acquisitions	5	–
	8	**2**

NOTE 15 | Inventories

	2021	2020
Raw materials and supplies	115	98
Products in progress	7	9
Finished goods and merchandise	973	830
Return assets	–	2
Work in progress for third parties	17	8
Advances to suppliers	57	22
	1,169	**969**

Of which obsolescence write-down of SEK –21 million.

NOTE 16 | Prepayments and accrued income

	2021	2020
Accrued supplier bonus	33	26
Accrued income, percentage of completion projects	18	12
Prepaid cost of sales	6	10
Prepaid rent	21	55
Prepaid leases	6	5
Prepaid insurance	6	5
Other prepayments	21	25
Other interim receivables	4	13
	116	**151**

NOTE 17 | Interest-bearing liabilities

Non-current liabilities	2021	2020
Bond liabilities	–	600
Lease liabilities	448	556
Liabilities to shareholders	–	2
Other interest-bearing liabilities	18	3
	466	**1,161**

Current liabilities	2021	2020
Overdraft facilities	0	0
Liabilities to credit institutions[1)]	1,136	–
Lease liabilities	132	214
	1,269	**215**

[1)] See note 22 for information about contractual dates for interest-rate renegotiations.

At the end of 2021, the unutilised portion of the overdraft facility was SEK 300 (300) million, the unutilised portion of the revolving credit facility was SEK 800 (900) million and cash & cash equivalents were SEK 203 (1,160) million.

NOTE 18 | Changes to loans in cash flow from financing

	2021	2020
31 December	1,542	2,151
Non-cash changes		
Business acquisitions	74	126
Loans in divested companies	–103	–
Lease liabilities in acquired companies	87	–
Lease liabilities in divested companies	–260	–115
Remeasurement to market value	164	91
Translation differences	2	–4
Non-cash change in lease liabilities	148	303
Other non-cash changes	–18	–4
Cash changes		
Repayment of loans in acquired companies	–	–41
Proceeds from borrowings	1,207	300
Repayment of borrowings	–611	–1,021
Repayment of lease liabilities	–166	–242
Owner transactions	–29	–2
31 December	**2,036**	**1,542**

NOTE 19 | Contract assets and liabilities

Contract assets	2021	2020	Classification in statement of financial position
Accrued income from projects	43	10	Prepayments and accrued income
	43	**10**	

Contract liabilities	2021	2020	Classification in statement of financial position
Short-term advances[1)]	57	38	Advances from customers
Provisions for extended warranties	4	3	Warranties and other provisions
	60	**41**	

[1)] Short-term advances are mainly for installation, assembly and paving services.

The increase in contract assets from SEK 10 million in 2020 to SEK 43 million in 2021 is mainly due to the increase in outstanding unfinished projects at the end of 2021, which is largely attributable to companies acquired during the year that operate with a high proportion of projects. The increase in contract liabilities from SEK 41 million in 2020 to SEK 60 million in 2021 is mainly due to the increase in outstanding projects with contractual terms that require advances. SEK 36 million of the closing contract liabilities of SEK 41 million in December 2020 was recognised as revenue during the year. None of the revenue recognised during the year relates to performance obligations satisfied during previous periods. The absolute majority of remaining performance obligations fall due within one year of the reporting date.

NOTE 20 | Warranty commitments and other provisions

	2021	2020
Closing balance, 31 December previous year	8	4
Warranty provisions in acquired companies	6	–
Warranty provisions	4	4
Provisions used	–1	0
Closing balance, 31 December	**17**	**8**

NOTE 21 | Accruals and deferred income

Accrued expenses	2021	2020
Accrued personnel expenses	205	205
Accrued customer bonuses	86	68
Accrued interest expenses	1	5
Accrued rental discounts	14	14
Accrued cost of goods sold	24	41
Accrued audit expenses	3	3
Other	39	61
Prepaid expenses	**372**	**398**
Deferred income	1	8
Total	**373**	**407**

NOTE 22 | Financial risk management and financial instruments

The Volati Group is exposed to various types of financial risk in the course of its operations. Some of Volati's operations are conducted outside Sweden. This exposes the Group to several different types of financial risks which could result in fluctuations in net profit, cash flow or equity, due to exchange rate movements. In addition, Volati has exposure in the form of loan financing with floating interest expenses and various risks associated with the duration of financing. The Parent Company manages the financial risks attributable to loan financing.

For currency risks, each business unit has its own procedures for when and how to manage currency exposure.

Credit risk

Credit risk involves exposure to losses if a counterparty fails to discharge its financial obligations to the Group. If counterparties are unable to fulfil their financial obligations to the Group, this may have a negative effect on the Company's operations, financial position and earnings.

In its ongoing sales, Volati is exposed to credit risk in outstanding trade receivables. This risk is reduced as some companies in the Group have trade receivables with a short expected maturity, distributed among a large number of customers at low amounts per customer and measured, without discounting, at the amounts initially invoiced less allowances for expected losses. In addition, the risk in some larger and longer projects is reduced by means of credit insurance. Historically, overall customer losses have been low throughout the Group. The total gross value of outstanding trade receivables at 31 December was SEK 935 (707) million. These were written down by a total of SEK –12 (–9) million. The age analysis of trade receivables at 31 December and the Group's loss allowance policy is described later in this note.

Currency risk

Volati's main currency risks are associated with the translation of equity and earnings in foreign subsidiaries, and the effect on earnings of the flows of goods between countries with different currencies.

Currency risk is based on exchange rate changes having an impact on the Company's earnings, and arises when transactions take place in foreign currency, i.e. when the Group makes purchases or sales in foreign currency, and when assets and liabilities are held in foreign currency. When consolidating foreign subsidiaries, the relevant country's currency is translated to Swedish kronor, which may have a negative effect on the Group's financial position. Large amounts of purchases are from suppliers in countries with different currencies, while sales are in another currency. Future currency fluctuations can therefore have a negative effect on the Group's earnings and financial position. Volati's main exposure is to USD, EUR and NOK. USD exposure is due to a certain proportion of the Group's purchases being transacted in this currency, while revenue in USD is considerably lower. The Group's exposure to EUR is mainly due to net purchases being higher than revenue in EUR for certain of the Group companies, but revenue in EUR is higher than expenditure for some other companies and the exposure varies from business area to business area, which means that financial development for a business area can be affected by EUR exchange rate movements. Exposure to NOK is related to revenue in NOK being significantly higher than expenditure. From time to time, the business units may use financial instruments to temporarily hedge their cash flows.

Transaction exposure

As the Group's companies have revenues and expenses in different currencies, it is exposed to risks associated with currency fluctuations. Transaction risks are managed in the business units based on each business unit's circumstances, risks and controls, which are formulated and adopted separately for each subsidiary. Some of the business units engage in active currency hedging, whereby purchases and income are hedged to varying degrees by forward exchange contracts. The degree of currency hedging varies from business unit to business unit, mainly in terms of the companies' ability to transfer currency exposures to customers or suppliers. At the reporting date, there were forward exchange contracts with a total nominal value of SEK 19 million, in which USD was hedged against SEK with durations of about 3 months and EUR was hedged against SEK with durations of 1–6 months.

The table below shows the Group's net currency exposure of assets and liabilities at the reporting date (assets + and liabilities –) in the largest currencies.

Net currency exposure of assets and liabilities, major currencies	Currency exposure	
	2021	2020
USD	–19	–18
NOK	–24	18
PLN	15	16
EUR	6	45

Translation exposure

Volati AB presents its income statements and balance sheets in SEK. Foreign companies have different presentation currencies. This means that the Group's earnings and equity are exposed during consolidation when foreign currencies, primarily EUR, NOK and DKK, are translated to SEK. At the reporting date, there was a significant amount of translation exposure, primarily NOK and EUR. The NOK translation exposure arises from previous acquisitions of business units in Salix Group and add-on acquisitions in Ettiketto Group during the year. EUR translation exposure in equity has increased from the previous year due to the add-on acquisition for Tornum. Although Volati AB can hedge its translation exposure by borrowing in matching currencies, equity hedging had not been used at the reporting date.

The table below shows the Group's translation exposure in equity in the three largest currencies at the reporting date.

Translation exposure in equity in the balance sheet, major currencies, SEK million	Currency exposure	
	2021	2020
NOK	225	175
EUR	120	33
DKK	32	32

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

Translation exposure in the income statement, major currencies, SEK million	Currency exposure	
	2021	2020
EUR	–4	0
NOK	–4	–2
HKD	0	0

Capital risk

The Group strives to achieve a solvency ratio that enables it to conduct operations in accordance with the strategic plan. However, the solvency ratio for the entire Group is not a true indicator of the Company's assessment of its financial position as it does not take into account the value growth of underlying holdings when calculating equity. The capital structure reflects the Group's relatively low operational risks. The level of debt gives scope for generating a good return for shareholders, while equity is sufficient to safeguard the Group's long-term ability to continue operating. Cash and cash equivalents that cannot be invested in accordance with the Company's objectives and investment strategy are distributed to the owners within the framework of Volati's dividend policy.

Interest rate risk

Interest rate risk is the risk that the Volati's net financial items will be affected by changes in market interest rates. In the longer term, interest rate changes will have a significant effect on Volati's earnings and cash flow. The Group's total interest expenses for bank loans and bond loans for the financial year 2021 amounted to SEK 29 (33) million and for lease obligations SEK 27 (27) million. The average interest rate on outstanding bank loans at 31 December 2021 was approximately 1 percent. The discount rate used for lease obligations varies between 2 and 17 percent.

If the prevailing interest rates were to change and/or the Company failed to pay interest in the future, the Company's operations, earnings and financial position could be adversely affected.

Outstanding bank loans have a duration of three months. Based on the loan volumes at the reporting date, a change of one (1) percentage point in the borrowing interest rate would have an effect of SEK 10 million on Volati's profit after tax.

Volati continuously monitors interest rate trends and, on this basis, assesses which interest terms are best for the Group in the long and short term.

Financing and liquidity risk

Financing risk is defined as the risk of being unable to discharge payment obligations as a result of insufficient liquidity or difficulties in obtaining external financing. Liquidity risk is the risk of the Company being unable to discharge its payment obligations as a result of insufficient liquidity at the due date without a significant increase in the associated cost of obtaining funds. If the Company's sources of financing prove to be inadequate, this could have a material adverse effect on the Group's operations, earnings and financial position.

Volati is dependent on obtaining financing through lenders. The Company's financing needs include both operating activities and preparedness for future investments. The availability of financing is influenced by factors such as general availability of risk capital and the Group's creditworthiness.

Volati manages financing risk at a consolidated level. Volati endeavours to have available cash and cash equivalents or unutilised credit facilities in order to manage any significant disruptions in the financing market. The available liquidity margin varies during the year and is dependent on whether there have been any significant acquisitions or divestments.

Volati's borrowing from credit institutions is mainly in SEK and at floating interest rates.

Volati's existing credit agreement was extended by SEK 1,000 million and amounted to SEK 2,200 million at the end of the year. Volati's borrowing from credit institutions consists of two different financing frameworks, one of which is a revolving credit facility of SEK 1,900 million, with the tranches able to have different maturities, while the other is an overdraft facility of SEK 300 million. SEK 1,100 million of the revolving credit facility had been used at the reporting date. The revolving credit facility can be used until March 2024. At the end of the year, the unused portion of the overdraft facility amounted to SEK 300 million. The overdraft facility has a duration of 12 months and is automatically extended by another 12 months each year unless the bank has stated otherwise. Loan agreements are dependent on the Company's financial performance meeting certain covenants, including the net debt to EBITDA ratio. Volati AB has not breached any covenants during 2021.

In addition, Volati has chosen to make certain investments in property, plant & equipment under finance leases. See note 13 for information about these lease liabilities.

During the year, Volati called for early redemption of all outstanding bonds.

Volati has agreements with shareholders with non-controlling interests in certain business units which include put options on their company shares. The shareholder agreements entitle these shareholders, under certain conditions and on certain occasions, to sell the shares to Volati at market prices. On the reporting date, these put options were measured at a market value based on a multiple analysis adjusted for the net debt in each business unit.

Due dates

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

The liquidity risk table below shows the due dates for Volati's financial assets and liabilities. The amounts in the table are undiscounted and include known future interest payments.The amounts do not therefore correspond to those presented in the balance sheet.

Liquidity risk

	2021			2020		
	Within one year	1–5 years	>5 years	Within one year	1–5 years	>5 years
Assets						
Cash and cash equivalents	203	–	–	1,160	–	–
Trade receivables	922	–	–	698	–	–
Other shares and interests	2	–	–	5	–	–
Other non-current financial assets	5	0	3	–	0	2
Liabilities						
Bond liabilities	–	–	–	–21	–621	–
Liabilities to credit institutions[1]	–1,146	–23	–3	–1	–3	–
Overdraft facilities	–2	–2	–	–2	0	–
Additional consideration	–24	–	–	–16	–11	–
Put options	–280	–	–	–145	–	–
Lease liabilities	–132	–375	–73	–214	–468	–86
Derivatives	0	–	–	0	–	–
Other current liabilities[2]	–16	–	–	–	–	–
Trade payables	–689	–	–	–711	–	–
Net	**–1,156**	**–401**	**–73**	**751**	**–1,102**	**–84**

[1] Maturities based on the contractual terms of each loan. However, management intends to extend the majority of the loans under its existing credit agreement.

[2] Refers to adopted dividend to preference shareholders for Q1 2022. A new decision on dividends to preference shareholders will be made at the 2022 AGM.

Financial instruments: carrying amounts and fair values by measurement category

	2021			2020		
	IFRS 9 category[1)]	Carrying amount	Fair value	IFRS 9 category[1)]	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	2	2	2	5	5
Other non-current financial assets	1.2	8	8	1.2	2	2
Derivatives held for trading	2	0	0	2	–	–
Financial liabilities						
Bonds	4	–	–	4	600	604
Loans from credit institutions	4	1,155	1,155	4	4	4
Derivatives held for trading	5	–	–	5	0	0
Additional consideration	5	24	24	5	26	26
Put options	6	280	280	6	145	145
Other current liabilities	4	16	16	4	–	–

[1)] applicable IFRS 9 categories.
1 = Financial assets at amortised cost
2 = Financial assets at fair value through profit or loss
3 = Financial assets at fair value through OCI
4 = Financial liabilities at amortised cost
5 = Financial liabilities at fair value through profit or loss
6 = Financial liabilities at fair value through equity

The fair value of non-current borrowing is based on observable data from discounted cash flows to market interest rates, while the fair value for current receivables and liabilities is considered to correspond to the carrying amount. As interest charges are variable in relation to the debt, the carrying amount represents the fair value.

Financial instruments measured at fair value

	2021				2020			
	Carrying amount	Quoted prices	Observable inputs	Unobservable inputs	Carrying amount	Quoted prices	Observable inputs	Unobservable inputs
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets								
Other shares and interests	2	–	–	2	5	–	–	5
Derivatives	0	0	–	–	–	–	–	–
Financial liabilities								
Derivatives	–	–	–	–	0	0	–	–
Put options	280	–	–	280	145	–	–	145
Additional consideration[1)]	24	–	–	24	26	–	–	26

[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.

Specification of financial instruments Level 3:

	Financial assets	Financial liabilities	
	Other shares and interests	Put options	Additional consideration
Balance, 1 Jan 2020	**4**	**–56**	**–6**
Additions through acquisitions	0	–	–23
Cash settled	–	–	6
Change in value recognised in OCI	–	–	–4
Change in value recognised in equity	–	–90	–
Investments	0	–	–
Balance, 31 Dec 2020	**5**	**–145**	**–26**
Balance, 1 Jan 2021	**5**	**–145**	**–26**
Additions through acquisitions	–	–1	–21
Cash settled		29	24
Change in value recognised in OCI	–	–	–1
Change in value recognised in equity	–	–163	–
Investments	0	–	–
Disposals	–2	–	–
Balance, 31 Dec 2021	**2**	**–280**	**–24**

Derivatives outstanding at 31 December

	31 December 2021			31 December 2020		
Instruments	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value	Nominal value
Currency derivatives	0	–	19	–	0	6
Total	**0**	**–**	**19**	**–**	**0**	**6**

Trade receivables

	2021	2020
Trade receivables	935	707
Allowance for expected credit losses	–12	–9
	922	**698**

	2021			2020		
Maturity analysis	Nominal	Impairment	Carrying amount	Nominal	Impairment	Carrying amount
Not past due	808	–1	807	609	–1	608
Past due, less than 3 months	98	–3	95	72	0	72
Past due, more than 3 months	29	–8	20	25	–7	18
Total	**935**	**–12**	**922**	**707**	**–9**	**698**

As the Group includes companies within widely differing sectors, there is no general scale for loss allowances. Instead, the loss allowance is assessed for each business unit. The allowance is distributed as follows: receivables not overdue, less than one percent, up to 30 days, about one percent to a few percent, between 30– 90 days, a few percent to 100 percent, and over 90 days, often 100 percent.

Loss allowance

The Volati Group's loss allowance model is based on expected losses, which means that the reduction in value is recognised immediately when the receivable arises. Volati applies the simplified approach for trade receivables. As the Group's business units operate in very different sectors and have different counterparties as customers, from government authorities to private individuals in other countries, the calculation basis for the loss allowance also differs. The underlying calculation for the loss allowance has therefore been adapted to each business unit. Generally, expected credit losses on trade receivables have been estimated for all companies using a provision matrix, which is based on the debtor's payment history, and an analysis of the debtor's current financial position, adjusted for factors specific to the debtor, the general economic situation in the debtor's industry and an assessment of both current and forecast conditions on the reporting date.

The average credit period differs greatly within the companies in the Group, from a large proportion of advance payments in certain operations to over 90 days in other business units, but the majority have payment terms of 30 days. No interest is charged on outstanding trade receivables.

The Group writes off a trade receivable when there is information that indicates that the debtor is in financial hardship and there are no realistic prospects of recovery, e.g. when the debtor has gone into liquidation or has filed for bankruptcy.

Year's change in allowance for expected credit losses	2021	2020
Opening balance	9	13
Acquisitions and disposals	1	–1
Established losses	0	–7
Reversal of unused amounts	–4	–1
Allowance for expected credit losses	7	4
Currency effects	0	0
Closing balance	**12**	**9**

Trade receivables by currency	2021	2020
SEK	664	519
EUR	132	95
NOK	107	56
DKK	12	10
GBP	10	14
USD	7	2
PLN	1	2
Other currencies	2	8
	935	**707**

NOTE 23 | Pledged assets and contingent liabilities

Pledged assets	2021	2020
Property mortgages	4	–
Floating charges	3	–
Pledged bank funds[1)]	5	–
Pensions	3	2
Bank guarantee	9	18
	23	**20**

Contingent liabilities	2021	2020
Customs bonds	3	3
	3	**3**

1) Refers mainly to guarantees received in the form of pledged bank funds for the performance of rights under contracts.

NOTE 24 | Investments in Group companies

Subsidiary, corp. reg. no., registered office	Number	Holding
Corroventa		
Volati Luftbehandling Holding AB, 559046-2239, Bankeryd	960	96%
Volati Luftbehandling AB, 556717-4122, Bankeryd	1,000	100%
Corroventa Avfuktning AB, 556393-4669, Bankeryd	1,000	100%
Corroventa Entfeuchtung GmbH, Willich, Germany	–	100%
Corroventa Entfeuchtung GmbH, Vienna, Austria	–	100%
Corroventa Ltd, Manchester, UK	50,000	100%
Corroventa Finland Oy Ab, Esbo, Finland	100	100%
Corroventa Avfuktning Norge AS, Oslo, Norway	–	100%
Corroventa Déshumidification S.A., Paris, France	–	100%
Corroventa Osuszanie Sp.z.o.o, Poland	250	100%
Ventotech AB, 556699-5485, Bankeryd	142,513	100%
Ettiketto		
Volati 1 Holding AB, 559026-2282, Malmö	480	96%
Etiketto Group AB, 556656-4786, Malmö	6,096,991	100%
Ettiketto AB, 556195-2465, Malmö	10,000	100%
Ettiketto Åtvidaberg AB, 556533-7473, Åtvidaberg	35,520	100%
Ettiketto Fastighets AB, 556186-7804, Åtvidaberg	30,000	100%
Märkas AB, 556692-2422, Åstorp	1,000	100%
Beneli AB, 556913-9719, Helsingborg	50,000	100%
Jigraf AB, 556205-4071, Landskrona	1,000	100%
Ettiketto Produktion Malmö AB, 556233-1883, Malmö	5,000	100%
Etiketto AS, 927 529 203 Skjetten, Norway	210,000	100%
Salix Group		
Salix Group AB, 559016-1500, Malmö	937	93.7%
Habo Gruppen AB, 556199-2149, Habo	25,000	100%
Habo Danmark A/S, 10367484, Hinnerup, Denmark	10,000	100%
Habo Finland Oy, 1524026-9, Vanda, Finland	5,000	100%
Habo Norge AS, 979 746 881, Trondheim, Norway	4,416,016	100%
Volati Hem och Beslag Ab, 3122950-2, Helsinki, Finland	100	100%
Pisla Oy, 2659337-7, Viitasaari, Finland	2,000	100%
Demerx i Kinda AB, 556204-3769, Kisa	4,000	100%
Sørbø Industribeslag AS, 998 327 865, Trondheim, Norway	333,984	100%
Miljöcenter i Malmö AB, 556424-9018, Arlöv	2,000	100%
Miljöcenter Green Technology Hong Kong Limited, 2234277, Hong Kong	100	100%
Volati Agri Supply AB, 556795-4325, Skara	1,000	100%
Kellfri AB, 556471-9101, Skara	10,000	100%
Oy Kellfri AB, 20299787-6, Helsinki, Finland	1,000	100%
Kellfri Aps, 29404569, Fredericia, Denmark	125	100%
Swekip Sweden AB, 556890-0707, Umeå	1,000	100%
Salix Bygg och Emballagelösningar AB, 556251-0999, Malmö	10,000	100%
TECCA AB, 556191-0737, Vetlanda	10,000	100%
T-Emballage Förpackning AB, 556497-9986, Vetlanda	2,000	100%
Väggmaterial Sverige AB, 556597-3996, Kungsbacka	1,000	100%
Thomée Gruppen AB, 556014-1896, Malmö	12,000	100%
Heco Nordiska AB, 556370-9954, Hillerstorp	8,000	100%
Salix Business Partner AB, 556805-9090, Malmö	1,000	100%
Salix Hem & Beslag AB, 559267-3536, Habo	25,000	100%
Duschprodukter Sweden AB, 559171-8274, Gothenburg	1,000	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
Arrow Skandinavian AB, 556247-8007, Gothenburg	1,000	100%
SIA Duschy Marketing, 40003368826, Riga, Latvia	100	100%
UAB Duschy, 300604740, Kaunas, Lithuania	400	100%
Duschy Marketing OÜ, 10187318, Kuressaare, Estonia	400	100%
Dolphy Oy, 1475604-4, Esbo, Finland	2,500	100%
Arrow Norge AS, 968942332, Viken, Norway	1,000	100%
S:t Eriks		
Volati Infrastruktur AB, 559162-9612, Stockholm	490	98%
Stenentreprenader i Hessleholm AB, 556509-4702, Hässleholm	5,000	100%
S:t Eriks Group AB, 556993-9829, Staffanstorp	782,500	100%
S:t Eriks Holding AB, 556793-4970, Staffanstorp	1,000,000	100%
S:t Eriks AB, 556203-4750, Staffanstorp	22,222	100%
NoFo2 AB, 556777-2255, Staffanstorp	100,000	100%
NoFo3 AB, 556777-6736, Staffanstorp	100,000	100%
S:t Eriks Norge AS, 990918635, Slattum, Norway	1,000	100%
S:t Eriks i Töreboda AB, 556510-5524, Staffanstorp	1,000	100%
Vinninga Cementvarufabrik AB, 556693-3957, Vinninga	300	100%
Nordskiffer AB, 556443-1103, Höganäs	1,000	100%
Håle Stenbrott AB, 556949-2068, Staffanstorp	500	100%
S:t Eriks Blommedal, 559245-5504, Staffanstorp	250	100%
S:t Eriks Stenåsen AB, 559300-7262, Staffanstorp	25,000	100%
Byggsystem Direkt Sverige AB, 556674-6417, Laholm	6,000	100%
Betong Direkt Sverige AB, 556737-7295, Laholm	1,000	100%
MEAG VA-system AB, 556166-1454, Västerås	50,000	100%
Tornum		
Volati Agri Holding AB, 559214-8638, Kvänum	480	96%
Volati Agri AB, 556744-8955, Kvänum	1,000	100%
Tornum AB, 556552-1399, Kvänum	1,000	100%
Tornum Polska Sp. z.o.o., 7752500766, Kutno, Poland	100	100%
Tornum Kft., 01-09-880602, Debrecen, Hungary	100	100%
Tornum S.R.L., 24851384, Bucharest, Romania	100	100%
OOO Tornum, 1123444005640, Volgograd, Russia	100	100%
Tornum EOOD, 202029045, Sofia, Bulgaria	100	100%
Tornum LLC, 38908992, Kiev, Ukraine	100	100%
Lidköpings Plåtteknik AB, 556908-3305, Lidköping	500	100%
Tornum Asia Co., Ltd., 0105559188441, Bangkok, Thailand	–	100%
Apisa, B22005524, Huesca, Spain	69,602	100%
Equisa B48155907, Huesca, Spain	1,000	100%
JPT Industria Oy , 2161684-0, Iljmajoki, Finland	30	100%
Volati Communication		
Volati Communication Holding AB, 559322-1640, Mora	25,000	98.3%
Scanhold AB, 556932-4725, Mora	102,686	100%
Scanmast AB, 556775-5938, Mora	120,000	100%
Scanmast AS, 915 115 829, Österås	100	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
Other		
Fastighetsaktiebolaget Strömsmeden 1 AB, 556750-6117, Stockholm	1,000	100%
LHJHA Förvaltning AB, 556722-1410, Stockholm	300,000	100%
Marum Kontorshus i Väst AB, 556181-7726, Skara	1,000	100%
Oxid Finans AB, 556683-6812, Stockholm	1,000	100%
Piplöken 3 AB, 556714-0123, Stockholm	1,000	100%
Volati Industri AB, 556880-6235, Stockholm	490	98%
Volati 2 AB, 556809-7975, Stockholm	1,051,854	100%
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%
Volati Angelo AB, 556151-8258, Stockholm	5,000	100%
Volati Finans AB, 556762-3334, Stockholm	1,000	100%
Volati Italiano AB, 556345-3108, Stockholm	100,000	100%
Volati Ostran AB, 556036-8101, Stockholm	25,000	100%
Volati Tako AB 556495-9327, Stockholm	5,000	100%
Volati Treasury AB, 556847-3399, Stockholm	1,000	100%
Volati Bok Holding AB, 559233-6746, Stockholm	1,000	100%
Salix Järn & Bygg AB, 559233-6753, Stockholm	1,000	100%

NOTE 25 | Key assumptions

The most important assumptions about future accounting estimates at the reporting date are as follows:

Goodwill impairment testing

The value of subsidiaries, including goodwill, is tested annually by calculating the recoverable amount, i.e. the value in use for each company. Calculation of these values requires several assumptions about future conditions and estimates of parameters to be made, such as discount rates and future cash flows. The procedure is described in note 11. The assessment is that no reasonable changes in key assumptions will result in the calculated recoverable amount falling below the carrying amount. Although the impairment testing involves assumptions about the future, there is not considered to be a significant risk of material adjustments to the carrying amounts of goodwill during the next financial year.

The carrying amount of goodwill at the end of 2021 was SEK 1,474 (1,600) million. In all cases, goodwill reported in the Group has been allocated to each Group company as a further breakdown to a level below this is not considered relevant.

Business acquisitions

Volati acquires businesses on a regular basis. An acquisition analysis is prepared for each acquisition, in which assets and liabilities are measured at fair value. The fair value measurement is to some extent based on management’s assessment of the acquired company's future earnings capacity. Certain acquisitions are subject to an additional consideration, which is based on the outcome of the acquired company’s earnings during a predetermined period. Management makes regular evaluations of the fair value of the additional consideration that is recognised as a liability, which also includes an assessment of future earnings development for the acquisition. An incorrect assessment can result in the acquired assets and liabilities in the additional consideration being overvalued.

Further information can be found in note 4, Corporate acquisitions.

Put options

Volati recognises a liability for put options over non-controlling interests. The liability is measured at fair value in equity and the calculation requires management's assessment of, among other things, profit multiples for the operations where put options exist. The carrying amount of the liability at the end of 2021 was SEK 280 (145) million. An incorrect assessment of the above can result in the liability recognised for the put options being over- or undervalued, which could have a material effect on the Company’s financial position. More information can be found in note 22.

Extension options and discount rate

The introduction of IFRS 16 in 2019 means that new key assumptions regarding the assessment of extension options and discount rates have been made. Within the Volati Group, the assessment of the extension options regarding right-of-use assets has been taken into account if exercise of such options is reasonably certain. Use of the discount rate on leases also represents judgement in terms of what asset it refers to, the financial risk and length in years for the underlying market interest rate. An incorrect assessment of the above factors can result in right-of-use assets and lease liabilities being over- or undervalued.

NOTE 26 | Events after the reporting period

On 17 January, all shares in the Norwegian label producer Skipnes were acquired. See separate press release.

In February 2022, Russia attacked Ukraine. In 2021, Volati had net sales of SEK 32 million in these two countries through Tornum. In addition to the direct exposure, the attack increases macroeconomic uncertainty.

On 1 March, Volati acquired all shares in Gunnar Eiklid AS, see separate press release.

On March 23 Volati communicated the expected negative effect on earnings during quarter 1, 2022 from Volatis exposure to Ukraine and Russia through the business unit Tornum, as well as from the lack of supply of production material for Ettiketto Group related to a strike at the paper producer UPM. For more information see the separate press release.

NOTE 27 | Related parties

Personnel expenses for Board members and senior executives who are also shareholders are presented in note 6.

During the year, two of the business units rented premises from companies owned by a member of Volati's Board. Rent for these premises during the year amounted to SEK 5 (5) million.

During the year, Volati purchased shares in the subsidiary Salix Group AB from related parties. During the year, Volati sold 281,295 shares and issued 831,863 warrants in the subsidiary Salix Group AB to a related party in accordance with the resolution adopted by the EGM on 20 September 2021. The transactions were conducted all at market conditions.

There are no loans between minority shareholders of Volati AB's subsidiaries.

NOTE 28 | Alternative performance measures

The financial reports published by Volati include alternative performance measures (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 represent 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.

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
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used together with EBITA to clarify earnings before the effects of depreciation and impairment, and 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 items affecting comparability such as transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations equipment and other income and expenses considered to be non-recurring.	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. Also used in our covenant calculations for the bank.
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
EBITA excl. items affecting comparability	Calculated as EBITA, adjusted for transaction-related costs, restructuring costs, remeasurement of purchase consideration, capital gains/losses on the sale of operations and assets, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
EBITA growth per ordinary share	Calculated as EBITA divided by the number of ordinary shares outstanding at the end of the period compared with the same period the previous year.	Used to illustrate earnings per ordinary share generated by operating activities.
Organic EBITA growth	Calculated as EBITA excluding items affecting comparability for the period, adjusted for total acquired and divested EBITA and currency effects, compared with EBITA excluding 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.
Return on equity	Net profit (including share attributable to non-controlling interests) divided by average equity for the last four quarters (including share attributable to non-controlling interests).	Shows the return generated on the total capital invested in the Company by shareholders.
Return on adjusted equity	Net profit (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 excluding items affecting comparability for the last 12 months divided by average capital employed 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 incl. goodwill (ROCE incl. goodwill)	EBITA excluding items affecting comparability for the last 12 months divided by average capital employed 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, not including acquisition-related intanbible assets with indefinite useful lives.

Non-IFRS APMs and key metrics	Description	Reason for use
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 howefficiently the Company is managing working capital and ongoing investments.
Operating cash flow	Calculated as EBITDA, excl. IFRS 16, adjusted for non-cash items, 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.
Net debt/Adjusted EBITDA average 4 quarters	Net debt, excl. IFRS 16 adjustments, at the end of the period in relation to adjusted EBITDA for the period, This is an average over the four most recent quarters.	The metric can be used to assess financial risk.

Calculations of alternative performance measures are presented separately below.

Adjusted EBITDA	Full year 2021	Full year 2020
EBITDA, LTM	869	815
Reversal of IFRS 16 effect	–134	–236
Acquired and divested companies	56	28
Reversal of items affecting comparability:		
Transaction costs	10	8
Restructuring costs	7	20
Remeasurement of additional consideration	1	4
Capital gains/losses on the sale of operations and non-current assets	–6	–
Other non-recurring income and expenses	–3	–2
Adjusted EBITDA	**801**	**637**

Calculation of organic EBITA growth, %	Full year 2021	Full year 2020
EBITA	664	421
Adjustment for items affecting comparability	10	29
EBITA excl. items affecting comparability	**674**	**450**
Total acquired/divested EBITA	–63	–29
Currency effects	0	2
Comparative figure for previous year	612	424
Organic EBITA growth, %	**36**	**41**

Calculation of EBITA growth per ordinary share, %	Full year 2021	Full year 2020
EBITA	664	421
No. of ordinary shares outstanding at end of period	79,406,571	79,406,571
EBITA per ordinary share, SEK	**8.36**	**5.30**
EBITA per ordinary share for same period previous year	5.30	3.93
EBITA growth per ordinary share, %	**58**	**35**

Basic and diluted earnings per ordinary share, SEK	Full year 2021	Full year 2020
Net profit attributable to owners of the Parent	496	967
Deduction for preference share dividend	65	64
Net profit attributable to owners of the Parent, adjusted for preference dividend	**430**	**903**
Average no. of ordinary shares	79,406,571	79,406,571
Earnings per ordinary share, SEK	**5.42**	**11.37**

Basic and diluted earnings per ordinary share, continuing operations, SEK	Full year 2021	Full year 2020
Total profit attributable to continuing operations	442	246
Deduction for profit attributable non-controlling interests	25	11
Deduction for preference share dividend	65	64
Net profit attributable to owners of the Parent, adjusted for preference dividend	**351**	**171**
Average no. of ordinary shares	79,406,571	79,406,571
Earnings per ordinary share, SEK	**4.42**	**2.15**

Calculation of return on equity	Full year 2021	Full year 2020
(A) Net profit, LTM, including non-controlling interests	522	977
Adjustment for preference dividend, including dividend accrued but not yet paid	–65	–64
(B) Net profit, adjusted	457	913
(C) Average total equity	1,983	2,622
(D) Average adjusted equity	1,155	1,794
(A/C) Return on total equity, %	**26**	**37**
(B/D) Return on adjusted equity, %	**40**	**51**

Calculation of equity ratio	Full year 2021	Full year 2020
Equity including non-controlling interests	1,890	3,235
Total assets	5,623	6,506
Equity ratio, %	**34**	**50**

Calculation of operating cash flow and cash conversion	Full year 2021	Full year 2020
EBITDA	869	594
Reversal of IFRS 16 effect	–134	–108
(A) EBITDA excl. IFRS 16 effect	**735**	**486**
(B) adjustment for non-cash items	–5	17
Change in working capital	–187	70
Net investments in property, plant & equipment and intangible assets	–56	–23
(C) Operating cash flow	487	550
(C/A) Cash conversion, %	**66**	**113**

Calculation of Net debt/adjusted EBITDA, x	Full year 2021	Full year 2020
Net debt		
Cash & cash equivalents and other interest-bearing assets	–206	–1,162
Non-current interest-bearing liabilities	69	655
Current interest-bearing liabilities	1,162	21
Net debt	**1,024**	**–485**
Adjusted EBITDA	801	637
Net debt/adjusted EBITDA, x	**1.3**	**–0.8**

Calculation of Net debt/adjusted EBITDA, average last 4 quarters, x	Full year 2021	Full year 2020
Current quarter	1.3	–0.8
Previous quarter	1.4	1.4
Previous quarter –1	1.3	1.3
Previous quarter –2	0.8	1.9
Average last four quarters, x	**1.2**	**0.9**

ROCE %, 31 December 2021	Salix Group	Industry	Central costs and other	Volati Group
[1] **EBITA, LTM**	**329**	**397**	**–52**	**674**
Capital employed, 31 December 2021				
Intangible assets	1,014	1,174		2,188
Adjustment for goodwill, patent/technology, brands	–1,009	–1,146		–2,155
Property, plant and equipment	51	304		368
Right-of-use assets	219	327		557
Operating receivables	1,203	1,049		2,254
Operating liabilities	–583	–675		–1,265
Capital employed, 31 December 2021	**896**	**1,032**		**1,945**
Adjustment for average capital employed, LTM	–74	–80	0	–172
[2] **Average capital employed, LTM**	**822**	**952**		**1,773**
ROCE excl. GW [1)/2)], %	**40**	**42**		**38**
[3] **Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives**	**1,735**	**1,606**		**3,295**
ROCE incl. goodwill [1)/3)], %	**19**	**25**		**20**

ROCE %, 31 December 2020	Salix Group	Industry	Central costs and other	Volati Group
[1] **EBITA, LTM**	**265**	**236**	**–51**	**450**
Capital employed, 31 December 2020				
Intangible assets	1,016	581		1,597
Adjustment for goodwill, patent/technology, brands	–1,010	–561		–1,571
Property, plant and equipment	45	214		274
Right-of-use assets	196	298		498
Operating receivables	880	673		1,554
Operating liabilities	–473	–449		–930
Capital employed, 31 December 2020	**654**	**755**		**1,421**
Adjustment for average capital employed, LTM	44	68	0	115
[2] **Average capital employed, LTM**	**698**	**823**		**1,537**
ROCE excl. GW [1)/2)], %	**38**	**29**		**29**
[3] **Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives**	**1,604**	**1,285**		**3,317**
ROCE incl. goodwill [1)/3)], %	**17**	**18**		**14**

Income Statement, Parent Company

SEK million	Note	2021	2020
Operating income			
Net sales		20	22
Operating expenses			
Other external costs	2	–22	–21
Personnel expenses	3	–30	–32
Other operating expenses		–1	–1
Depreciation of property, plant and equipment		0	0
Operating profit		**–33**	**–32**
Profit/loss from financial investments			
Profit/loss from investments in Group companies	4	65	162
Interest and similar income	5	79	185
Interest and similar expenses	6	–32	–39
Profit after financial items		**79**	**276**
Appropriations	7	32	30
Tax	8	0	0
Net profit		**111**	**306**

Statement of Comprehensive Income, Parent Company

SEK million	Note	2021	2020
Net profit and Comprehensive income for the year		**111**	**306**

Statement of Financial Position, Parent Company

SEK million	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Property, plant and equipment	9	0	0
Other shares and interests		1	1
Other non-current financial assets		2	2
Investments in subsidiaries	10	1,285	2,119
Total non-current assets		**1,289**	**2,122**
Current assets			
Receivables from Group companies		3,045	2,670
Prepayments and accrued income		2	3
Current tax receivables		2	0
Other receivables		0	1
Cash and cash equivalents		91	1,105
Total current assets		**3,141**	**3,779**
Total assets		**4,430**	**5,901**
EQUITY AND LIABILITIES			
Equity	11		
Restricted equity			
Share capital		10	10
Unrestricted equity			
Share premium reserve		2,376	2,376
Retained earnings		36	1,160
Net profit		111	306
Total equity		**2,534**	**3,852**
Untaxed reserves			
Tax allocation reserve		48	49
Liabilities			
Non-current liabilities			
Interest-bearing bond liability		–	597
Non-current non-interest-bearing liabilities		22	22
Pension obligations		2	2
Total non-current liabilities		**24**	**621**
Current liabilities			
Liabilities to Group companies		703	1,366
Trade payables		1	3
Current interest-bearing liabilities		1,096	–
Other current liabilities		3	1
Accruals and deferred income	13	20	10
Total current liabilities		**1,824**	**1,380**
Total equity and liabilities		**4,430**	**5,901**

For information on the Parent Company's pledged assets and contingent liabilities, see note 12.

Cash Flow Statement, Parent Company

SEK million	2021	2020
Operating activities		
Profit after financial items	79	276
Adjustment for non-cash items		
Depreciation	0	0
Reversal of dividend from subsidiary	–723	–162
Reversal of impairment of shares in subsidiaries	664	–
Reversal of gain/loss on divestment of shares in subsidiaries	–6	–
Reversal of financial items	–48	–146
Total adjustments for non-cash items	**–114**	**–308**
Interest paid	–35	–36
Interest received	8	58
Tax paid	0	0
Cash flow from operating activities before changes in working capital	**–61**	**–10**
Cash flow from changes in working capital		
Change in receivables	1	1
Change in operating liabilities	–1	–3
Cash flow from changes in working capital	**0**	**–2**
Cash flow from operating activities	**–62**	**–12**
Investing activities		
Investments in subsidiaries	–	–
Cash flow from investing activities	**–**	**–**
Financing activities		
Shareholder contributions paid	–2	–
Transaction costs for non-cash distribution	–9	–
Dividends paid	–987	–32
Dividends received	718	162
Change in intra-Group transactions	–1,140	1,255
Repayment of loans	–600	–989
Proceeds from borrowings	1,100	300
Owner transactions	–32	–
Cash flow from financing activities	**–952**	**696**
Cash flow for the year	**–1,014**	**683**
Cash and cash equivalents at beginning of year	1,105	422
Cash and cash equivalents at end of year	**91**	**1,105**

Statement of Changes in Equity, Parent Company

SEK million	Share capital	Share premium reserve	Retained earnings	Net profit	Total equity
Closing balance, 31 Dec 2019	**10**	**2,376**	**655**	**505**	**3,547**
Other appropriations of profits	–	–	505	–505	0
Comprehensive income for the year	–	–	–	306	306
Closing balance, 31 Dec 2020	**10**	**2,376**	**1,160**	**306**	**3,852**
Other appropriations of profits	–	–	306	–306	0
Dividend on ordinary shares	–	–	–889	–	–889
Dividend on preference shares	–	–	–114	–	–114
Non-cash distribution of Bokusgruppen	–	–	–426	–	–426
Comprehensive income for the year	–	–	–	111	111
Closing balance, 31 Dec 2021	**10**	**2,376**	**36**	**111**	**2,534**

Notes to the Parent Company's accounts

NOTE 1 | Accounting policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements from the Swedish Financial Reporting Board's Emerging Issues Task Force. RFR 2 requires the Parent Company, as a legal entity, to prepare separate financial statements in accordance with International Financial Reporting Standards (IFRS) and statements adopted by the EU to the extent allowed within the framework of the Swedish Annual Accounts Act, and taking into account the relationship between tax expense and accounting profit. The recommendation also specifies permissible IFRS exemptions and additions, and the Company has decided to use the exemption from applying IFRS 9 in its reporting. Differences between the Group's and the Parent Company's accounting policies are described below.

The accounting policies described below have been applied consistently to all periods presented in the Parent Company's financial statements.

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

Leases
The Parent Company applies the exemption rule in RFR 2 and recognises lease payments as an expense on a straight-line basis over the lease term.

Property, plant and equipment
The Parent Company recognises property, plant and equipment at cost less accumulated depreciation and impairment.

Depreciation
Depreciation is applied on a straight-line basis over the useful life of the asset.

	Number of years
Equipment	3–10

The residual values and useful lives of assets are reviewed annually.

Financial instruments
The Parent Company applies the IFRS 9 exemption rules in RFR 2 and financial instruments are therefore recognised at cost less impairment.

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

Tax
Deferred tax assets arising from tax loss carryforwards or other future tax deductions are recognised to the extent that it is likely that the loss can be offset against future profits.

Investments in subsidiaries
The Parent Company only recognises an impairment loss on the carrying amount of investments in subsidiaries when the value of a subsidiary is less than its value in use, as described in Group note 11.

NOTE 2 | Auditors' fees and remuneration

Ernst & Young AB	2021	2020
Audit	1	1
Other auditing services	0	0
	2	**1**

The items 'audit' and 'other auditing services' refer to examination of the annual financial statements, accounting records and administration of the business by the CEO and Board, other procedures required to be carried out by the Company's auditors and advice or other assistance relating to observations made during the performance of these other procedures. Anything else is classified as other services.

NOTE 3 | Employees and personnel expenses

The average number of employees in the Parent Company was 13 (13), of whom 6 (7) were men. At the end of 2021, 3 of the senior executives were employed by the Parent Company. One is employed in the Group (Salix Group)

	2021	2020
Salaries and other benefits		
Board and CEO	5	3
Other employees	14	18
	18	**22**
Social security contributions		
Contractual and statutory social security contributions	6	6
Pension costs, Board and CEO (incl. payroll tax)	0	0
Other pension costs	2	2
	8	**9**

NOTE 4 | Profit/loss from investments in subsidiaries

	2021	2020
Dividends from subsidiaries	730	162
Impairment of shares in subsidiaries[1)]	–664	–
	65	**162**

[1)] Impairment due to distribution of all funds from Volati Konsument AB.

NOTE 5 | Interest and similar income

	2021	2020
Interest income from Group companies	79	185
	79	**185**

NOTE 6 | Interest and similar expenses

	2021	2020
Interest expenses to Group companies	0	–2
Interest expenses on bonds	–17	–23
Interest expenses on loans	–5	–11
Other interest expenses	–8	0
Exchange losses	–1	0
Other finance costs	0	–3
	–32	**–39**

NOTE 7 | Appropriations

	2021	2020
Group contributions received	32	30
Change in tax allocation reserve	0	–
Change in accelerated depreciation	0	0
	32	**30**

NOTE 8 | Tax

	2021	2020
Current tax expense	–	0
Deferred tax	0	0
Tax expense for the year	**0**	**0**

Reconciliation of effective tax	2021	2020
Profit before tax	111	305
Tax at applicable tax rate	–23	–65
Tax effect of non-taxable income	150	35
Tax effect of non-deductible expenses	–137	–1
Taxable net interest income received	10	31
Tax effect, other	0	0
Recognised effective tax	**0**	**0**

NOTE 9 | Property, plant & equipment

Equipment	2021	2020
Accumulated cost		
Opening cost	1	1
Investments	–	–
Closing accumulated cost	**1**	**1**
Accumulated scheduled depreciation		
Opening depreciation	0	0
Depreciation for the year	0	0
Disposals	0	0
Closing accumulated depreciation	**0**	**0**
Closing scheduled residual value	0	0

NOTE 10 | Investments in Group companies

Accumulated cost	2021	2020
1 January	2,119	2,027
Shareholder contributions	47	92
Non-cash distribution of Bokusgruppen	–254	–
Transactions with Salix Group AB owners.	38	–
Impairment[1)]	–664	–
31 December	**1,285**	**2,119**

[1)] Impairment due to distribution of all funds from Volati Konsument AB.

			Carrying amount	
Subsidiary, corp. reg. no., registered office	**Number**	**Holding**	**2021**	**2020**
Bokusgruppen AB (publ), 559025-8637, Stockholm	8,000,000	98%	–	254
Marum Kontorshus i Väst AB, 556181-7726, Skara	1,000	100%	7	9
Salix Group AB, 559016-1500, Malmö	1,000	93%	576	538
Volati 2 AB, 556809-7975, Stockholm	1,051,854	100%	5	5
Volati Bok Holding AB, 559233-6746, Stockholm	1,000	100%	1	1
Volati Finans AB, 556762-3334, Stockholm	1,000	100%	23	18
Salix Järn & Bygg AB, 559233-6753, Stockholm	1,000	100%	1	1
Volati Industri AB, 556880-6235, Stockholm	500	98%	671	631
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%	3	663
Volati Treasury AB, 556947-3399, Stockholm	1,000	100%	0	0
			1,285	**2,119**

NOTE | 11 Equity

Dividend

In 2021, Volati AB decided to distribute a dividend of SEK 1,315 (0) million to ordinary shareholders, SEK 426 million of which was related to the separate listing (including transaction costs), and SEK 114 (0) million to preference shareholders. SEK 16 million of the adopted dividend for preference shareholders was settled in Q1 2022.

Retained earnings

Retained earnings comprise unrestricted equity from previous years. Together with net profit for the year, this comprises total unrestricted equity, i.e., the amount that is available for distribution to shareholders.

Proposed appropriation of profits

Information on the Board's proposed appropriation of profits can be found in the administration report in this Annual Report and below.

The Board of Directors proposes that:

	SEK
Retained earnings	36,150,869.06
Net profit	110,847,294.72
Share premium reserve	2,376,398,417.10
Be appropriated as follows:	
Dividend of SEK 1.70 per ordinary share, total	134,991,170.70
Dividend of SEK 40 per preference share, total	64,150,960.00
Carried forward	2,234,254,450.18

NOTE 12 | Pledged assets and contingent liabilities

Pledged assets	2021	2020
Shares in subsidiaries	–	–

Contingent liabilities	2021	2020
Rental guarantee	4	8
Guarantees for subsidiaries	–	–
	4	**8**

See Group note 23 for information on the Group's pledged assets.

NOTE 13 | Accrued expenses

Accumulated cost	2021	2020
Accrued personnel expenses	1	1
Accrued social security contributions on accrued personnel expenses	1	1
Accrued interest on bond	–	5
Accrued liability for preference share dividend	16	–
Other accruals	2	3
	20	**10**

NOTE 14 | Related parties

The Parent Company has a related party relationship with its Group companies and owners. See Group note 27. During the year, Group contributions and dividends were received from subsidiaries. During the year, the Parent Company purchased shares in the subsidiary Salix Group AB from related parties and disposed of 281,295 shares and issued 831,863 warrants in the subsidiary Salix Group AB in accordance with the resolution adopted by the EGM on 20 September 2021. The transactions were conducted at market conditions. In addition, the Parent Company has invoiced its subsidiaries for services rendered during the year at an amount of SEK 20 (22) million. Personnel expenses for owners are shown in Group note 6.

The Board and CEO hereby confirm that the consolidated annual financial statements have been prepared in accordance with international financial reporting standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial performance and position. The Parent Company's annual financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Company's financial performance and position. The Board of Directors' Report for the Group and the Parent Company provides a fair overview of the development of the Group and the Parent Company's operations, financial position and performance and describes material risks and uncertainties faced by the Parent Company and Group companies.

Stockholm, 24 March 2022

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Louise Nicolin
Board Member

Christina Tillman
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Andreas Stenbäck
CEO

Our audit report was submitted on 28 March 2022

Ernst & Young AB

Rickard Andersson
Chief Auditor

Auditor’s report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Volati AB (publ) except for the corporate governance statement on pages 70–85 and the statutory sustainability report on pages 51-65 for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 47–141 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 70–85 and the statutory sustainability report on pages 51–65. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

Basis for Opinions

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

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment test of goodwill and trademarks

Description

As Per 31 December 2021, the company's goodwill amounts to SEK 425 million and intangible assets with an indefinite useful life amount to SEK 714 million. Notes 1 and 11 describe the impairment test to be carried out annually or when there are indications of impairment. Goodwill and intangible assets with indefinite useful lives acquired through acquisitions are allocated to the company's cash generating units (CGU). If the book value exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the highest of a CGUs net realizable value and value in use, meaning the discounted present value of future cash flows. The cash flow forecasts are based on group management's forecasts that originate in the business units next year's budgets and forecasts for another four to five years. As disclosed in note 11, these forecasts include assumptions concerning, inter alia, net sales growth, profit margin, working capital and discount rates.

Note 11 describes significant assumptions used in the calculation of value and includes a sensitivity analysis for changes in key assumptions. Due to the assumptions required to calculate the recoverable amount, we have assessed that the valuation of goodwill and intangible assets with an indefinite useful life is a key audit matter in our audit.

How our audit addressed this key audit matter

Our review has included, among other things, the following audit procedures:

- Evaluation of the company's process to prepare and carry out impairment tests.
- Review of the company's identification of cash-generating units (CGUs) and how the operations are monitored internally.
- Review of each CGUs discount rate and long-term growth, and where possible by comparison with other companies active in the same industry.
- Evaluation, using valuation experts, of used valuation methods and impairment models, assessing the reasonableness of assumptions, sensitivity analysis, comparison of historical outcomes and reliability of previous forecasts.

We also assessed whether the information disclosed is appropriate.

Business combinations

Description

The Company acquires companies on a continuous basis. As described in note 1, the Company's acquisition value is determined through a purchase price allocation in connection with the acquisition. Contingent consideration is included in the acquisition cost and is reported at fair value at the time of acquisition. Subsequent effects of revaluations of contingent consideration are recognized in the income statement. Acquired identifiable assets and liabilities assumed are initially recognized at fair value at the time of acquisition and the difference between the acquisition value and the fair value of identifiable assets and liabilities assumed is recognized as Goodwill.

As described in note 25, management is required to make assessments and assumptions in order to estimate the fair value of acquired assets and liabilities, especially when identifying and valuing intangible assets and accounting for contingent consideration. In some cases, the contingent consideration is determined on the basis of the financial performance of the acquired business over a predetermined period. The fair value measurement attributable to business combinations, including contingent considerations involves, to a large extent management's judgment based on the company's own assumptions and therefore constitutes a key audit matter in our audit.

Established fair values for the Company's acquisitions are reported in Note 4. As Per 31 December 2021, contingent considerations amount to SEK 24 million and are presented in note 22. Important assumptions used in the determination of fair value are described in note 25.

How our audit addressed this key audit matter

Our review has included, among other things, the following audit procedures;

- Review of significant acquisition agreements including any contingent deferred considerations.
- Evaluation of management's process for preparing purchase price allocations.
- Evaluation of management's assessments and valuation of identified assets and liabilities assumed, including contingent considerations.
- Reconciliation of purchase price allocation to accounting records.
- Evaluating, using valuation experts, used valuation methods and management assessments and assumptions.

We also assessed whether the information disclosed is appropriate.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–45. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion

about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Volati AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Volati AB for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report #c7af4a86d0e5668f7d3487b687e5ca2a069b5f0496dc75aacb3c6d6177967957 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Volati AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission’s Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor’s examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 70–85 has been prepared in accordance with the Annual Accounts Act.

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

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

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 51–65, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Ernst & Young AB, with Rickard Andersson as the auditor in charge, Box 7850, 103 99 Stockholm was appointed auditor of Volati AB by the general meeting of the shareholders on the 28 april 2021 and has been the company’s auditor since the 16 May 2018.

Stockholm, 28 March 2022

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

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