2022

volatı.

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About the Annual Report: On 26 September 2022, Ettiketto Group (formerly part of the Industry business area) became a Volati business area. Comparative figures for Industry have therefore been restated to exclude Ettiketto Group. In Q2 2021, a separate listing of the Bokusgruppen business area was carried out. This means that the income statement for 2021 has been restated, in accordance with applicable financial reporting standards, and excludes the Bokusgruppen business area. The descriptions of operations and companies in the annual report focus on continuing operations unless otherwise stated.

The formal annual report is on pages 48–147. The statutory sustainability report can be found on pages 52–75.

Volati in brief

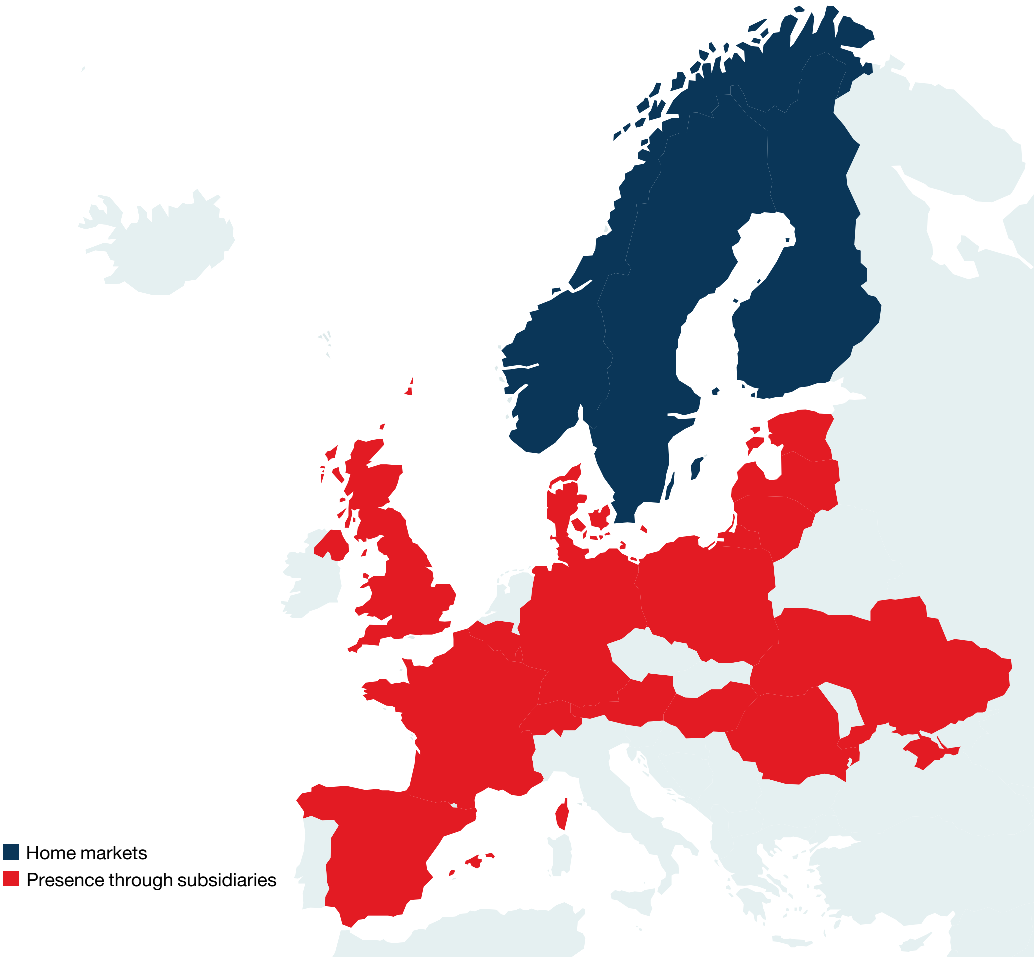
Volati acquires and develops strong, successful businesses, with a focus on creating long-term value growth.

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. The Group is divided into three business areas with a focus on value-adding add-on acquisitions of companies with long-term sustainable business models. Volati has been listed on Nasdaq Stockholm since 2016.

THREE BUSINESS AREAS

Salix Group	A Nordic market-leading trading group primarily supplying materials to the construction industry and building hardware stores.	37% SHARE OF EBITA
Ettiketto Group	A Nordic market-leading full-service supplier of self-adhesive labels and labelling machines.	17% SHARE OF EBITA
Industry	Four platforms with market-leading positions and high growth potential in their niches.	45% SHARE OF EBITA

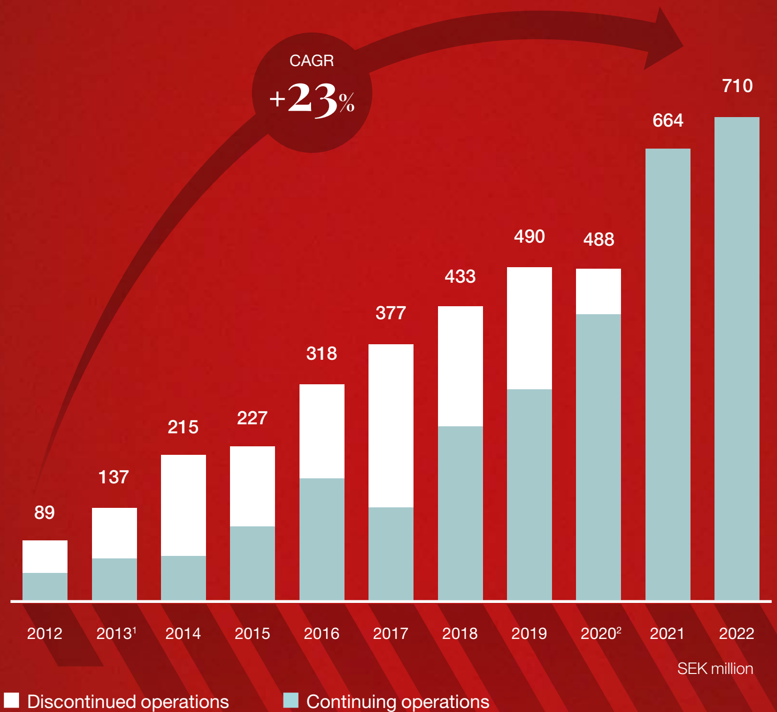
7,751	710	7
NET SALES, SEK MILLION	EBITA, SEK MILLION	EBITA GROWTH, %
(6,309)	(664)	(58)



32	21	1,892
RETURN ON EQUITY, %	NUMBER OF COUNTRIES	NUMBER OF EMPLOYEES AT END OF YEAR
(40)	(18)	(1,839)

Proven track record in long-term value creation

EBITA trend 2012–2022.



[1] The figure excludes a capital gain of SEK 189 million on the sale of TeamOlmed.
[2] For the years 2012–2019, EBITA excl. IFRS 16 effects; from 2020, EBITA incl. IFRS 16 effects.

Key figures

	2022	2021	2020	2019	2018
Net sales, SEK million[1]	7,751	6,309	4,921	4,145	3,377
EBITA, SEK million[1]	710	664	421	312	257
EBIT, SEK million[1]	624	620	394	292	224
Net profit attributable to continuing operations, SEK million[1]	433	442	246	184	178
Net profit, SEK million	433	522	977	–2	274
Operating cash flow, SEK million[1]	431	487	550	310	292
Net debt/adjusted EBITDA, x	1.9	1.3	–0.8	1.5	1.7
Earnings per ordinary share, SEK	4.44	5.42	11.37	0.13	2.58
Earnings per ordinary share, continuing operations, SEK[1]	4.44	4.42	2.15	1.42	1.40
Return on adjusted equity, %	32	40	51	–4	13

[1] Continuing operations

Significant events

- Volati made six acquisitions in 2022, adding over SEK 800 million in annual sales.
- Ettiketto Group has become a Volati business area. Ettiketto Group CEO Rikard Ahlin has joined Group management.
- Early in the year, Ettiketto Group was affected by a shortage of materials due to a strike at the paper manufacturer UPM in Finland. The shortage had a negative impact on earnings in the first two quarters but led to pent-up customer demand, which contributed to a strong market for the rest of the year.
- During the year, Volati managed the challenging situation resulting from the war in Ukraine. Tornum Group, which has exposure to Ukraine and Russia, had a negative impact on earnings during the year. Measures to secure new volumes in other countries gradually counteracted the effects of the war during the year.

Good starting position for continued long-term value creation

We bring to a close a successful and eventful year, in which circumstances in our external environment created new conditions. It is with pride and gratitude that I can look back at how the Group has handled the year. I want to make special mention of colleagues in Tornum Group and their handling of the fallout from Russia's invasion of Ukraine. I would also like to pay tribute to colleagues at Salix Group who have very successfully navigated the rapidly changing market conditions.

2022 was a good year for Volati as a whole, with net sales increasing by 23 percent, through both organic and acquired growth, and EBITA increasing by 7 percent. Both the Ettiketto Group and Industry business areas are performing well, with EBITA growth of 25 percent. This has been achieved through hard work on operational improvements and through add-on acquisitions with positive synergies. The current market situation has little impact on these two business areas as they are exposed to segments that are not particularly sensitive to the general economic climate. The Salix Group business area grew by 10 percent during the year, despite the fact that we encountered a weaker market in parts of the business after a number of years of record-high demand. The business area's margin declined, but measures have been taken to address this and are expected to gradually take effect in 2023.

We completed a total of six acquisitions in 2022, adding over SEK 800 million in annual sales. Our efforts to reduce tied-up capital have paid off, resulting in strong cash flow in the fourth quarter. This contributed to a net debt/adjusted EBITDA ratio of 1.9 times at the end of 2022, leaving ample scope for further acquisition-driven growth.

Proven ability in long-term value creation
Volati's overall goal is to generate long-term value growth. This means that we are best evaluated in the longer term. We have consistently shown that we can grow at an average rate of 20 to 30 percent per year. But growth does not necessarily create value in itself. It requires discipline and not growing at the expense of a good return. Through operational efficiency, we ensure strong cash flows from our operations. These cash flows are then reinvested with good returns in our businesses – both in organic development and add-on acquisitions. In this way, new cash flows are created for reinvestment. This model enables us to achieve our high growth using our own cash flows while maintaining a reasonable level of debt. This, together with a return on equity of over 30 percent, proves that our growth has been value-creating.

My responsibility as CEO is to create the conditions for continued value-creating growth. This means continuously reviewing and developing our business model, and at selected times making certain strategic shifts to ensure returns that are in line with historical ones.

Strategic shift towards strong platforms
Our Group currently consists of six platforms with clear business logic, two of which are the Salix Group and Ettiketto Group business areas. The other four platforms are in the Industry business area, all of which have significant growth potential in their own niches Volati's growth is mainly in our platforms, which have shown average annual EBITA growth of 39 percent over the last five years. The platforms create conditions for significant value creation, not only when the acquisition is made but also with us as owners through synergies and operational improvements. For example, the creation of Salix Group has started to show operational synergies in areas such as purchasing and logistics. In 2022, we were also able to establish Ettiketto Group as a separate business area, which is living proof that the model of focusing on strong platforms works.

Unique focus on strategic HR
Our competence and leadership initiatives are central to our value creation. Our decentralised governance model places great responsibility on our managers. I feel extremely confident that we have the right leaders in our Group, many of whom have been active in their companies for a long time. Our growth also means that we need to appoint more people to senior positions. A success factor is therefore to develop and support the Group's managers in reaching their full potential. We can clearly see that our development initiatives are producing positive results, particularly through a high level of internal appointments to new management positions. For example, I have had two colleagues from our Volati Management Program step into their first CEO roles during the year.

To be competitive in the long term, we also need to create opportunities for employees with different backgrounds and experiences. During the year, we adopted new sustainability targets, one of which aims to achieve a more even gender balance among the Group's senior executives. Here we have considerable potential for improvement, which will contribute positively to our value creation over time. This is also an area where Volati can support the Group companies in pursuing faster change through target setting and monitoring.

Value-creating add-on acquisitions

Our focus on platforms has involved a decentralisation of our acquisition work. There are several advantages to such a model. Firstly, we ensure scalability, as responsibility for identifying and carrying out acquisitions lies mainly with each platform. This means we currently have more than 130 managers involved in some aspect of the acquisition work. Secondly, the advantage of a decentralised acquisition process is that it is the ones who make the acquisitions that receive them, creating better conditions for successful integration. In a more uncertain market, it is also an advantage that we mainly acquire companies in industries we know and feel confident about.

The main benefit of add-on acquisitions is that the companies we acquire are worth more with us than with their previous owners. Through synergies and coordination advantages, the companies we acquire generate higher earnings with us, which means strong value creation after we have completed the acquisitions. This is one of the reasons why we have been able to maintain our high required rate of return even during periods of increased valuations in the acquisition market.

Well positioned for the future

I, and the organisation, go into 2023 with a good measure of confidence. Our decentralised governance model means that we are at our best in a changing and difficult-to-navigate market. This is when our decisions and actions matter most and enable us to strengthen our positions.

We have our platforms in place, all well positioned for value-creating growth. Operational improvement work provides good opportunities for organic growth and margin improvements. At the same time, we have proved in recent years that our model of value-creating add-on acquisitions works, and we have structures and processes in place to continue this work. Finally, we have the financial conditions to act in an acquisition market that I expect to show a gradual recovery in 2023. And so I look forward to another eventful year together with all my colleagues at Volati!

ANDREAS STENBÄCK, CEO OF VOLATI
Stockholm, March 2023

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 develop 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

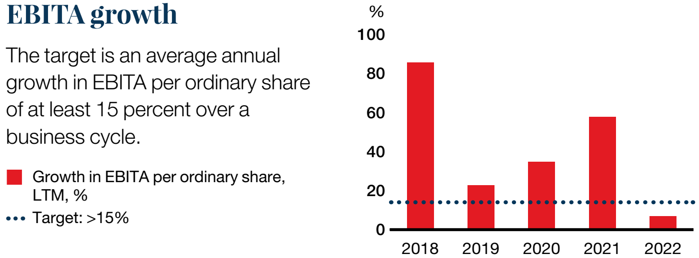
A long-term approach to both ownership and value creation is of fundamental importance for us, and we always act based on what is best for Volati's value development in the long term. Acting sustainably is a prerequisite for long-term success, and by continuously developing and strengthening our sustainability 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

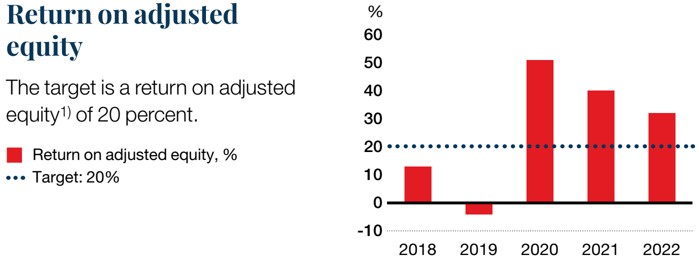
The target is an average annual growth in EBITA per ordinary share of at least 15 percent over a business cycle.



OUTCOME
7
%

Return on adjusted equity

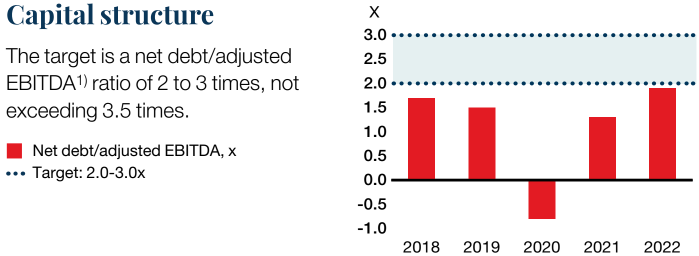
The target is a return on adjusted equity[1] of 20 percent.



OUTCOME
32
%

Capital structure

The target is a net debt/adjusted EBITDA[1] ratio of 2 to 3 times, not exceeding 3.5 times.



OUTCOME
1.9
x

[1] See note 28, pages 134–138, for definitions of alternative performance measures.

Sustainability targets

If Volati is to achieve the overall goal of creating long-term value growth, all stakeholder groups must be satisfied. Sustainability is therefore a natural part of Volati's work on acquiring and developing successful businesses.

The purpose of the sustainability targets is to measure and monitor the work done. An important prerequisite for long-term sustainability is a strong financial position. The sustainability targets should therefore be evaluated as a whole and together with Volati's financial targets.

Business ethics

17 PARTNERSHIPS FOR THE GOALS

Volati has zero tolerance for business ethics violations and all Volati companies must have effective procedures to ensure good compliance with the code of conduct, both internally and in the value chain.

Target: Zero business ethics incidents in the Group.

0

BUSINESS ETHICS INCIDENTS IN THE GROUP

Environment & climate

13 CLIMATE ACTION

Volati will reduce the Group's own emissions (Scope 1 & 2) in line with the 1.5 degree target of the Paris Agreement.

Target: A 40 percent reduction in emissions by 2030 compared with the base year 2021.

5%

REDUCTION IN GROUP'S OWN CO_2E EMISSIONS SINCE 2021

Employees

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Volati will be an inclusive and safe workplace that welcomes employees with different backgrounds and experiences.

Target: By 2030, the Group's management teams will have a gender distribution in the range of 40–60 percent for each gender.

17%

WOMEN IN THE GROUP'S MANAGEMENT TEAMS

Volati's sustainability work and targets are described further on pages 52–75.

Acquisitions in 2022

Growth through acquisitions is a central part of the business concept. Six acquisitions were made in 2022, adding over SEK 800 million in annual sales.

Volati creates value through carefully selected add-on acquisitions that strengthen the Group's operations and bring synergies. The acquisition work is based on the platforms, with central support from Volati, which ensures high quality in both the acquisition process and the integration of the acquired businesses.

In addition to the add-on acquisitions, Volati acquires selected operations that can form new platforms for growth. These acquisitions are managed centrally by Volati and the potential acquisition candidates must have established business models, strong market positions and good cash flows.

Acquisitions in Salix Group Business Area

Gunnar Eiklid Acquired in March 2022	**Reason for acquisition** – Strengthens Salix Group's offering in locks and fittings in Norway. – Enables synergies and contributes to a stronger customer offering.	SALES 39 SEK MILLION
Norholding Invest Acquired in May 2022	**Reason for acquisition** – Strengthens Salix Group's offering in kitchen and interior fittings in Norway. – Enables synergies and contributes to a stronger customer offering.	SALES 147 SEK MILLION
Embo Import Acquired in November 2022	**Reason for acquisition** – Strengthens Salix Group's offering in painting tools for the Swedish paint retail sector. – Enables synergies and contributes to a stronger customer offering.	SALES 25 SEK MILLION

Acquisitions in Ettiketto Group Business Area

Skipnes
Acquired in January 2022

Reason for acquisition

– Strengthens Ettiketto Group's market position in Norway, with Skipnes and Ettiketto together becoming one of the country's leading label producers.

– Creates synergies that will improve Ettiketto Group's profitability over time.

SALES
72
SEK MILLION

Acquisitions in Tornum Group in Industry Business Area

Terästorni
Acquired in April 2022

Reason for acquisition

– Strengthens Tornum Group's offering to the pulp and paper industry.

– Brings specialist expertise in advanced metal construction.

SALES
216
SEK MILLION

Acquisitions in Communication in Industry Business Area

MAFI
Acquired in April 2022

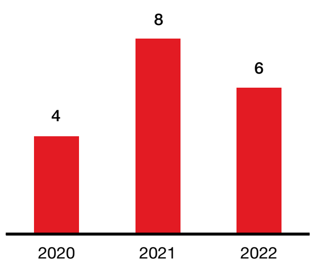
Reason for acquisition

– Complements Scanmast well and creates a strong position in solutions for critical infrastructure.

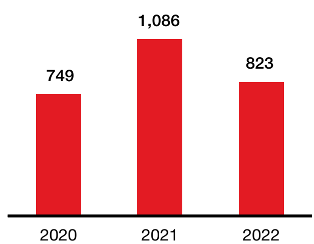
– Advanced technical know-how that contributes to development of the infrastructure and telecom offering.

SALES
325
SEK MILLION

Number of acquisitions per year



Acquired sales per year[1], SEK million



[1] Sales on acquisition date.

Comments from the Chairman

Dear shareholders,
The Board's primary task is to ensure that Volati has the right conditions to create long-term value growth. Since Volati's IPO in 2016, EBITA has grown from SEK 318 million to SEK 710 million. That is a 123 percent increase in earnings. During the same period, we have distributed SEK 1.8 billion to our ordinary shareholders. To maintain attractive growth, the Board focuses on appointing the right management, working to the right agenda and ensuring that the right Board materials are produced. This enables qualitative Board meetings and informed strategic decisions.

The right management with clear incentives

One of the Board's main tasks is to ensure that Volati has the right CEO, management team and, of course, well-developed succession plans. Andreas Stenbäck, CEO since 2021, was recruited internally with a clear acquisition profile, which has contributed positively to continuity and the ability to deliver on our growth agenda. During the full year 2022, we completed six add-on acquisitions for our existing businesses, with good synergies. The CEO, CFO, business area managers and CEOs of our businesses all own shares or options in Volati or in their own companies. Management ownership is a central part of Volati's compensation philosophy and a key to attracting and retaining talented employees.

The right agenda for long-term value creation

One of the Board's main tasks is to ensure that management focuses on long-term value creation. With this in mind, we work to a carefully planned agenda and an annual cycle that focuses on important levers for long-term value creation, such as acquisition strategy, capital structure, external environment analysis and strategic HR. The agenda ensures good, productive dialogue between management and Board, bringing greater consensus on strategic issues and facilitating decision-making.

An important question in recent years has been Volati's strategic shifts towards natural business areas with clear business logic and an increased focus on value-creating add-on acquisitions. An important step was when Salix Group was given its own board in 2020, with an ownership directive from the Volati Board. In 2022, Ettiketto Group, which has completed a number of synergistic add-on acquisitions, became a separate business area. Ettiketto Group is a clear example of how we develop our businesses for long-term value growth.

In late 2021 and early 2022, our inventories increased, particularly in Salix Group. In view of this, the Board focused on reducing the Group's capital commitment during the year. It is heartening to see that this has paid off and that our net debt/adjusted EBITDA ratio was 1.9x at the end of the year.

The right Board materials lead to qualitative Board meetings

One of the Board's main tasks is to ensure that management is energised by the Board meetings. A key to achieving this is ensuring a good balance between discussions and presentations. Having said that, well-prepared Board materials, in which management has considered the current situation, challenges and opportunities, are a basic prerequisite for making this process work in practice. By focusing on the right issues, based on the right materials, we ensure qualitative Board meetings that energise and inspire. This has been particularly important in 2022 – a year marked by challenging external factors.

In 2022, we had productive Board discussions on the Group's new sustainability targets, which are aimed at measuring and monitoring the work being done in the Group. The basic principle is that all stakeholders – customers, employees, suppliers, the local community and owners – must be satisfied if we are to achieve our overall objective of creating long-term value growth. Sustainability is therefore a natural part of Volati's work on acquiring and developing successful businesses. An important prerequisite for long-term sustainability is a strong financial position. The sustainability targets should therefore be evaluated as a whole and together with Volati's financial targets.

Since the Company was founded, we have focused on establishing long-term governance. With our collective experience, we can both challenge and inspire each other in a good way, which helps develop Volati in the right direction. I am proud of the way the whole Group has handled 2022 and am very confident about our position for the year ahead.

PATRIK WAHLÉN
CHAIRMAN OF THE BOARD
Stockholm, March 2023

Value-creating business model

Volati creates value by acquiring and developing strong platforms. By working actively to develop companies in a sustainable and long-term perspective, Volati creates favourable conditions for organic growth.

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 sustainable value creation for Volati.

Local entrepreneurship

At Volati, the management teams 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. Building on local entrepreneurship and a decentralised governance model, we further develop the companies by adding leadership, knowledge, processes and financial resources. The CEOs are therefore responsible for the work on operational improvements in their own business. This means that, in practice, we apply governance through the boards of our businesses, and that the CEO of each company has full ownership.

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

An important factor in the development of each individual business is its unique corporate culture – something we value highly. Here at Volati, we consider it important for the whole Group to share a common vision of entrepreneurship. Our key words reflect the common values that characterise a leader at Volati.

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

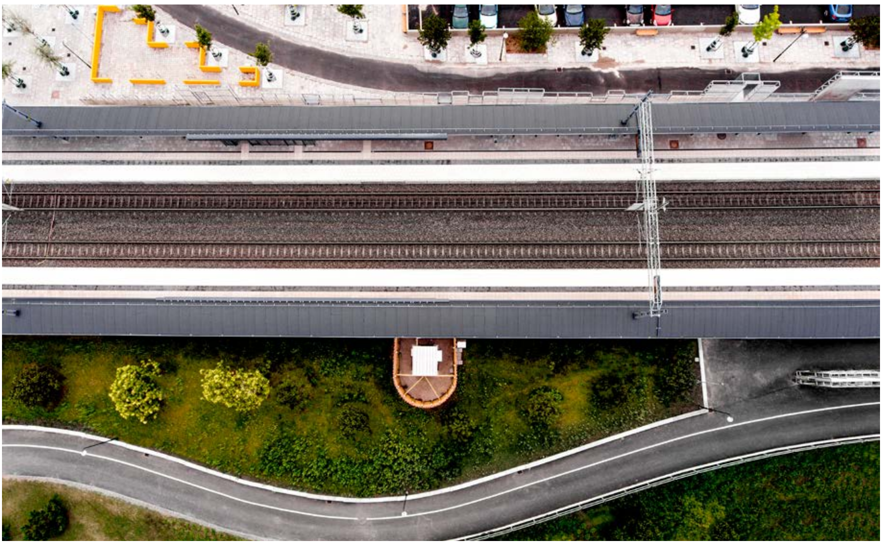


Image: S:t Eriks

Active ownership

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 teams 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 CEOs is one of our top priorities.

Strategic direction
The decentralised governance model requires Volati and our businesses to share a common vision in terms of future development. We have a structured process for setting the strategic agenda, which involves working through our vision, business concept, goals and strategy with our businesses. With central support from Volati, we help our businesses reach their full potential to 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 completely 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 2022, SEK 505 million was allocated to acquisitions and investments aimed at expanding the businesses.

Add-on acquisitions were made in 4 of Volati's 6 platforms in 2022

Sustainability
As an owner, we set requirements and monitor sustainability aspects in connection with the investments the Group makes. We also ensure that our companies' business plans take into account sustainability aspects. Sustainability is also a part of results monitoring. As part of Volati's long-term sustainable value creation, we also ensure that the opportunities created by well-developed sustainability work are identified and exploited. We also ensure that risks related to sustainability are managed and minimised. We developed Volati's sustainability work further in 2022, including producing targets for the Group's key sustainability issues. We also launched a Group-wide sustainability training programme for senior executives in our businesses.

Sustainability is a natural part of our work to acquire and develop successful businesses

Guidelines and policies

Volati contributes to the professionalisation of guidelines and policy documents 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.

Competence and leadership

In a competitive acquisition market, it is not enough to manage the pure ownership issues in a responsible way. Volati therefore has a clear ambition to add value to our businesses after they are acquired in order to ensure a good return over time.

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 ensure that the businesses have industry-leading expertise at all levels, bringing a sustainable competitive advantage.

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 in areas including purchasing, pricing, acquisitions and sustainability. We conduct regular training in each area.

In 2022, we launched a sustainability training programme for senior executives and sustainability managers

Volati Academy
Volati Academy is a one-year leadership programme aimed at employees at management group level and other key personnel. During the programme, which is led by Volati's management group, participants 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 develop each participant and create a sense of togetherness between Volati's companies and their leaders, by creating a deeper understanding of Volati's history, culture and way of working.

80 individuals at management level have taken part in Volati Academy

Volati Management Program
Volati Management Program is our trainee 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 two periods at two selected businesses. On completion of the programme, a leadership role in one of the businesses follows. A total of 23 individuals have completed the programme since its launch in 2015 – 17 of them now have exciting roles in leading positions within the Volati Group and two are with 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 23 individuals who completed Volati Management Program, 17 are still employed at Volati and two at Bokusgruppen

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 medium term, taking into account new requirements related to their strong growth.

Image: Habo

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. As the acquisitions are closely linked to the existing businesses, this also enables further value creation through synergies such as cost rationalisation. In many cases, our businesses can also improve the underlying operations of acquired companies through a more developed operating model.

In add-on acquisitions, Volati is a distinctly industrial buyer. This means that we have a good knowledge of the markets in which we operate, which contributes to a lower risk while also giving us a strong inflow of acquisition candidates. We are keen to continue working with our acquired businesses to promote long-term development of our operating sectors. This makes us a prioritised investor in many acquisition processes.

The acquisition process

Volati's long experience in completing acquisitions, combined with an active Board of Directors, enables quick decisions and effective management of complex acquisition situations. The main phases of the acquisition process include an introductory meeting, a price indication, a company inspection, negotiation and closing. The combination of our prompt decision-making process and our long experience allows us to offer high transaction probability at an early stage and a pragmatic acquisition process without relying heavily on external expertise.

The acquisition process for add-on acquisitions is based on our platforms, which is a major 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 underwent acquisition training as part of Volati Knowledge in 2022. As a further step in institutionalising the knowledge, Volati has an acquisition manual and access to a network of people in the Group with extensive experience in acquisitions.

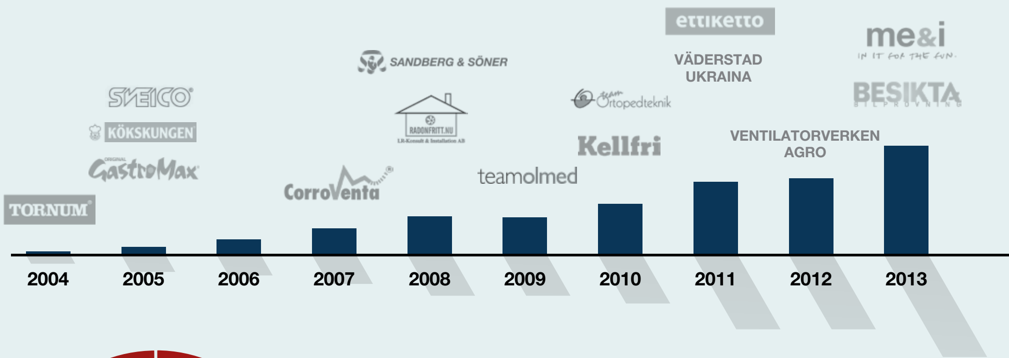
In addition to the add-on acquisitions, Volati acquires businesses that can form new platforms for growth. The acquisition candidates must have established business models, strong market positions and good cash flows. These acquisitions are managed centrally by Volati.

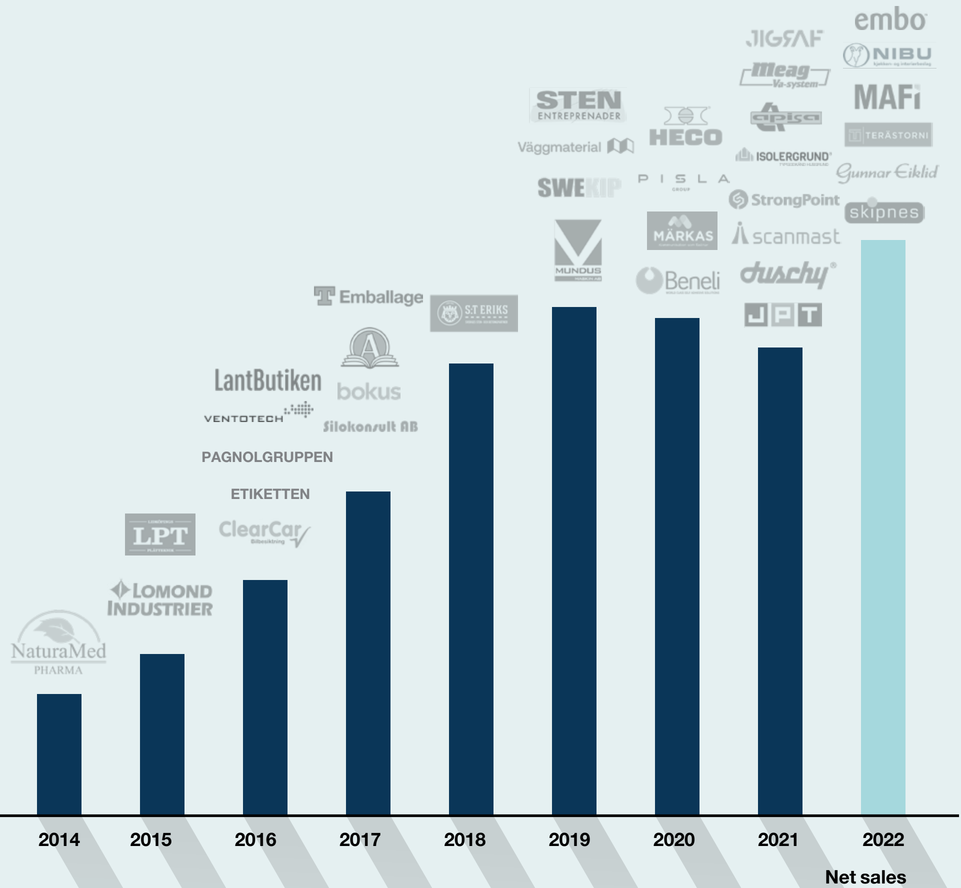
What all acquisitions have in common is our development strategy of retaining the companies' entrepreneurial spirit and adding leadership, expertise, processes and financial resources.

23 Volati senior executives completed Volati's acquisition training in 2022

Long-term value growth

Volati was founded in 2003 and since then has grown strongly, both organically and through acquisitions. In recent years, Volati has made a number of strategic shifts. Volati has a unique focus on competence and leadership, and active work on this area began in 2014. In recent years, Volati has also focused its operations on six platforms with long-term sustainable business models, good growth opportunities and a focus on value-creating add-on acquisitions.





\+ Competence and leadership

\+ Value-creating add-on acquisitions

Business areas

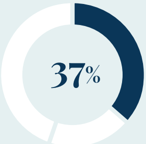
Volati is an industrial group, organised in three business areas: Salix Group, Ettiketto Group and Industry.

3

Volati

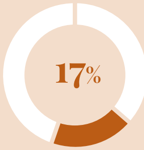
BUSINESS AREAS

Salix Group



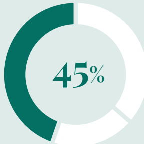
SHARE OF EBITA

Ettiketto Group



SHARE OF EBITA

Industry



SHARE OF EBITA

Volati is an industrial group, organised in three business areas: Salix Group, Ettiketto Group and Industry. The businesses in Salix Group and Ettiketto Group have a clear industrial logic. Ettiketto Group and Salix Group continue to grow, both organically and through value-creating add-on acquisitions.

The Industry business area consists of four platforms with market-leading positions and high growth potential. The aim is to grow and develop the businesses through organic growth and value-creating add-on acquisitions. These platforms may eventually form new business areas.

Business Area Salix Group

A Nordic market-leading trading business with a long history

The Salix Group business area is a Nordic trading business offering 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. The offering consists of market-leading own brands and distributed brands. The operations have shown stable and increasing growth over the last five years, both organic and through add-on acquisitions.

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 hardware stores, which account for about 70 percent of sales. Other customer segments include the building and wood industry, forestry and agriculture, and the packaging industry. Sales are made through dealers, retail chains, e-commerce channels and directly to customers. The majority of Salix Group's net sales come from the professional and industrial segments, with a smaller proportion attributable to the consumer segment.

Comments from Martin Hansson, CEO of Salix Group

We rounded off a stable 2022 with sales growth of 10 percent while the EBITA margin fell to 8.2 percent. After several years of high demand and strong growth, from the second quarter of 2022 we have been seeing lower demand, particularly in the consumer-oriented parts of the business. The lower margins are a consequence of the decline in demand and factors such as high freight costs, high material prices and a weak krona. We have taken measures in response and expect them to produce effects gradually during 2023. We made three add-on acquisitions during the year, and also strengthened our position and won new customers and contracts. The measures we have taken leave us well equipped for 2023.

3,598	296	8.2	26	606
NET SALES, SEK MILLION	EBITA, SEK MILLION	EBITA MARGIN, %	ROCE EXCL. GOODWILL, %	NUMBER OF EMPLOYEES
(3,262)	(329)	(10.1)	(40)	(602)

Units

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

Consumables Industry

The unit comprises Sørbø Industribeslag, a leading supplier to the Norwegian door and window industry and construction market. The unit also includes Gunnar Eiklid and Nibu/SkanCo, which were acquired in 2022 and are strong in the fittings segment in Norway. 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 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 unit has a leading market position in Sweden with a growing Nordic presence. The unit also includes the service company Salix Business Partner.

Trademarks: Bårebo, ETC, Fast, Heco, Serva

Home & Fittings

The unit includes Habo Gruppen, a leading Nordic supplier of functional fittings and interior details, Pisla, the market leader in fittings in Finland and a developer of well-known brands for the building materials trade and Duschprodukter, a well-established supplier of showers and bathroom accessories. The unit's offering consists primarily of its own leading brands. The companies in the 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

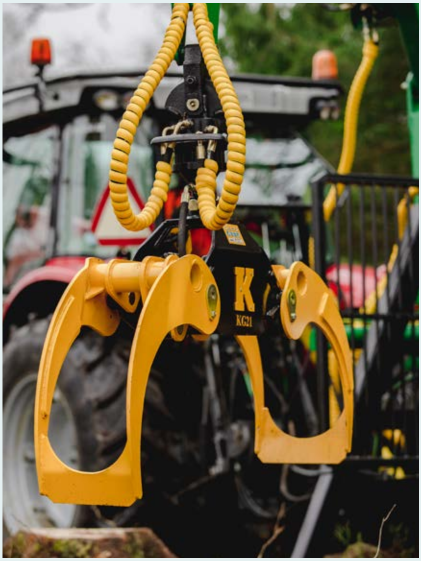
The unit includes T-Emballage, a leading supplier of material-independent packaging solutions to sawmills and other industries, TECCA, which supplies innovative and sustainable climate control solutions to the building and small house industry, Väggmaterial, which supplies the market's widest range of corner protection to the paint retail sector and Embo, a nationwide supplier of painting tools to the Swedish 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, Embo

Agriculture, Forest & Garden

The unit includes Kellfri and Swekip, which supply affordable machinery and equipment for small-scale agriculture and forestry. The 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



Business Area Ettiketto Group

Nordic market-leading comprehensive supplier of label solutions

Ettiketto Group is a Nordic market-leading comprehensive supplier in the label industry. The offering consists of self-adhesive labels for various applications, e.g. for the food packaging that consumers encounter while doing their daily shop. Ettiketto Group also has a comprehensive range of labelling machines that are integrated into customers' production lines. Through Beneli, Ettiketto Group also has an offering of complex self-adhesive applications with high quality requirements, such as printed electronics Ettiketto operates in Sweden and Norway, with the food industry as its largest customer group.

Ettiketto has been part of Volati since 2011 and became a separate business area in 2022. With its vision to become the Nordic region's leading label company, Ettiketto has an ambitious plan for add-on acquisitions. The aim is to be an industry leader in operational efficiency, from purchasing and production to sales, HR and overheads.

Comments from Rikard Ahlin, CEO, Ettiketto Group

Ettiketto Group continued to show good growth in 2022, mainly as a result of the acquisitions that were made and the synergies realised. Sales increased by 36 percent and EBITA by 25 percent during the year. Market conditions normalised towards the end of the year, following a strike at one supplier that affected the entire industry for much of 2022. Ettiketto Group's margin is industry-leading but has declined from around 20 percent over the last two years as a result of acquisitions of companies with a lower margin. We see good opportunities to continue extracting synergies and increasing the operational efficiency of completed acquisitions, which in turn will progressively improve margins going forward.

879	137	15.6	57	263
NET SALES, SEK MILLION	EBITA, SEK MILLION	EBITA MARGIN, %	ROCE EXCL. GOODWILL, %	NUMBER OF EMPLOYEES
(644)	(110)	(17.1)	(70)	(270)

Units

Ettiketto Group's operations are focused on self-adhesive labels, labelling machines and printed electronics. The aim is to take maximum advantage of the synergies that exist in the units in order to strengthen the customer offering and competitiveness and drive growth and profitability.

Ettiketto

The Ettiketto unit comprises five production units producing self-adhesive labels mainly for the food, chemical and hygiene industries, but also all other manufacturing industries. Ettiketto also supplies a broad range of ancillary equipment and services, such as proprietary labelling equipment and printers. This means we are one of the Nordic region's comprehensive suppliers of proprietary label solutions.

ettiketto

Beneli

Beneli is an innovative contract manufacturer, supplying printed electronics and complex self-adhesive applications with high quality requirements. Customers are mainly in the medical technology and automotive industries. The unit offers the market a full-service solution, from concept and production development to production and assembly, via its Swedish production unit.

Beneli

Business Area Industry

Four platforms with market-leading positions and high growth potential

The Industry business area consists of four businesses with leading market positions in their own niches. They represent strong platforms with good foundations for continued growth through organic development and value-creating add-on acquisitions. The businesses are manufacturing suppliers of solutions in various sectors – grain handling, moisture and water damage restoration, infrastructure for telecom and lighting, and stone and cement products for infrastructure, paving and roofing. Demand for the business area's products is mainly driven by factors other than the general economy, which means the business area is not particularly cyclically sensitive. What the businesses have in common is the potential for rapid growth with a clear focus on long-term value creation.

Development in 2022

The Industry businesses showed positive growth during the year, with an increase of 36 percent in net sales and 25 percent in EBITA. Acquisitions and realised synergies have contributed positively and demand for the businesses' products remains strong. Russia's war in Ukraine has affected Tornum Group, which worked actively during the year to replace the volumes lost as an effect of the war. The company MAFI was acquired during the year and we experienced good demand during the last four months of 2022.

The process of creating strong platforms through operational improvements is paying off, while add-on acquisitions and synergies provide good conditions for continuing growth in line with Volati's long-term goals. In addition to MAFI, the company Terästorni was acquired during the year and the process of integrating the companies is in progress.

3,280	358	25	34	1,003
NET SALES, SEK MILLION	EBITA, SEK MILLION	EBITA GROWTH, %	ROCE EXCL. GOODWILL, %	NUMBER OF EMPLOYEES
(2,406)	(287)	(68)	(36)	(954)

Platforms

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 13 markets across Europe.

Events in 2022

2022 was a year of historically low rainfall in Europe, which reduced demand for Corroventa's water damage restoration products. Even so, Corroventa still performed well during the year.

Part of Volati since 2007
CEO: Per Ekdahl
Number of employees: 60
Share of the business area's net sales: 7%

Communication

Communication comprises Scanmast and MAFI Group. 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. Scanmast is a turnkey supplier, delivering complete projects. The company operates primarily in Sweden, Norway and Finland. MAFI is a global market leader in mounting solutions, primarily for telecom equipment and solar panels. MAFI has great technical know-how, which makes it well positioned to support its customers through development of new products. MAFI is based in Mora but sells its products globally.

Events in 2022

Communication performed well during the year, mainly driven by strong demand for newly acquired MAFI's products. The process of integrating MAFI is progressing according to plan.

Communication became part of Volati in 2021 through the acquisition of Scanmast

CEO: Andreas Westholm

Number of employees: 132

Share of the business area's net sales: 21%

Add-on acquisitions 2022: MAFI, which added approximately SEK 325 million in net sales

MAFi scanmast

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, construction 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.

Events in 2022

S:t Eriks performed well during 2022 and experienced good demand for its products. A large proportion of the sales go to infrastructure projects, which are less affected by the current economic downturn. During the year, S:t Eriks worked actively on integrating the company Meag VA system, acquired in 2021, which has now formed a separate division of S:t Eriks with S:t Eriks' water & sewage business. The acquisition also enable synergies in numerous areas.

Part of Volati since 2018
CEO: Magnus Ström (April 2023)
Number of employees: 595
Share of the business area's net sales: 46%

Tornum Group

Tornum Group 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. Through the newly acquired company Terästorni, the offering has been complemented with equipment for the global pulp and paper industry.

Events in 2022
Tornum Group has worked actively during the year to counter the volume shortfall that resulted from Russia's invasion of Ukraine in February. Lost volumes have been gradually replaced by new volumes in other markets. The Finnish company Terästorni was acquired during the year and is in the process of being integrated.

Part of Volati since 2004
CEO: Nicklas Margård
Number of employees: 216
Share of the business area's net sales: 25%
Add-on acquisitions 2022: Terästorni (Finland), which added SEK 216 million in net sales

Image: Scanmast

CASE

VOLATI ACADEMY

A key success factor for Volati is that the Group's businesses have access to the right expertise at management level and in key positions, and that these persons are continuously developed and supported to reach their full potential. Through strategic work on competence and leadership – an integral part of Volati's business model – and active ownership, we also want to establish Volati as an attractive employer for new talent. We approach this through three main areas – Volati Management Program, Volati Academy and Volati Knowledge.

Volati Academy is a 12-month leadership programme aimed at senior executives and other key personnel within Volati. Around 15 individuals participate each year and the aim is for all senior executives at Volati to have the opportunity to complete the programme at some point.

Volati Academy has had 80 participants since its launch in 2015. The annual start date is November. The purpose of the programme is to develop each participant and create a sense of togetherness between Volati's companies and their leaders. This is done by strengthening participants' expertise in areas such as financial analysis, strategy and leadership, and establishing a common view of these areas. In this way, the daily operational work is linked to Volati's overall vision. The structure follows the financial year and mirrors the annual cycle of the subsidiary boards, with participants meeting on four occasions and receiving training in financial analysis, strategy, HR, budget and acquisitions. Participants also receive ongoing coaching from the CEO of each company. The training is led by Volati's management group.

Therese Kvarnström works as Sustainability and Quality Manager at S:t Eriks and has been a member of the company's management team since 2020. Therese completed the programme in 2022.

What:	**12-month leadership programme**
Started:	**2015**
Number of participants in 2022:	**16**
Participants since the start:	**80**


Greta Josefsson and Therese Kvarnström

"An interest in those of us who work in the Group and a good structure for this type of development makes Volati a very present owner. After the programme, I have a better understanding of strategy work and a developed work approach. My network has also grown and I'm often in contact with participants from the other companies."

A new group of participants started in November 2022 – among them Greta Josefsson, Supply Chain Manager and part of the Tornum Group management team.

"I look forward to getting to know the other participants and sharing experiences with them. It's a really mixed group with different nationalities, ages and roles. It's also particularly exciting that some participants are from companies that have just been acquired. I see the programme as a good opportunity for us all to get to know Volati as an owner better, and we in turn are better placed to implement Volati's vision in our own companies."

The Volati share

Shares and share capital
Volati's ordinary and preference shares are listed on Nasdaq Stockholm. At the end of 2022, 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 2022 amounted to 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 negative price development of 62 percent in 2022. The highest closing price during the year was SEK 221.50 on 3 January. The lowest was SEK 84.40 on 29 December. Volati's preference share showed a negative price development of 8 percent in 2022. The highest closing price during the year was SEK 676.00 on 10 January. The lowest was SEK 560.00 on 30 June.

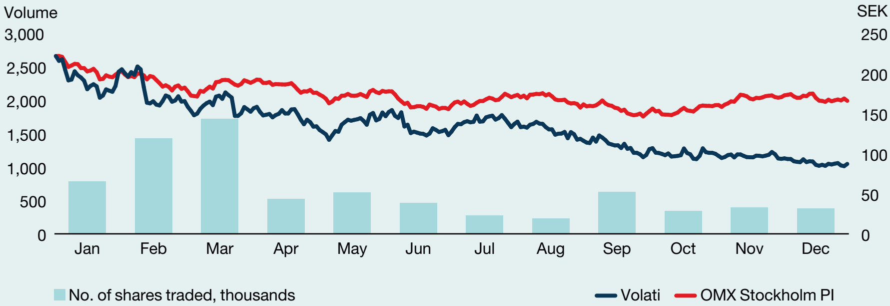
Share trading volume
A total of 7,769,062 ordinary shares and 309,611 preference shares were traded during 2022. The average daily trading volume was 30,708 for the ordinary share and 1,224 for the preference share.

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 1.80 per ordinary share to ordinary shareholders, corresponding to 34 percent of net profit for 2022, 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 2022 was 11,399 (11,211), with the 15 largest shareholders owning 91.6 (91.4) percent of the share capital and 92.7 (92.1) percent of the votes. Investors outside Sweden owned 3.7 (3.6) percent of the share capital and 3.6 (3.5) 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 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

Share price development, ordinary share, 2022



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.

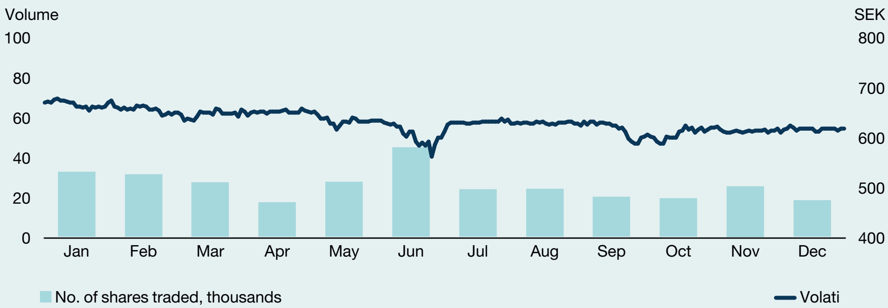
Authorisation to transfer own preference shares

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, 2022



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	0.127

[1] The share swap in Volati AB (publ) announced adopted by the AGM took place in January 2016, 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 2022

The tables below show information related to the ownership structure in Volati AB at 31 December 2022.

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	98.0%	99.8%
Preference shares	1,603,774	0.1	160,377.4	2.0%	0.2%
Total	**81,010,345**	**–**	**79,566,948.4**	**100.0%**	**100.0%**

Shareholders by country

	Number of shareholders	Number of shares	Share of capital	Share of votes
Sweden	11,120	78,027,511	96.3%	96.4%
Other countries	279	2,982,834	3.7%	3.6%
Total	**11,399**	**81,010,345**	**100.0%**	**100.0%**

Shareholders by size

Number of shares	Number of shareholders	Share of capital	Share of votes
1–500	10,201	1.1%	0.8%
501–1,000	562	0.5%	0.4%
1,001–5,000	484	1.3%	1.0%
5,001–10,000	52	0.5%	0.3%
10,000–	100	96.6%	97.5%
Total	**11,399**	**100.0%**	**100.0%**

The 15 largest shareholders[1)]

	Number of shares		Share of	
Name	Ordinary shares	Preference shares	Share capital	Votes
Karl Perlhagen	34,458,500	300,174	42.9%	43.3%
Patrik Wahlén	19,356,283		23.9%	24.3%
Fjärde AP-fonden	6,089,801		7.5%	7.7%
Swedbank Robur Fonder	3,508,911		4.3%	4.4%
Mårten Andersson	2,201,782	1,887	2.7%	2.8%
Handelsbanken Fonder	1,714,562		2.1%	2.2%
Lannebo Fonder	1,671,988		2.1%	2.1%
Mattias Björk	1,285,309		1.6%	1.6%
Avanza Pension	546,905	147,231	0.9%	0.7%
Vanguard	681,958		0.8%	0.9%
Magnus Sundström (AB 1909 Gruppen)	634,758	29,739	0.8%	0.8%
Mats K Andersson	437,101	599	0.5%	0.5%
SEB Fonder	429,286		0.5%	0.5%
Futur Pension	389,072	4,393	0.5%	0.5%
Nordnet Pensionsförsäkring	303,182	40,810	0.4%	0.4%
Total 15 largest shareholders	**73,709,398**	**524,833**	**91.6%**	**92.7%**
Other shareholders	5,697,173	1,078,941	8.4%	7.3%
Total number of shares	**79,406,571**	**1,603,774**	**100.0%**	**100.0%**

[1)] Data complied by Modular Finance. Sources include: Euroclear, Morningstar, Finansinspektionen.

Volati
Annual Report

CONTENTS

Administration Report

The Board of Directors and CEO of Volati AB (publ), corp. ID 556555-4317, registered office in Stockholm, hereby present the annual report and consolidated financial statements for the 2022 financial year.

Volati's operations

Volati is an industrial group, comprising three business areas: Salix Group, Ettiketto Group and Industry. On 26 September 2022, Ettiketto Group became a separate Volati business area, having previously been part of the Industry business area. This is in line with Volati's strategy of building natural business areas with a clear industrial logic that can grow independently through value-creating add-on acquisitions.

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 our businesses, 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 21 countries, with Sweden accounting for the largest share of net sales. The business areas' total EBITA for 2022 was as distributed as follows: Salix Group 37 percent, Ettiketto Group 17 percent and Industry 45 percent.

Under current accounting rules, the financial statements below exclude the discontinued operations in the Bokusgruppen business area, which was separately listed in 2021. Earnings effects in the discontinued operations are reported separately as discontinued operations in the consolidated income statement in accordance with IFRS 5. Comparative figures for Industry have been restated to exclude Ettiketto Group, which became a separate business area in 2022.

Salix Group: The Salix Group business area consists of five units with 23 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 units' boards and is responsible for coordinating Volati's central support and for supporting acquisition processes.

Ettiketto Group: The Ettiketto Group business area operates through two units, which in turn consist of seven operating companies in two countries. Ettiketto Group is a Nordic market-leading comprehensive supplier in the label industry. The offering consists of self-adhesive labels for various applications. Ettiketto Group also has a comprehensive range of labelling machines. Through Beneli, Ettiketto Group also has an offering of complex self-adhesive applications with high quality requirements, such as printed electronics.

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

Industry: The Industry business area consists of four platforms with 33 operating companies in 16 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 four different market niches – grain handling, moisture and water damage restoration, stone and cement products for infrastructure, paving and roofing, and critical infrastructure to customers in telecom and other sectors. The board chairman of each platform is responsible for coordinating Volati's central support and for supporting acquisition processes.

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 units and as entirely new businesses. The acquisition market in 2022 was still exposed to competition. Volati made six acquisitions during the year: Skipnes Ettikett AS, Gunnar Eiklid AS, Terästorni OY, MAFI Group AB, Norholding Invest AS and Embo Import AB.

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. In 2022, the capital structure target was re-defined as the net debt/adjusted EBITDA ratio for the quarter, having previously been defined as the average for the last four quarters. Volati therefore has 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, 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 developed positively during the year, increasing its net sales through both organic and acquired growth. EBITA also increased during the year, but the margin fell due to the current economic situation. The Ettiketto Group and Industry business areas showed strong financial growth during the year, driven by good demand for the business areas' products, and effective work on cost control, operational efficiency and pricing.

Salix Group showed stable development during the year, increasing its net sales through both organic and acquired growth. After several years of high demand and strong growth, from Q2 2022 we started to see lower demand, particularly in the consumer-oriented parts of the business, while demand in the professional and industrial market was relatively stable throughout the year. We saw lower margins in 2022 as a consequence of the slowdown in demand and factors such as high freight costs, high material prices and a weak krona. Salix Group has effectively reduced its costs and is working actively on pricing to meet these challenges.

Russia's war in Ukraine has led to macroeconomic uncertainty during the year. This affects the outside world through rising material and energy prices, high inflation and interest rate increases. 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 2022 amounted to SEK 7,751 (6,309) million, an increase of 23 percent compared with the previous year. The increase is driven by both organic and acquired growth.

EBITA for 2022 amounted to SEK 710 (664) million, an increase of 7 percent. The increase in EBITA was driven by a positive earnings trend in the Ettiketto Group and Industry business areas. Synergies from acquisitions in all business areas contributed positively during the year. Organic EBITA growth for the year was minus 8 percent.

Profit after tax for continuing operations in 2022 was SEK 433 (442) million. Profit after tax attributable to non-controlling interests was SEK 17 (26) million. Earnings per ordinary share for continuing operations, after deduction of preference share dividends, amounted to SEK 4.44 (4.42) for the year. Earnings per ordinary share, including discontinued operations, amounted to SEK 4.44 (5.42) for the year.

Companies acquired during the year are included from the date on which control is obtained.

Cash flow

Cash flow from operating activities for 2022 amounted to SEK 483 (460) million. The cash conversion rate for 2022 was 54 (66) percent. Cash flow from operating activities attributable to discontinued operations for 2022 amounted to SEK –2 (–83) million. Investments in non-current assets in the businesses for 2022 amounted to SEK 87 (89) 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 2022 were mainly related to five acquisitions: Skipnes Ettikett AS, Gunnar Eiklid AS, Terästorni OY, MAFI Group AB and Norholding Invest AS. Total cash flow for 2022 was SEK 15 (–961) 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 16 (12) 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 0 (1) million in the income statement.

Employees

The average number of employees during the year, calculated as full-time equivalents (FTEs), was 1,901 (1,723).

Equity

The Group's total equity at the end of the period amounted to SEK 2,136 (1,890) million. The equity ratio at 31 December 2022 was 32 percent, compared with 34 percent at the end of 2021. The average return on adjusted equity for 2022 was 32 (40) percent.

Share capital

There were 79,406,571 ordinary shares and 1,603,774 preference shares at the end of 2022. Volati's share capital on 31 December 2022 amounted to 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 1,632 million at the end of the year, compared with 1,024 million on 31 December 2021. Total liabilities on 31 December 2022 amounted to SEK 4,550 million, compared with SEK 3,733 million on 31 December 2021. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 2,381 million at the end of the year, compared with SEK 1,736 million on 31 December 2021. During the year, credit facilities were increased from SEK 2,200 million to SEK 2,700 million and at the end of the year, the unutilised overdraft facility was SEK 185 (300) million, the unutilised revolving credit facility was SEK 750 (800) million and cash & cash equivalents were SEK 227 (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/ adjusted 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.

Future development

Volati is not making any financial forecasts for next year's development. The assessment is that Volati enters 2023 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.

At the end of February 2022, Russia attacked Ukraine, which unleashed a humanitarian disaster in the country. The war has led to increased macroeconomic uncertainty, resulting in high inflation and higher interest rates. This affects the market conditions for Volati's business areas, and Volati places great emphasis on regularly 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 11,399. 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.

2023 Annual General Meeting

Volati AB's 2023 AGM will be held at 17.00 on Wednesday, 26 April 2023 at the Bond meeting room, GT30, Grev Turegatan 30, 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 18 April 2023 or, if the shares are nominee-registered, ask the nominee to re-register the shares no later than Thursday, 20 April 2023; and
- have provided notification of their participation, or submitted a postal vote, no later than Thursday 20 April 2023.

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

Events after the reporting date

No significant events have taken place after the reporting date.

Proposed appropriation of profits

The Board of Directors proposes that:

	SEK
Retained earnings	–53,775,629.66
Net profit	134,027,892.40
Share premium reserve	2,376,398,417.10
Be appropriated as follows:	
Dividend of SEK 1.80 per ordinary share, total	142,931,827.80
Dividend of SEK 40.00 per preference share, total	64,150,960.00
Carried forward	2,249,567,892.04

Board statement on the proposed distribution

The proposed dividend reduces the Parent Company's equity ratio from 49.8 percent to 47.6 percent. The equity ratio is satisfactory, reflecting the fact that the Company's operations are 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 ambition to create long-term value over time. The sustainability report describes Volati's and the businesses' sustainability work.

At Volati, it is our strong belief that sustainability is a necessity and prerequisite for delivering long-term value, as business models that do not succeed in adapting over time will see their offerings lose competitiveness with regard to employees, customers and society at large. Sustainability must therefore be ingrained in all parts of the Group's work and our ambition is that it will characterise the good business culture that our companies build over time.

At Volati, we believe in our proven decentralised governance model, which means that day-to-day decision-making takes place in businesses that are close to the customer. Sustainability work is no exception, as our skilled employees are best placed to identify the sustainability opportunities that exist within each business, while effectively navigating the related risks.

In addition to ensuring an ambitious sustainability agenda through our units' board work, Volati Group management also works to raise the Group's awareness of sustainability by providing annual training for senior executives in Volati's units. As an owner, Volati also expects a high standard of reporting and monitoring of the Group's sustainability targets, ensuring that our businesses are continuously improved.

Reducing greenhouse gas (GHG) emissions is the great challenge of our generation. So we are particularly proud to have adopted a climate target during 2022 to reduce Volati's emissions in line with the Paris Agreement. The Paris Agreement is a climate agreement with the goal of keeping the global temperature increase well below 2 degrees and the aim to limit global warming to 1.5 degrees. We see it as a matter of course that Volati will work to reduce the Group's GHG emissions, which, in line with the Paris Agreement, corresponds to a 40 percent reduction in the Group's carbon dioxide emissions by 2030 compared with the 2021 level.

We are proud of the sustainability work carried out by the Group during the year, and we are pleased to present this in more detail in Volati's sustainability report.

"Reducing greenhouse gas emissions is the great challenge of our generation. So we are particularly proud to have adopted a climate target to reduce Volati's emissions in line with the Paris Agreement in 2022."

Andreas Stenbäck, President and CEO

Sustainability at Volati

Volati's approach to sustainability

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 undertaken to follow the Global Compact's ten principles on human rights, labour, the environment and anti-corruption.

As an integral part of our business concept and business model, sustainability is an important consideration in investment decisions. We set requirements, integrate and monitor sustainability in connection with investments, in the business plans and in the results monitoring of our businesses. Volati's focus areas and targets set a clear direction and we work with management teams to give them the right conditions to drive the work forward themselves. In 2022, we reviewed the areas where the Group has the greatest environmental impact based on the 2021 climate inventory and updated our target formulation for the Environment & Climate focus area.

Materiality analysis

Volati's sustainability work is based on three Group-wide focus areas:

- Business Ethics
- Environment & Climate
- Employees

These have been revised from the materiality analysis conducted in 2020. The materiality analysis laid the foundation for Volati's sustainability work. Since then, Volati has had ongoing sustainability-related dialogue with investors, employees and suppliers. We continuously develop our analysis and monitoring to ensure proactive sustainability work that is conducted in line with stakeholder expectations and future legal requirements, and creates competitiveness over time. The analysis for the year resulted in updated focus areas with updated targets and key figures. Targets that only affect individual businesses have not been included, but are included in the companies' own sustainability work.

Focus areas & targets

The updated focus areas reflect our view that sustainability should be integrated into business operations. As an owner, Volati is able to support the companies' transition journeys through ambitious Group-wide climate targets. The classification of the focus areas has also been updated and the former focus area Health & Safety and Diversity & Inclusion are now included in the common focus area Employees.

Sustainability targets

The purpose of the sustainability targets is to measure and monitor the work done. An important prerequisite for long-term sustainability is a strong financial position. The sustainability targets should therefore be evaluated as a whole and together with Volati's financial targets.

Business ethics

17 PARTNERSHIPS FOR THE GOALS

Volati has zero tolerance for business ethics violations and all Volati companies must have effective procedures to ensure good compliance with the code of conduct, both internally and in the value chain.

Target: Zero business ethics incidents in the Group.

0

BUSINESS ETHICS INCIDENTS IN THE GROUP

Material topics

Anti-corruption

Compliance

Good working conditions in the value chain

Environment & climate

13 CLIMATE ACTION

Volati will reduce the Group's own emissions (Scope 1 & 2) in line with the 1.5 degree target of the Paris Agreement.

Target: A 40 percent reduction in emissions by 2030 compared with the base year 2021.

5%

REDUCTION IN GROUP'S OWN CO_2E EMISSIONS SINCE 2021

Material topics

Reduced GHG emissions

Renewable energy

Resource efficiency

Efficient transport and business travel

Employees

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Volati will be an inclusive and safe workplace that welcomes employees with different backgrounds and experiences.

Target: By 2030, the Group's management teams will have a gender distribution in the range of 40–60 percent for each gender.

17%

WOMEN IN THE GROUP'S MANAGEMENT TEAMS

Material topics

Diversity and inclusion

Healthy and safe work environment

Image: Ettiketto Group

Sustainability governance

Sustainability – an integral part of Volati's business model
The Volati Board has ultimate responsibility for Volati's sustainability work and long-term sustainability targets. Sustainability work in the platforms is primarily conducted through active board work in each unit. Sustainability is one of the aspects taken into account in Volati's strategy work and investment decisions. Volati's businesses have a wide spread in terms of industry and sector, which means that they face different sustainability-related opportunities and risks. To ensure that all businesses operate in a responsible way, there are Group-wide focus areas and a sustainability policy. As the Group applies decentralised corporate governance, most operational sustainability work is conducted in each company.

In 2022, Group-wide sustainability training was launched for senior executives in the businesses. The training aims to provide greater insight into each company's ESG risks and opportunities and how these relate to targets, reporting and monitoring. Each company is subject to Volati's code of conduct, which is an important tool in sustainability work. It describes how we do business and act in our daily work and on 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. The code applies to all employees in all companies and is reviewed annually by the Board. Volati has a whistleblower system that enables all Group employees to anonymously report irregularities that violate the Group's or their own business's codes of conduct. There are also additional sustainability-related policies, such as the HR policy, purchasing policy, investment policy and communication policy, which highlight the applicable compliance requirements.

Sustainable acquisition process

Since Volati was founded in 2003, we have completed about 50 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 Volati's acquisition process, which means that environmental, social and corporate governance aspects are taken into account in analyses and investment decisions. Volati will also work to ensure greater transparency on environmental and social issues and governance in the Company we invest in.

Below is an overview of how Volati integrates sustainability into the Group's acquisition process:

Identify the acquisition object

Acquisition targets are primarily identified in the units in Volati's decentralised group structure, which enables a high acquisition rate. Acquisitions of new platforms are managed centrally by Volati. Identification of acquisition targets includes an evaluation of structural long-term sustainability aspects.

Evaluate the acquisition target's sustainability

Volati's focus will always be on delivering long-term value to our shareholders, and we therefore seek businesses with long-term sustainable business models. The acquisition process includes an evaluation of risks but also opportunities to successfully develop the target's business towards a sustainable business model.

Integrate the acquisition target

On completion of the acquisition, the acquired business is subject to Volati Group's sustainability targets, thereby guaranteeing an ambitious value-creating sustainability agenda. Volati's decentralised governance model also applies to work on sustainability, ensuring and maintaining high awareness of sustainability through professional corporate governance and active board work. The acquired business reports sustainability indicators in the same way as the Group's other businesses, which Volati then analyses and follows up.

Image: MAFI

Business ethics

Volati ensures good business ethics, high integrity and a reduced risk of irregularities throughout the value chain. We do this through a clear code of conduct with zero tolerance for unethical business practices throughout the value chain, and by supporting implementation and training procedures. Volati monitor the number of business ethics incidents and the number of incidents reported in the whistleblower system.

Risks and opportunities
Some of the Group's companies operate in markets or geographies that may present increased risk through exposure to bribery and corruption. Examples include bribes for sharing sensitive information or bribes related to the ordering of goods. Sourcing components and inputs from regions such as Eastern Europe and Asia poses a risk of human rights violations in the supply chain. To counteract and manage these risks, the Volati businesses work systematically on setting requirements, conducting supplier audits and maintaining dialogue.

Governance
Volati requires good business ethics and proactive anti-corruption work. The term business ethics includes laws, rules and regulations, as well as norms and values. All companies within the Group have implemented the Group-wide code of conduct.

Every employee is expected to act and perform their work in accordance with Volati's governing documents. We require all employees to read and familiarise themselves with the code of conduct annually. There is zero tolerance for all forms of bribery and corruption. Employees should report any irregularities to their immediate superior in the first instance. Employees wishing to anonymously report something improper can use Volati's anonymous whistleblower system Whistle B.

Each year, Volati's companies conduct comprehensive risk analyses and take measures to manage the identified risks. Volati became more international during the year and now operates in 21 countries, but with the emphasis still on the Nordic countries. Based on Transparency International's corruption index, it remains Volati's assessment that in most cases the businesses operate in countries that have a low risk of direct involvement in

Business ethics

17 PARTNERSHIPS FOR THE GOALS

Volati has zero tolerance for business ethics violations and all Volati companies must have effective procedures to ensure good compliance with the code of conduct, both internally and in the value chain.

Target: Zero business ethics incidents in the Group.

Business ethics incidents

0

Zero incidents reported since 2020

unethical business conduct. However, there may indirect impacts and exposure to suppliers that do not have the same low tolerance for unethical business conduct as Nordic companies. With this in mind, the Group's businesses continuously review and evaluate suppliers. Some businesses require suppliers to sign the code of conduct before signing contracts.

Code of conduct and whistleblowing

The purpose of the code of conduct is to provide guidelines on how Volati is to act as a responsible company, owner and employer. The Code of Conduct is available on our website www.volati.se and includes a direct link to the whistleblower system, which is easily accessible to all employees.

We established a new target in the Business Ethics focus area in 2022. To achieve our target, all Volati companies must have effective procedures to ensure good compliance with the code of conduct, both internally and in the value chain. As part of monitoring and evaluating progress on this target, Volati will start measuring the proportion of companies that have communicated the code of conduct to significant suppliers in 2023. This indicator will help to increase transparency in the value chain as well as providing an important proactive function to strengthen quality in the supply chain.

No incidents were reported to the whistleblower system in 2022. No incidents related to cases of corruption were reported in 2022.

Reports in the whistleblower system

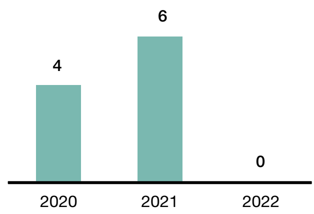


Image: T-Emballage

Environment & climate

Volati's ambition is to reduce our emissions in line with the Paris Agreement, thereby doing our part to help achieve the global sustainable development goals. Our target is to reduce the Group's own emissions (Scopes 1 & 2) by 40 percent by 2030 compared with the base year 2021. Volati monitors the Group's own CO_2e emissions and CO_2e intensity as well as the proportion of renewable electricity.

Risks and opportunities

Among Volati's businesses there is a desire to contribute to a sustainable society. We own companies that work to enable digital infrastructure in the form of telecom, to ensure robust attachment of solar cells and to offer new building technology products for energy supply of the future. Also in dehumidification, we have products with solutions that can mitigate damage to buildings in the event of flooding and other emergencies, enabling the Group to go some way towards mitigating the impact of climate change. Volati's goal is to create long-term value growth by identifying and managing both the risks and opportunities associated with climate change.

Through its platforms, Volati has certain operations that are notifiable environmentally hazardous activities. In addition, some of our companies operate at properties that have some degree of environmental pollution and others have operated at properties that have become polluted due to historical activities. Volati's compliance with applicable laws and regulations in 2022 meant that no fines or sanctions related to environmental issues were imposed.

To effectively manage the risks of changing consumer behaviour due to climate change, Volati works strategically and proactively on initiatives to reduce the Group's climate impact and develop more sustainable products for our customers. We are also increasing transparency and taking greater responsibility through measurement, monitoring, target setting and activities in environment and climate.

Volati's climate ambition

Volati's ambition and goal is to do our part in achieving the Paris Agreement's goal of limiting global warming to 1.5 degrees. Our climate target is therefore to reduce the Group's emissions by 40 percent by 2030 compared with the base year 2021.

Environment & climate

Volati will reduce the Group's own emissions (Scope 1 & 2) in line with the 1.5 degree target of the Paris Agreement.

Target: A 40 percent reduction in emissions by 2030 compared with the base year 2021.

Reduced emissions

5%

Reduction in the Group's own Co_2e emissions since 2021

Activities carried out in 2022

In 2022, Volati worked broadly on initiatives and activities with a particular focus on the areas with the greatest environmental impact.

In the previous year's climate inventory, the vehicle fleet was identified as the category within Scopes 1 & 2 that contributed most to Volati's emissions. During 2022, activities were therefore carried out to reduce the climate impact of the Group's vehicles, with measures such as developing policies and switching to more environmentally friendly fuels.

Within the Group, activities have also been carried out to make our products more sustainable. For example, Habo has reduced the proportion of plastic in several of its products, replaced plastic packaging with cardboard packaging and reduced the range of products containing metals such as lead and brass.

In 2022, Volati also reduced its dependence on fossil-based energy sources by 2022 by purchasing even more renewable electricity produced from wind and hydropower.

We are proud of the sustainability initiatives our companies have undertaken this year, but recognise that there is still much to do. More in-depth information on our work and more examples of activities carried out in 2022 can be found under each area on the following pages.

CO_2e footprint of the Group

The 2022 climate inventory showed that total CO_2e emissions within Volati Group amounted to 5,160 tonnes for Scopes 1 & 2. The Group's CO_2e emissions were reduced by 5 percent. This is the result of broad, structured efforts within the Group to reduce emissions and contribute to a more sustainable environment.

Emissions by business area:

- Salix Group: 1,635 tonnes CO_2e
- Industry: 3,325 tonnes CO_2e
- Ettiketto Group: 200 tonnes CO_2e

In 2022, Volati also started an evaluation of how to effectively measure our Scope 3 footprint.

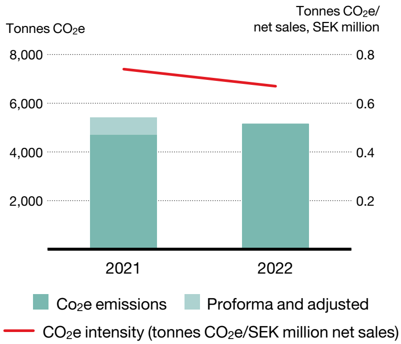
Results from the 2022 climate inventory

We have chosen to classify and present Scope 1 & 2 emissions in the following five areas: Vehicle fleet, District heating, Fuel combustion, Electricity consumption and Other.

Vehicle fleet

As the 2021 climate inventory had revealed that the vehicle fleet was Volati's largest emissions category, structured work was carried out during the year to reduce the number of fossil-fuelled vehicles in the category.

Emissions and CO2$_2$e intensity



Emissions by scope and business area

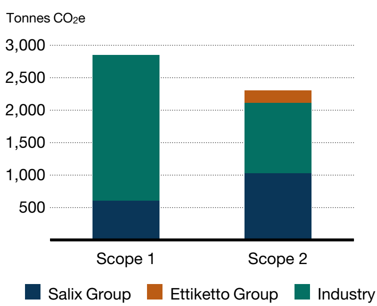


Image: Miljöcenter

During the year, Salix Group worked on developing policies and incentives for sustainable travel.

Another example of the companies' work on transition is MAFI, which for the last two years has been pursuing an initiative to electrify its vehicles by only allowing electric or hybrid cars. The current distribution is 50 percent electric cars and 50 percent hybrid cars, and it is MAFI's aim to operate exclusively with fully electric cars by December 2023.

S:t Eriks is another Volati company that has worked proactively in 2022 to reduce emissions related to vehicles. This is described in more detail in "Example from the business" on page 64.

Of all the Group's vehicles, 43 percent are powered by electricity and 38 percent by diesel.

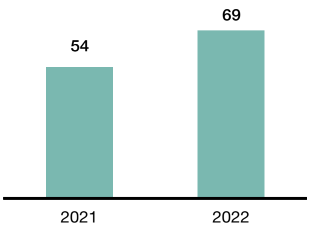
District heating

Total emissions related to district heating in 2022 amounted to 988 tonnes of CO_2e. In the district heating category, in addition to measures for energy optimisation and efficiency in the companies' properties, it is largely up to the suppliers how to reduce the climate impact.

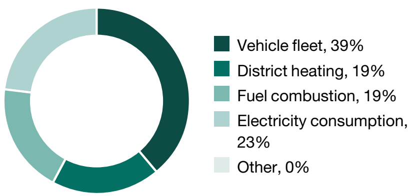
One of Volati's major district heating suppliers has a target of using only fossil-free fuels in its plants by 2025.

Another of our major suppliers has a target to reduce GHG emissions from its operations to net zero by 2035.

Proportion of renewable electricity,%



Emissions by category



Fuel combustion

Fuel combustion refers to the heating of buildings by burning oil, natural gas and wood pellets. The category corresponds to 958 tonnes of CO_2e in the 2022 climate inventory. A review of the properties at Volati's disposal was conducted at S:t Eriks and others during the year to evaluate the possibility of switching from heating oil to hydrogenated vegetable oil (HVO). A similar initiative was run at Ettiketto Group during the year which involves a production site switching to HVO in 2023. Further initiatives in this category will continue in 2023.

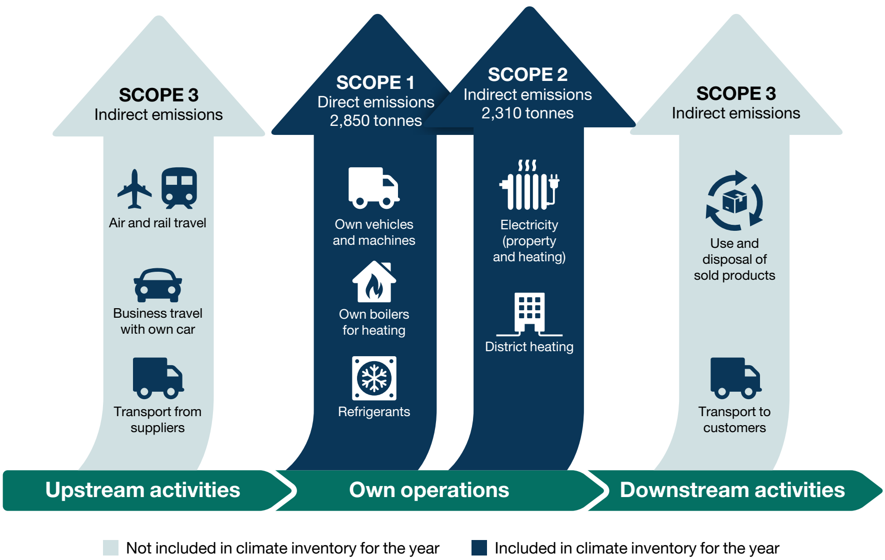
Electricity consumption

Reported electricity consumption includes electricity for heating buildings, production machinery and other electricity consumption in the properties. Electricity consumption within the Group accounts for about 23 percent of the Group's total CO_2 emissions. This compares with 13 percent in 2021. However, the Group's total electricity consumption in kWh has decreased compared with 2021 and the increased proportion is explained by higher emission factors for electricity.

Approximately 69 percent of the total electricity purchased comes from renewable sources. This figure was 54 percent in the previous year. This is a result of several of our businesses choosing renewable electricity from their suppliers. One of our suppliers buys electricity produced exclusively by hydroelectricity. Electricity is also widely purchased with the Swedish Society for Nature Conservation's 'Good Environmental Choice' eco-label, which is renewable, and with the highest possible environmental requirements. Renewable sources accounted for 57 percent of the Group's total energy consumption of 32.4 GWh in 2022.

Other

The category Other includes district cooling and industrial processes. Emissions in these areas only account for about 7 kg of CO_2 emissions.



EXAMPLE FROM THE BUSINESS

TECCA

In April 2022, TECCA received its ISCC certification. ISCC (International Sustainability and Carbon Certification) is a global certification scheme offering certifications in food, animal feed, industrial applications and energy, and covers several types of bio-based raw materials and renewable energy sources.

The certification is based on the mass balance principle, which places high demands on documentation and traceability. The model allows for the use of bio-based input materials in the production of, in TECCA's case, plastic-based products without excessive impact on several aspects that can normally hamper the development of more sustainable products. The bio-based input materials are renewable and biodegradable raw materials that replace fossil-based raw materials, thereby reducing the climate impact in the manufacturing process. TECCA has also focused on keeping costs down so that the products can be brought to market.

Initially, the certification applies to one of TECCA's wind protection products, which is placed on the outside walls of wooden houses under the exterior finish. The product is called T-Wind Pro Bio and it uses the equivalent of 82 percent biomass in its manufacture. With 82 percent of fossil material replaced by bio-based material, the customer is given the opportunity to choose a more sustainable alternative.

The work in this area is part of TECCA's strategic initiative to use 90 percent bio-based materials in product manufacturing by 2025. The work will continue in 2023 with the certification of more products.

EXAMPLE FROM THE BUSINESS

S:t Eriks

Long-term sustainability is one of S:t Eriks' key issues. The company runs several sustainability initiatives in parallel to reduce its climate footprint and work towards its long-term target of climate neutrality by 2045.

One of the initiatives pursued in 2022 was the further electrification of S:t Eriks' vehicle fleet. After a careful needs analysis and capacity calculations, seven loading warehouse trucks were switched from diesel to electric trucks. The transition from fossil fuel to renewable fuel significantly reduces the climate footprint, corresponding to a carbon dioxide reduction of about 20 tonnes per year and truck. At all its sites, S:t Eriks also uses only renewable electricity with the Swedish Society for Nature Conservation's 'Good Environmental Choice' label, a guarantee that the electricity is produced with the highest possible environmental standards.

The replacement of the trucks also has a positive impact on the work environment, as it results in reduced noise and sound levels. S:t Eriks already has a large number of electric forklifts at its sites, but the investment made during the year indicates that work on the fossil-free transition and reduction of the climate footprint continues unabated.

S:t Eriks has also continued its earlier initiative to reduce the proportion of cement in parts of its product range. In 2022, tests were carried out with approved additives as substitutes for part of the cement. Mixing discarded materials into new products was also tested with very good results.

Using discarded materials is positive both from an environmental and a cost perspective. However, work also continues to reduce overall scrapping within S:t Eriks, which led to a further reduction in the scrapping rate in 2022.

Employees

Volati's ambition is for everyone in the Group to have a good work environment that is, safe, secure and inclusive. We welcome employees with different backgrounds and experience. Our goal is for the management groups to have a gender distribution in the range of 40-60 percent for each gender by 2030. Volati monitors the gender balance for the Board, management groups and all employees. We also monitor the proportion of sick leave, the number of incidents reported during the year and sick leave (after the 7th day) measured in relation to the number of employees.

Risks and opportunities

An overly homogeneous workforce means that the risks and opportunities faced by a business may often be overlooked. There are great benefits in using the full potential of diversity. Volati and our businesses benefit from a workplace that is inclusive and where differences are welcomed, respected, valued and nurtured. This contributes to greater employee satisfaction, better decision-making and an increased ability to attract and retain new employees.

In some of the businesses, there are duties that involve a risk of occupational injuries, accidents and stress. The whole Group works actively to prevent workplace accidents and ensure a good work/life balance.

Volati as an employer

At Volati, the management and employees in the businesses are the heroes. For CEO positions, Volati often recruits internally. We value local entrepreneurship and want to give senior executives the best conditions to develop their businesses. Managers and key personnel are offered skills development in several different areas through Group-run programs and training such as Volati Academy, Volati Management Program and Volati Knowledge.

Female leadership

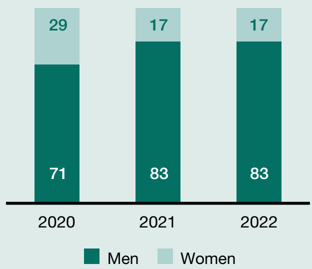
Volati intends to increase the proportion of female managers to ensure the full potential of the Group's management teams. Volati therefore has a specific target for gender

Employees

Volati will be an inclusive and safe workplace that welcomes employees with different backgrounds and experiences.

Target: By 2030, the Group's management teams will have a gender distribution in the range of 40–60 percent for each gender.

Gender distribution, the Group's management teams,%



balance among the Group's senior executives, where we aim for a gender balance between women and men in the range of 40–60 percent for each gender by 2030. To achieve this target, the Group has several initiatives through which we highlight and further develop gender balance in leadership, including Volati Academy and Volati Management Program, where Volati ensures a gender perspective among programme participants. Volati works actively to increase the number of female applicants and requires at least one of the final candidates to be female when recruiting new senior executives.

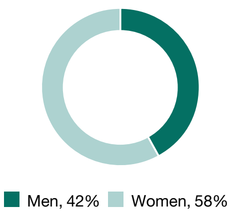
Diversity and equal opportunity

Diversity helps to create a more attractive, sustainable and long-term successful business and is therefore one of Volati's priority focus areas. We have stakeholders from different backgrounds and cultures, both in the Swedish operations and through the businesses, suppliers and customers in other countries. It is important for us to interact with our stakeholders in a good way and this requires a diversified workforce that is reflective of the society in which we operate. Diversity helps to ensure strong skills supply, enabling Volati's long-term competitiveness. All businesses must comply with the Group-wide HR policy. The policy establishes the equal value of all people and stipulates that Volati and the businesses must ensure fair conditions between individuals and groups. No-one shall suffer discrimination or victimisation, Guidelines and instructions on how to act in such cases must be available.

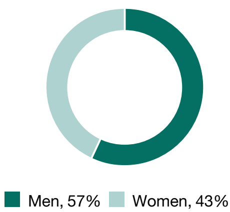
Gender equality is an integral part of HR work on the company boards' agenda. The chairman of the board and CEO of each company are responsible for gender equality. An annual equality analysis is conducted which includes a current status description, challenges, priorities, measures and follow-up. As an owner, Volati also works actively on gender equality processes. This work includes several aspects such as designing strategic HR initiatives and selecting candidates, as well as ensuring that key skills development programmes have a gender perspective. For these programmes, there is an clear ambition to recruit in such a way as to promote increased gender equality in the long term. Each year, the platforms' gender equality work is evaluated by Volati's management and reported to the Volati Board.

For Volati Management Program, Volati has achieved a distribution of 58 percent women and 42 percent men. The share of women in the Volati Academy, a programme for management in Volati Group's units, is 30 percent – higher than the average proportion of women in the Group, which is 17 percent.

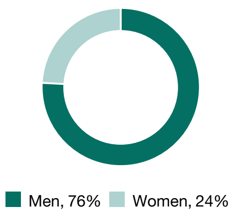
Gender distribution, Volati Management Program, since 2016



Gender distribution, Board, Volati AB[1)]



Gender distribution among employees, total[1)]



1) For a detailed description, see note 6 on pages 109–113

Health and safety

For Volati, its employees are the single most important success factor in creating long-term competitiveness. The overall ambition is for all employees in the Group to experience a good, safe and secure work environment. Volati requires a clear process for health and safety work and to have a work environment policy and a drug and alcohol policy in place in all businesses. 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 training, a fitness allowance and other activities to encourage a healthier life.

Volati's decentralised governance model means that the majority of the work environment is run by senior executives who have full responsibility in each business. Managers are responsible for safeguarding employees' welfare and ensuring a good work/life balance.

Volati must be a safe workplace for all employees, and we have zero tolerance for harassment and discrimination. It is our hope that any cases of harassment and discrimination will be dealt with by our managers. In cases where an employee does not want to raise this type of issue with their manager, our Whistle B whistleblower system is available to all employees as a way to report such incidents. No cases of harassment and discrimination were reported through our whistleblower system during the year. However, one unit has had a case of harassment raised through a manager. The case, which is now closed, was investigated and resulted in termination of employment.

Image: S:t Eriks

EXAMPLE FROM THE BUSINESS

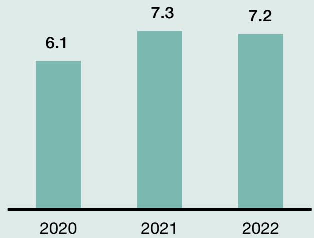
Systematic work environment management – SWEM

Volati sees systematic work environment management (SWEM) as an important part of every manager's everyday life. The basis for SWEM is the work environment policy and other relevant policies, such as the alcohol and drug policy. To drive continuous improvement and ensure a good work environment, most businesses have safety committees that meet regularly. Attracting, developing and retaining employees is crucial to success and achieving good results, and this is followed up by measures including annual employee interviews. Volati employees are also offered regular training in relevant areas, ranging from cardiopulmonary resuscitation and fire safety to fall protection training and leadership. For 2022, we have a staff turnover rate of 17.6 percent.

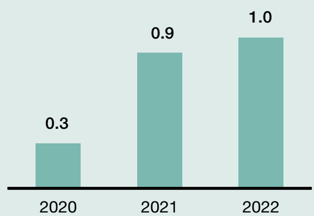
Incidents are events that could have led to a serious injury, health problem or accident. Volati monitors these in relation to the average number of employees. Within Volati, this figure has fallen from 7.3 to 7.2 since 2021. No incidents resulted in fatal accidents

In 2022, the number of incidents resulting in sick leave per 100 employees was 1.0, a marginal increase.

Number of incidents per 100 employees



Number of incidents resulting in sick leave (after 7th day) per 100 employees



Number of reported incidents and days of absence

	Number of reported incidents	Of which resulting in sick leave (after 7th day)
Industry	90	17
Salix Group	39	2
Ettiketto Group	2	0
	131	**19**

Sustainability data

Key figures

	2022	2021
Business ethics		
Proportion of companies subject to Volati's Code of Conduct (%)	100	100
Proportion of employees with access to whistleblower system (%)	100	100
Number of business ethics incidents in the Group	0	0
Number of incidents reported in the whistleblower system	0	6
Environment & climate		
CO_2e emissions for Scopes 1 & 2 (tonnes)	5,160	5,410[1)]
CO_2e intensity (tonnes CO_2e/SEK million net sales)	0.67	0.74
Proportion of renewable electricity (%)	69	54
Employees		
Staff turnover (%)	17.6	N/A
Proportion of sick leave (%)	6.2	N/A
Gender distribution, Board – proportion of women (%)	42.9	42.9
Gender distribution, Management group – proportion of women (%)	17.0	17.0
Gender distribution, all employees – proportion of women (%)	24.5	25.4
Number of of reported incidents per 100 employees	7.2	7.3
Number of incidents resulting in sick leave (after 7th day) per 100 employees	1.0	0.9

[1)] Acquired companies' estimated CO_2e emissions as of 2021 are added back to the base year for comparability.

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 still fall outside the defined areas of the Taxonomy. Volati has already implemented the EU Taxonomy Regulation and therefore complies with the reporting requirements for the 2022 reporting period. This means that the Group has identified the proportion of turnover, capital expenditure and operating expenditure related to taxonomy-eligible economic activities.

Outcome of the EU Taxonomy Regulation analysis

The outcome of the analysis of Volati's economic activities for 2022 in accordance with the EU Taxonomy Regulation is shown in tables 2, 3 and 4. The analysis was carried out on the basis of the main revenue-generating economic activities of the businesses. The analysis shows that a very small proportion of turnover is related to taxonomy-eligible economic activities. Based on 2022 turnover, less than 1 percent of total turnover is taxonomy-eligible, see table 2. Total turnover is taken from note 3 Segment reporting on page 103. The analysis also shows that no part of the identified capital expenditure (CapEx) is taxonomy-eligible (table 3) and that a negligible proportion of operating expenditure (OpEx) is taxonomy-eligible (table 4). Total CapEx is taken from note 11 Intangible assets, note 12 Property, plant and equipment and note 13 Leases, see pages 116–121.

Volati has significant CapEx related to right-of-use assets under IFRS 16. The CapEx related to right-of-use assets under IFRS 16 consists mainly of properties and vehicles held under leases. As the Group has limited ability to convert the existing leased properties to more green properties, the assessment has been made that property rents should be excluded from capital expenditure reported in the CapEx taxonomy table. For vehicles, this capital expenditure, attributable to IFRS 16, is significantly smaller than property rents and Volati has therefore decided to exclude these non-material amounts from the CapEx taxonomy table.

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 1. Of all the companies in the Volati Group, only two have some taxonomy-eligible economic activity based on their products, technologies or 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 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. CapEx and OpEx from S:t Eriks and Scanmast linked to one or more of the Taxonomy-eligible economic activities was non-existent in relation to the Group's total capital and operating expenditure in 2022.

Assessment of identified economic activities' alignment with the EU Taxonomy Regulation

New for 2022 EU Taxonomy reporting is the inclusion of the proportion of Taxonomy-eligible economic activities that are also Taxonomy-aligned, measured in terms of turnover, CapEx and OpEx.

Given that a low proportion of Volati's activities are Taxonomy-eligible, these activities have not been analysed for Taxonomy alignment in 2022.

Comments on the results

The EU Taxonomy Regulation is still at an early stage and does not yet cover a large proportion of all economic activities in the market. It has been decided to prioritise the areas where major environmental improvements can be made. 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.

Table 1

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.

Table 2

Economic activities	Code(s)	Absolute turnover (SEK million)	Proportion of turnover (%)	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Does Not Significantly Harm): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, 2022	Taxonomy-aligned proportion of turnover, 2021	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1	0.47	0.01																	
Transmission and distribution of electricity	4.9	6.50	0.08																	
Installation, maintenance and repair of energy efficiency equipment	7.3	34.50	0.45																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		41.47	0.54																	
Total (A.1 + A.2)		**41.47**	**0.54**																	
B.TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		7,710	99.46																	
Total (A + B)		**7,751**	**100**																	

Table 3

Economic activities	Code(s)	Absolute CapEx (SEK million)	Proportion of CapEx (%)	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Does Not Significantly Harm): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Taxonomy-aligned proportion of CapEx, 2021	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1	0	0																	
Transmission and distribution of electricity	4.9	0	0																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0																	
Total (A.1 + A.2)		**0**	**0**																	
B.TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		603	100																	
Total (A + B)		**603**	**100**																	

Table 4

Economic activities	Code(s)	Absolute OpEx (SEK million)	Proportion of OpEx (%)	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Does Not Significantly Harm): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, 2022	Taxonomy-aligned proportion of OpEx, 2021	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																				
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of renewable energy technologies	3.1	0.47	0.30																	
Transmission and distribution of electricity	4.9	0.00	0.00																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0.00	0.00																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.47	0.30																	
Total (A.1 + A.2)		**0.47**	**0.30**																	
B.TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		153.53	99.70																	
Total (A + B)		**154**	**100**																	

Reporting principles for the EU Taxonomy Regulation

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

Net sales

Total turnover for the Group in 2022 (SEK 7,751 million) has been produced and determined without significant assumptions or estimates. 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.

Capital expenditure (CapEx)

Total CapEx for the Group (SEK 603 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 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 2022.

Operating expenditure (OpEx)

Total OpEx for the Group (SEK 154 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. S:t Eriks reported OpEx of SEK 0.47 million related to activity 3.1 Manufacture of renewable energy technologies, while Scanmast did not have any OpEx associated with Taxonomy-eligible economic activities in 2022.

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 businesses' 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 and the business areas are 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 standardised format and management of the Salix Group and Ettiketto Group business areas and the Industry business area's units present an updated risk analysis to their own boards and Volati's Group management each year. Based on this 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 unit's board and to Volati's 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 units operate in a number of different sectors. Volati is dependent on market demand for the products and services produced and provided by the businesses, 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's direct economic exposure to Russia and Ukraine is relatively limited, but the war has also caused turbulence in world markets, and inflation and interest rates have increased since the war began. This has a negative impact on consumption in Volati's countries of operation. Volati is closely monitoring the consumption trend.

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 extent expected. These scenarios may have a negative effect on Volati's operations, earnings and financial position.

Operational risk
All business activities in the Group's 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 units are dependent on one or more places of business or distribution and warehouse facilities, including supplies of goods from several other countries. If one of these establishments were destroyed or had to close 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 units concerned would probably have difficulty in distributing their products or services.

Political risks – financial
Volati operates in 21 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 the fourth quarter of 2022, the Land and Environmental Court decided to grant Cementa AB a permit to quarry limestone in Slite for four years, thus securing access to cement, which is one of the inputs in S:t Eriks' production.

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 being deemed as abusing a position of dominance or participating in illicit anti-competitive cooperation in some context. In connection with acquisitions and divestments, the company itself, together with counterparties and the respective parties' advisors, conducts analyses related to competition law and other change-of-ownership issues and notifies competition authorities and other relevant authorities. If such an analysis is inadequate and/or the competition authorities or some other authority calls into question the transactions, analyses and/or notifications, this could result in charges for the parties involved and, in certain cases,

the invalidation of implemented transactions. In early April, the Swedish Competition Authority announced its decision to fully approve S:t Eriks' acquisition of Meag Va-system, thereby closing the case, which was initiated in early February 2022.

Tax-related risks

Volati conducts its operations in a number of countries and is affected by applicable tax regulations in these countries at any given time. 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 risks – regulatory

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

Product liability, product recalls and project liability

Some of the businesses manufacture products that could cause personal injury or damage a customer's property if used incorrectly. The 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 requirements to pay an excess.

Intellectual property rights

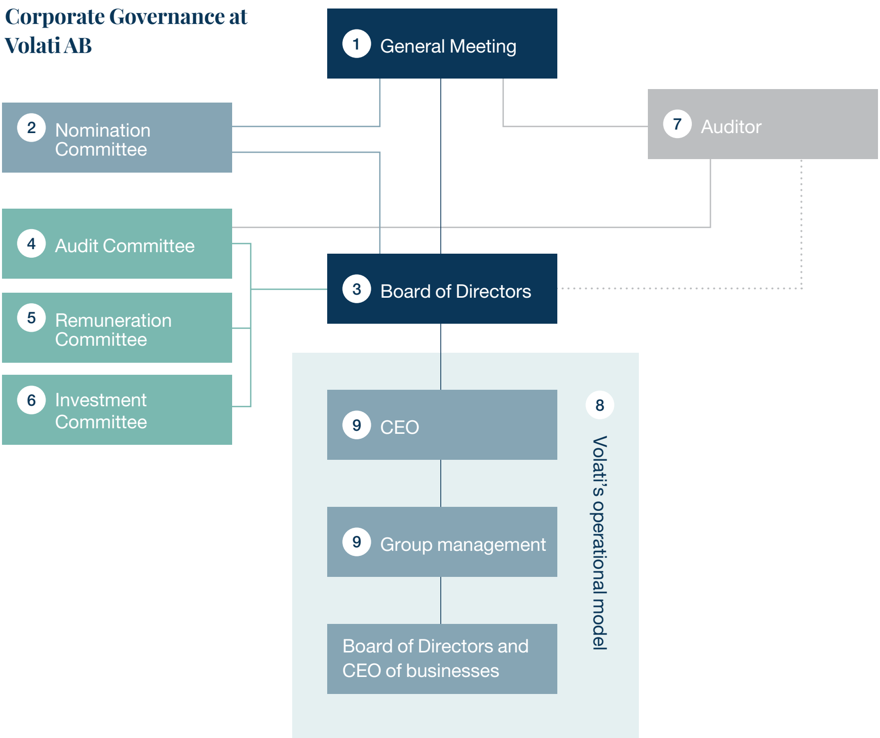
The businesses' intellectual property rights comprise registered patents and patent applications, registered trademarks and trademark applications, registered designs and domain names. The Group's operations are not deemed to be directly dependent on any individual intellectual property rights. However, 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 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.

Volati is affected by the changes in society caused by climate-related risks. For example, Volati owns companies that work to enable digital infrastructure in the form of telecom, to ensure robust attachment of solar cells and to offer new building technology products for energy supply of the future. Also in dehumidification, we have products with solutions that can mitigate damage to buildings in the event of flooding and other emergencies, enabling the Group to go some way towards mitigating the impact of climate change.

Corporate Governance Report



Volati AB is a public limited liability company whose ordinary and preference shares are listed on Nasdaq Stockholm (Large Cap). 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.

2022 Annual General Meeting

At the Annual General Meeting on 27 April 2022, 70,565,116 ordinary shares and 44,183 preference shares were represented, totalling 70,569,534.3 votes, which corresponds to 87.2 percent of the total number of shares and 88.7 percent of the total number of votes in the Company. The minutes are available at www.volati.se/en/investors/corporate-governance 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 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. The Annual General Meeting also adopted incentive programmes for key employees of Volati AB and Salix Group.

2023 Annual General Meeting

Volati AB's 2023 AGM will be held at 17.00 on Wednesday, 26 April 2023 at the Bond meeting room, GT30, Grev Turegatan 30, in Stockholm.

2 Nomination Committee

The 2021 AGM adopted instructions for the Nomination Committee's composition and work in companies. These instructions, which apply until further notice, require Volati's 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. The instructions for the Nomination Committee can be found on Volati's website. Information on the Nomination Committee's composition, proposals and work prior to the 2023 AGM can also be found on Volati's website.

The Nomination Committee for the 2022 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 2022 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 2022 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 2022 AGM.

Nomination Committee for the 2023 AGM

On 18 October 2022, the Company published the composition of the Nomination Committee for the 2023 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 resolves on the following:

- Adoption of the Annual Report.
- Dividend.
- Discharge from liability for the 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 making 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 businesses 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 2022, 12 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

						Meeting attendance in 2022	
Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK million)	Board	Audit committee
Patrik Wahlén	Chairman	2006	No	No	0.5	12/12	3/4
Karl Perlhagen	Member	2003	No	No	0.1	12/12	–
Björn Garat	Member	2015	Yes	Yes	0.3	12/12	4/4
Louise Nicolin	Member	2016	Yes	Yes	0.2	12/12	–
Christina Tillman	Member	2016	Yes	Yes	0.2	12/12	–
Anna-Karin Celsing	Member	2018	Yes	Yes	0.2	12/12	–
Magnus Sundström	Member	2018	Yes	Yes	0.3	12/12	4/4

Board of Directors

From left: Christina Tillman, Magnus Sundström, Louise Nicolin.

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.

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: 34,458,500 ordinary shares and 300,174 preference shares (through companies).

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.

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: Chairman of the Board of Sensum AB. Board member of VBG Group AB (publ), Enzymatica AB (publ), Seafire AB (publ), Atterviks Bil AB and Optinova Holding AB.


From left: Patrik Wahlén, Karl Perlhagen, Anna-Karin Celsing, Björn Garat.

Background: Louise is a consultant in business development and quality assurance at Nicolin Consulting AB. Previously worked as Business Unit Manager and Consultant Manager at PlantVision AB.

Shareholding in the Company: 12,062 ordinary shares.

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, Footway Group AB, and 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.

Anna-Karin Celsing

Board member since 2018. Born 1962.

Education: MBA, Stockholm School of Economics.

Other assignments: Board member of Lannebo Fonder, Landshypotek Bank, OX2 Group, Peas Industries, Castellum, Svensk Husproduktion, Tim Bergling Foundation, Stiftelsen Beckmans Designhögskola and Stiftelsen Orionteatern.

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 2,000 preference shares.

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.

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

Management Group

From left: Martin Hansson, Rikard Ahlin, Andreas Stenbäck, Nicklas Margård, Martin Aronsson.

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 the 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 902,633 ordinary shares and warrants carrying the right to subscribe for 34,046 ordinary shares.

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: 2,002 ordinary shares. Purchase option for 225,000 ordinary shares and warrants carrying the right to subscribe for 85,631 ordinary shares.

Nicklas Margård

CEO Tornum Group since 2022 and Chairman of the Board of Corroventa since 2017. Born 1969.

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

Other assignments: –

Background: Nicklas was Head of Business Area Industry in the period 2017–2022. He was CEO of Besikta Bilprovning in the period 2014–2017. 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.

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 17 years in different roles at IKEA.

Shareholding in the Company: 10,404 ordinary shares and 0.6 percent of the shares in Salix Group, and purchase options in Salix Group.

Rikard Ahlin

CEO Ettiketto Group since 2016 and Head of Business Area Ettiketto Group since 2022. Born 1975.

Education: Law degree, University of Gothenburg.

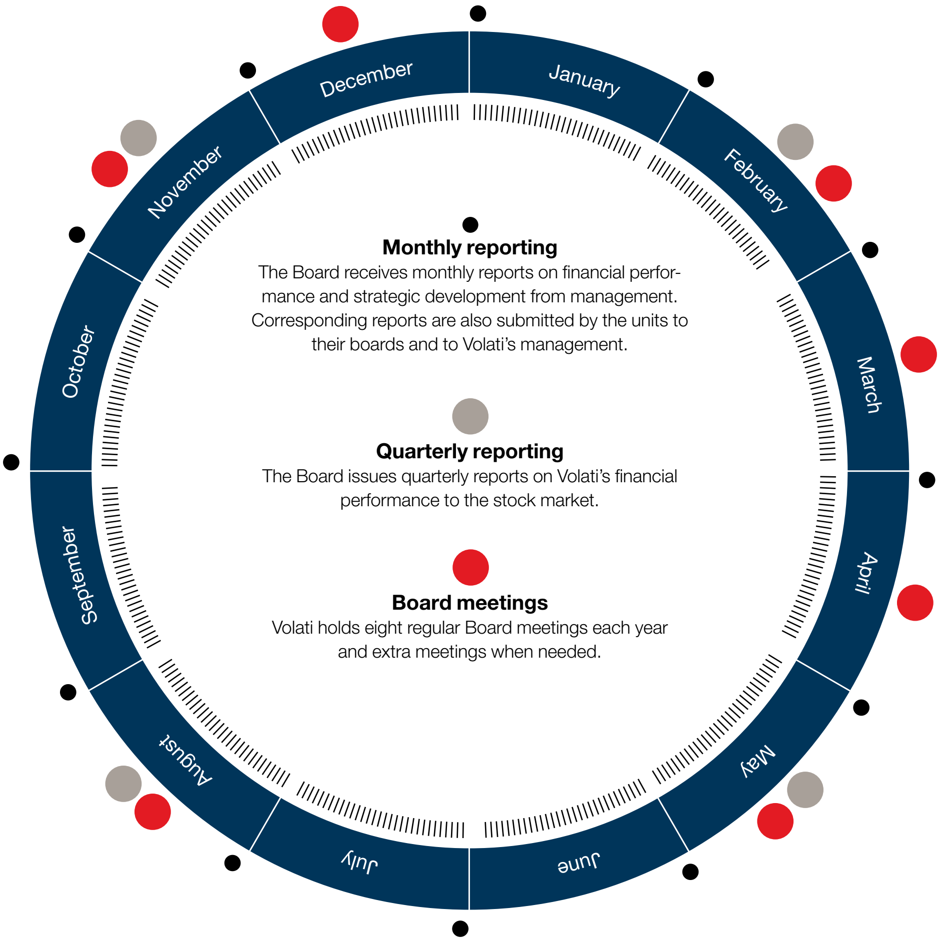
Other assignments: –

Background: Rikard has worked in several sales and production roles within Ettiketto Group since 1998 and was appointed CEO in 2016.

Shareholding in the Company: 2,500 ordinary shares and 4 percent of the shares in Ettiketto 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 area and the units within Industry.



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 includes the Chairman of the Board as a member, 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 meetings 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 2022 AGM, Ernst & Young Aktiebolag (EY) was elected as the auditing firm until the next AGM. EY 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 2022, the Parent Company's audit fees to EY were SEK 1 million, the Group's fees were SEK 10 million and fees for other auditing services were SEK 2 million.

⑧ Volati's operational model

Volati's operational model is based on decentralised governance of the businesses, which means that daily decision-making takes place in the companies, 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 businesses, provides a clear responsibility framework and helps to ensure that Volati can continue to grow without excessive central resources. Volati believes that decentralised leadership is a key success factor for a scalable business model with several 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 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 unit are focused on value creation and include growth, EBITA margin, cash conversion and return on capital employed.

Decentralised leadership involves great responsibility and confidence in the 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, mainly by appointing business area managers, and CEOs and boards of the units in the Industry business area. Group management then monitors development as part of normal Board work and through monthly reporting from the business areas. The Boards of, and within, the business areas comprise one or more individuals from Group management and, where applicable, external Board members.

The Board meets in accordance with a carefully planned schedule aimed at maximising the units' long-term potential and maintaining profitability, even in a short-term perspective. Four annual Board meetings (as a minimum) 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 a structured model for following up results, which permeates the entire Group. Monthly Board reports are complemented by informal contacts between Group management and management of the businesses on a daily basis, continuous risk assessment of the units, and annual assessments of profitability, market outlook and long-term strategy. Group management holds quarterly status meetings with the CEOs and CFOs of the Salix Group and Ettiketto Group business areas and the units in the Industry business area to follow up on 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. Group management consists of the CEO, the CFO, the Heads of the Salix Group and Ettiketto Group business areas and the CEO of Tornum Group. 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 and 2022 AGMs. 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 Annual General Meeting 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 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 2022 AGM.

In this context, the term senior executives refers to the CEO of Volati AB and the other members of Group management. The remuneration paid for 2022 is shown in note 6. The Remuneration Report for 2022 is published on the website.

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, Group management and each 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 units.

The Group and units 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 unit. The CEO of each business is responsible for the self-assessment process. The CEO compiles an annual summary of the main conclusions from the 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 units. The units also have separate accounting systems that are customised to their particular operations. Each unit reports on a monthly basis via Ocra.

1 Reporting from the businesses

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. The reporting is based on the relevance for each unit (within Industry) or business area to ensure efficient monitoring and analysis. The report package complies with laws, regulations and accounting practice. Volati works continuously to provide training for the 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 businesses

Each business area or unit (within Industry) 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 the board of each unit or business area.

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 area and unit. Group management holds quarterly status meetings with the CEOs and CFOs of the Salix Group and Ettiketto Group business areas and the units in the Industry business area to follow up on 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 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. The units have EY as their local auditor, but there are a few exceptions for some of the 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 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 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	2022	2021
Operating income			
Net sales	3	7,751	6,309
Operating expenses			
Raw materials and supplies		–4,867	–3,897
Other external costs	7	–498	–361
Personnel expenses	6	–1,443	–1,201
Other operating income	2	37	26
Other operating expenses	2	–27	–8
Gain on disposal		3	0
EBITDA		**956**	**869**
Depreciation/amortisation excluding acquired surplus values.	11, 12, 13	–247	–204
EBITA		**710**	**664**
Acquisition-related amortisation	11, 12	–85	–45
Operating profit		**624**	**620**
Finance income and costs			
Finance income	8	46	27
Finance costs	8	–117	–81
Profit before tax		**553**	**566**
Tax	9	–119	–124
Profit for the year from continuing operations		**433**	**442**
Profit from discontinued operations	5	–	80
Net profit		**433**	**522**
Profit for the year attributable to:			
Owners of the Parent		417	496
Non-controlling interests		17	26
Basic and diluted earnings per ordinary share, continuing operations, SEK	10	4.44	4.42
Basic and diluted earnings per ordinary share, SEK	10	4.44	5.42

Consolidated statement of comprehensive income

SEK million	Note	2022	2021
Net profit		**433**	**522**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Translation differences for the year	22	32	15
Total		32	15
Other comprehensive income for the year		**32**	**15**
Total comprehensive income for the year		**465**	**537**
Total comprehensive income attributable to:			
Owners of the Parent		449	511
Non-controlling interests		17	26
Total comprehensive income for the year attributable to owners of the Parent has arisen from:			
Continuing operations		449	432
Discontinued operations		–	79
		449	**511**

Consolidated Statement of Financial Position

SEK million	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Intangible assets	11	2,646	2,188
Property, plant and equipment	12	383	368
Right-of-use assets	13	580	557
Other non-current financial assets	14	8	8
Other shares and interests	14	2	2
Deferred tax assets	9	43	40
Total non-current assets		**3,663**	**3,162**
Current assets			
Inventories	15	1,474	1,169
Trade receivables	22	1,073	922
Current tax receivables		27	4
Other current receivables		73	70
Derivatives	22	0	0
Prepayments and accrued income	16, 19	150	92
Cash and cash equivalents	22	227	203
Total current assets		**3,024**	**2,461**
Total assets		**6,686**	**5,623**
EQUITY AND LIABILITIES			
Equity	1		
Share capital		10	10
Other paid-in capital		1,995	1,995
Other reserves		61	29
Retained earnings, including net profit		53	–162
Equity attributable to owners of the Parent		2,119	1,872
Non-controlling interests		17	18
Total equity		**2,136**	**1,890**
Liabilities			
Non-current interest-bearing liabilities	17, 22	7	18
Non-current lease liabilities	13, 22	440	448
Non-current non-interest-bearing liabilities	22	251	290
Pension obligations		6	5
Warranties and other provisions	19, 20	15	17
Deferred tax	9	359	293
Total non-current liabilities		**1,078**	**1,071**
Current interest-bearing liabilities	17, 22	1,774	1,132
Current lease liabilities	13	153	132
Advances from customers	19	141	63
Trade payables		690	689
Current tax liabilities		140	100
Derivatives	22	–	–
Accruals and deferred income	21	398	373
Other current liabilities		175	173
Total current liabilities		**3,472**	**2,662**
Total liabilities		**4,550**	**3,733**
Total equity and liabilities		**6,686**	**5,623**

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

Consolidated Cash Flow Statement

SEK million	Note	2022	2021
Operating activities			
Profit before tax including discontinued operations		553	637
Adjustment for non-cash items			
Depreciation, amortisation and impairment of non-current assets		332	316
Capital gain/loss on sale of non-current assets		–6	–8
Unrealised exchange differences		–14	–9
Gain on disposal		–3	–115
Additional consideration remeasurement		3	1
Reversal of financial items		73	62
Other provisions		–1	3
Total adjustments for non-cash items		**383**	**250**
Interest paid, excl. lease interest		–37	–31
Lease interest paid		–30	–32
Interest received		4	2
Income tax paid		–118	–82
Cash flow from operating activities before changes in working capital		**754**	**744**
Cash flow from changes in working capital			
Change in inventories		–179	–189
Change in operating receivables		–96	–37
Change in operating liabilities		3	–58
Cash flow from changes in working capital		**–272**	**–284**
Cash flow from operating activities		**483**	**460**
Investing activities			
Investments in property, plant & equipment and intangible assets	3, 11, 12	–87	–89
Sale of property, plant & equipment and intangible assets	11, 12	8	15
Business acquisitions	4	–488	–749
Investments in financial assets		0	–
Divestments of financial assets		–	2
Divestments of subsidiaries	5	16	–2
Cash flow from investing activities		**–551**	**–823**
Financing activities			
Dividend on preference shares		–64	–98
Dividend on ordinary shares		–139	–901
Owner transactions		–127	–29
Repayment of lease liabilities		–171	–166
Proceeds from borrowings	18	670	1,207
Repayment of borrowings	18	–85	–611
Cash flow from financing activities		**84**	**–598**
Cash flow for the year		**15**	**–961**
Cash and cash equivalents at beginning of year		203	1,160
Exchange differences		8	5
Cash and cash equivalents at end of year		**227**	**203**

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 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**

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2022	10	1,995	29	–162	18	1,890
Net profit	–	–	–	417	17	433
Other comprehensive income	–	–	32	–	0	32
Total comprehensive income	**–**	**–**	**32**	**417**	**17**	**465**
Dividend	–	–	–	–201	–2	–203
Warrants	–	–	–	2	–	2
Remeasurement of non-controlling interests	–	–	–	–1	–17	–18
Other owner transactions	–	–	–	–2	1	0
Closing balance, 31 Dec 2022	**10**	**1,995**	**61**	**53**	**17**	**2,136**

Notes to consolidated financial statements

NOTE 1 | Accounting policies

General information
The Parent Company Volati AB (publ), corp. ID 556555-4317, 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. The financial statements relate to the financial year 2022.

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 2022:
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual improvements to IFRS Standards 2018–2020

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 2023, have not been applied in the preparation of this annual report but are not expected to have a material effect on the current and future periods.

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 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:

	2022		2021	
	Closing rate	Average rate	Closing rate	Average rate
EUR	11.122	10.632	10.250	10.145
NOK	1.058	1.052	1.026	0.998
USD	10.427	10.125	9.050	8.582

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 from contracts with customers

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 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 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

In some cases, trademarks are considered to have indefinite useful lives as the Group has both the right and the intention to continue using the trademarks for the foreseeable future, while they generate positive cash flows for the Group.

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 property, plant and equipment and intangible 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.

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 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 unit's financial policy. As hedge accounting is not applied in the Group, all derivative instruments are recognised at fair value through profit or loss under the items other operating income and other operating expenses.

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

Defined-contribution plans

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

Share-based payments

Outstanding option programmes are accounted for in accordance with IFRS 2 Share-based Payment. The fair value of granted warrants is calculated at the grant date using an accepted valuation model that takes into account market conditions, see note 6 for further information. The difference between the fair value at the grant date and the amount paid for the warrants is recognised in the income statement as a personnel expense over the vesting period with a corresponding adjustment to equity. The amount paid for the warrants is recognised as an increase in equity.

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. Provisions are reassessed at the end of each financial year. 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.

On 26 September 2022, Ettiketto Group became a separate Volati business area, having previously been part of the Industry business area. This is in line with Volati's strategy of building natural business areas with a clear industrial logic that can grow independently through value-creating acquisitions. The transition of Ettiketto Group to a business area has involved a change to internal reporting, and Ettiketto Group is now also a separate segment under IFRS 8.

NOTE 2 | Other operating income and expenses

Other operating income	2022	2021
Income from sale of machinery and equipment	8	9
Fora repayment	1	8
Insurance compensation	2	2
Rental income	1	1
Additional consideration remeasurement	7	–
Currency effects	9	4
Scrap/packaging/cement	3	0
Sub-contractor payments	3	–
Other	3	3
	37	**26**

Other operating expenses	2022	2021
Income from sale of machinery and equipment	–2	–1
Currency effects	–11	–6
Additional consideration remeasurement	–11	–1
Other	–3	0
	–27	**–8**

NOTE 3 | Segment reporting

On 26 September, Ettiketto Group, formerly part of the Industry business area, was established as a new business area. This meant that, at the end of 2022, Volati consisted of the three business areas Salix Group, Ettiketto Group and Industry. The change is in line with Volati's strategy to build strong platforms for acquisition-driven growth that over time can become natural business areas within Volati with a clear industrial logic. The transition of Ettiketto Group to a business area has involved a change to internal reporting, and Ettiketto Group is now also a separate segment under IFRS 8. Historical periods for Industry have been restated to exclude Ettiketto Group.

	2022			2021		
Net sales[1)]	**External net sales**	**Internal net sales**	**Net sales**	**External net sales**	**Internal net sales**	**Net sales**
Salix Group	3,593	5	3,598	3,260	2	3,262
Ettiketto Group	878	1	879	643	1	644
Industry	3,280	–	3,280	2,406	1	2,407
Internal eliminations		–6	–6		–4	–4
	7,751	**0**	**7,751**	**6,309**	**0**	**6,309**

Distribution of revenue 2022

Net sales[1)]	**Sale of goods**	**Services**	**Other**	**Total revenue from contracts with customers**	**Equipment leasing**	**Other**	**Total**
Salix Group	3,563	19	9	3,591	–	1	3,593
Ettiketto Group	873	5	–	878	–	–	878
Industry	2,937	311	0	3,247	31	2	3,280
	7,373	**336**	**9**	**7,717**	**31**	**3**	**7,751**

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
Ettiketto Group	638	5	–	643	–	–	643
Industry	2,013	313	0	2,326	79	1	2,406
	5,910	**318**	**1**	**6,228**	**79**	**1**	**6,309**

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

The Group does not have any customers that individually represent more than 10 percent of of the Group's net sales.

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]	2022	2021
Sweden	5,654	5,016
Norway	760	462
Finland	601	370
Spain	137	98
China	125	–
United States	91	–
Germany	82	147
Hungary	75	11
Denmark	66	66
Latvia	33	7
UK	29	27
Ukraine	22	9
Estonia	13	11
France	12	22
Kenya	11	–
Poland	11	11
Hong Kong	9	7
Austria	9	15
Lithuania	7	7
Russia	4	23
Romania	1	1
	7,751	**6,309**

[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]	2022	2021
Salix Group	296	329
Ettiketto Group	137	110
Industry	358	287
Items affecting comparability[2]	–28	–10
Central costs	–54	–52
Total EBITA	**710**	**664**
Acquisition-related amortisation	–85	–45
Net financial items	–72	–54
Profit before tax	**553**	**566**
Tax	–119	–124
Net profit	**433**	**442**

[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]	2022	2021
Salix Group	280	315
Ettiketto Group	116	97
Industry	310	270
Items affecting comparability[2]	–28	–10
Central costs	–54	–52
Total EBIT	**624**	**620**

Depreciation[1]	2022	2021
Salix Group	95	88
Ettiketto Group	63	42
Industry	171	116
Parent Company/Other	3	3
	332	**249**

[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)]	2022 Total assets	2022 Of which intangible assets and property, plant & equipment	2021 Total assets	2021 Of which intangible assets and property, plant & equipment
Salix Group	3,095	1,165	2,866	1,284
Ettiketto Group	880	382	802	477
Industry	3,211	1,098	2,577	1,328
Unallocated assets	–500	–	–622	24
	6,686	**2,646**	**5,623**	**3,112**

Liabilities[1)]	2022	2021
Salix Group	2,197	2,000
Ettiketto Group	731	734
Industry	3,077	2,573
Unallocated liabilities	–1,455	–1,574
	4,550	**3,733**

Acquisition value of intangible and tangible investments[1)]	2022	2021
Salix Group	13	17
Ettiketto Group	19	7
Industry	54	47
Bokusgruppen	–	18
Parent Company/Other	0	–
	87	**89**

[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 | Business acquisitions

2022

On 17 January 2022, Volati acquired all shares in the label producer Skipnes Etikett AS. This is an add-on acquisition for the Ettiketto Group business area (part of the Industry business area on the acquisition date). The acquisition was consolidated with effect from 17 January.

On 1 March, Volati acquired all shares in the lock and fittings company Gunnar Eiklid AS. This is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 1 March.

On 8 April, Volati acquired all shares in Terästorni OY, a global market leader supplying equipment and tanks specifically designed for the pulp and paper industry. This is an add-on acquisition for the Tornum Group unit in the Industry business area. The acquisition was consolidated with effect from 8 April.

On 25 April, Volati acquired all shares in MAFI Group AB, a global market leader in mounting solutions, primarily for telecom equipment and solar panels. MAFI is a good complement to our Scanmast business in the Industry business area. The acquisition was consolidated with effect from 25 April.

On 4 May, Volati acquired all shares in the kitchen and interior fittings company Norholding Invest AS. This is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 4 May.

On 17 November, Volati acquired an the operations of the painting tool wholesaler Embo Import AB. This is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 2 January 2023.

The Group's earnings were affected by transaction costs of SEK 9 million for the above acquisitions. The transaction costs are reported under other external costs in the consolidated income statement. Goodwill of SEK 222 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 consideration during the year amounted to SEK 13 million and liabilities of SEK 8 million related to the acquisitions were repaid. Variable purchase consideration remeasured after the acquisitions had a negative effect of SEK 8 million on EBITA for the period 1 January to 31 December.

The impact of the acquisitions on the Volati Group's balance sheet on the acquisition date is set out below.

Impact of acquisitions on balance sheet (SEK million)	Total
Intangible assets	290
Property, plant and equipment	111
Deferred tax asset	2
Inventories	107
Trade receivables	66
Other receivables	36
Cash and cash equivalents	86
Deferred tax liability and other provisions	–61
Non-current interest-bearing liabilities	–64
Current interest-bearing liabilities	–63
Current liabilities	–118
Net assets	**394**
Goodwill	222
Purchase price for shares	**616**
Purchase price for shares	–616
Repaid liabilities at the acquisition date	–8
Deferred variable consideration	63
Cash & cash equivalents in acquired companies at the acquisition date	86
Acquisition-date impact of acquisitions on the Group's cash & cash equivalents	**–475**

Impact of acquisitions on income statement (SEK million)	Net sales Full year 2022	EBITDA Full year 2022	EBITA Full year 2022	EBIT Full year 2022
Salix Group	127	25	21	20
Ettiketto Group	134	8	–2	–5
Industry	511	124	111	94
Volati Group	**772**	**158**	**130**	**109**

If the acquisitions had been consolidated with effect from 1 January 2022, their contribution to the Group's income statement, excluding transaction costs, for the period 1 January to 31 December 2022 would have been as follows: sales SEK 992 million, EBITDA 199 million, EBITA SEK 167 million and operating profit SEK 138 million.

2021

On 29 January, Volati acquired all shares in JPT-Industria OY. This was an add-on acquisition for the Industry business area and the Tornum Group unit. The acquisition was consolidated with effect from 1 February.

On 2 March, Volati acquired all shares in Duschprodukter Sweden AB. This was an add-on acquisition for the Salix Group business area and the Home & Fittings unit. The acquisition was consolidated with effect from 1 March.

On 30 June, Volati acquired all shares in Scanhold AB (Scanmast). The acquired company formed a new 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 was an add-on acquisition for the Industry business area and the Ettiketto Group 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 was an add-on acquisition for the Industry business area and the S:t Eriks unit. The acquisition was consolidated with effect from 1 July.

On 6 July, Volati acquired all shares in Apisa S.L. This was an add-on acquisition for the Industry business area and the Tornum Group unit. The acquisition was consolidated with effect from July.

On 21 October, Volati acquired all shares in Meag Va-system AB. This was an add-on acquisition for the Industry business area and the S:t Eriks unit. The acquisition was consolidated with effect from 21 October.

On 1 November, Volati acquired all shares in Jigraf AB. This was an add-on acquisition for the Industry business area and the Ettiketto Group 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. The transaction costs are reported under other external costs in the consolidated income statement. 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 with 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 Full year 2021	EBITDA Full year 2021	EBITA Full year 2021	EBIT 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.

Note 5 | Divestment of shares in subsidiaries

A non-cash distribution of the shares in Bokusgruppen to Volati AB's ordinary shareholders was carried out on 4 June 2021. 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.

The income statement and cash flow information for Bokusgruppen for the period January to the distribution date is presented as a discontinued operation in accordance with IFRS 5.

The income statement and cash flow information below for the divested operation Bokusgruppen is for the period up to the distribution date in 2021.

Profit/loss attributable to discontinued operations (SEK millions)	Full year 2022	Full year 2021
Net sales	–	674
Operating expenses	–	–645
EBITDA	**–**	**29**
Depreciation	–	–58
EBITA	**–**	**–28**
Acquisition-related amortisation	–	–10
EBIT	**–**	**–38**
Finance income and costs	–	–5
Profit before tax	**–**	**–43**
Tax for the period	–	9
Profit/loss from discontinued operations	**–**	**–35**
Gain/loss on sale of operation	**–**	**115**
Total profit/loss attributable to discontinued operations	**–**	**80**
Attributable to:		
Owners of the Parent	–	79
Non-controlling interests	–	1
Earnings per ordinary share attributable to owners of the Parent	–	0.99

Cash flow from discontinued operations (SEK millions)	Full year 2022	Full year 2021
Cash flow from operating activities	–	–78
Cash flow from investing activities	–	–18
Cash flow from financing activities	–2	66
Total cash flow from discontinued operations	**–2**	**–29**

Bokusgruppen's impact on the balance sheet on the distribution date is shown below.

Impact on the balance sheet on the distribution date, SEK millions	2022	2021
Intangible assets	–	814
Property, plant and equipment	–	24
Right-of-use assets	–	259
Other non-current assets	–	2
Current operating assets	–	216
Cash and cash equivalents	–	2
Total assets	–	**1,317**
Non-current non-interest-bearing liabilities	–	6
Deferred tax liabilities	–	93
Non-current lease liabilities	–	156
Current interest-bearing liabilities	–	103
Current lease liabilities	–	103
Current operating liabilities	–	270
Total liabilities	–	**731**
Net assets	–	**586**

NOTE 6 | Employees and personnel expenses

	2022			2021		
Average number of full-time equivalents per company	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Volati Head Office	**7**	**8**	**15**	**6**	**7**	**13**
Industry						
Volati Industri AB	1	0	**1**	1	0	**1**
Corroventa						
Corroventa England	4	0	**4**	4	0	**4**
Corroventa France	1	1	**2**	2	1	**3**
Corroventa Norway	2	0	**2**	2	0	**2**
Corroventa Poland	1	0	**1**	1	0	**1**
Corroventa Sweden	26	8	**33**	26	8	**34**
Corroventa Germany	13	2	**15**	13	3	**16**
Corroventa Austria	2	0	**2**	2	0	**2**
Ettiketto Group						
Beneli AB	18	14	**32**	26	22	**48**
Ettiketto AB	123	44	**167**	69	25	**94**
Ettiketto AS	26	17	**43**	14	11	**25**
Ettiketto Produktion Malmö AB	25	11	**36**	25	19	**44**
Ettiketto Åtvidaberg AB	0	0	**0**	28	5	**33**
Jigraf AB	8	4	**12**	7	5	**12**
Märkas AB	4	4	**8**	31	14	**45**
Salix Group						
Arrow Skandinavien AB	0	0	**0**	7	2	**9**
Demerx i Kinda AB	0	0	**0**	2	0	**2**
Duschprodukter Sweden AB	9	6	**15**	6	4	**10**
Duschy Marketing OU	4	2	**6**	4	2	**6**
Gunnar Eiklid AS[1)]	6	1	**7**	0	0	**0**
Habo Danmark A/S	6	1	**7**	6	1	**7**
Habo Finland OY	4	2	**6**	4	2	**6**
Habo Gruppen AB	21	17	**38**	21	11	**33**
Habo Norge AS	9	6	**15**	11	5	**16**
Heco Nordiska AB	22	38	**60**	36	28	**64**
Kellfri AB	39	19	**57**	39	19	**57**
Kellfri Oy	5	0	**5**	4	0	**4**
Miljöcenter i Malmö AB	11	12	**23**	12	11	**23**
Nibu AS[2)]	14	10	**24**	0	0	**0**
Skandinavisk Beslagkompani AB[2)]	6	3	**8**	0	0	**0**
Pisla Group OY	2	0	**2**	0	0	**0**
Pisla Oy	48	50	**98**	55	55	**110**
Salix Järn & Bygg AB	1	1	**2**	0	0	**0**
Salix Hem & Beslag AB	2	0	**2**	1	0	**1**
Salix Business Partner AB	93	13	**106**	93	24	**117**
Salix Group AB	3	4	**6**	4	2	**6**
Salix Bygg och Emballagelösningar AB	3	0	**3**	2	1	**3**
SIA Duschy Marketing	4	3	**7**	4	2	**6**

1) Gunnar Eiklid AS was consolidated from 1 March 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

2) Norholding Invest AS and subsidiaries were consolidated from 4 May 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

Average number of full-time equivalents per company	2022 Men	2022 Women	2022 Total	2021 Men	2021 Women	2021 Total
Sørbø Industribeslag AS	35	4	**39**	34	3	**37**
Swekip Sweden AB	2	0	**2**	3	1	**4**
TECCA AB	12	16	**28**	12	11	**23**
T-Emballage Förpackning AB	13	8	**21**	9	8	**17**
Thomée Gruppen AB	18	15	**33**	22	11	**33**
UAB Duschy	5	2	**7**	5	1	**6**
Väggmaterial i Sverige AB	7	1	**8**	5	1	**6**
Scanmast						
Scanhold AB	0	1	**1**	0	1	**1**
Scanmast AB	58	8	**66**	51	7	**58**
Scanmast AS	16	1	**17**	18	2	**20**
Scanmast OY[3]	3	0	**3**	0	0	**0**
MAFI Group AB[4]	4	1	**5**	0	0	**0**
MAFI AB[4]	10	2	**12**	0	0	**0**
MAFI East Africa [4]	4	0	**4**	0	0	**0**
MAFI Shanghai Trading Ltd[4]	2	2	**4**	0	0	**0**
MAFI US Inc[4]	5	4	**9**	0	0	**0**
S:t Eriks						
Byggsystem Direkt AB	16	2	**18**	7	1	**7**
MEAG VA-System AB	70	11	**81**	12	12	**24**
Nordskiffer AB	3	2	**5**	3	4	**7**
S:t Eriks AB	327	58	**385**	339	61	**400**
Stenentreprenader i Hessleholm AB	12	3	**15**	15	3	**18**
Stenteknik i Karlstad AB	0	0	**0**	2	1	**2**
Vinninga Cementvarufabrik AB	50	3	**53**	48	4	**52**
Tornum Group						
Apisa S.L.	37	3	**40**	19	1	**20**
JPT Industria Oy	30	3	**33**	30	3	**33**
Lidköpings Plåtteknik AB	5	0	**5**	7	0	**7**
Terästorni Oy[5]	39	3	**42**	0	0	**0**
Tornum Latvia[6]	4	1	**5**	0	0	**0**
Tornum Poland	4	2	**5**	4	2	**6**
Tornum Romania	6	0	**6**	6	0	**6**
Tornum Russia	2	1	**3**	3	1	**4**
Tornum Sweden	56	10	**66**	54	9	**62**
Tornum Ukraine	8	1	**9**	8	2	**10**
Tornum Hungary	2	0	**2**	3	0	**3**
	1,436	**465**	**1,901**	**1,285**	**438**	**1,723**

[3] Scanmast OY was consolidated from 1 February 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[4] MAFI Group and subsidiaries were consolidated from 25 April 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[5] Terästorni OY was consolidated from 8 April 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

[6] Tornum Latvia was consolidated from 1 May 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

Average number of full-time equivalents per country	2022 Men	2022 Women	2022 Total	2021 Men	2021 Women	2021 Total
Denmark	6	1	**7**	6	1	**7**
UK	4	0	**4**	4	0	**4**
Estonia	4	2	**6**	4	2	**6**
Finland	131	58	**189**	93	60	**153**
France	1	1	**2**	2	1	**3**
Kenya	4	0	**4**	0	0	**0**
Norway	108	39	**147**	79	21	**100**
Latvia	8	4	**12**	4	2	**6**
Lithuania	5	2	**7**	5	1	**6**
Poland	5	2	**6**	5	2	**7**
Romania	6	0	**6**	6	0	**6**
Russia	2	1	**3**	3	1	**4**
Shanghai	2	2	**4**	0	0	**0**
Spain	37	3	**40**	19	1	**20**
Sweden	1,084	346	**1,429**	1,029	341	**1,370**
Germany	13	2	**15**	13	3	**16**
United States	4	3	**7**	0	0	**0**
Ukraine	8	1	**9**	8	2	**10**
Hungary	2	0	**2**	3	0	**3**
Austria	2	0	**2**	2	0	**2**
	1,436	**465**	**1,901**	**1,285**	**438**	**1,723**

Distribution of senior executives on reporting date, %	2022 Men	2022 Women	2021 Men	2021 Women
Volati AB Board members	57%	43%	57%	43%
Other members of management, including CEO	100%	0%	100%	0%

Salaries and other benefits	2022	2021
Board and CEO, Sweden	5	5
Other employees, Sweden	780	681
Other employees, outside Sweden	152	74
	937	**760**
Of which bonuses to Board and CEO	–	–

Social security contributions	2022	2021
Contractual and statutory social security contributions	260	212
Pension costs for Board and CEO	0	0
Other pension costs	85	87
	345	**299**

Remuneration of Parent Company Board and senior executives

Volati's Board 2022, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.500	–	–	0.500
Karl Perlhagen[1)]	–	0.100	–	–	0.100
Björn Garat	–	0.275	–	–	0.275
Anna-Karin Celsing	–	0.225	–	–	0.225
Louise Nicolin	–	0.225	–	–	0.225
Christina Tillman	–	0.225	–	–	0.225
Magnus Sundström	–	0.300	–	–	0.300

Volati's senior executives 2022, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Andreas Stenbäck, CEO[2)]	3.6	–	0.0	0.4	4.0
Other senior executives (4)[3)]	10.8	–	0.1	1.0	11.9

1) Karl Perlhagen has waived his Board fees and Volati AB has donated the corresponding amount to UNHCR.

2) The Company's CEO holds 902,633 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 has been reported, in accordance with IFRS 2. In 2022, the Company's CEO acquired 34,046 warrants from Volati AB, which expire in July 2026.

3) Senior executives have been expanded to include the CEO of Ettiketto Group from 1 October 2022. 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 has been reported, in accordance with IFRS 2. In 2022, the Company's CFO acquired 85,631 warrants from Volati AB, which expire in July 2026.

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	2.4	–	0.0	0.3	2.7
Other senior executives (3)[1)]	9.2	0.0	0.0	1.4	10.6

1) 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.

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.

Warrant programme Volati 2022

At the Annual General Meeting in April 2022, a resolution was passed, in accordance with the Board's recommendation, to introduce a warrant programme under which the Company invites four key employees to acquire warrants of series 2022/2026 in the company. Each warrant entitles the holder to subscribe for one new ordinary share in Volati on 27 April 2026 and for three months thereafter. The exercise price is SEK 187.64 per ordinary share, corresponding to 139 percent of the reference price.

The calculated fair value on the grant date in May 2022 was SEK 13.59 per option. The fair value was calculated using a Black & Scholes valuation model, taking into account the market conditions at the grant date.

All of the key employees accepted the offer, consisting of a total of 131,026 warrants, of which the subscribed number was 130,059 on the reporting date. Equity increased by SEK 2 million on the grant date. As the warrants were acquired at a market price, no cost has been reported, in accordance with IFRS 2.

Note 7 | Auditors' fees and remuneration

Ernst & Young AB	2022	2021
Audit services	10	6
Other auditing services	2	1
Tax advisory services	–	0
	11	**7**

Other auditors	2022	2021
Audit services	2	1
Tax advisory services	0	0
Other services	0	–
	2	**1**

Note 8 | Finance income and costs

Finance income	2022	2021
Interest income on bank deposits[1)]	3	1
Exchange gains	42	25
Other finance income	1	1
	46	**27**

Finance costs	2022	2021
Interest expenses on loans[1)]	–43	–15
Interest expenses on bond[1)]	–	–14
Interest expenses on leases	–30	–27
Interest expenses on derivatives	0	0
Exchange losses	–31	–13
Other finance costs[2)]	–12	–11
	–117	**–81**

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

	2022	2021
Current tax expense	–117	–109
Deferred tax	–3	–15
Tax expense for the year	**–119**	**–124**

	2022		2021	
Reconciliation of effective tax	**SEK million**	**%**	**SEK million**	**%**
Profit before tax	553	–	566	–
Tax at applicable tax rate	–114	20.6%	–117	20.6%
Tax at other tax rates	1	0.2%	–2	–0.3%
Non-deductible expenses	–7	1.3%	–3	0.6%
Non-taxable income	2	–0.3%	2	–0.4%
Standard interest on tax allocation reserve	–1	0.1%	0	0.1%
Change in tax losses	–1	0.1%	1	–0.1%
Tax attributable to prior years	1	–0.1%	0	0.0%
Other	–1	0.1%	–5	0.8%
Recognised effective tax	**–119**	**22.1%**	**–124**	**21.3%**

Tax recognised in equity was SEK 0 (2) million in 2022.

Deferred tax	2022	2021
Property, plant & equipment and intangible assets	15	8
Inventories	2	0
Trade receivables	1	–1
Untaxed reserves	–23	–17
Unused losses from prior years	4	–1
Other temporary differences	–2	–1
Deferred tax attributable to prior years	1	–3
Deferred tax on temporary differences for the year	**–3**	**–15**

Deferred tax asset	2022	2021
Property, plant & equipment and intangible assets	11	10
Inventories	7	2
Unused losses from prior years	15	15
Trade receivables	5	4
Other temporary differences	4	9
	43	**40**

Deferred tax liabilities	2022	2021
Property, plant & equipment and intangible assets	196	173
Untaxed reserves	153	113
Other temporary differences	10	7
	359	**293**

NOTE 10 | Earnings per share

The calculation of earnings per preference – and ordinary share for 2022 was based on profit attributable to owners of the Parent, which was SEK 417 (496) million, and profit from continuing operations attributable to owners of the Parent, which was SEK 417 (417) million. The figure for earnings per ordinary share was, reduced by the preference shareholders' proportionate share of the dividend for 2022, which was SEK 64 (65) million.

Earnings per preference share was based on the dividend adopted for the year until the 2023 AGM, which means a share of earnings of SEK 64 million divided by 1,603,773 preference shares. The remaining portion of the earnings, SEK 352 million, was divided by the average number of ordinary shares, which was 79,406,571.

	2022	2021
Profit attributable to owners of the Parent	417	496
Deduction for preference share dividend	64	65
Profit attributable to owners of the Parent adjusted for preference share dividend	352	430
Profit from continuing operations attributable to owners of the Parent	417	417
Profit from continuing operations attributable to owners of the Parent adjusted for preference share dividend	352	351
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	4.44	5.42
Basic and diluted earnings per share, continuing operations	4.44	4.42
Basic and diluted earnings per preference share	40.00	40.80
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 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
1 January 2022	**1,577**	**15**	**782**	**92**	**2,466**
Investments	–	1	–	16	17
Business acquisitions	223	–	282	8	512
Disposals	–	–	–	–11	–11
Reclassifications	–	1	0	–2	–1
Translation differences	14	0	12	0	27
Discontinued operations	–	–	–	–	–
31 December 2022	**1,814**	**17**	**1,076**	**104**	**3,010**
Accumulated amortisation					
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
1 January 2022	**–103**	**–13**	**–103**	**–60**	**–279**
Amortisation/impairment for the year	–	–1	–81	–11	–93
Disposals	–	–	–	11	11
Reclassifications	–	–	–	–	–
Translation differences	–2	0	–1	0	–4
Discontinued operations	–	–	–	–	–
31 December 2022	**–106**	**–14**	**–185**	**–60**	**–364**
Carrying amount					
31/12/2021	1,474	2	679	32	2,187
31/12/2022	1,708	3	891	44	2,646

	2022		2021	
Distribution of the Group's goodwill and other intangible assets with indefinite useful lives	**Goodwill**	**Other intangible assets**	**Goodwill**	**Other intangible assets**
Tornum Group	103	–	78	–
Corroventa	84	–	84	–
Ettiketto Group	234	5	218	5
S:t Eriks	234	32	234	32
Scanmast	140	–	91	–
Salix Group	913	101	768	148
Total	**1,708**	**138**	**1,474**	**185**

During impairment testing, goodwill and other intangible assets with indefinite useful lives are allocated to the business areas or 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 2.7 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 5.1 percent, a company-specific risk premium of 5.0 percent and a beta value for each cash generating unit of 0.54-1.11. The discount rates used by Volati vary between 9.3 and 12.2 percent depending on the conditions for each cash generating unit.

Tornum Group

The cash flow projection for Tornum Group 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 Tornum Group's value in use are net sales growth, EBITDA margin and investment needs. Volati considers that long-term demand for Tornum Group's products in the company's established markets remains good and that there is a need for modernisation and expansion 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 lost volumes from the exit from Russia and the decline in activity in Ukraine are not sufficiently large for the ongoing conflict to cause Tornum Group's calculated value in use to fall below its carrying amount. The assessment is also that no other reasonable changes in key assumptions will result in Tornum Group's calculated value in use falling 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 show a marginal increase during the forecast period. If the frequency of weather-related flooding falls in the future, 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's assessment is that long-term demand for S:t Eriks' products in the Swedish market, where the company is established, is 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.

Communication
The forecast cash flows for Communication have been based on the companies continuing to benefit from their established market positions and continuing to broaden their customer portfolios. The key assumptions used to calculate value in use for Communication are net sales growth and EBITDA margin. It is Volati's assessment that Communications is well placed to gain market share in the future through geographical expansion and to broaden the customer portfolio, and Volati assumes net sales growth above GDP growth. At the same time, the EBITDA margin is expected to increase during the period. The assessment is that no reasonable changes in key assumptions will result in Communication's calculated value in use falling below the carrying amount.

Ettiketto Group
The forecast cash flows for Ettiketto Group have been based on the company's ability to obtain returns on its existing non-current assets and on no significant changes in the behaviour of the company's major customers. The key assumptions used to calculate Ettiketto Group'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, with the EBITDA margin increasing during the forecast period as synergies from recently acquired companies are realised. The assessment is that no reasonable changes in key assumptions will result in Ettiketto Group'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 in the long term. The key assumptions used to calculate value in use for Salix Group are net sales growth and EBITDA margin. Volati's assessment is 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 show an increase during the forecast period. Should major macroeconomic events occur that negatively affect developments and willingness to invest in the Nordic region throughout the forecast period, growth may be lower than the forecast. The assessment is neither the current decline in demand nor other 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 EBITDA at 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 two percent in the forecast 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 2022. No impairment was identified at the end of 2022 after comparing the companies' value in use with the Group's carrying amount for each cash generating unit. No impairment losses were recognised in 2021.

NOTE 12 | Property, plant & equipment

Cost of acquisition	Land and buildings	Machinery and equipment	Total
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	0	–257	–257
1 January 2022	**197**	**515**	**712**
Investments	4	66	70
Business acquisitions	–	29	29
Completed contracts	–	–136	–136
Translation differences	1	4	6
Reclassifications	0	–3	–3
Discontinued operations	–28	–1	–28
31 December 2022	**174**	**476**	**650**
Accumulated depreciation			
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
1 January 2022	**–26**	**–318**	**–344**
Depreciation for the year	–7	–64	–71
Sales/disposals	–	134	134
Reclassifications	–	1	1
Translation differences	0	–1	–1
Discontinued operations	15	0	15
31 December 2022	**–19**	**–248**	**–267**
Carrying amount			
31/12/2021	171	196	368
31/12/2022	155	227	383

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 etc, and leased cars, trucks and machinery.

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 1 and 14 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	Premises and warehouses	Cars, trucks and machines	Total
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
1 January 2022	**704**	**189**	**893**
Investments	59	56	115
Business acquisitions	58	24	82
Completed contracts	–32	–56	–88
Reclassifications	61	–58	3
Translation differences	5	3	8
Discontinued operations	–	–	–
31 December 2022	**856**	**157**	**1,012**
Accumulated depreciation			
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
1 January 2022	**–237**	**–99**	**–336**
Depreciation for the year	–114	–54	–168
Completed contracts	24	52	76
Reclassifications	–37	36	–1
Translation differences	–3	0	–3
Discontinued operations	–	–	–
31 December 2022	**–367**	**–65**	**–432**
Carrying amount			
31/12/2021	467	90	557
31/12/2022	488	92	580

Amounts reported in income statement	2022	2021
Depreciation of right-of-use assets	–168	–141
Interest expenses for lease liabilities	–30	–27
Costs attributable to short-term leases	–4	–4
Costs attributable to low-value leases	–4	–8
Costs attributable to percentage rent not included in the lease liability measurement	–1	0
Revenue from sub-leasing right-of-use assets	0	0
Total earnings effect	**–207**	**–180**

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

Cash flow from leases	2022	2021
Lease interest paid	–30	–32
Repayment of lease liabilities	–171	–166
Lease payments made for short-term leases	–4	–9
Lease payments made for low-value leases	–3	–4
Variable lease payments made	0	0
Total cash flow	**–208**	**–211**

Cash flow from leases includes profit from discontinued operations.

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

On 31 December 2022, the Group's obligations under short-term leases were SEK 4.5 (5.0) 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	2022	2021
Opening cost	2	5
Investments	–	0
Changes in value recognised in OCI	0	–
Disposals	–	-2
	2	**2**

Other non-current financial assets	2022	2021
Opening cost	8	2
Investments	1	1
Repayments	–	0
Translation effect	0	–
Acquisitions	–	5
	8	**8**

Note 15 | Inventories

	2022	2021
Raw materials and supplies	150	115
Products in progress	7	7
Finished goods and merchandise	1,261	973
Work in progress for third parties	17	17
Advances to suppliers	39	57
	1,474	**1,169**

Of which obsolescence write-down of SEK –41 (–21) million.

Note 16 | Prepayments and accrued income

	2022	2021
Accrued supplier bonus	31	33
Accrued income, percentage of completion projects	70	18
Prepaid cost of sale	4	6
Prepaid rent	5	4
Prepaid insurance	7	6
Other prepayments	27	21
Other interim receivables	6	4
	150	**92**

Note 17 | Interest-bearing liabilities

Non-current liabilities	2022	2021
Lease liabilities	440	448
Other interest-bearing liabilities	7	18
	448	**466**

Current liabilities	2022	2021
Overdraft facilities	117	0
Liabilities to credit institutions[1)]	1,661	1,136
Lease liabilities	153	132
	1,931	**1,269**

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

At the end of 2022, the unutilised portion of the overdraft facility was SEK 185 (300) million, the unutilised portion of the revolving credit facility was SEK 750 (800) million and cash & cash equivalents were SEK 227 (203) million.

Note 18 | Changes to loans in cash flow from financing

	2022	2021
31 December	2,036	1,542
Non-cash changes		
Business acquisitions	103	74
Loans in divested companies	–	–103
Lease liabilities in acquired companies	78	87
Lease liabilities in divested companies	–	–260
Remeasurement to market value	21	164
Translation differences	5	2
Non-cash change in lease liabilities	103	148
Other non-cash changes	–6	–18
Cash changes		
Proceeds from borrowings	670	1,207
Repayment of borrowings	–85	–611
Repayment of lease liabilities	–171	–166
Owner transactions	–129	–29
31 December	**2,626**	**2,036**

Note 19 | Contract assets and liabilities

Contract assets	2022	2021	Classification in statement of financial position
Accrued income from projects	84	43	Prepayments and accrued income
	84	**43**	

Contract liabilities	2022	2021	Classification in statement of financial position
Short-term advances[1)]	142	57	Advances from customers
Provisions for extended warranties	4	4	Warranties and other provisions
	146	**60**	

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

The increase in contract assets from SEK 43 million in 2021 to SEK 84 million in 2022 is mainly due to an increase in outstanding unfinished projects at the end of 2022. The increase in contract liabilities from SEK 60 million in 2021 to SEK 146 million in 2022 is mainly due to the increase in outstanding projects with contractual terms that require advances. SEK 51 million of the closing contract liabilities of SEK 60 million in December 2021 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

	2022	2021
Closing balance, 31 December previous year	17	8
Warranty provisions in acquired companies	–	6
Warranty provisions	6	4
Provisions used	–4	–1
Reversal of unused provisions	–4	–
Translation differences	0	–
Closing balance, 31 December	**15**	**17**

Note 21 | Accruals and deferred income

Accrued expenses	2022	2021
Accrued personnel expenses	216	209
Accrued customer bonuses	107	86
Accrued interest expenses	8	1
Accrued rental discounts	14	14
Accrued cost of goods sold	19	24
Cost of premises	3	2
Accrued audit expenses	5	3
Other	25	33
Prepaid expenses	**397**	**372**
Deferred income	1	1
Total	**398**	**373**

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 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 1,088 (935) million. These were written down by a total of SEK –15 (–12) 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 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 units based on each unit's circumstances, risks and controls, which are formulated and adopted separately for each subsidiary. Some of the 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 unit to 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 26 million, in which USD was hedged against SEK with durations of 1–3 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	
	2022	2021
USD	–4	–19
NOK	49	–24
PLN	17	15
EUR	53	6

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. NOK translation exposure in equity has increased from the previous year due to the year's add-on acquisitions in Salix Group and Ettiketto Group. EUR translation exposure in equity has increased from the previous year due to the add-on acquisition for Tornum Group. 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	
	2022	2021
NOK	468	225
EUR	292	120
DKK	36	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	
	2022	2021
EUR	–6	–4
NOK	–5	–4
HUF	–1	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 2022 amounted to SEK 43 (29) million and for lease obligations SEK 30 (27) million. The average interest rate on outstanding bank loans at 31 December 2022 was approximately 3.6 percent. In February 2023, the Riksbank raised the reference rate by a further 0.5%. The discount rate used for lease obligations varies between 1 and 14 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 net debt at the reporting date, a change of one (1) percentage point in the borrowing interest rate would have an effect of SEK 13 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 500 million and amounted to SEK 2,700 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 2,400 million, with the tranches able to have different maturities, while the other is an overdraft facility of SEK 300 million. SEK 1,650 million of the revolving credit facility had been used at the reporting date. The revolving credit facility can be used until March 2024 but also has a one-year extension option. At the end of the year, the unused portion of the overdraft facility amounted to SEK 185 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. The covenant for the loan agreement is net debt divided by adjusted EBITDA. Volati AB has not breached any covenants during 2022.

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.

Volati has agreements with shareholders with non-controlling interests in certain 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 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

	2022			2021		
	Within one year	1-5 years	>5 years	Within one year	1-5 years	>5 years
Assets						
Cash and cash equivalents	227	–	–	203	–	–
Trade receivables	1,073	–	–	922	–	–
Other shares and interests	2	–	–	2	–	–
Other non-current financial assets	5	0	3	5	0	3
Liabilities						
Liabilities to credit institutions[1)]	–1,689	–6	–	–1,146	–23	–3
Overdraft facilities	–2	0	–	–2	–2	–
Additional consideration	–55	–	–	–24	–	–
Put options	–169	–	–	–280	–	–
Lease liabilities	–186	–432	–81	–132	–375	–73
Derivatives	–	–	–	0	–	–
Other current liabilities	–16[2)]	–	–	–16[3)]	–	–
Trade payables	–690	–	–	–689	–	–
Net	**–1,500**	**–439**	**–78**	**–1,156**	**–401**	**–73**

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 2023. A new decision on dividends to preference shareholders will be made at the 2023 AGM.

3) 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

	2022			2021		
	Classification[1)]	Carrying amount	Fair value	Classification[1)]	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	2	2	2	2	2
Other non-current financial assets	1.2	8	8	1.2	8	8
Derivatives held for trading	2	0	0	2	0	0
Financial liabilities						
Loans from credit institutions	4	1,785	1,785	4	1,155	1,155
Derivatives held for trading	5	–	–	5	–	–
Additional consideration	5	78	78	5	24	24
Put options	6	169	169	6	280	280
Other current liabilities	4	16	16	4	16	16

1) applicable classifications:
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

	2022				2021			
	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	2	–	–	2
Derivatives	0	0	–	–	0	0	–	–
Financial liabilities								
Derivatives	–	–	–	–	–	–	–	–
Put options	169	–	–	169	280	–	–	280
Additional consideration[1)]	78	–	–	78	24	–	–	24

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 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**
Balance, 1 Jan 2022	**2**	**–280**	**–24**
Additions through acquisitions	–	–	–63
Cash settled	–	129	13
Change in value recognised in OCI	0	–	–3
Change in value recognised in equity	–	–18	–
Investments	–	–	–
Balance, 31 Dec 2022	**2**	**–169**	**–78**

Derivatives outstanding at 31 December

	31 December 2022			31 December 2021		
Instruments	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value	Nominal value
Currency derivatives	0	–	26	0	–	19
Total	**0**	**–**	**26**	**0**	**–**	**19**

Trade receivables

	2022	2021
Trade receivables	1,088	935
Allowance for expected credit losses	–15	–12
	1,073	**922**

	2022			2021		
Maturity analysis	Nominal	Impairment	Carrying amount	Nominal	Impairment	Carrying amount
Not past due	911	–1	910	808	–1	807
Past due, less than 3 months	133	–1	132	98	–3	95
Past due, more than 3 months	45	–12	32	29	–8	20
Total	**1,088**	**–15**	**1,073**	**935**	**–12**	**922**

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 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, 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 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 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 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	2022	2021
Opening balance	12	9
Acquisitions and disposals	0	1
Established losses	–1	0
Reversal of unused amounts	–1	–4
Allowance for expected credit losses	3	7
Currency effects	0	0
Closing balance	**15**	**12**

Trade receivables by currency	2022	2021
SEK	653	664
EUR	213	132
NOK	105	107
USD	78	7
GBP	17	10
DKK	14	12
PLN	3	1
Other currencies	5	2
	1,088	**935**

NOTE 23 | Pledged assets and contingent liabilities

Pledged assets	2022	2021
Property mortgages	–	4
Floating charges[1)]	78	22
Pledged bank funds[2)]	6	5
Pensions	3	3
Construction guarantees issued to customers[3)]	111	9
	198	**43**

Contingent liabilities	2022	2021
Customs bonds	4	3
	4	**3**

1) Newly acquired company Terästorni OY.

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

3) Newly acquired company Terästorni OY.

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 Group		
Volati 1 Holding AB, 559026-2282, Stockholm	480	96%
Ettiketto Group AB, 556656-4786, Stockholm	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, Gothenburg	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, Burlöv	5,000	100%
Ettiketto Trondheim AS, 968 808 257, Trondheim	560	100%
Salix Group		
Salix Group AB, 559016-1500, Malmö	97,531,303	97.5%
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%
Pisla Group Oy, 3122950-2, Helsinki, Finland	100	100%
Pisla Oy, 2659337-7, Viitasaari, Finland	2,000	100%
Sørbø Industribeslag AS, 998 327 865, Trondheim, Norway	333,984	100%
Gunnar Eiklid AS, 966 896 531, Oslo, Norway	100	100%
Salix Industri AS, 927 396 823, Trondheim, Norway	3,000	100%
Miljöcenter i Malmö AB, 556424-9018, Arlöv	2,000	100%
Miljöcenter Green Technology Hong Kong Limited, 2234277, Hong Kong	100	100%
Salix Lantbruk, Skog och Trädgård 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 AB, 556497-9986, Vetlanda	2,000	100%
Väggmaterial Sverige AB, 556597-3996, Kungsbacka	1,000	100%
Salix Järn och Byggg, 559233-6753, Malmö	1,000	100%
Thomée Gruppen AB, 556014-1896, Malmö	12,000	100%
Heco Nordiska AB, 556370-9954, Hillerstorp	8,000	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
Salix Business Partner AB, 556805-9090, Malmö	1,000	100%
Salix Hem och Beslag AB, 559267-3536, Habo	25,000	100%
Duschprodukter Sweden AB, 559171-8274, 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%
Norholding Invest AS, 984 698 569, Asker, Norway	50,000	100%
Nibu AS, 924 748 842, Asker, Norway	250	100%
Skandinavisk Beslagskompani AB 556598-6618, Stockholm	3,000	100%
S:t Eriks		
Volati Infrastruktur AB, 559162-9612, Stockholm	1,000	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%
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 Group		
Volati Agri Holding AB,559214-8638, Kvänum	500	100%
Volati Agri AB, 556744-8955, Kvänum	920	92%
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%
SIA Tornum, 40203393692, Akācijas, Latvia	5,000	100%
Tornum S.R.L., 24851384, Bucharest, Romania	100	100%
OOO Tornum, 1123444005640, Volgograd, Russia	100	100%
Tornum LLC, 38908992, Kiev, Ukraine	100	100%
Lidköpings Plåtteknik AB, 556908-3305, Lidköping	500	100%
JPT Industria Oy , 2161684-0, Iljmajoki, Finland	30	100%
Apisa, B22005524, Huesca, Spain	69,602	100%
Equisa B48155907, Huesca, Spain	1,000	100%
Tornum Asia Co., Ltd., 0105559188441, Bangkok, Thailand	–	100%
Volati Agri 1 AB, 559372-3918, Kvänum	1,000	100%
Terästorni OY, 2012386-8, Lappenranta, Finland	1,000	100%
Volati Communication		
Volati Communication Holding AB, 559322-1640, Mora	8,000,000,000	100%
Scanhold AB, 556932-4725, Mora	102,686	100%
Scanmast AB, 556775-5938, Mora	120,000	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
Scanmast AS, 915 115 829, Österås	100	100%
Scanmast Oy, 3256147-8, Helsinki, Finland	1,000	100%
MAFI Group AB, 556679-4417, Mora	2,165	100%
MAFI US Inc,7331918, Lewisville, USA	1,000	100%
MAFI AB, 556441-9140, Mora	1,000	100%
MAFI Shanghai Trading Ltd, 91310115MA1K4E7P69, Shanghai, China	–	100%
MAFI Norge AS, 998531713, Oslo, Norway	1,000	100%
MAFI East Africa Ltd, PVT-LRU2J5E, Nairobi, Kenya	1,000	100%
MAFI Mexico, MFI2202171M5, Guadalajara, Mexico	10,000	100%
Other		
LHJHA Förvaltning AB, 556722-1410, Stockholm	300,000	100%
Oxid Finans AB, 556683-6812, Stockholm	1,000	100%
Piplöken 3 AB, 556714-0123, Stockholm	1,000	100%
Volati 2 AB, 556809-7975, Stockholm	1,051,854	100%
Volati Angelo AB, 556151-8258, Stockholm	5,000	100%
Volati Bok Holding AB, 559233-6746, Stockholm	1,000	100%
Volati Finans AB, 556762-3334, Stockholm	1,000	100%
Volati Industri AB, 556880-6235, Stockholm	490	98%
Volati Italiano AB, 556345-3108, Stockholm	100,000	100%
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%
Volati Ostran AB, 556036-8101, Stockholm	25,000	100%
Volati Tako AB 556495-9327, Stockholm	5,000	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 2022 was SEK 1,708 (1,474) 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 2022 was SEK 169 (280) 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

No significant events have taken place after the reporting date.

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 units rented premises from companies owned by a member of Volati's Board. Rent for these premises during the year amounted to SEK 6 (5) million.

At the beginning of the year, Volati purchased 4,100,000 shares in the subsidiary Salix Group AB from related parties and sold 309,756 shares to related parties. In the latter part of year, 22,354 shares in the subsidiary Salix Group AB were repurchased from related parties. During the year, Volati repurchased 140,000,000 shares in the subsidiary Volati Communication Holding AB from a related party of the subsidiary and 20 shares in the subsidiary Volati Agri Holding AB from a related party of the subsidiary.

In April, 130,509 warrants in Volati AB were issued to key personnel of Volati AB and 496,666 warrants in the subsidiary Salix Group AB to key personnel of Salix Group AB. The warrants were issued in accordance with the resolution adopted by the Annual General Meeting on 27 April 2022. During October, Salix Group AB repurchased 330,000 series 2022/2026 warrants in Salix Group AB from a key individual in the subsidiary.

These transactions represent a part of Volati's business model aimed at creating common interest with key individuals within the units or business areas through co-investments. All transactions have been conducted 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. During the year, the alternative performance measure "Organic net sales growth" was added, as it is considered relevant in evaluating Volati's underlying growth.

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.
Items affecting comparability	These items include transaction-related costs, restructuring costs, remeasurement of additional consideration, capital gains/losses on the sale of operations and non-current assets, and other income and expenses considered to be non-recurring.	Items affecting comparability represent income and expenses that are not attributable to the underlying performance of the business.
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.

Non-IFRS APMs and key metrics	Description	Reason for use
Organic net sales growth	Calculated as net sales for the period, adjusted for acquired and divested net sales and currency effects, compared with net sales for the same period the previous year as if the businesses had been owned for the same length of time in the comparative period as the length of time they have been legally consolidated in the current period.	This metric is used by management to monitor the underlying net sales growth in existing operations.
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 businesses had been owned for the same length of time in the comparative period as the length of time they have 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.
Equity ratio	Equity (including share attributable to non-controlling interests) as a percentage of total assets.	The metric can be used to assess financial risk.
Cash conversion	Calculated as operating cash flow for the last twelve months divided by EBITDA excl. IFRS 16.	Cash conversion is used by management to monitor how efficiently the Company is managing working capital and ongoing investments.
Operating cash flow	Calculated as EBITDA, excl. IFRS 16, 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.

Calculations of alternative performance measures are presented separately below.

Items affecting comparability, SEK millions	Full year 2022	Full year 2021
Transaction costs	–12	–10
Restructuring costs	–1	–7
Additional consideration remeasurement	–8	–1
Capital gains/losses on sale of operations and non-current assets	3	6
Impairment of assets in Ukraine and Russia	–4	–
Other non-recurring income and expenses	–6	3
Items affecting comparability	**–28**	**–10**

Adjusted EBITDA, SEK millions	Full year 2022	Full year 2021
EBITDA	956	869
Reversal of IFRS 16 effect	–164	–134
Acquired companies	39	56
Reversal of items affecting comparability	28	10
Adjusted EBITDA	**859**	**801**

Calculation of organic net sales growth,%	Full year 2022	Full year 2021
Net sales	7,751	6,309
Total acquired/divested net sales	–1,163	–921
Currency effects	–102	14
Comparative figure for previous year	6,486	5,402
Organic net sales growth, %	**3**	**10**

Calculation of organic EBITA growth, %	Full year 2022	Full year 2021
EBITA	710	664
Adjustment for items affecting comparability	28	10
EBITA excl. items affecting comparability	**737**	**674**
Total acquired/divested EBITA	–112	–63
Currency effects	–8	0
Comparative figure for previous year	617	612
Organic EBITA growth, %	**–8**	**36**

Calculation of EBITA growth per ordinary share, %	Full year 2022	Full year 2021
EBITA	710	664
No. of ordinary shares outstanding at end of period	79,406,571	79,406,571
EBITA per ordinary share, SEK	**8.94**	**8.36**
EBITA per ordinary share for same period previous year	8.36	5.30
EBITA growth per ordinary share, %	**7**	**58**

Basic and diluted earnings per ordinary share	Full year 2022	Full year 2021
Net profit attributable to owners of the Parent	417	496
Deduction for preference share dividend	64	65
Net profit attributable to owners of the Parent, adjusted for preference dividend	**352**	**430**
Average no. of ordinary shares	79,406,571	79,406,571
Earnings per ordinary share, SEK	**4.44**	**5.42**

Basic and diluted earnings per ordinary share, continuing operations	Full year 2022	Full year 2021
Total profit attributable to continuing operations	433	442
Deduction for profit attributable non-controlling interests	17	25
Deduction for preference share dividend	64	65
Net profit attributable to owners of the Parent, adjusted for preference dividend	**352**	**351**
Average no. of ordinary shares	79,406,571	79,406,571
Earnings per ordinary share, SEK	**4.44**	**4.42**

Calculation of return on equity	Full year 2022	Full year 2021
(A) Net profit, LTM, including non-controlling interests	433	522
Adjustment for preference dividend, including dividend accrued but not yet paid	–64	–65
(B) Net profit, adjusted	369	457
(C) Average total equity	1,992	1,983
(D) Average adjusted equity	1,164	1,155
(A/C) Return on total equity, %	**22**	**26**
(B/D) Return on adjusted equity, %	**32**	**40**

Calculation of equity ratio	Full year 2022	Full year 2021
Equity including non-controlling interests	2,137	1,890
Total assets	6,686	5,623
Equity ratio, %	**32**	**34**

Calculation of operating cash flow and cash conversion	Full year 2022	Full year 2021
EBITDA	956	869
Reversal of IFRS 16 effect	–164	–134
(A) EBITDA excl. IFRS 16 effect	**792**	**735**
(B) adjustment for non-cash items	–7	–5
Change in working capital	–274	–187
Net investments in property, plant & equipment and intangible assets	–79	–56
(C) Operating cash flow	431	487
(C/A) Cash conversion, %	**54**	**66**

Calculation of Net debt/adjusted EBITDA, x	Full year 2022	Full year 2021
Net debt		
Cash & cash equivalents and other interest-bearing assets	–231	–206
Non-current interest-bearing liabilities	61	69
Current interest-bearing liabilities	1,801	1,162
Net debt	**1,632**	**1,024**
Adjusted EBITDA	859	801
Net debt/adjusted EBITDA, x	**1.9**	**1.3**

ROCE %, 31 December 2022	Salix Group	Ettiketto Group	Industry	Central costs	Volati Group
1) EBITA, LTM	**296**	**137**	**358**	**–54**	**737**
Capital employed, 31 December 2022					
Intangible assets	1,165	399	1,081		2,646
Adjustment for goodwill, patent/technology, brands	–1,159	–397	–1,046		–2,602
Property, plant and equipment	51	58	273		383
Right-of-use assets	251	72	248		580
Operating receivables	1,354	233	1,181		2,770
Operating liabilities	–572	–125	–675		–1,380
Capital employed, 31 December 2022	**1,091**	**240**	**1,062**		**2,397**
Adjustment for average capital employed, LTM	55	–1	–23	0	24
2) **Average capital employed, LTM**	**1,146**	**240**	**1,039**		**2,421**
ROCE excl. goodwill 1)/2), %	**26**	**57**	**34**		**30**
3) **Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives**	**2,113**	**496**	**1,599**		**4,160**
ROCE incl. goodwill 1)/3), %	**14**	**28**	**22**		**18**

ROCE %, 31 December 2021	Salix Group	Ettiketto Group	Industry	Central costs	Volati Group
1) EBITA, LTM	**329**	**110**	**287**	**–52**	**674**
Capital employed, 31 December 2021					
Intangible assets	1,014	377	796		2,188
Adjustment for goodwill, patent/technology, brands	–1,009	–375	–771		–2,155
Property, plant and equipment	51	49	254		368
Right-of-use assets	219	67	260		557
Operating receivables	1,203	187	862		2,254
Operating liabilities	–583	–120	–555		–1,265
Capital employed, 31 December 2021	**896**	**184**	**847**		**1,945**
Adjustment for average capital employed, LTM	–74	–28	–52	0	–172
2) **Average capital employed, LTM**	**822**	**156**	**796**		**1,773**
ROCE excl. goodwill 1)/2), %	**40**	**70**	**36**		**38**
3) **Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives**	**1,735**	**347**	**1,258**		**3,295**
ROCE incl. goodwill 1)/3), %	**19**	**32**	**23**		**20**

Income Statement, Parent Company

SEK million	Note	2022	2021
Operating income			
Net sales		23	20
Operating expenses			
Other external costs	2	–23	–22
Personnel expenses	3	–32	–30
Other operating expenses		–2	–1
Depreciation of property, plant and equipment		0	0
Operating profit		**–35**	**–33**
Profit/loss from financial investments			
Profit/loss from investments in Group companies	4	81	65
Interest and similar income	5	90	79
Interest and similar expenses	6	–45	–32
Profit after financial items		**91**	**79**
Appropriations	7	45	32
Tax	8	–2	0
Net profit		**134**	**111**

Statement of Comprehensive Income, Parent Company

SEK million	Note	2022	2021
Net profit and Comprehensive income for the year		**134**	**111**

Statement of Financial Position, Parent Company

SEK million	Note	31/12/2022	31/12/2021
ASSETS			
Non-current assets			
Property, plant and equipment	9	0	0
Other shares and interests		1	1
Other non-current financial assets		3	2
Investments in subsidiaries	10	1,467	1,285
Total non-current assets		**1,471**	**1,289**
Current assets			
Receivables from Group companies		3,436	3,045
Prepayments and accrued income		3	2
Current tax receivables		0	2
Other receivables		0	0
Cash and cash equivalents		42	91
Total current assets		**3,481**	**3,141**
Total assets		**4,952**	**4,430**
EQUITY AND LIABILITIES			
Equity	11		
Restricted equity			
Share capital		10	10
Unrestricted equity			
Share premium reserve		2,376	2,376
Retained earnings		–54	36
Net profit		134	111
Total equity		**2,467**	**2,534**
Untaxed reserves			
Tax allocation reserve		49	48
Liabilities			
Non-current liabilities			
Non-current non-interest-bearing liabilities		22	22
Pension obligations		3	2
Total non-current liabilities		**25**	**24**
Current liabilities			
Liabilities to Group companies		731	703
Trade payables		2	1
Current tax liabilities		2	–
Current interest-bearing liabilities		1,647	1,096
Other current liabilities		10	3
Accruals and deferred income	13	19	20
Total current liabilities		**2,412**	**1,824**
Total equity and liabilities		**4,952**	**4,430**

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

Cash Flow Statement, Parent Company

SEK million	2022	2021
Operating activities		
Profit after financial items	91	79
Adjustment for non-cash items		
Depreciation	0	0
Reversal of dividend from subsidiary	–65	–723
Reversal of impairment of shares in subsidiaries	1	664
Reversal of gain/loss on divestment of shares in subsidiaries	–10	–6
Reversal of liquidation result	–8	–
Reversal of financial items	–48	–48
Total adjustments for non-cash items	**–129**	**–114**
Interest paid	–35	–35
Interest received	2	8
Tax paid	0	0
Cash flow from operating activities before changes in working capital	**–70**	**–61**
Cash flow from changes in working capital		
Change in receivables	–1	1
Change in operating liabilities	1	–1
Cash flow from changes in working capital	**0**	**0**
Cash flow from operating activities	**0**	**–62**
Investing activities		
Investments in property, plant & equipment	0	–
Investments in subsidiaries	16	–
Dividends received	47	718
Cash flow from investing activities	**62**	**718**
Financing activities		
Shareholder contributions paid	0	–2
Transaction costs for non-cash distribution	–2	–9
Dividends paid	–199	–987
Change in intra-Group transactions	–271	–1,140
Repayment of loans	0	–600
Proceeds from borrowings	550	1,100
Transactions with non-controlling interests	–119	–32
Cash flow from financing activities	**–42**	**–1,670**
Cash flow for the year	**–50**	**–1,014**
Cash and cash equivalents at beginning of year	91	1,105
Cash and cash equivalents at end of year	**42**	**91**

Statement of Changes in Equity, Parent Company

SEK million	Share capital	Share premium reserve	Retained earnings	Net profit	Total equity
Closing balance, 31 Dec 2020	**10**	**2,376**	**1,160**	**306**	**3,852**
Other appropriations of profits	–	–	306	–306	0
Comprehensive income for the year	–	–	–	111	111
Closing balance, 31 Dec 2021	**10**	**2,376**	**36**	**111**	**2,534**
Other appropriations of profits	–	–	111	–111	0
Dividend on ordinary shares	–	–	–135	–	–135
Dividend on preference shares	–	–	–64	–	–64
Non-cash distribution of Bokusgruppen	–	–	–2	–	–2
Comprehensive income for the year	–	–	–	134	134
Closing balance, 31 Dec 2022	**10**	**2,376**	**–54**	**134**	**2,467**

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	2022	2021
Audit	1	1
Other auditing services	1	0
	3	**2**

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 15 (13), of whom 7 (6) were men. At the end of 2022, three of the senior executives were employed by the Parent Company. Two are employed in the Group (Salix Group & Ettiketto Group).

	2022	2021
Salaries and other benefits		
Board and CEO	5	5
Other employees	16	14
	21	**18**
Social security contributions		
Contractual and statutory social security contributions	7	6
Pension costs, Board and CEO (incl. payroll tax)	0	0
Other pension costs	3	2
	10	**8**

NOTE 4 | Profit/loss from investments in subsidiaries

	2022	2021
Dividends from subsidiaries	83	730
Impairment of shares in subsidiaries[1)]	–1	–664
	81	**65**

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

NOTE 5 | Interest and similar income

	2022	2021
Interest income from Group companies	90	79
	90	**79**

NOTE 6 | Interest and similar expenses

	2022	2021
Interest expenses to Group companies	0	0
Interest expenses on bonds	0	–17
Interest expenses on loans	–33	–5
Other interest expenses	–9	–8
Exchange losses	–2	–1
Other finance costs	0	0
	–45	**–32**

NOTE 7 | Appropriations

	2022	2021
Group contributions received	45	32
Change in tax allocation reserve	0	0
Change in accelerated depreciation	0	0
	45	**32**

NOTE 8 | Tax

	2022	2021
Current tax expense	–1	–
Deferred tax	–2	0
Tax expense for the year	**–2**	**0**

Reconciliation of effective tax	2022	2021
Profit before tax	136	111
Tax at applicable tax rate	–28	–23
Tax effect of non-taxable income	17	150
Tax effect of non-deductible expenses	–1	–137
Taxable net interest income received	10	10
Tax effect, other	0	0
Recognised effective tax	**–2**	**0**

NOTE 9 | Property, plant & equipment

Equipment	2022	2021
Accumulated cost		
Opening cost	1	1
Investments	0	–
Disposals	0	–
Closing accumulated cost	**0**	**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	2022	2021
1 January	1,285	2,119
Shareholder contributions	63	47
Divestment of subsidiaries[1)]	–7	–
Liquidation of subsidiaries[2)]	0	–
Non-cash distribution of Bokusgruppen	–	–254
Transactions with Salix Group AB owners.	127	38
Impairment[3)]	–1	–664
31 December	**1,467**	**1,285**

1) Divestment Marum Kontorshus i Väst AB, Salix Järn & Bygg AB.
2) Volati Treasury AB, 556947-3399, Stockholm was liquidated on 7 February 2022.
3) Impairment due to distribution of all funds from Volati Konsument AB.

			Carrying amount	
Subsidiary, corp. reg. no., registered office	**Number**	**Holding**	**2022**	**2021**
Marum Kontorshus i Väst AB, 556181-7726, Skara	0	0%	–	7
Salix Group AB, 559016-1500, Malmö	97,531,303	97.5%	703	576
Salix Järn & Bygg AB, 559233-6753, Stockholm	0	0%	–	1
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	23
Volati Industri AB, 556880-6235, Stockholm	490	98%	733	671
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%	1	3
Volati Treasury AB, 556947-3399, Stockholm	0	0%	–	0
			1,467	**1,285**

Marum Kontorshus i Väst AB and Salix Järn & Bygg AB were divested in 2022. Volati Treasury AB, 556947-3399, was liquidated on 7 February 2022.

NOTE | 11 Equity

Dividend

In 2022, Volati AB adopted a dividend of SEK 135 (1,315) million to ordinary shareholders and SEK 64 (114) million to preference shareholders. SEK 16 million of the adopted dividend for preference shareholders was settled in Q1 2023.

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	–53,775,629.66
Net profit	134,027,892.40
Share premium reserve	2,376,398,417.10
be appropriated as follows:	
Dividend of SEK 1.80 per ordinary share, total	142,931,827.80
Dividend of SEK 40 per preference share, total	64,150,960.00
Carried forward	2,249,567,892.04

NOTE 12 | Pledged assets and contingent liabilities

Pledged assets	2022	2021
Shares in subsidiaries	–	–

Contingent liabilities	2022	2021
Rental guarantee	17	4
Guarantees for subsidiaries	–	–
	17	**4**

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

NOTE 13 | Accrued expenses

Accumulated cost	2022	2021
Accrued personnel expenses	1	1
Accrued social security contributions on accrued personnel expenses	1	1
Accrued liability for preference share dividend	16	16
Other accruals	1	2
	19	**20**

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. At the beginning of the year, Volati purchased 4,100,000 shares in the subsidiary Salix Group AB from related parties and sold 309,756 shares to related parties. In the latter part of year, 22,354 shares in the subsidiary Salix Group AB were repurchased from related parties. During the year, 130,509 warrants in Volati AB were issued to key personnel in Volati AB. The warrants were issued in accordance with the resolution adopted by the Annual General Meeting on 27 April 2022. 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 21 (20) 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 2023

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 29 March 2023

Ernst & Young AB

Rickard Andersson
Chief Auditor

Audit 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 79–91 and the statutory sustainability report on pages 52–75 for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 46–147 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 2022 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 2022 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 79–91 and the statutory sustainability report on pages 52–75. 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 the financial position 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 2022, the company's goodwill amounts to SEK 1 708 million and intangible assets with an indefinite useful life amount to SEK 138 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 2022, contingent considerations amount to SEK 78 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 remuneration report for the financial year of 2022 also constitutes other information.

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 2022 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 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report 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 79–91has 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 52–75, 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 27 april 2022 and has been the company's auditor since the 16 May 2018.

Stockolm and date as per digital signature.
Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

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