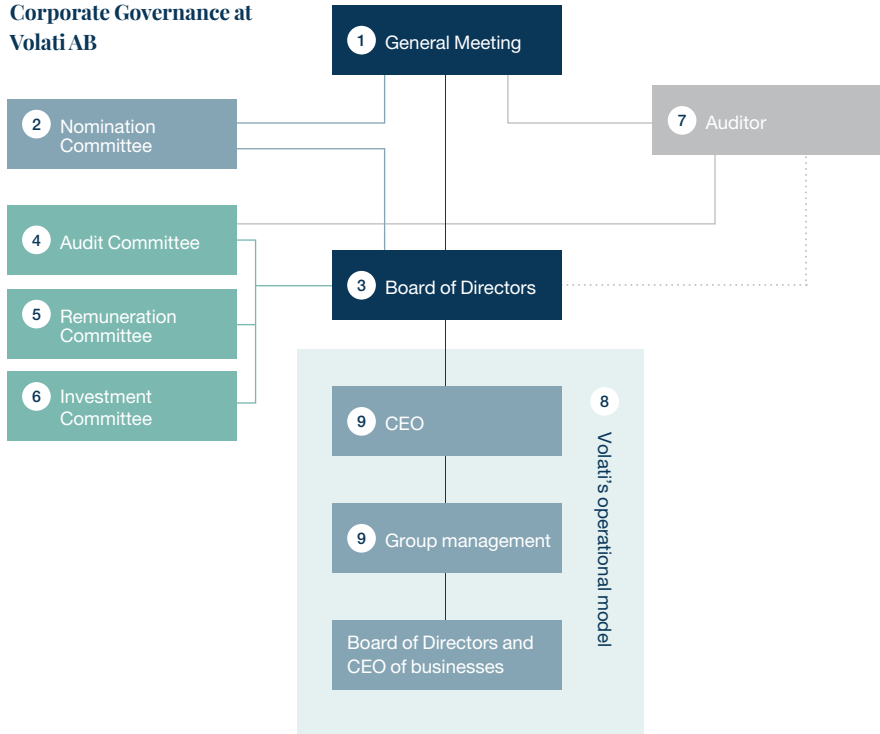


Corporate Governance Report

Corporate Governance at Volati AB



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

Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK million)	Meeting attendance in 2022	
						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 Perhagen. He has previously worked for Kemira Group and Ernst & Young Management Consulting AB.

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

Karl Perhagen

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 Sensus AB. Board member of VBG Group AB (publ), Enzymatica AB (publ), Seafire AB (publ), Atterviks Bil AB and Optimova 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 Orienteatern.

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 Mxingvest 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: –

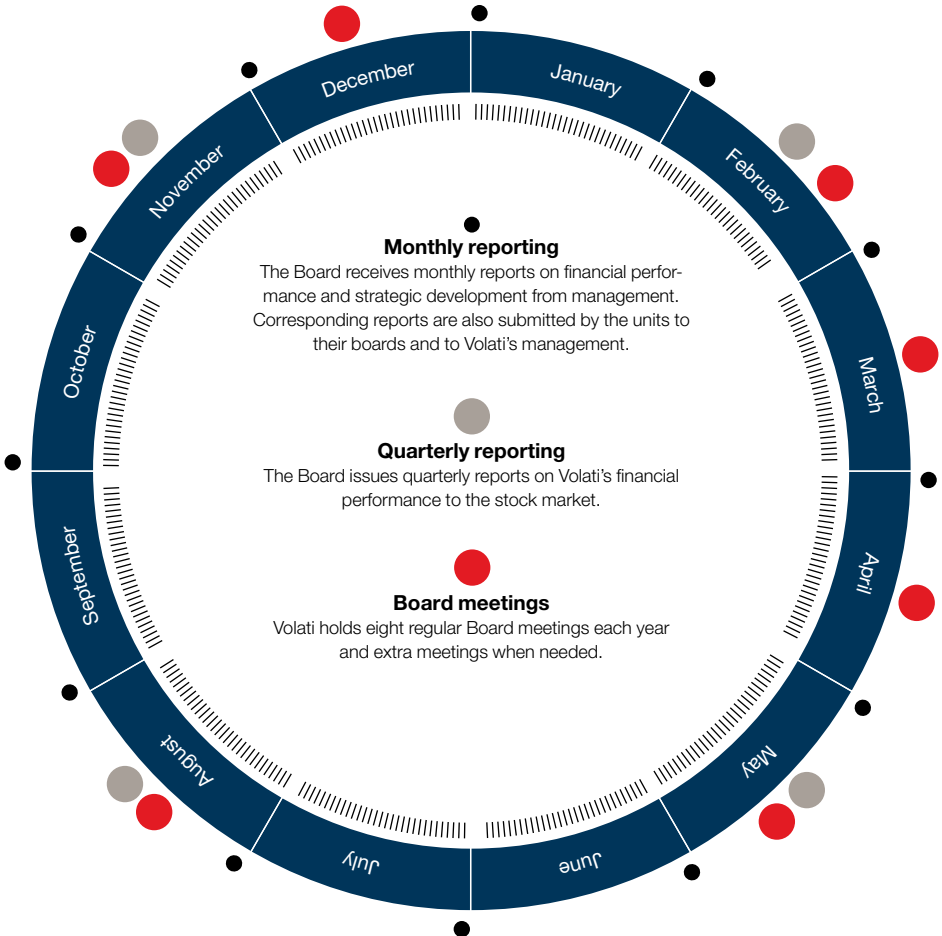
Background: Rikard has worked in several sales and production roles within Ettiketto Group since 1998 and was appointed CEO in 2016.

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, Ocro, 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 Ocro.

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.