

2023

volatı.

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The formal annual report is on pages 47–150. The statutory sustainability report can be found on pages 52–75.

The Swedish version, signed by the Board or through the European Single Electronic Format (ESEF), is the original version. The ESEF Annual and Sustainability Report is published at www.volati.se

Volati in brief

Volati is a Swedish industrial group with the vision to be Sweden's best owner of medium-sized companies.

Through value-creating add-on acquisitions and long-term, sustainable company development, Volati has been delivering consistently strong earnings growth since the start in 2003. The Group consists of the business areas Salix Group,

Ettiketto Group and Industry, with operations in 22 countries, about 2,000 employees and annual sales of approximately SEK 7.8 billion. Volati's ordinary shares and preference shares are listed on Nasdaq Stockholm.

THREE BUSINESS AREAS

Salix Group



33%

SHARE OF EBITA

A Nordic market-leading trading business primarily supplying materials to the construction industry and building materials retail.

Ettiketto Group




20%

SHARE OF EBITA

A Nordic market-leading full-service supplier of self-adhesive labels and labelling machines.

Industry



47%

SHARE OF EBITA

Four platforms with market-leading positions and high growth potential in their niches.

- Home markets
- Presence through subsidiaries

7,796

NET SALES,
SEK million
(7,751)

733

EBITA,
SEK million
(710)

3

EBITA GROWTH,
%
(7)

22

RETURN ON EQUITY,
%
(32)

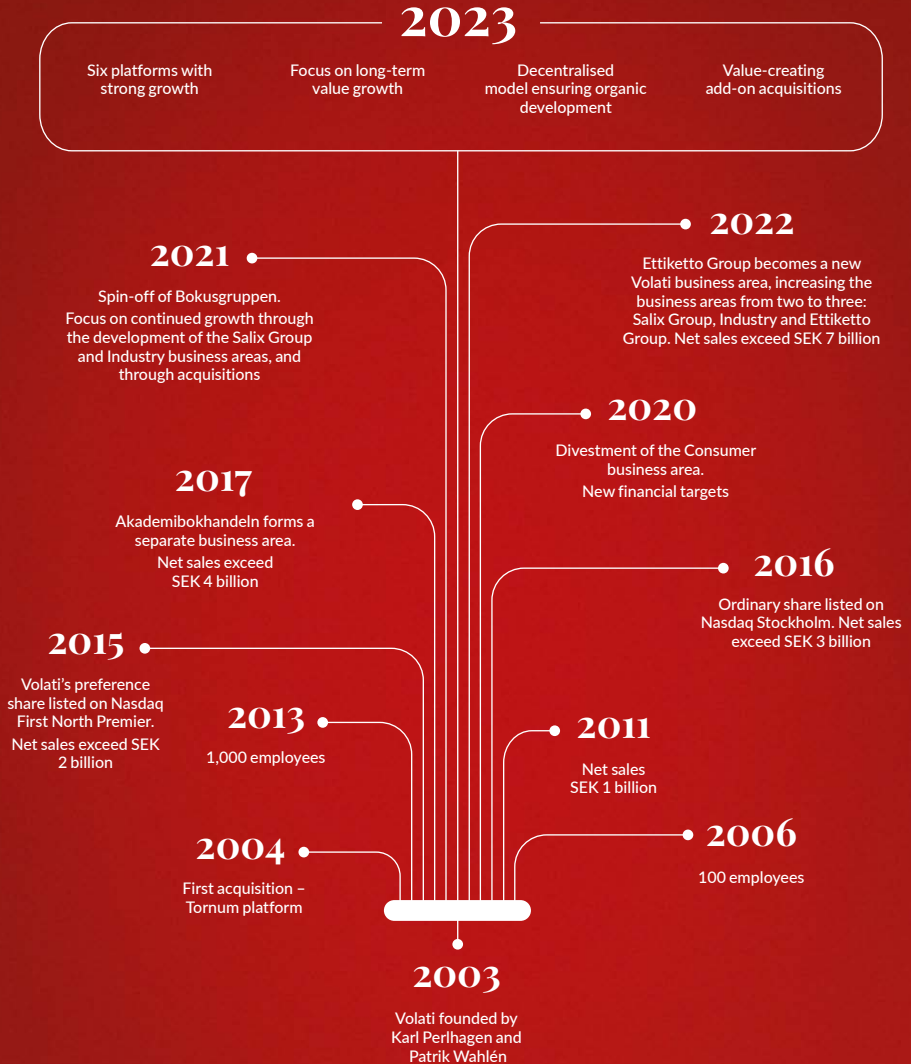
22

NUMBER OF
COUNTRIES
(21)

2,013

NUMBER OF EMPLOYEES
AT END OF YEAR
(1,892)

20 years of long-term value creation



Key figures

	2023	2022	2021	2020	2019
Net sales, SEK million ¹⁾	7,796	7,751	6,309	4,921	4,145
EBITA, SEK million ¹⁾	733	710	664	421	312
EBIT, SEK million ¹⁾	636	624	620	394	292
Net profit, SEK million ¹⁾	368	433	442	246	184
Net profit, SEK million	368	433	522	977	-2
Operating cash flow, SEK million ¹⁾	836	431	487	550	310
Net debt/adjusted EBITDA, x	2.0	1.9	1.3	-0.8	1.5
Earnings per ordinary share, SEK	3.68	4.44	5.42	11.37	0.13
Earnings per ordinary share, continuing operations, SEK	3.68	4.44	4.42	2.15	1.42
Return on adjusted equity, %	22	32	40	51	-4

¹⁾ Continuing operations.

Significant events

- Volati made five acquisitions in 2023, adding over SEK 630 million in annual sales
- In March, the Board set new long-term sustainability targets for the business within the Group-wide focus areas Business Ethics, Environment & Climate and Employees.
- During the year, Volati further strengthened its sustainability work by linking sustainability targets to the Company's existing credit facilities.



Proven value growth over time

2023 marks Volati's 20th anniversary. From the outset, our model has been to acquire and develop companies with strong cash flows. We reinvest these cash flows in a disciplined way in, among other things, new acquisitions. As owners, we have, over time, found new ways to add value to the companies we acquire – including strategic HR programs like Volati Management Program and Volati Academy, and the focus on value-creating add-on acquisitions in recent years.

This means that we have been able to maintain our required rate of return, as the acquisition valuations have increased. It also means that we have been able to maintain a high growth rate without being dependent on external capital. In other words, the growth has been self-generated, fully benefiting shareholders. Our success in Volati's first 20 years is a result of our ability to maintain this model under different market conditions and as we have grown in size.

Volati's first acquisition, in 2004, was Tornum Group, with sales of SEK 90 million. Since then, the company has expanded organically outside the Nordic region, and has made a number of value-creating add-on acquisitions in recent years. At the end of 2023, Tornum Group acquired a Spanish silo manufacturer, enabling us to keep a larger share of the profit ourselves by offering proprietary storage solutions. Tornum is currently one of Europe's leading turnkey suppliers of grain handling equipment,

with sales of over SEK 900 million. This shows that Tornum Group is an excellent example of an acquisition and a platform within Volati.

Through the cash flow from our first platform Tornum Group, and from subsequently acquired platforms, Volati has financed an average annual growth rate of 25 percent and Volati now has net sales of SEK 7.8 billion. This shows the strength of our model of self-financed growth.

Business areas with proven growth potential

I personally am now in my fifth year with Volati and I feel enormous pride in what we have achieved together during this time. When I started in 2019, the Company consisted of four business areas, two of which are no longer part of Volati. The Consumer business area was divested on favourable terms during 2020, and the purchase consideration enabled us to pay an extra dividend of just over SEK 800 million in spring 2021. Later on in the same year, Bokusgruppen was distributed to our shareholders and is now a separate listed company.

The business areas that make up Volati today, Salix Group, Ettiketto Group and Industry, showed an EBITA of SEK 312 million in 2019. For 2023, the same business areas have reported an EBITA of SEK 733 million. This means an average annual growth rate of 24 percent, with the majority of the growth being organic and the rest coming from just over 20 acquisitions. During this period, we have experienced years of high growth, such as 2021 when our EBITA increased by 58 percent, but also years of lower growth, such as 2023 when the EBITA increase was 3 percent. This trend reflects the nature of the Group. We create significant value over time but our

earnings can vary somewhat between quarters and years. The variation is a natural consequence of our acquisition rate and the platforms we have chosen to own. Acquiring and owning businesses whose earnings can vary over time has been part of our success, partly because we have been able to acquire them at attractive valuations, but also because they fit in well with Volati's focus on long-term value creation. However, this means that there are times when we have more platforms than normal that are below what we see as their average earnings, which was the main reason for a lower growth rate in 2023. When we return to normalisation in terms of average earnings, this will act as a catalyst for growth.

A weaker conclusion to 2023

The end of 2023 brought external challenges for several of our platforms, which together resulted in a financial performance for the year that was below what we might expect in a year of normal market conditions for our platforms. Our EBITA per ordinary share increased by 3 percent, which is below our financial target of at least 15 percent over a business cycle. The Ettiketto Group business area contributed positively with EBITA growth of 16 percent, while Industry showed EBITA growth of 8 percent. Salix Group reported a decline in EBITA during the year, but despite declining sales, reversed a negative margin trend and delivered a margin in line with the previous year.

A consequence of the poorer earnings at the end of 2023 is that our return on adjusted capital decreased to 22 percent at the end of 2023. However, it is still above our financial target of at least 20 percent. The performance measure is important to us as a high return on adjusted

equity is a prerequisite for sustainable self-financed growth. As expected, cash flow has been strong throughout the year, which contributed to a net debt/adjusted EBITDA of 2.0x, which is in the lower part of our target range. This gives us the financial muscle to act on acquisitions when the right opportunities arise.

Focus on long-term structurally sound measures

Volati's overall goal is to generate long-term value growth. This means that our focus is to maximise cash flows over time. In a challenging market, this is put to the test. We avoid short-term decisions that increase profits in the short term but have a negative impact in the long term in favour of decisions that are right for the long term. This does not mean that as owners we sit on our hands in times like these. It is an excellent opportunity to address the type of structural measures that benefit the companies in the long term. In 2023, this has involved a number of restructuring measures to create the conditions for improved cash flows over time. We have streamlined our work in several of our platforms, reviewed our presence in a number of markets and segments, and accelerated synergies between companies in our platforms. Salix Group is a fine example of a Volati company that has used the last few years to create the right conditions by taking proper long-term measures.

Growth through value-creating add-on acquisitions

An important part of our business model is growth through value-creating add-on acquisitions for existing platforms. Through synergies, the companies we acquire generate higher

earnings with us than with their previous owners. We had a slightly lower contribution from acquisitions in 2023, but made five acquisitions, which together added over SEK 600 million in annual sales. Two of the acquisitions were outside the home markets Sweden, Norway and Finland. In the first quarter, an acquisition was made in the UK and in the fourth quarter, one was made in Spain.

I have already mentioned that our decentralised governance model works well in challenging market conditions and, in these times, that our decisions and how we act play the most important role. In 2023, we seized the opportunity and positioned ourselves well for the future by taking long-term structural measures. Thanks to the outstanding efforts of all my colleagues, the Group is in good shape and well placed for when the market conditions for our platforms improve.



ANDREAS STENBÄCK, CEO VOLATI
Stockholm, March 2024



Our vision:

Volati's vision is to be regarded as 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 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 invested capital is sufficiently high. This is clearly reflected in our financial targets, which measure growth per ordinary share and return on equity. The combination of a good growth rate and a high return on equity shows 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 and take 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.

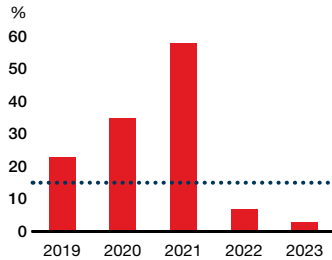
Financial targets

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

- Growth in EBITA per ordinary share, LTM, %
- ⋯ Target: >15%

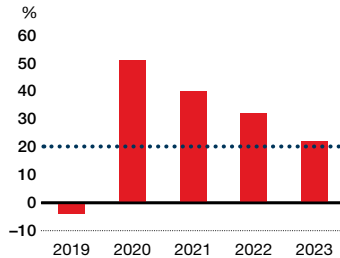


OUTCOME
3
%

Return on adjusted equity

The target is a return on adjusted equity¹⁾ of 20 percent.

- Return on adjusted equity, %
- ⋯ Target: 20%

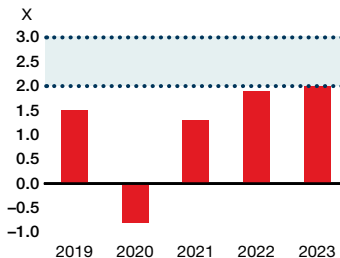


OUTCOME
22
%

Capital structure

The target is a net debt/adjusted EBITDA¹⁾ ratio of 2 to 3 times, not exceeding 3.5 times.

- Net debt/adjusted EBITDA, x
- ⋯ Target: 2.0-3.0x



OUTCOME
2.0
x

¹⁾ See note 27, pages 137–141 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 that is carried out. 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



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
IN 2023

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.

10%

REDUCTION IN THE
GROUP'S OWN CO₂e
EMISSIONS SINCE 2021

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.

25%

WOMEN IN
THE GROUP'S
MANAGEMENT TEAMS

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

Acquisitions in 2023

Growth through acquisitions is a central part of Volati's business strategy. Five acquisitions were made in 2023, adding over SEK 600 million in annual sales.

Volati creates value through carefully selected 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.

Carefully selected acquisitions of well-managed companies that complement existing operations and strengthen the market presence enable Volati to continue creating sustainable value growth. Both through platform acquisitions and add-on acquisitions.

Acquisitions in **Salix Group** Business Area

<p>Sweja Acquired in May 2023</p>	<p>The acquisition of the family business further strengthens Salix Group's position in the Swedish packaging market. Sweja's solid track record as a provider of complete solutions in the tape and stretch film segment positions Sweja and Salix Group for continued value creation and high customer value through increased knowledge and broadening of T-Emballage's product & service offering.</p>	<p>NET SALES 100 SEK million</p>
<p>Trejon Försäljnings AB An agreement to acquire all shares was signed in December 2023</p>	<p>The acquisition strengthens Salix Group's presence in the forestry and agricultural machinery segment, complements Kellfri's offering and creates synergies. The broader range provides a more complete customer offering and enables the optimisation of supplier networks and flows. The acquisition exemplifies Volati's strategy for long-term value growth through an enhanced offering in parallel with clear synergies.</p>	<p>NET SALES 300 SEK million</p>

Acquisitions in S:t Eriks in Industry Business Area

Gunnar Prefab

Acquired in September 2023

Gunnar Prefab's leading position in niche and infrastructure products strengthens S:t Eriks' market share in an area with good growth potential. Gunnar Prefab has significant industry knowledge and a broad customer base in traffic products and barrier elements which complement S:t Eriks' existing offering.

NET SALES
80
SEK million

Acquisitions in Tornum Group in Industry Business Area

JW Installations Ltd

Acquired in March 2023

The acquisition of JW Installations (JWI) is Tornum Group's first acquisition in the UK and is a natural next step in Tornum Group's and JWI's long and successful distribution relationship. Being part of Tornum Group broadens JWI's product range, which increases customer value, while Tornum Group strengthens its position in one of Europe's largest agricultural markets.

NET SALES
40
SEK million

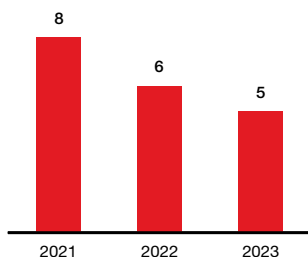
SIMEZA

Acquired in November 2023

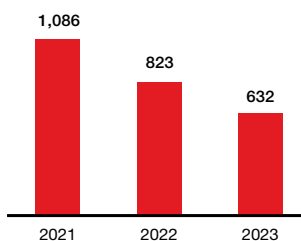
See next page for more information.

NET SALES
110
SEK million

Number of acquisitions per year



Acquired sales per year¹⁾, SEK million



¹⁾ Sales on acquisition date.

ACQUISITION CASE

SIMEZA

Volati creates long-term value growth by building strong platforms. The add-on acquisition of SIMEZA for Tornum Group strengthens both the platform's offering and market position.

Silos Metálicos Zaragoza S.L.U. (SIMEZA) was acquired in November 2023. SIMEZA, headquartered in Spain, is a leading European manufacturer of storage solutions (silos) for the grain industry and has about 35 employees. Through the SIMEZA acquisition, Tornum Group gains access to proprietary silos, creating significant synergies within the platform. This means that Tornum Group will now be able to offer a larger share of customer deliveries with proprietary storage solutions,

which in turn will lead to increased volumes for SIMEZA.

Tornum Group has been part of the Volati Group since 2004, when its sales were approximately SEK 90 million. Since then, the platform has grown both organically and through acquisitions. The acquisition of SIMEZA is the platform's fifth acquisition in three years and the platform currently has sales of approximately SEK 900 million.



Comments from Tornum Group CEO Nicklas Margård

We are delighted to welcome SIMEZA to Tornum Group. This is a well-managed company with a leading position that opens up many new opportunities. Together we are well positioned to take advantage of growth opportunities in the agricultural industry and provide our customers with an even wider range of innovative solutions tailored to their changing needs. The acquisition also fits in well with Tornum Group's strategy of continued international growth.



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, we are convinced that that the best business decisions are made close to customers and the market. Building on local entrepreneurship and a decentralised governance model, we develop the companies by providing leadership, knowledge, processes, financial resources and in particular common values. 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.



Image: Beneli



Active ownership

Volati is a responsible and active owner. We closely follow the development of our businesses to ensure they have optimal conditions for growth and 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 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

At Volati, there is a structured process for setting the strategic agenda with all of the businesses, which involves working through our vision, business concept, goals and strategy.

Capital allocation

Capital allocation is managed centrally in the Group. 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 our businesses can gain access to financing of much larger investments and initiatives than

would be possible if they were completely independent. The allocation is based on the regular discussions on investment needs and acquisition opportunities that take place in the boards of the businesses.

In 2023, SEK 380 million was allocated to acquisitions and investments aimed at developing Volati's businesses

Sustainability

When making investments, we set sustainability requirements and ensure that our companies' business plans and results monitoring take into account sustainability aspects. We also ensure that risks related to sustainability are managed and minimised.

Volati set new long-term sustainability targets in 2023

Guidelines and policies

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.



Image: Beneli



Competence and leadership

As a responsible owner, it is important for us that our companies have access to the right expertise. To achieve this, we work actively on succession planning and strategic HR, which includes a leadership programme to find the managers of the future. We also provide skills development and support to our existing employees in order to enable them to reach their full potential. This is important work that establishes Volati as an attractive Group, which in turn helps us to attract the very best employees.

Volati Knowledge

Volati Knowledge is a collective name for our skills development initiatives. This is about nurturing best practice within the Group and adding new expertise and tools. Through our training initiatives in purchasing, acquisitions and sustainability, we promote continuous learning in the organisation, which generates skills development for our employees and thereby develops the organisation.

Volati Academy

Volati Academy is a one-year leadership programme aimed at employees at management group level in Volati's companies and other key personnel in the Group. Under 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 business. The main purpose is to develop each participant and create a sense of togetherness between Volati's companies and its leaders. This is achieved by creating a deeper understanding of Volati's history, culture and way of working.

95 individuals at management level have taken part in Volati Academy to date

Volati Management Program

Volati Management Program is our trainee programme for developing future managers. The programme recruits young potentials who

have worked for 2–4 years and have a university education with good academic results. Volati Management Program runs for one and a half years, with participants spending two periods at selected businesses and one period at Volati's head office. On completion of the programme, a leadership role in one of the businesses follows. Volati Management Program attracts many qualified candidates and helps to ensure that our businesses can access competent individuals with relevant experience and training.

A total of 27 individuals have completed the programme since its launch in 2015 – 18 now have roles in leading positions around the Volati Group and two are with Bokusgruppen



Image: Volati Academy



Image: Ettiketto



Value-creating add-on acquisitions

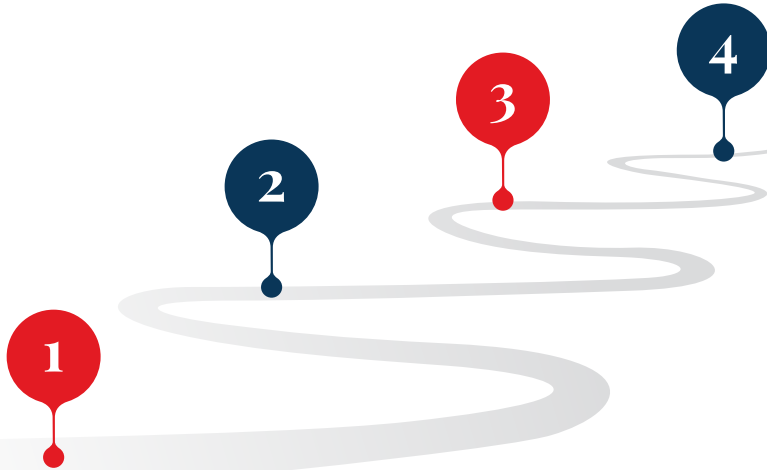
Volati acquires and develops strong, successful businesses, with a focus on creating long-term value growth. As part of this, we focus on add-on acquisitions for existing businesses. These acquisitions strengthen the businesses' market positions and accelerate the rate of growth and development in line with set strategies. This also enables further value creation through synergies. In many cases, our businesses can also improve the underlying operations of acquired companies through a more developed operating model. Volati is a distinctly industrial buyer with extensive

knowledge of the markets in which we operate, which contributes to a lower operational risk while also giving us a strong inflow of acquisition candidates. We are passionate about working on the long-term development of the industries we operate in together with the businesses we acquire.

Add-on acquisitions were made in 3 of Volati's 6 platforms in 2023

The acquisition process

Volati's acquisition process is designed to simplify and shorten the sales process, and increase the probability of a successful transaction – without compromising on security for either the seller or buyer. This is how it works:



1

Evaluation

We are meticulous in our evaluation of companies that comprise new acquisition opportunities and prioritise quality over quantity. Our fundamental principle is to be cautious and rather abstain from a potential transaction if we are not convinced of its value, rather than risking a poor investment.

2

Due Diligence

If the acquisition qualifies beyond the evaluation, we proceed with a due diligence (DD) process. This involves a more thorough examination of the company's operations. In most cases, the majority of this work is conducted with internal resources. Our philosophy is to focus on key issues and work according to the materiality principle in order to offer as smooth DD process as possible.

3

Negotiation

After a successful DD, negotiations ensue between Volati and the seller, where we agree on a reasonable arrangement for both parties. The agreement can then be signed and the transaction finalised.

4

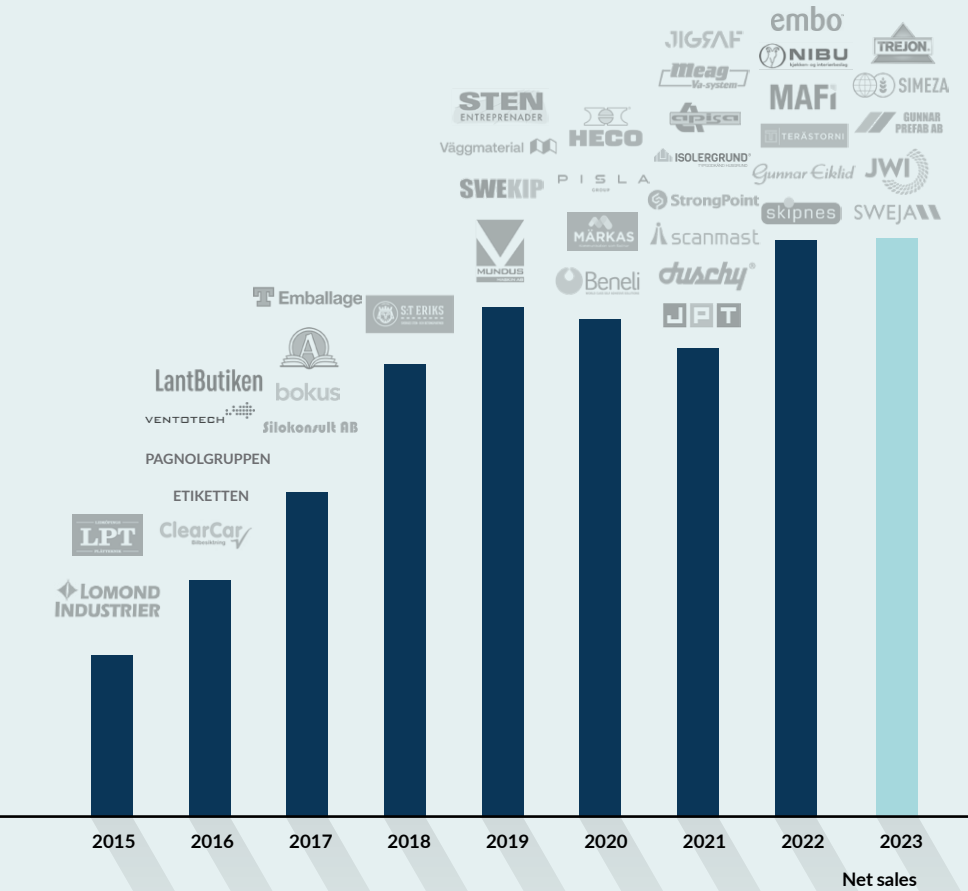
Integration

On completion of the transaction, the process of integrating the acquisition into Volati's ownership structure begins. This process is just as important as the transaction itself. Even during the acquisition process, we spend time with the company's management to jointly develop a forward-looking plan.

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.



Volati

BUSINESS AREAS



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 materials retail and related retail segments, 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 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

2023 brought a challenging macroeconomic environment, which had a negative effect on demand for Salix Group's products. Sales fell by 5 percent and the EBITA margin decreased from 8.2 to 7.9 percent. During the year, we adapted our operations to the prevailing conditions, which gradually had a positive impact on our costs. This meant that, despite lower sales, Salix Group reported a higher operating margin compared with the previous year in the last two quarters. Our work on cost control and realising synergies means that we are well equipped for when market demand returns. Salix Group acquired the two businesses Sweja and Trejon during the year.



3,402

NET SALES,
SEK million

(3,598)

269

EBITA,
SEK million

(296)

7.9

EBITA
MARGIN, %

(8.2)

25

ROCE EXCL.
GOODWILL, %

(26)

608

NUMBER OF
EMPLOYEES

(606)

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: Bärebo, 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 building materials 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, Vägghmaterial, 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.

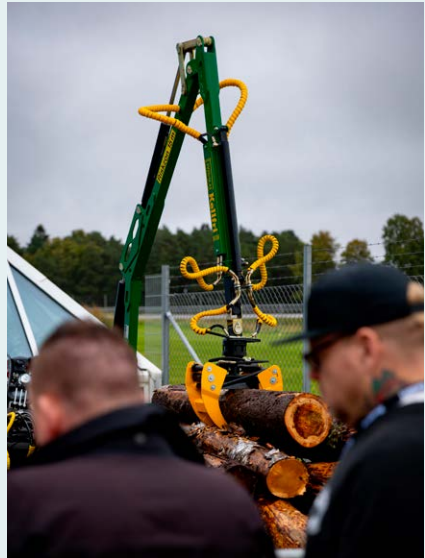
Trademarks: TECCA, TESHELL, TEPROTECT, T-Emballage, Embo, Sweja



Agriculture, Forest & Garden

The unit includes Kellfri, Swekip and Trejon, 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, Swekip and Trejon 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 Kellfri, Trejon and Miljöcenter have a clear Nordic market presence.

Trademarks: Kellfri, Trejon, 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 Group 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

During the year, Ettiketto Group continued to work on exploiting synergies and increasing operational efficiency in previously acquired businesses. This resulted in the operating margin rising by 3 percentage points to 18.5 percent during the year and EBITA growth of 16 percent, which was entirely driven by organic growth. The market in which Ettiketto Group operates is relatively insensitive to economic fluctuations, but the volume decreased slightly during the year, particularly in Norway. Going forward, we see good opportunities to continue the margin-strengthening journey, while increasing sales growth, both through organic development but also through acquisitions.



859

NET SALES,
SEK million

(879)

159

EBITA,
SEK million

(137)

18.5

EBITA
MARGIN, %

(15.6)

67

ROCE EXCL.
GOODWILL, %

(57)

277

NUMBER OF
EMPLOYEES

(263)

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 the unit is 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**
PRINTED ELECTRONIC SOLUTIONS

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 2023

The Industry businesses showed positive growth during the year. Net sales increased by 8 percent and EBITDA by 7 percent, with

acquisitions and realised synergies contributing positively. The Corroventa and Tornum Group platforms increased both margin and earnings during the year. Demand for S:t Eriks' infrastructure-related products is good, but the current economic situation is causing low demand for the company's building-sector products. In Communication, the company MAFI is encountering lower demand for 5G-related products, particularly in the US where the rollout has slowed down. When the pace picks up again, MAFI will be well positioned to take part in the growth.

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. The companies Gunnar Prefab, JW Installations and SIMEZA were acquired during the year and the process of integrating them is continuing.

3,541

NET SALES,
SEK million

(3,280)

385

EBITA,
SEK million

(358)

7

EBITA
GROWTH, %

(25)

34

ROCE EXCL.
GOODWILL, %

(34)

1,110

NUMBER OF
EMPLOYEES

(1,003)

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 2023

Europe was hit by several late storms in 2023, which meant that this was a year of high demand for Corroventa's water damage restoration products.

Part of Volati since 2007

CEO: Sofia Axelsson

Number of employees: 76

Share of the business area's net sales: 9%





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 the platform well positioned to support its customers through development of new products. MAFI is based in Mora but sells its products globally.

Events in 2023

Communication had a strong start to 2023, but experienced weaker demand for MAFI's products in the second half of the year due to a slower 5G rollout, particularly in the US.

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

CEO: Andreas Westholm

Number of employees: 143

Share of the business area's net sales: 22%



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 the building materials retail market.

Events in 2023

In 2023, there was strong demand for S:t Eriks' infrastructure-related products, while demand for building-sector products was low due to the economic situation. S:t Eriks acquired the company Gunnar Prefab during the year, which strengthened S:t Eriks' offering in products for road infrastructure. The acquisition also enables synergies in many areas.

Part of Volati since 2018

CEO: Magnus Ström

Number of employees: 614

Share of the business area's net sales: 43%

Add-on acquisitions 2023: Gunnar Prefab AB, which added approximately SEK 81 million in net sales.





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 SIMEZA, the offering has been complemented with storage solutions for grain.

TORNUM

Events in 2023

Tornum Group performed well during the year and continues to broaden its product range and geographical spread. In 2023, the Spanish silo manufacturer SIMEZA and the UK company JWI were acquired. Integration of the acquired companies is in progress.

Part of Volati since 2004

CEO: Nicklas Margård

Number of employees: 277

Share of the business area's net sales: 27%

Add-on acquisitions 2023: JW Installations Ltd (UK), which added approximately SEK 40 million in net sales, Silos Metálicos Zaragoza S.L.U. (SIMEZA), which added approximately SEK 110 million in net sales.



INTERVIEW WITH ANDREAS WESTHOLM,
CEO OF THE COMMUNICATION PLATFORM

FOCUS ON LOCAL ENTREPRENEURSHIP

Communication became part of the Volati Group through the acquisition of Scanmast in 2021. The platform currently consists of the market-leading companies Scanmast and MAFI, which are suppliers of infrastructure solutions – mainly in the form of masts, towers and mounting solutions for telecom equipment and solar panels. Andreas Westholm has been the CEO of Communication since January 2023 and has extensive experience in the sector.



What made you join Volati – was there something particularly attractive about the role of Communication CEO?

I had good knowledge of both Scanmast and MAFI before I took up the position of CEO of Communication. During my first year, I gained a very good picture of the Volati Group. Above all, I have appreciated the commitment and expertise that the Scanmast and MAFI employees bring. I was also attracted by Volati's decentralised governance model with a focus on local entrepreneurship. In practice, this means that there is a lot of trust in those of us working operationally with the platform to continue developing the business.

Can you explain Volati's governance model?

Volati has a decentralised governance model, which places a lot of responsibility on the Group's leaders. It is their expertise and commitment that makes it possible to develop the businesses, thereby contributing to Volati's long-term value creation. Personally, I think that the governance model contributes to effective decision-making processes and working methods, which helps me in my role as CEO.

What is Volati like as an owner?

Volati is an active owner that follows the businesses closely, which ensures good development opportunities for the companies within the Group. With Volati as owner, there are no standardised rules on how operational work is to be conducted. Instead, there is strong engagement and support from Volati's management and a clear view of how to build the platforms for long-term value growth, both organically and through acquisitions. The acquisition process is decentralised to us at platform level. It is our responsibility to identify, implement and integrate acquisitions – obviously with good guidance and requirement specifications from Group management. This is a good example of both what the governance model looks like in practice and how Volati functions as an owner.

Volati has a clear strategy for management and skills supply. Have you managed to participate in any of the Group's different leadership initiatives?

I have participated in several CEO meetings for the Group's platform companies over the last year. Exchanging experiences is both rewarding and inspiring, particularly when we identify common challenges and the opportunity to benefit from solutions that others have implemented. In my everyday life, I have contact with a few other CEOs in the Group and we work together to find the best solutions for our customers.

What was your first year like as CEO and how do you see the future?

The market environment has meant that we have gone through a sometimes challenging journey of change in 2023. We have taken the necessary measures and adapted well for the future. I have been well supported in this work by the Group's President and CEO Andreas Stenbäck. We have a good starting-point for 2024 and benefit from several megatrends – for example, the rapid global expansion of telecom.

“Volati is an active owner that follows the businesses closely, which ensures good development opportunities for the companies within the Group”

The Volati share

Shares and share capital

Volati's ordinary and preference shares are listed on Nasdaq Stockholm. At the end of 2023, 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 2023 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 positive price development of 27 percent in 2023. The highest closing price during the year was SEK 119.80 on 2 June. The lowest was SEK 81.40 on 26 October. Volati's preference share showed a negative price development of 2 percent in 2023. The highest closing price during the year was SEK 640.00 on 27 and 30 January. The lowest was SEK 586.00 on 8 and 14 June.

Share trading volume

A total of 9,673,723 ordinary shares and 332,090 preference shares were traded during 2023. The average daily trading volume was 38,541 for the ordinary share and 1,323 for the preference share.

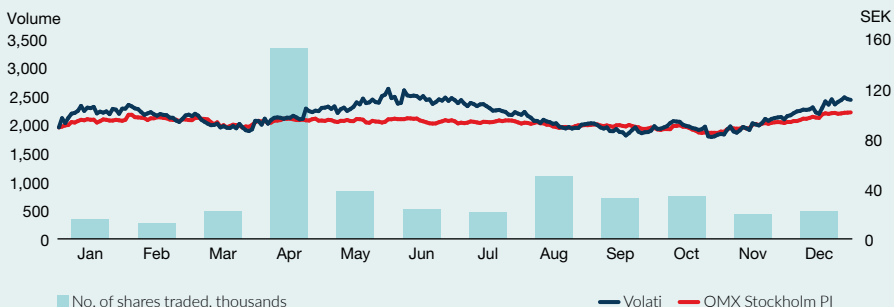
Dividend policy

Volati's goal 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 1.90 (1.80) per ordinary share to ordinary shareholders, corresponding to 42 percent of net profit attributable to the Parent Company's shareholders for 2023, 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 2023 was 11,979 (11,399), with the 15 largest shareholders owning 91.0 (91.6)

Share price development, ordinary share, 2023



percent of the share capital and 92.1 (92.7) percent of the votes. Investors outside Sweden owned 3.3 (3.7) percent of the share capital and 3.3 (3.6) percent of the votes.

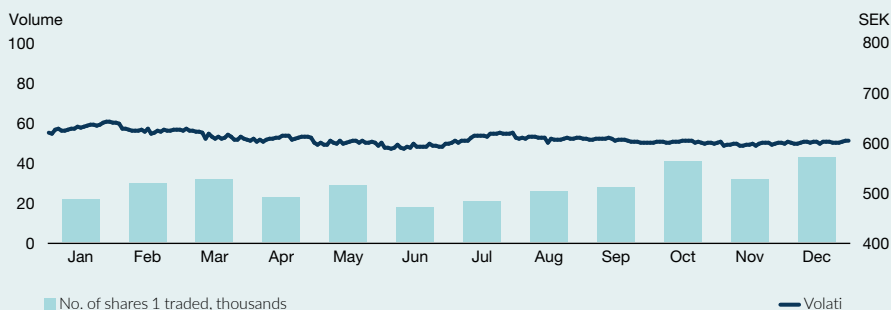
Authorisation to acquire own ordinary shares and preference shares

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 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.

Share price development, preference share, 2023



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 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 Wahlgren (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 2023

The tables below show information related to the ownership structure in Volati AB at 31 December 2023.

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	11,714	78,305,976	96.7%	96.7%
Other countries	265	2,704,369	3.3%	3.3%
Total	11,979	81,010,345	100.0%	100.0%

Shareholders by size

Number of shares	Number of shareholders	Share of capital	Share of votes
1-500	10,718	1.2%	0.8%
501-1,000	600	0.6%	0.4%
1,001-5,000	505	1.3%	1.1%
5,001-10,000	56	0.5%	0.4%
10,000-	100	96.4%	97.3%
Total	11,979	100.0%	100.0%

The 15 largest shareholders¹⁾

Name	Number of shares		Share of	
	Ordinary shares	Preference shares	Share capital	Votes
Karl Perlhagen	31,380,641	300,174	39.1%	39.5%
Patrik Wahlén	18,531,509		22.9%	23.3%
Fjärde AP-fonden	6,129,801		7.6%	7.7%
Swedbank Robur Fonder	4,119,911		5.1%	5.2%
Andra AP-fonden	3,455,386		4.3%	4.3%
Mårten Andersson	1,984,961	1,887	2.5%	2.5%
Lannebo Fonder	1,926,258		2.4%	2.4%
Handelsbanken Fonder	1,388,264		1.7%	1.7%
Avanza Pension	650,863	169,203	1.0%	0.8%
Mattias Björk	736,727		0.9%	0.9%
Andreas Stenbäck	705,433		0.9%	0.9%
Vanguard	691,253		0.9%	0.9%
Magnus Sundström	634,758	29,739	0.8%	0.8%
SEB Fonder	459,175		0.6%	0.6%
Mats K Andersson	437,101	599	0.5%	0.5%
Total 15 largest shareholders	73,232,041	501,602	91.0%	92.1%
Other shareholders	6,174,530	1,102,172	9.0%	7.9%
Total number of shares	79,406,571	1,603,774	100.0%	100.0%

¹⁾ Data compiled by Modular Finance. Sources include: Euroclear, Morningstar, Finansinspektionen.

Volati Annual Report

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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 2023 financial year.

Volati's operations

Volati is an industrial group, comprising three business areas: Salix Group, Ettiketto Group and Industry. Volati's strategy is to build 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 22 countries, with Sweden accounting for the largest share of net sales. The business areas' total EBITA for 2023 was as distributed as follows: Salix Group 33 percent, Ettiketto Group 20 percent and Industry 47 percent.

Salix Group: The Salix Group business area consists of five units with 25 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 five 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 39 operating companies in 18 countries. The business area focuses on various B2B niches and is driven by a combina-

tion 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 2023 remained competitive. Volati completed four acquisitions during the year: JW1 Installations Ltd, Sweja Industriförnödenheter AB, Gunnar Prefab AB and SIMEZA Silos Metálicos Zaragoza S.L.U., and signed an agreement to acquire Trejon Försäljnings 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.

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.

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.

Development during the year

Volati increased its net sales during the year. EBITA also showed an increase during the year, as did the margin. The Ettiketto Group business area increased its earnings and strengthened the margin during the year, driven by focused efforts to realise synergies from previously acquired companies and active work on operational improvements. The Industry business area increased its net sales and maintained its margin during the year. Two out of four platforms improved their earnings compared with the previous year. The Communication and S:t Eriks platforms are facing a challenging market in the form of delays to the US 5G rollout for Communications and Swedish construction market

conditions for S:t Eriks, and measures have been taken to adapt the organisations to the prevailing market conditions.

Salix Group leaves a year of low demand due to the economic situation, with both net sales and EBITA showing a decline. The business area has been working actively on cost control and realising synergies, and in the second half of 2023, margins strengthened compared with the same period in the previous year, despite lower sales.

In 2023, the external environment has been coloured by macroeconomic uncertainty and Volati has been affected by high material prices, high inflation, high interest rates and a weak krona. Our organisation has responded efficiently to these challenges through customer communication, pricing, cost control and a focus on growth, and Volati is therefore in a strong position for the future.

Net sales and earnings

The Group's net sales for 2023 amounted to SEK 7,796 (7,751) million, an increase of 1 percent compared with the previous year. The growth is driven by acquired growth.

EBITA for 2023 amounted to SEK 733 (710) million, an increase of 3 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. Growth during the year was driven by acquisitions.

Profit after tax for 2023 was SEK 368 (433) million. Profit after tax attributable to non-controlling interests was SEK 12 (17) million. Earnings per ordinary share after deduction of preference share dividends amounted to SEK 3.68 (4.44). Companies acquired during the year are included from the date on which control is obtained.

Cash flow

Cash flow from operating activities for 2023 amounted to SEK 753 (483) million. The cash

conversion rate for 2023 was 102 (54) percent. Investments in non-current assets in the businesses for 2023 amounted to SEK 104 (87) million and were primarily related to business development investments in the form of IT systems and ongoing investments in machinery and equipment. Investments in acquisitions in 2023 amounted to SEK 273 (488) million and were mainly related to four acquisitions: JWI Installations Ltd, Sweja Industriförnödenheter AB, Gunnar Prefab AB and SIMEZA Silos Metálicos Zaragoza S.L.U. Total cash flow for 2023 was SEK -125 (15) 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 23 (16) million 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 (0) million in the income statement.

Employees

The average number of employees during the year, calculated as full-time equivalents (FTEs), was 1,941 (1,901).

Remuneration of senior executives

The currently adopted guidelines for remuneration of senior executives are set out in full in note 5. The Board will propose new guidelines for remuneration of senior executives for adoption by the 2024 Annual General Meeting. It is proposed that the new guidelines remain completely unchanged from the current guidelines.

Equity

The Group's total equity at the end of the period amounted to SEK 2,206 (2,136) million. The equity ratio on 31 December 2023 was 34 percent, compared with 32 percent at the end of 2022. The average return on adjusted equity for 2023 was 22 (32) percent.

Share capital

There were 79,406,571 ordinary shares and 1,603,774 preference shares at the end of 2023. Volati's share capital on 31 December 2023 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 1,713 million at the end of the year, compared with 1,632 million on 31 December 2022. Total liabilities on 31 December 2023 amounted to SEK 4,334 million, compared with SEK 4,550 million on 31 December 2022. Interest-bearing liabilities, including pension obligations and lease liabilities, were SEK 2,325 million at the end of the year, compared with SEK 2,381 million on 31 December 2022. New credit agreements were signed during the year and credit facilities increased from SEK 2,700 million to SEK 2,900 million. At the end of the

year, the unutilised overdraft facility was SEK 300 (185) million, the unutilised revolving credit facility was SEK 885 (750) million and cash & cash equivalents were SEK 96 (227) 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.

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.

2023 has been characterised by continued macroeconomic uncertainty, partly driven by armed conflict, notably Russia's war of aggression in Ukraine. The uncertainty has led to high inflation and interest rates, which is affecting market conditions for Volati's business areas. Volati attaches great importance to 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 11,979. The largest shareholders at the end of the year were the founders Karl Perlhagen, with 39.5 percent of the votes, and Patrik Wahlén, with 23.3 percent of the votes.

2024 Annual General Meeting

Volati AB's 2024 AGM will be held at 17.00 on Thursday, 25 April 2024 in the Bond meeting room, GT30, Grev Turegatan 30, in Stockholm.

Notification

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

- be entered in the share register kept by Euroclear Sweden AB as of Wednesday 17 April 2024 or, if the shares are nominee-registered, ask the nominee to re-register the shares no later than Friday 19 April 2024; and
- have provided notification of their participation no later than Friday 19 April 2024.

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

Events after the reporting date

The acquisition of Trejon Försäljnings AB was finalised on 25 January. The company's net sales amounted to approximately 300 million during 2022/2023. All shares in Beslag Design AB were acquired on February 29, 2024. The company's net sales amounted to approximately 190 million during 2023.

Proposed appropriation of profits

The Board of Directors proposes that:

	SEK
Retained earnings	-127,637,943.66
Net profit	154,606,923.06
Share premium reserve	2,376,398,417.10
<i>be appropriated as follows:</i>	
Dividend of SEK 1.90 per ordinary share, total	150,872,484.90
Dividend of SEK 40.00 per preference share, total	64,150,960.00
Carried forward	2,188,343,951.60

Board statement on the proposed distribution

The proposed dividend reduces the Parent Company's equity ratio from 49.7 percent to 47.4 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, we are convinced that sustainability is crucial to creating long-term value. Business models that do not adapt over time risk losing competitiveness with regard to employees, customers and society at large. It is therefore crucial for sustainability to permeate every part of our organisation and to become a central component of the corporate culture we strive to create.

We believe in our decentralised governance model, in which decisions are made close to the customers in the businesses. Sustainability is no exception, and our employees are best placed to identify sustainability-related opportunities and manage sustainability-related risks in their own businesses.

To ensure that sustainability issues get the attention they deserve, we have provided sustainability training during the year, aimed at senior executives within the Group. As an owner, we also expect high standards of reporting and monitoring of our sustainability targets in order to ensure continuous improvements in our businesses.

Reducing greenhouse gas (GHG) emissions is one of the biggest challenges of our time. Volati sees it as our responsibility to contribute positively to this necessary transition. It is therefore good to see that we have managed to reduce our GHG emissions by 10 percent since adopting our climate target to reduce GHG emissions in line with the Paris Agreement. This corresponds to a 40 percent reduction in the Group's carbon dioxide emissions by 2030 compared with the 2021 level.

Another important milestone in Volati's ambitious sustainability work was achieved in 2023 with the decision to link our financing to our sustainability targets, thus reinforcing the importance of sustainability.

In addition to our important work on the environment and climate, progress has also been made in other key focus areas, and we have the pleasure of presenting this in more detail in Volati's Sustainability Report.

“Another important milestone in Volati's ambitious sustainability work was achieved in 2023 with the decision to link our financing to our sustainability targets”



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 undertake 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 and in the business plans and 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. How well sustainability issues are managed is part of the overall performance evaluation of our leaders.

This Sustainability Report has been prepared according to the same basis of consolidation as the financial statements.

Materiality analysis

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

- Business Ethics
- Environment & Climate
- Employees

These have been defined from the materiality analysis conducted in 2022. 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. Sustainability targets that only affect individual businesses have not been included, but are included in the companies' own sustainability work.

Focus areas & targets

Volati's 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 targets.

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



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



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.

10%

REDUCTION IN THE GROUP'S OWN CO₂e EMISSIONS SINCE 2021

Material topics

- Reduced GHG emissions
- Renewable energy
- Resource efficiency
- Efficient transport and business travel

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.

25%

WOMEN IN THE GROUP'S MANAGEMENT TEAMS

Material topics

- Diversity and inclusion
- Healthy and safe work environment



Image: Ettiketto

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 2023, Group-wide sustainability training was carried out for senior executives in the businesses. The aim of the training was 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 on and our relationships with the outside world. The code of conduct includes human rights, working conditions, equality, diversity, anti-corruption and environmental responsibility and is based on the UN Global Compact, the ILO’s fundamental conventions and the OECD Guidelines for Multinational Enterprises. The code applies to all employees in all companies and is defined annually by the Board. Volati has a whistleblower function 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, 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.

The overview below describes 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 man-

aged 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: Scanmast

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 function.

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 function WhistleB.

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 has operations in over 20 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 involve-

Business ethics



Business ethics incidents

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.

ment in 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 Volati's 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 function, which is easily accessible to all employees.

In the Business Ethics focus area, our target is for all Volati companies to have effective procedures for ensuring good compliance with the Code of Conduct, both internally and in the value chain. As part of the monitoring and evaluation of progress on this target, Volati has

started communicating the Code of Conduct to significant suppliers with the aim of measuring progress over time. 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.

One incident was reported to the whistleblower function in 2023. No incidents related to cases of corruption were reported in 2023.

Reports in the whistleblower function

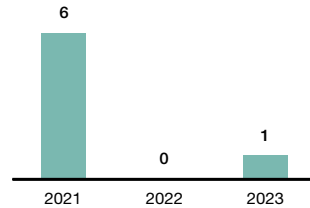


Image: Corroventa

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 CO₂e emissions and CO₂e 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. For example, we own companies that work to enable digital infrastructure in the form of telecommunications and to ensure robust attachment of solar cells. 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. An environmental risk related to previous activities

at a Salix Group property was identified during the year. The risk has not yet been quantified as the magnitude of the risk and the question of liability have still not been sufficiently investigated. Volati's compliance with applicable laws and regulations in 2023 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

Environment & climate



Reduced emissions

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.

10%

REDUCTION IN THE GROUP'S OWN
CO₂e EMISSIONS SINCE 2021

emissions by 40 percent by 2030 compared with the base year 2021.

Activities carried out in 2023

In 2023, 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. Activities aimed at reducing the climate impact of the Group’s vehicles were therefore carried out in 2023, with measures such as replacement of fossil fuel vehicles with electric vehicles.

Within the Group, activities have also been carried out to make our products more sustainable. For example, S:t Eriks has further developed its range in order to reduce the amount of concrete as an input material through the Superplattan concrete slab, see “Example from the business” on page 64 S:t Eriks works continuously to reduce the use of cement. In 2023, the use of recycled concrete as an aggregate was initiated in the company’s facility in Uppsala.

In 2023, Volati also reduced its dependence on fossil-based energy sources by 2022 by purchasing even more fossil-free electricity.

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 2023 can be found under each area on the following pages.

CO₂e footprint of the Group

The 2023 climate inventory showed that total CO₂e emissions within Volati Group amounted to 5,750 tonnes for Scopes 1 & 2. The Group’s CO₂e emissions have fallen by 10 percent compared with the base year 2021. 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:

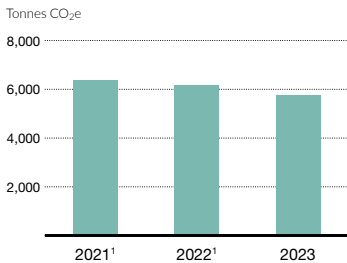
- Salix Group: 1,780 tonnes CO₂e
- Industry: 3,460 tonnes CO₂e
- Ettiketto Group: 510 tonnes CO₂e

Volati is conducting an evaluation of how to effectively and credibly measure our Scope 3 footprint.

Results from the 2023 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.

Scope 1 & 2 emissions



¹) Acquired companies’ estimated CO₂e emissions are added back for comparability.

Emissions by scope and business area

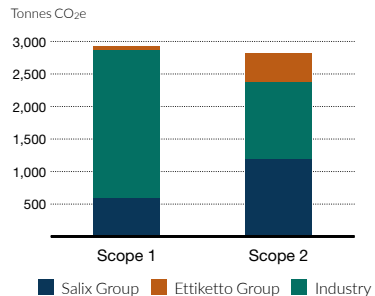




Image: SIMEZA

Vehicle fleet

As the 2022 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. By way of example, 99 percent of Salix Business Partner's forklift trucks are electrically powered. This reduces our emissions but also improves the work environment for employees through higher air quality and lower noise levels.

S:t Eriks is another one of Volati's companies that has been working continuously to phase out fossil fuel vehicles. The proportion of electric vehicles in 2023 was 51 percent, an increase from 39 percent in the previous year. The company is also looking at the possibility of switching from diesel to HVO in its wheel loaders.

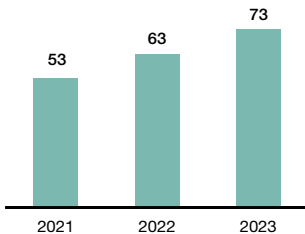
Of all the Group's vehicles, 45 percent are powered by electricity.

District heating

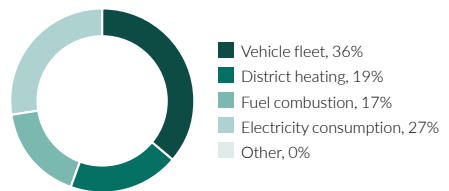
Total emissions related to district heating in 2023 amounted to 1,104 tonnes of CO₂e. In the district heating category, in addition to measures for energy optimisation and efficiency of the companies' properties, it is largely up to the suppliers how to reduce the climate impact.

One of Volati's major district heating suppliers has a target of using only fossil-free fuels in its plants by 2025. Another major supplier 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 986 tonnes of CO₂e in the 2023 climate inventory.

In 2023, a plan was developed at S:t Eriks for phasing out fossil fuels from heating, which extends to 2030. In addition, Ettiketto Group moved from oil to HVO at a Swedish facility in 2023.

Electricity consumption

Reported electricity consumption includes electricity for heating buildings, production machinery and other electricity consumption. Electricity consumption within the Group accounts for about 27 percent of the Group's total CO₂ emissions.

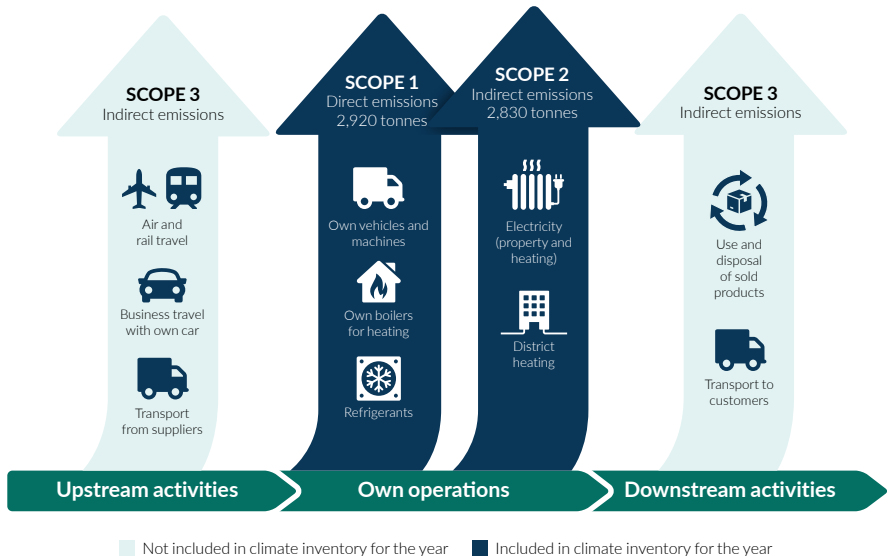
Approximately 73 percent of total electricity comes from renewable sources. This figure was 69 percent in the previous year. This is a result of several of our businesses choosing renew-

able electricity from their suppliers. In 2023, for example, Ettiketto switched to fossil-free electricity at its Swedish production facilities.

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 60 percent of the Group's total energy consumption of 32.0 GWh in 2023.

Other

The category Other includes district cooling and industrial processes. Emissions in these areas only account for about 10 kg of CO₂ emissions.



EXAMPLE FROM THE BUSINESS

Ettiketto

A key part of Ettiketto's sustainability strategy is to offer its customers sustainable solutions that meet their needs. The choice of label material is often determined by the packaging that will carry the labels, and sustainable options for labels made of different materials are therefore needed. As part of this process, all of Ettiketto's units in Sweden have been certified to the FSC® and ISCC PLUS standards. It means that Ettiketto's customers can choose sustainable options whether they need paper or plastic labels.

The Forest Stewardship Council, FSC®, is a non-profit organisation that promotes sustainable management of the world's forests. The aim is to ensure that the forest and its resources remain for future generations and to help preserve biodiversity. The certification means that Ettiketto is part of the process of providing traceability

in the materials used – all the way from sustainable forestry to the finished label. A large proportion of the company's paper labels are now made from FSC®-certified material.

Plastic is not a natural resource, but a synthetic material that is produced traditionally from fossil materials such as oil. International Sustainability & Carbon Certification is an independent initiative and leading certification system that aims to promote sustainable value chains and phase out fossil materials. The ISCC PLUS certification means that Ettiketto can offer labels made from renewable, bio-based plastic material, which has a significantly lower climate impact. The material is also traceable back to its origin, and every entity in the value chain has demonstrated that it meets the sustainability requirements of the standard.



EXAMPLE FROM THE BUSINESS

S:t Eriks

S:t Eriks aims to be climate neutral by 2045, with an interim target to offer climate neutral concrete on the market before 2030. A major step towards this goal is the continued improvement of the "Superplattan" concrete slab – S:t Eriks' most durable paving slab. The slabs are made using a special manufacturing technique called wet pressing, which makes them extra strong and durable. The technology enables the production of thinner slabs, which in turn reduces the amount of concrete and also the carbon footprint.

During 2023, S:t Eriks successfully developed a new concrete recipe for the Superplattan, which contains a reduced amount of cement. Cement production accounts for the largest environmental impact in concrete production, and with the Superplattan's new recipe, one-third of the cement can be replaced by granulated

blast furnace slag, which not only reduces the amount of cement but also improves the strength of the concrete. Granulated blast furnace slag is a well-tested and approved binder for concrete.

S:t Eriks also recycles concrete materials by crushing old concrete products into ballast. Concrete consists of about 80% of aggregates in different fractions. What S:t Eriks does is to use the old, crushed concrete products in its Superplatta, with a quarter of the Superplattan's ballast being replaced with recycled concrete. In 2023, about 1,500 tonnes of discarded concrete products became ballast in the new Superplattan slabs.

Compared with regular standard slabs, the new Superplattan halves the carbon footprint, which illustrates S:t Eriks' commitment to more sustainable production of concrete products.



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 on our boards, in management groups and for 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 balance

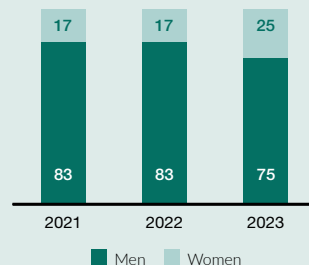
Employees



Gender distribution, the Group's management teams, %

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.



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

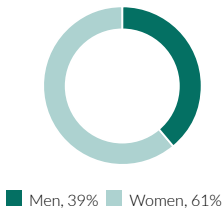
Diversity helps to create a more attractive, sustainable and long-term successful business and is therefore one of Volati's priority focus areas. We have stakeholders from different backgrounds and cultures, both in the Swedish operations and through the businesses, suppliers and customers in other countries. 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 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.

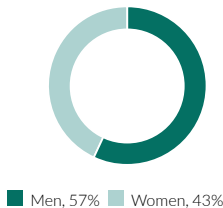
Gender equality is an integral part of HR work on the company boards' agenda. The chairman of the board and CEO of each company are responsible for gender equality. An annual equality analysis is conducted which includes a current status description, challenges, priorities, measures and follow-up. As 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 a 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 61 percent women and 39 percent men. The share of women in the Volati Academy, a programme for management in Volati Group's units, is 38 percent – higher than the average proportion of women in the Group, which is 25 percent.

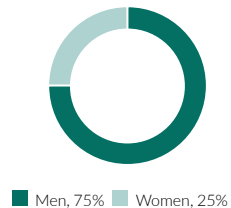
Gender distribution, Volati Management Program, since 2016



Gender distribution, Board, Volati AB¹⁾



Gender distribution among employees, total¹⁾



¹⁾ For a detailed description, see note 5 on pages 108–115.

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 WhistleB whistleblower function is available to all employees as a way to report such incidents. No cases of harassment and discrimination were reported through our whistleblower function during the year.



Image: Kellfri

EXAMPLE FROM THE BUSINESS

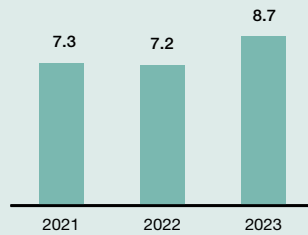
Systematic work environment management – SWEM

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 2023, we have a staff turnover rate of 14.2 percent.

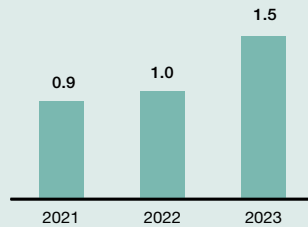
Incidents are events that could have led to a serious injury, health problem or accident. Volati monitors these in the number per 100 employees. Within Volati, this figure has increased from 7.2 to 8.7 since 2022. No incidents resulted in fatal accidents.

In 2023, the number of incidents resulting in sick leave per 100 employees increased to 1.5.

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 7 th day)
Industry	101	24
Salix Group	46	1
Ettiketto Group	13	3
	160	28

Sustainability data

Key figures

	2023	2022
Business ethics		
Proportion of companies subject to Volati's Code of Conduct (%)	100	100
Proportion of employees with access to whistleblower function (%)	100	100
Number of business ethics incidents in the Group	0	0
Number of incidents reported in the whistleblower function	1	0
Environment & climate		
CO ₂ e emissions for Scopes 1 & 2 (tonnes)	5750	6,150 ¹⁾
CO ₂ e intensity (tonnes CO ₂ e/SEK million net sales)	0.72	0.67
Proportion of renewable electricity (%)	73	69
Employees		
Staff turnover (%)	14.2	17.6
Proportion of sick leave (%)	5.3	6.2
Gender distribution, Board – proportion of women (%)	42.9	42.9
Gender distribution, Management group – proportion of women (%)	24.7	17.0
Gender distribution, all employees – proportion of women (%)	24.5	24.5
Number of reported incidents per 100 employees	8.7	7.2
Number of incidents resulting in sick leave (after 7 th day) per 100 employees	1.5	1.0

¹⁾ Acquired companies' estimated CO₂e emissions are added back 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 2023 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 2023 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 2023 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 102. 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 10 Intangible assets, note 11 Property, plant and equipment and note 12 Leases, see pages 123–124.

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. Volati has no operations related to nuclear activities.

Assessment of qualification under the EU Taxonomy Regulation

The majority of the Group's activities are considered not to be taxonomy-eligible economic activities currently described in the EU Taxonomy. The economic activities identified as relevant are listed and described in table 1. Of all the companies in the Volati Group, only Scanmast has some taxonomy-eligible economic activity based on products, technologies or services. Scanmast's activities include maintenance and new construction related to electricity networks and electricity supply, eligible under 4.9 of the Taxonomy. 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 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 2023.

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

Given that a low proportion of Volati's activities are Taxonomy-eligible, these activities have not been analysed for Taxonomy alignment in 2023.

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
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
Turnover

Economic activities	Code(s)	2023		Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)		Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) Turnover, 2022 (%)	Category – enabling activity	Category – transitional activity
		Turnover (SEK million)	Proportion of Turnover, 2023 (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution				
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A1. Environmentally sustainable activities (Taxonomy-aligned)																	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																	
Of which enabling																	
Of which transitional																	
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	
Manufacture of renewable energy technologies	3.1	0.0	0.0	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.01
Transmission and distribution of electricity	4.9	6.6	0.09	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.08
Installation, maintenance and repair of energy efficiency equipment	7.3	31.5	0.40	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.45
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	38.1	0.49															0.54
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)	38.1	0.49															0.54
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																	
Turnover of Taxonomy-non-eligible activities (B)	7,757.9	99.51															99.46
Total (A+B)	7,796.0	100.00															100.00

Table 3

CapEx

	2023		Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)		Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2022 (%)	Category – enabling activity	Category – transitional activity
	Code(s)	CapEx (SEK million)	Proportion of CapEx, 2023 (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water				
Economic activities																
A. TAXONOMY-ELIGIBLE ACTIVITIES																
A1. Environmentally sustainable activities (Taxonomy-aligned)																
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																
Of which enabling																
Of which transitional																
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Manufacture of renewable energy technologies	3.1	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.00
Transmission and distribution of electricity	4.9	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.00
Installation, maintenance and repair of energy efficiency equipment	7.3	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							0.00
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0.0	0.00														0.00
CapEx of Taxonomy-eligible activities (A.1 + A.2)	0.0	0.00														0.00
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
CapEx of Taxonomy-non-eligible activities (B)	402.8	100.00														100.00
Total (A+B)	402.8	100.00														100.00

Table 4

OpEx

	2023		Substantial contribution criteria								DNSH criteria (Does Not Significantly Harm)				Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023 (%)	Category – enabling activity	Category – transitional activity
	Code(s)	OpEx (SEK million)	Proportion of OpEx, 2023 (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy				
Economic activities																		
A. TAXONOMY-ELIGIBLE ACTIVITIES																		
A1. Environmentally sustainable activities (Taxonomy-aligned)																		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																		
Of which enabling																		
Of which transitional																		
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																		
Manufacture of renewable energy technologies	3.1	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.30		
Transmission and distribution of electricity	4.9	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.00		
Installation, maintenance and repair of energy efficiency equipment	7.3	0.0	0.00	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL						0.00		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	0.0	0.00														0.30		
OpEx of Taxonomy-eligible activities (A.1 + A.2)	0.0	0.00														0.30		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																		
OpEx of Taxonomy-non-eligible activities (B)	86.7	100.00														99.70		
Total (A+B)	86.7	100.00														100.00		

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.

Turnover

Total Turnover (net sales) for the Group in 2023 (SEK 7,796 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.

CapEx

Total CapEx for the Group (SEK 403 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). Scanmast did not have any CapEx linked to taxonomy-eligible economic activities in 2023.

OpEx

Total OpEx for the Group (SEK 87 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 expenses. Scanmast did not have any OpEx linked to taxonomy-eligible economic activities in 2023.

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 21.

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 developments.

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.

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.

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. An environmental risk related to previous activities at a Salix Group property was identified during the year. The risk has not yet been quantified as the size of the risk and the question of liability have still not been sufficiently investigated.

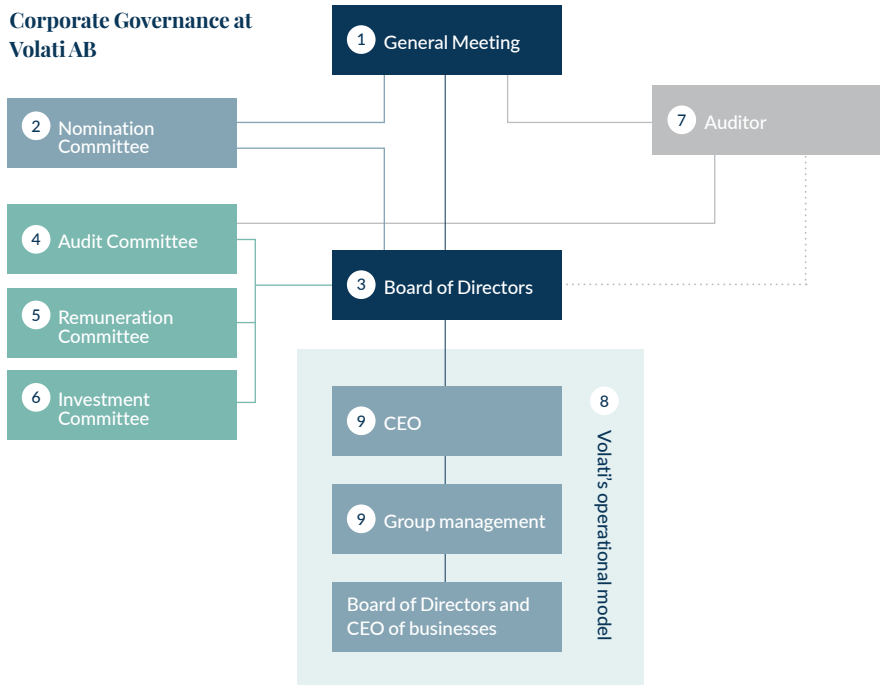
Volati is affected by the changes in society caused by climate-related risks. For example, Volati owns companies that work to enable digital infrastructure in the form of telecom, to ensure robust attachment of solar cells and to offer new building technology products for energy supply of the future. 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.

Volati closely monitors the climate impact of its operations. This includes monitoring our CO₂ emissions. We have clear external and internal targets for reducing the Group's climate impact, and our financing is linked to our ability to reduce our climate impact.

Corporate Governance Report

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

Corporate Governance at Volati AB



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.

2023 Annual General Meeting

At the annual general meeting on 26 April 2023, 72,013,468 ordinary shares and 52,543

preference shares were represented, totalling 72,018,722.3 votes, which corresponds to 89.0 percent of the total number of shares and 90.5 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 senior executives of Volati AB.

2024 Annual General Meeting

Volati AB's 2024 AGM will be held at 17.00 on Thursday 25 April 2024 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 2024 AGM can also be found on Volati's website.

The Nomination Committee for the 2023 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 2023 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 the re-election of

Karl Perlhagen, Patrik Wahlén, Björn Garat, Christina Tillman, Anna-Karin Celsing and Magnus Sundström as Board members and the election of Maria Edsman as a new Board member for the period up to the end of the next AGM. After the election at the 2023 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 2023 AGM.

Nomination Committee for the 2024 AGM

On 19 October 2023, the Company published the composition of the Nomination Committee for the 2024 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:

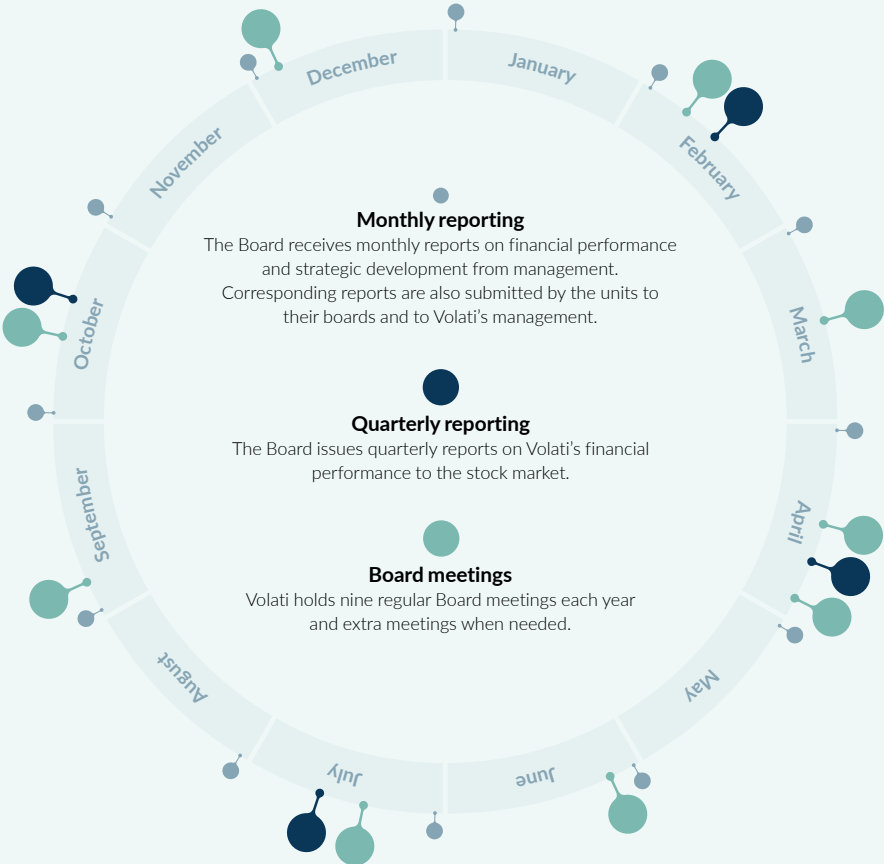
- Adoption of the Annual Report
- Dividend
- Discharge from liability for the Board and CEO
- Election of Board members and, if applicable, auditors
- Remuneration of the Board and auditors
- Guidelines for remuneration of Group management
- Other important business

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

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.



- Other remuneration for Board assignments 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 2023, 11 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.

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.

Composition of the Board

Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK m)	Meeting attendance	
						In 2023	Audit committee 2023
Patrik Wahlén	Chairman	2006	No	No	0.6	11/11	4/4
Karl Perlhagen	Member	2003	No	No	0.1	11/11	-
Björn Garat	Member	2015	Yes	Yes	0.3	11/11	4/4
Louise Nicolin ¹⁾	Member	2016	Yes	Yes	0.1	4/4	-
Christina Tillman	Member	2016	Yes	Yes	0.3	11/11	-
Anna-Karin Celsing	Member	2018	Yes	Yes	0.3	11/11	-
Magnus Sundström	Member	2018	Yes	Yes	0.3	11/11	4/4
Maria Edsman ¹⁾	Member	2023	Yes	Yes	0.1	7/7	-

¹⁾ Maria Edsman was elected as a new Board member by the 2023 AGM. Louise Nicolin declined re-election at the same time.

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.

In this context, the term senior executives refers to the CEO of Volati AB and the other members of Volati's Group management. The remuneration paid for 2023 is shown in note 5. The remuneration report for 2023 is published on the website. The current adopted guidelines for remuneration of senior executives are reproduced in full in note 5.

⑥ Investment Committee

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

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

⑦ Audit

An auditor is appointed annually by the AGM. The auditor's tasks are, on behalf of the shareholders, to audit Volati's annual accounts and consolidated accounts, and to examine the corporate governance report and administration of the Board of Directors and CEO. The audit process and audit report are presented at

the AGM. At the 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 2023, the Parent Company's audit fees to EY were SEK 2 million, the Group's fees were SEK 10 million and fees for other auditing services were SEK 1 million.

⑧ Volati's operational model

Volati's operational model is based on decentralised governance of the 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.

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.

Board of Directors

From left: Maria Edsman, Magnus Sundström



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: 18,531,509 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: 31,380,641 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 its subsidiaries), Board member of Fastighetsbolaget Emilshus AB, Vassvik Förvaltning Aktieföretag

and Paco Holding AB and Deputy Board member of Manolo 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.

Maria Edsman

Board member since 2023. Born 1968.

Education: MBA, Stockholm School of Economics. Board of Directors training, Styrelseakademin.

Other assignments: Board member of Rusta AB and Bokhandlarföreningen.

Background: Board member of Lammhult Design Group AB and INTERSPORT AB. Also previously business area manager and CEO of Volati's former business area



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

Akademibokhandeln (now Bokusgruppen) and part of Volati's management team. Former CEO of Brothers and Polarn O. Pyret.

Shareholding in the Company: 6,757 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 and 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: Rikard Ahlin, Nicklas Margård, Martin Aronsson, Martin Hansson, Andreas Stenbäck.

Andreas Stenbäck

CEO since 2021. Born 1979.

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

Other assignments: –

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

Shareholding in the Company:

705,433 ordinary shares, and warrants carrying the right to purchase 75,765 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 127,350 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, 6 percent of the shares in Tornum Group and 2 percent of the shares in Corroventa.

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: Engineering degree, Lund University (LTH, Faculty of Engineering).

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.

Consolidated Income Statement

SEK million	Note	2023	2022
Operating income			
Net sales	3	7,796	7,751
Operating expenses			
Raw materials and supplies		-4,790	-4,867
Other external costs	6	-487	-498
Personnel expenses	5	-1,521	-1,443
Other operating income	2	10	37
Other operating expenses	2	-13	-27
Gain on disposal		5	3
EBITDA		999	956
Depreciation/amortisation excluding acquired surplus values.	10, 11, 12	-266	-247
EBITA		733	710
Acquisition-related amortisation	10, 11	-97	-85
Operating profit		636	624
Finance income and costs			
Finance income	7	51	46
Finance costs	7	-204	-117
Profit before tax		483	553
Tax	8	-115	-119
Net profit		368	433
Profit for the year attributable to:			
Owners of the Parent		356	417
Non-controlling interests		12	17
Basic and diluted earnings per ordinary share, SEK	9	3.68	4.44

Consolidated Statement of Comprehensive Income

SEK million	Note	2023	2022
Net profit		368	433
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Translation differences for the year	21	-37	32
Total		-37	32
Other comprehensive income for the year		-37	32
Total comprehensive income for the year		331	465
Total comprehensive income attributable to:			
Owners of the Parent		319	449
Non-controlling interests		12	17

Consolidated Statement of Financial Position

SEK million	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Intangible assets	10	2,728	2,646
Property, plant and equipment	11	412	383
Right-of-use assets	12	571	580
Other non-current financial assets	13	4	8
Other shares and interests	13	2	2
Deferred tax assets	8	43	43
Total non-current assets		3,761	3,663
Current assets			
Inventories	14	1,391	1,474
Trade receivables	21	916	1,073
Current tax receivables		96	27
Other current receivables		78	73
Derivatives	21	-	0
Prepayments and accrued income	15	213	150
Cash and cash equivalents	21	96	227
Total current assets		2,791	3,024
Total assets		6,552	6,686
EQUITY AND LIABILITIES			
Equity			
Share capital	1	10	10
Other paid-in capital		1,995	1,995
Other reserves		24	61
Retained earnings, including net profit		168	53
Equity attributable to owners of the Parent		2,197	2,119
Non-controlling interests		9	17
Total equity		2,206	2,136
Liabilities			
Non-current interest-bearing liabilities	16, 21	1,721	7
Non-current lease liabilities	12, 16, 21	426	440
Non-current non-interest-bearing liabilities	21	212	251
Pension obligations		4	6
Warranties and other provisions	18, 19	17	15
Deferred tax	8	370	359
Total non-current liabilities		2,749	1,078
Current interest-bearing liabilities	16, 21	16	1,774
Current lease liabilities	12, 16, 21	159	153
Advances from customers	18	152	141
Trade payables		577	690
Current tax liabilities		117	140
Derivatives	21	1	-
Accruals and deferred income	20	391	398
Other current liabilities		184	175
Total current liabilities		1,597	3,472
Total liabilities		4,346	4,550
Total equity and liabilities		6,552	6,686

For information on the Group's pledged assets and contingent liabilities, see note 22.

Consolidated Cash Flow Statement

SEK million	Note	2023	2022
Operating activities			
Profit before tax		483	553
Adjustment for non-cash items			
Depreciation, amortisation and impairment of non-current assets		363	332
Capital gain/loss on sale of non-current assets		-4	-6
Unrealised exchange differences		7	-14
Unrealised currency derivatives		0	0
Gains/losses on the disposal of operations and Group companies		-5	-3
Additional consideration remeasurement		2	3
Reversal of financial items		134	73
Other provisions		2	-1
Total adjustments for non-cash items		500	383
Interest paid, excl. lease interest		-100	-37
Lease interest paid		-33	-30
Interest received		5	4
Income tax paid		-218	-118
Cash flow from operating activities before changes in working capital		637	754
Cash flow from changes in working capital			
Change in inventories		167	-179
Change in operating receivables		120	-96
Change in operating liabilities		-171	3
Cash flow from changes in working capital		116	-272
Cash flow from operating activities		753	483
Investing activities			
Investments in property, plant & equipment and intangible assets	3, 10, 11	-104	-87
Sale of property, plant & equipment and intangible assets	10, 11	7	8
Business acquisitions	4	-273	-488
Investments in financial assets		0	0
Divested operations and Group companies		4	16
Cash flow from investing activities		-367	-551
Financing activities			
Dividend on preference shares		-64	-64
Dividend on ordinary shares		-151	-139
Owner transactions		-40	-127
Repayment of lease liabilities		-182	-171
Redemption of pension liability		-2	-
Proceeds from borrowings	17	70	670
Repayment of borrowings	17	-141	-85
Cash flow from financing activities		-511	84
Cash flow for the year		-125	15
Cash and cash equivalents at beginning of year		227	203
Exchange differences		-6	8
Cash and cash equivalents at end of year		96	227

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 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

SEK million	Share capital	Other paid-in capital	Other reserves	Retained earnings incl. net profit	Non-controlling interests	Total equity
Opening balance, 1 Jan 2023	10	1,995	61	53	17	2,136
Net profit	-	-	-	356	12	368
Other comprehensive income	-	-	-37	-	0	-37
Total comprehensive income	-	-	-37	356	12	331
Dividend	-	-	-	-212	-4	-216
Warrants	-	-	-	1	-	1
Remeasurement of non-controlling interests	-	-	-	-30	-10	-40
Other owner transactions	-	-	-	0	-6	-7
Closing balance, 31 Dec 2023	10	1,995	24	168	9	2,206

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 2023.

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 2023:

Significant standards and amendments

- Amendments to IAS 1 Presentation of Financial Statements

The amendment to IAS 1 has had a significant impact on the presentation of Volati's financial statements, as accounting policy information has been changed to include only such information considered to be material to a reader of Volati's financial reports. Accounting policy information related to immaterial transactions, other events or conditions has therefore been omitted.

Other standards and amendments

Other standards and amendments applied by Volati with effect from 1 January 2023:

- International Tax Reform – Pillar Two Model Rules – Amendments to IAS12 (global minimum tax rules) This mainly affects Volati's disclosure requirements.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12

New standards and amendments not yet applied by the Group

Amendments effective from 1 January 2024:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Non-current Liabilities with Covenants – Amendments to IAS 1

Basis of consolidation

The consolidated financial statements are prepared in accordance with the Group's accounting policies and include the Parent Company and all Group companies.

Non-controlling interests

Non-controlling interests are recognised as a separate item in consolidated equity.

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 21 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.

Acquisitions

For acquisitions, subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. 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. Results from remeasurement, discounting and currency translation of contingent consideration are recognised on a net basis as other operating expenses or other operating income. In the statement of financial position, contingent consideration with a maturity of more than one year is recognised under non-current non-interest-bearing liabilities and contingent consideration with a maturity of less than one year under other current liabilities. Acquisition-related costs are expensed as incurred and recognised under other operating expenses.

Foreign currency

Items included in the financial statements of each entity within the Group are reported in its functional currency. The consolidated financial statements are presented in Swedish kronor (SEK), which is the functional and presentation currency of the Parent Company.

Transactions

Exchange differences related to operating receivables and liabilities are recognised in operating profit, while exchange differences related to financial assets and liabilities are recognised as finance income or finance costs.

The following exchange rates were used for the principal currencies:

	2023		2022	
	Closing rate	Average rate	Closing rate	Average rate
EUR	11.096	11.477	11.122	10.632
NOK	0.987	1.005	1.058	1.052
USD	10.042	10.613	10.427	10.125

Financial statements of foreign entities

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.

Revenue from contracts with customers

The Group has diversified operations.

In note 3, 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 Volati incur costs on performance obligations. Use of the cost by cost method measures the stage of completion based on costs incurred at a given point in 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 18.

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

Contract assets related to accrued project revenue are recognised in the statement of financial position as prepaid expenses and accrued income. Contract liabilities related to extended warranties to customers are recognised in the statement of financial position as warranty commitments and other provisions.

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.

Intangible assets

Goodwill

The value of goodwill is tested annually by calculating the recoverable amount, i.e. the value in use for each company. Calculation of these values is based on assumptions about future conditions and estimates of parameters, such as discount rates and future cash flows. For information on the calculation of value in use for the year, see note 10 and for information on significant assumptions, see note 24.

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.

In the Group, these items consist largely of ERP systems and development projects.

Other development expenditure that does not meet these criteria is recognised as other external costs as it arises.

Amortisation

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

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

Gains and losses on disposal are reported under other operating income/expenses.

Depreciation

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

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

Calculation of recoverable amount of property, plant and equipment and intangible assets

See note 10 for a detailed description of the recoverable amount for intangible assets.

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. If the exemption for low-value leases (value less than SEK 50 thousand) and short-term leases (maximum lease term 12 months) is applied, these are not included in the lease liability but are recognised as an expense in the income statement. The Group applies the practical expedient and therefore does not separate non-lease components from lease components but accounts for each lease component and any associated non-lease components as a single lease component. See also note 12.

Right-of-use assets

Right-of-use assets consist essentially of rents for premises and warehouses etc. and leased cars and trucks. Right-of-use assets are depreciated on a straight-line basis over the useful life or the lease term, whichever is shorter. See also note 12.

Lease liabilities

The lease liabilities include the present value of the following lease payments: All future reasonably certain payment obligations related to the lease are included in the lease payments. Fixed fee/base rent is always included in the lease payment. Lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period to which they relate. See also note 12.

Financial assets and liabilities

Financial instruments recognised in the balance sheet include derivatives, cash and cash equivalents, securities, other financial receivables, trade receivables, loan receivables, trade payables and loan liabilities.

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.

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.

Employee benefits**Defined-contribution plans**

Within the Group, there are only defined-contribution plans. Obligations under defined-contribution plans are recognised as a personnel 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 5 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.

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.

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 Parent Company's assets, liabilities and Group eliminations of internal balances. See note 3 for further information on the Group's segments.

NOTE 2 | Other operating income and expenses

Other operating income	2023	2022
Income from sale of machinery and equipment	4	8
Fora repayment	0	1
Insurance compensation	2	2
Rental income	-	1
Additional consideration remeasurement	1	7
Currency effects	2	9
Scrap/packaging/cement	0	3
Sub-contractor payments	-	3
Other	2	3
	10	37

Other operating expenses	2023	2022
Income from sale of machinery and equipment	0	-2
Currency effects	-8	-11
Additional consideration remeasurement	-2	-11
Other	-4	-3
	-13	-27

NOTE 3 | Segment reporting

At the reporting date, the Group's business areas consist of Salix Group, Ettiketto Group and Industry. Salix Group and Ettiketto Group are natural business areas with a clear industrial logic and the ability to grow independently through value-creating add-on acquisitions. The Industry business area consists of

four businesses with leading market positions in their own niches. The businesses are manufacturing providers of solutions in various sectors. The businesses are well placed for rapid growth with a clear focus on long-term value creation.

Net sales ¹⁾	2023			2022		
	External net sales	Internal net sales	Net sales	External net sales	Internal net sales	Net sales
Salix Group	3,397	5	3,402	3,593	5	3,598
Ettiketto Group	858	1	859	878	1	879
Industry	3,541	-	3,541	3,280	-	3,280
Internal eliminations		-6	-6		-6	-6
	7,796	0	7,796	7,751	0	7,751

Distribution of revenue 2023

Net sales ¹⁾	Sale of goods	Services	Other	Total revenue from contracts with customers	Equipment leasing	Other	Total
Salix Group	3,371	21	4	3,395	–	2	3,397
Ettiketto Group	850	9	–	858	–	–	858
Industry	2,892	569	5	3,466	67	7	3,541
	7,112	598	9	7,719	67	9	7,796

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

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 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⁾	2023	2022
Sweden	5,545	5,654
Norway	723	760
Finland	652	601
Spain	115	137
China	165	125
United States	37	91
Germany	103	82
Hungary	48	75
Denmark	78	66
Latvia	39	33
UK	96	29
Ukraine	29	22
Estonia	13	13
France	14	12
Kenya	8	11
Poland	102	11
Hong Kong	6	9
Austria	10	9
Lithuania	9	7
Russia	-	4
Romania	4	1
	7,796	7,751

¹⁾ The business areas include the 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.

Non-current assets by country ¹⁾	2023	2022
Sweden	2,912	2,863
Norway	424	475
Finland	188	194
Spain	150	53
China	1	3
United States	8	9
Germany	5	4
Hungary	0	0
Denmark	0	1
Latvia	2	2
UK	18	1
Ukraine	0	1
Estonia	0	1
France	0	1
Kenya	1	0
Poland	0	0
Hong Kong	-	-
Austria	0	0
Lithuania	1	1
Russia	-	-
Romania	0	1
	3,712	3,609

¹⁾ Non-current assets by country refers to the country in which the Group company that holds the non-current asset has its registered office, which is usually the same as the non-current asset's location.

EBITA ¹⁾	2023	2022
Salix Group	269	296
Ettiketto Group	159	137
Industry	385	358
Items affecting comparability ²⁾	-27	-28
Central costs	-53	-54
Total EBITA	733	710
Acquisition-related amortisation	-97	-85
Net financial items	-153	-72
Profit before tax	483	553
Tax	-115	-119
Net profit	368	433

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

²⁾ See note 27 for definition and specification.

Operating profit¹⁾	2023	2022
Salix Group	250	280
Ettiketto Group	138	116
Industry	327	310
Items affecting comparability ²⁾	-27	-28
Central costs	-53	-54
Total EBIT	636	624

Depreciation¹⁾	2023	2022
Salix Group	106	95
Ettiketto Group	65	63
Industry	189	171
Parent Company/Other	3	3
	363	332

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

²⁾ See note 27 for definition and specification.

Assets¹⁾	2023		2022	
	Total assets	Of which intangible assets and property, plant & equipment	Total assets	Of which intangible assets and property, plant & equipment
Salix Group	2,932	1,176	3,095	1,165
Ettiketto Group	835	360	880	382
Industry	3,469	1,193	3,211	1,098
Unallocated assets	-696	-	-500	-
	6,539	2,728	6,686	2,646

Liabilities¹⁾	2023	2022
Salix Group	1,874	2,197
Ettiketto Group	640	731
Industry	3,157	3,077
Unallocated liabilities	-1,338	-1,455
	4,334	4,550

Acquisition value of intangible and tangible investments¹⁾	2023	2022
Salix Group	12	13
Ettiketto Group	25	19
Industry	67	54
	104	87

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

2023

The acquisition of the operations of the painting tool wholesaler Embo Import AB – an add-on acquisition for the Salix Group business area – was completed on 2 January. Embo Import AB reported annual sales of approximately SEK 25 million in 2021. The agreement was signed on 17 November 2022.

On 28 March, Volati acquired all shares in JW Installations Ltd (JWI), a distributor of grain handling equipment in the UK. This is an add-on acquisition for Tornum Group in the Industry business area. The acquisition was consolidated with effect from 28 March.

On 2 May, Volati acquired all shares in the packaging company Sweja Industriförnödenheter AB. This is an add-on acquisition for the Salix Group business area. The acquisition was consolidated with effect from 2 May.

On 6 September, Volati acquired all shares in Gunnar Prefab AB, a leading producer and supplier of prefabricated concrete products primarily for infrastructure. The acquisition, which is an add-on acquisition for the S:t Eriks platform, strengthens S:t Eriks' offering in barrier elements and foundations, as well as its existing operations. Gunnar Prefab reported annual sales of approximately SEK 81 million in 2022. The acquisition was conducted with immediate access to the shares.

On 22 November, Volati acquired all shares in Silos Metálicos Zaragoza S.L.U. (SIMEZA), a leading European manufacturer of storage solutions for the grain industry. The acquisition of SIMEZA is an add-on acquisition for Tornum Group and is the platform's fifth acquisition in three years. The acquisition creates significant synergies for Tornum Group, which will be able to offer a larger share of customer deliveries with its own products from now on. SIMEZA has sales of approximately EUR 10 million and good profitability.

On 14 December, Volati signed an agreement to acquire all shares in the machinery supplier Trejon Försäljnings AB. This is an add-on acquisition for Salix Group. Together with the existing business in Kellfri, the acquisition strengthens Salix Group's position in the forestry and agricultural machinery segment, and

creates synergies in several areas. Trejon reported annual sales of approximately SEK 300 million in 2022/23.

The Group's earnings were affected by transaction costs of SEK 3 million for the above acquisitions. The transaction costs are reported under other external costs in the consolidated income statement. Goodwill of SEK 109 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 50 million.

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	78
Property, plant and equipment	31
Right-of-use assets	13
Deferred tax assets	4
Inventories	95
Trade receivables	26
Other receivables	9
Cash and cash equivalents	46
Deferred tax liability and other provisions	-17
Non-current interest-bearing liabilities	-19
Non-current lease liabilities	-10
Current interest-bearing liabilities	-7
Current lease liabilities	-3
Current liabilities	-57
Net assets	189
Goodwill	109
Purchase price for shares	298
Purchase price for shares	-298
Deferred variable consideration	29
Cash & cash equivalents in acquired companies at the acquisition date	46
Acquisition-date impact of acquisitions on the Group's cash & cash equivalents	-223

Impact of acquisitions on income statement (SEK million)	Net sales	EBITDA	EBITA	EBIT
	Full year 2023	Full year 2023	Full year 2023	Full year 2023
Salix Group	54	5	5	2
Ettiketto Group	-	-	-	-
Industry	88	19	16	15
Volati Group	142	23	20	16

If the acquisitions had been consolidated with effect from 1 January 2023, their contribution to the Group's income statement, excluding transaction costs, for the period 1 January to 31 December would have been as follows: sales SEK 314 million, EBITDA SEK 37 million, EBITA SEK 28 million and operating profit SEK 20 million.

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 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 assets	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	EBITDA	EBITA	EBIT
	Full year 2022	Full year 2022	Full year 2022	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.

NOTE 5 | Employees and personnel expenses

Average number of full-time equivalents per company	2023			2022		
	Men	Women	Total	Men	Women	Total
Volati Head Office	7	9	16	7	8	15
Industry						
Volati Industri AB	1	0	1	1	0	1
Corroventa						
Corroventa England	4	0	4	4	0	4
Corroventa France	1	1	2	1	1	2
Corroventa Norway	2	0	2	2	0	2
Corroventa Poland	1	0	1	1	0	1
Corroventa Sweden	29	10	38	26	8	33
Corroventa Germany	12	2	14	13	2	15
Corroventa Austria	2	0	2	2	0	2
Ettiketto Group						
Benelli AB	19	13	32	18	14	32
Ettiketto AB	124	53	177	123	44	167
Ettiketto Trondheim AS	24	15	39	26	17	43
Ettiketto Produktion Malmö AB	25	8	33	25	11	36
Jigraf AB	2	2	5	8	4	12
Märkas AB	0	0	0	4	4	8
Salix Group						
Duschprodukter Sweden AB	11	4	15	9	6	15
Duschy Marketing OU	4	2	6	4	2	6
Gunnar Eiklid AS ¹⁾	6	1	7	6	1	7
Habo Danmark A/S	5	1	6	6	1	7
Habo Finland OY	4	2	6	4	2	6
Habo Gruppen AB	21	20	40	21	17	38
Habo Norge AS	9	6	15	9	6	15
Heco Nordiska AB	21	34	55	22	38	60
Kellfri AB	35	20	55	39	19	57
Kellfri Aps	2	1	3	0	0	0
Kellfri Oy	3	0	3	5	0	5
Miljöcenter i Malmö AB	13	12	25	11	12	23

Average number of full-time equivalents per company	2023			2022		
	Men	Women	Total	Men	Women	Total
Nibu AS ²⁾	14	7	21	14	10	24
Skandinavisk Beslagkompani AB ²⁾	5	5	10	6	3	8
Pisla Group OY	2	0	2	2	0	2
Pisla Oy	46	40	86	48	50	98
Salix Järn & Bygg AB	1	1	2	1	1	2
Salix Hem & Beslag AB	2	1	3	2	0	2
Salix Business Partner AB	80	13	93	93	13	106
Salix Group AB	2	3	5	3	4	6
Salix Bygg och Emballagelösningar AB	3	0	3	2	1	3
SIA Duschy Marketing	4	2	6	4	3	7
Sørbo Industribeslag AS	34	4	38	35	4	39
Swekip Sweden AB	0	0	0	2	0	2
TECCA AB	11	15	26	12	16	28
T-Emballage Förpackning AB	16	9	25	13	8	21
Thomé Gruppen AB	19	17	39	18	15	33
UAB Duschy	5	1	6	5	2	7
Väggmaterial i Sverige AB	7	3	10	7	1	8
Scanmast						
Scanhold AB	0	0	0	0	1	1
Scanmast AB	72	13	85	58	8	66
Scanmast AS	0	0	0	16	1	17
Scanmast OY ³⁾	0	3	3	3	0	3
MAFI Group AB ⁴⁾	6	1	7	4	1	5
MAFI AB ⁵⁾	18	3	21	10	2	12
MAFI East Africa ⁴⁾	6	1	7	4	0	4
MAFI India Ltd ¹⁾	1	0	1	-	-	-
MAFI Shanghai Trading Ltd ⁴⁾	2	2	4	2	2	4
MAFI US Inc ⁴⁾	3	4	7	5	4	9
Volati Communication Holding AB	2	0	2	0	0	0
S:t Eriks						
Byggsystem Direkt AB	14	2	16	16	2	18
Gunnar Prefab AB ⁶⁾	12	2	14	-	-	-
MEAG VA-System AB	12	1	13	70	11	81
Nordskiffer AB	3	2	5	3	2	5
S:t Eriks AB	381	67	448	327	58	385
Stenentreprenader i Hesselholm AB	14	3	17	12	3	15
Vinninga Cementvarufabrik AB	42	4	46	50	3	53
Tornum Group						
Apisa S.L.	33	4	37	37	3	40
JPT Industria Oy	28	3	31	30	3	33
Lidköpings Plåtteknik AB	0	0	0	5	0	5
SIMEZA ⁷⁾	41	5	46	-	-	-
Terästorni Oy ⁸⁾	44	3	47	39	3	42
Tornum Latvia ⁹⁾	7	1	8	4	1	5
Tornum Ltd ¹⁰⁾	15	4	19	-	-	-
Tornum Poland	4	2	6	4	2	5
Tornum Romania	7	0	7	6	0	6

Average number of full-time equivalents per company	2023			2022		
	Men	Women	Total	Men	Women	Total
Tornum Russia	0		0	2	1	3
Tornum Sweden	50	10	60	56	10	66
Tornum Ukraine	9	2	11	8		9
Tornum Hungary	2	0	2	2	0	2
	1,465	477	1,942	1,436	465	1,901

¹¹ 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.

¹² 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.

¹³ Scanmast OY was consolidated from 1 February 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

¹⁴ 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.

¹⁵ Mafi India Ltd was consolidated from 26 September 2023 and the number of employees is shown as FTEs for the period of consolidation into Volati.

¹⁶ Gunnar Prefab AB was consolidated from 6 September 2023 and the number of employees is shown as FTEs for the period of consolidation into Volati.

¹⁷ SIMEZA was consolidated from 22 November 2023 and the number of employees is shown as FTEs for the period of consolidation into Volati.

¹⁸ Terästorini OY was consolidated from 8 April 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

¹⁹ Tornum Latvia was consolidated from 1 May 2022 and the number of employees is shown as FTEs for the period of consolidation into Volati.

²⁰ Tornum Ltd was consolidated from 28 March 2023 and the number of employees is shown as FTEs for the period of consolidation into Volati.

Average number of full-time equivalents per country	2023			2022		
	Men	Women	Total	Men	Women	Total
Denmark	7	2	9	6	1	7
UK	19	4	23	4	0	4
Estonia	4	2	6	4	2	6
Finland	127	51	178	131	58	189
France	1	1	2	1	1	2
India	1	0	1	-	-	-
Kenya	6	1	7	4	0	4
Norway	89	33	122	108	39	147
Latvia	11	3	14	8	4	12
Lithuania	5	1	6	5	2	7
Poland	5	2	7	5	2	6
Romania	7	0	7	6	0	6
Russia	0	0	0	2	1	3
Shanghai	2	2	4	2	2	4
Spain	74	9	83	37	3	40
Sweden	1,080	359	1,438	1,084	346	1,429
Germany	12	2	14	13	2	15
United States	3	4	7	4	3	7
Ukraine	9	2	11	8	1	9
Hungary	2	0	2	2	0	2
Austria	2	0	2	2	0	2
	1,465	477	1,942	1,436	465	1,901

Distribution of senior executives on reporting date, %	2023		2022	
	Men	Women	Men	Women
Volati AB Board members	57%	43%	57%	43%
Other members of management, including CEO	100%	0%	100%	0%

Salaries and other benefits	2023	2022
Board and CEO, Sweden	6	5
Other employees, Sweden	724	679
Other employees, outside Sweden	255	253
	985	937
Of which bonuses to Board and CEO	–	–

Social security contributions	2023	2022
Contractual and statutory social security contributions	296	260
Pension costs for Board and CEO	0	0
Other pension costs	81	85
	377	345

Guidelines for remuneration of senior executives

The guidelines set out below for remuneration of senior executives apply until further notice (but not beyond the 2024 AGM).

These guidelines shall apply to remuneration that is agreed, and changes to already agreed remuneration, after the date on which the guidelines were adopted by the AGM.

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

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

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

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

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

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

Forms of remuneration

Remuneration may take the following forms:

- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

Guidelines for fixed remuneration

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

Guidelines for variable remuneration

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

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

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

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

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

Guidelines for pension benefits

Pension benefits shall generally be paid in accordance with rules, collective agreements (which may involve a right to early retirement), and, if relevant, practice in the country where the senior executive resides permanently. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Pension benefits shall be defined-contribution, unless the individual in question is covered by a defined-benefit pension in

accordance with compulsory collective agreement provisions. Pension benefits are vested when they have accrued. Variable remuneration shall only form the basis for pension benefits if it follows from compulsory collective agreement rules.

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

Guidelines for other benefits

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

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

Guidelines for termination and severance pay

Employment contracts between Volati and its senior executives are normally permanent. The contracts may be terminated without objective grounds by either party. Salary during the period of notice and any severance pay due shall generally be in accordance with rules, collective agreements and practices. In addition, the following shall apply: If Volati terminates the employment, the period of notice shall not exceed 12 months. In addition, severance pay based on fixed monthly salaries may be paid for a maximum of 12 months. The total remuneration during the period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months. If termination of employment is at the senior manager's request, the period of notice shall not exceed six months and severance pay shall not be paid. If Volati chooses to apply a non-compete agreement in certain cases, fixed remuneration may be paid during the relevant period.

Consideration of remuneration and terms of employment for other employees

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

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

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

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

If a Remuneration Committee is established by the Volati Board, it shall prepare the Board's proposal for guidelines for remuneration of senior executives. Every four years, or earlier if there is a need for significant amendments to the guidelines, the Board shall prepare proposed guidelines for resolution by the AGM, and if the Board has established a Remuneration Committee, the committee's recommendation in this regard shall form the basis for the Board's proposal. The Meeting shall decide on the proposal.

The guidelines shall apply to each remuneration obligation to senior executives, and any change to such obligation, decided after the meeting at which the guidelines were adopted. The guidelines do not therefore have any effect on previously binding contractual obligations. The guidelines shall apply until the new guidelines are adopted by the AGM and made available to the public on Volati's website.

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

Right to decide on deviations from these guidelines

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

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

These guidelines were proposed prior to the 2020 AGM, and shareholders have not had the opportunity to comment on them over and above their normal right to make proposals before the AGM.

Remuneration of Parent Company Board and senior executives

Volati's Board 2023, SEK million	Salaries	Remuneration	Other benefits	Pension cost	Total
Patrik Wahlén, Chairman of the Board	–	0.550	–	–	0.550
Karl Perlhagen ¹⁾	–	0.125	–	–	0.125
Björn Garat	–	0.300	–	–	0.300
Anna-Karin Celsing	–	0.250	–	–	0.250
Louise Nicolin ²⁾	–	0.125	–	–	0.125
Maria Edsman ²⁾	–	0.125	–	–	0.125
Christina Tillman	–	0.250	–	–	0.250
Magnus Sundström	–	0.325	–	–	0.325

Volati's senior executives 2023, SEK million	Basic salary	Variable consideration	Other benefits	Pension cost	Total
Andreas Stenbäck, CEO ³⁾	3.6	–	0.0	0.4	4.0
Other senior executives (4) ⁴⁾	12.3	–	0.0	1.4	13.7

¹⁾ Karl Perlhagen has waived Board fees from AGM 2022 to AGM 2023 and Volati AB has donated the corresponding amount to UNHCR.

²⁾ Louise Nicolin resigned as a Board member and Maria Edsman was elected to the Board at the 2023 AGM.

³⁾ The Company's CEO has increased his shareholding by exercising the option agreements on transferring of ordinary shares entered into with principal shareholders Karl Perlhagen and Patrik Wahlén in September 2019. After these transactions, the holding has increased from 2,800 to 705,433. In 2023, the Company's CEO acquired 41,719 warrants from Volati AB, which expire in July 2027.

⁴⁾ 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 2023, the Company's CFO acquired 41,719 warrants from Volati AB, which expire in July 2027.

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 Board fees from AGM 2022 to AGM 2023 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.

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 2023

At the Annual General Meeting in April 2023, a resolution was passed, in accordance with the Board's recommendation, to introduce a warrant programme under which the Company invites five key employees to acquire warrants of series 2023/2027 in the Company. Each warrant entitles the holder to subscribe for one new ordinary share in Volati on 26 April 2027

and for three months thereafter. The exercise price is SEK 124.97 per ordinary share, corresponding to 26 percent of the reference price.

The calculated fair value on the grant date in May 2023 was SEK 15.82 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 146,578 warrants, of which the subscribed number was 100,098 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.

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.

Warrant programme	2023	2022
1 January	130,059	-
Granted during the year	100,098	130,059
Exercised during the year	-	-
Forfeited during the year	-	-
31 December	230,157	130,059

Grant date	Expiry	Exercise price	Warrants	
			2023	2022
April 2022	27 July 2026	187.64	130,059	130,059
April 2023	26 July 2027	124.97	100,098	-
			230,157	130,059

NOTE 6 | Auditors' fees and remuneration

Ernst & Young AB	2023	2022
Audit services	10	10
Other auditing services	1	2
Tax advisory services	–	–
	10	11

Other auditors	2023	2022
Audit services	2	2
Tax advisory services	0	0
Other services	0	0
	2	2

NOTE 7 | Finance income and costs

Finance income	2023	2022
Interest income from bank deposits ¹⁾	4	3
Exchange gains	46	42
Other finance income	2	1
	51	46

Finance costs	2023	2022
Interest expenses on loans ¹⁾	–104	–43
Interest expenses on leases	–33	–30
Interest expenses on derivatives	–1	0
Exchange losses	–55	–31
Other finance costs ²⁾	–12	–12
	–204	–117

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 8 | Tax

	2023	2022
Current tax expense	–117	–117
Deferred tax	2	–3
Tax expense for the year	–115	–119

Reconciliation of effective tax	2023		2022	
	SEK million	%	SEK million	%
Profit before tax	483	–	553	–
Tax at applicable tax rate	–99	20.6%	–114	20.6%
Tax at other tax rates	1	–0.2%	1	0.2%
Non-deductible expenses	–6	1.3%	–7	1.3%
Non-taxable income	3	–0.7%	2	–0.3%
Standard interest on tax allocation reserve	–2	0.5%	–1	0.1%
Change in tax losses	–1	0.3%	–1	0.1%
Tax attributable to prior years	–6	1.2%	1	–0.1%
Other	–2	0.5%	–1	0.1%
Recognised effective tax	–115	23.5%	–119	22.1%

Tax recognised in equity was SEK 0 (0) million in 2023.

Deferred tax	2023	2022
Property, plant & equipment and intangible assets	18	15
Inventories	-3	2
Trade receivables	-1	1
Untaxed reserves	-12	-23
Unused losses from prior years	4	4
Other temporary differences	0	-2
Deferred tax attributable to prior years	-5	1
Deferred tax on temporary differences for the year	2	-3

Deferred tax assets	2023	2022
Property, plant & equipment and intangible assets	12	11
Inventories	6	7
Unused losses from prior years	12	15
Trade receivables	3	5
Other temporary differences	9	4
	43	43

Deferred tax liabilities	2023	2022
Property, plant & equipment and intangible assets	197	196
Untaxed reserves	163	153
Other temporary differences	9	10
	370	359

Volati is subject to the OECD's Pillar Two Model Rules. The Pillar Two legislation has been adopted in Sweden and enters into force on 1 January 2024. As the Pillar Two legislation had not entered into force at the reporting date, Volati does not have any related current tax exposure. Volati applies the exception that allows entities not to recognise or disclose information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes (amendments to IAS 12 issued in May 2023).

Some of the subsidiaries within Volati have an effective tax rate of less than 15 percent as at 31 December 2023. Apart from the subsidiaries in Poland, all subsidiaries in the Group meet the conditions of the Safe Harbour tests as at 31 December 2023. Volati is currently assessing its exposure to the Pillar Two legislation when it enters into force. This assessment indicates that, for the subsidiaries operating in Poland, the average effective tax rate based on accounting profit is 12 percent for the financial year

ending 31 December 2023. However, even if the average effective tax rate is below 15 percent, Volati may not be exposed to payment of Pillar Two income taxes for Poland. This is due to the effects of specific adjustments foreseen in the Pillar Two legislation that give rise to different effective tax rates from those calculated in accordance with IAS 12.86.

Due to the complexity in applying the legislation and calculating GloBE revenues, the quantitative impact of the adopted or substantively adopted legislation is not yet possible to estimate with reasonable certainty. Therefore, even for subsidiaries with a reported effective tax rate above 15 percent, there may still be tax consequences related to Pillar Two. Volati has enlisted the help of tax consultants to investigate the Group's Pillar Two impact.

NOTE 9 | Earnings per share

The calculation of earnings per preference and ordinary share for 2023 was based on net profit for the year attributable to the Parent Company's shareholders, which was SEK 356 (417) million. The figure for earnings per ordinary share was reduced by the preference shareholders' proportionate share of the dividend for 2023, which was SEK 64 (64) million.

Earnings per preference share was based on the dividend adopted for the year until the 2024 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 292 million, was divided by the average number of ordinary shares, which was 79,406,571.

	2023	2022
Profit attributable to owners of the Parent	356	417
Deduction for preference share dividend	64	64
Profit attributable to owners of the Parent adjusted for preference share dividend	292	352
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	3.68	4.44
Basic and diluted earnings per preference share	40.00	40.00
Preference shares outstanding	1,603,774	1,603,774

NOTE 10 | Intangible assets

Cost of acquisition	Goodwill	Patents/ Technology	Brands/Other	Capitalised development expenses	Total
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
1 January 2023	1,814	17	1,076	104	3,010
Investments	-	1	-	23	23
Business acquisitions	109	-	75	3	187
Disposals	-	-	-1	0	-1
Reclassifications	-	-	-	1	1
Translation differences	-24	0	-3	0	27
31 December 2023	1,899	17	1,147	129	3,192
Accumulated amortisation					
1 January 2022	-103	-13	-103	-60	-279
Amortisation/impairment for the year	-	-1	-81	-11	-93
Disposals	-	-	-	11	11
Translation differences	-2	0	-1	0	-4
1 January 2023	-106	-14	-185	-60	-364
Amortisation/impairment for the year	-	-1	-93	-11	-106
Disposals	-	-	1	0	1
Translation differences	4	0	1	0	6
31 December 2023	-101	-15	-276	-71	-463
Carrying amount					
31/12/2022	1,708	3	891	44	2,646
31/12/2023	1,797	2	870	59	2,729

Distribution of the Group's goodwill and other intangible assets with indefinite useful lives	2023		2022	
	Goodwill	Other intangible assets	Goodwill	Other intangible assets
Tomum Group	160	-	103	-
Corroventa	84	-	84	-
Ettiketto Group	233	5	234	5
S:t Eriks	274	32	234	32
Scanmast	140	-	140	-
Salix Group	906	101	913	101
Total	1,797	138	1,708	138

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. We have taken into account factors such as the potential impact of climate change on our operations. 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 3.0 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 5.4 percent, a company-specific risk premium of 5.0 percent and a beta value for each cash generating unit of 0.50-1.10. The discount rates used by Volati vary between 9.5 and 12.7 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 20 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 1 percent rather than 2 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 1 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 2023. No impairment was identified at the end of 2023 after comparing the

companies' value in use with the Group's carrying amount for each cash generating unit. No impairment losses were recognised in 2022.

NOTE 11 | Property, plant & equipment

Cost of acquisition	Land and buildings	Machinery and equipment	Total
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
1 January 2023	174	476	650
Investments	2	79	81
Business acquisitions	-	31	31
Completed contracts	-1	-38	-39
Translation differences	0	-4	-4
Reclassifications	4	4	7
31 December 2023	178	547	725
Accumulated depreciation			
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
1 January 2023	-19	-248	-267
Depreciation for the year	-7	-66	-73
Sales/disposals	1	35	35
Reclassifications	0	-10	-11
Translation differences	0	3	3
31 December 2023	-26	-287	-312
Carrying amount			
31/12/2022	155	227	383
31/12/2023	152	260	312

NOTE 12 | 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 bor-

rowing 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 5 and 18 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 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
1 January 2023	856	157	1,012
Investments	70	60	131
Business acquisitions	12	1	13
Completed contracts	-50	-34	-84
Reclassifications	26	-4	22
Translation differences	-7	-2	-9
31 December 2023	906	178	1,085
Accumulated depreciation			
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
1 January 2023	-367	-65	-432
Depreciation for the year	-90	-54	-144
Completed contracts	39	37	77
Reclassifications	-25	6	-19
Translation differences	3	2	5
31 December 2023	-440	-74	-514
Carrying amount			
31/12/2022	488	92	580
31/12/2023	466	104	571

Amounts reported in income statement	2023	2022
Depreciation of right-of-use assets	-184	-168
Interest expenses for lease liabilities	-33	-30
Costs attributable to short-term leases	-3	-4
Costs attributable to low-value leases	-4	-4
Costs attributable to percentage rent not included in the lease liability measurement	-	-1
Revenue from sub-leasing right-of-use assets	-	0
Total earnings effect	-225	-207
Cash flow from leases	2023	2022
Lease interest paid	-33	-30
Repayment of lease liabilities	-182	-171
Lease payments made for short-term leases	-3	-4
Lease payments made for low-value leases	-3	-3
Variable lease payments made	-	0
Total cash flow	-222	-208

For a maturity analysis of lease liabilities, see note 21.

On 31 December 2023, the Group's obligations under short-term leases were SEK 3.9 (4.5) 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 13 | Non-current financial assets

Other shares and interests	2023	2022
Opening cost	2	2
Investments	-	-
Changes in value recognised in OCI	-	0
Reclassifications	0	-
	2	2

Other non-current financial assets	2023	2022
Opening cost	8	8
Investments	1	1
Reclassifications	-5	-
Translation effect	0	0
	4	8

NOTE 14 | Inventories

	2023	2022
Raw materials and supplies	158	150
Products in progress	11	7
Finished goods and merchandise	1,162	1,261
Work in progress for third parties	31	17
Advances to suppliers	28	39
	1,391	1,474

Of which obsolescence write-down of SEK -40 (-41) million.

NOTE 15 | Prepayments and accrued income

	2023	2022
Accrued supplier bonus	35	31
Accrued income, percentage of completion projects	119	70
Prepaid cost of sale	7	4
Prepaid rent	8	5
Prepaid insurance	8	7
Other prepayments	29	27
Other interim receivables	7	6
	213	150

NOTE 16 | Interest-bearing liabilities

Non-current liabilities	2023	2022
Lease liabilities	426	440
Liabilities to credit institutions	1,721	7
	2,146	448
Current liabilities	2023	2022
Overdraft facilities	-	117
Liabilities to credit institutions ¹⁾	16	1,661
Lease liabilities	159	153
	175	1,931

¹⁾ See note 21 for information about contractual dates for interest-rate renegotiations.

At the end of 2023, the unutilised portion of the overdraft facility was SEK 300 (185) million, the unutilised portion of the revolving credit facility was SEK 885 (750) million and cash & cash equivalents were SEK 96 (227) million.

NOTE 17 | Changes to loans in cash flow from financing

	2023	2022
31 December	2,626	2,036
Non-cash changes		
Business acquisitions	55	103
Loans in divested companies	-	-
Lease liabilities in acquired companies	13	78
Lease liabilities in divested companies	-	-
Remeasurement to market value	42	21
Translation differences	-7	5
Non-cash change in lease liabilities	161	103
Other non-cash changes	-47	-6
Cash changes		
Proceeds from borrowings	70	670
Repayment of borrowings	-141	-85
Repayment of lease liabilities	-182	-171
Owner transactions	-42	-129
31 December	2,548	2,626

NOTE 18 | Contract assets and liabilities

	Contract assets		Contract liabilities	
	Accrued income from projects ¹⁾	Advances from customers ¹⁾	Provisions for extended warranties	
Opening balance, 1 Jan 2023	84	142	4	
Invoiced projects	-87			
Projects accrued during the year	119	-65		
Acquisitions	0	-	-	
Translation differences	2	4	-	
Advances for time not yet worked		79		
Change through comprehensive income/recognised through profit or loss				-
Provision for the year				0
Closing balance, 31 Dec 2023	118	159	4	
Timing of revenue recognition, contract liabilities				
Within 1 year		152		2
1-2 years		1		2
2-5 years		3		-
After 5 years		2		-
		159		4
Contract liabilities recognised as revenue during the year and included in the opening balance				
Opening contract liabilities		142		4
Of which recognised during the year		120		2

¹⁾ Advances and accrued income from projects consist mainly of installations, assembly and paving.

	Contract assets		Contract liabilities	
	Accrued income from projects	Advances from customers ¹⁾	Provisions for extended warranties	
Opening balance, 1 Jan 2022	43	57	4	
Invoiced projects	-41			
Projects accrued during the year	61	34		
Acquisitions	20	14		-
Translation differences	1	2		-
Advances for time not yet worked		34		
Change through comprehensive income/recognised through profit or loss				-
Provision for the year				0
Closing balance, 31 Dec 2022	84	142	4	
Timing of revenue recognition, contract liabilities				
Within 1 year		127		2
1–2 years		1		2
2–5 years		3		-
After 5 years		11		-
		142		4
Contract liabilities recognised as revenue during the year that were included in the opening balance				
Opening contract liabilities		57		4
of which recognised as revenue during the year		49		2

¹⁾ Advances and accrued income from projects consist mainly of installations, assembly and paving.

The contract assets are included in the item Prepayments and accrued income in the balance sheet.

Contract liabilities are included in the items Advances from customers, Non-current non-interest-bearing liabilities and Warranty commitments and other provisions in the balance sheet.

NOTE 19 | Warranty commitments and other provisions

	2023	2022
Closing balance, 31 December previous year	15	17
Warranty provisions	5	6
Provisions used	0	-4
Reversal of unused provisions	-3	-4
Translation differences	0	0
Closing balance, 31 December	17	15

NOTE 20 | Accruals and deferred income

	2023	2022
Accrued expenses		
Accrued personnel expenses	200	216
Accrued customer bonuses	95	107
Accrued interest expenses	18	8
Accrued rental discounts	12	14
Accrued cost of goods sold	20	19
Cost of premises	2	3
Accrued audit expenses	5	5
Other	36	25
Prepaid expenses	389	397
Deferred income	2	1
Total	391	398

NOTE 21 | 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 928 (1,088) million. These were written down by a total of SEK -12 (-15) 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, forward exchange contracts, total nominal value of SEK 7 million, were as follows: USD hedged against SEK, duration 3 months, USD hedged against EUR, duration 12 months, and EUR hedged against SEK, durations 3-6 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	
	2023	2022
USD	-1	-4
NOK	34	49
PLN	32	17
EUR	-11	53

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 GBP, are translated to SEK. At the reporting date, there was a significant amount of translation exposure, primarily NOK and EUR. 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	
	2023	2022
NOK	538	517
EUR	415	292
GBP	39	7

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	
	2023	2022
EUR	-6	-6
NOK	-5	-5
PLN	-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 for the financial year 2023 amounted to SEK 104 (43) million and for lease obligations SEK 33 (30) million. The average interest rate on outstanding bank loans at 31 December 2023 was approximately 5.4 percent. The discount rate used for lease obligations varies between 5 and 18 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 14 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.

During the year, Volati replaced the previous credit agreement of SEK 2,700 million with Nordea by

signing a new sustainability-linked credit agreement of SEK 2,900 million with Nordea and SEB. Volati's borrowing from credit institutions consists of three different financing frameworks: a loan facility of SEK 1,200 million, a revolving credit facility of SEK 1,400 million, with the option for different maturities for the tranches, and an overdraft facility of SEK 300 million. In June 2023, the credit facility with Nordea and SEB was converted to sustainability-linked loan. This means that the terms of the loan are linked to the Volati Group's ability to reduce its CO₂ footprint, and to ensure a safe and inclusive workplace. The loan facility runs until April 2026. SEK 1,715 million of the revolving credit facility had been used at the reporting date. The revolving credit facility can be used until April 2026 but also has an extension option of 1 + 1 year. At the end of the year, the unused portion of the overdraft facility amounted to SEK 300 million. The overdraft facility has a duration of 12 months and is automatically extended by another 12 months each year unless the bank has stated otherwise. Loan agreements are dependent on the Company's financial performance meeting certain covenants. The covenant for the loan agreement is net debt divided by adjusted EBITDA. Volati AB has not breached any covenants during 2023.

In addition, Volati has chosen to make certain investments in property, plant & equipment under finance leases. See note 12 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

	2023			2022		
	Within one year	1-5 years	>5 years	Within one year	1-5 years	>5 years
Assets						
Cash and cash equivalents	96	-	-	227	-	-
Trade receivables	916	-	-	1,073	-	-
Other shares and interests	2	-	-	2	-	-
Other non-current financial assets	0	0	4	5	0	3
Derivatives	-	-	-	0	-	-
Liabilities						
Liabilities to credit institutions ¹⁾	-113	-1,850	-	-1,689	-6	-
Overdraft facilities	-1	-1	-	-2	0	-
Additional consideration	-27	-31	-	-55	-	-
Put options	-174	-	-	-169	-	-
Lease liabilities	-191	-425	-74	-186	-432	-81
Derivatives	1	-	-	-	-	-
Other current liabilities	-16 ²⁾	-	-	-16 ³⁾	-	-
Trade payables	-577	-	-	-690	-	-
Net	-85	-2,307	-70	-1,500	-439	-78

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 2024. A new decision on dividends to preference shareholders will be made at the 2024 AGM.

³⁾ 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.

Financial instruments: carrying amounts and fair values by measurement category

	2023			2022		
	Classifica- tion ¹⁾	Carrying amount	Fair value	Classifica- tion ¹⁾	Carrying amount	Fair value
Financial assets						
Other shares and interests	2	2	2	2	2	2
Other non-current financial assets	1,2	4	4	1,2	8	8
Derivatives held for trading	2	-	-	2	0	0
Financial liabilities						
Loans from credit institutions	4	1,744	1,744	4	1,785	1,785
Derivatives held for trading	5	1	1	5	-	-
Additional consideration	5	58	58	5	78	78
Put options	6	174	174	6	169	169
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

	2023				2022			
	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	-	-
Financial liabilities								
Derivatives	1	1	-	-	-	-	-	-
Put options	174	-	-	174	169	-	-	169
Additional consideration ¹⁾	58	-	-	58	78	-	-	78

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 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
Balance, 1 Jan 2023	2	-169		-78
Additions through acquisitions	-	-		-29
Cash settled	-	42		50
Change in value recognised in OCI	-	-		-2
Change in value recognised in equity	-	-40		-
Reclassifications	0	-7		-
Balance, 31 Dec 2023	2	-174		-58

Derivatives outstanding at 31 December

Instruments	31 December 2023			31 December 2022		
	Positive market value	Negative market value	Nominal value	Positive market value	Negative market value	Nominal value
Currency derivatives	-	1	7	0	-	26
Total	-	1	7	0	-	26

Trade receivables

	2023	2022
Trade receivables		928
Allowance for expected credit losses		-12
	916	1,073

Maturity analysis	2023			2022		
	Nominal	Impairment	Carrying amount	Nominal	Impairment	Carrying amount
Not past due	772	0	772	911	-1	910
Past due, less than 3 months	130	-1	129	133	-1	132
Past due, more than 3 months	26	-11	15	45	-12	32
Total	928	-12	916	1,088	-15	1,073

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	2023	2022
Opening balance	15	12
Acquisitions and disposals	1	0
Established losses	-3	-1
Reversal of unused amounts	-6	-1
Allowance for expected credit losses	5	3
Currency effects	0	0
Closing balance	12	15

Trade receivables by currency	2023	2022
SEK	610	653
EUR	165	213
NOK	96	105
USD	8	78
GBP	16	17
DKK	14	14
PLN	3	3
Other currencies	15	5
	928	1,088

NOTE 22 | Pledged assets and contingent liabilities

Pledged assets	2023	2022
Property mortgages	-	-
Floating charges	20	78
Parent Company guarantee	47	-
Bank guarantees issued	119	110
Other guarantees provided	18	10
	204	198

Contingent liabilities	2023	2022
Customs bonds	4	4
	4	4

An environmental risk related to previous activities at a Salix Group property was identified during the year. The risk has not yet been quantified as the size of the risk and the question of liability have still not been sufficiently investigated.

NOTE 23 | Investments in Group companies

Subsidiary, corp. reg. no., registered office	Number	Holding
Corroventa		
Volati Luftbehandling Holding AB, 559046-2239, Bankeryd	940	94%
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%
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%
Sørbo 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%
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 Bygg, 559233-6753, Malmö	1,000	100%
Thoméé Gruppen AB, 556014-1896, Malmö	12,000	100%
Heco Nordiska AB, 556370-9954, Hillerstorp	8,000	100%
Salix Business Partner AB, 556805-9090, Malmö	1,000	100%

Subsidiary, corp. reg. no., registered office	Number	Holding
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%
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	997	99.7%
Stenentreprenader i Hesseholm AB, 556509-4702, Hässeholm	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%
Gunnar Prefab AB, 556265-6677, Rättvik	1,000	100%

Tornum Group

Volati Agri Holding AB, 559214-8638, Kvänum	470	94%
Volati Agri AB, 556744-8955, Kvänum	1,000	100%
Tornum AB, 556552-1399, Kvänum	1,000	100%
Tornum Polska Sp. z.o.o., 7752500766, Kutno, Poland	100	100%
Tornum Kft., 01-09-880602, Debrecen, Hungary	100	100%
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%
JPT Industria Oy, 2161684-0, Ilmajoki, 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	920	92%
Terästorni OY, 2012386-8, Lappenranta, Finland	1,000	100%
SIMEZA SLU, B50035294, Zaragosa, Spain	10,000	100%
Tornum LTD, 03703617, UK	8	100%

Volati Communication

Volati Communication Holding AB, 559322-1640, Mora	7,977,600	99.7%
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%
MAFI India Ltd, U26109HR2023FTC113905, HARYANA, India	1,730,000	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	500	100%
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%

As of the reporting date, there are non-controlling interests in the Group's platforms and business areas, and this is part of Volati's business model aimed at creating common interest with key individuals within the Group through co-investments.

31 December	Non-controlling interests, %	
	2023	2022
Salix Group AB	2.5	2.5
Volati 1 Holding AB	4.0	4.0
Volati Industri AB	-	2.0
Volati Luftbehandling AB	6.0	4.0
Volati Agri 1 AB	8.0	8.0
Volati Agri Holding AB	6.0	-
Volati Communication AB	0.3	-
Volati Infrastruktur AB	0.3	2.0

On the reporting date, liabilities to non-controlling interests with put option rights amounted to SEK 174 (169) million and liabilities to other non-controlling interests amounted to SEK 9 (17) million Profit for the year attributable to non-controlling interests amounted to SEK 12 (17) million.

Dividends for the year attributable to non-controlling interests amounted to SEK 9 (2) million.

For further information about non-controlling interests see notes 1, 21 and 24.

NOTE 24 | 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 10. 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 2023 was SEK 1,797 (1,708) 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 over- or undervalued.

Further information can be found in note 4, Business 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 2023 was SEK 174 (169) 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 21.

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 25 | Events after the reporting period

The acquisition of Trejon Försäljnings AB was finalised on 25 January. The company's net sales amounted to approximately 300 million during 2022/2023. All shares in Beslag Design AB were acquired on February 29, 2024. The company's net sales amounted to approximately 190 million during 2023.

NOTE 26 | Related parties

Personnel expenses for Board members and senior executives who are also shareholders are presented in note 5.

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 (6) million.

At the beginning of the year, Volati repurchased 20 shares (corresponding to 2 percent) in Volati Infrastruktur AB from a related party in the company.

In April 2023, Volati sold 22,390,228 shares in Volati Communication Holding AB to a related party in the company. In June 2023, Volati repurchased 10,000 shares in Volati Industri AB from a related party in the company. In June 2023, Volati sold 30 shares in Volati Agri Holding AB to a related party in the company. In September 2023, Volati sold three shares in Volati Infrastruktur AB to a related party in the company. In December 2023, Volati sold 20 shares in Volati Luftbehandling Holding AB to a related party in the company.

In April 2023, 100,188 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 26 April 2023. 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 27 | Alternative performance measures

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

Volati regularly uses APMs as a complement to the key metrics that represent generally accepted accounting policies. The APMs derive from Volati's consolidated accounts and do not comprise measures of financial performance or liquidity in accordance with IFRS and, accordingly, should not be considered as alternatives to net income, operating profit or other key metrics that are derived pursuant to IFRS or as an alternative to cash flow as a measure of consolidated liquidity.

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

Non-IFRS APMs and key metrics	Description	Reason for use
EBITDA	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used together with EBITA to clarify earnings before the effects of depreciation and impairment, and before amortisation of acquisition-related intangible assets, in order to provide a view of the profit generated by operating activities.
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.

Non-IFRS APMs and key metrics	Description	Reason for use
EBITA	Earnings before interest, taxes and amortisation.	Together with EBITDA, EBITA provides a view of the profit generated by operating activities.
EBITA excl. items affecting comparability	Calculated as EBITA, adjusted for transaction-related costs, restructuring costs, remeasurement of purchase consideration, capital gains/losses on the sale of operations and assets, and other income and expenses considered to be non-recurring.	Used by management to monitor the underlying earnings growth for the Group.
EBITA growth per ordinary share	Calculated as EBITA divided by the number of ordinary shares outstanding at the end of the period compared with the same period the previous year.	Used to illustrate earnings per ordinary share generated by operating activities.
Organic 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. goodwill)	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 12 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 2023	Full year 2022
Transaction costs	-4	-12
Restructuring costs	-22	-1
Additional consideration remeasurement	-2	-8
Capital gains/losses on sale of operations and non-current assets	5	3
Impairment of assets in Ukraine and Russia	1	-4
Other non-recurring income and expenses	-4	-6
Items affecting comparability	-27	-28

Adjusted EBITDA, SEK millions	Full year 2023	Full year 2022
EBITDA	999	956
Reversal of IFRS 16 effect	-179	-164
Acquired companies	25	39
Reversal of items affecting comparability	27	28
Adjusted EBITDA	872	859

Calculation of organic net sales growth, %	Full year 2023	Full year 2022
Net sales	7,796	7,751
Total acquired/divested net sales	-360	-1,163
Currency effects	-54	-102
Comparative figure for previous year	7,382	6,486
Organic net sales growth, %	-5	3

Calculation of organic EBITA growth, %	Full year 2023	Full year 2022
EBITA	733	710
Adjustment for items affecting comparability	27	28
EBITA excl. items affecting comparability	760	737
Total acquired/divested EBITA	-55	-112
Currency effects	-5	-8
Comparative figure for previous year	699	617
Organic EBITA growth, %	-5	-8

Calculation of EBITA growth per ordinary share, %	Full year 2023	Full year 2022
EBITA	733	710
No. of ordinary shares outstanding at end of period	79,406,571	79,406,571
EBITA per ordinary share, SEK	9.23	8.94
EBITA per ordinary share for same period previous year	8.94	8.36
EBITA growth per ordinary share, %	3	7

Basic and diluted earnings per ordinary share	Full year 2023	Full year 2022
Net profit attributable to owners of the Parent	356	417
Deduction for preference share dividend	64	64
Net profit attributable to owners of the Parent, adjusted for preference dividend	292	352
Average no. of ordinary shares	79,406,571	79,406,571
Earnings per ordinary share, SEK	3.68	4.44

Calculation of return on equity	Full year 2023	Full year 2022
(A) Net profit, LTM, including non-controlling interests	368	433
Adjustment for preference dividend, including dividend accrued but not yet paid	-64	-64
(B) Net profit, adjusted	304	369
(C) Average total equity	2,181	1,992
(D) Average adjusted equity	1,353	1,164
(A/C) Return on total equity, %	17	22
(B/D) Return on adjusted equity, %	22	32

Calculation of equity ratio	Full year 2023	Full year 2022
Equity including non-controlling interests	2,206	2,136
Total assets	6,552	6,686
Equity ratio, %	34	32

Calculation of operating cash flow and cash conversion	Full year 2023	Full year 2022
EBITDA	999	956
Reversal of IFRS 16 effect	-179	-164
(A) EBITDA excl. IFRS 16 effect	820	792
(B) adjustment for non-cash items	-4	-7
Change in working capital	117	-274
Net investments in property, plant & equipment and intangible assets	-96	-79
(C) Operating cash flow	836	431
(C/A) Cash conversion, %	102	54

Calculation of Net debt/adjusted EBITDA, x	Full year 2023	Full year 2022
Net debt		
Cash & cash equivalents and other interest-bearing assets	-100	-231
Non-current interest-bearing liabilities	1,774	61
Current interest-bearing liabilities	39	1,801
Net debt	1,713	1,632
Adjusted EBITDA	872	859
Net debt/adjusted EBITDA, x	2.0	1.9

	Salix Group	Ettiketto Group	Industry	Central costs	Volati Group
ROCE %, 31 December 2023					
¹⁾ EBITA, LTM	269	159	385	-53	760
Capital employed, 31 December 2023					
Intangible assets	1,176	377	1,193		2,728
Adjustment for goodwill, patent/technology, brands	-1,167	-374	-1,146		-2,670
Property, plant and equipment	46	64	302		412
Right-of-use assets	235	78	252		571
Operating receivables	1,164	202	1,225		2,592
Operating liabilities	-503	-108	-632		-1,250
Capital employed, 31 December 2023	951	239	1,195		2,384
Adjustment for average capital employed, LTM	139	-1	-64		75
²⁾ Average capital employed, LTM	1,090	238	1,131		2,459
ROCE excl. goodwill ^{1)/2)}, %	25	67	34		31
³⁾ Average capital employed, LTM, incl. goodwill and other intangible assets with indefinite useful lives	2,100	476	1,747		4,286
ROCE incl. goodwill ^{1)/3)}, %	13	33	22		18

	Salix Group	Ettiketto Group	Industry	Central costs	Volati Group
ROCE %, 31 December 2022					
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		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

Income Statement, Parent Company

SEK million	Note	2023	2022
Operating income			
Net sales		17	23
Operating expenses			
Other external costs	2	-19	-23
Personnel expenses	3	-32	-32
Other operating expenses		-1	-2
Depreciation of property, plant and equipment		0	0
Operating profit		-36	-35
Profit/loss from financial investments			
Profit/loss from investments in Group companies	4	82	81
Interest and similar income	5	189	90
Interest and similar expenses	6	-112	-45
Profit after financial items		123	91
Appropriations	7	32	45
Tax	8	0	-2
Net profit		155	134

Statement of Comprehensive Income, Parent Company

SEK million	Note	2023	2022
Net profit and Comprehensive income for the year		155	134

Statement of Financial Position, Parent Company

SEK million	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment	9	0	0
Other shares and interests		1	1
Other non-current financial assets		3	3
Investments in subsidiaries	10	1,697	1,467
Total non-current assets		1,702	1,471
Current assets			
Receivables from Group companies		3,134	3,436
Prepayments and accrued income		3	3
Current tax receivables		1	0
Other receivables		-	0
Cash and cash equivalents		1	42
Total current assets		3,138	3,481
Total assets		4,841	4,952
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		10	10
<i>Unrestricted equity</i>			
Share premium reserve		2,376	2,376
Retained earnings		-128	-54
Net profit		155	134
Total equity		2,414	2,467
Untaxed reserves			
Tax allocation reserve		0	49
Liabilities			
<i>Non-current liabilities</i>			
Non-current non-interest-bearing liabilities		16	22
Non-current interest-bearing liabilities		1,708	-
Pension obligations		3	3
Total non-current liabilities		1,727	25
<i>Current liabilities</i>			
Liabilities to Group companies		674	731
Trade payables		1	2
Current tax liabilities		-	2
Current interest-bearing liabilities		-	1,647
Other current liabilities		21	10
Accruals and deferred income	13	21	19
Total current liabilities		700	2,412
Total equity and liabilities		4,841	4,952

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

Cash Flow Statement, Parent Company

SEK million	2023	2022
Operating activities		
Profit after financial items	123	91
Adjustment for non-cash items		
Depreciation	0	0
Reversal of dividend from subsidiary	-82	-65
Reversal of impairment of shares in subsidiaries	-	1
Reversal of gain/loss on divestment of shares in subsidiaries	-	-10
Reversal of liquidation result	-	-8
Reversal of financial items	-77	-48
Total adjustments for non-cash items	-159	-129
Interest paid	-105	-35
Interest received	5	2
Tax paid	-2	0
Cash flow from operating activities before changes in working capital	-139	-70
Cash flow from changes in working capital		
Change in receivables	0	-1
Change in operating liabilities	0	1
Cash flow from changes in working capital	0	0
Cash flow from operating activities	-139	-70
Investing activities		
Investments in property, plant & equipment	-	0
Investments in subsidiaries	-156	-119
Divested subsidiaries	-	16
Dividends received	-	47
Cash flow from investing activities	-156	-57
Financing activities		
Transaction costs for non-cash distribution	-	-2
Dividends paid	-207	-199
Change in intra-Group transactions	398	-271
Incentive programmes	-1	-
Proceeds from borrowings	65	550
Cash flow from financing activities	254	77
Cash flow for the year	-40	-50
Cash and cash equivalents at beginning of year	42	91
Cash and cash equivalents at end of year	1	42

Statement of Changes in Equity, Parent Company

SEK million	Share capital	Share premium reserve	Retained earnings	Net profit	Total equity
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
Other appropriations of profits	-	-	134	-134	0
Dividend on ordinary shares	-	-	-143	-	-143
Dividend on preference shares	-	-	-64	-	-64
Incentive programmes	-	-	-1	-	-1
Comprehensive income for the year	-	-	-	155	155
Closing balance, 31 Dec 2023	10	2,376	-128	155	2,414

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 10.

NOTE 2 | Auditors' fees and remuneration

Ernst & Young AB	2023	2022
Audit	2	1
Other auditing services	0	1
	2	3

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 (15), of whom 7 (7) were men. As at the end of 2023, three of the senior executives are employed by the Parent Company. Two are employed in the Group (Salix Group & Ettiketto Group).

	2023	2022
Salaries and other benefits		
Board and CEO	6	5
Other employees	15	16
	20	21
Social security contributions		
Contractual and statutory social security contributions	6	7
Pension costs, Board and CEO (incl. payroll tax)	0	0
Other pension costs	4	3
	11	10

NOTE 4 | Profit/loss from investments in subsidiaries

	2023	2022
Dividends from subsidiaries	82	83
Impairment of shares in subsidiaries	–	–1
	82	81

NOTE 5 | Interest and similar income

	2023	2022
Interest income from Group companies	189	90
	189	90

NOTE 6 | Interest and similar expenses

	2023	2022
Interest expenses to Group companies	–11	0
Interest expenses on loans	–85	–33
Other interest expenses	–15	–9
Exchange losses	–0	–2
Other finance costs	0	0
	–112	–45

NOTE 7 | Appropriations

	2023	2022
Group contributions paid	–17	–
Group contributions received	–	45
Change in tax allocation reserve	48	0
Change in accelerated depreciation	0	0
	32	45

NOTE 8 | Tax

	2023	2022
Current tax expense	0	–1
Deferred tax	0	–2
Tax expense for the year	0	–2

Reconciliation of effective tax	2023	2022
Profit before tax	154	136
Tax at applicable tax rate	–32	–28
Tax effect of non-taxable income	17	17
Tax effect of non-deductible expenses	0	–1
Taxable net interest income received	16	10
Tax effect, other	–1	–
Recognised effective tax	0	–2

NOTE 9 | Property, plant and equipment

Equipment	2023	2022
Accumulated cost		
Opening cost	0	1
Investments	–	0
Disposals	–	0
Closing accumulated cost	0	0
Accumulated scheduled depreciation		
Opening depreciation	0	0
Depreciation for the year	0	0
Disposals	–	0
Closing accumulated depreciation	0	0
Closing scheduled residual value	0	0

NOTE 10 | Investments in Group companies

Accumulated cost	2023	2022
1 January	1,467	1,285
Shareholder contributions	81	63
Divestment of subsidiaries	–	–7
Acquisition of subsidiaries	100	–
Owner transactions	50	127
Impairment	–	–1
31 December	1,697	1,467

Subsidiary, corp. reg. no., registered office	Number	Holding	Carrying amount	
			2023	2022
Salix Group AB, 559016-1500, Malmö	97,531,303	97.5%	703	703
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	500	100%	783	733
Volati Konsument AB, 556947-0064, Stockholm	1,000	100%	1	1
Volati 1 Holding AB, 559026-2282, Stockholm	480	96%	181	–
			1,697	1,467

NOTE | 11 Equity**Dividend**

In 2023, Volati AB adopted a dividend of SEK 143 (135) million to ordinary shareholders and SEK 64 (64) million to preference shareholders.

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	-127,637,943.66
Net profit	154,606,923.06
Share premium reserve	2,376,398,417.10
be appropriated as follows:	
Dividend of SEK 1.90 per ordinary share, total	150,872,484.90
Dividend of SEK 40 per preference share, total	64,150,960.00
Carried forward	2,188,343,951.60

NOTE 12 | Pledged assets and contingent liabilities

Pledged assets	2023	2022
Shares in subsidiaries	-	-
Contingent liabilities	2023	2022
Rental guarantee	13	17
Guarantees for subsidiaries	-	-
	13	17

See Group note 22 for information on the Group's pledged assets.

NOTE 13 | Accrued expenses

Accumulated cost	2023	2022
Accrued personnel expenses	2	1
Accrued social security contributions on accrued personnel expenses	2	1
Accrued liability for preference share dividend	16	16
Other accruals	2	1
	21	19

NOTE 14 | Related parties

The Parent Company has a related party relationship with its Group companies and owners. See Group note 26. During the year, Group contributions and dividends were received from subsidiaries. During the year, 100,188 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 26 April 2023. 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 17 (21) million. Personnel expenses for owners are shown in Group note 5.

Declaration by the Board

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, 22 March 2024

Patrik Wahlén
Chairman of the Board

Karl Perlhagen
Board Member

Björn Garat
Board Member

Maria Edsman
Board Member

Christina Tillman
Board Member

Anna-Karin Celsing
Board Member

Magnus Sundström
Board Member

Andreas Stenbäck
CEO

Our audit report was submitted on 26 March 2024

Ernst & Young AB

Rickard Andersson
Chief Auditor

Auditor's Report

To the annual general meeting 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 80-93 and the statutory sustainability report on pages 52-75 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 47-150 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 80-93 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 balance sheet for the parent company and the group.

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

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden.

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

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

Key Audit Matters

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

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

Impairment test of goodwill and trademarks

Description of key audit matter

As Per 31 December 2023, the company's goodwill amounts to SEK 1,797 million and intangible assets with an indefinite useful life amount to SEK 138 million. Notes 1 and 10 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 business combinations 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 CGU's 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 budget and forecasts for another four years. As disclosed in note 10, these forecasts include assumptions concerning, inter alia, net sales growth, profit margin, working capital and discount rates.

Note 10 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 CGU's 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.

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 1-46. The remuneration report for the financial year of 2023 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 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) 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 2023.

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 ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable 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 validation that the Esef report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Auditor's review of the Corporate Governance Report

The Board is responsible for the Corporate Governance report on pages 79-91 and ensuring its preparation in accordance with the Swedish Annual Accounts Act.

Our review was conducted in accordance with FAR's recommendation 16 Auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review has provided us with sufficient basis for our opinion.

A corporate governance report has been prepared. Disclosures required under Chapter 6, Section 6 (2-6) of the Annual Accounts Act and Chapter 7, Section 31 (2) of the same Act are consistent with other parts of the annual accounts and consolidated accounts and in accordance with the Annual Accounts Act.

Auditors' opinion regarding the statutory sustainability report

The Board is responsible for the Corporate Governance report on pages 52-75 and ensuring its preparation in accordance with the Swedish Annual Accounts Act.

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is substantially different and 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 chief auditor, Box 7850, SE-103 99 Stockholm, was appointed auditor of Volati AB by the general meeting of shareholders on 26 April 2023 and has been the Company's auditor since 16 May 2018.

Stockholm, date as indicated on our electronic signature

Ernst & Young AB

Rickard Andersson
Authorised Public Accountant

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