VOLITO

GROUP PRESENTATION | ANNUAL REPORT 2018

"What is painting? What is a picture? In 15th century Italy, artists began to break out of their two-dimensional confinement by also integrating the third dimension – depth. Pictures with perspective produced a whole new illusion of the actual, physical world. Nobody before then is thought to have felt a need to express the spatial. For me, it is exactly that illusion of depth that is most important. Flat pictures do not activate my imagination, but I can be greatly moved artistically by a painting from the 1600s that depicts an open world with enormous forests and distant blue mountains, rushing rivers and a few people travelling on horseback or on foot, so small in the mighty landscape. I have a great love of trees and forests – the spruce forests of Småland, the wooded islands of the Stockholm archipelago and most of all the woods around my studio, on the hills above the village of Yport on the Normandy coast. Oak, beech and maple grow freely, entangled and entwined with honeysuckle and ivy, romantic and wild. It was here in the late autumn of 2018 that I painted this year's picture, to the sound of climate change warnings and slogans from a rebellious France streaming from the radio in my studio."

Katarina Axelsson

Katarina Axelsson, born in Stockholm in 1962, was educated at the École Nationale Supérieure de Beaux-Arts in Paris, Canterbury College of Art and the Royal Academy of Fine Arts in Antwerp. She lives and works in France and Sweden.

2017 Karolina Wojcik

2016 Lennart Aschenbrenner

2015 Rodion Petroff

2014 Per Mölgaard

VOLITO

Volito is a privately owned investment group headquartered in Malmö. The business was founded in 1991, with an initial focus on aircraft leasing. After achieving rapid early success, Volito broadened its activities and started to expand.

Today, Volito is a strong, growth-oriented group based on a balanced approach to risk and reward, and a long-term perspective. The Group's activities are divided into three diversified business areas: Real Estate, Industry and Portfolio Investments, areas that develop their own business units, business segments and subsidiaries.

VOLITO

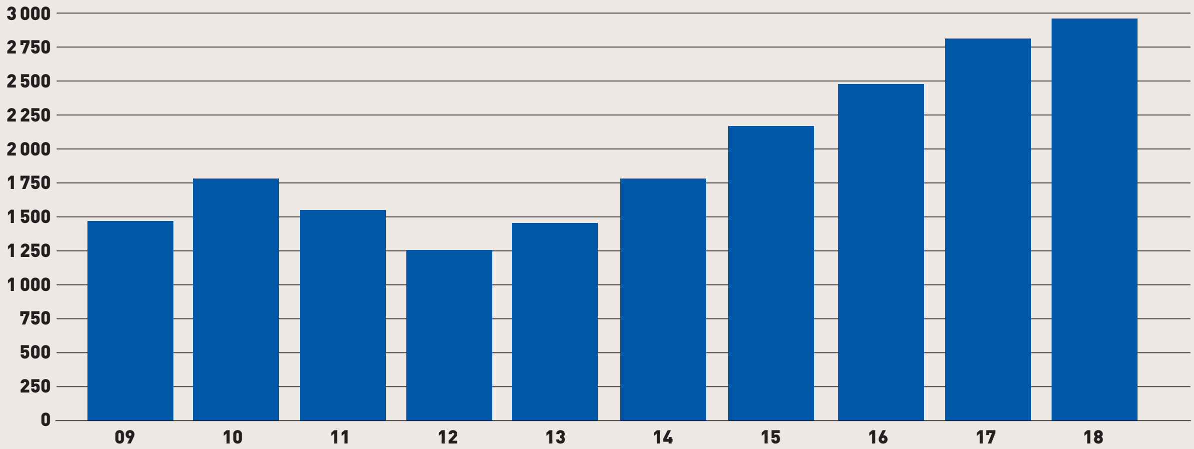
THE YEAR IN BRIEF

Volito is a strong, growth-oriented investment group based on a balanced approach to risk and reward, and a long-term perspective. The Volito Group's overall objective is to optimise the return for shareholders, both through current earnings from operational activities and the value growth of the Group's investments. In the Parent company, Volito AB, business operations are organised in three overall business areas: Real Estate, Industry and Portfolio Investments.

Volito AB 2018

Volito looks back on 2018 as a year of favourable markets, good financial results and healthy growth within all business areas. At year-end, the Volito Group's adjusted equity amounted to SEK 2 954.4 million, an increase of 6.5% (including paid dividend). After the high rate of investment in the past few years, the main focus in 2018 was on consolidation, internal streamlining and preparations for continued expansion and further diversification.

SEK million The Volito Group, adjusted equity



The Volito Group, Ten-year summary

SEK million	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Result after financial items	157.5	130.8	78.5	147.6	134.4	-165.7	-252.7	88.5	121.7	82.5
Adjusted equity	2 954	2 808	2 475	2 181	1 787	1 435	1 253	1 539	1 771	1 465
Return on equity (%)	12.6	12.4	13.0	20.5	23.7	14.8	-19.2	4.2	5.8	0.3
Adjusted equity ratio (%)	45	46	50	50	46	40	40	45	56	51
Assets	6 528	5 883	4 857	4 447	4 415	4 278	4 212	3 850	2 939	2 821

From 2014 the consolidated financial statements are drawn up in accordance with IFRS. The comparison information for 2012 and 2013 has been recalculated according to the new principles.

Definitions

Adjusted equity
The Group's adjusted equity attributable to the Parent company's owners adjusted for the market value of assets not valued at fair value in accordance with IFRS. This applies to Bulten AB (publ), which is reported in accordance with the equity method in the Group. An adjustment has been made of the proportion of equity's value to fair value as at accounting year-end.

Return on adjusted equity
Total comprehensive income for the year in relation to average adjusted equity.

Adjusted equity ratio
Adjusted equity including holdings with non-controlling interests in relation to balance sheet total including surplus values.

Business Area Real Estate consists of Volito Fastigheter, which owns and manages commercial and residential properties in the Malmö region. The portfolio contains 28 properties, divided between offices, retail, industry, warehousing and residential, with a total area of approximately 121 000 m^2.

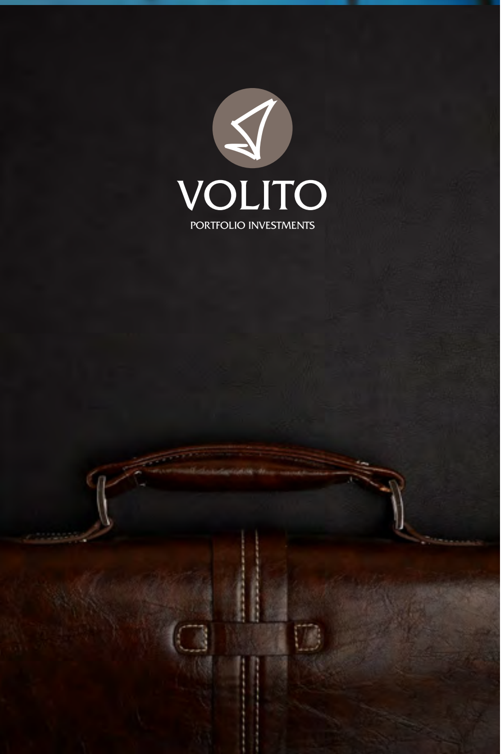
Business Area Real Estate 2018

Volito Fastigheter is pursuing the goals of Volito's expansion plan and in 2018 there was a rise in the value of the property portfolio, as well as improvements in revenue and profit after financial items. At year-end, the property portfolio was valued at SEK 3 587.8 million, an increase of 1.9% (investments for the year are not included). Besides consolidation and integration of new properties, and planning for future expansion, Volito Fastigheter successfully strengthened its focus on leasing, with a long-term aim to reduce vacancies.

Business Area Industry consists of Volito Automation, a business that invests in companies within industrial automation. Volito Automation has established a well-reputed organisation composed of multiple subsidiaries in Sweden and Finland.

Business Area Industry 2018

Volito Automation reports a significant increase in turnover and considerably improved operating profit due to strong underlying growth in the market, increased order intake, rising sales, an acquisition on the OEM side and effectively implemented streamlining. Volito Automation also established an MRO operation in Gothenburg. The consolidated operating profit before depreciation (EBITDA) amounted to SEK 15.7 million.



Within Business Area Portfolio Investments, Volito has significant ownership interests in both listed and unlisted companies. Volito has an ownership philosophy of engagement that aims for stable, long-term growth. The Group strives for active ownership with involvement on the companies' boards. Volito has a diversified portfolio with holdings in Peab AB (publ), Bulten AB (publ), Anticimex AB, Sdiptech AB (publ), Avensia AB (publ) and EQT's funds.

Business Area Portfolio Investments 2018

Peab reports a positive 2018 with good development and continued healthy demand in the total markets in Sweden, Norway and Finland. In 2018, the company's share increased in value by 3%. Bulten reports a positive 2018 in volume terms with increased market shares in a weaker market. In 2018, the company's share fell in value by 28%. Anticimex continued its global expansion with 47 acquisitions in 13 countries, including 13 acquisitions in the USA. Volito also has an ownership interest in Sdiptech and Avensia. In 2018, Sdiptech's share fell in value by 10%, whereas Avensia's share rose in value by approx. 43%. Volito also has holdings in nine of EQT's funds, which overall performed positively in 2018.

COMMENTS FROM THE CEO

CONSOLIDATION AND STREAMLINING LAY FOUNDATIONS FOR FUTURE MILESTONES

Volito completed the fourth year of the Groups' strategic plan and can report yet another year of value growth in adjusted equity and good financial results from our operations. After the investments of the past few years, 2018 was mainly characterised by consolidation and preparation for Volito's continued expansion and diversification as well as a number of small investments, primarily in Business Area Industry.

During its 27 years in business, Volito has strived for continuous and profitable growth through a long-term approach and a proven ability to balance risk and reward – a philosophy that has created a stable platform, good financial results, growing assets and scope for action regardless of the business climate. In recent years, geopolitical and trade policy anxieties have affected the world's markets. In 2018, we saw the start of a global economic slowdown, a gradual deceleration in growth and an unstable stock market. Despite this, Volito reports a balance sheet total of SEK 6.5 billion for 2018, an increase of 11%. We also delivered continued good value growth to our shareholders.

At year-end 2018, the Volito Group's adjusted equity amounted to SEK 2 954.4 million, which represents an increase of 6.5% (including paid dividend). The value of the holdings in Volito's portfolio investments fell overall during the year by 0.3%. The increase in adjusted equity is attributable to a strong profit after financial items as well as good value growth in our property portfolio.

After the major investments of the past few years, Volito's focus in 2018 was on consolidation and the integration of new units into Business Area Industry, new properties into Business Area Real Estate and increased holdings into Business Area Portfolio Investments. During the year, we also continued our expansion in the industry area through acquisitions and establishing new operations, and started planning for new construction and refinements on the real estate side.

AFTER THE INVESTMENTS OF THE PREVIOUS YEAR, 2018 WAS MAINLY CHARACTERISED BY CONSOLIDATION AND PREPARATION FOR VOLITO'S CONTINUED EXPANSION AND DIVERSIFICATION.

Our business areas

Overall, 2018 was for the most part a year that involved favourable markets and good growth in our operations.

In Business Area Real Estate, Volito Fastigheter can sum up 2018 as a well-implemented consolidation and integration of the new properties that were acquired in the previous year. The business area is pursuing the goals in the expansion plan with increased revenues, improved profit after financial items and the rising value of the property portfolio. There was good progress in ongoing new construction projects and during the year Volito Fastigheter continued to selectively seek new business opportunities. Volito Fastigheter also carried out commendable initiatives to reduce the vacancy rate, something that will continue in the coming year and provide an even stronger basis for continued value growth.

In Business Area Industry, Volito Automation reports a significant increase in turnover and a clear

improvement in operating results. Strong growth in the market, good sales initiatives and continued expansion through both acquisitions and establishing new operations were contributing factors, as was the greater emphasis on results-focused corporate governance. In 2018, Volito Automation among other things formed a new management team, clarified its internal goals and streamlined its reporting structure. Overall, Volito Automation implemented important changes that mean we can expect good development opportunities, a higher operating margin and a strong cash flow.

In Business Area Portfolio Investments, all of our major holdings – Peab, Bulten and Anticimex – report strong growth in 2018.

Peab reports a positive 2018 with good performance and continuing healthy demand in the total markets in Sweden, Norway and Finland. The company increased turnover and operating profit, as well as its order intake and order book. Stable economies in the Nordic countries and a considerable underlying demand mean a strong foundation over time. Peab's strengths are a diversified business, complementary business areas, a good business model and a strong corporate culture. The company can look forward to 2019 as a year with strong growth in profitability, good order status and a healthy financial position.

Bulten reports a positive 2018 in volume terms. Bulten is winning new deals and increasing its market shares in a weaker market. Both order intake and net sales increased compared with the previous year. The increased demand for hybrids and electric cars is favourable for Bulten, which is well positioned within electrification. In 2018, the company signed two new FSP contracts relating to powertrains for electric cars. Despite the prevailing market worries, Bulten has a positive view on long-term growth opportunities. Bulten has a continued strong financial position, the value of incoming volumes is good and conditions are favourable for winning new contracts and market shares.

Our holding in Anticimex AB has been a significant part of Business Area Portfolio Investments since 2017. Anticimex represents good diversification in relation to our other business areas and holdings, not least because the company's offering is generally in demand regardless of the business climate. Anticimex is in a strong growth phase. In 2018, the company continued its global expansion, maintaining its focus on the USA, with a total of 47 new acquisitions in 13 countries. Anticimex continued to perform well, in line with our expectations, and reports considerable improvements in both turnover and financial results. In the future, we can expect to see the exciting development of the company's acquisition strategy.

The value development of our listed holdings in Peab and Bulten are to be seen in relation to a relatively turbulent year in the world's stock markets, with most major companies experiencing falling market values. The index for the 30 most traded shares on the Stockholm Stock Exchange (OMX Stockholm 30) fell in 2018 by 11%. Despite the stock market trend, Peab's share increased by 3% during the year. Bulten's share fell in value by 28%, but it is important to remember that the company's share rose by 38% in the previous year.

DURING 2018, THE ORGANISATION STARTED WORK ON A NEW PLAN WITH A 2024 HORIZON, AND BOTH GOAL SETTING AND PREPARATIONS ARE ALREADY WELL ADVANCED.

The business area also includes Volito's holdings in EQT's funds. EQT is a leading investment firm with interests in Europe, Asia and the USA, whose funds have portfolio companies in Private Capital, Real Assets and Credit. Volito has holdings in nine of EQT's funds, which overall developed positively in 2018.

Volito has an engaged ownership philosophy focusing on stable and long-term growth. Peab and Bulten are both solid companies with strong balance sheets and a good history in terms of dividend yield, which are criteria that Volito values highly. Along with Anticimex and the holdings in EQT, the business area comprises solid and diversified investments that together create a strong basis for stability, even in more challenging times.

The future

As 2019 approaches, we are seeing a slowdown in global growth and a normalisation of monetary policy, which increases the downside risk for the world economy. We can probably expect continued geopolitical and trade policy anxieties. As yet, we do not know what ongoing trade conflicts and the observed signs of a more protectionist world will mean for the future, but we are following developments closely and are prepared for different scenarios.

In 2019, we will be starting the final year of our current strategic plan, a five-year period that from day one has been characterised by a great sense of purpose, high ambition and intensity. During 2018, the organisation started work on a new plan with a 2024 horizon, and both goal setting and preparations are already well advanced. In 2018, we also initiated a refinancing process for the coming period.

Besides consolidation and continued investments, 2018 also involved several internal initiatives with an aim to further equip the organisation for the coming years of expansion. Our overall shaping of the Group is increasingly consistent with our goals and visions. Among other things, we intensified our focus on corporate governance and increased our resources within business controlling. By refining our reporting structure and streamlining our processes, we aim to further improve the basis for our decision-making and enable Volito to become even more goal-oriented and results-driven.

Volito utilised 2018 well in integrating the investments of previous years and also preparing the business for new successes. With financial strength, an efficient organisation and skilled staff we can, even in a somewhat more challenging world, look forward to 2019 as well as to our continuing pursuit of profitable growth, strong cash flows and building of value over generations.

Ulf Liljedahl
President and CEO,
Volito AB

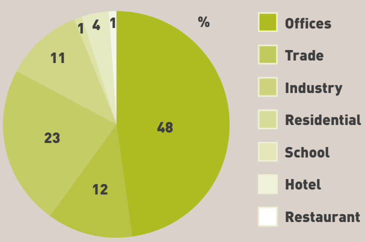
VOLITO
REAL ESTATE

Business Area Real Estate consists of **Volito Fastigheter**, which owns and manages commercial and residential properties in the Malmö region. The business is characterised by a long-term approach, efficient property, a high level of service and close relations with customers and partners. Volito Fastigheter has continuously developed its portfolio in order to strengthen its presence in the Malmö region's most attractive areas. The company's aims include positioning Volito Fastigheter as one of Malmö's most well known real estate companies, and the best in terms of property management and customer relations.

CONSOLIDATION AND STRONG FOCUS ON LEASING

After the previous year's investments, Volito Fastigheter devoted 2018 to consolidation, the integration of new properties into the business, and the planning of future expansion. Volito Fastigheter also strengthened its focus on leasing with a long-term goal of reducing vacancies.

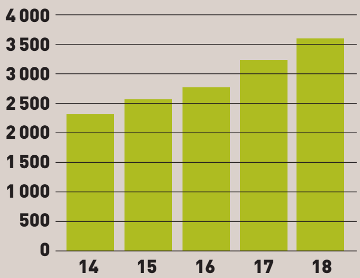
Distribution by category and m²



The Volito Fastigheter AB Group, Five-year summary

SEK million	2018	2017	2016	2015	2014
Rental income	181.1	155.5	147.4	138.1	142.3
Profit after financial items	61.7	46.3	58.7	52.8	46.6
Equity	1 441.5	1 324.7	1 155.2	1 019.3	881.1
Real estate market value	3 588	3 229	2 764	2 560	2 307

SEK million Market value of real estate holding



Volito Fastigheter is pursuing the goals in Volito's expansion plan. The value of our property portfolio improved, as did our revenues and profit after financial items. The property market was strong in 2018, with continuing high demand. Our portfolio is focused on attractive central locations and we carry out continuous high-quality refinements. Our premises and housing are highly sought-after, which creates conditions for long-term agreements with stable tenants. Interest rates remained low, but increases can probably be expected in 2019.

Consolidation

As a part of our diversification, we carried out major acquisitions of centrally-located residential properties in 2017-2018. Thereafter 2018 was largely devoted to consolidation and integrating these properties into our business. At Carl Gustaf 4, which offers both housing and office space, vacant premises are in the processes of being leased, and planning work is underway in order to offer the same high standard as at our newly renovated properties.

Focus on vacancies

In 2018, we worked in a goal-oriented and successful way to reduce our vacancies. We signed a number of long-term agreements during the year. Among the new tenants are Anticimex, which moved its entire Malmö department to Flygkameran 2 in Bulltofta; the City of Malmö, which is renting a floor at Laxen 23 in downtown Malmö, and Arriva Sverige, which will move into the newly decorated Ran 9 premises at Skeppsbron in 2019.

Continued refinements

Refinements are an important part of the leasing process and in 2018 we carried out several major customisation projects. Doro now has 2.5 floors of top-quality renovated premises at its head office at Skeppsbron. We carried out extensive rebuilding work on offices, retail space and stores for Nordic Cleanware. The Claus Mortensen property on Södergatan is now fully completed including new office premises for TZ-Shops and CA Fastigheter. At the Post House building, we started the complete renovation of the second tower, which is expected to be finished in May 2019.

Bara town centre continues to grow

The development of Bara town centre is continuing in cooperation with Peab. The housing built in 2017 is now under our management and the tenants have moved in. This completes the square and we have started planning work for another apartment building. The Swedish Dental Service is now established in newly decorated premises in the town centre building. Renovation of the remaining premises, which are also important for service operations, is underway.

Tenants set for The Point

In another collaborative project with Peab, we are building The Point, a 110-metre-high office block in Hyllie. The building is now at its full height and most of the facade is in place. Leasing is underway and we are decorating the premises for new tenants. In 2018, we signed an agreement relating to meeting spaces for the adjacent Choice Hotels, Quality Hotel View. We also rented out three floors to Regus, an international company that operates office hotels, as well as office space to DNB – a Nordic company involved in banking, finance and insurance. The Point will be finished at the turn of the year 2019/2020.

Financial results

The business continues to develop in a positive direction. Rental income increased compared with the previous year. Interest rates remain low, but are expected to rise in 2019. The profit for 2018 after financial items was in line with our expectations and amounted to SEK 61.7 million.

Forthcoming expansion

The increase in leasing activity produced good results in 2018 and we expect to further reduce our vacancies in 2019. We are striving for continued long-term contracts with strong tenants.

Volito Fastigheter is now an established player in the housing market and our intention is to continue our diversification with the addition of further residential properties. Among other things, we stand ready, either under our own management or in cooperation with other companies, to produce new properties offering rented apartments. In Nyhamnen, the City of Malmö is planning housing for 8 000 people and workplaces for 13 000. Volito Fastigheter has nine properties in the area and has an ambition to be a driving force in the development of the district.

After a well-implemented 2018, I would like to extend a big thank you to our customers, business partners and colleagues. I look forward to pursuing the continued development of Volito Fastigheter with you.

Pelle Hammarström
Managing Director,
Volito Fastigheter

REAL ESTATE HOLDING

December 31, 2018

Property Aegir 1
Address Neptunigatan 1
Area 7 744 m²

Property Ran 4
Address Skeppsbron 3
Area 4 568 m²

Property Ran 8
Address Skeppsbron 7
Area 1 084 m²

Property Ran 9
Address Jörgen Kocksg. 1
Area 7 892 m^2

Property Hamnen 22:2
Address Jörgen Kocksg. 3
Area 7 719 m^2

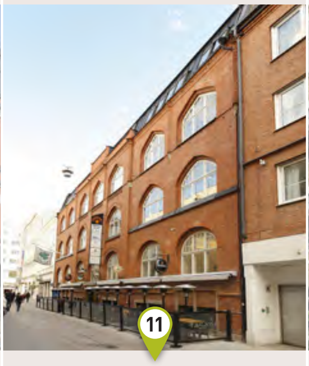
Property Diana 28
Address Engelbrektsg. 5
Area 902 m^2

Property Sankt Peter 3
Address Östergatan 30
Area 3 360 m^2

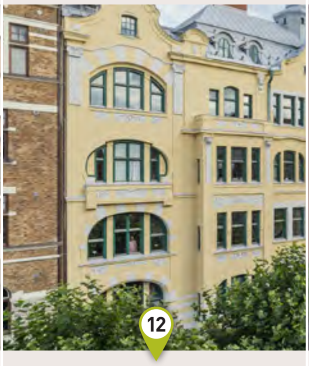
Property Carl Gustaf 4
Address Gustav Adolfs torg 8A-C
Area 7 617 m^2

Property Stjärnan 10
Address Engelbrektsg. 6
Area 975 m^2

Property Claus Mortensen 29
Address Södergatan 16
Area 3 047 m^2



Property Söderport 8
Address Per Weijersg. 4
Area 1 956 m^2



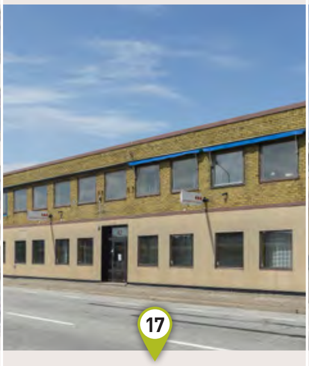
Property Delfinen 17
Address Södra Förstadsgatan 4
Area 3 034 m^2

Property Elefanten 41
Address Lugna gatan 38
Area 7 090 m^2

Property Visenten 20
Address S Förstadsg. 26
Area 3 497 m^2

Property Laxen 23
Address S Förstadsg. 32
Area 2 347 m^2

Property Laxen 23
Address S Förstadsg. 34
Area 7 476 m^2



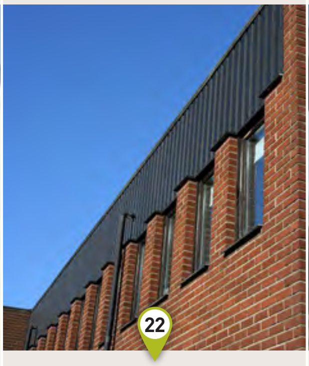
Property Medusa 3
Address Carlsgatan 42
Area 1 300 m^2

Property Medusa 4
Address Carlsgatan 44
Area 7 201 m^2

Property Söderhavet 5
Address Elbegatan 5
Area 1 708 m^2

Property Söderhavet 6
Address Elbegatan 7
Area 1 406 m^2

Property Segeholm 10
Address Ågatan 1
Area 14 962 m^2



Property Hangaren 2
Address Flygplansg. 1–3
Area 2 200 m^2

Property Flygledaren 7
Address Höjdroderg. 22
Area 1 971 m^2

Property Flygkameran 2
Address Höjdroderg. 7–9
Area 1 429 m^2

Property Runstenen 16
Address Käglingevägen 37
Area 3 068 m^2

Property Bronsdolken 26
Address Stenyxegatan 25B
Area 2 221 m^2

Property Bronsdolken 26
Address Stenyxegatan 25A
Area 3 423 m^2

Property Kupolen 3
Address Krossverksg. 7–17
Area 10 037 m^2

Foto: Elisabeth Stengaard

GOLDEN OPPORTUNITY FOR ARRIVA!

Arriva is one of Europe's largest public transport operators. The business area in Malmö is responsible for Pågatågen – regional commuter trains within Region Skåne. Volito Fastigheter is executing the interior design of Arriva's new Malmö offices at premises in the best possible location. Arriva's multifaceted business sets high demands for efficiency, availability and comfort.

Arriva, which is owned by Deutsche Bahn, is one of the largest public transport operators in Europe. The group has over 60 000 employees in 14 countries and provides transport for over 2.2 billion passengers each year. Arriva is among the biggest operators in Sweden, with 24/7 responsibility for 900 busses, 150 trains and 90 trams.

"Our office in Malmö is an important part of our Pågatågen operations," comments Business Area Manager Mattias Wrangtorp. "Around 40 staff members work here full-time on administration and traffic planning, and then there are 150 staff members who are in and out, as they work on board the trains. Our current premises are inefficient and no longer match our needs."

The varied nature of the operations meant that Arriva's requirement specification posed a challenge for the property companies in the area.

"We are a little troublesome," says Mattias Wrangtorp. "We want to be as close as possible to the Central Station, as our staff need to be able to move quickly between the office and trains. We also want to have all our staff in one place, even though we have varying needs within the organisation – everything from traditional office space to areas for breaks and rest periods for our travelling staff. In addition, we need 24/7 access to the premises, something that not many property owners can offer."

"When we looked at Arriva's requirements, our thoughts turned immediately to a property a few steps away from Skeppsbron and the Central Station," says Pelle Hammarström, CEO of Volito Fastigheter. "Here, we are carrying out a complete renovation in which floor after floor is getting a completely new interior and the spaces are being adapted to the tenant's needs. The property also offers possibilities for increased availability."

"Most property owners shut down ventilation and other systems at night, but at Volito Fastigheter we had been given the option of dividing up the premises so that the technical systems work 24/7 in the spaces where we have the kitchen facilities, break room and resting room," says Mattias Wrangtorp. "A good solution, not least from a sustainability perspective."

"The design, which has been developed in cooperation with Volito Fastigheter's architects, has been a great success. The entire process has run smoothly and we meet every fortnight for a status meeting about the details. We will have flexible premises with sound-damping wall-to-wall carpets, light interior design and a lot of glass walls to create openness and space. Office spaces alternate with open plan areas and plenty of meeting rooms. Now, we are looking forward to moving in, which is planned to coincide with the summer season of 2019," concludes Mattias Wrangtorp.

VOLITO
INDUSTRY

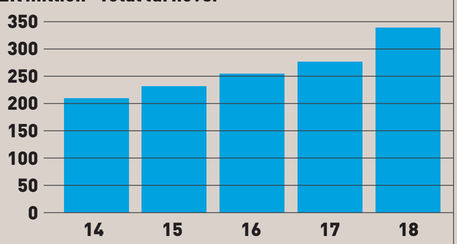
Business Area Industry starts up, acquires and develops industry-related businesses. Today, Business Area Industry consists of Volito Automation, a rapidly growing organisation focused on knowledge-intensive companies in industrial automation. In a short time, Volito Automation has established a well-reputed business in Sweden and Finland composed of multiple subsidiaries in hydraulic solutions.

Volito Automation stands ready to start up further automation-oriented businesses in areas such as pneumatics, electronics, control and regulation technology, and robotics.

STRONG CORPORATE GOVERNANCE, CLARIFIED GOALS AND CONTINUED EXPANSION

Volito Automation can look back on a strong 2018 characterised by continued expansion, increased turnover and improved operating results. With a greater emphasis on results-focused corporate governance, Volito Automation also clarified its goals and improved its possibilities for increasing profitability.

SEK million Total turnover



The Volito Industry Group, Five-year summary

SEK million	2018	2017	2016	2015	2014
Revenue	340,0	276,3	254,6	230,2	209,8
EBITDA	15,7	9,6	10,5	11,4	8,3
Result after financial items	10,7	4,7	6,4	6,2	2,5

VOLITO
INDUSTRY

Due to the continued good business climate, strong growth in our underlying customer segments and the sterling efforts of our staff, Volito Automation can sum up 2018 as a very positive year.

Overall, we report a significant increase in turnover and considerably improved operating results due to strong underlying growth in the market, increased order intake, rising sales, an acquisition on the OEM side and effectively implemented streamlining. We also established a major MRO operation in Gothenburg.

Strong governance and clear goals

In 2018, we strengthened our corporate governance and clarified our goals with an aim to create conditions for increased profitability. Volito Automation consists of a large number of entrepreneur-led businesses with strong local roots. A defined governance model is required if the group is to achieve its full potential and benefit from value-creating synergies. We have now clarified functions, roles and responsibilities in the organisation as well as created a more streamlined structure for reporting and follow-ups.

In 2018, we formed a new management team for Volito Automation, appointed new heads for our MRO and OEM segments, and increased our resources within business controlling. We also formulated new goals and a new vision with a 2024 horizon, and defined strategic priorities and focus areas. With a more streamlined organisation, the objective is to raise our profitability to a long-term stable operating margin exceeding 10%.

Expansion and successes in MRO

We continued to expand our MRO segment in 2018, maintaining a focus on industry-intensive areas in the Nordic countries. We set up HydSupply in Gothenburg with four well-qualified service technicians and a fully equipped Parker Store, and can now offer services, maintenance, consultation and component sales to industries such as shipbuilding and automotive.

Furthermore, Finnish Hydrosystem Oy has continued to reap success on the MRO side. Hydrosystem has succeeded in creating an efficient organisation and in 2018 the company achieved profitability in line with our new goals. The experiences and successes of Hydrosystem will be a valuable asset for the rest of the group.

Acquisition within OEM

In the OEM segment, HydX acquired Mini Power Systems (MPS), a company whose activities include developing lifting stands for the automotive industry. MPS, whose solutions are in great demand in the market, has a turnover of around SEK 20 million. The company will be integrated into HydX in Ystad. We expect synergy effects both on the revenue side and the cost side when the MPS range becomes a part of the HydX offering.

Financial results

Volito Automation reports an increase in turnover of around 23% compared with the previous year. The consolidated EBITDA (Earnings before interest, taxes, depreciation and amortisation) amounted in 2018 to SEK 15.7 million (9.6), which is an increase of 64%.

The results have been adversely affected by non-recurring costs of SEK 2.3 million which are not ordinary costs in the operating business.

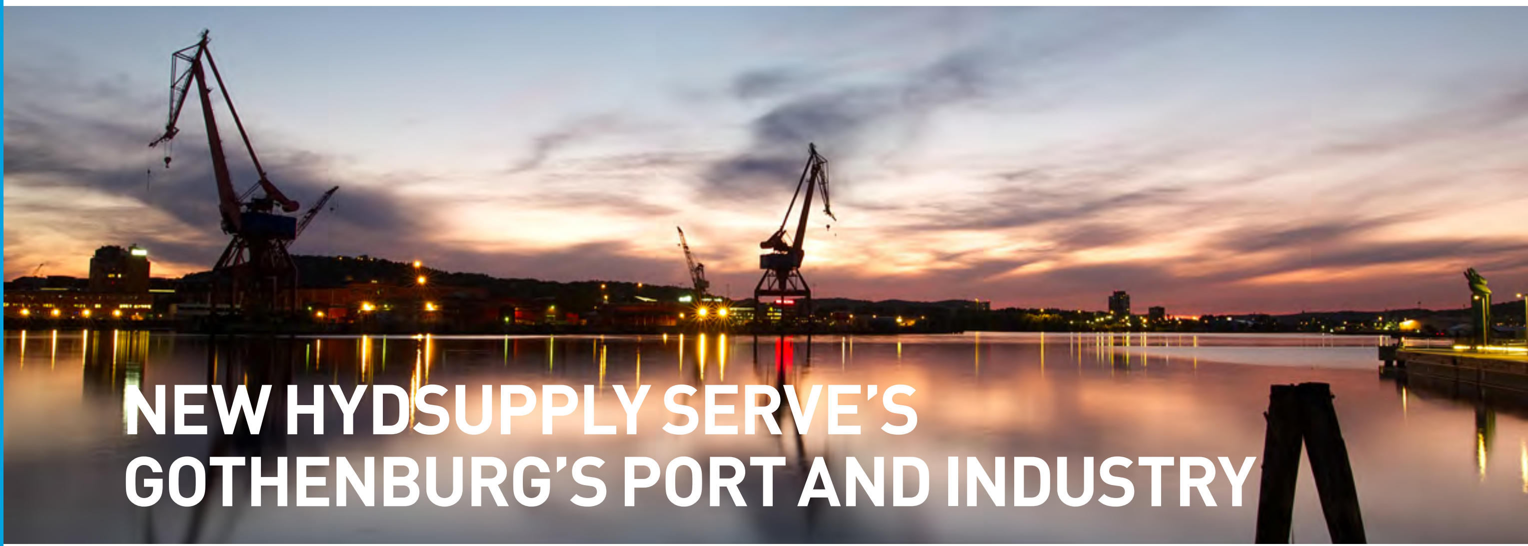
Market focus and continued expansion

Overall, the year was very favourable, with increased turnover and improved operating result. With a more streamlined organisation and improved governance, we have strengthened our possibilities to be proactive in the market and continue our expansion. Not least, we intend to position Volito Automation in the future as our customers' guarantor for long-term functionality. By working in a more solution-oriented and customer-focused way, we see continued opportunities to further increase our share of wallet (SOW) among existing customers and capture new market shares. Our main focus remains on the Nordic countries regarding future acquisitions and establishing new operations. We continue to look for new opportunities for expansion, particularly in the borderland between hydraulics and adjacent technologies.

I would like to extent my thanks to customers, partners and not least all our staff for a very positive and eventful 2018. During the year, we took many significant steps together and I look forward with great confidence to the continued development of Volito Automation in the coming year.

Johan Frithiof
Managing Director,
Volito Automation

HYDSUPPLY
HYDRAULIC SUPPLIER I NORDEN AB



NEW HYDSUPPLY SERVE'S GOTHENBURG'S PORT AND INDUSTRY

The new HydSupply facility and newly opened Parker Store in Hisingen continues Volito Automation's investment in a nationwide MRO organisation. HydSupply in Hisingen is to provide services and maintenance to Scandinavia's largest port and one of Europe's most important industrial areas. The new operation has started strongly and is already planning for future expansion.

Volito Automation starts up, acquires and develops companies within industrial automation. The group is organised in two business segments: MRO and OEM. The MRO segment is represented by HydSupply with operations throughout Sweden, Hindab in the highlands of Småland and HydroSystem Oy in Finland. The OEM segment is composed of HydX operations in Ystad, Gothenburg, Stockholm and Tammerfors.

In recent years, HydSupply has been recognised as one of Sweden's fastest-growing service companies in hydraulics, pneumatics, transmission and roller bearings.

"HydSupply now has a presence in many places in Sweden's most industry-intensive areas, from Kiruna in the north to Smålandsstenar in the south," says Ronald Blomgren, site manager in Gothenburg. "The new operation in Hisingen was a natural step and we can now supply several significant customer groups with our products and services."

HydSupply in Hisingen offers services such as installation, maintenance, analysis and production optimisation as well as carefully selected original components in a well-stocked Parker Store. From the start, there were four experienced service technicians in place, two running the store and workshop, and two mainly out in the field. There is also a technical sales representative associated with the business.

"We are right in the middle of one of northern Europe's most important industrial areas and there is a large customer base," says Ronald Blomgren. "Gothenburg has Scandinavia's largest port, which handles a large percentage of Sweden's foreign trade. There are many marine and offshore businesses in the area, as well as major players in the automotive and steel industries. In addition, we also reach a large number of subcontractors that supply marine and industrial applications."

Relations in the sector are characterised by a long-term approach and loyalty. The major challenge is getting customers to change business partners. HydSupply offers several competitive advantages, not least a high degree of service, considerable technical expertise, a comprehensive range and high availability.

"We are highly respected for our technical know-how, but it's also essential to deliver the right goods on time, which is a strength regarding the port's operations," says Ronald Blomgren. "The ships are in port for increasingly short periods, so it's crucial to be able to offer a close relationship, clear planning and considerable flexibility."

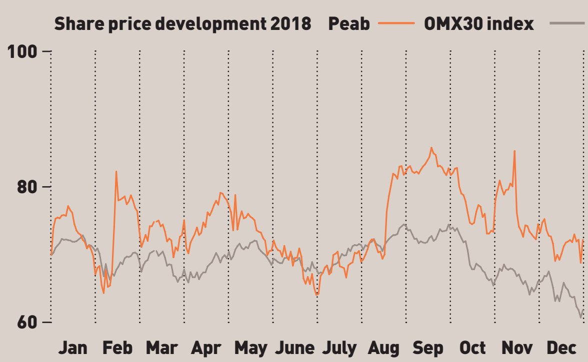
"The business opened on 4 October and the new operation has performed well. The revenue curve is following the budget and we are now preparing for further expansion. Initially, the aim is to add one service technician and one sales representative. We are also deepening our cooperation with the rest of the Automation group, both with HydX here in Gothenburg and with our HydSupply colleagues around Sweden. This cooperation will create good conditions for further growth," concludes Ronald Blomgren.

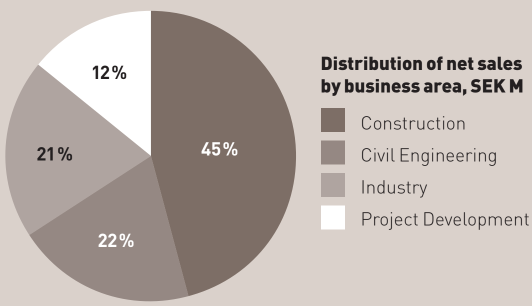
VOLITO
PORTFOLIO INVESTMENTS

Within Business Area Portfolio Investments, Volito has significant ownership interests in both listed and unlisted companies. Volito has an ownership philosophy of engagement that aims for stable, long-term growth. The Group strives for active ownership with involvement on the companies' boards.

Volito has a diversified portfolio with holdings in **Peab AB (publ), Bulten AB (publ), Anticimex AB, Sdiptech AB (publ), Avensia AB (publ)** and **EQT's funds**.

Peab AB is one of the leading construction and civil engineering companies in the Nordic countries. Bulten is one of the largest suppliers of fasteners to the European automotive industry. Anticimex is a leading global specialist in pest control that applies prevention, new technology and sustainable solutions to create healthy environments for companies and individuals. Sdiptech is a technology group specialising in urban infrastructure. Avensia is a leading company in e-commerce. EQT is a leading investment firm with portfolio companies in Europe, Asia and the USA.


Share price development 2018
Peab
OMX30 index
100
80
60
Jan
Feb
Mar
Apr
May
June
July
Aug
Sep
Oct
Nov
Dec


12 %
45 %
21 %
22 %
Distribution of net sales by business area, SEK M
Construction
Civil Engineering
Industry
Project Development

PEAB

CONTINUED POSITIVE DEVELOPMENT AND IMPROVED FINANCIAL RESULTS

Peab sums up 2018 as a year of positive development in its operations. The company improved its turnover, financial results and operating margin. The outlook for the future is deemed good and Peab can look forward to 2019 with a strong and diversified order book.

Peab AB (publ), one of the leading construction and civil engineering companies in the Nordic countries, is active within Construction, Civil Engineering, Industry and Project Development. Volito has a long-term involvement in Peab and is one of the company's major owners. Peab is listed on Nasdaq Stockholm (Large Cap). The company's B share, despite a turbulent year in the world's stock markets, rose by 3% in 2018.

In 2018, the total markets in Sweden, Norway and Finland developed positively with continued good demand. The order intake in 2018 was SEK 51.1 billion (49.0), representing an increase of 4%, which is attributable to the business areas Construction and Civil Engineering. The order book amounted at year-end to SEK 45.8 billion (40.2) and has a good spread in terms of both product and geography.

The business areas Construction, Civil Engineering and Industry report increased turnover and improved financial results. Business Area Project Development reports a somewhat reduced turnover and a lower operating profit. Within Business Area Project Development, Housing Development reports a somewhat reduced turnover and a lower operating profit, whereas Property Development reports a continued positive trend both for wholly-owned holdings and the company's joint venture companies.

Peab's operative net sales in 2018 amounted to SEK 52 233 million (49 981), which is an increase of 5%. The operative operating profit rose to SEK 2 573 million (2 418) and the operative operating margin improved to 4.9% (4.8). Cash flow before financing amounted to SEK -1 021 million (2 295) and net debt to SEK 3 551 million (1 216). Cash flow and net debt were affected by an increase in tied-up operating capital, among other things relating to several ongoing housing projects in Finland and Norway. Peab also invested in machines and in the building of operational premises and investment properties.

As 2019 approaches, Peab expects the total market to remain at the same level, but with variations regarding product and geography. A stable economy in the Nordic countries and considerable underlying demand provides a good foundation for the construction market over time. The order situation going into 2019 is strong and Peab has a diversified business, which means that the company can balance out downturns in specific areas with upturns in others. Peab has a unique position with four complementary business areas and a strong corporate culture. The company's business model creates opportunities throughout the value chain in a construction project and provides good conditions for delivering total solutions.

With a strong upward profitability trend, a healthy order book and a good financial position, Peab can continue to strive towards its goals: to have the most satisfied customers, and to be the best workplace and most profitable company in the industry.

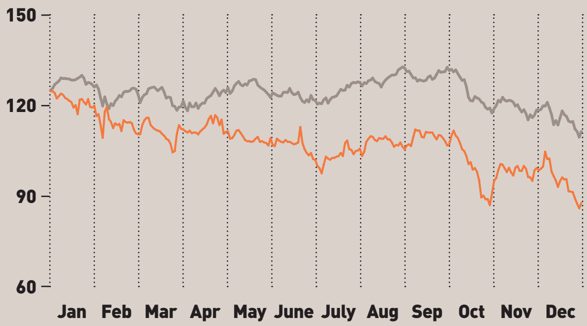
Financial key ratios	2018	2017 [2]
Net sales, SEK M	52 233	49 981
Operating profit, SEK M	2 573	2 418
Operating margin, %	4,9	4,8
Orders received, SEK M	51 087	48 999
Earnings per share, SEK	7,12	7,01
Dividend per share, SEK [1]	4,20	4,00
Share price 31 Dec, B share	72,40	70,60

Volito's holding	2018	2017
No. A shares	1 500 000	1 500 000
No. B shares	15 200 000	15 200 000
Value, SEK M	1 209	1 179

Largest shareholders (%)	Capital	Votes
Ekhaga Utveckling AB	20,8	48,2
AB Axel Granlund & companies	6,6	5,4
Mats Paulsson	3,8	7,6
Peab's profit share foundation	3,5	1,7
STATE STREET BANK AND TRUST CO, W9	3,0	1,5
SEB Investment Management	3,0	1,5
Kamprad family foundation	2,9	1,4
CBNY-Bank of Norway	2,5	1,2

[1] The board's proposal to the AGM
[2] Recalculated due to IFRS 9 and IFRS 15

Share price development 2018 Bulten —— OMX30 index ——



Financial key ratios	2018	2017
Net sales, SEK M	3 132	2 856
Operating profit, SEK M	210	210
Operating profit margin, %	6,7	7,4
Orders received, SEK M	3 098	3 015
Earnings per share, SEK	7,19	7,98
Dividend per share, SEK [1	4,00	3,75
Share price 31 Dec	88,20	122,50

Volito´s holdings	2018	2017
No. of shares	4 750 000	4 450 000
Value, SEK M	419	545

Largest shareholders (%)	Capital	Votes
Volito AB	22.6	22.6
Investment AB Öresund	13.8	13.8
Lannebo fonder	12.7	12.7
Spiltan Fonder AB	4.3	4.3
Bulten AB	1.8	1.8

The shareholder register above is taken from Euroclear. The capital share, 23.6 mentioned elsewhere in the annual report is adjusted taking into account the treasury shares.

[1 The board's proposal to the AGM.

NEW DEALS AND INCREASED MARKET SHARES IN WEAKER MARKET

Bulten continues to capture market shares in a weaker market and reports a positive 2018 with a continued strong financial position. The increased demand for hybrids and electric cars is favourable for Bulten, which is well positioned within electrification.

Bulten AB (publ) is one of the largest suppliers of fasteners to the international automotive industry. The company's offering encompasses customer-specific standard products and customised special fasteners as well as technical development, line feeding and expertise in logistics, materials and production. Bulten offers a Full Service Provider (FSP) concept or selected elements of the service. The company was founded in 1873 and has approximately 1 400 employees in eight countries. Bulten's head office is in Gothenburg.

Volito is the largest owner of Bulten with 23.6% of the shares at year-end 2018. The share is listed on Nasdaq Stockholm. During a relatively turbulent 2018 in the world's stock markets, Bulten's share decreased in value by 28%. Bulten's financial position remains strong and the share rose by 38% in 2017.

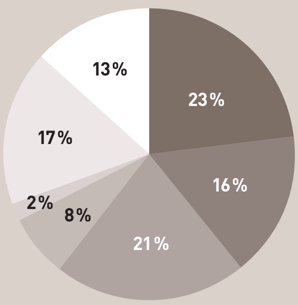
The group's net sales in 2018 amounted to SEK 3 132 million (2 856), which corresponds to a 9.7% increase. The operating profit (EBIT) amounted to SEK 210 million (210), which corresponds to an operating margin of 6.7% (7.4). The profit after tax was SEK 143 million (159). Order intake amounted to SEK 3 098 million (3 015), an increase of 2.8%. The cash flow from operations amounted to SEK 125 million (58) and net debt to SEK 181 million (net cash 18). The previous year's net debt amounted to SEK 49 million (net cash 48). The equity/assets ratio was 64.8% (66.8) at year-end.

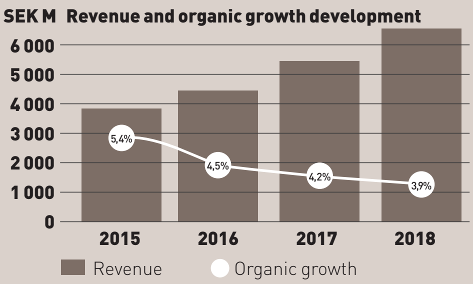
Of Bulten's net sales, approx. 86% is attributable to light vehicles and approx. 14% to commercial vehicles. Around 91% of total sales concern direct deliveries to vehicle manufacturers (OEM), and the remainder to the manufacturers' subcontractors and others.

Volatility in demand for vehicles increased towards the end of the year, due partly to new environmental tax regulations as well as the uncertainty surrounding Brexit. European production of light vehicles is expected to fall by 0.5% in 2019, whereas heavy commercial vehicle production is expected to increase by 2.1%.

Despite the weak market, Bulten continues to win new deals and capture new market shares. Both order intake and net sales increased compared with the previous year and organic growth amounted to 4.1%. The increasing demand for hybrids and electric cars is favourable for Bulten, which is well positioned at the forefront regarding electrification. In 2018, the company signed two new FSP contracts relating to powertrains for electric cars.

Despite the prevailing market worries, Bulten has a positive view on long-term growth opportunities. Incoming volumes from previously signed contracts are valued at just over EUR 65 million at a full production rate in 2021. Bulten deems that conditions are good for winning new contracts and market shares.





Financial key ratios	2018	2017
Revenue, SEK M	6 494	5 434
EBITA, SEK M [1	1 008	864
EBITA margin, %	15,5	15,9
EBIT, SEK M	615	513
EBIT margin, %	9,5	9,4
Cash flow, SEK M	148	1

[1 EBITA refers to operating EBITA

* **SouthNorth:** Norway, Denmark, Finland, The Netherlands, Belgium, Italy, Spain and Portugal. **Central**: Germany, Austria and Switzerland. **Asia:** Singapore and Malaysia. **Pacific:** Australia and New Zeeland.

Anticimex®

CONTINUED EXPANSION WITH A FOCUS ON THE USA

Anticimex continued its global expansion with a maintained focus on the company's growing operations in the USA. In 2018, Anticimex reports, among other things, 47 new acquisitions in 13 countries and an increase in turnover of close to 20%. Decentralisation, digitalisation and further development of Anticimex SMART continue to be the company's success factors.

Anticimex AB is a leading global specialist in pest control. Through prevention, new technology and sustainable solutions, Anticimex creates healthy environments for companies and individuals. Anticimex has approx. 6 000 employees and more than 3 million customers worldwide. The business is divided into 161 local offices in 18 countries in Europe, the Asia-Pacific region and the USA. The head office of the parent company, Anticimex International AB, is in Stockholm. Since 2017, Volito AB has been one of Anticimex's owners, with minority shares in the company.

The global market for pest control has a turnover of approx. SEK 160 billion, of which just over half stems from the USA. Annual growth is estimated at 5–6% and the dominant driving forces are population growth, urbanisation, globalisation and a reduced tolerance of pests. The market is fragmented, which means growth opportunities both organically and through acquisitions. The market also offers opportunities for major actors with the capability to develop scalable technical solutions and digital services.

Anticimex was acquired by EQT in 2012 and since then has revolutionised the market with a series of ground-breaking innovations. Anticimex highlighted the market's requirements for long-term sustainable solutions and initiated a digitalisation of the sector, among other things through Anticimex SMART – a digital system for pest control. The company introduced a strong decentralised business model in which all local offices are responsible for their business and financial results – an approach that drives continuous improvements. Anticimex also launched a successful acquisition strategy and has attracted a large number of driven subsidiaries. Since the change of ownership, Anticimex has carried out more than 150 international acquisitions and introduced Anticimex in 12 new countries.

In 2018, the turnover of Anticimex was SEK 6 494 million, an increase of 19.5% on the previous year, of which 3.9% is attributable to organic growth. The company reports operational EBITA earnings of SEK 1 008 million, which represents an increase of 16.6% and an operational EBITA margin of 15.5%.

During 2018, Anticimex carried out 47 acquisitions in 13 countries – 13 of the acquisitions were in the USA. In recent years, the company has focused strongly on the American market. Through the initial, strategic acquisition of companies, which in turn assume responsibility for identifying continued acquisition opportunities, Anticimex has created a successful platform for expansion in the USA.

There is strong demand in the market for Anticimex SMART. The number of installed SMART units increased in 2018 by 49% and has thus reached a total of almost 100 000 units. Anticimex is continuing to focus on strengthening its digital offering. A few years ago, the company established an innovation centre with responsibility for developing new digital products and services for the global market.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FRONT ST
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EQT – FOR LONG-TERM, SUSTAINABLE GROWTH

EQT is a leading investment firm with interests in Europe, Asia and the USA. At present, EQT has 28 funds, which in turn own portfolio companies in Private Capital, Real Assets and Credit. The portfolio companies have total sales of over EUR 19 billion and 110 000 employees. Volito has holdings in nine of EQT's funds.

EQT's funds invest in companies, sectors and regions where EQT can make a difference by applying an industrial approach, specialised consulting and a growth-oriented strategy. EQT's aim is to achieve genuine, lasting improvements and sustainable growth. Since the start, EQT funds' portfolio companies have achieved average annual increases in their number of employees (10%), turnover (10%) and EBITDA (11%). The greater part of earnings is attributable to operational progress such as increased sales and improved efficiency.

Volito has invested in nine of EQT's funds, and there are strong points of contact in terms of business approach and core values. In keeping with Volito's ownership philosophy, EQT has a long-term, responsible and sustainable approach to its investments. EQT equates a responsible investment with a good transaction, and has an ambition to create value for investors, portfolio companies and society as a whole.

EQT acts as an advisor for the funds' portfolio companies, offering key expertise in strategic business development, structural changes and financial analysis. A strict model of corporate governance is applied at all the majority-owned companies. A board, consisting of industrial advisors and sector specialists, is appointed for each new acquisition. The board defines and monitors the company's strategic plans, and ensures that the management team receives the support it needs in order to run the company in an efficient and responsible way.

EQT's owners include Investor (19%), which also invests in the company's funds, and a number of experienced investment specialists from EQT Partners. EQT has approximately 540 employees in 14 countries in Europe, Asia and the USA. EQT has 600 institutional investors and a network of 500 industrial advisors.

At year-end, Volito's invested capital amounted to EUR 9.3 million. Repayments have been received totalling EUR 3,0 million. Remaining obligations for these funds amounted at the same juncture to EUR 19.0 million.

GOOD FINANCIAL RESULTS AND CONTINUED GROWTH

Sdiptech AB (publ) is a technology group specialising in infrastructure. Sdiptech acquires companies that offer products and services in the group's five focus areas: water, power and energy, air, transport and building technology services. The group consists of 57 companies and has a decentralised business model.

Volito is a co-owner of Sdiptech with 1.25% of the shares at year-end 2018. The first day of trading for the share, which is listed on Nasdaq First North Stockholm, was 12 May 2017. The value of the share fell by 10% in 2018.

STRONG GROWTH AND GOOD FINANCIAL POSITION

Avensia AB (publ), a leading e-commerce company, supplies complete omnichannel solutions to Europe-based customers in a range of sectors from sport and fashion to the manufacturing industry. Just over 100 e-commerce experts work at Avensia's offices in Lund, Helsingborg, Stockholm, Copenhagen and Oslo.

Volito is a co-owner of Avensia with 2.25% of the shares at year-end 2018. The share, which is listed on Nasdaq OMX Stockholm First North Premier, rose in value by approx. 43% in 2008.

BOARD OF DIRECTORS

Back row, from left: Board member **Karl-Fredrik Granlund**, Board member **Axel Granlund**, Board member **Peter Granlund**, President and CEO **Ulf Liljedahl** (Chairman of the Board at Bulten AB (publ))
Front row, from left: Chairman of the Board **Karl-Axel Granlund** (Board member of Peab AB (publ) and others), Board member **Lennart Blecher** (Deputy Managing Partner of EQT. Board member of Nordkap Holding AG, Zürich)

MANAGEMENT

From left: **Johan Frithiof**, Managing Director, Volito Automation AB, **Fredrik Molested**, CFO, Volito AB, **Pelle Hammarström**, Managing Director, Volito Fastigheter AB, **Ulf Liljedahl**, President and CEO, Volito AB

VOLITO

THE GROUP

ANNUAL REPORT

ADMINISTRATION REPORT
The business in brief
The Group
Volito AB (556457-4639) is the Parent company in a Group that conducts operations in the business areas Real Estate, Industry and Portfolio Investments.

Volito Fastigheter owns and manages commercial and residential properties in the Malmö region. Business Area Industry consists today of Volito Automation, an operation that invests in companies within industrial automation. Within Business Area Portfolio Investments, Volito has significant ownership interests in both listed and non-listed companies.

The year in brief
After the major investments of the past few years, Volito's focus in 2018 was on consolidation and the integration of new properties into Business Area Real Estate, new units into Business Area Industry, and increased holdings into Business Area Portfolio Investments. During the year, the Group commenced planning for new construction projects and refinements within Business Area Real Estate. Furthermore, Volito has continued its expansion through acquisitions and the establishment of new operations within Business Area Industry.

At year-end, the Volito Group's adjusted equity amounted to SEK 2 954.4 million (2 808.2), which represents an increase of 6.5% (including paid dividend).

Income
The Group's turnover amounted to SEK 521.6 million (432.2), which is an increase of 21%. The increase is attributable to both Volito Fastigheter with a reduced vacancy rate and acquisition of a new property at the start of the year, and to Volito Industry, with both organic growth and the acquisition of Mini Power Systems AB (MPS) on 1 July. The operating profit was SEK 95.4 million (69.6), an increase of 37%.

The profit after financial income and expense was SEK 157.5 million (130.8). In connection with the winding up of Nordkap Bank, all receivables were written down to zero. Subsequently, work proceeded on recovering the receivables and the Volito Group has been able to reverse SEK 16.2 million of the written-down receivables.

The value growth of Volito's real estate portfolio continued and the increase in 2018 amounted to SEK 68.5 million (167.2).

Interest rate swaps are used for protection against interest rate risks relating to Volito Fastigheter's borrowings. These are measured at fair value in the balance sheet and unrealised changes in fair value of interest rate swaps of SEK 3.9 million (14.3) were reported in the profit or loss for the year.

The profit before tax for the Group amounted to SEK 230.0 million (312.3).

Financial position and cash flow
The Group's financial position amounted to SEK 6 528.1 million (5 883.5) and equity relating to the Parent company's owners amounted to SEK 2 923.0 million (2 610.6).

The Group's total cash flow amounted to SEK 3.8 million (-0.4). The cash flow from operating activities generated a surplus of SEK 112.5 million (123.9). The year's net investments amounted to SEK -362.9 million (-883.2), which is mainly attributable to the acquisition of the property Elefanten 41 at Lugnet in Malmö, SEK 223.0 million, as well as investments in EQT funds of SEK 34.1 million and further shares in Bulten of SEK 30.7 million. The net inflow from financing activities amounted to SEK 254.1 million (758.9).

The Parent company
Activities
The Parent company runs no operations of its own, but manages group-wide functions for administration and finance.

Income
The turnover of SEK 9.2 million (7.3) relates primarily to the sale of services to other companies within the Group. The profit after financial income and expense was SEK 58.2 million (96.6). The decrease in profit is primarily attributable to considerable write-downs of subsidiaries in order to address obtained dividends and submitted shareholders' contributions.

The profit before tax amounted to SEK 77.9 million (101.7).

Financial position and cash flow
The financial position amounted to SEK 1 860.3 million (1 761.9) and equity to SEK 778.9 million (733.1). The cash flow from operational activities amounted to SEK 57.2 million (77.5). The year's net investments amounted to SEK -89.2 million (-520.7), of which the largest investments related to further acquisitions in EQT funds, SEK 34.1 million, and further acquisitions in Bulten, SEK 30.7 million. In late 2017, shares in Anticimex were acquired for a sum corresponding to SEK 500 million. The cash flow from financing activities amounted to SEK 33.7 million (443.2).

Real Estate
Activities
Volito Fastigheter is involved in the trade and management of real estate in the Malmö region, with a focus on attractive locations in the city centre. The focus was previously on commercial properties, but as an element in Volito's diversification, major acquisitions of centrally located residential properties were carried out in 2017 and 2018. I the beginning of 2018 the property Elefanten 41 was acquired for the amount of SEK 223 million. After that 2018 has been devoted mainly to consolidation and integrating these properties into the operation. Volito also worked successfully to reduce vacancies and signed a number of long-term agreements.

The real estate market was strong in 2018, with a continued high level of demand. Volito's premises and housing are highly sought-after, which creates conditions for long-term agreements with stable tenants.

In cooperation with Peab, the development of Bara town centre continues. The housing built in 2017 is now fully leased out. The square is complete and Volito has started planning for a new building that will provide rented housing. The Swedish Dental Service has moved in to newly decorated premises in the central building and renovation of the remaining premises is underway.

In 2016, Volito Fastigheter and Peab started a joint venture to cooperate on the construction of the 110-metre-high office building in Hyllie, The Point. In 2017 and 2018, building work has proceeded according to plan. The aim is for construction to be completed at the turn of the year 2019/2020.

At the Central Post Office, Volito has started the complete renovation of the northern tower using new copper and a gold leaf covering for the decorative elements. The renovation will be finished in May 2019.

The market value of Volito Fastigheter's property portfolio was evaluated at year-end by an external assessor at SEK 3 587.8 million (3 229.0). Adjusted for investments and rebuilding, the value increase of the portfolio was SEK 68.5 million (167.2), which corresponds to 1.9% (5.5%) compared with the previous year. The vacancy rate has decreased and at year-end was 11.1% (11.8%).

Volito Fastigheter divested five properties in early 2019. The sales price amounted to the market value as per 31 December 2018.

Income
Volito Fastigheter's turnover amounted to SEK 181.1 million (155.5). The increase is mainly attributable to changes in the property portfolio and to the reduced vacancy rate. The operating profit amounted to SEK 107.3 million (86.9).

The profit after financial income and expense was SEK 61.7 million (46.3). The profit after changes in value for the year of investment properties and derivatives amounted to SEK 134.1 million (181.6). The net change in value of properties has affected income positively by SEK 68.5 million (167.2). Volito Fastigheter uses interest rate swaps as protection against interest rate risks relating to borrowings. These are measured at fair value in the balance sheet and unrealised changes in the fair value of interest rate swaps amounting to SEK 3.9 million (14.3), are reported in the profit or loss for the year.

Financial position and cash flow
The financial position amounted to SEK 3 896.9 million (3 530.7) and equity amounted to SEK 1 441.5 million (1 324.7). The cash flow for the year was SEK 0.0 million (-0.2). Operating activities generated a positive cash flow of SEK 53.7 million (43.5). The year's net investments amounted to SEK -292.7 million (-352.7) and net borrowing amounted to SEK 248.0 million (318.0). Volito Fastigheter paid a dividend to Volito AB of SEK 9.0 million (9.0).

Industry

Activities
Volito Industry, via the subgroup Volito Automation, acquires and starts up companies within industrial automation. The group's ambition is to be the market leader in the Nordic countries. Volito Automation has subsidiaries focused on hydraulics within several application areas. The operations cover a large number of sectors with end customers in different markets.

Volito Automation reports a significant increase in turnover and a clear improvement in financial results. The contributory factors are strong underlying growth in the market, increased order intake and rising sales as well as expansion through both acquisitions and the establishment of new operations.

In 2018, Volito Automation continued to build up the MRO segment, retaining the focus on industry-intensive areas in the Nordic countries. HydSupply established an office in Gothenburg, with four service technicians and a fully equipped Parker Store, and can now offer service, maintenance, consultation and component sales to industries including shipbuilding and automotive.

Finnish Hydrosystem Oy continued to achieve successes and the company reached a profitability level in line with Volito's goals.

Within OEM, HydX acquired Mini Power Systems AB (MPS), a company that among other things develops lifting stands for the automotive industry. MPS has a turnover of approx. SEK 20 million. The company will be merged with HydX AB in Ystad in early 2019.

Volito AB owns 91% of the shares in the Volito Industry group and the Volito Group's CEO Ulf Liljedahl owns the remaining 9%.

Income
Volito Industry's turnover amounted to SEK 340.0 million (276.3), which is an increase compared with the previous year and attributable to the acquisition of MPS, strong underlying growth in the market and increased project sales. The operating profit before depreciation was SEK 15.7 million (9.6) and after depreciation SEK 12.9 million (7.0). Volito Industry generated a profit after financial income and expense of SEK 10.7 million (4.7).

Financial position and cash flow
The financial position amounted to SEK 215.7 million (182.4) and equity to SEK -10.9 million (-20.0).

Operating activities generated a positive cash flow of SEK 5.9 million (12.0). The year's investments amounted to SEK -11.0 million (-16.6), which were financed by net borrowing of SEK 6.8 million (4.4). The total cash flow for the year was SEK 1.7 million (-0.2).

Portfolio Investments

Business Area Portfolio Investments consists of Volito's holdings in Peab AB (publ), Bulten AB (publ), Anticimex AB, Sdiptech AB (publ) and Avensia AB (publ) as well as Volito's funds in EQT.

Peab AB (publ)
Peab is one of the leading construction and civil engineering companies in the Nordic countries, active in Construction, Civil Engineering, Industry and Project Development. The company's share is listed on Nasdaq Stockholm (Large Cap).

Volito's holding in Peab amounts to 16 700 000 shares as at 31 December 2018, of which 15 200 000 are class B shares, which corresponds to 5.64% of the capital and 4.99% of the votes. Volito has a long-term involvement in Peab and is one of the company's major owners.

The Peab share rose in value in 2018. The market value of Volito's total holding at year-end was SEK 1 209.1 million (1 179.0).

Bulten AB (publ)
Bulten is one of the largest suppliers of fasteners for Europe's automotive industry. The product offering encompasses customer-specific standard products and customised special fasteners as well as technical development, line feeding, and expertise in logistics, materials and production. Bulten offers a Full Service Provider concept. The company's share is listed on Nasdaq Stockholm (Mid Cap).

Volito is the largest owner of Bulten AB and increased its holding in 2018 by 300 000 shares to 4 750 000 shares as at 31 December 2018, which corresponds to 23.6% of the capital and votes.

Bulten reports negative value growth during the year. The market value of Volito's total holding at year-end was SEK 419.0 million (545.1). Bulten is consolidated as an associated company and the Volito Group's income attributable to the holding amounted to SEK 41.7 million (40.8) including other comprehensive income.

Anticimex AB
Anticimex is a leading global specialist in pest control. Through prevention, new technology and sustainable solutions, Anticimex creates healthy environments for companies and individuals.

Volito owns 3.21% of the capital and 3.31% of the votes.

The market value at year-end was estimated at SEK 620 million.

Sdiptech AB (publ)
Sdiptech is a specialised technology group within urban infrastructure. The company provides specialised products and services in modernisation, new installation, service and maintenance in areas such as hospitals, traffic systems, water supply systems and computer centres.

In early 2017, Volito AB acquired 400 000 shares in the company, which corresponds to 1.25% of the capital and 0.8% of the votes. The market value of Volito's total holding at year-end was SEK 16.6 million (18.5).

EQT
EQT is a leading investment firm with interests in Europe, Asia and the USA. At present, EQT has 28 fonder, which in turn own portfolio companies in Private Capital, Real Assets and Credit. Volito has holdings in nine of EQT's funds. The value of these amounted at year-end to SEK 91.2 million (65.1).

EQT has a long-term, responsible and sustainable approach to its investments and has strong and close relations with all its portfolio companies. EQT offers key expertise in strategic business development, structural changes and financial analysis. A strict model of corporate governance is applied at all the majority-owned companies. A portfolio company normally stays under EQT's ownership for four to eight years.

Avensia AB (publ)
Avensia is a leading e-commerce company that supplies complete omnichannel solutions to companies with high ambitions and requirements for their business. Avensia has extensive experience of e-commerce projects and helps customers with the implementation of systems, consulting and business development in e-commerce.

Avensia is traded on NASDAQ OMX Stockholm First North Premier and has the ticker symbol, AVEN. At year-end, Volito owned 800 000 shares and the market value of the holding amounted to SEK 9.3 million (6.5).

Other holdings

In addition to the holdings above, Volito has ownership interests in other diverse small companies. The combined value of these holdings at year-end was SEK 6.9 million (8.6).

Expectations concerning future developments

The Group

The year 2018 was characterised by consolidation and the integration of new units in Business Area Industry, new properties in Business Area Real Estate and increased holdings in Business Area Portfolio Investments. Besides consolidation and continued investments, 2018 also involved a number of internal initiatives with an aim to further equip the organisation for the coming years of expansion.

In 2019, Volito will enter the final year of its current strategic plan and the organisation has started work on a new strategic plan with a 2024 horizon.

As 2019 approaches, there is an observable slowdown in global growth and a normalisation of monetary policy, which increases the downside risk for the world economy. Volito expects continued geopolitical and trade policy anxieties and is following developments closely regarding ongoing trade conflicts and the observed signs of a more protectionist world.

Within Business Area Real Estate, the increased intensity in leasing produced good results in 2018 and Volito expects to further reduce vacancies in 2019. Volito Fastigheter is now an established player in the housing market and intends to continue the diversification with the addition of further residential properties.

Through increased turnover and improved financial results, Volito Industry has strengthened its possibilities to be proactive in the market and continue its expansion. In the future, Volito wants to position Volito Automation as the customers' guarantor for long-term functionality. By working in a more solution-oriented and customer-focused way, Volito sees continued opportunities to further increase the share of wallet (SOW) among customers and capture new market shares. Volito's main focus remains on the Nordic countries regarding future acquisitions and the establishment of new operations. The group continues to look for new opportunities for expansion, particularly in the borderland between hydraulics and adjacent technologies.

Volito utilised 2018 well in integrating the investments of previous years and also preparing the business for new successes. With financial strength, an efficient organisation and skilled staff we can, even in a somewhat more challenging world, look forward to 2019 as well as to our continuing pursuit of profitable growth, strong cash flows and building of value over generations.

Group information

The company is a subsidiary of AB Axel Granlund, org.no. 556409-6013 with registered office in Malmö. AB Axel Granlund owns 88.0% (88.0%) of the capital and votes in the Volito Group and draws up consolidated financial statements for the largest group.

Information on risks and uncertainty factors

The Group

Volito's earnings, cash flow and financial position are affected by a number of factors that are to varying degrees influenced by the company's own actions.

Risk management

Exposure to risks is a natural part of a business enterprise and this is reflected in Volito's approach to risk management. This aims to identify risks and prevent and limit the adverse consequences that arise as a result of these risks. Management of the operational risks is a continuous process. The operational risks are managed within the organisation by the respective business areas. The financial risks are linked to the operations' tied up capital and capital requirements, mainly in the form of interest rate risks and refinancing risks. See Note 43.

Material risks

Changes in the value of properties depend mostly on Volito Fastigheter's own ability, through changes and refinements to properties as well as agreement and customer structures, to increase the properties' market value, and partly on external factors that affect property supply and demand. In general, property value is less volatile for concentrated portfolios of property in good locations. Volito's properties are predominately concentrated in the central and most expansive parts of Malmö. Most of Volito Fastigheter's long-term rental agreements contain an index clause that means annual rental adjustments are based either on changes in the consumer price index or on a fixed percentage increase. Property valuations are calculations made according to established principles based on certain assumptions, and affect the Group's financial results considerably. For more information on property valuations, see the Valuation principles section on page 47 and Note 22.

Credit risks

Credit risks refer to the risk of losing money due to another party being unable to fulfil their obligations.

Vacancy risks and credit risks in accounts receivable – trade

Demand for premises is affected by general business conditions. Volito Fastigheter's activities are concentrated in Malmö, which is deemed to be attractive in the long term regarding location, population growth, employment and general communications. A broad portfolio of contracts reduces the risk of large fluctuations in vacancies. Leases are divided between commercial properties 91% (97%) and residential 9% (3%) The commercial rental income is divided between 162 (163) contracts within a number of different sectors. A combination of good local knowledge, active involvement and a high level of service creates conditions for long-term rental relations and thereby a reduced risk of new vacancies. A certain level of vacancies provides opportunities in the form of new leases and flexibility for existing tenants who want to expand or reduce their premises. Furthermore, Volito Fastigheter bears the risk that tenants are unable to make rent payments. Regular follow-ups are carried out on the tenants' credit ratings in order to reduce exposure to credit losses. A credit rating of tenants is carried out for all new leases, and, if required, the rental agreement is complemented with personal guarantees, rent deposit or bank guarantee. All rents are paid quarterly or monthly in advance.

Within Volito Industry, risks are linked to project management. Many projects are customised and Volito Industry bears the risk that customers cannot fulfil their obligations. Customers make advance payments on major projects in order to reduce the risk of credit losses.

Financial risks

In its business activities, the Volito Group is exposed to various types of financial risks. Financial risks relate to changes in exchange rates and interest rates that affect the company's cash flow, financial results and thereby associated equity. The financial risks also include credit and refinancing risks.

The Group's finance policy for managing financial risks has been designed by the Board and creates a framework of guidelines and rules in the form of risk mandates and limits for the business. Responsibility for the Group's financial transactions and risks are managed centrally by the Group's Finance function, which is within the Parent company. The overall aim for the Finance function is to provide cost-efficient financing and to minimise negative effects on the Group's financial results that stem from market risks. Reporting is conducted on a regular basis to the CEO and the Board, which have overall responsibility for financial risk management. See Note 43.

Liquidity and financing risks

Liquidity and financing risks refer to risks of not being able to fulfil payment obligations as a result of insufficient liquidity or difficulties in arranging new loans. Volito is to be able to carry through business transactions when the opportunity arises and always be able to fulfil its obligations. Refinancing risks increase if the company's credit rating deteriorates or a large part of the debt portfolio becomes due on a single, or relatively few, dates.

Liquidity risks are managed through both regular liquidity forecasts and Volito's access to credit or liquid assets that can be raised at short notice in order to even out fluctuations in the payment flow.

Borrowing risks refer to risks that financing is unavailable or available on unfavourable conditions at a certain time. In order to limit financing risks, Volito strives to spread final due dates regarding credit over the longest possible period allowed by prevailing market conditions.

Part of Volito's borrowing is linked to fulfilling financial ratios (covenants) in the form of the interest coverage ratio and equity ratio that the Group is to achieve, which is customary for this type of loan. These ratios are followed up continuously and make up a part of the management's framework for financial planning of the business. Volito fulfilled these ratios by a good margin at year-end.

Currency exposure

The Volito Group has previously been exposed to risks relating to exchange rate changes through its involvement in aircraft leasing. As this business is in the final phase of being wound up, this risk is considered to be small.

Interest rate exposure

The Volito Group is exposed to changes mainly in short-term interest rates through its involvement in the Volito Fastigheter group. The Parent company, Volito AB, also has risk exposure relating to short-term interest rates. Volito's policy regarding interest rates is that fixed rate terms for the portfolio shall be well balanced and adjusted to the company's prevailing view of the interest rate market at that time.

Interest costs are the largest single cost item for Volito Fastigheter. How much and how fast a change in interest rates makes an impact on financial results depends on the chosen fixed interest term. A rise in interest rates is often initiated by higher inflation. In commercial rental contracts, it is normal that the rent is index-adjusted upwards for inflation.

A combination of loans with short fixed interest terms and utilisation of financial instruments in the form of interest rate swaps enables flexibility to be achieved, and the fixed interest term and interest rate level can be adjusted so that the aim of the financing activity can be achieved with limited interest rate risk. This is without underlying loans needing to be renegotiated. In order to manage the interest rate risks and achieve even development of net interest income, the average fixed interest term for Volito's interest-bearing debts has been adjusted according to the assessed risk level and interest rate expectations. Interest rate derivatives are valued at fair value. If the agreed interest for the derivative deviates from the expected future market interest rate during the derivative's duration, a change in value arises that affects the company's balance sheet and income statement, but not the cash flow. The risk reduction in interest payments from longer fixed interest terms often creates a larger risk in derivative value, due to the time factor. When the term of the derivative has expired, the value of the interest rate derivative is always zero.

Overall, the Volito Group's total loans exposed to short-term interest rates amount to SEK 1 895.5 million (1 706.2). Hedging relating to 58.6% (60.1) of the debt portfolio of the Volito Fastigheter group, corresponding to 38.1% (38.4) of the entire Volito Group, is managed with swaps, something that gives the company a higher degree of flexibility in terms of future debt management.

The nominal amount of Volito Fastigheter's outstanding interest rate swaps at year-end 2018 was SEK 1 169.0 million (1 063.0). At year-end 2018, the fixed interest rates varied from -0.18% (-0.18%) to 3.45% (3.45%) and the floating interest rates are STIBOR 3-months with a supplement for a margin relating to borrowing in SEK.

Refinancing risks

The Volito Group depends on a functioning credit market. The Group has a need to continuously refinance parts of its business, see Note 40. The Group has a satisfactory equity ratio and borrowing capacity. It is therefore Volito's assessment that there is at present no problem concerning the credit that is due for refinancing.

Taxes

Volito's current tax expense is lower than the nominal tax on the pre-tax profit or loss, which is due to higher fiscal depreciation in properties than in the accounts and to unrealised changes in value that are not included in the fiscal results. Political decisions regarding changes in corporate taxation, tax legislation or their interpretation can lead to changes in Volito's tax situation.

Operational risks

Good internal control procedures for important processes, fit-for-purpose administrative systems, competence development and reliable valuation models and principles are methods for reducing operational risks. Volito works continuously to monitor, evaluate and improve the company's internal control procedures.

Information on non-financial result indications

Volito's employees

The Volito Group is a relatively small organisation that handles large amounts of capital. Therefore the wellbeing and development of the Group's employees are of vital importance for the long-term prosperity of the Group.

Volito primarily uses employment conditions as a competitive factor for attracting suitable, people with the right set of skills. Different events are regularly organised within the Group's various companies to further strengthen team spirit and company loyalty.

Proposed allocation of the company's profit

The Board of Directors and CEO propose that the unappropriated earnings, SEK 513 880 647.89 are allocated as follows:

Dividend, (2 440 000 * SEK 15.50 per share)	37 820 000
Retained earnings carried forward	476 060 648
Total	513 880 648

The Group's equity has been calculated in accordance with the EU-developed IFRS standards and interpretations of these (IFRIC), and in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 1 Supplementary reporting rules for groups.

The Parent company's equity has been calculated in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 2 Reporting for legal entities. The proposed dividend reduces the Parent company's equity ratio from 42% to 40%. The equity ratio is prudent, in view of the fact that the company's activities continue to operate profitably. Liquidity in the Group is expected to be maintained at a similarly stable level.

The Board's understanding is that the proposed dividend will not hinder the company from carrying out its obligations in the short or long term nor from conducting necessary investments. The proposed dividend is thus defensible with consideration to what is stated in ABL chapter 17, section 3, paragraph 2-3 (prudence principle).

For further information on the company's financial results and position, refer to the following income statements and statements of financial position, and related notes to the financial statements

Consolidated income statement and other comprehensive income for the Group

Note	Amounts in SEK K	2018	2017
3	Net sales	521 562	432 171
4	Other operating income	664	702
5		522 226	432 873
	Operating expenses		
	Raw materials and consumables	-199 335	-160 736
	Real estate expenses	-48 469	-47 800
6, 9	Other external expenses	-47 188	-40 212
7	Personnel expenses	-121 720	-107 165
8	Depreciation and amortisation of tangible and intangible fixed assets	-7 578	-6 014
10	Other operating expenses	-2 525	-1 311
	Operating profit	**95 411**	**69 635**
	Profit or loss from financial income and expense		
12	Profit or loss from participations in joint ventures	3 761	3 464
13	Profit or loss from participations in associated companies	50 276	41 208
14	Profit or loss from other financial income and expense	74 210	65 101
15	Interest income and similar income	4 999	7 858
16	Interest expense and similar expenses	-71 110	-56 495
	Profit after financial income and expense	**157 547**	**130 771**
17	Changes in value of investment properties	68 505	167 243
18	Changes in value of derivatives	3 902	14 332
	Profit before tax	**229 954**	**312 346**
19	Taxes	-104	-46 724
	Profit for the year	**229 850**	**265 622**
20	**Other comprehensive income**		
	Items that have been or can be transferred to profit or loss for the year		
	Translation differences from translation of foreign operations for the year	2 704	-2 124
	Changes in fair value of assets available-for-sale for the year	–	-26 830
	Changes in fair value of financial assets available-for-sale transferred to profit or loss for the year	–	-2 672
	Tax attributable to items that have been or can be transferred to profit or loss for the year	–	-1 332
	Participations in other comprehensive income of associated companies and joint ventures	5 126	5 464
	Items that cannot be transferred to profit or loss for the year		
	Changes in fair value of equity instruments measured at fair value via other comprehensive income for the year	150 980	–
	Tax attributable to items that cannot be transferred to profit or loss for the year	-24 720	–
	Other comprehensive income for the year	**134 090**	**-27 494**
	Total comprehensive income for the year	**363 940**	**238 128**
	Profit or loss for the year attributable to:		
	Owners of Parent company	229 850	265 622
	Profit for the year	**229 850**	**265 622**
	Total comprehensive income for the year attributable to:		
	Owners of Parent company	363 940	238 128
	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**363 940**	**238 128**

Consolidated statement of financial position

Note	Amounts in SEK K	2018-12-31	2017-12-31
	ASSETS		
	Fixed assets		
21	Intangible assets	70 839	63 635
22	Investment properties	3 587 755	3 229 000
23	Industrial premises	4 025	4 180
24	Machines and other technical fixed assets	3 794	2 704
25	Equipment, tools and installations	27 213	21 498
26	Fixed assets under construction and advances regarding tangible fixed assets	4 020	17 375
29	Participations in joint ventures	72 909	59 649
30	Receivables from joint ventures	192 704	185 399
31	Participations in associated companies	408 335	368 952
32	Receivables from associated companies	16 378	0
33	Other long-term securities holdings	1 953 091	1 777 676
34	Deferred tax assets	8 098	4 500
35	Financial leasing agreements	24 719	25 799
	Total fixed assets	**6 373 880**	**5 760 367**
	CURRENT ASSETS		
	Inventories	76 591	57 088
43	Accounts receivable – trade	40 623	38 455
	Receivables from subsidiaries	8 077	3 101
	Receivables from associated companies	–	36
	Tax receivables	4 083	3 033
	Other receivables	6 220	6 913
37	Prepaid expenses and accrued income	8 242	8 146
38	Cash and bank balances	10 356	6 351
	Total current assets	**154 192**	**123 123**
	TOTAL ASSETS	**6 528 072**	**5 883 490**

Consolidated statement of financial position

Note	Amounts in SEK K	2018-12-31	2017-12-31
	EQUITY AND LIABILITIES		
39	**Equity**		
	Share capital	244 000	244 000
	Other contributed capital	21 005	21 005
	Reserves	872 784	749 466
	Retained earnings including profit or loss for the year	1 785 198	1 596 110
	Equity	**2 922 987**	**2 610 581**
	Liabilities		
40, 43	Liabilities to credit institutions	592 920	2 804 516
	Other long-term liabilities	1 835	5 000
34	Provisions for deferred tax	328 182	302 524
	Total long-term liabilities	**922 937**	**3 112 040**
40, 43	Liabilities to credit institutions	2 452 217	14 692
40, 41, 43	Bank overdraft facilities	99 334	29 376
	Advances from customers	1 257	74
	Accounts payable – trade	43 537	42 180
	Liabilities to subsidiaries	87	117
	Current tax liabilities	4 613	2 160
	Other liabilities	15 490	8 977
44	Accrued expenses and deferred income	65 613	63 293
	Total short-term liabilities	**2 682 148**	**160 869**
	TOTAL EQUITY AND LIABILITIES	**6 528 072**	**5 883 490**

Report on changes in equity for the Group

Amounts in SEK K	Share capital	Other contributed equity	Foreign exchange reserve	Available-for-sale reserve	Retained earnings incl. profit or loss for the year	Total	Holdings with non-controlling interest	Total equity
EQUITY, 31 DECEMBER 2016	**244 000**	**21 005**	**7 464**	**769 496**	**1 362 955**	**2 404 920**	**0**	**2 404 920**
Total comprehensive income for the year								
Profit for the year					265 622	265 622	–	265 622
Foreign exchange reserve, assoc. companies			5 464		–	5 464	–	5 464
Other comprehensive income			-2 124	-30 834	–	-32 958	–	-32 958
Total comprehensive income for the year	**–**	**–**	**3 340**	**-30 834**	**265 622**	**238 128**	**–**	**238 128**
Transactions with Group owners								
Contributions from and value transfer to owners								
Dividends paid					-32 940	-32 940	–	-32 940
Acquisitions					36	36	–	36
Share-related remuneration (in assoc. companies)					437	437	–	437
Contributions from and value transfer to owners	**–**	**–**	**–**	**–**	**-32 467**	**-32 467**	**–**	**-32 467**
EQUITY, 31 DECEMBER 2017	**244 000**	**21 005**	**10 804**	**738 662**	**1 596 110**	**2 610 581**	**0**	**2 610 581**
Total comprehensive income for the year								
Transfer to accumulated profit or loss due to IFRS 9 after tax				-10 772	10 772	–	–	–
Profit for the year					229 850	229 850	–	229 850
Foreign exchange reserve, assoc. companies			5 126	–	-1 029	4 097	–	4 097
Other comprehensive income			2 704	126 260	–	128 964	–	128 964
Total comprehensive income for the year	**–**	**–**	**7 830**	**115 488**	**239 593**	**362 911**	**–**	**362 911**
Transactions with Group owners								
Contributions from and value transfer to owners								
Dividends paid					-36 234	-36 234	–	-36 234
Transactions between owners					-8 609	-8 609	–	-8 609
Share-related remuneration to employees (in associated companies)					-472	-472	–	-472
Associated companies' buy-back of own shares					-5 190	-5 190	–	-5 190
Total contributions from/value transfer to owners	**–**	**–**	**–**	**–**	**-50 505**	**-50 505**	**–**	**-50 505**
EQUITY, 31 DECEMBER 2018	**244 000**	**21 005**	**18 634**	**854 150**	**1 785 198**	**2 922 987**	**0**	**2 922 987**

Consolidated statement of cash flows

Amounts in SEK K	2018	2017
Operating activities		
Profit after financial income and expense	157 547	130 771
Adjustments for items not requiring an outflow of cash	-41 845	-22 509
	115 702	108 262
Income taxes paid	-1 830	-2 195
Cash flow from operating activities before changes in working capital	**113 872**	**106 067**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in inventories	-17 269	-2 278
Increase(-)/Decrease(+) in operating receivables	4 261	11 770
Increase(+)/Decrease(-) in operating liabilities	11 660	8 362
Cash flow from operating activities	**112 524**	**123 921**
Investing activities		
Acquisition of subsidiaries	-7 375	-13 424
Acquisition of intangible fixed assets	-151	-1 355
Acquisition of tangible fixed assets	-5 865	-7 162
Acquisition of investment properties	-281 405	-298 057
Investments in financial assets	-89 318	-637 135
Divestment/reduction of financial assets	21 233	73 914
Cash flow from investing activities	**-362 881**	**-883 219**
Financing activities		
Proceeds from borrowings	307 958	821 600
Amortisation of borrowings	-17 593	-29 750
Dividends paid	-36 234	-32 940
Cash flow from financing activities	**254 131**	**758 910**
Cash flow for the year	**3 774**	**-388**
Liquid funds at start of the year	**6 351**	**6 662**
Exchange rate differences in liquid funds	**231**	**77**
Liquid funds at year-end	**10 356**	**6 351**

Supplement to consolidated statement of cash flows

Amounts in SEK K	2018	2017
Interest paid and dividends received		
Dividends received	84 199	92 243
Interest received	2 505	2 164
Interest paid	-70 221	-50 816
Adjustments for items not requiring an outflow of cash		
Less: Profit participations in associated companies and joint ventures	-37 826	-39 171
Dividends received from associated companies	16 875	32 363
Depreciation and write-downs of tangible and intangible assets	4 251	3 750
Write-downs	305	3 031
Reversed write-downs	-16 211	-5 501
Unrealised exchange rate differences	54	63
Capital gains or losses from divestment of tangible fixed assets	135	136
Capital gains or losses from divestment of financial assets	-6 005	-17 180
Changes in the value of financial instruments	-1 121	–
Other income/expense items that do not affect liquidity	-2 302	–
	-41 845	**-22 509**
Transactions that do not involve payments		
Acquisition of assets via taking over a directly related liability or the issuing of a promissory note	1 835	–
Acquisition of assets through financial leasing	10 297	3 466
Acquisition of subsidiaries and other business units		
Acquired assets and liabilities:		
Intangible fixed assets	7 168	759
Tangible fixed assets	51	-34
Inventories	1 795	–
Operating receivables	4 510	-283
Liquid funds	1 903	796
Total assets	**15 427**	**1 238**
Operating liabilities	6 149	97
Total provisions and liabilities	**6 149**	**97**
Purchase price	11 113	1 238
Less: promissory notes	-1 835	–
Add: payment of promissory notes relating to previous acquisitions	–	12 982
Purchase price paid	9 278	14 220
Less: Liquid funds in the acquired business	-1 903	-796
Effect on liquid funds (minus = increase)	**7 375**	**13 424**
Liquid funds		
The following components are included in liquid funds:		
Cash and bank balances	10 356	6 351
Unutilised credit facilities		
Unutilised credit facilities amount to SEK 150.7 million (120.6).		

Income statement for the Parent company

Note	Amounts in SEK K	2018	2017
3	Net sales	9 230	7 314
4	Other operating income	97	156
		9 327	7 470
	Operating expenses		
6, 9	Other external expenses	-17 761	-15 098
7	Personnel expenses	-18 586	-14 258
8	Depreciation of tangible and intangible fixed assets	-83	-175
10	Other operating expenses	-102	-331
	Operating loss	**-27 205**	**-22 392**
	Profit or loss from financial income and expense		
11	Profit or loss from participations in subsidiaries	-6 311	30 680
13	Profit or loss from participations in associated companies	33 086	25 526
14	Profit or loss from other financial income and expense	72 949	64 849
15	Interest income and similar income	5 473	8 191
16	Interest expense and similar expenses	-19 758	-10 246
	Profit after financial income and expense	**58 234**	**96 608**
	Appropriations		
	Group contributions, received	19 629	4 937
	Other appropriations	–	125
	Profit before tax	**77 863**	**101 670**
19	Taxes	4 167	2 653
	PROFIT FOR THE YEAR	**82 030**	**104 323**

In the parent company there is no other comprehensive income, which is why the total comprehensive income sum for the Parent company corresponds with the profit for the year.

Financial position for the Parent company

Note	Amounts in SEK K	2018-12-31	2017-12-31
	ASSETS		
	Fixed assets		
	Intangible fixed assets		
21	Franchises, patents, licences, brands and similar rights	38	113
		38	**113**
	Tangible fixed assets		
25	Equipment, tools and installations	2 655	2 617
		2 655	**2 617**
	Financial fixed assets		
27	Participations in subsidiaries	348 182	369 692
28	Receivables from subsidiaries	107 997	107 997
31	Participations in associated companies	225 919	195 223
32	Receivables from associated companies	16 378	0
33	Other long-term securities holdings	1 052 926	1 028 014
34	Deferred tax assets	6 941	2 774
36	Other long-term receivables	0	0
		1 758 343	**1 703 700**
	Total fixed assets	**1 761 036**	**1 706 430**
	Current assets		
	Short-term receivables		
	Accounts receivable – trade	576	714
	Receivables from subsidiaries	93 975	51 846
	Tax assets	567	459
	Other receivables	1 156	837
37	Prepaid expenses and accrued income	979	1 412
		97 253	**55 268**
38	**Cash and bank balances**	**2 021**	**248**
	Total current assets	**99 274**	**55 516**
	TOTAL ASSETS	**1 860 310**	**1 761 946**

Financial position for the Parent company

Note	Amounts in SEK K	2018-12-31	2017-12-31
	EQUITY AND LIABILITIES		
39	**Equity**		
	Restricted equity		
	Share capital	244 000	244 000
	Legal reserve	21 005	21 005
		265 005	**265 005**
	Non-restricted equity		
	Retained earnings	431 850	363 771
	Profit or loss for the year	82 030	104 323
		513 880	**468 094**
		778 885	**733 099**
	Long-term liabilities		
40	Liabilities to credit institutions	500 000	970 000
		500 000	**970 000**
	Short-term liabilities		
40	Liabilities to credit institutions	470 000	–
40, 41	Bank overdraft facilities	99 334	29 376
	Accounts payable – trade	1 416	1 522
	Liabilities to subsidiaries	2 531	21 738
	Other liabilities	1 517	302
44	Accrued expenses and deferred income	6 627	5 909
		581 425	**58 847**
	TOTAL EQUITY AND LIABILITIES	**1 860 310**	**1 761 946**

Report on changes in equity for the Parent company

Amounts in SEK K	Share capital	Legal reserve	Retained earnings	Profit or loss for the year	Total equity
EQUITY, 31 DECEMBER 2016	**244 000**	**21 005**	**322 373**	**74 338**	**661 716**
Appropriation of earnings			74 338	-74 338	–
Profit for the year				104 323	104 323
Dividend			-32 940	–	-32 940
EQUITY, 31 DECEMBER 2017	**244 000**	**21 005**	**363 771**	**104 323**	**733 099**
Appropriation of earnings			104 323	-104 323	–
Profit for the year				82 030	82 030
Dividend			-36 234	–	-36 234
Merger profit or loss			-10		-10
EQUITY, 31 DECEMBER 2018	**244 000**	**21 005**	**431 850**	**82 030**	**778 885**

Cash flow statement for the Parent company

Amounts in SEK K	2018	2017
Operating activities		
Profit after financial income and expense	58 233	96 608
Adjustments for items not requiring an outflow of cash	-6 910	-22 296
	51 323	74 312
Income taxes paid	-108	-349
Cash flow from operating activities before changes in working capital	**51 215**	**73 963**
Cash flow from changes in working capital		
Increase(-)/Decrease(+) in operating receivables	29 681	16 876
Increase(+)/Decrease(-) in operating liabilities	-23 669	-13 357
Cash flow from operating activities	**57 227**	**77 482**
Investing activities		
Acquisition of tangible fixed assets	-46	-44
Investments in financial assets	-109 369	-593 605
Divestment/reduction of financial assets	20 215	72 954
Cash flow from investing activities	**-89 200**	**-520 695**
Financing activities		
Proceeds from borrowings	69 958	500 000
Amortisation of borrowings	–	-23 845
Dividends paid	-36 234	-32 940
Cash flow from financing activities	**33 724**	**443 215**
Cash flow for the year	**1 751**	**2**
Liquid funds at start of the year	**248**	**272**
Exchange rate differences in liquid funds	**22**	**-26**
Liquid funds at year-end	**2 021**	**248**

Supplement to cash flow statement for the Parent company

Amounts in SEK K	2018	2017
Interest paid and dividends received		
Dividends received	92 819	101 905
Interest received	2 935	2 466
Interest paid	-18 509	-9 165
Adjustments for items not requiring an outflow of cash		
Dividends from subsidiaries	-21 000	-13 300
Depreciation and write-downs of tangible assets	83	175
Other write-downs	36 413	7 983
Reversed write-downs	-16 211	–
Unrealised exchange rate differences	-190	26
Capital gains or losses from divestment of financial fixed assets	-6 005	-17 180
	-6 910	**-22 296**
Liquid funds		
The following components are included in liquid funds:		
Cash and bank balances	2 021	248
Unutilised credit facilities		
Unutilised credit facilities amount to SEK 150.7 million (120.6).		

Accounting principles and notes to the accounts

Amounts are in SEK thousand, unless otherwise stated.

Note 1 Significant accounting principles
Agreement with standards and laws

The consolidated financial statements have been drawn up in accordance with International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the IFRS Interpretations Committee such as have been enacted by the EU. Furthermore, the consolidated financial statements have been drawn up in accordance with the Swedish Financial Accounting Standards Council recommendations RFR 1 Supplementary accounting rules for groups.

The Parent company's annual accounts are drawn up in accordance with the same principles as the Group's with the exception of cases noted below in the section "The Parent company's accounting principles".

The consolidated financial statements and annual accounts of Volito AB (Parent company) for the fiscal year 2018 were approved by the Board and CEO on 28 February 2019 and will be presented to the Annual General Meeting on 6 May 2019 for adoption. The Parent company is a Swedish limited company with registered office in Malmö.

Valuation basis applied in the drawing up of the Parent company's and Group's financial statements

Assets and liabilities are reported at historical acquisition value, except investment properties and certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities that are measured at fair value comprise derivate instruments, listed and non-listed shares and holdings in mutual funds.

Functional currency and reporting currency

The Parent company's functional currency is SEK, which is also the reporting currency for the Parent company and the Group. This means that the financial statements are presented in SEK. All amounts are rounded to the nearest thousand, unless otherwise stated.

Assessments and estimates in the financial statements

Drawing up the financial statements in accordance with IFRS requires the company management to make assessments and estimates as well as assumptions that affect the application of accounting principles and the book amounts of assets, liabilities, revenue and expenses. These assessments are based on experience and the various assumptions that the management and Board deem to be reasonable under the prevailing circumstances. Conclusions from this process form the basis for decisions relating to book values of assets and liabilities, in those cases where they cannot be established by information from other sources. The actual outcome can differ from these assessments if other assumptions are made, or if conditions change.

Estimates and assumptions are reviewed regularly. Changes in estimates are reported in the period the change is made, if the change affected only that period, or in the period when the change is made and future periods, if the change affects both current and future periods.

Assessments made by company management in the application of IFRS that have a significant effect on the financial statements and applied estimates, and which can entail significant adjustments to the following year's financial statements, are covered in Note 2.

Significant applied accounting principles

The accounting principles outlined below, with the exceptions that are described in detail, have been applied consistently for all periods that are presented in the Group's financial statements. The Group's accounting principles has also been consistently applied by the Group's companies regarding associated companies and joint ventures, when necessary through adjustment to the Group's principles.

Changed accounting principles

Changed accounting principles resulting from new or changed IFRS

From 1 January 2018, IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers are applied. IFRS 9 addresses classification, valuation and reporting of financial assets and liabilities. It replaces the parts of IAS 39 that address classification and valuation of financial instruments. IFRS 15 contains an integrated model for revenue recognition regarding customer contracts that are not covered by other standards. It replaces IAS 11 Construction contracts, IAS 18 Revenue and the related interpretations IFRIC 13,15,18 and SIC-31.

Volito has chosen to apply the exception in IFRS 9 that allows for comparable information from previous periods not to be recalculated. The changed principles for hedge accounting will not affect the Group. The effects of other parts of IFRS 9 for Volito are described below.

Volito AB has holdings in non-listed funds, which under IAS 39 are classified as "Available-for-sale financial assets" (see Note 42), which means that the funds are measured at fair value via other comprehensive income. The funds do not fulfil the criteria in IFRS 9 for equity instruments and the cash flows from the funds do not consist solely of payments of principal and interest. The funds have therefore been measured at fair value via the income statement under IFRS 9. The amount in the "fair value reserve" of SEK 10.8 million that was attributable to the funds as at 31 December 2017 has been transferred to retained earnings in the opening balance as at 1 January 2018.

Volito also has interests in non-listed shares and participations that under IAS 39 are valued at acquisition value minus any write-downs in cases where the fair value cannot be established with sufficient reliability. Under IFRS 9 such participations are also measured at fair value. Changes in value are reported in profit or loss for the year. The book value for these participations constituted as at 1 January 2018 a reasonable approximation of fair value. The table below shows how financial assets are classified under IAS 39 and IFRS 9 as well as book values as at 1 January 2018.

Type of financial asset	Classification under IAS 39	Classification under IFRS 9	Book value under IAS 39	Book value under IFRS 9
Non-listed funds	Available-for-sale financial assets	Fair value via profit and loss	65,1	65,1
Non-listed shares (except Anticimex)	Available-for-sale financial assets	Fair value via profit and loss	8,6	8,6
Holding in Anticimex	Available-for-sale financial assets	Fair value via other comprehensive income	500,0	500,0
Listed shareholdings	Available-for-sale financial assets	Fair value via other comprehensive income	1 204,0	1 204,0
Other financial assets	Loans and receivables	Amortised cost	267,3	267,3

IFRS 9 requires that a loss allowance is made for expected credit losses. This means a difference from IAS 39, which only required that a loss allowance is made if an event occurred that leads Volito to suspect that the counterparty is not going to be able to pay the whole of their receivable. Volito carries out an individual valuation of all credit receivables in its operating activities and in historical terms has had small credit losses. Volito deems that the risk of further credit losses is negligible and has not increased the Group's allowance for credit losses.

Furthermore, the Group has receivables from joint ventures and associated companies that also fall within the application area of the new write-down model within IFRS 9. The Group has evaluated the effects of the model for receivables from joint ventures and associated companies and considers that the new model resulted in a negligible allowance for expected credit losses. No allowance has therefore been reported.

IFRS 9 has had no effect on the reporting of Volito's financial liabilities.

IFRS 15 Revenue from contracts with customers, regulates how recognition of revenue is to be conducted. The principles on which IFRS 15 is based are to give users of financial statements more usable information about the company's revenue. The increased obligation to disclose means that information is to be submitted regarding type of revenue, the time of settlement, uncertainties linked to revenue recognition as well as cash flow attributable to the company's customer contracts. The implementation of IFRS 15 has not had a significant effect on the Group's financial statements.

New IFRS that have not yet come into effect

The new or changed IFRS that come into effect during the coming fiscal year have not been applied in advance in the drawing up of these financial statements. There are no plans to apply in advance new standards or changes that will apply in the future.

IFRS 16, Leasing will replace IAS 17. IFRS 16 shall be applied from the fiscal year that starts on 1 January 2019 and earlier application is permitted. The standard requires that assets and liabilities attributable to all leasing agreements, with some exceptions, are reported in the balance sheet. In the profit and loss statement, depreciation of the asset and an interest expense on the leasing liability are reported. According to the present IAS 17, the leasing fee is expensed over the leasing period for operational leasing contracts. The Group is a lessee in operational leasing agreements that are expected to be affected by IFRS 16. The Group has started, but not concluded, an analysis to evaluate the effect on the Group's financial statements. Given the current level of leasing, it can be stated that the Group's assets and liabilities can be expected to increase by an amount of approx. SEK 45 million. Furthermore, the operating profit or loss is expected to improve by approx. SEK 1 million and the net interest income/expense to be reduced by a corresponding amount. The final effect will be determined depending on which method is to be used.

Other new and changed IFRS for application in the future are not expected to have a significant effect on the Group's financial statements.

Classification, etc.

Fixed assets, long-term liabilities and provisions essentially consist only of amounts that are expected to be recovered or paid after more than 12 months calculated from accounting year-end. Current assets and short-term liabilities consist essentially only of amounts that are expected to be recovered or paid within 12 months calculated from accounting year-end.

Consolidated financial statements

Subsidiaries

The consolidated financial statements cover the Parent company Volito AB and its subsidiaries, which are all companies in which the Parent company, directly or indirectly, has a controlling influence. A controlling influence exists if Volito AB has influence over investments, is exposed to, or has the right to variable return from its involvement and can use its influence over investments to affect the return. In an assessment of whether a controlling interest exists, attention is paid to potential shares with voting entitlement and whether actual control exists.

Subsidiaries are reported according to the acquisition method. The method means that the acquisition of the subsidiary is considered as a transaction from which the Parent company indirectly acquires the assets of the subsidiary and takes over its debts. The group-wise acquisition value is established through an acquisition analysis in connection with the acquisition, The analysis establishes the acquisition value for the shares, as well as the fair value on the acquisition date of the acquired identifiable assets, taken over liabilities and any holdings with non-controlling interest on the acquisition date. Transaction expenditure, with the exception of transaction expenditure relating to issue of equity or debt instruments, is reported directly in profit or loss for the year.

In business combinations where the transferred payment, any holding with non-controlling interest and the fair value of previously owned shares (in multi-stage acquisitions) exceed the fair value of the acquired assets and taken over liabilities, the difference is reported as goodwill. When the difference is negative, so-called acquisition at low price, this difference is reported directly in the profit or loss for the year. Transferred payment in connection with the acquisition does not include payments relating to regulation of previous business connections. This type of regulation is usually reported in profit or loss for the year.

Conditional purchase prices are reported at fair value from the acquisition date. In cases where the conditional purchase price is classified as an equity instrument, no revaluation and regulation is reported in equity. For other conditional purchase prices, revaluation is done for each reporting period and the change in value is reported in profit or loss for the year.

In cases where the acquisition does not relate to 100% of the subsidiary, a holding with non-controlling interest is created. There are two alternatives for reporting holdings with non-controlling interest. These two alternatives are to report the holding with non-controlling interest's share of proportional net assets, or that the holding with non-controlling interest is reported at fair value, which means that the holding with non-controlling interest has a share in goodwill. The choice between the two methods for reporting a holding with non-controlling interest can be made from acquisition to acquisition.

Ownership of a company that increases through acquisitions on several occasions is reported as a multi-step acquisition. In a multi-step acquisition that results in a controlling interest, the previously acquired shares are revaluated based on the fair value of the latest acquisition and the arising profit or loss is reported in profit or loss for the year.

When the acquisition of subsidiaries means the acquisition of net assets that do not consist of a business, the acquisition cost is divided between the single identifiable assets and liabilities based on their fair value on the acquisition date.

The subsidiaries' financial statements are taken into the consolidated financial statements from the day the controlling interest arises and is included in the consolidated financial statements until the day it ceases.

Acquisitions from holdings with non-controlling interest
Acquisitions from holdings with non-controlling interest are reported as a transaction within equity, i.e. between the Parent company's owners (within retained earnings) and the holding with non-controlling interest. Therefore, no goodwill arises from these transactions. Changes in holdings with non-controlling interest are based on the proportional share of net assets. The difference between the received liquidity and the holding with non-controlling interest's proportional share of acquired net assets is reported under retained earnings.

Sales to holdings with non-controlling interest
Sales to holdings with non-controlling interest, in which the controlling interest remains, are reported as a transaction within equity, i.e. between the Parent company's owners and the holding with non-controlling interest.

If the reduction in ownership is to the extent that a controlling interest is lost, this is considered to correspond to a divestment of a subsidiary. The effect is reported in profit or loss for the year and consists of capital gains or losses from the divested assets and liabilities and a revaluation effect on the remaining holding, which is valued at fair value on the divestment date with the change in value reported in profit or loss for the year.

Participations in joint ventures
Participations in joint ventures in accounting terms are those companies for which the Group, through cooperation agreements with one or more parties, has a joint controlling interest over operational and financial management. From the point when the joint controlling interest is gained, participations in joint ventures are reported in accordance with the equity method in the consolidated financial statements.

Associated companies
Associated companies are those companies in which the Group has a significant interest, but not a controlling interest, over operational and financial management, generally through shareholdings with between 20% and 50% of the votes. From the time that the significant influence is gained, shares in the associated company are reported in accordance with the equity method in the consolidated financial statements.

The equity method
The equity method means that the book value of joint ventures and associated companies reported in the Group corresponds to the Group's share in the joint venture's or associated company's equity, as well as group-wise goodwill and any other residual value in the group-wise surplus value or under value. The Group's participation in the respective companies' profit after tax and expenses adjusted for any amortisation, write-downs or resolution of acquired surplus or under value is reported in the profit or loss for the year under "Participations in joint ventures' profit or loss" and "Participations in associated companies' profit or loss". These profit participations less received dividends from joint ventures and associated companies make up the main changes in the book value of participations in joint ventures and associated companies. The Group's share of other comprehensive income in associated companies is reported in a separate line in the Group's other comprehensive income.

Any difference at the time of acquisition between the acquisition value of the holding and the owner company's share of the net fair value of joint ventures' and associated companies' identifiable assets and liabilities is reported in accordance with the same principle as the acquisition of subsidiaries.

Transaction expenditure, with the exception of transaction expenditure relating to the issue of equity instruments or debt instruments, is included in the acquisition value.

When the Group's share of reported losses in a joint venture or associated company exceeds the book value of the shares in the Group, the value of the ownership share is reduced to zero. Settlement for losses is also applied for long-term financial dealings without security, which in their economic meaning make up part of the owner company's net investment in the associated company. Continued losses are not reported, provided that the Group has not made guarantees to cover losses arising in the joint venture or associated company. The equity method is applied until such point as the significant influence ceases.

Acquisition of property via a company
A company acquisition can be regarded as either an asset acquisition or a business combination. Company acquisitions in which the primary aim is to gain a company's property and in which the company's property management organisation and administration has a subordinate importance for the acquisition's implementation, are generally treated as asset acquisitions. Company acquisitions in which the acquired company's property management organisation and administration has a considerable importance for the acquisition's implementation and valuation, are instead treated as business combinations.

In the case of asset acquisitions, no deferred tax is reported on the property's surplus value, and any discount attributable to the deferred tax instead reduces the property value. In the case of business combinations, the deferred tax is reported with the relevant nominal tax on the property's surplus value and other temporary differences attributable to the acquired assets and liabilities. The company acquisitions regarding property that have occurred since the formation of the Group have been treated as asset acquisitions.

Elimination of transactions on consolidation
Intra-group receivables and liabilities, revenue or expenses and unrealised profits or losses that arise from intra-group transactions between subsidiaries are eliminated in full in the drawing up of consolidated financial statements. Unrealised profits deriving from transactions with associated companies and joint ventures are eliminated to the extent that corresponds to the Group's ownership share in the company. Unrealised losses are eliminated in the same way as unrealised profits, provided that there is no write-down requirement.

Translation of foreign subsidiaries or other overseas businesses
Assets and liabilities in overseas businesses, including goodwill and other group-wise surplus value or under value are translated from the overseas businesses' functional currency to the Group's reporting currency, SEK, at the exchange rate at accounting year-end. Income and expenses in an overseas business are translated to SEK at an average exchange rate that constitutes an approximation of the exchange rate on the respective transaction date. Translation differences that arise in currency translation of overseas businesses are reported in other comprehensive income and accumulated in a separate component in equity, called the foreign exchange reserve. In cases where an overseas business is not wholly owned, the translation difference is allocated to holdings with non-controlling interest based on the proportional ownership share.

If an overseas business is divested, the accumulated translation differences attributable to the business are reclassified from the foreign exchange reserve in equity to profit or loss for the year.

When a controlling interest, significant interest or joint controlling interest ceases for an overseas business, the accumulated translation differences attributable to the business are realised and reclassified from the foreign exchange reserve in equity to profit or loss for the year. In cases where divestment occurs, but a controlling interest remains, the proportional share of the accumulated translation differences is transferred from the foreign exchange reserve to holdings with a non-controlling interest. In cases where parts of an associated company or joint venture have been divested, but significant influence or joint controlling interest remains, the proportional share of the translation differences is reclassified to profit or loss for the year.

Foreign currencies
Transactions in foreign currencies
Transactions in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. The functional currency is the currency in the primary economic environments where the company runs its operations. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at accounting year-end. Exchange rate differences arising from translation are reported in profit or loss for the year. Non-monetary assets and liabilities that are reported at historical acquisition value are translated at the exchange rate on the transaction date. Non-monetary assets that are reported at fair value are translated to the functional currency at the exchange rate at the time of measurement of fair value.

Exchange rate differences regarding operating receivables and operating liabilities are reported in the operating profit or loss, whereas exchange rate differences relating to financial assets and liabilities are reported as profit or loss from financial income and expense.

Revenue
Rental revenue
Rental revenue from investment properties is reported linearly in the profit or loss for the year based on the conditions in the leasing agreement. The total cost for granted benefits is reported as a reduction of rental revenue linearly over the leasing period.

Rental contracts relating to investment properties are considered as operational leasing agreements. These agreements are reported in accordance with the principles for revenue recognition above. Volito has one property that is leased out through a financial leasing agreement, see Note 35.

Revenue from the sale of real estate
Revenue from the sale of real estate is normally reported on the day of taking possession, unless the risks and benefits have been transferred to the buyer at an earlier juncture. Control of access may have been transferred at an earlier juncture than the day of taking possession, and if this is the case, revenue from the sale of the property is recognised at this earlier juncture. The assessment of the juncture for recognising revenue takes into consideration both what has been contracted between the parties regarding risks and benefits, and involvement in the current management of the property. In addition, consideration is given to circumstances that can affect the transaction's outcome, but are beyond the sellers and/or buyer's control.

Sales of goods
Recognition of revenue other than rental and leasing revenue from property management is done in accordance with IFRS 15 Revenue from contracts with customers. Revenue from sales of goods is recognised in the profit or loss for the year when control of the goods has been transferred to the buyer.

Revenue is recognised at the fair value of what has been received, or is expected to be received, with deduction of granted discounts.

Leasing
Leasing is classified in the consolidated financial statements as either financial or operational leasing. It is considered to be financial leasing when the economic risks and benefits associated with ownership in all significant aspects are transferred to the lessee. If this is not the case, it is a matter of operational leasing.

Operational leasing agreements
Expenses relating to operational leasing agreements in which the Group is the lessee are reported in profit or loss for the year linearly over the duration of the leasing period. Benefits gained in connection with the signing of an agreement are reported in the profit or loss for the year linearly over the duration of the leasing agreement. Variable fees are reported as expense in the period they arise.

Revenue relating to operational leasing agreements in which the Group is the lessor is recognised linearly over the duration of the leasing agreement. Expenses that arise as a result of the leasing agreement are reported when they arise.

Financial leasing agreements
Assets that are hired in accordance with financial leasing agreements are reported as assets in the consolidated statement of financial position at the lowest of the leasing object's fair value and present value of future minimum leasing fees. The leased assets are written off during their economic period of utilisation in the same way as Group-owned assets. The obligation to pay future leasing fees is reported as long-term and short-term liabilities. Minimum leasing fees are divided between interest expense and amortisation on the outstanding liability. Interest expenses are assigned with an amount that corresponds to a fixed interest rate for reported liabilities during the respective period. Variable fees are expensed in the periods they arise.

Expense
The income statement is classified by nature of expense.

Real estate expenses
The term real estate expenses covers all expenses for the investment properties. This includes direct property expenses, such as expenses for operation, maintenance, ground rent and property tax. The term also covers indirect property expenses, such as expenses relating to leasing and property administration.

Financial income and expense
Financial income consists of interest income from invested funds, dividend income and, for 2017, profit on divestment of available-for-sale financial assets. Interest income is taken up as income in the period it concerns. Dividends from shares are reported in the period that the right to receive payment is deemed as certain.

Financial expense consists of interest expense on loans, and realised losses on financial investments and derivative instruments used in financial activities. Interest costs affect profit and loss in the period they concern, except to the extent they are included in an asset's acquisition value, and are reported with the application of the effective rate method. An asset for which the interest can be included in the acquisition value is an asset that of necessity takes a significant time to complete for intended use or sale. Activation of borrowing costs is done in accordance with IAS 23 Borrowing costs.

Profit or loss from the sale of financial investments is reported when the risks and benefits associated with the undertaking of the instrument in all important aspects has been transferred to the buyer and the Group no longer has control over the instrument. Exchange rate profits and losses are reported net.

Unrealised changes in the value of financial assets measured at fair value, as well as hedging instruments, are reported in a specific line in the profit or loss for the year.

Interest rate swaps are used for hedging against interest rate risks linked to the Group's borrowing. The Group does not at present apply hedge accounting for these instruments. Interest rate swaps are measured at fair value in the balance sheet. In the profit or loss for the year, the interest rate coupon component is reported as a correction of interest expense. Unrealised changes in the fair value of interest rate swaps are reported in a specific line in the profit or loss for the year.

The effective rate is the rate that discounts the estimated future incoming and outgoing payments during a financial instrument's expected duration at the financial asset's or liability's reported net value. The calculation includes all fees paid or received by the agreement partners that are a part of the effective rate, transaction costs and all other surplus and under values.

Taxes
Income taxes consist of both current and deferred income tax for the Swedish and foreign Group units. Income taxes are reported in the profit or loss for the year, unless the underlying transaction is reported in other comprehensive income or in equity, in which case the associated tax effect is reported in other comprehensive income or in equity.

Current tax is tax that is to be paid or received regarding the current year, with application of the tax rates that are decided or in practice decided at year-end. Current tax also includes adjustments of current tax relating to earlier periods.

Deferred tax is calculated according to the balance sheet method. According to this method, deferred tax liabilities and receivables are reported for all temporary differences between reported and fiscal values for assets and liabilities and for other fiscal deductions or deficiencies. Deferred tax liabilities and receivables are calculated based on how the temporary differences are expected to be evened out and by the application of the tax rates and tax rules that have been adopted or announced at accounting year-end.

In the valuation of fiscal deductible deficiency, an assessment is made of the probability that the deficiency can be utilised. The basis for deferred tax receivables includes established deductible deficiencies to the extent that they can with certainty be utilised in relation to future profits. Deferred taxes are reported at the nominal valid tax rate without discounting.

Temporary differences are not taken into account in group-wise goodwill or in normal cases in the differences relating to participations in subsidiaries, joint ventures and associated companies that are not expected to be taxed in the foreseeable future. Temporary differences are not taken into account either for differences that have arisen in the initial reporting of assets and liabilities that are not business combinations that on the transaction date do not affect either the reported profit or loss or the taxable profit or loss.

When an acquisition of a company takes place, the acquisition is either a business combination or an acquisition of assets. It is an acquisition of assets, for example, if the acquired company only own one or more properties with a rental contract, but the acquisition does not include the processes required to run the property business. In reporting of an acquisition of assets, no deferred tax is reported separately. The fair value of the deferred tax liability is instead deducted from the fair value of the acquired asset.

Untaxed reserves including deferred tax liabilities are reported in the legal entity. In the consolidated financial statements on the other hand, untaxed reserves are divided into deferred tax liabilities and equity.

Intangible assets
Goodwill
Goodwill represents the difference between the acquisition value of the business combination and the fair value of the acquired identifiable assets and taken over liabilities.

Goodwill is valued at the acquisition value minus any accumulated write-downs. Goodwill is designated to cash generating units and is reviewed for write-down requirements annually or as soon as indications arise that show that the asset in question has fallen in value. Goodwill that has arisen in the acquisition of joint ventures and associated companies is included in the book value for shares in joint ventures and associated companies.

In the case of business combinations in which the acquisition cost is less than the net value of the acquired assets and taken over liabilities, known as an acquisition at low price, the difference is reported directly in profit or loss for the year.

Concerning goodwill in acquisitions that took place before 1 January 2013, the Group, on transition to IFRS, has not applied IFRS retroactively. The book value on that day constitutes from that time on the Groups' acquisition value, after write-down appraisal.

Other intangible assets
Intangible assets that are acquired by the company are reported at the acquisition value minus accumulated depreciations and write-downs.

Depreciation is linear over the asset's period of utilisation and reported as expense in the income statement. Depreciation begins from the date when assets become available for use.

The estimated periods of utilisation are:	The Group	The Parent company
Software	3–5 years	5 years
Other intangible assets	5 years	–

An assessment of an asset's period of utilisation and residual value is carried out annually.

Tangible fixed assets
Owned assets
Tangible assets that are acquired by the company are reported at the acquisition value less accumulated depreciation and any write-downs.

The book value of a tangible fixed asset is removed from the balance sheet in the case of discarding or sale of an asset, or when no future economic benefits are expected from use of the asset. Profit or loss that arises from the divestment or discarding of an asset is made up of the difference between the sales price and the asset's book value with deductions for directly related sales costs.

Leased assets
Leasing is classified in the consolidated financial statements as either financial or operational leasing. It is considered financial leasing when the economic risks and advantages associated with ownership are in all essential aspects transferred to the lessee. If this is not the case, it is a matter of operational leasing.

Assets that are hired according to financial leasing agreements are reported as assets in the Group's balance sheet. The obligation to pay future leasing fees has been reported as long and short-term liabilities. The leased assets are depreciated according to plan, whereas leasing payments are reported as interest and amortisation of liabilities.

Assets that are hired according to operational leasing agreements are not reported as assets in the Group's balance sheet. Leasing fees for operational leasing agreements are taken up as expense linearly over the duration of the lease.

Assets that are hired out according to financial leasing agreements are not reported as tangible fixed assets, as the risks and benefits associated with ownership of the assets are transferred to the lessee. Instead a financial receivable is reported regarding future minimum leasing fees.

Additional expenditure
Additional expenditure is added to the acquisition value to the extent that the asset's performance has been improved in relation to the level at the time it was originally acquired. All other additional expenditure is reported as expense in the period it arises.

Borrowing expenses
Borrowing expenses that are directly attributable to purchasing, construction or production of assets that take a significant time to complete for the intended use or sale are included in the asset's acquisition value. Activation of borrowing expenses is done on condition that it is probable that it will lead to future economic benefits and costs that can be measured in a reliable way.

Depreciation principles for tangible fixed assets
Depreciation according to plan is based on the original acquisition value reduced by the calculated residual value. Depreciation is linear over the period in which the asset is expected to be utilised.

The following depreciation periods are applied:	The Group	The Parent company
Industrial buildings	20-25 years	–
Plant and machinery	5-10 years	–
Equipment, tools and installations	5 years	5 years
Computer equipment	3-5 years	3-5 years

Industrial buildings account for a negligible amount and depreciation for various parts is over a period of 20-25 years.

Investment properties
Most of the properties in the Group are classified as investment properties, as they are owned with an aim to generate rental revenue or value increases, or a combination of the two. Investment properties are reported initially at acquisition value, which includes expenditure directly attributable to the acquisition. Thereafter, investment properties are reported at fair value in the statement of financial position, in accordance with IAS 40, Changes in value are reported in a designated line in the income statement. The Group's properties are reported in the statement of financial position as fixed assets. As the properties are reported at fair value, depreciation is not reported for these properties in the consolidated financial statements. The investment properties are valued annually by an independent external appraiser with recognised and relevant qualifications. The applied calculation model is based on long-term yield evaluation, which factors in present value of future payment streams with differentiated yield requirements per property, depending on aspects such as location, purpose, condition and standard.

Unrealised and realised changes in value are reported in profit or loss for the year. Rental revenue and revenue from property sales are reported in accordance with the principles described in the revenue recognition section.

Additional expenditure – investment properties reported according to the fair value method
Additional expenditure is added to the book value only if it is probable that the future economic benefits associated with the asset will be gained by the company and the acquisition value can be calculated in a reliable way. All other additional expenditure is reported as expense in the period it arises. A decisive factor in assessing when additional expenditure is added to the book value is if the expenditure refers to the exchange of the whole, or parts of, the identified components, which activates such expenditure. Expenditure for any newly created components is also added to the book value. Expenditure for repairs is expensed in the period it arises.

Properties under construction that are intended for use as investment properties when work is completed are also classified as investment properties.

Note 22 contains further information on external property valuation and a statement on classification of the property portfolio and its book value.

Inventories
Inventories are valued at the lowest of either the acquisition value or the net realisable value. The acquisition value is calculated according to the first-in, first-out principle and includes expenditure that has arisen in the acquisition of inventory assets and transport of these to their present location and condition.

For manufactured goods and ongoing work, the acquisition value includes a reasonable share of the indirect costs based on normal capacity.

Net realisable value is the estimated sales price in current operations, after deductions for estimated costs for completion and to achieve a sale.

Financial instruments
Financial instruments that are reported in the statement of financial position include on the asset side; liquid funds, accounts receivable – trade, participations in funds, listed and non-listed shares, derivatives and other receivables. On the liability side are accounts payable – trade, loan liabilities and derivatives.

Reporting in and removal from the balance sheet
Financial assets and liabilities are taken up in the statement of financial position when the company becomes a party in accordance with the instrument's agreement-related conditions. A receivable is taken up when the company has performed and the contracted obligation exists for the counterparty to pay, even if the invoice has yet to be sent. Accounts receivable – trade are taken up in the statement of financial position when the invoice has been sent. A liability is taken up when the counterparty has performed and the contracted obligation exists for the payment to be made, even if the invoice has yet to be received. Accounts payable – trade are taken up when the invoice is received.

A financial asset is removed from the statement of financial position when the rights in the agreement have been realised, fall due or when the company loses control over it. The same applies for a share of a financial asset. For every reporting period, the company evaluates if there are objective indications that a financial asset or group of financial assets requires a write-down. A financial liability is removed from the statement of financial position when the obligation in the agreement has been fulfilled or in other ways ceases to apply. The same applies for a share of a financial liability.

Financial assets and liabilities are offset and reported as a net amount in the statement of financial position when there is a legal right to offset and where the intent is to regulate items with a net amount or to simultaneously realise assets and regulate liabilities. Financial income and expense are offset in the income statement in cases where they are linked to the financial assets and liabilities that are offset.

Acquisition and divestment of financial assets are reported on the transaction date. The transaction date is the day when the company obligates itself to acquire or divest the asset.

Measurement at initial recognition
Financial instruments are initially recognised at fair value with addition/deduction for transaction expenditure, with the exception of instruments that are continuously recognised at fair value via profit or loss for which transaction expenditure is instead expensed as it arises. Accounts receivable – trade (without a significant financing component) are initially recognised at the transaction price that is established according to IFRS 15.

Classification and subsequent measurement of financial assets
At initial recognition, a financial asset is classified as measured at amortised cost, fair value via other comprehensive income (debt instrument investment), fair value via other comprehensive income (equity investment), or fair value via profit or loss. Below is a description of how the Group's different holdings of financial assets are classified:

Holdings of non-listed funds
The Group has participations in non-listed funds. The participations in funds do not fulfil the criteria for equity instruments and the cash flows from the funds do not consist solely of payments of principals and interest. The funds have therefore been measured at fair value via profit or loss.

Holdings of non-listed shares
The Group's holdings of shares and participations in non-listed companies (that are not subsidiaries, associated companies or joint ventures) are measured at fair value via profit or loss. The Group's holding in Anticimex is however recognised at fair value via other comprehensive income.

Holdings of listed shares
The holdings of listed shares are measured at fair value via other comprehensive income.

Derivative assets
Derivatives that have a positive fair value for Volito are recognised as assets in the statement of financial position and measured at fair value via the income statement. Derivatives are made up of interest rate swaps that are used to economically hedge interest rate risks. Changes in value are reported in a specific line in profit or loss for the year. Volito does not apply hedge accounting.

Other financial assets
All other financial assets are recognised at the amortised cost. This is because they are within the framework for a business model whose goal is to receive the contractual cash flows at the same time as the cash flows from assets are solely composed of payments of principals and interest.

Classification and subsequent measurement of financial liabilities
Financial liabilities are classified as being measured at amortised cost or measured at fair value via profit or loss. The financial liabilities that are measured at fair value via profit or loss consist of derivatives that have a negative fair value for Volito. Changes in value are reported in a specific line in profit or loss for the year. Derivatives are made up of interest rate swaps that are used to economically hedge interest rate risks. Volito does not apply hedge accounting. All other financial liabilities are recognised at the amortised cost with the application of the effective rate method.

Classification and measurement of financial instruments before 1 January 2018
Before the adoption of IFRS 9 on 1 January 2018, the Group's holdings of financial assets were classified in the following measurement categories according to IAS 39: "Financial assets measured at fair value via profit or loss", "Available-for-sale financial assets" (measured at fair value via other comprehensive income) and "Loans and receivables" (measured at amortised cost).

Financial liabilities are classified according to IAS 39 as "Financial liabilities measured at fair value via profit or loss" and "Other financial liabilities" (measured at amortised cost).

Liquid funds
Liquid funds consist of balances at the bank at accounting year-end and are reported at nominal value.

Write-downs
The book values of the Group's assets are tested at each accounting year-end to determine if there is any indication that write-downs are required. IAS 36 is applied for testing write-down requirements for assets other than financial assets, which are tested in accordance with IFRS 9, available-for-sale assets, and divestment groups, which are reported in accordance with IFRS 5, Inventories, managed assets used for the financing of remuneration to employees, and deferred tax receivables. For excepted assets as above, the book value is tested according to the respective standard.

Write-down tests for tangible and intangible assets, and participations in subsidiaries, joint ventures, associated companies etc.
If there is an indication that a write-down is required, the asset's recoverable amount is calculated in accordance with IAS 36. For goodwill and for other intangible assets that are not yet ready for use, the recoverable amount is also calculated annually. If it is not possible to determine significant independent cash flows to a single asset, the assets on being tested for write-down requirements shall be grouped at the lowest level where it is possible to identify a significant independent cash flow – a so-called cash-generating unit.

A write-down is reported when an asset's or cash-generating unit's book value exceeds the recoverable amount. The write-down of assets relating to a cash-generating unit (group of units) is assigned first of all to goodwill. Thereafter, a proportional write-down is carried out for other assets included in the unit (group of units).

The recoverable amount is the highest value of the fair value minus sales costs and value in use. In the calculation of value in use, future cash flows are discounted with a discounting factor that takes into consideration risk-free interest and the risk that is associated with the specific asset.

A write-down is reversed if there is both an indication that a write-down requirement no longer exists and that a change has occurred in the assumption that was the basis for calculation of the recoverable amount. However, write-downs of goodwill are never reversed.

A reversal is carried out only to the extent that the asset's book value after reversal does not exceed the book value that would have been reported, with deduction for depreciation if applicable, if no write-down had been carried out.

Write-down tests for financial assets

The Group reports a loss allowance for expected credit losses on financial assets measured at amortised cost. The loss allowance for accounts receivable – trade is measured at an amount that corresponds to the expected losses for the remaining duration. For other receivables the loss allowance is measured at an amount that corresponds to 12 months of expected credit losses, provided that the credit risk has not increased significantly since the time when the receivable was first reported. If the credit risk has increased significantly since the time when the receivable was first reported, the loss allowance is instead measured at an amount that corresponds to the expected losses for the remaining duration.

The loss allowance is calculated as the present value of all deficits in the cash flows (i.e. the difference between the cash flows according to the agreement and the cash flows that the Group is expected to receive). Short-term receivables, however, are not discounted. In the balance sheet, the assets are reported net after any write-downs. Write-downs are reported in the profit or loss.

A financial asset's reported gross value is written off when the Group does not have reasonable expectations of recovering a financial asset, fully or in part.

Write-down tests for financial assets before 1 January 2018

Before the adoption of IFRS 9 on 1 January 2018, the Group assessed if there was objective evidence for whether or not a financial asset or group of assets required a write-down. Objective evidence is made up partly of observable conditions that have arisen and that have had a negative affect on the possibility of recovering the acquisition value, and partly by a significant or extended reduction of the fair value of a financial asset classified as an available-for-sale financial asset. Equity instruments classified as an available-for-sale financial asset were considered to require a write-down and were written-down if the fair value was below the acquisition value by a significant amount, or when the decrease had been over an extensive period.

Equity

Dividends are reported as a reduction of equity after the Annual General Meeting has made a decision.

Provisions

A provision differs from other liabilities as there is uncertainty over the payment date or the size of the amount for regulating the provision. A provision is reported when the company has a formal or informal commitment as the result of an event that has occurred and it is likely that an outflow of resources is required to regulate the commitment, and that a reliable estimate of the amount can be made. Present value calculations are made to take significant time effects into account for future payments.

Remuneration to employees

Remuneration to employees in the form of salaries, paid holiday, paid sick leave, etc. is reported at the rate that it is earned. Regarding pensions and other remuneration after employment ends, these are classed as contribution-based or benefit-based plans. The commitment regarding the contribution-based plans is fulfilled through premiums to independent authorities or companies that administer the plans. A number of employees in the Volito Group have ITP plans with rolling payments to Alecta/Collectum. In accordance with IFRS, these are classified as benefit-based plans that cover several employers. As there is not sufficient information to report these as benefit-based plans, they are reported as contribution-based plans.

Remuneration on severance of employment

A provision for remuneration in connection with notice of termination for staff is reported only if the company is evidently obligated, without a realistic possibility of withdrawal, to terminate employment before the normal time and affected groups of employees have been informed of the termination plans. The provision is made for that part of the severance pay that has no requirement for received services from the employee.

Short-term remuneration

Short-term remuneration to employees is calculated without discounting and is reported as expense when the related services are received.

A provision is reported for the expected expense for bonus payments when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and the obligation can be calculated reliably.

Fixed assets owned for sale and discontinued operations

The meaning of having a fixed asset (or disposal group) classified as a holding for sale is that its book value will be recovered mainly through a sale rather than through use. An asset or disposal group is classified as being owned for sale if it is available for immediate sale in present condition and according to conditions that are normal, and that it is very probable that the sale will be made. These assets or disposal groups are reported in their own line as current assets and short-term liabilities respectively in the statement of financial position.

Immediately before classification as a holding for sale, the book value of assets and liabilities in a disposal group is determined in accordance with applied standards. In the initial classification of a holding for sale, the fixed assets and disposal groups are reported at the lowest of the book value and fair value with deductions for sales costs. Certain assets, separately or as part of a disposal group, are exempt from the valuation rules described above, namely investment properties, financial assets, deferred tax assets and managed assets relating to benefit-based pension plans.

A profit is reported at every increase of the fair value with deductions for sales costs. This profit is limited to an amount that corresponds to the total of the previously executed write-downs.

Losses as a result of a fall in value in the initial classification as a holding for sale are reported in the profit or loss for the year. Subsequent changes in value, both profits and losses, are also reported in the profit or loss for the year.

Discontinued operations refer to a part of a company's business that represents an independent operating arm or a significant business within a geographical area or a subsidiary that was acquired exclusively with an aim to be sold on. Classification as a discontinued operation is made on divestment or at an earlier time if the operations meet the criteria to be classified as a holding for sale.

Profit or loss after tax from discontinued operations is reported in a specific line in the statement of profit or loss and other comprehensive income. When operations are classified as discontinued, the formulation of comparison year reports of profit or loss and other comprehensive income changes so that it is reported as if the discontinued operations had been discontinued at the start of the comparison year. The formulation of the statement of financial position for the current year and previous year is not changed in a corresponding way.

Contingent liabilities

A contingent liability is reported when there is a possible obligation that arises from events and whose existence is confirmed only by one or more uncertain future events or when there is an obligation that is not reported as a liability or a provision due to the improbability of an outflow being required.

The Parent company's accounting principles

The Parent company has drawn up its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554), and the Swedish Financial Accounting Standards Council recommendation, RFR 2 Accounting for a legal entity. RFR 2 means that the Parent company in the annual accounts for the legal entity shall apply all of the EU-developed IFRS and pronouncements as far as this is possible within the framework of the Annual Accounts Act, the law on safeguarding pension commitments, and with consideration taken for the connection between accounting and taxation. The recommendation states the exceptions and additions to IFRS that are to be made.

Changed accounting principles

As of 1 January 2018, the Parent company applies the new rules for revenue recognition in IFRS 15. The company's revenue, however, essentially consists of management fees, which are taken up as revenue at the rate that the services are carried out. IFRS 15 has therefore had no effect on the Parent company's revenue recognition. As permitted according to RFR 2, the Parent company does not apply IFRS 9 as a legal entity. Even though IFRS 9 is not applied, the rules on an allowance for expected credit losses in IFRS 9 are still applied according to the requirements in RFR 2. The Parent company's receivables are made up of receivables from subsidiaries and associated companies. Volito has assessed the effects of the new model and considers that this resulted in a negligible allowance for expected credit losses and therefore no allowance is reported.

Differences between the Group's and Parent Company's accounting principles

The differences between the Group's and Parent Company's accounting principles are given below.

Classification and format

The Parent company's income statement and balance sheet are drawn up according to the Annual Account Act's scheme. The differences compared with IAS 1, Presentation of financial statements, which have been applied in the presentation of the Group's financial statements, are principally reporting of financial income and expense, fixed assets, equity and the addition of provisions as a specific heading in the balance sheet.

Financial instruments

The Parent company does not apply IFRS 9 as a legal entity.

In the Parent company, financial fixed assets are valued at acquisition value minus any write-down, and financial current assets according to the lowest value principle. The acquisition value for interest-bearing instruments is adjusted for the accrued difference between what was paid originally, after deductions for transaction expenditure, and the amount that was paid on the due date.

Subsidiaries, participations in associated companies and jointly controlled companies

Participations in subsidiaries, associated companies and jointly controlled companies are reported in the Parent company according to the cost method. This means that acquisition expenditure is included in the book value of participations in subsidiaries. In the consolidated financial statements, the acquisition expenditure relating to participations in subsidiaries is, from 2013 onwards, reported directly in profit or loss when it arises.

The book value is reviewed continuously against the fair value of assets and liabilities in the subsidiaries, associated companies and jointly controlled companies. In cases where the book value of the participations exceeds the companies' fair value, write-downs are made that affect the income statement. In cases where a previous write-down is no longer justified, a reversal is carried out.

Financial guarantees

The Parent company's financial guarantee agreements consist mainly of guarantees for the benefit of subsidiaries, associated companies and jointly controlled companies. Financial guarantees mean that the company has an obligation to compensate holders of a debt instrument for losses if these are incurred due to a stated debtor not fulfilling payment on the due date according to the agreement conditions. For reporting of financial guarantee agreements, the Parent company applies one of the Swedish Financial Accounting Standards Council-permitted participation exemption rules compared with the rules in IFRS 9. The participation exemption rule relates to financial guarantee agreements formulated for the benefit of subsidiaries, associated companies and jointly controlled companies. The Parent company reports financial guarantee agreements as provisions in the balance sheet when the company has an obligation for which payment is probably required in order to regulate the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries can be reported in cases where the Parent company alone has the right to decide on the dividend's size and the Parent company has decided on the dividend's size before the Parent company has published its financial statements. Anticipated dividends are reported as financial income.

Group contributions
Paid and received group contributions are reported as appropriations.

Shareholders' contribution
The shareholders' contribution is taken up directly against equity at the recipient and activated in shares and participations at the donor, to the extent that write-downs are not required.

Tangible fixed assets
Tangible fixed assets in the Parent company are reported at the acquisition value after deductions for accumulated depreciation and any write-downs in the same way as for the Group, but with any write-ups.

Leased assets
In the Parent company all leasing agreements are reported according to the rules for operational leasing.

Financial fixed assets
In the Parent company all financial fixed assets are reported at the acquisition value with deductions for any write-downs. The assessment is made from share type to share type and a write-down to fair value is carried out when the decrease in value is expected to be lasting.

Other long-term receivables are valued at the amount that is expected to be received.

Taxes
In the Parent company untaxed reserves are reported including deferred tax liabilities. However, in the consolidated financial statements untaxed reserves are divided between deferred tax liabilities and equity.

Note 2 Important estimates and assessments

The company management and the Board have discussed the development, choice and information regarding the Group's important accounting principles and estimates, as well as the applications of these principles and estimates.

Certain important accounting-related estimates that have been used in the Group's accounting principles are described below.

The sources of uncertainty in estimates that are stated below refer to those that involve a risk that the value of assets or liabilities may need an adjustment to a significant extent in the coming financial year.

Investment properties
Investment properties are reported in accordance with the options in IAS 40 at fair value. This value is established by company management based on the properties' market value at accounting year-end, with changes in fair value reported in the profit or loss. Therefore, the profit or loss can be considerably affected by changes in the fair value of investment properties. The fair value has been calculated by independent appraisal institutions in accordance with good appraisal practice. Important assessments have therefore been made regarding aspects such as cost of capital and direct yield requirement that are based on the appraisal institutions' experience-based assessments of the market's yield requirements for comparable properties. The assessments of cash flow for operating, maintenance and administration costs are based on actual costs, but consideration has also been given to experiences relating to comparable properties. Future investments have been assessed based on the actual needs that exist and with the support of the investment plans that have been drawn up. See Note 22 for a more detailed description of assumptions and estimations connected with the appraisal process.

Write-down testing of goodwill
The Group's total goodwill amounts to SEK 69 872 K (62 405). In the calculation of the cash-generating units' recoverable amounts for assessment of any write-down requirement for goodwill, several assumptions about future conditions and estimates of parameters have been made. A description of these is presented in Note 21. As can be understood from the description, changes exceeding what can reasonably be expected in 2019 relating to these assumptions and estimates could have an effect on the value of goodwill. However, this risk is very low as the recoverable amounts exceed to a great extent the book value in those cases where the goodwill values are a significant amount.

Taxes
Changes in fiscal legislation and altered practice in the interpretation of fiscal legislation can significantly affect the amount of reported deferred taxes.
For more information on taxes, see Notes 19 and 34.

Note 3 Net sales by type of revenue

	2018	2017
The Group		
Revenue from contracts with customers		
Sales of goods	339 990	276 253
Administrative revenue	2 810	2 526
Service assignments	–	137
Leasing revenue		
Rental revenue	178 762	153 255
Net sales	**521 562**	**432 171**
The Parent company		
Revenue from contracts with customers		
Administrative revenue	9 230	7 314
	9 230	**7 314**

Contract liabilities and assets
The Group has contract liabilities in the form of advance payments from customers, which are reported in other short-term liabilities. The amount is SEK 1 257 K (74). The Group has no significant contract assets. For information on accounts receivable – trade, see Note 43.

Order book
The order book within Volito Industry companies amounted at year-end to SEK 55 226 K (32 581). The orders will be delivered in 2019. For information on the duration of Volito Fastigheter's contract portfolio, see Note 5 and 22.

Note 4 Other operating income

	2018	2017
The Group		
Capital gains from divestment of fixed assets	–	16
Received contributions	315	–
Exchange gains from receivables/liabilities of an operating nature	12	119
Recovered customer losses	–	69
Other	337	498
	664	**702**
The Parent company		
Other	97	156
	97	**156**

Note 5 Leasing revenue relating to operational leasing

Rental and leasing revenue is based on the rental and leasing agreements that are regarded as operational leasing agreements in which the Group is the lessor.

One property in the Volito Fastigheter group is leased out through a financial leasing agreement, see Note 35.

Real estate
The rental revenue includes not only basic rent, continuing charges for items such as heating, electricity, water and sanitation, and property tax, but also a deduction for granted rent rebates. Also included is revenue relating to premature settlement of the rental contract. Of rental revenue, SEK 1 714 K (193) consists of turnover-based premises rents. Rents and rent rebates that are only debited during a certain period of a contract's duration are accrued linearly over the respective contract's entire duration.

Rental revenue in the Volito Fastigheter group according to the property portfolio at year-end was divided between 91% (97%) commercial premises and 9% (3%) residential. The commercial rental revenue was divided between 162 (163) contracts within a number of different sectors. With the aim of limiting exposure to credit losses, regular follow-ups are made of tenants' credit ratings. No sector or tenant accounts for more than 10% of the rental revenue.

The duration of the contract portfolio for commercial premises in the Volito Group expires as at 31 December 2018 as below. The stated amounts refer to contracted closing rents in the portfolio:

	2018	2017
The Group		
Within one year	20 855	23 597
Between one and five years	101 847	103 457
Longer than five years	52 554	48 335
	175 256	**175 389**

Note 6 Auditing: fees and expenses

	2018	2017
The Group		
KPMG		
Audit assignments	1 016	1 041
Tax consultations	70	252
Other assignments	60	199
PWC		
Tax consultations	35	–
OTHER AUDITORS		
Audit assignments	–	35
Tax consultations	–	17
Other assignments	–	89
The Parent company		
KPMG		
Audit assignments	367	321
Tax consultations	40	173
Other assignments	60	7

Audit assignments refer to the scrutiny of the annual accounts, accounting, and the Board's and CEO's administration, as well as other tasks that fall to the company's auditor to carry out, and consultation or other assistance resulting from observations of such scrutiny or the carrying out of such other tasks. Tax consultations include consultations concerning income tax and valued added tax. Other assignments refer to consultations that are not applicable to any of the above named service categories.

Note 7 Staff and personnel costs

Average number of employees	2018	of which, men	2017	of which, men
The Parent company				
Sweden	7	43 %	5	40 %
Subsidiaries				
Sweden	116	87 %	98	86 %
Finland	18	89 %	19	89 %
Norway	–	0 %	2	100 %
Total in subsidiaries	134	85 %	119	87 %
Group total	**141**	**85 %**	**124**	**85 %**

Gender distribution in company management	2018 Percentage of women	2017 Percentage of women
The Group		
Board of Directors	0 %	0 %
Other senior executives	0 %	0 %

Expenses and remuneration to employees	2018	2017
The Group		
Salaries and remuneration etc.	81 664	71 071
Pension costs, contribution-based plans	11 019	12 237
Social security charges	26 699	22 055
	119 382	**105 363**

Salaries, other remuneration and social security expenses

	2018 Salaries and remuneration	2018 Social security expenses	2017 Salaries and remuneration	2017 Social security expenses
The Parent company	11 718	6 561	8 864	5 201
(of which, pension costs)		[1] (2 223)		[1] (1 816)
Subsidiaries	69 946	31 157	62 207	29 091
(of which, pension costs)		(8 796)		(10 421)
Total for the Group	**81 664**	**37 718**	**71 071**	**34 292**
(of which, pension costs)		**[2] (11 019)**		**[2] (12 237)**

1) Of the Parent company's pension costs, SEK 1 515 K (previous year 1 248) refers to the company's Board and CEO. The company has no outstanding pension obligations to them.

2) Of the Group's pension costs, SEK 4 307 K (previous year 3 745) refers to the Group companies Board and CEO. The Group has no outstanding pension obligations to them.

Salaries and other remuneration by senior executives, and other employees in the Parent company	2018	2017
The Parent company		
SENIOR EXECUTIVES (5 PEOPLE, CEO AND BOARD MEMBERS)		
Salaries and other remuneration	7 651	6 040
(of which, bonuses and similar)	(2 000)	(1 000)
Social security expenses	4 287	3 525
(of which, pension costs)	(1 515)	(1 248)
OTHER EMPLOYEES		
Salaries and other remuneration	4 067	2 824
Social security expenses	2 274	1 676
(of which, pension costs)	(708)	(568)
The Parent company, total		
Salaries and other remuneration	11 718	8 864
(of which, bonuses and similar)	(2 000)	(1 000)
Social security expenses	6 561	5 201
(of which, pension costs)	(2 223)	(1 816)

Salaries and other remuneration by senior executives, and other employees in the Group	2018	2017
The Group		
SENIOR EXECUTIVES		
Salaries and other remuneration	19 642	17 997
(of which, bonuses and similar)	(2 300)	(1 000)
Social security expenses	11 492	9 943
(of which, pension costs)	(4 307)	(3 745)
OTHER EMPLOYEES		
Salaries and other remuneration	62 022	53 074
Social security expenses	26 226	24 349
(of which, pension costs)	(6 712)	(8 492)
The Group, total		
Salaries and other remuneration	81 664	71 071
(of which, bonuses and similar)	(2 300)	(1 000)
Social security expenses	37 718	34 292
(of which, pension costs)	(11 019)	(12 237)

Remuneration to senior executives

Principles

The Chairman of the Board receives no remuneration. The other Board members receive a fee of SEK 300 K according to the Annual General Meeting's decision. There is no agreement concerning future pension/severance pay for either the Chairman of the Board or other board members. Remuneration to the CEO and other senior executives consists of basic salary, other benefits and pension. There is an agreement with the CEO of the Parent company regarding a bonus scheme and severance pay corresponding to one year's salary.

Remuneration and other benefits

Other benefits refer to company cars. Pension costs refer to the costs that affect the profit or loss for the year. For the CEO and other senior executives premium-based pension plans apply, and the retirement age is 65. Costs for the CEO's pension consist of premium of 35% of the pension-establishing salary during the period of employment. For other senior executives ITP plans or equivalent apply, and the retirement age is 65.

Other senior executives

On termination of employment from the company's side, other senior executives have the right to severance payments amounting to between six months' and 12 months' salary.

Absence due to illness

As only seven people are employed by the Parent company, there is no obligation to report on absence due to illness.

Note 8 Depreciation of tangible and intangible fixed assets

	2018	2017
The Group		
Other intangible assets	-642	-742
Industrial premises	-211	-274
Plant and machinery	-533	-421
Equipment, tools and installations	-6 192	-4 577
	-7 578	**-6 014**
The Parent company		
Licences	-75	-75
Equipment, tools and installations	-8	-100
	-83	**-175**

Note 9 Leasing fees relating to operational leasing

	2018	2017
The Group		
Assets held via operational leasing agreements		
Minimum leasing fees	**9 378**	**7 517**
Contracted future minimum leasing fees relating to non-terminable contracts due for payment:		
Within one year	9 672	7 884
Between one and five years	12 291	14 756
	21 963	**22 640**
The Parent Company		
Assets held via operational leasing agreements		
Minimum leasing fees	**2 317**	**2 257**
Leasing revenue from subleases	**1 398**	**1 378**
Contracted future minimum leasing fees relating to non-terminable contracts due for payment:		
Within one year	2 377	2 309
Between one and five years	1 224	3 603
	3 601	**5 912**

Premises rental and certain office inventories are classified as operational leasing agreements. The main part of leasing costs relates to renting of premises in accordance with operational leasing agreements. The Parent company's leasing agreement runs until 30 June 2020, without special restrictions and with an option to extend. The Parent company and Volito Fastigheter AB occupy premises owned by Volito Fastigheter AB. All subsidiaries within Volito Industry, except the part of Hydraulic Supplier based in Smålandsstenar, which owns the property, occupy rented premises.

Other agreements on operational leasing are divided between small agreements and amount to a negligible amount.

Note 10 Other operating expenses

	2018	2017
The Group		
Exchange losses on receivables/liabilities of an operating nature	-1 378	-718
Capital losses	-135	-152
Guarantee-related costs	-252	-307
Additional purchase price	-613	–
Other	-147	-134
	-2 525	**-1 311**
The Parent company		
Write-downs of receivables	-102	-331
	-102	**-331**

Note 11 Profit or loss from participations in subsidiaries

	2018	2017
The Parent company		
Dividends	30 000	35 300
Write-downs of participations	-36 311	-4 620
	-6 311	**30 680**

Note 12 Profit or loss from participations in joint ventures

	2018	2017
The Group		
Profit from participations in joint ventures for the year	3 761	3 464
	3 761	**3 464**

Note 13 Profit or loss from participations in associated companies

	2018	2017
The Group		
Profit participations in earnings of associated companies	34 065	35 707
Reversal of write-downs	16 211	5 501
	50 276	**41 208**
The Parent company		
Dividends	16 875	20 025
Reversal of write-downs	16 211	5 501
	33 086	**25 526**

Note 14 Profit or loss from other financial income and expense

	2018	2017
The Group		
Dividends	67 324	60 132
Capital gains from divestments	6 070	8 000
Write-downs	-305	-3 031
Changes in value	1 121	–
	74 210	**65 101**
The Parent company		
Dividends	66 944	59 880
Capital gains from divestments	6 005	8 000
Write-downs	–	-3 031
	72 949	**64 849**

Note 15 Interest income and similar income

	2018	2017
The Group		
Interest income, subsidiaries	34	118
Interest income, other	2 471	2 046
Leasing revenue	1 521	1 579
Exchange rate profits	973	358
Guarantee-related income	–	79
Capital gains from divestment of short-term investments	–	3 678
	4 999	**7 858**
The Parent company		
Interest income, subsidiaries	2 935	2 466
Exchange rate profits	662	367
Guarantee-related income, subsidiaries	1 875	1 601
Guarantee-related income, other	–	79
Capital gains from divestment of short-term investments	–	3 678
	5 473	**8 191**

All interest income is attributable to instruments valued at amortised cost.

Note 16 Interest expenses and similar expenses

	2018	2017
The Group		
Interest expenses, other	-69 918	-51 847
Set-up fees	-5	-1 000
Credit charges and commissions	-1 187	-750
Other	–	-2 898
	-71 110	**-56 495**
The Parent company		
Interest expenses, subsidiaries	-3	-138
Interest expenses, other	-18 563	-8 358
Set-up fees	-5	-1 000
Credit charges and commissions	-1 187	-750
	-19 758	**-10 246**

Of interest expenses, SEK 46 035 K (30 259) is attributable to instruments measured at amortised cost and SEK 23 883 K (24 486) to instruments measured at fair value.

Note 17 Changes in value of investment properties

	2018	2017
The Group		
Changes in value of property portfolio, 31 December	68 505	167 243

No properties were divested in 2017 or 2018. Total invested capital refers to original investments or acquisitions plus the investments made in the respective properties during the remaining period of the holding.

At every year-end all properties are valued externally. Malmöbryggan Fastighetsekonomi AB carried out a valuation of Volito's properties on 31 December 2018. The properties' values are individually assessed to correspond to the fair value for the respective property.

Volito divested five properties in early 2019. At year-end these were valued at the sales price.

Note 22 presents a description of valuation methods, valuation basis, market parameters etc. that are used in the valuation of the property portfolio.

Note 18 Changes in value of derivatives

Derivatives are financial instruments that according to IFRS 9 are measured at fair value in the balance sheet. Changes in the value of interest rate derivatives are reported under the heading "Changes in value of derivatives" in the income statement. If the agreed interest rate for the derivative deviates from the expected future market interest rate during the derivative's duration a change in value is entered in Volito's balance sheet and income statement, but does not affect the cash flow. The reduced risk in interest payments through long fixed interest rates often creates a larger risk in derivative value due to the time factor. When the duration of the derivative has expired, the value of the interest rate derivative is always zero.

Note 19 Taxes

	2018	2017
The Group		
Current tax	-3 167	-1 154
Deferred tax	3 063	-45 570
Total reported taxes for the Group	**-104**	**-46 724**
The Parent company		
Current tax	–	-121
Deferred tax	4 167	2 774
Total reported taxes for the Parent company	**4 167**	**2 653**

Reconciliation of effective tax	**2018**		**2017**	
	Per cent	**Amount**	**Per cent**	**Amount**
The Group				
Profit before tax		229 954		312 346
Tax according to the current tax rate for the Parent company	22,0 %	-50 590	22,0%	-68 716
Effect of other tax rates for foreign subsidiaries	0,0 %	96	0,0 %	134
Other non-deductible expenses	0,4 %	-932	1,3 %	-4 152
Other tax-exempt income	-10,8 %	24 842	-7,0 %	21 965
Tax relating to previous years	0,3 %	-696	0,0 %	-121
Effect of changed tax rates	-8,8 %	20 203	0,0 %	–
Non-evaluated deductible deficiency	0,2 %	-545	0,1 %	-310
Temporary differences	0,1 %	-188	-0,1 %	407
Adjustment of tax attributable to profit or loss from associated companies and joint ventures	-2,1 %	4 899	-1,3 %	4 127
Other	-1,2 %	2 807	0,0 %	-58
Reported effective tax	**0,0 %**	**-104**	**15,0 %**	**-46 724**

Reconciliation of effective tax	**2018**		**2017**	
	Per cent	**Amount**	**Per cent**	**Amount**
The Parent company				
Profit before tax		77 863		101 670
Tax according to the current tax rate for the Parent company	22,0 %	-17 130	22,0 %	-22 367
Non-deductible expenses	11,0 %	-8 592	3,9 %	-3 942
Tax-exempt income	-38,3 %	29 795	-27,8 %	28 274
Tax relating to previous years	-0,2 %	175	0,1 %	-121
Effect of changed tax rates and tax rules	0,3 %	-195	0,0 %	–
Temporary differences	-0,1 %	114	-0,8 %	809
Reported effective tax	**-5,4 %**	**4 167**	**-2,6 %**	**2 653**

The Group reports current tax of SEK -3 167 K (-1 154). Current tax is calculated on the fiscal results of the companies included in the Group. This is lower than the Group's reported profit or loss before tax, which is mainly because:

- Changes in value relating to investment properties, shares in listed companies and derivatives are not included in the taxable profit or loss.
- Tax deductible depreciation for buildings does not affect the Group's profit or loss
- Directly tax deductible amounts relating to certain rebuilding investments for properties do not affect the Group's profit or loss
- Fiscally utilised deductible deficiency does not affect the Group's profit or loss

The nominal tax rate is 22% in Sweden, 12.5% in Ireland, 7.8% in Switzerland, 20% in Finland and 24% in Norway.
The nominal tax rate in Sweden will be changed in two stages; 2019 and 2020 to 21.4% and in 2021 will change to 20.6%.

In addition to what is reported above, there is also within the Group a tax expense attributable to components in other comprehensive income amounting to SEK -24 720 K (-1 332).

The Group 2018	**Before tax**	**Tax**	**After tax**
Translation differences for the year in translation of overseas businesses	2 704	–	2 704
Participations in associated companies' other comprehensive income	5 126	–	5 126
Change in fair value of equity instruments measured at fair value via other comprehensive income	150 980	-24 720	126 260
Other comprehensive income	**158 810**	**-24 720**	**134 090**

The Group 2017	Before tax	Tax	After tax
Translation differences for the year in translation of overseas businesses	-2 124	–	-2 124
Participations in associated companies' other comprehensive income	5 464	–	5 464
Available-for-sale financial assets – net	-29 502	-1 332	-30 834
Other comprehensive income	**-26 162**	**-1 332**	**-27 494**

Note 20 Scope of other comprehensive income and other reserves

The foreign exchange reserve includes all currency differences that arise in translation of financial statements from foreign subsidiaries that have drawn up their financial statements in currencies other than the currency used in the Group's financial statements. When foreign subsidiaries are wound up or divested this part of the foreign exchange reserve is transferred to profit or loss for the year.

The fair value reserve includes changes in value of shares in equity instruments measured at fair value via other comprehensive income (in 2017: available-for-sale financial assets).

Note 21 Intangible fixed assets

Goodwill	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	62 405	60 805
Acquisition of subsidiaries	7 168	–
Business combinations	–	759
Other investments	–	501
Exchange rate differences for the year	567	340
At year-end	**70 140**	**62 405**
Accumulated depreciation according to plan		
Depreciation according to plan for the year	-215	–
Exchange rate differences for the year	-53	–
At year-end	-268	–
Book value at end of period	**69 872**	**62 405**

Other intangible assets	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	5 748	4 829
Other investments	151	854
Exchange rate differences for the year	99	65
At year-end	**5 998**	**5 748**
Accumulated depreciation according to plan		
At start of the year	-4 518	-3 722
Depreciation according to plan for the year	-427	-742
Exchange rate differences for the year	-86	-54
At year-end	-5 031	-4 518
Book value at end of period	**967**	**1 230**

Total intangible assets	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	68 153	65 634
Acquisition of subsidiaries	7 168	–
Business combinations	–	759
Other investments	151	1 355
Exchange rate differences for the year	666	405
At year-end	**76 138**	**68 153**
Accumulated depreciation according to plan		
At start of the year	-4 518	-3 722
Depreciation according to plan for the year	-642	-742
Exchange rate differences for the year	-139	-54
At year-end	**-5 299**	**-4 518**
Book value at end of period	**70 839**	**63 635**

Other intangible assets	2018-12-31	2017-12-31
The Parent company		
Accumulated acquisition value		
At start and end of year	226	226
Accumulated depreciation according to plan		
At start of the year	-113	-38
Depreciation according to plan for the year	-75	-75
At year-end	**-188**	**-113**
Book value at end of period	**38**	**113**

Write-down testing of goodwill in cash-generating units

The Volito Group's financial position as at 31 December 2018 includes goodwill of SEK 69 872 K (62 405). The entire amount is attributable to acquisitions in the Volito Industry group.

	2018-12-31	2017-12-31
The Group		
HydX AB	35 980	35 980
MPS Mini Power Systems AB	7 168	–
Hydraulic Supplier i Norden AB	7 657	7 657
Hydraulik- och Industriservice i Vetlanda AB	6 901	6 901
Hydrosystem Oy	12 166	11 867
At year-end	**69 872**	**62 405**

Write-downs of goodwill

During 2018, the Group made no write-downs of goodwill. In all of the cash-generating units where a calculation of recoverable amount was carried out and no write-down requirement was identified, it is the company management's assessment that no reasonably possible changes in important assumptions would cause the recoverable amount to fall below the book value.

Method for calculating recoverable amounts

For all goodwill values the recoverable amount has been measured through a calculation of the value in use for the cash-generating unit. The calculation model is based on a discounting of future forecast cash flows that are set against the unit's book value. The future cash flows are based on 3-year forecasts compiled by the management of the respective cash-generating unit. In testing of goodwill an infinite horizon has been assumed and extrapolation of the cash flow after the forecast period has been based on a growth rate from year 4 of approx. 2%.

Important variables for calculating value in use:

The following variables are significant and common for all cash-generating units in the calculation of value in use.

TURNOVER:

The businesses' competitiveness, expected business climate trend for the hydraulic sector, general social-economic development, interest rates and local market conditions.

OPERATING MARGIN:

Historical profitability level and efficiency of the business, access to key people and qualified work force, ability to cooperate with customers, access to internal resources, cost trends for salaries and materials.

OPERATING CAPITAL REQUIREMENTS:

An assessment on a case-by-case basis of whether the operating capital level reflects the business's requirements or needs to be adjusted for the forecast periods. For future development a cautious assumption is that it follows growth in turnover. A high level of internally developed projects can mean a greater need for operating capital.

INVESTMENT REQUIREMENTS:

The investment needs of the business are assessed based on the investments required to reach forecast cash flow at the base level, i.e. without investments in expansion. In normal cases, the investment level has corresponded to the depreciation rate on tangible fixed assets.

DISCOUNT RATE OF INTEREST:

The discount rate of interest is determined through a balanced average cost of capital for the hydraulic sector and reflects current market assessments of the money's time value and the risks that in particular apply to the asset for which the future cash flows have not been adjusted. For cash-generating units a discount rate of interest estimated as a WACC of 8.3% (7.0%) is used.

Note 22 Investment properties

The greater part of Volito's properties have been classified as investment properties. Investment properties are properties held with an aim to generate rental income or value growth, or a combination of the two. Investment properties are reported in the statement of financial position at fair value.

Volito rents offices in Malmö in its own properties. The rental amount for internal renting makes up a negligible part of the respective property's total rental value, which is why no classification as a business property has been made for these properties.

Volito holds no property that has been acquired or rebuilt for subsequent immediate sale, which is why no property has been classified as a property held for resale.

Investments for the year amounted to SEK 281.4 million (302.7), see Note 26.

The property portfolio's fiscal residual value amounted at year-end to SEK 1 730.0 million (1 821.0).

Calculation of fair value

On 31 December 2018, the company carried out an external market valuation of the Group's properties. The fair value of the investment properties has been assessed by an external, independent property appraiser with relevant professional qualifications and experience of both current market areas and the type of property that is being valued. Volito has used Malmöbryggan Fastighetsekonomi AB.

The valuation has been done in accordance with the guidelines applied in the SFI/IPD Swedish Real Estate Index. Fair value has been estimated through the application of the present value method, which is calibrated against comparable purchases and other available, relevant market information. The present value method is based on the present value calculation of future actual cash flows that is gradually market-adjusted, normally over five to eight years, and the present value of assessed residual value at the calculation period's end. Valuation of investment properties has been categorised as belonging to level three in the fair value hierarchy, as non-observable input data used in the valuation has a significant effect on the assessed value. The properties' values are individually assessed to correspond to the fair value of the respective property.

The value is calculated as an average yield of 4.37% (4.55 %).

Reconciliation of property valuation	2018-12-31	2017-12-31
Properties' value according to external appraisers	3 587 755	3 229 000

Change in book value for the year	2018-12-31	2017-12-31
Book value at start of the year	3 229 000	2 763 700
Investments	224 129	288 108
Reclassifications	66 121	9 948
Change in value of remaining properties at year-end	68 505	167 244
Book value	**3 587 755**	**3 229 000**

Summary

Valuation date	**2018-12-31**	**2017-12-31**
Calculation period	5–9 years In normal cases, five years for the most recent properties. However, certain properties have other calculation periods due to length of contracts.	5–8 years
Assessed direct yield requirement, residual value	3,0–6,25 %	2,75–6,5 %
Long-term vacancy rate	2,0 %	3,5–10,0 %
Operating and maintenance costs	Assessed normalised cost levels (SEK 153-487/m²) based on outcome 2016–2017, forecast 2018 and budget 2019.	
Inflation forecast	CPI assessed to rise by 1.9% for 2019, thereafter 2.0% per year.	

Accrued rebuilding expenses regarding properties classified as investment properties are reported under the item "Fixed assets under construction and advances relating to tangible fixed assets." Note 26.

	2018-12-31	2017-12-31
The Group	3 995	17 340

Investment properties – effect on profit or loss for the period

	2018-12-31	2017-12-31
The Group		
Rental revenue	178 151	155 512
Direct costs for investment properties that generated rental revenue during the period (operating and maintenance costs, property tax and ground rent)	-48 469	-47 800

The duration of the contract portfolio for commercial premises within the Volito Group as at 31 December 2018 expires according to the table below. Stated amounts refer to contracted closing annual rents in the portfolio:

	2018-12-31	2017-12-31
The Group		
Within one year	20 855	23 597
Between one and five years	101 847	103 457
Longer than five years	52 554	48 335
	175 256	**175 389**

Counterparty risks in rental revenue

According to the contract portfolio at year-end, rental revenue was divided between 91% (97%) commercial properties and 9% (3%) residential. The commercial rental revenue was divided between 162 (163) contracts in a number of different sectors. With the aim of limiting exposure to credit losses, regular follow-ups are made of tenants' credit ratings. No sector or tenant accounts for more than 10% of the rental income.

Note 23 Industrial premises

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	10 589	10 589
New acquisitions	55	–
	10 644	**10 589**
Accumulated depreciation according to plan		
At start of the year	-6 408	-6 134
Depreciation according to plan for the year	-211	-274
	-6 619	**-6 408**
Book value at end of period	**4 025**	**4 180**

Of which, land	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value	**598**	**598**

Note 24 Machinery and other technical fixed assets

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	5 850	5 360
New acquisitions	1 732	490
Divestments and disposals	-110	–
	7 472	**5 850**
Accumulated depreciation according to plan		
At start of the year	-3 145	-2 724
Depreciation according to plan of acquisition value for the year	-533	-421
	-3 678	**-3 145**
Book value at end of period	**3 794**	**2 704**

Note 25 Equipment, tools and installations

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	45 429	43 793
New acquisitions	12 625	5 495
Acquisition of subsidiaries	904	–
Divestments and disposals	-4 921	-3 925
Reclassifications	1 733	–
Exchange rate differences for the year	109	66
	55 879	**45 429**
Accumulated depreciation according to plan		
At start of the year	-23 931	-22 431
Acquisition of subsidiaries	-724	–
Divestments and disposals	2 263	3 128
Depreciation according to plan of acquisition value for the year	-6 192	-4 577
Exchange rate differences for the year	-82	-51
	-28 666	**-23 931**
Book value at end of period	**27 213**	**21 498**

The Parent company	2018-12-31	2017-12-31
Accumulated acquisition value		
At start of the year	3 991	5 266
New acquisitions	46	44
Divestments and disposals	–	-1 319
	4 037	**3 991**
Accumulated depreciation according to plan		
At start of the year	-1 374	-2 593
Divestments and disposals	–	1 319
Depreciation according to plan of acquisition value for the year	-8	-100
	-1 382	**-1 374**
Book value at end of period	**2 655**	**2 617**

Note 26 Fixed assets under construction and advances relating to tangible fixed assets

	2018-12-31	2017-12-31
The Group		
At start of the year	17 375	12 732
Reclassifications to investment properties	-66 121	-9 948
Expensing of renovation work	–	-14 431
Reclassification accrued	-4 506	–
Reclassifications to machinery and equipment	-1 733	–
Investments	59 005	29 022
Book value at end of period	**4 020**	**17 375**

Borrowing expenses
No activated interest is included in the acquisition value.

Note 27 Participations in subsidiaries

	2018-12-31	2017-12-31
Accumulated acquisition value		
At start of the year	586 250	582 630
Granted shareholders' contributions	15 311	3 620
Divestment/liquidation	-42 157	–
Mergers	-510	–
	558 894	**586 250**
Accumulated write-downs		
At start of the year	-216 558	-211 938
Divestment/liquidation	42 157	–
Write-downs for the year	-36 311	-4 620
	-210 712	**-216 558**
Book value at end of period	**348 182**	**369 692**

Note 27 (cont.) Specification of the Parent company's and Group's holdings of participations in subsidiaries

Subsidiary / Corp. ID No. / Registered office	No. of shares	Share in in % [1]	2018-12-31 Book value	2017-12-31 Book value
Volito Aviation AB, 556603-2800, Malmö	10 000	100,0	30 588	51 588
Volito Fastigheter AB, 556539-1447, Malmö	423 000	100,0	312 014	312 014
Volito Fastighetsutveckling AB, 556375-6781, Malmö		100,0		
Volito Fastighetsförvaltning AB, 556142-4226, Malmö		100,0		
Fastighetsbolaget Flygledaren HB, 916760-2035, Malmö		100,0		
HB Ran Förvaltning, 916766-5224, Malmö		100,0		
Volito Fastighetskupolen AB, 556629-1117, Malmö		100,0		
Fastighets AB Centralposthuset i Malmö, 556548-1917, Malmö		100,0		
Volito Leisure AB, 556541-9164, Malmö		100,0		
Volito Agatel AB, 556677-1472, Malmö		100,0		
Volito Fosiestenen AB, 556690-0873, Malmö		100,0		
Volito Mosippan AB, 556131-7979, Malmö		100,0		
Volito Delfinen AB, 556630-7988, Malmö		100,0		
Volito Proveniens AB, 556758-2415, Malmö		100,0		
Volito Sankt Peter AB, 556658-6904, Malmö		100,0		
Volito Claus AB, 556758-3090, Malmö		100,0		
Volito Laxen AB, 556758-3975, Malmö		100,0		
Volito Stjärnan AB, 556758-3074, Malmö		100,0		
Volito Södra Porten AB, 556758-3108, Malmö		100,0		
Volito Söderhavet AB, 556758-3561, Malmö		100,0		
Volito Visenten AB, 556749-9636, Malmö		100,0		
Volito Elefanten AB, 559125-9766, Malmö		100,0		
Volito Industri AB, 556662-5835, Malmö	81 900	91,0	5 460	5 460
Volito Automation AB, 556669-2157, Malmö		100,0		
HydX AB, 556791-5326, Ystad		100,0		
MPS Mini Power Systems AB, 556695-2320, Borås		100,0		
Hydraulic Supplier i Norden AB, 556718-2091, Malmö		100,0		
Hydraulik- och Industriservice i Vetlanda AB, 556281-7352, Vetlanda		100,0		
Hintratech AB, 556568-9436, Vetlanda		100,0		
Hyd Partner A/S, 913929616, Krokkleiva, Norway		100,0		
Hydrosystem Oy, 0606351-2, Jyväskylä, Finland		100,0		
Other subsidiaries, dormant			120	630
			348 182	**369 692**

1) Refers to the ownership share of the capital, which also agrees with the proportion of votes for the total number of shares.

Subsidiary	Country	Business segment	Holding with non-controlling interest 2018-12-31	2017-12-31
Volito Industri AB	Sweden	Industry	9 %	9 %

Subsidiaries	Volito Industri AB (group) 2018	2017
Net sales	339 990	276 253
Profit or loss	2 379	3 407
Total comprehensive income	2 379	3 407
Attributable to acquisitions with non-controlling interest	0	0
Fixed assets	85 418	76 990
Current assets	130 329	105 378
Long-term liabilities	-112 689	-111 913
Short-term liabilities	-113 998	-90 405
Net assets	**-10 940**	**-19 950**
Attributable to acquisitions with non-controlling interest	0	0
Cash flow from:		
Operating activities	5 870	12 019
Investing activities	-11 015	-16 550
Financing activities	6 845	4 361
Cash flow for the year	**1 700**	**-170**

As the net assets are negative, receivables from holdings with non-controlling interest have not been reported.

Effects of acquisitions in 2018
On 1 July 2018, the Group acquired 100% of the shares in MPS Mini Power Systems AB for SEK 10.5 million. The company develops lifting stands for the automotive industry and will be merged with HydX AB in Ystad in February 2019. Volito expects synergy effects on both the revenue and cost sides when the MPS offering becomes a part of the HydX range. In the six months until 31 December 2018, the subsidiary contributed SEK 8.7 million to the Group's revenues and SEK 0.6 million to the Group's profit after tax. If the acquisition has occurred on 1 January 2018, the company management estimates that the Group's revenues would have increased by SEK 10.3 million and the period's profit after tax would have been SEK 0.6 million higher.

MPS net assets	
Acquired assets and liabilities:	
Group goodwill	7 168
Tangible fixed assets	51
Inventories	1 795
Operating receivables	4 510
Liquid funds	1 903
Total assets	**15 427**
Operating liabilities	6 149
Total assets and liabilities	**6 149**
Purchase price	10 500
Promissory note	-1 835
Paid purchase price	**8 665**

In addition to the acquisition above, an additional purchase price of SEK 0.6 million was paid out relating to the subsidiary, Hindab AB, acquired in 2017.

Note 28 Receivables from subsidiaries

	2018-12-31	2017-12-31
The Parent company		
Book value at start and end of year	**107 997**	**107 997**

Note 29 Participations in joint ventures

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	59 649	32 347
Acquisitions for the year	9 500	23 838
Participations in joint ventures' profit for the year	3 761	3 464
	72 909	**59 649**

Specification of the Parent company's and Group's holdings of participations in joint ventures

Joint venture/Corp. ID no., Registered office	Shares / number in %	Equity share's value in the Group	2018-12-31 Book value at Parent company
Indirectly owned			
Nya Bara Utvecklings AB, 556858-4311, Bara	50,0	43 434	–
Point Hyllie Holding AB, 559023-4034, Malmö	50,0	29 475	–
Book value at end of period		**72 909**	**–**

Joint venture/Corp. ID no., Registered office	Shares / number in %	Equity share's value in the Group	2017-12-31 Book value at Parent company
Indirectly owned			
Nya Bara Utvecklings AB, 556858-4311, Bara	50,0	33 343	–
Point Hyllie Holding AB, 559023-4034, Malmö	50,0	26 306	–
Book value at end of period		**59 649**	**–**

Below is a specification of the group-wise value relating to the owned participations in joint ventures' income and expense, as well as assets and liabilities.

	Nya Bara Utvecklings AB		Point Hyllie AB	
	2018	2017	2018	2017
Income	9 460	8 509	14 908	13 931
Expense	-6 368	-5 769	-14 239	-13 208
	3 092	**2 740**	**669**	**723**
Assets	186 679	159 947	521 092	436 107
Liabilities	-143 245	-126 604	-511 376	-429 560
Acquired surplus value	–	–	19 759	19 759
Net assets	**43 434**	**33 343**	**29 475**	**26 306**

Note 30 Receivables from joint ventures

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	185 399	150 252
Additional receivables	5 000	33 226
Reclassifications	2 305	1 921
Book value at end of period	**192 704**	**185 399**

Note 31 Participations in associated companies

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	368 952	362 555
Purchases	30 696	–
Participations in associated companies' profit for the year	34 065	35 707
Participations in associated companies' other comprehensive income for the year	5 126	5 464
Exchange rate differences for the year	1 844	-2 848
Transactions relating to equity		
Dividends	-16 875	-32 363
Transactions with owners	-15 473	437
Book value at end of period	**408 335**	**368 952**
The Parent company		
Accumulated acquisition value		
At start of the year	195 223	195 223
Purchases	30 696	–
Book value at end of period	**225 919**	**195 223**

Specification of the Parent company's and Group's holdings of participations in associated companies

Associated company/Corp. ID no., Registered office	Shares /number in %	Equity share's value in the Group	2018-12-31 Book value at Parent company
Directly owned			
Bulten AB (publ), 556668-2141, Gothenburg	23,6	387 538	225 919
Nordkap Holding AG, CHE - 110.234.439, Zug, Switzerland	40,0	0	0
Indirectly owned			
Volito Aviation AG, CHE - 111.972.238, Zug, Switzerland	49,0	20 797	–
		408 335	**225 919**

Specification of the Parent company's and Group's holdings of participations in associated companies

Associated company/Corp. ID no., Registered office	Shares /number in %	Equity share's value in the Group	2017-12-31 Book value at Parent company
Directly owned			
Bulten AB (publ), 556668-2141, Gothenburg	21,9	347 520	195 223
Nordkap Holding AG, CHE - 110.234.439, Zug, Switzerland	40,0	0	0
Indirectly owned			
Volito Aviation AG, CHE - 111.972.238, Zug, Switzerland	49,0	21 432	–
		368 952	**195 223**

Below is a specification of the group-wise value relating to owned participations in associated companies' income and expense, as well as assets and liabilities

	Bulten AB (publ.)		Volito Aviation AG	
	2018	2017	2018	2017
Income	707 929	631 797	388	13 626
Expense	-675 213	-596 475	-2 867	-13 241
Acquired participations	3 828	–	–	–
	36 544	**35 322**	**-2 479**	**385**
Assets	551 607	476 043	22 277	22 553
Liabilities	-196 873	-161 327	-1 480	-1 121
Acquired surplus value	32 804	32 804	–	–
Net assets	**387 538**	**347 520**	**20 797**	**21 432**

Note 32 Receivables from associated companies

	2018-12-31	2017-12-31
The Group		
Accumulated acquisition value		
At start of the year	44 106	46 634
Exchange rate differences for the year	3 510	-2 528
	47 616	44 106
Accumulated write-downs		
At start of the year	-44 106	-46 634
Reversed write-downs for the year	16 211	–
Exchange rate differences for the year	-3 343	2 528
	-31 238	-44 106
Book value at end of period	**16 378**	**0**

Note 33 Holdings in other long-term securities

	2018-12-31	2017-12-31
The Group		
Available-for-sale financial assets		
Shares and participations	1 953 091	1 777 676
Book value at year-end	**1 953 091**	**1 777 676**

Changes relating to other long-term securities holdings for the year

	2018-12-31	2017-12-31
The Parent company		
Accumulated acquisition value		
At start of the year	1 033 602	481 255
Additional assets	34 060	565 726
Divested assets	-9 148	-13 379
	1 058 514	1 033 602
Accumulated write-downs		
At start of the year	-5 588	-2 557
Write-downs for the year	–	-3 031
	-5 588	-5 588
Book value at year-end	**1 052 926**	**1 028 014**

	2018-12-31		2017-12-31	
List of securities	**The Group**	**The Parent company**	**The Group**	**The Parent company**
Peab AB (publ)	1 209 080	449 825	1 179 020	449 825
Anticimex AB	620 035	500 035	500 035	500 035
Sdiptech AB (publ)	16 600	22 400	18 480	22 400
EQT funds	91 214	76 284	65 076	51 272
Avensia AB (publ)	9 280	3 864	6 481	3 864
NAC Luxembourg I S.A.	3 878	–	5 171	–
Other	3 004	518	3 413	618
	1 953 091	**1 052 926**	**1 777 676**	**1 028 014**

Note 34 Deferred tax asset/tax liability

	Deferred tax asset	Deferred tax liability	Net
The Group 2018			
Accelerated depreciation			
Investment properties		37 236	-37 236
Machinery and inventories		875	-875
Tax allocation reserves		1 715	-1 715
Fair value			
Investment properties	–	275 743	-275 743
Swaps	–	-13 585	13 585
Group-wise surplus value			
Buildings and land	–	267	-267
Temporary differences	–	25 015	-25 015
Other	–	916	-916
Deductible deficiency	8 098	–	8 098
Net deferred tax liability	**8 098**	**328 182**	**-320 084**
The Group 2017			
Accelerated depreciation			
Investment properties		36 134	-36 134
Machinery and inventories		1 779	-1 779
Tax allocation reserves		1 840	-1 840
Fair value			
Investment properties	–	273 909	-273 909
Swaps	–	-15 366	15 366
Group-wise surplus value			
Buildings and land	–	297	-297
Temporary differences	–	3 037	-3 037
Other	490	894	-404
Deductible deficiency	4 010	–	4 010
Net deferred tax liability	**4 500**	**302 524**	**-298 024**

	Deferred tax asset	Deferred tax liability	Net
The Parent company 2018			
Deductible deficiency	**6 941**	**–**	**6 941**
The Parent company 2017			
Deductible deficiency	**2 774**	**–**	**2 774**

The change in the Parent company between years has been reported as deferred tax expense.

Deferred taxes are valued based on the nominal rate of tax. The only exception to this rule is the acquisition of material assets in which the tax assessment was a significant part of the business transaction when the deferred tax is valued based on the purchase price. All deferred taxes have been valued at a nominal amount as at 31 December 2018 (the same applies for the previous year).

Unreported deferred tax assets

Deductible temporary differences and fiscal deductible deficiencies for which deferred tax assets have not been reported in the income statement and balance sheet:

	2018-12-31	2017-12-31
Fiscal deficit	**8 845**	**8 887**

None of the fiscal deficit relates to Swedish subsidiaries and hence it cannot be offset against profits in other companies by group contributions.

Note 35 Financial leasing agreements

One of the properties in the Volito Fastigheter group is leased out on a financial leasing agreement.

	2018-12-31	2017-12-31
The Group		
Reconciliation of the gross investment and the present value of the receivable relating to future minimum leasing fees:		
Gross investment	38 711	41 250
Less: unearned financial income	-12 913	-14 434
Net investment in financial leasing agreements	25 798	26 816
Less: non-guaranteed residual value that goes to the lessor	–	–
Present value of receivable relating to future minimum leasing fees	**25 798**	**26 816**
As at 31 December the breakdown of the remaining durations was as follows:		
Gross investment		
Within one year	2 538	2 538
Between one and five years	10 154	10 154
Longer than five years	26 019	28 558
	38 711	41 250
Less: unearned financial income	-12 913	-14 434
Net investment in financial leasing agreements	**25 798**	**26 816**
Present value of receivable relating to future minimum leasing fees		
Within one year	1 079	1 017
Between one and five years	5 007	4 394
Longer than five years	19 712	21 405
	25 798	**26 816**
Variable component of leasing fee included in profit or loss for the period	157	121

Variable fees change in accordance with the CPI according to the rental agreement.

Note 36 Other long-term receivables

	2018-12-31	2017-12-31
The Group and Parent company		
Accumulated acquisition value		
At start of the year	357	15 791
Regulated receivables	–	-15 434
	357	357
Accumulated write-downs		
At start of the year	-357	-13 792
Reversed write-downs for the year	–	13 435
	-357	-357
Book value at year-end	**–**	**–**

Note 37 Prepaid expenses and accrued income

	2018-12-31	2017-12-31
The Group		
Prepaid expenses	5 175	5 316
Prepaid rents	1 430	1 540
Borrowing costs allocated to period	402	1 289
Accrued income	1 235	1
	8 242	**8 146**
The Parent company		
Prepaid expenses	944	1 411
Accrued income	35	1
	979	**1 412**

Note 38 Liquid funds

Liquid funds consist of cash and bank balances. Unutilised bank overdraft facilities that are not included in liquid funds amount to SEK 150.7 million (120.6), of which in the Parent company, SEK 150.7 million (120.6).

Note 39 Equity

	Number of issued shares		
	Fully paid	Not fully paid	Quota value
Class B shares	2 440 000	–	100

All shares have the same voting rights, one vote per share.

Other contributed capital
Refers to equity that is contributed by the owners. This includes premiums paid in connection with share issues.

Reserves
Foreign exchange reserve
The foreign exchange reserve includes all the exchange rate differences that arise from translating financial statements in a currency other than the currency used to present the consolidated financial statements. The Parent company and the Group present their financial statements in SEK. Furthermore, the foreign exchange reserve includes the exchange rate differences that arise in expanded investment in foreign businesses as well as re-loans from foreign businesses.

Fair value reserve
The fair value reserve includes the accumulated net change in fair value after tax of equity instruments that are reported at fair value via other comprehensive income.

Retained earnings including profit or loss for the year
Retained earnings including profit or loss for the year includes profits from the Parent company and its subsidiaries, jointly controlled companies and associated companies.

The Parent company
Reserve fund
The aim of the reserve fund has been to save a part of the net profit that is not designated for covering losses carried forward. The reserve fund also includes amounts that prior to 1 January 2006 were transferred to the premium reserve. The reserve is not to be reduced through paying a dividend.

Retained earnings
Includes the previous year's profit or loss brought forward after paying a dividend. Constitutes together with profit or loss for the year the total non-restricted equity, i.e. the amount that is available for dividends to shareholders.

Proposed allocation of the company's profit
The Board of Directors and CEO propose that the unappropriated earnings, SEK 513 880 647.89 are allocated as follows (SEK):

Dividend, (2 440 000 * SEK 15.50 per share)	37 820 000
Retained earnings carried forward	476 060 648
	513 880 648

Information on allocation of profit
The Group's equity has been calculated in accordance with the EU-developed IFRS standards and interpretations of these (IFRIC), and in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 1 Supplementary reporting rules for groups.

The Parent company's equity has been calculated in accordance with Swedish law through the application of the Swedish Financial Accounting Standards Council reporting recommendation RFR 2 Reporting for legal entities. The proposed dividend reduces the Parent company's equity ratio from 42% to 40%. The equity ratio is prudent, in view of the fact that the company's activities continue to operate profitably. Liquidity in the Group is expected to be maintained at a similarly stable level.

The Board's understanding is that the proposed dividend will not hinder the company from carrying out its obligations in the short or long term, nor from conducting necessary investments. The proposed dividend is thus defensible with consideration to what is stated in ABL chapter 17, section 3, paragraph 2-3 (prudence principle).

Note 40 Interest-bearing liabilities

	2018-12-31	2017-12-31
The Group		
Due date, up to 1 year from accounting year-end	2 551 551	44 068
Due date, 1-5 years from accounting year-end	544 217	2 752 130
Due date, more than five years from accounting year-end	48 703	52 386
	3 144 471	**2 848 584**
The Parent group		
Due date, up to 1 year from accounting year-end	569 334	29 376
Due date, 1-5 years from accounting year-end	500 000	970 000
	1 069 334	**999 376**

Long-term liabilities	**2018-12-31**	**2017-12-31**
The Group		
Bank loans	515 390	2 739 797
Derivative instruments	65 943	69 845
Leasing liabilities	11 587	9 566
	592 920	**2 819 208**
The Parent company		
Bank loans	500 000	970 000

Short-term liabilities	**2018-12-31**	**2017-12-31**
The Group		
Bank loans	2 449 814	13 210
Bank overdraft facilities	99 334	29 376
Derivative instruments	–	52
Leasing liabilities	2 403	1 430
	2 551 551	**44 068**

	2018-12-31	2017-12-31
The Parent company		
Bank loans	470 000	–
Bank overdraft facilities	99 334	29 376
	569 334	**29 376**

	2018-12-31	2017-12-31
The Group		
Borrowings at the start of the year	2 848 584	2 070 901
Additional borrowings	238 000	821 600
Regulated borrowings	-12 593	-11 075
Change in bank overdraft facilities	69 958	-18 675
Change in leasing liabilities	4 424	165
Change in value of derivatives	-3 902	-14 332
	3 144 471	**2 848 584**
The Parent company		
Borrowings at the start of the year	999 376	518 051
Additional borrowings	–	500 000
Regulated borrowings	–	-23 845
Change in Group account	69 958	5 170
	1 069 334	**999 376**

The Group's derivative instruments consist of interest rate swaps, which are utilised to cover risks of changes in interest rates. Derivative instruments are reported continuously at fair value in accordance with IAS 39. Changes in value of interest rate derivatives are reported in the income statement on a separate line "Change in value of derivatives." The change in value for the year amounts to SEK 3.9 million (14.3).

	2018-12-31	2017-12-31
Value of swaps IFRS 7, level 2		
Brought forward fair value, liability	69 845	84 177
Change in value	-3 902	-14 332
	65 943	**69 845**

Note 41 Bank overdraft facilities

	2018-12-31	2017-12-31
The Group and Parent company		
Granted credit limit	250 000	150 000
Unutilised part	-150 666	-120 624
Utilised credit amount	**99 334**	**29 376**

Note 42 Measurement of financial assets and liabilities at fair value

For a description of how the Group's financial assets and financial liabilities are classified under IFRS 9, see Note 1 "Significant accounting principles". The table below shows the book value compared with the assessed fair value per type of financial asset and liability.

The fair value of listed shareholdings has been calculated according to the closing rate at year-end. The fair value of fund participations is based on the Net Asset Value (NAV) that has been provided by the administering institute. The fair value of the Group's holding in Anticimex is based on a multiple that stems from the listed share price of comparable companies and expected growth in EBITA. For other non-listed holdings, the acquisition value essentially corresponds to the fair value. The fair value of interest rate swaps is based on a present value of future cash flow discounted with a market rate of interest for remaining durations.

For the Group's interest-bearing liabilities the book value is considered to be a reasonable approximation of the fair value. The same applies for other items that are not measured at fair value in the statement of financial position, such as accounts receivable – trade and accounts payable – trade.

	Measured at fair value via profit or loss		Measured at fair value via other comprehensive income *		Valued at amortised cost **		Total book value		Total fair value	
Amounts in SEK M	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
The Group										
Financial assets										
Other long-term securities holdings	98,1	0,0	1 855,0	1 777,7	0,0	0,0	1 953,1	1 777,7	1 953,1	1 777,7
Interest-bearing long-term receivables	0,0	0,0	0,0	0,0	209,1	185,4	209,1	185,4	209,1	185,4
Other long-term receivables	0,0	0,0	0,0	0,0	24,7	25,8	24,7	25,8	24,7	25,8
Accounts receivable – trade	0,0	0,0	0,0	0,0	40,6	38,5	40,6	38,5	40,6	38,5
Interest-bearing short-term receivables	0,0	0,0	0,0	0,0	9,1	4,0	9,1	4,0	9,1	4,0
Prepaid expenses and accrued income	0,0	0,0	0,0	0,0	0,4	1,3	0,4	1,3	0,4	1,3
Other short-term receivables	0,0	0,0	0,0	0,0	5,2	5,9	5,2	5,9	5,2	5,9
Cash and bank balances	0,0	0,0	0,0	0,0	10,4	6,4	10,4	6,4	10,4	6,4
Total financial assets	**98,1**	**0,0**	**1 855,0**	**1 777,7**	**299,5**	**267,3**	**2 252,6**	**2 045,0**	**2 252,6**	**2 045,0**

* 2017: "Available-for-sale financial assets" ** 2017: "Loans and receivables"

	Measured at fair value via profit or loss		Valued at amortised cost		Total book value		Total fair value	
Amounts in SEK M	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Financial liabilities								
Interest-bearing financial liabilities	65,9	69,8	527,0	2 734,7	592,9	2 804,5	592,9	2 804,5
Other long-term liabilities	0,0	0,0	1,8	5,0	1,8	5,0	1,8	5,0
Interest-bearing short-term liabilities	0,0	0,1	2 551,6	44,0	2 551,6	44,1	2 551,6	44,1
Accounts payable – trade	0,0	0,0	43,5	42,2	43,5	42,2	43,5	42,2
Accrued expenses and deferred income	0,0	0,0	33,7	31,4	33,7	31,4	33,7	31,4
Other short-term liabilities	0,0	0,0	15,6	9,1	15,6	9,1	15,6	9,1
Total financial liabilities	**65,9**	**69,9**	**3 173,2**	**2 866,4**	**3 239,1**	**2 936,3**	**3 239,1**	**2 936,3**

The effects of measuring financial instruments at fair value is included in the Groups' profit or loss with a total of SEK 5.0 million (14.3) and relates to the market value of non-listed shares, fund participations and interest rate swaps. In 2017, only interest rate swaps were measured at fair value via the income statement.

Fair value

Fair value is determined though categorisation based on three levels.
Level 1: according to the quoted price in an active market for an identical instrument.
Level 2: based on direct or indirect observable market data that is not included in level 1.
Level 3: based on input data that is not observable in the market.

The table below shows the division by level of the financial assets and liabilities that are reported at fair value in the balance sheet.

	Level 1		Level 2		Level 3		Total	
Amounts in SEK M	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
The Group								
Financial assets								
Other long-term securities holdings								
Market listed	1 234,9	1 204,0	0,0	0,0	0,0	0,0	1 234,9	1 204,0
Fund holdings	0,0	0,0	0,0	0,0	91,2	65,1	91,2	65,1
Other securities holdings	0,0	0,0	0,0	0,0	626,9	508,6	626,9	508,6
Total financial assets	**1 234,9**	**1 204,0**	**0,0**	**0,0**	**718,1**	**573,7**	**1 953,0**	**1 777,7**
Financial liabilities								
Other long-term liab.								
Interest rate swaps	0,0	0,0	65,9	69,8	0,0	0,0	65,9	69,8
Other short-term liab.								
Interest rate swaps	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,1
Total financial liabilities	**0,0**	**0,0**	**65,9**	**69,9**	**0,0**	**0,0**	**65,9**	**69,9**

Reconciliation of fair value in level 3

The table below presents a reconciliation between incoming and outgoing balances for financial instruments measured in level 3.

The Group	**Funds**	**Non-listed shares**	**Total**
Fair value at 2017-01-01	**38,0**	**8,6**	**46,6**
Total reported profits and losses:			
Reported in other comprehensive income	6,1	0,0	6,1
Acquisition value, acquisitions	33,9	500,0	533,9
Settlement at sale	-12,9	0,0	-12,9
Fair value at 2017-12-31	**65,1**	**508,6**	**573,7**

The Group	**Funds**	**Non-listed shares**	**Total**
Fair value at 2018-01-01	**65,1**	**508,6**	**573,7**
Total reported profits and losses:			
Reported in other comp. income	0,0	120,0	120,0
Reported in profit/loss for the year*	1,1	-0,4	0,7
Acquisition value, acquisitions	34,1	0,0	34,1
Settlement at sale	-9,1	-1,3	-10,4
Fair value at 2018-12-31	**91,2**	**626,9**	**718,1**

* Reported in Profit or loss from other financial income and expense in the income statement.

Sensitivity analysis for level 3 holdings
Holding of shares in Anticimex

For the Group's holding of shares in Anticimex a change of the multiple by +/-10% means a change in fair value of SEK +/- 86 million. In a corresponding way, a change in expected EBITA of +/- 10% means a change in fair value of SEK +/- 86 million.

Fund holdings

For holdings of non-listed funds, the Group does not have access to the input data used by the administering institute in the valuation of fund participations. A sensitivity analysis that shows the effects of reasonable possible changes in input data can therefore not be provided.

Note 43 Financial instruments and financial risk management

Framework for financial risk management

In its business activities the Volito Group is exposed to various types of financial risks. Financial risks relate to changes in exchange rates and interest rates that affect the company's cash flow, earnings and thereby associated equity. Financial risks also include credit and refinancing risks.

The Group's finance policy for managing financial risks has been designed by the Board and creates a framework of guidelines and rules in the form of risk mandates and limits for the business. Responsibility for the Group's financial transactions and risks are managed centrally by the Group's Finance function, which is within the Parent company. The overall aim for the Finance function is to provide cost-efficient financing and to minimise negative effects on the Group's earnings that stem from market risks. Reporting is conducted on a regular basis to the CEO and the Board, which have overall responsibility for financial risk management.

Management of financial risks

Liquidity and financing risks

Liquidity and financing risks refer to the risks of not being able to fulfil payment obligations as a result of insufficient liquidity or difficulties in arranging new loans. Volito shall be able to carry through business transactions when the opportunity arises and always be able to fulfil its obligations. Refinancing risks increase if the company's credit rating deteriorates or a large part of the debt portfolio becomes due on one or only a few dates.

Liquidity risks are managed through both regular liquidity forecasts and Volito's access to credit or liquid assets that can be raised at short notice in order to even out fluctuations in the payment flow.

Borrowing risks refer to risks that financing is unavailable or available on poor conditions at a certain time. In order to limit financing risks, Volito strives to spread final due dates regarding credit over as long a period as possible according to the prevailing market conditions.

Part of Volito's borrowing is linked to fulfilling financial ratios (covenants) in the form of interest coverage ratio and equity ratio, which is customary for this type of borrowing. These ratios are followed up continuously and make up a part of the management's framework for financial planning of the business. Volito fulfilled these ratios by a good margin at year-end. Volito's policy regarding borrowing is that the due dates for loans shall be spread over time. Volito's policy regarding interest rates is that loan periods for the portfolio shall be well balanced and adjusted to the company's current view of the interest rate market at any given time.

Duration analysis of financial liabilities, non-discounted cash flow including interest:

2018-12-31	Nominal amount in original currency	1 year or less	1–5 years	>5 years	Total
Interest-bearing financial liabilities					
Bank loans, SEK, Real Estate	1 995 204	1 991 924	4 975	11 782	2 008 681
Derivatives		23 698	73 008	20 512	117 218
Investment loans, SEK	970 000	483 865	509 936	–	993 801
Leasing liabilities	13 990	2 403	11 587	–	13 990
Bank overdraft facilities, SEK	99 334	103 659	–	–	103 659
Total interest-bearing financial liabilities		**2 605 549**	**599 506**	**32 294**	**3 237 349**
Non-interest-bearing financial liabilities					
Accounts payable – trade, SEK	39 612	39 612	–	–	39 612
Accounts payable – trade, EUR	382	3 925	–	–	3 925
Other short-term liabilities	15 577	15 577	–	–	15 577
Total non-interest-bearing financial liabilities		**59 114**	**–**	**–**	**59 114**
Total financial liabilities		**2 664 663**	**599 506**	**32 294**	**3 296 463**

2017-12-31	Nominal amount in original currency	1 year or less	1–5 years	>5 years	Total
Interest-bearing financial liabilities					
Bank loans, SEK, Real Estate	1 774 797	39 013	1 754 931	12 976	1 806 920
Derivatives		24 444	86 382	34 662	145 488
Investment loans, SEK	970 000	18 004	996 107	–	1 014 111
Leasing liabilities	9 566	1 430	8 136	–	9 566
Bank overdraft facilities, SEK	29 376	32 062	–	–	32 062
Total interest-bearing financial liabilities		**114 953**	**2 845 556**	**47 638**	**3 008 147**
Non-interest-bearing financial liabilities					
Accounts payable – trade, SEK	37 740	37 740	–	–	37 740
Accounts payable – trade, EUR	447	4 403	–	–	4 403
Accounts payable – trade, NOK	37	37	–	–	37
Other short-term liabilities	9 094	9 094	–	–	9 094
Total non-interest-bearing financial liabilities		**51 274**	**–**	**–**	**51 274**
Total financial liabilities		**166 227**	**2 845 556**	**47 638**	**3 059 421**

Currency exposure

The risk that fair value and cash flow relating to financial instruments can fluctuate when the value of foreign currencies change is called currency risk.

The Volito Group's exposure to foreign currencies has been drastically reduced in recent years in connection with the winding up of the Volito Aviation group, where only minor exposure now remains, and the winding up of Nordkap Holding AG. In addition, the Volito Group also has exposure to changes in EUR through its holdings in Hydrosystem Oy.

The Board of Volito has decided to accept the exposure to the above-mentioned currencies, as this exposure in itself constitutes a risk diversification within the Volito Group. The extent of this exposure will be decided according to continuous review.

Interest rate exposure

Interest rate risks are risks that Volito's cash flow or the value of financial instruments vary due to changes in market interest rates. The interest rate risk can lead to changes in fair value and changes in the cash flow.

The Volito Group is exposed to changes mainly in short-term interest rates through its involvement in the Volito Fastigheter group. The Parent company, Volito AB, also has risk exposure relating to short-term interest rates. Volito's policy regarding interest rates is that loan periods for the portfolio shall be well balanced and adjusted to the company's current view of the interest rate market at any given time. How much and how fast a change in interest rates makes an impact on financial results depends on the chosen fixed interest term. A rise in interest rates is often initiated by higher inflation. In commercial rental contracts it is normal that the rent is index-adjusted upwards for inflation.

A combination of loans with short fixed interest terms and utilisation of financial instruments in the form of interest rate swaps enables flexibility to be achieved and the fixed interest term and interest rate level can be adjusted so that the aim of financing activities can be achieved with limited interest rate risk and without underlying loans needing to be renegotiated. In order to manage the interest rate risks and achieve even development of net interest income, the average fixed interest term for Volito's interest-bearing liabilities has been adjusted according to the assessed risk level and risk expectations.

Overall, the Volito Group's total loans exposed to short-term interest rates amount to SEK 1 895.5 million (1 706.2). Hedging relating to 58.6% (60.1) of the debt portfolio of the Volito Fastigheter group, corresponding to 38.2% (38.4) of the entire Volito Group, is managed with swaps, something that gives the company a higher degree of flexibility in terms of future debt management.

The nominal amount of Volito Fastigheter's outstanding interest rate swaps at year-end 2018 was SEK 1 169.0 million (1 063.0). At year-end 2018, the fixed interest rates varied from -0.18% (-0.18%) to 3.45% (3.45%) and the floating interest rates are STIBOR 3-months with a supplement for a margin relating to borrowing in SEK.

Financial exposure		2018-12-31		2017-12-31
Liabilities	**Loan amount**	**Fair value**	**Loan amount**	**Fair value**
The Group				
Interest rate swaps	1 169 000	-65 943	1 063 000	-69 845

Fair value has been calculated as the cost /income that would have arisen if the contracts had closed at accounting year-end. For this, banks' official rates have been applied.

Below is a summary of the Group's interest rate swaps by duration.

		Due date					
Liabilities	**Nom. amount**	**2019**	**2020**	**2021**	**2022**	**2023**	**>2024**
The Group							
Interest rate swaps 2018-12-31	1 169 000	80 000	80 000	271 000	180 000	131 000	427 000
Liabilities	**Nom. amount**	**2018**	**2019**	**2020**	**2021**	**2022**	**>2023**
The Group							
Interest rate swaps 2017-12-31	1 063 000	14 000	80 000	80 000	231 000	140 000	518 000

Credit risks

Credit risks refer to the risk of losing money due to another party being unable to fulfil their obligations.

Credit risks in accounts receivable – trade

Demand for premises is affected by general business conditions. Volito Fastigheter's activities are concentrated in Malmö, which is deemed to be attractive in the long term regarding location, population growth, employment and general communications. A broad portfolio of contracts reduces the risk of large fluctuations in vacancies. Leases are divided between commercial properties 91% (97%) and residential 9% (3%). The commercial rental revenue is divided between 162 (163) contracts within a number of different sectors. A combination of good local knowledge, active involvement and a high level of service creates conditions for long-term rental relations and thereby a reduced risk of new vacancies. A certain level of vacancies provides opportunities in the form of new leases and flexibility for existing tenants who want to expand or reduce their premises. Furthermore, Volito Fastigheter bears the risk that tenants are unable to make rent payments. Regular follow-ups are carried out on the tenants' credit ratings in order to reduce exposure to credit losses. A credit assessment of tenants is carried out for all new leases, and, if required, the rental agreement is supplemented with personal guarantees, rent deposit or bank guarantee. All rents are paid quarterly or monthly in advance.

Within Volito Industry, risks are linked to project management. Many projects are customised and Volito bears the risk that customers cannot fulfil their obligations. Customers make advance payments on major projects in order to reduce the risk of credit losses.

Distribution of overdue accounts receivable – trade	2018-12-31	2017-12-31
The Group		
Accounts receivable – trade, that are neither overdue or written-down	36 089	34 933
Accounts receivable – trade that are overdue		
1–30 days	3 362	2 932
31–60 days	447	208
61–90 days	89	33
>90 days	2 096	564
Of which, reserved (excluding VAT)	-1 460	-215
Total	**40 623**	**38 455**

The reserve relates essentially to accounts receivable – trade that are overdue by more than 90 days.

The total cost for confirmed and suspected customer losses for the year amounted to SEK 1 717 K (142).

Offsetting agreements and similar agreements

The Group has entered into a derivative agreement under the International Swaps and Derivatives Association (ISDA) master netting agreement. The agreement means that when a counterparty cannot regulate their obligation according to all transactions, the agreement is broken and all outstanding balances shall be regulated with a net amount. The ISDA agreement does not fulfil the criteria for offsetting in the statement of financial position. This is because offsetting in accordance with the ISDA agreement is only permitted if the counterparty or group cannot regulate their obligations. In addition, it is not the counterparty or the Group's intention to regulate the balances on a net basis or at the same juncture.

The company has not offset any amounts in the balance sheet relating to 2018 or 2017.

Note 44 Accrued expenses and prepaid income

	2018-12-31	2017-12-31
The Group		
Personnel-related items	26 701	24 165
Prepaid rental revenue	31 884	27 358
Accrued interest expenses	699	697
Provision for repair costs relating to acquisitions	–	4 500
Other accrued expenses	6 329	6 573
	65 613	**63 293**
The Parent company		
Personnel-related items	4 639	3 565
Accrued interest expenses	49	103
Other accrued expenses	1 939	2 241
	6 627	**5 909**

Note 45 Pledged assets and contingent liabilities

	2018-12-31	2017-12-31
The Group		
Pledged assets		
For own liabilities and provisions		
Property mortgages	2 041 584	1 813 859
Chattel mortgages	12 500	12 500
Shares	1 596 619	1 724 145
Shares in subsidiaries	1 441 471	1 364 743
Leasehold Mosippan	25 798	26 816
Other	1 000	1 000
Total pledged assets	**5 118 972**	**4 943 063**
Contingent liabilities		
Guarantees for joint ventures	301 500	250 000
Total contingent liabilities	**301 500**	**250 000**

	2018-12-31	2017-12-31
The Parent company		
Pledged assets		
For own liabilities and provisions		
Shares	675 745	645 048
Shares in subsidiaries	312 014	312 014
Other	1 000	1 000
Total pledged assets	**988 759**	**958 062**
Contingent liabilities		
Guarantees for subsidiaries	1 167	–
Guarantees for jointly controlled companies	250 000	250 000
Total contingent liabilities	**251 167**	**250 000**

Note 46 Closely-related parties

Close relations

The Group is owned by AB Axel Granlund, 88.0% (88.0%), and Lennart Blecher (partly through companies), 12.0%. As a result of this, transactions with the companies listed below are noted as transactions with closely-related parties.

Peab AB (publ.)

Karl Axel Granlund is a Board member of Peab AB (publ.). Volito AB owns 5.64% of the capital and 4.99% of the votes in Peab AB (publ.).

Bulten AB (publ.)

Ulf Liljedahl is a Board member of Bulten AB (publ.). Volito AB owns 23.59% of the capital and votes in Bulten AB (publ.).

EQT

Lennart Blecher is a partner in EQT.

Sunnerbo Skogar AB

Karl Axel Granlund and family own shares in Sunnerbo Skogar. Purchases and sales have only been made for minor amounts.

Granlunden AB

Karl Axel Granlund and family own shares in Granlunden AB. Purchases have been made worth SEK 0.8 million (1.3).

Joint ventures/ associated companies

In addition to the closely-related parties stated above, the Group has close relations with its joint ventures/associated companies, see Notes 29 and 31.

Subsidiaries

In addition to the closely-related parties stated for the Group, the Parent company has close relations that involve a controlling interest in its subsidiaries, see Note 27.

Of the Group's total purchases and sales measured in SEK, 0% (0%) of purchases and 1% (1%) of sales relate to other companies within the entire group of companies to which the Group belongs.

Of the Parent company's total purchases and sales in SEK, 45% (48%) of the purchases and 98% (97%) of the sales relate to other companies within the entire group of companies to which the company belongs.

Transaction conditions

Sales between the Group's different segments relate to administration fees and rents. Administration fees have been set on the basis of actual costs and utilisation. Rents are according to market conditions.

Loans between subsidiaries have interest rates set in accordance with the current finance policy. Interest rates are according to market conditions.

Summary of transactions with closely-related parties

	2018	2017
The Group		
Transactions with the Parent company		
Sales to the Parent company	3 235	2 885
Purchases from the Parent company	-4 865	-4 976
Interest income from the Parent company	34	118
Receivables from the Parent company	8 077	3 101
Liabilities to the Parent company	87	117
Dividends to the Parent company	31 886	28 987

	2018	2017
The Group		
Transactions with joint ventures		
Sales to Nya Bara Utvecklings AB	1 078	935
Interest income from Point Hyllie Holding AB	2 302	1 923
Receivables from Point Hyllie	192 704	185 399

	2018	2017
The Group		
Transactions with associated companies		
Dividend from assoc. co. Bulten AB (publ)	16 875	20 025
Receivables from Volito Aviation AG	–	36
Receivables from Nordkap Holding AG	16 378	–

	2018	2017
The Group		
Transactions with Peab AB (publ)		
Sales to Peab	16	134
Purchases from Peab	-22 822	-11 909
Dividend from Peab	66 800	59 760
Operating liabilities to Peab	2 625	5 657
Loan from Peab	–	5 000

	2018	2017
The Parent company		
Transactions with the Parent company		
Sales to the Parent company	2 624	2 316
Purchases from the Parent company	-4 865	-4 976
Interest income from the Parent company	34	118
Receivables from the Parent company	8 070	3 101
Dividend to the Parent company	31 886	28 987

	2018	2017
The Parent company		
Transactions with subsidiaries		
Sales to subsidiaries	6 420	4 788
Purchases from subsidiaries	-2 317	-2 258
Interest income from subsidiaries	2 901	2 348
Guarantee-related income	1 875	1 601
Interest expenses to subsidiaries	-3	-138
Receivables from subsidiaries	85 905	156 742
Liabilities to subsidiaries	2 531	21 739
Dividends from subsidiaries	30 000	35 300

	2018	2017
The Parent company		
Transactions with associated companies		
Dividend from Bulten AB (publ.)	16 875	20 025
Receivables from Nordkap Holding AG	16 378	–

	2018	2017
The Parent company		
Transactions with Peab AB (publ.)		
Dividend from Peab	66 800	59 760

The Group and Parent company
Transactions with EQT
Volito AB has holdings in nine (previous year seven) of EQT's funds. For all funds, except one, there are co-investment agreements with AB Axel Granlund and/or Granlunden AB. During the year, capital placed in these funds amounted to SEK 34.1 million (36.1). The Group's participation in the realised profit amounted to SEK 6.0 million (8.0). The group-wide value of the holding in these funds at year-end 2018 was estimated at SEK 91.2 million (65.1), whereas the book value at the Parent company amounted to SEK 76.3 million (51.3).

Transactions with key employees
For salaries and other remuneration, expenses and obligations concerning pensions and similar benefits, and agreements concerning severance payments to the Board and the CEO, see Note 7.

Note 47 Events after accounting year-end

In early 2019, Volito Fastigheter divested five properties in transactions worth market value as per 31 December 2018.

Nordkap Holding AG has reached a settlement regarding the repayment of a large receivable, which has been written down. Volito's share of this is calculated to be just over SEK 50 million.

Otherwise, there have been no important events after accounting year-end.

Note 48 Information about the Parent company

Volito AB is a Swedish-registered limited company with registered office in Malmö. The address of the registered office is Skeppsbron 3, 211 20 Malmö.

The consolidated financial statements for 2018 consist of Volito AB and its subsidiaries, together referred to as the Group. The Group also includes an owned participation of holdings in associated companies and joint ventures.

The company is a subsidiary of AB Axel Granlund, org.no. 556409-6013 with registered office in Malmö. AB Axel Granlund owns 88.0% (88.0%) of the capital and votes in the Volito Group and draws up consolidated financial statements for the largest group.

Malmö 28 February 2019

Karl-Axel Granlund Chairman	Lennart Blecher	Axel Granlund	Peter Granlund	Karl-Fredrik Granlund	Ulf Liljedahl CEO

Our auditors' report was submitted on 8 March 2019
KPMG AB

Eva Melzig
Authorized Public Accountant

The Group's income statement and balance sheet, as well as the Parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 6 May 2019.

AUDITOR´S REPORT

To the general meeting of the shareholders of Volito AB, corp. id 556557-4639

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Volito AB for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 29-61 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 2018 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 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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 statement of comprehensive income and statement of financial position for the group.

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.

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

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 3-28. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 Volito AB for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.
- Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Malmö 8 March 2019
KPMG AB

Eva Melzig
Authorized Public Accountant

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MATS PAMP AB | REAPLAN

Volito is a privately owned investment group headquartered in Malmö. The business was founded in 1991, with an initial focus on aircraft leasing. After achieving rapid early success, Volito broadened its activities and started to expand.

Today, Volito is a strong, growth-oriented group based on a balanced approach to risk and reward, and a long-term perspective. The Group's activities are divided into three diversified business areas: Real Estate, Industry and Portfolio Investments, areas that develop their own business units, business segments and subsidiaries.

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