

Corporate Governance Report

A limited company whose transferable securities are admitted to trading on a regulated market shall prepare a corporate governance report. The Corporate Governance Report has been reviewed by the company's auditors in accordance with the provisions of the Swedish Annual Accounts Act, and the auditor's remarks are included in conjunction with this report. Application of the Swedish Code of Corporate Governance ("Code") is at present not compulsory for companies whose shares are traded on NASDAQ First North. The Board of Directors of Alcadon Group AB intends to apply the Code in the sections that are considered relevant to the company and its shareholders, and taking into account the scope of operations.

Alcadon Group AB (publ), corporate identity no. 559009-2382, is a Swedish public limited company that is subject to Swedish law. Operations during 2020 consisted of the operating subsidiary Alcadon AB and Alcadon AS. Alcadon operates in Sweden and Norway.

The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act. The corporate governance of Alcadon Group AB is based on Swedish legislation, primarily the Swedish Companies Act, the agreement with the marketplace First North, and other relevant rules and guidelines. Since 14 September 2016, the company's share is listed on NASDAQ First North, with the ticker ALCA.

The basis for governance of the company and the group is, among other things, the Articles of Association, the Swedish Companies Act and the Stockholm Stock Exchange's regulations for listing on First North.

Due to the fact Alcadon Group's share is not listed on a regulated marketplace, the company is not covered by the Code. However, Alcadon Group's work with corporate governance is largely inspired by the Code. Since 2017, a Nomination Committee has been in place which fulfils the guidelines regarding independence as stated in the Code.

SHAREHOLDERS

Alcadon Group's share is listed on Nasdaq First North. For companies associated with Nasdaq First North, a Certified Advisor is required who, among other things, shall carry out some supervision. Alcadon Group's Certified Advisor is Svensk Kapitalmarknadsgranskning AB (SKMG).

The number of shareholders in Alcadon Group on 31 December 2020 totalled 5,861.

GENERAL MEETING

The company's highest decision-making body is the General Meeting, where the shareholders' influence in the company is exercised. Shareholders who want to participate at the General Meeting, personally or via proxy, shall be entered in the share register six weekdays prior to the General Meeting, and submit a registration to the company according to the notice.

Notice of the General Meeting takes place via an announcement in Post- och Inrikes Tidningar and on the company's website (www.alcadongroup.se). An announcement that the notice has taken place shall be published in Svenska Dagbladet at the same time as the notice.

An Annual General Meeting shall be held within six months of the end of the financial year. At the Annual General Meeting, the shareholders decide, among other things, on the election of the Board of Directors and auditor, how the Nomination Committee is to be appointed, and on the discharge of the Board of Directors and the CEO for the previous year. Decisions are made also on the adoption of the financial reports, appropriation of retained earnings, and fees for the Board of Director and auditor.

ANNUAL GENERAL MEETING 2020

The Annual General Meeting 2020 took place in Stockholm on Friday 24 April 2020 at 10:00 at the company's premises. For information on the Annual General Meeting and the decisions made, please refer to the company's communiqué from the Annual General Meeting available on the company's website (in Swedish) www.alcadongroup.se/investare/bolagsstammor/

THE BOARD

According to the Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of ten members, with a maximum of five deputies. The five elected members were appointed by the Annual General Meeting 2020 for the period up to the next Annual General Meeting, in accordance with the Swedish Code of Corporate Governance. There is no rule on the longest time a member may serve on the Board of Directors. The board members' average age is 56 years old, and one of the members is a woman.

Three of the board members are considered by the Nomination Committee to be independent in relation to the company, the company management and the company's major owners. Pierre Fors has previously been employed by the company and is also a large shareholder in Alcadon Group AB,

and is therefore not considered independent. Stefan Charette is independent in relation to the company and company management, and dependent in relation to one of the company's major owners, Athanase Industrial Partner. The Alcadon Group therefore fulfils the requirements set in the Code with regard the Board of Directors' independence in relation to the company, the company management and the company's major owners.

The work and responsibilities of the Board of Directors

On 24 April 2020, the Board of Directors adopted a Rules of Procedure for the Board, with instructions regarding division of duties between the Board of Directors and the CEO, and instructions for financial reporting. The Board of Directors is responsible for ensuring that Alcadon Group's organisation is designed so that the accounting, management of funds, and other financial conditions are controlled in a satisfactory manner. The Board of Directors shall continuously assess the group's financial situation.

The Board of Directors' rules of procedure state that the Chair of the Board shall, in consultation with the CEO, prior to releasing a notice, draw up an agenda for each meeting and determine the decision-supporting and general documentation necessary for the relevant issues. The Board of Directors is called to a Statutory Meeting after the Annual General Meeting and, in addition, at least four ordinary meetings per year.

The four ordinary meetings coincide with the timing of the external financial reporting. In addition, an ordinary meeting is held in June for a strategic discussion, as well as a discussion relating to corporate governance, and a meeting in December with a review of the budget and business plan for the following year.

At the board meeting where the annual accounts are presented, usually in February, the auditor takes part in order to convey their observations from the audit for the previous year. In addition to the ordinary meetings, the Board of Directors is called to extra meetings when the situation requires. During the year, the Board of Directors met 11 times, including a Statutory Board Meeting

Attendance frequency of the Board of Directors 2020

Name	Position	Elected	Dependence	Attendance frequency
Pierre Fors	Chair	2016	Yes ²⁾	11/11
Marie Ygge	Member	2019	No	11/11
Stefan Charette	Member	2016	No/Yes ¹⁾	10/11
Jonas Mårtensson	Member	2016	No	11/11
Lars Engström	Member	2020	No	7/7

1) Stefan Charette is independent in relation to the company and company management, and dependent in relation to one of the company's major owners, Athanase Industrial Partner.

2) As former CEO of the company and board member, and large shareholder in Alcadon Group, Pierre Fors is considered dependent in relation to the company and the company management.

The Chair of the Board leads the Board of Directors' work and is responsible for ensuring that the other board members receive, on an ongoing basis, the information necessary so that the quality of the board's work is maintained and pursued according to the Swedish Companies Act. The Chair, together with the CEO, represents the company in ownership issues.

goals and strategies, decides on budget and business plans, processes and approves annual accounts and interim reports, and defines key policies and regulatory systems. The Board of Directors shall follow the financial development, ensure the quality of financial reporting and internal control, and regularly monitor and evaluate operations based on the objectives and guidelines set by the Board. The Board of Directors shall also decide on significant investments and changes in Alcadon Group AB's organisation and operations.

Remuneration to the Board of Directors

The Chair of the Board and board members were paid fees according to the parent company's Annual General Meeting 2020.

Any work in addition to standard board duties shall take place on market grounds and shall be agreed directly between the company and the board member it concerns. The extent of these consulting fees is specifically reported in the annual report. In addition to the standard fees, the company has had transactions of MSEK 0.7 with Paseca AB, owned by the Chair of the Board, Pierre Fors. The transactions relate to consulting services. In connection with Alcadon's acquisition of 6X, the group has had transactions of SEK 50 000 with JNM Invest AB for advice and administrative services.

Fees to the Board of Directors

KSEK	2020
Pierre Fors, board member and Chair of the Board	280
Jonas Mårtensson, board member	140
Stefan Charette, board member	140
Marie Ygge, board member	140
Lars Engström, board member as of 24 April 2020	97

BOARD COMMITTEES

During the year, the Board of Directors has not appointed any special board committees. Issues regarding remuneration to the CEO and senior executives, as well as audit matters, are dealt with by the entire Board of Directors. The Board of Directors appoints, when needed, internal work groups whose tasks are to develop and prepare supporting documentation prior to upcoming Board of Directors' decisions.

AUDIT

Auditors have the task of reviewing the company's financial reporting and the Board of Directors' and CEO's administration of the company. The selection of auditor took place at the Annual General Meeting 2020, when Grant Thornton Sweden AB was re-elected as auditor for the period until the end of the Annual General Meeting 2021. The principal auditor is chartered accountant Daniel Forsgren (born 1972).

The principal auditor receives regular notices of board meetings and general meetings, board minutes, monthly financial reporting, CEO reports, and other information of material importance to the operations.

The audit also includes the company's internal controls and administration audit. The review is based on a risk assessment and specific areas of importance. At the Board of Directors' yearly review of the annual accounts, the auditors prefer a written audit report be prepared.

The principal auditor has, on one occasion, met the Board of Directors to present the work relating to the evaluation of internal controls and the audit of the annual accounts for the financial year 2020. Members of the Board have, on a number of occasions during the year, met the auditor without the presence of the CEO or another person from the executive management.

Grant Thornton submits the audit report relating to Alcadon Group AB and the group. Grant Thornton also performs services for companies within the Alcadon group in addition to the audit work. This has mainly covered matters linked to the fusion of subsidiaries, review of the year-end report, and a financial company inspection during the acquisition of 6x International ApS. For this work, Grant Thornton has invoiced a total amount of SEK 120,000 for 2020.

The auditor receives fees for its work in accordance with the decision at the Annual General Meeting.

CHIEF EXECUTIVE OFFICER

The Board appoints a CEO for Alcadon Group AB, who is also the Group CEO. The CEO leads the operations within the framework that the Board of Directors has established. The CEO prepares the necessary information and decision-supporting documentation prior to board meetings, is a rapporteur at board meetings, and submits justified proposals for decisions.

Every month, the CEO provides the members of the Board with the information required in order to monitor the company's and the group's position, operations and development, and keeps the Chair of the Board regularly informed of operations. The CEO shall take the measures necessary for the accounting to be performed in accordance with law, and for the management of funds to be handled in a

secure manner. For a more detailed division of responsibilities between the Board of Directors' and the CEO's tasks, there is a written CEO instruction which is continuously updated. The CEO attended all Board meetings in 2020.

Sonny Mirborn has been CEO and Group CEO of Alcadon Group AB since 11 July 2019.

The Board of Directors carries out an internal evaluation of the CEO's work internally at least once a year. This includes both verification that established instructions and reporting procedures are followed, as well as an assessment that a number of operational criteria have been achieved. This involves a number of soft criteria, such as leadership, business acumen and respect, as well as how well the management team's undertakings work and the ability to manage overall issues.

REMUNERATION TO THE CEO AND OTHER SENIOR EXECUTIVES

The Board of directors determines and decides on the basic salary, variable remuneration, pension benefits and other terms of employment for the CEO. The CEO, together with the Chair of the Board, manages and decides on corresponding matters for other senior executives, and is responsible for the preparation of general principles for salary setting. The CEO can apply a salary conversion.

In addition to the CEO, the group of other senior executives consists of six people. Through group management, we create opportunities for stronger leadership, we strengthen the ties between our Swedish and foreign operations, and promote cross-functional business development projects. Internal recruitment to group management means that we benefit from the collective experience and strong culture the company demonstrates today, while external recruitment provides us further good prerequisites when we enter the next phase in our development, with both continuity and development of our group management. The remuneration principles for 2020 have been unchanged compared with that applied previously. The notice period for the CEO is a mutual notice of six months with full pay and other remuneration. In the event of termination by the company, severance pay corresponding to three months' salary is paid. For other senior executives, a notice period of three to twelve months applies.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN FINANCIAL REPORTING

In accordance with the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice, the Board of Directors is obliged to ensure that the company has satisfactory internal controls, to stay informed about the company's internal control systems, and to assess how well the system works.

Alcadon Group's work with internal control is based on the internal control principles developed by the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). These principles have five basic elements;

1. Control environment
2. Risk assessment,
3. Control activities,
4. Information/communication, and
5. Monitoring.

Control environment

Internal control within Alcadon Group is based on a control environment including organisation, decision-making routes, authorities and responsibilities. This is documented and communicated in governing documents such as internal policies, guidelines and instructions. For example, this applies to the division of work between the Board of Directors and the CEO, and instructions for attestation rights, accounting and reporting.

Risk assessment

The Board of Directors has the ultimate responsibility for risk management. Through a clear organisation and decision-making process, including high awareness of risks among employees, with common definitions and principles within established frameworks, controlled risk-taking is achieved. Risk areas are business- and industry-related risks, as well as risks in connection with the year-end closing process linked to financial reporting, operational risks and legal risk. See also pages 17-18 with regard to risks and risk management.

Control activities

The group's business processes include financial controls with respect to the approval and reporting of business transactions. In the year-end and reporting process, there are controls which, among other things, relate to accounting, evaluation and disclosure requirements, as well as regarding the application of material accounting principles and estimates, both in individual subsidiaries and at group level. The finance function at Alcadon Group AB is responsible for the preparation of financial statements, quarterly reports, controls and analyses, in the group and in all subsidiaries. The regular analysis of each operation's monthly financial reporting includes significant items such as assets, liabilities, income, expenses and cash flow.

Together with the analysis carried out at group level, this important aspect of internal control helps to ensure that the financial reporting does not contain any material errors or deviates from good accounting practice, or laws and regulations.

All financial reports and other press releases are published at the same time, with publication on Alcadon Group's website.

Information/Communication

The group has information and communication channels with the aim of supporting complete and accurate financial and operational reporting.

Internal instructions and guidelines with regard to accounting of operations and financial reporting, as well as regular updates and notices on reporting, and requirements on information disclosure and changes in accounting principles, are made available and known to the personnel concerned. All subsidiaries compile monthly financial reports, and report on their administration to group management with analyses and comments on financial results and risks.

The Board of Directors of Alcadon Group receives the CEO's monthly compilation of the subsidiaries' reports together with an operational report for Alcadon Group and a financial report for the group compiled by the CFO.

Monitoring

The Board of Directors has not established a function for internal audit.

The main work relating to internal auditing is handled by the company's CFO. The Board of Directors' assessment is that this approach, together with the monthly financial reports which the Board of Directors receives at present, is satisfactory and fulfils the requirements on reporting and internal control that can be set.

At each Board meeting, the group's financial situation is addressed. The Board of Directors reviews all interim reports and the annual report before publication. The Board of Directors receives annual and regular reports from the auditors. The Board of Directors monitors all measures taken to improve or change the controls.

The group's process for financial reporting is reviewed annually by group management, and forms the basis for the evaluation of the internal management system and the internal governing documents to ensure that these cover all important areas related to financial reporting. The processes for financial reporting are of material importance for the Board of Directors' monitoring of operations and are evaluated continuously.

DIRECT OR INDIRECT SHAREHOLDINGS

On 31 December 2020, people with a so-called insider position in the company own shares corresponding to 22.4 percent of the capital and votes in the company. See pages 51-52 for the Board of Directors' and management's shareholdings.

PROCEDURES FOR INSIDER INFORMATION, INSIDER LISTS AND REPORTING CHANGES IN HOLDINGS FOR PEOPLE IN SENIOR POSITION

On 3 July 2016, EU Market Abuse Regulation 596/2014/EU (MAR) entered into force and thereby became directly applicable as Swedish law. The Market Abuse Regulation extends the rules relating to market abuse, which previously only covered financial instruments admitted to trading on a regulated market, to also include financial instruments traded on a Multilateral Trading Facility (MTF), i.e. including Nasdaq First North. Alcadon Group AB is consequently covered by this law and these rules.

The Board of Directors has developed a procedure for how this shall be handled. The procedure contains the following sections;

- Procedure for disclosure inside information.
- Procedure for establishing an insider list.
- Procedure for transactions performed by people in senior positions and related parties.
- Procedure for trade bans during the so-called closed periods.

The above procedures specify which measures shall be taken to ensure that Alcadon Group AB fulfils its obligations in accordance with the Market Abuse Ordinance. Alcadon Group's Board of Directors is responsible for the preparation and establishment of the procedures. The above procedures are administered by the company's CFO, Niklas Svensson, on behalf of Alcadon.

VOTING RESTRICTIONS

The Articles of Association do not contain any restrictions on how many votes each shareholder can cast at a General Meeting.

CERTAIN ARTICLES OF ASSOCIATION PROVISIONS

The Articles of Association do not contain special provisions on the appointment and dismissal of board members or on amendments to the Articles of Association.

AUTHORISATIONS PROVIDED BY THE GENERAL MEETING

The Annual General Meeting on 24 April 2020 authorized the Board of Directors to, on one or more occasions before the next Annual General Meeting, with or without deviation from the shareholders' preferential rights, decide on a new issue of shares to a number which combined at any time does not exceed 10 per cent of the total number of outstanding shares in the company. The authorization shall include the right of the Board of Directors to decide on a new issue of shares against

cash payment, and with or without a provision on non-cash contribution or set-off or otherwise with conditions, in accordance with the Swedish Companies Act. The main purpose of the authorisation is to give the Board of Directors flexibility in the work of ensuring that the company can provide capital for company and business acquisitions in an appropriate manner. The authorization shall also enable the Board of Directors to make decisions on private placements, even in situations that do not involve acquisitions but when the purpose is more to secure the company's liquidity. The authorization has comprised a maximum of 1,642,174 shares, corresponding to a maximum of 10 percent of the company's existing share capital on the date of the 2020 Annual General Meeting.

In conjunction with the acquisition of 6X Internation ApS, the Board of Directors has used the authorization, and will carry out a non-cash issue in January 2021 of 981,780 shares in Alcadon, corresponding to MDKK 20. The number of shares in Alcadon Group increases to 17,841,026.

NOMINATION COMMITTEE

Alcadon Group's work with corporate governance is largely inspired by the Code. The Code states that the Nomination Committee is the General Meeting's body with the sole task of preparing the meeting's decisions on election and fee issues and, where applicable, procedural matters for the next Nomination Committee. The members of the Nomination Committee shall, regardless of how they are appointed, safeguard the interests of all shareholders.

Prior to the 2021 Annual General Meeting, the Nomination Committee for Alcadon Group AB has been appointed in accordance with the principles decided at the 2020 Annual General Meeting, which means, among other things, that;

- The Chair of the Board shall, no later than 15 October 2020, convene the three largest, in terms of votes, shareholders or owners representing the three largest ownership groups in the company, who have since had the right to appoint one member each to the Nomination Committee.
- In addition, the Chair of the Board shall be a member of the Nomination Committee at the time of the constitution of the Nomination Committee.

Nomination Committee

On 13 October 2020, in accordance with the above, Alcadon Group AB informed that Alcadon Group's Nomination Committee for the 2021 Annual General Meeting consists of;

- Sven Thorén (appointed by and representing Athanase Industrial Partner), Chair of the Nomination Committee
- Anders Bladh (appointed by and representing Ribbskottet AB)

- Pierre Fors (Chair of the Board)
- Mikael Vaezi (appointed by and representing Investment AB Spiltan)

The Nomination Committee has evaluated the Board of Directors' work, competence and composition. In the evaluation, the Nomination Committee has given special consideration to the requirement on versatility and breadth in the Board of Directors, and the requirement for an even gender distribution. The results of the board evaluation have been submitted in writing to the Nomination Committee, the Board of Directors, the CEO and the auditor. The board evaluation has been discussed at several of the Nomination Committee's working meetings and at an ordinary Board meeting of Alcadon Group AB.

The members have not received any fees or remuneration for their work in the Nomination Committee. At the three meetings of the Nomination Committee held, all members of the Nomination Committee participated by being physically present or via telephone.

Proposal to be submitted to the Annual General Meeting 2021 for decision

The Nomination Committee will submit proposals to the 2021 Annual General Meeting for decisions on;

- election of the Chair for the Annual General Meeting
- remuneration and fees to the Board of Directors and auditor
- the number of board members and deputies
- election of the Board of Directors and the Chair of the Board
- election of auditor
- principles for the appointment of the Nomination Committee

It is noted that Pierre Fors did not participate in the decision regarding the Nomination Committee's proposal on remuneration to the board members, nor in the decision regarding the Nomination Committee's proposal on the re-election of Pierre Fors to the Board of Directors.

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

It is the Board of Directors that is responsible for the corporate governance statement and for preparing it in accordance with the Annual Accounts Act.

Our examination was conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement.

This means that our examination of the corporate governance statement has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and the generally accepted auditing practice in Sweden.

We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, items 2-6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts, and are in accordance with the Annual Accounts Act

Stockholm, 24 March 2021

Grant Thornton Sweden AB Daniel Forsgren