



Alcadon Group



# 2022

ANNUAL REPORT

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Annual Report 2022

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# The year in brief

## Events during the year

- Alcadon has carried out a directed share issue of approx. 1.28 million shares and raised approx. 128 MSEK before issuance costs.
- Establishment has taken place in the Netherlands through the foundation of Alcadon B.V.
- Alcadon Group acquires Networks Centre Holding Co Ltd and its subsidiaries, with operations in the UK and the Netherlands, on 17 August 2022.
- In connection with the acquisition of Networks Centre, Alcadon has refinanced an existing loan of 130 MSEK and taken out a new loan of 250 MSEK for 3+1 years.
- Alcadon has acquired the remaining 20 percent of the Belgian company Alcadon BV (formerly 6X International BV)
- The board of Alcadon has decided on new financial targets over a business cycle for Alcadon Group, and Vision 2025

## Historical overview

	2022	2021	2020
Net sales, MSEK	1,110.4	736.5	467.6
Operating profit before amortization of intangible assets (EBITA), MSEK	68.6	65.9	43.1
Operating profit before amortization of intangible assets (EBITA), %	6.2	8.9	9.2
Result per share, SEK	1.86	2.62	1.72
Solidity, %	37	49	52





# A word from the CEO

**DURING 2022, ALCADON BECAME A CRUCIAL EUROPEAN PLAYER WITH ADVANCED POSITIONS IN GROWTH MARKETS**

We are very pleased with the development during 2022, a year in which navigating through the external events proved to be a formidable challenge. The operations were impacted by challenges such as cost inflation, supply chain disruptions and significant exchange rate fluctuations — but, in the end, were also strengthened, as we passed through this ordeal showing a strong performance.

This year gave us the chance not only to demonstrate the strength of our business model and our ability to pass on price increases but also to take decisive steps beyond the Nordic countries. The establishment in the United Kingdom by means of our acquisition of one of the strongest operators in the market — Networks Centre — has significantly enhanced the Group's conditions for organic growth and transformed us into a truly European player. The Fiberklaar deal in Belgium in the beginning of 2023 and a solid performance in Germany reinforce these conditions and make for a highly interesting development for the Group going forward.

For the full year 2022, the Group's net sales increased by 51 percent to MSEK 1,110. EBITA increased by 2 percent to MSEK 69 and cash flow from operating activities increased by 33 percent to MSEK 24. Excluding direct acquisition costs, unrealized exchange rate changes and reversed contingent considerations, EBITA increased by 15 percent. Margins were negatively impacted by the foreign exchange developments, the lag in passing on price increases, and the lower margins in acquired entities. However, this was corrected during the fourth quarter, when the organic gross margin increased over the level of Q4 2021. The financial situation is good and

solidity remains high at 37 percent. The net debt including lease liabilities amounted to MSEK X as of 31 December 2022.

The year ended on a strong note with a 94 percent increase of net sales during Q4, 5 percentage points of which organic, and a 96 percent increase in EBITA. The pro forma organic increase of net sales was 23 percent. The highest growth in Q4 2022 was achieved in the United Kingdom, at 34 percent pro forma, and in Germany, at 36 percent.



## MARKET DEVELOPMENT AND TRENDS

Demand has been good in network infrastructure during 2022. No industry can come through recession-like conditions completely unscathed, but network infrastructure is affected by inevitable megatrends that are creating the conditions for long-term growth. The data volumes are undeniably sure to expand in the future, and this puts great demands on the robustness of networks and storage capacities.

The expansion of digital infrastructure is currently a priority in a number of countries, and growth is very high, in particular in the data center and broadband segment.

Fiber rollout is happening on a massive scale in the United Kingdom, Germany, the United States, Belgium and other countries. In many countries, 5G deployment is also prioritized at present, in order to lay the foundation for increased competitiveness and an attractive market for individuals and companies alike.

Through the establishment in the Benelux, the United Kingdom and Germany and our investments in comprehensive systems and premium solutions, we have today a strong customer offering in what for many years to come will be three of the most interesting markets in Europe.

## OBJECTIVES AND VISION FOR 2025

During 2022, Alcadon Group held its first capital markets day, where the Group's strategy, values and assessment of various geographic markets were presented. New targets over a business cycle and a vision for 2025 were introduced, together with a roadmap to achieve them. The presentations are available at [alcadongroup.se](http://alcadongroup.se).

The annual targets over a business cycle are 20 percent growth; EBITA margin > 10 percent; and net interest-bearing debt/EBITDA between 2 and 3. By 2025, the Group shall have net sales of MSEK 2,600 and an EBITA of MSEK 280. Employee engagement and customer loyalty are other key indicators with clear objectives that will be monitored closely going forward.

These goals will be achieved through a combination of strong organic profitable growth and continued value-adding acquisitions within our niche.

Our ambition is to be the most appreciated European supplier in network infrastructure, with a wide range and offering within the premium segment. Already today, there are few companies that can compete with either our offering to customers or to employees, and we are constantly evolving.

## A DESIRABLE MARKET POSITION

There is clear demand in the network infrastructure market for an operator that can offer comprehensive, customized premium solutions across multiple segments and local decision-making close to the customer. Few players today can offer strong product portfolios as well as skills in data centers as well as in broadband and structured cable systems.

The strategic position Alcadon is in today is well anchored in the needs of the market. With a mix of distribution of world-leading brands and product development close to our customers, together with a decentralized business model which favours local and prompt decision-making, we are today a valued supplier. Our history of focusing on the premium range and systems solutions has also been a contributing factor to our success. There is definitely room to improve our position further, and we should be able to successfully establish ourselves in additional geographic markets.

It is of the utmost importance that the Group continues to evolve in line with the established strategy and that our future acquisitions meet clear criteria and further strengthen our position. Thus far, this has been the case, with successful acquisitions in several markets.

## EXPECTATIONS FOR 2023 – THE JOURNEY CONTINUES

We can once again affirm that our acquisitions deliver and our model of integration works. Carefully selected, profitable companies, in a niche we understand and with committed employees—that is a great recipe for success.

The general appreciation for our customer offering is further underlined by the strong growth in several markets and the excellent finish to 2022, with 23 percent organic growth pro forma in the Group and close to 100 percent improvement of EBITA. In several respects, the fourth quarter of 2022 was the best in company history. The recently signed framework agreement with Fiberklaar in Belgium also demonstrates that our offering holds its own in the European competition.

Network infrastructure is the basis of a digitized and sustainable society, and we expect the market development to stay healthy over the course of 2023 with strong growth in several geographic markets. The conditions for gaining market share also in the future are favourable in several segments. The growth efforts initiated during 2022 will continue in 2023 and include both product launches and further intensification of the intra-group cooperation, in combination with value-adding acquisitions.

The new share issue that was recently carried out aims to support the organic growth we see ahead and also contribute to further broadening of our ownership base.

The process of switching from Nasdaq First North Growth Market to Nasdaq's main market in Stockholm will commence in 2023. Several of the necessary criteria for a change of listing are already fulfilled, including the requirement to apply IFRS.

Our journey has only begun, and we are looking forward confidently to 2023.

## Sonny Mirborn

CEO and President

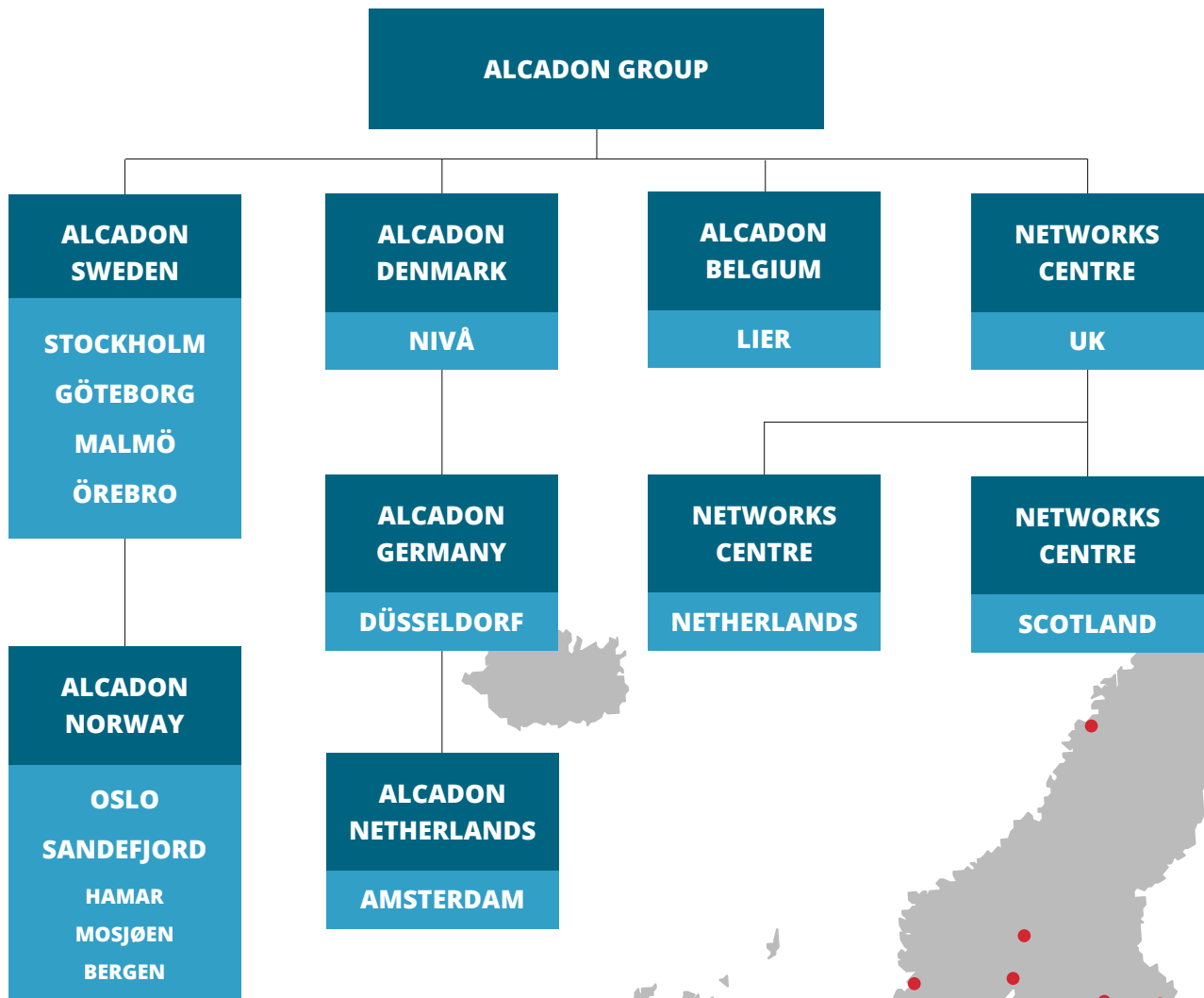


# The Alcadon Way...

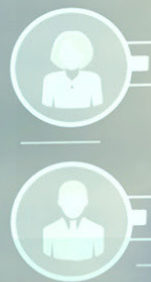
...Is all about enabling digitalization by being one of the industry's most trusted indisputable competence centres and solution provider

At Alcadon we see ourselves as part of something larger as we take part in the digitalization of the world.

## Alcadon Group Today







974

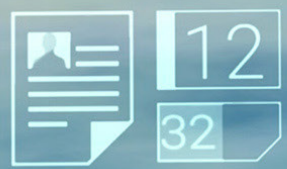
98



04

945  
6%

0%



68% 25.9

5.9223

75%

20%





# Alcadon in brief



## BUSINESS CONCEPT

Alcadon's business concept is to meet the market's requirements and needs for products and systems for data communication, and to be a natural partner for companies that install and build network solutions for current and future needs.

To offer a wide range, high availability and a high level of delivery security at a reasonable price.

To maintain a high level of expertise with sound knowledge of market developments in order to offer goods and services that improve customers' business opportunities.



## OUR VISION - 2025

By 2025, Alcadon will be a reputable European premium partner operating in carefully selected business areas related to the digitalization of society.



## WE ARE HERE!

Since launching in 1988, we have established offices and subsidiaries, as well as sales organizations, throughout Europe with focus on the Nordics. The head office is located at Stora Essingen in Stockholm.

From our sales offices and central warehouses in Sweden, Norway, Denmark, Belgium, the Netherlands, Germany and the UK, we can arrange rapid deliveries.

## BUSINESS AREAS



### COMMERCIAL PROPERTY NETWORKS

- Structured cabling systems for offices, industry, municipalities and county councils.
- MPO<sup>1)</sup> systems and data centre solutions.
- Active communication equipment, such as switches and routers.



### FIBER NETWORKS

- Complete solutions for fiber networks, including FTTH/B/P<sup>2)</sup>, FTTX and 5G.
- The offer includes fiber solutions for, among others, energy companies, city networks, and operators.



### RESIDENTIAL NETWORKS

- Smart home solutions for connected homes
- Complete solutions for electricity and communication in residential properties.



### SERVICES & TRAINING

- Training
- Network design
- Troubleshooting
- Fiber welding
  - Measuring instruments, copper/fiber
- Fiber blowing equipment
- Rental

<sup>1)</sup> MPO (Multi-fiber Push On) is a universal cabling system for fiber networks.

<sup>2)</sup> FTTH/B/P – Fiber to the Home/Building/Premises



# Alcadon Group – An introduction



Alcadon was founded in Sweden in 1988 with the sole purpose of providing top of the line premium products for network infrastructure and data communication. Through value-added distribution, representing world leading manufacturers, the stage was set to enable the digitalization of society.

During the early nineties Alcadon established own product development capabilities with an evolved strategy of becoming a competence centre within network infrastructure. ECS, European Cabling System, was developed with in-house product development and outsourced production. ECS, to this day, remain the market leading cabling system in the Nordic premium segment.

With a business model characterized by a mix of value-added distribution and product development Alcadon participated, and took a leading part, in the Swedish and Norwegian 3G-, and later 4G, roll-outs drawing benefit from several years in related fields.

Owned by American MRV Communications 1997-2012, Alcadon ventured into the field of active equipment, complementing an already strong portfolio of passive systems. As part of DistIt 2012- 2016 Alcadon could further enhance capabilities in related fields and ventured into FTTH and the data centre segment. Two fields growing in importance over time and within Alcadon's fields of core competence.

In 2016 Alcadon was listed as an independent company, with strong, long term ownership and a significant employee ownership which lasts still today. As an independent company acquisitions of CableCom in Norway and Dataconnect and Svagströmsmateriel in Sweden further strengthened the Group's geographical footprint. Residential Networks, a business area closely related to the Group's existing core competence was also formed through the acquisitions and new strong partner relationships were forged. This enabled Alcadon's strong presence in the Nordic FTTH roll-out in 2010s. The acquisition of 6X International, in Denmark and Germany, in 2021, followed a modernization of the company 2019-2020. The acquisition of 6X International was truly transformative in bringing Alcadon to Europe. This was also the start of the Group's European growth agenda which took yet another transformative step with the acquisition of Networks Centre in the UK and the Netherlands in 2022.

Until this day, Alcadon has always been profitable, maintained strong market positions and have quickly adapted to changing market environments. Customers and employees alike have shown a great loyalty to Alcadon Group over time and forged close bonds while creating a strong culture with clear traits.

With our true stars, our employees, we have always focused on being trustworthy and solution-oriented, working closely with our partners and making sure Alcadon is the best long-term choice.

We aim to continue our journey in the same manner – join us.

## OUR HISTORY

<p><b>2022</b></p>	<p>A subsidiary in the Netherlands is established. Acquires Networks Centre based in the UK with subsidiaries in the Netherlands. Acquires the remaining 20% of Alcadon in Belgium (formerly 6X International).</p>	
<p><b>2021</b></p>	<p>In December, Alcadon acquire 80% of 6X International in Belgium, a company with a solid market position within network infrastructure. Alcadon also acquires 6X International ApS Denmark and 6X International GmbH Germany and Susanne Stengade becomes co-owner of Alcadon and SVP Central/Western Europe.</p>	
<p><b>2020</b></p>	<p>Partnership with Siemens. Focused efforts to strengthen product management capabilities and improve logistical function by creating a central logistics unit in Stockholm.</p>	
<p><b>2019</b></p>	<p>New CEO &amp; CFO take position. New executive management team. Efficiency programme launched to improve go-to market capabilities and reduce opex.</p>	
<p><b>2016</b></p>	<p>Alcadon Group AB listed on First North.</p>	
<p><b>1997</b></p>	<p>MRV Communication, USA (NASDAQ). Acquires part of Alcadon and significantly strengthens Alcadon's capabilities in the Active segment. Part of Distit, during a period where much focus was directed towards the fiber roll-out in Sweden and Norway and developing the Data centre segment.</p>	
<p><b>1995</b></p>	<p>ECS (European Cabling System) Alcadon's structured cable system is launched with the aim of becoming the market's number one premium solution.</p>	
<p><b>1988</b></p>	<p>Established on Lilla Essingen, Stockholm, Sweden.</p>	





# THE ALCADON WAY...

...IS ABOUT ENABLING DIGITALIZATION BY BEING ONE OF THE INDUSTRY'S MOST TRUSTED INDISPUTABLE COMPETENCE CENTRES AND SOLUTIONS PROVIDER.

AT ALCADON WE SEE OURSELVES AS PART OF SOMETHING LARGER AS WE TAKE PART IN THE DIGITALIZATION OF THE WORLD.

## OUR PURPOSE – WHY WE EXIST

We are passionate about enabling the digitalization of the world as we believe a connected world is a better world.

By connecting people and ideas, we can enable problem solving and advance society as a whole.

By enabling digitalization, our efforts facilitate sharing of data and thus makes the world around us smarter, more adaptive and responsive.

Our commitment to this cause aims to improve the life for everyone involved in building the Gigabyte society of the future, or enjoy it's benefits in a sustainable and secure way.

### OUR VISION FOR 2025

Alcadon is a well-renowned European premium partner active in carefully selected business areas related to the digitalization of society.







## OUR VALUES AND GUIDING PRINCIPLES

Our values define how we act, approach life and our mindset in all situations. If we stay true to who we are we will continue to develop in a sustainable manner whilst maintaining a strong reputation in the market.

We overcome obstacles and explore opportunities together with our partners based on mutual trust and benefits. Our core values and mindset will guide us and constantly remind us of the long-term goal and what we are trying to achieve.

<b>Competence</b> <b>in all we do</b>	<b>Solution-orientation</b> <b>no matter the challenge</b>	<b>Trustworthiness</b> <b>ensures long term value creation</b>
<p>At the core of what we do and who we are is a great pride in offering premium solutions through inspired and committed employees, constantly trying to exceed expectations. Simply speaking, a competence centre for our partners.</p>	<p>Our agile, entrepreneurial mindset and focus on customer-oriented solutions creates value for everyone. By employing stars from various industries, each with an infinite mindset and a diverse background, we can reach our common goals.</p>	<p>By placing trust in each other as individuals and as an organisation we do not only create a tight knit community but also ensures that our partners and stakeholders trust us to create value with them.</p>



## OUR STRATEGY – HOW WE WORK

Renowned for our ability to add value by being a competence centre and a solution-oriented partner in the premium segment we constantly strive to develop and evolve. Focus on our strengths will guide us when venturing into new markets and growing in existing ones, always with a clear purpose of enabling a premium digital infrastructure that adds value for everyone.

<b>Profitable Growth</b> adds value and potential	<b>Decentralization</b> creates ownership	<b>Agility</b> ensures constant development
<p>Growth is at the core of our focus and it needs to be profitable. Besides a constant focus on organic growth initiatives, acquisitions will be a significant part to realize our strategy to expand in Europe. Acquisitions will be chosen based on cultural and strategic fit, profitability as well as strength and stability of their market position. By growing, opportunities become plentiful, and our potential is fully explored.</p>	<p>A decentralized environment fosters rapid decisions, a sense of ownership and inspires individuals to thrive. Each individual, department and subsidiary within the Group displays a strong sense of entrepreneurship, making decisions freely in the best interest of everyone.</p>	<p>Only by being alert to our customers' needs can we create the most efficient solutions. With a business model entailing both Distribution and Product Development we ensure both flexibility and differentiation with locally adapted solutions and technology leadership. It is our belief that success stems from simplicity and speed in combination with a focus on quality. To thrive, one must be prepared to constantly adapt and develop</p>





## ACQUISITION STRATEGY

### - HOW WE APPROACH GROWTH THROUGH ACQUISITIONS

Strategy comes first. Acquiring capabilities or market presence is one of several methods to grow and should be chosen wisely. At Alcadon we have significant experience in acquiring companies within our industry and integrating them successfully. This has been an essential part in creating Alcadon Group.

Acquisitions must exhibit an obvious cultural and strategic fit, an enduring profitability or clear path to profitability as well as strength and stability of their market position.

In terms of the level of integration of acquired companies, full flexibility depending on what makes commercial sense and deemed best for all parties from time to time is used. Absorption or symbiosis are both valid methods to utilize synergies. Decentralization is however important to be truly agile over time and is the overall guiding principle.

It is our view that the integration process, to be optimal for everyone involved, must start pre-deal. An integration process is a process of getting to know each other, setting expectations and a mutual path forward. This is where value is created.

Honesty, open-mindedness and a long-term view guide us in our discussions with potential targets. It must be clear that together, we will be stronger.

## BUSINESS MODEL

Alcadon's main niche in data communications is network infrastructure. Our business model is to develop systems and products and act as a value-adding distributor to installers, providers, construction companies, integrators, municipalities, data centers, and major end users.

The success factors are our customer focus, the staff's extensive skills and long experience, efficient logistics management, high-quality products, and prompt service of a high standard.

## PRODUCTS

Alcadon offers a wide range of high-quality products and components for data- and telecommunications from leading manufacturers. In addition, we offer market-adapted private label brands such as ECS (European Cabling Systems), for commercial property networks, and DC Line, which is primarily targeted at residential networks.

The strength of Alcadon's business concept lies in extensive competence and experience in network communications and the technology developed in the field, in combination with a strong focus on quality and service. This allows Alcadon to offer well-functioning and comprehensive network infrastructure solutions to a broad customer base of network installers.



## CUSTOMERS

Alcadon directs sales to companies active in installation, system integrators, and companies and other market participants that operate or own data- and telecommunication networks.

## SUPPLIERS

Alcadon has chosen to focus on a smaller number of market areas to stay at the forefront of the market development. The products are developed in cooperation with world-leading manufacturers and suppliers in Europe, the United States and Asia, with close attention to developments relating to product standards and to the different needs of customers in the market.

## LOGISTICS AND WAREHOUSING

Alcadon maintains central warehouses in each respective country of operation and smaller local store backrooms. Our central warehouses allow us to ensure a high delivery precision across all markets.

At the same time, central warehouses provide high storage capacity and efficiency, which aligns with our ambition for growth. Alcadon is well experienced with efficient planning of purchasing and logistics, which is of great importance considering that the delivery time for certain products can be several months. The risk of inventory obsolescence is assessed as low.

## PERSONNEL

As at 31 December 2022, Alcadon had 179 (95) employees. The number of employees is broken down as follows: 48 (47) employees in Sweden, 20 (18) employees in Norway, 22 (21) employees in Denmark, 3 (5) employees in Germany, 6 (4) employees in Belgium, 79 (-) employees in the UK, and 1 (-) employee in the Netherlands.

The majority of Alcadon's employees have extensive experience in the industry. The senior management and Alcadon's other employees are shareholders in Alcadon and therefore take a long-term approach to the continued development of the company.

## COMPETITIVE ADVANTAGE AND GROWTH STRATEGY

Alcadon's main competitive advantage is the extensive competence and experience that exist in the company. Alcadon offers cost-efficient solutions with first-class service and support.

The staff helps customers find the right products and comprehensive solutions, taking future network technologies into consideration. We also offer training in the installation and use of our systems.

Quality is a clear priority for Alcadon, which competes through high product quality and level of service rather than through price. To achieve that, the company declines projects where the margin is very low, as such projects may involve a greater risk of compromising quality to achieve a profit.

A further significant competitive advantage is the private label brands ECS and DC-Line, which are developed in-house and adapted to the market. The combination of private label brands and brands from leading manufacturers makes Alcadon flexible and unique.

Alcadon's aim is to grow further, both organically and through strategic acquisitions that can complement existing operations.

Alcadon is continuously identifying prospective acquisitions that would contribute to further expansion in Alcadon's existing markets and other related markets. Potential acquisition targets are those that can add value from similar products that fit in with Alcadon's current activities, or products that enable the company to expand into new market segments.

## SOME ACQUISITIONS AT A GLANCE

### DataConnect 2017

#### At a glance:

- Strong position in Swedish FTTH roll-out
- Developed a niche position in Residential networks over several years
- Professional Distribution and Own brands in combination
- 142 MSEK in turnover

#### Rationale:

- Strengthening all existing offices in Sweden
- New adjacent business areas
- Complementing supplier base with world-leading manufacturers in specific fields

### Svagströsmateriel 2017

#### At a glance:

- Strong local market position in Örebro region of Sweden
- A local player with similar product and customer focus as Alcadon
- Professional Distribution
- 23 MSEK in turnover

#### Rationale:

- Establishing local footprint in an interesting region
- Synergies in cross-selling by launching Alcadon's full scale portfolio in Örebro leading to margin enhancement and strengthened customer offer for Svagströsmateriel

### Networks Centre Ltd and BV 2022

#### At a glance:

- One of the strongest players in the British cabling, data centre and FTTx segments
- Professional Distribution with some of the world's most renowned brands
- Established successful presence in Scotland and the Netherlands.
- 42,6 MGBP in turnover

#### Rationale:

- Establishing footprint in an interesting region which will further strengthen Alcadon's organic growth profile
- Significant potential in cooperation between Alcadon and Networks Centre concerning supplier cooperations and strengthening product portfolios in key segments

### Cable Com 2018

#### At a glance:

- Strong position in Norwegian FTTx market
- Present in the Norwegian Residential networks segment
- Professional Distribution with well-known global brands
- 96 MNOK in turnover

#### Rationale:

- Complementing product offer in Norway
- Expanding geographical footprint in Norway
- Deepened cooperation with manufacturers Alcadon represented in Sweden

### 6X International ApS and GmbH 2021

#### At a glance:

- One of the strongest players in the Danish FTTx segment
- Professional Distribution in combination with assembly operations and own brands
- Established successful presence in Germany, one of Europe's most interesting growth region in FTTx
- Initialized focus on new segments: Industry, Commercial Networks including Data Centres and radio solutions
- 126 MDKK in turnover

#### Rationale:

- Establishing footprint in an interesting region
- Significant potential in cooperation between Alcadon and 6X concerning new product launches and approaching new segments



## OUR ANNUAL TARGETS OVER A BUSINESS CYCLE

Our targets include both organic as well as acquisitive growth and intend to reflect our ambitions regarding growth, profitability, capital structure, and other relevant parameters.

- Net Sales Growth of 20%
- EBITA % exceeding 10%
- Net Debt/EBITDA (R12) of 2.0-3.0
- Net Promoter Score (NPS) exceeding 30
- Employee Net Promoter Score (ENPS) exceeding 30

**Growth** – Alcadon should achieve an annual average turnover growth of at least 20 percent over a business cycle. Revenue growth must be generated organically and through acquisitions.

**Profitability** – Alcadon’s annual average EBITA margin should exceed 10 percent over a business cycle. EBITA is defined as operating profit before amortization of intangible assets.

**Debt** – Alcadon’s long-term debt should be between 2 and 3 times EBITDA. EBITDA is defined as operating profit before depreciation, excluding acquisition costs, including pro forma from acquisitions.

**Customer loyalty** – measured by Net Promoter Score (NPS) which gives a measure of how willing customers are to recommend Alcadon. NPS is measured by customers ranking Alcadon on a scale from 1-10, where the number of ambassadors is then compared to the number of critics. Ambassadors are considered to be everyone who answered between 9-10, while critics are considered to be everyone who answered between 1-6.

**Employee engagement** – measured through the Employee Net Promoter Score (eNPS) which provides a measure of how willing the employees are to recommend their workplace. Employees rank Alcadon on a scale from 1-10 where the number of ambassadors is then compared to the number of critics. Ambassadors are considered to be everyone who answered between 9-10, while critics are considered to be everyone who answered between 1-6.

## OUR VISION FOR 2025

Alcadon is a well-renowned European premium partner active in carefully selected business areas related to the digitalization of society.

### Our 2025 vision detailed:

- Widely renowned equals to NPS > 30 and ENPS > 30 with the purpose of being highly renowned by employees and customers alike.
- Premium partner for us entails being a competence centre recognized for being solution oriented, being able to offer tailor-made solutions in a partnership with suppliers and customers but also to offer state-of the art, high quality solutions and products.
- With Europe we mean having a significant presence in at least 8 countries.
- Premium – Top of the line / state of the art service, solutions etc.
- Our overall financial targets for 2025 is to reach 2,6 BSEK in turnover and 0,3 BSEK in EBITa while maintaining a net debt/EBITDA ratio in the range of 2,0-3,0.

# 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 opinion is included in conjunction with this report. Application of the Swedish Code of Corporate Governance ("the 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 those sections of the Code that are considered relevant to the Company and its shareholders, taking into account the scope of operations.

Alcadon Group AB (publ), reg.no. 559009-2382, is a Swedish public limited company governed by Swedish law. During 2022, the business operations were conducted in Sweden, Norway, Denmark, Germany, Belgium, the United Kingdom, and the Netherlands. The operating subsidiaries are: Alcadon AB (Sweden), Alcadon AS (Norway), Alcadon ApS (Denmark), Alcadon GmbH (Germany), Alcadon B.V. (Belgium), Networks Centre Ltd. (the United Kingdom), Networks Centre Ltd. (Scotland), Communications Centre International Ltd. (the United Kingdom), and Networks Centre B.V (the Netherlands).

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 First North marketplace, and other relevant rules and guidelines. Since 14 September 2016, the Company's share is listed on Nasdaq First North under the ticker ALCA.

The bases for governance of the Company and the Group are, among other things, the Articles of Association, the Swedish Companies Act, and the Stockholm Stock Exchange's regulations for listing on First North.

Since Alcadon Group's share is not listed on a regulated market, the Code does not apply to the company. Nevertheless, Alcadon Group's corporate governance is, to a great extent, 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. Companies listed on Nasdaq First North are required to have a Certified Adviser with, among other things, responsibility for supervision. Alcadon Group's Certified Adviser is Svensk Kapitalmarknadsgranskning AB (SKMG).

The number of shareholders in Alcadon Group amounted to 6,077 on 31 December 2022. For more information about shareholders and ownership structure, please refer to page 54.

## GENERAL MEETING

The Company's highest decision-making body is the General Meeting, where the shareholders exercise their influence in the company. Shareholders who wish 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 shall be published in Post-och Inrikes Tidningar and on the Company's website ([www.alcadongroup.se](http://www.alcadongroup.se)). At the time of notice, information regarding the notice shall be published in Svenska Dagbladet.

The 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 past year. Decisions are made also on the adoption of the financial reports, appropriation of retained earnings, and fees for the Board of Directors and auditor.

## ANNUAL GENERAL MEETING 2022

The Annual General Meeting 2022 was held in Stockholm on 22 April. For information about the Annual General Meeting and the resolutions passed, please refer to the Company's AGM communiqué, available on the Company's website: [www.alcadongroup.se/investerare/bolagsstammor/](http://www.alcadongroup.se/investerare/bolagsstammor/).

## ANNUAL GENERAL MEETING 2023

The Annual General Meeting 2023 will be held in Stockholm on Friday, 28 April 2023, 10:00 a.m. Shareholders wishing to have a matter considered at the general meeting shall submit their proposals to the Chairman of the Board, Pierre Fors, well in advance of the announcement of the notice of the Annual General Meeting, which is projected to be at the end of March 2023. More information about the Annual General Meeting 2023 can be found on page 65 of this Annual Report.

## BOARD OF DIRECTORS

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 alternates. The four elected members were appointed by the Annual General Meeting 2022 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 60 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 is considered by the Nomination Committee to be independent in relation to the Company's major shareholders. As he has previously been employed by the Company and is also a large shareholder in Alcadon Group AB, Pierre is not considered independent in relation to the Company and the company management. 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. For more information about the board members elected by the General Meeting, please refer to page 55.

## The work and responsibilities of the Board of Directors

On 22 April 2022, 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 organization 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 prior to releasing a notice, the Chair of the Board, in consultation with the CEO, shall draw up an agenda for each meeting and determine the decision-supporting and general documentation necessary for the matters currently at issue. 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, one ordinary meeting is held in June for strategic discussion and discussion relating to corporate governance and one meeting in December to review 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 any 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 16 times, including a statutory board meeting.

## Attendance frequency of the Board of Directors in 2022

Name	Position	Elect-ed	Depend-ence	Attend-ance
Pierre Fors	Chairman	2016	Yes <sup>1)</sup>	16/16
Jonas Mårtensson	Vice Chairman	2016	No	16/16
Marie Ygge	Member	2019	No	15/16
Lars Engström	Member	2020	No	16/16

<sup>1)</sup> As former CEO of the Company, board member and large shareholder in Alcadon Group, Pierre Fors is considered dependent in relation to the Company and the company management but independent in relation to major shareholders.

The Chairman 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 to

maintain the quality of the board's work and pursue it according to the Swedish Companies Act. The Chairman, together with the CEO, represents the company in ownership issues.

The Board of Directors monitors the CEO's work and is responsible for ensuring that the organization is appropriate.

The Board of Directors establishes Alcadon Group's overall 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 major investments and changes in Alcadon Group AB's organization and operations.

## Remuneration of the Board of Directors

The Chairman of the Board and the board members were paid fees as resolved by the parent company's Annual General Meeting 2022.

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 ordinary fees, the Company has carried out transactions of MSEK 0.8 with Paseca AB which is owned by the Chairman of the Board, Pierre Fors. These transactions relate to consultancy services.

All transactions are considered commercially reasonable and based on market conditions.

## Fees to the Board of Directors

KSEK	2022
Pierre Fors, board member and Chairman of the Board	280
Jonas Mårtensson, board member and Vice Chairman	210
Marie Ygge, board member	155
Lars Engström, board member	155

## BOARD COMMITTEES

During the year, the Board of Directors has not appointed any special board committees. Issues regarding remuneration of 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 2022, when Grant Thornton Sweden AB was re-elected as auditor for the period until the end of the Annual General Meeting 2023. The auditor in charge is Authorized Public Accountant Daniel Forsgren (born in 1972).



For information, the auditor in charge 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 present an audit report made in writing.

The auditor in charge 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 2022. Members of the Board have, on some 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 review of the year-end report, financial company inspections during the acquisition of Networks Centre, and tax consultancy. For this work, Grant Thornton has invoiced a total amount of KSEK 4,110 (1,527) for 2022.

The auditor receives fees for its work in accordance with the decision at the Annual General Meeting. For information about auditor's fees during 2022, please see Note 5.

## CHIEF EXECUTIVE OFFICER

The Board appoints the Chief Executive Officer of Alcadon Group AB, who is also the President of the Group. 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 Chairman 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 2022.

Sonny Mirborn is the CEO and President of Alcadon Group AB since 11 July 2019.

The Board of Directors carries out an internal evaluation of the CEO's work 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 OF 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 Chairman 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 five 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 2022 are unchanged compared with the previously applied principles. 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. For information about the amounts paid to the CEO and other senior executives, please refer to Note 7.

## 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

The internal control within the Alcadon Group is based on a control environment including organization, 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 organization 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 1718 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. The year-end and reporting process includes controls, which, among other things, relate to accounting, valuation and disclosure requirements, as well as regarding the application of material accounting principles and estimates, both in individual subsidiaries and at group level. The economics and 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 simultaneously with the disclosure 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, 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 reports on their administration to group management, including analyses and comments on financial results and risks.

On a monthly basis, the Board of Directors of Alcadon Group receives the CEO's 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

As of 31 December 2022, people with a so-called insider position in the company own shares corresponding to 9.7 percent of the capital and votes in the company. See pages 5557 for information on the shareholding of board members and senior executives.

## PROCEDURES FOR INSIDER INFORMATION, INSIDER LISTS AND REPORTING CHANGES IN HOLDINGS FOR PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES

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 of inside information.
- Procedure for establishing an insider list.
- Procedure for transactions performed by persons discharging managerial responsibilities 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 Regulation. 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.

## AUTHORIZATIONS PROVIDED BY THE GENERAL MEETING

The Annual General Meeting on 22 April 2022 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, the total number limited to not exceed 10 percent of the total number of outstanding shares in the Company at any time. 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.

Any cash or set-off issue with deviation from the shareholders' preferential rights shall be carried out on market terms.

The main purpose of the authorization is to give the Board of Directors flexibility in the work of ensuring that the Company can raise 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 are more concerned with securing the Company's liquidity.

The authorization covered a maximum of 1,962,512 shares, corresponding to a maximum of 10 percent of the Company's existing share capital on the date of the 2022 Annual General Meeting.

On 16 August 2022, the Board of Directors resolved upon a directed new issue of 987,694 shares in Alcadon Group AB to the sellers of Networks Centre as part of the payment for the acquisition. Following the new issue, the number of shares in Alcadon Group AB thus increased from 19,625,129 to 20,612,823.

## NOMINATION COMMITTEE

Alcadon Group's corporate governance work is, to a great extent, 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 2023 Annual General Meeting, the Nomination Committee for Alcadon Group AB has been appointed in accordance with the principles decided at the 2022 Annual General Meeting, which means, among other things, that:

- The Chairman of the Board shall, no later than 15 October 2022, convene the three largest shareholders in terms of voting rights or owners representing the three largest groups of owners of the Company, each of whom has the right to appoint one member of the Nomination Committee.
- In addition, the Chairman of the Board shall be a member of the Nomination Committee at the time of its establishment.

## Nomination Committee

On 3 November 2022, in accordance with the above, Alcadon Group AB informed that Alcadon Group's Nomination Committee for the 2023 Annual General Meeting consists of:

- Sven Thorén (appointed by and representing Athanase Industrial Partner), Chairman of the Nomination Committee
- Anders Bladh (appointed by and representing Ribbskottet AB)
- Mikael Vaezi (appointed by and representing Investment AB Spiltan)
- Pierre Fors (Chairman of the Board)

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 of 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.



## THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

**To the General Meeting of the Shareholders of Alcadon Group AB (publ), reg.no. 559009-2382**

### **Tasks and responsibilities**

It is the Board of Directors that is responsible for the 2022 corporate governance statement on pages 11–15 and for preparing it in accordance with the Annual Accounts Act.

### **Focus and scope of the examination**

Our examination was conducted in accordance with FAR's auditing standard RevR 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.

### **Opinions**

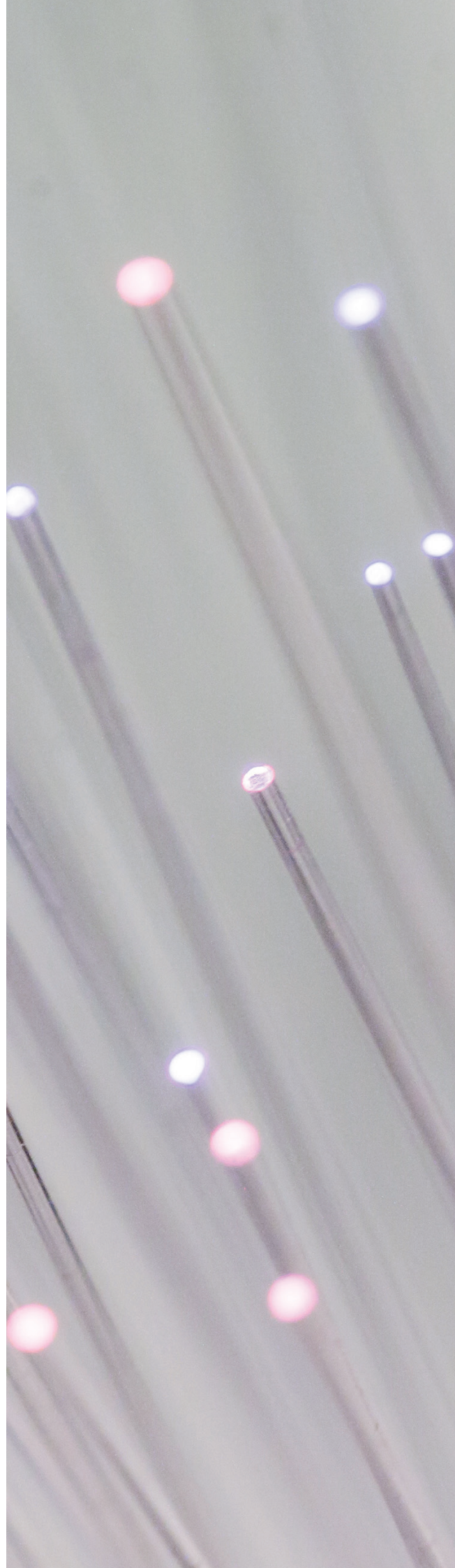
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, the second paragraph, items 2-6 of the Annual Accounts Act and chapter 7, section 31, the second paragraph of the same law are consistent with the annual accounts and consolidated accounts, and are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

Stockholm, Sweden, 24 March 2023

Grant Thornton Sweden AB

Daniel Forsgren

Authorized Public Accountant



# Risks and risk management

Alcadon's operations are affected by a number of factors beyond the Group's control and also by many factors whose effects the Group can influence through its actions. The section below does not claim to be complete. Other risks and uncertainties currently unknown to the group or currently not considered material may also have a negative impact on the Group's operations.

The risk description is not arranged in order of magnitude and is not intended to rank the probability of the various circumstances occurring. Nor does it indicate the potential impact of the risks should they occur. To assess the development of the Group, it is important to assess the aforementioned and potential additional risk factors and their significance for the future development of the Group. All risk factors have in common that they could, to varying degrees, impact negatively on the Group's operations, performance, and financial position.

## OPERATIONAL AND INDUSTRY-RELATED RISKS

### Fluctuations of the economic cycle

The demand for Alcadon's products is affected by the general economic climate in the markets where the Group is active, which is influenced, among other things, by interest rates, exchange rates, taxes, the development of the equity market, credit availability, the unemployment rate and overall business conditions. Less favourable economic conditions may result in a deterioration in the conditions for new investments and maintenance among Alcadon's final customers and thus a negative impact on the demand for Alcadon's products. In addition, changes in raw material prices may affect the level of activity and result in investments being postponed and existing orders being delayed or cancelled.

The war in Ukraine has caused concern in many economies around the world. Alcadon has been impacted mainly through supply chain disruptions resulting in prolonged delivery times and price increases on raw materials and supplies.

### Technology development

Alcadon is active in the data- and telecommunications market in the Nordic countries, Germany, Belgium, the United Kingdom, and the Netherlands. Changes in the IT industry, where products and future technologies often develop rapidly, may thus be associated with a greater degree of uncertainty compared with companies operating in other, more stable industries and less volatile markets. The Group's products are intended for network infrastructure in the form of fiber and copper cables.

There is a risk that new technologies are developed and introduced, which, depending on their success and Alcadon's ability to further develop products and systems, could affect Alcadon's market position.

### Price pressure and competition

Alcadon's operations are conducted in an industry exposed to competition. Market participants compete on price, innovation, design and quality, but also on technology and market penetration. Alcadon is facing a large number of competitors, both traditional retailers and specialized suppliers. In recent years,

the Group has seen increasing price pressure in the market, which has contributed to decreasing margins on certain product groups and a demand for cost-efficient solutions.

There is a risk that increased competition results in reduced demand for Alcadon's products. The Group may also be forced to implement costly restructurings of the operations to maintain its market position and profitability.

### Risks related to acquisitions

From time to time, Alcadon may evaluate potential acquisitions that align with the Group's strategic objectives. Acquisitions always involve risks in terms of, for example, errors of assessment at the time of acquisition, the cost of integrating the acquiree and of possible restructuring efforts, financial commitments in the form of contingent consideration, and diversion of the executive management's focus on core activities.

If completed acquisitions fail to be successfully integrated, it may have a negative impact on the Group's performance and financial position. In addition, future acquisitions financed by equity may be dilutive for existing shareholders and debt financing may hamper the group's flexibility and restrict the use of capital.

### Regulatory risks

The activities of Alcadon are not subject to licensing but are subject to laws, regulations and standards pertaining to, inter alia, taxes, personnel, the environment and product safety. If the Group fails to comply with such rules, it may face penalties as a result. In addition, unforeseen problems related to the quality of products could damage the Group's reputation and lead to increased warranty costs (see also the section "Risks related to product quality and product safety" below).

Any future amendments of laws, regulations or standards that result in stricter requirements or changed conditions with regard to product specifications, safety, health or the environment may have several negative implications, such as forcing the Group to make investments or take other measures in compliance. Such changes could also result in certain products of the Group becoming obsolete or the Group's operations becoming limited or obstructed.

There is a risk that new technologies are developed and introduced, which, depending on their success and Alcadon's ability to further develop products and systems, could affect Alcadon's market position.

### **Dependence on suppliers**

In order to sell and deliver products, the Group depends on external deliveries fulfilling the agreed requirements with regard to quantities, qualities, delivery times, etc. Defective, delayed or unfulfilled deliveries from suppliers, or other supply chain disruptions, may in turn cause the subsidiaries' deliveries to be delayed, deficient or faulty, which could result in decreased sales.

### **Dependence on key individuals and personnel**

As at 31 December 2022, the Group had 179 employees. Alcadon's future development is dependent on the Group's ability to retain and recruit personnel with relevant experience, knowledge and commitment. Should any member of management or other key employees terminate their employment, this could, at least in the short term, have a materially adverse effect.

### **Risks related to warehousing and transports**

The Group maintains central warehouses in each respective country of operation and smaller warehouses in conjunction with the local offices. There is a risk that the warehouses are subjected to, for example, fire, water damage or theft. Even if the Group has the insurances required, such damages may lead to delayed or unfulfilled deliveries to customers, in turn causing damage to the Group's reputation. Should products be damaged during transportation from suppliers, the Group may not be able to deliver to customers on time.

### **Risks related to product quality and product safety**

The products supplied by Alcadon may, in the event that the quality is insufficient, cause personal injury or damage on other property such as other equipment installed in conjunction with the damaged products or components. Alcadon issues warranties for its products, usually with a warranty period of 12 months. In relation to the private label brand ECS (European Cabling Systems), the warranty period is 15 years. The warranty imposes an obligation on Alcadon to replace or repair products that are inadequate in terms of quality or safety.

### **Tax risks**

Alcadon conducts operations in a number of European countries. The operations in these countries are conducted in accordance with Alcadon's interpretation of applicable laws, regulations and judicial practices as well as the administrative practices of the tax authorities. It cannot be excluded, however, that the tax authorities form a different evaluation in certain matters, and that the Group's previous or present tax situation changes by administrative decision. Moreover, revised tax legislation, possibly with retroactive effect, or revised interpretation of such legislation may have an adverse effect on the Group's operations, performance and financial position.

## **RISK MANAGEMENT**

Alcadon's executive management is working continuously to develop and adapt the company in order to mitigate the risks described above and minimize the effects and damage caused by these risks. Since a significant proportion of sales is targeted to segments other than new construction and to final customers in a variety of industries, the Company has a reduced exposure to cyclical factors. The role as distributor of proven technology rather than developer of new proprietary technology makes us less exposed to the rapid development of the industry; our organization can distribute the technology that proves to be the leading one in each period of time. By developing private label brands and ensuring the staff's high level of knowledge about our niche, we can manage the price competition.

Our staff is an important resource and a means of competition, and it is, therefore, very good that the majority of key employees have been large shareholders in Alcadon for a long time. Furthermore, our good and long-standing relations with Asian and European suppliers are crucial for maintaining a high level of quality and ensuring the availability of goods to customers. Risks related to acquisitions are managed through a very detailed due diligence process, supported by external advisors and with the active participation of the Company's Board of Directors where several members have extensive experience of such processes. The management's industry expertise, which further covers the operations of acquired businesses, has also contributed to efficient integration.

## **FINANCIAL RISKS**

For information about risk exposure and financial risk management, please refer to Note 2.



# Management report

The Board of Directors and the Chief Executive Officer of Alcadon Group AB, reg.no. 559009-2382, registered in Stockholm, hereby present the annual and consolidated accounts for the financial year 2022. The company is the parent company of the Alcadon Group.

The company's share is listed on Nasdaq First North Stockholm since 14 September 2016. The Board of Directors has decided to during 2023 start the process of switching from Nasdaq First North Growth Market to Nasdaq Main Market in Stockholm. The decision is a declaration of intent, and the application to Nasdaq is projected to be submitted during 2024.

## THE GROUP'S OPERATIONS

Alcadon was founded in Sweden in 1988 with the purpose to provide first class premium products for network infrastructure and data communication. Through value-adding distribution and by representing world-leading manufacturers, the groundwork for further expansion into Europe was laid.

Today, Alcadon is established in Sweden, Norway, Denmark, Germany, Belgium, the Netherlands, and the United Kingdom. In all markets, we offer products and systems for data and telecommunications through suppliers of leading brands and the private label brand ECS.

In February 2022, the subsidiary Alcadon B.V. in the Netherlands was registered.

In November 2022, Alcadon acquired the remaining 20 percent of Alcadon B.V. in Belgium.

In August 2022, the whole of Networks Centre Holding Company Ltd. in Ashington, UK, was acquired together with its subsidiaries in the United Kingdom and the Netherlands.

Alcadon is dependent on suppliers and their products in its operations. Cooperation is undertaken with suppliers in Europe, the United States, and Asia. Products under the private label brand ECS are manufactured in several factories in Taiwan, China, the United Kingdom, and Israel. Overall, Alcadon offers products from more than 200 suppliers.

## ECONOMY

Net sales increased by 51 percent to MSEK 1,110 (737). The organic growth less currency effects was 9 percent and the acquired growth was 39 percent. In unchanged currency levels, net sales increased by 48 percent. Gross margin decreased to 25.5 (28.1) percent. Gross margin excluding the Networks Centre acquisition amounted to 26.7 (28.1) percent. The weakened Swedish Krona, especially in relation to the USD and the EUR, the increased freight costs, and a time lag in passing on cost increases to customers have contributed to the gross margin decrease. Overhead increased as a result of investments in new recruitments and marketing efforts aiming to create new revenue streams. Operating profit before amortization of intangible assets (EBITA) increased by 2 percent to MSEK 69 (68) including MSEK -6.4 (-2.6) attributable to unrealized exchange rate gains and losses and MSEK 1.6 (0) attributable to

the reversal of contingent consideration for Alcadon Belgium (formerly 6X International BV). The year was also burdened by acquisition costs of MSEK -4.3 (-2.3).

Profit or loss for the period amounted to MSEK 37 (47).

A summary of key indicators, the quarterly performance, and a comparison with the previous year is provided in the section Indicators and the year in quarters, on pages 4748.

Cash flow from operating activities amounted to MSEK 24 (18). The change in working capital amounted to MSEK -54 (-48) and is driven by increased sales and investments in stock building to counter the longer delivery times currently prevailing.

Other net investments in tangible and intangible fixed assets amounted to MSEK -12.9 (-5.5). Net cash flow from acquisitions amounted to MSEK -246 (-44) and consisted of paid contingent consideration of MSEK -5.8 relating to the acquisition of Alcadon ApS (formerly 6X International ApS), the MSEK -240 acquisition of Networks Centre, and MSEK -0.6 for the remaining 20 percent of Alcadon Belgium.

Cash flow from financing activities amounted to MSEK 306 (54) and consisted in part of issue proceeds of MSEK 125 after issuance costs, in part of amortization and decreased utilization of the bank overdraft facility of MSEK -56 (-135), dividend of MSEK -10, and new financing in connection with the acquisition of Networks Centre in the amount of MSEK 263 net.

At the end of the period, the Group's cash and cash equivalents amounted to MSEK 101 (28). The overdraft granted with SEB amounts to MSEK 50 (50), of which MSEK 45 (36) was undrawn at the end of the period.

Information on the company's pledged assets or contingent liabilities is provided in note 23.

Working capital in relation to net sales amounted to 21 (23) percent.

The Group has no significant tangible fixed assets other than rights of use assets.

As of 31 December 2022, the inventory value amounts to MSEK 345 (152). The increase is attributable to the acquisition of Networks Centre, and to investments in inventory to counteract the longer delivery times that prevail.

The Group had a goodwill item of MSEK 671 (338) on 31 December 2022. The goodwill is attributable to the acquisition of the Alcadeltaco Group at the end of December 2015, as part of the creation of the current Group structure, and to the Group's subsequent acquisitions. The change from the previous year is mainly attributable to the acquisition of Networks Centre Holding Company Ltd. and its subsidiaries in

August 2022. Goodwill is tested for impairment regularly and is recognized at cost less accumulated impairment. The tests for impairment conducted at year-end 2022 indicated that no impairment loss had occurred.

## INVESTMENTS

Alcadon's investments other than acquisitions normally consist of smaller continuous investments in tangible and intangible fixed assets, such as furniture and software, etc.

## FINANCING

In connection with the acquisition of Networks Centre Holding Company Ltd, Alcadon refinanced previously raised loans of MSEK 130 and raised new loans of MSEK 250 for 3+1 years.

### Terms in brief

- Bank loan, MSEK 130, straight-line amortization over 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on the debt-to-equity ratio.
- Bank loan, MSEK 250, straight-line amortization over 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on the debt-to-equity ratio.
- Overdraft facility MSEK 50, SEB base rate + 1.2 percentage points, 0.4 percent annual credit charge.
- Acquisition credit facility MSEK 30, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on debt-to-equity ratio, 0.35 percent on undrawn amount.

In total, the bank loans amount to MSEK 448 (130) as of 31 December 2022, of which MSEK 125 (19) are recognized as current liabilities under Other interest-bearing liabilities and MSEK are recognized as long-term liabilities under Liabilities to credit institutions. The overdraft granted with SEB amounts to MSEK 50 (50), of which MSEK 45 (36) was undrawn at the end of the period.

Solidity amounted to 35 (49) percent on the balance sheet date.

## FINANCIAL OBJECTIVES AND TARGET ACHIEVEMENT

Alcadon's financial objectives are for the Group to achieve, over an economic cycle, an annual average sales growth of at least 20 percent; an annual average EBITA margin exceeding 10 percent; and a long-term indebtedness of between 2 and 3 times EBITDA.

Earnings per share decreased from SEK 2.62 to 1.86, corresponding to a 29 percent decrease for the year. As of 31 December 2022, solidity amounted to 35 percent, which can be compared with 49 percent in the previous year

## FUTURE DEVELOPMENT

Preceding Alcadon's capital market day held on 29 September 2022, the board decided on updated financial targets over a business cycle and Vision 2025. The updated financial goals include a continued focus on profitable growth both organically and through acquisitions, with Alcadon becoming a reputable European premium partner active in carefully selected business areas related to the digitization of society.

### Financial goals over a business cycle

- **Growth** – Annual turnover growth of 20 percent
- **Profitability** – EBITA margin exceeding 10 percent
- **Debt** – Net interest-bearing liabilities/EBITDA (rolling 12 months) between 2 and 3

**Growth** – Alcadon should achieve an annual average turnover growth of at least 20 percent over a business cycle. Revenue growth must be generated organically and through acquisitions.

**Profitability** – Alcadon's annual average EBITA margin should exceed 10 percent over a business cycle. EBITA is defined as operating profit before amortization of intangible assets.

**Debt** – Alcadon's long-term debt should be between 2 and 3 times EBITDA. EBITDA is defined as operating profit before depreciation, excluding acquisition costs, including pro forma from acquisitions.

### Vision 2025

- Net sales – 2,600 MSEK
- EBITA – 280 MSEK
- EBITA % - 10,8 %

Furthermore, the board decided on the following significant goals for Alcadon.

- **Customer loyalty** - Net Promoter Score exceeding 30
- **Employee engagement** - Employee Net Promoter Score (eNPS) exceeding 30

Additional goals	Goal	2022
Employee engagement	>30	40
Customer loyalty*	>30	54

\*Measured in Sweden and Norway during 2022. Other companies will be added during 2023.

**Customer loyalty** – is measured through the Net Promoter Score (NPS), which provides a measure of how willing customers are to recommend Alcadon. NPS is measured by customers ranking Alcadon on a scale from 1-10, where the number of ambassadors is then compared to the number of critics. Ambassadors are considered to be everyone who answered between 9-10, while critics are considered to be everyone who answered between 1-6.

**Employee engagement** – is measured through the Employee Net Promoter Score (eNPS), which provides a measure of how willing employees are to recommend their workplace. Employees rank Alcadon on a scale from 1-10, where the number of ambassadors is then compared to the number of critics. Ambassadors are considered to be everyone who answered between 9-10, while critics are considered to be everyone who answered between 1-6.

Financial goals	Goal	Q3 2022	Q4 2022
Growth	20%	43%	51%
Profitability	>10%	5.9%	6.2%
Debt	2-3	3.8	3,7

## SIGNIFICANT EVENTS DURING THE YEAR

- Alcadon carries out a directed issue of approximately 1.28 million shares, raising about MSEK 128 in proceeds before issuance costs.
- The Company is established in the Netherlands through the founding of Alcadon B.V.
- The whole of Networks Centre Holding Company Ltd. in Ashington, UK, and its subsidiaries in the United Kingdom and the Netherlands are acquired during the year.
- The remaining 20 percent of Alcadon BV in Belgium (formerly 6X International BV) are acquired during the year.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- In the light of the acquisition of Networks Centre and the projection of continued strong growth, the Board of Directors proposes that no dividend be paid for 2022.
- Alcadon, through its Belgian subsidiary, Alcadon B.V, has signed a 5-year framework agreement with Fiberklaar, a network operator rolling out FTTH (Fiber-To-The-Home) in the Flanders region of Belgium, for the supply of fiber optic material in FTTH deployment. With the help of subcontractors, Fiberklaar has started to build an open optical fiber network for public telecommunications services in Flanders and aims to connect 1.5 million households and small businesses before the end of 2028. Volumes under the framework agreement are approximately EUR 16 million until 2027. Material purchases require separate agreements to be signed directly with the subcontractors. The projects are mainly expected to start in 2024 and will involve some inventory build-up in 2023.
- The board has decided to start the process of changing the company's stock exchange listing from Nasdaq First North Growth Market to Nasdaq's main list in Stockholm in 2023. The decision is a declaration of intent and the application to Nasdaq is expected to be submitted in 2024.
- On 21 March 2023, Alcadon has carried out a targeted new issue of shares to existing and new investors. Through the new issue, approximately SEK 52.6 million was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increases from 20,612,823 to 21,587,641 after the issue has been completed.
- Alcadon terminates the incentive programme 2019/2023:1-6, whereby six employees, including the CEO and CFO, subscribes for shares of a total of SEK 3 702 452 with the support of subscription warrants.

For more information, see Note 29.

No other significant events that would require disclosure have occurred after the end of the financial year.

## OWNERSHIP

As of 31 December 2022, the company's share capital consisted of 20,612,823 shares, all with equal voting rights and equal right to dividend. The company had 6,077 shareholders on 31 December 2022, with the 20 largest shareholders controlling 75.50 percent of the number of votes and shares.

Owners with holdings that exceed 10 percent of the total number of shares are Investment AB Spiltan and Ribbskottet AB.

On 12 January 2022, Alcadon Group carried out a directed issue of 1,284,103 shares at a subscription price of SEK 100 per share. The subscription price of the new issue was determined by means of the so-called accelerated book building process. Through the issue, Alcadon raised approximately MSEK 128 before issuance costs. The number of shares in Alcadon Group AB thus increased from 18,341,026 to 19,625,129 through the new issue.

On 16 August 2022, the Board of Directors resolved upon a directed new issue of 987,694 shares in Alcadon Group AB to the sellers of Networks Centre as part of the payment for the acquisition. Following the new issue, the number of shares in Alcadon Group AB thus increased from 19,625,129 to 20,612,823.

On 21 March 2023, Alcadon Group carried out a directed issue of 974,818 shares at a subscription price of SEK 54 per share. The subscription price in the new issue was determined through a so-called "accelerated bookbuilding" procedure. Through the new issue, approximately SEK 52.6 million was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increases from 20,612,823 to 21,587,641 after the issue has been completed.

In-depth ownership information is provided in the section "Share and ownership" on page 54.

## ENVIRONMENTAL RESPONSIBILITY AND CLIMATE-RELATED ISSUES

Alcadon is not conducting any operations that are subject to compulsory licensing pursuant to the Swedish Environmental Code. There is impact on the environment, mainly deriving from the transport of goods, energy consumption, waste and packaging. Alcadon is working actively to minimize the impact on the environment in all of the said areas. The environmental impact is also taken into account in the selection of passenger modes of transport and electricity suppliers. Additional information is provided on pages 14-20 in Alcadon's sustainability report.

As of the balance sheet date, the Group has not identified any significant risks arising from climate change that could affect the Group's financial reports negatively and with a significant impact. The Group's management continuously assesses the impact that climate-related issues have on the Group.

## REMUNERATION OF SENIOR MANAGEMENT

The Group's guidelines for the remuneration of senior executives are described in the corporate governance report on page 13. Details of the remuneration of the Board of Directors and senior executives for 2022 are provided in Note 7.

## FINANCIAL INSTRUMENTS

The Group is exposed to various risks associated with financial instruments, mainly trade receivables from sales, long-term liabilities, and operating liabilities. A summary of these is provided in Note 14. The various types of risk and how they are managed are described in more detail in Note 2.



## RISKS AND UNCERTAINTIES

Alcadon's operations, sales, and financial results may be affected by a number of uncertainties. The Group portrays the risks relating to its business activities and its risk management in this annual report. See the section "Risks and risk management" on pages 17-18 for the Group's assessment of various risk areas and Note 2 regarding financial risks.

The war in Ukraine has led to unrest in many economies around the world. Alcadon has been affected primarily by disruptions in the supply chain with extended delivery times and price increases for raw materials and materials.

Currency risk involves exposure to the fact that the value of financial instruments varies due to changes in exchange rates. In order to manage the transactional currency risk, Alcadon has the option, if necessary, to buy currency for known future flows to the extent that inflows and outflows cannot be matched against each other.

## SUSTAINABILITY REPORT

As of the 2019 financial year, the Group is subject to the obligation to prepare a Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report for 2022, which, in accordance with FAR's recommendation RevR12, has been reviewed by the company's auditor, will be presented on the Group's website no later than at the end of March 2023. The same section describes the Group's Sustainability Policy and the principles that govern its Environmental and Corporate Responsibility. <https://alcadongroup.se/verksamhet/policy-for-hallbarhet/>.

## EXPECTED FUTURE DEVELOPMENT

The Group will continue its efforts to strengthen its market position in network infrastructure, as well as continue to develop private label brands in parallel with the distribution of other, well-established brands. The management and the Board of Directors continuously evaluate potential strategic acquisitions.

## THE PARENT COMPANY

The operations in the parent company comprise management of shares in subsidiaries, investor relations (IR/PR), and group management and economy. It also manages the Group's long-term external financing.

The parent company's net sales amounted to MSEK 8.6 (13.3) and the operating profit to MSEK -8.3 (0.4). Profit or loss for the year amounted to MSEK -2.1 (5.9). Solidity was 41 (39) percent.

## CORPORATE GOVERNANCE REPORT

The Company has prepared a separate Corporate Governance Report, see pages 11-15 of the printed annual report and the auditor's opinion on page 16.

## ANNUAL GENERAL MEETING

The Annual General Meeting 2023 will be held in Stockholm on Friday, 28 April 2023, 10:00 a.m. Shareholders wishing to have a matter considered at the general meeting shall submit their proposals to the Chairman of the Board, Pierre Fors, well in advance of the announcement of the notice of the Annual General Meeting, which is projected to be at the end of March 2023.

Proposed appropriations of profit or loss (SEK)

### The following funds are available to the Annual General Meeting.

Retained earnings:	358,371,204
Net profit or loss for the year	-2,054,501
<b>Total</b>	<b>356,316,704</b>

### The Board of Directors proposes the following distribution of funds:

Dividend to shareholders: SEK 0 per share	0
Carried forward to new account	356,316,704
<b>Total</b>	<b>356,316,704</b>

In the light of the completed acquisition of Networks Centre and the projection of continued strong growth, the Board of Directors proposes that no dividend be paid for 2022.

The financial position of the company and the Group as of 31 December 2022 and the result of the operations during 2022 are set out in the income statements, balance sheets, cash flow statements and notes to the financial statements below.

# Financial statements

INCOME STATEMENT, KSEK	NOTES	THE GROUP		THE PARENT COMPANY	
		2022	2021	2022	2021
<b>Operating income</b>					
Net sales	3	1,110,381	736,466	8,665	13,253
Other operating income		447	56	-	36
<b>Total operating income</b>		<b>1,110,828</b>	<b>736,522</b>	<b>8,665</b>	<b>13,288</b>
<b>Operating expenses</b>					
Goods for resale		-826,778	-529,196	-239	-
Other external expenses	5, 6	-78,536	-48,137	-7,716	-4,706
Personnel costs	7	-121,028	-81,745	-9,027	-8,213
<b>Operating profit before depreciation/amortization</b>		<b>84,486</b>	<b>77,444</b>	<b>-8,317</b>	<b>370</b>
Depreciation and amortization of tangible and intangible fixed assets	12,13	-22,228	-11,587	-	-
<b>Operating profit</b>		<b>62,257</b>	<b>65,857</b>	<b>-8,317</b>	<b>370</b>
<b>Profit from financial items</b>					
Interest income and similar items	8	5,521	1,088	2,213	165
Interest expenses and similar items	9	-16,186	-5,856	-9,206	-3,690
<b>Profit after net financial items</b>		<b>51,592</b>	<b>61,089</b>	<b>-15,310</b>	<b>-3,155</b>
Appropriations		-	-	13,255	10,757
Tax on profit for the year	10	-14,520	-13,970	-	-1,723
<b>Net profit or loss for the year</b>		<b>37,072</b>	<b>47,119</b>	<b>-2,055</b>	<b>5,878</b>
<b>Attributable to:</b>					
The parent company's shareholders		37,072	47,204		
Non-controlling interests		-	-85		
<b>Earnings per share, SEK</b>					
Earnings per share	4	1.86	2.62		
Diluted earnings per share	4	1.82	2.56		

STATEMENT OF OTHER COMPREHENSIVE INCOME	NOTES	THE GROUP	
		2022	2021
Net profit or loss for the year		37,072	47,119
<b>Items that may be reclassified to profit or loss</b>			
Exchange differences on translation of foreign subsidiaries		11,355	2,783
<b>Other comprehensive income after tax</b>		<b>11,355</b>	<b>2,783</b>
<b>Comprehensive income for the year</b>		<b>48,427</b>	<b>49,902</b>
<b>Comprehensive income for the year attributable to:</b>			
The parent company's shareholders		48,427	49,986
Non-controlling interests		-	-85

BALANCE SHEET (KSEK)		THE GROUP		THE PARENT COMPANY	
ASSETS	NOTES	2022	2021	2022	2021
<b>Fixed assets</b>					
<b>Intangible fixed assets</b>					
Goodwill	11	670,973	338,141	-	-
Software	12	8,100	3,613	-	-
Other intangible assets	12	127,010	12,213	-	-
<b>Total intangible assets</b>		<b>806,083</b>	<b>353,967</b>	<b>0</b>	<b>0</b>
<b>Tangible fixed assets</b>					
Buildings and land		3,634	-	-	-
Equipment, tools, fixtures and fittings		7,086	4,185	-	-
Rights of use	6	88,761	31,589	-	-
<b>Total tangible fixed assets</b>	<b>13</b>	<b>99,481</b>	<b>35,774</b>	<b>0</b>	<b>0</b>
<b>Financial fixed assets</b>					
Participations in Group companies	15	-	-	758,729	299,389
Receivables from Group companies		-	-	-	99,822
Other long-term receivables		4,554	744	178,324	-
Deferred tax assets	21	455	461	354	354
<b>Total financial fixed assets</b>		<b>5,009</b>	<b>1,205</b>	<b>937,407</b>	<b>399,565</b>
<b>Total fixed assets</b>		<b>910,574</b>	<b>390,946</b>	<b>937,407</b>	<b>399,565</b>
<b>Current assets</b>					
<b>Inventories, etc.</b>					
Finished goods and merchandise	16	345,299	152,373	-	-
<b>Total inventories, etc.</b>		<b>345,299</b>	<b>152,373</b>	<b>0</b>	<b>0</b>
<b>Current receivables</b>					
Trade receivables	17	274,855	131,412	-	-
Receivables from Group companies		-	-	16	28,568
Other receivables		14,382	2,923	18	1,011
Tax assets		2,022	6,835	494	2,657
Prepayments and accrued income	18	14,101	9,940	2,423	977
<b>Total current receivables</b>		<b>305,359</b>	<b>151,110</b>	<b>2,951</b>	<b>33,213</b>
<b>Cash and bank</b>		<b>101,257</b>	<b>28,373</b>	<b>80,108</b>	<b>4,754</b>
<b>Total current assets</b>		<b>751,916</b>	<b>331,855</b>	<b>83,059</b>	<b>37,967</b>
<b>TOTAL ASSETS</b>		<b>1,662,490</b>	<b>722,801</b>	<b>1,020,467</b>	<b>437,532</b>



BALANCE SHEET (KSEK)		THE GROUP		THE PARENT COMPANY	
EQUITY AND LIABILITIES	NOTES	2022	2021	2022	2021
<b>Equity</b>	<b>19</b>				
<b>Restricted equity</b>					
Share capital		996	886	996	886
Restricted reserves/Statutory reserve		10	10	10	10
<b>Total restricted equity</b>		<b>1,006</b>	<b>896</b>	<b>1,006</b>	<b>896</b>
<b>Non-restricted equity</b>					
Other contributed capital		351,260	153,079	-	-
Retained earnings including comprehensive income for the year		222,872	185,314	-	-
Retained profit		-	-	358,371	164,119
Net profit or loss for the year		-	-	-2,055	5,878
<b>Total non-restricted equity</b>		<b>574,131</b>	<b>338,393</b>	<b>356,317</b>	<b>169,998</b>
Equity attributable to parent company shareholders		575,138	340,467	-	-
Non-controlling interests		-	247	-	-
<b>Total equity</b>		<b>575,138</b>	<b>340,714</b>	<b>357,323</b>	<b>170,894</b>
<b>LIABILITIES</b>					
<b>Long-term liabilities</b>					
Provisions	26, 27	140,264	26,800	140,264	26,800
Long-term interest-bearing liabilities	20	332,500	111,429	332,500	111,429
Liabilities to Group companies		-	-	81,800	-
Deferred tax liabilities	21	33,327	3,441	-	-
Lease liabilities	6	65,613	23,091	-	-
<b>Total long-term liabilities</b>		<b>571,704</b>	<b>164,761</b>	<b>554,563</b>	<b>138,229</b>
<b>Current liabilities</b>					
Trade payables		260,529	115,164	996	690
Liabilities to Group companies		-	-	56,591	92,247
Tax liabilities		12,401	10,387	-	-
Current interest-bearing liabilities	20	130,046	36,630	42,923	32,375
Lease liabilities	6	20,196	9,019	-	-
Other liabilities		55,238	19,928	4,355	149
Accruals and deferred income	22	37,239	26,197	3,716	2,948
<b>Total current liabilities</b>		<b>515,649</b>	<b>217,326</b>	<b>108,581</b>	<b>128,409</b>
<b>Total liabilities</b>		<b>1,087,353</b>	<b>382,087</b>	<b>663,144</b>	<b>266,638</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,662,490</b>	<b>722,801</b>	<b>1,020,467</b>	<b>437,532</b>

## CHANGES IN EQUITY

<b>THE GROUP</b>	Share capital	Restricted reserves/ Statutory reserve	Other contributed capital	Retained earnings including profit for the year	Parent company shareholders	Non-controlling interests	Total equity
<b>2021 opening balance</b>	<b>815</b>		<b>96,554</b>	<b>136,492</b>	<b>233,861</b>	-	<b>233,861</b>
Non-cash issue	47		27,332	-	27,380	-	27,380
New share issue	24		28,826	-	28,850	-	28,850
Option proceeds	-		367	-	367	-	367
Other comprehensive income	-	10	-	2,796	2,806	-	2,806
Acquisition of minority shareholding	-		-	-	-	331	331
Net profit or loss for the year	-		-	47,204	47,204	-85	47,119
<b>Closing balance on 2021-12-31</b>	<b>886</b>	<b>10</b>	<b>153,079</b>	<b>186,492</b>	<b>340,468</b>	<b>247</b>	<b>340,714</b>
<b>2022 opening balance</b>	<b>886</b>	<b>10</b>	<b>153,079</b>	186,492	<b>340,468</b>	<b>247</b>	<b>340,714</b>
Non-cash issue	48		72,188		72,236	-	72,236
New share issue	62		128,348		128,410	-	128,410
Warrant proceeds			-3,107		-3,107	-	-3,107
Option proceeds			752		752	-	752
Other comprehensive income			-	11,355	11,355	-	11,355
Dividend			-	-9,813	-9,813	-	-9,813
Acquisition of minority shareholding			-	-2,235	-2,235	-247	-2,482
Net profit or loss for the year			-	37,072	37,072	-	37,072
<b>Closing balance on 2022-12-31</b>	<b>996</b>	<b>10</b>	<b>351,260</b>	<b>222,872</b>	<b>575,138</b>	<b>0</b>	<b>575,137</b>

<b>THE PARENT COMPANY</b>	Share capital	Reserves	Retained earnings	Net profit or loss for the year	Total
<b>2021 opening balance</b>	<b>815</b>	<b>0</b>	<b>116 386</b>	<b>-3 481</b>	<b>113 719</b>
Appropriation of net profit or loss for the year	-	-	-3,481	3,481	-
Bonus issue	-	-	-	-	-
Non-cash issue	47	-	27,332	-	27,380
New share issue	24	-	28,826	-	28,850
Warrant proceeds	-	-	558	-	558
Option proceeds	-	-	-	-	-
Result of merger	-	10	-5,501	-	-5,491
Dividend	-	-	-	-	-
Net profit or loss for the year	-	-	-	5,878	5,878
<b>Closing balance on 2021-12-31</b>	<b>886</b>	<b>10</b>	<b>164,120</b>	<b>5,878</b>	<b>170,894</b>
<b>2022 opening balance</b>	<b>886</b>	<b>10</b>	<b>164,120</b>	<b>5,878</b>	<b>170,894</b>
Appropriation of net profit or loss for the year	-	-	5,878	-5,878	-
Non-cash issue	48	-	72,188	-	72,236
New share issue	62	-	128,348	-	128,410
Issuance costs	-	-	-3,107	-	-3,107
Warrant proceeds	-	-	752	-	752
Dividend	-	-	-9,813	-	-9,813
Other changes in equity	-	-	5	-	5
Net profit or loss for the year	-	-	-	-2,055	-2,055
<b>Closing balance on 2022-12-31</b>	<b>996</b>	<b>10</b>	<b>358,371</b>	<b>-2,055</b>	<b>357,323</b>

CASH FLOW STATEMENT (KSEK)	NOTES	THE GROUP		THE PARENT COMPANY	
		2022	2021	2022	2021
<b>Operating activities</b>					
Operating profit		62,257	65,857	-8,317	370
Adjustments for non-cash items, etc.	25	33,467	14,673	13,255	16,248
Income tax paid		-17,415	-13,834	-2,163	-4,619
<b>Cash flow from operating activities before change in working capital</b>		<b>78,309</b>	<b>66,696</b>	<b>2,775</b>	<b>11,998</b>
<b>Change in working capital</b>					
Change in inventories		-106,600	-61,412	-	-
Change in trade and other receivables		-21,967	-33,491	-50,404	168,438
Change in trade and other payables		74,335	46,625	51,424	-184,109
<b>Net cash flow from operating activities</b>		<b>24,077</b>	<b>18,418</b>	<b>3,794</b>	<b>-3,673</b>
<b>Investing activities</b>					
Change on acquisition of subsidiaries	26	-246,228	-34,690	-261,267	-55,439
Acquisition of intangible fixed assets		-6,840	-3,085	-	-
Acquisition of tangible fixed assets		-4,934	-2,406	-	-
Change in other financial fixed assets		-1,014	-	-	-
<b>Cash flow from investing activities</b>		<b>-259,017</b>	<b>-40,181</b>	<b>-261,267</b>	<b>-55,439</b>
<b>Financing activities</b>					
Dividend paid/New issuance		-9,813	-	-9,813	-
Other contributed capital		128,410	28,850	128,410	28,850
Issuance costs		-3,107	-	-3,107	-
Change in bank overdraft facility		-8,877	-	-8,877	-
Warrant proceeds		752	367	752	558
Interest paid and received	8, 9	-11,744	-4,768	-6,993	-3,525
Amortization of lease liabilities		-10,698	-8,345	-	-
Amortization	20	-46,711	-134,916	-31,475	-134,916
Borrowings		268,216	172,684	263,929	172,804
<b>Cash flow from financing activities</b>		<b>306,428</b>	<b>53,872</b>	<b>332,827</b>	<b>63,770</b>
<b>Cash flow for the year</b>		<b>71,489</b>	<b>32,109</b>	<b>75,354</b>	<b>4,657</b>
Cash and cash equivalents at the beginning of the year		28,372	5,550	4,754	97
Exchange rate difference in cash and cash equivalents		1,397	77	-	-
<b>Cash and cash equivalents at the end of the year</b>		<b>101,257</b>	<b>28,372</b>	<b>80,108</b>	<b>4,754</b>



## NOTE 1 – ACCOUNTING AND VALUATION POLICIES

### 1.1 IN GENERAL

The activities of Alcadon Group AB and its subsidiaries mainly comprise sales of products and systems for data- and telecommunications.

The parent company is a Swedish public listed company seated in Stockholm. Since 14 September 2016, the company's share is listed on Nasdaq First North under the ticker ALCA. The Company's Certified Adviser is Svensk Kapitalmarknadsgranskning AB (SKMG)

The financial statements for the financial year 2022 were approved by the Board of Directors and the Chief Executive Officer on 24 March 2023 and will be presented to the Annual General Meeting on 28 April 2023 for adoption.

The Group's operations are described in the Management Report.

### 1.2 BASIS OF ACCOUNTING

The Group's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial reports have been prepared under the assumption that the group conducts its operations according to the going concern principle, which entails an assumption that the group will be able to settle its debts as they fall due. In confirming the going concern assumption at establishment, the Group has considered the following specific factors:

- The Group reports a profit for financial year 2022 of SEK 37,072 thousand and has current assets that exceed short-term liabilities by SEK 236,267 thousand.
- The Group generates a positive cash flow of SEK 71,489,000 for the financial year 2022.
- The Group's management establishes an annual budget and long-term strategic plans including an assessment of cash flow needs and continues to monitor actual outcomes against budget and plans throughout the reporting period.

Based on these facts, the Group's management has reasonable expectations that the group has and will have adequate resources to continue its operations for the foreseeable future.

The parent company, Alcadon Group AB, prepares its reports in accordance with the Swedish Annual Accounts Act as well as the Swedish Financial Reporting Board's recommendations RFR 2 Accounting for Legal Entities. The main accounting and valuation policies used in the preparation of the financial statements are summarized below. Where the parent company applies different policies, these are specified under "Parent Company" below.

All assets, provisions and liabilities are recognized at cost unless otherwise specified.

#### Functional currency and reporting currency

All amounts are stated in thousands of SEK (KSEK) unless otherwise specified. Amounts within parentheses refer to the

preceding year.

The parent company uses Swedish krona (SEK) as the functional currency, and this is also the reporting currency for the parent company and the Group. The financial statements are therefore stated in Swedish kronor.

Non-current and current items

Fixed assets and long-term liabilities consist essentially of amounts expected to be recovered or paid more than twelve months after the balance sheet date.

Current assets and current liabilities consist essentially of amounts expected to be recovered or paid within twelve months of the balance sheet date.

#### New and updated accounting principles, standards and interpretations in 2022

Amendments to IFRS 3

The amendments mainly entail updated references following previous changes to the conceptual framework. At the same time, a new exemption for liabilities and contingent liabilities is introduced within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 Levies. The amendment also introduces a clear statement that contingent assets are not included in an acquisition analysis.

No further new or updated standards and interpretations affecting the Group's financial statements have become effective.

#### Standards not yet effective and not applied in advance

As of the date of approval of these financial statements, the IASB has issued certain new standards, amendments, and interpretations of existing standards that are not yet effective. These are not expected to have a material impact on the Group's financial statements and have not been applied in advance.

### 1.3 ESTIMATES AND ASSESSMENTS

The Group's management makes estimates and assessments about the future. Such assessments are reviewed regularly and are based on past experience and other factors, including expectations of future events that are judged to be reasonable taking current conditions into consideration. By definition, the estimates for accounting purposes that follow from such estimates and assessments will rarely correspond to the actual outcome. The calculation of fair values of business combinations is based on valuation techniques for the various components of a business combination. In particular, the fair value of contingent consideration depends on the outcome of several variables. For the assessment of the items below, please refer to the respective reference in the 2022 Annual Report:

Impairment/goodwill – see 1.11 and 1.13 Inventories – see 1.14

Assessment of bad debts – see 1.18

## 1.4 CONSOLIDATED ACCOUNTS

The consolidated accounts include subsidiaries in which the parent company directly or indirectly holds more than 50 percent of the voting rights or otherwise has a controlling influence. The Group controls a company when it is exposed to or is entitled to variable returns from its holding in the company and is able to influence the return through the influence it exercises in the company.

The Group recognizes business combinations by means of the purchase method. The consideration transferred by the Group to obtain a controlling influence over a subsidiary

is calculated as the sum of fair values as of the acquisition date of the assets transferred, the liabilities assumed, and the equity instruments issued by the Group, which includes the fair value of an asset or liability arising from a contingent consideration agreement.

Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at fair value as of the acquisition date. The Group's equity thus only includes the portion of equity of each subsidiary that has been added after the acquisition.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized as of the date when the acquisition or disposal becomes effective, as appropriate. Alcadon Group's foreign subsidiaries are translated using the current method. This implies that the

assets and liabilities of foreign subsidiaries are translated at the exchange rate on the balance sheet date. All items in the income statements are translated at the average exchange rate for the year. Translation differences are recorded in 'Other comprehensive income' of the Group.

All intra-group transactions and balance sheet items are eliminated on consolidation, including unrealized gains and losses arising from transactions between Group companies. In the consolidated income statement, the fraction relating to non-controlling interest is recognized separately.

Non-controlling interests in the capital of subsidiaries are presented as a separate equity item in the consolidated balance sheet. Amounts recognized in the financial statements of subsidiaries have been adjusted, where necessary, to ensure consistency with the Group's accounting and valuation policies.

## 1.5 SEGMENT REPORTING

The reporting of operating segments corresponds to the internal reporting that shows an operating profit, which is regularly reviewed by the chief operating decision maker.

The chief operating decision maker is the function responsible for the allocation of resources and assessment of the performance of the operating segments. The Chief Executive Officer is the Group's chief operating decision maker. Alcadon has identified one operating segment, which corresponds to the Group's business as a whole. The assessment is based on the Chief Executive Officer's regular review of the business as a whole, which provides the basis for decisions on the allocation of resources and assessments of its performance.

## 1.6 TRANSLATION OF FOREIGN CURRENCY

### Reporting currency

Items included in the financial statements of the various entities of the Group are measured in the currency of the economic environment in which each entity principally operates (functional currency). The consolidated financial statements are denominated in Swedish kronor (SEK), which is the Parent Company's reporting currency.

### Transactions and balance sheet items

Transactions in foreign currency are translated to the functional currency in accordance with the exchange rates applicable on the transaction date or the date of remeasurement. Exchange rate gains and losses that arise in conjunction with payments of such transactions or in conjunction with translation of monetary assets and liabilities denominated in foreign currency at the exchange rate on the balance sheet date are recognized in profit or loss. Exchange rate differences are recognized in operating profit to the extent that they relate to operating transactions and otherwise in net financial items.

### Group companies

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at the exchange rate on the balance sheet date.

## 1.7 REVENUE RECOGNITION

The Group's policy for recognizing revenue from contracts with customers is set out below.

### Sales of goods

The Group engages in the wholesale of data- and telecommunications products and systems. In the majority of cases, Alcadon supplies goods without any related conditional undertakings of installation or support. Sales of goods are carried out in the Commercial Property Networks, Residential Networks, and Fiber Networks/FTTx business areas. Sales are recognized as revenue when control of the goods is transferred to the customer, which normally coincides

with their delivery. Delivery occurs when the goods have been handed over in accordance with the terms of delivery, the risks of the goods have been transferred to the customer, and the customer has either accepted the goods in accordance with the contract, or the time span for objecting to the contract has expired, or the Group has objective evidence that all the criteria for acceptance have been met. There may be volume discounts based on cumulated sales over a period. Revenue from the sale of goods is recognized based on the price stated in the contract less estimated volume discounts. A liability is recognized for expected volume discounts in relation to sales up to the balance sheet date.

Invoicing takes place in connection with delivery, and the payment period is normally 30 days.

### Sales of services

The Group provides services in the form of:

- Technical support relating to supplied hardware
- Service contracts

Technical support is considered to constitute a separate performance commitment, one where the revenue is reported over time, when the services are provided. Service agreements are reported linearly over the agreement period.

The transaction price is variable and based on volume discounts, which in turn are based on accumulated sales which are normally determined on an annual basis. The transaction price is allocated proportionally to the respective performance commitment, i.e. to each individual product.

## 1.8 LEASES

The Group as lessee

For all contracts entered into on or after 19-01-01, the Group assesses whether the contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets the requirements of three evaluations, which are whether:

- The contract contains an identified asset that is either specifically identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group is entitled to substantially all the economic benefits arising from the use of the identified asset throughout the lease term, taking into account the Group's rights within the defined scope of the contract.
- The Group has the right to control the use of the identified asset throughout the lease term. The Group assesses whether it has the right to control 'how and for what purpose' the asset is used throughout the lease term.

### Measuring and recognizing leases as the lessee

At the inception of the lease, the Group recognizes a right of use and a lease liability in the balance sheet. The right of use is measured at cost, which includes the amount at which the lease liability is initially measured; any initial direct costs incurred by the Group; the Group's estimated costs of dismantling and removing the asset at the end of the lease term; and any lease payments made prior to the inception of the lease (less any benefits received).

The Group amortizes the right of use on a straight-line basis from the inception of the lease to the earlier of the useful life of the right of use and the expiry of the lease. The Group further assesses the right of use for impairment when there is an indication of impairment.

At the inception of the lease, the Group measures the lease liability at the present value of the lease payments unpaid at that time. Lease payments are discounted using the implicit interest rate of the lease, or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

After the inception date, the liability is reduced by the lease payments which are allocated between amortization and financial costs.

## 1.9 BORROWING COSTS

Interest costs are recognized as an expense in the period in which they are incurred.

## 1.10 INCOME TAX

The tax expense or income for the period consists of current and deferred tax. Current tax is the tax calculated on the taxable profit for a period. Deferred tax is calculated using the balance sheet method, which entails making a comparison between the carrying amounts of the Group's assets and liabilities with their respective tax bases.

The difference between these values is multiplied by the applicable tax rate to obtain the amount of the deferred tax asset/liability. Deferred tax assets are recognized in the balance sheet to the extent that it is probable that future taxable profit will be available against which they can be utilized.

## 1.11 INTANGIBLE FIXED ASSETS

### Goodwill

Goodwill represents future economic benefits that arise from a business combination but are not individually identified and separately recognized. Goodwill is recognized at cost less accumulated impairment losses. Goodwill is tested for impairment every year. See also Note 11.

Other intangible fixed assets

Other intangible fixed assets are recognized as assets in the balance sheet when they satisfy the criteria for intangible assets as set out in IAS 38: it is probable that future economic benefits associated therewith will flow to the Group, and the cost can be measured reliably.

Intangible fixed assets are recognized at cost less amortization according to plan and any impairment losses. Amortization according to plan is linear over the asset's estimated useful life.

The following amortization periods are applied:

Software	3-8 years
Other intangible fixed assets	5-10 years
Customer relations	10 years

## 1.12 TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost less impairment and depreciation according to plan. Depreciation is calculated on a straight-line basis, based on the cost and the estimated useful life of the asset. The residual values and useful lives of the assets are assessed on each reporting date.

The following depreciation periods are applied:

Equipment and plant	3-5 years
Computer hardware	2-3 years
Buildings	50 years

## 1.13 IMPAIRMENT TESTING

### Intangible and tangible fixed assets

The Company reviews the carrying amounts of its assets on

each balance sheet date to assess if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated as the higher of its value in use and its net realizable value.

Goodwill is tested for impairment every year, irrespective of whether there is any indication of impairment.

If the recoverable amount is below the carrying amount, an impairment loss is recognized for the asset.

If the recoverable amount of the individual asset can not be determined, the recoverable amount of the cash-generating unit to which the asset belongs shall be determined, where the cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of those from other assets. In the calculation of value in use, future cash flows are discounted at a pre-tax rate that is deemed to reflect the market's assessment of the time value of money and the specific risks associated with the asset.

A sensitivity analysis of the discount rate and growth assumptions is performed after each impairment test to determine whether the remaining excess value is material.

With the exception of goodwill, assets are reassessed if there are indications that a previous impairment loss no longer exists. If the impairment loss is no longer justified, in whole or in part, it is reversed in accordance with IAS 36.

## Financial fixed assets

### Assets recognized at amortized cost

The Group assesses the expected future credit losses that are associated with assets recognized at amortized cost. The Group recognizes a credit reserve for such expected credit losses at each reporting date.

For trade receivables, the Group applies the simplified approach to credit provisions, i.e., the reserve will correspond to the expected loss over the life of the trade receivable. To measure the expected credit losses, trade receivables have been grouped based on allocated credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses.

Expected credit losses are recognized in the consolidated income statement under the other external expenses item.

## 1.14 INVENTORIES

Inventories refers to data- and telecommunications products.

Inventories are measured according to the lowest value principle, i.e., at the lower of cost and net realizable value. Cost is determined using the first-in-first-out method.

The Group's management calculates net sales value for the inventory and takes into account the most reliable information available per respective balance sheet date. Future sales of these items may be affected by future technology and other market-driven changes that may reduce future sales prices.

Net realizable value is calculated as the estimated sales value less estimated cost of sales.

## 1.15 REMUNERATION OF EMPLOYEES

### Pension obligations

The Group only has defined contribution pension plans, which means pension plans with fixed contributions paid to external legal entities. The Group has no legal or informal obligations to pay additional contributions beyond the fixed fee, which is expensed in the period in which the related personnel services are received.

### Termination benefits

Termination benefits are paid when an employee's employment is terminated before the normal retirement date or when an employee accepts to voluntarily resign from employment in exchange for such benefits. The Company recognizes severance pay when it is demonstrably committed either to a termination according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary resignation from employment.

## 1.16 PROVISIONS

Provisions are recognized when the Company has or can be considered to have an obligation as a result of events that have occurred, and it is probable that an outflow of resources will be required to settle the obligation. A further prerequisite is that the amount payable can be reliably estimated.

## 1.17 CONTINGENT LIABILITIES

A contingent liability is recognized when there is a possible obligation depending on the occurrence or non-occurrence of uncertain future events, or when there is an existing obligation where payment is not probable or the amount cannot be estimated reliably.

## 1.18 FINANCIAL INSTRUMENTS

Financial instruments are included in several different balance sheet items and are further described below.

### Classification

The Group classifies its financial assets and liabilities as amortized cost or fair value through profit or loss. The classification depends on the purpose for which the financial asset or liability was acquired.

### Financial assets at amortized cost

Assets held for the purpose of collecting contractual cash flows and where those cash flows represent only principal and interest are measured at amortized cost. The carrying amount of these assets is adjusted for any expected credit losses. Interest income from these financial assets is recognized using the effective interest method and is included in financial income. The Group's financial assets measured at amortized cost consist of the items trade receivables, other receivables, accrued contractual income, and cash and cash equivalents.

### Financial liabilities at amortized cost

The Group's financial liabilities are classified as measured at amortized cost or fair value through profit or loss. Financial liabilities consist of other long-term liabilities, trade payables, and parts of other current liabilities.



## Financial liabilities at fair value through profit or loss

Contractual contingent consideration relating to an acquisition is recognized at fair value through profit or loss.

## Recognition of financial instruments

A financial asset or financial liability is recognized in the balance sheet when the Group becomes subject to the contractual terms of the instrument. A receivable is recognized when the Group has fulfilled its obligation and the other party has a contractual payment obligation, even if no invoice has been sent. Trade receivables are recorded in the balance sheet when the invoice is sent. A liability is recognized when the counterparty has fulfilled its obligation and the Group has a contractual payment obligation, even if no invoice has been received. Trade payables are recognized when the invoice has been received. A financial asset is removed from the balance sheet when rights are realized, expire, or the Group loses control of them. The same applies to part of a financial asset. Financial liabilities are removed from the balance sheet when the contractual obligation is paid or has otherwise ceased to exist. The same applies to part of a financial liability.

Financial assets and liabilities are offset and the net amount is recognized in the balance sheet only when there is a legally enforceable right to set off the amounts and there is an intention to settle the amounts through net payments or to realize the asset and at the same time settle the liability. Purchases and sales of financial assets are recognized on the trade date. The trade date is the date on which the Group commits to purchase or sell the asset.

## 1.19 CASH FLOW STATEMENT

The cash flow statement is drawn up using the indirect method. This entails that the net income is adjusted for transactions that do not involve incoming or outgoing payments during the period. Cash and cash equivalents include cash, available balances with banks and credit institutions, and short-term liquid investments.

## 1.20 EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit for the year attributable to the parent company's shareholders, divided by the weighted average number of shares outstanding during the year.

Outstanding options are included in result after dilution if the share's market price at the time of the report exceeds the exercise price.

## 1.21 OTHER IMPORTANT INFORMATION

Some of the financial and other information presented herein has been rounded to make the information more accessible to the reader. This may entail that the amounts in some columns not add up exactly to the specified total.

## ACCOUNTING POLICIES OF THE PARENT COMPANY

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and RFR 2 Accounting for Legal Entities. In its financial statements, the Parent Company applies the International Financial Reporting Standards (IFRS) as adopted by the EU whenever possible within the framework of the ÅRL, taking into consideration the relationship between accounting and taxation. Consequently, the Parent Company applies the principles set out in Note 1 to the consolidated financial statements, with the below exceptions. Unless otherwise specified, these policies have been applied consistently for all presented years. Assets, provisions and liabilities are measured at cost unless otherwise specified below.

This implies in particular the following differences between the reporting of the Parent Company and the Group:

The income statement and balance sheet of the Parent Company are presented in accordance with the Swedish Annual Accounts Act's form of presentation.

Shares and participations in subsidiaries are recognized at cost less impairment in the Parent Company. Contingent consideration is measured based on the probability that the consideration transferred will be paid. Any changes in the provision adjust the cost. In the consolidated financial statements, contingent transferred consideration is recognized at fair value, with changes in value recognized in profit or loss.

In the Parent Company, untaxed reserves are recognized without breakdown into equity and deferred tax liabilities.

Appropriations in the income statement are also recognized including deferred tax. Group contributions are recognized as appropriations.

## NOTE 2 - RISK EXPOSURE AND FINANCIAL RISK MANAGEMENT

### Capital management

The Group's objectives related to the capital structure are to safeguard the Group's ability to continue as a going concern and thus provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group's means to manage the capital structure include changing the dividend paid to shareholders, repaying capital to owners, issuing new shares, and disposing of assets to reduce debt.

The Group's capital management objective is to maintain a solidity of no less than 25 percent. Capital is defined as equity and refers to the equity attributable to the shareholders of the parent company. Equity amounted to MSEK 575 (341), corresponding to a solidity of 35 (49) percent. Thus, the objective was achieved.

### Financial risks

The Group's operations are exposed to a number of financial risks. These include price risk, credit risk, liquidity risk, and cash flow risk. The concept of price risk includes currency risk, interest rate risk, and market risk. The Company's assessed risk exposure and consequent risk management is set out below.

### Currency risk

The currency risk involves exposure to the variation in value of financial instruments depending on foreign exchange rate fluctuations. In order to manage transactional currency risk, Alcadon has the opportunity to purchase currency for known future flows as needed, insofar as inflows cannot be matched to out-flows.

### Interest rate risk

The interest rate risk is that the value of financial instruments may vary depending on changes in market interest rates. Alcadon's current credits have variable interest rates, whereby Alcadon has exposure to changes in the interest rate situation.

### Credit risk

Credit risks arise when the company concludes an agreement with another party, and relates to the risk faced by the company that the counterparty fails to meet its obligations. Credit assessment of customers and other counterparties is carried out regularly in accordance with established procedures.

### Liquidity and financing risk

Liquidity risk means the risk that the Group is unable to cover its need for money in stressed market conditions. Financing risk is the risk that loans need to be renewed at a higher cost of financing and with limited financing options, which may lead to the inability to fulfil payment obligations due to insufficient liquidity or difficulties in obtaining financing. Due to Alcadon's strong capital base, these risks are not considered significant. Furthermore, the executive management is closely monitoring the rolling forecasts of the Group's liquidity reserves based on projected cash flows.

### Cash flow risk

No specific cash flow risks, other than those associated with the other risks outlined above, are considered to exist in the Group.

### The Russian invasion of Ukraine

The war in Ukraine has caused concern in many economies around the world. Alcadon has been impacted mainly through supply chain disruptions resulting in prolonged delivery times and price increases on raw materials and supplies.

### NOTE 3 – NET SALES

Alcadon bedriver försäljning av varor inom olika regioner och intäkter från försäljningen redovisas i resultaträkningen när kontrollen har överförts till kunden. Vidare tillhandahåller koncernen tjänster i form av teknisk support och serviceavtal. Teknisk support bedöms utgöra separata prestationsåtaganden där intäkten redovisas över tid. Serviceavtal redovisas linjärt över avtalsperioden. Se tabell nedan för nettoomsättning per region.

Geographic market (external turnover)	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Sweden	349,868	316,440	-	-
Norway	148,133	136,007	-	-
Denmark	286,635	231,992	-	-
Germany	38,407	49,884	-	-
The United Kingdom	236,140	-	-	-
The Benelux	51,198	2,142	-	-
<b>Total</b>	<b>1,110,381</b>	<b>736,466</b>	<b>0</b>	<b>0</b>

Following the Networks Centre acquisition, revenues are no longer broken down on the business areas Commercial property networks, Residential networks, Fiber networks/FTTx, and Services.

### NOTE 4 – EARNINGS PER SHARE

	KONCERNEN	
	2022	2021
Average number of shares used in the calculation of earnings per share	19,942,010	17,945,952
Number of shares at the end of the period (NOTE 19)	20,612,823	18,341,026
Net profit or loss for the year (KSEK)	37,072	47,119
<b>Earnings per share (SEK)</b>	<b>1.86</b>	<b>2.62</b>
Average number of shares after dilution (NOTE 29)	20,392,010	18,359,285
Diluted earnings per share (SEK)	1.82	2.56

### NOTE 5 – REMUNERATION OF THE AUDITOR

	KONCERNEN		MODERBOLAGET	
	2022	2021	2022	2021
Grant Thornton				
-Audit engagements	-1,915	-880	-420	-320
-Audit work in addition to audit engagements	-60	-72	-60	-72
-Tax consultancy services	-	-115	-	-115
-Other services	-2,135	-460	-2,135	-460
<b>Total</b>	<b>-4,110</b>	<b>-1,527</b>	<b>-2,615</b>	<b>-967</b>

Other services mainly consist of consulting services linked to company inspections pertaining to company acquisitions.

## NOTE 6 – LEASES AND RIGHTS OF USE

As of 2019, leases are reported in accordance with IFRS 16 Leases, see Note 1. Where Alcadon is the lessee, lease assets are recognized as rights of use in the statement of financial position and the future obligations to the lessors are recognized as liabilities in the statement of financial position. The Group rents office and warehouse premises as well as cars.

SPECIFIED INFORMATION BY TYPE OF ASSET	Cars	Office space	Buildings and land	TOTAL
	2022	2022	2022	2022
Amortization	-1,964	-7,322	-2,665	-11,951
Interest expense	-206	-396	-468	-1,070
Total cash flow	-2,130	-7,661	-2,982	-12,773
Carrying amount, rights of use	7,248	22,828	49,531	79,607
	,	,	,	,
<b>Recognized lease liability</b>	,	,	,	,
Current	3,700	6,397	10,099	20,196
Long-term, 1-5 years	3,610	16,861	26,354	46,825
Long-term, >5 years	0	0	18,788	18,788
<b>Total</b>	<b>7,310</b>	<b>23,328</b>	<b>55,245</b>	<b>85,809</b>

Short-term leases and leases of low-value assets are excluded, as these are expensed as they arise. Costs of short-term leases and leases of low-value assets amount to MSEK -2.9 (-1.7).

## NOTE 7 – SALARIES, REMUNERATIONS, AND NUMBER OF EMPLOYEES

	2022		2021	
	Number of members on the Board	of whom women	Number of members on the Board	of whom women
Parent company (Alcadon Group AB)	4	1	4	1
<b>Total</b>	<b>4</b>	<b>1</b>	<b>4</b>	<b>1</b>
	Average number of employees	of whom women	Average number of employees	of whom women
<i>Sweden:</i>				
-Parent company (Alcadon Group AB)	2	-	2	-
-Alcadon AB (Subsidiary in Sweden)	47	6	47	6
<i>Foreign subsidiaries:</i>				
-Alcadon AS Norway	17	4	17	4
-Alcadon ApS Denmark	15	8	18	4
-Alcadon GmbH Germany	3	-	3	-
-Networks Centre UK and the Netherlands*	29	12	-	-
-Alcadon BV Belgium	5	-	-	-
-Alcadon BV the Netherlands	1	-	-	-
<b>Summa</b>	<b>119</b>	<b>30</b>	<b>87</b>	<b>15</b>



## NOTE 7 – SALARIES, REMUNERATIONS, AND NUMBER OF EMPLOYEES (CONT'D.)

The number of employees of the Group at the end of the period is 179 (95). Salaries and other remuneration broken down by country and for board members, chief executive officers and other employees are presented in the tables below:

	2022		2021	
	Salaries and remunerations	Social security contributions	Salaries and remunerations	Social security contributions
Parent company (Alcadon Group AB)	-6,425	-1,814	-5,975	-1,730
Subsidiaries	-95,485	-17,293	-62,232	-9,885
<b>Total</b>	<b>-101,911</b>	<b>-19,107</b>	<b>-68,207</b>	<b>-11,615</b>
	Board members, CEO and other senior executives	Other employees	Board members, CEO and other senior executives	Other employees
<i>Sweden:</i>				
-Parent company (Alcadon Group AB)	-6,425	-	-5,975	-
-Alcadon AB (Subsidiary in Sweden)	-2,101	-27,260	-3,437	-25,063
<i>Foreign subsidiaries:</i>				
-Alcadon AS Norway	-1,207	-12,934	-1,658	-11,296
-Alcadon ApS Denmark	-4,070	-18,067	-2,756	-15,327
-Alcadon GmbH Germany	-	-3,021	-	-2,359
-Networks Centre UK and the Netherlands*	-857	-18,031	-	-
-Alcadon BV Belgium	-	-6,921	-	-338
-Alcadon BV the Netherlands	-	-1,832	-	-
<b>Summa</b>	<b>-14,661</b>	<b>-88,066</b>	<b>-13,826</b>	<b>-54,382</b>
Of which pension costs	Board members, CEO and other senior executives	Other employees	Board members, CEO and other senior executives	Other employees
Parent company (Alcadon Group AB)	-834	-	-838	-
Subsidiaries	-1,011	-4,921	-963	-2,967
<b>Total</b>	<b>-1,846</b>	<b>-4,921</b>	<b>-1,801</b>	<b>-2,967</b>

### SALARIES AND OTHER BENEFITS TO SENIOR EXECUTIVES DURING THE YEAR 2022 AMOUNT TO THE FOLLOWING:

Year 2022 (KSEK)	Salary/Fee	Pension	Variable remuneration	Other remuneration	Total
<i>The Board of Directors</i>					
Pierre Fors (Chairman)	-280	-	-	-800	-1 080
Jonas Mårtensson (Vice Chairman)	-210	-	-	-	-210
Marie Ygge	-151	-	-	-	-151
Lars Engström	-151	-	-	-	-151
Sonny Mirborn (CEO)	-2 457	-648	-780	-	-3 885
Other senior executives <sup>1)</sup>	-7 318	-1 198	-1 438	-25	-9 979
<b>Total</b>	<b>-12 443</b>	<b>-1 846</b>	<b>-2 218</b>	<b>-825</b>	<b>-15 456</b>

<sup>1)</sup> Other senior executives number six persons.

## NOTE 8 – INTEREST INCOME AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Interest income	477	70	420	30
Financial currency effects	2,789	497	-	-
Interest income from Group companies	-	-	1,793	135
Other financial income	2,255	522	-	-
<b>Total</b>	<b>5,521</b>	<b>1,088</b>	<b>2,213</b>	<b>165</b>

## NOTE 9 – INTEREST EXPENSES AND SIMILAR ITEMS

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Interest expenses	-9,241	-3,704	-7,103	-3,177
Financial currency effects	-1,825	-451	197	-23
Interest expenses, lease liabilities	-596	-635	-	-
Other financial expenses	-4,524	-1,066	-2,300	-490
<b>Total</b>	<b>-16,186</b>	<b>-5,856</b>	<b>-9,206</b>	<b>-3,690</b>

## NOTE 10 – TAX ON PROFIT FOR THE YEAR

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Current tax	-13,924	-12,536	-	-
Deferred tax	-602	-1,434	-	-1,723
<b>Recognized tax</b>	<b>-14,526</b>	<b>-13,970</b>	<b>0</b>	<b>-1,723</b>
<i>Effective tax rate 28.1% (22.8%) for the Group in 2022</i>				
Recognized profit before tax	51,592	61,089	-2,055	7,602
Tax according to the applicable Swedish tax rate, 20.6% (20.6%)	-10,628	-12,584	423	-1,566
<i>Tax effect of:</i>				
Adjustment for foreign tax rates	-573	-618	-	-
Adjustment of previous years' taxes	-	-	-	-
Non-deductible expenses and non-taxable income	-3,319	-768	-423	-157
<b>Recognized tax</b>	<b>-14,520</b>	<b>-13,970</b>	<b>0</b>	<b>-1,723</b>

In the Group, the item "Non-deductible costs and non-taxable income" for 2022 consists of non-deductible costs of approximately SEK -1.3 million; non-taxable income approx SEK 0.3 million; and the year's losses for which the deferred tax asset has not been capitalized approx. -2.3 MSEK.

In the parent company, the item "Non-deductible costs and non-taxable income" for 2022 consists of non-deductible costs of 242 KSEK and non-taxable income of 1 KSEK.

## NOTE 11 - GOODWILL

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Opening balance	338,141	289,169	-	-
Acquisitions	328,405	48,416	-	-
Translation differences	4,427	556	-	-
<b>Carrying amount</b>	<b>670,973</b>	<b>338,141</b>	<b>0</b>	<b>0</b>

Goodwill is tested for impairment every year. Goodwill amounts to MSEK 222 in Sweden, MSEK 67 in Norway, MSEK 47 in Denmark, MSEK 8 in Belgium, and MSEK 327 in the United Kingdom. The discount rate used for 2022 is 10.7 (8.9) percent for Sweden, 9.0 (7.0) percent for Norway, and 10.9 (7.8) percent for Denmark. The discount rate used is based on WACC (Weighted Average Cost of Capital) before tax. The recoverable amount is calculated based on projected cash flow over the next 5 years, assuming an EBITDA margin of between 8.2-9.3 (9.7-10.7) percent for Norway, 11.2-12.1 (11.5-12.5) percent for Sweden, and 8.3-8.9 (9-9.6) percent for Denmark. The forecasts are derived from estimates in each cash-generating unit. During the process of developing the forecast, a number of assumptions are made, for example relating to sales price, volume, purchase price, and product mix, on which the future growth and EBITDA margin are based. The assumed perpetual growth rate after the forecast period amounts to 2 (2) percent. Management's method to determine the value or values included in the key assumptions reflects past experience and is consistent with external sources of information where applicable. Sensitivity analyses have been carried out on a reduction in the EBITDA margin and an increase in the discount rate. The impairment tests carried out at the turn of the year showed that there was no need for impairment. In Norway, the EBITDA margin could decrease to approx. 5.3% (5) before a possible need for impairment is demonstrated and the discount rate could increase to approx. 12.0% (13.5). In Sweden, the EBITDA margin could decrease to approx. 8.5% (7.5) before a possible need for impairment is demonstrated and the discount rate could increase to approx. 12.4% (13.7). In Denmark, the EBITDA margin could decrease to approx. 3.1% (5.3) before a possible impairment requirement arises, and the discount rate could increase to approx. 39% (12.7). In Belgium, the EBITDA margin could decrease to approx. 1.4% (-) before a possible impairment requirement arises, and the discount rate could increase to approx. 99%. Identified acquired net assets in connection with the acquisition of Networks Centre amount to MSEK 132 compared to goodwill of SEK 327 million, see note 26. The sensitivity analyzes show that there is relatively large scope for a reduction in the expected EBITDA margin and increased discount rate before any need to write down goodwill arises

## NOTE 12 - OTHER INTANGIBLE ASSETS

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Acquisition value, opening balance	17,509	1,667	-	-
Acquisition value	119,725	13,444	-	-
Purchases	5,926	3,085	-	-
Disposals	-115	-687	-	-
<b>Accumulated acquisition value, closing balance</b>	<b>143,044</b>	<b>17,509</b>	<b>0</b>	<b>0</b>
Amortization, opening balance	-1,682	-737	-	-
Amortization for the period	-6,325	-1,632	-	-
Disposals	73	687	-	-
Accumulated amortization, closing balance	-7,934	-1,682	-	0
<b>Carrying amount</b>	<b>135,110</b>	<b>15,826</b>	<b>0</b>	<b>0</b>

In connection with the acquisition of Alcadon ApS (formerly 6X International ApS) and its German subsidiary Alcadon GmbH (formerly 6X International GmbH) during 2021, intangible assets of MSEK 13.3 attributable to customer relations were identified. These are amortized over 10 years.

In connection with the acquisition of Networks Centre Holding Company Ltd. and its subsidiaries in the United Kingdom and the Netherlands during 2022, intangible assets of MSEK 119.7 attributable to customer relations were identified. These are amortized over 10 years.

The amortization period of 10 years is determined based on the assessed annual loss of net sales attributable to the respective asset over the assessed period of use.

## NOTE 13 – EQUIPMENT AND RIGHTS OF USE

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Acquisition value, opening balance	65,788	62,329	-	-
Acquisition value	97,603	1,053	-	-
Purchases	12,126	3,601	-	-
Disposals	-955	-1,195	-	-
<b>Accumulated acquisition value, closing balance</b>	<b>174,563</b>	<b>65,788</b>	<b>0</b>	<b>0</b>
Depreciation, opening balance	-30,014	-21,254	-	-
Acquisition value	-30,119		-	-
Depreciation for the year according to plan	-15,903	-9,955	-	-
Disposals	955	1,195	-	-
<b>Accumulated depreciation, closing balance</b>	<b>-75,081</b>	<b>-30 014</b>	<b>0</b>	<b>0</b>
<b>Planned residual value, closing balance</b>	<b>99,481</b>	<b>35,774</b>	<b>0</b>	<b>0</b>

## NOTE 14 – FINANCIAL ASSETS AND LIABILITIES

2022-12-31

FINANCIAL ASSETS	Amortized cost	Total
Other current financial assets	3,701	3,701
Trade receivables	274,855	274,855
Cash and cash equivalents	101,257	101,257
<b>Total</b>	<b>379,813</b>	<b>379,813</b>

FINANCIAL LIABILITIES	Fair value through profit or loss	Other liabilities	Total
Long-term borrowings	-	332,500	332,500
Short-term borrowings	-	130,046	130,046
Trade and other payables	-	260,529	260,529
Contingent consideration	140,264	-	140,264
<b>Total</b>	<b>140,264</b>	<b>723,074</b>	<b>863,338</b>

2021-12-31

FINANCIAL ASSETS	Amortized cost	Total
Other current financial assets	1,199	1,199
Trade receivables	131,412	131,412
Cash and cash equivalents	28,373	28,373
<b>Total</b>	<b>160,983</b>	<b>160,983</b>

FINANCIAL LIABILITIES	Fair value through profit or loss	Other liabilities	Total
Long-term borrowings	-	111,429	111,429
Short-term borrowings	-	36,630	36,630
Trade and other payables	-	115,164	115,164
Contingent consideration	26,800	-	26,800
<b>Total</b>	<b>26,800</b>	<b>263,223</b>	<b>290,023</b>



## NOTE 14 – FINANCIAL ASSETS AND LIABILITIES (CONT'D.)

As of 31 December 2022, the Group's non-derivative financial liabilities have contractual maturities as follows:

2022-12-31	Current		Long-term	Total
	Within 6 months	6-12 months	1-5 years	
Loan SEB	18,942	18,942	332,500	370,500
Loan HSBC	43,562	43,562	—	87,123
Utilized bank overdraft facility	4,923	—	—	4,923
Other financing	—	—	—	—
Trade payables	260,529	—	—	260,529
Contingent consideration	5,986	31,148	103,130	140,264
<b>Total</b>	<b>333,941</b>	<b>93,651</b>	<b>435,630</b>	<b>863,338</b>

## NOTE 15 – PARTICIPATIONS IN GROUP COMPANIES

Name/registered office	Reg.no.	Number of shares	Share %	Carrying amount
Alcadeltaco AB, seated in Stockholm, Sweden	556813-7623	100	100	189,770
Alcadon ApS, seated in Nivaa, Denmark	27 04 80 13	250	100	101,883
Alcadon B.V, seated in Schelle, Belgium	BE 0446.121.707	3,500	100	13,352
Networks Centre Holding Company Ltd, seated in Ashington, UK	11809457	18,762	100	453,724
<b>Via Alcadeltaco AB</b>				
Alcadon AB, seated in Stockholm, Sweden	556480-4341	10,000	100	
<b>Via Alcadon ApS</b>				
Alcadon GmbH, seated in Kiel, Germany	20/290/10989	24,701	100	
Alcadon B.V, seated in Amsterdam, The Netherlands	NL 85425729	100	100	
<b>Via Alcadon AB</b>				
Alcadon A/S, seated in Oslo, Norway	NO952334891	6,000	100	
<b>Via Networks Centre Holding Company Ltd.</b>				
Networks Centre Ltd, seated in Ashington, UK	05531233	18,809	100	
Networks Centre Investments Ltd, seated in Ashington, UK	13121259	1	100	
Networks Centre (Scotland) Ltd, seated in Glasgow, UK	SC712797	1	100	
Communications Centre International Ltd, seated in Ashington, UK	02355286	1,000	100	
Networks Centre B.V., seated in 's-Graveland, the Netherlands	NL 82002541	100	100	
<b>Change during the year</b>				

Networks Centre Holding Company Ltd, UK, and its subsidiaries in the United Kingdom and the Netherlands, were acquired by Alcadon Group AB.

The remaining 20 percent of Alcadon B.V. (formerly 6X International B.V), Belgium, were acquired by Alcadon Group AB. Alcadon B.V., the Netherlands, was established during the year.

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Accumulated acquisition values, opening balance	-	-	299,389	40,357
Merged companies	-	-	-	-40,357
Addition by merger	-	-	-	189,770
Addition/Acquisition	-	-	459,340	109,619
<b>Accumulated acquisition value, closing balance</b>	<b>0</b>	<b>0</b>	<b>758,729</b>	<b>299,389</b>
Accumulated impairment, opening balance	-	-	-	-
<b>Accumulated impairment, closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>758,729</b>	<b>299,389</b>

#### NOTE 16 – INVENTORIES

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Merchandise	345,299	152,373	-	-
<b>Total</b>	<b>345,299</b>	<b>152,373</b>	<b>0</b>	<b>0</b>

#### NOTE 17 – TRADE RECEIVABLES

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Gross trade receivables	276,955	133,768	-	-
Allowance for expected non-payment	-2,100	-2,356	-	-
<b>Total trade receivables</b>	<b>274,855</b>	<b>131,412</b>	<b>0</b>	<b>0</b>

All amounts are current. The net carrying amount of trade receivables is considered to be a reasonable approximation of the fair value.

In accordance with the rules in IFRS 9, the Group applies a simplified method for impairment testing of trade receivables. For trade receivables, the Group applies the simplified approach for credit provision, that is, the reserve will correspond to the expected loss over the entire lifetime of the trade receivable. In order to measure the expected credit losses, trade receivables have been grouped based on distributed credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses.

2022-12-31	Not yet due	1-30 days	> 30 days	> 60 days
Gross carrying amount	188,657	51,494	18,567	18,236
Allowance for expected non-payment	-	-	-	-2,100
2021-12-31	Not yet due	1-30 days	> 30 days	> 60 days
Gross carrying amount	105,565	19,246	1,464	7,493
Allowance for expected non-payment	-	-	-	-2,356

## NOTE 18 – PREPAYMENTS AND ACCRUED INCOME

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Accrued income	3,701	1,199	-	-
Prepaid insurance	383	334	-764	165
Prepaid rent	4,401	1,872	-	-
Other prepayments	5,617	6,535	-2,181	812
<b>Carrying amount</b>	<b>14,101</b>	<b>9,940</b>	<b>2,423</b>	<b>977</b>

Accrued income refers to contractual assets where performance obligations have been fulfilled but payment has not yet been received.

## NOTE 19 – EQUITY

The share capital amounts to SEK 996,051.83, divided on 20,612,026 shares, each with a quota value of approximately SEK 0.05. All shares carry equal right to dividend and each share entitles the holder to cast one vote on the Annual General Meeting of the Parent Company.

Other contributed capital refers to capital contributed by owners and includes premium paid in connection with share issues.

Reserves exchange rate differences relating to the effects of exchange rate fluctuations on the translation of net investments in foreign subsidiaries into Swedish kronor.

Retained earnings including net profit or loss for the period include the Parent Company's profit and its share of the profit of subsidiaries and amounts of dividends.

SUBSCRIBED AND PAID SHARES:	THE PARENT COMPANY	
	2022	2021
At the beginning of the year	18,341,026	16,859,246
Newly issued shares	2,271,797	1,481,780
<b>Amount at year-end</b>	<b>20,612,823</b>	<b>18,341,026</b>

## NOTE 20 – LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

In connection with the acquisition of Networks Centre Ltd, Alcadon refinanced previously raised loans of MSEK 130 and raised new loans of MSEK 250 for 3+1 years.

Terms in brief

- Bank loan, MSEK 130, straight-line amortization over 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on the debt-to-equity ratio.
- Bank loan, MSEK 250, straight-line amortization over 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on the debt-to-equity ratio.
- Overdraft facility MSEK 50, SEB base rate + 1.2 percentage points, 0.4 percent annual credit charge.
- Acquisition credit facility MSEK 30, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on debt-to-equity ratio, 0.35 percent on undrawn amount.

In total, the bank loans amount to MSEK 448 (130) as of 31 December 2022, of which MSEK 125 (19) are recognized as current liabilities under Other interest-bearing liabilities and MSEK are recognized as long-term liabilities under Liabilities to credit institutions. The overdraft granted with SEB amounts to MSEK 50 (50), of which MSEK 45 (36) was undrawn at the end of the period. The company reports on covenants linked to debt ratio, Net debt/EBITDA, and cash flow in relation to amortization and financing costs.

### The Group's borrowings

Borrowings comprise the following financial liabilities:

	LONG-TERM		CURRENT	
	2022	2021	2022	2021
Lease liabilities (IFRS 16)	65,613	23,091	20,196	9,019
Loan SEB	332,500	111,429	38,000	18,571
Loan HSBC	-	-	87,123	-
Other financing	-	-	-	4,259
Bank overdraft facility	-	-	4,923	13,800
<b>Total</b>	<b>398,113</b>	<b>134,520</b>	<b>150,242</b>	<b>45,650</b>

## NOTE 21 – DEFERRED TAX LIABILITIES AND TAX ASSETS

Deferred taxes arising from temporary differences and unused tax losses, as follows.

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Untaxed reserves	-3,700	-3,700	-	-
Customer relations	-125,864	-11,958	-	-
IFRS 16 impact	492	522	-	-
Other temporary differences	-5,864	-	-	-
Tax loss carryforwards	1,718	1,634	1,654	1,654
	<b>-133,218</b>	<b>-13,502</b>	<b>1,654</b>	<b>1,654</b>
<b>Recognized as:</b>				
Deferred tax liabilities	-33,327	-3,441	-	-
Deferred tax assets	455	461	354	354

## NOTE 22 – ACCRUALS AND DEFERRED INCOME

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Accruals for employee costs	18,228	17,046	1,535	2,552
Other accrued expenses	19,011	9,151	2,181	396
Carrying amount	<b>37,239</b>	<b>26,197</b>	<b>3,716</b>	<b>2,948</b>

## NOTE 23 – PLEDGED ASSETS AND CONTINGENT LIABILITIES

In connection with the acquisition of Networks Centre, the company has refinanced previous loans. Collateral pledged in the Networks Center refers to accounts receivable amounting to the used part of the granted credit limit, 87,123 KSEK (6,925 KGBP).

The parent company has no contingent liabilities."

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
<b>Pledged assets</b>				
<b>For own provisions and liabilities</b>				
Business mortgages	-	30,000	-	-
Pledged assets, Networks Centre	87,123	-	-	-
<b>Total</b>	<b>87,123</b>	<b>30,000</b>	<b>-</b>	<b>0</b>

## NOTE 24 – TRANSACTIONS BETWEEN GROUP COMPANIES

Of the Parent Company's net sales, sales to other Group companies accounted for 100 percent. There were no intra-group purchases.



## NOTE 25 – ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Exchange rate differences	11,553	2,788	-	-
Depreciation/amortization	22,228	11,587	-	-
Group contributions	-	-	13,255	10,757
Merger difference	-	-	-	5,491
Other adjustments	-313	297	-	-
<b>Total adjustments</b>	<b>33,467</b>	<b>14,673</b>	<b>13,255</b>	<b>16,248</b>

## NOTE 26 – BUSINESS ACQUISITIONS

### NETWORKS CENTRE IN THE UNITED KINGDOM AND THE NETHERLANDS

On 17 August 2022, Alcadon Group AB acquired 100 percent of the UK company Networks Centre Holding Company Ltd and its subsidiaries. Networks Centre is a professional distributor of products and complete systems for network infrastructure, operating in the United Kingdom and the Netherlands (with warehouses and offices in both England, Scotland and the Netherlands). Approximately 40 percent of sales come from the Commercial property segment, 30 percent from the Data center segment and 30 percent from Fiber networks (FTTx-/B/H). The largest customer categories are installers, integrators, data centres and broadband operators.

Through the “Networks Centre Training Academy”, Networks Centre, as one of few distributors in Europe, offers the international BICSI RCDD accreditation and a significant number of tailored courses and accreditations.

The customer offering comprises complete system solutions where Networks Centre takes on the role as project leader with tailor-made solutions. The company represents a large number of reputable international manufacturers with a focus on the premium segment.

With the acquisition of Networks Centre, Alcadon Group is establishing itself in one of the largest and fastest growing markets in network infrastructure in the World: the United Kingdom. In addition, Networks Centre has in a short amount of time successfully launched operations in the Netherlands, where it currently has a strong base in the Data center segment that complements Alcadon's current operations in the Benelux region very well. Today, Networks Centre has a very strong position in the United Kingdom, not only in the Commercial networks and Data center segments—it is also one of few operators to successfully establish itself as a well-known player in the UK broadband rollout with a complete fiber network offering. The company has an excellent reputation among both customers and suppliers, and with overlapping and complementary product portfolios, similar strategy and values, a solid system-solution mindset, and good supplier relations, everything indicates that Networks Centre and Alcadon Group will be able to make significant contributions to each other's development.

As of 31 December 2022, the preliminary acquisition analysis originally drawn up on 30 September 2022 has been updated. The purchase price of the shares, including contingent consideration, amounts to MSEK 459, of which MSEK 251 has been paid in cash. Conditional consideration amount to between MGBP 0-10. In the acquisition analysis 10 MGBP was recorded, and was discounted to MSEK 118 (MGBP 9.4) to be paid in cash depending on the improvement in performance of Networks Centre over the 36 months following the date of acquisition. Contingent consideration shall be remeasured at fair value at each balance sheet date, and any changes are recognized as other expenses or other income in operating profit. The discount rate is recognized in net financial items.

Deferred payment relates to compensation for deferred tax and outstanding claims on former owners and will be paid in connection with Networks Centre's realization of these items in cash.

Identified intangible assets of MSEK 120 relate to customer relationships and are amortized over 10 years. The amortization period of 10 years is determined based on the assessed annual loss of net sales attributable to the respective asset. Identified intangible assets have been measured by estimating the future discounted cash flows. The deferred tax liability attributable to the identified intangible assets amounts to MSEK -30 in the acquisition analysis, and is dissolved in step with the amortization. The amortization will have an annual impact on operating profit of MSEK -12, and an MSEK -9 impact on profit or loss. Net assets, including identified intangible assets and deferred tax liability, amount to MSEK 132 in the acquisition analysis.

Goodwill amounts to MGBP 26 (MSEK 326, at the time of the acquisition), relating to the company's expected future earning power and the personnel of Networks Centre.

After the date of acquisition, 17 August 2022, Networks Centre has contributed net sales of MSEK 251, operating profit (EBITA) of MSEK 15, including acquisition costs of MSEK -4.4, and net profit of MSEK 5.

If Networks Centre had been consolidated from 1 January 2022, the contributions would have been net sales of MSEK 632, operating profit (EBITA) of MSEK 42, including acquisition costs of MSEK -4.4, and net profit of MSEK 25.

The acquisition analysis is preliminary, as the Group has not received finalized information from the acquired company.

## NOTE 26 – BUSINESS ACQUISITIONS (CONT'D)

PRELIMINARY ACQUISITION ANALYSIS (MSEK)	Reported value at the acquisition date	Adjustment to fair value	Fair value
<b>Fair value of the consideration transferred</b>			
Shares			72.4
Cash			250.9
Deferred payment			17.5
Contingent consideration			117.8
<b>Total purchase price</b>			<b>458.5</b>
<b>Identifiable net assets</b>			
Intangible fixed assets	0	119.7	119.7
Other fixed assets	70.3	0	70.3
Inventories	86.3	0	86.3
Current receivables	139.5	0	139.5
Cash and cash equivalents	15	0	15
Other long-term liabilities	-47.4	0	-47.4
Deferred tax liabilities	-0.8	-29.9	-30.7
Other interest-bearing liabilities	-101.9	0	-101.9
Trade and other payables	-118.8	0	-118.8
<b>Acquired net assets</b>			<b>132.1</b>
<b>Goodwill arising on acquisition</b>			<b>326.4</b>
Initial consideration in cash and cash equivalents			250.9
Acquired cash and cash equivalents			15
<b>Cash flow arising from acquisition</b>			<b>-235.8</b>

### ALCADON BV IN BELGIUM (formerly 6X International BV)

On 7 December 2021, Alcadon Group AB acquired 80 percent of Belgian 6X International BV, a distributor of fiber-optic solutions and systems in Belgium. It was accessed on the same day, and the company is consolidated with Alcadon as of this date. During the fourth quarter, the remaining 20 percent of the company were acquired, and it is now a wholly-owned subsidiary.

Alcadon BV (formerly 6X International BV) was established in 1991 and is a Belgian value-adding distributor specialized in fiber-optic componentry and systems. The company is established in several segments, including FTTx/telecom, data centers, cabling systems, and industrial solutions, and customers include installation companies, system integrators, network operators, and data centers. 6X International BV also has longstanding relationships with most of the reputable manufacturers.

In connection with the acquisition of the remaining 20 percent of the company, the previously drawn up preliminary acquisition analysis was updated. The final acquisition analysis is shown in the table below. The purchase price of the shares, including contingent consideration, amounted to MSEK 8.2 of which MSEK 4.9 was paid in cash in December 2021 and MSEK 0.6 was paid for the remaining 20 percent during the fourth quarter of 2022.

Conditional consideration amounted to not more than MEUR 0.2 (MSEK 2) in cash depending on the improvement in performance of 6X over the coming 36 months. In connection with the acquisition of the remaining 20 percent of Alcadon Belgium, MSEK 0.6 (KEUR 50) of previously provisioned contingent consideration has been paid. The remaining MSEK 1.6 (KEUR 150) has been recognized in operating profit for the quarter.

Goodwill amounts to MEUR 0.7 (MSEK 7), relating to the company's expected future earning power and the personnel of 6X.

ACQUISITION ANALYSIS (MSEK)	Reported value at the acquisition date	Adjustment to fair value	Fair value
<b>Fair value of the consideration transferred</b>			
Cash			6.1
Contingent consideration			2.1
<b>Total purchase price</b>			<b>8.2</b>
<b>Identifiable net assets</b>			
Intangible fixed assets	0.1	0	0.1
Other fixed assets	0.3	0	0.3
Inventories	4.9	0	4.9
Current receivables	7.5	0	7.5
Cash and cash equivalents	1.3	0	1.3
Trade and other payables	-12.6	0	-12.6
Minority interest (20%)	-0.3	0	-0.3
<b>Acquired net assets</b>			<b>1.3</b>
<b>Goodwill arising on acquisition</b>			<b>6.8</b>
Consideration in cash and cash equivalents			6.1
Acquired cash and cash equivalents			1.3
<b>Cash flow arising from acquisition</b>			<b>-4.8</b>

## NOTE 27 – PROVISIONS

	THE GROUP		THE PARENT COMPANY	
	2022	2021	2022	2021
Provisions, opening balance	26,800	.	-	-
New provisions	116,064	26,474	-	-
Exchange rate differences	3,700	326	-	-
Payments	-6,300	-	-	-
<b>Provisions, closing balance</b>	<b>140,264</b>	<b>26,800</b>	<b>0</b>	<b>0</b>

Provision as of 31 December 2022 relates to contingent consideration for the acquisition of Alcadon ApS (formerly 6X International ApS) of MSEK 21 (MDKK 14) and contingent consideration for the acquisition of Networks Centre of MSEK 119 (MGBP 9.4). Contingent consideration for the acquisition of Networks Centre of MSEK 119 (MGBP 9.4) relates to the discounted value of the total contingent consideration of MGBP 10, which, calculated at the closing rate, corresponds to MSEK 126. The difference is recognized in profit or loss as a discount rate in net financial items until any payment dates for the contingent considerations. The discount rate during the fourth quarter amounts to MSEK -1.4. During the first quarter of 2022, contingent consideration payments of MSEK 5.7 (MDKK 4) were made for Alcadon ApS. In connection with the acquisition of the remaining 20 percent of Alcadon Belgium, MSEK 0.6 (KEUR 50) of previously provisioned contingent consideration has been paid. The remaining MSEK 1.6 (KEUR 150) has been recognized in operating profit.

## NOTE 28 – RELATED PARTY TRANSACTIONS

During the first half of the year, the Group, through Alcadon AS, carried out transactions of MSEK 1.9 (3.4) with companies where Alcadon's former Norwegian CEO, Roy W Furulund, has a controlling influence. The main transactions relate to the renting of premises in Sandefjord and the use of an external warehouse. As of July 2022, Roy does not carry on any activities for Alcadon and is thus not considered a related party to the Company. Through Alcadon Group AB, the Group carried out transactions of MSEK 0.8 (0.8) with Paseca AB, which is owned by the Chairman of the Board, Pierre Fors. These transactions relate to consultancy services. All transactions are considered commercially reasonable and based on market conditions. No other material related party transactions were carried out during the year.

## NOTE 29 – WARRANTS

The warrant program 2019/2023, which the extraordinary general meeting on 10 July 2019 resolved upon, comprises a total of 340,000 warrants held by 6 senior executives. The transfers were made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 20 March 2023 to 17 April 2023, which may entail a dilution of 1.6 percent calculated on the basis of the company's 20,612,823 shares.

The average share price of ordinary shares during the period exceeded the exercise price of the warrants. Hence, the shares are included in the calculation of the number of shares after dilution in the financial tables.

In accordance with the Annual General Meeting's resolution in April 2021, 26 employees subscribed for warrants under the warrant program 2021/2024 incentive scheme. The transfer was made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 26 February 2024 to 24 March 2024. The subscription price amounts to SEK 44.50. Upon full exercise of the warrants, up to 110,000 shares may be issued, which corresponds to a dilution of approximately 0.5 percent calculated on the basis of the company's 20,612,823 shares.

The average share price of ordinary shares during the period exceeded the exercise price of the warrants. Hence, the shares are included in the calculation of the number of shares after dilution in the financial tables.

In accordance with the Annual General Meeting's resolution in April 2022, 19 employees subscribed for warrants under the warrant program 2022/2025 incentive scheme. The transfer was made at the current market value of the warrants after calculation according to Black & Scholes. Each warrant entitles the holder to subscribe for one new share in Alcadon Group during the period from 24 February 2025 to 21 March 2025. The subscription price amounts to SEK 99.97. Upon full exercise of the warrants, up to 60,000 shares may be issued, which corresponds to a dilution of approximately 0.3 percent calculated on the basis of the company's 20,612,823 shares.

The average share price of ordinary shares during the period was below the exercise price of the warrants. Hence, the shares are not included in the calculation of the number of shares after dilution in the financial tables.

For more information about the program, please see the Company's website, [www.alcadongroup.se/investerare/bolagsstammor/](http://www.alcadongroup.se/investerare/bolagsstammor/)

<b>Closing balance</b>	<b>2019/2023</b>	<b>2021/2024</b>	<b>2022/2025</b>
<b>Number of warrants</b>	<b>340,000</b>	<b>110,000</b>	<b>60,000</b>
<b>Time of allotment</b>	<b>2019-07-12</b>	<b>2021-05-31</b>	<b>2022-05-31</b>
Exercise date	2023-03-19	2024-02-25	2025-02-23
Share price at allotment (SEK)	27.44	36.99	78.9
Volatility	28%	35%	37%
Duration	3.8,år	2.8,år	2.8,år
Yield dividend	3.0%	2.7%	1.3%
Risk-free return	-0.5%	-0.3%	1.1%
Fair value per warrant at allotment (SEK)	1.88 - 3.66*	5.07	12.54
Exercise price at allotment (SEK)	27.44*	44.50	99.97
Exercisable from/to	2023-03-20 2023-04-17	2024-02-26 2024-03-24	2025-02-24 2025-03-21

\* Warrant program 2019/2023 is a so-called barrier option with 6 different levels. Level 1 comprises 50 percent of the warrants and level 2-6 comprise 10 percent each. The exercise price for each level is SEK 27.44 f the closing price for Level 1 is SEK 41.16 and thereafter the level increases by SEK 4 per level up to SEK 61.16 for level 6. The weighted average fair value at allotment amounted to SEK 3.13.



## NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

- In the light of the acquisition of Networks Centre and the projection of continued strong growth, the Board of Directors proposes that no dividend be paid for 2022.
- Alcadon, through its Belgian subsidiary, Alcadon B.V, has signed a 5-year framework agreement with Fiberklaar, a network operator rolling out FTTH (Fiber-To-The-Home) in the Flanders region of Belgium, for the supply of fiber optic material in FTTH deployment. With the help of subcontractors, Fiberklaar has started to build an open optical fiber network for public telecommunications services in Flanders and aims to connect 1.5 million households and small businesses before the end of 2028. Volumes under the framework agreement are approximately EUR 16 million until 2027. Material purchases require separate agreements to be signed directly with the subcontractors. The projects are mainly expected to start in 2024 and will involve some inventory build-up in 2023.
- The board has decided to start the process of changing the company's stock listing from Nasdaq First North Growth Market to Nasdaq's main list in Stockholm in 2023. The decision is a declaration of intent and the application to Nasdaq is expected to be submitted during 2024.
- On 21 March 2023, Alcadon carried out a targeted new issue of shares to existing and new investors. Through the new issue, approximately SEK 52.6 million was added to Alcadon before issuance costs. The number of shares in Alcadon Group AB thus increases from 20,612,823 to 21,587,641 after completed issue.
- Alcadon terminates the incentive programme 2019/2023:1-6, whereby six employees, including the CEO and CFO, subscribes for shares of a total of SEK 3 702 452 with the support of subscription warrants.

## NOTE 31 - GROUP STRUCTURE

Company	Corporate identity number	Country	Holding
Alcadon Group AB	559009-2382	Sweden	Nasdaq First North
Alcadeltaco AB	556813-7623	Sweden	100%
Alcadon AB	556480-4341	Sweden	100%
Alcadon A/S	952334891	Norway	100%
Alcadon BV (formerly 6X International BV)	BE 0446.121.707	Belgium	100%
Alcadon ApS (formerly 6X International ApS)	27 04 80 13	Denmark	100%
Alcadon GmbH (formerly 6X International GmbH)	20/290/10989	Germany	100%
Alcadon BV	854225729	The Netherlands	100%
Networks Centre Holding Company Ltd	11809457	UK	100%
Networks Centre Ltd	05531233	UK	100%
Communication Centre International Ltd	02355286	UK	100%
Networks Centre Investments Ltd	13121259	UK	100%
Networks Centre B.V.	862300630	The Netherlands	100%
Networks Centre (Scotland) Limited	SC712797	UK	100%

# Indicators

INDICATORS FOR THE GROUP	2022	2021	2020
Operating income, MSEK	1,110.4	736.5	467.6
Gross margin, %	25.5	28.1	28.7
Operating profit before amortization of intangible assets (EBITA), MSEK	68.6	67.5	51.8
Operating profit before amortization of intangible assets (EBITA), %	6.2	9.2	11.1
Operating profit after depreciation/amortization (EBIT), MSEK	62.3	65.8	43.1
Operating margin after depreciation/amortization (EBIT), %	5.6	8.9	9.2
Profit or loss for the period, MSEK	37.1	47.1	29.0
Net margin, %	3.3	6.4	6.2
Solidity, %	36.8	49.1	51.9
Return on equity, %	7.5	15.8	13.1
Net interest-bearing liabilities, MSEK	447.1	151.8	137.4
Operating profit before depreciation/amortization (EBITDA) / Working capital, %	23.5	45.9	67.6
Cash flow from operating activities, MSEK	24.1	18.4	31.3
Cash flow from operating activities per share, SEK	1.2	1.0	1.9
Equity per share, SEK	27.9	18.6	13.9
Earnings per share, SEK	1.86	2.62	1.72
Number of shares at the end of the period	20,612,823	18,341,026	16,859,246
Average number of shares	19,942,010	17,945,952	16,859,246
Number of employees at the end of the period	179	95	65

## DEFINITIONS

Gross Profit	Net sales less cost of goods sold.
Gross margin:	Gross result as a percentage of net sales for the period.
EBITA margin:	Operating result before amortization of intangible assets as a percentage of net sales for the period.
EBIT margin:	Operating result after depreciation as a percentage of net sales for the period.
Net margin:	Profit or loss for the period as a percentage of net sales.
Return on equity:	Net profit or loss for the last 12 months as a percentage of average equity.
Net interest-bearing liabilities:	The net total of financial assets including cash and cash equivalents less interest-bearing provisions and liabilities. The calculations include lease liabilities in accordance with IFRS 16 totaling MSEK 86 (32).
Operating profit before depreciation/amortization (EBITDA) / Working capital:	Operating profit before depreciation/amortization (R12) divided by Working capital, calculated as Inventories plus Trade receivables minus Trade payables.
Solidity:	Equity as a percentage of total assets (excluding cash balance and financial assets) at the end of the period.
Earnings per share:	Net profit or loss for the period divided by the average number of shares during the period.
Cash flow from operating activities per share, SEK:	Cash flow from operating activities divided by the average number of shares during the period.

The Company applies the ESMA Guidelines on Alternative Performance Measures. An alternative performance measure is a financial measure other than those defined or specified in the applicable rules of financial reporting (such as IFRS and the Swedish Annual Accounts Act). The alternative performance measures must therefore be explained in the financial reports. In accordance with these guidelines, the Group's alternative performance measures are defined above. The Group applies alternative performance measures as the Company has made the assessment that they provide valuable, additional information to the management and investors, since they are key to the understanding and evaluation of the Group's operations.

# Financial quarterly overview for the Group

## Financial quarterly overview for the Group

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	2022	2022	2022	2022	2021	2021	2021	2021
<b>INCOME STATEMENT, MSEK</b>								
Net sales	401.2	288.0	216.1	205.1	206.4	182.7	177.4	170.0
<b>Profit</b>								
Operating profit before amortization of intangible assets (EBITA)	30.5	11.6	10.7	15.8	15.6	17.7	17.6	16.6
Profit after net financial items	19.0	7.7	10.7	14.2	14.5	16.4	15.7	14.5
Profit or loss for the period	13.9	4.7	7.9	10.6	11.0	12.8	12.5	10.8
<b>Margin measures in %</b>								
Gross margin, %	25.3	23.5	26.0	28.3	27.3	27.8	28.7	28.9
Operating margin (EBITA), %	7.6	4.0	4.9	7.7	7.6	9.7	9.9	9.8
Net margin, %	3.5	1.6	3.7	5.2	5.3	7.0	7.1	6.3
<b>BALANCE SHEET (MSEK)</b>								
<b>Assets</b>								
Total fixed assets	911	888	398	390	391	386	388	390
Total current assets	752	735	435	427	332	315	262	220
<b>Total assets</b>	<b>1,662</b>	<b>1,623</b>	<b>832</b>	<b>817</b>	<b>723</b>	<b>701</b>	<b>650</b>	<b>610</b>
<b>Equity &amp; liabilities</b>								
Total equity	575	556	480	479	341	329	286	274
Total long-term liabilities & provisions	572	563	148	153	165	165	54	58
Total current liabilities	516	505	204	185	217	208	310	278
<b>Total equity &amp; liabilities</b>	<b>1,662</b>	<b>1,623</b>	<b>832</b>	<b>817</b>	<b>723</b>	<b>701</b>	<b>650</b>	<b>610</b>
<b>CASH FLOW (MSEK)</b>								
Net from operating activities	8.4	22.1	-12.6	5.9	-8.0	-8.8	14.9	20.0
Investing activities	-17.7	-229.1	-4.4	-7.3	-6.4	-0.7	-0.5	-41.6
Financing activities	-12.9	235.8	-17.3	100.8	11.9	18.2	-8.8	32.6
<b>Cash flow for the period</b>	<b>-22.3</b>	<b>28.8</b>	<b>-34.3</b>	<b>99.4</b>	<b>-2.5</b>	<b>8.7</b>	<b>5.6</b>	<b>11.0</b>
<b>OTHER INDICATORS</b>								
Earnings per share, SEK	0.67	0.23	0.40	0.55	0.60	0.71	0.70	0.61
Return on equity, %	6.5	6.8	8.8	10.5	13.9	14.0	11.9	12.7
Equity per share, SEK	27.9	23.3	24.5	24.4	18.6	17.9	16.0	15.4
Cash flow from operating activities per share, SEK	0.4	1.1	-0.6	0.3	-0.4	-0.5	0.8	1.1
Share price at the end of the period, SEK	74.3	68.6	72.0	85.6	125.0	65.6	41.9	34.1

# Signature of the annual report

The Board of Directors certifies that the annual report has been prepared in accordance with generally accepted accounting practice. The annual accounts provide a true and fair view of the Company's position and performance, and the management report provides a true and fair overview of the development of the Company's operations, position and performance, and describes material risks and uncertainties faced by the Company.

The consolidated accounts have been prepared in accordance with the international accounting standards that are referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The consolidated accounts provide a true and fair view of the Group's position and performance, and the management report for the Group provides a true and fair overview of the development of the Group's operations, position and performance, and describes material risks and uncertainties faced by the companies included in the Group.

**Stockholm, Sweden, 24 March 2023**

**Pierre Fors**  
Chairman of the Board

**Jonas Mårtensson**  
Vice Chairman

**Marie Ygge**  
Director

**Lars Engström**  
Director

**Sonny Mirborn**  
CEO

Our audit report relating to this annual report was issued on 24 March 2023.  
**Grant Thornton Sweden AB**

**Daniel Forsgren**  
Authorized Public Accountant



# Share information

Alcadon Group AB's share is listed on Nasdaq First North since 14 September 2016.

The number of shares in Alcadon Group AB amounted to 20,612,823 as of 31 December 2022. In January 2022, a directed issue of 1,284,103 shares was carried out. On 16 August 2022, the Board of Directors resolved upon a directed new issue of 987,694 shares in Alcadon Group AB to the sellers of Networks Centre as part of the payment for the acquisition.

The number of shares in Alcadon Group AB thus increased from 19,625,129 to 20,612,823 through the new issues carried out during the year.

Companies listed on Nasdaq First North are required to have a Certified Adviser with, among other things, responsibility for supervision. Alcadon Group's Certified Adviser is Svensk Kapitalmarknadsgranskning AB (SKMG).

Company name: Alcadon Group AB

Ticker: ALCA

Number of shares: 20,612,823

ISIN: SE0008732218

## SHARE PERFORMANCE CHART 2022



## OWNERSHIP

Name	Shareholding	Shareholding, %
Investment AB Spiltan	2,370,893	11.5%
Ribbskottet Aktiebolag	2,200,000	10.7%
Athanase Industrial Partners	1,413,507	6.9%
Consensus Asset Management	1,119,000	5.4%
Susanne Stengade Holding ApS	981,780	4.8%
Andra AP-Fonden	867,524	4.2%
Humle Småbolagsfond	740,677	3.6%
RBCB LUX UCITS EX-MIG	700,000	3.4%
Avanza pension	655,118	3.2%
Nordnet Pensionsförsäkring AB	625,560	3.0%
Jeansson, Theodor	531,910	2.6%
Goldman Sachs International, W8IMY	530,071	2.6%
J.P. MORGAN SE, LUXEMBOURG BRANCH	520,392	2.5%
Ålandsbanken AB, W8IMY	494,870	2.4%
SEB AB, Luxembourg Branch, W8IMY	466,677	2.3%
Lindsay, Duncan	317,088	1.5%
Lindsay, Natalie	314,389	1.5%
Sparebank 1 Markets AS	291,345	1.4%
Hajskäret Invest AB	208,459	1.0%
Mårtensson, Jonas	208,092	1.0%
<b>Top 20</b>	<b>15,557,352</b>	<b>75.5%</b>
<b>Others</b>	<b>5,055,471</b>	<b>24.5%</b>
<b>Total</b>	<b>20,612,823</b>	<b>100.0%</b>

## DISTRIBUTION OF SHARES ON 31 DECEMBER 2022

	Shareholding	Number of owners	Number of shares
	100 001 -	29	17,118,654
	20 001 - 100 000	31	1,456,176
	5 001 - 20 000	67	674,538
	1 001 - 5 000	298	660,169
	501 - 1000	344	275,705
	201 - 500	585	205,634
	101 - 200	641	103,095
	1 - 100	4,082	118,852
		<b>6,077</b>	<b>20,612,823</b>

# Board of Directors

## PIERRE FORS, Chairman of the Board

Pierre Fors, born in 1963, member of the board since 2015, Chairman since 2020. Former CEO and President of Alcadon Group AB until July 2019. Pierre holds a degree from EMI (Executive Management Institute) and was employed by Alcadon between 1993 and 2019, including as CEO of Alcadon Group between 2001 and 2019. Pierre has experience from a number of positions across the IT and telecom industry, including at Telia.

**Other board assignments:** Chairman of the Board of Paseca AB and Niutech Group AB. Independent in relation to the company's major shareholders. Dependent in relation to the company and the executive management.

**Shareholding:** 80,000



## JONAS MÅRTENSSON, Vice Chairman

Jonas Mårtensson, born in 1963, member of the board since 2015, Chairman between 2016 and 2019. Employed by Alted AB since 2006, where he also is a co-owner and serves as a board member. For 17 years, Jonas has been working for investment banks (SEB Enskilda, Maizels, Westerberg & Co and Nordea) as an adviser in mergers and acquisitions as well as with capital raisings and IPOs.

**Other board assignments:** Chairman of the Board of OPP Owner AB, member of the board of DO Intressenter AB, JNM Invest AB, Niutech Group AB and Alted AB. Independent in relation to the company, company management and major shareholders.

**Shareholding:** 208,092



## MARIE YGGE, Director

Marie Ygge, born in 1958, member of the board since 2019. Marie has extensive experience from leading positions in the IT industry, including with Microsoft (2005–2017) and, prior to that, IBM (1985–2005). During these years, Marie has held a number of managerial positions where she has been the Swedish responsible for sales to the public sector, large enterprises and small- and medium-sized customers. Her most recent role was as Head of Business Development for Public Sector at Microsoft EMEA (2014–2017). Marie holds a M.Sc. from KTH Royal Institute of Technology and runs her own consultancy business.

**Other board assignments:** Board member of SOS Alarm AB and TCO Utveckling AB. Independent in relation to the company, company management and major shareholders.

**Shareholding:** 3,500 shares.



## LARS ENGSTRÖM, Director

Lars Engström, born in 1963, holds a M.Sc. from the University of Linköping. Lars has extensive experience from leading positions in leading Swedish industrial companies. Between 2016 and 2019, he was the head of Sandvik's business segments Mining and Rock Technology (2016–2019) and Mining (2015–2016). Prior to that, he served as the acting CEO and President of BE Group between 2014 and 2015. In addition, Lars was the CEO and President of Munters AB between 2006 and 2014. Prior to 2006, Lars held a number of leading positions within Atlas Copco and Seco Tools.

**Other board assignments:** Board member of Samhall AB, Normet Group Oy and Boart Longyear Group Ltd. Independent in relation to the company, company management and major shareholders.

**Shareholding:** 5,850 shares.



# Management

## SONNY MIRBORN

CEO and President since July 2019, born in 1980.

Sonny holds a M.Sc. in Business and Administration and a M.Sc. in Industrial and Financial Economics from the University of Gothenburg. He has also studied at IMD and INSEAD. Sonny previously served as Head of Business Unit at Addtech, where he was responsible for Energy Products, Addtech's operations related to machine cable accessories, professional lighting and electrical installation products, primarily in Europe. Prior to joining Addtech, Sonny held the position as CEO of the CTM-Lyng Group, a Nordic manufacturer of electrical installation materials focusing on safe/smart home solutions, and of Rutab, a leading operator in cable accessories and electrical installation materials in Sweden and Norway. Sonny's experience further includes an Investment Manager position at Nordstjernen and a role as Strategy Consultant at Accenture.

**Other board assignments:** Sonny Mirborn is a member of the board of all subsidiaries in the Alcadon Group.

**Shareholding as of 2022-12-31:** 22,190 shares

**Other holdings:** 253,258 warrants



## NIKLAS SVENSSON

CFO since October 2019, born in 1981.

Niklas holds a Degree of Bachelor of Science in Business and Economics from the Lund University and previously held the position as CFO at the NVBS Group. Prior to that, Niklas served as Finance Director at the Sievert Group, part of the German Rothenberger Group. He has also worked in the field of audit, at Deloitte in Stockholm.

**Other board assignments:** Niklas Svensson is a member of the board of all subsidiaries in the Alcadon Group, as well as a member of the board of JN Redovisning AB.

**Shareholding as of 2022-12-31:** 9,400 shares

**Other holdings:** 64,354 warrants



## EINAR FERAGEN

CEO of Alcadon AS since 1 January 2021.

Einar Feragen has a masters degree in economics and marketing (Master of Science) from BI Norwegian School of Management in Sandvika. He has previously worked with sales and marketing in the IT industry and the defense industry and has since 2020 held the job of sales manager at Alcadon AS with responsibility for sales and sales personnel throughout Norway. Most recently before joining Alcadon, Einar worked as sales manager in the export of capital equipment to the paint industry, with main markets in Europe and the USA. He also has a military education and has held senior positions in both Norway and abroad.

**Shareholding as of 2022-12-31:** 0 shares.

**Other holdings:** 4,419 warrants





## SUSANNE STENGADE

Senior Vice President Central Europe and CEO Alcadon Denmark/Germany, born in 1967. Bachelor's degree in International Business from Niels Brock's Handelsakademi in Copenhagen. Susanne has held several senior positions in sales with a focus on fiber optic solutions in companies such as NKT and Draka. In 2003, Susanne founded Alcadon Denmark (formerly 6X International) where she has been CEO ever since.

**Shareholding as of 2022-12-31:** 981,780



## MAX LUNDSTEN

Chief Product Officer, born in 1975. Employed since 1999. Has been responsible for product and development related to European Cabling Systems (ECS), among other things, and responsible for marketing. Before joining Alcadon, Max worked at Ericsson and LBW Elektronik. Max is a mechanical engineer and has also completed internal technology training programs at Ericsson. Max has no other ongoing assignments.

**Shareholding as of 2022-12-31:** 58,899 shares

**Other holdings:** 5,451 warrants



## MAGNUS LARSSON

CEO Alcadon Sweden, born in 1970.

Magnus Larsson, born in 1970, has studied Business Administration at the Lund University. His most recent experience is as Head of KAM and Customer Development at Siemens Smart Infrastructure in Sweden. Magnus has held a number of leading sales positions in the Siemens Group, real estate and construction and the media industry. In addition, Magnus has worked as a consultant in sales management and strategy development. Magnus has no other ongoing assignments.

**Shareholding as of 2022-12-31:** 0 shares.

**Other holdings:** 24,000 warrants



## DUNCAN LINDSAY

Senior Vice President UK, born in 1971.

Duncan Lindsay, born in 1971, founded Networks Centre in 2005 and served as its CEO until Alcadon Group's acquisition of Networks Centre in 2022. Duncan is a member of Alcadon's senior management team and currently serves as Senior Vice President UK at Alcadon. Prior to the establishment of Networks Centre, Duncan worked with sales for a leading fiber-optic distributor. In addition, he has experience of working in the tourism industry. Duncan has no other ongoing assignments.

**Shareholding as of 2022-12-31:** 631,477 shares.



# Annual General Meeting

Shareholders of Alcadon Group AB (publ), reg.no. 5590092382, are convened to the Annual General Meeting on Friday, 28 April 2023, at 10.00 a.m. at the Courtyard by Marriott hotel on Kungsholmen in Stockholm, with address Rålambshovsleden 50, 112 19 Stockholm. Registration will commence at 9:30 am.

## Right to participate and notification

Shareholders who wish to participate at the Annual General Meeting must:

- be registered as a shareholder in the share register prepared by Euroclear Sweden AB ("Euroclear") as of Friday, 21 April 2023, and
- notify their intention to attend the Annual General Meeting no later than Thursday, 20 April 2023 by one of the methods below:
  - Registration link: <https://anmalan.vpc.se/euroclearproxy>
  - E-mail: [generalmeetingservice@euroclear.com](mailto:generalmeetingservice@euroclear.com)
  - Postal address: Alcadon AB (publ), "Annual General Meeting", c/o Euroclear Sweden, Box 191, 101 23 Stockholm, Sweden.

The notification shall include the name, address, telephone number, personal or corporate identity number and, where applicable, information about proxy and/or representative. Shareholders intending to bring an assistant to the Annual General Meeting must notify the Company of the number of assistants (not more than two) and their names, in accordance with the above procedure.

In order to be entitled to participate in the general meeting, a shareholder whose shares are registered in the name of a nominee must, in addition to registering for the meeting, register the shares in his/her own name so that the shareholder is entered in the share register as of Thursday, 20 April 2023. Such registration may be temporary (registration for voting rights) and shall be requested from the nominee, in accordance with the nominee's procedures, at such time in advance as the nominee determines and in good time before the said date.

If the shareholder is represented by a proxy, a written, signed and dated power of attorney must be attached. A form for power of attorney is available in Swedish and English on the Company's website, [www.alcadongroup.se](http://www.alcadongroup.se).

For issues relating to the general meeting, please contact Euroclear Sweden AB by telephone at +46 8 402 91 33 (Monday to Friday between 09.00 a.m. and 4.00 p.m.)

## FINANCIAL CALENDAR

Q1 Report 2023	28 April 2023, 8:00 a.m.
Annual General Meeting 2023	28 April 2023, 10:00 a.m.
Q2 Report 2023	11 August 2023, 8:00 a.m.
Q3 Report 2023	27 October 2023, 8:00 a.m.
Year-end report 2023	No later than week 8, 2024
Annual report 2023	No later than three weeks prior to the Annual General Meeting 2024
Annual General Meeting 2024	No later than week 17, 2024

## Contact information

For additional information, see the company website, [www.alcadongroup.se](http://www.alcadongroup.se), or contact CEO Sonny Mirborn, telephone +46 70 639 50 92.



Alcadon Group

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## Networks Centre Storbritannien

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## Svensk Kapitalmarknadsgranskning AB (SKMG)

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