



Alcadon Group

The Alcadon Way

Enabling Digitalization for a **better** world



2024

YEAR-END REPORT

January - December

Year-end report

1 January – 31 December 2024

Slight improvement in underlying profitability and reliable operating cash flow despite challenging market conditions

FOURTH QUARTER 2024

- Net sales decreased by -9.8 percent to SEK 389 (431) million. In unchanged currency rates, sales decreased by -10.5 percent.
- Operating profit before amortisation of intangible assets (EBITA) decreased by -37 percent to SEK 25 (39) million, including SEK -3.2 (6.7) million attributable to unrealised exchange rate gains and losses and the reversal of contingent consideration of SEK 3.3 (6.0) million.
- Cash flow from operating activities amounted to SEK 39 (42) million, corresponding to SEK 1.59 (1.92) per share.
- Earnings per share amount to SEK 0.28 (0.68).
- The equity ratio increases to 52 percent from 44 percent on 31 December 2023.

FULL YEAR JANUARY - DECEMBER 2024

- Net sales increased by 2.0 percent to SEK 1,604 (1,573) million. In unchanged currency rates, sales increased by 1.3 percent.
- Operating profit before amortisation of intangible assets (EBITA) decreased by -12 percent to SEK 94 (107) million, including SEK -2.3 (0.0) million in acquisition costs, SEK -11.8 (-1.5) million attributable to unrealised exchange rate gains and losses and the reversal of contingent consideration of SEK 3.3 (6.0) million.
- Cash flow from operating activities amounted to SEK 125 (137) million, corresponding to SEK 5.24 (6.36) per share.
- Earnings per share amount to SEK 1.54 (1.76).
- The equity ratio increases to 52 percent from 44 percent on 31 December 2023.

	Quarter 4		January - December	
	2024	2023	2024	2023
Net sales, MSEK	389.0	431.5	1 603.8	1 572.8
Gross margin, %	25.7	23.7	25.3	24.4
EBITA, MSEK	24.9	39.3	94.4	106.8
EBITA, %	6.4	9.1	5.9	6.8
Profit for the period, MSEK	6.9	14.8	36.9	37.9
Earnings per share, SEK	0.28	0.68	1.54	1.76



SIGNIFICANT EVENTS DURING THE QUARTER

- Pierre Fors was acting President and CEO during the period 1 October - 6 January, during which he stepped down as Chairman of the Board but remained as a Board member. Jonas Mårtensson, Vice-Chairman, acted as Chairman of the Board during the same period.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- On 7 January, Fredrik Valentin took over as President and CEO. Pierre Fors thus stepped down from the role of acting President and CEO and returned to his previous position as Chairman of the Board. Jonas Mårtensson, who had been Chairman of the Board between 1 October and 6 January, returned to his position as Vice Chairman.
- Despite a strong cash flow during the year, the Board proposes that no dividend be paid for 2024, in light of good investment opportunities with good return potential going forward.

Stockholm, 20 February 2025

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A word from the CEO

- **Improved operating margin despite slow market**
- **Strengthened profitability according to our internal measure of efficient use of working capital (P/WC)**
- **Reliable operating cash flow**
- **Some positive market sentiment for 2025 but different conditions for our different subsidiaries**
- **Increased focus on profitability before volume going forward, and thus more selective growth**

DEVELOPMENTS DURING THE QUARTER

Net sales for the quarter fell by -9.8 percent to SEK 389 million (431). Operating profit, measured as EBITA adjusted for unrealised exchange rate gains and losses and reversal of contingent consideration, decreased by -6.9 percent to SEK 25 million (27). The adjusted EBITA margin strengthened slightly to 6.4 percent (6.2).

As in the previous quarter, growth was weak while strengthened gross margin improves operating profit and operating margin sequentially. Continued focus on working capital and stronger margins contribute to a good operating cash flow, reduced net debt and improved profit over working capital (P/WC).

The data center segment is down year-on-year, mainly due to a major project in the UK delivered in Q4 2023 - Q1 2024. At the same time, the data center segment continues to drive margin improvement and the outlook going forward looks good in all geographic markets.

Structured cabling and commercial networks are performing at steady pace, except for the United Kingdom, where project delays have dampened growth.

The broadband segment remains consistently weak, but has shown some signs of improvement compared to the first half of the year, mainly in the UK and Denmark, although from historically low levels and with a high degree of price pressure.

The United Kingdom

Growth in local currency was -19 percent in the quarter and 6.7 percent compared to the previous quarter. The year-on-year decrease is mainly due to a large data center project delivered in Q4 2023 - Q1 2024. As in the previous quarter the data center segment continues to develop well. After a long period of weak market conditions and negative growth, the

broadband segment has increased for the second consecutive quarter. At the same time, project delays in commercial networks continue to dampen overall growth during the quarter.

Sweden

Growth was -7.1 percent in the quarter and -3.8 percent compared to the previous quarter. The decrease is mainly due to a weak market in residential networks and the broadband segment. Commercial networks continue to develop well, mainly driven by data centers.

The Benelux

Growth in local currency was -13 percent during the quarter and 9.9 percent compared to the previous quarter. In Belgium, Proximus' acquisition of network operator Fiberklaar continues to create some delays in ongoing projects, while market signals are carefully positive. In the Netherlands, the exposure to data centers is large, which results in some fluctuation between quarters, but also here picking up positive market signals.

Denmark

Growth in local currency amounts to -18 percent during the quarter and -11 percent compared to the previous quarter. The development follows the trend from the previous quarter with limited growth compared to the first half of the year. The market is showing slightly positive signals in the broadband segment, but still with great uncertainty and from low levels.

Ireland

Growth in local currency amounts to 22 percent compared to last year and -25 percent compared to the previous quarter. The decrease from the previous quarter follows the historical seasonal fluctuations and the market is expected to be stable going forward.

With high performance targets for contingent considerations, the current forecast for year 1 shows that the target will not be met in full. Therefore, half of the contingent consideration corresponding to SEK 3.3 million has been reversed during the quarter.

Germany

Growth in local currency amounts to -57 percent during the quarter and -34 percent compared to the previous quarter. We see a severe decline in the second half of the year with strong competition and price pressure in the broadband segment. The focus on broadening our customer base, strengthening margins and reducing working capital may continue to have a negative impact on growth going forward.

Norway

Growth was -3.1 percent in the quarter and 19 percent compared to the previous quarter. The decrease compared to last year is mainly attributable to a weaker market in residential networks and a continued challenging broadband market. At the same time, we are seeing increased investments in the data center segment, which are expected to increase in the future.

FINANCIAL

Net sales decreased by -9.8 percent to SEK 389 (431) million. In unchanged currency rates, sales decreased by -10.5 percent. Organic growth including currency effects was -16 percent, excluding currency effects -16 percent and acquired growth was 6.0 percent.

The gross margin strengthened to 25.7 (23.7) percent.

The increase in operating expenses, SEK -71 (-69) million, is due to the acquisition of Woods, SEK -5.6 million, which is consolidated from 2 April 2024.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 25 (39) million during the quarter. EBITA was affected by SEK -3.2 (6.7) million attributable to unrealised exchange rate gains and losses. Of this, SEK -1.5 (4.6) million is revaluation of earn-outs. Reversal of contingent considerations had an impact of SEK 3.3 (6.0) million.

Excluding unrealised foreign exchange gains and losses and the reversal of the contingent consideration, EBITA decreased by -6.9 percent due to lower sales, while the EBITA margin increased to 6.4 percent (6.2).

Amortisation of acquired customer relationships amounts to SEK -4.8 (-3.6) million.

Profit for the period amounted to SEK 6.9 (14.8) million.

Cash flow from operating activities during the quarter amounted to SEK 39 (42) million. Change in working capital amounted to SEK 11 (25) million.

Profit over Working Capital (P/WC) increased to 36 (33) percent through an increase in adjusted EBITA (P) and a decrease in working capital (WC).

Net debt amounted to SEK 363 (350) million, of which SEK 75 (79) million was lease liabilities

Net debt/EBITDA, including and excluding leasing, amounts to 2.8 (2.8) and 2.6 (2.5) respectively, which is within the framework of the Group's long-term target.

CONCLUDING REMARKS

I'd like to thank Pierre Fors for his efforts as acting CEO during the period and welcome him back as Chairman of the Board of Alcadon Group.

Alcadon Group ends 2024 in a continued challenging market. At the same time, we produce an improved operating margin compared to last year and we continue to have a reliable operating cash flow.

The quarter brought a mix of successes and challenges in our portfolio of subsidiaries, currently operating in eight countries. We are winning new customer contracts in areas such as data centers, while at the same time experiencing continued investment restraints, especially in the broadband, segment. We have also noted a more cautious purchasing attitude among installation customers towards the end of the year. Although we see slightly positive signals in several markets, we need to prepare for a scenario of continued moderate demand also in 2025 to not jeopardize our profitability.

The Group has grown rapidly in recent years through acquisitions, and we now have established market positions in several segments across Northern Europe and the UK/Ireland. Our well-reputed companies with experienced, competent and committed employees form a stable base for Alcadon Group's future profit development.

During the quarter, I've had the opportunity to travel around among the subsidiaries before my formal first day at work, and I used those trips to ensure a common ambition among our subsidiaries to prioritise improving existing business going forward, with increased focus on profitability and profitable growth.

We need to work more actively with improving both margins and working capital to continue delivering a strong cash flow and enable future acquisitions in our interesting business niche. Here, our already established profitability measure 'P/WC' will be an important tool for capital allocation and focus.

I feel strong support from the subsidiaries on these priorities and we look to the future with confidence. Alcadon Group's offer lies right in time and I look forward to an exciting journey.



Fredrik Valentin
President and CEO
Alcadon Group AB

KEY FIGURES OF THE GROUP	Quarter 4		January - December	
	2024	2023	2024	2023
Net sales, MSEK	389.0	431.5	1,603.8	1,572.8
Gross margin, %.	25.7	23.7	25.3	24.4
Operating profit before amortisation of intangible assets (EBITA), MSEK	24.9	39.3	94.4	106.8
Operating margin before amortisation of intangible assets (EBITA), %.	6.4	9.1	5.9	6.8
Operating profit after depreciation/amortization (EBIT), MSEK	19.2	34.7	73.6	88.8
Operating margin after depreciation/amortization (EBIT), %	4.9	8.0	4.6	5.6
Profit for the period, MSEK	6.9	14.8	36.9	37.9
Net margin, %.	1.8	3.4	2.3	2.4
Equity ratio, %	52.1	44.1	52.1	44.1
Return on equity, %	4.3	5.5	4.6	5.9
Net interest-bearing liabilities, MSEK	363.0	349.6	363.0	349.6
Net interest-bearing liabilities excluding leasing debt, MSEK	288.2	270.5	288.2	270.5
EBITA R12 adjusted (proforma) / Net Working Capital, %	35.7	33.5	35.7	33.5
Cash flow from operating activities, MSEK	38.9	41.7	125.0	136.6
Cash flow from operating activities per share, SEK	1.59	1.92	5.24	6.36
Equity per share, SEK	34.9	30.8	34.9	30.8
Earnings per share, SEK	0.28	0.68	1.54	1.76
Number of shares at the end of the period	24,511,026	21,722,570	24,511,026	21,722,570
Average number of shares, pcs	24,511,026	21,722,570	23,868,959	21,491,373
Number of employees at the end of the period	189	164	189	164
Average number of employees during the period	189	164	183	170



DEFINITIONS

Gross profit:	Net sales less cost of goods sold.
Gross margin:	Gross profit as a percentage of net sales for the period.
EBITA margin:	Operating profit before amortisation of intangible assets as a percentage of net sales for the period.
EBIT margin:	Operating profit after depreciation/amortization as a percentage of net sales for the period.
Net margin:	Profit for the period as a percentage of net sales.
Return on equity:	Net profit for the last 12 months as a percentage of average equity.
Net interest-bearing liabilities:	<p>The net total of financial assets including cash and cash equivalents minus interest-bearing provisions and liabilities. The amounts are calculated including lease liabilities in accordance with IFRS 16, amounting to SEK 75 (79) million.</p> <p>Contingent considerations are not part of net debt as potential contingent consideration payments are subject to requirements such as EBITDA growth, operating margin development and cash flow.</p>
P/WC (EBITA R12 adjusted (proforma) / Net Working Capital):	<p>Adjusted EBITA R12 divided by Net Working Capital, calculated as Inventory plus Accounts receivable less Accounts payable.</p> <p>EBITA R12 adjusted proforma is calculated as EBITA for the last 12 months with reversal of acquisition costs and deduction/reversal of results from contingent considerations. Proforma refers to the period before acquisition as if the acquired companies had been part of the group for the last 12 months.</p>
Equity ratio:	Equity as a percentage of total assets (excluding cash and financial assets) at the end of the period.
Earnings per share:	Net profit 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 for the period.
Operating expenses:	Refers to personnel costs and other external operating expenses.

The company applies the ESMA guidelines on alternative performance measures. An alternative performance measure is a financial measure that is not defined or specified in applicable financial reporting rules (e.g. IFRS and the Annual Accounts Act). The APMs should therefore be explained in the financial statements. In accordance with these guidelines, the Group's alternative performance measures are defined above. The Group applies APMs because it believes that they provide valuable supplementary information to management and investors as they are central to the understanding and evaluation of the Group's business.



Financial information

REVENUE AND PROFIT

The quarter

Net sales decreased by -9.8 percent to SEK 389 (431) million. In unchanged currency rates, sales decreased by -10.5 percent. Organic growth including currency effects was -16 percent, excluding currency effects -17 percent and acquired growth was 6.0 percent.

The gross margin amounts to 25.7 (23.7) percent. The gross margin excluding the acquisition of Wood was 25.1 (23.7) percent.

The increase in operating expenses, SEK -71 (-68) million, is due to the acquisition of Woods, SEK -5.6 million, which is consolidated from 2 April 2024.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 25 (39) million during the quarter. EBITA was affected by SEK -3.2 (6.7) million attributable to unrealised exchange rate gains and losses. Of this, SEK -1.5 (4.6) million is revaluation of contingent considerations. Reversal of contingent considerations had an impact of SEK 3.3 (6.0) million. Excluding unrealised exchange rate gains and losses and reversed contingent considerations, EBITA decreased by -6.9 percent to SEK 25 (27) million and the EBITA margin amounted to 6.4 (6.2) percent.

Amortisation of acquired customer relationships amounts to SEK -4.8 (-3.6) million, of which SEK -3.3 (-3.2) million relates to Networks Centre, SEK -0.4 (-0.4) million to Alcadon Denmark and SEK -1.1 million to Wood Communications.

Profit for the period amounted to SEK 6.9 (14.8) million.

January - December

Net sales increased by 2.0 percent to SEK 1,604 (1,573) million. In unchanged currency rates, sales increased by 1.3 percent. Organic growth including currency effects was -3.4 percent, excluding currency effects -4.1 percent and acquired growth was 5.4 percent.

The gross margin amounts to 25.3 (24.4) percent. The gross margin excluding the acquisition of Wood was 25.0 (24.4) percent.

The increase in expenses, SEK -288 (-261) million, is mainly due to the acquisition of Woods, SEK -15 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and revaluation and reversal of contingent considerations of SEK -5.4 million.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 94 (107) million during the period, which is a decrease of -12 percent. EBITA was affected by acquisition costs of SEK -2.3 (0.0) million and SEK -11.8 (-1.5) million attributable to unrealised exchange rate gains and losses. Of this, SEK -8.7 (-2.6) million is revaluation of contingent considerations. Reversal of contingent considerations had an impact

of SEK 3.3 (6.0) million. Adjusted for the above, EBITA increased by 2.7 percent to SEK 105 (102) million and the EBITA margin amounted to 6.6 percent (6.5).

Amortisation of acquired customer relationships amounts to SEK -17 (-14) million, of which SEK -13 (-13) million relates to Networks Centre, SEK -1.5 (-1.5) million to Alcadon Denmark and SEK -2.7 million to Wood Communications.

Profit for the period amounted to SEK 37 (38) million.

CASH FLOW, INVESTMENTS AND LIQUID ASSETS

The quarter

Cash flow from operating activities amounted to SEK 39 (42) million. Cash flow from changes in working capital amounted to SEK 11 (25) million during the quarter.

Other net investments in tangible, intangible and financial fixed assets amounted to SEK -1.5 (-1.9) million. Net cash flow from acquisitions amounted to SEK 0 (-27) million.

Cash flow from financing activities amounted to SEK -32 (-20) million. Cash flow from the utilisation of the overdraft facility amounted to SEK -11 (0) million. In addition, cash flow from financing activities consists of amortisation of loans, amortisation of lease liabilities and interest paid and received.

January - December

Cash flow from operating activities amounted to SEK 125 (137) million. Cash flow from changes in working capital amounted to SEK 25 (34) million during the period.

Other net investments in tangible, intangible and financial fixed assets amounted to SEK -7.6 (-8.8) million. Net cash flow for acquisitions amounted to SEK -171 million (-42) and consisted of contingent consideration paid for Networks Centre of SEK -67 million, contingent consideration paid for Alcadon Denmark of SEK -9 million and net cash payment for Wood Communications of SEK -94 million.

Cash flow from financing activities amounted to SEK 45 (-125) million. The increase is attributable to financing raised to pay for the acquisition of Wood on 2 April 2024. The financing for the acquisition of Wood amounting to SEK 133 million consists of a new share issue of SEK 73 million, an acquisition loan of SEK 30 million and a temporarily raised overdraft facility of SEK 31 million, which was repaid in full during the second quarter. In addition to the financing for the acquisition of Wood, cash flow from financing activities consists of cash flow from the utilisation of the overdraft facility, amortisation of loans, amortisation of lease liabilities, warrant payments and interest paid and received.

At the end of the period, the Group's cash and cash equivalents amounted to SEK 58 (63) million. The

overdraft facility granted by SEB amounts to SEK 80 (50) million, of which SEK 59 (50) million was unutilised at the end of the period.

The company has financing with SEB without collateral. The parent company has no contingent liabilities or pledged assets.

OPERATING EXPENSES

The quarter

Operating expenses amounted to SEK -360 (-398) million, which is a decrease of -9.6 percent.

Expenses amounted to SEK -71 (-68) million, which is an increase of 3.3 percent. The increase is mainly due to the acquisition of Woods, SEK -5.6 million, which is consolidated from 2 April 2024.

January - December

Operating expenses amounted to SEK -1,486 (-1,449) million, which is an increase of 2.6 percent.

Expenses amounted to SEK -288 (-261) million, which is an increase of 11 percent. The increase is mainly due to the acquisition of Woods, SEK -15 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and revaluation and reversal of contingent considerations of SEK -5.4 million.

STAFF

The number of employees at the end of the period was 189 (164) and the average number of employees during the quarter was 189 (164). The acquisitions of Wood in Ireland and Xsicute in the UK have added 13 and 8 people respectively to the Group.

EXCHANGE RATE DIFFERENCES

Under IFRS, exchange differences of an operating nature are recognised in operating profit as other operating income/expenses. All exchange differences arising from commitments to customers and suppliers are classified here. Exchange rate differences attributable to the translation of contingent considerations are also recognised in operating profit as other operating income/expenses.

Other exchange rate differences are classified as financial exchange rate differences, which include exchange rate differences on foreign currency loans and bank balances.

The operating exchange rate difference for the quarter amounted to SEK -3.2 (6.7) million, of which SEK -1.5 (4.6) million is attributable to the revaluation of contingent considerations.

The year's exchange rate difference of an operating nature amounted to SEK -11.8 (-1.5) million, of which SEK -8.7 (-2.6) million is attributable to the revaluation of contingent considerations.

Unrealised exchange rate differences on internal loans are recognised in net financial items and amount to SEK 3.4 million during the quarter and SEK 9.5 million during the year.

Exchange rate differences on translation of foreign operations are recognised in other comprehensive income. The quarter's translation amounts to SEK 18 (-25) million and is due to the weakening of the Swedish krona against GBP, EUR and DKK. Translation for the year amounts to SEK 48 (6.3) million and is due to the weakening of the Swedish krona against these currencies.

THE PARENT COMPANY

The activities of the parent company, reg. no. 559009-2382, comprise group management, finance and IR/PR.

Profit after financial items for the quarter amounted to SEK 2.9 (5.9) million, of which SEK 1.8 (10.6) million is attributable to the translation and reversal of contingent considerations.

The result after financial items for the year amounted to SEK -17 (4.4) million, of which SEK -5.4 (3.3) million is attributable to the translation and reversal of contingent considerations.

At the end of the period, cash and cash equivalents amounted to SEK 0.0 (29) million. The overdraft facility granted by SEB amounts to SEK 80 (50) million, of which SEK 59 (50) million was unutilised at the end of the period.

DISPUTES

At the end of the period, the Group has no significant ongoing disputes.

RISKS AND UNCERTAINTIES

The risks and uncertainties that apply to the Alcadon Group are described in the annual report and on the company's website www.alcadongroup.se.

Current discussions on possible trade barriers in the form of increased tariffs could have a negative effect in the form of higher prices for imported goods. We are monitoring developments closely, but do not currently believe that this will have any significant impact.

No other significant changes have occurred that would require further amendment of these descriptions.

TRANSACTIONS WITH RELATED PARTIES

During the year, the Group, through Alcadon Group AB, had transactions of SEK -1.4 (-0.9) million with Paseca AB, which is owned by the Chairman of the Board, Pierre Fors. The transactions relate to consulting services and for the work as interim CEO during the period 1 October - 31 December

The Group has through April, through Networks Centre, had sales of SEK 0.6 (2.3) million and purchases of SEK -1.3 (-5.0) million with Xsicute Ltd which until May 2024 was partly owned and controlled by Networks Centre's former principal owner Duncan Lindsay and Networks Centre's CEO James Reid. The transactions relate to the sale and purchase of products. As of May 2024, Xsicute is part of the Alcadon Group.

In addition, Networks Centre has had purchases of marketing services of SEK -1.8 (-0.8) million from HCO Consulting, which is owned and controlled by Networks Centre's former principal owner Duncan Lindsay, and SEK -0.2 (0) million from X4R Ltd, which is owned and controlled by Networks Centre's CEO James Reid.

All transactions are deemed to be commercial and based on market terms. There were no other significant transactions with related parties during the year.

GOODWILL

Goodwill is tested for impairment on an ongoing basis and is recognised at cost less accumulated impairment losses.

The impairment tests carried out at the end of the year showed that there was no need for impairment.

In connection with the acquisition of the 6X Group in Denmark and Germany, currently Alcadon ApS and Alcadon GmbH, in January 2021, DKK 32 million (SEK 43 million at the time of acquisition) of the purchase price has been allocated to Goodwill. At the acquisition of 6X Belgium, now Alcadon BV, in December 2021, EUR 0.7 million (SEK 7 million at the time of acquisition) of the purchase price has been allocated to Goodwill.

On the acquisition of Networks Centre, the total surplus value of GBP 33.1m (GBP 415m) has been allocated with GBP 26m (GBP 326m at the date of acquisition) to Goodwill. The remainder has been allocated to customer relationships which are amortised over 10 years.

In the acquisition of Wood Communication in Ireland, a total surplus value of EUR 11.2 million (SEK 129 million) has been allocated with EUR 8.6 million (SEK 99 million at the time of acquisition) to goodwill. The remainder has been allocated to customer relationships which are amortised over 10 years.

Goodwill as at 31 December 2024 amounted to SEK 799 (676) million.

INTEREST COST

Interest expenses for the quarter amounted to SEK -5.2 (-7.1) million. Of the interest expense, SEK -0.6 (-0.9) million relates to a non-cash discounting effect attributable to contingent consideration provisions for the acquisitions of Networks Centre and Wood, and SEK -0.5 (-0.4) million to interest expenses on right-of-use assets.

Interest expenses for the period amounted to SEK -26 (-30) million. Of the interest expense, SEK -3.3

(-3.5) million relates to the non-cash discounting effect attributable to the contingent consideration provisions for the acquisitions of Networks Centre and Wood, and SEK -1.8 (-1.7) million to interest expenses on right-of-use assets.

FUTURE DEVELOPMENT

Alcadon's financial targets over a business cycle entail a continued focus on profitable growth both organically and through acquisitions and will take Alcadon to become a reputable European premium partner active in carefully selected business areas related to the digitalisation of society.

Financial targets over a business cycle

- **Growth** - Annual Net sales growth of 20 percent
- **Profitability** - EBITA margin above 10 percent
- **Leverage** - Net interest-bearing debt/EBITDA R12 adjusted (proforma) between 2 and 3

Growth - Alcadon shall have an annual average sales growth of at least 20 percent over a business cycle. Sales growth will be generated organically and through acquisitions.

Profitability - Alcadon's annual average EBITA margin shall exceed 10 percent over a business cycle. EBITA is defined as operating profit before amortisation of intangible assets.

Indebtedness - Alcadon's long-term indebtedness should be between 2 and 3 times EBITDA. EBITDA is defined as operating profit before depreciation and amortisation, excluding acquisition costs, including proforma from acquisitions.

Other key objectives for Alcadon.

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

Other objectives	Objective	2022	2023	2024
Employee engagement	>30	40	22	29
Customer loyalty	>30	54*	57	49

*Measured in Sweden and Norway in 2022. Other years measured in companies belonging to the group throughout the full year.

Customer loyalty - measured by 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 of 1-10 where the number of ambassadors is then compared to the

Financial objectives (R12)	Objective	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Growth	20%	43%	51%	68%	79%	68%	42%	22%	13%	6,7%	2,0%
Profitability	>10%	5,9%	6,2%	6,2%	5,6%	6,4%	6,8%	6,3%	7,3%	6,6%	5,9%
Indebtedness	2-3	3,8	3,7	3,2	3,2	2,8	2,8	2,3	2,3	2,9	2,8

number of critics. Ambassadors are considered to be all those who responded between 9-10, while critics are considered to be all those who responded between 1-6.

Employee engagement - measured by the Employee Net Promoter Score (eNPS), which provides a measure of how willing employees are to recommend their workplace. Employees rate Alcadon on a scale from 1-10 where the number of promoters is compared to the number of detractors. Ambassadors are considered to be anyone who answered between 9-10 while critics are considered to be anyone who answered between 1-6.

THE AUDITOR'S REVIEW

The Swedish version of this report has been reviewed by the company's auditor.

FINANCIAL CALENDAR

Annual report 2024	No later than three weeks before the 2025 Annual General Meeting
Q1 report	28 April 2025 at 8.00 am
Annual General Meeting 2025	29 April 2025 at 10:00 am
Q2 report	8 August 2025 at 8.00 am
Q3 report	24 October 2025 at 8.00 am
Year-end report 2025	By week 8, 2026
Annual report 2025	No later than three weeks before the 2026 Annual General Meeting
Annual General Meeting 2026	29 April 2026 at 10:00

AGM 2024

The 2024 Annual General Meeting was held on 26 April 2024 in Stockholm. For information about the AGM and the resolutions adopted, please refer to the company's communiqué from the AGM, which is available on the company's website www.alcadongroup.se/investerare/bolagsstammor/.

AGM 2025

The 2025 Annual General Meeting will take place in Stockholm on Tuesday 29 April 2025 at 10:00 am. Shareholders wishing to have matters considered at the meeting must submit such proposals to the Chairman of

the Board, Pierre Fors, well in advance of the publication of the notice of the meeting, which is expected to be published at the end of March 2025.

DIVIDEND

In light of favourable investment opportunities with good return potential going forward, the Board of Directors proposed, despite a strong cash flow during the year, that no dividend be paid for 2024.

WARRANTS

In accordance with the decision of the Annual General Meeting in April 2022, 19 employees have subscribed for warrants under an incentive programme, Warrant Programme 2022/2025. 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 0.2 percent calculated on the company's 24,511,026 shares.

The average price of ordinary shares during October to December and January to December has been below the exercise price of the warrants, so the shares are not included in the calculation of the number of diluted shares in the financial tables.

In accordance with the decision of the Annual General Meeting in April 2023, 19 employees have subscribed for warrants under an incentive programme, Warrant Programme 2023/2026. The subscription 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 23 February 2026 to 20 March 2026. The subscription price amounts to SEK 62.4. Upon full exercise of the warrants, up to 125,000 shares may be issued, which corresponds to a dilution of approximately 0.5 percent calculated on the company's 24,511,026 shares.

Closing balance	2022/2025	2023/2026	2024/2027	2024/2028
Number of warrants	60 000	125 000	74 000	200 000
Time of allotment	2022-04-25	2023-05-08	2024-05-13	2024-07-08
Exercise date	2025-02-24	2026-02-23	2026-11-02	2028-05-01
Share price at allotment (SEK)	79.6	47.8	34.8	36.0
Volatility	37%	37%	38%	38%
Duration	2.8 years	2.9 years	3.3 years	3.9 years
Yields Dividends	1.30%	2.09%	2.87%	2.00%
Risk-free return	1.10%	2.84%	2.72%	2.80%
Fair value per warrant at allotment (SEK)	12.54	6.44	6.21	5.97
Exercise price at allotment (SEK)	99.97	62.4	47.5	50.7
Exercisable from/to	2025-02-24	2026-02-23	2026-11-02	2028-05-01
	2025-03-21	2026-03-20	2027-08-13	2028-05-31

The average price of ordinary shares during October to December and January to December has been below the exercise price of the warrants, so the shares are not included in the calculation of the number of diluted shares in the financial tables.

In accordance with the decision of the Annual General Meeting in April 2024, 13 employees have subscribed for warrants under an incentive programme, Warrant Programme 2024/2027. The subscription 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 2 November 2026 to 13 August 2027. The subscription price amounts to SEK 47.5. If the warrants are fully exercised, up to 74,000 shares can be issued, which corresponds to a dilution of approximately 0.3 percent calculated on the company's 24,511,026 shares.

The average price of ordinary shares during October to December and January to December has been below the exercise price of the warrants, so the shares are not included in the calculation of the number of diluted shares in the financial tables.

In accordance with the decision of the Extraordinary General Meeting on 4 July 2024, the incoming CEO, Fredrik Valentin, subscribed in July 2024 for 200,000 warrants under an incentive programme, Warrant Programme 2024/2028. The subscription 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 1 May 2028 to 31 May 2028. The subscription price amounts to SEK 50.7. If the warrants are fully exercised, up to 200,000 shares can be issued, which corresponds to a dilution of approximately 0.8 percent calculated on the company's 24,511,026 shares.

The average price of ordinary shares during October to December and July to December has been below the exercise price of the warrants, so the shares are not included in the calculation of the number of diluted shares in the financial tables.

For more information on the programmes, see the company's website at www.alcadongroup.se/investors/corporate-lines/

SHARE INFORMATION

Alcadon Group AB's share has been listed on Nasdaq First North since 14 September 2016. As of 31 December 2024, the number of shares amounts to 24,511,026.

On 6 March 2024, Alcadon Group carried out a directed share issue of 2,054,795 shares at a subscription price of SEK 36.5 per share. The issue was carried out to partially finance the acquisition of Wood Communications Ltd and the subscription price was determined through a so-called "accelerated bookbuilding" procedure. Through the issue, Alcadon raised SEK 75 million before issue

costs. The number of shares in Alcadon Group AB increased from 21,722,570 to 23,777,365 after the issue.

On 2 April 2024, Alcadon carried out a non-cash issue of 733,661 shares as part of the payment for the acquisition of Irish Wood Communications. The number of shares in Alcadon Group AB increased from 23,777,365 to 24,511,026 after the issue.

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

Share price at the end of the period was SEK 29.00 (31 December 2024)

- Company name: Alcadon Group AB
- Short name: ALCA
- Number of Shares: 24 511 026
- ISIN: SE0008732218

LOANS & CREDITS

Alcadon's financing consists of a bank loan with SEB of initially SEK 380 million, which runs until August 2026.

To part-finance the acquisition of Wood, the existing acquisition credit of SEK 30 million has been used and a temporarily increased overdraft facility of EUR 2.65 million (SEK 31 million). The temporary overdraft facility of EUR 2.65 million (SEK 31 million) ran until the end of May 2024 and has been amortised in full. The terms of the utilised acquisition credit and the temporary overdraft facility are set out below.

After annual repayments and with an acquisition credit of SEK 30m, the SEB loans amount to SEK 325m as of 31 December 2024. During the third quarter, the overdraft facility was increased from SEK 50m to SEK 80m.

Conditions in brief

- Bank loan, SEK 130 million, straight amortisation 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on debt/equity ratio.
- Bank loan, SEK 250 million, straight amortisation 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on debt/equity ratio.
- Overdraft facility of SEK 80 million, SEB base rate + 1.2 percentage points, 0.4 percent annual credit fee.
- Acquisition credit of SEK 30 million, straight amortisation 10 years, interest rate STIBOR 3M + 1.4-2.4 percentage points depending on debt/equity ratio, 0.35 percent on unused amount.
- Temporary overdraft facility EUR 2.65m (SEK 31m), SEB base rate + 1.2 percentage points, 0.4 percent annual credit fee. Amortisation took place in full during the second quarter and the overdraft facility was terminated.

In total, the Group's bank financing amounts to SEK 346m (333) as of 31 December 2024, of which SEK 42m (38) is reported as a current liability under Current liabilities to credit institutions, SEK 284m (295)

is reported as non-current under Liabilities to credit institutions and SEK 21m (0) relates to utilised overdraft facilities. Current liabilities of SEK 42m (38) relate to the amortisation plan for the loans with SEB

The company reports covenants related to:

1. leverage ratio, net debt/EBITDA R12 <3
2. cash flow in relation to amortisation and financing costs >1

The debt/equity ratio is calculated excluding lease liabilities and including lease expenses attributable to operating leases. In the event of an acquisition, the ratio may exceed 3.5 for three consecutive quarters. EBITDA R12 is calculated including acquired EBITDA as if the company had belonged to the group for 12 months.

The overdraft facility granted by SEB amounts to SEK 80 million (50), of which SEK 59 million (50) was unutilised at the end of the period.

ACCOUNTING POLICIES & NOTES

See pages 15-17 for accounting policies and notes.

OWNERSHIP STRUCTURE

Largest shareholders in Alcadon Group as of 31 December 2024 (source: Monitor, Modular Finance).

Name	Shareholding	Shareholding %.
Investment AB Spiltan	3 895 893	15.9%
Ribbskottet Aktiefbolag	2 455 000	10.0%
Second AP Fund	2 132 524	8.7%
Athanase Industrial Partners	1 387 605	5.7%
Susanne Stengade Holding ApS	981 780	4.0%
Norron Funds	884 001	3.6%
Avanza Pension	840 893	3.4%
Consensus Asset Management	840 000	3.4%
Swedbank Robur Microcap	820 000	3.3%
Jeansson, Theodor	756 910	3.1%
Cicero Funds	583 212	2.4%
Mahony, Keith	564 355	2.3%
ÖstVäst Capital Management	549 833	2.2%
Fondita Fund Management	440 000	1.8%
Nordnet Pensionsförsäkring AB	413 857	1.7%
Lindsay, Duncan	317 088	1.3%
Lindsay, Natalie	314 389	1.3%
Hajskäret Invest AB	208 459	0.9%
Mårtensson, Jonas	208 092	0.8%
Evli Fund Management	206 978	0.8%
Grand Total	18 800 869	76.7%
Others	5 710 157	23.3%
Total	24 511 026	100,0%

OTHER IMPORTANT INFORMATION

Some financial and other information presented in the report has been rounded to make it more accessible to the reader. This may mean that the figures in some columns do not add up exactly to the totals shown.



ALCADON GROUP - THE GROUP	Quarter 4		January - December	
Condensed statement of profit or loss (MSEK)	2024	2023	2024	2023
INCOME STATEMENT				
Net sales, Note 2	389.0	431.5	1 603.8	1 572.8
Other operating income	1.8	10.7	0.8	4.0
Total revenue	390.9	442.2	1 604.6	1 576.9
Operating expenses	-359.8	-397.8	-1 486.4	-1 449.3
Operating profit before depreciation	31.1	44.4	118.2	127.6
Depreciation of tangible assets	-6.2	-5.1	-23.8	-20.8
Operating profit before amortisation of intangible assets	24.9	39.3	94.4	106.8
Amortisation of intangible assets	-5.7	-4.5	-20.7	-17.9
Operating result	19.2	34.7	73.6	88.8
Net financial income	-5.7	-14.0	-17.7	-37.6
Profit after financial items	13.5	20.7	56.0	51.3
Tax on profit for the year	-6.6	-6.0	-19.1	-13.4
Profit for the period	6.9	14.8	36.9	37.9
Referred to:				
Non-controlling interests	0.0	0.0	0.0	0.0
Shareholders of the parent company	6.9	14.8	36.9	37.9
Profit for the period	6.9	14.8	36.9	37.9
Other comprehensive income				
Exchange rate differences for the period due to restatement of foreign subsidiaries	18.0	-25.5	48.0	6.3
Total comprehensive income for the period	24.9	-10.7	84.9	44.1
Total comprehensive income for the period attributable to:				
Non-controlling interests	0.0	0.0	0.0	0.0
The parent company's shareholders	24.9	-10.7	84.9	44.1

	Quarter 4		January - December	
DATA PER SHARE	2024	2023	2024	2023
Number of shares				
Number of shares at the end of the period	24 511 026	21 722 570	24 511 026	21 722 570
Average number of shares, pcs	24 511 026	21 722 570	23 868 959	21 491 373
Number of shares (after dilution), pcs	24 511 026	21 722 570	23 868 959	21 542 373
Earnings per share				
Earnings per share for the period on average number, SEK	0.28	0.68	1.54	1.76
Earnings per share for the period (diluted), SEK	0.28	0.68	1.54	1.76
Equity per share				
Equity per share at the end of the period, SEK	34.9	30.8	34.9	30.8

Condensed statement of financial position (MSEK)

BALANCE SHEET**Fixed assets**

Goodwill	799.3	675.7
Other intangible assets	152.5	121.6
Tangible fixed assets	92.2	91.4
Financial fixed assets	8.7	7.6

Total fixed assets**1 052.7** **896.3****Current assets**

Inventories	308.1	293.9
Accounts receivable	241.9	294.4
Other current assets	40.5	33.8
Cash and bank	57.9	62.5

Total current assets**648.3** **684.6****TOTAL ASSETS****1 701.1** **1 580.9****Equity capital**

Share capital	1.2	1.0
Other contributed capital	503.3	401.4
Retained earnings including net profit for the period	351.7	267.0

Equity attributable to parent company shareholders

856.2 669.5

Non-controlling interests

0.0 0.0

Total equity**856.2** **669.5****Provisions**

Other provisions, note 4	67.8	108.1
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Total provisions**67.8** **108.1****Long-term liabilities**

Deferred tax liability	33.1	31.6
Liabilities to credit institutions	283.5	294.5
Other long-term liabilities	53.4	60.4

Total long-term liabilities**370.0** **386.5****Current liabilities**

Bank overdraft facility	21.1	0.0
Current liabilities to credit institutions	41.5	38.5
Other interest-bearing liabilities	21.5	18.7
Trade payables	248.9	279.2
Other current liabilities	74.1	80.4

Total current liabilities**407.0** **416.8****TOTAL EQUITY AND LIABILITIES****1 701.1** **1 580.9**

ALCADON GROUP - THE GROUP	Quarter 4		January - December	
Condensed statement of changes in equity (MSEK)	2024	2023	2024	2023
Equity at the beginning of the period	831.4	680.2	669.5	575.1
Other changes in equity	0.0	0.0	0.0	-2.8
Other contributed capital	0.0	0.0	101.9	53.0
Dividends	0.0	0.0	0.0	0.0
Non-controlling interests	0.0	0.0	0.0	0.0
Comprehensive income for the period attributable to parent company shareholders	24.9	-10.7	84.9	44.1
Equity at the end of the period	856.2	669.5	856.2	669.5

ALCADON GROUP - THE GROUP	Quarter 4		January - December	
Consolidated condensed statement of cash flows (MSEK)	2024	2023	2024	2023
Operating profit	19.2	34.7	73.6	88.8
Adjustments for non-cash items, etc.	14.0	-10.6	51.9	31.0
Income tax paid	-5.6	-7.3	-25.5	-17.0
Change in working capital	11.3	24.9	24.9	33.9
Net cash flow from operating activities	38.9	41.7	125.0	136.6
Acquisitions of tangible and intangible assets	-1.3	-1.3	-6.5	-6.2
Change in financial fixed assets	-0.2	-0.6	-1.1	-2.6
Business combinations	0.0	-26.5	-170.7	-41.7
Cash flow from investing activities	-1.5	-28.4	-178.3	-50.5
Dividends paid	0.0	0.0	0.0	0.0
New issuance/Warrant proceeds	0.0	0.0	75.1	50.2
Interest paid and received and other financial items	-6.3	-7.5	-25.1	-30.8
Amortisation of lease liabilities	-4.7	-3.6	-17.7	-14.8
Amortisation	-9.8	-9.1	-67.9	-129.5
Loans raised/utilisation of overdraft facilities	-10.7	0.0	80.9	0.0
Cash flow from financing activities	-31.5	-20.2	45.3	-125.0
Cash flow for the period	6.0	-7.0	-7.9	-38.9
Reconciliation of changes in cash and cash equivalents				
Opening balance of cash and cash equivalents	51.0	70.7	62.5	101.3
Exchange rate difference in cash and cash equivalents	0.9	-1.3	3.3	0.1
Closing balance of cash and cash equivalents	57.9	62.5	57.9	62.5
Change in cash and cash equivalents	6.0	-7.0	-7.9	-38.9

ALCADON GROUP AB - PARENT COMPANY		Quarter 4		January - December	
Condensed statement of profit or loss (MSEK)		2024	2023	2024	2023
INCOME STATEMENT					
Net sales		2.8	2.8	13.1	11.1
Other operating income		1.8	10.6	0.0	3.3
Total income		4.6	13.3	13.1	14.4
Operating expenses		-2.9	-4.8	-24.2	-17.5
Operating profit or loss		1.7	8.5	-11.1	-3.1
Net financial income		1.2	-2.6	-5.5	7.6
Profit or loss after financial items		2.9	5.9	-16.7	4.4
Appropriations		14.8	30.1	14.8	30.1
Profit or loss before tax		17.7	36.0	-1.9	34.6
Tax on profit or loss for the year		-4.7	-7.3	-0.8	-3.5
Profit or loss for the period		13.0	28.7	-2.6	31.0

ALCADON GROUP AB - PARENT COMPANY		2024-12-31	2023-12-31
Condensed statement of financial position (MSEK)			
BALANCE SHEET			
Fixed assets			
Intangible fixed assets		0.3	0.0
Financial fixed assets		916.9	768.4
Non-current receivables from group companies		280.5	298.2
Total fixed assets		1 197.7	1 066.6
Current assets			
Receivables from group companies		0.2	0.4
Other current assets		2.0	1.8
Cash and bank		0.0	28.9
Total current assets		2.2	31.1
TOTAL ASSETS		1 199.9	1 097.7
Equity capital			
Share capital		1.2	1.0
Retained earnings including profit for the period		537.2	438.1
Total equity		538.4	439.2
Provisions			
Other provisions		67.8	107.9
Total provisions		67.8	107.9
Long-term liabilities			
Other loans		283.5	294.5
Liabilities to group companies		47.3	62.7
Total non-current liabilities		330.8	357.2
Overdraft facility		21.1	0.0
Short-term interest-bearing liabilities		41.0	38.0
Liabilities to group companies		195.0	143.9
Current liabilities		5.8	11.6
Total current liabilities		262.9	193.5
TOTAL EQUITY AND LIABILITIES		1 199.9	1 097.7

CONSOLIDATED QUARTERLY DATA		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT (MSEK)		2024	2024	2024	2024	2023	2023	2023	2023
Net sales		389.0	390.4	425.2	399.2	431.5	381.4	371.1	388.8
Profit									
Operating profit before amortisation of intangible assets (EBITA)		24.9	18.0	30.4	21.1	39.3	28.0	11.4	28.1
Profit after financial items		13.5	8.5	16.8	17.1	20.7	12.1	2.0	16.3
Profit or loss for the period		6.9	5.4	11.0	13.6	14.8	13.7	-2.2	11.6
Marginal measure in %.									
Gross margin %.		25.7	24.4	26.7	24.3	23.7	23.8	24.2	26.0
Operating margin, EBITA %.		6.4	4.6	7.2	5.3	9.1	7.3	3.1	7.2
Net margin %.		1.8	1.4	2.6	3.4	3.4	3.6	-0.6	3.0
BALANCE SHEET (MSEK)									
Assets									
Total fixed assets		1 053	1 049	1 052	920	896	926	953	914
Total current assets		648	664	708	793	685	703	729	725
Total assets		1 701	1 713	1 759	1 714	1 581	1 629	1 683	1 639
Equity & Liabilities									
Total equity		856	831	822	790	669	680	687	644
Total non-current liabilities & provisions		438	454	535	522	495	558	574	562
Total current liabilities		407	427	402	402	417	391	421	434
Total equity & liabilities		1 701	1 713	1 759	1 714	1 581	1 629	1 683	1 639
CASH FLOW (MSEK)									
Net from operating activities		38.9	14.4	60.2	12.4	41.7	60.1	17.9	17.7
Investment activities		-1.5	-68.3	-102.8	-5.7	-28.4	-0.6	-3.6	-17.9
Financing activities		-31.5	11.7	-50.0	115.2	-20.2	-72.9	-35.4	3.3
Cash flow for the period		6.0	-42.2	-92.6	121.9	-7.0	-13.5	-21.1	3.0
OTHER KEY FIGURES									
Earnings per share, SEK		0.28	0.22	0.45	0.62	0.68	0.63	-0.10	0.56
Return on equity, %		4.3	5.4	6.6	5.6	5.5	5.4	4.2	6.3
Equity per share, SEK		34.9	33.9	33.5	33.2	30.8	31.3	31.6	29.6
Cash flow from operating activities per share, SEK		1.59	0.59	2.47	0.56	1.92	2.77	0.83	0.85
Share price at end of period, SEK		29.0	34.6	34.6	38.2	35.0	28.1	39.9	50.6

NOTE 1. ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations as adopted by the EU. In addition, the recommendation of the Swedish Financial Reporting Board, RFR 1 regarding supplementary accounting rules for groups has been applied.

This interim report has been prepared for the Group in accordance with the Swedish Annual Accounts Act and IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

For the Group and the Parent Company, the same accounting policies and methods of computation have been applied as in the most recent annual report except for new standards and interpretations and amendments to existing standards and interpretations that are effective from 1 January 2024 or later.

IFRS 16 Leases

Alcadon applies IFRS 16 Leases.

As Alcadon is the lessee, the right-of-use assets are recognised as a right-of-use asset in the statement of financial position, while the future obligation to the lessor is recognised as a liability in the statement of financial position. The Group leases office and warehouse premises and cars. Short-term leases and leases of low-value assets are not included as they are expensed directly.

Closing balance sheet values as at 31 December 2024:

- Right-of-use assets: SEK 78 (82) million, recognised in Property, plant and equipment
- Lease liabilities: SEK 75 (79) million, recognised as SEK 53 (60) million in other non-current liabilities and SEK 21 (19) million in other interest-bearing liabilities

Other

IFRS 18 Presentation and disclosure in financial statements is applicable for annual periods beginning on or after 1 January 2027. The standard will replace IAS 1 Presentation of Financial Statements and introduce new requirements that will help achieve comparability in reporting the performance of similar entities and provide users with more relevant information and transparency. IFRS 18 will not affect the recognition or measurement of items in the financial statements, i.e. it will have no impact on net profit. Management will start assessing the impact of the application of the new standard in 2025.

None of the other IFRS or IFRIC interpretations that are not yet effective are expected to have a material impact on the consolidated financial statements. The 2023 Annual Report summarises the significant accounting policies. See the company's website www.alcadongroup.se for more information.

NOTE 2. NET SALES

Alcadon is mainly engaged in the sale of goods, which accounts for more than 99 percent of net sales. Sales are made in different regions and revenue from sales is recognised in the income statement when control has been transferred to the customer. The Group also provides services in the form of technical support and service contracts. Technical support is considered a separate performance obligation and revenue is recognised over time. Service contracts are recognised on a straight-line basis over the contract period. See table below for net sales by region.

Geographical market (external net sales) (MSEK)	Quarter 4		January - December	
	2024	2023	2024	2023
Sweden	83.4	89.8	347.5	369.0
Norway	22.6	23.3	92.0	110.2
Denmark	33.0	40.4	126.4	171.9
Germany	13.4	31.0	102.5	113.8
The United Kingdom	166.0	195.9	626.4	649.7
Ireland	26.0	0.0	85.0	0.0
The Benelux	44.7	51.0	224.0	158.2
Total	389.0	431.5	1 603.8	1 572.8

NOT 3. BUSINESS COMBINATIONS

WOOD COMMUNICATIONS IN IRELAND

On 2 April 2024, Alcadon Group acquired Wood Communications in Ireland through the acquisition of all shares in parent company Lewralos Limited.

Wood Communications, founded in 1924, is one of Ireland's leading distributors of network products and systems for the data communications, data center, telecoms and security industries. At the time of acquisition, Wood Communications had 16 employees and over 500 customers. Approximately 40 percent of net sales come from the data center customer segment, approximately 40 percent from the commercial property segment (cabling and accessories) and approximately 20 percent from broadband, industrial customers and security. Sales are made to a broad group of customer categories, including installers, data centers, energy producers and resellers. A majority of the business' 20 largest customers have been customers of Wood Communications since the years 1997-2013, underpinning strong and long-standing customer relationships with the business.

The acquisition will give Alcadon a broader exposure to new markets and customers in Europe, as well as synergies in product offering. The acquisition also enables new distribution rights in Ireland, cooperation with Alcadon's previous acquisition Network Centre and opportunities for Alcadon to contribute to further expansion in Europe. Wood Communications will continue to operate as an independent company within the Alcadon Group, in accordance with Alcadon's strategy of working with decentralised business units with synergy potential.

As of 31 December 2024, the acquisition analysis below has been prepared. The purchase price for the shares including contingent considerations amounts to SEK 146 million, of which SEK 94 million has been paid in cash. Contingent considerations amount to a maximum of EUR 2.9 million and, after adjustment in December, EUR 2.8 million has been recognised, which has been discounted in the acquisition analysis to SEK 30 million (EUR 2.6 million). The contingent considerations are paid in cash or shares, depending on the improvement in earnings and cash flow generation in Wood over the next 36 months from the acquisition date. Contingent considerations are remeasured at fair value at each balance sheet date and any changes are recognised as other expenses or other income in operating profit. The discount rate is recognised in net financial items. Identified intangible assets, valued at EUR 2.6 million (SEK 30 million), relate to customer relationships and are amortised over

PRELIMINARY PURCHASE PRICE ALLOCATION (MSEK)	Carrying amount at the acquisition date	Fair value adjustment	Fair Value
<u>Fair value of deferred compensation</u>			
Shares			27.4
Cash			100.5
Conditional contingent consideration			29.7
Total purchase price			157.6
<u>Identifiable net assets</u>			
Intangible fixed assets	0.0	29.8	29.8
Other fixed assets	5.2	0.0	5.2
Inventories	8.8	0.0	8.8
Short-term receivables	29.9	0.0	29.9
Cash and cash equivalents	6.8	0.0	6.8
Other long-term liabilities	-0.2	0.0	-0.2
Deferred tax liability	0.0	-3.4	-3.4
Other interest-bearing liabilities	0.0	0.0	0.0
Trade and other payables	-17.9	0.0	-17.9
Net assets acquired			58.9
<u>Goodwill on acquisitions</u>			
Purchase price in cash and cash equivalents			100.5
Acquired cash and cash equivalents			6.8
Cash flow on acquisitions			-93.7

10 years. The 10-year amortisation period is based on an assessment of an annual loss of part of the turnover attributable to each asset. Valuation of identified intangible assets is based on estimates of future discounted cash flows. Deferred tax liabilities attributable to the identified intangible assets amount to EUR -0.3 million (SEK -3.4 million) in the acquisition announcement and are dissolved in line with amortisation. The amortisation will affect the operating result by SEK -3.0 million per year and the result will be affected by SEK -2.6 million. Net assets including identified intangible assets and deferred tax liabilities amount to SEK 47 million in the acquisition analysis. Goodwill amounts to EUR 8.6 million (SEK 99 million at the time of acquisition) and relates to the company's expected future earning capacity and the personnel in Wood Communications.

Wood Communications has contributed SEK 85 million in net sales, SEK 8.8 million in operating profit (EBITA) including acquisition costs of SEK -2.3 million and SEK 7.3 million in profit after tax from the acquisition date of 2 April 2024. If Wood Communications had been consolidated from 1 January 2024, the contribution would have been SEK 120 million in net sales, SEK 13.0 million in operating profit (EBITA) including acquisition costs of SEK -2.3 million and SEK 12.5 million in profit after tax.

NOTE 4. OTHER PROVISIONS

ALCADON GROUP - THE GROUP	Quarter 4		January - December	
	2024	2023	2024	2023
Other provisions (MSEK)				
Opening provisions	70.1	143.9	108.1	140.3
New provisions	0.0	0.3	30.7	0.3
Reversal of provisions	-3.8	-5.1	-1.0	-2.5
Exchange rate differences	1.5	-4.5	6.9	2.5
Payments	0.0	-26.5	-77.0	-32.5
Outgoing provisions	67.8	108.1	67.8	108.1

The provision as of 31 December 2024 relates to contingent consideration for the acquisition of Networks Centre of SEK 41 million and Wood Communications of SEK 27 million.

The contingent consideration for the Networks Centre acquisition of GBP 41m (GBP 2.9m) represents the discounted value of the remaining contingent consideration of GBP 3.0m, which is equivalent to GBP 42m calculated at the closing rate. Total possible remaining contingent consideration amounts to GBP 3.0 million, which corresponds to SEK 42 million calculated at the closing rate.

Contingent consideration for the acquisition of Wood Communications of SEK 27 million (EUR 2.4 million) refers to the discounted value of the contingent consideration of EUR 2.8 million recognised in the acquisition analysis less the contingent consideration reversed for the quarter of EUR 0.3 million. This corresponds to SEK 29 million calculated at the closing rate. The total possible remaining contingent consideration amounts to EUR 2.9 million, which corresponds to SEK 33 million calculated at the closing rate.

The difference between the discounted values in the balance sheet and the remaining contingent considerations recognised (GBP 0.1 million and EUR 0.2 million) is recognised as an interest expense in net financial items until any payment dates for the contingent considerations. The interest expense during the quarter amounts to SEK -0.6 (-0.9) million and during the year to SEK -3.3 (-3.5) million.

In the first quarter, SEK 9 million (DKK 6 million) was paid in final contingent consideration for Alcadon ApS and in the third quarter SEK 67.5 million (GBP 5.0 million) was paid in contingent consideration for Networks Centre.

Auditor's report on the review of condensed interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554)

Introduction

We have reviewed the condensed interim financial information (interim report) of Alcadon Group AB as of 31 December 2024 and the twelve-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISAs and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not have the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Stockholm on the date indicated by the electronic signature

Grant Thornton Sweden AB

Mr Daniel Forsgren

Authorised Public Accountant

The Board of Directors and the CEO certify that the interim report provides a true and fair view of the Parent Company's and the Group's financial position and results of operations and provides a fair overview of the development of the Parent Company's and the Group's operations, and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 20 February 2025

Pierre Fors

Chairman of the Board of Directors

Jonas Mårtensson

Vice-Chairman of the Board of Directors

Marie Ygge

Member of the Board of Directors

Lars Engström

Member of the Board of Directors

Mikael Vaezi

Member of the Board of Directors

Fredrik Valentin

Chief Executive Officer

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

	Quarter 4		January - December	
	2024	2023	2024	2023
Operating profit before amortisation of intangible assets (EBITA), MSEK				
Operating profit after depreciation/amortization (EBIT), MSEK	19.2	34.7	73.6	88.8
Amortisation of intangible assets	5.7	4.5	20.7	17.9
Operating profit before amortization of intangible assets (EBITA), MSEK	24.9	39.3	94.4	106.8

	Quarter 4		January - December	
	2024	2023	2024	2023
Operating expenses				
Operating expenses including cost of goods	359.8	397.8	1 486.4	1 449.3
Cost of goods sold	289.1	329.3	1 198.0	1 188.6
Operating expenses	70.7	68.5	288.5	260.7

	2024-12-31	2023-12-31	2023-12-31
Net interest-bearing liabilities, MSEK			
Long-term liabilities to credit institutions	283.5	294.5	294.5
Current liabilities to credit institutions	41.5	38.5	38.5
Bank overdraft facility	21.1	0.0	0.0
Cash and cash equivalents	-57.9	-62.5	-62.5
Net interest-bearing liabilities excluding leasing debt	288.2	270.5	270.5
Long-term lease liabilities	53.4	60.4	60.4
Short-term lease liabilities	21.5	18.7	18.7
Net interest-bearing liabilities	363.0	349.6	349.6

	Quarter 4		Full year
	2024	2023	2023
Indebtedness			
EBITDA R12	118.2	127.6	127.6
EBITDA R12 Proforma (period before acquisition*)	5.6	0.0	0.0
Acquisition costs	2.3	0.0	0.0
Revaluation and reversal of contingent consideration	5.4	-3.3	-3.3
EBITDA R12 adjusted (proforma)	131.5	124.3	124.3
Lease expense IFRS16	-19.1	-16.2	-16.2
EBITDA R12 adjusted IFRS16 (proforma)	112.4	108.0	108.0
Net interest-bearing liabilities	363.0	349.6	349.6
Net interest-bearing liabilities/ EBITDA R12 adjusted (proforma)	2.8	2.8	2.8
Net interest-bearing liabilities excluding leasing debt	288.2	270.5	270.5
Net interest-bearing liabilities excluding leasing debt/ EBITDA R12 adjusted IFRS16 (proforma)	2.6	2.5	2.5

*Refers to period before acquisition as if acquired companies belonged to the group for the last 12 months.

	Quarter 4		Full year
	2024	2023	2023
Profit / Net Working Capital (P/WC)			
EBITA R12	94.4	106.8	106.8
EBITA R12 Proforma (period before acquisition*)	5.5	0.0	0.0
Acquisition costs	2.3	0.0	0.0
Revaluation and reversal of contingent consideration	5.4	-3.3	-3.3
EBITA R12 adjusted (proforma)	107.5	103.4	103.4
Net Working Capital	301.1	309.1	309.1
EBITA R12 adjusted (proforma) / Net Working Capital, %	35.7	33.5	33.5

*Refers to period before acquisition as if acquired companies belonged to the group for the last 12 months.

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