



Alcadon Group

The Alcadon Way

Enabling Digitalization for a better world



2024

January - June

INTERIM REPORT

Interim report

1 January - 30 June 2024

Good organic sales and earnings growth and continued strong cash flow

SECOND QUARTER 2024

- Net sales increased by 15 percent to SEK 425 (371) million. In unchanged currency rates, sales increased by 13 percent.
- Operating profit before amortisation of intangible assets (EBITA) increased by 167 percent to SEK 30 (11.4) million including SEK -2.3 (0.0) million in acquisition costs and SEK 0.1 (-10.0) million attributable to unrealised exchange rate gains and losses.
- Cash flow from operating activities amounted to SEK 60 (18) million, corresponding to SEK 2.47 (0.83) per share.
- Earnings per share amount to SEK 0.45 (-0.10).
- The equity ratio decreases during the period to 49 percent from 52 percent.

FIRST HALF OF 2024

- Net sales increased by 8.5 percent to SEK 824 (760) million. In unchanged currency rates, sales increased by 7.1 percent.
- Operating profit before amortisation of intangible assets (EBITA) increased by 31 percent to SEK 52 (40) million including SEK -2.3 (0.0) million in acquisition costs and SEK -6.1 (-13.3) million attributable to unrealised exchange rate gains and losses.
- Cash flow from operating activities amounted to SEK 72 (36) million, corresponding to SEK 3.03 (1.68) per share.
- Earnings per share amount to SEK 1.03 (0.44).
- The equity ratio increased during the period to 49 percent from 44 percent.

	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Net sales. MSEK	425.2	371.1	824.4	759.9	1,572.8
Gross margin. %	26.7	24.2	25.5	25.2	24.4
EBITA. MSEK	30.4	11.4	51.5	39.5	106.8
EBITA. %	7.2	3.1	6.2	5.2	6.8
Profit or loss for the period. MSEK	11.0	-2.2	24.6	9.4	37.9
Earnings per share. SEK	0.45	-0.10	1.03	0.44	1.76

FIRST HALF OF 2024

- Alcadon carries 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 increases from 23.777.365 to 24.511.026 after the issue.
- Alcadon acquires Irish Wood Communications Ltd and takes possession of the company on 2 April 2024.
- President and CEO Sonny Mirborn will leave Alcadon in October 2024 and will be replaced by Fredrik Valentin, who will take up his position in January 2025 at the latest. The Board of Directors has appointed Pierre Fors as acting President and CEO for the period from October until Fredrik takes over. During this period, Mr Fors will step down from his role as Chairman of the Board, but will remain a member of the Board. The Board intends to elect the current Vice-Chairman, Jonas Mårtensson, as acting Chairman of the Board until Fredrik takes over as new CEO.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The Extraordinary General Meeting on 4 July 2024, with deviation from the shareholders' preferential rights, resolves on a directed new issue of 200.000 warrants, with the accompanying right to subscribe for a maximum of 200.000 new shares, within the framework of an incentive programme for the incoming CEO, Fredrik Valentin.

Stockholm, 9 August 2024

For further information contact:

Alcadon Group AB

Sonny Mirborn, CEO

Mobile: +46 70 639 50 92

E-mail: smi@alca.se

www.alcadongroup.se

Certified Adviser:

Svensk Kapitalmarknadsgranskning AB (SKMG)

Tel: +46 8 913 008

E-mail: ca@skmg.se

This information is information that Alcadon Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 9 August 2024.

A word from the CEO

- **13 percent growth with a 52 percent increase in EBITA excluding unrealised currency effects and acquisition costs**
- **Organic growth of 8.0 percent including currency effects and 6.7 percent excluding currency effects**
- **Improved demand situation in several markets and customer segments**
- **Operating cash flow amounted to SEK 60 million, confirming continued strong cash flow generation from operating activities**

DEVELOPMENTS DURING THE QUARTER

Organic growth during the quarter amounted to 8.0 percent and underlying EBITA increased by 52 percent, which also means an organic improvement in earnings and an improved operating margin. The market climate showed clear signs of improvement during the quarter. Customers in several segments indicate clear plans for an increased rate of investment in the near future, as a result of lower expected interest rates. The broadband segment is the one most positively affected by lower interest rate expectations. All segments are performing well overall, although the data center segment and commercial properties continue to be the primary growth drivers. Cash flow from operating activities continues to develop well, contributing to a strong balance sheet.

The United Kingdom

With growth of 6 percent in local currency, the UK market is again showing a good development. The data center segment continues to exhibit very good growth and was supported during the quarter by a stronger broadband market, a trend that we believe can continue. As before, the business is showing a positive margin and cash flow trend.

Sweden

Growth during the quarter amounted to -7 percent, while the margin and earnings trend remained positive. The market showed a clear improvement towards the end of the quarter with a strong order intake where the residential network segment was relatively weak while the development in primarily the data center segment was very good.

The Benelux

The Benelux continued to show very strong growth this quarter, 98 percent in local currency. Growth is significant in both the Netherlands and Belgium, mainly driven by good development in the data center and broadband segments. As expected, increased volumes have resulted in good earnings and margin development.

Denmark

Affected by a continued weak broadband market,

the sales development in local currency amounts to -37 percent. Signals from the broadband market are unchanged, while other segments are generally developing favorably.

Ireland

The Irish market continues to develop favorably, with key figures in line with those of previous years. The acquired Wood Communications has been successfully integrated into the Group.

Germany

Growth in local currency during the quarter amounts to 20 percent. The gradual improvement in market demand noted in the first quarter continues and we are well positioned to grow at a higher rate than the market.

Norway

Growth in local currency was -10 percent. Despite the decline, we see an improved market. During the quarter, we noted reduced deliveries to major telecom operators, where margins are slightly lower than other customer segments. However, other segments are showing good growth. Consequently, margins developed favorably during the quarter, resulting in a good earnings trend.

FINANCIALS

Net sales increased by 15 percent to SEK 425 (371) million. In unchanged currency rates, sales increased by 13 percent. Organic growth including currency effects was 8.0 percent, excluding currency effects 6.7 percent and acquired growth was 6.6 percent.

The gross margin amounts to 26.7 (24.2) percent. An increased weighting in the Group towards markets with structurally lower gross margins has a negative impact on gross margins, while acquired Wood has a positive impact.

The increase in expenses, SEK -78 (-75) million, is mainly due to the acquisition of Wood, SEK -4.8 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and unrealised exchange losses on revaluation of earn-outs of SEK -0.2 (-9.7) million and as a result of weaker SEK against mainly GBP.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 30 (11) million during the quarter. EBITA was affected by SEK 0.1 (-10) million attributable to unrealised exchange rate gains and losses. Of this, SEK -0.2 (-9.7) million is revaluation of contingent considerations. Excluding acquisition costs and unrealised exchange rate gains and losses, EBITA increased by 52 percent and the EBITA margin amounted to 7.7 percent (5.8).

Amortisation of acquired customer relationships amounts to SEK -4.4 (-3.5) million, of which SEK -3.2 (-3.1) million relates to Networks Centre, SEK -0.4 (-0.4) million to Alcadon Denmark and SEK -0.8 million to Wood Communications.

The result for the period amounted to SEK 11 (-2.2) million.

Cash flow from operating activities amounted to SEK 60 (18) million. Cash flow from changes in net working capital amounted to SEK 43 (-19) million during the quarter.

Net debt amounted to SEK 329 (406) million, of which SEK 79 (89) million was lease liabilities.

Net debt/EBITDA, including and excluding leasing, amounts to 2.3 (3.1) and 2.0 (2.7) respectively, which is within the framework of the Group's long-term target.

CONCLUDING REMARKS

As I approach the end of my time at Alcadon and we leave a strong quarter behind us, I would like to particularly emphasize the significant role that structural capital plays in the success of the company. Structural capital includes, among other things, effective management structures, well-defined processes and a strong corporate culture. These elements are crucial for creating stability, predictability and the ability to adapt quickly in a changing environment, which are the foundations of a sustainable and constantly evolving company.

Alcadon's structural capital has developed considerably in recent years and has become a crucial asset with a strongly entrepreneurial culture. The decentralised model we work with today offers better conditions than before and it has been very helpful that the acquisitions we have made in recent years have proved to be very successful with a strong cultural fit and high returns.

Since 2019, we have broadened our geographical footprint in Europe and established a solid position in several core segments. Today, we are a well-known and reputable player in our niche in Europe with a solid basis for further expansion, in line with the business plan formulated in 2019.

The financial development has been in line with our ambitious plans, even if the more difficult market climate of recent years has shifted the effect somewhat. EPS (rolling 12 months) has increased by

106 percent from 2019 to Q2 2024 and adjusted for amortisation of acquired customer relationships, EPS (rolling 12 months) has increased by 134 percent. The ever-important cash flow from operating activities has increased from SEK 35 million in 2019 to SEK 174 million in Q2 2024 (rolling 12 months). The EBITA margin for the Group as a whole has not yet exceeded the target of 10 percent, but conscious investments in long-term growth in markets such as Belgium and Germany will benefit us in the long run.

Our vision for 2025 is just that, a vision. As clearly described during our Capital Markets Day in 2022, the path there consisted of organic and acquired growth. The way the world has developed, the organic development has not been fully achieved, although we are now seeing a return to a stronger organic growth rate. Above all, increased financing costs and an increased focus on reducing net debt have made it more complicated to carry out acquisitions of the size we planned up to 2025. The external environment is changing rapidly and we see our targets over a business cycle as still highly relevant (two out of three are currently met). The focus until 2025 is still good organic growth and achieving an EBITA margin in excess of 10 percent, although there is definitely room and opportunities for acquisitions until the end of 2025.

It is not uncommon for an outgoing CEO to describe a well-organised starting point for his successor. Challenges are a natural part of business, especially in a constantly changing world with unpredictable events such as pandemics, logistical disruptions and inflation. Despite the challenges that have affected us in recent years, I would argue that Alcadon today stands strong. A big thank you from me to our fantastic employees at Alcadon who have made our journey possible in recent years! I would also like to thank the Board and our shareholders for their trust and long-term perspective, which is particularly valuable in a listed environment where quarterly reports often receive excessive attention.

I am convinced that Fredrik Valentin has the right experience to lead the company into the next phase and build on the strong foundation we have laid.



Sonny Mirborn
President and CEO
Alcadon Group AB

GROUP KEY FIGURES	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Net sales, MSEK	425,2	371,1	824,4	759,9	1,572,8
Gross margin, %	26,7	24,2	25,5	25,2	24,4
Operating profit before amortization of intangible assets (EBITA), MSEK	30,4	11,4	51,5	39,5	106,8
Operating profit before amortization of intangible assets (EBITA), %	7,2	3,1	6,2	5,2	6,8
Operating profit after depreciation/amortization (EBIT), MSEK	25,1	6,2	41,8	30,8	88,8
Operating margin after depreciation/amortization (EBIT), %	5,9	1,7	5,1	4,1	5,6
Profit or loss for the period, MSEK	11,0	-2,2	24,6	9,4	37,9
Net margin, %	2,6	-0,6	3,0	1,2	2,4
Equity ratio, %	49,4	43,0	49,4	43,0	44,1
Return on equity, %	6,6	5,7	7,1	5,3	5,9
Net interest-bearing liabilities, MSEK	329,5	405,5	329,5	405,5	349,6
Net interest-bearing liabilities excluding leasing debt, MSEK	251,3	315,3	251,3	315,3	270,5
Operating profit before depreciation/amortization (EBITDA) / Net working capital, %	44,8	26,6	44,8	26,6	41,3
Cash flow from operating activities, MSEK	60,2	17,9	72,4	35,6	136,6
Cash flow from operating activities per share, SEK	2,47	0,83	3,03	1,68	6,36
Equity per share, SEK	33,5	31,6	33,5	31,6	30,8
Earnings per share, SEK	0,45	-0,10	1,03	0,44	1,76
Number of shares at the end of the period	24,511,026	21,722,570	24,511,026	21,722,570	21,722,570
Average number of shares	24,388,749	21,722,570	23,868,959	21,260,175	21,491,373
Number of employees at the end of the period	192	173	192	173	164
Average number of employees during the period	188	174	177	170	170



DEFINITIONER

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 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 MSEK SEK 79 (89) 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>
Operating profit before depreciation and amortisation (EBITDA) / Net working capital:	Operating profit before depreciation (R12) divided by Net working capital, calculated as Inventories plus Trade receivables minus Trade payables.
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 ESMA's guidelines for 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 increased by 15 percent to SEK 425 (371) million. In unchanged currency rates, sales increased by 13 percent. Organic growth including currency effects was 8.0 percent excluding currency effects 6.7 percent and acquired growth was 6.6 percent.

The gross margin amounts to 26.7 (24.2) percent. The gross margin excluding the acquisition of Wood was 25.9 (24.2) percent.

The increase in expenses, SEK -78 (-75) million, is mainly due to the acquisition of Woods, SEK -4.8 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and unrealised exchange losses on revaluation of earn-outs of SEK -0.2 (-9.7) million and as a result of weaker SEK against mainly GBP.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 30 (11) million during the quarter. EBITA was affected by SEK 0.1 (-10) million attributable to unrealised exchange rate gains and losses. Of this, SEK -0.2 (-9.7) million is revaluation of contingent considerations. Excluding acquisition costs of SEK -2.3 (0.0) million and unrealised exchange rate gains and losses, EBITA increased by 52 percent and the EBITA margin amounted to 7.7 percent (5.8).

Amortisation of acquired customer relationships amounts to SEK -4.4 (-3.5) million, of which SEK -3.2 (-3.1) million relates to Networks Centre, SEK -0.4 (-0.4) million to Alcadon Denmark and SEK -0.8 million to Wood Communications.

The result for the period amounted to SEK 11 (-2.2) million.

January - June

Net sales increased by 8.5 percent to SEK 824 (760) million. In unchanged currency rates, sales increased by 7 percent. Organic growth including currency effects was 5.3 percent excluding currency effects 3.9 percent and acquired growth was 3.2 percent.

The gross margin amounts to 25.5 (25.1) percent. The gross margin excluding the acquisition of Wood was 25.1 (25.1) percent.

The increase in expenses, SEK -149 (-142) million, is mainly due to the acquisition of Woods, SEK -4.8 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and unrealised exchange rate losses on revaluation of earn-outs of SEK -5.3 (-12.1) million and as a result of weaker SEK against mainly GBP.

Operating profit before amortisation of intangible assets (EBITA) amounted to SEK 52 (40) million during the period, which is an increase of 31 percent. EBITA was affected by acquisition costs of SEK -2.3 (0.0) million and SEK -6.1 (-13.3) million attributable to unrealised exchange rate gains and losses. Of this, SEK -5.3 (-12.1) million is revaluation of contingent considerations. Adjusted for the above, EBITA increased by 13 percent and the EBITA margin amounted to 7.3 percent (7.0).

Amortisation of acquired customer relationships amounts to SEK -7.9 (-6.8) million, of which SEK -6.3 (-6.1) million relates to Networks Centre, SEK -0.7 (-0.7) million to Alcadon Denmark and SEK -0.8 million to Wood Communications.

Profit for the period amounted to SEK 25 (9.4) million.

CASH FLOW, INVESTMENTS AND LIQUID ASSETS

The quarter

Cash flow from operating activities amounted to SEK 60 (18) million. Cash flow from changes in working capital amounted to SEK 43 (-19) million during the quarter.

Other net investments in tangible, intangible and financial fixed assets amounted to SEK 0.6 (-2.7) million. SEK -1.3 million has been reclassified to amortisation of lease liabilities under financing activities. Net cash flow for acquisitions amounted to SEK -103 (0.0) million and consists of a contingent considerations paid for Alcadon Denmark of

SEK -9 million and a net cash payment for Wood Communications of SEK -94 million.

Cash flow from financing activities amounted to SEK -50 (-35) million. The temporary overdraft facility of SEK 31 million taken out in the first quarter to part-finance the acquisition of Wood has been repaid in full. In addition to repayment of the overdraft facility, cash flow from financing activities consists of repayment of loans, repayment of lease liabilities, warrant payments and interest paid and received.

January - June

Cash flow from operating activities amounted to SEK 72 (36) million. Cash flow from changes in working capital amounted to SEK 22 (-30) million during the period.

Other net investments in tangible, intangible and financial fixed assets amounted to SEK -4.6 (-4.7) million. Net cash flow for acquisitions amounted to SEK -103 (-15) million and consists of a contingent consideration paid for Alcadon Denmark of SEK -9 million and a net cash payment for Wood Communications of SEK -94 million.

Cash flow from financing activities amounted to SEK 65 million (-32). The increase is attributable to financing raised to pay for the acquisition of Wood on 2 April 2024. The financing 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 quarter. In addition to the financing for the acquisition of Wood, cash flow from financing activities consists of 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 93 (85) million. The overdraft facility granted by SEB amounts to SEK 50 (50) million, of which SEK 50 (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 -390 (-356) million, which is an increase of 10 percent.

Expenses amounted to SEK -78 (-75) million, an increase of 4.7 percent. The increase is mainly due to the acquisition of Woods, SEK -4.8 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and unrealised exchange rate losses on revaluation of contingent considerations of SEK -0.2 (-9.7) million and as a result of a weaker SEK against mainly GBP

January - June

Operating expenses amounted to SEK -763 (-711) million, which is an increase of 7.3 percent.

Expenses amounted to SEK -149 (-142) million, an increase of 4.9 percent. The increase is mainly due to the acquisition of Woods, SEK -4.8 million, which is consolidated from 2 April 2024, acquisition costs of SEK -2.3 (0.0) million and unrealised exchange rate losses on the revaluation of contingent considerations of SEK -5.3 (-12.1) million and as a result of a weaker SEK against mainly GBP.

STAFF

The number of employees at the end of the period was 192 (173) and the average number of employees during the quarter was 188 (174). The acquisitions of Wood in Ireland and Xsecute 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 0.1 (-10.0) million, of which SEK -0.2 (-9.7) million is attributable to the revaluation of contingent considerations.

The exchange rate difference of an operating nature for the first half of the year amounted to SEK -6.1 (-13.3) million, of which SEK -5.3 (-12.1) 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 -1.3 million during the quarter and SEK 6.6 million during the first half of the year.

Exchange rate differences on translation of foreign operations are recognised in other comprehensive income. Translation for the quarter amounts to SEK -5.7 (45) million, translation for the period amounts to SEK 28 (50) million.

THE PARENT COMPANY

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

The result after financial items for the quarter amounts to SEK -6.3 (-16) million, of which SEK -0.2 (-9.7) million is attributable to the translation of contingent considerations.

The result after financial items for the first half-year amounts to SEK -16 (-25) million, of which SEK -5.3

(-12.1) million is attributable to the translation of contingent considerations.

At the end of the period, cash and cash equivalents amounted to SEK 30 (64) million.

CONSIDERATIONS

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.

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

TRANSACTIONS WITH RELATED PARTIES

Through Alcadon Group AB, the Group has had transactions of SEK -0.4 (-0.4) million with Paseca AB, which is owned by the Chairman of the Board, Pierre Fors. The transactions relate to consulting services.

The Group has through April, through Networks Centre, had sales of SEK 0.6 (1.9) million and purchases of SEK -1.3 (-3.1) 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 purchased marketing services of SEK 0.9 (0.0) million from HCO Consulting, which is owned and controlled by Networks Centre's former principal owner Duncan Lindsay, and SEK 0.1 (0.0) 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 33.1 million (GBP 415 million) has been allocated with GBP 26 million (GBP 326 million 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 preliminary surplus value of EUR 11.3 million (SEK 130 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 30 June 2024 amounted to SEK 798 (704) million.

INTEREST COST

Interest expenses for the quarter amounted to SEK -7.3 (-8.5) million. Of the interest expense, SEK -1.1 (-0.9) million relates to the non-cash discounting effect attributable to the earn-out provisions for the acquisitions of Networks Centre and Wood, and SEK -0.4 (-0.4) million to interest expenses on right-of-use assets.

Interest expenses for the first half of the year amounted to SEK -12 (-15) million. Of the interest expense, SEK -2.0 (-1.8) million relates to the non-cash discounting effect attributable to the earn-out provisions for the acquisitions of Networks Centre and Wood, and SEK -0.9 (-0.9) million to interest expenses on right-of-use assets.

FUTURE DEVELOPMENT

Alcadon's financial targets over a business cycle and Vision 2025 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.

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

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.

Vision 2025, adopted in September 2022

- Net sales - SEK 2.600 million
- EBITA – SEK 280 million
- EBITA % - 10.8

In addition, the Board of Directors decided on the following key objectives for Alcadon.

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

Other targets	Targets	2022	2023	2024
Employee engagement	>30	40	22	-
Customer loyalty	>30	54*	57	-

*Measured in Sweden and Norway in 2022, all companies are included in 2023 and 2024 will be measured later in the 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 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

This report has not been reviewed by the company's auditor.

FINANCIAL CALENDAR

Q3 report 2024/25	October 2024, 08:00
Year-end report 2024	Last week 8, 2025
Annual Report 2024	No later than three weeks before the Annual General Meeting 2025
Annual General Meeting 2025	25 April 2025 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/.

DISTRIBUTION

In light of favourable investment opportunities with good return potential going forward, the Board of Directors proposed, despite a very strong cash flow during the year, that no dividend be paid for 2023.

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 April to June and January to June 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.

The average price of ordinary shares during April to June and January to June 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 April to June and January to June 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. For more information on the programmes, see the company's website 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 30 June 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 34.60 (30 June 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 originally SEK 380 million and 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 repayments and with a new acquisition credit of SEK 30 million, the SEB loans amount to SEK 344 million as of 30 June 2024.

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 50 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.
- Overdraft facility EUR 2.65 million (SEK 31 million), SEB base rate + 1.2 percentage points, 0.4 percent annual credit fee. Repayment has been made in full and the overdraft facility has been closed during the quarter.

In total, the Group's bank financing amounts to SEK 344m (400) as of 30 June 2024, of which SEK 38m (87) is reported as a current liability under Current liabilities to credit institutions and SEK 306m (314) is reported as a non-current liability under Liabilities to credit institutions. Current liabilities of SEK 38 (87) million relate to the repayment plan for the loans with SEB. 2023 also included bank financing in Networks Centre of SEK 49 million, which was repaid in full in 2023.

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 50 million (50), of which SEK 50 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 30 June 2024 (source: Monitor, Modular Finance).

Name	Shareholding	Shareholding %
Investment AB Spiltan	3,895,893	15.9%
Ribbskottet Aktiebolag	2,425,000	9.9%
Second AP Fund	2,132,524	8.7%
Athanase Industrial Partners	1,413,507	5.8%
Susanne Stengade Holding ApS	981,780	4.0%
Avanza Pension	863,808	3.5%
Consensus Asset Management	849,686	3.5%
Swedbank Robur Microcap	820,000	3.3%
Jeansson. Theodor	756,910	3.1%
Mahony. Keith	564,355	2.3%
Norron Funds	559,106	2.3%
ÖstVäst Capital Management	549,833	2.2%
Nordnet Pensionsförsäkring AB	505,120	2.1%
Fondita Fund Management	440,000	1.8%
Cicero Funds	433,212	1.8%
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	18,445,740	75.3%
Others	6,065,286	24.7%
Total	24,511,026	100.0%

OTHER IMPORTANT INFORMATION

Certain financial and other information presented in the report has been rounded to make it more accessible to the reader. As a result, the figures in some columns may not correspond exactly to the totals shown.



ALCADON GROUP - THE GROUP	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Condensed statement of profit or loss (MSEK)					
INCOME STATEMENT					
Net sales, Note 2	425.2	371.1	824.4	759.9	1,572.8
Other operating income	0.1	0.5	0.3	0.5	4.0
Total income	425.3	371.6	824.7	760.4	1,576.9
Operating expenses including cost of goods	-389.7	-355.8	-762.7	-710.6	-1,449.3
Operating profit before depreciation/amortization	35.7	15.8	62.0	49.8	127.6
Depreciation of tangible assets	-5.2	-4.4	-10.5	-10.3	-20.8
Operating profit before amortization of intangible assets	30.4	11.4	51.5	39.5	106.8
Amortization of intangible assets	-5.3	-5.2	-9.7	-8.7	-17.9
Operating profit	25.1	6.2	41.8	30.8	88.8
Net financial items	-8.3	-4.1	-7.9	-12.4	-37.6
Profit after net financial items	16.8	2.0	33.9	18.4	51.3
Tax on profit for the year	-5.9	-4.2	-9.4	-8.9	-13.4
Profit or loss for the period	11.0	-2.2	24.6	9.4	37.9
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
The parent company's shareholders	11.0	-2.2	24.6	9.4	37.9
Profit or loss for the period	11.0	-2.2	24.6	9.4	37.9
Other comprehensive income					
Translation differences for the period due to restatement of foreign subsidiaries	-5.7	44.5	27.6	50.3	6.3
Total comprehensive income for the period	5.3	42.3	52.1	59.7	44.1
Total comprehensive income for the period attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
The parent company's shareholders	5.3	42.3	52.1	59.7	44.1

DATA PER SHARE	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Number of shares					
Number of shares at the end of the period	23,777,365	21,722,570	23,777,365	21,722,570	21,722,570
Average number of shares	24,388,749	21,722,570	23,868,959	21,260,175	21,491,373
Average number of shares (after dilution)	24,388,749	21,722,570	23,868,959	21,832,570	21,542,373
Earnings per share					
Earnings per share for the period based on average number of shares, SEK	0.45	-0.10	1.03	0.44	1.76
Diluted earnings per share for the period, SEK	0.45	-0.10	1.03	0.43	1.76
Equity per share					
Equity per share at the end of the period, SEK	33.5	31.6	33.5	31.6	30.8

ALCADON GROUP - THE GROUP
Condensed statement of financial position (MSEK)
BALANCE SHEET
Fixed assets

Goodwill	797.9	703.9	675.7
Other intangible fixed assets	149.3	139.6	121.6
Tangible fixed assets	96.2	103.0	91.4
Financial fixed assets	8.3	6.8	7.6

Total fixed assets	1,051.8	953.3	896.3
---------------------------	----------------	--------------	--------------

Current assets

Inventories	287.2	335.9	293.9
Trade receivables	288.3	275.5	294.4
Other current assets	38.9	33.1	33.8
Cash and bank	93.1	84.9	62.5

Total current assets	707.5	729.4	684.6
-----------------------------	--------------	--------------	--------------

TOTAL ASSETS	1,759.3	1,682.7	1,580.9
---------------------	----------------	----------------	----------------

Equity

Share capital	1.1	1.0	1.0
Other contributed capital	502.3	401.4	401.4
Retained earnings including net profit for the period	318.8	284.6	267.0

Equity attributable to parent company shareholders	822.3	687.1	669.5
---	--------------	--------------	--------------

Non-controlling interests	0.0	0.0	0.0
---------------------------	-----	-----	-----

Total equity	822.3	687.1	669.5
---------------------	--------------	--------------	--------------

Provisions

Other provisions, Note 3	136.5	147.8	108.1
--------------------------	-------	-------	-------

Total provisions	136.5	147.8	108.1
-------------------------	--------------	--------------	--------------

Long-term liabilities

Deferred tax liability	35.3	44.6	31.6
Liabilities to credit institutions	305.5	313.5	294.5
Other long-term liabilities	58.0	68.4	60.4

Total long-term liabilities	398.8	426.5	386.5
------------------------------------	--------------	--------------	--------------

Current liabilities

Bank overdraft facility	0.0	0.0	0.0
Current liabilities to credit institutions	38.9	86.7	38.5
Other interest-bearing liabilities	20.2	20.7	18.7
Trade payables	263.5	231.7	279.2
Other current liabilities	79.1	82.2	80.4

Total current liabilities	401.7	421.3	416.8
----------------------------------	--------------	--------------	--------------

TOTAL EQUITY AND LIABILITIES	1,759.3	1,682.7	1,580.9
-------------------------------------	----------------	----------------	----------------

ALCADON GROUP - THE GROUP	Quarter 2		January - June		Full year
Condensed changes in equity (MSEK)	2024	2023	2024	2023	2023
Opening equity	789.8	643.7	669.5	575.1	575.1
Other changes in equity	0.0	1.1	0.0	2.1	-2.8
Other contributed capital	27.3	0.0	100.7	50.2	53.0
Dividend	0.0	0.0	0.0	0.0	0.0
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Comprehensive income for the period attributable to parent company shareholders	5.3	42.3	52.1	59.7	44.1
Closing equity	822.3	687.1	822.3	687.1	669.5

ALCADON GROUP - THE GROUP	Quarter 2		January - June		Full year
Consolidated condensed statement of cash flows (MSEK)	2024	2023	2024	2023	2023
Operating profit	25.1	6.2	41.8	30.8	88.8
Adjustments for non-cash items, etc.	-5.2	29.5	23.5	38.8	31.0
Income tax paid	-2.9	1.1	-14.9	-3.8	-17.0
Change in working capital	43.2	-18.9	22.0	-30.2	33.9
Net cash flow from operating activities	60.2	17.9	72.4	35.6	136.6
Acquisition of fixed tangible and intangible assets	0.6	-2.7	-4.6	-4.7	-6.2
Change in financial fixed assets	-0.1	-0.9	-0.7	-1.6	-2.6
Business combinations	-103.2	0.0	-103.2	-15.2	-41.7
Cash flow from investing activities	-102.8	-3.6	-108.5	-21.5	-50.5
Dividend paid	0.0	0.0	0.0	0.0	0.0
New issuance/Warrant proceeds	0.5	-1.6	73.9	50.2	50.2
Interest paid and received and other financial items	-6.5	-4.1	-12.5	-12.4	-30.8
Amortization of lease liabilities	-5.1	-3.6	-7.7	-7.6	-14.8
Amortization	-38.9	-26.2	-48.4	-62.5	-129.5
Borrowings	0.0	0.0	59.8	0.0	0.0
Cash flow from financing activities	-50.0	-35.4	65.2	-32.1	-125.0
Cash flow for the period	-92.6	-21.1	29.1	-18.0	-38.9
Reconciliation of changes in cash and cash equivalents					
Opening balance, cash and cash equivalents	185.9	104.3	62.5	101.3	101.3
Exchange rate difference on cash and cash equivalents	-0.2	1.5	1.5	1.5	0.1
Closing balance, cash and cash equivalents	93.1	84.7	93.1	84.7	62.5
Change in cash and cash equivalents	-92.6	-21.1	29.1	-18.0	-38.9

ALCADON GROUP AB - PARENT COMPANY	Quarter 2		January - June		Full year
Condensed statement of profit or loss (MSEK)	2024	2023	2024	2023	2023
INCOME STATEMENT					
Net sales	2.3	3.1	6.7	5.1	11.1
Other operating income	0.0	-9.7	-5.3	-12.1	3.3
Total income	2.3	-6.6	1.4	-7.1	14.4
Operating expenses	-5.3	-4.0	-10.6	-8.7	-17.5
Operating profit	-3.0	-10.6	-9.2	-15.8	-3.1
Net financial items	-3.3	-4.9	-6.4	-9.6	7.6
Profit after net financial items	-6.3	-15.5	-15.7	-25.4	4.4
Appropriations	0.0	0.0	0.0	0.0	30.1
Profit or loss before tax	-6.3	-15.5	-15.7	-25.4	34.6
Tax on profit for the year	1.5	0.8	3.3	2.2	-3.5
Profit or loss for the period	-4.8	-14.7	-12.4	-23.2	31.0

ALCADON GROUP AB - PARENT COMPANY	2024-06-30	2023-06-30	2023-12-31
Condensed statement of financial position (MSEK)			
BALANCE SHEET			
Fixed assets			
Other intangible fixed assets	0.3	0.0	0.0
Financial fixed assets	929.3	768.1	768.4
Long-term receivables from group companies	299.5	204.4	298.2
Total fixed assets	1,229.1	972.5	1,066.6
Current assets			
Receivables from Group companies	0.6	1.6	0.4
Other current assets	7.3	6.1	1.8
Cash and bank	30.1	60.7	28.9
Total current assets	38.0	68.4	31.1
TOTAL ASSETS	1,267.1	1,041.0	1,097.7
Equity			
Share capital	1.1	1.0	1.0
Retained earnings including net profit for the period	526.4	383.9	438.1
Total equity	527.5	384.9	439.2
Provisions			
Other provisions	136.3	147.8	107.9
Total provisions	136.3	147.8	107.9
Long-term Liabilities			
Other borrowings	305.5	313.5	294.5
Liabilities to Group companies	62.1	81.8	62.7
Total long-term liabilities	367.6	395.3	357.2
Current interest-bearing liabilities	38.0	38.0	38.0
Liabilities to Group companies	189.2	65.8	143.9
Current liabilities	8.5	9.2	11.6
Total current liabilities	235.7	113.0	193.5
TOTAL EQUITY AND LIABILITIES	1,267.1	1,041.0	1,097.7

CONSOLIDATED QUARTERLY DATA		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
INCOME STATEMENT, MSEK		2024	2024	2023	2023	2023	2023	2022	2022
Net sales		425.2	399.2	431.5	381.4	371.1	388.8	401.2	288.0
Profit									
Operating profit before amortization of intangible assets (EBITA)		30.4	21.1	39.3	28.0	11.4	28.1	30.5	11.6
Profit after net financial items		16.8	17.1	20.7	12.1	2.0	16.3	19.0	7.7
Profit or loss for the period		11.0	13.6	14.8	13.7	-2.2	11.6	13.9	4.7
Margin measures in %									
Gross margin, %		26.7	24.3	23.7	23.8	24.2	26.0	25.3	23.5
Operating margin (EBITA), %		7.2	5.3	9.1	7.3	3.1	7.2	7.6	4.0
Net margin, %		2.6	3.4	3.4	3.6	-0.6	3.0	3.5	1.6
BALANCE SHEET (MSEK)									
Assets									
Total fixed assets		1,052	920	896	926	953	914	911	888
Total current assets		708	793	685	703	729	725	752	735
Total assets		1,759	1,714	1,581	1,629	1,682	1,639	1,662	1,623
Equity & liabilities									
Total equity		822	790	669	680	687	644	575	556
Total long-term liabilities & provisions		535	522	495	558	574	562	572	563
Total current liabilities		402	402	417	391	421	434	516	505
Total equity & liabilities		1,759	1,714	1,581	1,629	1,682	1,639	1,662	1,623
CASH FLOW (MSEK)									
Net from operating activities		60.2	12.4	41.7	60.1	17.9	17.7	8.4	22.1
Investing activities		-102.8	-5.7	-28.4	-0.6	-3.6	-17.9	-17.7	-229.1
Financing activities		-50.0	115.2	-20.2	-72.9	-35.4	3.3	-12.9	235.8
Cash flow for the period		-92.6	121.9	-7.0	-13.5	-21.1	3.0	-22.3	28.8
OTHER KEY FIGURES									
Earnings per share, SEK		0.45	0.62	0.68	0.63	-0.10	0.56	0.67	0.23
Return on equity, %		6.6	5.8	5.5	5.4	4.2	6.3	6.5	6.8
Equity per share, SEK		33.5	33.2	30.8	31.3	31.6	29.6	27.9	23.3
Cash flow from operating activities per share, SEK		2.47	0.56	1.92	2.77	0.83	0.85	0.41	1.10
Share price at the end of the period, SEK		34.6	38.2	35.0	28.1	39.9	50.6	74.3	68.6

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 30 June 2024:

- Right-of-use assets: SEK 81 (92) million, recognised in Property, plant and equipment
- Lease liabilities: SEK 78 (89) million, recognised as SEK 58 (68) million in other non-current liabilities and SEK 20 (21) million in other interest-bearing liabilities

Other

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. OPERATING INCOME

Alcadon is mainly engaged in the sale of goods, which accounts for more than 99 percent of net sales. Sales are made in various 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.

Geographic market (external net sales)	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
MSEK					
Sweden	86.5	93.0	177.4	201.4	369.0
Norway	23.2	25.9	50.6	61.5	110.2
Denmark	27.6	43.3	56.6	85.2	171.9
Germany	40.4	33.5	69.0	53.7	113.8
The United Kingdom	152.0	139.6	307.7	300.7	649.7
Ireland	24.3	0.0	24.3	0.0	0.0
The Benelux	71.3	35.8	138.7	57.4	158.2
Total	425.2	371.1	824.4	759.9	1 572.8

NOTE 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 the 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.

Through the acquisition, Alcadon is expected to gain broader exposure to new markets and customers in Europe, as well as obtain synergies in product offerings. 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 30 June 2024, the preliminary acquisition analysis below has been prepared. The purchase price for the shares including contingent considerations amounts to SEK 159 million, of which SEK 94 million has been paid in cash. Contingent considerations amount to a maximum of EUR 2.9 million, which has been discounted in the acquisition analysis to SEK 31 million (EUR 2.7 million) and will be paid in cash depending on the improvement in earnings and cash flow generation in Wood over the next 36 months from the acquisition date. Contingent consideration is 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, provisionally valued at EUR 2.7 million (SEK 31 million), relate to customer relationships and are amortised over 10 years. The 10-year amortisation period is based on an assessment of an annual loss of part of the Net sales 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 3.8 million) in the acquisition announcement and are dissolved in line with amortisation. The amortisation will affect the operating result by SEK -3.1 million per year and the result will be affected by SEK -2.7 million. Preliminary net assets including identified intangible assets and deferred tax liabilities amount to SEK 60 million in the acquisition analysis. Goodwill amounts to EUR 8.7 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 24 million in net sales, SEK 2.5 million in operating profit (EBITA) including acquisition costs of SEK -2.3 million and SEK 1.9 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 59 million in net sales, SEK 6.7 million in operating profit (EBITA) including acquisition costs of SEK -2.3 million and SEK 7 million in profit after tax.

PRELIMINARY ACQUISITION ANALYSIS (SEK MILLION)	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 considerations			30.7
Total purchase price			158.6
<u>Identifiable net assets</u>			
Intangible fixed assets	0.0	31.2	31.2
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	-3.7	-3.7
Other interest-bearing liabilities	0.0	0.0	0.0
Trade and other payables	-17.9	0.0	-17.9
Net assets acquired			60.0
<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

NOTE 4. OTHER PROVISIONS

MSEK	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Opening provisions	113.9	137.5	108.1	140.3	140.3
New provisions	30.7	0.0	30.7	0.0	0.3
Reversed provisions	1.1	0.0	2.0	0.8	-2.5
Exchange rate differences	0.2	10.3	5.1	12.7	2.5
Payments	-9.5	0.0	-9.5	-6.0	-32.5
Closing provisions	136.5	147.8	136.5	147.8	108.1

The provision as of 30 June 2024 relates to contingent considerations for the acquisition of Networks Centre of SEK 106 million and Wood Communications of SEK 31 million.

The earn-out for the Networks Centre acquisition of GBP 106 million (GBP 7.9 million) represents the discounted value of the remaining earn-out of GBP 8.0 million which equates to GBP 107 million calculated at the closing rate.

The contingent considerations for the acquisition of Wood Communications of SEK 31 million (EUR 2.7 million) refers to the discounted value of the remaining contingent considerations of 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 earn-outs (GBP 0.1 million and EUR 0.3 million) is recognised as an interest expense in net financial items until the eventual payment date of the earn-outs. The interest expense during the quarter amounts to SEK -1.1 (-0.9) million and during the first half of the year to SEK -2.0 (-1.8) million. During the first quarter, a final earn-out payment of SEK 9 million (DKK 6 million) was paid for Alcadon ApS.

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, 9 August 2024

Pierre Fors

Chairman of the Board

Jonas Mårtensson

Vice-Chairman of the Board

Marie Ygge

Board member

Lars Engström

Board member

Mikael Vaezi

Board member

Sonny Mirborn

Chief Executive Officer

DEFINITION OF ALTERNATIVE KEY RATIOS

	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Operating profit before amortization of intangible assets (EBITA), MSEK					
Operating profit after depreciation/amortization (EBIT), MSEK	25.1	6.2	41.8	30.8	88.8
Amortization of intangible assets	5.3	5.2	9.7	8.7	17.9
Operating profit before amortization of intangible assets (EBITA), MSEK	30.4	11.4	51.5	39.5	106.8

	Quarter 2		January - June		Full year
	2024	2023	2024	2023	2023
Operating expenses					
Operating expenses including cost of goods	389.7	355.8	762.7	710.6	1 449.3
Cost of goods	311.5	281.2	613.8	568.7	1 188.6
Operating expenses	78.1	74.6	148.8	141.9	260.7

	2024-06-30	2023-06-30	2023-12-31
Net interest-bearing liabilities, MSEK			
Long-term Liabilities to credit institutions	305.5	313.5	294.5
Short-term Liabilities to credit institutions	38.9	86.7	38.5
Bank overdraft facility	0.0	0.0	0.0
Cash and cash equivalents	-93.1	-84.9	-62.5
Net interest-bearing liabilities excluding leasing debt	251.3	315.3	270.5
Long-term lease liabilities	58.0	68.4	60.4
Short-term lease liabilities	20.2	20.7	18.7
Net interest-bearing liabilities	329.5	404.5	349.6

	Quarter 2		Full year
	2024	2023	2023
Indebtedness			
EBITDA R12	139.8	101.5	127.6
EBITDA R12 Proforma (period before acquisition*)	11.1	13.8	0.0
Acquisition costs	2.3	4.3	0.0
Revaluation and reversal of contingent consideration	-10.1	11.1	-3.3
EBITDA R12 adjusted (proforma)	143.0	130.6	124.3
Leasing cost IFRS16, operating leases inkl. proforma	-14.7	-14.2	-15.3
EBITDA R12 adjusted IFRS16 (proforma)	128.3	116.5	108.9
Net interest-bearing liabilities	329.5	404.5	349.6
Net interest-bearing liabilities/ EBITDA R12 adjusted (proforma)	2.3	3.1	2.8
Net interest-bearing liabilities excluding leasing debt	251.3	315.3	270.5
Net interest-bearing liabilities excluding leasing debt/ EBITDA R12 adjusted IFRS16 (proforma)	2.0	2.7	2.5

*Refers to the period before acquisition as if acquired companies had been part of the group for the last 12 months.

Addresses



Alcadon Group

Alcadon Group AB

Segelbåtsvägen 7
112 64 Stockholm
Tel: + 46 8-657 36 00
Org.nr. 559009-2382
www.alcadongroup.se

Alcadon AB Stockholm

Segelbåtsvägen 7
112 64 Stockholm
Tel: + 46 8-657 36 00
www.alcadon.se

Göteborg

Flöjelbergsgatan 8B
431 37 Mölndal
Tel: + 46 31-386 88 00
www.alcadon.se

Malmö

Stenyxegatan 9
213 76 Malmö
Tel: + 46 40-31 22 60
www.alcadon.se

Örebro

Adolfsbergsgatan 4
702 27 Örebro
Tel: + 46 19-271 270
www.alcadon.se

Alcadon AS Oslo

Alfaset 1, Industrivei 4
0668 Oslo, Norge
Tel: +47 23 17 78 80
www.alcadon.no

Sandefjord

Østre Kullerød 5
3241 Sandefjord, Norge
Tel: +47 33 48 33 48
www.alcadon.no

Hamar

Parkgata 24
2317 Hamar, Norge
Tel: +47 33 48 33 41/43
www.alcadon.no

Bergen

Litleåsveien 49
5132 Nyborg, Norge
Tel: +47 33 48 33 42
www.alcadon.no

Mosjøen

Petter Dass gate 3
8656 Mosjøen, Norge
Tel: +47 95 96 80 56
www.alcadon.no

Alcadon ApS Denmark

Moellevej 9, E1
2990 Nivaa, Denmark
Tel: +45 4570 7077
www.alcadon.dk

Alcadon GmbH Germany

Wahlerstraße 14
D-40472 Düsseldorf, Germany
Tel. +49 211 8758 7503
www.alcadon.de

Alcadon BV Belgium

Plaslaar 38 e
2500 Lier, Belgium
Tel: +32 3 326 26 03
www.alcadon.be

Alcadon Bv Netherlands

Zekeringstraat 17 A
1014 BM Amsterdam, Netherlands
Tel: +31 6 2850 2333
www.alcadon.nl

Networks Centre United Kingdom

Bentley House, Wiston Business Park
London Road, Pulborough RH20 3DJ, UK
Tel: +44 140 375 4233
www.networkscentre.com

Wood Communications Ireland

L7, Ballymount Industrial Estate,
Ballymount Dr, Ballymount,
Dublin, D12 FV07, Ireland
Tel: +353 01 426 4000
woodcomm.ie

Svensk Kapitalmarknadsgranskning AB (SKMG)

Certified Adviser
Fähusgatan 5
603 72 Norrköping
Tel: +46 8 913 008
E-post: ca@skmg.se
Org.nr. 559200-5283
www.skmg.se

